

MM Vitaoils climbs up value chain

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MM VITAOILS Sdn Bhd is inviting venture capitalists to invest in its business as it moves up the value chain to produce specialty fats.

“Specialty fats is a high-growth sector and in great demand in the export market. We’re investing about RM18 million to put up a refinery and specialty fats plant,” managing director Mazlan Muhammad said.

“We are targeting capacity of 150 tonnes a day and for the plant to be up and running at the end of 2010.”

Sindora Bhd, a unit of Johor Corp Bhd (JCorp), bought 35 per cent of MM Vitaoils for RM9.5 million in June 2005.

In an interview with Business Times in Shah Alam, Selangor, Mazlan said the partnership with JCorp seemed strategic in the beginning.

The state government-linked company, which owns oil palm plantations through Sindora, had wanted to venture downstream with MM Vitaoils to produce specialty fats.

Later, it became apparent that it was logistically impossible for MM Vitaoils to be competitive as the feedstock came from Johor while its packing facility was in Shah Alam.

“We’ll complete the 35 per cent stake buyback for RM13.5 million from Sindora at the end of this year. But then again, we’ll



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keep the door open to strategic investors who share our expansion plans into the specialty fats business, which yields higher profit margins,” Mazlan said.

MM Vitaoils, set up in 1999, makes shortening, cooking oil, margarine, pastry margarine and vegetable ghee for export to 76 countries.

QualiTaste, Golden Treat, Rise & Shine, Blossommm, Marvelloso, Serimas and Palmas are among its more visible labels sold in Central Asia, Europe and the Middle East.

Last year, MM Vitaoils made RM4.3 million gross profit on RM101.1 million revenue. Domestic sales of cooking oil make up only 2 per cent of its revenue.

Although MM Vitaoils is export-oriented, Mazlan said he will continue to apply for a bigger quota from the government to sell subsidised cooking oil in the country.

This year, the government has approved 70,000 tonnes a month of subsidised cooking oil, up from 35,000 tonnes a decade ago.