

POLYPLEX EXPANDING

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PLASTIC PRODUCTS

Polyplex invests \$22m in value-added production

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Polyplex (Thailand) Plc (PTL), a SET-listed polyester film maker, has invested US\$22 million in a new production line in an attempt to increase its share of the value-added products market, says commercial chief Vinod Sureka.

Construction of the silicone coating line, with a capacity of 400-600 million square metres or 8,000 tonnes per year, will start next month.

Commercial production is scheduled for the first half of the company's 2011-12 fiscal year that starts next April. Its key target markets are Europe, the United States and Asia.

The new line is part of Polyplex's shift toward value-added products, which currently account for 38% of total sales volume, with plain film at 62%.

"Ideally we want a 50:50 split [of value-added to normal products]," said Mr Sureka. "We should reach that in the next two years once we have the silicone coating line."

Value-added products include chemically coated film, metallised film and thermal laminated film, which can fetch double the price of plain film.

Demand for polyethylene terephthalate polyester (PETP) film will grow 8% this year in line with growth in the packaging, industrial and electrical segments.

"This gives us an opportunity to try to have maximum capacity utilisation and an opportunity to eliminate lower margin sales and participate in higher margin sales," said Mr Sureka.

The company also plans to increase its capacity utilisation of metallised film to 74% to 85% this year.

The capacity for plain film is currently at 97%.

Polyplex posted total revenue of 7.13 billion baht in the 2009-10 fiscal year that ended in March, an increase of 3.86% from 6.87 billion in the previous year. Net profit was almost equal at 1.039 billion baht compared with 1.041 billion in the last fiscal year.

The company expects revenue to rise by 10% this year to 7.8-7.9 billion baht, thanks to its new cast polypropylene film (CPP) line, completed in March with a production capacity of 10,000 tonnes per year.

"[The new line] is expected to get ramped up in the first six months of this year, and for the next six months the focus will be capacity utilisation," he said.

Mr Sureka raised concerns about the impact of a weakening euro on the profitability of its operations in Turkey which supplies Europe. About 80% of the company's products are exported, with 38% to Europe.

The company has loans in currencies including the euro, which could help mitigate the impact of any currency fluctuations.

It also plans to open a new PETP line in Thailand in fiscal 2012-13, bringing its total PETP capacity to 73,000 tonnes a year up from 42,000 tonnes.

Polyplex is the world's third largest maker of thin PET films, with an 8% market share or 151,000 tonnes a year, after Toray Plastics and DuPont. Polyplex Corp in India is the parent firm of PTL.

PTL shares closed yesterday on the Stock Exchange of Thailand at 7.75 baht, up 15 satang, in trade worth 4.634 million baht.