



# CEOCFO

## Interviews & News!

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### Omnitek Engineering Is Supplying Technology That Can Convert Old Polluting Diesel Engines To Engines Burning Natural Gas, A Clean And Inexpensive Fuel



**Energy**  
**Transportation - Alternative Fuel**  
**Natural Gas Engines**  
**(OMTK-OTCPK)**

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**Werner Funk, President and CEO**

**BIO:** Mr. Funk was born in Germany, where he was also educated and started his career in the automotive industry, working for Mercedes-Benz. He attended Carl-Benz technical college where he graduated with honors receiving a bachelor degree in automotive technology. Just prior to moving to the United States in 1978, he accepted a position as assistant crew chief for a Porsche factory sponsored racing team.

Mr. Funk started and managed several successful businesses prior to forming Omnitek Engineering, Corp. Mr. Funk has over 30 years experience in engine design, gas systems, international

business, manufacturing, engineering and marketing. His hobbies include car racing, photography, travel and gardening.

Mr. Funk holds six United States Patents and one International Patent.

#### **Company Profile:**

Omnitek Engineering, Corp. develops and sells new natural gas engines, as well as a proprietary diesel-to-natural gas conversion system, which has established Omnitek as a leader in the industry.

Omnitek offers a total system approach and is dedicated to supplying alternative energy and emissions control solutions that are sustainable, affordable and contribute to combat global warming.

Diesel engines have been the backbone of the transportation industry. Valued for their power, fuel economy and durability, diesel powered trucks and buses are used worldwide, however, they are heavy polluters and significantly contribute to global warming. Omnitek has developed a system to convert any existing diesel engine to a clean-burning natural gas engine at a fraction of the cost of a new engine.

#### **Interview by: Lynn Fosse, Sr. Editor**

**CEOCFO:** Mr. Funk, what is the vision at Omnitek?

**Mr. Funk:** “Currently Omnitek is supplying a technology that converts in-use old diesel engines to natural gas. Since natural gas is a much cleaner and cheaper burning fuel than diesel, we have a great business opportunity for quite some time to come. In countries like India, Bangladesh, Thailand, and Malaysia, the transportation sectors have been pretty much crippled because of the increase price of oil. However, they have a high supply of

natural gas, so that is where our market is primarily located. We foresee that our company will grow 100% to 200% year over year for the next 5-10 years to come easily.”

**CEOCFO:** Would you explain the technology that you use and what is so special about it?

**Mr. Funk:** “We have a technology that can be adapted to pretty much every diesel engine in use today. Currently diesel engines don’t have spark plugs or throttle bodies, so in the past it has been very difficult to convert these engines over to natural gas. Our technology allows you to do that, then also accurately control the engine management as far as fuel and ignition.”

**CEOCFO:** Where does the cost factor come into play when doing this conversion?

**Mr. Funk:** “It depends a little bit on the cost of the diesel and also the cost of the natural gas. Generally, where we are operating right now, which is primarily in Asia, the fuel savings amount to 1000-1200 dollars a month, so ROI is just about one year or just under one year.”

**CEOCFO:** Who is using your products; how do you distribute them, and please tell us about the availability of natural gas stations?

**Mr. Funk:** “Natural gas stations are pretty evenly distributed in all the major cities in Thailand, Malaysia, India and Bangladesh. Our customers are transportation companies, bus companies and some government agencies. Our distributors in those countries supply the product to these companies.”

**CEOCFO:** Do distributors install it as well?

**Mr. Funk:** “Sometimes they do, but we also train people to do their own conversions. If there’s a bus company that has their own maintenance workshop, we can train them to do all of the conversions, but sometimes they want to do the conversions faster than their own people can do it. They take the vehicle to a workshop, where they can do about 20 or 30 conversions a week. If you have 300 or 400 buses, you can do all of it in less than one year with no problem.”

**CEOCFO:** What is the competitive landscape like for you?

**Mr. Funk:** “Currently there’s very little competition, however, I’m sure other companies will enter this market. Right now there are two or three other companies, but they don’t have as good of a technology as we do. Sometimes when the customer decides to choose the product, based on cost, they might choose to go with our competitor product. However, many times after six or seven months, we go back and actually replace our competitor’s products because it didn’t work properly or the performance of the vehicle wasn’t very good.”

