

MSM sees better year ahead as global market swings into deficit

BY CAMERON CHONG

KUALA LUMPUR: MSM Malaysia Holdings Bhd, which reported a net loss of RM74.34 million for the first half of 2019, expects a better year ahead on the back of a global sugar deficit.

"A sweet year ahead is forecast for MSM as the global sugar market is expected to swing into deficit, providing a greater opportunity for the group to expand its export market," group chief executive officer Datuk Khairil Anuar Aziz said in a statement yesterday.

The International Sugar Organisation recently forecast a global sugar deficit of 3.5 million tonnes

in 2019-2020, growing to nearly six million tonnes in 2020-2021, mainly due to lower production in major producing countries such as Brazil, Thailand and Europe.

"We are constantly monitoring the world sugar trends and prices. MSM expects to capitalise on the anticipated lower average cost per tonne of raw sugar as the slide in the benchmark NY#11 is in our favour," said Khairil.

While the projected deficit outlook bodes well for MSM, he added that on its part, the group will reinforce its growth in exports, uplifts its utilisation rate, and ensures continuous cost optimisation and overall efficiency and productivity

of its new refinery, MSM Sugar Refinery (Johor) Sdn Bhd.

"With the Johor refinery in place, MSM now has the capacity to expand its global presence and diversify its revenue streams through sugar-based and value-added sugar products that meet the expectations of its customers worldwide.

"MSM aims to export more than 100,000 tonnes of its sugar products to Asia by 2021, which include its newly produced premix blends that have commenced shipping in June, as well as liquid sugar with its maiden shipment in October," added Khairil.

Khairil noted the group's investment in premix sugar blending fa-

cilities at the refinery provides an avenue for it to penetrate the large premix market in Asia where the current total estimated demand hovers around three million tonnes a year.

"We also intend to penetrate into the corn syrup market mainly in Asia with an estimated demand of four million tonnes a year. This would be a stepping stone for MSM to further expand our premix and liquid sugar exports to the global market."

MSM is also actively exploring the Singapore market to directly supply more sugar to the city state.

"Demand for our sugar in Singapore is currently at an all-time high. Our bulk road tankers and our consumer packs are ready to

be supplied to industrial users and also to retail outlets in Singapore. The Singapore sugar market size is about 250,000 tonnes per year. The close proximity of MSM Johor to the Singapore market is a big advantage to the group," said Khairil.

MSM, the country's largest sugar refiner by volume, posted a net loss of RM74.34 million for the first half ended June 30, 2019, compared to a net profit of RM30.14 million a year ago, mainly due to a reduction in the overall tonnage sold and higher finance costs.

MSM shares closed 1.5 sen higher at 98 sen yesterday, bringing it a market capitalisation of RM688.92 million.