

SGX Sector Primer: Consumer

Research and Products Team

August 2016

Singapore Exchange



Key Points & Outline

Singapore consumer spending reached an all time of S\$35 bn in 4Q15

Presentation Outline

- **Latest Performances**
- **Size and Scope** of the Consumer Sectors
- **Impact** of Consumer Sectors on Capitalisation and Indices
- General Sector **Fundamentals**
- **Profile** of Consumer Stocks in STI
- **Mid-cap to Small-cap stocks with recent Earnings growth**
- **Supply Chain and Value chain** of the Consumer Sectors
- **International reach** of the Singapore Consumer Sector

Sector Definitions

The two GICS[®] Consumer sectors, Consumer Discretionary and Consumer Staples, are made up of businesses that supply goods and services to consumers.

- **Consumer Discretionary** businesses include both manufacturers and services. The manufacturing side covers cars, household and leisure items in addition to textiles and clothing, while the services side includes hotels, restaurants, media and consumer retailing.
- **Consumer Staples** are more focused on food, beverage and other non-durable products and services. This can include plantations to manufacturers and packagers to food retailers.



Stronger Comparative Recent Returns of Sector Leaders

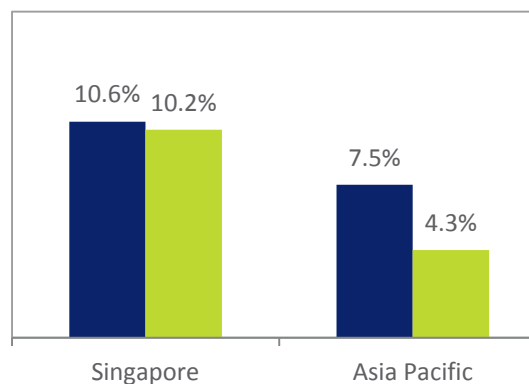
- The 10 largest capitalised consumer plays listed in Singapore have outperformed 10 largest consumer plays of the region in short term and long term.
- Singapore's 10 largest consumer plays also maintained higher ROE & P/E over past five years.

Singapore's 10 Largest Consumer Stocks	SGX Code	GICS Sub-Industry name
THAI BEVERAGE PCL	Y92	Distillers & Vintners
WILMAR INTERNATIONAL	F34	Agricultural Products
JARDINE CYCLE & CARRIAGE	C07	Distributors
DAIRY FARM INTL HLDGS	D01	Food Retail
GENTING SINGAPORE PLC	G13	Casinos & Gaming
SINGAPORE PRESS HOLDINGS	T39	Publishing
OLAM INTERNATIONAL	O32	Food Distributors
GOLDEN AGRI-RESOURCES	E5H	Agricultural Products
GENTING HONG KONG	S21	Hotels, Resorts & Cruise Lines
FRASER AND NEAVE	F99	Brewers

- Singapore's Largest 10 Consumer Plays have similar Staples to Discretionary mix (6/4) to APAC (5/5).
- Asia's Largest 10 Consumer Plays Are Toyota Motor, Japan Tobacco, Kweichow Mouta-a, Honda, Nissan, Sony Corp, SAIC Motor-a, Seven & I, Wesfarmers

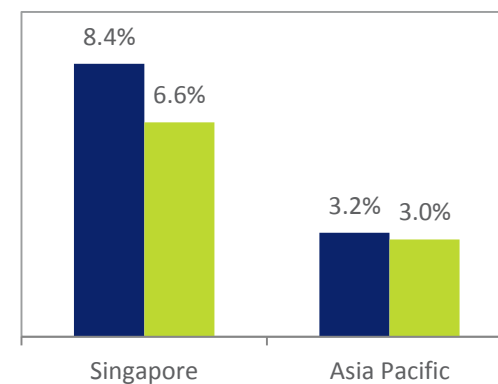
Annualised 10-year Total Return

■ Average ■ Median



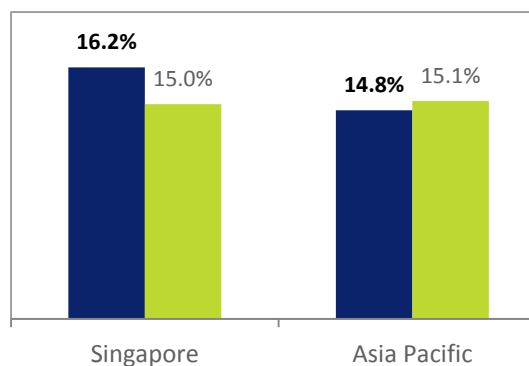
Total Return (YTD)

■ Average ■ Median



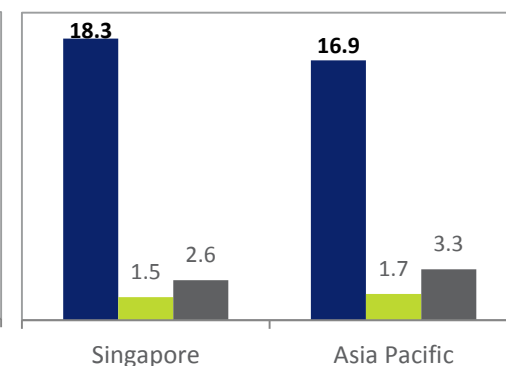
Return on Equity

■ LF Average ROE ■ LF 5 year Average



Financials

■ 5 Year Median P/E ■ 5 Year Median P/B ■ Average Div Yield



Source: SGX StockFacts, Bloomberg (Data as of 29 July 2016)

