

The Australian

Takeover to double Thai sugar refiner's output

- by: Andrew Fraser
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Sugar cane grower Alan Otto outside the Maryborough Sugar mill Picture: John Wilson
Source: The Courier-Mail

Source: The Australian

THAILAND-based Mittr Phol has the capacity to double its output in its home market and China if its \$313 million acquisition of Maryborough Sugar is completed.

After two days of market rumours about Mittr Pohl being the overseas company trying to take over Maryborough, an announcement was made before trading opened yesterday, following an agreement between the parties reached at 3am yesterday morning.

Mittr Pohl previously held 22 per cent of the target.

It is offering \$4.45 a share for Maryborough Sugar, well up from the \$3.40 the target was trading at before requesting a halt on Monday, and more than the \$4 a share that Mittr Pohl paid when it purchased about 20 per cent of Maryborough Sugar last year.

But unlike most takeovers, where the due diligence is conducted before a formal announcement, this sale is still dependent on due diligence being completed. And under the terms announced yesterday, this must be done before November 21.

Mittr Phol is currently the largest sugar producer in Asia and the sixth-largest in the world, with seven sugar mills, giving it 19 per cent of the Thai sugar market and another seven mills in China, which makes the company the second-largest producer in China.

But if the takeover goes ahead, the deal has the potential to lift Mittr Phol output considerably in Thailand and China. Mittr Phol now has production capacity in Thailand of about 1.5 million tonnes a year while its capacity in China is about 1 million tonnes.

Maryborough Sugar has the capacity to produce 4.7 million tonnes of sugar a year, although this year's crush is down considerably because of the effects of Cyclone Yasi in North Queensland.

Maryborough Sugar operates mills at Maryborough in southern Queensland, two in the key sugar area between Innisfail and Cairns, and a smaller one on the Atherton Tableland.

Earlier this year, Maryborough Sugar relocated its head office from Maryborough to Gordonvale just outside Cairns, in recognition of this being the area where it had the most activity.

Mittr Phol is the third Asian company to move into Australia's sugar-milling sector in the past year, with Singapore-based Sucrogen picking up the seven mills previously operated by the old CSR, and the Chinese government-owned COFCO picking up the Tully mill. It is also in a good position to also pick up the Proserpine mill.

Shares in Maryborough Sugar (MSF) yesterday rocketed up from the pre-trading halt price of \$3.40 to the takeover price of \$4.45.

A statement from Mittr Phol said the company's "overarching objective was to work with (MSF Sugar's) management, employees and cane farmers to grow the business". "We are committed to growing the Australian workforce, maintaining existing management and keeping Queensland as head office for MSF," it said.
