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Honda Malaysia expects car sales to double this year

Zuraimi Abdullah

WHILE car sales are expected to slow down this year, Honda Malaysia Sdn Bhd, a unit of Honda Motor Co Ltd, expects to double sales to 12,000 units this year.

Sales will be driven by the popular CR-V model, new launches and more importantly, the start of operation at the company's own manufacturing and assembling facility in Malacca.

"With our new plant in Malacca, we have a better control of production to record higher sales.

"The continued favourable car market expected this year will also help boost our sales," said president and chief operating officer Syed Hisham Syed Wazir.

Honda Malaysia, which is 51 per cent owned by Honda, took over the Japanese franchise from Oriental Holdings Bhd in July 2001.

Oriental owns 15 per cent of Honda Malaysia, while the remaining 34 per cent is held by DRB-HICOM Bhd.

Analysts agreed that Honda Malaysia can expect brighter days with the Pegoh plant, amid stiffer competition.

"Honda's new plant will spearhead the launch of regional models," said StraitsG.K. Goh Research.

The increased distribution involvement by Honda and other foreign players could lead to a more competitive environment, and hence a more attractive market for car buyers, it added.

Honda Malaysia's new assembly and manufacturing facility in Pagoh started production last month with the CR-V model.

A 1.7-litre Civic and the bigger Accord will be assembled later this year, Syed Hisham said in a telephone interview with Business Times yesterday.

By 2004, a total of four models will be assembled at the plant, company officials said.

Industry observers said over a certain period of time, Honda Malaysia might extend the CKD (completely-knocked down) operations to include the Stream and Odyssey MPV models, in line with its plans to double capacity within three years.

Honda, Japan's thirdlargest carmaker, announced last year a RM374 million expansion plan.

Honda Malaysia managing director and chief executive Seiji Kuraishi said the RM374 million plant will expand capacity to at least 40,000 units from the current 20,000.

The 16ha facility, equipped with Honda's state-of-the-art manufacturing system that can accommodate model changes, will be officially opened by Prime Minister Datuk Seri Dr Mahathir Mohamad tomorrow.

"The plant's opening by the Prime Minister will close the chapter of Honda Malaysia's incorporation which was initiated from a memorandum of understanding (MOU) by Honda and the local parties in July 2001," Syed Hisham said.

"The MOU signifies Honda's commitment to pump in money into Malaysia, and the Government's support and effort to continue attracting foreign investments," Syed Hisham said.