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Significant improvement in group's earnings attributable to improved contributions from power plants in Tanjung Bin, Johor

PETALING JAYA: Malakoff Corporation Bhd recorded revenue of RM8.97 billion for the financial year ended Dec 31, 2024 (FY24), a decrease of 1% from the previous financial year's RM9.07 billion following a smaller energy payment contribution from Tanjung Bin Power Sdn Bhd, which is largely due to the lower Applicable Coal Price (ACP) during the year under review.

The group reported profit after tax and minority interests (Patmi) of RM268.69 million for FY24 compared to loss after tax and minority interests (Latmi) of RM837.16 million.

The significant improvement in the group's earnings was attributable to improved contributions from its power plants in Tanjung Bin, Johor. The assets which sit in its subsidiaries Tanjung Bin Power and Tanjung Bin Energy Sdn Bhd, benefitted from the lower ACP pursuant to the stabilisation of global coal prices.

The group said in a statement that it was not impacted by any share of loss or impairment loss from its foreign associates during the year under review, compared to the preceding financial year which saw a substantial share of loss from its 40% foreign associate in Bahrain, Al-Hidd Independent Water and Power Producer.

For the fourth quarter ended Dec 31, 2024 (Q4'24), the group posted revenue of RM2.16 billion, a decrease of 4.4% or RM99.4 million from RM2.26 billion in the quarter ended Dec 31, 2023.

This was primarily due to the lower energy payment recorded from Tanjung Bin Power given the fall in the ACP, although it was partially moderated by higher energy payment contributions from Segari Energy Ventures Sdn Bhd and Prai Power Sdn Bhd (PPSB).

This means Malakoff recorded Patmi of RM26 million in Q4'24, an increase of RM383.1 million or 107.3% from the RM357.1 million Latmi reported in Q4 FY'23. The increase in profit was mainly due to higher contributions from Tanjung Bin Power, the absence of any share of loss and/or impairment loss of the group's investment in the Middle East and a reduction in the group's financial costs following the repayment of selected borrowings and term loans, which saw the Malakoff's gross and net gearings decline to 1.39 times (Q4'23: 1.59 times) and 1.00 times (Q4'23: 1.04 times), respectively.

Managing director and group CEO Anwar Syahrin Abdul Ajib (*pic*) highlighted Malakoff's continued progress in strengthening its power generation capabilities, expanding its renewable energy (RE) footprint and advancing environmental solutions.

He said the group's strong performance in the financial year under review reflected the success of its strategic initiatives in transitioning towards sustainable development.

"We are actively expanding our RE initiatives to support Malaysia's clean energy transition. As part of this, we successfully acquired the remaining 51% and 49% equity interests in ZEC Solar Sdn Bhd and TJZ Suria Sdn Bhd from Zelleco Engineering Sdn Bhd on Jan 31, 2025. With ZEC Solar's 29MW large-scale solar (LSS) facility in Kota Tinggi, Johor, we continue to grow our solar portfolio. Additionally, our 84MW small hydropower project in Kelantan is making steady progress, with construction under way along Sungai Galas in the Kuala Krai district.

"As part of our broader RE expansion, we are also developing rooftop solar and building-integrated photovoltaic (BIPV) carport solar projects, including a 203kWp BIPV system at Masjid Saidina Umar Al-Khattab in Kuala Lumpur. These initiatives have increased our total RE capacity to 173MW, strengthening our commitment to sustainable energy development".

Beyond RE, he said, Malakoff is strengthening its footprint in environmental solutions.

Subsidiary Alam Flora Sdn Bhd's total recyclable material collected grew by 11.3% from the previous corresponding quarter due to higher waste collection and processing volumes, supported by service area expansions, full operational capacity of recovery facilities, and strategic partnerships.

"We are proud to announce that we achieved a recycling rate of 21.1% in 2024, exceeding our target of 15% to 20%, which we aspire to achieve in 2025. On Dec 1, 2024, Alam Flora's subsidiary, Alam Flora Environmental Solutions Sdn Bhd, secured a five-year operation and maintenance (O&M) contract for the Ladang CEP leachate treatment plant in Kota Tinggi, Johor, followed by a three-year O&M contract for the Maokil Landfill in Labis, Johor, on Jan 28, 2025.

"These contracts reinforce our role in waste treatment solutions and our commitment to environmental sustainability," said Anwar Syahrin.

He added that the group remains focused on strengthening the nation's energy security by ensuring reliable and efficient power generation while continuously enhancing their technical capabilities.

"Our subsidiary PPSB has signed a new power purchase agreement with Tenaga Nasional Berhad, extending the operation of our 350MW Prai Power Plant in Penang for another year, with an option for further extension.

"Furthermore, through our wholly owned subsidiary, Malakoff Technical Solutions Sdn Bhd, we have partnered with China Northeast Electric Power Engineering & Services Co Ltd to provide technical manpower for O&M of combined cycle power plants in Bangladesh. This marks our entry into H-class O&M projects, expanding our expertise in advanced power plant technology to meet growing regional demand," Anwar Syahrin said.

In streamlining Malakoff's business operations and freeing up the group's financial and operational resources for other profitable business opportunities, it has decided to realise the value of its investment in Malakoff Utilities Sdn Bhd and sell the business to a third party, he disclosed.

"We expect the sale to complete by the second quarter of this year and plan to use the proceeds for future investments and working capital purposes," he added.