

ENERGY

Chow Steel prepares for solar farm diversification

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SET-listed Chow Steel Industries Plc, a steel billet maker, has invested in developing a new 25-megawatt solar farm in the Philippines worth 1.5 billion baht.

Chief executive Anavil Jiratomsiri said his company invested in a Philippine solar farm project via Chow International Co (CI), in which Chow holds a 76.67% stake via Chow Energy Co.

CI, with registered capital of 340 million baht, is the renewable solar energy arm of Chow Steel, investing in solar farms with total asset value of 1.8 billion baht to generate a combined power capacity of 18 MW.

The venture formed the new company named Premier Solution Philippines (PSPH), which will develop a solar farm in Zambales province of the Philippines' Central Luzon region.

PSPH was granted a licence by the Philippines' Energy Regulatory Commission to sell power to Philippine buyers at 8.96 pesos (6.75 baht) per kilowatt-hour for 25 years. It is expected to start commercial operation by next year's first quarter.

The company wants to raise 75% of the total investment budget or 1.13 billion baht from project finance and 375 million from equity finance.

"This will diversify our risks into another promising business while also looking overseas. It is a project that will create substantial revenue, helping the company's cash flow and generating added value to Chow Steel as well as our shareholders in the long run," Mr Anavil said.

CI has two solar farms in Japan. The first one in Kyotango has a capacity of 4.02 MW and started commercial operation last November. The second one in Oita has a capacity of 3.26 MW and started commercial operation last Friday.

The company is also developing another solar farm in Saito with a total capacity of 2.39 MW, expected to start operation in the third quarter.

The investments in the Philippines and Japan are part of the company's plan to partner with Ratchaburi Electricity Generating Holding Plc, Thailand's largest private power producer, and Bangchak Petroleum Plc to maintain its solar farm projects.

Chow Steel achieved total revenue of 4.16 billion baht last year, down by 14% from 4.84 billion in 2013.

It posted a 55% drop in profit in 2014 to 47.3 million baht, down from 105 million the previous year, due mainly to weak steel demand in both domestic and international markets amid the gloomy economic outlook.

The company attributed the drop in profit to falling retail steel prices that led to a substantial dip in revenue.

It also diversified into logistics services with Vertex Logistics Services Co,

Vertex has three distinct divisions located in Bangkok, Prachin Buri and Udonthani.

CHOW shares closed yesterday on the SET at 6.60 baht, up 20 satang, in trade worth 44.4 million baht.