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Completion of Titan plants augurs well for supporting industries

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THE completion of Phase Two of Titan Group's RM3.2 billion petrochemical plants in Pasir Gudang, Johor is expected to spur the growth of supporting industries, particularly those related in engineering and maintenance, in the country.

The expansion will enable the group to provide local fabricators with a full range of polyethylene and polypropylene supplies, the basic building blocks of Malaysia's booming downstream plastics industry.

Prime Minister Datuk Seri Dr Mahathir Mohamad is expected to officially mark the completion of the Phase Two expansion programme next Monday.

It is understood that the company plans to apply for a listing on the Kuala Lumpur Stock Exchange, now that its Phase Two is completed.

A Titan official told Business Times yesterday that the project has been developed under two phases - Phase One was first developed in 1994 while Phase Two commenced its construction on March 13 1997.

TR & P Bhd, the holding company of Titan (Malaysia), has to date invested close to RM2 billion in the fully-integrated Petrochemical Complex and associated facilities in the Pasir Gudang Industrial Estate (which were completed in 1995 under the Phase One programme).

The investments include a flexible Naphtha/LPG (liquefied petroleum gas) cracker under Titan Petrochemicals (M) Sdn Bhd, a linear low density polyethylene/high density (LLDPE/HDPE) polyethylene under Titan Polyethylene (M) Sdn Bhd, and a polypropylene plant (PP) under Titan PP Polymers (M) Sdn Bhd.

These plants are said to be the first of their kind in Malaysia.

The group also invested in a Cryogenic Terminal, a Naphtha Terminal and a Tank Farm at the Johor Port. The Terminal facilities enable import and export of liquid ethylene and propylene and the import and storage of naphtha which is the main feedstock of the cracker.

Meanwhile, Phase Two comprises a cracker which will increase ethylene capacity from the current 230,000 MTA (metric tonne per annum) to 560,000 MTA and propylene capacity from 115,000 MTA to 280,000 MTA, a 200,000 MTA LDPE plant to enable Titan to capture a niche market in Malaysia and provide customers with a full range of polyethylene.

It also include a polyethylene plant to increase combined LLDPE/HDPE capacity from 200,000 MTA to 300,000 MTA, a PP line to increase PP capacity from 130,000 MTA to 300,000 MTA, a BTX unit to give better value to the pyrolysis gasoline stream from the crackers, and two co-generation facilities to produce steam and electricity to process requirements using tail gases from the crackers to fire the turbines.

The coming onstream of the naphtha/LPG cracker, polypropylene plant and co-generation facilities will lift Titan's annual direct contribution in terms of import-substitution and export earnings to RM3 billion starting this year.

The Titan Group is a joint venture between the US-based Chao Group International and Permodalan Nasional Bhd (PNB), through its wholly-owned subsidiary PNB Equity Resources Corp (PERC).

The controlling interest in the Titan Group is held by Datuk T.T. Chao, through the Chao Group, with a 53.21 per cent stake. PERC owns a 45.5 per cent stake while the remaining 1.29 per cent stake is owned by another shareholder, Sinochem or China National Chemicals Import & Export Corp through its subsidiary, SC Polymers Inc.

The Chao Group is a privately held, global producer and marketer of petrochemicals and plastics.

It consists of the Titan Group, the Westlake Group and other affiliated operations located primarily in Taiwan and China.

PERC, on the other hand, was established in April 1990 to enhance the role of PNB in developing the corporate sector in Malaysia through equity financing.

It makes long term investments with foreign investors who wish to establish venture operations in the country, as well as Malaysian investors in existing companies who have the potential to enhance manufacturing activities in the country.

Meanwhile, Sinochem is the largest trading company in China which was set up to develop joint ventures and promote trade and commerce in the petroleum and petrochemical sector. Its investment in Titan is its first in Malaysia.

The Phase Two expansion programme was financed through Labuan-based Maybank International (L) Ltd and RHB Bank (L) Ltd as well as The Chase Manhattan Bank and The Bank of Nova Scotia.

As a result of the Phase One completion, the Titan Group's total ethylene capacity has been enhanced to 560,000 tonnes a year from 230,000 tonnes previously, propylene to 280,000 tonnes from 115,000 tonnes, and pyrolysis gasoline to 230,000 tonnes from 120,000 tonnes.

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