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PLUS IPO roadshow a smooth ride mostly, despite some curves

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PLUS Expressways Bhd's top executives were in London promoting the toll highway operator's initial public offering when Prime Minister Datuk Seri Dr Mahathir Mohamad announced his resignation on June 22.

The executives shuddered, given that investors abroad had already raised concerns about political succession in Malaysia well before then, the company's executive vice chairman Abdul Wahid Omar said.

"It was certainly a difficult situation," he told reporters at a special briefing on PLUS' international roadshow in Kuala Lumpur yesterday.

"We told them that Malaysia has a very stable political system and stressed the fact that the Government has been in power for over 40 years since independence," he said.

The clarification from Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi two days later about Dr Mahathir's decision and the succession process brought a sense of relief to everyone, not only among the roadshow team members but also international investors, he added.

"That was what they (foreign investors) wanted to hear, a clear succession process."

The roadshow commenced in Kuala Lumpur on June 6 and ended in London on June 25, covering 16 cities in Asia, Europe and the US. A total of 95 meetings were held with more than 200 potential investors, mostly fund managers.

The investors were interested in issues like corporate governance in Malaysia, related-party transactions conducted by listed companies, the ringgit peg against the US dollar, and the country's economic outlook, Abdul Wahid said.

"Many of them related their experiences in Malaysia to us... especially during the 1997 financial crisis and the introduction of ringgit peg.

"Some were caught and lost money... heavily, and they were very, very vocal in raising corporate governance issues."

In response, PLUS officials explained the various measures that have taken by the Government on this front, for example, the minimum requirement for at least one-third of the board to comprise independent directors, and making the setting up of an audit committee mandatory.

"We also impressed upon them that the functions of chairman and chief executive in public listed companies have been separated."

And it was not unexpected that the reception for the roadshow varied from one city to another. In Asia and Europe, investors were more "positive", while in the US, options are "still being evaluated".

The good news is the mission found that foreign investor interest in Malaysia has rebounded significantly and the perception of the country has improved.

"They are particularly impressed with our political stability, the growth prospects for the country and the improvement in corporate governance," Abdul Wahid said.

"Investors who completely ignored Malaysia after 1997 have started to review (their positions) and many have returned to the country."

Abdul Wahid believes that PLUS' upcoming listing and that of Maxis Communications Bhd contributed to the revival in interest.

"The good response to Maxis' IPO (listed on Monday) is a clear indication that foreign investors are back in Malaysia."

That PLUS is closely linked to the Government has also become less of an

issue, Abdul Wahid said.

"We explained to them that being linked to the Government is actually not a handicap at all. In fact, it is positive as we will be able to get a lot of support and cooperation," he said.

Upon listing, PLUS will mainly be owned by United Engineers (Malaysia) Bhd, which in turn is controlled by the Government via Syarikat Danasaham Sdn Bhd.

Apart from Abdul Wahid, PLUS managing director Datuk Idrose Mohamed and chief operating officer Mohd Hussein Abdul Hamid also took part in the roadshow.

The US leg was also participated by PLUS chairman Tan Sri Mohd Sheriff Mohd Kassim, while in Europe UEM chairman Datuk Abu Hassan Kendut and Khazanah Nasional Bhd chief operating officer Datuk Anwar Aji were in the delegation.

Abdul Wahid said when the team was in Milan, members found it a little strange investors did not raise any questions about Dr Mahathir's resignation.

"We asked some of them about it later... and the answer was 'Italy has had about 30 prime ministers in 40 years'."