

Introduction to Singapore's Consumer Sectors

Equity & Fixed Income

October 2016

Singapore Exchange

Key Points & Outline

Why are the Different Sectors important to Investors?

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
- **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.



Importance - There are Diverse Sector Performances Every Month!

Over the past 12 months, the combined strongest sectors of the month generated an 80% market-cap weighted total return. The least strong sectors of the month declined 49%.

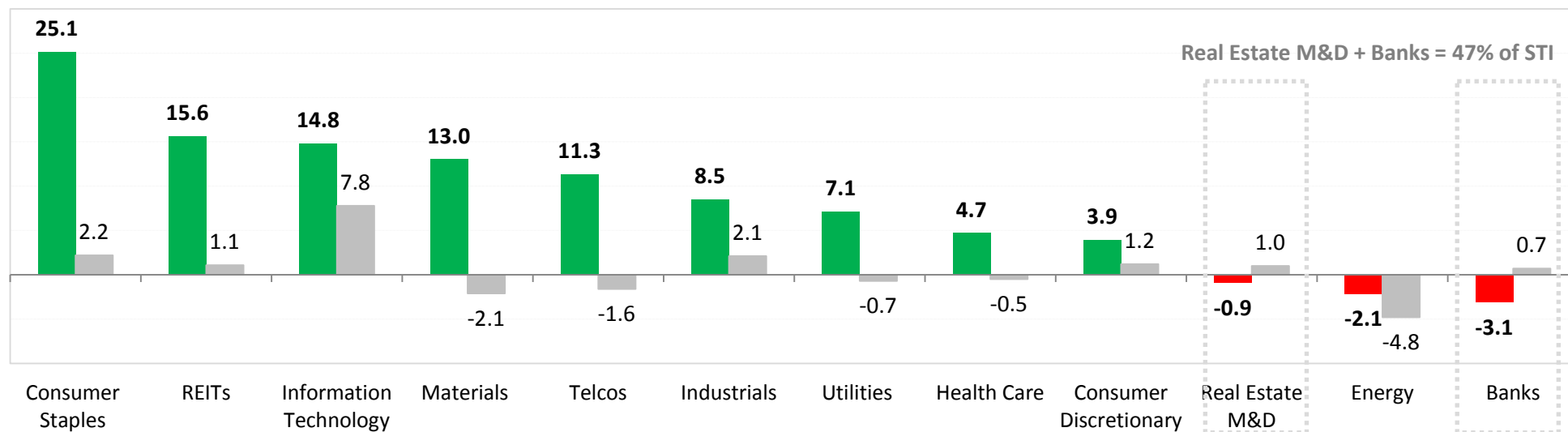
Total Return % Sep 15	Total Return % Oct 15	Total Return % Nov 15	Total Return % Dec 15	Total Return % Jan 16	Total Return % Feb 16	Total Return % Mar 16	Total Return % Apr 16	Total Return % May 16	Total Return % Jun 16	Total Return % Jul 16	Total Return % Aug 16
IT 2.1	Energy 14.2	IT 2.2	Cons Discret. 4.1	Materials 3.1	Materials 14.2	Energy 12.0	Cons Staple 5.8	Cons Staple 3.5	Telco 7.0	IT 4.6	IT 7.8
Utilities 1.4	Materials 11.6	Utilities 1.0	RED & Man 3.8	Health Care 0.6	Telco 6.0	Banks 11.0	Utilities 5.3	Utilities 2.9	REITs 3.3	REITs 3.6	Cons Staple 2.2
REITs -1.0	Telco 9.5	Health Care 0.1	Banks 1.3	REITs -0.4	Industrial 5.8	Cons Staple 6.4	Health Care 4.1	Industrial 1.8	Materials 3.1	Utilities 3.6	Industrial 2.1
Industrial -1.3	Cons Staple 9.2	Materials -1.0	Health Care 0.9	Cons Staple -1.8	REITs 5.2	Cons Discret. 5.8	RED & Man 2.9	Telco 0.9	Energy 1.9	Cons Staple 3.5	REITs 1.1
Cons Discret. -1.7	Cons Discret. 8.9	Energy -2.2	REITs 0.7	Industrial -1.8	IT 4.0	RED & Man 5.6	REITs 2.7	IT 0.7	Banks 1.2	RED & Man 3.4	Cons Discret. 1.2
Health Care -1.8	Industrial 8.8	Cons Discret. -2.4	Industrial 0.5	Cons Discret. -2.8	Cons Staple 3.7	Utilities 4.7	Materials 2.7	Banks 0.2	Cons Discret. 0.9	Cons Discret. 3.3	RED & Man 1.0
Materials -2.3	RED & Man 8.5	Telco -3.2	Utilities -1.4	Telco -5.1	Utilities 1.3	IT 4.1	Telco 0.9	Health Care -0.2	Cons Staple 0.7	Materials 2.5	Banks 0.7
Energy -3.2	Banks 6.2	REITs -3.3	IT -1.6	Utilities -7.9	Cons Discret. 0.3	Health Care 3.9	Banks 0.3	Energy -0.5	Industrial -0.5	Health Care 1.9	Health Care -0.5
Telco -3.9	IT 5.8	Banks -4.1	Materials -1.8	RED & Man -8.4	Energy 0.1	Materials 3.1	Cons Discret. 0.2	Health Care -0.2	Utilities -0.6	Telco 1.3	Utilities -0.7
Cons Staple -3.9	REITs 5.4	Cons Staple -4.3	Telco -2.0	IT -8.5	RED & Man -1.7	Telco 2.1	IT -0.3	Materials -0.8	IT -0.8	Industrial 1.1	Telco -1.6
RED & Man -4.6	Utilities 5.1	RED & Man -4.8	Energy -3.2	Banks -11.4	Banks -2.1	Industrial 1.4	Industrial -1.4	RED & Man -2.0	RED & Man -1.1	Banks -1.5	Materials -2.1
Banks -5.1	Health Care 3.8	Industrial -6.5	Cons Staple -4.1	Energy -13.4	Health Care -2.3	REITs 0.8	Energy -2.9	Cons Discret. -4.2	Health Care -3.1	Energy -6.8	Energy -4.8

Multiple Sectors on the Move in First 8 Months of 2016

Opportunities Beyond the Benchmark!

