

Daily Thai News Summary: 3 March 2016

1. Investment details on Thai-Chinese railway project will be ready by march 15, SRT

Source: **The Nation** ([Link](#))

The Transport Ministry is expected to consider the conclusions on the Thai-Chinese medium-speed-railway project, including its new cost and investment model, by March 15, according to the State Railway of Thailand (SRT). Meanwhile, Korn Chatikavanij, deputy leader of the Democrat Party, yesterday showed up at a seminar in Saraburi on the project and urged the government to be cautious over the source of funds to finance the railway scheme. Speaking at the fifth market-testing seminar aimed at informing local people about the benefits of the railway scheme, SRT deputy governor Voravuth Mala said there were still differences between the Thai and Chinese governments on the project.

However, the two parties, which have been working closely for months, have enough details now to submit to their respective government ministers. He said their conclusions on the revised project value and investment model should come out early this month before being submitted to the Transport and Finance ministries. *"The investment model is still a joint venture in the form of a special purpose vehicle, but [the investment proportion] will depend on the government's decision,"* Voravuth said. Therefore, the details on construction designs will be worked out later. The Sino-Thai railway project will be 873 kilometres in length, running between Bangkok and Nong Khai via Kaeng Khoi in Saraburi province and Nakhon Ratchasima, and between Kaeng Khoi and Map Ta Phut in Rayong.

2. Organic growth figures large in new TU plan

Source: **The Nation** ([Link](#))

Thai Union Group yesterday announced a revised five-year growth plan, which emphasises a bigger role for organic growth strategies in order to maintain its target of more than doubling annual sales to US\$8 billion (Bt284 billion) by 2020. Despite missing its revenue target of \$5 billion last year, chiefly due to the cancellation of the Bumble Bee Foods acquisition late in the year, Thai Union is sticking to its ambitious target for 2020. According to presentation documents provided to stock analysts and the media yesterday, Thai Union will grow from \$3.7 billion in revenue last year to the \$8-billion target in the next five years through both merger-and-acquisition and organic growth strategies.

Of the total additional incremental revenue of \$4.3 billion by 2020, organic growth will account for \$2.9 billion, while newly acquired businesses will contribute \$1.4 billion. The group's gross margin is targeted to increase to nearly 20 per cent over the period, from about 15-16 per cent at present, said Wai Yat Paco Lee, Thai Union's deputy general manager for investor relations and corporate investment. Under its organic growth plan, new divisions will make an assault on emerging markets, the food service sector and the sale of marine ingredients, in a strategy aimed at generating additional annual revenue of \$1.2 billion by 2020.

3. DTAC wins approval to upgrade band on 1800 MHZ for 4G

Source: **The Nation** ([Link](#))

The National Broadcasting and Telecommunications Commission's telecom committee yesterday gave the green light to Total Access Communication (DTAC) to upgrade its idle 25-megahertz band on the 1,800MHz spectrum to provide a fourth-generation cellular service. Pravit Leestapornvongsa, a member of the NBTC, said the approval was on condition that this band comes under DTAC's concession from CAT Telecom, which will end in 2018. The committee has already approved CAT's request to upgrade this same band to 4G. Both CAT and DTAC needed the NBTC's approval to upgrade the band jointly.

Sanphachai Huvatanon, acting president of CAT, said the state agency would meet with DTAC on Monday to discuss the upgrade plan. CAT is asking DTAC to install the 4G network for CAT to wholesale bandwidth capacity to DTAC and other operators to offer services. DTAC currently uses 15MHz out of 25MHz of the lower band of 1,800MHz granted by CAT to provide 4G. The telecom committee also ordered all mobile virtual network operators (MVNOs) to follow the NBTC's regulations strictly to register all prepaid users as part of the government's national-security policy.

4. Krungsri plans BT10 Bn issue in Sub-debt

Source: **The Nation** ([Link](#))

KRUNGSRI (Bank of Ayudhya), a member of Mitsubishi UFJ Financial Group, plans to issue subordinated debt worth Bt10 billion in the second half of the year, to increase its Tier 2 capital and support its mid-term business plan. President and chief executive officer Noriaki Goto said yesterday that Krungsri's three-year business plan for 2015-17 was focused on three key strategic themes: first, to grow assets; second, to increase non-interest income; and third, to reduce the cost of funding. Thailand's fifth-largest bank reported total assets of Bt1.7 trillion at the end of last year. Its BIS (Bank for International Settlements) capital-adequacy ratio last year

fell to 13.6 per cent from 14.7 per cent in 2014, as the bank had redeemed sub-debt worth Bt20 billion, leaving its Tier 2 capital ratio at 1.6 per cent.

Krungsri's chief financial officer, Duangdao Wongpanitkrit, added that on the basis of Bt10 billion worth of sub-debt issuance equating to an additional 0.75 per cent in capital, the bank's Tier 2 capital ratio would stand at 2.35 per cent after this year's planned issuance. The Bt10-billion debt issuance would also lift its capital-adequacy ratio to 15.95 per cent. Under the three-year plan, Krungsri wants to expand its assets, especially in corporate and commercial loans, Goto said.

5. Central Group announces 2016 budget

Source: **The Nation** ([Link](#))

Central Group announced it was setting aside a domestic-investment budget of Bt39 billion this year, mainly for the expansion of its hotel, property and retail networks nationwide. The group has also budgeted Bt10.4 billion for the renovation of its department stores in Europe, which will be conducted from now through 2020. The group targets total revenue of Bt337.04 billion this year, 18.9 per cent more than last year's Bt283.45 billion. Tos Chirathivat, chief executive of Central Group, said the company had no plan to sell its 25-per-cent stake in Big C Supercenter, a majority of which was recently acquired by beverage tycoon Charoen Sirivadhanabhakdi. Through his company Berli Jucker, Charoen last month acquired a 58.6-per-cent stake in Big C from France's Casino Group for US\$3.5 billion (Bt124 billion).

Tos said Central Group created the Big C hypermarket business back in 1994. In 1997, the year of the Asian financial crisis, the group decided to invite Casino Group to acquire a stake and raise the investment capital at Big C. At that time, Central's stake in Big C was diluted to only 25 per cent. *"We have not yet discussed with the new majority shareholder of Big C what we will do for the hypermarket chain in the future,"* Tos said. He said Central Group was also considering whether to bid for acquisition of Big C's operation in Vietnam. That deal, worth about Bt20 billion, will open for bidding next Thursday. Many players are expressing interest in joining the bidding process, including from Japan, South Korea and Vietnam itself.

By Harsha Hazarika