

▶ IJM PLANTATIONS BHD				
FYE MARCH	FY14A	FY15A	FY16F	FY17F
REVENUE (RM mil)	647.0	667.7	586.7	705.4
CORE NET PROFIT	127.0	132.9	79.6	122.8
CORE EPS (sen)	15.8	15.1	9.0	13.9
PE (x)	22.5	23.6	39.4	25.5

Better FFB production growth in FY17 seen for IJMP

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## Barclays, FCA endorse bitcoin startup deal

LONDON • Barclays plc and the UK's Financial Conduct Authority (FCA) opened the British market to Circle Internet Financial Ltd, a startup that uses bitcoin to allow users to send each other payments, in a sign that global banks and regulators are overcoming their reservations about the cryptocurrency. UK consumers will be able to use Circle's "social payment app" to transfer sterling for free, the Boston-based company said on Wednesday in a statement.

Barclays is providing the company with commercial banking services. The FCA, which has set up an "innovation hub" to stoke the development of fintech companies, granted Circle an e-money licence to conduct business in the UK. The agency has approved more than 80 money-transfer companies for such licences since 2011, though a spokeswoman couldn't confirm whether Circle is the first to use bitcoin.

"It's very telling to see Barclays banking a company engaged in bitcoin-related activities," said Eric Van der Kleij, the head of Level 39, a London-based firm that helps nurture fintech startups. "The announcement has the industry wondering if this is one of the turning points for the Internet of money."

Circle works by converting dollars and pounds into bitcoins. The app then sends the bitcoins to a recipient where they're re-converted back into dollars or pounds. — Bloomberg

# 'Sustainable energy projects need innovative financing models'

*SPV, IPO, green private equity fund, yield co should be visited, experts advise*

by LINDA ARCHIBALD

MALAYSIA should structure more innovative financing models if the country is serious about moving the sustainable energy agenda forward.

While there is a huge potential to drive renewable energy (RE) in the country, analysts and industry players alike believe nations must look beyond the existing financing models.

Projects, such as biomass, that incur high initial capital expenditure face difficulty in raising sufficient project capital for loan approval, an energy forum in Kuala Lumpur was told.

The government should explore setting up a green energy funding special-purpose vehicle (SPV) similar to that of the Forest Plantation Development Sdn Bhd set up by the Malaysian Timber Industry Board.

"With it, companies can enjoy a soft interest rate and long grace period for loan repayment," said Malaysian Biomass Industries Confederation president Datuk Leong Kin Mun.

Forest Plantation Development, which manages the disbursement of soft loans to local companies, carries out the auditing process of the plantations and provides technical support and training for the programme.

Leong was one of the speakers at the Roundtable on Financing Models for Renewable Energy Projects on the second day of the 3rd International Sustainable Energy Summit (ISES 2016) held in Putrajaya on Wednesday.

Giving some insight into costing, the forum was told that Malaysian Debt Ventures Bhd (MDV) could provide financing up to RM40 million for a 5MW project costing RM50 million, based on an 80% provision assumption.

If the project proponent raises RM5 million, the remaining RM5 million could be raised through private funding.

A 10MW biomass project is estimated to cost RM100 million. However, the Green Technology Financing Scheme only offers soft loans of up to RM50 million.



Minister of Energy, Green Technology and Water (KeTTHA) Datuk Seri Dr Maximus Johnity Ongkili (centre) launches SEDA Malaysia's coffee table book during the launch of ISES 2016 on Tuesday. He is accompanied by (from left) Indonesia's Ministry of Energy and Mineral Resources, Electricity DG Jarman Sudimo, KeTTHA secretary general Datuk Loo Took Gee, SEDA Malaysia chairman Datuk Dr Yee Moh Chai and SEDA Malaysia CEO Catherine Ridu



Multiple customised fund-raising models need to be created to structure financing solutions for green energy projects on a case-by-case basis, says Leong

On financing options, Leong suggested that project proponents should also consider tapping the capital market with an initial public offering (IPO) via an infrastructure project company.

"To date, this has been a fairly unexplored option for the sustainable energy industry," he said.

MBIC is a non-profit national industry association, representing Malaysian biomass companies and small and medium enterprises (SMEs) in the biomass industry.

Companies can also explore tap-

ping into foreign green private equity funds interested in funding green energy projects in Asia or creating synergy with public listed companies' fund raising.

VSolar Group Bhd and PUC Founder (MSC) Bhd were cited as two corporations keen to venture into solar.

Leong also said multiple customised fund-raising models need to be created to structure financing solutions for green energy projects, on a case-by-case basis.

"Multiple fund-raising models mean we can structure the financing deals based on various financing solutions including angel investors, private funds, bank loans, Greentech Investment Tax Allowance and foreign green project investors (ie equity partners), amongst others," he said.

Bloomberg New Energy Finance analyst Maggie Kuang cited yield co and green bonds as examples of financing innovations for large renewable assets.

