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Ch. Karnchang says it's ready
to bid for the high-speed rail
linking three airports, alone or
with a foreign partner

CK set to bid on airport high-speed railway

Builder prepared to go it alone or team with a foreign partner to secure contract

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SET-listed contractor Ch. Karnchang Plc (CK), Thailand's second-biggest construction company, together with a subsidiary is ready to bid for the 224.54-billion-baht high-speed railway linking three major airports, though the firm remains open to a partnership with foreign investors.

Chief executive Supamas Trivisvavet said the company is confident in its experience and track record in construction of rail systems, through which it has learned and accrued know-how from past partnerships with foreign partners.

"We learned construction of expressways and subways from a German partner and underground drilling from the Japanese," Ms Supamas said yesterday. "Now we can do it ourselves, like drilling under the Chao Phraya River for the Blue Line construction."

Alongside a subsidiary, Bangkok Expressway and Metro Plc, a provider of expressway and metro services, CK can enter the bidding for the high-speed rail contract by itself, she said.

CK is awaiting the terms of reference for the high-speed rail bidding in order to do a feasibility study. The contractor may consider a partnership with foreign partners, particularly those with financial strength.

Ms Supamas said finance isn't an issue, as CK has room to borrow up to 40 billion baht. The company's debt-to-equity ratio stands at 1.27 with a ceiling of 3, she said.

"If the project [high-speed rail linking the three airports] is a public-private partnership, we need to do a special study because it requires a long-term investment," Ms Supamas said.

She said CK is ready to enter the bidding on various infrastructure projects out of the 51 already announced worth 2.4 trillion baht.

This year will see at least four new projects worth more than 500 billion baht combined. Besides the high-speed railway linking the airports, there is the double-track project worth

200 billion baht.

In the second quarter, CK will enter the bidding for the Rama III expressway, worth 30 billion baht, and for the extension of the Purple Line to Rat Burana, worth 80 billion baht.

In the first quarter of 2018, CK got a construction job for the Blue Line extension's sixth contract worth 500 million baht.

CK aims for 35 billion baht in revenue this year, compared with last year's 37.73 billion, which was down from 47 billion in 2016, as the latter included a windfall of 10 billion baht from the Xayaburi hydraulic power project in Laos.

"Revenue of 35-37 billion baht per year is normal for us," Ms Supamas said. "All

figures this year are on target."

CK has a backlog of 72.23 billion baht, to be realised in the next 30 months. Some 60% of jobs on hand are in mass transit lines, 20% are from the Xayaburi project, 11% are in double-track rail, 4% are in expressways and roads, and 2% are in buildings.

CK reported 1.81 billion baht in net profit last year, down from 2 billion in 2016.

Cost of debt fell to 3.2% last year from 3.5% in 2016. CK will issue 2 billion baht worth of bonds in July to replace an expiring issue.

CK shares closed yesterday on the Stock Exchange of Thailand at 23.70 baht, up 10 satang, in trade worth 31 million baht.