Eonmetall sees bigger orders for machinery products this year

by david tan

Group founder and executive director Datuk Goh Cheng Huat told StarBiz that the company had, for the first half of 2016, delivered about RM30mil worth of machinery to customers in the Middle East and Asean regions, compared with RM10mil achieved for the whole of last year.

SUNGAI BAKAP: Eonmetall Group Bhd is seeing the orders for machinery doubling up for the financial year ending Dec 31, 2016.

Group founder and executive director Datuk Goh Cheng Huat told *StarBiz* that the company had, for the first half of 2016, delivered about RM30mil worth of machinery to customers in the Middle East and Asean regions, compared with RM10mil achieved for the whole of last year.

Eonmetall's machinery business contributes about 30% to revenue, while the steel-based product segment generates the remainder.

Goh expects the company to deliver another RM10mil worth of machinery in the second half of 2016.

According to him, the company had released newly-patented steel processing machinery at the end of 2015 that helped investors to lower their capital expenditure.

"Because our technology cuts investment cost, the orders for the steel processing machinery has been on the rise since early this year," he said.

Goh said now that palm oil price had stabilised at around RM2,500 per tonne, the company was seeing more new investments in palm oil fibre and palm kernel cake-processing plants.

"We are seeing strong orders for our palm oil fibre-processing plants because the technology used helps to recover 6% oil trapped in the palm mesocarp fibre," he said.

He said from palm kernel cake, the technology could recover up to 17% of the first-pressed palm kernel cake.

"In Malaysia, we are seeing strong buying from government-linked companies for our palm oil fibre-processing facilities.

"Indonesia is another growth market, where we supply about 10% of our palm oil fibre-processing technology," he said.

Goh said there should be double-digit percentage growth for the company's revenue and net profit this year.

"More than 50% of our earnings are in US dollars, which allow us to gain on foreign exchange," he said.

The company has plans to expand in the emerging Asian markets.

"There is still a lot of room for Eonmetall to extend its presence in Indonesia and the Philippines, especially for the steel-racking products and the palm fibre-processing plants," he added.

Last year, the company invested RM30mil to expand its steel racking business to cater to growing demand. "We are looking at spending around RM10mil to upgrade and automate the plants in 2017," he added.

Currently, the company has four manufacturing facilities in Valdor Industrial Estate, Penang, where 70% of the capacity has been utilised.

In April, Fitch Ratings, an international ratings agency, forecasts an improving outlook for the Asian palm oil producers due to changes in supply and demand dynamics, pointing to higher prices for crude palm oil (CPO) in 2016.