

KNM moves to new level

Sulphur removal is high-growth business



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KNM Group Bhd is banking on new and advanced technologies to take the company to the next level.

Last week, the process equipment manufacturer made its foray into the sulphur-removal segment when its wholly-owned subsidiary entered into a memorandum of agreement (MoA) with David K Stevens, a patent holder for sulphur removal and recovery technology for oil and gas applications.

The proposed venture is in line with the company's strategy to acquire new and higher-end technology to continue to grow.

Under the MoA, the parties will set up a joint-venture firm in the US to undertake sulphur removal and recovery and provide services to clients in the oil, gas and energy/power industries in these related areas.

Analysts believe that sulphur removal has

tremendous potential for growth, given the increasingly strict global environmental standards for toxic emissions.

KNM said the deal, which will see its involvement in the design, manufacture and sale of sulphur removal and recovery process equipment, would boost the firm's profit margins as it would allow access to newer and more sophisticated markets.

The company, often seen as a proxy to the robust energy sector, is already a global player, with plants in the US, Australia, Brazil and United Arab Emirates. It has plans for more in the near future.

Currently, its order book stands at about RM2.8bil, while bids valued at RM1.1bil had been submitted.

Meanwhile, analysts believed the MoA was only the start of more aggressive acquisitions to come.

The announcement followed an earlier statement by KNM, which said it proposed to raise up to RM2.2bil to increase its

available funds for potential strategic acquisitions and working capital.

"KNM is doing the right thing - companies should always seek to acquire new technology where possible (at low prices) to ensure continued growth," an analyst said.

