

14/08/2000

Two years on, a complex deal is viewed more favourably

Francis Fernandez

A GOOD two years after the controversial deal involving Petroliam Nasional Bhd (Petronas), Malaysia International Shipping Corp Bhd (MISC) and Konsortium Perkapalan Bhd (now known as Konsortium Logistik), perceptions have changed.

At that time, the complex agreement saw the MISC-backed Petronas buying over Konsortium's liquefied natural gas (LNG) assets for US\$220 million (US\$1 = RM3.80). The deal, said to be a bailout for Konsortium, also saw Petronas gaining a 62 per cent stake in MISC.

Today, analysts said the deal helped both companies to focus on their core operations and minimise their diversification into other related businesses.

Even at that time, MISC was a very diversified shipping entity but the agreement saw it cornering the LNG business, largely due to its being a subsidiary of Petronas.

For Konsortium, the deal signalled the end of its forays in the ship-owning business and prompted the company to focus on its core land-based logistics management business.

Today, both parties are reaping the fruits from the agreement which saw Konsortium' RM2.63 billion debt as at July 31 1998 being reduced substantially.

As at the end of 1999, Konsortium had short-term borrowings of RM40.46 million and a long-term borrowing level of RM176.27 million while revaluation reserves totalled RM187,000. Retained profits for the year stood at RM176.26 million.

Now, Konsortium has a healthy balance sheet, is making money and insiders say the company is looking forward to position itself as a total logistic services provider.

For the year ended December 31 1999 Konsortium registered a group pre-tax profit of RM44.27 million on the back of a turnover of RM239.30 million.

Additionally, Konsortium is one of the leading full-laden haulage providers in the country and despite the Government's move to open up the industry, Konsortium has managed to hold fort.

"Encik Mirzan Mahathir has one of the best logistic minds in the country but neither he nor Konsortium receives credit for it because he is the Prime Minister's son," a terminal operator in Port Klang, who did not want to be named, said.

Mirzan is the chairman of Konsortium.

MISC, the company which many said would suffer due to the deal, has not fared badly either. On the contrary, MISC has grown in strength by the year. It has consolidated its position in the LNG business and it is by far the largest ship-owning group in Malaysia.

MISC has seen profits expand to RM1.15 billion as at the end of 1999 from RM729.85 million in 1998, but borrowings have gone up slightly to due to the deal.

It has short-term borrowings of RM524.26 million and long-term loan commitments of RM5.95 billion, but this is well compensated by its shareholders' funds of RM7.08 billion.

(END)