



MSM plans to move upstream in region

> Move to have better control of feedstock costs

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KUALA LUMPUR: MSM Malaysia Holdings Bhd plans to intensify its upstream business in the region to enhance its refining operations in the long term as it strengthens its downstream operations locally.

The soon-to-be-listed Felda Global Ventures Holdings Bhd (FGVH) subsidiary is now conducting a feasibility study on its upstream expansion plan.

"In the Asean region, Indonesia, Myanmar and Cambodia are suitable places (for setting up plantations and refineries)," executive director Datuk Sabri Ahmad told reporters after MSM's AGM yesterday.

The move upstream will allow MSM to have better control of feedstock costs in the event of unforeseen circumstances such as erratic and extreme weather conditions that cause commodity prices to skyrocket.

"The plan is to look at going on our own or through strategic collaborations. This is still being evaluated," he said.

Sabri said the plan to go upstream needs more detailed studies. "We're still conservative on this as it's a big investment and also due to the fluctuation of sugar prices."

Its chief finance officer Raja Faridah Raja Ahmad said MSM has set aside RM100 million from the proceeds of its initial public offering last year for strategic acquisitions. Securing partnerships will help it to expand sugar cane

planting into Southeast Asia.

"Currently we still have RM220 million for our internal expansion of which we're allocating RM85 million this year to expand our capacity and warehouse," she said.

MSM CEO Chua Say Sin said the company is building its infrastructure, warehouse storage and handling capacity in line with its plan to expand capacity.

As sugar consumption is expected to grow in Malaysia and globally, MSM said its immediate focus is to upgrade production facilities, expand export sales and pursue strategic investments in new markets.

As the country's biggest sugar refiner, MSM owns two refineries, with a total raw sugar melting capacity of 3,600 tonnes per day. It produces 958,377 tonnes of refined sugar products last year, accounting for 57% of total sugar production in Malaysia.