

THAILAND

KINGDOM OF PROMISE

If there's one thing observers of the Thai economy should know by now, it's this: never count Thailand out. Despite a brief period of political unrest in spring last year, the Kingdom's robust economy, led by a booming export sector, grew an astounding 7.8% in 2010, the fastest rate since 1995.

On July 3, the country's general elections passed peacefully. Soon after, Thailand's first female prime minister, Yingluck Shinawatra, took the reins of power with a raft of policies aimed at driving the economy forward, including slashing corporate tax from 30% to 23% in 2012 and 20% the year after.

Since then, Yingluck's fledgling government has been dealt an admittedly tough hand. In the second half of 2011, much of the country was beset by serious flooding. But the Thais are masters at turning crisis into opportunity. What struck the world, whose gaze turned to the Kingdom during those challenging months, were extraordinary scenes of unity and self-sacrifice, as Thais spontaneously came together to rebuild their country anew.

On December 5, Thais will unite to celebrate the 84th birthday of their revered monarch, His Majesty King Bhumibol Adulyadej. The anniversary marks the completion of HM the King's seventh 12-year cycle, a highly auspicious milestone that will be marked with a spectacular royal barge procession and a rare audience between the Thai public and their beloved monarch.

No matter what the world throws at Thailand, Thais remain bound together by love for their nation, religion and king. And the factors that make the Kingdom one of the world's best investment destinations – strategic location, highly developed infrastructure, skilled workforce and world-beating quality of life – are as true now as they've ever been.

An investor's dream

Last year, while political unrest dominated the headlines, foreign direct investment was quietly surging a stunning 42% year-on-year to reach US\$6.4 billion, almost the highest in Southeast Asia. Around one-third of all FDI in Thailand comes from Japan, with blue-chip firms like Toyota, Honda, Nissan, Canon and Nikon using the Kingdom as a production base. During the first half of 2010, 150 Japanese projects worth US\$1.25 billion – more than twice the figure for the same period the previous year – applied for investment promotion from the Board of Investment (BOI). Make no mistake: investors still love Thailand.

The country's strategic location could be called its most precious asset. As we progress through the "Asian century" and the giant emerging markets of India and China come to life, no country is better placed to ride the wave than Thailand. At the heart of Southeast Asia, Thailand also enjoys easy access to the markets of the 10-member Association of South East Asian Nations (Asean) and their 600 million consumers. With ports on the Indian and Pacific oceans, Thai exporters are perfectly placed to ship their products to the world.

Thailand is a country that welcomes investors with open arms. The BOI offers a generous package of tax incentives, imposes no foreign equity restrictions on manufacturing activities and can waive restrictions on land ownership by foreign entities. In the World Bank's 2012 Ease of Doing Business survey, Thailand was ranked 17th of 183 nations, beating Malaysia (18th), Vietnam (98th), Indonesia (129th), the Philippines (136th), Cambodia (138th) and Laos (165th).

Thailand is a country that welcomes investors with open arms. The BOI offers a generous package of tax incentives, imposes no foreign equity restrictions on manufacturing activities and can waive restrictions on land ownership by foreign entities. In the World Bank's 2012 Ease of Doing Business survey, Thailand was ranked 17th of 183 nations, beating Malaysia (18th), Vietnam (98th), Indonesia (129th), the Philippines (136th), Cambodia (138th) and Laos (165th).



Wat Arun across Chao Phraya River

The good life, Thai-style

And while Thailand offers a cheap, well-educated workforce, it also allows for a quality of life that can scarcely be beaten anywhere in the world. Top-flight accommodation, state-of-the-art hospitals, quality international schools, stunning countryside, renowned nightlife and some of the world's best cuisine are just a few of the reasons so many foreigners are attracted to life here. After questioning 4,127 expatriates in 100 countries, HSBC's Expat Explorer survey ranked Thailand the No 1 country to live for expats.

And then there are the people. "The Land of Smiles" may be cliché but it captures something very real. Thais are among the warmest hosts in the world. Polite and graceful, they hold fast to a concept they call "sanuk", best translated as "fun". Industrious in the workplace they may be, but Thais believe there's no reason a little *sanuk* can't be injected into every facet of life. It's a philosophy that seduces visitors and helps explain why Thailand remains one of the world's favorite tourism destinations. With all this in mind, small wonder the Thai economy has staged a remarkable comeback, even after naysayers counted the country out.

