

KNM fetches 103% premium on second board debut

BY LEE KAR YEAN

KNM Group Bhd made an outstanding debut on the KLSE second board yesterday, opening at RM3 for a 103% premium to its initial public offering (IPO) price of RM1.48. In percentage terms, it was the highest opening premium to be registered by a new listing so far this year.

After executive chairman Datuk Abdul Rani Mohd Razalli hit the gong to mark the start of trade in the shares at 9am, loud applause broke out among the company directors and observers present when the opening price flashed on the monitor screen.

The counter went on to peak at RM4.06 twice during the day before slipping back to close at RM3.70 on volume of 11.6 million shares.

"I was very excited seeing the opening price on the screen and hopefully this trend will continue," a beaming Rani told reporters.

Managing director Lee Swee Eng credited the strong support from the



Datuk Abdul Rani Mohd Razalli looking pleased with the premium that KNM fetched on its debut yesterday

investing public to the good fundamental and global market reach of the group.

"The opening price is a real reflection of the company's fundamentals. We are flying the Malaysian flag in every country we export our prod-

ucts and services to," he added.

KNM, through unit KNM Process Systems Sdn Bhd and associated companies, is principally involved in the manufacture of process equipment for the oil, gas and related petrochemical industries. The

group's main markets are North America, Canada, Mexico, South America, Europe, Africa, East Asia, West Asia, Australia and Oceania. Exports accounted for about 48% of its total orders last year.

The group has plants in Bukit Rambai (Malacca), Gebeng (Pahang), and Bintulu (Sarawak). It also has a plant in China's Jiangsu province.

According to Lee, the group is on track to achieve RM110mil in revenue for the financial year ending this December in view of the steady flow of contracts coming in every month.

"We are getting contracts every month. We have new contracts to fully utilise our production capacity. Based on this we are confident of meeting our revenue target of RM110mil this year," he said.

On the group's prospects in the Middle East, particularly in the rebuilding of Iraq, Lee said the company was hopeful of continuing some contracts in the oil and gas sector, which had been postponed

due to the Iraq war.

He said some of the group's customers were already in Iraq taking part in the rebuilding process.

Executive director Sofiyah Yahya said the company was continually seeking more overseas markets in the aftermath of the Iraq war and the SARS outbreak.

"There was a slowdown in the oil and gas sector during the Iraq war. Some projects were delayed. Now that the war is over we expect the economic pace to accelerate again in the Middle East," he said.

Mayban Securities Sdn Bhd senior investment analyst Tursina Yaacob said the research house was optimistic about the KNM group's future.

"The KNM group has a comfortable niche in the oil and gas sector. Its plant in China is expected to make a significant contribution to turnover next year. It provides a strong base for KNM to break into the Japanese, (South) Korean and Russian markets," she told *StarBiz*.