Market Capitalisation-weighted Total Return of 12 GICS[®] Sectors & Key Industries (%)

August 2016 Total Return %



1. Consumer Staples	
5 Biggest Stocks	Total Return YTD
THAI BEVERAGE	48.9%
WILMAR INTERNATIONAL	7.3%
DAIRY FARM*	16.9%
OLAM INTERNATIONAL	18.5%
GOLDEN AGRI-RESOURCES	7.2%

2. REITs	
5 Biggest Stocks	Total Return YTD
CAPITALAND MALL	16.5%
ASCENDAS REIT	11.9%
CAPITALAND COMM	21.7%
MAPLETREE COMM	27.3%
SUNTEC REIT	13.2%

3. Information Technology*	
5 Biggest Stocks	Total Return YTD
VENTURE CORP	19.2%
SILVERLAKE AXIS	4.1%
TPV TECHNOLOGY	114.4%
HI-P INTERNATIONAL	-12.5%
GP INDUSTRIES	-8.4%

4. Materials	
5 Biggest Stocks	Total Return YTD
STRAITS TRADING	-0.7%
NSL	-1.4%
MIDAS HOLDINGS	-21.7%
CNMC GOLDMINE	189.8%
CHINA SUNSINE	14.5%
KINGBOARD COPPER	15.0%
WILTON RESOURCES	27.6%

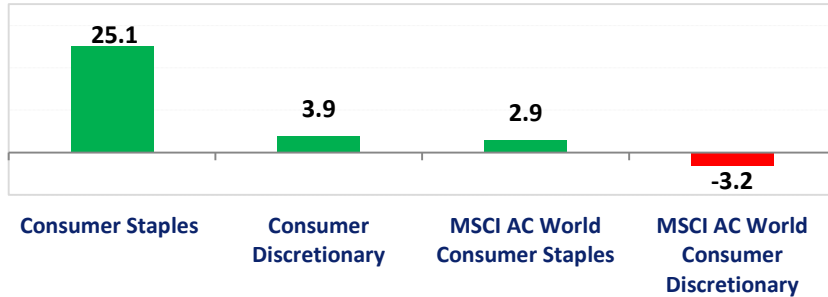
*IN SGD terms

*Moved from #6 to #3 in August

Net Institutional Buy sectors in August: Real Estate/REITs (+S\$77.8m) Consumer Staples (+S\$24.9m), Information Technology (+S\$16.1m) & Materials (+S\$7.5m) – also the four strongest sectors of the year!

