



ประสบการณ์การลงทุนในเขตเศรษฐกิจพิเศษทิลาวาของผู้ประกอบการไทย
Thai Investor in Thilawa Special Economic Zone

MILLCON STEEL PLC.
PRESENTATION

What are the risk
of investment?

Who will be our
partner?

?

What we except
from
investment?

?

Any concern on
Law and
Regulation?

What is Thilawa
SEZ?

Market &
Opportunity

Land &
Property

?

TAX?

?

?



Agenda



- About Millcon Steel
- Myanmar Outlook
- Thilawa Project Summary
 - Project Utility
 - Thilawa SEZ Freezone License vs. MIC Permit
 - Pros and Cons
 - Concern and Expectation
 - Key Success Factors

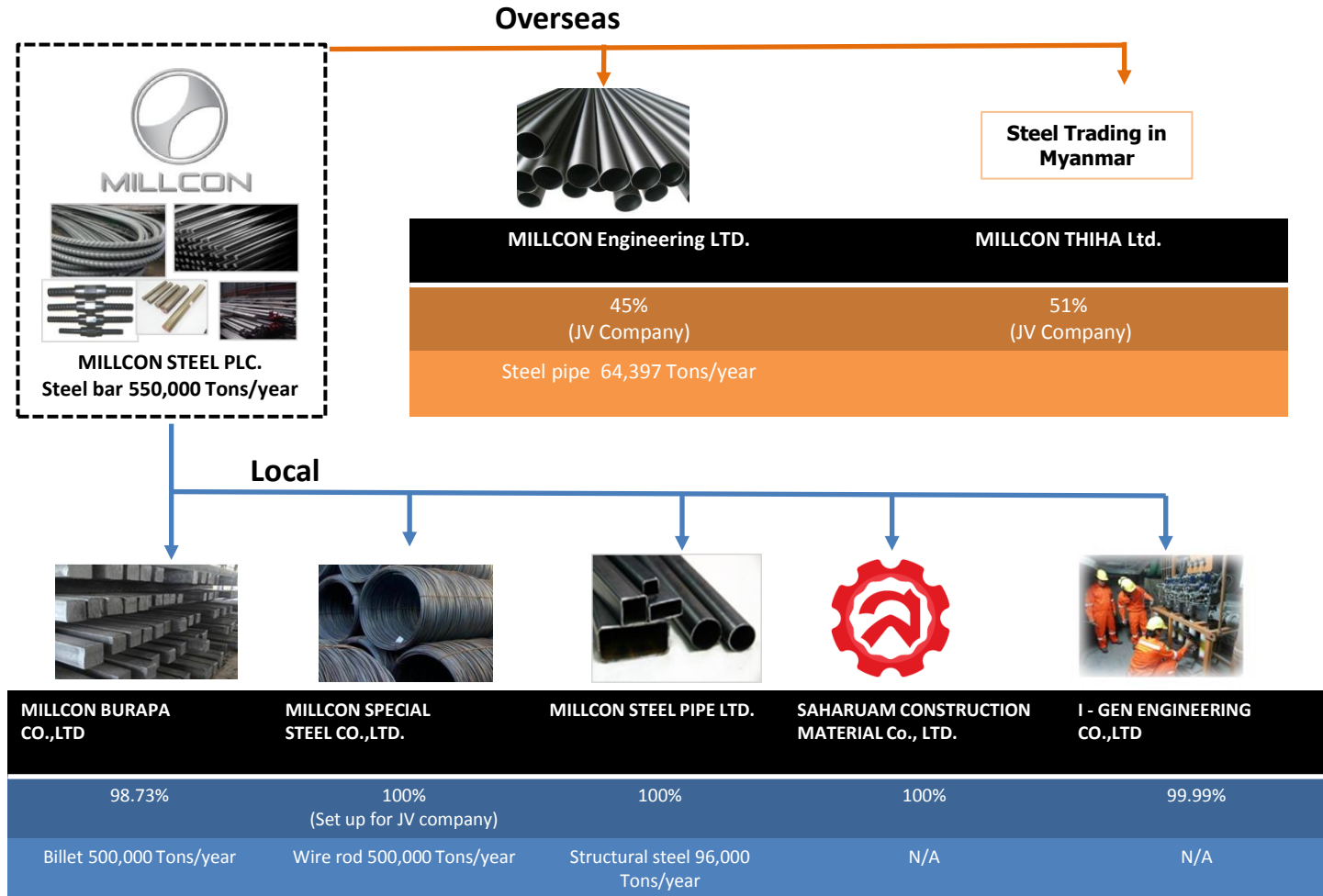
Millcon Steel



Group of Millcon Steel Plc. (MILL) was incorporated on July 31, 1998; we are one of Thailand's leading producers and distributors of steel products and fully integrated steel service center. Its products are in variety to serve diversified needs of customers, such as round bars, deformed bars, lip channel steel, and others, which have earned both domestic and international standard certification. All its plants employ machinery that is the fine blend of high production technology and management system of Europe standard globally recognized under Automation PLC Rolling Mill and Automation PLC Furnace.



COMPANY STRUCTURE



INVESTMENT IN MYAMMAR : MILLCON THIHA

