

2010
Promising
Companies

Leeden – Total Integrated Welding Solutions Provider

As general economic condition improves with a brighter outlook, supporting industries are often overlooked even though there are significant opportunities to capitalise on these prospects.

Among these are the welding, gas and safety industries, which support a wide range of other key industries such as the marine, oil & gas, electronics, semiconductor, aviation and automotive.

A leading player in this area is Leeden Limited, a SGX Mainboard-listed distributor and manufacturer which specializes in welding, gas and safety across the region. Leeden is headquartered in Singapore and has a strong presence throughout South East Asia, with offices, showrooms and manufacturing facilities located in Malaysia, Indonesia, Thailand and China. Today, it has branded itself as a total welding solutions provider for welding, gas and safety products across the region.

As a distributor of welding and safety products, the Group has a well-established and far-reaching network in the region that dates back to its incorporation in 1964. This network, says Chairman and CEO, Mr Steven Tham, enables the company to differentiate itself from its competitors and work more closely with its partners and principals.

Since joining the Group a decade ago, Mr Tham has been instrumental in the strategic development of the Group and has built up a 22% shareholding in the Group. Recently, National Oxygen Pte Ltd, a wholly owned subsidiary of Taiyo Nippon Sanso Corporation, the leading industrial gas company in Japan, has emerged as a 5.20% substantial shareholder of Leeden.

Leeden currently represents a compre-

hensive range of internationally renowned brands in the supply of welding and safety products. Distribution is only one half of Leeden's industrial business, however. The Leeden Group's industrial division has manufacturing capabilities in not just welding but gas and safety, allowing it to provide integrated solutions for all three types of product as well as capture large segments of the market. The industrial division is now Leeden's core performer and main revenue contributor. In Malaysia, for instance, Leeden Group is the leading manufacturer of welding consumables with a product range covering equipment such as electrodes, filler metals for all types of welding processes and flux-cored welding wires. Recently, the Group has also purchased a piece of land in Malacca and will be establishing its third factory there. The new facility is expected to come into operation at the end of FY2010 and will, according to Mr Tham, double Leeden's production capacity for welding consumables.

The Group's Malaysia presence is further enhanced by its gas manufacturing operations which span across much of Malaysia, in order to maintain close proximity to its customers. The locations of its gas manufacturing facilities presently include Singapore, Batam, Johor, Malacca, Kuala Lumpur, Negri Sembilan, Penang, Ipoh and Kuantan.

In the safety field, Leeden is known for its range of emergency response firefighting equipment distributed under the Eversafe brand. The company recently expanded its safety equipment manufacturing capability through investing in an additional manufacturing facility in China. Like the upcoming factory in Malacca, this facility will be operational this year.

Having its own manufacturing facilities and an extensive distribution network are both major advantages for a company, and Leeden, with a comprehensive range of competitive products in the three different yet related areas of welding, gas and safety, is able to capitalize on everything it has. Its distribution network is able to cater to all the demands of the regional market; being able to determine its own product design allows for innovative packaging of its product offerings; and to these is added a high level of customer service. "We actively participate in our customers' supply chain processes to provide innovative total welding solutions," says Mr Tham.

Still, the competitive landscape is a challenging one today. Due to the financial crisis, the oil and gas market has become uncertain, and there is a great deal of aggressive price competition in supporting industries such as Leeden's three specialties. Customer demand patterns have changed as major purchasers begin looking for more price competitive alternatives, making inventory a sticky issue for manufacturers and distributors; sub-contractors have suddenly increased in popularity as companies begin outsourcing projects that were previously done in-house. This has not hindered Leeden from growing its turnover to S\$186.1 million last year. The increase, more than 18 per cent up from FY2008, also represents a more than tenfold growth in as many years—in FY1999, a decade ago, Leeden's revenue was just S\$17.4 million. The dramatic numbers are the result of extensive management's experience, refocusing in core businesses and regional expansions.

"With market experience of serving

different market segments, operating and business risks are mitigated amid the slowdown in economic growth. Market segments such as rig repair and conversion works are expected to increase, and around the region, this industry is much more resilient and stable," says Mr Tham. "We expect activities for infrastructure to increase in Indonesia, Vietnam and Thailand."

In addition, Leeden has a number of projects in place that were initiated during the crisis itself, and are now coming to fruition just in time for the recovery. They include the completion of an additional gas manufacturing plant in Penang to increase the company's production capacity, and two new set-ups in Vietnam and Indonesia that are aimed at further increasing Leeden's regional presence for products distribution and technical support. An in-house

training centre has also been set up in Singapore to improve the skills of Leeden's personnel.

Overall, Mr Tham is cautiously optimistic about Leeden's outlook. Growth, he says, will be led by the expansion of the company's manufacturing capabilities, and supported by improvements to the infrastructure of its recently acquired businesses. Those businesses will build on Leeden's existing specialties—welding products, industrial gas and safety equipments—and all in all, are expected to present a positive performance for this year.



Mr Steven Tham, Chairman and CEO, Leeden Limited