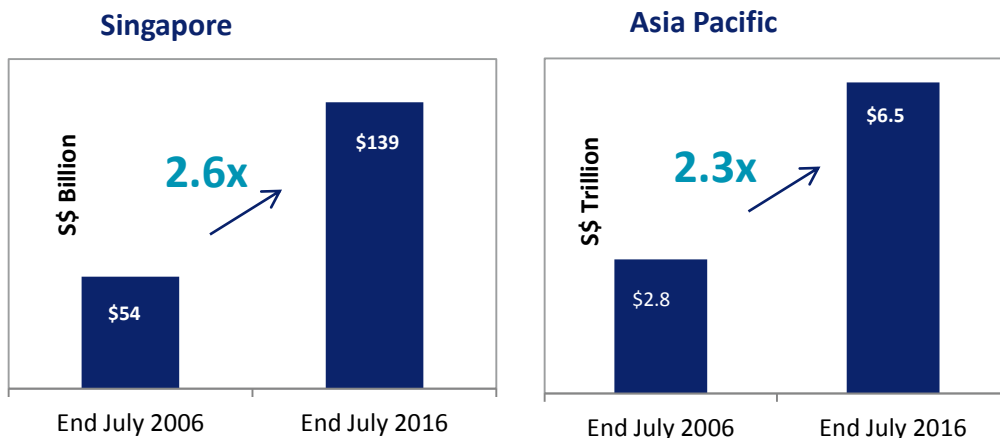
Singapore Sector Growth Has Outpaced Region

Consumer Sectors

	No. Primary Stocks & Cap.	Average YTD Total Return of 10 Sector Leaders
Singapore	156 (\$\$139B)	8%
Asia Pacific (Developed)	2,900 (\$\$3,700B)	-4%
Asia Pacific (Emerging)	3,200 (\$\$2,700B)	15%

Across Asia Pacific, there are 3 primary-listed Consumer Discretionary stocks to every one Consumer Staples stock.

Consumer Sector Market Cap



Most Recent Consumer IPO/RTOs in Singapore

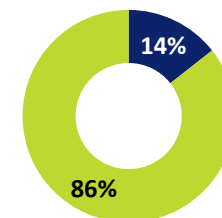
1. Katrina - F&B group with multi-cuisine concepts.
2. China Star Food Group – Producer and Seller of Snack Foods
3. Jumbo Group – Restaurants
4. TLV Holdings – Jewelry wholesaler and Retailer
5. Soo Kee Group – Retail Jeweler
6. Choo Chiang Holdings – Retailer & Distributor of Electrical Products & Accessories

Source: SGX StockFacts, Bloomberg (Data as of 29 July 2016)

Day-to-day benchmark impact of Singapore's Consumer Sector is highly aligned with the Asia Pacific Ex-Japan Region.

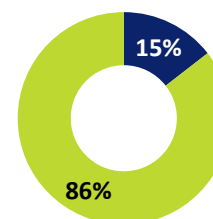
STI

■ Consumer Sectors ■ Remaining



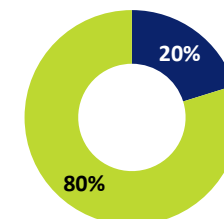
MSCI AC Asia Ex Japan Index

■ Consumer Sectors ■ Remaining



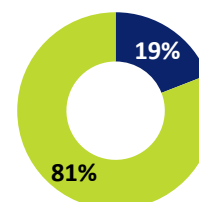
MSCI AC Asia Pacific Index

■ Consumer Sectors ■ Remaining



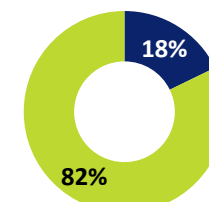
FTSE ST Catalist Index

■ Consumer Sectors ■ Remaining



MSCI South East Asia Index

■ Consumer Sectors ■ Remaining

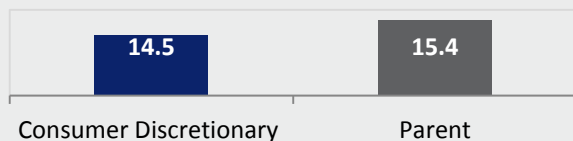


Core Fundamental Differences

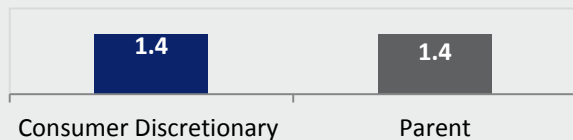
Consumer Staples stocks are priced at a higher premium than Consumer Discretionary Stocks