General Information

	MILLCON Thiha
Address	No. 68/C Sayar San Road, Bahan Township, Yangon, Myanmar
Capital	100,000 shares @ USD 1/share (Paid-Up)
Shareholder	51 % Millcon Steel Public Co., Ltd. 49 % Thiha Trading Limited
Nature of Business	Steel and construction material trading Authorized Agent Bidding Government Work



Project Reference

Agents for Steel Product

- Rebar	7,500 Tons
- Steel Plate	1,200 Tons
- Galvanized Steel coil	1,000 Tons
- Concrete	60,000 USD



Agent for Postension Projects

- Golden Valley	6,000 sqm
- Grand Pho Sien	12,000 sqm
- Living Square	38,000 sqm
- Prince Condo	40,000 sqm

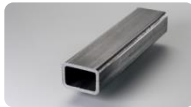
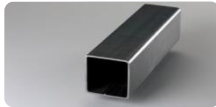


INVESTMENT IN MYAMMAR : MILLCON ENGINEERING

General Information

MILLCON ENGINEERING

Location	MJTD Free Zone, Yangon Myanmar
Area	22,950 sqm
Productivity	Capacity 64,000 Tons/year
Raw Material	Hot Roll Coil
Finish Goods	Square Steel Pipe 1" – 3" Rectangle Steel Pipe 2"x1" – 4"x2" Round Steel Pipe 1" – 3" OD
Permit	Special Economic Zone (SEZ) Income Tax 100% exemption 7 year 50% exemption 5 years after

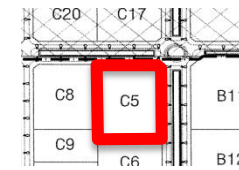
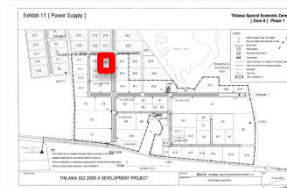


Capital Structure

Investment	USD 14 Millions
Paid up capital	USD 6.9 Millions
Shareholder	MILL 45% GEL 45% Local Partner 10%

