KNM to tackle world market

KNM Group Bhd is taking small steps to achieve its target of a 3% global market share of the annual RM74 billion oil, gas and minerals process equipment manufacturing sector by 2010, its group managing director Lee Swee Eng said.

The company currently serves about 1% of the global market, with manufacturing plants in Malaysia, China, Australia, Italy and Dubai.

Speaking to FinancialDaily in Seri Kembangan after KNM's EGM recently, Lee said KNM would prefer to concentrate on "organic growth" in 2006.

"I still will not discount the fact that if there are good opportunities coming, we will not hesitate to grab them. We will not be aggressively looking at acquisition of product lines at the moment but new technologies are welcome if they contribute positively to the group," he said.

"There is still room for expansion and to acquire new technologies. There are other technologies that are very high end, like capability to recover and process sulphur, processing of LNG, processing of gas to liquid, that we have to capture," he added.

While acquisitions are not on the cards, Lee said Brazil was still part of KNM's current global strategy. "We are not present in Latin America. We want to use Brazil as our launching pad for the Latin America side."

"Brazil can cover Venezuela, Argentina, Chile and Bolivia. In particular, Venezuela has close relations with Brazil and the potential for oil is good there. We feel a Brazilian facility is good for a Venezuelan breakthrough in the future but our immediate target is Brazil.

"There are a lot of things to do in Brazil, mostly offshore, but for onshore petrochemical and refinery projects as well. Brazil also has a very high potential for mineral mining," he added.

Lee said KNM planned to use Brazil as a manufacturing base and was still in the process of surveying and identifying the "right partners." He said KNM would be in Brazil, hopefully, towards the end of the year.

At the EGM, shareholders approved the company's proposed acquisition of 51% plus one share of KNM Pty Ltd (KPL) and the entire equity of FBM-Hudson Italiana (FBM).

He said the main objective this year was to turn around the businesses before looking into further expansion.

On the FBM buy, Lee said KNM now has access to FBM's proprietary higher-end technologies like waste heat boilers and air coolers, which would help KNM to market its product lines better.

"These technologies will enable us to not only manufacture it out of Italy and the Middle East but in Malaysia and our plant in China as well.

"This will enlarge our capabilities and give us an additional product line to sell to our customers," he added.

Lee said the FBM buy would also allow KNM to reach markets like Algeria, Libya, Egypt, all the North African countries, the Middle East, and the South African and West African markets, especially when some of FBM's Italian production capabilities are transferred to Dubai.

"In terms of the global market, at least 20% of the market is coming out of the Middle East and the African areas.

"We want to position ourselves there because 20% of the world's market, which is about US$20 billion (RM74 billion) per annum, means it's a huge potential," he added. - By Alfean Hardy