Yield co is a dividend growth-oriented public company, created by a parent company to own operating assets that produce a predictable cash flow, primarily through long-term contracts.

Green bonds are like any other infrastructure bonds but may include clean energy, energy efficiency or car-

bon reduction activities.

An example of a yield co is Terra-Form Power Inc, set up by the world's largest RE development company — SunEdison Inc.

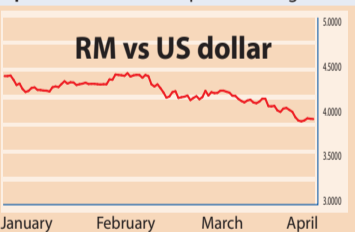
Aside from Kuang and Leong, the other roundtable panellists included Malayan Banking Bhd SME banking head of business development Jayabalan Kathiravalu, Antah Renewables CEO Alexis Issharoff, MDV corporate planning division VP Amiruddin Kemat, Asian Development Bank sustainable development and climate change department technical advisor Dr Zhai Yong Ping and US National Renewable Energy Laboratory senior financial analyst David Feldman. It was moderated by Greentech Malaysia CEO Ir Ahmad Hadri Haris.

The biennial summit, organised by Sustainable Energy Development Authority (SEDA) Malaysia, is a platform for information exchange on sustainable energy and network opportunities aligned with Malaysia's aim of achieving national energy autonomy.

The theme this year was "Democratising Electricity Supply". Speakers and participants discussed policies and mechanisms to facilitate the democratising of electricity supply and the strategic resources needed to support future energy goals.

## RINGGIT ENDS HIGHER VS DOLLAR

April 7 Op 3.8775 Clsg 3.9100



Credit: Bloomberg

THE ringgit closed higher against the US dollar yesterday, in line with other emerging Asian currencies, with the US Federal Reserve (Fed) sending signals that an interest rate hike in April is unlikely. It ended higher at 3.9100/9200 against the greenback from 3.9170/9220 on Wednesday. A dealer said most emerging Asian currencies rose yesterday following the release of the Fed's latest meeting minutes, which revealed that policymakers were uncertain over their next move, thus diminishing investors' interest. "The higher oil price also fuelled the ringgit's gains yesterday. The international benchmark Brent increased five cents to US\$39.89 (RM156.37)," he added. — Bernama

## INTERBANK OFFER RATES

	KLIBOR (April 7)	HIBOR(HKS) (April 7)
1M	3.370	0.224
2M	3.680	0.410
3M	3.700	0.556
6M	3.810	0.889
9M	3.840	
12M	3.900	1.285

## Packagers to benefit from low resin cost, strengthening dollar

by ANNA CHIDAMBAR

THE domestic plastics and packaging sector is expected to continue benefiting from the strengthening US dollar, better margins from favourable exchange rates and low resin costs.

In the long run, the sector is also expected to benefit from the impact of the Trans-Pacific Partnership Agreement (TPPA).

"We expect the current trend of low resin prices to continue, with resin price movement being more stable than crude oil prices. We will monitor the low resin cost resulting from excess supply in the market which could lead to more margin expansions possibly triggering an upgrade,"

Kenanga Research said in a note on the plastics and packaging sector.

It said resin price trends should remain stable for the time being.

"We are comfortable with our resin price assumptions of US\$1,150 (RM4,485)-US\$1,200/metric tonne, but we have also lowered our US dollar exchange rate assumptions to RM4.10 (from RM4.21), closer to current levels and in line with our in-house estimates," it said in the note.

Plastic manufacturers were the darlings of investors in 2015 as they benefited from a strengthening US dollar against the ringgit due to their high percentage of US dollar-denominated exports, estimated at 56% to 78%, according to the note.

The US dollar/ringgit exchange rate currently stands at RM4.02, down 6.2% year-to-date.

It said that a PricewaterhouseCoopers study had highlighted that the US currently has anti-dumping duties of 104% on plastic retail carrier bags, which comprise about one-third of Malaysia's production of downstream plastics.

Hence, it noted that reduction or removal of the duty will benefit plastic players, including manufacturer of plastic packaging products SLP Resources Bhd and cast stretch film manufacturer BP Plastics Holdings Bhd.

"They also pointed out that resin costs could also decline, because 37%

of raw material comes from TPPA member countries (ie Singapore, Japan and US). Thus, we are optimistic that the TPPA will have a long-term positive impact on the plastics and packaging sector," the note said.

In the report, Kenanga has a 'Neutral' call on the sector as it believed it was fairly valued, having fully priced in positive rating catalysts, while share prices were already reflective of its FY17E earnings.

It reiterated its 'Outperform' call on plastic and paper products manufacturer Thong Guan Industries Bhd with a target price of RM3.33, and 'Market Perform' for SLP (RM2.24) and producer of industrial stretch film Scientex Bhd (RM13.25).