MSCI AC Asia Consumer Discretionary to MSCI AC Asia

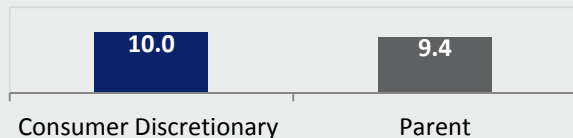
Similar P/E



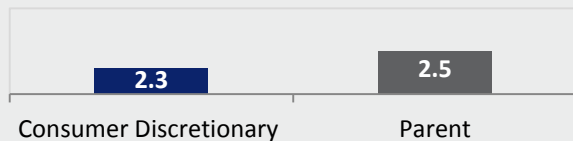
Similar P/B



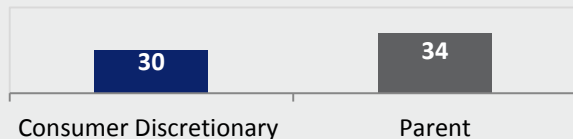
Similar ROE



Div. yields one-tenth lower

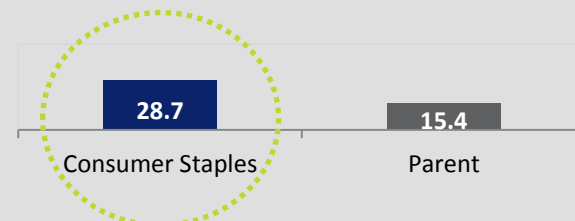


Similar Dividend Payout Ratio

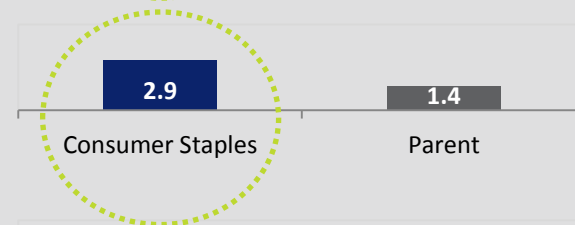


MSCI AC Asia Consumer Staples to MSCI AC Asia

Almost Twice P/E



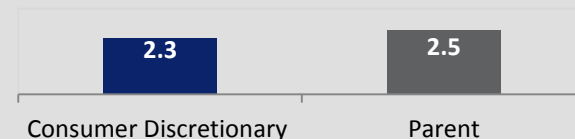
Twice P/B



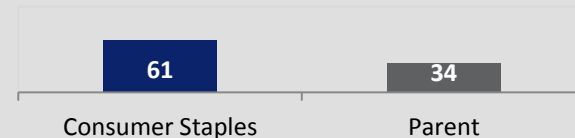
ROE one-tenth higher



Div. yields one-tenth lower



Almost Twice Div. Payout Ratio



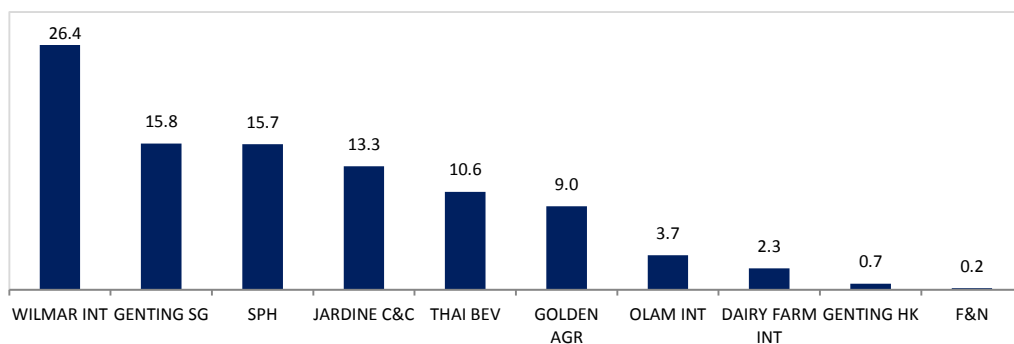
Source: SGX StockFacts, Bloomberg (Data as of 29 July 2016)

10 Sector Leaders – Fundamentals & Turnover

- Average EV to EBITDA Ratio at 13x for ten consumer plays. EV looks at the firm as a whole operating asset, stripping out the effects of capital structure and excess cash & EBITDA looks at the underlying business. EV to EBITDA analyses a company's cash flow on a debt-adjusted basis.

Stock	Mkt Cap (S\$ M)	EV/EBITDA		P/E		P/B		ROE	
		2015	2016	2015	2016	2015	2016	2015	2016
THAI BEVERAGE PCL	25,738	16.9x	20.9x	16.7x	23.9x	3.8x	5.3x	24%	22%
WILMAR INTERNATIONAL	19,518	13.5x	13.7x	12.5x	15.2x	0.9x	0.9x	7%	6%
JARDINE CYCLE & CARRIAGE	15,106	11.1x	9.5x	13.5x	16.0x	1.8x	2.0x	14%	13%
DAIRY FARM INTL HLDGS	12,365	13.5x	14.4x	19.4x	20.3x	6.0x	5.8x	30%	30%
GENTING SINGAPORE PLC	9,430	16.8x	9.5x	124.2x	30.0x	1.3x	1.1x	1%	4%
SINGAPORE PRESS HOLDINGS	6,010	15.7x	17.9x	19.7x	22.7x	1.8x	1.7x	9%	7%
OLAM INTERNATIONAL	5,340	19.0x	12.0x	N.A.	14.3x	1.1x	1.1x	-1%	7%
GOLDEN AGRI-RESOURCES	4,712	17.7x	10.1x	N.A.	15.7x	0.4x	0.6x	0%	3%
GENTING HONG KONG	3,208	31.4x	N.A.	1.3x	N.A.	0.5x	N.A.	49%	0%
FRASER AND NEAVE	3,152	18.7x	10.0x	80.7x	32.1x	1.4x	1.4x	33%	4%

Average Daily Turnover S\$M



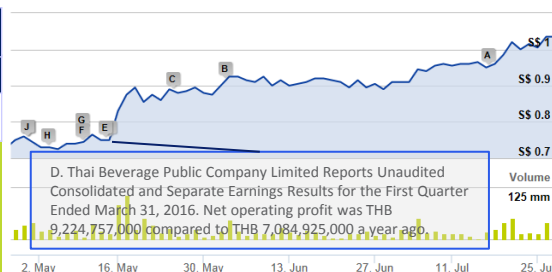
Fundamental	Average	Median
EV/EBITDA	13.1	12.0
P/E	21.1	20.3
P/B	2.2	1.4
ROE	10%	7%

Source: SGX StockFacts, Bloomberg (Data as of 29 July 2016)

Recent Swings & Big Shareholders of STI Consumer Plays

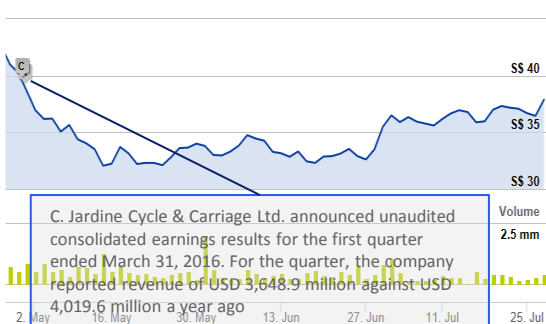
Thai Beverage

6M Beta	0.35
Spread (bps)	Best Depth \$
52	3,660,000
Big Shareholders: Siriwana Company MM Group Limited Capital Group Companies Inc Vontobel Holdings AG Genesis Investment Management	