Comparatively Stronger Past Returns of SG Consumer Sector Leaders

8 Month Market Cap Weighted TR of Singapore's Consumer Sectors (%)

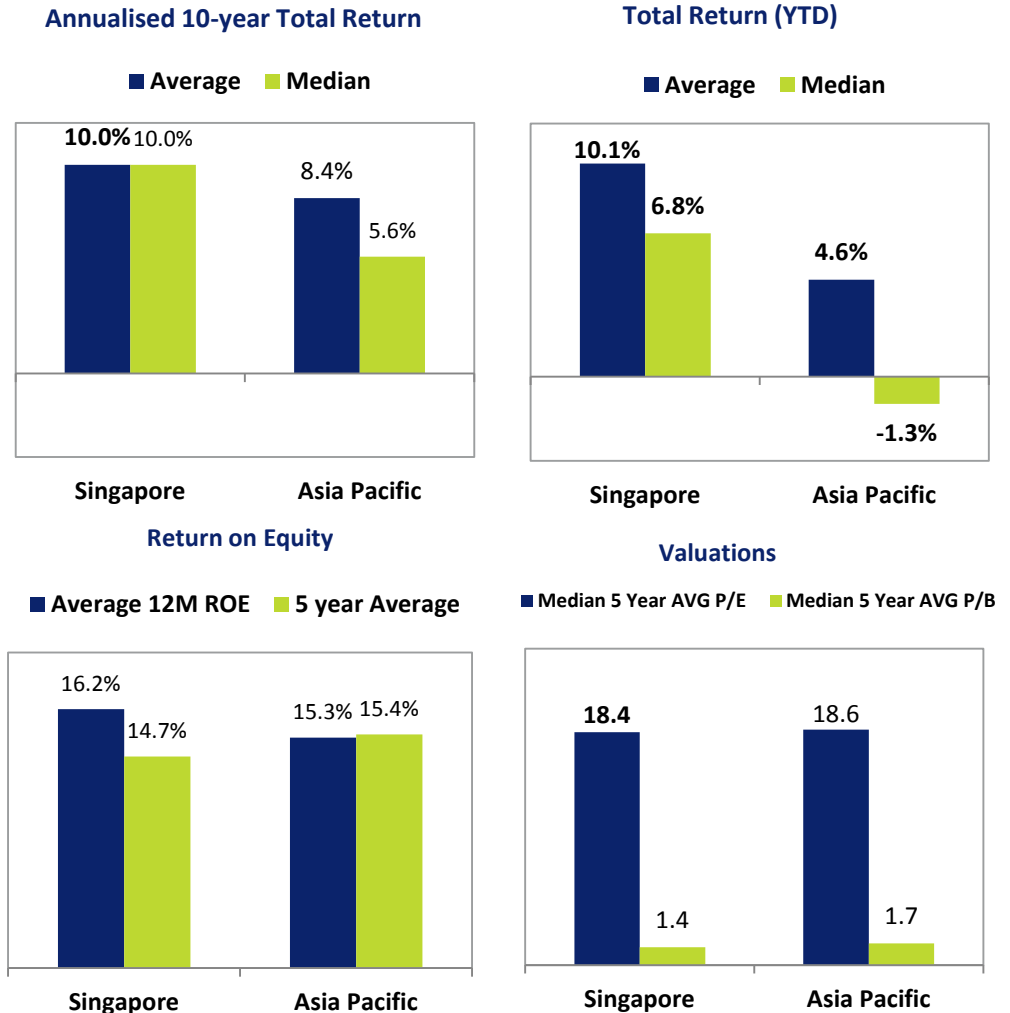


The 10 most active consumer plays listed in Singapore have outperformed 10 largest consumer plays of the region in short term and long term. Singapore's 10 largest consumer plays also maintained similar ROE and P/E over past five years.

10 Biggest Consumer Plays	GICS Sub Industry Name
JARDINE CYCLE & CARRIAGE	Distributors
GENTING SINGAPORE PLC	Casinos & Gaming
SINGAPORE PRESS HOLDINGS	Publishing
GENTING HONG KONG	Hotels, Resorts & Cruise Lines
THAI BEVERAGE PCL	Distillers & Vintners
WILMAR INTERNATIONAL	Agricultural Products
DAIRY FARM INTL HLDGS	Food Retail
OLAM INTERNATIONAL	Food Distributors
GOLDEN AGRI-RESOURCES	Agricultural Products
FRASER AND NEAVE	Brewers

Asia Pacific's 10 largest Consumer Plays as of 1 Sep 2016 were Toyota Motor, Japan Tobacco, Kweichow Mouta-a, Honda, ITC, Nissan, Sony Corp, Seven & I, Fast Retailing and SAIC Motor.

Comparative Perspectives of 10 Biggest & Actively Traded Consumer Plays



Source: SGX StockFacts, Bloomberg (Data as of 31 August 2016)

SG Sector Growth Has Marginally Outpaced Region

Consumer Sectors

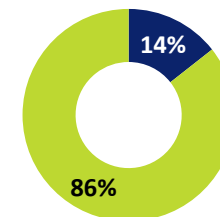
	No. Primary Stocks & Cap.	Average YTD Total Return of 10 Sector Leaders
Singapore	156 (\$\$140B)	10%
Asia Pacific (Developed)	2,929 (\$\$3,790B)	1%
Asia Pacific (Emerging)	2,920 (\$\$2,850B)	19%

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

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

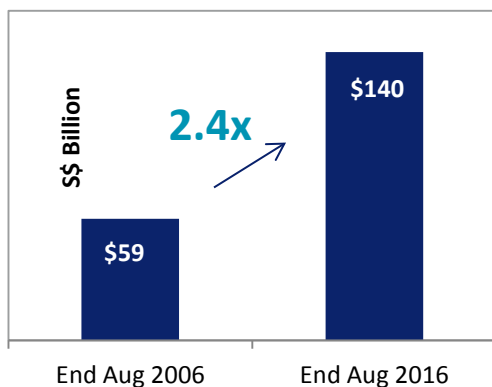
STI

■ Consumer Sectors ■ Remaining

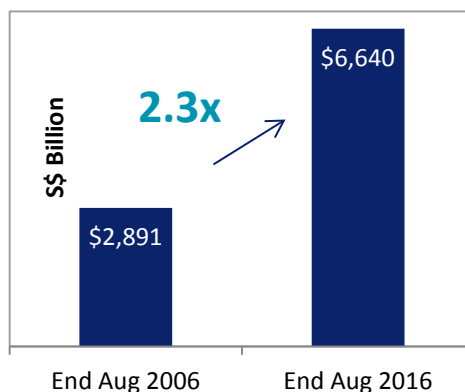


Consumer Sector Market Cap

Singapore

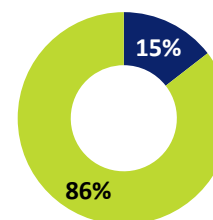


Asia Pacific



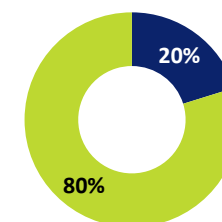
MSCI AC Asia Ex Japan Index

■ Consumer Sectors ■ Remaining



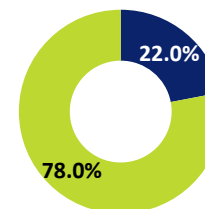
MSCI AC Asia Pacific Index

■ Consumer Sectors ■ Remaining



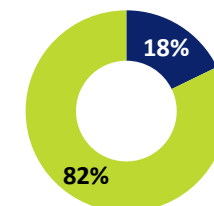
FTSE ST Catalyst Index

■ Consumer Sectors ■ Remaining



MSCI South East Asia Index

■ Consumer Sectors ■ Remaining



Most Recent Consumer IPO/RTOs in Singapore

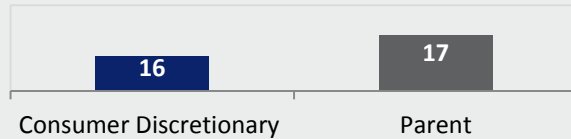
1. Katrina - F&B group with multi-cuisine concepts. **50%**
2. China Star Food Group – Producer and Seller of Snack Foods **5%**
3. Jumbo Group – Restaurants **140%**
4. TLV Holdings – Jewelry wholesaler and Retailer
5. Soo Kee Group – Retail Jeweler
6. Choo Chiang Holdings – Retailer & Distributor of Electrical Products & Accessories

