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Overseas business to sweeten MSM sales

BY SHARIDAN M. ALI



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KUALA LUMPUR: MSM Malaysia Holdings Bhd expects its expanding overseas business to boost sales this year, while profits will continue to improve on hedging and cost-savings management.

Its deputy chief executive officer Mohamad Amri Sahari said MSM's newly-established arm in Dubai was

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projected to positively contribute to the group this year.

"This will be included in our upcoming first quarter results announcement by the end of this month.

"In general, we have all the mechanisms in place to beat last year sales and production figures," he told reporters after the company's annual general meeting yesterday.

MSM, a subsidiary of Felda Global Ventures Holdings Bhd, net profit increased to RM280.7mil in 2015 from RM257mil in 2014 on a marginally higher revenue of about RM2.3bil. MSM claimed that it was the company's best performance in its 51-year of establishment.

The group announced a final dividend of 14 cents per share which amounts to RM98.42mil for 2015. On a full year basis, the Group's total dividend amounts to 26 cents per share. This translates to a total payout of RM182.78mil and a net payout ratio of 66.39%, higher than 2014 of 65.65%.

"We have delivered an impressive set of earnings, despite currency and commodity challenges. It is our solid financial policy characterised by our strategic forex and raw sugar hedging mechanism which has helped us navigate through many uncertainties and we hope to maintain this in 2016," said Amri.

On the back of its successful financial result, MSM delivered RM17 million in group-wide cost savings. This is mainly due to lower operating costs, managing costs of non-sugar related materials and integrating large business functions to operate more efficiently. These cost reduction measures are expected to continue in 2016, with more savings anticipated in 2017 and 2018.

"We are facing a convergence of a challenging marketplace condition and we are prepared to make further substantial adjustments and adapt. Our focus is to deliver

excellent customer satisfaction and superior shareholder returns through the business cycle, and growth is a key element of that focus," said Amri.

On capital expenditure, MSM chief financial officer Aznur Kama Azmir said MSM is expected to spend around RM40mil on their existing refineries operation.

"On top of that, we will also spend half of the US\$259mil earmarked for our new refinery in Johor this year depending on its level of completion.

"But, we are positive the new plant will be operational by the end of next year," she said.

MSM new integrated sugar refinery at Tanjung Langsat is targeted to have production capacity of one million tonnes of refined sugar yearly, effectively enabling MSM to increase annual production capacity to 2.25mil tonnes.

On the new captain to helm MSM, the company said it will soon be announced.

MSM president and group chief executive officer (CEO) Datuk Sheikh Awab Sheikh Abod passed away on Apr 14.

Amri added, "As the world sugar market continues to downtrend, we have managed to achieve a robust performance and further contribute to the group-wide cost optimisation initiatives.

"This has enabled us to focus on a strong operational management and remain resilient. We emphasise our commitment to enhance our shareholders value and maximise revenues for our businesses."

Equipped with a healthy level of profitability and balance sheet, coupled with a record breaking performance in 2015 against the preceding period, MSM is proactively seeking reputable partners and strategic alliances to yield synergetic benefits in both upstream

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and downstream businesses.

The Group's reinforcements include its recently launched Dubai based trading hub, which will undertake sugar trading activities, both in raw and refined sugar to cater for the unique size and opportunity the Middle East & North Africa (MENA) region.

MSM Dubai's office will be further complemented with a representative office to be located in Jakarta, Indonesia.

Its presence in Indonesia is strategically positioned to support clients on inbound and outbound transactions across the region and act as gateways to other markets across the Asia Pacific (APAC) region.

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