

SAirGroup willing to pay above RM8 for MAS stake ^{23/24}

A due diligence on MAS is under way and SAirGroup officials are now looking at the national carrier's traffic rights and routes

By FAUZIAH ISMAIL

SWITZERLAND'S SAirGroup, the parent company of Swissair, is said to be willing to pay more than RM8 per share for a substantial stake in Malaysian Airline System Bhd (MAS).

SAirGroup is prepared to meet the price tag reportedly sought by MAS major shareholder Tan Sri Tajudin Ramli, plus up to another RM2 per share in "goodwill payment", sources said.

Tajudin is negotiating to sell his 29.09 per cent interest in the airline, held through

Naluri Bhd, to the Government which will in turn divest all or portions of the shareholding to a foreign party.

Apart from SAirGroup, other bidders for the strategic stake include Dutch airline KLM and Australia's Qantas.

The sources also said a due diligence on MAS is under way and the SAirGroup officials assigned the task are now looking at the national carrier's traffic rights and routes, having completed a study on human resources including the senior management line-up.

If the deal materialises, SAirGroup will emerge as the single largest foreign shareholder in MAS. Brunei Investment Agency (BIA) held that distinction until last Friday when it disposed of its entire 9.10 per cent stake

PRIME MINISTER Datuk Seri Dr Mahathir Mohamad says it is up to the Finance Ministry to decide on the pricing for Naluri Bhd's stake in Malaysian Airline System Bhd (MAS).

"They (Finance Ministry) have all the money. They will decide what to buy, how much to pay and all those things," he told newsmen after launching Nippon Telegraph and Telephone (NTT)'s Internet service called "Arcnet" in Kuala Lumpur yesterday.

Dr Mahathir was asked whether the Government had set the price for the strategic stake in MAS.

Asked whether the Government will announce the foreign strategic partner for MAS by year-end, the Prime Minister said: "I don't know. It is almost end of the year".

in the company to an unidentified party.

The foreign shareholding in MAS now stands at 7.47 per cent.

If SAirGroup acquires Tajudin's entire stake, the airline's foreign shareholding will rise to 36.56 per cent, which is still below the 45 per cent cap placed on foreign ownership in MAS.

The Government had on July 26 raised the foreign shareholding limit to the present level from 30 per cent before.

SAirGroup is willing "to pay that kind of money because they see the potential in the airline," the sources said, adding that the group obviously recognised MAS is worth a lot more than its

share price.

Both MAS and Naluri edged 2 sen lower to RM3.78 and RM1.08, respectively, on the Kuala Lumpur Stock Exchange yesterday.

Tajudin, the chairman of both MAS and Naluri, had acquired Bank Negara Malaysia's 32 per cent stake in the national carrier in 1994 for RM1.79 billion through his private company RZ Equities.

In the same year, Malaysian Helicopter Services Bhd (MHS) acquired 100 per cent of RZ Equities and then in 1998 underwent a consolidation and revamp exercise to emerge as Naluri.

The existing foreign shareholders in MAS are The Great Eastern Life Assurance Co Ltd (1.56 per cent), The Central Depository (Pte) Ltd

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(1.47 per cent), Unilever Superannuation Fund (1.02 per cent), Templeton Developing Markets Trusts (0.88 per cent), Abu Dhabi Investment Authority (0.74 per cent), General Motors Employees Global Group Pension Trust (0.53 per cent), State Street Bank & Trust Funds (0.45 per cent), Tifi Emerging Market Series (0.42 per cent) and Capital Guardian Employee Benefit Investment Trust (0.40 per cent).

As for the due diligence, SAirGroup president and chief executive officer Philippe Bruggisser and executive vice-president (alliance) Ernest Funk were said to be in Kuala Lumpur at the week-

end, among others things, to oversee the exercise.

Bruggisser and Funk were also in town last month for talks with officials of of the Government and the national carrier. The Government holds one special preference share of RM1 in MAS through the Minister of Finance Inc.

"They are now looking at how much the routes are worth, what they can extract out of them, how much it will cost to negotiate for traffic rights... this is a pretty tedious exercise," the sources said.

However, the due diligence is expected to be completed before the end of the month.

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