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Bangchak eyes bio-based plan

Firm allots B37.3bn for industrial estate

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SET-listed Bangchak Corporation Plc (BCP), a mostly state-owned energy firm, has announced a 37.3-billion-baht capital spending budget for 2018-22 to develop a bio-based industrial estate in the flagship Eastern Economic Corridor (EEC).

The project is expected to occupy a plot in Chachoengsao province of 600 rai or about 100 hectares. The estate will sit next to a production facility for feedstock of ethanol and biodiesel, which will be converted into raw material for skincare items, cosmetics, food supplements, biodegradable materials and pharmaceuticals.

This bio-based sector is one of 10 S-curve industries targeted for investment in the EEC.

President Chaiwat Kovavisarach said Bangchak will invest in the project through a subsidiary, BBGI Co, in which Bangchak owns a 60% stake and its partner, Khon Kaen Sugar Industry Plc (KSI), holds the rest.

BBGI has an ethanol production facility in Chachoengsao and some remaining



Bangchak's industrial estate is planned for the Eastern Economic Corridor.

land that is sufficient to develop the bio-based industrial estate.

The partners are conducting a feasibility study for the project, which is expected to take two more years to finalise the details. Before starting construction of the new project, Bangchak plans to increase its combined production capacity for ethanol and biodiesel to 2 million litres a day from 1.7 million.

Mr Chaiwat said the budget for the EEC investment will come mostly from BBGI's initial public offering (IPO) and listing on the Stock Exchange of Thailand in the second half of this year.

BBGI president Pongchai Chaichirawat said the planned listing already has financial advisers, Kasikorn Securities and Bualuang Securities. The IPO is expected to float roughly 30% of total shares of BBGI.

Mr Chaiwat said the bio-based project is part of Bangchak's capital investment budget of 113 billion baht for 2018-22.

Some 33% or 37 billion baht will go to expanding capacity for renewable power to 800 megawatts from 600MW now, as operated by subsidiary BCPG Plc. BCPG's capacity expansion includes renewable power projects overseas, a domestic solar rooftop project and a smart power distribution system.

A further 20% or 22.6 billion baht of the budget will go to expanding oil refining capacity to 133-140 kilobarrels a day from 120 now at the refinery unit in Bangkok's Phra Khanong district.

The project will enable production of higher-value products such as diesel and jet fuel, rather than bunker oil, by installing continuous catalyst regeneration.

Mr Chaiwat said Bangchak expects the refinery in 2018 to run at an average of 102 kilobarrels a day, up from 111 last year, following a shutdown for maintenance last April to June.

Bangchak sees revenue in 2018 exceeding 200 billion baht, beating its earlier target of 180 billion, based on a projection of global oil prices rising above US\$60 per barrel.

BCP shares closed yesterday on SET at 41.50 baht, down 25 satang, in trade worth 195 million baht. ~