



Finance Minister Korn Chatikavanij (centre) congratulates Mr Huzell (right) and Mr Nopporn after the signing ceremony. PHIRAKRIT JUNTAWONG

SF set to bring Ikea to Thailand

First store planned at B10bn Mega Bang Na

PITSINEE JITPLEECHEEP

Siam Future Development Plc (SF) yesterday announced a joint venture with foreign and Thai partners to develop a 10-billion-baht home furnishing centre that will bring the long-awaited Ikea brand to Thailand.

Under the plan, SF Development has been set up with registered capital of 2.5 billion baht. SF and Ikano, which has franchise rights to operate Ikea in Singapore and Malaysia, hold 49% each. S.P.S Group, a Thai firm that has supplied furniture to Ikea for almost 20 years, holds the remaining 2%.

Construction will start at the Mega Bang Na complex in the third quarter of this year and the centre is scheduled to open by October 2011, said SF chief executive Nopporn Witoonchart.

Mega Bang Na will be on a 290-rai plot on the Bang Na-Trat KM 9, Kanchanaphisek outer ring road and will have a total space of about 200,000 square metres. Its features will include a 40,000-sq-m Ikea store, a department store, branded fashion outlets, restaurants, an IT centre, an entertainment centre and parking for 8,000 cars.

Mr Nopporn said Mega Bang Na is expected to create 20,000 jobs and also to generate business opportunities for local contractors and suppliers.

The company anticipates that Mega Bang Na will attract 40 million visitors annually, and will generate 1.4 billion baht in revenue in its first year.

Ikano managing director Tom Huzell said Thailand's large population made it an important market for Ikea. The country is also one of the Asian production bases for Ikea worldwide.

S.P.S. Group normally supplies Ikea with furniture worth about 5 billion baht each year. But the company has recently secured orders from Ikea worth

15 billion baht — about 25% of the value of the country's total furniture exports per year.

Ikea has 300 stores in 35 countries, of which Ikano Private Limited operates two in Singapore and one in Malaysia — as well as the upcoming store in Thailand.

Mr Huzell said Ikano plans to open two more Ikea stores in Thailand over the next 10 years. Each outlet will require an investment of 3.5-4 billion baht. If the store at Ikea Mega Bang Na attracts 5.5 million visitors, the company will consider developing a second branch at the complex.

Siam Future Development Plc plans to invest a total of 1.6 billion baht on Mega Bang Na and on a new shopping complex in Navamin. The company expects to gain 1.7 billion baht revenue this year, up 10% from last year.

SF shares closed on the Stock Exchange of Thailand yesterday at 3.70 baht, up 32 satang, in trade worth 13.97 million baht.