

News Release
For Immediate Publication

MALAKOFF ACQUIRES KHAZANAH'S INTEREST IN SHUAIBAH COMPANIES

*Acquisition Doubles Malakoff's Present Effective Interest in Shuaibah and Strengthens
Presence in the Kingdom of Saudi Arabia*

KUALA LUMPUR, 11 July 2019 – Malakoff Corporation Berhad (“Malakoff” or “Company”) wishes to announce that Malakoff Gulf Limited (“MGL”), an indirect wholly-owned subsidiary of the Company, has entered into a Share Sale Agreement (“SSA”) with Khazanah Nasional Berhad (“Khazanah”) today in respect of the proposed acquisition of the entire equity interest in Desaru Investments (Cayman Isl.) Limited (“DIL”) by MGL for a cash consideration of USD70 million, upon the terms and conditions of the SSA.

Speaking of the proposed acquisition, Dato’ Ahmad Fuaad Kenali, Chief Executive Officer of Malakoff, said, “This will provide immediate earnings accretion to the Company as well as increase in cashflows, derived from the remaining contract periods of approximately ten years under both Shuaibah Water & Electricity Co. Ltd.’s (“SWEC”) Power and Water Purchase Agreement (“PWPA”) for Shuaibah 3 Independent Water and Power Plant (“SIWPP”) and Shuaibah Expansion Project Company’s (“SEPCO”) Water Purchase Agreement (“WPA”) for Shuaibah 3 Expansion Independent Water Plant (“SEIWP”).”

He added that the proposed acquisition will increase and consolidate Malakoff’s total effective generation capacity for power and water to 6,708 MW and 544,375 m³/day respectively, from the existing 6,600 MW and 420,925 m³/day respectively, in line with the Company’s growth strategy.

Khazanah, through DIL, holds 40% equity interest in the consortium known as Malaysian Shoiba Consortium Sdn Bhd (“MSCSB”) while Malakoff, via MGL, holds 40% and Tenaga Nasional Berhad, via its subsidiary, Independent Power International Ltd, holds the remaining 20%.

MSCSB holds 50% equity interest in Saudi-Malaysia Water & Electricity Company Limited (“SAMAWEC”) which in turn holds 60% equity interest in SWEC and 60% equity interest in Shuaibah Expansion Holding Company (“SEHCO”) which holds 97.5% equity interest in Shuaibah Expansion Project Company (“SEPCO”). SAMAWEC also directly holds 1% equity interest in SEPCO.

DIL also holds 20% equity interest in Al-Imtiaz Operations & Maintenance Company Ltd (“AOMC”) while Malakoff, through TJSB International (Shoiba) Ltd., holds 20% equity stake in AOMC.

Following the completion of the proposed acquisition, Malakoff’s indirect effective equity interest in SAMAWEC and AOMC will increase to 40% whilst MSCSB will become its indirect 80%-owned subsidiary.

SIWPP is the first and largest independent water and power plant in Kingdom of Saudi Arabia consisting of a 3x300 MW crude oil-fired power plant and 880,000 m³/day Multi-Staged Flash Distillation Unit for the desalination of sea water. SIWPP was commissioned in January 2010 and has a remaining PWPA tenure of approximately 10 years.

SEIWP was commissioned in November 2009 and has a WPA that will expire in 2029. It utilises reverse osmosis technology to desalinate sea water and has a capacity of 150,000 m³/day.

AOMC is an operations and maintenance company of SEPCO for a period of 20 years.

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ABOUT MALAKOFF CORPORATION BERHAD

Malakoff is an independent water and power producer (“IWPP”) with core focus on power generation, water desalination and operation & maintenance services. In Malaysia, Malakoff is the largest independent power producer (“IPP”) with an effective generating capacity of 5,910 MW from its six power plants.

Malakoff’s international assets include power and water ventures in Saudi Arabia, Algeria, Bahrain, Oman and Australia, with an effective capacity of 690 MW of power and 420,925 m³/day of water desalination. Malakoff is also actively looking to venture further into the Middle East and North Africa region as well as the South-East Asian markets.

Through its wholly-owned subsidiary, Teknik Janakuasa Sdn Bhd, Malakoff has involvements in operation & maintenance services locally and in Saudi Arabia, Kuwait, Oman and Indonesia.

Malakoff believes in working together with all stakeholders in productive partnerships. As such, the Group takes pride in being a responsible operator and a good corporate citizen in all communities where it operates.

Malakoff is a member of the MMC Group.

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