

Egco spends B12bn on NED acquisition **Deal expands group's renewable production**

Egco Group, Thailand's largest solar farm operator, has expanded its presence in the renewable energy business by acquiring an additional 33.33% of the common shares in Natural Energy Development Co (NED) in an investment worth 12 billion baht.



Egco's plant in Nakhon Si Thammarat's Khanom district is among the leading independent power producers with a generation capacity of 824 megawatts. This year Egco plans to spend about 29 billion baht on ongoing projects and expansion.

It completed the payment in accordance with its purchase agreement to buy the shareholding of Diamond Generating Asia Ltd in NED.

The acquisition makes Egco the major shareholder in NED with a 66.66% stake, while the other NED shares are held by CLP Thailand Renewables Ltd.

Egco acquired 76.8 million shares by paying 12 billion baht on Wednesday from its internal cash balance, said president Sahust Pratuknukul.

NED owns and operates two solar power plants in Lop Buri province with installed capacity of 63 megawatts.

Mr Sahust said the deal was part of its plan to expand into renewable energy after it developed a waste-to-energy plant in Songkhla province and a geothermal plant in Indonesia.

"This transaction will enhance Egco Group's portfolio for solar power business in accordance with our investment policy for renewable energy development," he said.

"Furthermore, the company will realise immediate earnings in proportion to the additional shares from the acquisition of NED, which is in line with our strategic plan to seek new investment opportunities both domestically and overseas by acquiring commercially operated power plants and investing in greenfield projects."

Egco is keen to acquire further operating projects through mergers and acquisitions (M&A).

"We won't hesitate to buy projects that can make good returns. We still have capital to spend apart from our annual budget," said Mr Sahust. Egco has a budget for capital expenditure of 100 billion baht for 2014-18.

Last year it invested 37 billion baht in the Songkhla project, the expansion of a generator at the Khanom power plant in Nakhon Si Thammarat and in Boco Rock wind farm in Australia.

This year it plans to spend about 29 billion baht on ongoing projects and further expansion of the Khanom plant and a wind farm in Chaiyaphum province. However, the budget excludes M&A.

Suthichai Kumworachai, an analyst at Maybank Kim Eng Securities, said Egco had an edge over its peers in the development of coal-fired plants because the new power development plan was expected to increase the proportion of coal.

It has a 50% stake in BLCP, the operator of a coal-fired power plant in Map Ta Phut in Rayong province. After expansion, BLCP will operate 2,400 MW to feed manufacturers in Rayong.

EGCO shares closed on the SET yesterday at 162 baht, up 1.50 baht, in trade worth 97.7 million baht.