Jardine Cycle & Carriage

6M Beta	1.37
Spread (bps)	Best Depth \$
11	70,000
Big Shareholders: Jardine Strategic Singapore Employees Provident Fund Bessemer Investment Management JP Morgan Chase & Co Norges Bank Investment Management	



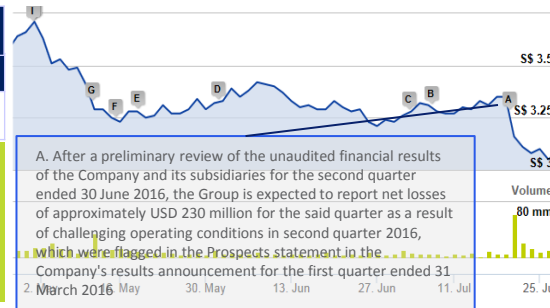
Singapore Press Holdings

6M Beta	0.93
Spread (bps)	Best Depth \$
26	2,151,900
Big Shareholders: Vanguard Group Vanguard Group INC Vanguard Marketing Corporation Vanguard ETFs Canada Blackrock	



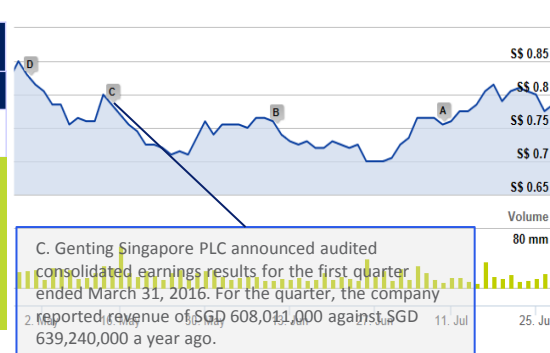
Wilmar International

6M Beta	0.81
Spread (bps)	Best Depth \$
31	2,023,700
Big Shareholders: Archer-Daniels-Midland Co Longlin Asia Kerry Group Harpole Resources Firefly	



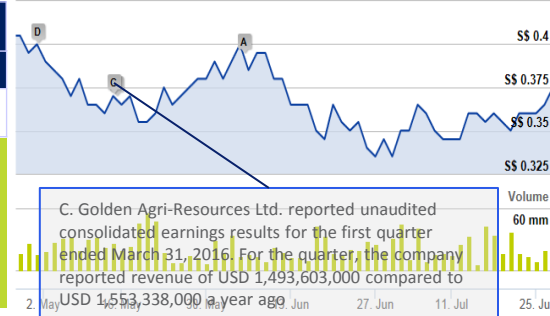
Genting Singapore PLC

6M Beta	1.25
Spread (bps)	Best Depth \$
64	2,303,000
Big Shareholders: Genting BHD Vanguard Group Blackrock Blackrock Fund Advisors Blackrock Group	



Golden Agri-Resources

6M Beta	1.36
Spread (bps)	Best Depth \$
140	4,568,600
Big Shareholders: Flambo International Silchester Intl Investors LLP Vanguard Group Blackrock Robeco Institutional Asset Management	



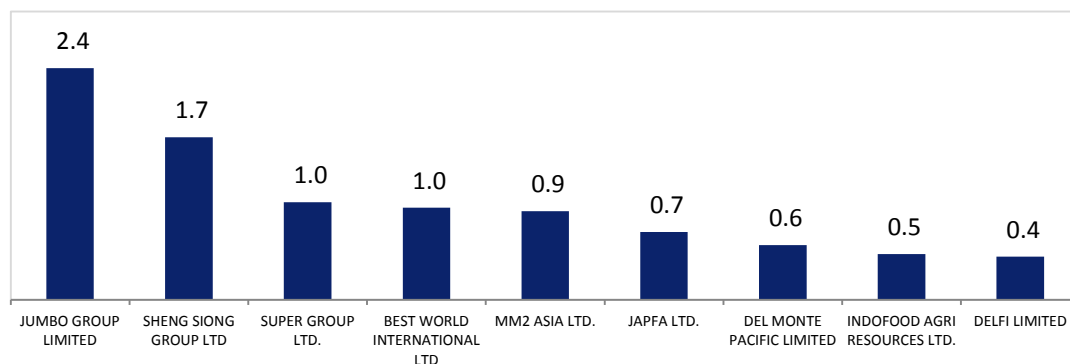
Source: SGX StockFacts, Bloomberg (Data as of 29 July 2016)

Consumer Sector's Mid to Small Caps with EBIT growth

- Within cap range of S\$300 million to \$2.5 billion, nine consumer plays ranked highly in terms of past ROE, dividends, EBIT growth and free cash flow yield.
- Average EV to EBITDA Ratio at 11x for nine consumer plays. EV looks at the firm as a whole operating asset, stripping out the effects of capital structure and excess cash & EBITDA looks at the underlying business. EV to EBITDA analyses a company's cash flow on a debt-adjusted basis.

