

Kunooz Oman ramps up mineral production activities

GROWTH STRATEGY:

Plans for an IPO will be firmed up when market conditions improve, says CEO

Nov 29: Kunooz Oman Holding, a major integrated player in Oman's mining and mineral processing sector, is gearing up for a significant uptick in its gypsum, limestone and lime production activities a move that positions the Omani mining conglomerate for strong growth in 2016 and beyond.

According to Dean Cunningham, CEO of Kunooz, investments in additional mining and crushing capacity at its quarries in Dhofar Governorate are projected to contribute to an increase in the Group's mineral exports targeted primarily into the growing and close proximity Indian market for limestone and global markets for gypsum.

These achievements, among other highlights of the Group's multifaceted businesses, will be showcased at the Oman Mining & Minerals Exhibition and Conference, which opens at Oman International Exhibition Centre today, November 30. The three-day event, organized by well-known events management firm Oman Expo, is being held under the auspices of the recently established Public Authority for Mining (PAM).

Cunningham, who will deliver a pair of presentations as well as chair a panel discussion, said the conference was an opportunity to offer his perspective on the elements that underpin the Group's continuing commercial success as a family-owned enterprise, especially as it weighs an opportune timeframe for a keenly awaited Initial Public Offering (IPO).

"One of the themes that I will touch upon is the path to the Initial Public Offering of our family business, the pitfalls and advantages that we uncovered along the way, and how one needs to do it successfully. I think Kunooz is a very good success story that will serve as an interesting model for others to look at when they look to go public," he added in comments to the *Observer*.

The Kunooz Group of Companies is made up of wholly owned subsidiaries Al Rawas Mining Company, Mihwar Al Wifaq, Rawas Marble and Granite, Salalah Readymix and Al Rawas Transport, Machinery Hiring and Trading, as well as associate companies Majan Mining and Carmeuse Majan.

Earlier this year, the Group received a special exemption from the Capital Market

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Authority (CMA) to float 25 per cent of its equity via an IPO instead of the minimum of 40 per cent mandated under Omani law.

Plans for the IPO, according to Cunningham, will be firmed up only when market conditions improve.

“Current market conditions are hardly conducive for a listing,” the CEO explained. “Global perceptions about mining in general remain weak, commodity prices and stock markets around the world are under pressure, and there hasn’t been any real cyclical direction within the global markets which gives the necessary impetus to the mining sector. The upside sentiment is clearly not there!”

Significantly, Group companies operating out of Salalah have put in place significant ramp-up capacity in mining and production during the course of the current year, said Cunningham. Noteworthy is the example of Carmeuse Majan LLC, which operates a major lime production plant at Salalah Free Zone. Kunooz has a 22.05 per cent stake in the facility, which has been set up with technical and marketing know-how from Belgium-based Carmeuse, a leading global producer of lime and high-calcium limestone.

“The project was commissioned in the second quarter of this year to produce 125,000-150,000 tons of lime per annum. Marketing of that product to India and other markets has commenced. We have the capacity to put up a further seven kilns, which will take the capacity up to a million tons per annum, depending upon market offtake. Critical, of course, is the availability of additional gas to make us competitive in the global market,” the CEO said.

Gypsum production, a key mainstay of the Group’s operations, is forecast to grow to around 2.2 million tons per annum from 2016. This follows the installation of a second crushing line, effectively raising production capacity, Cunningham said.

Disappointing Indian demand is also expected to limit limestone exports, aggregating to over 2.2 million tons in 2014, growing further in 2015, he said. However, in anticipation of a pickup in global demand, the company is well-positioned to add a second production line, which should significantly boost output in line with demand growth, the CEO said, noting however that the higher output can only be realized once steel production in India, the primary destination for limestone exports, picks up pace. “We expect that the policy reforms in India will bring in impetus for growth in our group,” he added.

Written by **Conrad Praha**