

Our World

# THAILAND

## Taking center stage in Asean



Resolute and poised, Thailand is performing like a true Asean tiger and stands ready to take a leading role in supporting and coordinating the development of the upcoming Asean Economic Community

Thailand, one of the most active and central players in the Association of Southeast Asian Nations (Asean) alliance is committed to cultivating a robust business environment. Paiboon Nalinthrangkurn, Chairman of the Federation of Thai Capital Market Organizations (FETCO), notes that Thailand's economy has rallied back from the financial crisis of 1997 when the country virtually went bankrupt with the shutdown of 50 financial institutions, leaving only the strongest to survive. Its GDP growth rate plummeted from 9% in 1996 to -10% in 1998. Since then, the Thai economy has weathered global slowdowns and growth has been steady, ranging from nearly 4% to 7%.

The Asean link project is one of the initiatives that Mr. Nalinthrangkurn is taking on to facilitate retail investment. The project currently connects the markets of Thailand, Malaysia and Singapore.

"These are the major markets in Asean, and we hope that once we have fully integrated or connected the markets, everything can be done a lot easier," he says.

"The priority is to take care of domestic infrastructure first, and then think about linking with the other markets like the Philippines, Indonesia and Vietnam later. It's a work in progress and at least three markets are willing to work together now. In terms of full integration and having the same tax regimes etc., it is going to be a long-term process."

Another work in progress is the AEC or Asean Economic

Community, created with the aim of reducing the economic and development gap between Asean member countries and strengthening the Asean community as a whole. Thailand is taking a lead role in conducting development cooperation and opportunities in bilateral and trilateral forms. Once the AEC goes into effect in 2015, the region is expected to become a hub for the free flow of goods and services.

"The AEC will create the free flow of goods as well as investment and skilled labor," says Udom Wongviwatchai, Secretary General of Thailand's Board of Investment. "It will create a lot of opportunities for business with China. The opportunity is market expansion, as the market increases from 60 million to 600 million across the Asean countries. We will have the opportunity to get cheaper raw materials from other countries."

Other advantages for Thailand include supplementing its skilled labor force and creating growth opportunities for Thai companies to sell their goods to huge domestic markets like Indonesia, which has a population of 280 million.

Exports currently account for 70% of Thailand's GDP. About half of the country's workforce is in the agriculture sector. It is the world's top exporter of rice, while automotive and electronics are other major contributors, making up 19% of the nation's exports.

Although the AEC is expected to create opportunities for Thailand, it will also bring challenges as it will increase competition for foreign investment.

"There are still some differences between Asean countries

especially in terms of market behavior," says Mr. Udom. "Right now the countries Thailand trades with appreciate Thai products. They believe Thai products are high quality. That is why it is a very good way for us to convince foreign investors to invest here."

Foreign investment has practically doubled since 2010 under the chairman's watch, which he explains was due to a number of factors.

"Economic growth has been over 5% for many years," says Mr. Udom. "That will increase confidence among foreign investors. We will launch a mega project infrastructure development to build logistics capabilities, especially in the rail system and wa-

ter management. That is very important for foreign investors."

Proof lies in the Thailand Foreign Investors' Confidence Survey 2014, which has found that 98% of foreign investors remain confident in Thailand, with 24% of them planning to expand their investment.

"This corresponds to the improving investment climate after the BOI approved 18 project applications worth 122,837 million baht (\$3.8 billion) and continues to approve projects and to conduct weekly project application screenings," adds Mr. Udom.

Also important is corporate social responsibility and sustainability, which the govern-

ment is addressing, according to Dr. Chaipayat Wibulswasdi, Chairman of the Executive Board for CSRI, the Corporate Social Responsibility Institute of Thailand.

"We try to instill awareness amongst leaders of the companies, regarding things that need to be done and push them to world standards," says Dr. Wibulswasdi, whose organization is tasked with raising CSR standards in the Thai business community, particularly among small and medium-sized enterprises, which traditionally have not viewed CSR as an internal issue.

"We try to make them aware that CSR is good for business,

because stakeholders want to do business with a good company," adds Dr. Wibulswasdi.

As an incentive to inspire companies to become good corporate citizens, the CSRI is working toward creating a Sustainability Index that will rate firms based on their CSR performance. Companies in different sectors will compete against their counterparts in other emerging countries to achieve international status.

"It will list top performing companies in terms of sustainability in one basket," says Dr. Wibulswasdi. "When U.S. companies or companies in Asean countries want to come into Thailand it can serve as a guide

for them to look for good companies to do business with."

Raising the CSR quotient is one way to combat corruption, a formidable issue in Thailand, concedes the MIT graduate.

"Right now there is a group of institutional investors in Thailand, the largest one being the government pension fund for civil servants. In the future they will only invest in companies with strong CSR policies; they will not engage in corrupt business," says Dr. Wibulswasdi.

Social media reaction to bad business practices is also having an effect on changing corporate attitudes, he adds.

