

Company Name : Destini Berhad
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Destini Plans Private Placement To Reduce Borrowings

PETALING JAYA: Destini Bhd, which has been hit by declining profitability in recent quarters, plans to place out up to 20% of its issued shares to pare down bank borrowings and fund its working capital.

The integrated engineering solutions provider told Bursa Malaysia yesterday that up to 231.05 million new ordinary shares in Destini would be issued to third-party investors that would be identified at a later date. The issue price will also be determined later.

“Based on the indicative issue price of 21.5 sen per placement share, the proposed private placement is expected to raise gross proceeds of up to approximately RM49.67mil,” the group said.

About 57.17% of the total cash to be raised via the private placement will be utilised for Destini’s working capital, namely, for the supply of three units of 80-meter offshore patrol vessels to the Malaysian Maritime Enforcement Agency (44.29%), new projects (10.07%) and day-to-day operations (2.81%).

Meanwhile, about 42.27% of the proceeds will be utilised to repay bank borrowings, while the remaining 0.56% will be allocated for the expenses related to the proposed private placement.

“After due consideration of the various methods of fundraising, the board is of the opinion that the proposed private placement is the most appropriate avenue of fundraising, as the proposed private placement enables the group to raise additional funds without having to incur an interest expense or service the principal repayment as compared to conventional bank borrowings.

“It is an expeditious way of raising funds from the capital market as opposed to other forms of fundraising such as a rights issue, which is comparatively more time-consuming and costly.

“(It also) enables the company to strengthen its equity base, which, in turn, may potentially increase the liquidity and marketability of Destini’s shares,” stated the group in the stock exchange filing.

Destini expects to submit an application for the proposed private placement to Bursa Securities within the next two months.

Barring any unforeseen circumstances, it said the corporate exercise could likely be completed by the fourth quarter of 2019.

Affin Hwang IB has been appointed as the principal adviser and placement agent for the proposed private placement.

In the first six months of financial year 2019, Destini’s net profit plunged nearly 92% year-on-year (y-o-y) to RM1.13mil from RM13.38mil a year earlier. This was mainly due to fewer orders for Destini’s aviation services and the completion of several marine manufacturing services.

The group’s revenue in the first-half period fell 54% y-o-y to RM129.56mil.