

Headline	PUC Founder rides on higher RE demand		
MediaTitle	Focus Malaysia		
Date	06 Aug 2016	Language	English
Circulation	20,000	Readership	60,000
Section	News	Page No	15
ArticleSize	366 cm ²	Journalist	N/A
PR Value	RM 18,906		



PUC Founder rides on higher RE demand



by Shalini Kumar

A KEY beneficiary of the rising interest in renewable energy (RE) projects is PUC Founder (MSC) Bhd. However, even as the company seeks to expand its footprint in the segment, it has to contend with increasing competition as others jump on the bandwagon.

PUC Founder says it will continue to explore more RE business opportunities following its irredeemable convertible unsecured loan stock (ICULS) rights issue which raised more than RM40 mil in the first quarter.

“Besides government incentives, the advancement of RE technology has also improved energy production. This, in turn, increased the RE producers’ revenue and profit,” it tells *FocusM*.

In a recent Bursa filing, it says it had hired a consultant to study the power grid in the proposed location of an ecotype biogas electricity plant to be developed with PW Consolidated Bhd.

The MoU for the plant’s development was inked between PW Consolidated and PUC Founder’s subsidiary Founder Energy Sdn Bhd, in August last year.

PUC Founder is principally engaged in three business segments – media and advertising, E-payment services and RE, its recurring income business.

A RAM Ratings paper says the RE sector has been dominated by large-scale hydropower plants with a combined installed capacity of 6,083MW last year. This constituted 23% of the national capacity mix.

Excluding the large hydropower

plants, other RE projects such as solar photovoltaic, biomass (including waste-to-energy) and small hydropower plants comprised only 2% of the portfolio mix.

The government is also encouraging RE through the Sustainable Energy Development Authority (SEDA) which provides regulatory support to the sector. PUC Founder says the business remains sustainable despite rates from SEDA’s feed-in tariff (FiT) system having been lowered.

In March last year, its wholly-owned subsidiary MaxGreen Energy Sdn Bhd was made a FiT approval holder by SEDA to develop and operate a 1MW solar photovoltaic plant, which was set up in Sungai Petani, Kedah.

Since then, the company has proposed another 50MW solar plant and signed a memorandum of understanding (MoU) with PWF Consolidated Bhd to explore biogas energy production.

It has also formed a joint venture with Greentech Malaysia Alliances Sdn Bhd to bid for renewable energy projects by the government or government-linked corporations.

However, not all has been plain sailing for PUC Founder. The company signed a term sheet agreement with Green Forever Energy Sdn Bhd (GFE) in February to subscribe for three million redeemable convertible preference shares for RM3 mil.

However, it terminated the agreement after GFE failed to get approval from SEDA for the FiT application in respect of its proposed 425kW photovoltaic power plant.

PUC Founder posted a net profit of RM313,000 for the first quarter ended March 31. This is lower than the RM1.2 mil it posted a year ago.

The company attributed this to lower contributions from its advertising and media segment as well as non-recurring expenses of some RM900,000 in relation to the issuance of ICULS. Its revenue also dipped slightly to RM8 mil from RM8.7 mil previously.

Greater competition

E-commerce service provider Dagang Nexchange Bhd previously said it wishes to participate in solar power and mini-hydro power projects.

IT and communications services provider Comintel Corp Bhd’s subsidiary Comintel Green Technologies Sdn Bhd signed an agreement with Tenaga Nasional Bhd last year to supply the latter with renewable energy for 16 years.

Likewise, telecommunications services provider OCK Group Bhd has made its foray into the RE sector and owns a 1MW solar farm in Kelantan, which has been producing energy since October 2013. *FocusM*



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MAJOR SHAREHOLDERS
 Redhot Media International Ltd 41.58%

MARKET CAP (Aug 4) RM70.4 mil
SHARE PRICE (Aug 4) 6.5 sen
52-WEEK HIGH (Nov 23, 2015) 14 sen
52-WEEK LOW (May 3, 2016) 6 sen

FINANCIAL RESULTS (Q1 ended March 31)
REVENUE RM8 mil
NET PROFIT RM313,000