

PTT puts off overseas projects



Falling oil prices have forced SET-listed PTT Plc to delay its feasibility study on developing its international oil refinery and facility projects.

Chansin Treenuchagron, senior executive vice-president for petrochemicals and refineries, said projects to be delayed included an oil refinery complex with a hydrocarbon cracker production facility in Myanmar and refinery projects in Indonesia and Vietnam slated to be run through subsidiaries Thai Oil Plc and PTT Global Chemical Plc.

Each project was expected to cost more than US\$3 billion, he said.

A feasibility study of the three projects started early last year, when PTT was approached by foreign state-owned national oil and gas companies.

However, no final decision had been made on them.

"Demand and supply situations in each country have changed," Mr Chansin said.

"Collapsing oil prices have lasted longer than expected, giving the investment costs a longer return horizon."

Moreover, he said more new oil refineries would come online in the coming years, boosting regional oil supply.

As a result, the final decision on investment for the three project is expected to be made in 2017, Mr Chansin said. Those three countries still have potential to develop refineries, as demand for refined oil has increased in each annually.

With oil prices dropping, PTT Group has been focusing on higher operating efficiency as well as reviewing capital expenditures.

Its subsidiaries are expected to announce new revisions to their five-year expenditure budget next week.

Thai Oil will conduct a feasibility study on oil refinery capacity expansion to 400,000 barrels per day and an upgrade to its refined oil production facility.

PTT's petrochemical production subsidiary will also start a feasibility study on shifting feedstock from depleted natural gas into naphtha or propane and butane in order for it to match the changing market more closely.

Natural gas from the Gulf of Thailand is expected to be depleted within seven years if there is no new exploration. New drilling for resources has been delayed since 2007.

Mr Chansin said global oil prices were expected to bottom out next year, and fundamental factors should help settle prices later.

The oil price dropped from copy05 a barrel in early 2013 to \$90 last year and finally \$35 this week.

PTT shares closed yesterday on the SET at 240 baht, up six baht, in heavy trade worth 2.34 billion baht.

