

Margin Improvement Study

PTTES performs the margin improvement study of the petrochemical complex companies. The main objective of the study is to enhance corporate-wide integrated margin of those companies. PTTES conducts various workshops with clients starting from discussion on key basis assumption to agree on business year and price set to be used for brainstorming the margin improvement opportunities and workshop to perform screening that of opportunities from long lists to short-listed Margin Improvement items by considering both technical & economic feasibilities.

At the end of project, many of Margin improvement items, which have been passed both Technical and economic feasibility, are identified. The "Tactic sheet", which contains technical and economic study results, of each Margin improvement item are developed. Moreover, the Ease of implementation of each tactic sheet which considered from e.g. level of complexity of the project/item, ownership within organization, sustainability of benefit post implementation, etc. are indicated including with Implementation roadmap of that of tactic sheets. In each of study for this kinds of Margin Improvement for Integrated Petrochemical complexes, extensive benefit can be identified and many tactic sheets are "Quick win" items, which means that no investment cost incurred and clients can realize benefit once they do implementation.

PTTES methodology for the Margin Improvement study consists of 2 phases:

Phase 1: Identify Margin Improvement opportunities

Phase 2: Build and use the integrated LP model to confirm the benefit of each tactic sheet

SCOPE OF STUDY: Phase 1

1. Identify the potential margin improvement opportunities

PTTES conducts various workshops with clients to agree on key basis assumption, brainstorm and generate long list opportunity items for margin improvement between and among complexes. PTTES also interviews high level management to understand their expectation and incorporate management's expectation in the study.

2. Screen the opportunity items to short list

PTTES do technical investigation and preliminary economic study with clients to screen the long list opportunity to medium and short listed opportunities respectively.

3. Evaluate the Ease of implementation

Clients and PTTES jointly evaluate and do scoring Ease of implementation of each short listed item.

4. Develop the Tactic sheet

Based on the technical investigation information and preliminary benefit and investment cost, PTTES develops the Tactic sheet of that of short listed item in detail.

5. Establish the Implementation roadmap (Phase 1)

Clients and PTTES jointly establish the Implementation roadmap and benefit realization timeline of that of tactic sheet items.

SCOPE OF STUDY: Phase 2

1. Agree on the base LP model

PTTES agrees with clients on the base LP model to be used for the model integration.

2. Build an integrated LP model

PTTES builds the integrated LP model of the petrochemical complex companies and validate the models to get the model acceptance with clients

3. Run the integrated LP model to identify and confirm the benefit

The integrated LP model is run for benefit confirmation.

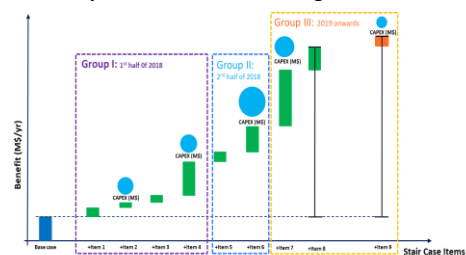
4. Develop the Proposal For Improvement (PFI)

The Tactic sheet with confirmed benefit from LP model and with economically justified are further developed more in detail to be Proposal For Improvement (PFI).

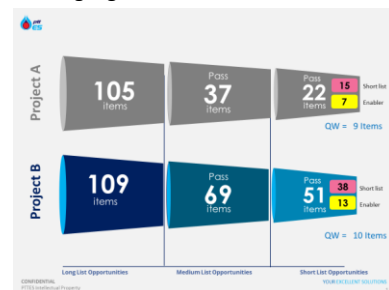
5. Establish benefit staircase and final Implementation roadmap

In order to avoid duplicated benefit of the short listed Margin Improvement Items. PTTES develops LP running staircase based on final implementation roadmap of short listed items.

An example of benefit staircase is given below:



An example of Margin Improvement opportunity screening is given below:



As a results of this Margin Improvement for Integrated Petrochemical complexes, an extensive benefit can be identified and many tactic sheets are "Quick win" items, which means that no investment cost incurred and clients can realize benefit once they do implementation.

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