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Lafarge waiting for clearer picture

> Cement maker to study power tariff hike and GST impact before deciding whether to raise prices

BY LIEW JIA TENG

KUALA LUMPUR: Lafarge Malaysia Bhd, the country's largest cement manufacturer, will wait for further clarity on the impending electricity tariff hike and the impact of implementation of the goods and services tax (GST) before deciding whether to increase cement prices, said its president and CEO Bradley Mulroney.

"If you can tell me what the rising costs will be, we will look at how we might be able to tackle that. But the reality is, we have not seen any details or whatsoever with regard to the tariff hike and subsidy reduction at the moment," he told a press conference after the signing of a memorandum of understanding (MoU) between Lafarge Malaysia and CIDB Holdings Sdn Bhd here yesterday.

"Before we see clarity on these issues, we do not want to speculate (whether we would increase cement prices)," he added.

The last price increase by Lafarge Malaysia was in August 2012.

"We increased the price by RM20 per tonne last year, because we had a series of inflation cost increases that we were unable to

improve our efficiency," said Mulroney.

He said Lafarge Malaysia is in talks with Tenaga Nasional Bhd (TNB) on the issue of electricity efficiency, and has learnt of the utility's intention to reward companies that are efficient in energy consumption.

"Our job in this industry is to ensure the efficiency on the utilisation of energy, to run our plants as efficiently as possible. As long as we are efficient, our earnings and profit margin will increase greater than revenue," he said.

Mulroney also said Lafarge Malaysia expects its construction development laboratory in Petaling Jaya, Selangor, to be completed by the first half of 2014.

"This is where we get to test different construction systems. It's all about construction efficiency instead of just a product," he said, adding that the laboratory will focus on developing innovative solutions that are tailored to meet local needs.

Besides Malaysia, the Lafarge group has research laboratories in France, China, India and Algeria.

Lafarge Malaysia, via its wholly-owned subsidiary Lafarge Cement Sdn Bhd, yesterday signed an MoU with CIDB Holdings, a wholly-owned subsidiary of the Construction Industry Development Board Malaysia (CIDB), to promote the use of cement and concrete solutions, with the aim of elevating construction standards and contributing to sustainable construction in Malaysia.

Under the MoU, Lafarge and CIDB will collaborate to provide training and certification to construction personnel.

Earlier, in her keynote address, Deputy Works Minister Datuk Rosnah Abdul Rashid Shirlin said Malaysia's construction industry grew by 18% in 2012, and is expected to achieve double-digit growth again in 2013.

"It is estimated that the mass rapid transit project in Kuala Lumpur as well as the Refinery and Petrochemical Integrated Development project in Pengerang, Johor, require some 60,000 skilled construction personnel, and that does not include projects from other economic corridors," she added.