MSM eyes diversification into trading

KUALA LUMPUR: Malaysia's largest refined sugar producer MSM Malaysia Holdings Bhd (MSM) is hoping to diversify its revenue stream into trading and sugar-related upstream activities starting next year.

President/Group Chief Executive Officer Datuk Sheikh Awab Sheikh Abod said the opening of MSM's Dubai office will serve as an acquisition and trading outfit for the group.

The Dubai trading outfit, which will begin operations by Jan 2, 2016, will have a representative office in Jakarta, he said.

"Trading could contribute up to 15 per cent to the group's profitability next year.

"The Dubai outfit will increase our competitive advantage in the global market with the ultimate goal to service the Middle East and North Africa (MENA) region," he said at a press conference on the group's third quarter (Q3) results here Wednesday.

MSM's pre-tax profit for the third quarter ended Sept 30, 2015 rose 31 per cent to RM84.52 million from RM64.50 million in the same period a year ago.

For the nine months ended Sept 30, 2015, the group's pre-tax profit recorded an increase of 17.1 per cent from RM239.50 million to RM280.37 million.

The robust performance was attributed to group-wide cost optimisation initiatives as well as gains through strategic hedging mechanisms.

Together with the Dubai setup, MSM will set the focus on exploring the Indonesian sugar market and investment opportunities in the region, said Sheikh Awab.

With the price of raw sugar continuing to escalate, the group hopes to acquire mills and plantations from state-owned Indonesian and Sri Lankan sugar producers in the near future, he added. – Bernama