

# Thailand: IRPC back on track with expansion plan

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IRPC Plc, a SET-listed integrated petrochemicals maker, has resumed plans for a joint investment with its sister company to expand capacity of aromatics and styrene monomer to serve rising demand, the Bangkok Post reports.

Kritch Chairuangyoth, vice-president for finance and investor relations, said IRPC last year decided to conduct a feasibility study in mid-2014 but postponed the plan due to sluggish demand and the price of these products in the first half of this year.

The situation began to improve rapidly in the second quarter, so the partners have resumed the plan, he said.

Capacity expansion is needed to improve economies of scale and maintain costs in the face of tough competition.

"The paraxylene price has been rising since late in the second quarter and justifies our idea to resume the expansion plan," said Mr Kritch.

IRPC is set to spend 38.4 billion baht this year on six projects due to operate between now and 2016.

The investment will drive its gross integrated margin to grow by US\$2-4 a barrel next year after the expansion. It has projected a margin of \$8 a barrel this year and is maintaining the target despite a downturn in oil refining in the second half.

IRPC is also studying the feasibility of producing biodiesel and high-value petrochemical products in the aromatic chain with an investment of 65.2 billion baht. The projects could start in 2017 and 2018.

IRPC voiced concern it may face a stock loss in the second half, as new supply from Middle East refineries was expected to depress product prices to lower levels than the costs of inventories.

But the new refineries are likely to affect only the oil sector with no effect on petrochemical products, which are on the rise in line with a recovery of demand in Asia.

Polyethylene prices are supported by demand from the agriculture sector and a fall in supply due to maintenance shutdowns at many plants in the third quarter.

Mr Kritch said IRPC is in talks with two potential buyers for its vacant land plots in Rayong province.

IRPC shares closed yesterday on the SET at 3.32 baht, down two satang, in trade worth 84 million baht.

*SOURCE Thai New Service*