

Oil prices skid to lowest since 2004

REUTERS, London

BRENT crude prices fell to their lowest in more than 11 years on Monday, hounded by a relentless rise in global supply that looks set to outpace demand again next year.

Oil production is running close to record highs and, with fresh barrels poised to enter the market from the likes of Iran, the United States and Libya, the price of crude is set for its largest monthly percentage decline in seven years.

While consumers have enjoyed lower fuel prices, producers have hacked back spending and cut thousands of jobs, while exporting nations have suffered tumbling revenue.

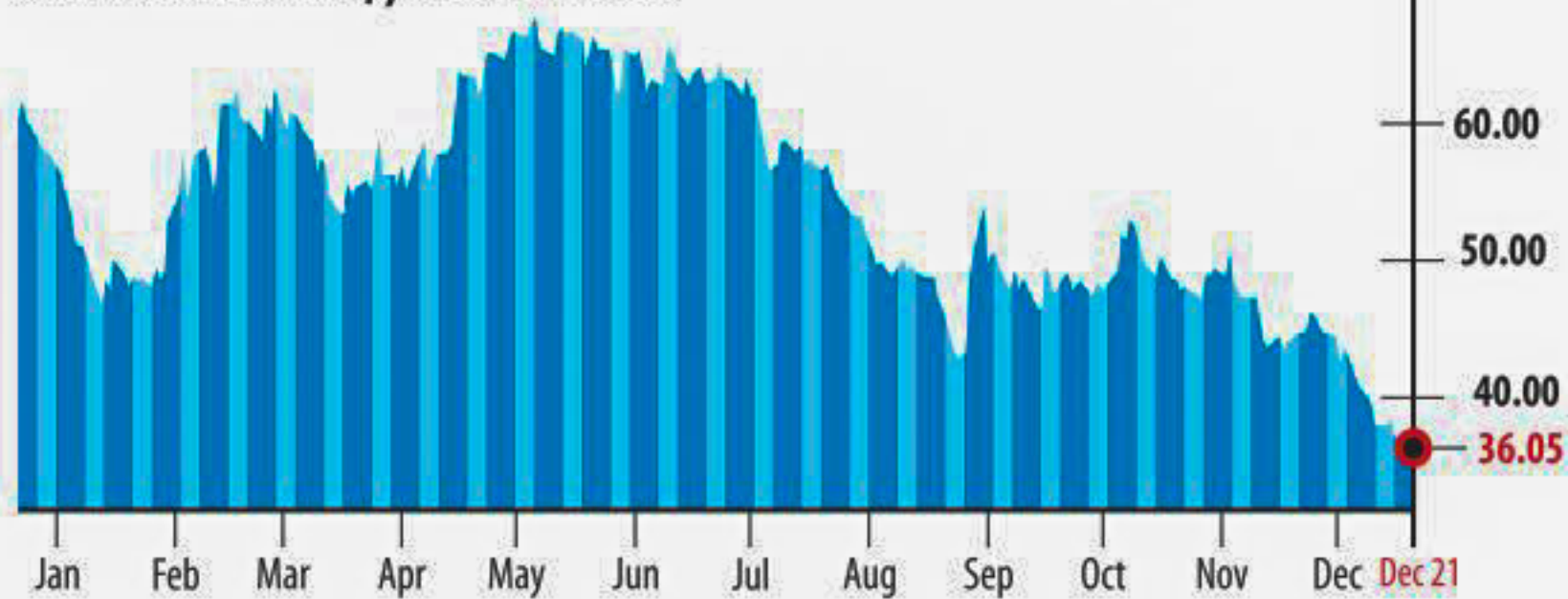
Brent futures fell by about 2 percent to as low as \$36.05 per barrel on Monday, their weakest since July 2004, and were down 45 cents at \$36.43 at 0905 GMT.

Brent crude futures have fallen more than 18.5 percent this month, their steepest fall since the collapse of failed US bank Lehman Brothers in October 2008.

