

Economic gloom casts shadow on Robi's revenue

Yap Wai Yip, chief financial officer of the operator, says people spent less on telecom services during political chaos

MUHAMMAD ZAHIDUL ISLAM

THE economic gloom that resulted from political unrest in the first three months this year may take a toll on the revenue growth of Robi, a senior official of the mobile operator said.

The operator had a target to cross the Tk 5,000-crore mark in earnings this year, with a 9 percent growth year-on-year.

"But that will not be possible due to the revenue losses in the first quarter," Yap Wai Yip, chief financial officer of the second largest telecom operator in terms of revenue, told The Daily Star in an interview recently.

Robi, which has been in Bangladesh for the last 18 years, earned around Tk 4,940 crore in 2014.

"I can't say we will cross the Tk 5,000-crore mark as the market is not growing although the political turmoil is over," he said.

Robi's revenue fell 9 percent to Tk 1,216 crore in the first quarter of 2015, compared to the previous quarter, he said. The revenue was, however, 4 percent higher year-on-year, the official said.

The year-on-year net profit also marked an 11.20 percent fall in the first quarter of 2015.

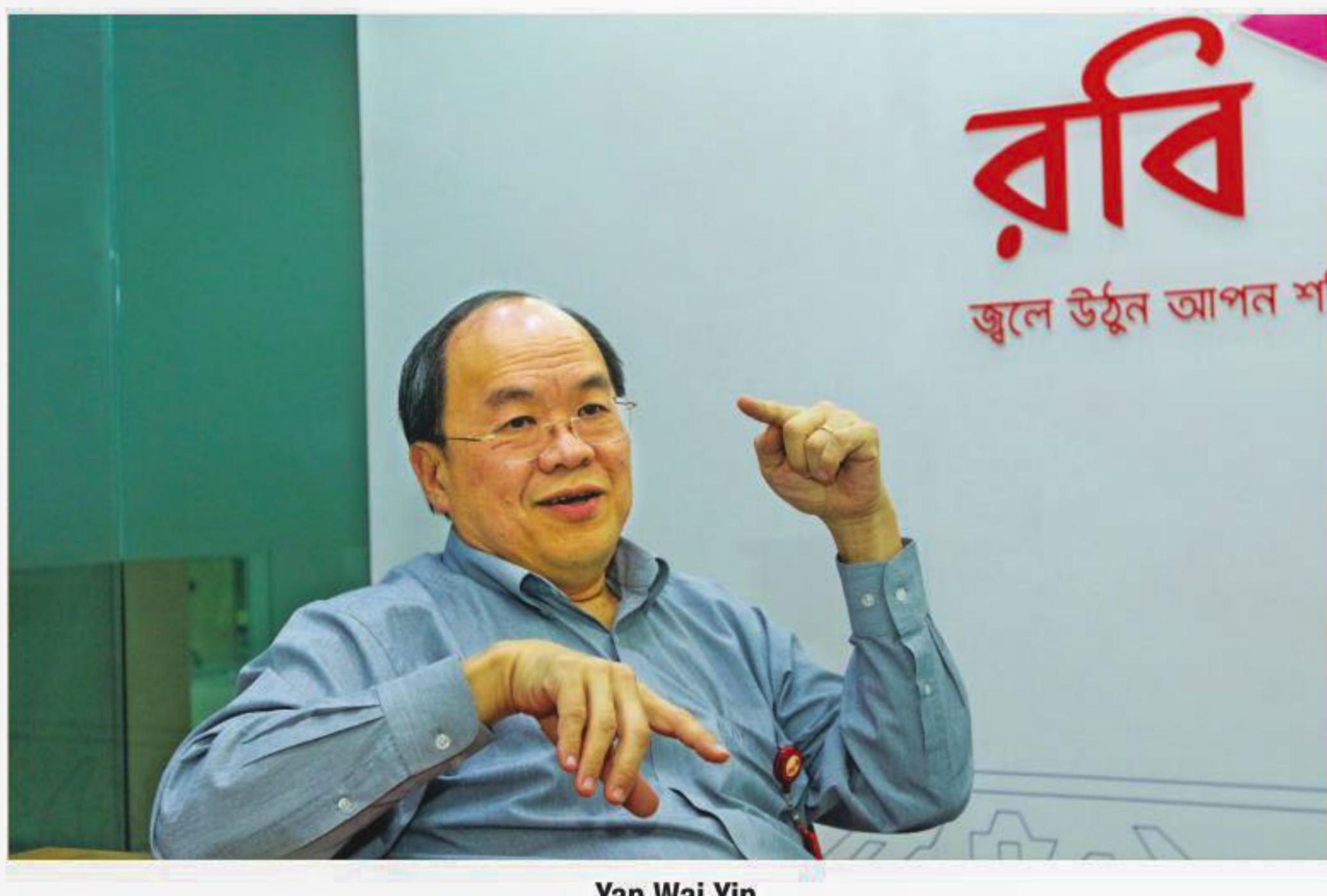
People were cautious and spent less on telecom services during the political turmoil, he said. But the situation is changing now, he said.

