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For Release:

AM Friday, June 20, 1986

GM-H INVESTS HEAVILY DESPITE LOSS

In announcing its 1985 results, GM-H pointed to the devaluation of the Australian dollar and the high interest rates as the primary reason behind the net loss of \$100.4 million.

The 1985 results were also severely impacted by the expense associated with the introduction of unleaded petrol vehicles and the start up of the new Commodore model.

Since its introduction in February 1986, the VL series has gained outstanding market acceptance.

GM-H maintains its on-going commitment to Australian vehicle manufacture and over the next several years will invest a further \$320 million.

The programs are geared towards strengthening GM-H's already significant export performance, attainment of world class quality, updating technology in key areas of manufacturing and enhancing its strong product range for the future.

In 1985 GM-H increased its share of Australian passenger car sales from 20.8% of the market to 22.2%. The VK Commodore range achieved leadership in car sales to private owners.

This strengthening domestic performance is paralleled in exports which rose by 10%^{519!}. With increased need for Australia's exports to be world competitive GM-H was pleased to achieve export sales of \$218^{217!} million for the year which consolidates GM-H as Australia's leading exporter of manufactured goods.

In releasing the 1985 figures, Mr C.S. Chapman, Managing Director of GM-H said that the results were disappointing following the gains made in 1984, "We are very disappointed that the currency movement and interest rates have hidden the fact that we achieved much improvement in our domestic and export sales.

"We are pleased also that Holden's growing export sales are making a significant contribution to Australia's export income.

"The retooling of the 4 cylinder engine plant over recent months at a cost of \$67 million brings the total investment in the plant to \$360 million.

"Our export achievements in 1985 demonstrates that Australian Manufacturing Industry can be competitive in export markets, provided investment is made to ensure products which are world competitive in quality and cost.

"The high reputation for quality and reliability enjoyed by our engines in Europe is a measure of our quality achievements.

"All the other initiatives we set in train during the last two years to improve the long term viability of our business continue to progress, particularly in areas of fixed costs, operating efficiencies and overheads, however we still have a way to go.

"Significant additional investments are being made in strategic areas of the business. They include the design and engineering of new products to meet the special needs of the Australian motorist.

"Our investments are directed towards achieving increased specialisation in advanced componentry to support our own manufacturing programmes and those programmes of other manufacturers whom we supply. They are required to strengthen our role as an exporter and a competitive participant in the local vehicle industry."

"The \$320 million investment which we are making in our facilities will bring our total investment in plant and equipment since 1980 to \$668 million.

"These investments include new facilities in the plastics, metal stamping and assembly plants.

"GM-H is committed to ensuring its future as a leading manufacturer of motor vehicles and components for Australia and export markets.

"Holden's future is directed by the Government Passenger Motor Vehicle plan and every decision made is towards achieving the objective of being world competitive in quality and cost by 1992, the target year for full implementation of the Car Plan," Mr Chapman concluded.

Other important statistics in 1985 were:

- Sales value of GM-H products in 1985 was \$1,632 million, an increase of 10.3% over the 1984 total of \$1,479 million.
- Capital expenditure, including tools was \$80.3 million. These expenditures were primarily related to new model programmes and modernisation of facilities.

- ° Payment to Australian suppliers for materials, components and services amounted to \$1,336 million an increase of 23.7%. This increase once again reflects an increased sales volume and the growing amount of business going to Australian suppliers.

- ° Payrolls totalled \$288.5 million.

- ° Government charges were \$55.6 million.

- ° GM-H registrations for 1985 were 128,443 units representing a growth rate of 11.2%, which is faster than the overall growth in the all time record 1985 market.

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