Thailand plans to buy Temasek’s stake in Thaicom

Move would make sense from a national security perspective: Thai PM

By LEE U-WEN

[SINGAPORE] Thailand is planning to make an offer to purchase Temasek Holdings’ stake in satellite monopoly Thaicom, a move that would make sense from a "national security perspective", said Thai Prime Minister Abhisit Vejjajiva.

Singapore investment company Temasek currently holds its Thai stake through its investment in Bangkok-based holding company Shin Corp, of which Temasek directly owns 41.7 per cent.

Mr Abhisit said yesterday that it was important that Thailand buy back the satellite operator in the wake of last month’s deadly street violence that saw anti-government protesters use satellite signals to rally support for their demonstrations. The clashes between the military and the Red Shirts left 89 people dead and nearly 2,000 others injured.

Mr Abhisit added that he had tasked the Finance Ministry to come up with an appropriate price for the offer.

The news sent Thaicom shares rising by their daily 30 per cent limit in trading to reach 7.05 baht – recouping most of their decline so far this year to record their highest jump in 12 years.

Both Thaicom and Temasek declined comment.

“It is our policy to buy back the satellite unit from Thaicom,” Srichoke Sopha, a lawmaker in Mr Abhisit’s ruling Democrat party, told various news agencies yesterday.

“It’s just really a starting of negotiations. We are engaged in initial talks with Temasek but there is no formal offer yet. There are many more steps. We are still studying details and also there will have to be more negotiations.”

“It’s not about taking out the opposition, because they could use another satellite which has a footprint in Thailand,” said Mr Srichoke, who visited Singapore in April together with Finance Minister Korn Chatikavanij to meet Temasek officials.

Melvyn Teo, a director at the BNP Paribas Hedge Fund Centre at Singapore Management University, said in an interview with Bloomberg: “To the extent that they are getting a fair price for the satellite company, I don’t see why Temasek would not want to sell it.

By doing so, they might face repercussions from the Thai government.”

If the purchase goes through, it would end a dispute over the satellite firm’s ownership that began when Temasek first bought Shin Corp from the family of fugitive former Thai premier Thaksin Shinawatra back in 2006 in what was a highly controversial deal.

That sale triggered massive protests in the Thai capital that led to Thaksin being overthrown in a military coup that same year.

Temasek has “good reason to sell” because its ownership has “proved an irritant to bilateral relations”, said Prasit Sujiravorakul, an analyst at Bualuang Securities, in a report published yesterday. It may take some time to price any deal because Thaicom’s book value is about 14 baht a share, more than double the current market price, he wrote.

Mr Srichoke said that Temasek is “willing to think about the deal.”

The Thai government intends to carry out the purchase either through state-owned media conglomerate MCOT or one of two state enterprises controlled by the Ministry of Information and Communications Technology.