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Bangchak sets Bt113 bn for diversification

PROJECTS TO BE CONSIDERED AT HOME AND ABROAD TO WIDEN SOURCES OF REVENUE

SOMLUCK SRIMALEE
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BANGCHAK Corporation Plc and its subsidiaries have set aside a five-year investment budget of Bt113 billion for the period 2018-22, focusing on alternative energy, green innovation, and environment both domestic and overseas, the company's president and chief executive officer Chaiwat Kovavisarach said at press conference yesterday.

Up to one-third of its budget, about Bt37.66 billion, would be to develop the group's bio-complex at Chachoengsao province, located in the Eastern Economic Corridor. The complex will combine bio-based products, energy storage, food supplements, research and development, and bio-based materials, he said.

The group includes Bangchak Corporation Plc, BCPG Plc, and BBGI Co Ltd, a joint venture between Bangchak Corporation Plc, which holds a 60-per-cent stake, and Khon Kaen Sugar Industry Plc, which has 40 per cent.

Meanwhile, a half of the group's investment budget will be spent on improving production capacity and

the business of Bangchak Corporation Plc, and the rest for its two subsidiary firms, he said.

The group also has set aside an investment budget of about Bt150 million a year or US\$5 million to invest in start-ups at home and abroad, especially in the Silicon Valley in US, Tel Aviv in Israel, and China. This follows the group's success in investing \$37 million in Lithium Americas Corp in 2015, which will start to produce lithium in 2020, he said.

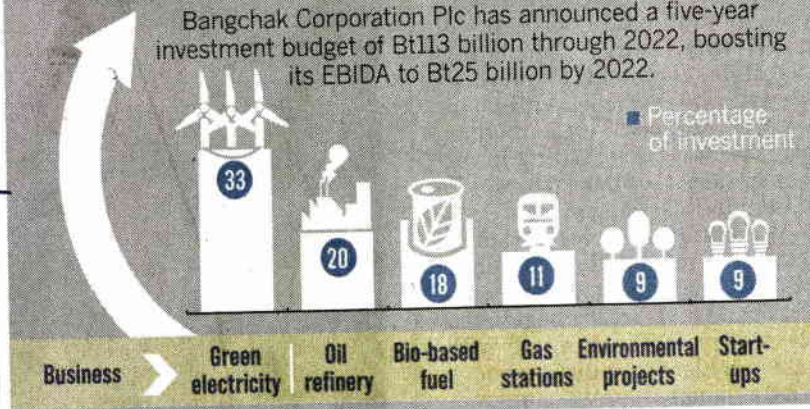
"Our investment in start-ups will focus on alternative energy, green business, and biomass. The group has had success investing in three start-ups in the US and an announcement will be made at the end of this year. They are green energy, and bio-based businesses," Chaiwat said.

Fund-raising

The investment budget will come from the company's initial cash, and funds raised from the capital market. There are plans for BBGI Co Ltd, a biological products firm, to be listed in the Stock Exchange of Thailand. The application will be

FIVE-YEAR PLAN

Bangchak Corporation Plc has announced a five-year investment budget of Bt113 billion through 2022, boosting its EBIDA to Bt25 billion by 2022.



Source: Bangchak Corporation Plc

NATION GRAPHICS

filed in the second half of this year, Chaiwat added.

With the aggressive investment plan for the next five years, the group will increase its net profit margin from an average of 2.5 per cent to 5 per cent by 2022 thanks to the alternative businesses, he said.

Chaiwat explained that the company needs to invest in new business as Bangchak Corporation Plc's total sales revenue is in the range of Bt150 billion to Bt180 billion a year depending on oil price, which fluctuates.

In 2016, when oil price averaged

\$40-\$45 per barrel, the company reported total revenue of Bt145.9 billion, a sharp drop from Bt185.47 billion in 2014 when oil price was up to US\$70 per barrel.

This year, if oil trades between \$60 and \$70 per barrel, the company's total revenue may reach Bt200 billion. However, the company's net profit margin will not exceed 2.5 per cent. He said as the company expands investments in new business, that will boost its net profit margin from 2022 although its total revenue will depend on the oil price.

In the first nine months of 2017, the company reported Bt128.09 billion in total revenue and a net profit of Bt4.39 billion. BCPG Plc's president Bundit Sapianchai added that the company plans to invest Bt30 billion in alternative energy focusing on Asia-Pacific countries.

The company will increase its alternative electricity capacity - solar roof, wind, and biomass - from 191MW in 2017 to 391MW by the end of this year. The company also will spend the budget for expanding new alternative energy plants at home and abroad between 2019 and 2022, with expected internal rate of return not lower than 15 per cent, Bundit said.

Currently, the company has businesses in Thailand, the Philippine, Japan as well as Indonesia.

BBGI Co Ltd's chief executive officer, Pongchai Chaichirawiwat, said the company plans to invest in developing 500 rai at Chachoengsao province as a bio-complex, focusing on biological products.

"Our investment budget will be about 20 per cent of the group's total investment budget of Bt113 billion. Some funds will be raised from the capital market as the company plans to be listed on the Stock Exchange of Thailand in the second half of this year," Pongchai said. -