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The Boeing Company, Hexcel Corporation Sime Darby Berhad and Malaysia Helicopter Services (MHS) today announced that they have agreed to form a joint venture to manufacture composite commercial aircraft parts in Malaysia. Discussions continue on key contractual terms of the planned joint venture, and are expected to be completed over the next several months.

The composites-manufacturing venture, to be known as Asian Composite Manufacturing Sdn. Bhd., will make composite parts for secondary structures for commercial aircraft, then supply these parts to Hexcel's facility in Kent, Wash., for final assembly and shipment to Boeing and to other customers worldwide.

The facility will be built in Alor Setar, in the state of Kedah, which is in the northern region of Malaysia near the Thailand border. Both Sime Darby Berhad and MHS are headquartered in Malaysia.

Given current economic and market forecasts, neither Boeing nor Hexcel anticipate any layoffs resulting from this joint venture.

Financial terms of the joint venture were not disclosed.

"This joint venture with Hexcel, Sime Darby and MHS demonstrates our resolve in strengthening relationships with international business partners," said Phil Condit, Boeing chairman and chief executive officer. "Malaysia has been a long-time Boeing customer, and its vision to become a high-technology hub for Asia clearly positions the country to be a leader," Condit said. "The creation of this comprehensive composites facility in Malaysia will generate substantial benefits for all four partners and Boeing customers, as well."

"Hexcel's participation in this joint venture fits the company's long-term growth strategy perfectly," said John J. Lee, Hexcel chairman, president and chief executive officer. "We are enthusiastic about expanding the company's activities in the Pacific Rim, which we view as a commercial aerospace market of enormous long-term potential. And we are delighted to extend our long-standing strategic relationship with Boeing beyond the traditional customer-supplier status."

Tan Sri Nik Mohamed Yaacob, Sime Darby Group chief executive officer, said, "The joint venture presents Sime Darby with an opportunity to diversify into other areas of aircraft-component manufacturing. In expanding our knowledge and expertise from the aerospace composites technology, we hope to develop other composites applications."

Tan Sri Saw Huat Lye, Malaysian Helicopter Services executive chairman, said, "MHS welcomes Boeing's and Hexcel's participation in this venture. It will stimulate technology development and create export opportunities in Malaysia. This joint venture is significant for our country, our company and our customers."

Asian Composite Manufacturing Sdn. Bhd. will manufacture composite parts currently produced by Boeing and Hexcel. The facility, to employ approximately 375 people, is expected to be completed in 18-22 months. It is anticipated that the first parts will be delivered to customers in mid-2000.

Composites are tough, lightweight materials made by combining two or more dissimilar products such as fibers and resins to create a product with exceptional structural properties not present in the original materials. Composites are used in virtually all the world's major aircraft to meet requirements for reducing weight, increasing payloads, improving fatigue life and increasing corrosion resistance. Boeing is the world's largest consumer of composite materials; Hexcel is the world's largest manufacturer of advanced composite materials.

The composites produced by the joint venture will consist of fabricated parts for secondary structural assemblies on commercial aircraft, including assemblies of wing fairings, fixed or movable surfaces, and inspection-access doors and similar parts for the worldwide market.
