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Destini diversifying into jetty, port services for mining firms

BY EMIR ZAINUL

KUALA LUMPUR: Destini Bhd is acquiring an Indonesian port services provider in Kalimantan for S\$4 million (about RM12 million), which will allow it to diversify its revenue stream into the provision of port-related services to mining companies.

Its wholly-owned Destini Armada Pte Ltd (DAPL) inked a conditional share sale agreement to buy a 99.9% equity stake in PT Muara Badak Perkasa (PT MBP) from PT Berkah Sadaya Adikarya yesterday.

The acquisition, expected to be completed by the third quarter of this year, will be satisfied via the issuance of 4.9 million new DAPL shares at S\$0.81 each to PT Berkah Sadaya Adikarya, Destini said in a statement. The purchase comes with a profit guarantee of S\$2.5 million a year to DAPL for the next two years.

PT MBP is principally involved in the provision of port operations-related services to mining companies in East Kalimantan, Indonesia. It currently has long-term contracts amounting to approximately RM490 million in hand, Destini said.

"This acquisition will see a dilution of Destini's equity interest in DAPL to 45%. Destini believes the acquisition will provide DAPL with a sustainable income stream which will ultimately enhance Destini's shareholder value. The vendor will emerge as the new major shareholder in DAPL," Destini said.

"The acquisition would enable DAPL and Destini to enter the Indonesian market, one of the fastest growing economies in Asia. PT MBP is well positioned to grow with the growth of mining activities in Indonesia.

"This would also present other opportunities to DAPL, to offer its fabrication and heat exchanger services for the manufacturing of barges, coal processing plants, piping works and other fabrication works for the mining and other industries such as the oil palm in the Indonesian market," Destini added.

Separately, it said DAPL has inked two heads of agreement (HoAs) with Indonesian-based partners for the leasing of its vessel, and to develop power units that can be placed on barges.

One of the HoAs was inked with PT Bahtera Sentosa Bersama (BSB), which lays out the intention of both parties to ink an agreement for BSB to lease vessels from DAPL for seven years before purchasing the vessels.

The second HoA, which DAPL inked with PT Semi Power Sistem (SPS), DAPL intends to establish a joint venture with SPS for the purpose of manufacturing power plants that can be placed on barges.