

## FGV in no rush to dispose of MSM stake, says group CEO



By ALIFAH ZAINUDDIN / Pic By RAZAK GHAZALI

FGV Holdings Bhd is under no pressure to sell down its controlling stake in the country's largest refined sugar producer, MSM Malaysia Holdings Bhd.

FGV group CEO Datuk Haris Fadzilah Hassan (*picture*) said it is a matter of getting the best value, especially when the sugar market is currently not at its best.

"We want to maximise the returns. We know the Malaysian market is the crown jewel for MSM with a 59% share, so we don't want to rush into bringing a strategic partner that is also after the Malaysian market.

"That will not add any synergy. We want a partner that can strengthen MSM, with regard to raw sugar, logistics capability and, most importantly, their markets," Haris told reporters at FGV's financial results briefing for the second quarter ended June 30, 2019 (2Q19), in Kuala Lumpur yesterday.

Haris said FGV – which holds a 51% stake in MSM – is considering all options including tie-ups with rival companies and a complete sale of its stake, despite earlier announcing the company's intent to remain as a major shareholder.

"We are very much a player in the food industry. We see crude palm oil and sugar as being part of that food business. But at the end of the day, we have to be realistic too because consensus may change.

"As you can see in Malaysia, there is a drive towards liberalisation of the market for sugar. In fact, if you read recently, India, for example, wants to basically flood the market with their sugar.

"So, our position will be reassessed. Of course, we would like to remain as a majority stakeholder, but if there are opportunities which make sense, we can consider," Haris said.

MSM is the eighth-largest producer of refined sugar, with an annual refining capacity of 2.2 million tonnes. However, the company has been struggling with losses in recent years as oversupply conditions, lower selling prices and higher refining costs weighed on its earnings.

For its 2Q19, the company registered a net loss of RM67.33 million on lower average selling prices and higher refining and finance costs recognised for the quarter.

Speculation about a potential stake sale rose last month after the plantation giant confirmed that it is in talks with several players in the sugar industry to alleviate MSM's performance.

It was reported that at least four companies are eyeing a stake purchase, including JAG Capital Holdings Sdn Bhd, an investment holding company linked to former Second Finance Minister Datuk Seri Johari Abdul Ghani.

Others are Wilmar International Ltd, an Indonesian company and a Chinese firm.

**AGENCY:** The Malaysian Reserve

**LINK:** <https://themalaysianreserve.com/2019/08/29/fgv-in-no-rush-to-dispose-of-msm-stake-says-group-ceo/>