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KONSORTIUM-JV

KONSORTIUM LOGISTIK SET TO EXPAND FURTHER WITH THAI JV

By: Tengku Noor Shamsiah

PETALING JAYA, April 8 (Bernama) -- Konsortium Logistik Bhd is set to be a major regional player in the auto logistics industry following a tie-up with Thai Summit Auto Part and Industry Co Ltd for the acquisition of a 49 percent stake in Silver Line Cargo.

The company signed a joint venture agreement with Thai Summit in Bangkok yesterday.

Silver Line Cargo, a transportation company under Thai Summit Group, is purely involved in trucking activities and currently handles only 30 percent of Thai Summit Group's vast logistics activities.

Thai Summit Group, with an annual turnover of US\$500 million, is a leading parts manufacturer in Thailand for the automotive, motorcycle, agricultural machinery and electrical appliances. All in all, the group has more than 30 companies involved in parts manufacturing.

The executive chairman and president of Konsortium, Mirzan Mahathir, said the joint venture would enable the Konsortium Group to be one of the major automotive logistics service providers within two to three years.

Konsortium, he said, also expected its turnover to improve this year from the RM210.7 million it achieved last year.

"Through this joint-venture project, the company is poised to expand its activities into total logistics which will eventually handle all logistics activities with the Thai Summit Group as well as expand into the Thai local market," said Mirzan.

At the signing ceremony in Bangkok, Mirzan signed on behalf of Konsortium while Thai Summit Group president, Somporn Juanroongruangkit, represented her company. The event was witnessed by Malaysia's ambassador to Thailand, Datuk Syed Norulzaman Syed Kamaruzaman.

Mirzan said Konsortium would be managing Silver Line Cargo.

"Our immediate priority now is to help streamline the operations of Silver Line cargo by putting in place a comprehensive process plan after studying the inbound and outbound logistics and inventory movement for the Thai Summit Group.

"We aim to bring in our key people who will assist in the transfer of technology through our technological and management resources. We will also train the local staff on logistics coordination, logistics marketing and overall operational efficiency," he said.

Mirzan said he viewed this partnership as a "win-win" situation for both groups due to the vast opportunities offered by the growing automotive business in Thailand.

The trend to outsource logistics to companies that specialised in this area was fast developing in Asia, he said.

"The competitive imperative is that we all can ill-afford to burden ourselves with investing and operating in areas where we offer no significant comparative advantage.

"Limited valuable resources are better spent on building leadership in areas of core competence. We, at Konsortium, have been building our competences in the design, implementation and improvement of total logistics solutions for our customers," he said, adding that the group's entry into Thailand would also help lower the cost of logistics operations for Silver Line Cargo.

He said Konsortium's leadership in the automotive sector stemmed from its extensive experience in providing cost effective and end-to-end

just-in-time logistics solutions to auto manufacturers and assemblers in Malaysia for the past 10 years.

"Our deep understanding of critical success factors of auto industry is the result of the long term partnership we have built over the years of trust, teamwork and an earnest desire to provide workable solutions for our customers' complex logistics needs," he said.

Mirzan said this valuable expertise had enabled Konsortium to customise and streamline activities and shorten production supply to market cycle.

When asked whether the partnership would make automotive logistics to be one of the biggest contributors to Konsortium's earnings in the future, Mirzan told Bernama that it would be when everything worked well as Thailand, with a population of 62 million, has a bigger market.

"We currently have a presence in Thailand, Indonesia and India and are now introducing our new business model to our prospects and customers as well as partners.

"In the end, we want to be where there is a potential for growth. That's why we are aggressively expanding in Asean with our partners," he said. -- BERNAMA

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