Headline	KPower posts lower earnings		
MediaTitle	The Malaysian Reserve		
Date	24 Sep 2021	Language	English
Circulation	12,000	Readership	36,000
Section	Companies	Page No	10
ArticleSize	365 cm²	Journalist	by HARIZAH KAMEL
PR Value	RM 11,535		

KPower posts lower earnings

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by HARIZAH KAMEL

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KPOWER Bhd's earnings for the fourth quarter ended June 30, 2021 (FPE21), fell 19.05% year-on-year (YoY) to RM5.92 million despite higher revenue driven by construction-related activities.

The group's quarterly revenue rose 157.37% YoY to RM101.31 million from RM39.36 million while earnings per share was slightly lower at 1.74 sen against 1.75 sen previously.

In a statement yesterday, KPower stated that the group recorded a growth of over 300% in its consolidated revenue for the cumulative 12 months ended June 30, 2021.

The consolidated revenue of RM386.09 million represents a growth of 303% from RM95.84 million FPE20.

The group's largest business segment, the construction-related activities segment, driven mainly by its renewable energy (RE) business, remained its largest revenue contributor in the quarter generating RM95.49 million or 94% of its total revenue.

This represents an increase of 152% from the corresponding period of the previous year, contributed by the progress of existing projects and order-based projects in Malaysia and Indonesia.

Its logistics segment contributed RM5.12 million whereas KPower's healthcare segment contributed RM490,000 to the topline.

Group MD Mustakim Mat Nun said while hydro remains a strong point, the group intends to build capabilities in other RE spectrum.

"KPower's diversification of the RE sector into solar energy was massively enhanced by the recent signing of the 21-year large-scale solar photovoltaic power purchase agreement with Tenaga Nasional Bhd in respect to our successful bid for the fourth round of large-scale solar programme (LSS4) initiated by the Energy Commission," he noted in a release.

Mustakim added that the future of the RE sector in Malaysia continues to look promising especially with the revised energy transition plan which saw an upward revision of the projected RE installed capacity from 20% by 2025 to 31% by 2025 and 40% in 2035.

"To date, the installed capacity for RE in Malaysia is 7,995 megawatts (MW). The RE installed capacity is projected to increase more than double to 18,000MW by 2035, presenting us with boundless opportunities to be captured.

"Being only one of the few players with capabilities in the hydro and solar segments, it is in our best interest to capitalise on these opportunities through our asset ownership business initiatives for the group's long-term benefits," he said.

KPower is also optimistic of its logistics segment's future performance due to the anticipated growth of the logistics sector as a result of increased demand following the reopening of all economic activities.

Chemtrax Sdn Bhd, which is 51% owned by KPower Logistics Sdn Bhd, a wholly- owned subsidiary of KPower, is on a growth trend from its existing customers from the rubber glove manufacturing sector.

This, combined with Chemtrax's 20 years of experience, logistics facilities, assets and KPower's solid network and financial strength, the group believes this segment will continue to contribute positively to group earnings.

KPower shares closed unchanged at 73 sen yesterday.