The political unrest also affected Robi's network deployment and its efforts to widen 3G coverage, said Yip, who has been serving Robi for more than a year.

He earlier worked at Robi's parent company Axiata.

The intense competition in the local market has affected the average revenue per user (ARPU) for all operators in recent years, he said.

Last year, Robi's ARPU was Tk 157 compared to Tk 161 in the previous year. It was Tk 169 in 2012 and Tk 178 in 2011. The ARPU will come down



Yap Wai Yip

this year as well, the official said.

Despite lower revenues, Robi's profit in the January-March period this year rose slightly—2 percent—compared to October-December of last year.

Robi met the earnings targets in the past two years; but the investors said they would have got better returns had they invested in other countries, according to Yip.

Although the mobile operators play a big role in digitisation, they still have to pay high taxes, the official said. "We have long been talking with policymakers about the tax issues. But we found no positive result so far," Yip said.

A comparative study should be conducted on the market, taking tax, investment and growth of the operators into consideration, he said.

Bangladesh has 12.59 crore active SIMs as of May and the mobile phone penetration rate is close to 80 percent.

The penetration rate would be more than 100 percent if the children and elderly—who are not regular users—are excluded, he said.

So, it will be tough for the operators to strengthen their customer base, the official said. It will also not be easy for a new operator to enter the market, he said.

The government has a plan to allow a new mobile operator to start operation.

Robi has divided the Bangladesh market into different zones, and has taken plans to improve its service quality in less-developed zones, Yip said.

"The segmentation will help us give our customers better services."

REUTERS



Lao Prime Minister Thongsing Thammavong (L) is led by Japanese counterpart Shinzo Abe after ending a joint press remarks following the Seventh Mekong-Japan Summit Meeting at Akasaka State Guesthouse in Tokyo yesterday.

Japan pledges \$6.1b aid to Mekong Five in bid for influence

AFP, Tokyo

Japan on Saturday pledged \$6.1 billion in financial aid to the "Mekong Five" countries as it pushes infrastructure exports and courts influence in a region where rival China has an increasing presence.

Prime Minister Shinzo Abe unveiled the pledge at a summit with his counterparts from Cambodia, Laos, Myanmar, Thailand and Vietnam -- fast-growing economies through which the lower section of the Mekong river flows.

"Japan will implement support worth around 750 billion yen (\$6.1 billion) in official development assistance for the next three years," Abe told a news conference following the seventh annual Japan-Mekong summit.

"The Mekong region, which has vast demand for infrastructure, is one of our most important areas," Abe said.

"Japan will contribute to infrastructure development of the region in both quality and quantity," he added. "The Mekong region and Japan are partners that will develop together."

It was not immediately clear if the pledge included previously-earmarked Japanese financial assistance, or whether it was made up entirely of newly-allocated funds.

"The Mekong region is the most dynamic economic centre, but there still is room for huge growth," Thai Prime Minister Prayut Chan-O-Cha told the news conference. The meeting came as the leading Nikkei business daily said Friday that three Japanese companies had secured an order worth over 32 billion baht (\$947 million) to equip a railway linking the Thai capital Bangkok with nearby suburbs.

The Japanese government plans to offer loans to cover part of the cost, the newspaper said, a common sweetener that helps clients afford these kind of big-ticket projects.

