



Low sugar price helps MSM net profit rise 26%

KUALA LUMPUR — Low sugar prices pushed up MSM Malaysia Holdings Bhd's net profit by 26% to RM71.03 million in the first quarter ended March 31, 2015 compared to RM56.33 million recorded in the same quarter last year.

In a filing to Bursa Malaysia, the sugar producer said its revenue also rose 2.05% higher to RM508.5 million in the first quarter against RM498.3 million in the preceding years corresponding quarter.

Higher profits and revenue were due to lower raw sugar prices and higher sales recorded for industries, despite lower sales for domestic and exports, said MSM in the filing.

Earnings per share was higher at 10.10 sen this quarter compared to a year ago.

As for the current year performance, MSM said "notwithstanding the volatility of commodity prices, the group is expected to be able to sustain its satisfactory performance."

Cost of raw sugar makes up about 87% of MSM's total costs.

The company produces about a million tonnes of refined sugar annually and is also involved in exports of the commodity.

MSM, a subsidiary of Felda Global Ventures Holdings Bhd, controls 64% of the domestic sugar market (as of December 2014).

In its 2014 Annual Report, MSM's group chief executive officer Datuk Sheikh Awab Sheikh Abod said in the first half of 2015, the company plans to open a trading office in Dubai, which will focus on trading both raw as well as refined sugar.

The Dubai office will be supported by four representative offices in Indonesia, China, India and Thailand.

MSM is also building a refinery in Johor with a daily production capacity of 3,000 tonnes that will double its annual production, and the construction of the refinery is expected to be complete it by third quarter 2017.

"The refinery is expected to achieve a high rate of operational efficiency which will translate into very competitively priced end products.

"This will support our ambition to grow our export market, and will in turn be supported by our trading outfit," Sheikh Awab said in the report.



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