



KEMENTERIAN TENAGA DAN SUMBER ASLI

KERATAN SURAT KHABAR

SURAT KHABAR	:	STARBIZ			
TARIKH	:	24/8/2021 (SELASA)	MUKA SURAT	:	7
JABATAN	:	MALAKOFF			

Things looking up for Malakoff

Better earnings prospects on the cards

ENERGY

PETALING JAYA: Malakoff Corp Bhd could see better earnings growth in the coming quarters, driven mainly by stable operations at its Tanjung Bin power plant and higher contribution from Alam Flora.

For the first half of the financial year ending Dec 31, 2021 (FY21), the independent power producer's earnings exceeded consensus estimate despite lower energy payments recorded from Segari Energy Ventures Sdn Bhd and Prai Power Sdn Bhd.

As such, several research houses have raised their earnings forecast on Malakoff's FY21 and FY22.

CGS-CIMB Research said Malakoff's first half core net profit came in above expectations at 70% of its full-year forecast and 63% of Bloomberg consensus, lifted by higher-than-expected gross margin and contributions from associates and joint ventures in the second quarter ended June 30.

"We gather the better margin was due to better fuel margin and higher capacity income from Tanjung Bin power unscheduled outage rate reset to zero," it said in a report yesterday.

"Its first half core net profit (excluding forex and impairment loss) rose 6% year-on-year (y-o-y) despite weaker sales that declined 11% y-o-y, largely supported by stronger contribution from Alam Flora (15% y-o-y) which offset the lower contribution from Segari Energy Ventures (SEV) due to decrease in despatch factor and higher operation and maintenance (O&M) costs," it added.

The research house has raised its forecast on Malakoff's FY21-FY23 earnings per share by 11% to 13% due to stronger profit contribution from Alam Flora and lower finance cost.

During the second quarter, Alam Flora's earnings jumped 75% and 22% improvement in associate incomes, Kenanga Research noted.

It expected stable earnings and sustainable dividend payout by Malakoff from FY21 onwards, especially with unplanned outages at its Tanjung Bin plant being resolved.

"Earnings volatility is fairly low henceforth," it said.

"On the other hand, Alam Flora has also reported better earnings over the quarters since the earnings inclusion in early 2020.

"Post the second quarter results, we upgrade Malakoff's FY21 earnings estimate by 7% to reflect strong earnings from Alam Flora and associate incomes," Kenanga added.

For the second quarter ended June 30, Malakoff booked a 12.14% rise in net profit to RM117.73mil from RM104.96mil a year earlier.

Malakoff is making inroads in the renewable energy (RE) space, with 33,243 megawatt (MW) hour per annum of capacity across sister companies DRB-Hicom Group, Johor Port Bhd, Northport (M) Bhd and Pos Malaysia Bhd, with total capacity of 13.41 MW.

CGS-CIMB said Malakoff has made good progress for its RE expansion, particularly in rooftop solar.

Last month, Malakoff signed a memorandum of understanding with Koperasi Polis Diraja Malaysia to assess the feasibility of jointly developing rooftop solar projects at selected Polis Diraja Malaysia building premises in Peninsular Malaysia.