

# New Hoong Fatt keeps double-digit growth target

It expects net profit, revenue to continue to grow this year, driven by its overseas business

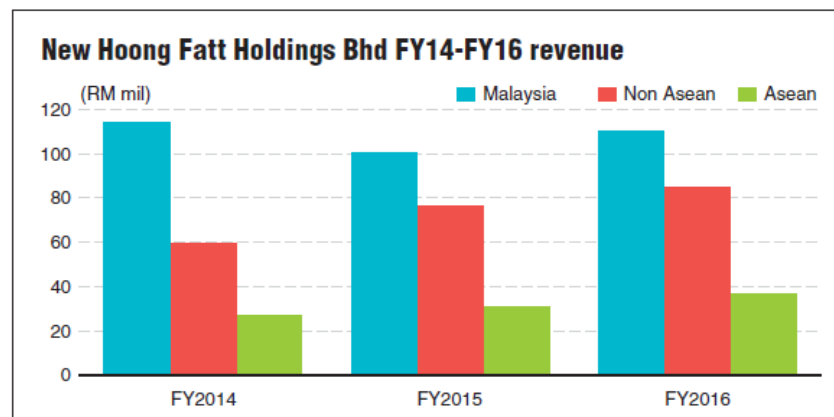
BY ADAM AZIZ

KUALA LUMPUR: New Hoong Fatt Holdings Bhd (NHF) is keeping its double-digit growth target for net profit and revenue this year, driven by its overseas business.

The international contribution is expected to grow to 70% of the group's revenue by 2021 from 52% currently, its managing director Chin Jit Sin said. It now exports to more than 50 countries.

The automotive parts maker saw net profit jump 34.6% to RM7.37 million in the first quarter ended March 31, 2017 (1QFY17), from RM5.48 million a year ago, partly due to favourable impact from foreign exchange (forex) rates. Revenue also rose 14.3% to RM62.47 million, from RM54.64 million in 1QFY16, on higher demand in both local and overseas markets.

Chin said the group had recently acquired a parcel of land in West



Java, Indonesia, to develop a manufacturing plant there.

"That (Indonesia) is where the growth market is," he told reporters after the group's annual general meeting yesterday.

"While Indonesia is still one of NHF's smaller markets, it is the group's fastest-growing market in Asean, contributing 14.8% to the group's revenue last year," he added.

Chin pointed out that in the initial stage, the Indonesian plant will only produce car bumpers. This means that the market will still import many other auto parts from Malaysia.

"From our experience in Indonesia, the whole process will take a longer time," he said, adding that the land will only be officially transferred to NHF by end-July.

Chin also said NHF's factory in Meru, Selangor, is still not yet running at full capacity, giving the group room to increase production to meet higher demand. The factory is running at under 90% utilisation at present.

The group is allocating RM35 million for capital expenditure this year, mainly for product development and purchase of equipment.

On its exposure to forex fluctuation, Chin said the group is comfortable at the current level.

"Of course, we have a natural hedge considering the fair split between our local and overseas market contributions," Chin said, adding that the prevailing ringgit still allows it room to appreciate against the US dollar.

NHF shares closed unchanged at RM4.13 yesterday, giving it a market capitalisation of RM310.4 million. Its share price has risen 28.3% since Jan 3.