

Kencana: Merged entity will post up to 20pc growth

KUALA LUMPUR: Kencana Petroleum Bhd expects its enlarged entity with SapuraCrest Petroleum Bhd (SapuraCrest) to post annual growth of up to 20 per cent.

Kencana and SapuraCrest's estimated RM11.85 billion merger is expected to be completed in February next year.

"Once merged, we are looking at a compounded annual growth rate of 15 per cent to 20 per cent," Kencana group chief executive officer Datuk Mokhzani Mahathir said.

Mokhzani added that the two companies will work to secure projects and invest to expand their presence, particularly in new markets such as Australia, Latin America, North America and Central Asia.

"We are going in a big way now in Australia following the recent award of RM1.07 billion Wheatstone deal. SapuraCrest is also in Australia.

"We find that Australia is one of

the markets that we can develop as well as others like Latin America and probably later expand to North America," he told reporters after Kencana's extraordinary general meeting (EGM) here yesterday.

Mokhzani said both companies would want their merged entity to sustain the level of their combined order books, which are at about RM13 billion now.

The jobs in hand will keep them busy for four or five years, he added.

"For that period of time, I think it's healthy. We will be investing more like some RM130 million to develop our yard to cater for new projects, and we will also be investing in two drilling rigs.

"The target completion will still be end of February. But of course the integration of the two companies will take a lot more time," he said.

At the EGM, shareholders gave their approval on the merger.

Given the sizeable combined as-

sets and talent pool, Kencana is optimistic of unlocking revenue synergies upon merging with SapuraCrest.

The cash and share swap deal will see a special purpose vehicle, Integral Key Sdn Bhd, buying all the assets and liabilities of Kencana and SapuraCrest for RM5.98 billion and RM5.87 billion, respectively.

Kencana's shareholders will receive an aggregate offer price of RM3 per share, which breaks down to 49 sen in cash and RM2.51 in value of Integral shares for each Kencana share. They will receive in total 2.5 billion new Integral shares and RM969 million cash.

SapuraCrest shareholders will receive an aggregate offer price of RM4.60 per share, amounting to 68.5 sen in cash and 1.957 new Integral shares for each SapuraCrest share. **By Kamarul Yunus**



Kencana Petroleum group CEO **Datuk Mokhzani Mahathir** (centre) says **Kencana** and **SapuraCrest** will work to **secure projects** and **invest to expand** their presence in new markets. With him are **Kencana executive directors Chong Hin Loon** (left) and **Yeow Kheng Chew**. Pic by Khairull Azry Bidin