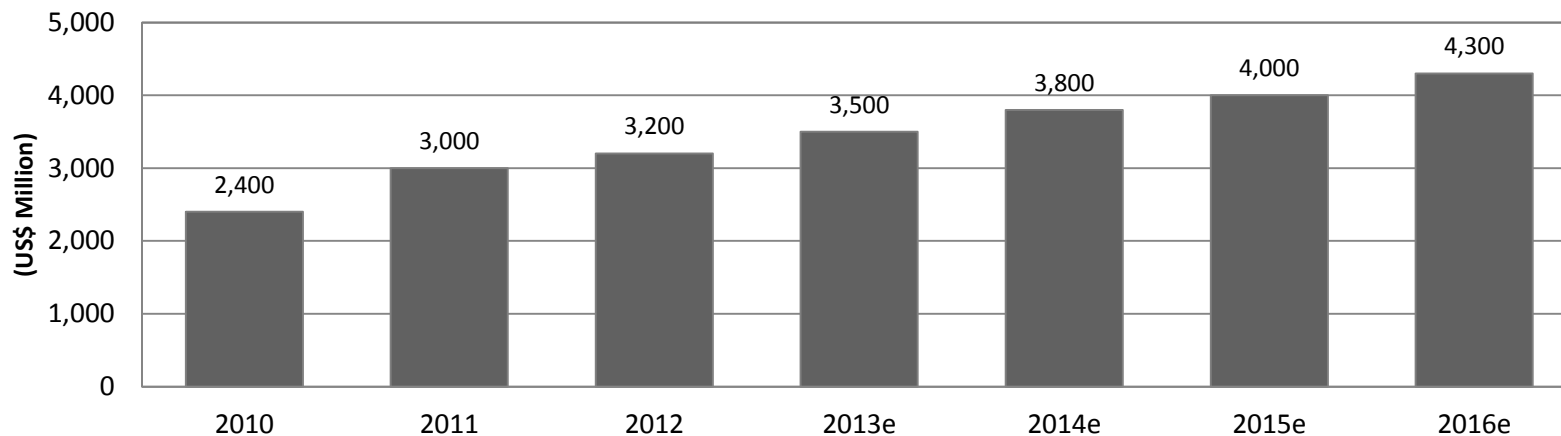
Rational

- High Demand of structural steel due to Myanmar needs to invest in building roads and basic infrastructure to support its growing economy.
- Myanmar's population of about 70 million consumes 19 kilograms of steel per person per year, or a total of only 3-4 million tonnes a year, while Thailand's 65 million population consumes 17.7 million tonnes.
- To support the firm's continuing growth and prosperity both locally and in Asean.
- To invest in free Zone area and close to shipping port

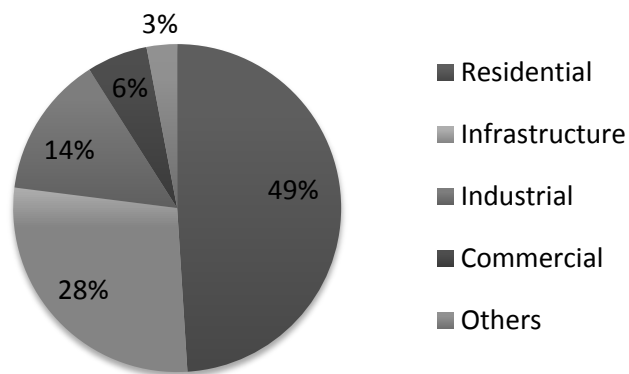


Construction in Myanmar

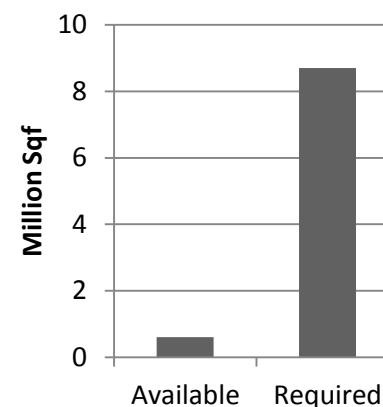
Myanmar Construction Industry Outlook



Myanmar Construction Industry Sector Contribution 2013



Supply and Demand of office in Yangon 2013



Steel Industrial in Myanmar



Country	Avg. Growth	2011	2012	2013	2014	2015	2016
Indonesia	7.20	9,643	10,370	11,152	11,993	12,897	13,870
Malaysia	1.43	7,816	7,929	8,043	8,160	8,278	8,397
Myanmar	10.95	952	1,062	1,185	1,322	1,475	1,645
Philippines	1.11	3,625	3,665	3,706	3,748	3,790	3,832
Singapore	-0.31	2,782	2,774	2,765	2,757	2,748	2,740
Thailand	4.28	14,805	15,453	16,129	16,835	17,572	18,341
Vietnam	13.54	14,069	16,109	18,445	21,120	24,182	27,688

