New Hoong Fatt looks abroad to maintain growth

Expects to sustain positive momentum in remaining quarters of the year

BY CHEN SHAUA FUI

KUALA LUMPUR: New Hoong Fatt Holdings Bhd (NHF), which saw its export contribution to revenue surpass that from local sales to hit 51% for the financial year ended Dec 31, 2015 (FY15), will continue to focus on expanding its overseas markets to maintain double-digit earnings and revenue growth.

The automotive replacement parts manufacturer, whose net profit and revenue rose 25% and 13% to RM5.48 million and RM54.64 million respectively for the first quarter ended March 31, 2016, expects to sustain this positive momentum in the remaining quarters of the year.

Its managing director Chin Jit Sin said export revenue for the first time surpassed that of the domestic market last year, thanks to higher overseas sales and foreign-exchange gains.

He noted that the group is on track to meet its target of 70% of contributions from the overseas market and 30% from the local market by 2020.

The group exports to more than 50 countries in Asia, Central and South America, Europe and Africa.

"Over the years, our export sales had shown a steady growth and we have made further inroads in the South American market. The South American market alone grew by 35.1% in 2015, compared to the previous year. For future expansion, we aim to reach a bigger market, focusing on Asean, China and India," said Chin.

"Malaysia is a small market compared to the whole Asean. The total industry volume (TIV) of about 600,000 units last year was small compared to Indonesia that had a TIV of one million last year.

"Indonesia has a population of 225 million, so there is much more room to grow," Chin told a press conference after the group's annual general meeting (AGM) here yesterday.

Having said that, he said as a Malaysia-based company, Malaysia is still NHF's key market as the group has its marketing team and its manufacturing here.

"However, we don't see the Malaysian market growing as much as the overseas markets," he added.

The group currently has operations in Indonesia and Shanghai, China, mainly product distribution to capture the markets there.

Chin said the group had no plan to set up manufacturing facilities outside of Malaysia for now.

He added that the group will keep its operations in Malaysia, but did not rule out other possibilities if an overseas market sees higher demand.

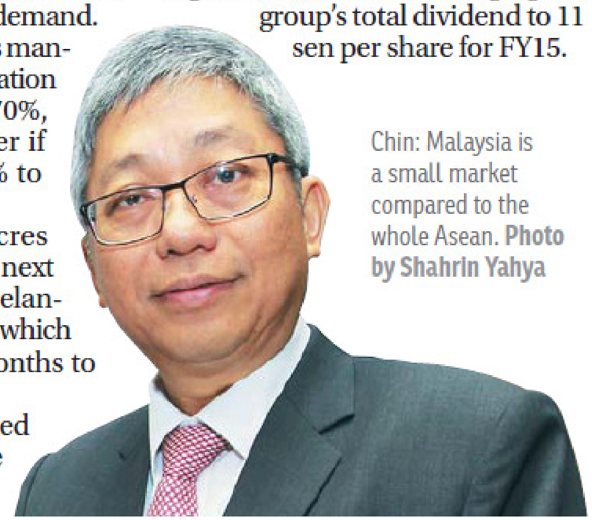
Currently, the group's manufacturing capacity utilisation rate stands at 60% to 70%, and will expand further if its capacity hit the 80% to 90% level.

NHF still has 12 acres (4.86ha) of vacant land next to its factory in Meru, Selangor, for future expansion, which would take up to 12 months to expand its capacity.

However, Chin warned that a potential rate hike by the US Federal Reserve will have an impact on the currencies of NHF's export countries, and these countries would have to adjust to the situation, depending on how fast things move.

As such, the group is placing greater emphasis on overseas market expansion to maintain its double-digit growth level.

Earlier in the AGM, NHF shareholders approved a final interim dividend of eight sen per share, amounting to RM6.01 million, bringing the group's total dividend to 11 sen per share for FY15.



Chin: Malaysia is a small market compared to the whole Asean. **Photo by Shahrin Yahya**

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