Ratchaburi shutdowns will trim revenue 10% this year

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Ratchaburi Electricity Generating Holding Plc (RATCH) will realise earnings from two new investment projects from the middle of 2007 through 2008, while revenue this year is expected to drop by 10% as a result of a major overhaul.

The operator of the country's largest power plant has invested 2.2-billion-baht to hold 25% in a new 350-megawatt Ratchaburi plant and 62 million baht in an electricity generating project using flared gas at an oil production field in Sukhothai province to generate 1.75 MW of electricity.

The Sukhothai project would begin commercial operations in mid-2007 and the Ratchaburi project would be commercially viable next year, according to managing director Narong Situsawan.

With the two new projects in operation, the company's power generating capacity would increase by 8.8% to 4,346.75 MW from 3,995 MW at present.

Additionally, revenue would be higher next year as there would be no need to shut down for major overhauls, said Mr Narong. He said revenue in 2007 would drop by 10% from 2006 because of major overhauls at four power plants from June to December.

Net profit would also shrink, but at a slower rate than 10%, said Mr Narong.

Ratchaburi plans to use capital worth 25 billion baht to finance three ongoing projects, including the two aforementioned plants and the 153.75-MW Nam Ngum 2 hydropower plant in Laos, expected to start commercial operations in 2013.

The budget would also cover the development of a 110-MW Nam Ngum 3 hydropower plant to begin production in 2013, said Mr Narong.

The company's total electricity generating capacity by 2013 would be 4,610.50 MW, he added.

According to Mr Narong, overall investment cost for the projects would be 100 billion baht and the company might borrow money from financial institutions in 2011 or 2012, depending on the situation at that time.

The company is slowing down development of renewable energy projects, such as a planned wind farm on the southern coast of Thailand, to concentrate on independent power producer (IPP) bidding that will take place in the second quarter of this year.

Mr Narong said Ratchaburi and its joint-venture company Tri Energy Co Ltd would participate in the IPP bids separately. Ratchaburi is considering various locations to establish new IPP plants.

"Since the company has a higher advantage in terms of retained earnings of 18.66 billion baht and cash and cash equivalent of 11.23 billion baht, we strongly believe in our ability to win the upcoming IPP bidding," said Mr Narong.

A budget for construction of new power plants is already included in the five-year investment plan.

The company yesterday reported a net profit of 6.11 billion baht in 2006, a slight increase of 1% from 6.07 billion the previous year, on sales of 51.85 billion baht, up 16%.

The company will pay total dividends on 2006 operations of 3.05 billion baht, or 2.10 baht per share, it will pay 1.10 baht on May 16, after paying an interim dividend of one baht last September.

RATCH shares closed yesterday on the SET at 44.75 baht, up one baht, in trade worth 24.4 million baht.