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Capetronic builds new plant to boost capacity by 30pc

AUDIO products manufacturer Capetronic Consumer Electronics Holdings Bhd, enroute to a listing on the Kuala Lumpur Stock Exchange Second Board, is building a second plant in Port Klang to expand capacity by 30 per cent.

The new factory will have plastic injection moulding capability and will provide another six lines to add to the existing nine lines, producing audio-visual products for the export market.

Located near the existing plant, it will begin operations by year end or beginning of next year, and is expected to enhance Capetronic's efficiency and profitability, said The Grande Capetronic Holdings Ltd director and chief financial officer T.P. Scandrett.

The Grande Capetronic is the parent company of Capetronic and will hold a 53 per cent stake in the company after listing. Iskandar Holdings Sdn Bhd, a company controlled by Mirzan Mahathir, will hold 21 per cent in Capetronic while the remaining 26 per cent will be held by the public.

"The added capacity allows us to move ahead in terms of types of products that we can produce, and will help to expand our customer and product base," Scandrett said.

Scandrett declined to disclose the investment allocation for the plant, saying only a substantial amount of the RM46 million raised from the company's public issue would be utilised on the plant and machinery.

He was speaking to reporters after Capetronic's underwriting ceremony in Kuala Lumpur in conjunction with the company's flotation on the KLSE in June.

For the year ending Dec 31, 1997, it expects a profit after tax of RM26 million on a turnover of RM370 million. Last year, it recorded a pre-tax profit of RM25 million and a turnover of RM379.4 million.

Capetronic is an original equipment manufacturer assembling audio products for major brand names on contract basis.

It is also an original developer manufacturer, capable of designing and developing the audio products in-house. It will then market the design to its principal customers and will manufacture and assemble the products.

Capetronic's existing plant in Port Klang currently produces an average of 80,000 music centre units and 20,000 separate system units per month.

A music centre features integrated audio systems with compact disc players, CD changers, video CD players, tuners, receivers, speakers, amplifiers and other accessories.

The music centres are sold under brand names such as Pioneer, Yamaha, Sony, Onkyo, Philips, Thomson, Bose, Magnavox and RCA.

The separate systems category comprise similar products as the music centre but offers more flexibility to end-users to tailor - make their own system.

All of Capetronic's production are exported, mainly to Hong Kong (29 per cent), the US (25 per cent), Europe (12 per cent), Singapore, Japan, and other countries such as South America and Australia.

Scandrett said some of Capetronics products were sold in emerging markets such as Eastern Europe through its international representatives.

He felt that Capetronic had the type of products that would appeal to such markets.

For its flotation exercise, Capetronic is making a public issue of six million shares and an offer for sale of four million shares, both at RM7.80 each.

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