

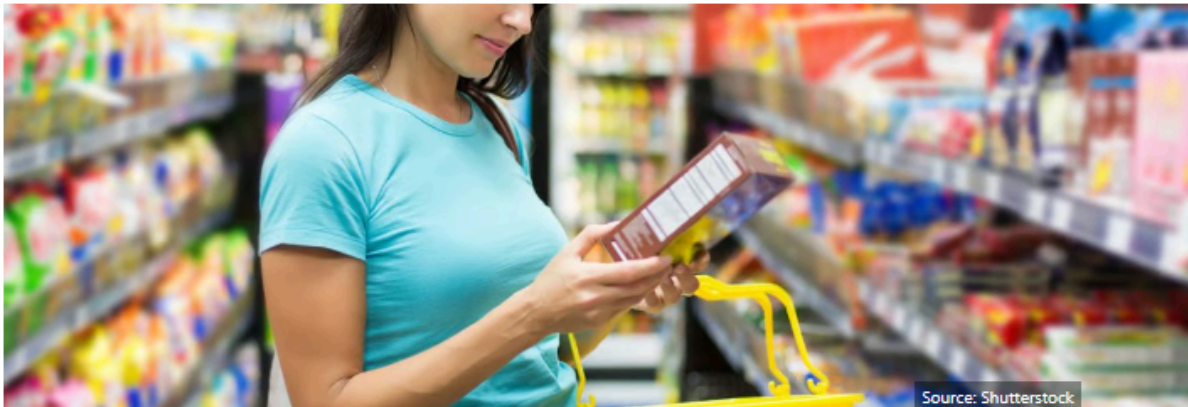
Malaysia / Food / KLSE:MSM

## Optimism around MSM Malaysia Holdings Berhad (KLSE:MSM) delivering new earnings growth may be shrinking as stock declines 10% this past week



Simply Wall St

September 09, 2024



In order to justify the effort of selecting individual stocks, it's worth striving to beat the returns from a market index fund. But it's virtually certain that sometimes you will buy stocks that fall short of the market average returns. We regret to report that long term **MSM Malaysia Holdings Berhad** ([KLSE:MSM](#)) shareholders have had that experience, with the share price dropping 36% in three years, versus a market return of about 16%. It's down 53% in about a quarter. We note that the company has reported results fairly recently; and the market is hardly delighted. You can check out the latest numbers in [our company report](#).

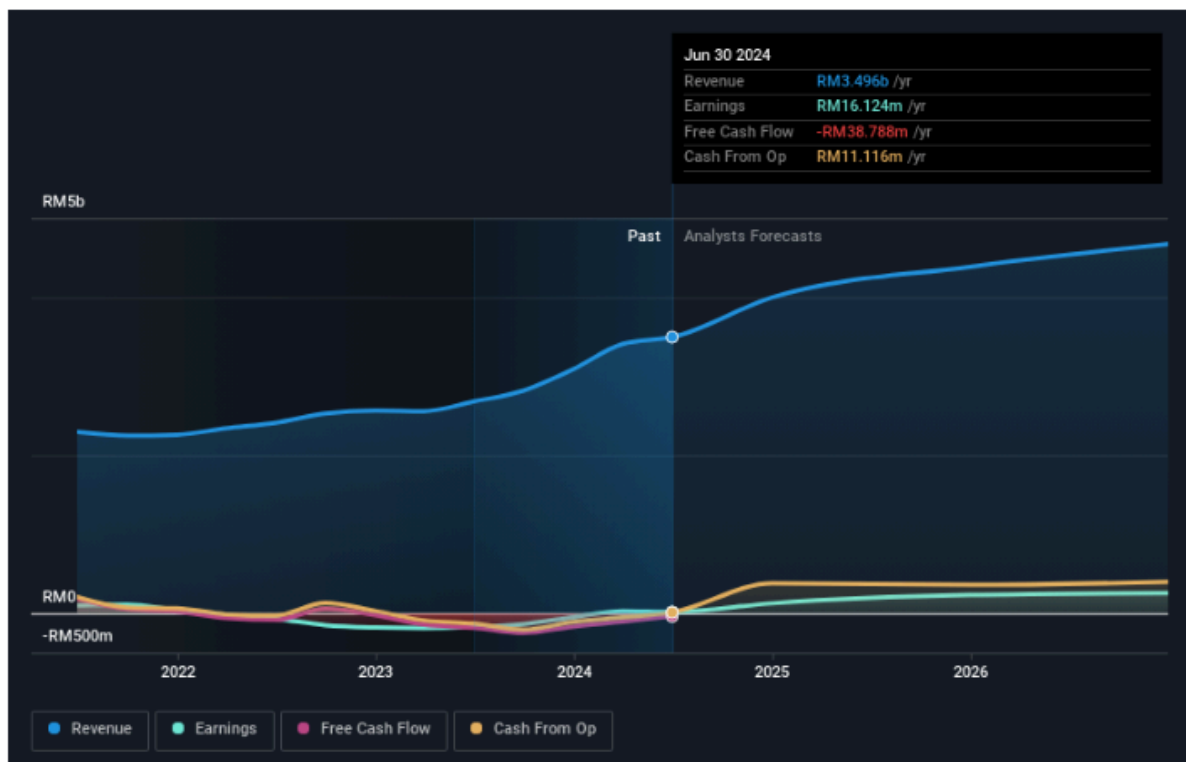
[See our latest analysis for MSM Malaysia Holdings Berhad](#)

