

DATE	30/1/2015	PAGE	4
DAY	FRIDAY	SECTION	HOME BUSINESS

No change to TNB's offer for Integrax

Offer letter to be out today — price stays at RM2.75 per share

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KUALA LUMPUR: Tenaga Nasional Bhd (TNB) will not revise its offer price of RM2.75 per share for the remaining stake it does not own in port operator Integrax Bhd, said sources with direct knowledge of the matter.

It is understood that the offer letter will be dispatched to Integrax (fundamental: 1.65; valuation: 0.6) and announced to Bursa Malaysia today.

Integrax shareholders and minority shareholders have been waiting for the offer letter to see whether TNB's RM2.75 per share offer price still remains, after several attempts by the former's co-founder and deputy chairman Amin Halim Rasip to rally support from the minorities to press TNB for a higher price.

"Tenaga will not increase the offer price, the offer letter is due to be out on Friday [today]," said a source.

On Jan 9, TNB (fundamental: 1.3; valuation: 1) made a general offer of RM2.75 per share for the remaining 77.88% stake it does not own in Integrax. The offer price was already a premium of 21.7% to the closing price of Integrax prior to the takeover announcement.

However, Amin, who is Integrax's single largest shareholder with a 22.81% stake, then came out to declare his rejection of TNB's offer, stating that the takeover was "unfair and unreasonable".

In a recent interview with *The Edge Financial Daily*, Amin said he won't part with the shares unless TNB offers RM5 per share, which he thinks is what Integrax is worth, citing the company's strong cash

position and its fundamentals.

Since then, Amin has increased his stake to nearly 24%.

It is worth noting that Perak Corp Bhd (fundamental: 1.90; valuation: 1.2) holds another 15.74% stake in Integrax, while TNB itself owns 22.12% of the port operator.

Apart from Amin, Perak Corp has not publicly stated its position on TNB's offer. Meanwhile, Integrax's board has also refrained from commenting on the offer.

The board of Integrax has nominees from TNB and Perak Corp. Notably, Tan Sri Mohammad Tajol Rosli Ghazali, former Perak menteri besar, is the chairman of Integrax.

Integrax's revenue comes mainly from port operations at the Lumut Maritime Terminal (LMT) and contractual revenue under the operation and maintenance

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of the Lekir Bulk Terminal (LBT).

By owning 80% of LBT and 50% less one share in LMT, Integrax's principal business is actually providing coal-handling services and port facilities for TNB's 3,100MW Janamanjung coal-fired power plant. In essence, TNB is the biggest client of Integrax.

While Amin remains defiant, there is talk that Perak Corp could sell half of its stake in Integrax, while keeping the remaining shares just to remain relevant in the Lumut Port operations.

When contacted, several research houses said they deemed TNB's offer as fair and advised minorities to take up the offer, which would cost TNB some RM644.23 million in total.

Meanwhile, news that Integrax's board may approve a special dividend would be a sweetener for the

deal. Integrax was in a net cash position of RM150 million as at Sept 30, 2014, translating into some 50 sen per share.

Both Integrax and Perak Corp shares were among the top gainers yesterday. Shares in Integrax closed 14 sen or 5.07% higher at RM2.90, while Perak Corp shares settled up six sen or 2.05% at RM2.99.

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