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Hassan: It's purely a commercial deal

MALAYSIA International Shipping Corporation Bhd and Konsortium Perkapalan Bhd yesterday said that the proposed purchase of Konsortium Perkapalan's shipping businesses by MISC was "purely a commercial deal".

Both MISC chairman Tan Sri Hassan Marican, who is also Petronas president and chief executive officer, and Konsortium Perkapalan chairman Mirzan Mahathir, said this at separate Press conferences.

Hassan said the proposed acquisition "is an arms-length commercial deal subject to due diligence".

"Based on preliminary numbers, it is a very good deal," he said.

He said that when Petronas acquired MISC some months ago, the first statement he made was to give Petronas time to review and come back in order to consolidate and rationalise the shipping industry.

"Having evaluated several proposals, we found that the proposal involving Petronas Tankers and Konsortium Perkapalan's shipping arm provided a good opportunity for Petronas as a substantial shareholder of MISC to enhance the value of MISC and also reward MISC's shareholders in the long term.

"The deals would also create value out of Petronas' investment in Petronas Tankers as well as provide a very stable and steady long term (US) dollar income for MISC," he added.

Mirzan, meanwhile, said the proposed disposal of Konsortium Perkapalan's shipping assets and business was to ensure that the company "will get through the difficult economic period."

Asked to comment on market talk that such a move would be construed as a bail-out, he said: "I don't think it is a bail-out. It is only a bail-out if you say so."

He reiterated that the company wants to make sure that it got through the current difficult economic situation brought about by the regional economic problems.

"So, we take whatever step that is necessary in order to do that," he added.

He said he agreed that the transaction would appear to be done "not at the most opportune time given the current depressed market situation".

"But my concern is the long-term well-being of our company. In our judgement, this is the best way," Mirzan said.

Mirzan, however, declined to comment when asked whether the deal would bring a profit or loss to Konsortium Perkapalan.

He pointed out that it was the company's continued strategy to move its shipping assets out of Konsortium Perkapalan.

"That is what we are trying to do with regards to PNSL Holdings but because of the market condition, it was not possible to do so. We are looking at various strategies on how to do that," he said.

Mirzan added that the divestment of the highly capital-intensive business would also allow it to concentrate its resources on developing a competitive regional logistics network.

"Besides this, the cash deal would place it in a position to benefit significantly when the region's economic expansion resumes, resulting in better returns to shareholders."

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