Myanmar Outlook

Kyaukphyu SEZ

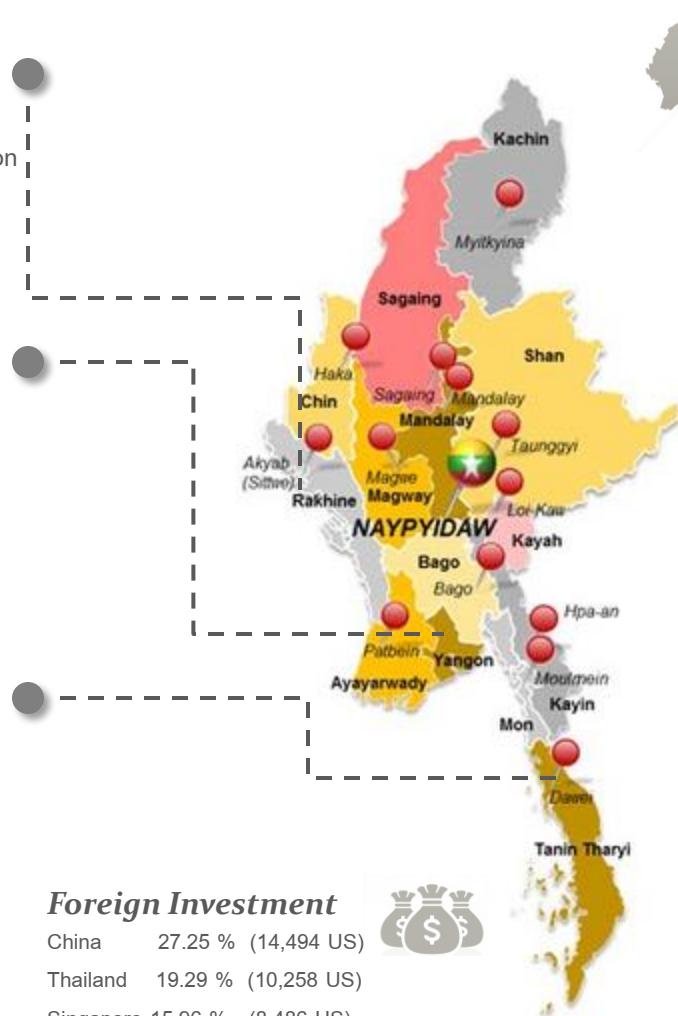
- Rakhine
- 400 km Northwest of Yangon
- 120 Sq km project size

Thilawa SEZ

- Yangon
- 25 km South of Yangon
- 250 Sq km project size

Dawei SEZ

- Tanintharyi
- 614 km South of Yangon
- 250 Sq km project size



Area

676,563 sq km (second largest country in Southeast Asia)



Population

51.4 Millions (2014 census preliminary result)



Main Cities

Yangon (7.4 M)
Nay Phi Taw (Capital) (1.2M)
Mandaay (1.7 M)



Border

China (2,204 km)
India (1,338 km)
Thailand, Laos and Bangladesh



Economics prospects

Expect 7.3% over next 5 years
Mainly from Foreign Investment

- Telecommunication
- Oil & Gas
- Power
- Infrastructure
- Real Estate: Manufacture and Hotel

Foreign Investment

China	27.25 %	(14,494 US)
Thailand	19.29 %	(10,258 US)
Singapore	15.96 %	(8,486 US)
Hong Kong	13.38 %	(7,118 US)
U.K.	6.98 %	(3,713 US)



Sources: PWC: Myanmar Business Guide July 2015

Thilawa Project Summary

Thilawa Special Economic Zone

The Thilawa Special Economic Zone - located on the outskirts of Yangon (Thanlyin and Kyauktan); 14 miles (23 km) South-East of Yangon, is developed by a Myanmar and Japan joint venture company with the name of Myanmar Japan Thilawa Development Limited.

