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Fiamma seals deal with Swiss firm to make washing machines

FIAMMA Holdings Bhd expects to increase its market share by 50 per cent in the assembling and manufacturing of electrical household appliances within the next two to three years.

The company, earlier this year entered into a turnkey agreement with a Swiss company, Copama Ltd, for the setting up of a plant to manufacture washing machines.

Construction of the plant to be located on a 5.14ha piece of land in Nilai, Negeri Sembilan will start by end of this year. The total investment is RM50 million.

The plant is expected to commence operations by end of next year.

"The new plant is in response to the Prime Minister Datuk Seri Dr Mahathir Mohamad's call for greater self-sufficiency by producing more made-in-Malaysia products," said managing director Mr Jimmy CH Lim.

He told reporters this after the signing ceremony of its underwriting agreement for its listing in Kuala Lumpur yesterday.

The listing will involve a public issue and an offer for sale of 2.0 million new shares and 4.318 million shares respectively at an offer price of RM2.35 per share.

He said the new plant will have a production capacity of 80,000 pieces of washing machines per month. About 70 per cent of the products from the new plant will cater for the overseas market while the remaining 30 per cent will be for the domestic market.

"We are currently focussing on the regional market and have no immediate plans of going international. We will look into it when we are ready," he said.

Lim said the washing machines produced by Fiamma will use brand names such as "Elba" for the domestic market, but it will not be limited to one name for exports.

"Our product (washing machine) is open to all customers," he said, adding that Fiamma will form a joint venture company with Casa Holdings Ltd, a Swiss-based company.

He said the joint venture company, to be known as Profile Manufacturing Sdn Bhd will be set up once its Nilai plant commences operations. Fiamma will hold a 70 per cent equity stake in the company while the remaining 30 per cent will be by Casa Holdings.

The company has also increased its distribution network to 800 dealers throughout Malaysia. They include large departmental stores, electrical home appliances shops, kitchen dealers, hardware stores and housing developers.

Meanwhile, Lim said Fiamma will be building a new office block cum distribution centre in Bandar Menjalara and the complex is expected to be completed by the end of 1999. The project costs RM8.1 million.

The group has targetted to be listed by middle of November.

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