

Some minority shareholders prefer Time dotCom not to sell stake in data center business



KUALA LUMPUR (Feb 14): TIME dotCom Bhd's board will be seeking shareholders' approval at its EGM on Wednesday (Feb 15) to sell its major stake in its data center business to US infrastructure investor DigitalBridge Group for RM2 billion cash.

The proposal is to pave the way to form a partnership with DigitalBridge to further grow capital-intensive data center business, in which TDC will be holding a smaller 30% stake.

Furthermore, the stake sale will help unlock the value of TDC's data center business. TDC intends to allocate RM1 billion for dividend. This will translate into a dividend per share of 54 sen based on issued share capital of 1.8 billion shares.

However, some minority shareholders are resisting the proposal.

To recap, TDC will sell 49% of the ordinary shares and 100% of the irredeemable convertible preference shares in AIMS Data Centre Holding, and 21% of the ordinary shares in AIMS Data Centre (Thailand) Ltd, according to the company's filing with Bursa Malaysia on Nov 22 last year.

Some minorities raised concerns that upon divestment of AIMS, TDC will de-consolidate the high growth data center segment and thus the company may be losing a positive catalyst for its share price to appreciate.

A minority shareholder, who declined to be named, wrote in a statement sent to The Edge that TDC can leverage its balance sheet to pay dividends and undertake organic and inorganic expansion of its data center business in the ASEAN region, including the option to form partnerships and joint ventures with global data center players, without divesting AIMS and de-consolidating its high growth data center assets in the accounts.

"Shareholder activism is all about being able to exercise your rights as a shareholder. And if a minority shareholder has concerns, he/she should ask the relevant questions at the EGM and hold the Board accountable," Minority Shareholder Watch Group's (MSWG) CEO Devanesan Evanson commented when contacted by The Edge.

MINORITY SHAREHOLDERS WATCH GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

The Edge Markets – Tuesday, 14 February 2023 **(C) – Part 2**

However he added it is important to appreciate that there may not be unanimous views among the minority shareholders.

“Some may see value in the transaction while some may not. What is important is they act according to their honest beliefs. The law provides rights to shareholders and they should use these rights if they feel truly aggrieved,” he said.

Pulau Kapas Ventures Sdn Bhd is the largest shareholder in TDC with 28.91% shareholding, followed by Khazanah Nasional Bhd at 10.65%, Kumpulan Wang Persaraan Diperbadankan (KWAP) has 5.79%, and AIA Bhd has 5.32%. The top four shareholders collectively hold 50.67% stake in TDC.

For the third quarter ended Sept 30, 2022, TDC's net profit increased by 18.1% to RM118.74 million compared with RM100.54 posted in the same period in 2021.

Quarterly revenue increased 17.53% to RM407.57 million against RM346.76 in 3Q21 driven by growth in retail and wholesale segment as well as continued healthy demand for its data and data center offerings.

In the past year TDC's share price has climbed 32% to RM5.30, and since the announcement of the proposed divestment the share price has gained 8.18%.

At Tuesday's close TDC shares were unchanged at RM5.30, giving the company a market capitalization of RM9.74 billion.

Edited by Kathy Fong