Utility

Water Supply: 3,000 m³/day up to 42,000 m³/day

Power Supply: 33 kv from Thanlyin substation

Construct 50 mw power plant

Waste Water Treatment

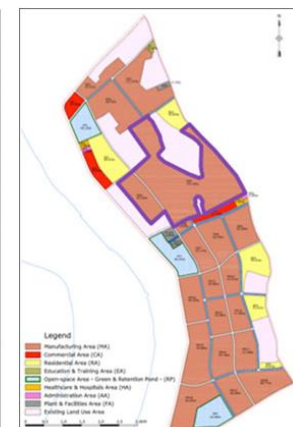
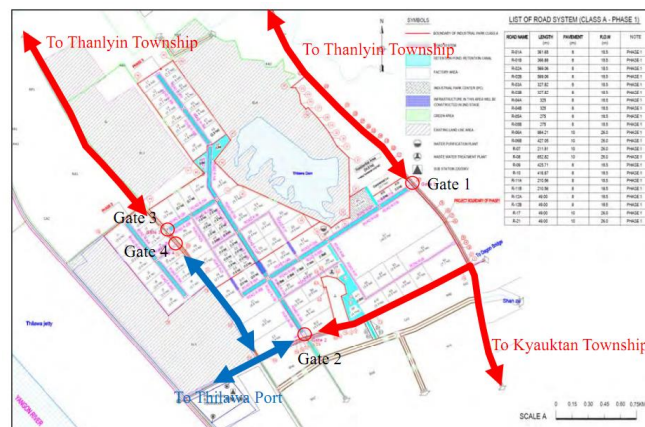
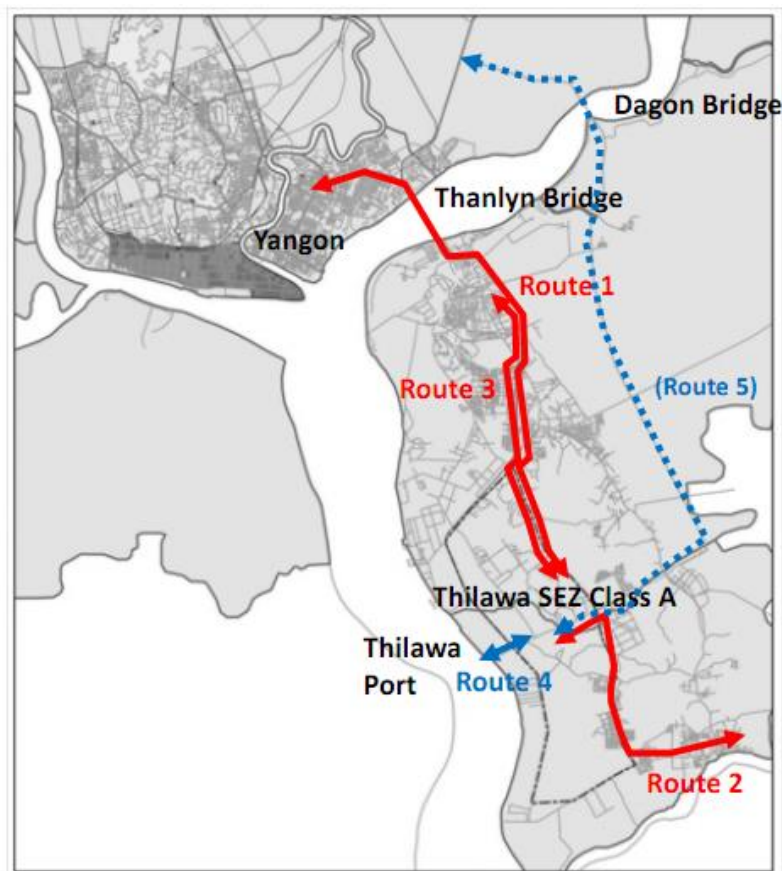
Telecommunication

