



MSM plans RM220m capacity expansion

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36PC INCREASE: Firm targets sugar output of 1.5m tonnes by 2016

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MSM Malaysia Holdings Bhd, the country's largest sugar producer, will increase its refined sugar output by 36 per cent, or 400,000 tonnes, to 1.5 million tonnes by 2016.

MSM is setting aside RM220 million from the RM413.8 million raised from its listing in 2011 for this internal expansion.

The company has used RM130 million of the proceeds, out of which RM37 million was for capital expenditure and RM97 million for working capital.

Chief executive officer Chua Say Sin said for this year alone, MSM has budgeted RM85 million for capacity and warehouse expansion.

It has also set aside RM100 million

for strategic acquisitions to expand its sugar cane planting into South-east Asia.

Chua, however, said the plan to go upstream overseas needs more studies.

"We are still conservative on this as it is a big investment and due to the bearish outlook of world sugar prices," he said after MSM's annual general meeting here yesterday.

The production increase plan is to meet increasing demand and to explore new international markets, particularly in Asia Pacific, he said.

While the investment in capacity expansion is in anticipation of production of raw sugar melt growing from 3,600 tonnes to 4,600 tonnes

per day.

"We also intend to increase the raw sugar storage capacity further to 37,000 tonnes from 27,000 tonnes currently," he added.

MSM targets to increase its exports to 20 per cent of total output by year-end from 15 per cent recorded in 2012, with the main focus on the Asian market.

"We just ventured into the Myanmar market and we are now looking at Vietnam due to its big population," he added.

Last year, MSM sold 751,668 tonnes of refined sugar domestically, while export sales rose by 3.5 per cent to 159,409 tonnes from 153,964 tonnes.

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ID 198597519

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*MSM executive director **Tan Sri Sabri Ahmad** (left) with CEO **Chua Say Sin** and chief financial officer **Raja Faridah Raja Ahmad** at the company's annual general meeting yesterday. Pic by Surianie Mohd Hanif*