

A BLOW TO THE NATION

The deaths of tycoon Yahaya Ahmad and his wife in a helicopter crash have left family and country in shock. To whom will Yahaya's No. 1 backer, PM Mahathir Mohamad, now turn to help him achieve his vision of a developed Malaysia?

By Matthew Fletcher and Steven K.C. Poh / Kuala Lumpur

LOOKING BACK, SOMETHING TRAGIC seemed almost destined to happen.

Yahaya Ahmad, 50-year-old boss of a slew of Malaysian blue-chip companies, was having dinner March 3 in Kuala Lumpur at the home of old chum Anwar Ibrahim, the deputy PM. The occasion was a "Class of '64" reunion for the alumni of the Malay College, which has produced many of the country's movers and shakers. That's where Yahaya got the news his ailing mother, living in northeastern Trengganu state, had taken a turn for the worse. He decided to leave right away on a corporate helicopter. Anwar told him to wait until daylight, saying that night-flying was too dangerous. But Yahaya was in no mood to delay. He had always regretted not being present when his father died.

On their way to the helipad, Yahaya and wife Rohana, 48, used a handphone to call their two sons, studying at the University of Birmingham in Britain. They talked for an unusually long 30 minutes, their chauffeur later told the newspaper Utusan Malaysia. Normally the conversations, though frequent, took less than five. The helicopter took off at about 10:45 p.m. Half an hour later, it disappeared from the radar. More than two hours passed before authorities found the wreckage in a remote part of central Pahang state. Along with the dead pilot were the charred and mangled bodies of Yahaya and Rohana, locked in a final embrace. How the helicopter crashed is unclear. A young villager in the area said he first heard the sound of an aircraft in trouble, saw it circling, then explode in mid-air before hitting the ground. Said the local police chief: "We will take all factors into consideration, including sabotage."

The deaths of all three are tragic and untimely. The pilot leaves a widow and two children. But the demise of Yahaya and Rohana is particularly jarring. They have four children: two daughters -- Yatina, 24, and Nadiya, 13 -- besides the boys Othman, 22 and Faez, 21. Yatina, a banking executive, will soon give birth to her own child. Yahaya was due to receive an honorary doctorate this summer from his British alma mater, Loughborough University. The calamity is one that any family can commiserate with -- a loving couple and devoted parents are suddenly snatched away.

But because of who he was -- a friend of Anwar, a protégé of PM Mahathir Mohamad, an industrialist whose companies were a pillar of corporate Malaysia -- Yahaya's death is a cause of national shock and mourning. Thousands jammed roads to his hometown of Marang in Trengganu for the couple's burial. On hand to pay their respects were Mahathir, who wept openly, Anwar, royalty and a host of top politicians and businessmen. "This is awful," said Mahathir's daughter Marina. "The country will miss him."

Because Yahaya was nothing less than a nation-builder. His death leaves rudderless some of the country's most important companies. Groomed by Mahathir, he was one of the small circle of favored, mainly bumiputra (indigenous) businessmen selected to play a key role in the PM's vision of a developed Malaysia. None rose as quickly or as far as Yahaya. His empire extended to auto distribution, aviation, banking and property. The jewel in the crown was the national car maker Proton.

If Yahaya's rise had been dramatic, it had not come at the expense of family and friends. "Yahaya and Rohana were two of the few people in corporate circles whom you could talk to about things other than business," recalls Marina. Yahaya was rare: a savvy businessman who was widely liked. He was also determined to prove he thoroughly deserved the PM's blessings. Says Wong Yee Hui, a senior analyst with brokerage Merrill Lynch in Kuala Lumpur: "Among the bumiputra tycoons, he was someone who rose through the ranks, and he created value in the companies he controlled."

From a rural Trengganu background, Yahaya demonstrated his future promise by securing a scholarship to the prestigious Malay College. He recalled later how he was surprised to study under electric lights, not the gasoline lamps he was used to back in the village. It was at school that he came to know Anwar. Both vied for the post of head boy -- a contest Yahaya won.

