

SapKen prepares return to syariah list

KUALA LUMPUR: In a move to prepare its re-entry into the list of syariah-compliant stocks, SapuraKencana Petroleum Bhd has signed a US\$2.3bil (RM8.15bil) equivalent Islamic facility agreement, converting a portion of its existing multi-currency loan.

According to a statement by the company, the transaction to convert a portion of loans into an Islamic financing facility was to prepare the company's return to the Securities Commission's list of syariah-compliant stocks.

With the completion of the transaction, SapuraKencana said it had now met the debt over total assets financial ratio benchmark to be syariah-compliant. For companies to be qualified as syariah-compliant, its cash and debts in conventional accounts must be less than 33% of the total assets.

When SapuraKencana concluded its multi-currency facility in March last year, its borrowings were completely in conventional debt, as Malaysian banks did not have large enough US-dollar Islamic products to support the company's demands.

Consequently, in November last year, SapuraKencana fell out of the syariah-compliant list. A drawback of not being part of the syariah-compliant list is that Islamic funds such as pilgrims fund Lembaga Tabung Haji cannot invest in the stock.

President and group chief executive Tan Sri Shahril Shamsuddin said the exercise was a testament to SapuraKencana's commitment to support Malaysia's ongoing initiatives and efforts in positioning itself as an international Islamic financial centre.

"We have been working very closely with our group of MCF lenders, and we are grateful for the strong commitment and continued support from the lenders, which have allowed us to accomplish another significant milestone," he said.

According to SapuraKencana, the transaction represents the largest Islamic facility in Malaysia to date.

In March last year, SapuraKencana concluded an RM16.5bil multi-currency re-financing facility to replace and streamline its debt facilities that came about following the merger exercise in 2012, the acquisition of the Seadrill tender rig business and the purchase of Newfields Malaysia Holding Bhd's interest in the country.

The merger was between SapuraCrest Petroleum Bhd and Kencana Petroleum Bhd, while the Seadrill and Newfields acquisitions were done last year. The refinancing was done to reduce its effective cost of funding.