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Politics stall Thai M&A ventures

The months-long political unrest has delayed inbound and outbound merger-and-acquisitions (M&A) deals, given that both buyers and sellers are opting to hold off until the risk has eased, says PricewaterhouseCoopers (PwC) partner Kajornkiet Aroonpirodkul.

PwC has 10-20 M&A and fund-raising deals related to Thai companies in the pipeline now, and most of them will be delayed until Thailand's political situation has improved, probably in the latter half of the year, he said.

Thai firms are looking to acquire overseas businesses to expand their footprints into international markets with the focus on energy and retail, while foreign companies are seeking investment opportunities in Thailand, particularly in the financial, food and restaurant, and technology sectors.

"If political woes are not prolonged, the economy and investment will turn around very quickly," said Mr Kajornkiet.

However, both foreign and Thai investors are both eyeing Cambodia and Laos due to their fast-clip growth despite their small-sized markets, he said, adding that PwC has recruited many new accountants to work in Thailand and both countries to explore potential M&A companies.

With the upcoming Asean Economic Community (AEC), PwC plans to cash in on the single trade bloc by expanding business in the region.

PwC (Thailand) is involved in several deals in Myanmar, the most popular investment destination over the past two years, but such deals will be done by PwC (Singapore) which handles the group's Myanmar investments.

PwC, one of the big four auditors, has already set up PwC (Vietnam) on the expectation of it being one of the active investment places.

Business in Thailand, Cambodia and Laos is covered by PwC (Thailand). The company has audited around 2,000 companies in Thailand including SET-listed companies accounting for 20-30% of the local bourse's market capitalisation.

PwC together with KPMG, Ernst & Young, and Deloitte Touche Tohmatsu dominate the auditing market in Thailand.

Mr Kajornkiet said the auditing business is currently engaged in a price-cutting war. Consequently they have broadened their services to include financial advisory and tax planning and these services have been successful in recent years, thanks to their worldwide reputation and strong global networks.

PwC operates in 157 countries, with 184,000 employees including 1,350 staff in Thailand.