

IRPC cuts costs to target record profit

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SET-listed IRPC Plc, a petrochemical maker, expects a record profit this year after cutting costs, improving efficiency and starting an upstream project for hygiene and value-added products (UHV).

Last year the company posted a net profit of 9.4 billion baht, reversing a loss of 5.24 billion in 2014.

President Sukrit Surabotsopon said the 65-billion-baht UHV project is to begin operations this month and add US\$1 a barrel to the company's gross integrated refinery margin, taking the margin to \$14 a barrel.

The UHV project will raise annual production capacity for propylene to 732,000 tonnes from 320,000.

Another factor in the record profit will be management of crude oil procurement by switching to more light crude oil from heavy crude. This will match demand for petrol in Asia.

The new oil-buying plan will reduce reliance on low-margin bunker oil production.

IRPC last week decided to delay the shutdown of an oil refinery unit for maintenance and repairs to next year's first quarter from this year's fourth quarter.

The company is proceeding with its

Everest Plan through the year 2019 at a cost of nearly 1 billion baht. The project aims to cut costs and enhance efficiency.

The Everest Plan is expected to help the company gain additional earnings before interest, tax, depreciation and amortisation (Ebitda) with a goal of reaching 3.416 billion baht by 2019.

In the first quarter of this year, the company's Ebitda stood at 234 million baht, Mr Sukrit said.

IRPC's oil refinery unit this year is expected to run at 200 kilobarrels a day, up from 170 in 2015.

Mr Sukrit said the trend of petrochemical business in Asia has strong growth potential through 2018 with expected strong demand and higher global oil prices.

IRPC reported first-quarter revenue of 38.2 billion baht, down 16% year-on-year, due to lower product prices.

Net profit rose by 574% to 3.01 billion baht.

With the Everest Plan, IRPC hopes to raise its credit rating from Ba1 (poor) to Baa3 (investment grade) as appraised by Moody's Investors Service, Mr Sukrit said.

IRPC shares closed yesterday on the Stock Exchange of Thailand at 5.15 baht, up 15 satang, in trade worth 926 million baht.