

COMMODITIES

Univanich foresees record profit from palm-oil boom

Univanich Palm Oil Plc, the country's second-biggest listed producer, may see record profit this year as production and yields recover from a dry spell and demand rises, according to managing director John Clendon.

Output would probably rise 11% to 150,000 tonnes this year from 135,000 tonnes, Managing Director John Clendon said in an interview. Net profit, which was 505 million baht last year, may gain as much as 10%, he said.

Palm oil producers including Krabi-based Univanich and rivals in Southeast Asia are raising output to take advantage of surging prices, which touched a record this month.

"The 2007 production was depressed" because of dry weather two years ago, Mr Clendon said. "This year we are expecting a recovery."

Univanich shares (UVAN) have almost doubled in the past year, outperforming the 21% gain on the SET Index over the same period. The shares closed yesterday at 71.50 baht, down one baht, in trade worth 4.16 million baht.

The company reported a 2007 net profit of 505.1 million baht, an increase of 33.5% from 378.3 million in 2006.

Palm oil has surged on higher demand for use in foods and cooking, as well as in biofuels. PTT Plc, the country's biggest energy company, last month that it would more than double the palm oil content in its biodiesel.

"Last year, we exported about 80% of our output," Mr Clendon said. "It would be less this year because there will be demand for biodiesel."

PTT will sell B5 biodiesel, a mix of 95% diesel and 5% vegetable oil, at all of its 1,200 stations nationwide from July. It currently sells B2 biodiesel, which contains 2% vegetable oil.

Univanich's output this year may consist of 130,000 tonnes of crude palm oil, 12% higher than in 2007, and 20,000 tonnes of palm kernel oil, up 5%, Mr Clendon said. Trees may yield 22 to 23 tonnes of fruits per hectare this year compared with 18.5 tonnes in 2007 after suitable rains, he said.

Thailand may raise total crude palm oil output 38% this year to 1.45 million tonnes as biodiesel demand climbs by at least 300,000 tonnes, Mr Clendon said. Local consumption is about 800,000 tonnes, most of it is used in foods and cooking. BLOOMBERG NEWS