

## EnGro Builds A Green World

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Green cement to be the global trend

Articulating in a passionate tone, Tan Cheng Gay, chief executive officer and chairman of EnGro Corporation (EnGro) wasted no time in extolling the green virtues of his company's flagship product, "Not only does GGBS reduce almost 1 ton of CO<sub>2</sub> for each ton of ordinary Portland cement (OPC) that it replaces, it also promotes the recycling of the by-product of the iron-making process that is otherwise dumped into landfills."

If going green and building a sustainable future is the business of the 21st century, then what EnGro is doing now is probably the epitome of the world to come.

For those not in the know, GGBS is the acronym for Ground Granulated Blastfurnace Slag, an environmentally friendly cement that EnGro markets under the brand name VCEM. Structures built with GGBS are known to last around 100 years as compared with ordinary Portland cement with an average lifespan of 50 years.

Formerly known as Ssangyong Cement (Singapore) Limited, EnGro has evolved into one of the largest specialty cement producer in Asia. Besides manufacturing eco-friendly specialty cement, the company also has a specialty polymer business division, which is supplemented by the Group's investments in technology-fusion business and selective property development projects.

### **Greatness In Green**

In many parts of the world or rather more importantly, in the markets that EnGro is prominent, "going green" is the way forward for many companies as more enterprises wake up to the fact that "being green" is inevitable and still bodes well for the bottom-line.

Earlier this year, the Singapore Building and Construction Authority (BCA) unveiled the 2nd Green Building Masterplan, a roadmap that sets out specific initiatives to achieve a truly sustainable built environment in Singapore by 2030. One part of the new plan involves the conversion of 80% of all buildings in Singapore to be Green Mark certified by 2030, up from the 1% presently. To accomplish this goal, the government is giving generous incentives to retrofit existing buildings and has set higher green standards for new public buildings.

The Green Building trend that is building up momentum in the island will undoubtedly boost EnGro's sales of eco-friendly green cement. After all, the company is the first cement player within Singapore to meet the new stringent requirements of the Singapore Green Labelling Scheme and also the first to complete a carbon footprint assessment of its building materials as well as retaining the right to have the Green Label affixed to its eco-friendly building materials.

Through existing joint ventures established in China across 3 provinces, EnGro has access to 4.8m tons of GGBS manufactured, hence, EnGro's access to large volumes of GGBS accords an key competitive advantage in terms of maintaining high quality standards and a constant supply.

China, another of EnGro's key market, is chalking up impressive growth numbers. The Rmb4 trillion stimulus package unleashed by the Beijing government has ensured that the economy is slated to expand by 8% in 2009. As a substantial portion of the package is earmarked for the construction industry, the company will benefit from the inflow of funds.

Since 2002, EnGro has been busy establishing substantial production facilities in the Middle Kingdom. From a zero manufacturing base in 2002, the Company established 3 production bases with 8 production lines that have a total GGBS annual capacity of 4.8m tons to-date.

More pertinent to EnGro's green products is the emphasis that the Chinese Authorities have placed on the environment. "Chinese officials are under great pressure to deliver and they have moved ahead and set new building code / standard to implement the green goals set up by the nation," stated Tan.

### **1H09 Revenue Weakens**

1H09, EnGro booked a profit of \$14.5m. Despite a fall in revenue, results were bolstered by dividend of \$13.2m from Ho Bee Cove.

However, operating conditions for the rest of the year are likely to remain challenging for EnGro as the fall in private sector projects in Singapore will only be partially offset by the growth in public sector projects. The company's specialty polymers business has also faltered under the weight of the global recession nonetheless its growth prospect remains promising based on medium-term Asia Pacific market prospects. EnGro's strategically-positioned specialty cement (GGBS) plants in China are still enjoying healthy growth in view of the double-digit GDP growth rates in the provinces that EnGro's plants are located.

Going forward, EnGro is focusing on the North Asia region particularly China. On the latter, the firm cites the Beijing government's plan to link up 2nd and 3rd-tier cities to form economic clusters as exciting. According to Mr Tan, "China GDP is the criteria by which EnGro will utilise to decide which region to invest in."

With the demand of green cement set to become a global trend, EnGro is more than capable of riding the wave of the green business.