4 main routes to other cities

4 entrance gates

Port Improvement

Pipe System



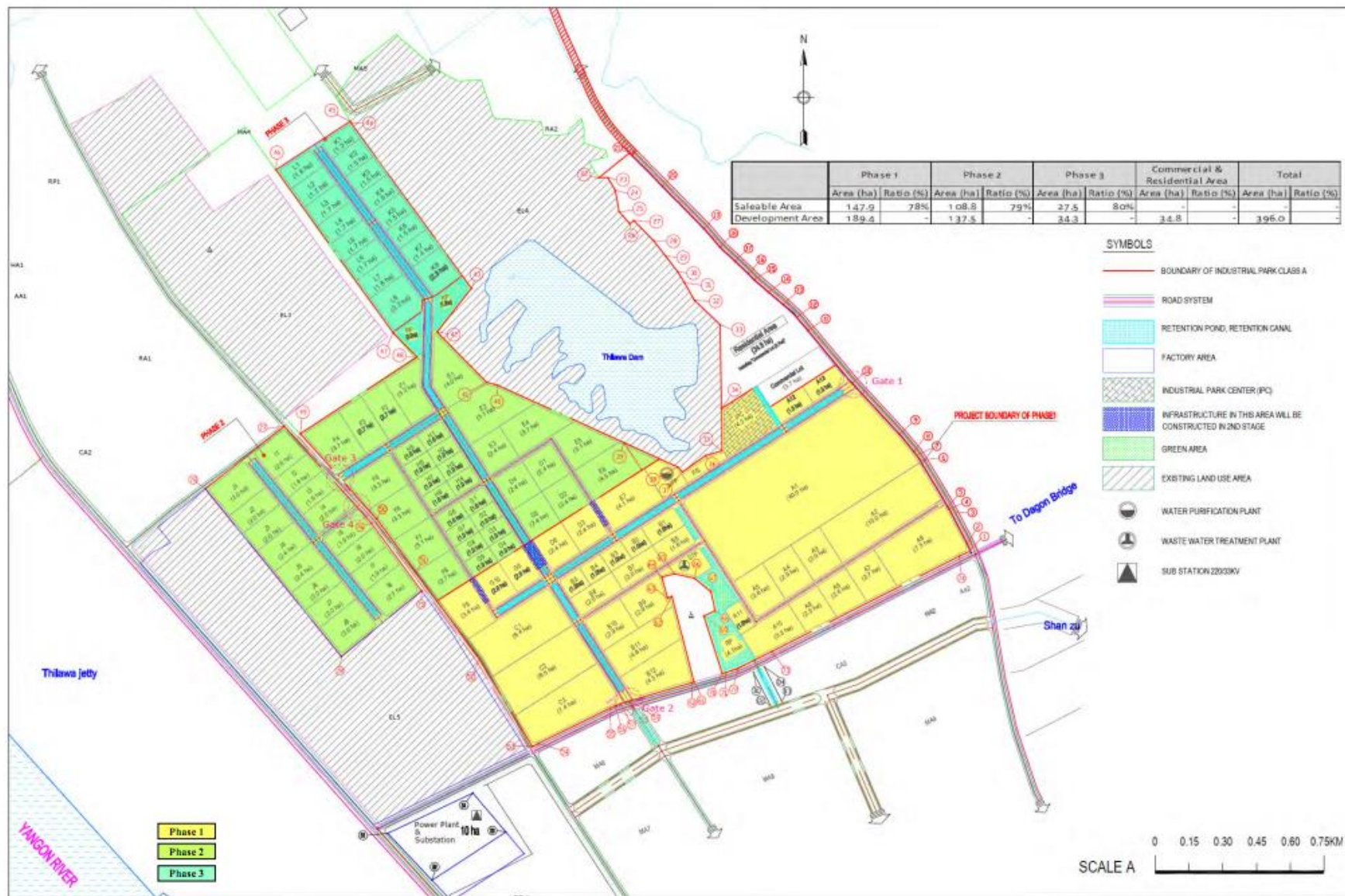
Thilawa SEZ: Location

23km Southeast of Yangon city

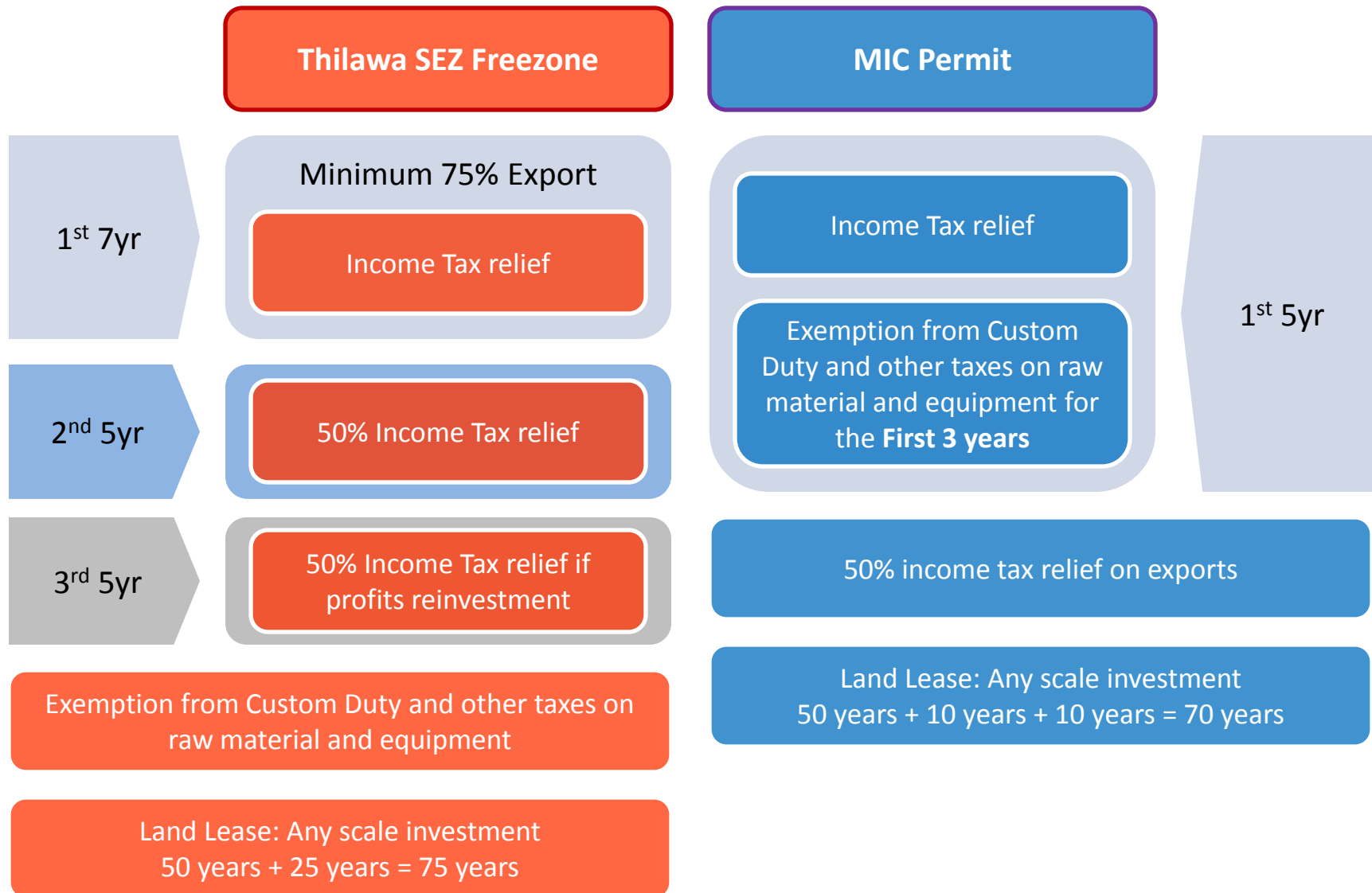
Only 1 hour drive

Thilawa will play an important role as an International Gateway of Myanmar





Thilawa SEZ Freezone License Vs. MIC Permit



Thilawa Project: Investor Perspective

PROS

- + Attractive location
 - 23 km from Yangon
 - Center of ASEAN with proximity to China and India
- + Proper Infrastructure
 - Built by Japanese
 - Sufficient electricity
 - Port improvement (Currently over 35,000 DWT)
- + Strong developers
 - Myanmar government
 - 3 top Japanese companies (Mitsubishi, Sumitomo, Marubeni)
- + Attractive tax benefits
 - 7 year income tax benefit in Free Zone
 - Custom duty and commercial tax exemption
- + One Stop Service Center
 - Convenient for all purposes (visa, imports, etc.)

CONS

- Expensive real estate
 - \$65-70 per square meter for 75 year lease
- Early stage
 - Procedures still new and process can take time
- Several permits required
 - Investment Permit
 - Construction Permit
 - ECPA
- Undeveloped banking system
 - Still difficult to wire funds but improving
- Human capacity
 - Shortage of skilled labors

Concern and Expectations

License

- Relatively straight forward process for Investment Permit
 - Construction Permit and ECPA more complicated than expected
 - Authorities kind enough to grant piling permit while waiting for construction permit
- Ex: Import & Export License, Construction Permit, Investment Permit, ECPP (Environmental Conservation and Prevention Plan), Fire Safety Certificate, etc.

