

MSM eyes two M&As worth RM500mil

Sugar producer targets mid-stream and up-stream businesses

DUBAI: MSM Malaysia Holdings Bhd, the country's largest refined sugar producer, is looking at two merger and acquisition (M&A) activities worth RM500mil this year.

President and group chief executive officer, Datuk Sheikh Awab Sheikh Abod said the M&As, consisting of mid-stream and up-stream businesses, were expected to take place in the second half of this year.

"We are very cautious in our investment. We want to make sure that a proper due diligence has been conducted before we make a proper announcement," he told a media briefing on the group's 2015 financial year performance here, yesterday.

He said the M&A for the up-stream business would be in Asia, while the mid-stream would be with a company outside Asia.

For the financial year ended Dec 31, 2015, the company hit a record RM378mil in pre-tax profit compared with RM344mil the previous year, while revenue continued to grow by 5.7% to RM663.97mil from RM628.07mil previously.

During the last financial year, he said MSM continued to gain control of its 64% domestic market share, albeit the challenging dynam-

ics of sugar industry, in particular the strengthening of the US dollar and volatility of the forex market.

"As the world's sugar market continues to trend lower, we managed to achieve a robust performance and further contribute to the group-wide cost optimisation initiatives.

"In addition, there have been positive indications of greater demand in the market and we are well positioned to respond by increasing production and selling available stocks," he added.

For the current financial year, the group expected to increase its production by between 200,000 and 300,000 tonnes from another record breaking production of 1.04 million tonnes in 2015.

"At the moment, MSM Prai is the main contributor to our production volume. When our Johor refinery kicks in at end of March, I think the group will receive additional production," he said.

He said the refinery, which was targeted for full commissioning by late quarter of 2017, would ramp up the total group annual production capacity up to 2.25 million tonnes. — Bernama



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