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MODENAS SET TO BE SUCCESSFUL VENTURE

By: Mohd Arshi Mohd Daud

KUALA LUMPUR, Oct 1 (Bernama) -- Motosikal dan Enjin Nasional Sdn Bhd (Modenas), the national motorcycle manufacturer, has all the right ingredients to be a successful venture, analysts said.

Dubbing it as a two-wheel Proton (the first national car), one analyst said if Modenas's plan was drawn along the lines of Proton, it had perfectly done so by entering the 110 cc motorcylce market.

"In Proton's case it started with the affordable market of the 1.3 and 1.5 litre engine capacity while for motorcycles, the 110 cc is the most affordable segment in Malaysia," he said.

"The 110 cc is the best entry level to reap quick returns," said another analyst.

The company has projected to breakeven in its first year of operations commencing this month with production of around 100,000 to 150,000 units of the four-stroke models.

It was reported that the company targetted a turnover of RM400 million in its first year of operations and when production trebled by 1998, turnover was expected to surge to RM1.2 billion.

Modenas, a joint venture between Diversified Resources Bhd (DRB) (with a 55 percent stake), Khazanah Nasional Bhd (15 percent) along with Japan's Kawasaki Heavy Industries Ltd (19 percent) and Nissho-Iwai Corporation (11 percent), conducted a pilot production in June.

An investment in excess of RM300 million was committed for the construction of Modenas's production facility at the Gurun Heavy Industrial Area, near Alor Setar.

Priced at around RM4,000 to appeal to those with a monthly income of around RM700, the motorbike was expected to be popular especially among the out of city folk, the analyst added.

With a price at the lowest level among the 110 cc variants, Modenas aims to eventually capture around half of of the 110 cc motorcycle market.

Claimed to match the quality of other imported models, analysts said Modenas motorcycles were in a strong position to compete with other Japanese makes like the Honda, Yamaha and Suzuki.

Modenas's parts localisation programme was also expected to be smooth-running compared with the national car manufacturers Proton and Perodua.

As one analyst said "It may be so due to the lesser parts required for motorcycles."

In the initial production of the motorcylces, 60 percent of the parts were sourced locally. The company is targetting 100 percent local content in its third year.

The yet-to-be-named motorcycle would be launched by Prime Minister Datuk Seri Mahathir Mohamad this Thursday at Gurun.--BERNAMA

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