

Padaeng shifts from zinc to renewables

SET-listed zinc miner Padaeng Industry Plc (PDI) is sticking with its plan to cut down its zinc mining operations and switch to renewable power generation the next few years, says the company's managing director.

This despite rising global zinc prices that helped Padaeng post a net profit of 416 million baht in 2014, a turnaround from a net loss of 522 million the previous year.

Francis Vanbellen, the managing director, said he expected the sales revenue contribution from zinc business to drop 30% in 2017, down from 100% currently, as the company focuses on other promising businesses such as renewable energy and waste-to-power businesses.

"This is because zinc ore in Thailand is running out and the process to submit an application for a mining business takes a very long time. Also, mining businesses are normally strongly opposed by environmentalists. So we think this is not a good time to do mining," said Mr Vanbellen.

However, he said the company had no plans to quit the zinc business completely, even as it shuts down its Mae Sot zinc mine in the coming year. The company will still import a substantial amount of zinc ore for its operations.

"We downsized our zinc business to mainly produce value-added zinc products, which offer greater profit margin than mining. The company had been searching for alternative sources to replace Mae Sot ore," said Mr Vanbellen.

He said Padaeng set aside a three-year investment budget of 1.5 billion baht for 2015 to 2017. The budget included cash for mergers and acquisitions to seek overseas ore to for its smaller zinc business in Thailand.

After reducing its zinc business, the company plans to diversify its investment into promising renewable power-generating businesses, aiming to invest in solar farms, wind farms and waste-to-power projects over the next three years.

The company projects the revenue contribution from renewable energy will be 40-50% in three years, up from zero now.

The three-year plan includes building a 24-megawatt solar farm located near its zinc mining residue pond in Tak province.

"The solar farm has the advantage of being close to the transmission system and the high-voltage transmission stations of the Provincial Electricity Authority and the Electricity Generating Authority of Thailand," he said, claiming this would help it secure revenue by selling power to the authorities.

Padaeng also wants to install an 18-megawatt wind farm project in Nakhon Ratchasima province, where the company has already built a wind mast to collect information for a year to determine engineering feasibility. Padaeng aims to invest in 80% of this project.

Another renewable energy business it aims to invest in is an eight-megawatt biomass power plant in Surat Thani province that would use empty palm fruit bunches for energy.

