

Emery partners for growth



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Emery Oleochemicals CEO Kongkrapan Intarajang seeks further growth in specialties with two international partnerships

JOSEPH CHANG NEW YORK

Malaysia-based Emery Oleochemicals is using its global commodities heft to make a major push toward higher-value oleochemical derivatives to serve what it calls the critical growth area of home and personal wellness (HPW).

The signing of two joint ventures – one in

Europe and another in Asia – will help advance its goals.

“We will continue to maintain our focus on our core commodity chemical business, but also leverage our competitive advantage – in size, scale, global footprint and technology – to move toward becoming a specialty chemical player,” said CEO Kongkrapan Intarajang in an interview with ICIS. “We are aggressively expanding our product portfolio offered to customers to take advantage of the increasing prospects of this industry segment on the back of a gradually recovering market, coupled with an uptake in global demand.”

EMERY JV

Emery Oleochemicals is a joint venture (JV) between Malaysia’s Sime Darby Plantation – the world’s largest palm oil producer – and PTT Chemical International, which is the in-

vestment arm of Thailand’s largest petrochemical producer, PTT Chemical. Emery Oleochemicals uses vegetable and tallow oil as a feedstock for much of its oleochemical production, which amounts to around 600,000 tonnes/year.

CREATING PARTNERSHIPS

In February, the company created a JV with South Korea-based personal care materials company AK ChemTech, and followed in March with another JV, with Italy-based specialty chemical company ERCA Group.

“The JV partnerships represent a stronger focus towards the high-value oleo derivatives segment, a move that is aligned with the Malaysian government’s efforts to develop the potential of the industry,” says Intarajang.

“The HPW market’s growth potential is evident in recent macro trends around

evolving consumer behaviors, population affluence and the demographics of developed and developing geographies.”

AK CHEMTECH JV

The deal with AK ChemTech created a business entity called Emery-AK Chemtech JV, which is responsible for everything from manufacturing to marketing its products.

South Korea's AK ChemTech, which exports detergent and personal care materials mainly to Southeast Asia and European markets, will be able to further increase market penetration into Asia and the US through the venture, while gaining cost advantages from source feedstock in Malaysia to key manufacturing sites.

“This is one of the key reasons we are going into this JV, as it generates significant synergies for both partners, driven by AK ChemTech's technology in product development and applications knowhow, coupled with Emery's global distribution and market intimacy,” says Intarajang.

Emery Oleochemicals will supply a range of basic oleochemicals, such as glycerin, fatty acids and fatty alcohols, to the venture to produce specialty esters formulated for personal care.

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KONGKRAPAN INTARAJANG
CEO, Emery Oleochemicals

AK ChemTech's research and development (R&D) facility in Daejeon, Korea, develops applications for the coatings, home and personal wellness and construction markets.

“As our business grows, the JV company will evaluate potential areas for investment to better serve the market,” Intarajang says.

ERCA GROUP JV

Emery's JV with ERCA Group, called ERCA-Emery JV, is aimed at boosting both companies' presence in the home and personal wellness markets in Europe, Latin America and Asia.

A key part of this partnership involves ERCA's plan to build a 40,000 tonne/year ethoxylates plant in Moerdijk, the Netherlands, by the second half of 2012. Emery is a shareholder in the project.

Emery Oleochemicals will supply fatty alcohols to the ethoxylates plant. The majority of the production from the ERCA plant will be targeted towards the European market, with the rest for export.

“The joint venture generates significant synergies for both partners, driven by ERCA's strong applications knowledge in the development of technical solutions and chemical specialties, coupled with Emery Oleochemicals'



Emery Oleochemicals plant in Teluk Panglima Garang, Malaysia

global distribution network,” says Intarajang. “It is not just a buyer-seller relationship.”

The ERCA facility in Moerdijk will be capable of producing a wide range of ethoxylates – including premium products used in biodegradable household cleaning products, such as heavy-duty liquid and power laundry detergents, as well as in all-purpose cleaners.

2011 OUTLOOK

Prospects for the oleochemicals market continue to improve, according to Emery Oleochemicals.

In 2010, overall business rebounded back to post-crisis levels, says Intarajang. “Our higher-value products supplied into the personal care, automotive and construction industries did exceptionally well,” he said.

Asia will continue be the major growth area for oleochemicals – both basics and specialties,



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says the CEO. And the consumer trend towards green products will also drive growth.

“As people are becoming more aware of global warming, there will be much more demand for green or renewable products from the end-consumer, and oleochemicals will definitely play a bigger role in meeting that demand,” says Intarajang. “Hence, our strategy is to stay strong in providing the best product solutions to our customers, through feedstock integration, downstream investment and global supply chain, while harnessing partnership through our strategic alliances with our partners.”

Emery aims to quickly evolve into a market-driven organization, enabling it to better align investments with customer needs. The company sees joint ventures and acquisitions as a key part of its strategy.

“Our expansion plans include growing our business organically, as well as through joint ventures and/or acquisitions consistent with our growth plans,” Intarajang says. “In parallel, we are continuing to expand and upgrade our capacities, put new investments into broadening our portfolio of offerings, exploring options to grow our research and technology, and continuously recruiting talent with relevant skills and experience.” To help fund its investments, Emery Oleochemicals hopes to raise Malaysian ringgit (M\$) 480m (\$159m) through an Islamic bond issuance before the end of July where M\$416.2m will be invested – in support of the Malaysian government's Palm Oil National Key Economic Area of its Economic Transformation Program. ■



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