Stock	Mkt Cap (S\$ M)	EV/EBITDA		P/E		P/B		ROE	
		2015	2016	2015	2016	2015	2016	2015	2016
DELFI	1,522	24.4x	20.1x	N.A.	38.3x	3.8x	4.5x	-2%	13%
JAPFA	1,509	5.6x	6.3x	9.0x	10.3x	0.9x	1.1x	10%	15%
SHENG SIONG GROUP	1,436	14.2x	15.1x	22.2x	23.3x	5.2x	5.6x	24%	25%
SUPER GROUP	903	9.8x	8.6x	19.8x	18.0x	1.8x	1.7x	9%	9%
DEL MONTE PACIFIC	670	9.7x	11.7x	8.4x	11.1x	1.4x	1.2x	18%	15%
INDOFOOD AGRI RESOURCES	642	9.1x	7.2x	116.9x	13.2x	0.5x	0.5x	0%	4%
JUMBO GROUP	414	N.A.	15.9x	N.A.	24.8x	N.A.	8.4x	20%	27%
MM2 ASIA	332	12.4x	19.3x	28.9x	34.7x	6.5x	8.3x	30%	31%
BEST WORLD INTERNATIONAL	294	1.6x	8.6x	7.3x	14.8x	1.2x	3.8x	17%	28%

Average Daily Turnover S\$M



Fundamental	Average	Median
EV/EBITDA	12.5	11.7
P/E	20.9	18.0
P/B	3.9	3.8
ROE	19%	15%

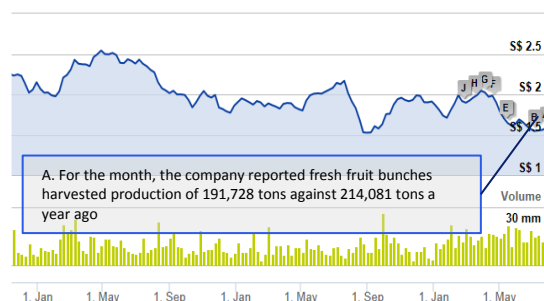
Source: SGX, Bloomberg, SGX StockFacts

Recent Swings & Big Shareholders of Mid-Cap Consumer Plays

First Resources

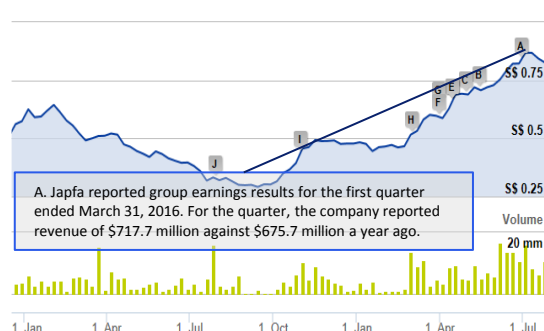
* YTD -15.3%, 10.4% annualised TR over past 10 years, 2016 ROE 13%, SDAV \$4.5M

6M Beta	0.71
Spread (bps)	Best Depth \$
33	363,700
Big Shareholders: Eight Capital Inc King Fortune International Fidelity Management Fil International Value Advisory	



Japfa

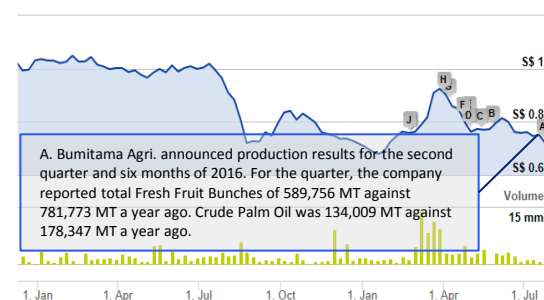
6M Beta	0.89
Spread (bps)	Best Depth \$
61	156,800
Big Shareholders: Rangi Management Morze International Tasburgh Tallowe Services Inc AXA Rosenberg Management	



Bumitama Agri

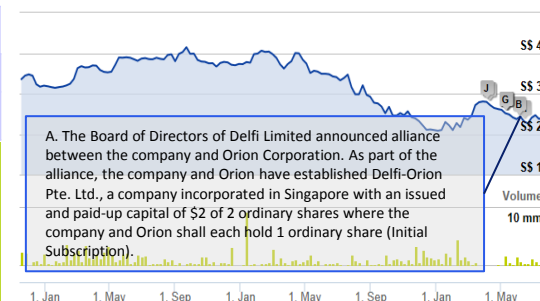
* YTD -0.1%, -2.5% TR since IPO, 2016 ROE 16%, SDAV \$0.5M

6M Beta	0.57
Spread (bps)	Best Depth \$
85	48,700
Big Shareholders: Fortune Holdings IOI Corp Hwang-DBS Investment Management RBS Luxembourg S.A Affin Hwang Asset Management	



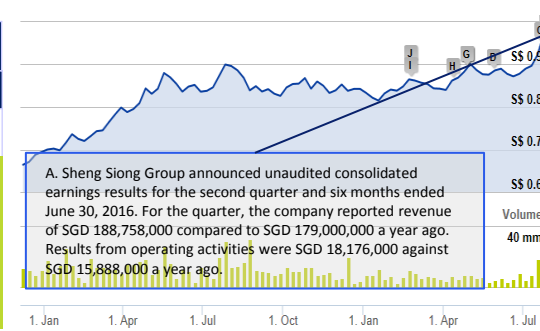
Delfi

6M Beta	1.0
Spread (bps)	Best Depth \$
634	23,500
Big Shareholders: Berlian Enterprises Aberdeen Tiger Global Management Commonwealth Bank of Australia M&G Investment Management	



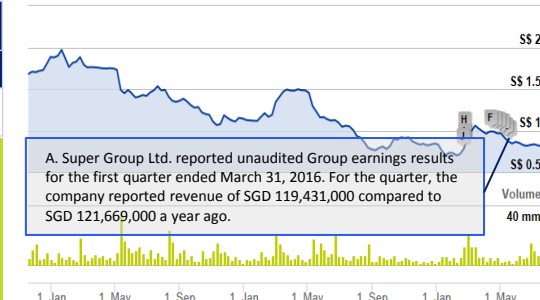
Sheng Siong Group

6M Beta	0.21
Spread (bps)	Best Depth \$
55	473,500
Big Shareholders: SS Holdings Schroder Investment Management Wasatch Advisors Inc AXA Life Insurance Singapore Sumitomo Mitsui Asset Management	