US West Texas Intermediate (WTI) futures dropped 33 cents to \$34.40 a barrel, their lowest since 2009.

"Really, I wouldn't like to be in the shoes of an oil exporter getting into 2016. It's not exactly looking as if there is light at the end of the tunnel any time soon,"

OIL PRICES IN \$; PER BARREL



Saxo Bank senior manager Ole Hansen said.

"For every dollar we move lower, that brings forward increased stress in the system."

The price of oil has halved over the past year, shredding the finances of oil producers such as Nigeria, which faces its worst economic crisis in years, or Venezuela, which has been plunged into deep recession.

Even wealthy Gulf Arab states have been hit. Last week top Opec exporter Saudi Arabia, Kuwait and Bahrain raised interest rates as they scrambled to protect their currencies.

On Monday Iraq devalued its dinar currency to offset the impact of lower oil, while Azerbaijan ditched its currency peg after burning through more than half its foreign exchange reserves this year.

Morgan Stanley said that "the hope for a rebalancing in 2016 continues to suffer serious setbacks". It cited US output being "more resilient than most models originally indicated".

US oil supply will make its way to global markets in the coming year after the government voted to lift a 40-year-old restriction on crude exports, but it will face stiff competition for market share.

Russia now pumps more than 10 million barrels per day (bpd), the most since the collapse of the Soviet Union, while OPEC output is close to record levels above 31.5 million bpd and well above the cartel's notional target of 30 million bpd.

Iran will add to global supply when it resumes shipments next year after the lifting of international sanctions, while a peace deal in Libya could lead to higher exports.

Axiata Group buys 80pc stake in Nepal mobile operator Ncell

THE STAR, Kuala Lumpur

AXIATA Group Bhd is expanding into the Nepal market by buying an 80 percent stake in the number one mobile operator, Ncell Pte Ltd for \$1.36 billion.

The telco company said on Monday it had signed a conditional sale and purchase agreement with TeliaSonera UTA Holdings BV and SEA Telecom Investments BV for the 100 percent acquisition of Reynolds Holdings Ltd.

"The acquisition of Reynolds for the purchase price of \$1.36 billion plus customary adjustments at closing, effectively secures Axiata an 80 percent equity interest and controlling stake in Ncell," it said.

Axiata added Ncell is the number one player in the market with 13 million subscribers representing 48.8 percent of the subscriber market share. It is a strong brand in Nepal, providing best-in-class services and customer care.

Ncell has delivered revenue CAGR of 19.9 percent between financial year (FY2013 to 2015, with attractive earnings before interest, tax, depreciation and amortization (EBITDA) margin of 62.2 percent in FY2015. Its return on invested capital (ROIC) was over 70 percent in FY2015.

Axiata president and group CEO Datuk Seri Jamaludin Ibrahim said and the scarcity of a controlling stake and very sizable, high-quality assets within the group's target region with



Jamaludin Ibrahim

a strong number one market leadership position, "makes Ncell a rare opportunistic asset to come by."

"We are also encouraged by the attractive valuation of this acquisition. Its implied trading multiple from the purchase price including controlling premium is 5 times which is below comparable companies within the region and precedent transactions," he explained.

Ncell's implied last 12 months enterprise valuation over EBITDA of 5 times including controlling premium in Ncell was an attractive valuation compared to 5.7 times and 8.4 times for South Asia and ASEAN peers, respectively.

Jamaludin also said by consolidating Ncell to Axiata's FY14 pro forma, the new asset would be immediately accretive to the group.

The move, he added would contributing 9 percent to revenue and 19 percent to profit after tax and minority interest (PATAMI) and would make it one of the highest contributors to earnings for the

Group. "Ncell's strong cashflow generating ability would provide further support to the group's dividend policy," he added.

