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PETRONAS-ENGEN

PETRONAS DIVESTS 20 PCT OF ENGEN TO BLACK EMPOWERMENT GROUP

By: Tham Choy Lin

JOHANNESBURG, Nov 10 (Bernama) -- Malaysian oil giant Petronas inked a deal here today to divest 20 percent of its wholly-owned South African oil company, Engen Ltd, to Worldwide Africa Investment under a black economic empowerment agenda of the South African government.

The sale was made under a memorandum of understanding (MoU) signed between Petronas and Worldwide Africa Investment in September 1998 to pave the way for the latter to acquire a significant minority shareholding in Engen and to consolidate its interests and position in South Africa's oil industry through Engen.

Worldwide Africa Investment is South Africa's biggest black empowerment group in the oil and gas industry and its purchase into Engen marked a milestone in realising the Black Economic Empowerment (BEE) agenda advocated by the South African government, said officials.

The agreement was witnessed by Malaysian Foreign Minister Datuk Seri Syed Hamid Albar who represented Prime Minister Datuk Seri Dr Mahathir Mohamad.

Petronas president and chief executive officer Tan Sri Mohd Hassan Marican, however, declined to reveal how much WorldWide Africa Investment paid for the stake in Engen which was fully acquired by Petronas in two stages for US\$775 million.

Petronas had first acquired 30 percent of Engen in June 1996 and completed 100 percent ownership in December last year following which Engen was delisted from the Johannesburg Stock Exchange.

It had paid 23 rand per share for the remaining 70 percent of Engen which is higher than for the first tranche.

Engen has an estimated 24.6 percent of the South African petroleum product market. Its principal business is refining crude oil, marketing and distribution of refined petroleum products and has a network of 1,400 service stations in Southern Africa.

It operates a refinery in Durban with a capacity of 105,000 barrels per day. It is also involved in the exploration and production of oil and gas through its listed subsidiary, Energy Africa Limited.

Worldwide Investment Africa also owns 26 percent of Zenex which has about 150 service stations and 100 percent of Afric Oil which has 55 service stations in South Africa.

With the conclusion of the agreement today, it would inject its oil and gas business into Engen and undertake to procure that other black empowerment companies participate in the local oil and gas industry through Engen.

This would enable Engen to strengthen and consolidate its position as the leading South African oil company.

Petronas has wide investments in Africa and has begun oil production in Sudan and exploratory work in Algeria, Libya, Tunisia and Angola.

Its investment in Sudan includes a 1,500km-long pipeline linking Port Sudan and the oil fields which had turned Sudan into an oil-exporting nation. -- BERNAMA

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