

'PERFECT CITY' VISION DRIVES AMATA'S SUCCESS

EXECUTIVE Q&A

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Amata Corporation Plc is Thailand's leading developer of industrial estates, established in 1989 and listed on the Stock Exchange of Thailand (SET) in 1997. It is the flagship of the Amata Group, with 15 subsidiaries that manage the supply of utilities, infrastructure and services in Amata industrial estates. Chief operating officer Viboon Kromadit discusses the company's strategy and outlook.

What is Amata's business model?

As an industrial estate developer, we want to create the "Perfect City". We select the strategic location and develop the necessary facilities, utilities and infrastructure to be ready for our current and potential clients' use. With more than 20 years' experience, we consider ourselves experts in this area, and our philosophy is to focus purely on industrial estate development. For other business components that are beyond our expertise, we form strategic partnerships with experts in their fields.

Currently Amata has three industrial estate: Amata Nakorn Chon Buri, which is our flagship estate with 18,873 rai and located only 57 kilometres from Bangkok and 42 kilometres from Suvarnabhumi airport; Amata City Rayong, which has 10,018 rai and is 27 km from Laem Chabang deep-sea port and 99 km from Suvarnabhumi; and finally Amata City Bien Hoa in Vietnam, which covers 4,370 rai and is only 30 kilometres northeast of Ho Chi Minh City.

Who are Amata's customers?

The majority of our customers are Japanese companies, accounting for nearly 60% of the total number of factories in all industrial estates, and the rest are domestic clients and other foreign investors. In terms of industry breakdown, 50% of our clients are in automotive industries and the rest in electronics and electrical appliances, chemicals, steel and metal, and consumer goods. The total number of factories is 900 in all industrial estates.

What differentiates Amata from its competitors?

Besides developing the industrial site for our clients, we also provide after-sales support and advice on related business components such as government rules and regulations. With our continuous support, our clients can effectively concentrate on their businesses and achieve their business goals. Our quality of service has been proven by our track record and referrals via our existing clients to new clients.

How do you diversify risks among your industrial estate portfolio?

As Thailand's economy is expanding and developing from a low-income country to an upper middle-income country, it is experiencing a move from being a labour-intensive production base to a capital-intensive one, as the country's labour costs are not as competitive as they used to be. Some of our customers' businesses are in sectors that are considered labour-intensive, and thus labour costs are naturally one of their key factors in deciding which industrial estate to invest in.

When we analysed Thailand's economic trends in the 1990s, we decided to expand to Vietnam, as there would be a large pool of labour there at relatively cheaper cost versus Thailand. This

allowed us to bring our current customers to a new industrial estate where they could gain an access to lower labour costs and production costs. Again, we have seen the same trend developing in Vietnam and are looking to expand and develop another industrial estate in another country.

What are the key factors when deciding on a new industrial estate location?

Transport, infrastructure and logistics



Amata strives to improve education in the nearby communities, says Mr Viboon.

are the main factors, as we recognise that logistics are a major cost in manufacturing. An ideal industrial estate should be located near a seaport and an airport, as this will ease our potential clients' burdens in terms of logistics management. For example, Amata Nakorn is located near both Suvarnabhumi airport and Laem Chabang port.

What are the biggest risks facing your business?

The country's political instability is the main risk for our current and potential clients. With rising political conflict, some current investors may consider relocating, while potential clients may choose to establish their factories in other countries. This inevitably would affect our business, whose sales highly depend on clients' production capacity

expansion. That is why Amata cannot just stay in Thailand, as we know one shouldn't put all one's eggs in one basket.

What impact will the Asean Economic Community have on your business?

The AEC will benefit the mobilisation of the workforce among Southeast Asian countries, resulting in more efficient production. Moreover, it will make foreign direct investment among Southeast Asian countries easier as some regulations are lessened to promote investment and collaboration among these countries. Inevitably these benefits will have a strong positive impact on the manufacturing and industrial-estate sectors in Thailand.

Where do you expect to see Amata in five years?

Amata is purely focused on continuing to improve our performance, services to our clients and expanding our business. One of the core ways Amata adds value to its industrial estates is by improving the quality and availability of education in the communities surrounding them, as we recognise the importance of education because the whole community benefits. We call our aim of constantly striving to improve and develop "The Perfect City", a set of goals that is constantly evolving and guiding us towards better results.

The Executive Q&A Series is presented by ShareInvestor, Asia's leading financial internet media and technology company and the largest investor relations network in the region, with more than 400 listed clients. This interview was conducted by Pon Van Compernelle, editor of www.thaicapitalist.com. For more information, email pon@thaicapitalist.com or supat@shareinvestor.com or visit www.thailistedcompany.com