

MSM optimistic about making profit in FY2020

Group sees promising future in liquid sugar

CORPORATE

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PETALING JAYA: After six consecutive quarters of losses, MSM Malaysia Holdings Bhd is optimistic that it will return to the black for the fiscal year 2020 (FY2020) as its turnaround plans start bearing fruit.

Group chief executive officer Datuk Khairil Anuar Aziz said a lot of this will be premised on maximising the potential of MSM Johor, which involves aggressive product diversification plan into premix, liquid sugar and fine syrup, to cater to industrial demand in the Asian region.

The sugar refinery company's Johor plant has reached its highest utilisation rate of 34% this year and plans are ongoing to ramp it up to at least the break even point of between 48% and 50%.

This will come from the growth of domestic and export demand and MSM's rationalisation plan to consolidate its production capacity from Perlis to Johor.

Khairil said the rationalisation of operations would reduce the risk of supply disruptions significantly and reduce operational and refining costs.

"We realised that the challenge of optimising the expanded capacity required us to swiftly adjust our strategies thus, the production between all refineries had to be strategically balanced as we need to optimise utilisation and manage costs efficiently.

"The product diversification into the non-refined sugar segment includes val-

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Datuk Khairil Anuar Aziz



ue-added sugar products and the anticipated entry into new healthier variants in the second quarter of FY2020.

"This is expected to bolster our earnings and increase capacity utilisation in MSM Johor," Khairil told a virtual press conference after MSM's annual general meeting (AGM), which was also held virtually yesterday from Wisma FGV.

He said the challenge for the group now is to ensure its new factory in Johor runs smoothly.

He also said that the group also sees a promising future in liquid sugar, something it had embarked on in its Johor plant since October last year with its extra capacity in Johor.

"Our aim is to be the largest liquid sugar provider in Asia," he said, adding that the group is targeting an export of 50,000 tonnes of liquid sugar this year, with a topline revenue of around RM100mil.

MSM currently has an installed capacity of 2.25 million tonnes annually and following the rationalisation process of MSM Perlis, the capacity has been reduced to 2.05 million tonnes.

The 47-year-old plant in Perlis had a capacity of 200,000 tonnes, while its plant in

Penang, which is over 50 years old, is still stable and profitable with a one million-tonne capacity.

Its new plant in Johor provides the other one million tonnes. The group is in the process of moving its staff and talents to its Penang and Johor plants.

MSM has secured 200,000 tonnes of sugar products to be exported until the end of the year. As at May 2020, it has exported more than 73,000 tonnes of refined, liquid sugar and fine syrup, with an estimated revenue of about RM157mil.

It is also targeting to increase sales penetration and boost its exports up to approximately 350,000 tonnes of sugar products for FY2020.

This is expected to contribute close to RM600mil in revenue to the group.

"Our country's demand is about 1.5 million to 1.6 million tonnes a year and we have to share the market with other players.

"We have extra if we ramp up Johor and we have to export to get the value out of it. This is what we wanted to do actually," said Khairil, adding that it has started exporting to China, Taiwan, Vietnam, Singapore and the Philippines.