Construction

- More expensive than expected due to imported materials required and competition for construction laborers
- Longer than expected due to long rainy season and skills of workers

Banking

- More difficult to wire money than expected; had problems with payments for services but that is getting resolved and they will withhold 3.5% taxes for such payments
- New market for foreign banks so loans take time

One Stop Service

- OSS staff still needs to be more trained; now all important issues handled by Chairman and Secretary which is not efficient

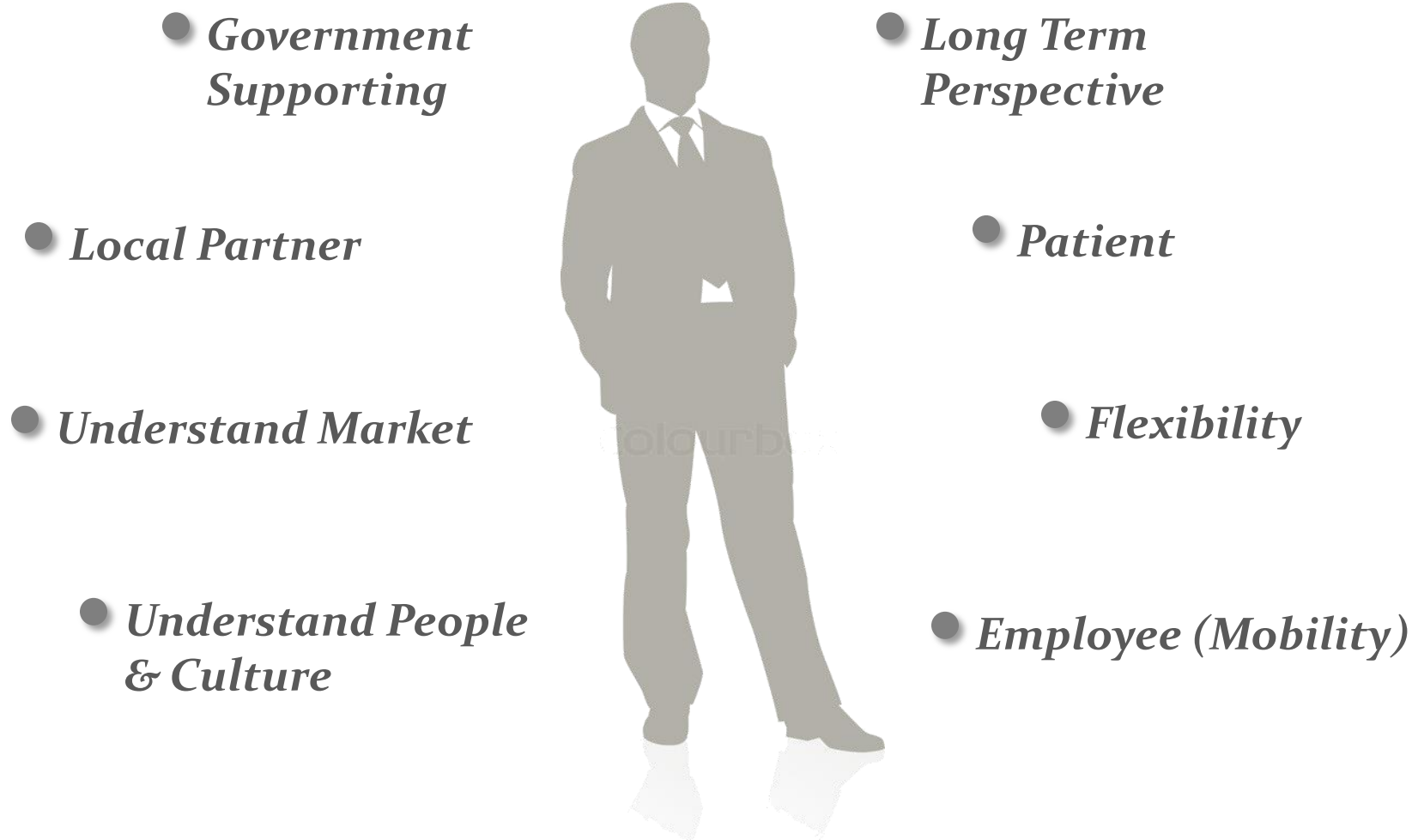
Quality

- Labor Skill
- Standardize
- Political



MILLCON STEEL

Key Success Factors



Thank You