# SINGER THAILAND PCL.

# Opportunity Day

March 11, 2010

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# **Agenda**

- Company Overview
- Key Strategy
- New Opportunity
- Financial Highlights
- Company Activities

# **Company Overview**

#### **Background & Milestone**

1889 1925 1957 1984 1996-7

First Business in the Kingdom of Thailand, Kiem Hua Heng was appointed to be the distributor for Singer Sewing Machines in Siam The first Company which introduced the Hire Purchase business

Expanded business of home appliances by distributing topquality refrigerators Listed on the SET, June 28 1984 Made record annual sales of 8,524 mil THB Total customer base reached 831,000 installment accounts

2004 2005 2006 2007-9 2010

His Majesty the King bestowed the Garuda emblem to Singer Thailand PCL. on May 24, 2004 Focused on motorcycle sales, representing 61% of total sales, with home appliances at 39% Business loss from provisions, write-offs

Turnaround plan to solve the motorcycle problems and refocus on sales of electrical home appliances with a replacement market by developing a trade-in approach **Improvement Year by Year: -**

- 1. Credit Approval Procedures
- 2. Receivable & Collection
- 3. Sale Revenues

#### **Our Products**

#### **SINGER BRAND**

#### WHITE GOODS

- REFRIGERATOR
- CHEST FREEZERS
- BEVERAGE COOLER
- WINE CELLAR
- WATER COOLER
- WASHING MACHINE
- GAS RANGE
- AIR CONDITION
- WATER PUMP
- MICROWAVE OVEN
- ELECTRIC FAN
- HOME SHOWER
- RICE COOKER
- ELECTRIC IRON

