

MSM looking at sealing two M&A deals worth RM500m

DUBAI: MSM Malaysia Holdings Bhd, the country's largest refined sugar producer, is looking at two merger and acquisition (M&A) deals worth RM500 million this year.

Its president and group, CEO Datuk Sheikh Awab Sheikh Abod, said the two M&As, involving midstream and upstream businesses, are 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 duty 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 upstream business would be within Asia, while the midstream one would be with a company outside Asia.

For the financial year ended Dec 31, 2015, the company hit a record of RM378 million in pre-tax profit compared with RM344 million the previous year, while revenue continued to grow by 5.7% to RM663.97 million from RM628.07 million previously.

During the last financial year, Sheikh Awab said, MSM continued to gain

control of its 64% domestic market share, despite the challenging dynamics faced by the sugar industry, in particular the strengthening of the US dollar and the volatility of the foreign exchange 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 expects to increase its production by between 200,000 and 300,000 tonnes.

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

He added that the refinery, which is targeted for full commissioning by late 2017, will ramp up the group's total annual production capacity of up to 2.25 million tonnes. - Bernama