

MSM Prai likely to recover momentum quickly




CORPORATE NEWS

Friday, 18 Jun 2021



The group had said the impact to the company's revenue and earnings is less than 5% for the financial year ending Dec 31, 2021.

KUALA LUMPUR: [MSM Malaysia Holdings Bhd](#)  (MSM) is still assessing the impact of the temporary operations suspension at its MSM Prai plant from June 8 to 15, to carry out disinfection to curb the spread of Covid-19.

The group had said the impact to the company's revenue and earnings is less than 5% for the financial year ending Dec 31, 2021.

"It is still being assessed. It might be even lower than 5% if we get our insurance coverage. The insurance will cover for days lost in excess of 72 hours.

"That will equate to about 70% of our losses, that we can cover," said MSM group CEO Syed Feizal Syed Mohammad during an online media briefing after the group's AGM yesterday.

MSM Prai is expected to promptly recover its production momentum to reach the targeted utilisation factor (UF) of 80% or more for the year. On its export target, Syed Feizal said the group is targeting 350,000 tonnes of exports in 2021, of which it has already secured 65%.

"As for production target, we have a volume of 1.3 million tonnes per year.

"With the disruption, we may fall slightly short – but not significantly. Overall, we should be close to those numbers," he added.

In a statement, MSM said the temporary stoppage of operation at MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor) in April and May was due to the planned boiler rectification that has been completed.

MSM Johor is on track for a targeted production ramp up to more than 50% of UF in the third quarter onwards for the year.

As at the first quarter, MSM Johor recorded an increase in yield from 89% to 92%, and improved UF from 16% to 22% against the same quarter last year.

With a scaled-up capacity for the production of value-added products including liquid sugar, premix and fine syrup, MSM Johor is widening the group's export market footprint with further expansion into potential regional markets such as China, Indonesia, Vietnam and New Zealand.

"We have allocated the capital expenditure (capex) for the improvement or ramp-up for MSM Johor – this is where most of the capex will be deployed. Earlier, we had RM100mil under the capex programme, but we may optimise that and go for paring down the borrowings," said Syed Feizal.

MSM chief financial officer Ab Aziz Ismail said the group is aiming to reduce its term loan by close to RM100mil this year, using the proceeds from the Chuping disposal.

AGENCY: The Star

LINK: <https://www.thestar.com.my/business/business-news/2021/06/18/msm-prai-likely-to-recover-momentum-quickly>