

## **GFM Acquiring Remaining 51%-Stake In Highbase For RM18.2 Million**

By **Nurul Huda** - November 3, 2023

GFM Services Berhad (GFM) entered into a share sales agreement (SSA) to acquire the remaining 51% stake in Highbase Strategic Sdn Bhd (Highbase) for a purchase consideration of RM18.2 million today (Nov 3).

Highbase is a oil & gas (O&G) maintenance services provider, specialises in the provision of O&G facilities maintenance focusing on downstream operators.

In a Bursa listing today, it said that over a three-year period, Highbase demonstrated a remarkable compound annual growth rate (CAGR) of 95% in revenue, adding its revenue increased from RM7.4 million in FYE 31 December 2020 (FY2020) to RM28.1 million in FY2022.

Its managing director Ruslan Nordin the acquisition of the remaining stake in Highbase marks a key milestone for the group, and solidifies its presence in O&G maintenance.

“When GFM first invested in the company back in December 2019, we recognised its synergistic potential although it was a distressed asset with operational and financial challenges.

“Since undergoing a successful restructuring to strengthen its financials, Highbase transformed into a profitable company in FY2022 with improvements in cash flow, operational efficiency, and overall financial performance.

“Now, we stand ready to reap the benefits of the successful turnaround of Highbase,” he said.

Upon completion, GFM will fully consolidate Highbase’s financial performance, substantially enhancing the group’s earnings, including GFM’s overall profitability and growth starting from FY2024 onwards.

“Through this strategic acquisition, GFM is well-positioned to secure future prospects within the O&G sector and replenish our project pipeline.

“By integrating Highbase’s resources and expertise into the group’s portfolio, we are poised to solidify our market position with the expansion of customer base and scope of services,” he added.

The group said through a joint venture with Mun Siong Engineering Limited, Highbase currently holds the PETRONAS’ Integrated Turnaround Main Mechanical and Maintenance Mechanical Static (TA4MS) contract to provide plant turnaround services at the Pengerang Integrated Complex (PIC) in Johor.

The contract is for a period of 5 years from March 2019 to 2024, with an option to extend until March 2029. It added, Highbase also stands to benefit from increased activities in the O&G downstream sector.

The purchase consideration of RM18.2 million will be entirely satisfied by GFM taking on the debt of Highbase's sellers. Upon assumption, the debt will be settled in cash, funded by GFM's internal funds.

Integrated facilities management services provider said GFM initially entered as an investor of Highbase in December 2019 via the subscription of Highbase's redeemable convertible preference shares (RCPS) of RM20 million.

On 30 June 2023, GFM completed the acquisition of 49%-stake in Highbase via subscription of 2.9 million new Highbase shares for a cash consideration of RM1.00.

Barring unforeseen circumstances, the proposed acquisition exercise is expected to be completed by the end of 2023, making Highbase a wholly-owned subsidiary of GFM.