



25 OCT, 2019

## MSM SEES SWEETER PROSPECTS AHEAD

New Straits Times, Malaysia



Page 1 of 3

# BUSINESS

## SWEET TIMES AHEAD

A FORECAST deficit in global sugar supply is expected to provide MSM Malaysia Holdings Bhd an opportunity to expand its export market.

» PAGE 18

25 OCT, 2019

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Page 2 of 3

## PRODUCT DIVERSIFICATION

# MSM SEES SWEETER PROSPECTS AHEAD

Deficit in global sugar supply provides opportunity for group to increase exports

## KUALA LUMPUR

**M**SM Malaysia Holdings Bhd sees an opportunity to expand its export market as the global sugar supply is expected to swing into a bigger deficit.

The International Sugar Organisation has forecast sugar deficit to reach 6.0 million tonnes in the 2020-2021 period from the 3.5 million tonnes in 2019-2020.

The deficit would be mainly due to lower production in major producing countries including Brazil, Thailand and Europe.

MSM group chief executive officer Datuk Khairil Anuar Aziz said the company was constantly monitoring global sugar trends and prices.

"We expect to capitalise on the anticipated lower average costs per tonne for raw sugar, as the slide in the benchmark NY#11 is

in our favour," he said.

With its Johor refinery in place, MSM said it had the capacity to expand globally and diversify its revenue streams through sugar-based and value-added sugar products.

The company aims to export more than 100,000 tonnes of sugar products to the Asian region by 2021.

The products will include premix blends, of which shipment started in June, as well as liquid sugar, of which export will begin this month.

"The use of premix and liquid sugar is regarded as cost-effective, helping to boost production efficiency.

"Our investment in the premix sugar blending facility provides an avenue for MSM to penetrate large markets in Asian countries, where the current total estimated demand hovers at three million tonnes a year," said Khairil.

He said MSM was also looking at the corn syrup market, mainly

in Asia, which has an estimated demand of four million tonnes a year, for the export of its premix and liquid sugar.

"We are scanning the Singapore sugar market to increase sugar supply to the city-state. With recent audits and approvals by multinational food and beverage companies, the demand for sugar in Singapore is at an all-time high," he said.

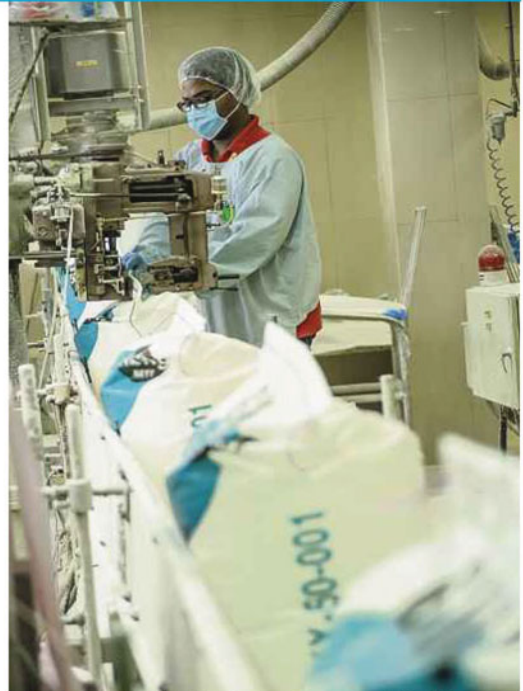
Khairil said MSM's bulk road tankers and consumer packs were ready to supply to industrial users and retail outlets in Singapore.

He said Singapore's sugar demand stood at about 250,000 tonnes a year, and the city-state's close proximity to MSM's Johor refinery was an added advantage.

Nevertheless, despite the anticipated improvement in sugar prices, MSM said there were still high accumulated stocks globally that needed to be absorbed by the market.

Meanwhile, Affin Hwang Capital said MSM could see its losses narrow progressively from the fourth quarter due to an uptick in global sugar prices.

It said a local price revision due to abating competition and maiden volume orders for the company's high-margin liquid sugar



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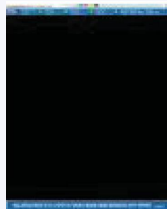
and sugar premix from this month would also support growth.

MSM, however, said the decline in the consumption growth rate to below 1.5 per cent in recent years had posed a long-term threat to sugar producers.

Other challenges facing the industry include the implementation of sugar taxes in many coun-

tries, tightening of policies affiliated to political interest, as well as increasing global anti-sugar campaigns.

It added that policy changes, largely due to political reasons, where some governments raised subsidies to help local farmers but neglected the impact of over-production had resulted in massive stocks flooding the markets.



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Page 3 of 3

### SUMMARIES

#### SWEETTIMES aHead

» Page 18 A FORECAST deficit in global sugar supply is expected to provide MSM Malaysia Holdings Bhd an opportunity to expand its export market.

#### PRODUCT DIVERSIFICATION

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