Core Fundamental Differences of Consumer Stocks

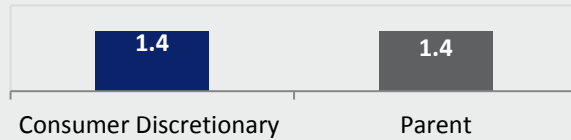
Consumer Staples stocks are priced at a higher premium than Consumer Discretionary Stocks

MSCI AC Asia Consumer Discretionary to MSCI AC Asia

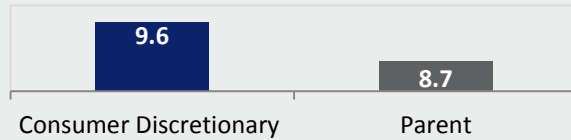
Similar P/E



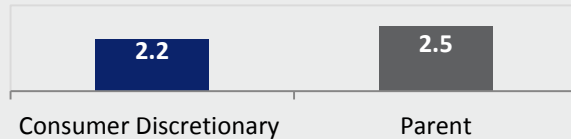
Similar P/B



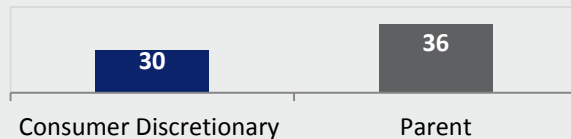
ROE one-tenth higher



Div. yields one-tenth lower

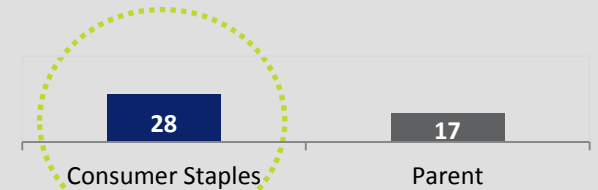


Similar Dividend Payout Ratio

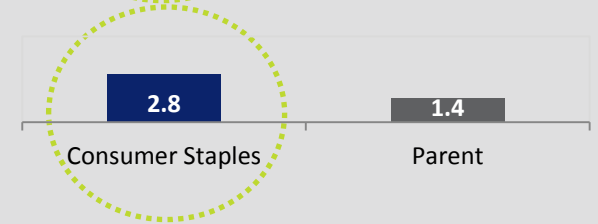


MSCI AC Asia Consumer Staples to MSCI AC Asia

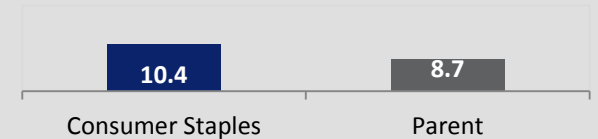
Almost Twice P/E



Twice P/B



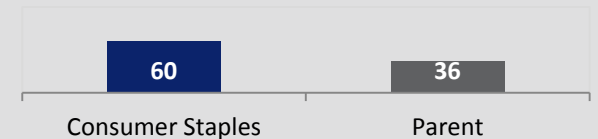
ROE almost one-fifth higher



Div. yields similar



Almost Twice Div. Payout Ratio



Supply Chain for Singapore Consumer Stocks based on GICS®

Upstream

Downstream

Producers

Manufacturers

Distribution

Retailing

Beverages

THAI BEVERAGE PCL

FRASER AND NEAVE

DUKANG DISTILLERS HOLDINGS

Food Products*

WILMAR INTERNATIONAL

GOLDEN AGRI-RESOURCES

FIRST RESOURCES

OLAM INTERNATIONAL**

DELFI

JAPFA

BUMITAMA AGRI

SUPER GROUP

INDOFOOD AGRI RESOURCES

Auto Components*

SRI TRANG AGRO-INDUSTRY-FOR

Food Products*

YEO HIAP SENG

DEL MONTE PACIFIC

Auto Components*

CHINA AUTO ELECTRONICS GRP

JACKSPEED CORPORATION

Household Durables

HTL INTERNATIONAL HLDGS

KODA

Household Products

GP BATTERIES

Personal Products

BEST WORLD INTERNATIONAL ***

OLS ENTERPRISE

NUTRYFARM INTERNATIONAL

Textiles, Apparel & Luxury Goods*

OCEAN SKY INTERNATIONAL

CHINA SKY CHEMICAL FIBRE CO

Retailing Distributors

JARDINE CYCLE & CARRIAGE

TAN CHONG INTERNATIONAL

YHI INTERNATIONAL

Media

ALIBABA PICTURES GROUP

SINGAPORE PRESS HOLDINGS

ASIAN PAY TELEVISION TRUST

MM2 ASIA

KOP

SPACKMAN ENTERTAINMENT GROUP

Textiles, Apparel & Luxury Goods*

FORISE INTERNATIONAL

Leisure Products

QIAN HU CORP ****

Diversified Consumer Services

RAFFLES EDUCATION CORP

OVERSEAS EDUCATION

Food & Staples Retailing

DAIRY FARM INTL HLDGS

OLAM INTERNATIONAL **

SHENG SIONG GROUP

Hotels, Restaurants & Leisure

GENTING SINGAPORE PLC

SHANGRI-LA ASIA

GENTING HONG KONG

MANDARIN ORIENTAL INTL

HOTEL PROPERTIES

Multiline Retail

METRO HOLDINGS

ZHONGMIN BAIHUI RETAIL GROUP

SETAN SINGAPORE

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

The Evolving 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	Key Driver/ Disrupter	New Value Chain	20 Stocks with Largest Market Cap	Biggest Revenue Stream
Sourcing & Suppliers	Income & Preferences	More Consumer Centric Data Analytics & Proprietary Surveys	THAI BEV WILMAR INT JARDINE C&C DAIRY FARM GENTING SP SINGAP PRESS HLG OLAM INT GOLDEN AGRI-RES F&N GENTING HK	Spirits Merchandising & Refinery Astra International Food - Supermkt/Hyper mkt/Conv. Stores Leisure and Hospitality Newspaper and Magazine Confectionery and Beverage Ingredients Palm and Laurics Dairies Cruise and cruise related activities
Manufacturers	Innovation & Technology	Robotics & 3D Printing	Next Largest 20 Stocks by Market Cap	Biggest Revenue Stream
Distribution & Logistics	Urbanisation	Collaborations with corporations, agencies & institutes Online Customer Access Online Payment Systems Social Media	FIRST RES MANDARIN ORIENTL HOTEL PROP SHENG SIONG JAPFA OUE DELFI BUMITAMA AGRI GL LTD SUPER GROUP HOTEL GRAND CENT ASIAN PAY TV CHINA MINZHONG METRO HLDGS YEO HIAP SENG ACCORDIA GOLF DEL MONTE PAC QAF INDOFOOD AGR STRACO CORP	Refinery and Processing Hotel Ownership Hotels Supermarkets Animal Protein Hotel Operations Branded Consumer Palm Oil Farming Hotels Consumer Goods Sales Hotel Operations Basic Cable TV Processed Products Retail Consumer Food & Beverage Products Golf Course Packaged Fruit and Vegetable Bakery Cooking Oil & Fats Aquarium
Retailers	E-Commerce			

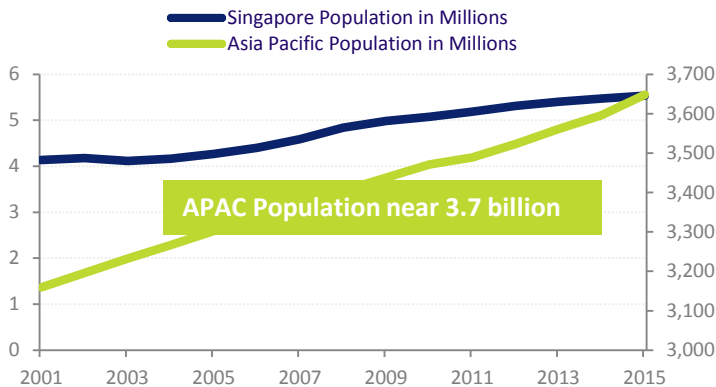
E-commerce Driving Recent Sector Expansion

- 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 1/4 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

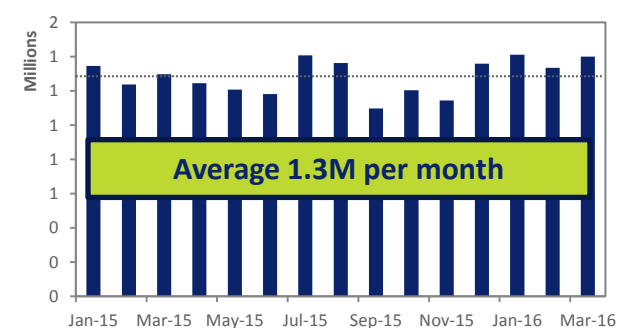
Singapore consumer spending reached an all time of S\$35 bn in 4Q15



