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ENERGY

PTG makes room for non-oil diversification until 2022

Emphasis on food, beverage and services

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Thailand's fifth-largest oil retailer, SET-listed PTG Energy Plc, has set aside 1-1.5 billion baht annually for the acquisition of new non-oil deals until 2022.

President and chief executive Pitak Ratchakitprakarn said the company hopes to acquire 2-3 companies per year in any business related to food and beverage, service and alternative energies.

He said most new businesses have to support the continued growth of PTG's core retail petrol network covering 1,696 stations nationwide as of last year.

PTG announced yesterday it spent 31.5

million baht through its wholly owned subsidiary Punthai Coffee Co to acquire 315,000 newly issued ordinary shares of Jitramas Catering Co at a price of 100 baht per share.

After PTG completes the acquisition, it will own a 70% stake in Jitramas Catering.

Mr Pitak said the deal will create many opportunities for PTG's petrol stations as Jitramas will sell its food products at PT Max Mart convenience stores, Pun Thai coffee shops, Coffee World chain stores and Thai Chef Express restaurants.

PTG has a member database of 8 million people nationwide for its PT Max Card.

"Over the next five years, PTG plans to focus mainly on non-oil business expansion because it generates a gross margin of 40-60% in the food and beverage sector, which is higher than the petrol business' gross margin of 7-8%," he said.

"We expect to spend 360 million baht to



Mr Pitak says Jitramas food products will be sold at PTG shops. PHRAKRIT JUNTAWONG

add 150 Jitramas branches by 2022, mainly at petrol stations, to generate revenue of nearly 1 billion in the next five years."

Mr Pitak said PTG is planning for one more acquisition around the second half of this year, but the company has not disclosed further details as no deal has been finalised.

He said the deal involves liquefied petroleum gas (LPG) business, both for retail stations and cooking gas distribution.

"The new LPG deal will be related to introducing a 15-kilogramme LPG tank for cooking gas," said Mr Pitak.

PTG has set a milestone to increase the proportion of non-oil business to a 60% contribution of total net profit by 2022, compared with only 9% as of last year.

For overall PTG revenue, the core retail oil business generates 96% of the total. The company expects revenue growth of 35.4% to 115 billion baht in 2018, exceeding 100 billion baht for the first time.

The retailer has set aside an investment budget of 5.5 billion baht in 2018, with 4 billion for improvement and expansion of its petrol stations.

PTG shares closed yesterday on the Stock Exchange of Thailand at 16.50 baht, down 30 satang, in trade worth 65.1 million baht.