In a separate deal, Japan, Thailand and Myanmar signed an accord for a Special Economic Zone (SEZ) in Dawei, southeastern Myanmar, local media said.

When completed, the zone on the Andaman Sea coast will have a total area of 200 square kilometres (80 square miles), making it one of the largest SEZs in Southeast Asia and a gateway for the Mekong region's trade with India, the Middle East and Africa, Kyodo News said.

Abe has upped efforts to sell highways, train systems and power plants around the world, a key element in his bid to bolster Japan's standing abroad.

Beijing's growing financial muscle, as well as its increasing willingness to throw its diplomatic weight around, have added urgency to Japan's efforts to step up engagement in the battle for regional sway.

Chinese Premier Li Keqiang said in November at a summit in Myanmar that Beijing's strategic partnership with the 10-member Association of Southeast Asian Nations (Asean) grouping was entering a "diamond decade leading to broader and deeper cooperation".

Then in March, Foreign Minister Wang Yi said China hoped to boost trade with Asean countries to \$500 billion this year and \$1 trillion in 2020.

Beijing's new Asian Infrastructure Investment Bank has also upped the stakes, rivalling the Tokyo-backed Asian Development Bank and offering the kind of financial firepower rapidly-developing countries are keen to tap.

Airbus and Mahindra to make military choppers in India

AFP, New Delhi

European aerospace giant Airbus and India's Mahindra group have inked a deal to jointly build helicopters as the Indian government moves to upgrade the country's ageing military hardware, the companies said.

The joint venture will be set up in the coming months, "aiming to become the first private manufacturer of helicopters in India", the companies said in a statement late Friday.

"The joint venture will be dedicated to supplying the Indian armed forces with Made-in-India, state-of-the-art helicopters of high reliability, quality and safety standard based on combat-proven platforms," Guillaume Faury, president and CEO of Airbus Helicopters, said in the statement.

India is in the midst of a vast defence modernisation programme worth some \$100 billion, partly to keep up with rival neighbours Pakistan and China.

Prime Minister Narendra Modi's right-wing government, which stormed to power last May, has approved a string of contracts for new military hardware that had stalled under the previous left-leaning Congress party.

Modi, a hardline nationalist, also wants to end India's status as the world's number one defence importer and to have 70 percent of hardware manufactured domestically by the turn of the decade.

Last August, his government lifted the cap on foreign investment in defence to 49 percent from 26 percent.

UK private-sector growth falls to six-month low

REUTERS, London

Growth in Britain's private sector eased to its lowest level since the end of last year during the three months to June, although optimism among companies surged, according to the Confederation of British Industry.

The CBI said on Saturday its monthly growth indicator -- based on separate surveys of manufacturers, retailers and services -- fell to +14 in June, its lowest since December, from +33 in May.

While manufacturing growth ticked up, the pace of expansion in services companies comprising the bulk of Britain's private sector rowed back from a more than nine-year high in the three months to May.

Despite June's slowdown, output expectations for the next three months rose to their highest level since last August. "Activity over the quarter as a whole has been good," said Rain Newton-Smith, the CBI's director of economics. "We expect the economy to sustain a solid pace of growth over the remainder of the year as lower oil prices and inflation continue to boost real incomes and consumer spending."

The CBI report looked at odds with surveys of purchasing managers from Markit/CIPS earlier this week, which showed a surging services sector in June but the weakest expansion among manufacturers in two years.

One in 10 rural India homes has fridge: survey

AFP, New Delhi

The main breadwinner in three-quarters of households in rural India makes less than \$80 a month while barely one in 10 homes has a refrigerator, a survey showed Friday.

While living standards have grown rapidly in India's towns and cities in the last two decades, the census of some 180 million rural households highlighted how many of the poorest states are lagging far behind.

"This will give us a measure of the progress made by different sections and help with future policy planning," Finance Minister Arun Jaitley said at a press conference to mark the launch of the survey conducted in 2011.

While the survey did not give the national average, it showed only 25.5 percent of rural households had someone who earned more than 5,000 rupees (around \$80) a month while just 9.68 percent included a member who draws a regular salary.

Previous government data covering

the same period put the nationwide average monthly income at around 5,130 rupees.

