



MSM Malaysia to increase sugar production

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KUALA LUMPUR: MSM Malaysia Holdings Bhd plans to increase its refined sugar production by 36% to 1.5 million tonnes by 2016 from 1.1 million tonnes currently.

Its CEO Chua Say Sin said RM85 million has been allocated for capacity and warehouse expansion, of which RM37 million has been utilised. The group will be building new infrastructure, warehouse storage and handling capacity to expand its production capacity.

It expects its capacity expansion exercise to increase the production of raw sugar melt per day to 4,600 tonnes from 3,600 tonnes currently.

"On top of this, we intend to increase the raw sugar storage capacity too," Chua said after the company AGM yesterday.

MSM Malaysia's storage capacity for refined sugar had earlier been increased to 27,000 tonnes — and the latest expansion plan will increase it further to more than 37,000 tonnes.

"This will enable MSM Malaysia

to move aggressively into the export markets, subsequently positioning itself as a leader in the Asian sugar manufacturing industry," said Chua.

Group director Tan Sri Sabri Ahmad said MSM Malaysia is also looking to expand its export volume to 20% this year from 15% last year. MSM Malaysia currently has 57% share of the market in Malaysia.

"Our exports are in niche markets in Asia ... last year we exported to 28 countries and this year we will be focusing more in the Asia-Pacific region," said Sabri. The group is monitoring Myanmar and Vietnam, which have sizeable populations.

MSM Malaysia is also focusing on strengthening its production and storing capabilities domestically before setting out on strategic mergers and acquisitions (M&A)

overseas. The group is in talks with several foreign parties at the moment.

"The types of M&A include refin-

ing and packaging or even forming a strategic alliance with raw sugar importers," he said. MSM Malaysia currently imports 100% of its raw sugar from Brazil and Australia.

Sabri added that the 20 sen deduction in sugar subsidy by the government in this year's budget has not affected the group's earnings and will not affect earnings in the long run.

"We are also expanding the export market, so in a way it cushions any impact on removal of subsidy," Sabri said. Up to 50% of MSM Malaysia's production is subsidised by the government.

MSM Malaysia recorded a lower net profit of RM202.02 million for its 2012 financial year ended Dec 31 (FY12) against RM263.82 million in FY11.

For its first quarter (1Q) ended March 31 (1QFY13), the company posted a net profit of RM61 million, lower than the RM66 million recorded in 1QFY12 — due to lower domestic sales despite an increase in export sales.



(From left) MSM Malaysia Holdings CFO Raja Faridah Raja Ahmad, Sabri and Chua at the company AGM.