

KNM forms JV with Sabah state unit

KUALALUMPUR: Process equipment maker KNM Group Bhd has formed a strategic collaboration with a Sabah state-owned unit to offer support services to oil and gas (O&G) majors operating there.

In a statement to Bursa Malaysia yesterday, KNM said the company had signed a joint venture (JV) agreement with Petrosab Logistik Sdn Bhd on Dec 13 to establish a JV company – KNM Petrosab Sdn Bhd. KNM and Petrosab Logistik will own 51% and 49% respectively in the new entity.

“The investments are generally aimed to tap into various existing and future capital expenditure for oil, gas and petrochemical projects in Sabah, which is in line with KNM’s overall objective of expanding and growing the businesses on KNM and its group of companies throughout Malaysia,” the company said.

Petrosab Logistik is a jointly owned entity of Yayasan Sabah Group and Asian Supply Base Sdn Bhd to offer O&G services to O&G majors, and contractors.

Under its deal with Petrosab Logistik, KNM said it would spearhead fund raising to finance future projects via issuance of new shares, and bonds, apart from financial derivatives and convertible instruments.

KNM recently leaped back onto investors’ radar as it repositions itself to undertake more global business. The firm is not only expanding its geographical markets, but also widening its scope of offering to include technology and plant services which fetch better margins amid less competition.

It recently secured a US\$216million (RM676million) gas condensate project in Uzbekistan from Russian O&G major Lukoil Uzbekistan Operating Co.

KNM and South Africa-listed Aveng Ltd had also formed a JV company on a 49% and 51% basis, enabling the former to capitalize on its foreign partner’s business links in the energy and mining business.

KNM had also settled an old score with a Canadian client Fort Hills Energy LP where KNM received payment from the latter for the termination of a contract in the North American country.

Share of KNM rose 16 sen to RM2.33 with some 17 million shares done yesterday.