AMATA CORP

CHASING THE PERFECT CITY

The vision that drives Amata Corp – Thailand’s largest developer of industrial estates – is a simple one: “the perfect city”. It’s an idea that means the work never ends for the firm’s ebullient director and chief operating officer, Viboon Kromadit. “Today you might be perfect, but what about tomorrow?” he says. “If you do nothing, you’re not perfect anymore. You must develop or die.”

Founded in 1989 by Viboon’s older brother, CEO Vikrom Kromadit, Amata hosts more than 700 factories on its three sprawling industrial parks – two in Thailand’s Eastern Seaboard, one in Vietnam. The list of firms that have set up shop in Amata’s estates reads like a who’s who of Thailand’s foreign investors. BMW, Sony Mobile, Pepsi-Cola, Bridgestone, Toyota, Colgate Palmolive and Mitsubishi Electric are just some of the world-class firms seduced by these “perfect cities”.



Viboon Kromadit, Director and Chief Operating Officer

Key to the firm’s success is its holistic approach. Amata aims to provide clients with complete communities where business, people and nature can thrive together. Its 15 subsidiaries provide everything from wastewater management to vehicle leasing, housing, schools and restaurants, ensuring clients can concentrate on doing what they do best. “Service is

very important,” says Viboon. “Once the customer has a problem, it’s your problem too. So you must solve it. That’s the Amata way.”

Respect for the environment is an essential part of the “perfect city”. Both the firm’s Thai estates follow ISO 14001 environmental management standards and one-quarter of the project spaces are designated green areas. Indeed, the name of the company itself, which means “eternity”, is a guiding principle, says Viboon. “We believe you have to work for future generations. Don’t make problems now that will hurt your grandchildren.”

Surging success

It’s a formula that has turned the company into one of Thailand’s most stunning success stories. In 2010, revenues reached almost US\$120 million, with net profits surging past US\$30 million, a net profit margin of 25.93%. Today, output from companies based in Amata industrial

parks amounts to the equivalent of almost 10% of Thailand’s GDP. Vikrom Kromadit has publicly suggested he would like to see this figure rise to 20%. “What my CEO dreams, I make come true,” says Viboon.

A second estate in Vietnam is slated for next year. Key to further growth will be finding and building on solid partnerships. “To us, partners are like the legs of a table. With more legs, the table becomes very strong. If one leg breaks, the others are still OK,” says Viboon.

JVs with Japanese firms Itochu and Sumitomo have been instrumental in building up the client list, 60% of which are Japanese. And a recent visit to see the devastation wrought by the tsunami and earthquake disaster in Japan has convinced Viboon that Amata can look forward to a lot more business from the Land of the Rising Sun. If the future of the firm is anywhere, it’s in Asia. “The continent of Asia is booming. And Thailand can be its production base. That’s our opportunity,” he says.

“Future of ASEAN”

By Vikrom Kromadit

Chairman of Amata Foundation and CEO of Amata Corporation

In the last two to three decades, Southeast Asian Countries have had political stability and continuous economic growth. The integration of 10 countries, called ASEAN, has built up regional cooperation and internal economic growth. The ASEAN Free Trade Area and global market expansion have driven ASEAN to be stronger than ever. With a population of approximately 600 million and an area of 4.46 million square kilometers, ASEAN is one of the highest economic growth regions in the world.

With ASEAN’s location laying between the Pacific and Indian Oceans, alternative transportation is key, and there will be many new developments in the region. In the next four years there will be “Land Bridge”, funded by China and Japan at about 30,000 million USD, crossing from Vietnam to Myanmar. The purpose is to expand the roads and connect with the deep sea port in Dawei, Myanmar, with a bridge crossing the river. In the meantime, China is planning for a high speed rail project running from Beijing to ASEAN, which links China to Vietnam, Laos, Thailand, Myanmar, Malaysia, and Singapore. This project will help expand investment and tourism in the ASEAN region—especially in 2015, when 10 countries in ASEAN will be completely Free Trade Area (FTA). The expected growth should be about 7–8% annually.

At present, the strength of the Yen is reaching its highest point of the past 20 years. Moreover, the relationship between China and Japan is getting more sensitive, motivating the Japanese to invest more than ever in ASEAN. At the same time, the Yuan is strong, with Chinese reserve assets as high as 2.5 trillion USD. This level is the highest in its history and seems to be growing nonstop. It is predicted that in the next two years, it will go up to 3 trillion USD. This is the reason why China has to invest in other countries, especially in ASEAN, its historical neighbor.

