

THAILAND: PTTGC eyes high-margin polymers, expects plastics demand to rebound

PTT Global Chemical (PTTGC), Thailand's largest petrochemical producer, plans to lift its return on invested capital (ROIC) ratio to 15% within a decade from 12% last year.

Chief executive Anon Sirisaengtaksin told a shareholders meeting last week the company will focus on higher-margin polymer products such as specialty plastics, oleochemicals and green plastics. Last year, the three high-margin polymers generated 73.64 billion baht in revenue, 13% of PTTGC's total revenue of 565.61 billion, with 85% from commodity polymers and refined oil.

The higher ROIC will be supported by new assets the company acquired over the past two years, comprising France-based Vencorex Holding Co, Myriant and Nature Works LLC in the US and Malaysia's Emery Oleochemicals Sdn Bhd. PTTGC also has a research and development centre in Thailand to search for higher-margin polymers.

Last week, PTTGC signed a memorandum of understanding with IRPC Plc, also a subsidiary of PTT, to collaborate on maximising the efficiency of each other's utility services as well as exchanging feedstock and products. The collaboration is also an attempt to move into higher-margin products while maintaining cost. The synergy between the two companies will support marketing activities for new polymer products such as nylon, plastic compounds and synthetic rubber.

"Although some players in the plastics industry such as Nature Works experienced losses during the global economic slowdown, short-term demand for bio-degradable plastics will rebound," said Mr Anon to nearly 4,000 shareholders.

Last year, Nature Works posted total revenue of 14.34 billion baht with a loss of 90 million. High-margin polymers are consumed in the construction, automotive and electronic sectors.

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(Syed Rashid Ali, Karachi, Pakistan)

Adresse:

<http://www.gupta-verlag.com/polyurethanes/news/industry/12812/thailand-pttgc-eyes-high-margin-polymers-expects-plastics-demand>