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## MSM keen to buy refineries, downstream ops in Asean

**KUALA LUMPUR:** With the prices of raw sugar getting cheaper, the time may be right for sugar refiners to go upstream and acquire sugar cane plantations to ensure their supply of raw material.

But MSM Malaysia Holdings Bhd is not keen to follow the route.

Instead it hopes to acquire other refineries and sugar-related downstream business in the Asean region.

“Personally, I am not keen to go into plantations ... They are risky and costly.

“Although I could be bold and acquire any (sugar cane) plantation at discount now but I prefer not to be involved in that segment of the business that is affected by low raw sugar prices,” said president and group managing director Datuk Sheikh Awab Sheikh Abod after the company’s AGM here yesterday.

On the contrary, MSM is enjoying better margins due to the cheaper raw sugar prices.

MSM, the listed sugar refiner of Felda Global Ventures Holdings Bhd, supplies 64% of domestic sugar consumption.

Sheikh Awab expected raw sugar prices to fluctuate in a more stable range next year.

Pending its organic growth via new modern refining facility in Johor to be completed in 2017, Sheikh Awab is betting on other refineries and downstream business such as beverage or confectionary companies.

It just started to venture into raw sugar trading business and logistics to be based in Dubai recently.

“We need to diversify as currently almost all of our income is from refining and due to the low prices, we are on a strong financial footing. But, what if it is the other way around?” he said.

MSM posted strong first quarter earnings last week without subsidy and government negotiated long-term procurement contracts for its supply of raw sugar.

It has a RM500mil cash reserve and zero gearing to undertake mergers and acquisitions.

Its first quarter ended March 31, net profit increased by 26.1% to RM71mil year-on-year on a RM508.5mil of revenue.

“We are looking at acquiring majority stakes in the mid-stream companies and strategic alliances with a downstream player – all beyond local shores,” he said.

MSM aimed to increase its refined sugar production to 1.1million tonnes this year compared with 998,000 tonnes last year.

In another matter, the director-general of the Federal Land Development Authority (Felda) Datuk Faizoull Ahmad was not re-elected as a director of MSM Malaysia Holdings.

According to the MSM statement, Faizoull has extensive experience working in Felda since 1986, and had held various positions.

According to news reports, relations are not all that smooth between Faizoull and Felda chairman Tan Sri Isa Samad.



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**Going downstream:** Sheikh Awab and chief financial officer Raja Faridah Raja Ahmad at the AGM. He says plantations are risky and costly.