

# Unimech counts on export markets

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**BUTTERWORTH:** [Unimech Group Bhd](#)

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, a maker of industrial valves, expects income from exports business to account for more than half of its total revenue by 2020, as higher price of crude palm oil (CPO) drives output in key market Indonesia.

Group executive director Y.F. Sim told StarBiz that business in Indonesia is expected to contribute 30% of its revenue this year. "When prices are good, we see increased palm oil output, resulting in higher orders for our valves," he said.

Another good sign in Indonesia is that the government there is expected to implement the B30 biodiesel blend soon, which the company said would boost palm oil output.

Unimech supplies industrial valves to palm oil mills in Indonesia. The group currently has 33 sales offices in Indonesia and plans to open four more this year.

Already, the company is seeing higher demand for its products. Sim said Unimech would deliver industrial valves with an estimated value of RM130mil in the first half of 2019, which is 10% more than in the previous year's corresponding period.

"This is based on orders in hand and forecast from customers," Sim said. "The replacement market of industrial valves in South-East Asia and Malaysia is still stable," he added.

Unimech typically gets its orders from the heat and ventilation, oil and gas, ship building, and water industries in the region.

"Vietnam is now the market in South-East Asia with the highest growth rate, where we aim to set a sales office in Hanoi at the end of the year," he said. Presently, the group has a sales office in Ho Chi Minh.

"Our biggest markets are Indonesia and Thailand, where we expect to sell more than RM100mil worth of industrial valves in 2019. In 2018, the two countries ordered RM87mil worth of industrial valves from us," he said.

Sim said overseas sales contribution to the group, which was expected to be around 47% in 2019, should exceed over 50% in 2020. On the home front, Sim said the projected steady economic growth should spur Unimech's domestic sales.

For the financial year ended Dec 31, 2018 (FY18), Unimech posted a net profit of RM18.8mil on revenue of RM276.9mil. The group, in a filing with Bursa Malaysia last month, said it expected to perform better in FY19.

According to a Markets and Markets report, the industrial valve market worldwide is expected to grow from US\$70.53bil in 2018 to US\$85.19bil by 2023, at a compounded annual growth rate of 3.96% between 2018 and 2023.

According to the report, the key factors driving the growth of this market include the increased need for industrial valves from oil and gas production-related facilities in Gulf Cooperation Council (GCC) countries, elevated energy demand in Asia-Pacific, smart city development initiative across the world, high demand for predictive maintenance techniques from manufacturing industries, and stringent environmental and safety regulations to make the energy sector more resilient.