

Tajudin's stake may be Telekom's TRI entry

Nov 30 JAN 2002

TELEKOM Malaysia Bhd is likely to make an entry into cellular operator Technology Resources Industries Bhd through the acquisition of Tan Sri Tajudin Ramli's stake, said analysts.

SJ Securities Sdn Bhd said yesterday it would be a more practical move to take up Tajudin's 24 per cent stake than Deutsche Telekom's 21 per cent share.

"We feel the likelier entry point to be from Tajudin because we are of the opinion Deutsche Telekom's stake in TRI to be valuable for future technological transfer as well as guidance," it said.

It said pricing would be a relative issue based on many assumptions. For instance, average traded price could be used or pricing based on valuation agreed by both parties.

In the case of valuation, it will depend very much on which method is being adopted.

Valuations based on the net tangible asset, enterprise value or discounted cash flow would yield different values. Hence, price could range from as low as RM3 to as high as RM8 per share.

Another stockbroking firm felt the impact of the takeover would depend on the pricing and method by which Telekom acquires TRI.

"Things remain very fluid and the focus at this stage is if and how Telekom would continue to pursue a merger with TRI after making its

bid through Pengurusan Danaharta Nasional Bhd," it said.

TRI had notified the Kuala Lumpur Stock Exchange on Monday that Tajudin had not been directly offered by Telekom Malaysia to purchase his equity stake vested in Danaharta.

"Acquiring existing shares in TRI alone will not resolve TRI's urgent debt problem and as such it is likely that Telekom's plan may also involve other options (e.g. subscribing for the restricted issue and subsequently injecting its mobile operations into TRI)."

It however added that while news of a bid by Telekom is positive for TRI, this does increase the uncertainties of its restructuring plan going through as it is.

Prime Minister Datuk Seri Dr Mahathir Mohamad had on Monday said Telekom Malaysia was interested in taking over TRI.

SJ Securities also said Dr Mahathir's remark had further fuelled consolidation in the industry and envisaged some excitement in the offing.

This is coupled with the expected unveiling of new investors early next month through the restricted issue.

TRI's restructuring plan involves raising an estimated RM600 million in a restricted issue and RM755 million in a rights issue to prepay its RM2 billion eurobond debt.