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MSM posts second straight quarterly loss due to costlier raw sugar

Chong Jin Hun / The Edge Financial Daily
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KUALA LUMPUR: MSM Malaysia Holdings Bhd posted a second-quarter net loss of RM21.45 million, compared to a net profit of RM23.88 million a year earlier, on higher production cost due to costlier raw sugar amid a weaker ringgit. It was the group's second consecutive quarterly net loss after sinking into the red in the first quarter of 2017.

In a statement to Bursa Malaysia yesterday, MSM said revenue rose to RM692.46 million in the second quarter ended June 30, 2017 (2QFY17) from RM633.86 million, on "improved selling prices". However, it said the average cost of raw sugar had jumped 54% in ringgit terms per tonne as the market price of raw sugar increased.

Hence, in the first half of 2017, it fell into the red with a net loss of RM56.07 million versus a net profit of RM83.02 million a year earlier. Revenue, however, climbed to RM1.34 billion from RM1.19 billion on higher domestic sales volume.

MSM said its results should improve in the near term as the group replenishes its raw sugar inventory at current lower market prices. Hence, despite commodity price volatility, the company said it is expected to perform "in line with the industry".

<http://www.theedgemarkets.com/article/msm-posts-second-straight-quarterly-loss-due-costlier-raw-sugar>