To paraphrase Benjamin Graham: Over the short term the market is a voting machine, but over the long term it's a weighing machine. One imperfect but simple way to consider how the market perception of a company has shifted is to compare the change in the earnings per share (EPS) with the share price movement.

MSM Malaysia Holdings Berhad became profitable within the last five years. That would generally be considered a positive, so we are surprised to see the share price is down. So it's worth looking at other metrics to try to understand the share price move.

We note that, in three years, revenue has actually grown at a 15% annual rate, so that doesn't seem to be a reason to sell shares. This analysis is just perfunctory, but it might be worth researching MSM Malaysia Holdings Berhad more closely, as sometimes stocks fall unfairly. This could present an opportunity.

You can see below how earnings and revenue have changed over time (discover the exact values by clicking on the image).



KLSE:MSM Earnings and Revenue Growth September 9th 2024

We know that MSM Malaysia Holdings Berhad has improved its bottom line lately, but what does the future have in store? So it makes a lot of sense to check out what analysts think MSM Malaysia Holdings Berhad will earn in the future (free profit forecasts).

## What About The Total Shareholder Return (TSR)?

We'd be remiss not to mention the difference between MSM Malaysia Holdings Berhad's *total shareholder return* (TSR) and its *share price return*. The TSR attempts to capture the value of dividends (as if they were reinvested) as well as any spin-offs or discounted capital raisings offered to shareholders. Dividends have been really beneficial for MSM Malaysia Holdings Berhad shareholders, and that cash payout explains why its total shareholder loss of 34%, over the last 3 years, isn't as bad as the share price return.

## A Different Perspective

Investors in MSM Malaysia Holdings Berhad had a tough year, with a total loss of 20%, against a market gain of about 15%. However, keep in mind that even the best stocks will sometimes underperform the market over a twelve month period. Unfortunately, last year's performance may indicate unresolved challenges, given that it was worse than the annualised loss of 0.5% over the last half decade. We realise that Baron Rothschild has said investors should "buy when there is blood on the streets", but we caution that investors should first be sure they are buying a high quality business. It's always interesting to track share price performance over the longer term. But to understand MSM Malaysia Holdings Berhad better, we need to consider many other factors. For instance, we've identified **3 warning signs for MSM Malaysia Holdings Berhad** (1 is significant) that you should be aware of.

Of course **MSM Malaysia Holdings Berhad may not be the best stock to buy**. So you may wish to see this **free** [collection of growth stocks](#).

*Please note, the market returns quoted in this article reflect the market weighted average returns of stocks that currently trade on Malaysian exchanges.*

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HEADLINE	Optimism around MSM Malaysia Holdings Berhad (KLSE:MSM) delivering new earnings growth may be shrinking as stock declines 10% this past week
MEDIA	Simply Wall St. - Online
DATE	9 September 2024
BY	Simply Wall St.
LINK	<a href="https://simplywall.st/stocks/my/food-beverage-tobacco/klse-msm/msm-malaysia-holdings-berhad-shares/news/optimism-around-msm-malaysia-holdings-berhad-klsemsm-deliver">https://simplywall.st/stocks/my/food-beverage-tobacco/klse-msm/msm-malaysia-holdings-berhad-shares/news/optimism-around-msm-malaysia-holdings-berhad-klsemsm-deliver</a>