

GROWTH SPURS SUPPLY-CHAIN LOGISTICS INVESTMENTS



AGROMATE Holdings Sdn Bhd (AHSB), an integrated fertiliser manufacturer and distributor that turns 40 this year, has seen strong growth in the intervening years since chairman and founder Raymond Tang started the business in a rented shoplot in downtown Kuala Lumpur.

AHSB's main subsidiary, Agromate (M) Sdn Bhd (AMSB) has, in that time, become the leading fertiliser distributor in Malaysia, supplying an estimated 25% of all fertilisers to the local market, from cash-crop farmers to large oil-palm plantations.

With a majority of sales in Malaysia and an increasing overseas market, the brisk business growth meant that there was a need to set up its own warehouses to ensure the fertilisers can be efficiently distributed to their end points.

The group has a strong presence in the Asian markets, with sales to Thailand, Indonesia, Myanmar, Vietnam and the Philippines. It also sells to the East Asian markets of China, Hong Kong and Taiwan and has also penetrated Papua New Guinea, where there are a number of Malaysian plantation owners.

Beyond Asia, Agromate Group distributes fertilisers to several markets in eastern and southern Africa, notably South Africa and Kenya and has also penetrated the eastern European and UK markets.

"Logistics is very important in our business. It is crucial to ensure timely and efficient distribution as well as swift handling of incoming shipments and re-exports," AHSB chief executive officer Edward, Raymond's eldest son, points out.

AHSB owns or leases third-party warehouses throughout the country and Indonesia to support its business. In Malaysia, it owns warehouses with a total capacity of 330,000 metric tons and leases third-party warehouses with a total capacity of 146,000 metric tons.

In Indonesia, it leases third-party warehouses in seven locations on



Fertiliser supplier: AMSB fertilisers under the Agro Activa brand are produced in Lahad Datu and bound for oil palm plantations.

the islands of Sumatra, Java and the Kalimantan side of Borneo with a total capacity of 111,000 metric tons.

Besides the warehouses under AMSB, two other subsidiaries, Bulk Forwarding & Warehousing Sdn Bhd (BFWSB) and Bulkchem Logistic Sdn Bhd (BLSB), also own warehouse assets serving different regions of Malaysia.

BFWSB, which was set up in 1989, owns a 50,000-metric ton warehouse in Pasir Gudang, a port that has experienced rapid development as a major gateway and distribution centre for the southern region of Peninsular Malaysia.

Other services offered include transshipment handling, which is the shipment of fertilisers to intermediate destinations/bulk-cargo handling and packaging, warehousing and storage facilities as well as custom clearance and documentation.

BFWSB handles some 80,000 metric tons of fertiliser annually mainly for the domestic market and largely covering the southern region of the peninsula.

BLSB, which was acquired in 2005, caters to the group's overseas sales as well as the central region of the peninsula. It owns a 65,000-metric ton capacity advanced integrated bulk warehouse designed for receiving, han-



Bulk warehouse: Bulkchem Logistic, a 65,000-metric ton capacity advanced integrated bulk warehouse located at Westport, Port Klang.

dling, storing, blending, bagging and transshipping bagged/containerised fertilisers in Port Klang.

BLSB's Port Klang facility handles around 350,000 metric tons to 400,000 metric tons of throughput annually as the port is also the main transshipment hub for the central region besides being a major exports centre.

Through Agro-Tech NPK (M) Sdn Bhd (ATNPK), the group leverages on a 200,000-metric ton capacity NPK plant in Lahad Datu, Sabah, to distribute to the local and

Indonesian markets. AHSB owns a 70% stake in this subsidiary, with the remainder stake held by Nafas Bajakimia Sdn Bhd, a National Farmers' Association (NAFAS) subsidiary.

The plant's location is also ideal as the Lahad Datu port can handle vessels of up to Handymax-size for the import of raw materials and the export of the finished products, while Lahad Datu's proximity to the Kalimantan side of Borneo is ideal for distribution to the plantations in that region too.



Sabah plant: AHSB leverages on ATNPK's 200,000-metric ton capacity NPK plant in Lahad Datu, Sabah, to distribute to local and Indonesian markets.

Much of the fertilisers produced in ATNPK's Lahad Datu plant comes under the Agro Activa brand marketed by AMSB. This fertiliser is mainly used by oil-palm plantations.

Agro Activa is a premium-grade granulated NPK compound fertiliser. NPK are the chemical terms for nitrogen (N), phosphorous (P) and potassium (K).

"From the group's perspective, the NPK compound fertilisers can help to reduce the pressure that Malaysian plantations face of not having enough labour as these fertilisers with high nutrient content reduces the need to having it applied more frequently, which helps in reducing the reliance on labour," Edward says.

The group continues to see strong growth in Indonesia and Africa, with plans for expansion in these markets in line with its five-year growth programme to 2023 and is on the lookout for opportunities to expand its supply-chain logistics.

"To cater for our rapid business growth in Indonesia, we are ready to invest in warehousing in the country as and when required," Edward adds. Africa is a market that the group is eyeing, with plans for setting up an office or partnership to cater to the southern region of the continent.

Agromate Group's offices and warehouses within Malaysia and Indonesia.