CSR is also one of the key missions for the American Chamber of Commerce in Thailand (AmCham), where it provides social and business networking support to its 700 members.

While big multinationals like Ford Motor Co. already incorporate transparency, accountability and corporate governance into their businesses, the same themes may be new for local partnerships.

AmCham's Vice-President Matt Bradley suggests that the role Thailand plays in the Asean bloc and globally will be critical, and key to that role is continued transparency, and consistency in policy formulation.

"The ability of the private sector to have an input in government policy formulation, whether it is just for Thailand or for trade beyond Thailand, is important," says Mr. Bradley.

The land that is known for happiness and smiles is one that promises growth, says Mr. Nalinthrangkurn of FETCO.

"Despite the political issues I am confident that the Thai corporate sector and financial sector will continue to grow. We are determined to be a major force, first in Asean, then Asia. You can see Thailand as the gateway to China and India."



"THE THAI GOVERNMENT EXPECTS THAT AFTER THE AEC WE WILL INCREASE INTRA-ASEAN TRADE BY UP TO 40%"

UDOM WONGVIWATCHAI, Secretary General of the Board of Investment (BOI)



"THERE ARE A LOT OF GROWTH OPPORTUNITIES HERE IN THAILAND, BOTH IN THE REAL SECTOR AND THE FINANCIAL SECTOR"

Paiboon Nalinthrangkurn, Chairman of FETCO





LT. ITTICHAJ SUPANAKOON, RTN,  
Managing Director of Port  
Authority of Thailand



“BANGKOK PORT  
IS IMPORTANT FOR  
FACTORIES IN THIS  
AREA”

LT. SONGTHAM CHANTAPRASIT,  
RTN, Managing Director  
of Bangkok Port



“WE ARE OPEN  
TO PUBLIC-PRIVATE  
PARTNERSHIPS IN  
THE PORT”

LT. SUTTHINAN HATHHAWONG,  
RTN, Managing Director of Laem  
Chabang Port

# Full speed ahead for Thai ports at Bangkok and Laem Chabang

The country’s two most important ports, Bangkok and Laem Chabang, are undergoing upgrades and modernization programs to improve efficiency and raise their competitiveness

At the center of the Asean bloc lies Thailand, and with nearly 1,900 miles of coastline and more than 2,400 miles of waterways, it is poised to become the international gateway to Asia, and potentially, Europe.

In order to capitalize on its strategic position and strengthen its economy the country is looking to improve connectivity not just within Thailand but with its Asean neighbors as well.

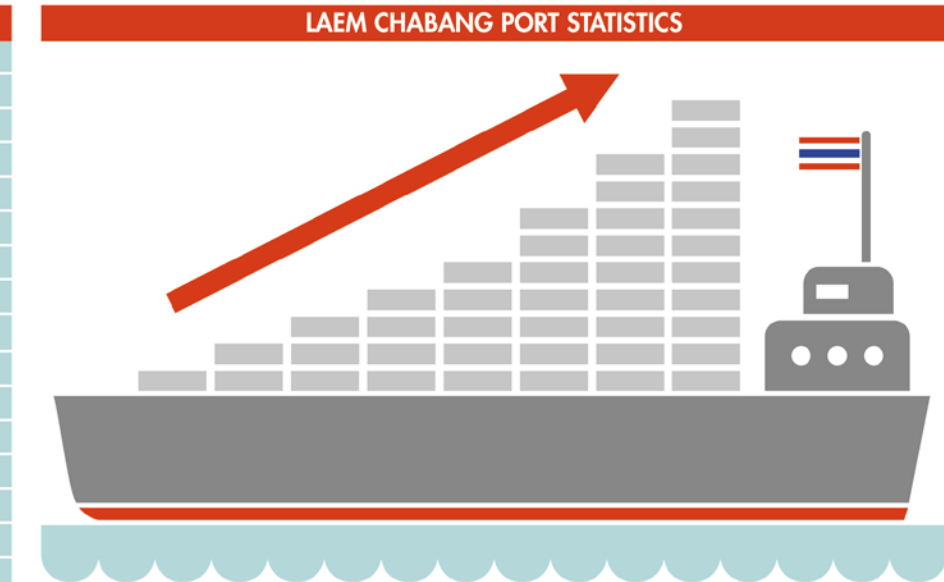
As part of the country’s efforts in attracting foreign investment, a massive overhaul of its transport infrastructure is being proposed. The ambitious \$75 billion project would incorporate improvements to roads, rails and waterways. The project would also include high-speed train connections from Thailand to China.

