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MSM in takeover talks for overseas expansion

KUALA LUMPUR: MSM Malaysia Holdings Bhd, the country's largest refined sugar producer, is about 30 to 40 per cent completed in its negotiation on the takeover of a sugar producer abroad, as part of its efforts to become the top three sugar player in Asean and the top 10 global sugar player by 2020.

Its president and chief executive officer Datuk Sheikh Awab Sheikh Abod said the takeover was part of MSM's strategy to take higher control of regional supply chain, besides the company's widening revenue streams.

"We are strengthening our market and customer focus, which will allow us to pursue growth in our core business and global expansion. We are eyeing sugar-hungry regional markets and fast-growing countries

for synergetic joint ventures or partnerships," Sheikh Awab said.

MSM, whose raw materials were imported from abroad, was affected by the weakened ringgit but at a manageable pace.

"Although the market and economic instability is presenting us with a considerable amount of challenges, it is our solid financial policy, which is characterised by a strategic foreign exchange hedging mechanism and raw sugar procurement, that has helped us navigate through many uncertainties this past six months and we hope to maintain this for the rest of the year," he said.

The company said the development of MSM's new refinery in Tanjung Langsat, Johor, targeted to operate in 2017 was well underway.

MSM's earnings rose 0.5 per cent

to RM79.13 million in the second quarter ended June 30, from RM78.71 million a year ago on lower material costs, including sugar.

Despite a slight slip in revenue of 1.2 per cent to RM588.3 million from RM595.4 million in the second quarter last year, gross profit margin recorded an increase of four per cent to RM149.9 million from RM144.2 million, mainly due to reduction in cost of sales.

Group revenue for the first half grew 0.3 per cent to RM1.097 billion from RM1.094 billion previously.

Its robust performance was further contributed to cost-savings initiatives and company-wide cost optimisation, the company said.

The group still maintained its control of 64 per cent of the domestic sugar market share.



MSM president and chief executive officer **Datuk Sheikh Awab Sheikh Abod** says the company is eyeing sugar-hungry regional markets.