Corporate Update

MSM Malaysia Holdings Berhad

(5202 | MSM MK) Main | F&B

2 Stars | FTSE4Good | SHARIAH Compliant

Upgrade to **NEUTRAL**
(from SELL)
Revised Target Price **RM1.01**
(from RM0.71)

3QFY25 Results Review: Shaping the Recovery

Upgrade to **NEUTRAL.** Given the constructive outlook for MSM, we are upgrading our call to **NEUTRAL** (previously SELL) with a revised target price of **RM1.01** (previously RM0.71), following our updated valuation approach. The revised TP is derived from 0.45x P/BV - nearly 5-year historical mean, pegged to FY26BV/share of RM2.20. We believe an asset-based valuation is more appropriate, given the volatility in earnings visibility arising from fluctuations in NY11 pricing.

Above expectations. MSM reported 3QFY25 narrowed net loss of -RM4.6m. This was a sequential and yearly improvement of +84.5%qoq and +90.8%yoy, respectively. Which led to narrower 9MFY25 net loss of -RM30.6m, an improvement of +24.3%yoy. We view that the improvement in earnings was mainly supported by lower cost of production, lower FX losses, revised monthly melt to align with demand as well as repositioning of clientele base that support breakeven efficiencies. As a results, 9M25 performance came in narrowed losses expectation of ours and street, respectively.

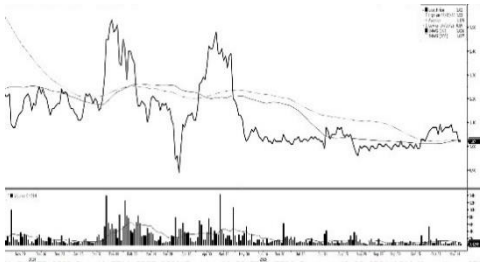
Despite the positive sentiment, sales volume was fell by -4.1%yoy, mainly due the softer offtake across the boards. Revenue weakened to RM745.0m (-13.1%yoy), largely impacted by the lower export subsegment – following management's adjustment of MSMJ's monthly melt strategy. MSMJ now shifted to high-value added products – that command higher margin instead of typical refined white sugar. On pricing, blended ASP slipped to below RM3,000/Mt (-2.5%qoq, -9.3%yoy), as MSM began to forgo supply to unprofitable clientele base that not aligned with current margin strategy.

Operational Stats. During the quarter, the group's UF eased to about 45% (vs. 3QCY24: 49%), no thanks to the no planned shutdowns in July for MSMJ and September in MSMP. As a result, the group's overall yield falls to 95.1% (vs. 3Q2CY4: 95.7%) - which was still consider as a high standard of sugar refining activity. With a Boiler 3 expected to commence in 2QCY26 (initial estimate 1QCY26) at the Johor refinery, MSMJ's UF is anticipated to be within a range of 32%-34% over FY26-27. This, coupled with uninterrupted operational months, is expected to continue support the group's overall UF to reach approximately 50%-52% (based on revised earnings estimates).

Earnings Forecast. Taking cue from the lates results, we are tuning FY25E–FY27F earnings forecasts to RM34.0m/RM37.6m/RM41.8m, respectively. Nevertheless, the key headwind remains the oversupply of Thai sugar, estimated at approximately 1m tonnes, that has been flooding regional markets. The surplus has exerted downward pressure on ASPs, particularly through the erosion of premiums that were previously captured in wholesale and industry subsegments. As a result, ASPs compression expected across the board, materially impacting margins.

RETURN STATISTICS	
Price @ 28 Nov 2025 (RM)	1.00
Expected share price return (%)	+1.73
Expected dividend yield (%)	+3.02
Expected total return (%)	+4.74

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.0	2.2
3months	1.0	-4.7
12 months	-15.7	-16.7

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	2,713.9	2,832.4	2,940.1
Operating Profit	82.1	86.7	92.1
PBT	44.9	49.5	54.9
PAT	34.0	37.6	41.8
EPS (sen)	4.8	5.3	5.9
DPS (sen)	0.0	3.0	3.0
Dividend Yield (%)	0.0%	3.0%	3.0%

KEY STATISTICS

FBM KLCI	1,604.47
Issue shares (m)	702.98
Estimated free float (%)	23.20
Market Capitalisation (RM'm)	699.38
52-wk price range	RM0.85 – RM1.58
3-mth average daily volume (m)	1.76
3-mth average daily value (RM'm)	1.88
Top Shareholders (%)	
Felda Global Group	51.00
Koperasi Permodalan Felda	15.28
ASNB	7.11

