

The Malaysian Reserve

MSM sees strong financial rebound with RM9.32m profit in 1H24



A customer during buy daily use sugar items at Tesco Shopping Mall one of the largers Market

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MSM Malaysia Holdings Bhd (MSM) delivered a strong performance in the first half of 2024 (1H24), achieving a net profit of RM9.32 million compared to a net loss of RM56.69 million in the same period last year.

This turnaround was driven by improved margins from higher average selling prices and better capacity utilization.

Revenue increased by 30.4% to RM1.7 billion from RM1.3 billion, boosted by higher average selling prices, increased sales volume, and incentives for certain packed sugars sold domestically.

However, for the second quarter ended June 30, 2024 (2Q24), the group reported a net loss of RM32.40 million due to higher operating costs and reduced non-operational gains.

Despite this, revenue for 2Q24 surged by 12% to RM833 million, reflecting improved operational efficiency and higher utilisation rates.

The company achieved a higher utilisation factor (UF) of 50% compared to 48% in the same quarter last year, and its efficiency yield improved to 95.6% from 94.9% in 2Q23.

Production costs rose by 14% due to a 12% increase in NYII prices, an 18% rise in freight costs, and a 5% higher foreign exchange rate, although refining costs decreased due to the improved UF.

MSM remains optimistic about its financial outlook for the year following its positive first-half performance.

The company has also set aside approximately RM18 million in accounting provisions, which may be adjusted or reversed in the latter half of the year.

The company said MSM Prai continues to be recognised for its efficiency as one of Asia's leading sugar refineries, while MSM Johor is poised to become a top integrated sugar refining centre.

MSM Johor is focusing on enhancing its capabilities by adding two new refined sugar warehouses, expanding internal storage, installing an additional CGS packing line, and reducing reliance on external warehouse rentals.

The company remains vigilant about potential risks from rising geopolitical tensions that could impact input costs and financial performance.

MSM, along with the Joint Sugar Industry, is working with the government to develop a sustainable pricing mechanism for domestic retail and to regulate imported refined sugar to ensure food security and industry sustainability.

MSM Group CEO, Syed Feizal Syed Mohammad highlighted that the sugar industry is currently facing increased input costs, primarily driven by persistently high global freight rates and natural gas prices. "Moreover, raw sugar price is volatile mainly due to fluctuating global production volume. "Amidst these challenges, the group remains committed to strengthening our domestic sales while also enhancing our efforts in export markets till date to 20 countries," Syed Feizal added. –**TMR**

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