

Demco eyes alternative energy sector plans wind, solar plants; upbeat on record revenue

Demco, a contractor and engineering service provider listed on the Stock Exchange of Thailand, plans to proceed with the alternative-energy business, with the aim of owning power plants driven by wind and solar energy with the capacity of at least 100 megawatts by next year.

Managing director Pongsak Siricupta says he is confident this year's revenue will reach a new high.

Demco has secured more than Bt5 billion worth of job contracts this year, and hopes to secure at least another Bt3 billion worth.

Pongsak said Demco was waiting to sign a contract worth Bt2 billion with the Electricity Generating Authority of Thailand and expected to secure additional solar-energy business from the potential Bt86-billion investment plan of the Energy Ministry.

In addition, Demco has a backlog of job contracts that should bring in about Bt5 billion in revenue this year. It plans to bid for new state and private-sector contracts worth about Bt3 billion, for total expected revenue of about Bt8 billion this year, excluding a solar-farm business worth Bt3 billion Demco hopes to secure in the future.

Moreover, Demco will earn revenue from its 15-per-cent equity stake in the West Huay Bong 2 and 3 wind-energy projects and a 3MW solar project from which the company expects to receive a total of Bt195 million in dividends this year.

Besides the Bt3-billion solar farm mentioned above, Demco is conducting a feasibility study on investing in a garbage-driven 400MW power plant. It could invest in 70MW worth of both projects (16MW in the garbage-driven plant and 50MW in the solar farm). Through such investments, Demco would own a total of at least 100MW this year and another 80-100MW in 2016.

No rise in capital

Demco does not see the need to raise capital to support its additional investment plans as its capital structure totals Bt1.5 billion. This would allow Demco to secure loans of about Bt6 billion to Bt7 billion, which would in turn allow the

company to invest between Bt8 billion and Bt9 billion in future business expansion.

Meanwhile, its subsidiary Demco De Lao Co is scheduled to sign a Bt1-billion concession contract next month to provide infrastructure systems in Laos.

Last year, Demco posted net profits of Bt362.30 million. Its board of directors approved dividend payments of Bt98.59 million for second-half 2014 operations, payable on May 22, 2015.

