

## **Ua Withya eyes renewables**

MAI-listed Ua Withya Plc (UWC), a maker of steel structures for high-voltage transmission lines, is diversifying into renewable energy to tap that sector's higher earnings potential.

Executive committee chairman Wutichai Leenabanchong said the company had earmarked 4 billion baht for capital expenditures on expanding into renewable energy over the next three years.

Renewable energy is expected to create revenue over a period of 20 years compared with its existing business of bidding for state utilities contracts, which is quite risky, he said.

"The timing gap between the bidding date and payment date is quite long, which means it's risky," Mr Wutichai said.

Yesterday Ua Withya signed an agreement to inject equity into Oscar Save the World Co, in which it owns 55%. The other 45% is owned by Thai Nakorn Parawood Co (TNP), Thailand's largest rubber wood processor.

Oscar plans to start building a 9.9-megawatt biomass power plant this month.

The plant's raw materials will be rubber bark and sawdust from TNP's wood processor facility in Nakhon Si Thammarat's Chawang district, adjacent to the planned plant.

The plant is estimated to be worth 750 million baht and has already signed a purchase agreement with the Provincial Electricity Authority.

Operation is expected to start about mid-2016.

The internal rate of return from the plant is 32% thanks to the 30-satang adder tariff.

The two partners are planning feasibility studies on another four biomass projects to be located near the first, each with a capacity of 9.9 MW.

Oscar president Manote Luengvoraphan said his company's wood waste amounted to 340 tonnes a day, ample for the new plants being studied.

Mr Wutichai said having a raw material supplier for a partner added security to the arrangement.

The company's next goal is to purchase shares from the operator of a hydropower plant in Laos with a capacity of 60 MW.

Mr Wutichai said the renewable energy business was expected to generate 70-80% of company revenue next year.

Oscar expects revenue growth of 42.9% to 1 billion baht this year, as the hydropower plant in Laos is expected to start generating additional revenue in the second half.

Last month, Oscar agreed to be a strategic partner with China's Dongfang Electric Corporation for further investments in Thailand.

UWC shares closed yesterday on the MAI at 1.31 baht, up seven satang, in trade worth 124 million baht.

