



Lee Swee Eng

KNM sees annual growth of 30%

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KUALA LUMPUR: KNM Group Bhd expects an annual average organic growth of 30%, said managing director Lee Swee Eng.

"Over and above that, we are looking at other opportunities to move up the value chain. I would not discount us investing or acquiring any technology along the way," he told reporters after the signing ceremony for the issuance of RM300mil Islamic commercial papers (ICP) and medium term notes (MTN) programme yesterday.

He said the group's manufacturing capacity was anticipated to grow 20% to 30% in the next one year to over 87,000 tonnes. It had doubled production to 74,000 tonnes presently from 46,500 tonnes last year.

KNM currently has 1% of the global process equipment market, which is worth some US\$20bil a year, hence placing it among the top 20 players. "The demand is stronger than supply and the margins are improving," Lee said.

He said half of the proceeds raised from the issuance of the ICP and MTN would be used to redeem the outstanding balance under KNM's existing Murabahah underwritten notes issuance facility and Islamic MTN programme of up to RM150mil.

Another RM40mil would be utilised to expand the manufacturing facilities in China, RM30mil for a new facility in Brazil, and the balance RM80mil for working capital, he added.

The plants in China and Brazil would be completed next year, Lee said, adding that the Brazilian facility, which was the group's first physical presence in the country, had an annual capacity of 8,000 tonnes.

Given the potential of the oil and gas industry in Brazil and in the region, there would be capacity expansion in the plant in the future, he said.

While declining to comment on the size of KNM's order book, Lee said it had tendered for jobs worth over RM6bil.

AmMerchant Bank Bhd managing director T.C. Kok said in his speech that KNM's present order book was over RM1bil.