**CEOCFO:** Is this proprietary or patented technology; what is the protection for you?

**Mr. Funk:** “A portion of our technology is patented but our control system is a complicated micro process and I think that’s also good protection. Others have put together systems where the hardware includes all of the individual pieces that you need to do conversions, but then it just doesn’t work right because they don’t have the micro processor and the engine control module that we have. The portion of the technology that is patented is an important part to make it work efficiently.”

**CEOCFO:** Where do you do manufacturing?

**Mr. Funk:** “Most of the manufacturing is done right here in San Diego, California.”

**CEOCFO:** You have products for other vehicles as well; would you tell us the status of those?

**Mr. Funk:** “We are really focused on truck and bus conversions right now; those are the diesel conversions. We have some technology for gasoline vehicles, cars and SUVs, but currently we don’t offer those for sale. We haven’t decided yet if that is a market we want to enter.”

**CEOCFO:** Are there other countries that you would like to penetrate?

**Mr. Funk:** “We are looking at Malaysia, Indonesia Vietnam and Philippines. We’ve already supply to Bangladesh, India, Egypt and China. There are some countries in South America where they are seriously looking into changing all of their fleet over to natural gas. Even the Middle East, where they have a lot of unused natural gas, governments are looking to use it for their transportation system.”

**CEOCFO:** It seems an almost limitless opportunity!

**“We are hoping that our technology can help the situation of global warming because natural gas is less polluting than diesel, and using clean and inexpensive natural gas as fuel also lowers energy costs.”**

**- Werner Funk**

**Mr. Funk:** “We think it is. If you consider that in Thailand and Malaysia are at least 1,000,000 diesel trucks and buses that can be converted. I’m sure all owners would like to convert their vehicles because of the cost of diesel. That’s 500,000 vehicles in one country alone. You can imagine how incredibly large the market is and how long it’s really going to take to convert all vehicles.”

**CEOCFO:** Is this an outright sale?

**Mr. Funk:** “We only sell the products and teach the people how to do the conversion. We do some service and we have our teams that take care of warranty claims. The service required is very little different from a diesel engine. I think the fleet owners and their workshops can handle that process.”

**CEOCFO:** How long has the product been available?

**Mr. Funk:** “Omnitek has been supplying conversion kits for about 7 years now. However, the current design has been on the market for about three years now.”

**CEOCFO:** How is business and what is your financial picture like today?

**Mr. Funk:** “This year we are probably going to increase sales by about 300% over last year, and even at that we’re carrying a pretty high order backlog. We are shipping the conversion kits just as fast as we can make them.”

**CEOCFO:** Do you see a need to increase your manufacturing facilities?

**Mr. Funk:** “We are expanding all the time. Right now, we are trying to streamline the manufacturing a bit so we can increase our capacity without having to add a lot of space or actually move the company. We’re also thinking about setting up a regional distribution center in Asia, so we can serve that market better.”

**CEOCFO:** There are a lot of companies in the energy and alternative fuels area; why should investors pick Omnitek out of the crowd?

**Mr. Funk:** “If you ask me if natural gas has a future, I would say yes. And if you ask me if Omnitek has a future, I would say absolutely. Just look at T. Boone Pickens who recently came out and talked

about the need to use natural gas, for energy independence, and energy cost reduction. Also if you look at the competitive landscape, the lack of any serious competitors and the sheer size of the market, we are convinced that we are in the right space. We have customers with 1000 trucks in their fleet where we’ve only converted 100 so far. So we have 900 more conversions guaranteed without even having to find any additional customers. Therefore, it is easy to see where we are going.”

**CEOCFO:** What should people remember most about Omnitek?

**Mr. Funk:** “We would like to say that we are a trendsetter. We make technology available to the industry that can lower energy costs and helps in the fight to combat global warming.”

“We are hoping that our technology can help the situation of global warming because natural gas is less polluting than diesel, and using clean and inexpensive natural gas as fuel also lowers energy costs.”