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CGIF guarantees its first Malaysian issuer, KNM Group Berhad, in support of renewable energy in Thailand

KNM Group Berhad issued a THB 2.78 billion AAA rated 5 year bond in Thailand on 18 November 2016, marking CGIF’s 1st guarantee for a Malaysian corporate.

23 November 2016, Manila

The Credit Guarantee and Investment Facility ("CGIF") is pleased to announce its first guarantee to a Malaysian corporate. With such, CGIF has now guaranteed bonds issued by corporates from 8 countries as it continues to perform its catalytic role in developing the ASEAN local currency bond markets. In addition, in supporting KNM Group Berhad ("KNM"), this transaction marks CGIF’s first guarantee to a downstream oil and gas industry and renewable energy industry player. Specifically, CGIF will support KNM’s diversification efforts into also becoming a renewable energy producer as the guaranteed bond proceeds will be used in the financing and operations of KNM’s Thai bio-ethanol plant.

KNM is a leading global manufacturer of process equipment and processing units for the downstream oil and gas, petrochemicals, minerals processing, desalination, renewable energy, chemicals, and power industries. Its major customers are international oil and gas, petrochemicals, energy and minerals processing companies and global engineering contractors.

In addition to the strength of its core business, KNM has been transforming itself into a global renewable energy producer. The Thai bio-ethanol project CGIF is supporting is expected to begin to generate recurring income in 2017 and is, moreover, in line with the Thai government's policy to encourage bio-ethanol production in the country.

“We are pleased that this transaction supports the Thai government’s initiatives to expand renewable energy production in the country. Also, this transaction is a milestone as it marks the first collaboration between CGIF and Danajamin of Malaysia, who worked with KNM on raising RM capital needs”, said Kiyoshi Nishimura, CEO of CGIF.

“The CGIF guaranteed bond programme is a significant milestone and major catalyst for KNM Group as it provides additional liquidity and financial flexibility for KNM Group’s Thai bio-ethanol project working capital needs and will help us to fulfil our vision and strategic growth plans”, said Mr. Lee Swee Eng, Group CEO of KNM Group.

United Overseas Bank (Thai) Public Company Limited was the Sole Lead Manager and Sole Bookrunner for this transaction.
About CGIF

CGIF is a multilateral facility established by the Association of Southeast Asian Nations ("ASEAN") members, China, Japan, Korea ("ASEAN+3") and Asian Development Bank ("ADB"). It is established as a trust fund of ADB with an initial paid-in capital of USD700 million from its contributors. As a key component of the Asian Bond Markets Initiative, CGIF was established to develop and strengthen local currency and regional bond markets in the ASEAN+3 region. CGIF commenced its guarantee operations on 1 May 2012 and seeks to provide credit enhancements, mainly in local currencies, issued by credit worthy ASEAN+3-domiciled bond issuers.

CGIF’s Credit Ratings

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About KNM Group Berhad

KNM is a diversified multinational group with core businesses in process equipment manufacturing, provision of integrated solutions, project management, engineering and construction services for the renewable energy, power, utilities, refining and petrochemical industries.

In addition, KNM has embarked into the renewable energy sector as a project owner and developer to generate recurring income and sustainable growth in the long term.

Based in Malaysia, the KNM Group was listed on Bursa Malaysia Securities Berhad since August 2003 and transferred to the Main Board in September 2005. The Group operates in 10 countries and offers a broad range of products and services under renowned brands of KNM, BORSIG and FBM Hudson with industry experience spanning over 175 years.

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