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## MSM maintains profitability on high sales volume

CORPORATE NEWS

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The company posted a net profit of RM41.71mil compared with a net loss of 35.88mil a year earlier.

PETALING JAYA: MSM Malaysia Holdings Bhd  remained profitable for a second consecutive quarter on the back of improved margins, which offset an increase in production cost.

In the first quarter ended March 31, 2024 (1Q24), the producer of Gula Prai refined sugar posted a net profit of RM41.71mil, which compared to a net loss of 35.88mil in the year-ago quarter.

Earnings per share translated to 5.93 sen against a loss per share of 5.1 sen.

The group's revenue was higher at RM906.61mil compared with RM588.39mil in the comparative quarter on higher overall sales volume, increased average selling prices and incentives received for certain packaged sugar sold in the domestic market.

In a statement, MSM said its production cost rose 15% due to higher freight costs as well as the foreign exchange factor.

The group achieved a higher utilisation factor of 52% during the quarter as compared to 42% in 1Q23.

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There was also an improvement in efficiency yield, which had reached 96.3% in 1Q24 from 94.2% in 1Q23.

Chief executive officer Syed Feizal Syed Mohammad cautioned that the industry would continue to experience prolonged high input costs, with freight rates remaining volatile further exacerbated by the Red Sea crisis since 1Q24.

He added that natural gas costs had remained elevated with raw sugar imports impacted by the weak ringgit, while raw sugar prices are slightly lower due to improved production forecasts from Brazil.

At the same time, raw sugar cost remained much higher than once-manageable levels of under 15 US cents per pound.

"Amid the challenges, the group remains focused on expanding its domestic market share by widening market channels, increasing industry outreach, enhancing consumer reach points and leveraging on steady demand.

"We are also actively expanding our export market from the present 17 countries to 25 countries beyond Asia-Pacific and South Asia into Africa, Europe and North America."

Meanwhile, Syed Feizal said the growth in the export segment would align with the strategic initiative to optimise the headroom capacity of MSM Johor refinery and enhance overall group production volume.

He said export revenues were over RM630mil in 2023 with steady year-on-year growth.

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