

MSM eyes Singapore sugar market control

by JEREMY TAN

REFINED sugar producer MSM Malaysia Holdings Bhd is eyeing total market control of the midstream sugar market in Singapore come 2018 through unrivalled competitive pricing afforded by its relatively cost-efficient manufacturing.

MSM group CEO Datuk Dr Sheikh Awab Sheikh Abod said the company is set to capitalise on the additional cost burdens anticipated for Singapore's current market leaders in refined sugar, Wilmar International Ltd and ED&F Man Singapore Pte Ltd.

"I was told the (raw sugar) supply contract between Wilmar and ED&F will expire very soon, and that will make their costs higher.

"Because of that, we are very confident that we will be able

to penetrate into the Singapore market, because our costs are going to be halved compared to current costs," he said after the MSM's AGM yesterday.

Sheikh Awab noted that MSM's competitive edge will be derived from its Tanjung Langsat refinery in Johor, which is set to begin construction in the second-half of 2015, with expected completion within the next 22 months and fully operational by mid 2017.

"The Johor refinery is to anchor future market growth with a targeted combined production capacity of 3.25 million tonnes of refined sugar per year, from the current 1.1 million tonnes," he said.

Sheikh Awab said MSM also intends to dominate the Malay-

sian market by 2018, adding the company's future capability to competitively price its goods will rival Thailand's refined sugar players.

As of now, MSM claims a sizeable 64% of the domestic sugar market, while its market share within Singapore stands at around 18% to 20%.

"2015 and 2016 are the growth years for MSM. We plan to diversify our income stream, as right now we are dependant solely on mid-stream, and there are a lot of risks there."

For its first-quarter ended March 31, 2015 (1Q15), MSM recorded a 26.1% rise in net earnings to RM71.03 million from RM56.33 million in the corresponding quarter last

year.

Its revenue for the quarter stood at RM508.49 million, roughly 2.1% higher compared to RM498.26 million in 1Q14.

On other prospects, MSM said in a statement yesterday, the next quarter plan is to setup a training outfit in Dubai, to be operated by the end of the 2Q of this year.

Sheikh Awab said the trading office in Dubai will focus on growing the export market.

"We plan to complement this venture with the Johor refinery and are expecting to achieve a high rate of operational efficiency, drive down production costs and provide a strong competitive edge to penetrate sugar-hungry regional markets," he said.