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**M**SM MALAYSIA Holdings Bhd, the country's largest refined sugar maker, aims to be one of the world's top three producers by 2016.

MSM president and chief executive officer Datuk Dr Sheikh Awab Sheikh Abod said the firm is on an expansion drive and wants to do it fast via mergers and acquisitions (M&As).

"MSM has big ambitions. We cannot be a global player if we grow organically, as it will take a long time. So, M&A is the only way to do it. We are now talking to two or three entities.

"We hope to see results this year. If it materialises, MSM will produce some 13 million tonnes of refined sugar per year, from 1.25 million tonnes at present," he told Business Times, here, on Monday.

He declined to reveal the identities of the potential takeover targets but said they are from Europe and Asia, adding that one of them churns out a net profit of RM42 million a year. If successful, this could also see MSM and its partners tapping the Russian market.

MSM is the sugar arm of Felda Global Ventures Holdings Bhd (FGV) and it has a war chest of some RM650 million.

In June 2012, FGV, the world's largest crude palm oil producer, raised RM4.5 billion from its initial public offering.

Sheikh Awab said there are many ways to conduct M&As, such as buying the firms out or through joint ventures.

He said if the takeover company is listed, it will not lose its listing status as MSM will go for dual listing.

"I'm confident that the board will approve.

If the deals go through, we will control 13 million tonnes of the world's refined sugar supply, thus elevating MSM to the No. 3 position by 2016.

"MSM has also received offers from Fiji, Sri Lanka and Morocco but the company does not like to make small acquisitions."

He said once the firm becomes a global player, it will be the chief refined sugar supplier in the region.

Sheikh Awab said it will also set up a trading company in Dubai, the United Arab Emirates (UAE), to gain control of the entire supply chain, from ship charters to warehousing.

He said MSM initially wanted to set up the trading firm here but had not received any response for a 10-year tax exemption.

MSM is also talking to six charter companies in Malaysia to buy their business so that it can bring down costs.

On MSM's half-year results, Sheikh Awab said they exceeded expectations, adding that he expects the momentum to continue in the remaining months.

"We had decent results and should be able to pay dividends in line with our policy of returning 50 per cent of net profit to investors."

MSM made a lower net profit of RM56.3 million in the first quarter ended March 2014

compared with RM61.9 million in the same quarter a year ago.

In May, MSM entered into a US\$250 million (RM794 million) venture with UAE-based Al-Khaleej International Ltd as part of its plan to be Asia Pacific's largest sugar hub.

The venture will develop a state-of-the-art sugar refinery, as well as a logistics complex and vessel terminal, at Port of Tanjung Pelepas in Johor, with total investments of between US\$250 million and US\$270 million.

Sheikh Awab said upon completion of the refinery in 2016, the company's production capacity will increase to 3.25 million tonnes per year from 1.25 million tonnes.

The partnership will enable the firm to rival other sugar hubs such as Thailand and Singapore.

MSM operates two sugar refineries through subsidiaries Malayan Sugar Manufacturing Co Bhd in Prai, Penang, and Kilang Gula Perlis Sdn Bhd in

Chuping, Perlis.

The company offers products ranging from white refined sugar of various grain sizes to soft brown sugar, marketed under the Gula Prai and Gula Perlis brands.

It also sells molasses, a by-product of the refining process, to distilleries and producers of ethanol, animal feed and yeast.

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MSM Malaysia Holdings Bhd president and chief executive officer **Datuk Dr Sheikh Awab Sheikh Abod** says the company cannot be a global player if it grows organically

**MSM FINANCIAL PERFORMANCE**

	2009	2010	2011	2012	2013
Revenue	1.6b	2.1b	2.2b	2.3b	2.2b
Net Profit	237.2m	232.8m	263.8m	202.0m	254.6m

Source: MSM 2013 annual report

