

MSM reports second consecutive quarter of profit as better prices, volume trump costs

By Luqman Amin / theedgemalaysia.com

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KUALA LUMPUR (May 23): Sugar manufacturer MSM Malaysia Holdings Bhd (KL:MSM) reported on Thursday its second consecutive quarter of net profit as better selling prices and utilisation offset higher production costs.

Net profit for the first quarter ended March 31, 2024 (1QFY2024) was RM41.71 million compared to a net loss of RM35.88 million in the same period last year, MSM said in an exchange filing. Revenue climbed 54% year-on-year to RM906.61 million from RM588.39 million on higher volume and prices.

MSM remains focused on expanding its domestic market share by widening market channels, increasing industry outreach, and enhancing consumer reach points, leveraging steady demand, said chief executive officer Syed Feizal Syed Mohammad.

“We are also actively expanding our export market from [the] present 17 countries, increasing to 25 countries beyond Asia Pacific and South Asia into Africa, Europe and North America,” Syed Feizal said. MSM aims to optimise headroom capacity of its Johor refinery and to enhance overall production volume, he noted.

MSM, controlled by state-owned palm oil producer FGV Holdings Bhd, is one of only two sugar refiners in Malaysia — the other being Central Sugar Refinery Sdn Bhd owned by tycoon Tan Sri Syed Mokhtar Albukhary.

Utilisation factor was higher at 52% in 1QFY2024, compared to 42% in 1QFY2023, while efficiency yield improved to 96.3% in 1QFY2024 from 94.2% in the preceding year’s corresponding quarter. Production cost, however, increased by 15% on higher NY11 sugar, freight cost and foreign exchange.

“The sugar industry continues to grapple with prolonged high input costs, with freight rates remaining volatile, further exacerbated by the Red Sea crisis,” Syed Feizal noted. “Natural gas costs also remain elevated, and raw sugar imports are impacted by the weak ringgit.”

Global raw sugar prices have fallen slightly due to improved production forecasts from Brazil but still remain “much higher than once manageable levels” of under 15 US cents (71 sen) per pound, he flagged.

“There is a need to ensure the joint sugar industry remains sustainable to secure the nation’s consumption,” Syed Feizal stressed.

At noon market break on Thursday, shares in MSM settled five sen or 1.68% higher at RM3.03, valuing the company at RM2.13 billion.

Edited By Jason Ng

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