

Proton makes losses 3 quarters in a row
Malaysiakini.com
Feb 28, 2007

National carmaker Proton posted its third consecutive quarter of losses, blaming sluggish sales and increased competition.

The loss of RM281.45 million in the third quarter to December compared with a net profit of RM86.51 million a year earlier.

Its net loss over nine months amounted to RM590.45 million, compared to a loss of RM80.17 million a year earlier.

The carmaker blamed its weaker performance on slower sales in the industry overall, stricter loan approvals and higher fuel prices.

In a statement to Bursa Malaysia, Proton cited intense competition as well as a year-end slowdown which "have further dampened the domestic sales volume."

Project development, additional expenditure for promotions and "higher cost of raw materials have further impacted the profitability," it said.

The carmaker said it would introduce new models in 2007 to improve sales but cautioned that further challenges lie ahead.

"The group's operating conditions will remain difficult due to the higher component costs as experienced by the industry and margins will come under pressure from competition," it said.

Rising Perodua

Results showed third quarter sales sliding to RM962.27 million from RM2.15 billion in the same period a year earlier.

Nine-months sales also contracted to RM3.65 billion against RM6.01 billion in the corresponding period in 2005.

Proton: Fall in market share

Year	Percentage
2005	41
2004	44
2003	48
2002	60

The results compounded the firm's misery, which in January lost its status as Malaysia's biggest-selling automaker to another homegrown manufacturer, Perodua.

Proton's market share has fallen sharply in recent years due to the whittling away of duties that have made imports more affordable, and a persistent reputation for poor quality and unimaginative models.

The Malaysian government owns 59 percent of Proton, including a 43 percent stake held by its investment arm, Khazanah Nasional. It has said an announcement on a partnership deal will likely come in the first quarter of this year.

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.
Source : <http://www.malaysiakini.com/news/63847>