

Azman races

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against time

Companies have till Nov 30 to forward plans to reduce debt

FEATURE

By J.S. Dhaliwall

KUALA LUMPUR: Azman Yahya will need all the experience of his 37 years from breaking up companies to racing Ferraris to make Malaysian companies meet his Nov 30 deadline for plans to reduce US\$8 billion (RM30 billion) in debt.

The chairman of Malaysia's debt mediator "comes across as a man in a hurry", said Louis Paul, general manager of the Baycrishe Landesbank's branch in Labuan.

He's "a no-nonsense, hard-working person."

Azman negotiated with dozens of bankers like Paul when he headed Pengurusan Danaharta Nasional Bhd, the state-run company that bought the debt of troubled companies and sold off their assets to raise cash.

His job may be harder now that he's in the middle with not much more than powers of persuasion as banks thrash out deals with the nation's biggest debtors such as Renong Bhd, Lion Group and Johor Corp.

A sense of urgency is obvious in his new role.

He had only been heading the Corporate Debt Restructuring Committee for one week before he set a three-month deadline that ends in 30 days for banks to work out plans with their debtors for asset or equity

sales. They have one year for implementation.

Prime Minister Datuk Seri Dr Mahathir Mohamad has made cleaning up bad debt his priority as he tries to reverse a slowing economy and waning public support.

Land & General Bhd and Idris Hydraulic Bhd are two such companies.

Land & General is run by Wan Azmi Wan Hamzah, a close associate of former finance minister Daim Zainuddin, while Idris is controlled by Annuar Senawi, a nephew of Daim.

Azman has made it clear there will be no favouritism, either for or against Daim-linked tycoons.

"I'll be crossing swords with all sorts of tycoons," said the chartered accountant and former investment banker in an interview.

Tycoons and bankers alike will have to make significant "haircuts" to hasten debt plans, he said.

The father of five boys has a burly guard at the entrance to his 12th floor office, where the walls are decorated with pictures of the Malaysian Formula One circuit and a snap of him meeting F1 champion Jackie Stewart.

Azman joined Mokhzani Mahathir, the Prime Minister's son, and a third racer to drive a Porsche GT 3 in a 12-hour endurance event on Aug 31 at the circuit, raising US\$40,000 for

or sold RM40.9 billion of the RM48 billion of bad loans it bought. It managed an average recovery rate of 57% exceeding their average 45 sen cost to the ringgit.

Banks are reluctant to extend new loans, even to firms that have plans to sell assets, as the economy is forecast to grow 2% this year, down from 8.3% in 2000. Bad loans rose for the seventh straight month in August.

The key KL Composite Index is down 40% from a February 2000 high, making it hard for companies to sell assets at attractive prices.

Azman has made some progress. He's won over Abdul Razak Abdul, managing director of Idris, which has set out a US\$222 million (RM840 million) debt plan managed by CDRC, including a sale of new shares and non-core assets.

"He's doing the right thing in balancing the interests of both shareholders and bankers," said Abdul Razak.

"Bankers did not like it when he took over CDRC as they had to take bigger haircuts" similar to when lenders sold bad loans to Danaharta.

Some bankers said a reduction in bad debts is a worthwhile goal, whatever the cost.

"What matters is results, and he has accomplished that with speed," said T. Jeyaratnam, chief executive of Alliance Merchant Bank. Bloomberg

kidney disease treatment.

He will need to show similar resolve in his new job. CDRC can use only talks to bring about consensus between lender and borrower.

In CDRC cases where Danaharta is also a creditor, though, Azman has vowed to invoke the asset manager's powers to force management changes and appoint liquidators.

"He will definitely use Danaharta's powers as he'll face many businessmen who won't want to sell their assets at current market prices," said Nik Azhar Abdullah, who helps manage US\$263 million (RM990 million) at Commerce Asset Fund Managers Sdn.

Azman said he's used to making tough decisions when all else fails. His three years at Danaharta were "an emotionally draining period as I saw grown men cry."

As of June 30, the asset manager had restructured