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Gadek to shift focus from auto sector

GADEK (Malaysia) Bhd, which currently derives about 80 per cent of its earnings from Hicom Holdings Bhd, plans to reduce its dependence on the company and the automotive sector, chairman Datuk Mohd Saleh Sulong said yesterday.

Gadek's focus from now would be to improve profit contribution from its finance insurance, and construction divisions.

For the 15 months ended March 31, this year, Gadek recorded more than a three-fold increase in group pre-tax profit to RM354.67 million on a turnover of RM1.94 billion.

Saleh said 80 per cent of Gadek's profit was derived from Hicom, which in turn drew 85 per cent of its profit from the automotive sector.

The remaining 20 per cent of Gadek's profit is generated by subsidiaries like Gadek Capital Bhd, South East Asia Insurance Bhd, Credit Corporation (Malaysia) Bhd, Perspec Prime (Malaysia) Sdn Bhd, and Gadek Asset Management Sdn Bhd.

"We expect a 25 to 30 per cent improvement over the existing 20 per cent contribution in the non-automotive sector.

"This will take a bit longer than the current financial year (to achieve)," he said.

On the group's overall financial results, Saleh expressed confidence of improving on its forecast.

"Looking at the figures achieved in the first quarter, which showed an improvement over our business plan, there is likelihood of a slight improvement over our budget and over previous results," he said.

Saleh was speaking to reporters after Gadek's annual meeting in Kuala Lumpur.

Asked to comment on Prime Minister Datuk Seri Dr Mahathir Mohamad's remarks that Proton cars for export were not price competitive, Saleh admitted that more had to be done to counter the problem.

He said Proton had to increase competitiveness in the export market especially in relation to South Korean and Japanese-made cars.

He added that cost reduction measures were being implemented.

The current high cost of importing car parts from Japan due to a more expensive yen is also not expected to last as the ringgit is expected to strengthen eventually.

(END)