

MORGAN STANLEY HIRING

CHANCE TO MERGE WITH TOP AIRLINE?

Foreign investment bank can help broker deal between Malaysia Airlines and 'capable' global partner, say analysts

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KHAZANAH Nasional Bhd's inaugural approach in deciding Malaysia Airlines Bhd's fate by hiring Morgan Stanley — a foreign investment bank — may lead to the national carrier's merger with top airlines in the world, said analysts.

Khazanah had never paid for a foreign investment bank's services to help turn around Malaysia Airlines.

Analysts believe Malaysia Airlines now has a stronger chance to be matched with "capable" foreign airlines in a potential deal to be brokered by Morgan Stanley.

They feel that a merger with an established global airline would allow Malaysia Airlines to scale faster and more efficiently.

Political and economic analyst professor Dr Hoo Ke Ping believes Morgan Stanley has the expertise and the right connection to match Malaysia Airlines with a more capable partner.

"It is time to do a proper job. Malaysia Airlines has never had a proper consultation.

"I agree with the move to hire Morgan Stanley. They have experts who can find Malaysia Airlines weaknesses and figure out the best strategic option for it," he told the *New Straits Times*.

"The investment bank can open the doors for the right partnership for Malaysia Airlines. It can link Malaysia Airlines to top airlines in the world," he said.

Putra Business School associate professor and manager of business development Dr Ahmed Razman Abdul Latiff said hiring Morgan Stanley means a firm decision on Malaysia Airlines' future is imminent.

He said Morgan Stanley could help match Malaysia Airlines with the right partner for a merger and acquisition.

"We can leverage Morgan Stanley's connection with industry leaders, especially in the aviation industry."

Bloomberg Intelligence senior analyst for aerospace, defence and airlines George T. Ferguson said a tie-up with another similar airline in the region could help build scale.

Accenture Malaysia country managing director Azwan Baharuddin said foreign investors were likely suitable to help the



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national carrier return to its heyday, with a focus on expanding and enhancing the airline's network (destinations).

Bloomberg reported, citing Prime Minister's Department Deputy Minister Md Farid Md Rafik, that Khazanah has hired Morgan Stanley to look at strategic options for Malaysia Airlines.

Md Farid said the government was willing to become a minority shareholder in the carrier, implying a stake sale is among options under consideration.

"Suitors for Malaysia Airlines must have expertise and strong financial standing," he said, adding that the government would not compromise on the carrier's branding and staff layoffs.