



# RM800m scoop

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**KUALA LUMPUR:** MSM Malaysia Holdings Bhd's (MSM) initial public offering (IPO) is poised to raise around RM800 million for the sugar producer and its holding company.

MSM's listing on Bursa Malaysia's Main Market is slated for June 28, involving up to 234.56 million shares to retail and institutional investors.

Some RM370 million of the RM800 million proceeds will go to MSM parent Felda Global Ventures Holdings Sdn Bhd (FGVH), while another RM422 million will go directly to MSM's coffers.

FGVH, which now has a 48.68 per cent stake in MSM, is selling off 15.6 per cent of its MSM shares for some RM370 million. The RM422 million, meanwhile, will arise from the issuance of new MSM shares.

MSM will also sell a portion of new shares to institutional investors at between RM3.30 and RM3.50 per share. The final retail price, after completion of the institutional book building, will be at a slight discount from the initial RM3.38 retail price or 97 per cent of the institutional price.

MSM executive director Datuk Sabri Ahmad said it will use about RM320 million from the proceeds to expand its refining capacity to 1.5 million tonnes by 2016 from the current 1.1 million tonnes.

That leaves around RM100 million of the proceeds for the expansion of MSM's sugar cane plantations in Southeast Asia.

"We want to expand our sugar cane plantations within Southeast Asia. It could be greenfields or brownfields. We're still studying the merits," said Sabri, who is also FGVH group president and chief executive officer.

He was speaking to reporters after



Deputy Prime Minister Tan Sri Muhyiddin Yassin launched MSM's prospectus here yesterday.

This is the first time the Federal Land Development Authority (Felda), one of the world's largest diversified agriculture groups, is taking one of its units public.

MSM houses Felda's sugar cane plantation and sugar refining operations.

Its refined sugar is retailed un-

der the brandnames "Gula Prai" and "Gula Perlis".

Among MSM clients are F&N Beverages Manufacturing Sdn Bhd, Permanis Sdn Bhd, Kraft Foods Manufacturing Malaysia Sdn Bhd, Cadbury Confectionery Malaysia

Sdn Bhd, Nestle Manufacturing (M) Sdn Bhd and Yeo Hiap Seng (Malaysia) Bhd.

Two years ago, Felda, via FGVH, bought MSM (then known as Malayan Sugar Manufacturing Co Bhd) for RM1.22 billion from PPB Group Bhd, a company controlled by Malaysia's richest man Robert Kuok.

Last year, total production of refined sugar in Malaysia was 1.66 million tonnes, of which MSM and Kilang Gula Felda Perlis Sdn Bhd have 57 per cent market share. The other player is Tradewinds.

Malaysia consumes more sugar than it is able to grow and relies heavily on imports. Last year, 1.2 million tonnes of raw sugar were imported from Brazil, Australia, Guatemala and Thailand.

About half of MSM's raw sugar supply is procured via long-term



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Page 2 of 2

## MSM's assets totalled RM1.79b as at Mar 2011



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contracts while the remainder is purchased at prevailing market prices.

Last month, the Dosmetic Trade, Co-operatives and Consumerism Ministry raised the sugar retail price to RM2.30 a kg from RM2.10. The price hike is estimated to save the government RM116.6 million in sugar subsidy this year.

As at March 2011, MSM's assets totalled RM1.79 billion. Last year, it posted RM232.9 million profit on RM2.17 billion revenue.

CIMB Investment Bank Bhd is the lead manager for the share sale.

Post-listing, FGVH will be left with 40.03 per cent stake in MSM.