A significant part of the discussions have been centered on moving goods more efficiently through the region. Sea shipping remains the most popular option for trading among the Southeast nations, making Thailand’s two largest ports among the busiest in the world. The Port Authority of Thailand (PAT), is playing a key role in ensuring the country’s ports can keep up with steadily growing traffic demand, and preparing for a potential swell once the Asean Economic Community

Year	Container (TEUs)
1991	1,360.00
1992	9,296.00
1993	169,062.00
1994	333,238.00
1995	503,626.00
1996	728,630.00
1997	1,036,063.00
1998	1,424,702.00
1999	1,755,867.00
2000	2,105,262.00
2001	2,312,438.75
2002	2,656,949.00
2003	3,047,369.25
2004	3,529,882.50
2005	3,765,967.00
2006	4,123,122.75
2007	4,641,913.00
2008	5,240,076.75
2009	4,621,631.50
2010	5,068,076.00
2011	5,658,030.00
2012	5,830,427.75
2013	5,974,715.25

(AEC) comes into effect.

“As a core organization on waterway transport, PAT has carried out its mission in conformance with the government’s strategy as well as developing the country’s logistics system in the overall scheme in preparation for responding to any change which will occur in the fu-



	2012	2013	%
General Cargo (Metric Tons)	4,258,584.32	4,279,440.29	0.49
Container (TEUs)	5,830,427.75	5,974,715.25	2.47
Automobile (Units)	914,970	1,198,010	30.93
Passengers	133,890	153,854	14.91

ture, particularly, in joining AEC in 2015,” says Lt. Ittichai Supanakoon, RTN, Managing Director of PAT.

## Bangkok Port

The second-largest port in the country, Bangkok Port – also known as Klong Toey – handles more than a quarter of Thailand’s container

volume. The port’s depth, which ranges from 8.5 to 11 meters, accommodates ships up to 12,000 tons and 172 meters in length. Located on the west side of the Chao Phraya River at the entrance to Prakanong Canal, in the Klongtoey District of Bangkok, operations are divided into two areas: the west quay, which handles conventional bulk cargo, and the east quay for container cargo.

More than 80% of the cargo that comes through the port is in containers. There is plenty of space to accommodate them as the port has a total capacity of 1.34 million TEU, according to Bangkok Port’s Managing Director, Lt. Songtham Chantaprasit, RTN.

Bangkok Port is undergoing security and hardware upgrades; over 70% of the port’s equipment systems are new, says Lt. Chantaprasit, and attention has turned to upgrading the port’s IT systems to improve efficiency.

“We are checking cargo coming in and out of the customs area and there is also a container terminal management system, where we use enhanced technology to keep track of the containers in the port area,” he adds.

While Laem Chabang port has knocked Bangkok out of the top spot in terms of the volume it handles, the port remains a vital fixture for local businesses in the area.

“Bangkok Port is centrally located and it serves a lot of

“AS A CORE ORGANIZATION ON WATERWAY TRANSPORT, PAT HAS CARRIED OUT ITS MISSION IN CONFORMANCE WITH THE GOVERNMENT’S STRATEGY AS WELL AS DEVELOPING THE COUNTRY’S LOGISTICS SYSTEM IN THE OVERALL SCHEME IN PREPARATION FOR RESPONDING TO ANY CHANGE WHICH WILL OCCUR IN THE FUTURE, PARTICULARLY, IN JOINING THE ASEAN ECONOMIC COMMUNITY IN 2015”

LT. ITTICHAJ SUPANAKOON, RTN  
Managing Director of the Port Authority of Thailand (PAT)





THAILAND

small factories around the city. Transportation costs associated with Laem Chabang port are higher and 90% of cargo is transported by road,” says Lt. Chantaprasit.

Its central location makes it an attractive site for developers and a study is under way to examine the potential for turning the land around the port into shopping malls and hotels.

**Laem Chabang Port**  
Currently Thailand’s busiest port, Laem Chabang handles more than 7 million TEUs a year, but can handle up to 10.8 million and plans are underway to increase that capacity to 18 million TEUs.

The port, with a depth of 12 meters, is located in the Chon Buri Province, covering an area of around 2,536 acres.

Expansion plans for Laem Chabang will make it the most modern and active port in Thailand, says the port’s Managing Director, Lt. Sutthinan Hathhawong, RTN. “We continue to focus and emphasize quality service as well as efficiency,” he says. “Less time in the port can reduce transport costs.”

Another notable feature about Laem Chabang is security, the best in Asia, says Lt. Hatthawong. “We have a lot of stringent and certified security systems within the port. To maintain security, we support training courses in neighboring countries and we invite them to learn from us,” he comments. “We worked with the U.S. Embassy and Homeland Security for many years to become the best port in Asia.”

It is expertise that Lt. Hatthawong hopes to share with neighboring countries in order to standardize shipping protocols across the Asean bloc, a task that becomes all the more vital once the Asean Economic

Community (AEC) agreement allowing for the free flow of goods and services among the Asean bloc, goes into effect.

“All ports in the AEC should be operating on the same standards,” says Lt. Hatthawong. “We try to use our knowledge and expertise to help other ports to improve their policies and regulations.”

Some of the standards being implemented by the Port Authority of Thailand at both the Bangkok and Laem Chabang are green, aimed at minimizing the ports’ impact on the environment. This includes changing the type of vessel fuels used from traditional fuels that emit greenhouse gases and pollutants, to cleaner and more cost-effective alternatives. The vehicles used in and around the ports run on compressed gas, in an effort to reduce fuel emissions.

