



05 JUN, 2020

## Pestech International bags third concession asset

New Sabah Times English (KK), Malaysia

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**KUALA LUMPUR:** Integrated electrical power technology company, Pestech International Bhd (Pestech) has bagged its third concession asset in Cambodia – a 10-year Build-Operate-Transfer (BOT) transmission line project worth US\$100 million – via its subsidiary.

In a note Thursday, Kenanga Research said the concession value stems from committed payment from the state utilities supplier, Electricite Du Cambodge to Pestech's 70 per cent-owned unit, ODM Power Line Company Ltd over a con-

cession period of 10 years and one month.

"We are positive on this as it helps to enrich its future recurring income, and provides diversification from the company's over-reliance on engineering, procurement, construction and commissioning (EPCC) contracts, with stable recurring cashflow over the next 10 years.

"Although borrowing is set to increase, it is mainly ring-fenced financing like the other existing borrowings, which is fairly safe," the research house said.

Additionally, it said that Pestech has a sizeable outstanding order-book of RM1.6 billion, which will be able to sustain its earnings growth for the next two years.

"Pestech is expected to book in two streams of earnings from this project; the 10-year concession fees and an EPCC contract worth US\$50 million," it said.

Kenanga Research said the BOT transmission line project was in addition to Pestech's two other concession assets in Cambodia, namely the 25-year BOT

independent power transmitter Diamond Power and the 20-year Build-Own-Operate (BOO) solar farm Green Sustainable Ventures.

"We still like this niche utility infrastructure play which could potentially benefit from the revival of mega projects domestically and the fast growing energy infrastructure development market in Cambodia," it said.

As such, Kenanga Research has maintained its 'outperform' rating on Pestech shares, with an unchanged target price of RM1.15. –Bernama



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### SUMMARIES

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