

New Straits Times – 16 March 2021

<https://www.nst.com.my/business/2021/03/674162/lss4-construction-contracts-worth-rm200mil-rm250mil-each>

## LSS4 construction contracts worth RM200mil- RM250mil each?

By Farah Adilla - March 16, 2021 @ 9:38am



Affin Hwang said some of the shortlisted bidders had listed company parents, which improved the financial support for their bids and provided access to the equity market for funding to secure the projects.

KUALA LUMPUR: Solarvest Holdings Bhd, Samaiden Group Bhd and Sunway Construction Group Bhd (SunCon) are the preferred engineering, procurement, construction and commissioning (EPCC) contractors to build the Large Scale Solar 4 (LSS4) plants, Affin Hwang Capital said today.

The firm said the EPCC contracts for the LSS4 programme could be worth about RM200 million to RM250 million each.

Affin Hwang said Solarvest was targeting to secure eight to 10 solar plant projects with total generation capacity of about 300 megawatt (MW).

Based on construction cost of about RM2.5 million per MW capacity, the total contract value could be RM600 million to 700 million.

SunCon would likely secure EPCC contracts for two solar plants with total generation capacity of 100MW, saidc Affin Hwang in a report today.

It said from past experience for tenders under the LSS 1-3 programme, the LSS4 shortlisted bidders would likely win the projects.

"The shortlisted bidders will likely be awarded the projects unless they face land or financial issues," it added.

Affin Hwang said some of the shortlisted bidders had listed company parents, which improved the financial support for their bids and provided access to the equity market for funding to secure the projects.

"We understand that project IRR (internal rate of return) for the LSS4 projects is in the range of mid to high-single digits due to the competitive tariff rates," it said.

Meanwhile, Affin Hwang said the government would continue with plans to implement the mega infrastructure projects, such as the Klang Valley MRT Line 3 (MRT3) project, and renewable energy (RE) projects under the 12th Malaysia Plan (12MP).

The firm has maintained its "neutral" call on the construction sector.

"Prospects to replenish order books are improving with the potential revival of mega infrastructure projects such as the MRT3," it said.

Its top picks include Gamuda Bhd, SunCon, HSS Engineers Bhd and AME Elite Consortium Bhd.

"Key upside risk is the faster- than-expected roll-out of infrastructure projects and downside risk is political uncertainties," it said.