



M-Link closes in on B500m power deal

M-Link Asia Corporation has jumped on the clean energy bandwagon with its first takeover deal worth 500 million baht to acquire a power company.

The move is a strategic drive to transform itself into a higher-margin company by cutting back its traditional core mobile handset sales business and focus on high-growth ventures.

"We have principally entered into a takeover deal worth 500 million baht to acquire a power company operating solar farms in Thailand, marking a first step in our new business model," said a source.

M-Link is also going into transport and e-commerce as part of the company's sweeping overhaul of its business and organisational structures.

The diversification is to shift from what it terms the old-fashioned, low-margin handset business to emerging, high-growth businesses, the source said.

"We also have a few significant acquisition and joint-venture discussions planned with prospective partners running high-growth businesses, including a new technology-related venture," he said.

The deals should be concluded next month.

M-Link was founded by Yaowapa Wongsawat, a sister of ousted prime minister Thaksin Shinawatra and the wife of Somchai Wongsawat, who was briefly prime minister in 2008.

Samart Corporation, headed by founder and chief executive Watchai Vilailuck, and new police chief Pol Gen Somyot Pumpanmuang hold a combined 50%-plus stake in M-Link.

The Wongsawat family's shareholding is now less than 5%. The family plans a complete exit next year.

The source declined to give more details on the solar firm venture but said the takeover contract is expected to be signed next month.

He said the venture would enable M-Link to realise revenue this year.

M-Link has had a significant decline in its profit margin from handset sales despite rising sales of smartphones in recent years.

It expects its average profit margin to rise from less than 7% to 20-30% next year, the source said.

"We aim for profits from the handset business to account for only 25% of total profits over the next two years, down from 100% now," he said.

M-Link is on the verge of forming three new management teams for its energy, transport and telecommunications businesses.

The source said it would not be the end of its trading business.

M-Link recently completed its recapitalisation of 1 billion baht, with proceeds to be used for business development.

MLINK shares closed yesterday on the SET at 4.10 baht, down 24 satang, in trade worth 1.24 billion baht.