Super Group

6M Beta	0.61
Spread (bps)	Best Depth \$
63	175,200
Big Shareholders: YHS Investment Matthews Intl Capital Management Capital Group Companies Tee Yih Jia Food Manufacturing Massachusetts Financial Services	



Source: SGX StockFacts, Bloomberg (Data as of 29 July 2016)

Summary

2.6x

Growth of Singapore consumer Sector in past 10 years vs. 2.3x for Asia Pacific



150+

Primary listings make up Consumer Staples & Discretionary Sectors in Singapore



3x

As many Consumer Discretionary Stocks as Consumer Staples Stocks in Asia Pacific



15%

of Singapore's Daily turnover comes from Consumer Sectors



10%

Average Annualised 10 yr Total Return for 10 Largest Consumer Plays in Singapore



The Consumer Value Chain, Impact of E-Commerce & International Reach

The Broad Supply Chain to Value Chain

How traditional businesses deal with sector drivers and disruptors can shape their resulting comparative advantages and the sector's value chain

Traditional Chain

Sourcing & Suppliers

Manufacturers

Distribution & Logistics

Retailers

Key Driver/Disrupter

Income & Preferences

Innovation & Technology

Urbanisation

E-Commerce

New Value Chain

More Consumer Centric Data Analytics
& Proprietary Surveys

Robotics & 3D Printing

Collaborations with corporations,
agencies & institutes
Online Customer Access Online
Payment Systems
Social Media

Supply Chain for Singapore Consumer Stocks based on GICS®

Upstream

Downstream

Producers		Manufacturers	Distribution	Retailing
Beverages				Retailing Distributors
THAI BEVERAGE PCL				JARDINE CYCLE & CARRIAGE
FRASER AND NEAVE				TAN CHONG INTERNATIONAL
DUKANG DISTILLERS HOLDINGS				YHI INTERNATIONAL
Food Products*		Food Products*	Media	Diversified Consumer Services
WILMAR INTERNATIONAL		YEO HIAP SENG	ALIBABA PICTURES GROUP	RAFFLES EDUCATION CORP
GOLDEN AGRI-RESOURCES		DEL MONTE PACIFIC	SINGAPORE PRESS HOLDINGS	OVERSEAS EDUCATION
FIRST RESOURCES		Auto Components*	ASIAN PAY TELEVISION TRUST	Food & Staples Retailing
OLAM INTERNATIONAL **		CHINA AUTO ELECTRONICS GRP	MM2 ASIA	DAIRY FARM INTL HLDGS
	DELFI	JACKSPEED CORPORATION	KOP	OLAM INTERNATIONAL **
	JAPFA	Household Durables	SPACKMAN ENTERTAINMENT GROUP	SHENG SIONG GROUP
BUMITAMA AGRI		HTL INTERNATIONAL HLDGS	Textiles, Apparel & Luxury Goods*	Hotels, Restaurants & Leisure
	SUPER GROUP	KODA	FORISE INTERNATIONAL	GENTING SINGAPORE PLC
INDOFOOD AGRI RESOURCES		Household Products	Leisure Products	SHANGRI-LA ASIA
Auto Components*		GP BATTERIES	QIAN HU CORP ****	GENTING HONG KONG
SRI TRANG AGRO-INDUSTRY-FOR		Personal Products		MANDARIN ORIENTAL INTL
		BEST WORLD INTERNATIONAL ***		HOTEL PROPERTIES
		OLS ENTERPRISE		Multiline Retail
		NUTRYFARM INTERNATIONAL		METRO HOLDINGS
		Textiles, Apparel & Luxury Goods*		ZHONGMIN BAIHUI RETAIL GROUP
		OCEAN SKY INTERNATIONAL		isetan SINGAPORE
		CHINA SKY CHEMICAL FIBRE CO		Specialty Retail
				THE HOUR GLASS
				DUTY FREE INTERNATIONAL
				COURTS ASIA
				SECOND CHANCE PROPERTIES
				CHALLENGER TECHNOLOGIES

** Categorised by GICS to Food & Staples Retailing

**** Also involved in Retailing

Segments of Strength Across the Sector



Singapore's Consumer Sectors

+14.3% Mkt Cap Weighted Total Return in first 7 months of 2016

Upstream

Downstream

Producers

Beverages

3 Stocks

S\$29,510 M Market Cap

+48.6% Mkt Cap Weighted TR YTD

Food Products

34 Stocks

S\$36,800 M Market Cap

+8.8% Mkt Cap Weighted TR YTD

Manufacturers

Auto Components

4 Stocks

S\$927 M Market Cap

+26.9% Mkt Cap Weighted TR YTD

Household Durables

7 Stocks

S\$442 M Market Cap

+38.5% Mkt Cap Weighted TR YTD

Household Products

1 Stock

S\$123 M Market Cap

-16.2% Mkt Cap Weighted TR YTD

Leisure Products

2 Stocks

S\$31 M Market Cap

-0.1% Mkt Cap Weighted TR YTD

Personal Products

3 Stocks

S\$337 M Market Cap

+16.7% Median TR YTD *

Textiles, Apparel & Luxury Goods

18 Stocks

S\$189 M Market Cap

-19.9% Mkt Cap Weighted TR YTD

Distribution

Media

6 Stocks

S\$7,333 M Market Cap

-0.2% Mkt Cap Weighted TR YTD

Retailing

Retailing Distributors

11 Stocks

S\$17,100 M Market Cap

+14.5% Mkt Cap Weighted TR YTD

Diversified Consumer Services

6 Stocks

S\$422 M Market Cap

-17.8% Mkt Cap Weighted TR YTD

Food & Staples Retailing

8 Stocks

S\$19,500 M Market Cap

+7.8% Mkt Cap Weighted TR YTD

Hotels, Restaurants & Leisure

31 Stocks

S\$24,410 M Market Cap

-2.1% Mkt Cap Weighted TR YTD

Multiline Retail

4 Stocks

S\$1,392 M Market Cap

+11.8% Mkt Cap Weighted TR YTD

Specialty Retail

19 Stocks

S\$2,250 M Market Cap

+4.7% Mkt Cap Weighted TR YTD

Key:

Consumer Staples

Consumer Discretionary

* Median return as upside skew on Best World Int.

