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PKT diversifies ops to cushion slowdown

By SHARIDAN M. ALI

PKT Logistics Group Sdn Bhd is set to venture into logistics services for the fast-moving consumer goods (FMCG) segment when its new warehouse is operational in May.

"This venture into FMCG is timely and according to our business plan," said managing director and group chief executive officer Datuk Michael B.Y. Tio.

"It will also cushion the current slowdown in automotive logistics which has dropped about 30% in volume year-to-date," he said, referring to its core business of motor vehicle logistics.

"We have secured a contract from a multinational company to use our services that will easily take up 100,000 sq ft of the new facility," Tio said.

According to Tio, the FMCG industry is doing quite well despite the economic downturn compared with the motor vehicle industry.

FMCG such as toiletries, cosmetics, detergents, glassware, light bulbs and plastic goods still enjoyed healthy demand, he said.



Datuk Michael B.Y. Tio at PKT's new warehouse in Shah Alam that is near completion

The 150,000-sq-ft state-of-the-art warehouse is part of the first phase of the group's RM120mil investment over two years at its 1.15 million sq ft industrial land in Shah Alam, near the KESAS Highway. The facility also includes its new five-storey headquarters.

PKT wants to have a 60:40 revenue ratio from the motor vehicle and FMCG segments, according to Tio. Currently, 80% of its revenue are derived from motor vehicle logistics.

He said the location of the warehouse was crucial as it was highly accessible to ports, airport and major highways.

"It is also close to major FMCG industries that can use our facility as a distribution or cross-dock centres," he said.

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Due to the high take up in Phase 1, he said construction of Phase 2 would commence at the end of the year for completion in the third quarter of 2010.

Tio said it was also more viable to build warehouses during the economic downturn due to the lower construction costs.

"Malaysia is an ideal location for regional logistics hub in view of the cheap land cost, skilled manpower, well-developed infrastructure, port efficiency and competitive freight rates," he said.

On the motor vehicle logistics, Tio said PKT would try to expand its business outside the country.

"Basically, we are providing logistics services for every segment of the motor vehicle industry in Malaysia and we would like to expand that to other Asean markets.

"We plan to venture into Indonesia, Thailand and Indochina countries. The revenue contribution from automotive logistics between Malaysia and other Asean countries should be 70:30 by 2011," he said.

PKT is also excited about its prospects as a liner agency which involves multi-modal land transport and barging containerised goods from southern Thailand to Penang Port.

"The operation has grown by an average 10% to 15% per year and we target that it will make up 10% of total revenue this year and 20% in 2010," he said.

He added that PKT transported about 100,000 twenty-foot equivalent units last year.

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