

Headline	AE Multi turns to green energy, high end PCBs		
MediaTitle	The Edge Financial Daily		
Date	11 Jul 2016	Language	English
Circulation	15,000	Readership	50,000
Section	Home Business	Page No	1,5
ArticleSize	149 cm ²	Journalist	Supriya Surendran
PR Value	RM 5,455		



AE Multi turns to green energy, high-end PCBs

AE Multi turns to green energy, high-end PCBs

It expects to return to the black in FY16; sees higher profit in FY17

BY SUPRIYA SURENDRAN

GEORGE TOWN: Sungai Petani-based printed circuit boards (PCBs) maker AE Multi Holdings Bhd (AEM), which has been in the red for the past two financial years but expects to return to the black this year, is diversifying into renewable energy (RE) and the manufacturing of high-end PCBs.

AEM has, since its listing in 2002, been involved in single-layer PCB manufacturing, which is used for electronic household appliances and computer peripherals. Though profitable, its margin cannot rival those of high-end PCBs, which are used in the making of handphones and cameras.

"We have invested RM10 million for the expansion of our factory in [Samutprakam] Thailand, to expand our PCB capacity by 30% from the current 80%. This 30% expansion will focus on high-end PCBs," AEM managing director Yang Chao-Tung told *The Edge Financial Daily* in a

recent interview.

He said the company has received orders from Casio and Canon in Thailand for high-end PCBs, which will be used for cameras and calculators.

"We have also been approached by Mitsubishi in Thailand for the high-end PCBs, which will be used for the electronic features in their vehicles." He added that the group has decided to enter the high-end PCB sector as multinationals are beginning to source for it from Southeast

Asian countries rather than China.

The expansion of AEM's Thai factory will be completed by November, after which the group expects to reap steady profit growth.

"For the financial year ending Dec 31, 2016 (FY16), we expect to return to the black with increased orders for our traditional PCB business.

"The contribution from high-end PCBs is only expected to kick in from FY17 onwards. Given their larger

margins, we are looking at higher profit in FY17," said Yang.

The company's accumulated losses as at Dec 31, 2015 stood at RM6.02 million. For its first financial quarter ended March 31, 2016 (1QFY16), AEM reported a net profit of RM1.24 million, over seven

times the RM160,000 recorded in 1QFY15, on recovery of bad debts, while revenue improved 14.3% to RM11.55 million.

Meanwhile, AEM announced on June 16 it had inked a heads of agreement with JMT Kelantan Baru Sdn Bhd that will pave the way for it to venture into RE.

JMT holds two feed-in tariff approvals for two RE installations, and two RE power purchase agreements to sell electricity from the installations to Tenaga Nasional Bhd (TNB). It is planning two 10mw integrated flood mitigating mini-hydropower

projects in Kelantan.

Under the proposed tie-up, JMT shall grant AEM the right to operate the Kelantan power projects, for

which AEM shall be entitled to 80% of the profit from the power sale to TNB.

But AEM has to pay JMT RM140 million as investment, which it intends to raise via a corporate exercise, on the promise that it will see an internal rate of return of at least 11.5% from the project.

The sum is 4.2 times AEM's market capitalisation of RM32.97 million.

"I am confident we will be able to raise the money. However, we will await the outcome of the technical and financial due diligence on JMT first, [which should be concluded next month]," said Yang.

AEM's share price rose 60% in two weeks to 16 sen on May 23 from 10 sen on May 6, before settling at 13 sen last Friday.