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BRIEF FELDA

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MSM'S SWEET SUCCESS

BIG PLANS: Country's sugar producer on track to become a global top 10 player in the sugar industry by 2020

ZAIDI ISHAM ISMAIL

MSM Malaysia Holdings Bhd, the country's largest refined sugar producer, is on track to become a global top 10 player in the sugar industry by 2020.

The sugar arm of Felda Global Ventures Holdings Bhd will celebrate its 50th anniversary this month.

It is now the second-largest standalone sugar refiner in Asia and one of the world's top ten.

Its president and group chief executive officer Datuk Dr Sheikh Awab Sheikh Abod said since its operations started in 1964, MSM is now the leader in the domestic market with more than 60 per cent market share.

"We have big plans for the domestic market and it is time for us to go global, which is part of our strategic master plan.

"The fastest way to emerge as a global player is to go through merger and acquisition (M&A) or any other form of joint ventures, domestically or globally, provided it is a win-win situation for both parties," said Sheikh Awab in an interview at the company's headquarters, here, recently.

The company wants to have the complete chain, from upstream where it can have plantations to grow raw sugar, because at present it only has refineries and buys raw sugar from upstream.

"We want to have plantations and mills, so that we can have a constant supply of raw sugar and apart from our refinery, we want to go deeper downstream and venture into the futures business," said Sheikh Awab.

He said for any sugar business, it is important that it controls the entire supply chain from sugar plantations to ship charter, warehousing, trading

companies and refineries.

"By end of the year, we will set up our own trading company in Dubai, United Arab Emirates, and have a strategic partner."

Sheikh Awab said to control cost, the company wants to go into trading, not just to buy from traders but purchase from the source itself, such

as Brazil or other raw sugar producing countries like Australia, Thailand and South Africa.

"With our own charter business, we can trade with other countries wanting to buy our raw sugar and in turn trade in refined sugar depending on prevailing market prices," he said.

MSM wants to venture into storage and warehousing business with a capacity of 750,000 tonnes at strategic places.

"We want to be a global player and there is no question about that but we can't do that in a short time and the fastest way to go is through M&A.

The company is now in the process of identifying strategic partners on a win-win basis.

Sheikh Awab said it is finalising its partnership with a strategic company, where both can make use of each other's port terminals, warehousing and refineries.

MSM exports to more than 10 countries, such as South Korea, Australia, New Zealand, Pakistan, Singapore and Fiji, totaling 200,000 tonnes a year.

In May this year, MSM entered into memorandum of understanding for a proposed US\$250 million (RM794 million) joint venture with Al-Khaleej International Ltd as part of its plan to be Asia Pacific's largest sugar hub, of which MSM shall have a 51 per cent while Al-Khaleej holds the remaining 49 per cent.

The venture will develop a state-of-the-art sugar refinery, as well as a logistics complex and vessel terminal at Port of Tanjung Pelepas in Johor.

Upon completion of the refinery in 2016, MSM's production capacity will increase to 3.25 million tonnes a year from 1.25 million tonnes at present and on a strong footing to rival other sugar hubs in Thailand and Singapore.

Al-Khaleej International is wholly-owned by Hassa Jamal Majid Al-Ghurair, the daughter of Al-Khaleej Sugar's managing director Jamal Ma-

jid Al-Ghurair.

Dubai-based Al-Khaleej is the world's largest standalone sugar refinery with an annual 2.3 million-tonne capacity, churning out US\$1 billion (RM3.24 billion) revenue a year.

Al-Khaleej sugar output accounts for three per cent of the global market and its products are exported to over 50 countries.

MSM, which commands more than 60 per cent of the local market, operates two sugar refineries through subsidiaries MSM Prai Bhd (formerly known as Malayan Sugar Manufacturing Co Bhd) in Prai, Penang, and MSM Perlis Sdn Bhd (formerly known as Kilang Gula Felda Perlis Sdn Bhd) in Chuping, Perlis.



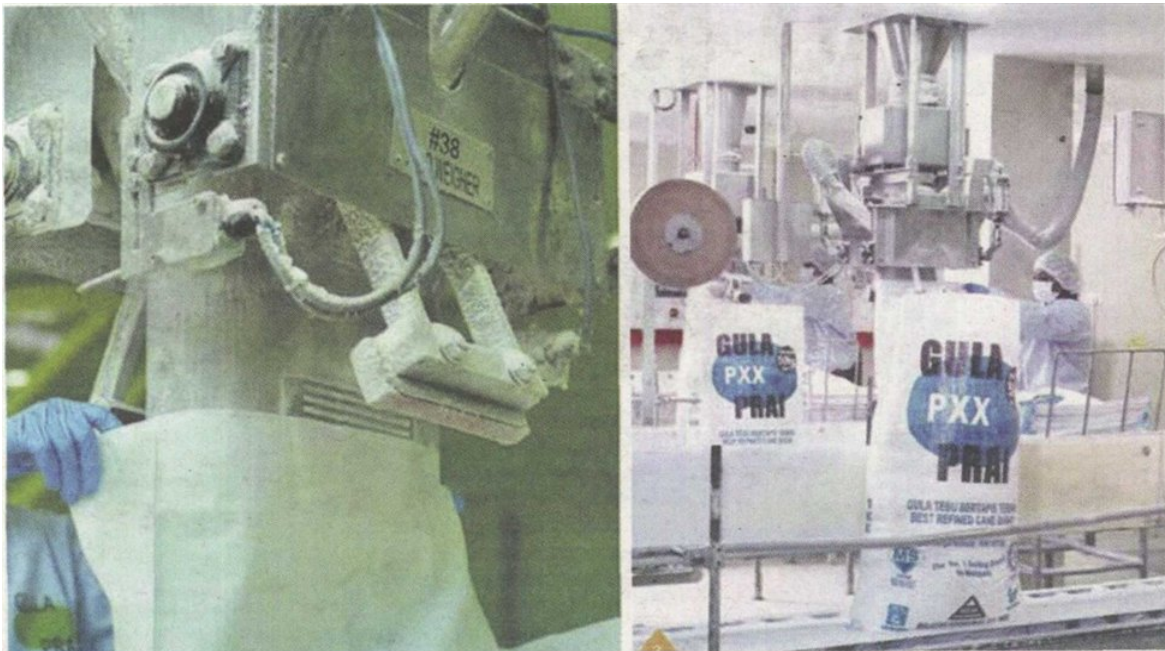
Some sweet facts

1. The quality of MSM's sugar is acknowledged by top multinational food and beverages industries.
2. MSM takes care of quality assurance where we practice the higher standards, so that we can supply to companies all over the world.
3. I disagree that sugar contributes to health problems as it is all based on genetics.
4. If you eat too much rice, there is also sugar and you can get diabetes. But just to be safe, believe in moderation and consume sugar sparingly.

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*MSM Malaysia Holdings Bhd group CEO **Datuk Dr Sheikh Awab Sheikh Abod** says it is **time for the company to go global.***



*MSM is now the **leader in the domestic market** with more than 60 per cent market share.*

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