

'TGPRO' heading on Energy, boost in Q2

Thunhoon - TGPRO tries to push up the energy project has the revenue as core business. Lately BOD agrees to JV or takeover in the alternative energy project with the capacity of 20MW. For stainless steel business, in Q2/2015 will be growing up because of the high season of sugar business, government infrastructure projects and big orders from major contractors. In 2015 and 2016, the sales will be up 30%

A source from the industrial business revealed to "Thunhoon" daily newspaper that Thai-German Products Public Company Limited or TGPRO is in the process to operate the "Alternative Energy Project" and if this projects is real, it will be the key factor in earnings to TGPRO which is equivalent to the revenue from core business

Alternative Energy supports

Lately the Board of Director has approved the alternative energy project in every type and JV with the in and out alliance markets, acquisition (taking over) small power plants and owned-invest. Hence TGPRO Board has targeted to operate the plant not under 20 MW in the future

The consideration of investing in "solar power" and "solar roof" with capacity of 20MW is clearly in this coming including the study of investing in power plant "wind energy". TGPRO has hired a company to test the wind energy in own areas of 200-300 rais in Rayong. The conclusion of this study is shown that this areas has the capacity in producing electric power is 10MW. For the "waste energy" project is currently under finding the way to invest.

More Capital invest, Low D/E

If the Alternative Energy project has the conclusion, the Company will consider setting up the subsidiary company to operate the liquidity. For the capital invest, TGPRO insists that the Company has enough capital invest because it has current cash on hand and debt to equity (D/E) is low at 0.58X and can loan from the financial institution in large amount.

"We are very interested in Alternative Energy because it can be used in the production of stainless steel pipes in saving cost. The revenue from the sale of electricity which is stable in revenue base and not volatile as the economy both in domestic or abroad which makes TGPRO's revenue base is more stable" the source said.

For "Stainless steel business", Q2/2015 will be growing up from Q1/2015 which had net loss 11.52 million baht and total revenue of 394.50 million baht because of the order delivering to new customers who are the sugar producers in Brazil and it is "High Season" of sugar producer both in the country and abroad.

BTS Project supports

The turnover is more accelerate in the half year of 2015 and continuing in 2016. The key factor is the upcoming auction of BTS lines of government's project. That makes TGPRO has the opportunity to get the orders from new contractors because TGPRO's products are steel pipes, stainless steel pipes and ornamental tubes which can be using in rail system and decorating the station.

TGPRO Management has good relationship with CK, STEC, ITD and UNIQ. Because of the quality and experiences in producing, TGPRO is the first and largest producer of stainless steel pipes in every grades and sizes that the important opportunity to get the order for major contractors.

Now the sales order is continually increasing, because of the orders to support infrastructures or the support the open of Asean Economics Community (AEC) in this late 2015. Therefore in 2015, the revenue is expected to increase over 30% or 1.5 thousand tons per year compared to year 2014 was 1.2 thousand tons per year. In year 2016 the revenue is expected to increase at least 30%.

The analyst of Phillip Securities (Thailand) PCL. said that right now, the TGPRO price movement is in the "speculation" period for investors by assessing the resistance of 0.40 Baht and the support of 0.33 Baht.

Lately, TGPRO price (on June 15, 2015) was at 0.35 Baht which was increased 0.01 Baht or 2.94% of trading value of 22.04 Million Baht.

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