

KPB aims to be region's top logistics company

59

KONSORTIUM Perkapalan Bhd (KPB) aims to become the region's top logistics firm after selling its shipping fleet, its chairman Mirzan Mahathir said.

While the loss of the shipping business would dent the company's revenues, new businesses and a lower debt burden would make its operations more viable, Mirzan told *Reuters* yesterday.

"We are moving on the premise that our strategy was correct, that there is still a need for customers to distribute their goods in this market and region," he said.

"It is still quite difficult to do that and still quite expensive ... There is a lot of opportunity in the region to do that," he added.

But the regional financial crisis, which had hit trade particularly hard, was expected to suppress the firm's revenues in the

near future, Mirzan said.

"This year is difficult to say since we will still be booking shipping revenues for more than half the year," he said.

KPB ended 1997 with a turnover of RM865.75mil against RM417.37mil in 1996. Net profit, however, was down to RM39.36mil from RM60.47mil.

"It (revenue) will definitely be less than last year. It may be there (last year's level) if taken on a pro-rated basis ... Next year (it will drop) by more than half because shipping was a substantial part of our business," Mirzan said.

"Of course, charter rates are also down this year, though in ringgit terms they may still be reasonable," he said.

Malaysian International Shipping Corp (MISC) has agreed to buy KPB's shipping assets for

RM165mil and its subsidiary PNSL Ltd for RM55mil cash.

Mirzan said KPB's debt-to-equity ratio would be reduced to less than one after the sale of its ships.

Mirzan said he might also have to sell some of his own assets in order to keep personal debt manageable, perhaps selling off stakes in some of the companies he controls or has large investments in.

"I have managed it (the debt) the best way I can under the circumstances," he said. "I am looking at a few things that may include selling off various parts of assets."

Mirzan said one option he was exploring was to bring partners into the companies he controlled. "My priority is that the companies that I manage do well," he said.

KPB shares have fallen from a peak of RM15 two years ago to a low of 98 sen. They ended 7.5 sen higher at RM1.06 yesterday.

Mirzan said his attempts to restore the financial health of KPB were not reflected in its share price. "I don't know any other way that I should be (managing)," he said, with a touch of exasperation.

Mirzan owns 51% of KPB's RM177mil paid-up equity capital. He also owns large stakes in Dataprep Holdings Bhd, Capetronic Consumer Electronics Holdings Bhd and Sunway Building Technology Bhd.

However, he would like to retain control of KPB, his biggest investment and primary interest.

"I want to create a logistics network that will survive long after the founders are gone," he said. — Reuters