#### BROWN GOODS

- TELEVISION
- HOME THEATRE
- DVD

#### SEWING GROUP

- SEWING MACHINE
- STREAM PRESS



#### **Our Products**

#### **OTHER BRANDS**

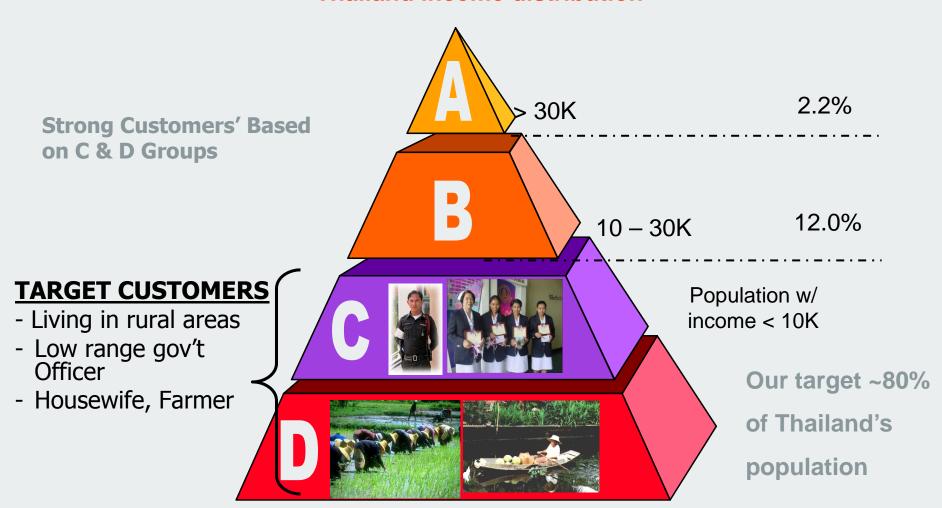
#### **Live Insurance**

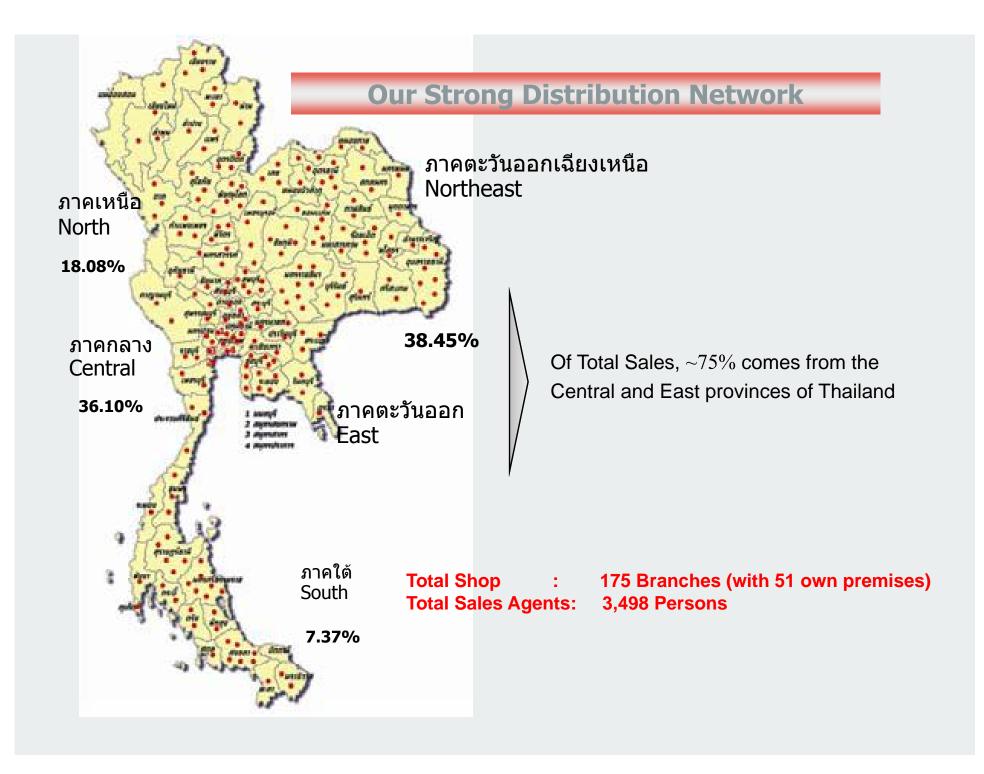
- Muang Thai
Computer (SVOA)
Air Time Vending Machine
Water Pump (Agricultural Equipments)



