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Gadek aims to earn more from non-automotive units

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GADEK (M) Bhd expects its non-automotive division to contribute higher to the group's earnings in future.

"At present, the highest contributor is Hicom Holdings Bhd which turned in about 81 per cent of our group profits in 15-month period ended March 31 1997," said Gadek chairman, Datuk Mohd Saleh Sulong.

"Starting from the current financial year, we hope our non-automotive business will contribute higher than the current 20 per cent," Saleh added.

By non-automotive division, Saleh was referring to the group's financial services business through Gadek Capital Bhd, which owns Credit Corp (M) Bhd and South East Asia Insurance Bhd.

Gadek's other subsidiaries include its construction arm, Perspec Prime (M) Sdn Bhd, Gamuda Asset Management and a French joint venture, Clestra Hauserman (M) Sdn Bhd.

Speaking to reporters after the company's annual general meeting yesterday, Saleh said that Perspec has quite a few projects in hand that it has yet to embark on.

One of them is the South Klang Valley Expressway project.

For the 15-month period, Gadek recorded a 369 per cent jump in group profit to RM354.7 million on a 159-per cent increase in sales amounting to RM1.9 billion.

Hicom is Gadek's 32 per cent associate and according to Saleh, the company derives 85 per cent of its profitability from automotive-related operations.

"We seem to have been overdependent on the automotive sector," he said.

On South East Asia Insurance, Saleh said the company meets the track record requirement for a listing on the Kuala Lumpur Stock Exchange.

"However, we are not in such a hurry for that," he said.

On Prime Minister Datuk Seri Dr Mahathir Mohamad's comments that there is the need to produce Proton cars at reasonable prices to compete in the global market, Saleh said DRB-Hicom group has already embarked on a cost-reduction exercise to bring costs down and to enable Proton to compete favourably with other cars from Japan and South Korea.

"There are other ways to reduce our costs, such as sourcing from local vendors and achieving savings in terms of in-house operations," he said, but added that there is still more to be done.

On whether the ringgit situation has affected Proton's attempt to cut production cost, Saleh said, "We sincerely hope that the currency problem will not persist for so long."

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