

EPMB eyes 4 to 5 new clients over the next two years

by **Sulhi Azman**

FD@bizedge.com

KUALA LUMPUR: Automotive parts maker EP Manufacturing Bhd (EPMB) looks to secure "four to five non-national carmakers" to its customer base over the next two years as it works to pare down sales contribution from the national segment to about 40% from the current 85%.

"We should be able to achieve this in the next two years and something exciting is definitely in the pipeline," its executive chairman Hamidon Abdullah told *The Edge Financial Daily* after the group's annual general meeting last Friday.

For the financial year ended Dec 31, 2013 (FY13), EPMB posted a net profit of RM16.41 million, down 44% from RM29.57 million a year ago on sales reduction from its auto and water segments, while revenue dropped 13% to RM452.17 million.

Hamidon said EPMB will spend RM74 million in capital expenditure (capex) this year, primarily to expand its manufacturing facilities in Melaka and Selangor.

Of the RM74 million allocation, RM27 million is being used to set up a new plant in Pegoh, Melaka for its new customer, Honda Malaysia Sdn Bhd's operations there to supply auto parts for its Honda City model.

"The new plant is expected to generate 10% to 15% of our sales in FY14," he said.

EPMB is also eyeing to supply parts to other Honda models.

Meanwhile, EPMB will spend another RM47 million to upgrade its 9.15ha manufacturing plant in Batang Kali, Selangor as it prepares to supply parts for Proton Holdings Bhd's upcoming global small car and Perusahaan Otomobil Kedua Sdn Bhd's Viva. The plant is currently running at 70% to 80% capacity.

EPMB currently has three plants in Shah Alam, Batang Kali and Melaka, and its line of automotive products include modular assemblies, suspension system, plastic engineered parts and lamp assemblies.

For FY13, EPMB derived 85% of its sales from Proton and Perodua, while the non-national segment made up the remaining 15%.

Hamidon also dismissed talk that EPMB was reconsidering acquiring the 26km-long Maju Expressway (MEX) from Maju Holdings Bhd.

"My plate is full at the moment. I would like to stay focused on the auto and property business. That deal [acquisition of MEX] is now history, but who knows, I may set my eyes on it in the future," he added.