Four years ago, the first Chinese Industrial Park in Asia was formed in Amata City industrial estate. The investment of Chinese factories has been increasing rapidly during the past years and is still ongoing. I personally believe that ASEAN will be a long-term manufacturing base for China as Japan, Korea, and Taiwan have done over the last 30 years, both for exporting to the world market and importing to the China market itself.

I strongly believe that the well-being of people, together with national economic growth and the cooperation of nations in ASEAN, will be the basis of social and political stability that will attract worldwide interest and give investors the confidence to invest and do business in this region.



AMATA Industrial Estate at Present

BANGKOK BANK

SEIZING THE 'DECADE OF ASIA'



Mr Chartsiri Sophonpanich, President

Try to describe how Bangkok Bank fits into Thailand's financial-services landscape and the superlatives come thick and fast. The Kingdom's leading commercial bank boasts the largest deposit base, market leadership in SME and corporate banking and the widest international network of any Thai bank. That network – as well as long-standing relationships forged with customers around the region – makes Bangkok Bank the obvious partner for customers keen to tap the potential of Asia's dynamic and growing economies.

"The bank has been very strong with our corporate and business customers," says President Chartsiri Sophonpanich. "We've been working closely with them and have a very good understanding of their plans. At the same time, with the regionalization and free-trade agreement that is happening, including the Asean Economic Community by the year 2015, our network outside Thailand should also be very useful to our clientele."

The bank operates branches in China, Malaysia, Japan, the United

States, the United Kingdom, Hong Kong, Taiwan, Vietnam, Philippines, Indonesia, Singapore and Laos, as well as a representative office in Myanmar. At the end of 2009, Bangkok Bank became locally incorporated in China, putting it on firmer footing to continue helping its customers access that vast market. Soon afterwards came the creation of the Asean-China Free-Trade Area, the world's largest free-trade area in terms of population.

"We see great prospects in China and it should give us very good opportunities in the future," says Chartsiri. "We've been providing services to Thai customers who are investing in China or carrying out trade transactions between the two countries." The growing spending power of Thai investors has played no small part in generating new finance opportunities. "The strengthening of the baht has been useful. It's good for reducing investment costs. Many Thai companies have gone into Indonesia, Australia, Europe and Indo-China, for example, and we have been able to provide additional services to them."

Towards the AEC



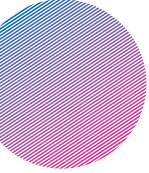

Looking forward, growing integration between member states looks set to spur a new wave of investment in Southeast Asia. In 2015, the implementation of the Asean Economic Community will see free movement of labor, capital, goods and services within the 10-member bloc of more than 600 million consumers. "I think regionalization and Asean integration will be the basis for many companies to move forward with different types of investment, whether inside the country or in the neighboring countries," says Chartsiri.

The bank calls its strategy the "Decade of Asia" and, aided by the robust performance of the Thai economy in the face of recent political turbulence, it's working. In 2010, Bangkok Bank reported net profits of 24.8 billion baht, up 24% year-on-year. "I think it's clear that Asia has good prospects and will continue to grow in the coming decade," says Chartsiri. "One thing for sure is that intra-regional trade will move forward. And I think that brings excellent prospects for a large number of our customers."







CONNECTING YOU to the WORLD



Bangkok Bank can help connect you. Our extensive nationwide branch network is supplemented by 24 international branches and one representative office in 13 economies, including wholly-owned subsidiaries in Malaysia and China. With a complete range of financial services, modern technology and friendly staff, Bangkok Bank can help customers with their personal and business banking needs as they journey through life.



For more information visit
www.bangkokbank.com
or phone +662 645 5555



Bangkok Bank

THAI BEVERAGE

FROM THAILAND TO THE WORLD

If there's a product that encapsulates where Thai Beverage – Thailand's leading drinks conglomerate – is heading, it's Blend 285. A special blend of Thai spirits, sales volume of Blend 285 grew 36% last year in Thailand. It's clearly an innovation that Thapana Sirivadhanabhakdi, the company's president and CEO, takes pride in.

"We launched Blend 285 on the market about four or five years ago and it's done extremely well in terms of market acceptance," he says. "The brand is aspirational. We've been able to offer that type of product – an international quality liquor – and position it at a price point where Thai consumers can afford it. And it's still bringing us great margins."

