



MSM Malaysia eyes regional exports, sees Indonesia and Indonesia as top markets

John Gilbert

23-07-2024 07:00 AM



Syed Feizal says MSM Malaysia's flagship product, Gula Prai, maintains a domestic market share of over 60%.

KUALA LUMPUR: MSM Malaysia Holdings Bhd expects sugar sales volume to improve in financial 2024 (FY24) as the company aims to expand into countries in the region with higher selling prices.

As demand trends upwards for domestic and export markets, MSM Malaysia focuses on expanding to the regions to export about 300,000 tonnes.

MSM Malaysia group CEO Syed Feizal Syed Mohammad said the export strategy for this has changed significantly.

"The main markets for this year will be Indonesia and China due to the anticipation of deficit markets in those regions. We also foresee a positive growth for other destinations such as Singapore and South Korea," he told *SunBiz*.

When asked about the company's leveraging lower trending raw sugar prices in Brazil, currently driven by better production forecasts, Syed Feizal said the NY11 price is projected to be around US\$18.50–US\$21.00 (RM86.60–RM98.30) cents per pound.

"All eyes will now be on the weather pattern in Centre-South Brazil, the world's largest cane-growing region.

"To mitigate any significant impact to cost and margin, we have hedged 94% of our raw sugar requirements for the wholesale segment at a rate below market average for FY24. The pricing for our industry and export segments is back-to-back. Therefore, any increase in NY11 will be passed to customers without impacting the margin," he said.

Currently, MSM Malaysia operates two refineries - MSM Prai Berhad in Penang and MSM Sugar Refinery (Johor) Sdn Bhd in Johor. It purchases raw sugar from Brazil, Australia, Thailand and India.

Syed Feizal said MSM Malaysia continues to manage the risk posed by extended periods of high input expenses due to increases in raw sugar prices, elevated freight and natural gas costs, and fluctuations in the ringgit by employing cautious hedging tactics and pass-through pricing mechanisms.

Touching on sugar prices, Syed Feizal said the sugar industry anticipates a normalisation this year, with improvements expected in overall profit margins.

He said MSM Malaysia has engaged with the government on the ceiling price review for the wholesale segment, given the industry's rising input costs.

"At the same time, MSM Malaysia has also engaged our key suppliers on mechanisms to mitigate the impact.

"While awaiting the announcement of a new price mechanism, the industry will continue to receive an RM1 a kg incentive, with MSM Malaysia entitled to 24,000 tonnes a month.

"Concurrently, MSM Malaysia is also adjusting its average selling prices to industry and export customers, passing on elevated costs to maintain normalised margins," Syed Feizal said.

MSM Malaysia's flagship product, Gula Prai, maintained a domestic market share of over 60%, he said.

Gula Prai brand has a penetration rate of 67.2% of the overall households in Malaysia.

Nielsen's reports for hypermarkets, supermarkets and chain stores for 2021 and 2022 show that Gula Prai is the leading white refined sugar retail brand in Malaysia.

HEADLINE	MSM Malaysia eyes regional exports, sees Indonesia and Indonesia as top markets
MEDIA	The Sun - Online
DATE	23 July 2024 , 7:00am
BY	John Gilbert
LINK	https://thesun.my/business-news/msm-malaysia-eyes-regional-exports-sees-indonesia-and-indonesia-as-top-markets-KB12758057