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Unimech Group eyes oil and gas markets in Asia

- **BUSINESS NEWS**

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GEORGE TOWN: [Unimech Group Bhd](#), a leading manufacturer of valves and pumps, will tap into oil and gas (O&G)-related markets in Asia this year.

Its group chief executive officer Datuk Lim Cheah Chooi said the group is currently negotiating with customers from the O&G industries interested to purchase its valve products, which obtained the American Petroleum Institute (API) certification last year.

He told StarBiz that "the valves would be used for onshore and offshore O&G extraction projects, and 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.

Its senior research analyst Joe Willis noted that Asia's demand to refine crude oil into fuel products like gasoline and diesel will average 34.5 million barrels per day (bpd) in 2018, up 630,000 bpd from the year before.

Lim said: "The demand for oil in 2018 will come from growing usage of road fuels such as gasoline and diesel, as well as liquefied petroleum gas used for cooking and transport.

"China and India are projected to take up about 40% of the global demand," he added.

On its oil palm business, Lim said its valve-supply chain business in Indonesia would benefit from the growth in palm oil output this year.

"Output is projected to grow to 37.8 million tonnes," according to a Reuters poll.

"Production expected to rise gradually in the first quarter 2018, will peak in the third quarter, in line with seasonal trends."

Lim noted that "the increased in palm oil production will impact positively on the sales of our valves, which are used in the palm oil mills".

The Indonesia Palm Oil Association had estimated production at 36.5 million tonnes last year.

In Thailand, the group's valve business will be driven by the high-rise construction industry in Bangkok.

"The valves are used in the fire fighting facilities of the high-rise buildings.

"We obtained the Underwriters Laboratories Factory Mutual certification last year, which enabled us to sell to the construction sector and fire-fighting industries," he added.

For the first half of 2018, Unimech is targeting to produce valves and pumps with an estimated value of RM127mil, compared with RM116mil in the corresponding period a year ago.

Lim said: "We will see an increased contribution from Indonesia, Thailand, and Australia."

Unimech produces its valves and pumps in six manufacturing facilities in Penang, Kedah, and Perak.

In China, the group has three plants in Tianjin, Dongguan, and Huangshan.