

OTHERS Credit Facilities of EUR200 million arranged by IKB Deutsche Industriebank AG

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Credit Facilities of EUR200 million arranged by IKB Deutsche Industriebank AG

Introduction

KNM Group Berhad (“KNM” or “Company”) is pleased to announce that the Company has today received the fully completed and executed Facilities Agreement entered into by the Company’s wholly-owned subsidiaries, Deutsche KNM GmbH and Borsig GmbH with IKB Deutsche Industriebank AG acting as Arranger, Agent and Security Agent (referred to as “Mandated Lead Arranger”) and other participating financial institutions to make available a credit facility of up to EUR200,000,000.00 to Deutsche KNM GmbH and its subsidiaries in a manner and amount as mentioned below comprising the following:-

Type of Facility	Amount (EUR)	Original Borrowers
Term Loan	60,000,000.00	Deutsche KNM GmbH
Multi-currency Guarantee	140,000,000.00	<ol style="list-style-type: none">1. Deutsche KNM GmbH2. Borsig GmbH3. Borsig Process Heat Exchanger GmbH4. Borsig ZM Compression GmbH5. Borsig Membrane Technology GmbH6. Borsig Service GmbH7. Borsig Boiler Systems GmbH8. BORSIG ValveTech GmbH <p>(all the above companies shall collectively be referred to as the “Borsig Group”)</p>

hereinafter referred to as the “Credit Facilities”.

Purpose of Credit Facilities

The Credit Facilities shall ultimately be applied towards the full discharge and settlement of the Deutsche KNM GmbH’s and Borsig GmbH’s existing credit facilities (inclusive of the multi-currency guarantee facilities) of EUR220 million earlier taken with UniCredit Bank AG as lead arranger and other participating financial institutions (referred to as “Existing Credit Facilities”).

The Credit Facilities shall also be applied towards general corporate and working capital purposes of participating companies within the Borsig Group.

Security

The Credit Facilities are secured by pledges over all the shares/interest in Borsig Beteiligungsverwaltungsgesellschaft mbH and Borsig GmbH respectively.

Tenure

The tenure of the Credit Facilities shall be up to a maximum period of 5 years as defined in the Facilities Agreement (referred to as “Term Period”).

Financial Effects

(a) Issued and Paid-up Share Capital and shareholdings of substantial shareholders

The Credit Facilities are not expected to have any effect on the issued and paid-up share capital of the Company nor the shareholdings of the Company's substantial shareholders.

(b) Earnings

The Credit Facilities will not have any material effect on the earnings for the financial years of the Company within the Term Period.

(c) Net assets and gearing

The Credit Facilities are not expected to have any material effect on the net assets and gearing of the Company for the financial years within the Term Period.

With the Credit Facilities in place, not only will the new facility cause a full discharge and settlement of the Existing Credit Facilities but it would also enhance the financial debt maturity profile of the Company together with Borsig Group and improve the financial ratios as well as give rise to substantial savings in terms of interest expenses due the Credit Facilities' lower financing cost.

Approvals

The Credit Facilities are not subject to the approval of the shareholders of KNM or any regulatory authority in Malaysia or anywhere else.

Directors' Statement

Having considered all aspects of this Credit Facilities, the Board of Directors is of the opinion that the acceptance of the Credit Facilities is in the best interest of the Company and the Borsig Group in general.

This announcement is dated 21 May 2019.