



FGV enters JV to strengthen biodiesel biz

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sunbiz@thesundaily.com

PETALING JAYA: Felda Global Ventures Holdings Bhd (FGV) via its subsidiary Felda Global Ventures Downstream Sdn Bhd (FGVD) has entered into a US\$47.5 million (RM151.6 million) joint venture (JV) agreement with M2 Capital Sdn Bhd and Benefuel International Holdings S.A.R.L. to acquire a biodiesel plant in Kuantan Port.

Under the agreement, FGVD will hold a 60% stake while M2 Capital and Benefuel will hold 20% each. M2 Capital is a subsidiary of Australia's Mission NewEnergy Limited (MNE) while Benefuel is a subsidiary of US-based technology provider, Benefuel Inc.

FGV said in a statement last Friday that the JV company will acquire a biodiesel plant from Mission Biofuels Sdn Bhd, a subsidiary of MNE and carry out retrofitting and refurbishment to the plant for it to operate on the Benefuel ENSEL® technology.

The biodiesel plant will have a production capacity of 250,000 metric tonnes per annum. FGV will leverage on its collaboration whereby ready market players throughout its partners' network in North America and Europe will offtake most of the production.

"This is indeed a strategic move for FGV as this collaboration enables all parties to leverage on their strengths and areas of expertise to tap into the growing biodiesel market. With the new plant, our biodiesel capabilities will increase over threefold, resulting in FGV becoming one of the largest exporters of biodiesel in Southeast Asia," said FGV group president and CEO Mohd Emir Mavani Abdullah.

FGV said the total consideration for the plant acquisition will be funded by cash. The estimated project cost for the proposed JV including the plant acquisition, licensing costs, purchase of catalyst, refurbishment and retrofit will be about US\$47.5 million (RM151.6 million).

The proposed JV is expected to be completed in the fourth quarter of the financial year ending Dec 31, 2014.

The new plant is located next to FGV's current biodiesel plant in Kuantan and is expected to be operational in late 2015.

The plant is also near a refinery and oleochemical plant owned by Felda Vegetable Oil Products Sdn Bhd and Felda Procter Gamble, both companies within the FGV group.

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