

QTC Energy diversifies to renewables

Transformer sales to be 30% by 2022

YUTHANA PRAIWAN

By

SET-listed QTC Energy Plc, Thailand's leading transformer producer, expects revenue from the renewable power sector will comprise 70% of total revenue by 2022, up from less than 10% this year.

Chief executive Poonphiphat Tantana-sin said QTC has been pouring capital expenditure into the renewable sector since September through mergers and acquisitions (M&A), which should start generating higher revenue by 2022.

The move is part of the company's strategy announced five years ago to diversify into the renewable power sector, mostly green-field projects.

However, QTC suffered several delays because of lacklustre approvals and agreements, forcing the company to shift to M&As.

As a result, revenue from transformer product sales will be trimmed down to 30% of the total by 2022 from 90%.

Starting last month, QTC has merged with or acquired many projects whose construction schedules were nearly complete, he said. The projects are expected to start generating revenue shortly after the deals are sealed, said Mr Poonphiphat.

"The price war for transformer products has intensified so it is the right time to

diversify into other promising industries, such as renewable power," he said.

Two weeks ago, QTC acquired shares in L Solar I Co, a wholly-owned of Loxley Plc, worth 538 million baht through its wholly-owned subsidiary, QTC Global Power Co.

The solar farm L Solar I is located in the Kabin Buri district in Prachin Buri province. It started operations in 2011 with a capacity of 8 megawatts. This project could generate around 170 million baht in revenue next year.

QTC also spent 67.8 million baht to buy 15% stake in Green Earth Power (GEP) recently, which is constructing a 220MW solar project in Myanmar's Minbu city.

GEP is developing a big photovoltaics plant in the city of Minbu in Magway region, under cooperation with Myanmar's Ministry of Electric Power. The 220MW project was first announced in May 2013.

QTC has also signed a memorandum of understanding with Chaleun Sekong Group Co (CSG), a Laos-based company, which is also a holder of several development licences for hydropower electric projects in Laos.

CSG granted QTC the exclusive rights to study and conduct due diligence to explore an opportunity to invest in Nam Jiam at and Nam Khan 3, which have a combined capacity of 264MW.

QTC shares closed on the SET last Friday at 14.70 baht, up 10 satang, in trade worth 21.7 million baht.



Poonphiphat: Strategy focus is M&A