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ENERGY

Egco closing two merger deals for power projects

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SET-listed Electricity Generating Plc (Egco), Thailand's second largest private power producer by capacity, will soon conclude two merger and acquisition deals for power generation in Asia-Pacific, providing cash on hand of 15 billion baht.

"The two new deals will include both fossil-based and renewable power projects," said Egco president Jakgrich Pibulparoj.

"Egco also has the capability to raise additional funds if the deal's value is greater than we expected."

For 2019, Egco has earmarked a budget of 30 billion baht to complete the 22.65-billion-baht acquisition deal for the Paju power project in South Korea and commence commercial operation dates for three new power plants.

In November, Egco announced the 49% acquisition of Paju Energy Service, a subsidiary of SK E&S, to own and operate the Paju power plant in Gyeonggi province, South Korea.



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JAKGRICH PIBULPAIROJ
President, Egco

The Paju power plant comprises two power generators with 1,823 megawatts in combined cycle that are fuelled by imported liquefied natural gas (LNG).

The Paju plant commenced operations in February 2017 and supplies electricity to Korea Electric Power Corporation, the sole off-taker of wholesale power generation in South Korea.

Mr Jakgrich said the partnership between Egco and SK E&S Co will be carried out in the first quarter of 2019 for a new agreement to collaborate on the LNG business in the future, focusing in Asia-Pacific.

"The Korean partner is also the world's second largest LNG trader and is diversifying to operate LNG receiving terminals," he said.

For its three ongoing development projects, Egco will inject 850 million baht into the 1,280MW Xayaburi hydroelectric power plant in Laos, in which Egco has a 12.5% stake.

A budget of 4 billion baht has been allocated for the 455MW coal-fired San Buenaventura power plant in the Philippines, in which Egco owns a 49% stake.

Egco is spending the remaining 2.5 billion baht for the 644MW Nam Theun 1 hydroelectric power plant in Laos, in which Egco holds a 25% stake.

Egco posted 2018 revenue of 39.8 billion baht, up by 149% from a year before, while net profit rose sharply by 78% to 21.1 billion.

Contributing to high profitability in 2018 was 14.2 billion baht in gains from the divestment of Eastern Water Resources Development and Management, Gidec and Masinloc Power Plant in the Philippines.

Egco operates 27 power plants with total contracted capacity of 5,154MW in six countries across Asia-Pacific — Thailand, Laos, the Philippines, Indonesia, Australia and South Korea.