



MSM targets to triple sugar output by 2020

Group plans to increase its share of the international market

by **Sangeetha Amarthalingam & Jonathan Gan**

BUTTERWORTH: MSM Malaysia Holdings Bhd, the country's largest refined sugar manufacturer, targets to increase its annual sugar output to four million tonnes by 2020 from 1.25 million tonnes currently.

MSM chairman Tan Sri Mohd Isa Abdul Samad said this is in line with the group's plans to move away from being just a "jaguh kampung" and increase its share of the global sugar market by raising its output.

Isa said the company's sugar product is not only popular in Malaysia, where it commands a 57% market share, but is also known in overseas markets for its quality.

Isa, the chairman of Felda Global Venture Holdings Bhd (FGV) which owns a 51% stake in MSM, highlighted the success of achieving a net profit of RM254.68 million last year.

FGV purchased the stake in MSM from "sugar king" Robert Kuok in 2009.

"The year 2013 was a sweet year for the MSM group because we made a net profit of RM254.68 million on revenue of RM2.2 billion. We are proud that we have managed to control 57% of the local market production," he told reporters at MSM's Hari Raya Aidilfitri open house yesterday.

"Apart from that, our sugar is known for its quality in countries such as Singapore, South Korea, Australia, New Zealand and Pakistan. Our export market constitutes 20% of our production," he said.

"Thus, we have big plans to increase our overseas market share by raising the present 1.25 million tonne output to four million tonnes by 2020," he said.

MSM Holdings saw its second-quarter net profit drop 15% to RM78.71 million from RM92.58 million a year ago, partly due to the removal of the 34 sen per kg sugar subsidy last year.

Revenue for the three months ended June 30 (2QFY14) fell a marginal 1.5% to RM595.43 million from RM604.61 million.

Nevertheless, MSM declared a first interim dividend of 10 sen per share for FY14 ending Dec 31, payable on Sept 19.

The weak 2QFY14 results dragged its net profit for the six-month period down by 12.6% to RM135.04 million from RM154.54 million, while revenue declined to RM1.09 billion from RM1.12 billion a year ago.

"MSM is focused on consolidating its strengths and reinforcing its position as the country's leading sugar producer. We are ready to pursue aggressive growth that will see us expand locally and in the region," said MSM president and group chief executive officer Datuk Sheikh Awab Sheikh Abod in a statement yesterday.

On prospects, the group said despite the removal of the sugar subsidy last October, sales volume for sugar had increased in the first half of the year.

"The sales volume for both the domestic and industrial sectors registered an increase from 366,700 tonnes in the first half of 2013 to 395,400 tonnes in the first half of 2014," the company said.

The group expects to sustain its satisfactory performance in FY14.