Expansion plans for Laem Chabang are aimed at turning it into a gateway port for the Greater Mekong Sub Region, which would mean competing with Singapore for shipping business.

According to the Thai Board of Investment, the port currently handles 54% of Thailand’s overall exports and imports; however, Lt. Hatthawong claims it could handle more than 90% of the country’s volume. The expansion would include a new deeper wharf that would directly serve large vessels.

To help mitigate the high cost of fuel associated with road transport, the plan includes the construction of twin railway tracks that would provide a direct rail link to the port from the Northeast, and in an effort to relieve traffic congestion, roads to the port and a mass public transit system are also proposed for development.

Lebua’s ‘wow’ factor combines the exceptional and the exclusive

With properties in Bangkok, India and New Zealand, the CEO of Lebua Hotels & Resorts has plans to take his recipe for hospitality success to Myanmar, and for Thai cuisine to the U.S.

“Wow” is the word Deepak Ohri chooses when asked to sum up the experience offered by Lebua hotels in Bangkok.

You would expect that, since he’s the CEO of Lebua Hotels and Resorts, a chain of luxury hotels that started in Bangkok and expanded to include locations in India and New Zealand.

Now a new hotel is being planned in neighboring Myanmar; the location was inspired by President Barack Obama’s visit to the region in November 2012, which included a stop in Myanmar, the first visit to that country by a sitting American president.

“The bilateral relationship between Thailand and the U.S. is very strong and wherever the U.S. goes, Thailand will always follow,” says Mr. Ohri. “That is why Thailand as a country is doing very well in all sectors, especially the tourism sector.”

The Myanmar project will likely be a difficult challenge, concedes Mr. Ohri, who notes that the country is still an emerging economy and infrastructure will be an issue.

Tourism is a major contributor to Thailand’s economy, accounting for about 7% of its GDP and attracting 22 million visitors last year. It remains one of the top destinations for American tourists, a credit to the long friendship that the two countries have shared for 180 years, says Mr. Ohri.

“Thailand is number two in the Asean region in terms of inbound tourists and we hope that we will be number one very soon.”

The AEC, or Asean Economic Community, agreement to open up the free



Lebua State Tower made TripAdvisor’s 10 Incredible Hotel Rooftops list in 2014

flow of goods and services among member countries is expected to increase regional tourism by 10 to 15% over the next few years, prompting the hotel executive to add another 100 rooms to his Bangkok location and expand facilities abroad.

“I think our ambition

FEATURED IN  
‘HANGOVER 2’, THE  
TOWER CLUB AT LEBUA  
BOASTS ACCLAIMED  
RESTAURANTS AND  
BARS AND TRUE 5-STAR  
LUXURY ROOMS AND  
SUITES

would be to spread our wings and one day be in the U.S., where we want to be. We want to expand and we want to be an ambassador by opening Lebua in more strategic locations,” he adds.

Mr. Ohri hopes that the Asean alliance will boost tourism numbers by making it easier for people to travel through the region without visas. “Thailand should take

a leading role because of its strategic location and how well we understand the tourism business. I think Asean is the key,” says Mr. Ohri.

When asked about the road to his success, Mr. Ohri candidly reveals, “It has been a struggle. If people think I am successful, it’s because I’ve turned my mistakes into learning experiences. I made a lot of mistakes, like everyone has, but I’ve learned from them.”

The hospitality expert also hopes to explore a new business in the United States – fast food.

If he draws from his earlier experience in creating The Dome at Lebua, fast food will never be the same.

He started The Dome as a lone entrepreneur in 2004, a collection of rooftop bars and restaurants offering breathtaking views of the city. It has become a popular destination for tourists and its website boasts unique and luxurious food experiences from master chefs in the region.

Mr. Ohri will likely tackle



“THERE IS A PHRASE THAT THE ‘GUEST IS GOD’. WE ARE TAKING THIS THAI HOSPITALITY EVERYWHERE”

DEEPAK OHRI, CEO of Lebua Hotel and Resorts

this restaurant venture much the way he does his hotel business, by bringing an authentic Thai experience to the customer.

“It is a well-known worldwide fact that if you are very genuine, people will like you,” he says. “As long as our customers are happy, they will continue to return.”





# ThaiBev wants to “Be With You”

Thailand’s largest beverage company, ThaiBev owns and distributes several brands of leading alcoholic and non-alcoholic beverages in an effort to bring people throughout the region closer together

To the directors of Thai Beverage PLC, being a good friend means staying by their side and always being there with them not only in familiar places and when convenient, but in all places, no matter how far they may be. And for Thailand’s largest beverage company, this translates into making its products available across Thailand as well as expanding its international footprint – a task that entails enlarging its distribution network, implementing the use of cutting-edge logistics management technology, and investing in upgrading its employees’ skills.

