

# Analyst: National carmaker will bounce back

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PROTON Holdings Bhd adviser Tun Dr Mahathir Mohamed may have more reasons to be worried about other than the current motor policy, which has put Proton at a disadvantage.

Despite being the centrepiece for the development of the local car industry, the latest numbers indicate a worrying trend for Proton.

In April, Proton sales dropped 27% to 11,857 from 16,217 in the previous month while its market share narrowed to 38% from 43% before.

"The launch of Savvy last month will help to arrest declining sales but is not likely to arrest the loss in market share," said an auto analyst with a local brokerage.

However, it is not yet time to write

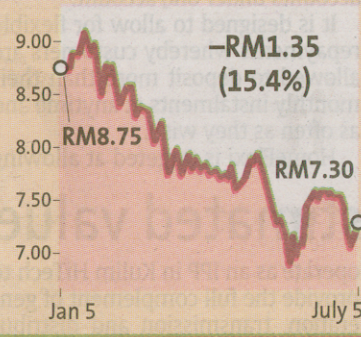
off Proton, said the analyst, whose company has a positive call on Proton.

"We believe Proton will weather the storm and its stock will bounce back from the current low levels," he said. Yesterday, Proton shares closed at RM7.30 per share, up 10 sen on volume of 15,400 shares.

Despite a declining market share, Proton's revenue for the financial year ended March 31 this year improved by 34% to RM8.5bil compared with RM6.4bil a year earlier.

"I don't see the decline (in market share) as too worrying as to write off Proton, but it should cause the company's management to take notice," said the auto analyst, who added that this could be the reason for

Proton (RM)



Proton's CEO to come forward to defend the company.

The analyst said despite the criti-

cisms levelled against Proton, the national carmaker had achieved a lot. (see chart)

Proton still has a sizeable number of foreign investors, more recently being the Singapore government's investing arm, Temasek.

On the positive side, the analyst said Proton still enjoyed tax write-backs and that would help to address some of the problems it currently faces.

"We are cautious about the future of the tax rebate but we see no reason for it to be taken away from Proton," said the analyst. Without the tax rebate, Proton could lose as much as RM138mil, based on the total tax it had written back last year, he added.