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



TRAVEL Hub - Singapore International Visitor Arrivals



Short Term & Long Term Past Performances

Best YTD Performers in 10 Most Active Consumer Stocks

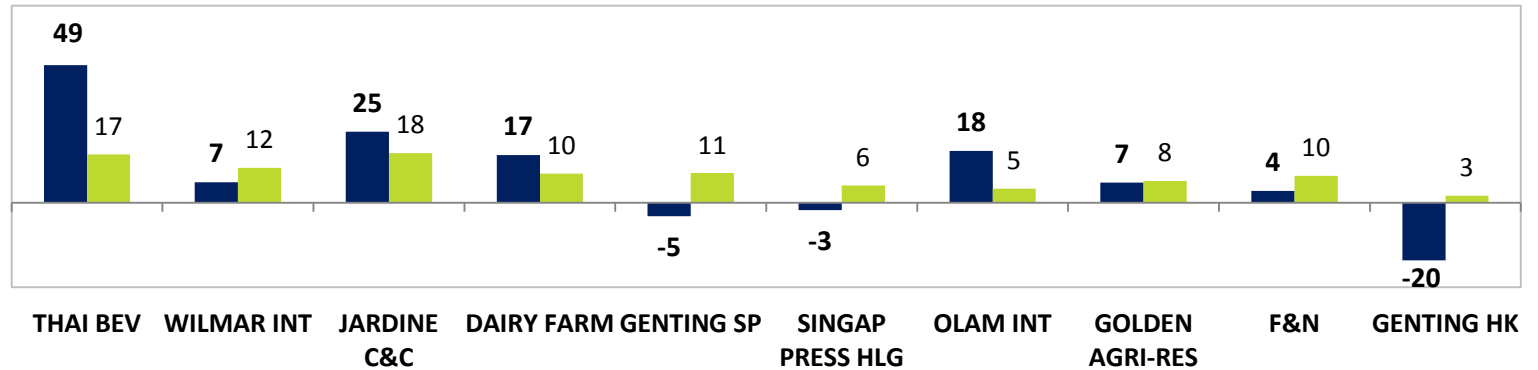
49% Thai Beverage

25% Jardine C&C

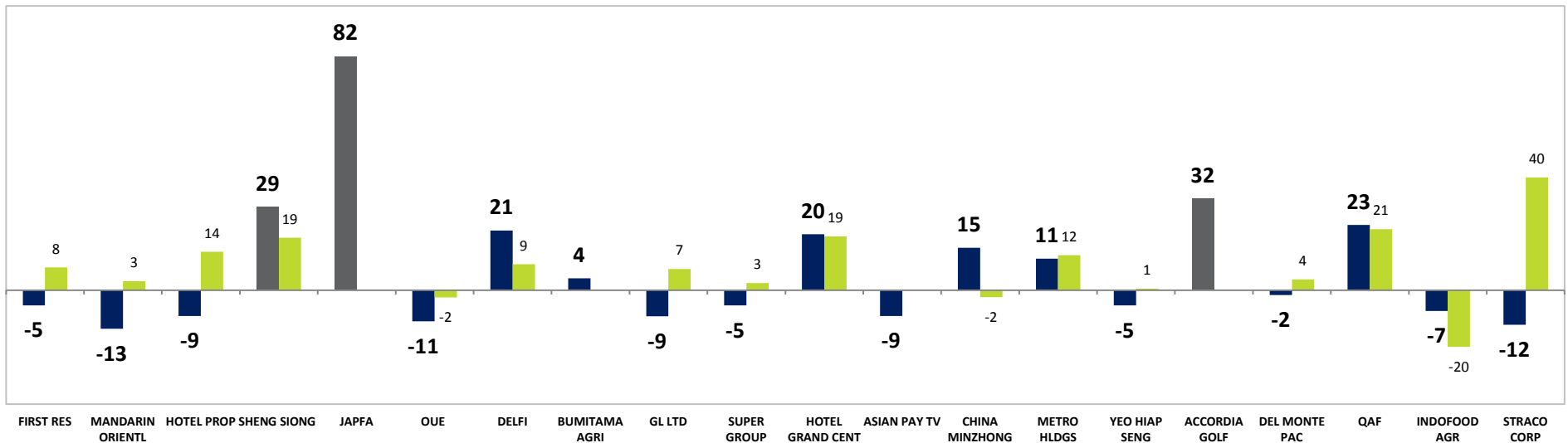
18% Olam Int.

Total Returns (%)