MSM: 3QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue	861.4	812.8	748.9	-7.9	-13.1	2,601.1	2,311.3	-11.1
Operating profit	-46.3	-12.6	12.1	>100	>100	6.6	17.2	>100
Finance cost	-10.7	-11.2	-10.1	NM	NM	-34.0	-32.0	NM
PBT	-55.6	-22.7	2.8	>100	>100	-21.5	-11.8	NM
Tax Expense	5.8	-7.0	-7.4	NM	NM	-18.0	-18.8	NM
NP	-49.8	-29.7	-4.6	NM	NM	-40.4	-30.6	NM
Core EPS (sen)	-7.1	-4.2	-0.7	NM	NM	-5.8	-4.4	NM
Growth & Margin (%)				+/- ppts				+/- ppts
OP margin (%)	-5.4	-1.6	1.6	3.2	7.0	0.3	0.7	0.5
PBT margin (%)	-6.5	-2.8	0.4	3.2	6.8	-0.8	-0.5	0.3
NP margin (%)	-5.8	-3.7	-0.6	3.0	5.2	-1.6	-1.3	0.2

Source: Company, MBSBR

MSM: Segmental Breakdown & Operational Stats.

FYE Dec (RM'm)	Quarterly results					Cumulatively results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue (RM'm)	857.0	809.0	745.0	-7.9	-13.1	2,601.1	2,311.3	-11.1
Sales Volume ('000)	266.0	270.0	255.0	-5.6	-4.1	757.0	758.0	0.1
Average Selling Price (RM/tonne)	3,222	2,996	2,922	-2.5	-9.3	3,436	3,049	-11.3

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	3,091.2	3,544.7	2,713.9	2,832.4	2,940.1	PAT	(49.9)	31.3	34.0	37.6	41.8
Operating Profit	11.8	112.2	82.1	86.7	92.1	Operating cash flow	(111.0)	225.8	204.9	103.9	110.9
PBT	(28.0)	75.0	44.9	49.5	54.9	Investing cash flow	(33.6)	(39.2)	(72.2)	(72.2)	(72.2)
PAT	(49.9)	31.3	34.0	37.6	41.8	Financing cash flow	202.5	(291.3)	0.0	(21.1)	(21.1)
EPS (sen)	(8.0)	4.1	4.8	5.3	5.9	Net cash flow	57.9	(104.6)	132.8	10.6	17.7
PER (x)	-	24.0x	20.6x	18.6x	16.7x	Beginning cash flow	221.0	278.3	173.6	306.4	317.0
DPS (sen)	-	-	-	3.0	3.0	Ending cash flow	278.3	173.6	306.4	317.0	334.7
Dividend yield (%)	-	-	-	3.0	3.0						

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Margins	2023A	2024A	2025E	2026F	2027F
PPE	1,189.7	1,180.2	1,169.6	1,156.8	1,141.7	OP margin	0.4%	3.2%	3.0%	3.1%	3.1%
ROU assets	95.1	135.9	132.6	128.7	124.3	PBT margin	-0.9%	2.1%	1.7%	1.7%	1.9%
Non-current assets	1,901.5	1,930.3	1,913.9	1,894.6	1,872.5	PATAMI margin	-1.6%	0.9%	1.3%	1.3%	1.4%
Inventories	311.9	762.8	584.0	609.5	632.7						
Receivables	393.1	318.0	243.4	254.1	263.7						
Current assets	989.3	1,256.2	1,135.7	1,182.4	1,232.9						
Total Assets	2,890.8	3,186.5	3,049.5	3,077.0	3,105.4						
Long-term debt	230.0	151.9	151.9	151.9	151.9						
Non-current liabilities	281.6	241.4	241.4	241.4	241.4						
Borrowings	903.2	742.1	742.1	742.1	742.1						
Current liabilities	1,144.1	1,448.8	1,277.8	1,288.7	1,296.4						
Share capital	718.3	718.3	718.3	718.3	718.3						
Retained earnings	52.5	83.8	117.8	134.3	155.0						
Equity	1,465.1	1,496.4	1,530.4	1,546.9	1,567.6						

Source: Bloomberg, MBSBR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology