

Daily Thai News Summary: 3 May 2016

1. Navy picks Thales to modernize its capabilities

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

French multinational Thales Group has won two significant contracts for the supply of a full spectrum of above- and underwater solutions for the Royal Thai Navy. Thales will modernise Bang Rachan-class mine hunters and supply the combat, navigation and communication suite on board the newly ordered Krabi-class offshore patrol vessel. Thales has been a partner to Thailand's armed forces since the late 1990s and has provided the Navy with numerous solutions from sensors to integrated combat systems for various vessels of the fleet.

The company has been awarded the role of prime contractor for an extensive upgrade of two Bang Rachan-class mine hunters built in the late 1980s - HTMS Bang Rachan and HTMS Nong Sarai. This marks Thales's first success in the Thai market for underwater systems and sonar. As prime contractor, Thales will be responsible for the revised vessel design, repairs and modernisation, procurement of equipment and platform integration. The upgraded ship will be equipped with a machinery control system, navigation systems, upgraded communications capabilities, Sonar TSM 2022 Mk III with M-CUBE command and control and a multi-influence signature range to manage the Navy ships' signatures.

2. Bosch unveils ambitious new plan for Thailand

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

Robert Bosch Automotive Technologies says it has devised a new investment plan that reflects the company's view that Thailand is strategically well placed in the Asia-Pacific region. The company last week kicked off the construction of the first ever fuel-injector factory in Thailand. *"The country offers manufacturers a solid infrastructure base, abundant skilled labour, advanced technical universities and vocational colleges, a strong automotive supplier base, free trade within Asean, and several bilateral trade and investment agreements,"* said Martin Knoss, regional president in Asean for the Gasoline Systems Division of Robert Bosch Automotive Technologies. He declined to disclose the investment sum. *"There are six Bosch fuel-injector factories worldwide, with two factories in Asia. Thailand is the first in Southeast Asia,"* he said. *Knoss said the investment would provide advanced skills and career-based opportunities for a great number of qualified employees as well as state-of-the art engineering facilities. "Thai people will now gain considerable experience in rapidly growing fields such as automotive, mechanical, and hydraulic design as well as testing and manufacturing,"* he said.

He said Bosch adding jobs and developing further expertise in the supplier industry would also attract automotive original equipment manufacturers (OEMs) to invest in Thailand because of the existence of a diversified and well-managed supplier base. Located at the Hemaraj Eastern Seaboard Industrial Estate, this "smart factory" will service OEM vehicle manufacturers with a production capacity of a million units per annum. It is scheduled for completion this year. It will apply Bosch's proprietary injection technology and also feature electronically controlled material flow, automated end-of-line testing and parts calibration.

3. SCB to concentrate more on lending for purchases of used cars

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

Siam Commercial Bank is looking to do more used-car and car-title lending to offset the slowdown in loans for new autos, said Narong Srichukrin, first executive vice president and head of SCB's wealth segment and retail banking group. The bank's outstanding instalment loans amount to Bt169 billion, and it expects that figure to be about the same by the end of this year. However, the structure of auto lending will be changed because the market is shifting to used cars and car-title loans, as the higher prices of new vehicles amid an economic slowdown are discouraging people to look for new cars. In the first quarter of this year, SCB lent a total of Bt18 billion for new car purchases. Even though new-auto loans still make up the major proportion of its portfolio, its car-title-loan product called My Car My Cash climbed to 17 per cent of the total, from 16 per cent in the fourth quarter of last year. That fourth-quarter ratio was up from 14 per cent in the first quarter of 2015.

It is possible that the proportion of new-car loans will fall to 50 per cent of the portfolio by the end of this year because of the upward trend of used-car and car-title loans. Narong said that even though these types of loans could pose higher risk than new-car loans, the tightening in credit approval at SCB had lessened the chance of new non-performing loans from the two products. Gross NPLs from SCB instalment lending as of the first quarter dropped to 1.9 per cent from 2.1 per cent in the previous quarter, while new NPLs in the first quarter were only 0.41 per cent against 0.56 per cent in the fourth quarter and 0.70 in the first quarter of 2015. With efficient risk management and the high yields of used-car and car-title loans, the bank will be able to put emphasis on both segments, which will help it book new loans totalling Bt70 billion throughout the year. If that new-lending target is met, its outstanding loans will not drop, Narong said. *"The bank will control gross hire-purchase NPLs at 2.1 per cent. During the economic slowdown, there is a chance of rising NPLs. But if these are offset by high returns, it is worthwhile for the bank to move strongly into these segments,"* he said.

4. TCG aims for a million smaller clients by 2020

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

The Thai Credit Guarantee Corporation (TCG) plans to guarantee loans totalling up to Bt100 billion a year for micro-businesses, start-ups, innovative ventures, and small and medium-sized enterprises, aiming to serve a million such clients by 2020. For micro-businesses, the TCG has launched a second-phase programme to guarantee loans of not more than Bt200,000 per account, for a total of Bt13.5 billion, between now and the end of the year. It targets between 130,000 and 150,000 accounts in this market segment. In the first phase of this programme last year, the corporation guaranteed loans totalling Bt5 billion for 49,000 micro-business accounts, TCG president Nitid Manoonporn said in an interview with The Nation.

The TCG has also proposed to the Finance Ministry that the corporation guarantee Bt10 billion worth of loans for start-up and innovative businesses this year, after the first phase, which ended last year, guaranteed loans totalling Bt2.1 billion for 3,000 ventures in this segment. *"We have proposed this to the Finance Ministry and are waiting for approval, expecting to kick off this project in the second half of this year,"* Nitid said. For SMEs, the TCG plans to focus on agriculture and agricultural processing under a "One Tambon One SME" project in collaboration with the Bank for Agriculture and Agricultural Cooperatives, to guarantee loans for the bank's customers, he said. He added that the TCG had also proposed to the Finance Ministry that legislation be amended so as to expand the corporation's authority to guarantee loans from non-banks such as hire-purchase businesses. This would help SMEs, start-ups and innovative and micro-businesses access loans for future expansion.

According to the TCG's database, the total number of SMEs, start-ups, and innovative and micro-businesses in Thailand is 2.7 million, but only 700,000 are able to get loans from the commercial banks to support their expansion. Most of the rest have to seek financing from non-banks. *"If we can guarantee loans for SMEs that have to borrow from non-banks, this will help them get more money for business expansion and improve their long-term stability,"* Nitid said. The TCG also plans to set up an academy to provide financial knowledge for small to medium-sized businesses in these categories on how to collaborate with big corporates and commercial banks in such areas as marketing, accounting and management.

5. Sporting events set to boost ad industry in H2, GroupM says

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

GROUPM has high hopes that world sports events such as the Olympic Games and Uefa European Championship along with the increasing popularity of local soccer leagues will boost the Thai advertising industry in the second half of this year. Rattakorn Surbsuk, trading partner of GroupM, a media-investment management firm under British advertising and public relations company WPP, said marketing activities related to world-class sport competitions would have a big impact on advertisers. *"Thai football leagues are gaining in popularity among local audiences, mainly driven by improving performance of Thai national teams. This creates huge opportunities for advertisers and sponsors that want to publicise their brands through these events and local football clubs,"* Rattakorn said. The advertising industry looks like benefiting significantly from the Uefa European Championship from June 10 to July 10 and Summer Olympics from August 5 to 21.

The country's second-largest TV station, Channel 3, will broadcast the 15th edition of Uefa Euro 2016, which will take place in France. Meanwhile, Channel 3 along with other main free-TV broadcasters including Channel 7, the Army's TV5, MCOT's Modernine TV and NBT channel will be co-broadcasters of the Summer Olympic Games, which will be held in Rio de Janeiro, Brazil. *"Such world-class sporting events will boost related business including advertising investment, sport marketing and on-ground activities by at least double from normal periods,"* he added. Amid the economic slowdown, sport-related marketing is expected to play a key role in media industries. Bangkok Entertainment Company (BEC), the operator of Channel 3, agreed that it was also witnessing this growing trend. *"Live sports programmes will be one of the key drivers boosting ratings for Channel 3 and its affiliate networks this year,"* Surin Krittiyaphongphun, executive vice president of BEC, said recently. Apart from the Uefa Euro 2016, BEC plans to air big sports competitions such as the FIVB Volleyball World Grand Prix Final in July and MotoGP World Championship. Bangkok Media and Broadcasting's PPTV digital channel appears to be aggressively promoting its live sports content to boost its ratings and expand its audience base.

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