

Yinson flies on Mokhzani Mahathir's entry

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The purchase of Norway's Fred Olson Production (FOP) may be third-time lucky for Malaysia's family-owned logistics and transport company Yinson Holdings Bhd, which has already struck gold in two previous overseas forays, analysts said.

Reaching beyond its size and shores, Yinson announced on Monday that it has agreed to buy FOP for NOK995.74 million (RM552.34 million) in a move that would significantly upsize the company.

Analysts said that the deal catapults Yinson into the top 10 floating production storage and offloading (FPSO) owners, and nearly matches that of Asian FPSO leader BumiArmada Bhd.

Furthermore, they estimated that Yinson had also bought FOP on the cheap.

"Yinson has a track record of getting good deals," noted an equity analyst from a local bank.

Yinson's major shareholders are founder and managing director Lim Han Weng, his wife Bah Kim Lian and his brother Lim Han Joeh. Together, they control 56.2 percent of the company's shareholdings as at May 30.

However, the FOP deal was preceded by the entrance of a new major shareholder, Kencana Capital Sdn Bhd (KCSB), which is the investment vehicle of Mokhzani Mahathir (right) and his long-time business partner Yeow Kheng Chew.

Both are executive directors of SapuraKencana Petroleum (SAKP), Malaysia's biggest integrated oil and gas service provider by market cap. In the past, KCSB has invested in properties, including SapuraKencana's new office tower, analysts said.

Just weeks before the FOP deal, Yinson had said that it was enlarging its share capital with two rights issues, amounting to some 59 million new shares at RM2.82 to raise RM166 million. When it was reported that KCSB would own up to 15 percent of the company's enlarged capital, Yinson's share price went flying.

Its shares were traded from under RM3 to RM4.76 - an all-time high on Monday -

before being temporarily suspended as Yinson announced the FOP acquisition. Yinson's shares hit a new all-time high again on Tuesday at RM5.15 before easing to more stable trade at RM4.87 at midday, still up 2.3 percent.

reza zamhariIf approved by shareholders at an extraordinary general meeting (EGM), some 38.9 million shares would be placed out to KCSB. Analysts have claimed that they see Mokhzani's hand in the Yinson-FOP deal.

Mokhzani is the middle son of Mahathir Mohamad, Malaysia's longest serving prime minister and adviser to Malaysia's state oil firm Petronas.

Industry sources added that Mahathir and the Lim family have strong ties. Yinson also helped pre-merger Kencana Petroleum in getting business in Vietnam, analysts said.

"There are certainly signs that Mokhzani was working together with Yinson closely on this deal," one bank-backed analyst said.

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