

The Malaysian Reserve

MSM Malaysia maintains profitability despite rising costs

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(pic by MUHD AMIN NAHARUL / TMR)

MSM Malaysia Holdings Bhd (MSM), reported a profit before tax (PBT) of RM66 million for the first quarter ended March 31, 2024 (1Q24) compared to a loss before tax (LBT) of RM33 million in the same quarter last year, driven by improved margins despite higher production costs.

The sugar manufacturer said the increase in production costs by 15% was attributed to higher NY11 sugar, freight cost, and foreign exchange rates.

Revenue for 1Q24 surged to RM907 million, a 54% increase from RM588 million in 1Q23, driven by higher overall sales volume, increased average selling prices, and incentives for certain packaged sugar sold in the domestic market.

The group achieved a higher utilisation factor of 52% in 1Q24, compared to 42% in 1Q23, with an improvement in efficiency yield to 96.3% from 94.2%.

MSM Group CEO, Syed Feizal Syed Mohammad, highlighted the challenges posed by high input costs, volatile freight rates exacerbated by the Red Sea crisis, elevated natural gas costs, and the impact of the weak ringgit on raw sugar imports.

However, he expressed optimism about the slightly lower raw sugar prices due to improved production forecasts from Brazil.

“Nevertheless, the raw sugar cost remains much higher than once manageable levels of below US 15 cents per pound. Hence, there is a need to ensure the joint sugar industry remains sustainable to secure the nation’s consumption,” said Syed Feizal.

Despite challenges, he said MSM remains focused on expanding its domestic market share and export markets, with plans to increase exports to 25 countries beyond Asia Pacific and South Asia into Africa, Europe, and North America.

“The growth in the export segment aligns with our strategic initiative to optimize the headroom capacity of MSM Johor refinery and enhance overall 2 Group production volume. Our export revenues were over RM630 million last year with steady year-on-year growth,” Syed Feizal added. –**TMR**

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