Indeed, since its origins more than three decades ago, ThaiBev’s business activities have grown beyond just beverage production, especially after it became a holding company 10 years ago.

“Thai Beverage was incorporated back in 2003, and the vision is to combine every related business, from sourcing, procurement, production, sales and marketing

to all the support functions that are under ThaiBev,” says Thapana Sirivadhanabhakdi, President and CEO, and son of original founder Charoen Sirivadhanabhakdi.

ThaiBev is one of the region’s largest beverage manufacturers, originally having started with spirits then moving on to beer. Non-alcoholic drinks came along post-2006, the year ThaiBev listed on the Singapore Exchange. The latter business line is expanding even further now, thanks to partner company TCC Assets’ acquisition of Fraser and Neave (F&N), a Singaporean drinks, food, publishing and property conglomerate, in January 2013.

For its line of spirits – which include rum and both blended and single malt Scotch whisky, among others – ThaiBev owns distilleries both at home in Thailand and abroad in Scotland, Poland, Ireland, China and France.

The firm’s entire product line, alcoholic and non-alcoholic alike, are geared to making uniting consumers thanks to the great taste.

ThaiBev’s awards also attest to the company’s endeavors to please shareholders and partners through high standards of corporate governance and transparency. As proof, in recent years Corporate Governance Asia has awarded ThaiBev with “Best Investor Relations” and “The Best of Asia”, and named Thapana Sirivadhanabhakdi “Asia’s Best CEO (Investor Relations)”.

No doubt investors were also pleased by the group’s outstanding financial results in 2012. Total revenues grew by 21.8% to THB161 billion (\$254.4 billion) from 2011, while net profit soared by 140.3% to THB28.8 billion. While the 2013 results were less impressive, given the expenditure of the F&N buy-out, the Sirivadhanabhakdi family views the expensive move (the largest ever acquisition in Singapore’s corporate history in fact) as a smart long-term investment.

“Some might say this is an acquisition deal, but F&N is our partner and we would like to work together. It is not about just connecting; but about how we can collaborate and work together,” says the President and CEO.

AS THAIBEV ENTERS ITS NEXT PHASE OF GROWTH, THE COMPANY IS DETERMINED TO CONTINUE UPHOLDING ITS STRONG TRACK RECORD OF AVAILABILITY AND RELIABILITY OF PRODUCTS DESIGNED TO DELIGHT AND UNITE CONSUMERS

## Thirsty? ThaiBev has a drink for every occasion

The company’s growing product line has something to satisfy everyone, old and young alike

Whereas ThaiBev’s origins were solely based on the distillation and distribution of liquor, its product offering has expanded exponentially to include a vast list of beers, white spirits, brown spirits, bottled water and flavoured soda water, soft drinks, electrolyte drinks, green tea, Scotch whisky, vodka, gin, Chinese spirits, and

The company’s long list has just got longer, however, thanks to the acquisition of Singaporean conglomerate Fraser and Neave.

“As of now, I can proudly say to you that we manage quite an extensive portfolio, because we cater from soya drinks to single malts, and from the F&N portfolio, because they have fruit

juices, Asian drinks, chrysanthemum tea, jelly, and dairy products,” highlights CEO and President Thapana Sirivadhanabhakdi.

Such a diverse offering allows ThaiBev to perform well in many markets, not just Thailand. Yet even at home, tastes and trends change.

“We make sure that we add value together with our trade partners,” says Mr. Sirivadhanabhakdi. “We aim for a quality product so we can respond to the changing environment or consumer behaviors. We plan to make non-alcoholic beverages account for 30% of total annual sales from 2015 onwards.”

ThaiBev concentrates mostly on the Southeast Asian markets. Yet, while Chang Beer along with several brands of whisky are ThaiBev’s biggest ambassadors abroad, the company has recently launched a special product – Pacific rum – in the U.S., starting in California.

Many of ThaiBev’s spirits are award winners. Hankey Bannister 40-year old blended whisky, Speyburn 25-year old single malt, Speyburn Bradan

Orach single malt, Phraya rum and Caorunn gin all garnered medals from international competitions in 2012. Yet it is Old Pulteney that seems to be ThaiBev’s golden boy, the 12, 17, 21 and 30 year old single malt varieties having all garnered numerous medals. Just recently, Jim Murray’s 2012 Whisky Bible crowned Old Pulteney 21 World Whisky of the Year.

## A long-term heart-touching approach to sustainability and responsibility shapes effective CSR policies

ThaiBev looks beyond commercial success alone to ensure the effects of its business are in harmony with society and the environment

Eschewing the temptation often felt by multinational corporations to focus obsessively on short-term returns, ThaiBev is committed to ensuring corporate social responsibility (CSR) is an integral component of its activities. Its determination to be “a company with business growth and social

accountability” is evidenced by a drive to achieve effective long-term socioeconomic gains through a variety of social, cultural, educational, sporting and public health-related projects.

