

## Govt incentive of RM48 mil helps MSM return to profit

By Izzul Ikram / [theedgemalaysia.com](https://theedgemalaysia.com)

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KUALA LUMPUR (Feb 22): MSM Malaysia Holdings Bhd returned to the black with a net profit of RM42.87 million for the fourth quarter ended Dec 31, 2023 (4QFY2023), after the sugar refiner had been loss-making for eight consecutive quarters.

MSM posted a net loss of RM44.16 million in the previous corresponding quarter (4QFY2022).

The sugar refiner attributed the improved earnings performance to RM48 million in special incentive from the government.

Its quarterly profit was further boosted by improved margins, underpinned by higher average selling price for industrial usage and exports, in addition to better capacity utilisation, according to the group's bourse filing.

Quarterly revenue climbed to an all-time high of RM949.88 million, up 40.15% compared to RM677.74 million a year earlier, on higher sales volume and average selling prices, as well as the special incentive.

It is understood that for November and December 2023, MSM received RM1,000 per tonne in a special incentive for coarse grain sugar and fine grain sugar.



No dividend was declared for the quarter under review.

Nonetheless, the bumper final quarter was insufficient in offsetting the losses the group recorded in its three prior quarters.

For the financial year ended Dec 31, 2023 (FY2023), MSM posted a net loss of RM49.88 million, albeit a 72% improvement to the RM178.71 million net loss logged in FY2022, as margins remained unsustainable.

This was despite a 20.47% rise in revenue to RM3.09 billion versus RM2.57 billion previously, on higher average selling price and sales volume, topped up by the special incentive.

## Burdening high costs remain, still in talks with government over sustainable pricing mechanism

As the sugar refinery industry continues to face prolonged high input costs owing to rising raw sugar costs, high freight and natural gas costs and the weakening ringgit, MSM said the group continues to "reinforce its domestic and export market" amid stronger demand and explore other regional market opportunities due to the rising global sugar deficit.

"The growth in the export segment is in line with the initiative to optimise the utilisation rate of MSM Johor refinery and improve overall group production volume," the group said.

"However, the group remains cautious on the risks of heightened geopolitical tension, which may affect the prices of our key input cost and impede financial performance," it added.

On the domestic front, MSM said the Joint Sugar Industry is engaging with the government to finalise a sustainable pricing mechanism for the domestic retail segment, to ensure food security and long-term sustainability of the industry.

"Supply to wholesale and retail of the consumer segment made up 40% of MSM business, and the Joint Sugar Industry has requested for an imminent address of the anomaly in sugar retail price, of which presently is the lowest in the region," MSM group chief executive officer Syed Feizal Syed Mohammad said.

"Indonesia recently increased retail prices to approximately RM5.80 per kilogramme (kg), from RM4.50 per kg, due to input costs pressures; and [the] Philippines retail (prices are) at an average of RM8.50 per kg," he added.

Sugar prices in Malaysia are capped at RM2.85 per kg for coarse sugar and RM2.95 per kg for refined sugar.

Shares in MSM fell two sen to RM2.35 on Thursday, valuing the sugar refiner at RM1.65 billion.

Edited By Kathy Fong

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