■ First 8 Months 2016 ■ Ten Year Annualised



Total Returns (%) of the Next 20 Biggest Consumer Plays

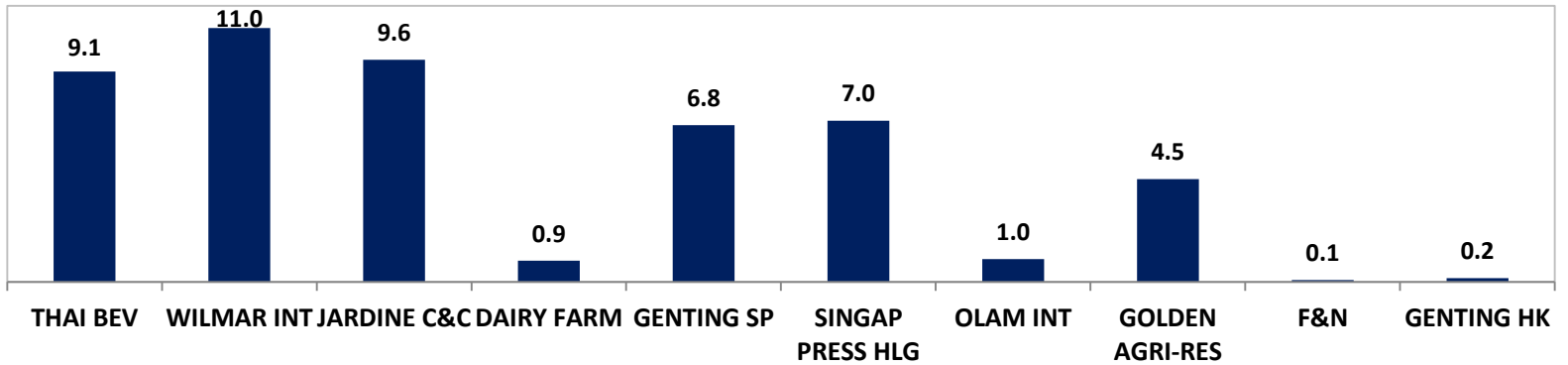


Most Active Consumer Stocks by 3 Month Turnover

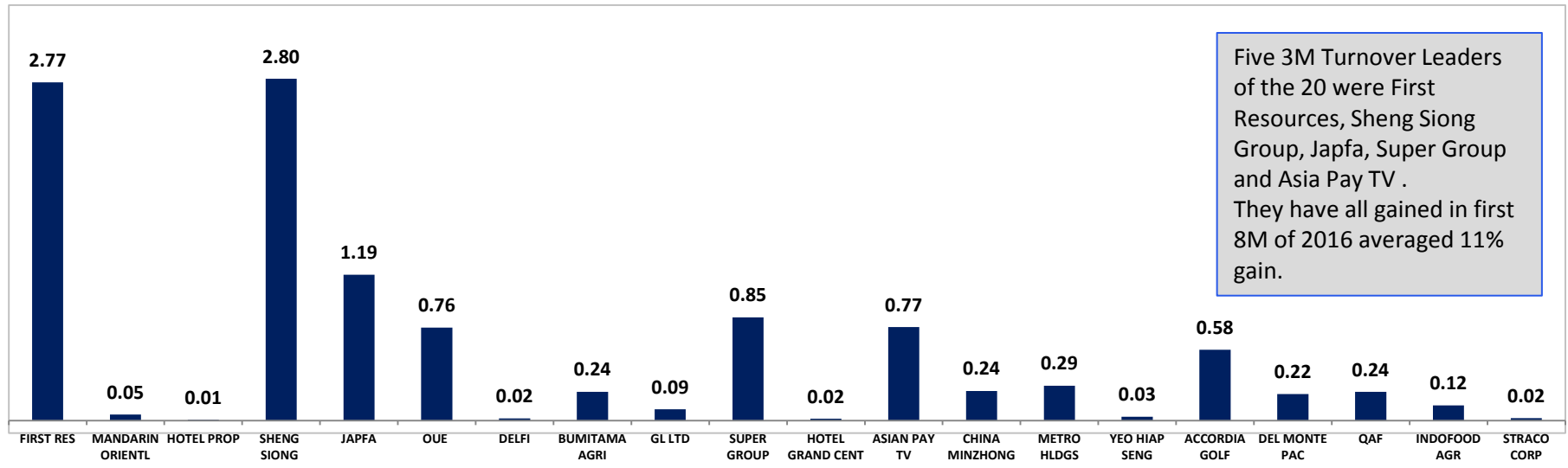
Note Olam Int. was 3rd best performing stock of 10 in first 8 months of 2016

In August Dairy Farm Volume Increased 47% from 3M AVG

3 Month Average Daily Turnover (\$ Millions)



3 Month Average Daily Turnover (\$ Millions) of the Next 20 Biggest Consumer Plays



Five 3M Turnover Leaders of the 20 were First Resources, Sheng Siong Group, Japfa, Super Group and Asia Pay TV . They have all gained in first 8M of 2016 averaged 11% gain.