Business, economic, social and environmental sustainability forms the basis of all new ventures at the company and its research and development department is kept busy by leveraging the use of cutting-edge technology to devise eco-friendly processes and optimize precious resources. Its annual

corporate governance report and sustainability report provide transparent insights into the group’s ability to harmonize its operations, achievements and goals with its ethics and environmental awareness.

Among the raft of commendations the company has to its credit, Corporate Governance Asia has awarded ThaiBev’s President and CEO Thapana Sirivadhanabhakdi as Asia’s Best CEO (Investor Relations) for three consecutive years (2011-2013). Mr. Sirivadhanabhakdi believes

that taking CSR seriously is part and parcel of carrying out business with the utmost professionalism and credibility.

“Obviously there are many best practices, rules and regulations that we need to understand and follow, to allow us to become a better team,” says Mr. Sirivadhanabhakdi. “However, being one of the listed companies that are changing the platform against the other players we are dealing with, we have been very committed, not just to social responsibilities and activities we

SUSTAINABILITY UNDERPINS ALL NEW VENTURES AT THE COMPANY AND ITS R&D DEPARTMENT USES CUTTING-EDGE TECHNOLOGY TO DEVISE ECO-FRIENDLY PROCESSES AND PRESERVE RESOURCES

have been carrying out all along, but looking at more of a professional way of doing business, talking about how to deliver the top line and the bottom line, and to be able to share our perspective and direction together with other shareholders who might be interested in working together with us.”







# Tasteful branding excels

ThaiBev brings the taste of Thailand to markets worldwide through its wholly owned subsidiary International Beverage Holdings Ltd (IBHL)

Building core brands with global footprints, International Beverage Holdings Ltd (IBHL) is turning ThaiBev's portfolio of spirits, beers and non-alcoholic beverages into widely recognised, highly regarded international products. Headquartered in Hong Kong and with regional offices in Singapore, Cambodia, Malaysia, China, the UK and the USA, IBHL distributes to more than 80 countries and is enjoying buoyant growth in the group's

brands' international exposure. The company's sales and marketing techniques and investment levels are aligned with the appropriate brand strategies, market opportunities and existing route-to-market capabilities.

For example, in 2004 ThaiBev's sponsorship deal with Everton FC saw the group's renowned Chang Beer become the first Thai brand to be sported on an English Premier League club's soccer shirt. ThaiBev is also involved in sponsorship deals with Real Madrid and FC Barcelona in Spain's La Liga. The company has been able to create impactful marketing programs and raise both brand awareness and demand, thereby increasing Chang Beer sales and driving further distribution across the region.

"How to showcase and introduce our products to the right economies across the world is part of the important process of brand development," says Thapana Sirivadhanabhakdi, President and CEO. "Yet, this process is still at very early stage, as the beer industry is highly com-



petitive. Nonetheless, let me tell you that even in the Western markets, Asian trends are becoming in vogue and Westerners are interested in how the Thai or Asian beer market is evolving."

For the brand itself, Chang's logo depicts two white elephants, which are among Thailand's most representative symbols. The two elephants face each other and come towards a fountain that represents prosperity. "The brand distinguishes itself from the rest, as Chang translates into 'elephant', which is

also a great tool to communicate a Thai word to the international community. It is true that Chang promotes the 'Thainess' as people easily relate the brand to Thailand," says Mr. Sirivadhanabhakdi.

In 2012, Chang Beer's international sales in Asean showed exceptional growth of 78% and ThaiBev attributes a large proportion of this expansion to the successful launch of its FC Barcelona soccer platform across Southeast Asia, where European soccer is a highly popular sport.

## Products travel far and wide

Thanks to an enormous distribution network, ThaiBev's products can be seen on shelves throughout not only Thailand, but the region as well

For several years, the Sirivadhanabhakdi family business concentrated on the distillation of spirits. Beer was the first game changer for the company. It first started brewing Chang Beer in 1994 and one year later successfully launched it on the market to wide acclaim.

However, getting the beer out and about posed a new challenge, and it was the distribution process that forced the beverage giant to reformat its logistics chain.

"Getting into beer transformed our organization to enabling the distribution system to go down deeper, to another level," explains Mr. Sirivadhanabhakdi. "Spirits do not have a shelf life, so the older the spirit is, the more valuable it becomes. It is not like beer, where we find freshness."

Years later, after the family

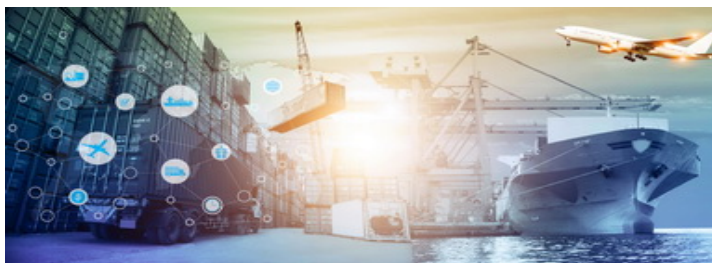
business became incorporated and thus effectively placing its myriad subsidiaries under one holding company, ThaiBev continued expanding its logistics network through organic and nonorganic growth.

