

31/07/1997

## MAS and GEC in RM313m plane engine overhaul venture

UNITED States' General Electric Company foresees its US\$125 million (RM312.5 million) venture with Malaysia Airlines to operate an aircraft engine overhaul service will churn out a handsome return in the medium term.

"We expect the joint-venture company Aircraft Engine Repair and Overhaul (1997) Sdn Bhd to chalk up revenue of between US\$1.8 billion and US\$2 billion in five to 10 years," said General Electric president for Southeast Asia, Ken Brown.

Aero '97 operations will be located at a centre called "Centre of Excellence", sited at the Sultan Abdul Aziz Shah Airport in Subang with a workforce of 250 people.

Brown said the centre was the first of its kind in Southeast Asia.

"This centre is also General Electric's first aircraft engine overhaul centre in Asia.

"It will service Malaysia Airlines aircraft engines as well as those of General Electric's customers in the Asia Pacific."

The signing of the agreement for the formation of Aero '97 was witnessed by Prime Minister Datuk Seri Dr Mahathir Mohamad in Langkawi last night.

Signing for Malaysia Airlines was its managing director Datuk Wan Malek Ibrahim while Brown represented General Electric.

Also present were Malaysia Airlines chairman Tan Sri Tajudin Ramli and its vice president of aviation and aerospace development Sitham P. Nadarajah.

General Electric, which is said to be the world's largest in the aircraft engine overhaul industry, will have a 70 per cent equity in Aero '97 while Malaysia Airlines will own the remainder.

Speaking at a Press conference before the signing ceremony, Brown said the focus of the operation would be on the overhaul and repair of CFM56 engines which are used mostly by Boeing 737 and Airbus A340 and A320 aircraft.

"The centre will be operational on Dec 1."

Brown said General Electric's presence in Malaysia was timely as it could strengthen its position in the industry by having access to Asia.

He said Asia was a continent the company foresaw would become the world's fastest growing market in the airlines industry.

"By 2010, 50 per cent of the air traffic will centre in this continent," he said.

Meanwhile, Wan Malek said the partnership would benefit Malaysia Airlines as it would provide support and technology transfer for the company's aircraft engine overhaul services.

"We have experience in undertaking aircraft engine overhaul services but our capability and technology are not at the level of General Electric.

"With this smart partnership, we can do everything (on overhauling the aircraft engines) in-house without having to send our aircraft overseas to resolve some aspects of the overhauling."

Furthermore, he said since General Electric was renown in its field, the partnership would indirectly provide Malaysia Airlines wider market access.

To a question, Wan Malek said the company had no immediate intention to relocate its aircraft engine overhaul operation as well as other activities like workshop and aircraft overhaul to Sepang.

This is despite Malaysia Airlines' shifting its operations to the new Kuala Lumpur International Airport located there.

"Our overhaul services will continue operating from Subang but we will eventually seek a better place for the three operations," he said.

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