

# MSM's new liquid sugar product drives growth in exports

*The sugar manufacturer exports about 300 TEUs on a monthly basis now, says CEO*

by SHAHEERA AZNAM SHAH

MSM Malaysia Holdings Bhd expects global demand for its liquid sugar product to exceed 50,000 tonnes this year and contribute RM100 million to its top line for its financial year 2020.

MSM CEO Datuk Khairil Anuar Aziz said the group's liquid sugar variant has been receiving more enquiries in the past five months as the company exports about 300 twenty-foot equivalent units (TEUs) on a monthly basis now.

"This is the first time we are producing this type of sugar. Our engineers developed this product last year and we have started exporting it and have managed to deliver about 300 containers monthly since the beginning of the year.

"Thus, we are very conservative



Khairil says the group is looking to expand its markets for the liquid sugar product to the MENA beyond the Asian region

on our target, which is to reach 50,000 tonnes compared to the export of crystal sugar at 10,000 tonnes. It is a good start for us to increase demand down the line," he said in a media briefing conducted online.

Khairil said the group is looking to expand its markets for the liquid sugar product to the Middle East and North Africa (MENA) beyond the Asian region.

Commenting on the group's recent rationalisation plan which

involves relocating its factory operation in Perlis to Johor and Penang, Khairil said the move will reduce the group's annual production capacity to two million tonnes from 2.5 million tonnes currently.

The Johor operation is a new plant with one million tonne capacity, in addition to MSM's plants in Prai (with a similar capacity) and Chuping, Perlis.

"We are now moving the skill sets from Perlis to either Prai or Johor operations. With the rationalisation at the Perlis plant, we are left with about two million tonnes capacity.

"We will continue to look into asset rationalisation and we are doing it step by step," he said.

In a nutshell, MSM is consolidating its refined sugar production by relocating MSM Perlis Sdn Bhd in Chuping, Perlis, to MSM Sugar Refinery (Johor) Sdn Bhd and MSM Prai Bhd in Penang, which will be conducted in stages beginning the end of this month.

MSM expects the transfer process to be completed by the end of the fourth quarter of 2020.

At present, MSM's Johor plant is operating at a utilisation rate of 34%, but the group is planning to ramp up the rate to 48% to 50% this year.

Khairil said the consolidation of its operation could help ease the group's current surplus in production, coupled with its effort to boost export volume.

"Demand from the domestic market is not that big, between 1.5 million tonnes and 1.6 million tonnes per year, and we are competing with other players such as the Tradewinds group," he said.

MSM has excess production capacity which it plans to utilise to capture new markets such as China, Taiwan, Vietnam, Singapore and the Philippines, Khairil added.

MSM's share price rose 2.65% or 1.5 sen to close at 58 sen yesterday, giving the sugar producer a market capitalisation of RM407.73 million.