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## MSM to raise Johor plant's utilisation factor by another 10 percentage points to 50% in FY2024

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MSM Group COO Hasni Ahmad (right) and MSM Johor head of operations Mohd Amir Redzuan at the media's tour MSM sugar refinery (Johor) Sdn Bhd. (Photo by Suhaimi Yusuf/The Edge)

PASIR GUDANG (Jan 16): The utilisation factor (UF) for MSM Johor Refinery Sugar (Johor) Sdn Bhd — a wholly-owned unit of sugar manufacturer MSM Malaysia Holdings Bhd — is expected to increase to 50% in the financial year ending Dec 31, 2024 (FY2024) from 40% currently, following the completion of the second boiler rectification work.

MSM group chief operating officer (COO) Hasni Ahmad said that MSM Johor had completed the second boiler change out works in May last year. The purpose of these works was to enhance sustainable refinery reliability and availability.

“As the market grows, we are going to increase UF for the [Johor] plant. The work and procedures have been certified to be fully compliant with standard industry requirements and policies, particularly with regard to safety and quality,” he told reporters during a media visit to MSM Johor.

According to MSM's management, MSM Johor is currently in the initial stages of procuring a third boiler to enhance the sustainability of its operations.

Based on a single boiler, MSM Johor achieved a daily melting rate of 1,039 tonnes in October 2023, with a UF of 34.6%, followed by 1,308 tonnes in November 2023, at a UF of 43.6%. The anticipated daily melting rate for December 2023 is 1,416 tonnes, with a UF of 47.2%.

“The goal moving forward is to make the highest melting as an average melting rate throughout the month which will require the refinery to be more reliable and optimised,” said Hasni.

Commenting on MSM Johor's export, he said there is a tremendous headroom to grow the exports with an over five million tonnes per year market in the Asia-Pacific (including Vietnam, Pacific Islands, Singapore, Korea and Pakistan) from four million tonnes currently due to MSM Johor's strategic geographical position in the supply chain for both retail and industry contributes to this export advantage.

MSM had sunk RM1.25 billion into the Johor refinery in 2015, which increased the company's refining capacity by a million tonnes to 2.25 million tonnes, making MSM the largest standalone sugar refiner in Asia, with a total capacity of 2.25 million tonnes a year. The plant was commissioned in April 2019.

MSM is 51%-controlled by FGV Holdings Bhd, which is in turn 81%-controlled by the Federal Land Development Authority (Felda).

The company has been loss-making since 4QFY2021. It narrowed its net loss to RM36.06 million for the third quarter ended Sept 30, 2023 (3QFY2023) from RM72.8 million recorded in 3QFY2022 as revenue increased by 20.74% to RM806.72 million from RM668.13 million a year earlier.

This brought its cumulative nine-month net loss (9MFY2023) to RM92.75 million compared with RM134.55 million net loss the prior year while revenue was RM2.14 billion, higher by 13.4% than RM1.89 billion in 9MFY2022.

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