

## Business News

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# Singapore pizza chain banks on Sarawak to drive Malaysian expansion

BY JACK WONG



**KUCHING:** Singapore-based pizza chain Pezzo is riding on the exponential growth of its market in Sarawak to drive the business in neighbouring Sabah and penetrate the market in Peninsular Malaysia.

Borneo Oil Bhd, which owns the SugarBun restaurant chain, is the master licensee for Pezzo in East Malaysia, via wholly-owned unit SB Supply Logistics Sdn Bhd.

Executive director Raymond Teo Kiew Leong said Pezzo pizza was expanding at a faster speed than anticipated due to its growing popularity and wide acceptance by consumers.

“There are currently 42 franchised Pezzo outlets in Sarawak, with more than half of them in Kuching. There are two outlets in Kota Kinabalu, Sabah,” he told *StarBiz*.

SB Supply Logistics secured a 10-year master franchise for Pezzo in November, 2014, which is renewable for another 10 years on expiry.

According to Teo, the 44 Pezzo outlets were generating an average of RM2mil in total monthly sales. Most of the outlets are operated by the SugarBun franchisee. SugarBun is a home-grown fast food chain and its outlets are located mainly in the major and secondary towns in Sarawak.

Capitalising on the fast growth rate in Sarawak, Teo said the company was now shifting its focus to Sabah where it planned to open 20 new Pezzo kiosks this year.

Renovation works is currently underway for the establishment of three more outlets, two of which are in the Sabah capital.

He said Pezzo was spreading its wings to the peninsula where the first outlet was expected to open for business in Da Men shopping mall in USJ, Petaling Jaya in two months' time. “We have secured a space in the shopping mall and are now working on the design and technical aspect of the proposed Pezzo outlet,” he added.

In the peninsula, he said the company would not be venturing into big cities where there are already big players and established pizza brands. “We favour city outskirts and states like Pahang and Trengganu.”

Last week, Teo and his team had met with the owner of a shopping mall in the peninsula to explore opportunities to open pezzo kiosk there.

Teo said Pezzo's uniqueness and customer-friendly concept had set it apart from other pizza brands as Pezzo pizza is available in slices or by the largest-size of 14-in pan on the takeaway concept.

There are up to 14 varieties of Pezzo for customers to pick from and they can choose to have just one slice or a combination of slices of different varieties or a whole pizza. “The franchising concept, the low capital outlay to set up a kiosk (below RM300,000), simple operation procedures, non labour intensive and fast returns to investment have contributed to the attractiveness of Pezzo business,” he added. Borneo Oil’s other wholly-owned subsidiary, SB Franchise Management Sdn Bhd, currently has about 80 SugarBun franchised restaurants under its stable.

Most of these restaurants are in Sarawak while several overseas, including Brunei, China, Bangladesh and Australia. To cope with the fast expansion of Pezzo and increasing SugarBun business, Borneo Oil is investing in a new RM5mil central food processing plant project in Kuching.

Teo said piling works for the proposed plant started weeks ago, and the new plant facilities are expected to be ready early next year. From its core food business, Borneo Oil group diversified into gold exploration and mining activities in Pahang two years ago.

As the sub-contractor in prospecting, exploration and mining of alluvial and lode gold in Bukit Ibam, Mukim Batu Yon and Hutan Simpan Hulu Jelai, Borneo Oil group has invested heavily in new mining machinery and equipment and on exploration works.

In March, Borneo Oil significantly raised the ores mined to over 47,000 tonnes from 27,300 tonnes in February, according to its latest monthly production figures filed with Bursa Malaysia. The company’s inventory (gold 999.9) stood at 586kg in March.