Business Returns in the Consumer Sector

Highest 12M ROE in 10 Most Active Consumer Stocks

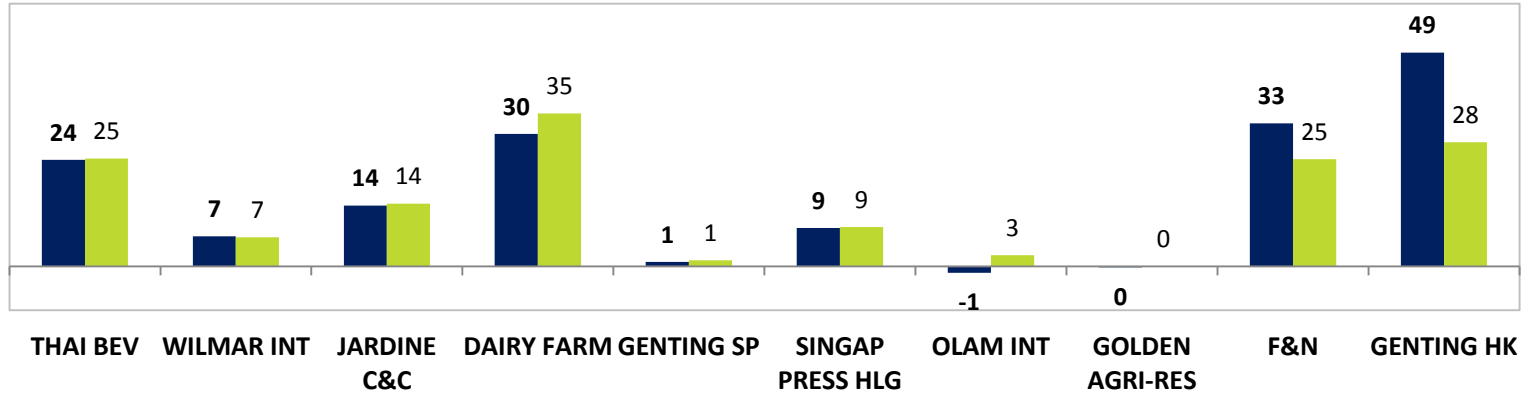
49% Genting HK

33% F&N

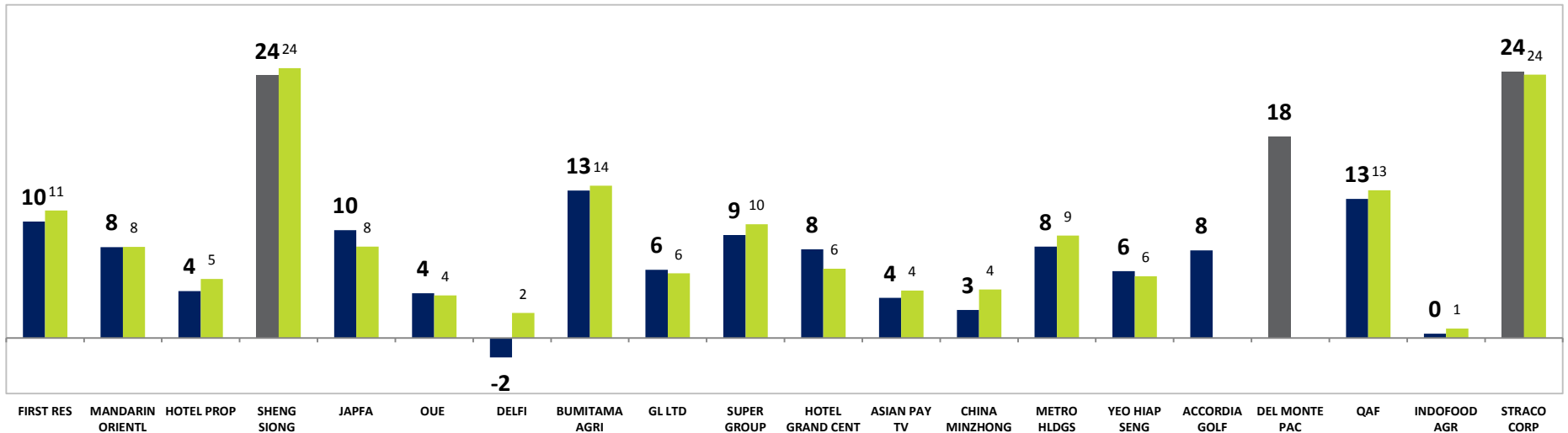
30% Dairy Farm

Return on Equity (%)

■ ROE:Y ■ 5Yr Avg ROE



