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KAB eyes RM500 million potential concession revenue

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KUALA LUMPUR: Kejuruteraan Asastera Bhd (KAB) is eyeing substantial growth in its sustainable energy solutions (SES) segment, supported by the recognition of a potential concession revenue of more than RM500 million until 2046.

Group managing director Datuk Lai Keng Onn said the revenue generation will come from its growing asset portfolio in clean and renewable energy generation, as well as the provision of energy-efficient solutions, aside from the existing contracts in Malaysia and Thailand, as well as ongoing acquisitions.

For financial year 2023 (FY2023), he said the group estimates that it would achieve about RM200 million in revenue, and expects its SES segment to see steady growth at between 20 per cent and 40 per cent in three to four years.

"As for this year, revenue contribution from the SES segment was more than 25 per cent," he said during the KAB's post-extraordinary general meeting (EGM) virtual press conference yesterday.

He said the group has 14 solar contracts in Malaysia and Thailand with a combined capacity of 17,318-kilowatt peak (kWp), comprising concession projects until 2046, with a total estimated concession value of RM146.8 million as well as direct installation projects as of Nov 14, 2022.

The solar contracts include the recent acquisition of Matahari Suria Sdn Bhd with an existing power purchase contract with Tenaga Nasional Bhd until 2037, and the signing of two 20-year solar power purchase agreements with Nextgreen Pulp and Paper Sdn Bhd.

"We are pleased with shareholders' approvals for our diversification into SES, and are poised to accelerate expansion to capture more opportunities in the fast-growing industries.

"Through our increasing asset base, we anticipate the SES segment to become a significant profit contributor to the group in the next few years," Lai said.

During the EGM, he said the group's shareholders have also approved a proposed private placement of up to 361.6 million

new shares, representing approximately 20 per cent of the group's existing issued shares.

"The independent investors and issue price would be determined at a later date," he said, adding that the group expects potential proceeds of RM134.0 million from the exercise, based on an illustrative issue price of 37 sen per share.

Of the proceeds, the group intends to allocate RM36.0 million for working capital purposes, RM31.0 million for the repayment of bank borrowings, RM66.2 million for funding existing and future SES projects and RM0.8 million for estimated listing expenses.

"KAB's proforma enlarged share capital after the proposed private placement would increase to RM237.6 million from RM103.6 million currently," he said.

In addition to the SES business, he also said the engineering and energy solutions provider has been in discussions with asset owners as well as potential clients for more acquisitions and projects in Malaysia and regionally. — Bernama