

MSM aims to be Asia's top liquid sugar provider

➤ Looking at the Middle East and North Africa as potential markets as it prepares to ramp up production

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PETALING JAYA: MSM Malaysia Holdings Bhd aims to become the largest liquid sugar provider in Asia, according to its group CEO Datuk Khairil Anuar Aziz (*pic*).

The group targets to market liquid sugar beyond Asean, and Asia in general, to the Middle East and North Africa if there is demand.

"The Johor plant has already hit its highest utilisation rate of 34% and this year we aim to ramp up production to the breakeven point of 48-50%," Khairil told the media at a virtual press conference after the group's annual general meeting.

He disclosed that the liquid sugar produced in the Johor plant has received encouraging response in the last five months, exporting about 300 containers a month.

"MSM has secured 200,000 tonnes of sugar product exports until end of this year. As at May 2020, MSM has exported more than 73,000 tonnes of refined, liquid sugar and fine syrup, with an estimated revenue of RM157 million. We are targeting to increase sales penetration and boost our exports up to

approximately 350,000 tonnes of sugar products for FY2020. This is expected to contribute close to RM600 million in revenue to the group," he added.

The group is also considering possible collaborations with food and beverage (F&B) players and downstream product development such as flavoured syrup and condensed milk.

On prospects, Khairil said the industry had indicated a deficit of 5-6 million tonnes for 2020, but this has been reduced to 500,000 tonnes.

This is due to global developments such as the trade crisis between the US and China, as well as the oil price crash which saw the world's largest raw sugar supplier, Brazil diverting its production from ethanol to sugar as well as the closure of the F&B sector due to the Covid-19 pandemic.

However, Khairil noted that there has been some positive demand on a daily basis with the entry into the recovery movement control order (RMCO) phase, as domestic demand has increased to 2,500-2,700 tonnes a day.

"The graph has gone up. Now that the businesses, industry

players and F&B businesses have started to open, the demand for sugar in our country has increased."

Khairil said the consolidation of operations from Perlis to Johor will reduce the risk of supply disruptions significantly and reduce operational and refining costs.

"At the same time, MSM has been working closely with our parent company, FGV Holdings, to maximise the potential in MSM's assets in Chuping, Perlis, which involves the development of FGV Agro Food-Valley, which is expected to contribute towards the national food agro sector, while enhancing the local socio-economic landscape that includes business and employment opportunities," he said.

On the possibility of merger and acquisition activity for the group, the CEO said he has received a number of proposals this year but they have yet to be deliberated on extensively as MSM needs to see the value of the incoming partner.

Khairil said one of the criteria for such a partner is a party that has an extensive network in F&B either locally or internationally, with sugar as part of the party's ingredient as this will carry the company further.

"In terms of getting the opportunity to grow the business through M&A, it is something that the group is looking at extensively but at the moment there hasn't been the right fit but we are still open in terms of collaboration, especially in terms of off-taking the extra volume in Johor."

