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Titan plans to list on KLSE by year-end

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TITAN Petrochemicals and Polymers Bhd, operator of Malaysia's first fully integrated petrochemical plant, plans to list its shares on the Kuala Lumpur Stock Exchange (KLSE) by the end of this year.

With the completion of the RM3.2 billion Phase Two of its expansion programme, the company is at the "planning stage" of seeking a listing on the local bourse.

"It is being considered but we are not in a position to elaborate," managing director James Chao told Business Times in Pasir Gudang, Johor.

Titan is a joint venture between US-based Chao Group and associates, which owns 54 per cent, and Permodalan Nasional Bhd, which through its wholly-owned subsidiary PNB Equity Resource Corp Sdn Bhd holds 46 per cent.

It is a regional manufacturer and supplier of petrochemicals and polymers. The company produces various types of products such as ethylene, propylene, polyethylene, polypropylene, benzene and toluene.

Plans to float its shares on the KLSE can be traced to 1997, when it was reported to have said it planned to issue 167 million shares or 20 per cent of its paid-up capital in conjunction with its proposed listing.

The company then said it would seek a listing on the main board once Phase Two of its expansion programme was completed.

On Monday, Prime Minister Datuk Seri Dr Mahathir Mohamad inaugurated Phase Two of Titan's expansion programme, which will see its production capacity increasing by 150 per cent.

It currently produces an additional combined capacity of over 1.2 million metric tonnes annually (MTA) of various products such as ethylene, propylene, polyethylene, polypropylene, benzene and toluene.

From the increased output, the company expects to generate growth in turnover of more than RM2 billion.

After six consecutive years of profitability, a feat in itself considering the cyclical nature of the petrochemical industry, Titan plans to consolidate its output growth and, at the same time, expand its business locally and internationally.

"We would like to consolidate growth, digesting the 150 per cent increase in capacity. After all, it is a quantum leap," Chao said.

Titan, with investments totalling RM5.2 billion, is the largest investor in Johor. It began operations in 1991 with the completion of its RM300 million polypropylene plant.

Half of its output is exported, while the rest is for domestic fabricators from a cross sector of industries such as automotive, film, food packaging and pharmaceutical.

Under Phase Two, the company constructed a second naphtha cracker for the manufacture of ethylene, propylene and related by-products; a second polypropylene plant; and a BTX plant at the Pasir Gudang site.

The expansion also includes a LDPE (low-density polyethylene) plant and high-density polyethylene plant at its Tanjung Langsat site.

The two sites are linked by pipelines running through a dedicated 12km pipeline corridor.

With the expansion, some 1,200 fabricators will be able to reduce their dependency on imported polypropylene and polyethylene.

"The fabricators are happy that instead of importing products like high-pressure LDPE and high molecular weight high density, they can now source

it domestically.

"Domestic supply is important for the fabrication industry. This has been witnessed by the fact that since Titan began operations in 1991, we have seen quadruple increase in domestic polyolefin consumption," Chao said.

He pointed out that Titan's primary objective has been to serve domestic customers, and in doing so it has spurred their growth.

"The region remains the fastest growing sector in the world economy so our capacity increase takes into consideration regional growth," he said.

Demand for its petrochemicals and polymers are expected to correlate with gross domestic product growth, forecast at 5.8 per cent this year.

Titan is also expanding rapidly in the international market with regional offices set up in Shanghai, Beijing, Tokyo, Hong Kong and Singapore, and another planned for southern China.

China is its largest market with imports of seven million tonnes of polymer in 1999, of which 4.5 million tonnes were polyolefin. Other major markets include Japan and Indonesia.

Among its largest clients are national car producer Perusahaan Otomobil Nasional Bhd, Swedish furniture maker Ikea and pharmaceutical company Becton Dickinson.

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