It's a potentially international spirit illustrating the global player that Thai Beverage Public Company Limited (ThaiBev) has become. From humble beginnings – the company was founded by Thapana's father, Charoen Sirivadhanabhakdi, the son of a Bangkok food vendor – this Singapore-listed giant today has a market capitalization of some US\$5.4 billion and owns concerns in the UK, USA, Cambodia, Malaysia, Hong Kong, Singapore and China. Last year, despite the political turbulence that convulsed Bangkok in April and May, ThaiBev saw net profits rise to US\$346 million, up 0.7% year-on-year. Its flagship beer brand, Chang, is making headway in the US and UK and emblazons the shirts of English Premiership football club, Everton.

"When we talk about growing into the international markets, I think the key to success is the talent within our organization," says Thapana. "How ready are our people to run a business



Thapana Sirivadhanabhakdi, President and CEO

in South America if an opportunity comes along? We'll keep pushing ourselves, because we're no longer just a national company."

Investing in talent is thus a key focus for ThaiBev, as it seeks to bring its full portfolio of beers, spirits, non-alcoholic drinks and functional beverages to consumers across the world. "We're investing a lot – and not only on the top tier," says Thapana. "For example, the mindset of our sales team has changed. It's not just about selling the product. It's about how good the service is and your ability to deliver the product from point A to point B with minimal damage. That challenges our people, but

challenge is good. Because it allows them to grow and get excited about their future roles."

Premiumization boosting margins

Crucial to understanding ThaiBev's current momentum is its "premiumization" strategy, of which product development is a key focus. "Through innovation, we're seeing better margins than before." At the same time, affordable products like Chang beer and Hong Thong, SangSom and Mekhong, the company's lifeblood, have been joined by single malts from the company's five Scottish distilleries, acquired when it bought Scotland's Inver House in 2006.

Indeed, acquisitions have always played a role in ThaiBev's growth strategy. Most recently, the US\$497-million acquisition of Pepsi bottler Serm Suk has allowed the company to beef up its already formidable distribution network in Thailand and ensure that its products are selling round the clock. "Serm Suk means we can offer the complete picture of beverages to Thai consumers. With alcoholic beverages we were mainly selling our products in the evening and night time. With Serm Suk we're now starting in the early morning and going all day long."

ThaiBev is also committed to supporting the community. During the recent flooding in central Thailand and Bangkok, ThaiBev spent millions of baht to donate drinking water and offer other support to the flood victims. Khun Thapana has also initiated the ThaiBev Thai Talent program, which provides training, opportunities and support to talented Thai youths, helping them fulfill their dreams.



The Name behind the Flavour...

Thai Beverage PLC or “ThaiBev” was incorporated in 2003 and listed on the Main Board of the Singapore Exchange (SGX) on 30 May 2006. It is currently ranked among the top 30 largest market cap companies on the SGX. ThaiBev is Thailand’s largest beverage producer and distributor. Other than its domestic market focus, ThaiBev also engages in international operations such as beer export and overseas distilleries. Its presence and route-to-market include ASEAN region, UK, and US.

ThaiBev’s core product offerings are:

- Beer** – Brands include Chang beer, a mainstream beer in Thailand. Chang Beer is exported to over 30 countries around the world.
- Distilled Spirits** – Brands include Ruang Khao, SangSom, Mekhong, Hong Thong and Blend 285 locally. ThaiBev also owns a Scotch whisky operation in Scotland and white spirits production in China. Its Scotch whiskey is sold in 80 countries globally.
- Non-alcoholic beverages** – Oishi RTD Green Tea, Chang Soda, Chang Drinking Water etc.
- Food and Restaurants** – Oishi restaurant group

Vision:

To become a leading global beverage company focusing on commercial excellence, continued products premiumisation, and professionalism

Key Strengths

- Largest alcobev player in Thailand
- Extensive distribution network and logistics
- Strong brand recognition with diversified beverage product portfolio
- Strong balance sheets
- State-of-the-art production facilities
- Experienced and proven management team

Corporate Strategies

- Strengthen market leadership with continuing brand investment
- Steadily progressing up-market with our premiumised products to penetrate the segment that was traditionally dominated by foreign imports
- Diversify into non-alcoholic drinks to seek added growth as well as to mitigate risks in the alcoholic beverage market
- Seek higher growth through developing international businesses and expansion
- Invest in logistics and distribution infrastructure to achieve lower incremental cost of distribution
- Reshaping HR management system to enhance staff proficiency