

MMC May Clinch US\$5b Saudi Job

Wednesday, October 15, 2008 iStockAnalyst

INFRASTRUCTURE group MMC Corp Bhd is in the running to win a US\$5 billion (RM17.6 billion) independent water and power project (IWPP) in Saudi Arabia.

Director and chief executive officer Hasni Harun said MMC is part of a consortium with a Saudi Arabian and an international firm that has been named preferred bidder for the project, which will have capacity to produce one million cubic metres (m³/day) of water per day and 1,100 megawatts (MW) of electricity.

"We are close to completion (of the bid) and will know the results by December. We are now waiting for the financial close," Hasni told reporters after its shareholders meeting in Kuala Lumpur yesterday.

"Looking at the liquidity in the Middle East, we are quite confident that there are funds available in Saudi Arabia to make the project bankable," he added.

MMC and its two partners have an equal shareholding in the consortium that will hold a 25- to 30-year concession for the plant, which will take four years to build.

The project follows MMC's achievements in power and water projects in the Middle East.

MMC, via 51 per cent-owned unit Malakoff Bhd, has a concession in the 900MW and 1,030,000 m³/day Shuaibah IWPP in Saudi Arabia and a 200,000 m³/day seawater desalination plant in Algeria.

It also has interests in Central Electricity Generation Co in Jordan and Dhofar Power Co in Oman.

In July this year, it won exclusive rights to undertake a study to build a US\$2 billion (RM7 billion) coal-fired power plant of up to 1,000MW in Ajman in the United Arab Emirates.

MMC is tipped to win the Ajman job, subject to a technical and economic feasibility study it is undertaking.

It is learnt that MMC will form a consortium to operate and maintain the plant for 20 years, which will contribute positively to its financial figures.

Meanwhile, Hasni said MMC's offer to acquire more than 50 per cent equity in Aliran Ihsan Resources Bhd (AIRB) for up to RM238.6 million will spearhead plans to bid for more lucrative utilities and infrastructure projects overseas, especially in the Middle East.

AIRB is a Johor-based water treatment plant operator with 16 plants under its belt, supplying about 70 per cent of the state's water needs.

"The acquisition will be our spring board to hold more water assets. We may take some equity stakes, get involved in water treatment plants and form joint ventures," Hasni said.

He said the acquisition is the first move by MMC to be involved in the water business domestically and will be a strategic fit.

It will complement MMC's global power generation business, particularly in the Middle East and North African regions, where power project bidders are invariably required to provide water solution proposals in their bids.

"We intend to keep AIRB's listing status and grow the business in terms of size, people and market capitalisation," Hasni said.

MMC's debt stands at RM20 billion, of which RM1.3 billion comes from the holding company and another RM16 billion from subsidiary Malakoff Bhd.