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World's largest maker of cranes

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CONSTRUCTION and engineering group Muhibbah Engineering (M) Bhd has steered its 100 per cent owned unit Favelle Favco Crane Group to become the biggest manufacturer of cranes in the world.

In the process, Muhibbah did itself and the country a favour, gaining priceless knowledge and skill in this delicate and very technical sector that enables local engineers to develop our own cranes from scratch.

It bought the troubled crane manufacturer from Australia in 1995.

On the road to becoming "number one", Favelle Favco survived the global economic crisis in mid-1997/1998 and a stinging legal battle over patent rights in the US in the late 1990s, and made a string of related acquisitions.

While a "small" sum of RM5 million was paid for the 100 per cent stake, what Muhibbah spent to nurture Favelle Favco was "mind-boggling", according to managing director Mac Ngan Boon.

"Favelle Favco was in disarray when we bought it. We had to spend a lot on establishing a global network which did not exist then. We also invested lots of brain and brawn," he said in an interview at Muhibbah headquarters in Klang on Friday.

Today, the group has six facilities worldwide - four are crane manufacturing plants - as well as sales offices in the United Kingdom, Singapore and Thailand.

The manufacturing plants are located in the US (Harlingen in Texas), Australia (Sydney), Malaysia and Denmark.

The Malaysian export-oriented plant in Klang is due to be opened by Prime Minister Datuk Seri Dr Mahathir Mohamad on March 28.

Favelle Favco engineers, manufactures, sells and services a complete range of offshore pedestal cranes, tower cranes, crawler cranes, multi-purpose wharf cranes and gantry cranes.

With global sales of about RM180 million, the company accounts for almost all Muhibbah group's revenue from the overseas operation, which is close to 30 per cent of the total income.

Favelle Favco has not posted any profit yet after operating for several years, despite its current solid global sales and "big" production volume.

But with economies worldwide improving and particularly the construction industry gaining strength, Mac and Muhibbah believe it is just a matter of time before the crane specialist starts generating profit.

"Certain members within the group have been profitable. I have a feeling that things will change soon," Mac said.

He noted that an extensive court fight with its American shareholders over the patent rights on crane designs had taken a toll on Favelle Favco's operation.

But that battle was amicably resolved two years ago, putting the company on solid ground, he said, and remarked: "The US is set to become our biggest market soon."

During the course of its expansion, Favelle Favco in 1996 acquired Kroll Cranes AS of Denmark, whose range of cranes includes the world's biggest tower cranes with lifting capacities of 10,000-tonne metres or lifting of 100 tonnes at a radius of 100 metres.

In the same year, it bought the manufacturing rights to the Manitex offshore cranes range which has now been incorporated and marketed under the Favelle Favco brand name.

In its quest for further growth, Favelle Favco recently got into developing crawler cranes.

In its Harlingen, Texas, facilities, these crawler cranes - both hydraulic telescopic boom and lattice boom ranges - are engineered, manufactured and marketed worldwide.

Mac said from the outset, Favelle Favco was able to design, manufacture and service its products.

"The design and skills required have grown and have been developed in all relevant areas.

"Today, the company is a proven and trusted leader in all aspects and facet of crane structural design, hydraulic transmission winch design, electronics and in manufacturing, assembly and servicing of all these items," Mac said.

Favelle Favco may be the leader in producing cranes. But in terms of value and market size, its shares are still small.

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