

Local manufacture key to African mining

The HMA Group has been appointed as Uretech's sole international distributor, including South Africa, with the HMA Group's own broad product range to be made available in Africa for the first time.

The HMA Group of Australia ultimately plans to establish a manufacturing facility to produce wear-solution products to service the metalliferous and coal sectors in sub-Saharan Africa.

This was revealed by HMA Group Australasia managing director, Tony Rogers, on a recent visit as part of the launch of HMA South Africa, which is headed up by general manager, George Hoffmann, founder of local wear-solutions specialist Uretech.

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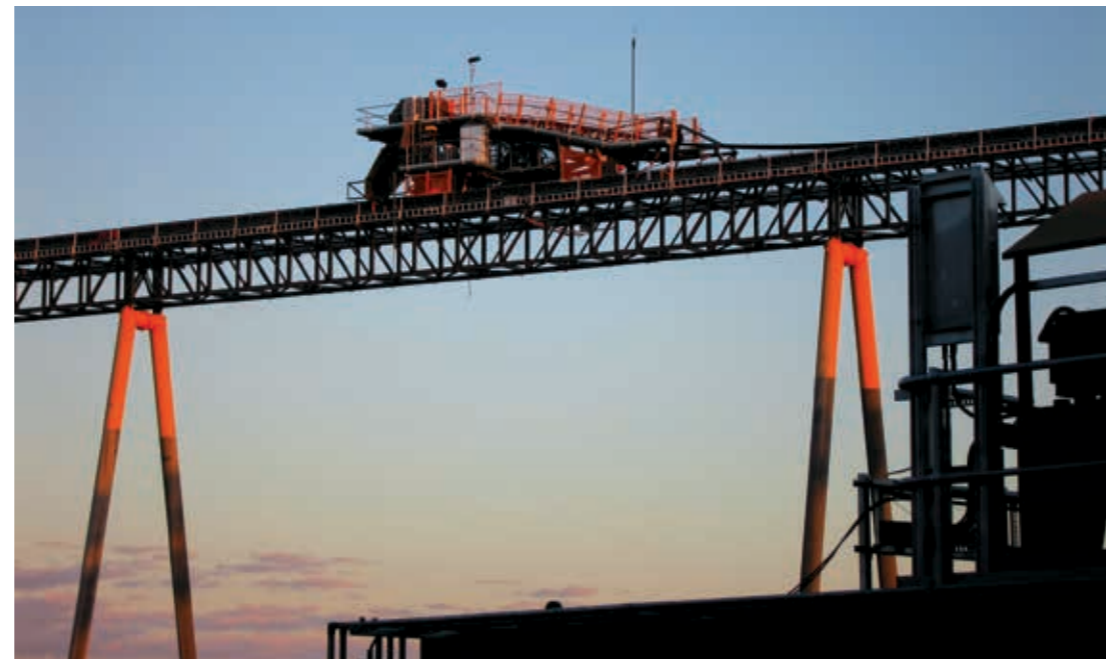
Established in 1966 as Halley & Mellows, the HMA Group manufactures, services, and sells a range of capital plant equipment to diverse industries. The materials handling, wear solutions, instrumentation, and geotechnical

divisions of the group will be introduced into the local market, piggy-backing on Uretech's representation in the African mining industry.

Rogers explains that Uretech initially fell on the radar of the HMA Group following an exploratory foray into South Africa to test the local business waters. "As we specialise in wear-resistant solutions, we came across Uretech and its polyurethane (PU) product range. PU is an alternative wear solution material that was not represented in our stable at that time, so we initiated discussions."

The agreement concluded was that the HMA Group would acquire the sales and marketing segments of Uretech, which retains its manufacturing capability and intellectual property rights. Hoffmann was subsequently appointed to oversee the HMA Group's South African operation, employing its strategically located sales force.

Commenting on why the HMA Group de-



Above: HMA Bulk materials handling and wear solutions are ideal for use in the coal sector.

Above right: The HMA Group also supplies a range of capital equipment to diverse industries.

Right: The HMA Group has garnered extensive global project and technological experience.

ecided to enter Africa, Rogers explains: "I was extremely passionate about the opportunities over here, and buoyed particularly by the similarities in culture, infrastructure, and tax laws, among other factors." HMA South Africa will also embrace the Broad-Based Black Economic Empowerment (BBBEE) opportunities offered by the Australian company's entry into the South African market.

"We as a company specialise in entering regions with a market mix similar to that which we have in Australia. I have learnt over the years that the only way to penetrate new markets is to embrace the local system, its people, and its specific laws and regulations," Rogers comments.

This has resulted in the HMA Group also establishing a major engineering and support hub in Jakarta so as to gain a foothold in the burgeoning Indonesian market. "We are looking at setting up offices in Kalimantan and Sumatra, so we are very active in that region as well." Hence the decision to enter the African market follows in the wake of a larger global strategy to expand the HMA Group from its traditional Australian home base.

"The HMA Group celebrated its 50th anniversary last year, which is a fantastic achievement. I myself have been with the company for 27 years. Thus, I have been through a lot of transitions and economic cycles, and what genuinely distinguishes the group is its staff retention, which means we have garnered considerable project and technological experience and expertise over the years," Rogers points out.

Not only has the HMA Group fared extremely well during the recent commodity boom in Australia, but also it has been undergoing rapid growth for the past decade. "The current downturn in the commodity super cycle is not a concern for us. The primary

commodities we are interested in over here are coal, in addition to copper, zinc, manganese, and iron ore, which are all showing green shoots at the moment."

Rogers admits that while the HMA Group and its product stable is virtually unknown on the continent at present, it has worked with major project houses such as DRA in Australia, which is also well-established locally. "These are EPCM contractors that are actually designing and constructing all of the new Greenfield projects, which is where the bulk of our business comes from. We shall therefore capitalise on our relationship with such international players, and hope to replicate our success over here."

China's growing influence in the global resources market means it is vital for players such as the HMA Group, to team up with local companies in order to access opportunities in Africa. "If you have experience dealing with a particular EPCM contractor in one country, generally that stands you in good stead somewhere else. Our revenue stream is consequently becoming increasingly internationalised, with a significant portion now being generated outside of our home market of Australia," Rogers highlights.

At the outset, HMA South Africa will focus on bulk materials handling, wear solutions, instrumentation, and geotechnics, which are all fully-fledged divisions. With the South African coal-mining sector linked inextricably to power generation, Rogers says this is a market, which it will focus on as well. "Although it was not our initial plan to become involved in the power



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generation sector, the opportunity just arose, so we are taking it."

While this sector is fairly stagnant in Australia at the moment, it is a burgeoning market on the continent as Africa grapples with a severe electricity shortage and rapidly increasing urbanisation and industrialisation rates. "There are a lot of cross-border power-supply agreements in place in Africa, together with new projects, and the potential to service and refurbish existing equipment."

Rogers reveals that HMA South Africa is on the cusp of clinching its maiden African contract in the Democratic Republic of the Congo. "However, for the time being we will focus our energy on the South African market, and entrench ourselves here initially, before venturing further afield as part of our ongoing expansion into Africa," he concludes. □

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