

SPECIAL REPORT: MALAYSIA COUNTRY REPORT

# IPMUDA builds legacy on lasting relationships

Malaysia is no exception when it comes to the ups and downs in the construction industry. This is why the phenomenal success of IPMUDA as one of the country's largest distributors of building materials is truly notable. Celebrating its 40th anniversary this year, the company goes beyond continuously strengthening its one-stop-shop reputation and excellent customer service. IPMUDA distinguishes itself by cultivating lasting business relationships with customers and suppliers, and by implementing a prudent risk management strategy rooted on an aggressive diversification programme.

"Through our employees, we've built connections from the first generation of contractors, developers and suppliers through to the second," says CEO David Chua.

"We've groomed our talents well, making sure that succession planning is always in place."

Many of its employees have been with IPMUDA since the beginning. With the accumulated expertise, the company is able to advise customers on the best products to use. Comprising exclusive brands from regular suppliers and its own labels made by original equipment manufacturers, IPMUDA carries the complete range from structural steel and cement all the way to finished products such as tiles, sanitary wares, faucets and tap fittings, ironmongery, locksets, kitchen cabinets and wardrobes. Its product portfolio includes international labels such as the long-renowned French-German bathroom and tableware specialist Villeroy & Boch, Dutch bathroom expert Geesa and leading Italian taps manufacturer Ottono Meloda. These



David Chua, CEO

products complement the company's own brands such as Ipcera, Ortalani and Roset.

"We know our clients well and never compromise on the quality of service we provide them," Chua

says. "We've won their trust by giving them support not just from a pricing perspective."

The company effectively assists customers with branches all over Malaysia, while its long-standing relationship with many manufacturers assures steady supply even during shortages. IPMUDA's robust financial position built on an excellent risk-management strategy also allows the company to provide clients materials even ahead of payments.

"We always try to look for opportunities within our segment, whether it's upstream or downstream," Chua says. "This approach is critical to our sustainability in this highly cyclical industry."

Having investments within the industry value chain such as property development and manufacturing of kitchen cabinets and wardrobe, IPMUDA is able to

achieve significant liquidity. The company is exploring to venture beyond the construction sector into medical glove production, prompted by the expertise of its subsidiary, which has been in the industry for more than 20 years.

"Although we've been successful in terms of revenues, profits and level of business diversification, we'd like to grow the company on a bigger scale in the Asean region," Chua says.

IPMUDA is seeking partners in markets such as Indonesia and Thailand, where there have been tremendous improvements in disposable income. While the company needs local help on issues such as licensing and trading requirements, it is eager to share its years of expertise in distribution and business strategy. IPMUDA is similarly inviting new suppliers as it expands its product offering.

In Malaysia, IPMUDA sees great

opportunity with the government's focus on affordable housing and the good showing of the construction sector. The industry has been growing about twice as fast as the local economy over the past four years, and is expected to maintain brisk growth that is forecasted to reach 10.7 per cent this year.

Against this upbeat backdrop, IPMUDA wants to work with incoming Chinese and regional developers and contractors who want to partake in the upswing.

"We can provide investors, suppliers and manufacturers from the mainland the local expertise they need to succeed in Malaysia," Chua says. "We have access to a network of dealers, distribution houses, contractors, architects, interior designers and real estate developers throughout the country. We can also collaborate on other aspects such as marketing, finance and government compliance."

## Evyap boosts Asia's oleochemicals supply line

Evyap, the forerunner in creating world-class brands that are popular among consumers in Turkey, envisions becoming a part of households in Southeast Asia. Moving towards its vision of building a global organisation and creating value for its stakeholders, Evyap has established a greenfield project – a state-of-the-art oleochemical plant in Malaysia.

The Johor-based facility boasts an annual production capacity of 350,000 tonnes of high-grade

oleochemicals and soap noodles, which are the building blocks of major personal care products such as cosmetics, pharmaceuticals and other goods for ancillary industries. The facility's strategic location has an intrinsic advantage of being close to raw material suppliers, helping secure the basic ingredients for a range of consumer goods. The plant's proximity to the Johor Port also assures connectivity to major regions.

"There are many opportunities for Evyap to gain some shares in emerging economies in Asia, the Middle East and Latin America – markets where booming population and income will drive the demand for consumer goods," says Dr Martin Rudolph, executive committee member and acting managing director of Evyap Sabun Malaysia.

Adopting a diversified approach to growing outside Turkey, its home market, Evyap also offers contract manufacturing services, particularly for bar soaps and diapers. Having earned the confidence

of many multinational companies, Evyap has been producing the well-known brands of its clients at its facilities for decades.

"Our customers trust us because we offer excellent quality. We are known for building reliable customer-supplier relationships," Rudolph says.

Evyap's products are marketed under flagship brands including Duru, Fax, Arko and Evy Baby. Aside from soaps and shower gels, Evyap also carries men's care products, such as shaving preparations, lotions and aftershaves, under the Arko brand. The Evy Baby brand offers diapers and baby soap.

The company's products have a loyal following in the greater Turkish, Russian, Middle Eastern and African regions. Under its new business strategy, Evyap 2.0, the company plans to strengthen its brand profile internationally. Evyap endeavours to position its four main brands alongside more renowned names in the personal care segment by strengthening its marketing and sales force in Asia.

"As a family-owned business, Evyap offers the best products at affordable prices. This has guided our company throughout the years and will hopefully be our selling point in Asia," Rudolph says. "Evyap is the company to call when looking for a reliable and consistent partner and supplier of quality oleochemicals, soap and personal care products."



Dr Martin Rudolph, executive committee member and acting managing director of Evyap Sabun Malaysia

## Heng Huat Resources develops biomass products with global potential

Heng Huat Resources Group, one of Malaysia's leading manufacturers of biomass materials such as coconut fibre and oil palm empty fruit bunch (EFB) fibre, adds immense value to the global sustainability agenda with new applications. It has developed briquettes and fibre mats from oil palm EFB fibre, organic products that have groundbreaking potential in clean energy and disaster prevention.

"Palm fibre mats can be applied to prevent landslides and sandstorms," says Lim Ghim Chai, executive director. "Nowadays, a lot of cities are facing this problem. If they use palm fibre mats to cover the soil, grass would readily grow because this fibre mat could maintain moisture, unlike the conventional polymer-based geotextiles."

Meanwhile, palm briquettes can be used in coal-fired power plants as an eco-friendly and lower-cost alternative.

Heng Huat Resources is raising its annual oil palm EFB fibre production capacity to 130,000 tonnes over the next two years, adding seven lines to the existing 20 lines. The expansion includes setting up a new production factory equipped with a biomass co-generation power plant.

About 25 per cent of Heng Huat Resources' revenue comes from the sale of its own mattress brands, Fibre Star and Xiong Mao, distributed mainly in Malaysia.

In addition, it is one of China's leading biomass suppliers, shipping about 400 container loads monthly

as it caters to the needs of mattress manufacturers on the mainland.

"They choose us because of our quality assurance and ability to educate them on mattress production," Lim says.

Heng Huat Resources is also actively exploring other export markets such as Australia, Japan and South Korea for its oil palm EFB fibre, briquettes and palm fibre mats.

Listed on Bursa Malaysia's ACE Market since last year, Heng Huat Resources is seeking approval to be transferred to the Main Market.

"It is our vision to establish a regional presence for our eco-friendly biomass products, particularly in the renewable energy segment," Lim says.

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HENG HUAT RESOURCES GROUP BERHAD 興發資源集團

(From left): Lim Ghim Chai, executive director; H'ng Choon Seng, managing director; and Kee Swee Lai, deputy managing director