

The Star Online

Unimech to bank on overseas markets

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Valves made at the Unimech factory in Malaysia. - Filepic

GEORGE TOWN: [Unimech Group Bhd](#)

expects its overseas markets to generate over half of its revenue in 2018, compared with 43% a year ago.

Group chief executive officer Datuk Lim Cheah Chooi told *StarBiz* that Vietnam was an area the group was interested to increase its presence in.

“We plan to have more sales offices in Vietnam. Currently, we have a sales office and a warehouse in Ho Chi Minh City.

“Last year, the United States, China and Vietnam markets contributed over RM10mil to group revenue, with the United States and China serving as the key contributors.

“We expect our export to Vietnam to grow by 20% this year,” Lim said.

Thailand and Australia are the other overseas markets with strong growth potential in 2018.

"Last year, we sold RM19.8mil worth of valves to Thailand, due to the construction of new residential, commercial and industrial buildings.

"The sales figure is expected to improve by about 25% this year," Lim added.

The orders from Australia, due to the growth in industrial and mining activities, are projected to increase by about 15% this year.

"In 2017, we sold RM17mil worth of valves to Australia.

"The demand in Indonesia, the biggest of our overseas market, is projected to increase by about 10% in 2018," he said.

The group, which obtained the American Petroleum Institute certification for its valves last year, is negotiating with customers from the oil and gas (O&G) industry.

Lim said that the valves would be used for onshore and offshore O&G extraction projects, as well as refining operations in Asia.

According to energy consultancy firm Wood Mackenzie, the fuel demand in Asia is expected to grow by 2% in 2018.

In Malaysia, the group expected the business environment to remain stable.

"We stay competitive by improving the effectiveness of our business operations and efficiency of manufacturing processes to increase profitability.

"The group will also streamline operations that are not contributing to its profitability," Lim added.

At the group's recent AGM, its shareholders approved a first and final-tier dividend of three sen per ordinary share or RM3.72mil for the 2017 financial year.

The dividend would be paid out by July 12.

For the first quarter ended March 31, the group posted an after tax profit of RM3.9mil on the back of a RM67.9mil turnover, compared with RM3mil and RM56.9mil in the same period in 2017.

According to a Mordor Intelligence report, the global industrial valves market is expected to register a compounded annual growth rate of around 4% during 2018 to 2023.

"Asia-Pacific accounted for the largest market in 2017, and is also expected to register the fastest growth during the forecast period.

"The demand for valves in this region is driven by a growing population, increasing urbanisation and rapid industrialisation.

"There is growth in the need for basic facilities like power and clean water as the population increases.

"Rapid urbanisation and industrialisation have also led to a rise in the demand for petroleum products in this region.

"This is prompting countries to improve their upstream and downstream O&G activities, like production and refining. This has, in turn, increased the demand for valves in this region," the report pointed out.