

PRICEWATERHOUSECOOPERS 

Thailand

Personal Observations & Practical Tips

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1. Overview

- 1997 - the bubble burst
 - Business declined
 - Borrowers stopped servicing loans
 - Thai banks were vulnerable and didn't want to crystallise losses
 - Lenders lacked real power to take action against debtors
 - Combined with:
 - consensus culture
 - strong rationalist sentiment
 - inexperienced court system
- Very slow progress in debt restructuring/corporate reform

2. Observations & Tips

- On the ground presence is essential - commit or be committed
- Partnering ($1 + 1 \geq 3$)
- Once-off window of opportunity
- Who to align with - borrower or banks?
 - Will the banks support the borrower?
 - Do the banks trust the borrower?
 - Are Thai or foreign banks dominant - which ones?
 - Spend time finding out

2. Observations & Tips (con't.)

- In general, your chances of success are greater if you align with the borrower
 - power is with the borrower (despite TPI)
 - consensus culture
 - staff loyalty
 - BUT there are always exceptions to the rule
- Involve yourself in the restructuring
 - many restructurings are little more than rescheduling
 - form and level of investment will be affected by the restructuring
- Be patient!

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Your worlds



Our people