One of the biggest leaps ahead happened in 2011, when the Thai giant acquired Serm-suk Plc, the beverage company with the heretofore furthest-reaching distribution network in Thailand.

The company now attributes its resounding success in part to the network, as well as to the strong relationship it has built up with agents, distributors, trade partners, retailers and restaurants.

Abroad, it is wholly-owned subsidiary International Beverage Holdings Ltd. (IBHL) at the helm. With offices in Singapore, Cambodia, Malaysia, the U.K., the U.S. and China, IBHL distributes ThaiBev products to more than 80 countries.

It is no wonder that such a huge number of subsidiaries has created over 30,000 jobs at ThaiBev and taking into consideration the indirect jobs the group is responsible for creating or supporting would more than double that figure.



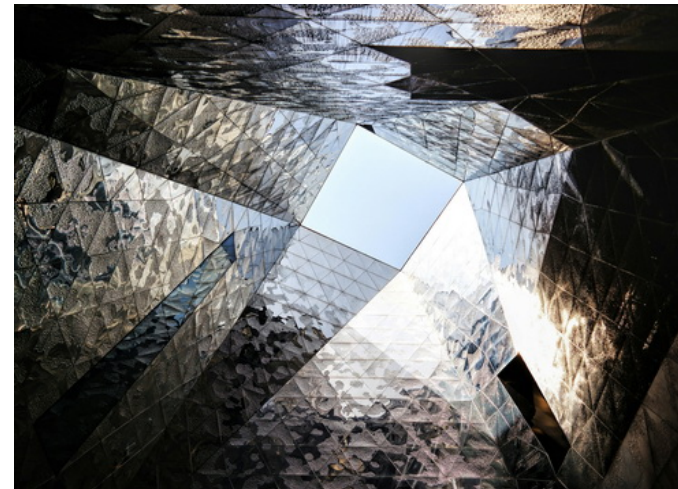
## The AEC to facilitate an even greater role for ThaiBev

Come 2015, when the Asean Economic Community kicks off, ThaiBev will have easier access to a larger market and more partners with whom to carry out social initiatives

Owned by Charoen Sirivadhanabhakdi, Thailand's wealthiest citizen and case study example of rags-to-riches, ThaiBev is listed in Forbes' Global 2000 list at spot 1,080. In other words, ThaiBev plays an enormous role in both the Thai and the Asean region's economy. And luckily for everyone else, the company has a friendly and inclusive attitude towards business, helping its partners grow along with it.

This includes a healthy and humble attitude towards private sector involvement not only in business but also in community initiatives all over Southeast Asia.

"We have been developing C-ASEAN together with large Thai and multinational conglomerates, as we see it is not just about Thailand – it is about the Asean community," explains Thapana Sirivadhanabhakdi, President and CEO. "We cannot say that we will still be going strong for years to come; we are looking across to the region and the Asean country members. We are talking about the free flow of goods, services, capital and



human resources the business gets and enhances."

By integrating the region's 10 economies into a powerful block, this union will give ThaiBev easier access to the more than 700 million consumers, trade partners and tourists in the AEC.

Yet another aspect of the initiative is sociocultural integration, and Mr. Sirivadhanabhakdi sees

the private sector taking on ever more importance. "We and other large corporations are not just talking about the business side – we are also looking at the soft side, like cultural programs, arts and music, for us to understand each other even better. On the soft side, those are values that can blend in. We believe that we can help Asean and the community to understand each other faster."







# Thaicom helps to bridge Asia’s digital divide

Through its pioneering technology, Thaicom has brought broadband Internet and satellite television to millions of homes and businesses around Asia, setting a benchmark with its innovative solutions and contributing to industry and society at a global scale

Back at the dawn of the new millennium, Bill Clinton – then President of the United States – optimistically challenged members of the Asia-Pacific Economic Cooperation (APEC) forum to “turn the digital divide among and within our nations into digital opportunities.”

Fourteen years later, while the “digital divide” that Mr. Clinton referred to still very much exists, bearing in mind the surprising fact that three out of five people in the world still do not enjoy access to the Internet, the state of international connectivity has undoubtedly improved.

Today, with only a few exceptions, nearly every developing country now has some form of competitive market for broadband services. However, amongst global problems such as certain cultural barriers and high costs that impede Internet access, the difficulty of laying the infrastructure necessary for greater connectivity – especially in remote areas – remains one the greatest hindrances to Internet development over the world.

So when President Clinton posed his challenge to APEC forum members in the year 2000, little did he know that almost a decade earlier, the forward-thinking nation of Thailand had already begun laying the foundations for a future solution.

In 1991, with the digital revolution by then in full swing, the newly formed public company of Thaicom was bestowed its name by King Bhumibol Adulyadej of Thailand as a symbol of the linkage between Thailand and modern communications technology, and was swiftly awarded a 30-year concession by the government to operate the national satellite project.

