

FINANCIAL YEAR 2020

'MSM BULLISH ABOUT TURNING AROUND'

Better sugar price, commercialisation of Johor plant expected to boost results

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MSM Malaysia Holdings Bhd has so far secured 200,000 tonnes of sugar products for exports, edging closer to its target of shipping 350,000 tonnes abroad this year.

The target should translate into nearly RM600 million in revenue, said MSM group chief executive officer Datuk Khairil Anuar Aziz.

He said MSM was bullish about turning around this year, fuelled by steady improvement in the sugar price and the commercialisation of its refinery in Johor.

The refinery under MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor) is a focal point of MSM's overall transformation strategy.

The strategy, which kicked off in the second half of the financial year 2019, involves an aggressive product diversification into pre-mix, liquid sugar and fine syrup to cater for industrial demand in Asia.

"The product diversification into the non-refined sugar segment includes value-added sugar products and the anticipated new, healthier variants in the second quarter of financial year 2020," said Khairil Anuar after MSM's annual general meeting yesterday.

"This is expected to bolster our earnings and increase capacity utilisation in MSM Johor."

He said up to last month, MSM had exported more than 73,000 tonnes of refined, liquid sugar and fine syrup with an estimated revenue of RM157 million.

MSM Johor has reached a 34

per cent utilisation rate since its commercialisation in April last year.

This is expected to increase with the growth of domestic and export demand as well as the group's plan to consolidate its production capacity, said Khairil Anuar.

He said MSM has been working closely with parent FGV Holdings Bhd to maximise its assets in Chuping, Perlis.

This involves the development of a new agriculture growth area called the FGV Agro Food Valley, which is expected to contribute to the national food agro sector and enhance business and employment opportunities.

Khairil Anuar said MSM continues to redefine opportunities in order to mitigate the impact from overcapacity in the refined sugar industry.

The focus on diversification includes possible collaborations with reputable food and beverage players and downstream product development, such as flavoured syrup and condensed milk.

MSM is also seeking to expand into the Middle East and North Africa.

The group posted a net loss of

INFO BOX

34pc

MSM Sugar Refinery (Johor) Sdn Bhd's utilisation rate



MSM Malaysia Holdings Bhd is targeting to export 350,000 tonnes of sugar products this year. FILE PIC

RM299.77 million in the year ended Dec 31, 2019, on the back of a nine per cent drop in revenue to RM2 billion.

The loss was caused by a combination of factors, including the

commercialisation of MSM Johor and a loan modification cost of RM26 million.

An asset impairment of RM139 million further affected its performance last year, it added.