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MSM demonstrates resilience amidst high input costs



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SUGAR producer, MSM Malaysia Holdings Bhd, said it has shown strong financial performance in the fourth quarter of 2023 and the first quarter of 2024, despite high input costs, thanks to government incentives stabilising the local sugar industry.

In a statement today, MSM said its profitability over the past two quarters contrasts with the industry's high raw sugar costs and volatile freight rates, exacerbated by the Red Sea crisis.

Additionally, natural gas costs remain elevated, further increasing production expenses.

MSM Group CEO, Syed Feizal Syed Mohammad, highlighted a 15% rise in production costs due to higher raw sugar prices and the ringgit's depreciation.

Natural gas costs, crucial for steam generation in the refining process, surged by 15%, significantly escalating overall refining expenses.

The company has focused on operational efficiency, particularly at MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor), where the utilisation factor has improved significantly.

In 2023, MSM produced over 992,000 metric tonnes with a group capacity utilisation of 48%.

MSM Johor's utilisation improved from 17% in 2022 to 22% in 2023, while MSM Prai's utilisation was 73%.

MSM successfully exported to key markets, including the Philippines, China, Singapore, Indonesia, and Vietnam, and maintained relationships with other countries like South Korea, Hong Kong, and Pakistan.

The company aims to expand its market reach into Africa, aligning with its vision of global market penetration and diversification.

Looking forward, MSM plans to explore upstream integration to secure raw sugar sustainably and focus on downstream value-added products like liquid sugar and premix to enhance revenue streams.

As of June 2024, MSM's market capitalisation and share price have seen significant growth, reflecting strong investor confidence.

For FY2023, MSM reported a narrowed loss before tax (LBT) of RM28 million, compared to an LBT of RM179 million for FY2022.

Revenue for FY2023 increased by 20% to RM3.09 billion.

In 1Q24, MSM recorded a profit before tax (PBT) of RM66 million, a significant turnaround from a loss of RM33 million in 1QFY2023.

Revenue for 1QFY2024 rose by 54% to RM907 million, driven by higher sales volume, increased average selling prices, and domestic market incentives.

MSM is listed on the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah, recognising its strong ESG initiatives.

Since 1964, MSM has been a leading national sugar refinery and ranks among the top ten refiners globally, driven by a robust ESG framework and a commitment to long-term stakeholder value and sustainable economic development. — **TMR**

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