



01 APR, 2024

KNM inks RM84m deal to sell Italian unit

The Malaysian Reserve, Malaysia

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AFTER a few failed attempts, KNM Group Bhd has inked a deal to sell its Italian unit which designs and manufactures heat exchangers to two parties for €16.5 million (RM84 million).

In a statement last week, the financially troubled KNM said its wholly owned sub-subsidiary KNM Europa BV has sold its 100% equity in FBM Hudson Italiana SpA to BM Carpenterie Oil and Gas Srl (BMC) and Officine Piccoli SpA on March 27.

The statement said the purchasers will be acquiring FBM Hudson Italiana and its United Arab Emirates (UAE)-based wholly owned subsidiary FBM-KNM FZCO. BMC acquired 60% of FBM Hudson Italiana, with Officine acquiring the remaining 40%.

As a result, it said the purchasers will assume all debts and liabilities of FBM Hudson, Italiana and UAE, and ensure a positive equity and cash position for these two entities to thrive and grow into the future.

"This strategic decision reflects KNM's commitment to optimising its portfolio and focusing on core profitable businesses as part of



(From left) Pierluigi Piccoli from Officine, Domenico Colloca from BMC, Tunku Yaacob and Ravindrasingham

our ongoing efforts to strengthen the Group and drive sustainable growth," said KNM chairman Tunku Yaacob Khyra in the statement.

It manufactures air-cooled heat exchangers, shell and tube heat

exchangers, process gas waste heat boilers, pressure vessels and reactors and special equipment such as plate heat exchangers, jacketed vessels and cryogenic vessels.

KNM group CEO Ravindrasingham Balasingham said the

disposal was typically subject to condition precedents, most notably the golden power approval by the Italian Government. The Italian government was said to have used the golden power to reject a previous attempt to sell FBM.

The deal comes after a protracted tussle for the Malaysian listed parent.

In October 2023, Tunku Yaacob and the majority of the current directors of KNM had managed to thwart attempts to remove them by Johor princess Tunku Kamariah Sultan Iskandar and German billionaire Andreas Heeschchen.

An EGM was requisitioned by Heeschchen and a clutch of shareholders to deliberate on the proposed management takeover.

The tussle came out in the open when Heeschchen emerged as a substantial shareholder towards the end of August, having initially picked up between 3% to 4% stake in KNM in May 2023.

By Aug 29, Heeschchen had acquired 320 million shares or a 7.91% stake in KNM, making him the second-largest shareholder.

Within a week, the German entrepreneur and eight other shareholders — collectively mustering a 10.68% stake — launched an attempt to remove Yaacob and other directors at the financially struggling engineering company. — TMR



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Page 2 of 2

SUMMARIES

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