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Pantai Holdings Bhd - Future hospitals on Phileo's Land

PANTAI Holdings Bhd will, in the future, look for strategic land from its associate company, property developer Phileo Land Bhd, to build more hospitals.

Pantai's executive chairman and chief executive officer, Mokhzani Mahathir, saw property developer Phileo Land as an opportunity for Pantai to seek suitable land to build hospitals, saying that finding ideal land for hospitals was a major problem in the industry.

'However, there are no firm decisions yet,' he said.

In accordance with Pantai's 21.5% equity interest in Phileo Land, Pantai is likely to get two seats in the boardroom of PLB. Nevertheless, the two companies are still engaged in discussions with regards to such a synergy between them.

Following Pantai's extraordinary general meeting in Kuala Lumpur recently, Mokhzani said the hospital operator will also be expecting a steady stream of profits of some RM8 million a year due to its 51% acquisition of Tongkah Medivest Sdn Bhd (TMSB) from Tongkah Holdings Bhd for RM35.7 million. This transaction requires government approval as TMSB has been awarded a 15-year concession to provide support services to hospitals in the southern region.

The services include clinical waste management, laundry and biomedical engineering maintenance services.

Mokhzani, who is also THB's executive chairman and chief executive officer, said this concession accounts for 60% of TMSB's turnover. He added that the Health Ministry has given approval for the sale. Mokhzani also said TMSB enjoyed a profit of RM7 million last year and expected this to grow by about 20% over the next few years, mainly by expanding its business in the private sector.

He is confident the private sector portion of TMSB's business would grow as private hospitals look for means to outsource services from companies that can provide quality services at a lower cost. He acknowledged the fact that the economic slowdown had affected TMSB's revenue as the government had revised its costs and allocated smaller budgets, but expected the company to maintain a profit margin with its increased efficiency.

Pantai is spending about RM62.7 million to acquire the 100% interest in TMSB, including RM35.7 million that was paid to Tongkah for its 51% interest. The balance will be met by acquiring stakes from other TMSB shareholders.

On Tongkah, which had borrowings of RM702.8 million as of Oct 31, 1998, Mokhzani said it was coming up with a restructuring scheme which it hoped would be accepted by the lenders.

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