

Pair of acquisitions adds fuel to SCG's technology drive

Siam Cement Group, Thailand's biggest industrial conglomerate, has acquired a Scandinavian high-tech research centre and an Indonesian high-value-added packaging maker in its bid for higher revenue, says president and chief executive Kan Trakulhoon.



President and chief executive Kan Trakulhoon wants SCG to become a technology-driven company as part of its long-term strategy. SOMCHAI POOMLARD

Mr Kan has previously spoken of SCG's long-term strategy to own the technology inventor instead of buying technology.

The SCG Chemicals subsidiary yesterday bought 51% of Norway-based Norner Holding AS (Norner Group), an innovation and technology centre specialising in material and polymer industries.

According to a statement filed with the Stock Exchange of Thailand, SCG Chemicals will acquire the rest by September 2015.

The transaction for the entire 100% stake is valued at 340 million baht.

SCG is moving to acquire technology firms in order to strengthen research and development at the company.

The group also acquired a 90% stake in PT Indoris Printingdo through Thai Containers Group (TCG), a 70:30 venture of SCG Paper Plc and Rengo Co (Japan), with a transaction value of 290 million baht and including debt of 60 million baht.

Norner Group is located in Stathelle, Norway and provides consultancy service ranging from polymerisation to plastics application in various applications, including oil and gas, pipes and packaging.

Norner is equipped with its own comprehensive scientific lab, researchers and technicians.

Indoris is a maker of high-quality packaging products, mainly for its Indonesian-based multinational customers.

With a combined capacity of 8,000 tonnes a year, production consists primarily of high-value-added (HVA) items such as offset cartons.

Indoris's facilities are located in the city of Tangerang, about 40 kilometres west of Jakarta, and registered sales were 153 million baht in 2013.

The acquisition is aimed at developing more HVA products, enhancing competitiveness and becoming a sustainable business leader in Asean.

As of the third quarter of 2014, SCG's HVA products provided a net contribution to sales of 28% and commodity products 18%. For total group sales, HVA represents 30%.

SCG is continuing to develop HVA, which will enable competitiveness enhancement and strengthen the group's entry into the Indonesian packaging market after the September 2013 acquisition of PT Primacorr Mandiri.

SCG says it remains committed to tapping growth opportunities and striving towards sustainable business leadership in Asean.

Siam Cement shares (SCC) closed yesterday on the SET at 454 baht, up six baht, in trade worth 464 million baht.

