

King Power buys a 39% stake in Thai AirAsia

Thailand's King Power International Group has effectively acquired majority control of Thailand's Bangkok-based Thai AirAsia airline by buying a 39% stake worth \$224m in the Asia Aviation Public Company (AAV).



The Stock Exchange of Thailand (SET) confirmed last night that the acquisition is now fully in play, with King Power International Group Chairman Vichai Srivaddhanaprabha and his family acquiring the shareholding from the Bijleveld family.



**King Power International
Group Chairman Vichai
Srivaddhanaprabh.**

DEFINITIVE AGREEMENT

In a formal statement, the SET said late last night that AAV disclosed these shareholder changes with the Bijleveld family consisting of Mr Tassapon Bijleveld, Miss Pattaree Bijleveld and Mrs Siritorn Bijleveld. All have entered into a definitive agreement to sell their shares – equivalent to 39% – to Vichai Srivaddhanaprabha and family.

This new agreement brings all speculation surrounding an AAV share disposal to an end, after SET disclosed that it had already sought clarification from AAV that a share sell might be planned at least three times between April 7 and May 9 – but received no clarification during this time. The SET says it may now require Vichai to make an offer for the rest of the airline – Thai AirAsia operated a total of 45 aircraft last year.

FORWARD THINKING

Needless to say, effective control of the Bangkok airports-based Thai AirAsia could bring several potential benefits to King Power and most importantly a guaranteed vertical chain and delivery channel for duty free goods sold through its airport and off airport duty free outlets in the country.



King Power International Groups downtown Bangkok Srivaree Complex is one of three off airport duty free stores aimed at Chinese and other tour groups/FITs visiting Bangkok which have proved extremely popular. ©

STRONG CHINA CONNECTIONS

As is well known, the King Power International Group has extensive and well developed relations with Chinese tour companies delivering these nationals to Thailand, where KPIG has very impressive off-airport duty free shops dedicated to them.

The choice of Thai AirAsia as an investment opportunity is also no coincidence, since the carrier has operated a strategy of targeting Chinese passengers in Greater China.

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Thai AirAsia. (Photo credit: Ken Fielding).

SPREADING BUSINESS RISK

While this could have interesting potential in the short term, it could also prove to be a very smart future insurance policy and especially if King Power should ever lose its nationwide duty free airport contract, despite it still having several years to run with Airports of Thailand (AOT).

KPG's Vichai Srivaddhanaprabha has already made exploratory moves in spreading the company's wings before, having shown interest in the Incheon International Airport duty free bidding process a few years ago. Last year he also established pre-order ties with overseas partner – the Alibaba Group-owned Tmall Global operation.

[For more details:

<http://www.trbusiness.com/regional-news/asia-pacific/world-duty-free-launches-prepay-for-chinese-shoppers/76067>].