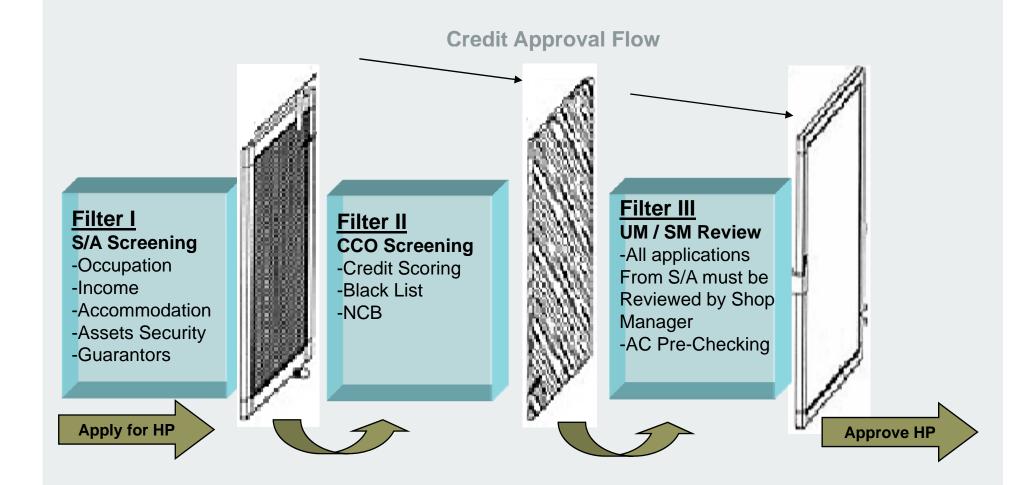
#### **Our Customer Base**

#### Thailand income distribution

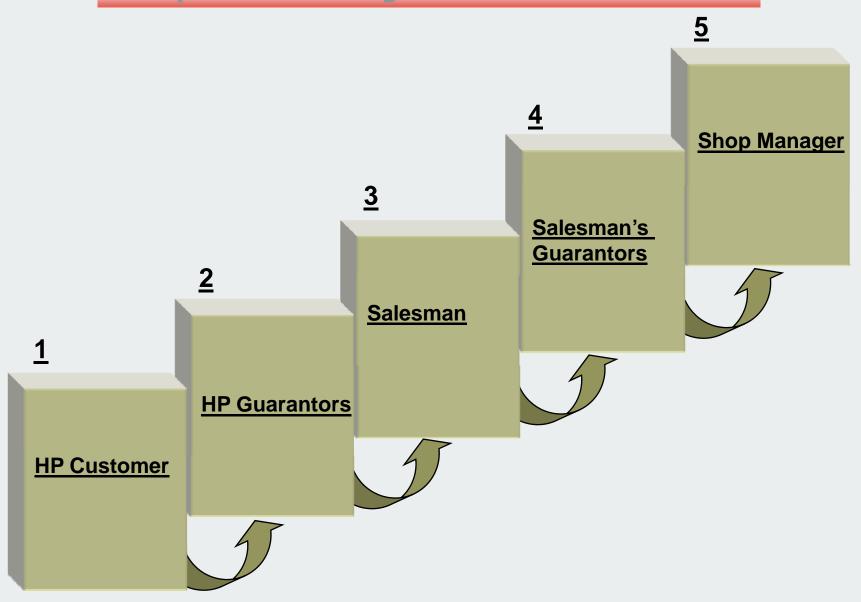




#### **Credit Control Process: Good Credit Customer**



#### **5 Steps for Refunding the Loss from HP Account**



#### **Singer Call Center: Roles and Responsibilities**

Warning Call

After-sales Service

Welcome Call



**Telesales** 

#### **Industrial Environment**

# <u>Installment sales financing & personal loan business operators</u>

#### **Competitive focus**

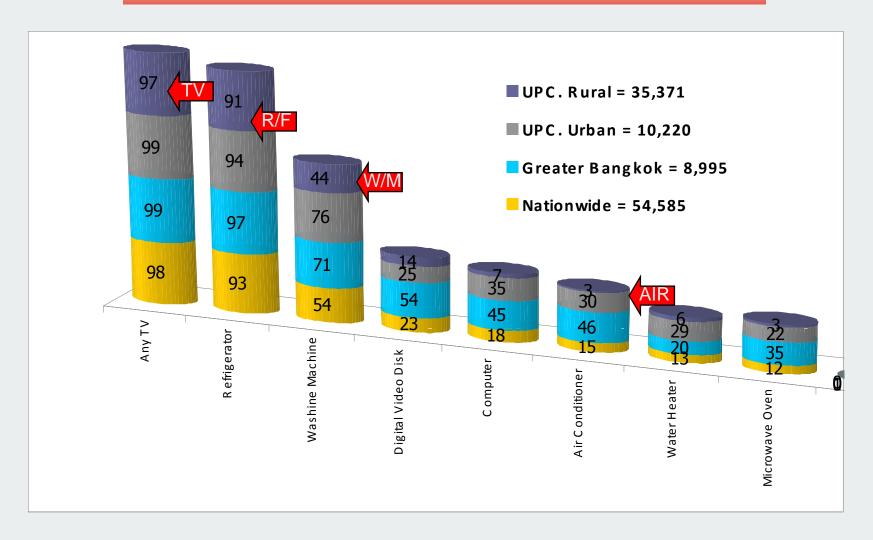
- •AEON Thana Sinasap
- •GE Capital
- •EASY BUY

- Provides installment sales financing
- Personal loans to consumers
- •Requires good credit histories
- •Requires monthly income of not less than Baht 4,000
- •Compete on approval period and interest rate

- •MIDA Assets
- Singer Thailand

- Focuses on rural households
- •Sells directly to customers
- •Charge rates that include financing costs and before and after sales service expenses
- •Compete on relationship with rural agricultural households and providing good before and after sales services

### **Household Durables Ownership Ratio**



**POSITIVE** 

#### Who are we?

#### INTERNAL

#### **STRENGTHS**

- 1. Strong Brand Loyalty
- 2. Expertise on HP System
- 3. Strong Distribution Coverage
- 4. "Good Service" Brands
- 5. Strong Direct Sales Forces
- 6. Trade-in Campaign
- 7. Strong relationship with reputable suppliers

#### **OPPORTUNITIES**

- 1. Fade out of Direct Competitors
- 2. Multi-Product, Multi-Brand Trade in
- 3. H P Behavior Growing up from Economic Decline
- 4. Government policy to support rural areas i.e. OTOP, village funds

#### **WEAKNESSES**

- 1. Product Differentiation
- 2. No Production Base
- 3. Low Education of Sales Forces
- 4. Rely on Customer Based C & D

#### **SWOT**

#### **THREATS**

- 1. Economic Decline
- 2. Setting up of Modern Trade in upcountry
- 3. Political Problems
- 4. Volatility for the Price of Agricultural Products