Source: SGX StockFacts, Bloomberg (Data as of 29 July 2016)

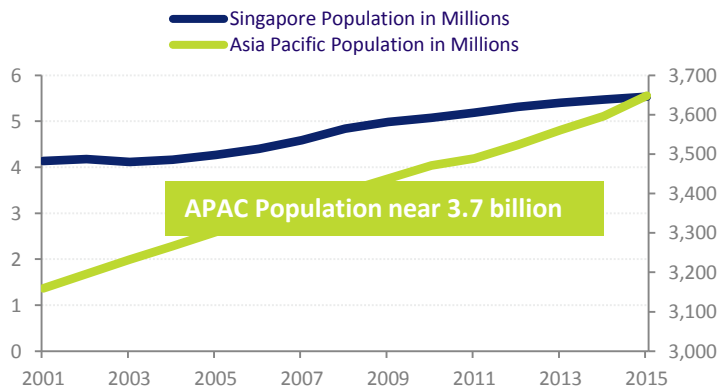
E-commerce Driving Recent Sector Expansion

- Consumer Sectors have accounted for 25% of the World's IPO Value over past 5 years. This is based on Bloomberg estimates of S\$4.4 trillion in IPOs with Consumer Sectors accounting for S\$1.1 trillion. The largest IPO over this timeframe was Alibaba Group Holding. In Singapore, recent IPOs have also been associated with retailing.
- Regional Retailing Highlights, according to Google Temasek include:
 - The projection of 124,00 internet users coming online everyday for the next 5 years in South East Asia with 480 million users by 2020.
 - Expectations that the internet economy in South East Asia may reach \$200 billion by 2025 with ecommerce and Travel making up >90% total online spend.
 - Unique regional growth drivers are 70% of South East Asia's population is below the age of 40, retail stores per capita is 1/4rd of same ratio in United States and GDP growth of 5.3% over the next 10 years generates a rapidly growing middle class.



Other Traditional Drivers

Singapore consumer spending reached an all time of S\$35 bn in 4Q15



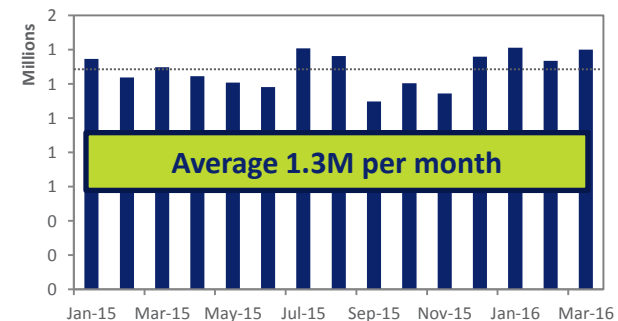
Singapore Population up a third since 2001.

Asia Pacific has Regional Consumers at all Income levels, Consumer Behaviour and Preferences change rapidly with Demographics. Between 2008 and 2013, growth in Singapore discretionary spending significantly outpaced that of essentials, with real expenditure on discretionary services surging by 61%* Source: MAS click [here](#)

