



**Vashistha: New film offers higher margins**

## PLASTICS

# PTL plans new B2.3bn investment

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Polyplex (Thailand) Plc (PTL), the SET-listed plastic film producer, is proceeding with a 2.3-billion-baht investment in thick-film production in a bid to add more value to its product lines.

Managing director Rohit Vashistha said the company's board approved the new production line for PET thick film, which is widely used in diverse industries, from electrical equipment and electronics to solar cells.

"This investment is aimed at tapping new and fast-growing segments where competition is limited compared with traditional packaging. Plus the margins are comparatively higher and more stable, benefiting PTL in the long term," he said.

The new production line for thick plastic film will be up and running by 2013 with annual capacity of 28,000 tonnes.

The Polyplex Group operates manufacturing facilities in India (its base), Thailand and Turkey, supplying the global market with combined annual production capacity of 100,000 tonnes.

The new investment plan comes after the group spent US\$79 million last year to begin adding 31,000 tonnes to the Turkish facility's present annual capacity of 58,000 tonnes. That project will be

finished in the second half of next year.

Meanwhile, PTL this week reported the net profit for its fiscal third quarter ending Dec 31 rose by 450% year-on-year to a record 1.43 billion baht. Sales revenue rose by 77.2% to 3.19 billion thanks to

significant increases in selling prices and sales volumes.

Sales revenue in the first nine months of the fiscal year increased to 2.61 billion baht for earnings per share of 3.26 baht, from 691 million baht for earnings per share of 86 satang in the same period of the previous year.

"We still think the market will continue to be tight in the PET thin-film industry and that prices will continue to remain at healthy levels for another few quarters," said Mr Vashistha.

The decision to invest in the new thick-film line is a long-term repositioning strategy aimed at diversifying PTL's base from competitive commodity segments in packaging and ensure wider product offerings for East Asia.

In the longer run, the company may move into higher-end applications in electrical and electronic devices such as LCD/LED/touchscreens and photovoltaic panels, as demand is growing.

Research by Kim Eng Securities indicates PTL's net profit may have peaked in 2010, as plastic film could drop slightly to \$1.35 a kilogramme this year from last year's average of \$1.50.

As well, the price spread may narrow from last year due to rising prices of raw materials. This region will also see an additional 210,000 tonnes of new film capacity annually, which will cut down supply tensions.

PTL shares closed yesterday on the SET at 26 baht, down 1.75 baht, in heavy trade worth 1.32 billion baht.