# **Key Strategy**

#### The key strategies for 2010 / 2011 are as follows:

- 1. Continue with strong balance sheet management, inventory and cost control
- 2. Continue to improve receivables quality, especially lower employee shortages, arrears and reverts
- 3. Continue to focus attention on high product gross margins to improve profitability
- 4. To introduce a ZERO TOLERANCE PROGRAM to instill a new ethos into the business
- 5. Boost revenue by a significant increase in air conditioner sales (now more affordable to rural, lower income consumers on account of reduced taxes)
- 6. Opening of 10 new sales depots in up-country more lucrative / well controlled markets
- 7. Boost satellite dish and air time vending machine sales by the introduction of a new supplier
- 8. Change the recruitment policies for hiring sales agents to improve their quality and productivity
- 9. To introduce corporate risk management in action
- 10. Search for strategic partners to broaden long-term opportunities and profits

#### **Recruitment Program - Career Opportunity**

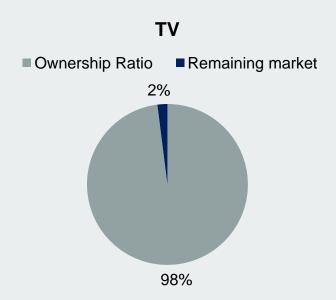


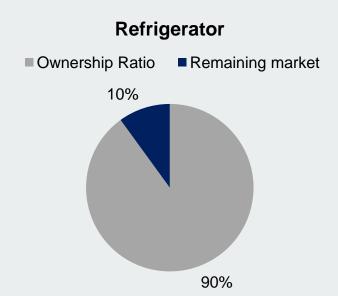




#### **Replacement Market Opportunities**

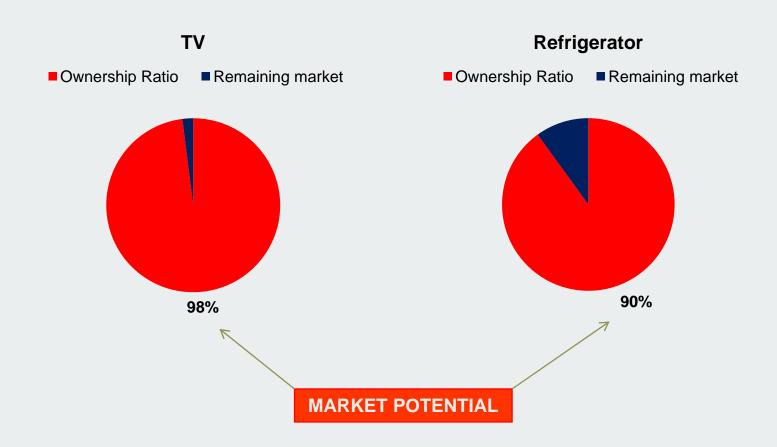
<u>Current Consensus view:</u> The Market for TV's and Refrigerators are saturated and no growth opportunities exist, <u>SINGER believes otherwise....</u>



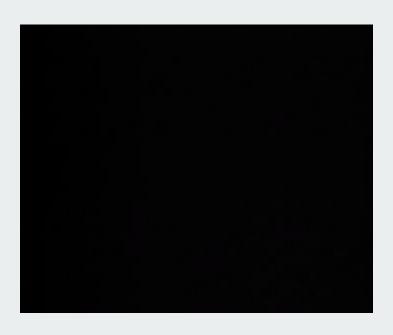


### **Replacement Market Opportunities**

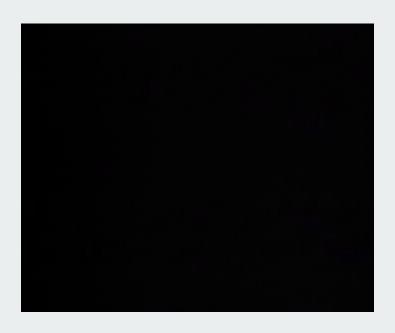
#### Fantastic opportunities in the replacement market



## Singer TVC - Turn



# Singer TVC – Life Time Warranty



# "TURN TO SAVE EARTH" CAMPAIGN 2009-2011







# **New Opportunity**

# Air Conditioner

# 3 Key Strategies To Achieve Air Conditioner Target 2010

- Free installation & 2 years maintenance
- 900 Baht installment (Sweet Dream with 30Baht/Day campaign)
- Liability Free Insurance

