

BY DAVID TAN IN SUNGAI BAKAP

Machinery division to lift Eonmetall turnover

EONMETALL Corp Sdn Bhd, which is targeting a listing on the KLSE second board early next year, expects the after-tax profit contribution from its metal processing machinery division to increase significantly this year.

"We expect this division to generate about RM10mil in after-tax profit to Eonmetall turnover for the 2003 fiscal year ending in December, compared to about RM2mil previously," its group president Goh Cheng Huat told *StarBiz*.

The RM10mil was about 50% of the projected after-tax profit of the group for this year, he said, adding that the 2003 revenue forecast was RM60mil.

Goh said the group had so far this year secured more than 10 overseas orders for over 30 metal processing machinery used to manufacture steel products such as expanded mesh, angle bar, and steel pipes.

"Our customers usually come from the Middle-East, Asia, and Africa," he said, adding that the group received on average about five orders a year previously.

"We are now in negotiations with potential customers to secure more orders for such metal processing machinery."

According to Goh, the group has the capability to produce 29 different types of metal processing machinery. The group also is venturing into the development of palm oil extraction processing line business.

"We are in the final stages of completing the first of such line for our first order, which should contribute about RM5mil to the group's 2003 turnover," he said, adding that it had spent about 12 months on research and development for the line.

"The palm oil extraction processing line is constructed at a special facility within Eonmetall's plant in Sungai Bakap."

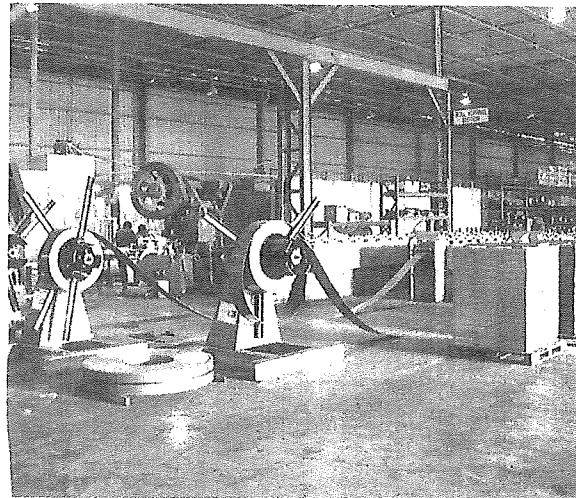
Goh said Eonmetall expected about 20 orders to come in within the next 12 months, mainly from the domestic market and neigh-

bouring countries.

He said the group expected the palm oil extraction processing line business to play a major role in contributing to the group's future earnings.

On Eonmetall's expanded mesh product business, Goh said, the group would focus on sales of this product to local filter manufacturers in China this year.

"Last year, we penetrated China by exporting directly to multinational corporations



Eonmetall production line for steel storage racks

involved in the filter business there. This year we want to expand our base by roping in the local China filter manufacturers," he said.

Goh said that besides China, the group planned to export to the United States, Mexico, and Europe by early next year.

"We produce on average some 2 million sq metres of expanded mesh products monthly, of which about 20% is exported to Singapore, China, and Indonesia. China is the biggest consumer of our expanded mesh products," he

said.

Goh said the group would be aggressively promoting its steel racking storage system in the European market.

"We entered the European market two months ago via Germany and Belgium. Our strategy in Europe is to sell through our network of distributors and participation in material-handling equipment exhibitions," he said. "Currently, our major customers are from the Middle-East, absorbing 60% of our monthly output of steel storage racks."

Goh said the group's information technology division which produced enterprise resource planning (ERP) software and shop-floor automation solutions were expected to generate RM3mil in revenue this year, compared to RM1.5mil achieved previously.

"We expect a higher turnover because of new orders from small and medium industries (SMIs) purchasing the ERP software under the E-manufacturing grant from the Small and Medium Industries Development Corp," he said.

Goh said some 90% of the group's ERP software was sold in the country, while the remainder was exported to Vietnam.

"We are strategising to export our ERP software to Indonesia and the Middle East by the end of the year," he said.

Besides its operations in Penang, Eonmetall also owns three steel product plants in Los Angeles, China and Sudan.