While the company at first became most well known for its satellite television broadcasting services, of which today it hosts approximately 600 channels available throughout the region, in 2005 Thaicom broke new ground. With the launch of its fourth satellite, Thaicom 4 (or IPSTAR) became one of the largest commercial satellites and the first ever broadband satellite in Asia-Pacific, facilitating two-way broadband connectivity and cost-effective solutions for communities and businesses lacking access to terrestrial line infrastructure.

“IPSTAR was the first hybrid Ku-/Ka-band satellite of its kind in the world,” explains Suphaje Suthumpun, CEO of Thaicom. “At that time, nobody actually believed that a small country like Thailand could produce this sort of new technology.”

“Today Thaicom plays an important role in the national and regional ICT sector. We are present in all countries in Asia, including Australia and New Zealand. We have extended our coverage to Africa, as well.”

Indeed the breadth of IPSTAR’s geographical reach, covering an area inhabited by 3.2 billion people, is staggering. In the process, through the complex technological advancement of a two-way satellite system, it has been able to bring the joy and enlightenment of broadband Internet to millions of people who may never have had the chance.

In fact, thanks to the leading role of Thaicom, as well as a major effort by the Ministry of Information and Communications Technology (MICT) to promote broadband services, people in Thailand are



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SUPHAJEE SUTHUMPUN, CEO of Thaicom

now more connected than ever before.

The Thai Internet market has been on a significant growth path over the last number of years, with the demand for Internet and Internet-related services finally beginning to increase. For example, when Thaicom launched its IPSTAR satellite in 2005, overall broadband penetration in Thailand stood at a measly 0.75% (calculated by the National Broadcasting and Telecommunica-

tions Commission). At the last count in 2014, this had grown exponentially to 7.63%.

While this is an impressive growth rate, the development of high-speed access has really only just begun in Thailand, and it is clear that the surge in services has been occurring from a relatively low base. However, with demand expected to continue its rise throughout Thailand and the whole region, Thaicom is carefully planning its growth strategy.

Having recently restructured the company to make it more “customer-centric,” says Mrs. Suthumpun, as well as offering a broader range of solutions across its satellite services, a major part of Thaicom’s expansion will be in its fleet number.

The company has already successfully launched two more satellites this year from Cape Canaveral in Florida. Thaicom 6 was launched in January (having already sold almost all of its capacity to Indochina with some quota for Africa), while Thaicom 7, which started its journey into orbit and sold out on its launch date in September, will further help expand the company’s broadcasting service platform and a full range of media and data services tailored to the communication needs of the entertainment industry and telecom operators across Asia and Australasia.

“Our new bird will help fulfill the increasing demand in satellite capacity in Thailand and in the Asia Pacific region, help strengthen the company’s servicing capacity, as well as allow it to expand into new markets overseas,” says the CEO.

She also reveals that Thaicom is today working on its eighth satellite. “If things go well, it should be launched by the first half of 2016. We are also building a case for IPSTAR 2.”

In the meantime, the company’s main objectives are profitability and sustainability. “Transparency and accountability are key to this goal,” explains Mrs. Suthumpun. “Since I joined Thaicom in August 2011, we have managed to maintain a proven performance of 12 consecutive profitable quarters.”

Also during this time, Thaicom has managed to regain its spot as the number one provider for broadband satellite in Asia in terms of market share.

Such fantastic financial performance has not only led to the company scoring a 100% satisfaction rate from its shareholders at the recent Annual General Meeting, but also being

on the receiving end of international recognition. For example, Finance Asia recently granted Thaicom with Thailand’s ‘Best Mid-Cap Company’ and ‘Best CEO’ awards.

While recognition for its business success is a further boost to Thaicom’s brand, the company – most widely known for its pioneering history – went one step further this year to ensuring that Thaicom will continue to be one of the most talked about firms in Asia’s ICT industry.

That is because in June, Thailand’s leading satellite operator struck a deal with the country’s number one low-cost airline – Nok Air – to become the first in the Asia Pacific region to introduce commercial In-Flight broadband connectivity. The announcement came at the same time that Thaicom launched its New Frontiers campaign, which will see it expand its focus to include end-to-end satcom mobility services for air, land, and sea vehicles.

From New Frontiers to the forefront of ‘disaster management,’ Thaicom has also won universal praise for its vital role in Asia at times of natural calamities. Evidence of this was seen when a huge earthquake and tsunami hit Japan in 2011. Thaicom’s IPSTAR satellite – designed to put communication networks back online in the event of such disasters – immediately became a key enabler for emergency response and humanitarian aid operations during the aftermath, resulting in the company being awarded by the Japanese government for its services rendered during those trying times.

Already one of Asia’s most well known and successful companies thanks to its innovation, profitability, and work to bridge the world’s digital divide, such an invaluable contribution to society as saving lives, on top of brightening minds with the power of information, can only help Thaicom’s great reputation grow even stronger.