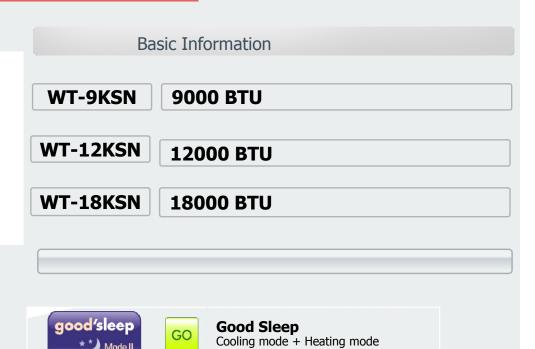
#### **Strategies of Air Conditioner**

#### **Direct Channel**

- Easy payment campaign: 900 Baht installment will be the main advertising campaign support during the campaign of "Sweet dream with only 30 Baht /day"
- Launch new business unit "Services oriented" to support our sales team and free installation with 2 years maintenance to nationwide for Singer Air-con starting in Jan 2010
- More competitive price due to lower cost
- Widening product range to be variety for support more sales from auction in real estate and government project in 2010
- Emphasizing on 12K model for widely coverage the low ownership ratio

### **2010 Air Conditioner Line Up**





### Target Group of Air Conditioner



### **Advertising & Promotion Main Theme 2010**



# Advertising

# Strategy



Launch campaign before other competitors and before summer season



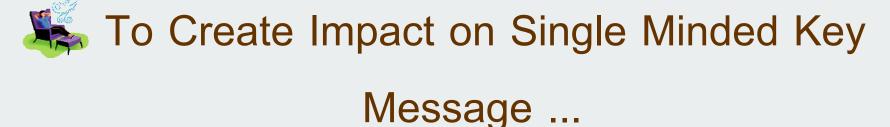
To offer easy conditions to own air conditioner with only 30 Baht/day with free installation and maintenance for the whole payment period



To speed up the customer decision to buy new air conditioner by offering on limited time or limited supply while stock last

# Creative

# **Objective**





# **Creative Strategy**



# "ง่าย เกิน คาด"



"Easier Than Expected"







#### รูปแบบใบปลิวโฆษณา



#### มั่นใจคุณภาพและความเย็นสบาย เครื่องปรับอากาศชิงเกอร์

- โประกรม กลินสนาย (Night Siesp Mode) เกาไมโลยิที่มีทนานั้นเมือกวบทุบดูณฑฏิทิตจ ระทวกกรบดนาลับ ช่วยรักษาธรรมดุณฑฏิของนิดหนัง ทำให้หลิบสมายเลยของแน แต่อนกับขอนโลกอนท้อยโทงลาดับ
- คาดบรมกำหลับภาคอนโทรล เมินการและการและ
- บานอวังช่วยกระจายอนเข็นทั่วท้อง
- nútoo LED ľodgrungů
- หม่นาธอง Baccó เกโน กับยังการพันท์คองเชื้อโรกเลขเบททีเซีย\*
- หมดทัศดาเมย์แคล้อนสาร ริชเวอร์ นาใน เละ นีโดชิสิทิ มันชั่งการเส้นโทยองเชื้อโรค และแคทีเรีย ลดการสะสมเซ็ดชา และประกอกการผลน้ำการ\*
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WT-126	12500		

#### บระบาทก้องของของในอยาตะอย์ที่เกมสะอย

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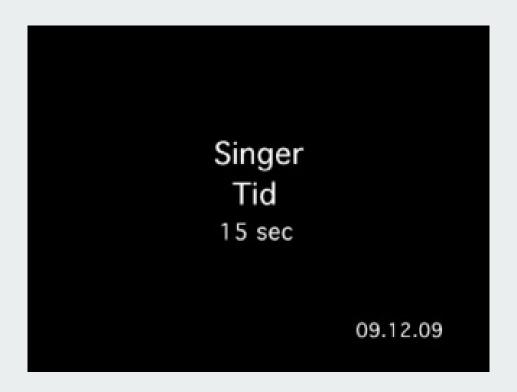
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MUSICAL



โฆษณาเครื่องปรับอากาศซึ่งเกอร์ ชุด "ติด"

## Singer TVC - TID



# Freezer and Cooler

#### **STP of Freezer**

#### Segmentation

Mini mart and Entrepreneur in upcountry

#### Targeting

Small Mini mart over 100,000 shops in the village all over Thailand

#### Positioning

Money making machine from singer is durable, saving and service at home

#### **Key Strategies for Freezer & Beverage Cooler**

- Money making machine
- Solution provider for upcountry mini mart
  - 1. Grocery shops
  - 2. Frozen food & ready meal
  - 3. Ice cream
  - 4. Flower shops
  - 5. Wire display shelves
- Proven to <u>save electricity cost</u> compared with other competitors