Median Gross Monthly Income incl. CPF From Work Of Employed Residents

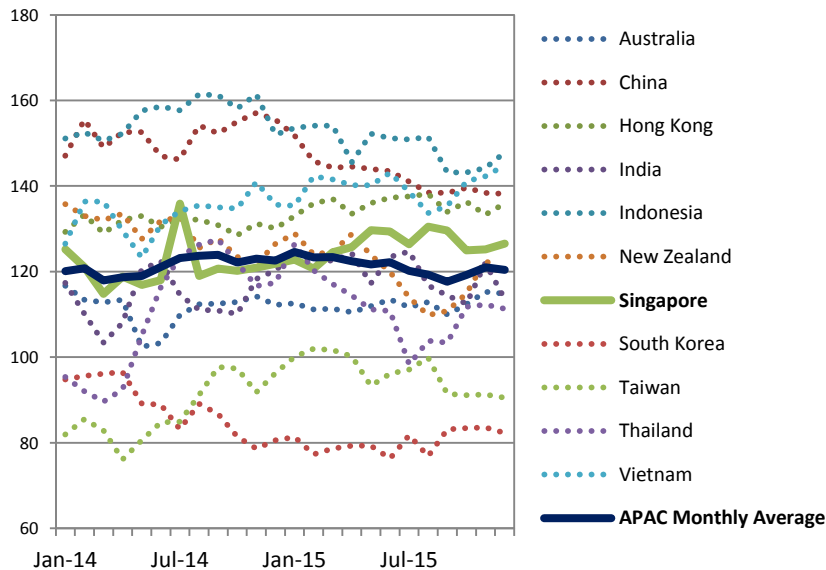


TRAVEL Hub - Singapore International Visitor Arrivals

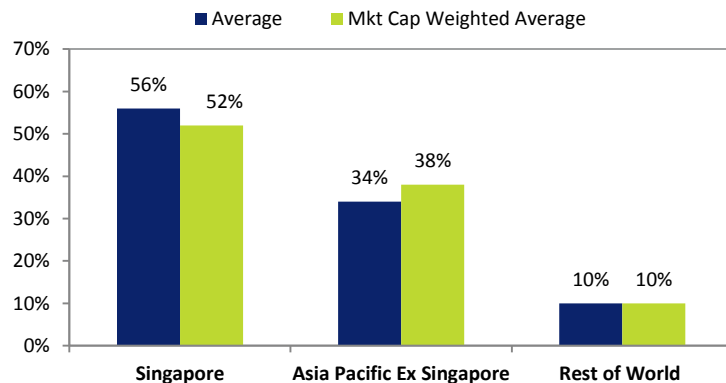


Singapore Provides Regional Consumer Perspective & Plays

ANZ – Roy Morgan Consumer Confidence Index

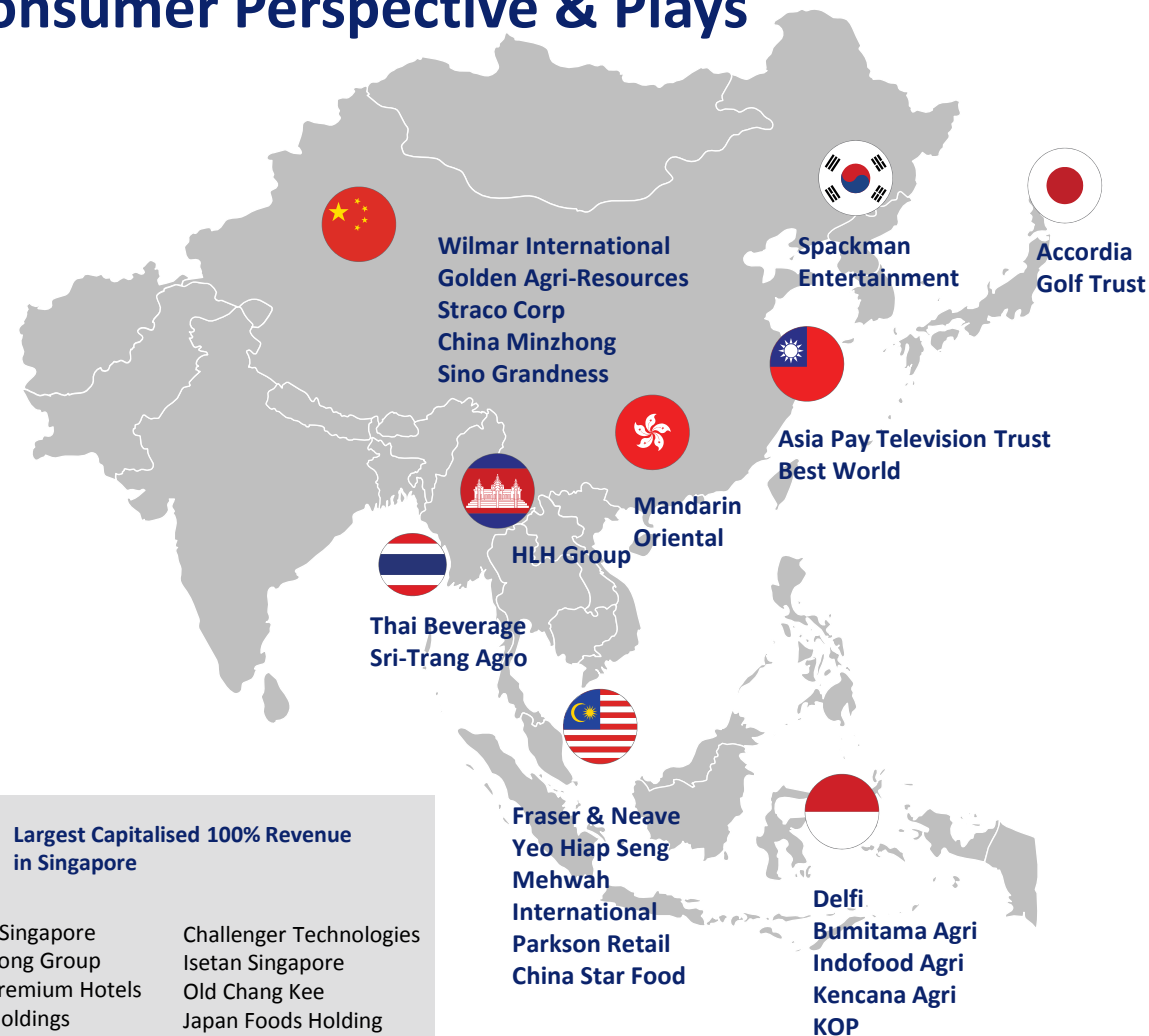


Geographically Segmented Revenue of Consumer Sector Last FY



 **Largest Capitalised 100% Revenue in Singapore**

Genting Singapore	Challenger Technologies
Sheng Siong Group	Isetan Singapore
Global Premium Hotels	Old Chang Kee
Amara Holdings	Japan Foods Holding
Overseas Education	Soup Restaurant



Source: SGX StockFacts, Bloomberg (Data as of 29 July 2016)

Singapore's status as a bellwether for regional consumer confidence has coincided with its status as a highly multicultural economy which is home to many regional businesses and diverse consumer preferences. The ANZ-Roy Morgan Singapore Consumer Confidence Ratings which includes five component questions on personal finance, the Singaporean economy and whether now is a 'good' or 'bad' time to buy.

Summary

S\$35 Billion

Singapore Consumer spending reached this all-time in 4Q15



More

Vertical Integration in the Consumer Sector across Upstream & Downstream activities



~45%

of Singapore's Consumer stocks revenue reported outside of Singapore



124,000

Internet users coming online everyday for the next 5 years in South East Asia



14%

14.3% Market Cap Weighted Total Return in 2016 year through to 29 July.

Thank you

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