

Business News

Unimech delivers valves and pumps worth RM120mil

Monday, 3 August 2015

GEORGE TOWN: Unimech Group Bhd's has delivered valves and pumps with an estimated market value of over RM120mil for the first six months of 2015.

Group managing director Datuk Lim Cheah Chooi told *StarBiz* that about 50% of the products was delivered to Asean countries and Australia.

"The remainder is delivered to the domestic market, which has remained stable despite the present economic and political uncertainties. We have secured orders for our valves and pumps to be fitted in new manufacturing facilities to be set up by multinational corporations in Penang, Kuala Lumpur, and Johor, which will contribute positively to our revenue this year," Lim said.

The delivery for the first six months of 2015 is projected to improve over the performance of last year's corresponding period in terms of revenue and bottom-line.

For the first six months of 2014, the group posted a net profit of about RM10mil on the back of a RM122mil turnover.

On its overseas business, Lim said the group expected the orders for valves to increase in Indonesia, driven by the demand from the palm oil sector.

Lim said in Indonesia, the group had some 35 warehouses and sales offices to distribute the group's Arita and Unimech valves for the palm oil and general industries.

"So we are in a very good position to tap into the anticipated growth palm oil segment by industry players," he said.

Lim said having a strong sales network in Indonesia enabled the group to bypass the middle-man channels, making it possible for the group to achieve about 35% gross margin.

"The valve market in Indonesia contributes about 30% to the group's revenue, of which more than 10% comes from the palm oil segment," he said.

In Vietnam, the group planned to invest RM2mil for another warehouse cum sales office in Ho Chih Minh city, where the group already has an existing warehouse and sales office. "We plan to make the investment this year," he said.

According to a report from independent vegetable oils and fats research group, Oil World, the global palm oil export will increase by 3.3% to 43.3 million tonnes this year. – **By DAVID TAN**