#### **LINE-UP Year 2010**

## **Freezer & Beverage Cooler**

**2010 Model** 















8.8

26.6

36.5

33.5

## **Freezer's Target Group**







# Air Time Vending Machine

#### **Air Time Vending Machine**

- This machine can support 1-2 Call / Happy DTAC / TRUEMOVE.
- Target group: those who already do top-up mobile phone using online through mobile phone, mini mart in upcountry especially in city area
- Start by using "Back to Back Order" strategy under Singer brand
- Customer get income from 2 parts
  - Fix 3 Baht/time
  - 3.5% 6.5% from the top up amount
- To reduce risk, the customer must pay 10,000 Baht for down payment with 6 or 10 installment terms. Credit Approval prior to product delivery

# **Air Time Vending Machine SG-ONLINE02**



































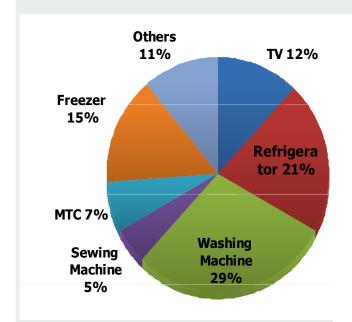




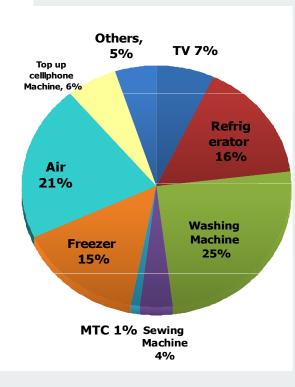
# **Financial Highlights**

#### **Sales Proportion by Product Categories**

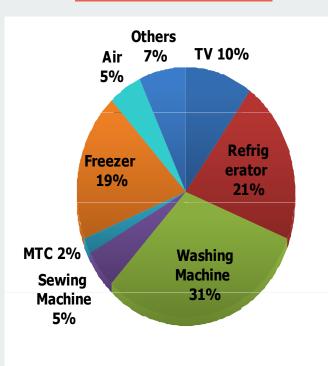
2008



Jan - 2010

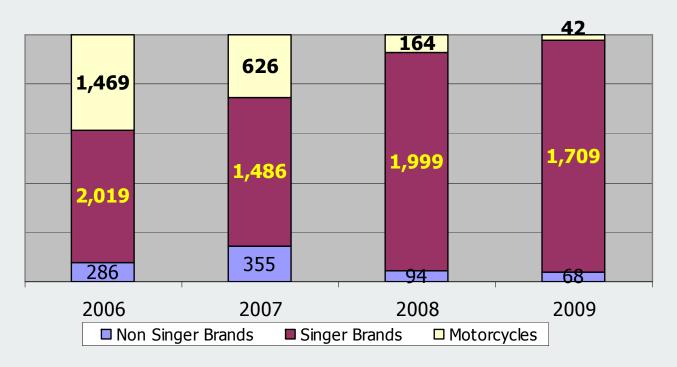


2009



#### Sales Break down 2006 - 2009

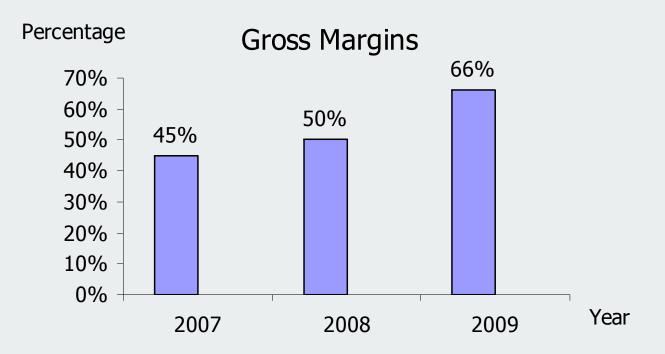
#### Sales Breakdown



After having switched the core business from motorcycles to electrical home appliances since Y2006 with replacement strategy, sale of electrical home appliances under Singer Brand has gradually improved until Y2009 that the company adopted pre- approval credit by Credit Control Officers, sale of electrical home appliances became lower for adjustment.

