

# KNM pays cash for Borsig

## It's acquiring German equipment maker for RM1.7bil

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**PETALING JAYA:** KNM Group Bhd yesterday announced a 350 million euros (RM1.7bil) cash deal to acquire Berlin-based process equipment maker Borsig and its group of companies.

The latest acquisition announcement came three months after it was first reported that KNM was eyeing a major foreign process equipment specialist as a target.

"We are pleased with this strategic acquisition, which will complement KNM's existing product lines," managing director Lee Swee Eng said in a statement yesterday.

The acquisition, believed to be KNM's biggest to-date, is targeted for completion by May this year.

In January, KNM proposed to buy a 100% stake in mid-sized Belgium-based process equipment maker Ellimetal NV for 20 million euros (RM97mil).

The purchase of the entire equity stake in Borsig is pending the necessary approvals, including

from KNM shareholders at an EGM to be convened.

Borsig is one of the leaders of process heat exchangers in Europe, with strong market and technological leadership in the field of waste heat recovery systems, quenched coolers and membrane technology.

In the statement, Borsig GmbH managing director Konrad Nassauer said the company has had an order backlog of 322 million euros (RM1.56bil) as at end-February.

"We expect to achieve our planned group turnover of 269 million euros (RM1.3bil) and pre-tax profit before tax of 63 million euros (RM306mil) for financial year ended ending Dec 31, 2008," he said.

Borsig posted 160.2 million euros (RM777mil) in revenue and a pre-tax profit of 36.9 million euros (RM179mil) for the year ended Dec 31, 2007.

Trading of KNM shares were halted pending the full announcement yesterday. At its pre-suspension price of RM6.10, KNM was valued at RM6.4bil.

The stock will resume trade

today.

KNM made a net profit of RM188mil, or 18.14 sen per share, on sales worth RM1.23bil in the year ended Dec 31, 2007.

In December last year, KNM was reported to be planning a major acquisition of a foreign process equipment manufacturer.

The company said last month that it intended to raise as much as RM2.2bil by selling new shares and convertible bonds to fund future expansion.

The Borsig acquisition "will elevate KNM further up the process equipment value chain and enables the group to take a signif-

icant step towards becoming a global one-stop centre for process equipment in the oil and gas, petrochemicals, chemical power, industrial services, mineral processing, renewable energy and desalination industries," KNM's Lee said.

Since listing in August 2003, KNM has successfully acquired rivals in Italy and Australia in a bid to gain new technology and increased its global market share in the process equipment sector.

It has manufacturing facilities in Malaysia, Australia, Italy, China, United Arab Emirates, Indonesia, Brazil and Canada.



Lee Swee Eng