

Flow of global jobs boosts KNM

KNM Group Bhd is living up to its reputation as a rising global process equipment player.

On Monday, the company told Bursa Malaysia that it had secured a RM90mil contract from Chiyoda Corp of Japan to supply waste heat boilers for the Qatargas II development project in Qatar.

This is a repeat order subsequent to the original contract worth RM42mil awarded last July, using FBM Hudson Spa technology.

Yesterday, group managing director Lee Swee Eng told *Starbiz* the company was also bidding for several projects in the mineral sector, particularly in Australia.

In the last one month, KNM's share price rose 10.3% on a continuous flow of positive news and contract announcements.

Yesterday, the counter closed unchanged at RM4.50, off intra-day high of RM4.58.

Lee said the company would remain focused on the Middle East and Oceania regions this year.

On plans to set up a plant in Brazil, he said the group was still in negotiations with Brazilian parties and construction was anticipated to begin by the second half of the year.

"We hope to conclude the talks in the first-half year," he said, adding that the company was still evaluating the options of setting up a joint venture or going in alone.

TA Securities said in a report that this project would boost KNM's order book by close to RM650mil and enhance its reputation as a rising global process equipment player.

The design work was expected to kick off in March, with contribution to earnings expected to come from the second half of the year, the brokerage said.

The research house noted that the project's fabrication worked as well as the assembly, completion and final tests for all equipment would be done at KNM's manufacturing facility in Jebel Ali, Dubai.

The plant has an existing built-up area of about 9,000 sq m. Civil works were under way to expand the covered area and capacity of the plant to accommodate the eventual transfer of some operations from FBM's plant in Italy, which was likely to be in second half of the year, TA said.

"With continued flow of new orders and capacity building, whether organically or by acquisition, we can expect the upward trajectory in KNM's share price to remain strong in the coming months, with some minor technical corrections," it added.

OSK Securities said the repeat business for the Jebel Ali facility demonstrated the quality of delivery from KNM's business unit.

“Although we maintain our forecast, we are hopeful of being pleasantly surprised by the company’s 4QFY05 results, which are scheduled to be released next week,” the brokerage added.