The survey did illustrate how ownership of mobile phones is now widespread in rural areas, with 68 percent of households owning at least one device.

But only 11 percent of households had a fridge and that figure slumped to around three percent in the third largest state of Bihar and in Chattisgarh, which is one of the focuses of an insurgency by Maoist rebels.

A survey by Euromonitor released last year said that around 27 percent of all Indian households owned a fridge, against an Asia-wide average of around 65 percent.

With most rural livelihoods at least partly dependent on agriculture, India's Prime Minister Narendra Modi has recently launched a series of farming initiatives -- including a new \$8 billion irrigation scheme -- after accusations his government has been too business-friendly.

Canadian economy not heading for recession: minister

AFP, Montreal

Canada's finance minister denied Friday that the country is heading for recession, a day after two major banks predicted economic doomsday.

Canada, the world's fifth-biggest oil producer, has been hard hit by tumbling global oil prices and its economy shrank 0.6 percent at an annualized rate in the first quarter.

On Thursday, Nomura bank said it expected Gross Domestic Product to contract 0.5 percent in the second quarter, while Bank of America Merrill Lynch said a 0.6 percent decline in that period was likely.

A recession is defined as two consecu-

tive quarters of contraction.

But Finance Minister Joe Oliver said: "We're not in a recession... We don't believe we will be in a recession."

Despite the bleak outlook of the banks, Oliver said he expects growth in the second quarter and beyond to be robust.

"We expect solid growth for the year, following a weak first quarter," he said.

A recession could put the Conservative government, in power since 2006, in bad standing ahead of general elections in October.

Second quarter GDP estimates are expected after the central bank's next meeting, which takes place on July 15. Final figures are expected to be confirmed in September.



A man works on a Samsung outdoor ad installed atop an office building in Seoul.

Samsung Group companies' merger deal runs into fresh opposition

REUTERS, Seoul

The proposed \$8 billion merger of two Samsung Group companies came under attack from two directions on Friday, as an activist hedge fund filed a court action against the deal and a shareholder advisory group recommended shareholders oppose it.

In a rare case of shareholder activism in South Korea, hedge fund Elliott Associates escalated its battle to block the merger, filing an appeal against a South Korean court ruling in a fresh bid to block a key shareholder vote on the deal.

And advisory group Institutional Shareholder Services Inc (ISS) recommended Samsung C&T Corp investors vote against the all-stock takeover offer from sister firm Cheil Industries Inc.

The Cheil-Samsung C&T merger, some investors and analysts say, is key to consolidating various stakes in top affiliates of the sprawling family-run Samsung conglomerate ahead of a looming leadership succession.

But ISS said the offer from Cheil, Samsung Group's [SAGRUL] de facto holding company, significantly undervalued Samsung C&T and that potential synergies from the merger touted by the two firms are not enough to compensate.

This report, along with a recommendation from advisor Glass Lewis & Co a day earlier to reject the deal, could help Elliott line up more supporters in its quest to have the deal voted down at a July 17 Samsung C&T shareholder meeting.

"This will make it a harder fight for

Samsung," said Park Ju-gun, head of research at CEO Score.

Elliott, C&T's third-largest shareholder with a 7.1 percent stake, has launched legal challenges and called on other investors to reject the deal.

Cheil and Samsung C&T are also lobbying for investor support, promising improved shareholder returns and a better corporate governance structure for the post-merger company. "We continue to believe the merger is in the best interest of the company and our shareholders," Samsung C&T said in a statement in response to the ISS report.

An Elliott spokesman said the ISS report validated the fund's concerns.

The fund earlier on Friday appealed against a South Korean court decision to reject an injunction request to block the Samsung C&T shareholders' July 17 vote on the deal. Elliott said C&T investors should reject the deal and afterwards consider replacing some board members for others who can better represent their interests.

Samsung C&T's biggest shareholder, South Korea's National Pension Service (NPS), meanwhile, in June increased its holding in the company by around 1.7 percentage points to around 11.9 percent, increasing its influence on the outcome of the proposed deal.

Two-thirds of those present at the meeting and one-third of all shares have to vote "yes" for it to go through.

An NPS spokeswoman declined to comment on the rationale for the pension fund's stake increase.