

# Dr M, Mahaleel hit out at Agusta sale again

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Tun Dr Mahathir Mohamad



Tengku Tan Sri Mahaleel  
Tengku Ariff

former Iranian president Mohamad Khatami yesterday.

Dr Mahathir said the Securities Commission should also make public its report on Proton's sale of Agusta as it involved a huge sum of money and the public would have a lot of questions.

Earlier, Mahaleel said Agusta would have been a money spinner for Proton in the future and a way to access new markets.

The Italian company would have been able to make Proton an RM10,000 car, he said, and other high-tech engines at half the development cost that the national car could do it for, he said.

"The combined income from Proton, Lotus and Agusta from 2008 can fund Proton's need of RM500mil a year to maintain its level of investment for new

products and market expansion – with possibly RM200mil to RM300mil coming from Agusta and Lotus, depending on Proton's management skills to turn around and introduce new products quickly," he added.

In a sharp rebuke to Proton's new board, Mahaleel said "since a precedent has been set" he and Dr Mahathir would like to offer to buy Lotus, Proton's British sports car outfit for £1 (RM6.48) "if and when it is up for sale."

"Should it be more than £1, we would like to register our interest to bid for it," he added.

Proton had bought into Agusta when Mahaleel was at the helm.

The national car maker posted a loss of RM12.35mil in its first quarter last year, and another

RM154.3mil for its second quarter, blaming the huge losses on Agusta.

Mahaleel questioned Proton's claim that Agusta was a drain on its earnings.

He said the Italian company had assembling activities, logistics, moulds, dies making, design engineering, simulation, prototype build, vehicle testing core, development vendor supply base, brand building, marketing capability as well as markets in US, Europe, Asia, South America and distribution and dealerships – which was something major automakers like Honda, Toyota, BMW possessed.

In Mahaleel's estimation, the Agusta group's high-tech 850 cc and 1,000 cc engines would cost RM2,000 less than Renault's and provide savings for 250,000 Savvy in five years, amounting to RM625mil – which would more than pay back Proton's cost of 70 million euros for Agusta.

Mahaleel also said he and Dr Mahathir were puzzled why it only took two months for Proton to decide to sell Agusta when the decision to acquire it had taken 14 months.

"This implies Tun and I made terrible decisions. We just want to clear our names," he said, adding that the low share price of Proton reflected investors' judgement on the stock.

Proton had earlier said it would not respond to questions posed by Dr Mahathir and Mahaleel on the Agusta sale because it had already made the necessary announcements to Bursa Malaysia.

**PUTRAJAYA:** Proton Holdings Bhd advisor Tun Dr Mahathir Mohamad and former Proton CEO Tengku Tan Sri Mahaleel Tengku Ariff have reiterated their opposition to the sale of MV Agusta Motors by the present Proton board, describing the sale as "unwise."

Dr Mahathir and Mahaleel, at separate media conferences, also defended their joint decision earlier to purchase 57.7% in the Italian motorcycle company for 70 million euros (RM350mil) in October 2004.

On Dec 27, the present Proton board announced to Bursa Malaysia that it had decided to sell Agusta, including its debts, to GEVI SpA for one euro (RM4.40).

The former prime minister said Agusta was one of the best motorcycle manufacturers in the world and had all the research and technology, plant and mould that could have benefited Proton.

"If you want technology, you take a partner which has technology or if you can buy technology, you buy it.

"You cannot buy a company that is doing well. Even if you want to buy a company like Rolls Royce, they are not going to sell. If they do, you will be paying through your nose.

"Here, (Agusta) is a company that is relatively cheap and we know their capacity. This (decision) was not done overnight and it took 14 months," he said after meeting