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Petronas stake in MISC `to ensure Government control'

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THE surprise move by Petronas to acquire a 29.3 per cent stake in Malaysia International Shipping Corporation Bhd is to ensure the Government remains in control of the shipping firm, analysts said yesterday.

Konsortium Perkapalan Bhd had earlier proposed to buy the stake from Kumpulan Wang Amanah Pencen. Earlier reports say the price offered was RM6.50 each.

As KWAP had bought the shares from the Government at a higher price three years ago, there was speculation over the repercussions if it sells the stake at a lower price and suffer a huge loss.

Although the price paid for the 293.52 million shares by KWAP was not disclosed, MISC shares had then been trading at RM9.35 each.

Yesterday MISC shares closed down 60 sen at its intra-day low of RM6.30 on a volume of 471,000 shares.

While Petronas has yet to announce the price it is paying for the MISC shares, analysts believe Petronas had offered a higher price than Konsortium Perkapalan.

An analyst said KWAP had possibly agreed to sell the MISC shares as it was not actively involved in the shipping firm's management and held the shares mainly for investment purposes.

The initial offer by Konsortium Perkapalan to pay for the purchase via the issue of new Diperdana Corporation Bhd shares allowed KWAP to realise its MISC investment and convert it to other marketable shares.

But the hitch was said to be that of price as the Konsortium Perkapalan's offer was seen to be too low and would not cover the original purchase price and subsequent holding costs of the shares.

As for the rationale that the MISC stake remains in Government hands, it was because the firm was a critical part of the nation's drive to reduce its current account deficit arising out of shipping costs, said an analyst.

Petronas in its statement said: "We wish to work closely with the board and management of MISC to position MISC to meet the Government's call and challenges that lie ahead in the shipping industry."

MISC is involved in the transportation of liquefied natural gas, liner, dry bulk and tanker shipping activities as well as in land-based haulage logistics business.

And the national oil corporation is a major user of sea-based transportation services in its shipment of LNG, petroleum and petroleum-based products. MISC's LNG tankers were on charter to its subsidiary, Malaysia LNG Sdn Bhd, to transport LNG to customers in Japan.

Petronas, through its wholly-owned subsidiary, Petronas Tankers Sdn Bhd, is also the owner and operator of LNG tankers - thus, the purchase of the MISC stake would allow for rationalisation of this business activity.

Petronas also pledged to collaborate with Konsortium Perkapalan - made up by Konsortium Perkapalan Bhd and Diperdana Bhd (through PNSL Holdings Bhd) and headed by Mirzan Mahathir - which is the second largest shipping and haulage group after MISC.

Petronas said it acknowledged that the Konsortium Perkapalan group had earlier announced its intention "to work with MISC to rationalise the sea and land-based logistics business in Malaysia for the betterment of the industry".

"To this end, it is Petronas' intention to propose to MISC to

collaborate with the Konsortium Perkapalan Group for mutual benefits and for the betterment of the sea and land-based logistics."

As to how Petronas may finance the MISC stake purchase, the clue probably lies in KWAP's initial negotiations where it seemed ready to accept Diperdana shares as sufficient.

Though Petronas has sufficient cash, it may offer its shares in Petronas Dagangan Bhd or Petronas Gas Bhd to KWAP.

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