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ENERGY

PTT to revitalise lube segment

YUTHANA PRAIWAN 03

PTT Plc, the SET-listed national oil and gas conglomerate, plans to actively promote its lube segment in 2018 to cope with disruptive technology in the country's oil industry.

PTT has budgeted 3 billion baht for investment during 2018-22. Half of the budget will go to marketing campaigns and sales promotion.

Buranin Rattanasombat, PTT's executive vice-president, said the company has launched several items such as new products for car care and distribution products sold direct to end-users, as well as sales distribution via e-commerce operators and upgrading lube storage facilities.

"Although disruptive technology has not made it to the lube industry yet, it will soon and we may not have time to prepare," he said.

The domestic market will reach mature status in the coming years because new lubricant products have been modified to have prolonged life cycles, lasting up to 10,000 kilometres for petrol engines and

20,000km for diesel engines, compared to only 5,000km with past products, Mr Buranin said.

"Lube products will have a longer lifespan before motorists repurchase them," he said.

Mr Buranin said PTT will focus more on distribution of its new car care products through its quick-repair garages, Auto Fit, which the company plans to expand by 100 stores nationwide by 2022. Only a few locations exist currently.

The car care products include car body waxing, tire waxing and car cleaning.

Mr Buranin said PTT believes electric vehicles (EV) have the opportunity to enhance the company's competitiveness, giving it an advantage over oil-compatible vehicles.

"EVs do not use lube products because there is no combustion engine, so PTT expects car care products to diversify, offsetting lower demand for lube products for petrol and diesel vehicles," Mr Buranin said. "We are keen on selling lube products via e-commerce in Thailand, direct to end-users. We just opened our official store on

an e-marketplace, expecting sales of about 1 million baht per month."

The remaining half of the budget was allotted for upgrading the lube storage facility.

The storage facility is going through an auction to seek a construction firm in Chachoengsao province, expecting to start operations in the second half of 2019.

Storage capacity is projected at 260 million litres, equipped with new technology like artificial intelligence in warehouse management.

PTT sees this facility as its storage hub in Asean.

Mr Buranin said lube exports are expected to grow 20% this year from 25 million litres in 2017. Some 10 million litres were sold in Myanmar and 4 million litres each went to China and Vietnam.

PTT is upbeat about total sales for lube products growing 5-10% this year from last year's 200 million litres, a decline of 5% year-on-year.

Mr Buranin said growth this year will mark a market recovery for the first time in several years.