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Saleh sees rebound in group's shares (HL)

DRB-Hicom Group's new chairman, Datuk Mohd Saleh Sulong, says he is confident prices of the group's shares will pick up and stabilise within the next few days.

Saleh told reporters this after Prime Minister Datuk Seri Dr Mahathir Mohamad had met with some 160 senior managers of the DRB-Hicom Group to reaffirm the Government's support for the group.

Apart from the Government's support, other factors that should stabilise the share prices and justify the faith of the shareholders include DRB-Hicom's strong fundamentals, the support of its business partners, and the integrity of the group.

Analysts concur with Saleh's views, saying the mild market reaction was indicative of the local bourse's growing resilience but basically it is because the group's fundamentals remain unchanged.

Saleh said he was happy and somewhat relieved that there was only a slight weakening, of less than 5 per cent on average, in the share prices when the counters were quoted on Monday.

Counters of the nine listed companies under the DRB-Hicom Group had been suspended after the death of its chairman Tan Sri Yahaya Ahmad in a helicopter crash last Monday.

Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim earlier yesterday said investors should not jump to conclusions about the new management headed by Saleh.

"You have to wait... you cannot come to a conclusion in one day," Anwar said when asked whether the drop in share prices of the group's companies on Monday reflected a lack of confidence in the new team.

According to Saleh, Dr Mahathir assured the staff during the 45-minute meeting that the Government is keen to ensure that all the activities of the group continue smoothly.

He said the Prime Minister advised the senior staff to help ensure continuity of the group's activities which were initiated by Yahaya.

"In my meeting with the Prime Minister, it was felt that it would be a good idea for him to have a special session with the senior staff so that they could receive from the Prime Minister himself the assurance of the Government's support.

"Not that our people were unsure that this support was forthcoming, but Dr Mahathir made it clear that it was a Cabinet decision," he said.

Saleh said because its size, anything untoward incident at the group would have an effect on the economy, and certainly the stock market.

"We have to make it very clear once and for all that the Government is solidly behind us and (that the support) will not diminish."

He said the Prime Minister's address was very encouraging and has lifted the spirit of the staff.

The Government, said Saleh, will continue to support DRB-Hicom not only in terms of projects already in hand "but also, I would like to assume, projects in the future".

On talk that he is only an interim replacement for Yahaya, Saleh said: "We will have to see about that because if you are talking about waiting for yet another Yahaya to come along, then it looks like I am going to be in the position long enough".

When asked, he declined to say if he will be increasing his stake in the group.

On his custodianship of the shares for Yahaya's four children, he said he will do so until they "come of age" and will make sure that the children join the boards of the various companies "when they are ready".

Asked if he also held the children's voting rights, he said he will have to be guided on this issue by the second custodian, whose identity he declined to disclose except to say it is "close family member".

Analysts contacted yesterday said the stock market has shown that it is able to absorb shocks of a sizeable magnitude.

"Basically, the issue has been well handled. The stocks were requoted in under a week and the management of the company is still intact", said MBf Unit Trusts chief economist Dr Ghazali Atan.

"Nothing fundamental has changed and although there may be some problems in transition in leadership, the stocks should return to their normal rateings soon," he added.

This shows the strength of the market which now trades at an overall price earnings ratio of 21 to 22 times with more than 10 per cent upside still.

Another analyst said the issue is one of a change in personality, not fundamentals.

"It is all about teamwork. A good organisation has more than one person coming up with the ideas," he said.

"After a while, you have to go back to fundamentals and you cannot deny that these companies still look the same in the longer term."

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