

## MSM looking for diversification amid challenging business environment

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**KUALA LUMPUR:** MSM Malaysia Holdings Bhd is looking at diversification to complement its core business in the face of low global sugar prices, the weakening ringgit and the issuance of more import permits.

“Currently we are exploring another revenue stream from the domestic and export markets by diversifying into various sugar-based products such as sugar premix, liquid sugar as well as other value-added and healthy sweetener products to meet growing demand of our health conscious customers in the retail and industry segments,” said chairman Datuk Wira Azhar Abdul Hamid (*pix*) after the group’s AGM here today.

He revealed that the group is developing healthy low-calorie and low-glycaemic index sugar with FGV R&D Sdn Bhd, a subsidiary of FGV Holdings Bhd. The products will be available in the market before the end of next year.

Azhar said the group is still at the early stage of its diversification plan and it has yet to finalise the segment it will go into, but it will most likely be sweetener business.

With regard to the sugar import liberalisation announced by the government, MSM stated that it has always maintained its selling price below the RM2.85 per kilo ceiling that was set by the government five years ago and that local sugar players have always acted as a buffer against global price fluctuations.

Azhar pointed out that the issuance of import permits will have an adverse impact to MSM as the permit holders are likely to take advantage of the current global sugar price and resume buying when the price increases.

“While we have yet to find out the nature of liberalisation that the government is looking at there is a need to approach with caution. In the broadest sense of the word, it would be a negative for Malaysia if it allows import of sugar without approved permits.”

Azhar also said that it is not a level playing field for a sugar refining nation like Malaysia to compete against an integrated sugar producer like Thailand.

“Thailand is very protective of its agriculture, a lot of help has been provided by the government to the sector. Over there, the government’s main concern is that the smallholders are taken care of,” he said.

Currently, Thailand is the second largest sugar producer in the world and it contributes an estimated 12 million tonnes per year to the current global surplus.

Despite the challenges, MSM recently completed its production expansion with the operation of its refinery in Tanjung Langsat, Johor, which bumps its total production capacity by 1 million tonnes per year to 2.25 million tonnes per year, making MSM the second largest sugar player in Southeast Asia and eighth biggest in the world.

Azhar highlighted that the group has invested RM1.1 billion into its Johor expansion, in line with the government's call for more domestic investment in the country.

At the moment, the Tanjung Langsat plant is operating at a 30% utilisation rate, well below its breakeven rate of 70%.

MSM slipped into the red for the first quarter ended March 31, 2019, registering a net loss of RM7.06 million against a net profit of RM15.81 million in the previous corresponding period, due to lower average selling price and higher refining cost.

**AGENCY:** The Sun Daily

**LINK:** <https://www.thesundaily.my/business/msm-looking-for-diversification-amid-challenging-business-environment-CC994664>