

SRIRAT PRASERTSNIT : AN ANALYSIS ON COST AND RETURN ON INVESTMENT
IN NATURAL GAS MAIN PIPELINE PROJECT OF THE PETROLEUM AUTHORITY OF
THAILAND. THESIS ADVISOR : ASSIT. PROF. M.L. VORAKUNLAYA WATTANASIN,
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This thesis has an aim to analyse the cost of and the return on the Petroleum Authority of Thailand's Natural Gas Main Pipeline Project by an analysis of Financial Ratio and Return on Investment through the Discounted Cash Flows Method with various different approaches namely, Net Present Value, Internal Rate of Return and Profitability Index.

The conclusive analytical outcome is that, regarding the project's financial ratio of liquidity, it reflects a steadily-improving trend compared with previous years. In respect of vulnerability, despite almost of the investment coming from loans but with the Authority's efficient management, its creditors take less risk than years before and it was able to shoulder its operating expenses. Its profitability is not so high due to the compulsory yearly deductibles to the Government during the period of repayment of the loan. The project's efficiency ratio shows that it has been ever better in comparison with the past years. The analysis of Return on Investment by the Discounted Cash Flows Method taking into account actual transactions during fiscal years B.E. 2525-2533 and forecasts based on actual transactions during fiscal years B.E. 2534-2544 shows net present value of 752.89 million Baht, internal rate of return of 14.21 per cent and profitability index of 1.08. In another analysis where actual transactions of natural gas sales revenue alone were used in the same method of calculation, the results are -1,296.40 million Baht in net present value, 11.06 per cent for internal rate of return and 0.87 representing profitability index. It could be assumed that the investment in this natural gas main pipeline project has, on the basis of actual operation, yielded a worthwhile return.

In operating the project of this nature, the Authority should regularly conduct an annual analysis to review and compare actual transactions with the budgetary ones in order to make appropriate adjustments rendering the budget feasibly realistic in accordance with the changing circumstances.