While Anwar went on to become a firebrand student leader, Yahaya put his own political ambitions on the backburner. At school, he is said to have vowed that he would become rich in business before entering politics. Soon he was swept up in the whirl of corporate life. But insiders report that Yahaya had for some time been marked down as the most likely next treasurer of dominant party UMNO, a key post that demands a candidate acceptable to both Mahathir and his deputy Anwar.

It was in the car industry that Yahaya proved his drive for success. Starting out as a salesman for a Jaguar distributor, he left the firm in 1979 and set up his own company, Automotive Corp., which secured the franchises to assemble Isuzu, Mitsubishi and Tata models. His big break came in 1993 -- a visit from Mahathir. Troubled by the slow pace of production at Proton, the premier was swayed by Yahaya's assembly facilities and his ability to deliver. Rumor has it that Yahaya built a new Proton prototype within a month, to impress the PM. Soon another of Yahaya's companies, Diversified Resources, had signed a joint venture deal with Proton to produce new models.

In October 1995 Yahaya secured the title of Malaysia's "auto king." He purchased the government's 32% stake in listed Hicom Holdings, which controls Proton -- and with it over 60% of the Malaysian auto market. Most took that as the highest compliment Mahathir could give his lieutenant, entrusting him with one of his pet projects: a vibrant national car industry for the 21st century.

Through his Diversified Resources group, Yahaya also controlled auto distribution and assembly operations. To add technology and cachet to the mix, he and Proton last year bought 80% of British sports-car manufacturer Lotus. "Yahaya had a great vision for the company's future," says Lotus director and ex-chairman Romano Artioli.

Close aides recall Yahaya's tireless working pace. As the majority owner of Kuala Lumpur's fledgling Intrakota Komposit bus company, the businessman made a point of occasionally doing the rounds of the city by motorbike to find out how bad the service's teething problems were. Says Proton Corp. CEO Rashid Rahim: "When you have been entrusted with the huge task of revamping the nation's transport system and of bringing about change at Proton, it gets the adrenalin flowing."

What now for his extensive corporate empire? To many in Malaysia's business circles, Yahaya's stature is such that his companies are virtually inseparable from the industrialist himself. Some fear his replacement will lack the prowess, or the government backing, to hold it all together. "Is there anyone there with Yahaya's drive and intelligence to pull the group through?" wonders Merrill Lynch's Wong. "He may have capable aides, but it won't be the same."

Proton also faces a tougher future. The possibility of a stronger yen could hit import costs. Also, Kuala Lumpur is under pressure to scrap the high tariffs on foreign autos and car kits that have kept Proton in the black. A member of the World Trade Organization, it is committed to gradually dismantling barriers to free trade. "As a tiny nation of 20 million, Malaysia has to believe in an open market," Yahaya once told reporters. Not all citizens are happy about the prospect. "Yahaya's death couldn't have happened at a more critical time," notes Wong. "It's just when Proton's getting ready to be a serious exporter."

And while Proton itself is cash heavy, other Yahaya companies are believed to be indebted. He is said to have been in talks with his bankers to restructure the group and cut its debts. But without the "invisible collateral" of an inside track to the PM, creditor banks -- most of which are blue-chip -- may start calling in loans.

Many predict a restructuring of the entire group. It may be dismantled and the different parts awarded to fresh corporate chiefs. One candidate is Nasaruddin Jalil, Anwar's former private secretary. He is a key shareholder in Master-Carriage, Yahaya's privately owned holding company. But the ultimate decision rests with Mahathir.

Who else could take charge of the revamped group? Saleh Sulong, managing director of both Diversified Resources and Hicom, has been put in place for now. He is expected to push ahead with negotiations to take over assembly franchises for Peugeot and Cherokee vehicles from MBf Holdings, widening the group's auto operations. But few expect him to be in the driver's seat indefinitely. "Yahaya had the mandate of the government," says Low Kwong Choong, research manager at Pengkalen Securities. "The position takes more than just a capable person. It's a question of stature." And for corporate Malaysia, a question now of learning to live without Yahaya Ahmad.

-- *With reporting by Roger Mitton / Kuala Lumpur*