**SINGER THAILAND PCL.** 

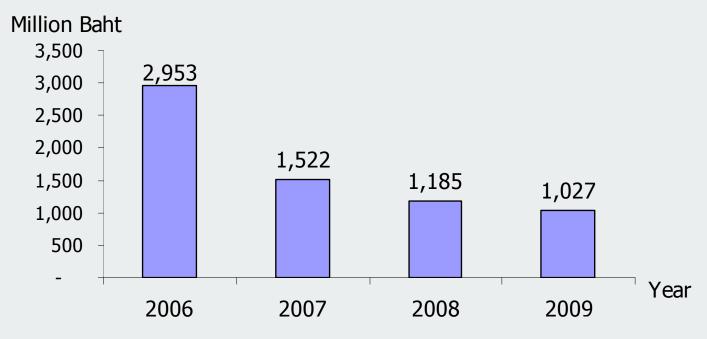
#### **Product Gross Margin 2007 - 2009**



From Y2007 to Y2009, the percentage of gross margin has gradually improved from 45% to 66% caused by the change of product mix from lower margin to higher margin as well as the result from the better price and conditions after having negotiation with major suppliers.

#### **Reduction of S G & A Expenses**

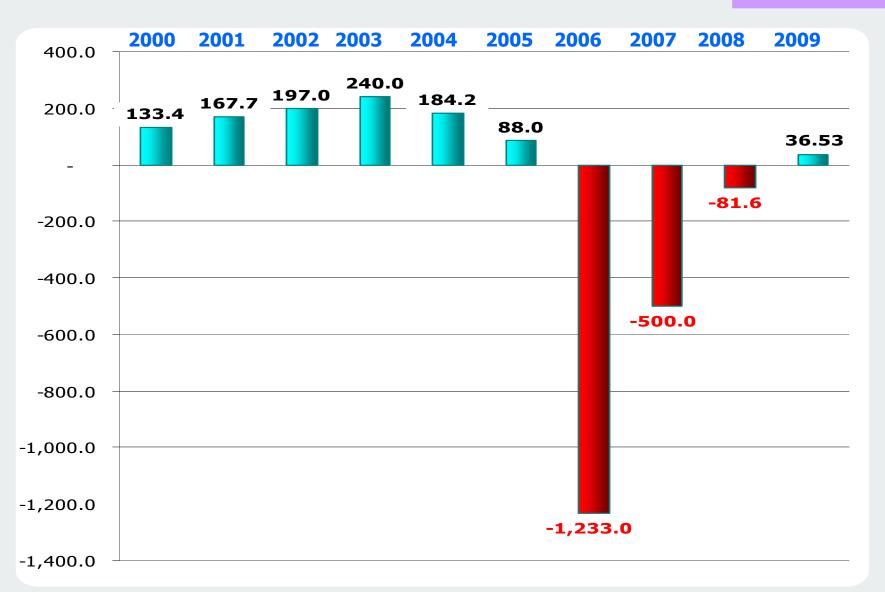
#### Selling, General and Administrative Expenses



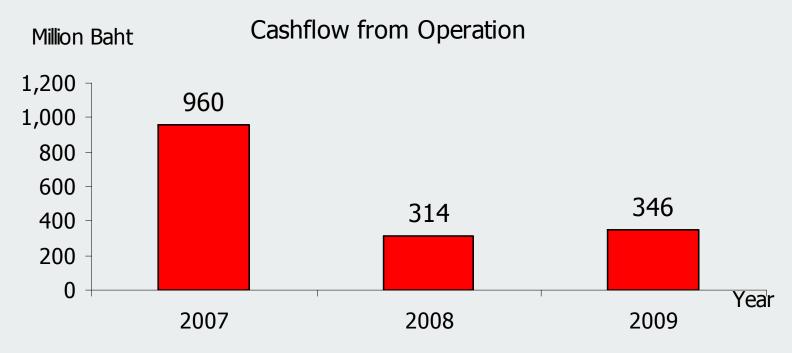
From Y2006 to Y2009, selling and administrative expenses have gradually improved with the company's cost reduction program on going as a plan.

### **Net Profit/(loss) - 2000-2009**

THB: M. Baht



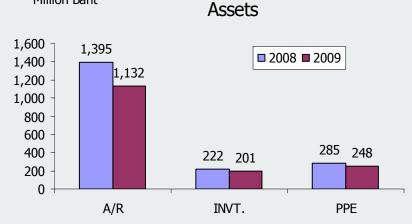
#### Cash Flow 2007 - 2009



Though sale has been decreased year by year caused by a change of core business from motorcycles with high risk to electrical home appliances with lower risk, the company still have the positive operation cash flow.

