

KHAZANAH'S UEM ENVIRONMENT EYES LISTING



UEM Environment Sdn Bhd, a wholly-owned unit of sovereign fund Khazanah Nasional Bhd, aims to be listed on Bursa Malaysia within the next five years, said its chief executive officer Khalid Bahsoon (pic).

"Now is the time for some housekeeping as we gear up for the next phase of growth. Ultimately, and subject to the right market conditions, the end-goal is to list the company, hopefully in the next five years. The valuation is being considered and it should be quite similar to other players in the market," he told The Edge Financial Daily in an interview.

He declined to elaborate on how much UEM Environment hopes to raise from the listing, but it is learnt that the amount could reach RM1 billion.

UEM Environment, which provides waste disposal and management services, was previously wholly owned by UEM Group Bhd. It was divested to Khazanah early this year, with Khalid subsequently appointed to oversee the unit's reorganisation and rebranding.

"Khazanah has expressed its interest to invest in sustainable development. There is strategic value in us that has caught Khazanah's eyes, which is waiting to be unlocked and eventually monetised at the right time," he said, adding that the group will unveil its new brand in the next few weeks.

Khalid said UEM Environment has a solidification plant, a physical treatment plant, a secured landfill and two incinerators, one with a 130 tonnes per day (tpd) capacity, while the other, 30tpd. It plans to have a waste-to-energy (WTE) incinerator with a capacity of 100tpd by June 2016, to dispose scheduled wastes.

"Our incinerator can dispose of 77 [types of] scheduled wastes, except for explosives, which is currently being undertaken by the military. At the same time, we have secured a sanitary landfill with a capacity of 80,000 tonnes per year, which will last us another 15 years," he said, adding that the group receives some 500 tonnes of scheduled wastes daily.

The off-site landfill is on a 58.7ha tract in Bukit Nanas, Negri Sembilan, and has been operational since 1998. Recently, the group bought some 100 acres of land adjacent to it to expand its operations.

UEM Environment, through its 50%-owned subsidiary E-Idaman Sdn Bhd, also has a 22-year concession to manage municipal solid waste in Perlis and Kedah. The group has been tipped to get another long-term concession to manage solid waste in Perak soon.

"We don't comment on speculative news. Given our expertise and experience, we are ready to manage solid waste in any localities," he added. Khalid targets to grow UEM Environment's revenue by between 20% and 25% for the financial year ending December 31, 2014 (FY14) by expanding its waste streams, especially clinical waste.

The group has recently purchased five microwave disinfection systems to treat clinical wastes such as syringe, cotton pad, tissue, blood and urine. Two of them, each with a capacity of 6tpd and developed by Belgium's AMB SA, are installed in its facility. "We receive 20tpd of clinical wastes daily and our existing units can only process 12 tonnes; the remainder is incinerated.

However, we should be getting three more units by next January, which will increase our processing capacity to 30tpd," he said, adding that the five units are expected to contribute 10% or more to the group's revenue in the long run. The group has secured AMB's distribution rights to sell the products in Malaysia, Singapore, Turkey, Thailand, Indonesia and Brunei. UEM Environment's tender-book now stands at slightly over RM1 billion.

"The recent hike in petrol and diesel prices by 20 sen will affect our cost base and, to some extent, financial performance. However, we have introduced various cost-saving initiatives to maintain our momentum in a challenging environment," he said. The bulk of the group's cost comes from maintenance and diesel for its incinerators. In FY13, the group saw its net profit rise 154% to RM30.39 million from RM11.96 million in FY12, even as revenue dipped 4% to RM145.72 million from RM151.09 million.

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