Jamaludin added, "As with all our investments, we see our entry into Nepal as a long-term strategic move for the Group. At the same time, Axiata is also committed to playing a major part in the development of the country by offering high-speed data connectivity and products in par with its economic progress. Being a responsible corporate citizen and major contributor to the country's economy is key to our long-term vision."

Axiata said Nepal is one of the emerging economies with steady GDP growth in Asia.

Ncell is the number one operator in Nepal with a stronghold of nearly 57.5 percent revenue market share and 48.8 percent subscriber market share.

Axiata said the unique mix of a controlling stake of the number one player in a healthy, growing market at an attractive valuation presents Axiata both a rare and an opportunistic expansion of its footprint in South Asia.

Axiata's combined footprint in South East Asia and South Asia will cover a total population of 1.77 billion and further solidify the Group as one of the leading mobile operators in the region with over 280 million customers from 268 million now.

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Ericsson and Apple sign patent licence agreement

REUTERS, Stockholm

Swedish telecom equipment maker Ericsson on Monday said it has signed a patent license agreement with Apple Inc but did not specify how much it would earn from the deal.

Ericsson estimated however that its overall revenues from intellectual property rights in 2015 would hit 13-14 billion Swedish crowns (\$1.52-\$1.64 billion), including positive effects from the settlement with Apple, up from 9.9 billion in 2014.

Last January, Ericsson filed a complaint against Apple over mobile technology licence payments, responding to a lawsuit from the iPhone maker earlier that month.

Analysts had earlier estimated that if the dispute with Apple went Ericsson's way, the US firm would have to pay it between 2-6 billion Swedish crowns annually, based on estimates of levels of handset sales and royalty payments per phone.

How drought is making it harder to sell in rural India

BBC NEWS, Maharashtra

On a sunny afternoon a sales executive from the US multinational food company Mondelez International is out and about in the village of Wing in Maharashtra in western India.

He is here to boost sales of Cadbury's chocolates - the brand is owned by Mondelez - and expand the reach of the US firm's products in rural India.

But doing this is probably not as sweet as the chocolate.

To entice people into buying chocolates there are banners showcasing bars of 5Star, Perk and small packets of Gems and Oreo biscuits - all selling for about 10 rupees (9p; 15 US cents).

This is different from selling in Indian cities and towns where big packs of chocolates costing more than a dollar or a pound also sell.

As he meets the shopkeepers, he checks with them on sales of Cadbury's chocolates and business in general. The responses he gets from shopkeepers are probably a bit low-spirited.

Anand Talekar runs a shop at the village's bus stop. It's a prime spot as state-run buses on this road connect the village's 5,000 inhabitants to nearby towns and the national highway.

Yet he hasn't sold much even of his other goods such as washing powder, shampoos, baby diapers, biscuits and hair dye.

To make a living, Talekar relies on the locals - who almost all make a living from farming - to have money to spend. But harvests have not been good this year.

"Farming is in crisis, the farmers that were trying to cultivate crops have had a huge set back due to low rainfall, as they couldn't grow anything."

"This has led to a 35 percent drop in my income from the shop" says Talekar.



BBC NEWS

Many parts of India are suffering back-to-back drought years.

"I myself have started cutting down on my fuel expenses on bike and car by opting to travel by government-run bus. I am also limiting using my mobile phone for calls to avoid spending on its credit."

Talekar himself is from a farming family but due to poor yields on his farm in the last few years he set up a shop to give his family another source of income.

His parents and siblings still work on the farm in a nearby village.

Executives at Mondelez, sitting in their central office in Mumbai, see Talekar's worries from a wider perspective.

While individuals' spending power may be lower, there is such a vast number of people living in rural communities across India it is a market they would be foolish to ignore.

"The opportunity for most companies is to really access the potential of rural India. It is

an extraordinary source of long term growth for big businesses," says Mondelez India's managing director, Chandramouli Venkatesan.

Rural India accounts for 70 percent of India's population and for 50 percent of its GDP.