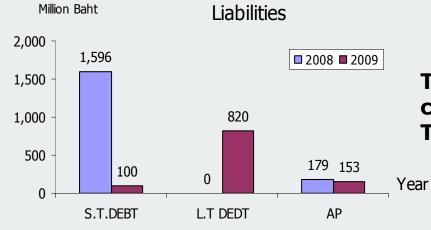
Million Baht

#### **Balance Sheet 2008 - 2009**



Total assets as of Dec.2009 reduced by THB 325 mil. (from 2,262 to 1,937) caused by A/R reduced by THB 262 million, inventory reduced by THB 21 mil. PPE reduced by THB 36 mil.

Year



Total liabilities reduced by THB 350 mil caused by short & long term loans reduced by THB 294 mil and A/P reduced by THB 26 mil.

## Financial Highlights 2007 - 2009

'000 Baht	2007	2008	2009
Revenues	2,514.14	2,355.36	1,874.94
Gross Margin	1,081.87	1,081.10	1,077.11
S&A Expenses	1,291.54	1,047.87	905.85
Profit (Loss) from Sales	-427.35	-104.28	49.75
EBITDA	-331.25	29.21	130.47
Income Before Interest and Tax	-392.96	-6.32	106.09
Net Profit (Loss)	-500.22	-81.60	36.53
Bank Interest	107.10	75.14	69.47

# **Company Activities**

#### **Annual General Meeting**



















#### **Special Sales Program - Shareholders**

















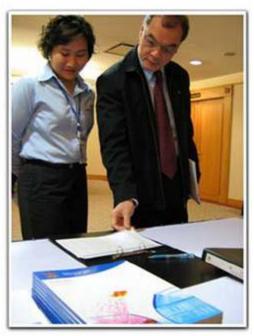


#### **Analyst Meeting**

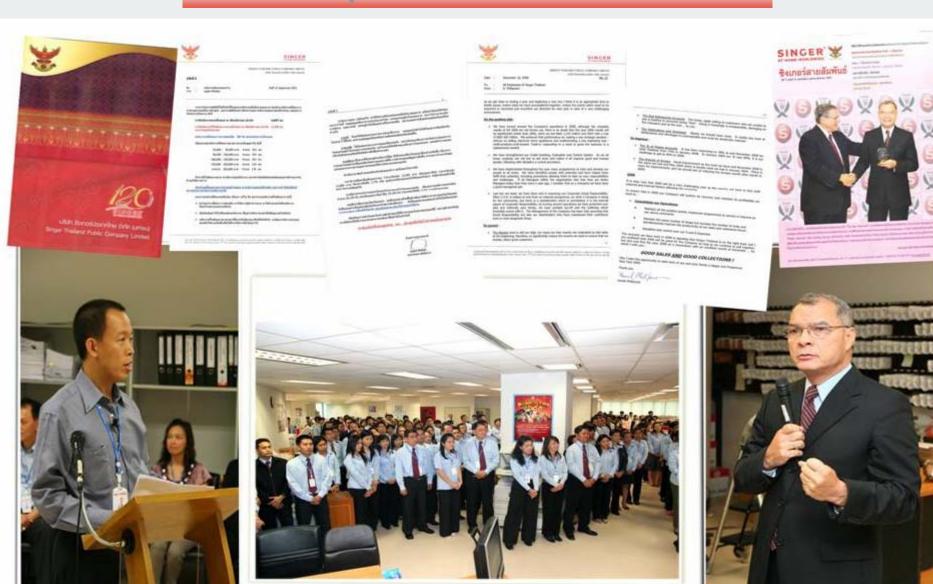








#### **Corporate Communication**



#### **CSR Activities**

Singer gives compensation "Pon Un Jai Rai Kang Wol" campaign





Children's Day activity with Thai Red Cross



Singer celebrates 120 years with

"Mangrove Reforestation Project"





#### **CSR Activities**



#### **CSR Activities**







บริษัท ซิมเกอร์ประเทศไทย จำกัด (มหาชน) ร่วมกับ บริษัท มงคลซียพัฒนา จำกัด

#### ร่วมสนับสนุนจักรเย็บผ้า สร้างงานสร้างอาชีพ

โครงการ "ปั่นสุขปลูกเด็กดี"

ภายใต้โครงการพัฒนาส่วนพระองค์เขาหืนข้อน จังหวัดฉะเชิงเทรา













#### **CSR Day Seminar**



## วันกิจกรรมเดินวิ่งมาราธอน 2010 Singer Mission Impossible Race

**Opportunity Day** 









# Thank you