"One of the greatest challenges is to identify and prioritise which villages and markets are accessible and have the potential to sell our products," says Venkatesan.

Mondelez says it used sales analytics technology to help identify potential villages to do business.

"We chose about 20,000 high priority villages - this allows us to maximise our revenue at an economical cost," he says

Once it had identified its key villages, Mondelez distributed its chocolates to local stores and found out the earnings from them matched that of similar stores in towns.

UK employers warn of cost risks from minimum wage and skills levy

REUTERS, London

Britain's government risks intervening too much in the job market with a higher minimum wage and a new levy to fund apprenticeships, which could threaten the country's economic growth prospects, an employers' group said.

"The government must be careful not to sacrifice prosperity for political expediency by saddling businesses with costs that could harm investment, which is critical to increasing productivity," said Carolyn Fairbairn, the director-general of the Confederation of British Industry.

Just over half the services firms that took part in a CBI survey said they would raise their prices, and 27 percent said they would employ fewer workers after the higher minimum wage is introduced in April.

On the apprenticeship levy, only one in six companies said it was the right approach to fixing Britain's skills shortage. Almost half said it would be costly and bureaucratic, the CBI said as it released the survey on Monday.

Finance minister George Osborne announced the new minimum wage for workers aged 25 and over in July, bypassing an independent commission which usually sets its level. By the end of the decade, it will represent an hourly pay rise of 40 percent for the lowest-paid workers.

Last month, Osborne set the apprenticeship levy at 0.5 percent of wage bills on large and medium-sized companies, a decision that angered some business leaders.

Neil Carberry, the CBI's employment director, said businesses agreed with the overall aim of improving skills and raising the base level of pay. "But we have a labour market which performs. Flexibility is absolutely essential to firms," he added.

The CBI survey showed the percentage of companies expecting to increase the size of their workforce over the next 12 months, minus the percentage who planned to cut jobs, fell to 30 percent from 38 and 39 percent in the previous two years.

Carberry said the decrease reflected rising employment in Britain in recent years.

Crisis-hit Azerbaijan floats national currency

AFP, Baku

Energy-rich Azerbaijan, whose economy has been hard-hit by falling oil prices, on Monday floated the manat national currency, leading to a 32-percent devaluation against the greenback.

"The Central Bank took the decision to switch to a floating exchange rate of the national currency as of December 21," the central bank said in a statement.

It said the decision was taken because "falling oil prices and the continuing devaluation of partner countries' currencies has begun to negatively affect the Azerbaijani economy."

The manat rate was 1.55 per US dollar on Monday, 32.26 percent down from Friday. Azerbaijan's decision mirrored that of other energy-rich ex-Soviet nations -- such as Kazakhstan -- where the plunge in oil prices and Russia's economic crisis have seriously dented the value of the national currencies.

Energy exports constitute up to three quarters of Azerbaijan's state revenues, making the Caucasus nation's economy highly dependent on global oil trends.

Toshiba to cut 7,000 jobs in PC and TV units, sees FY loss

REUTERS, Tokyo

JAPAN'S Toshiba Corp said on Monday it will cut nearly 7,000 consumer electronics jobs after a \$1.3 billion accounting scandal, in an overhaul that will streamline the sprawling conglomerate into a company focused on chips and nuclear energy.

Toshiba also said it would sell its television manufacturing plant in Indonesia, and that eventual job cuts spanning the entire PC-to-nuclear company could be over 10,000 including previously announced cuts and those seeking voluntary early retirement.

Due to restructuring costs, which include the sale of its Indonesian TV plant, Toshiba said it expected a net loss of around 550 billion yen (\$4.53 billion) in this fiscal year ending in March.

"By implementing this plan, we would like to regain the trust of all stakeholders including shareholders and transform ourselves into a robust business," it said in a statement.



REUTERS

Toshiba Corp President and CEO Masashi Muromachi bows during a news conference at the company's headquarters in Tokyo, Japan yesterday.