Return on Equity (%) of the Next 20 Biggest Consumer Plays



Highest Dividend Yields in the Consumer Sector

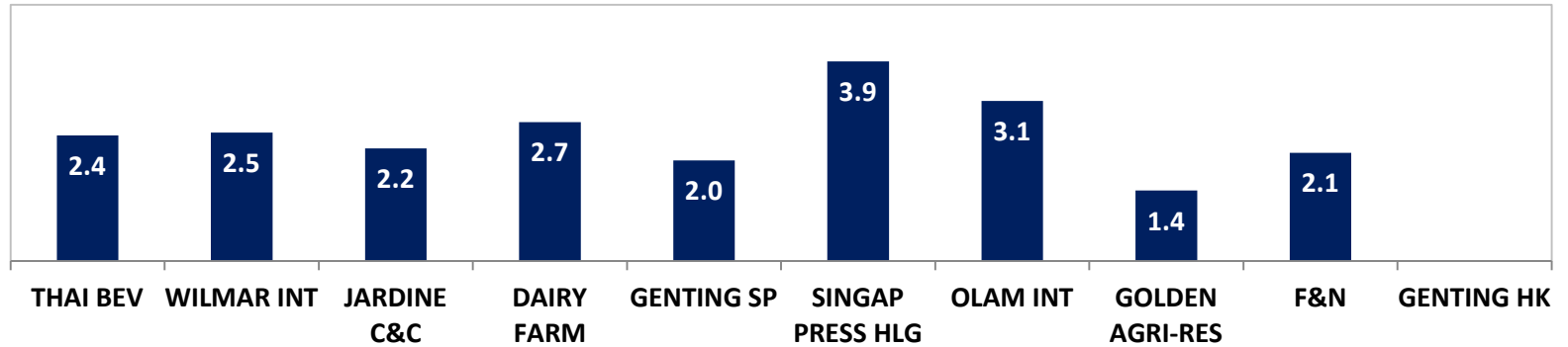
Indicative Dividend Yields (%)

Highest Yields in 10 Most Active Consumer Stocks

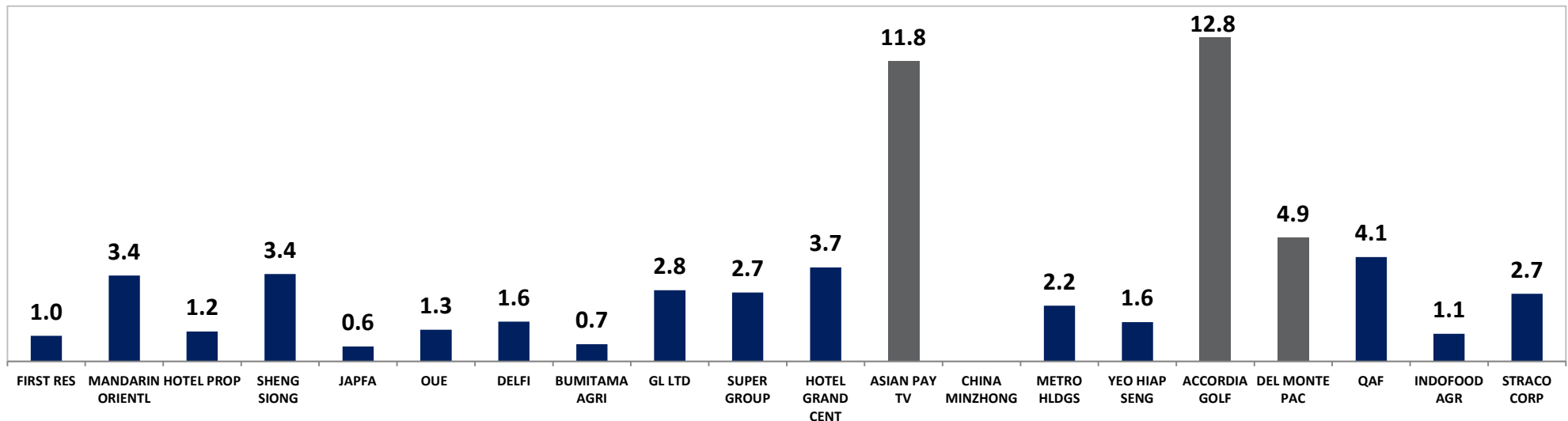
3.9% SPH

3.1% Olam

2.7% Dairy Farm

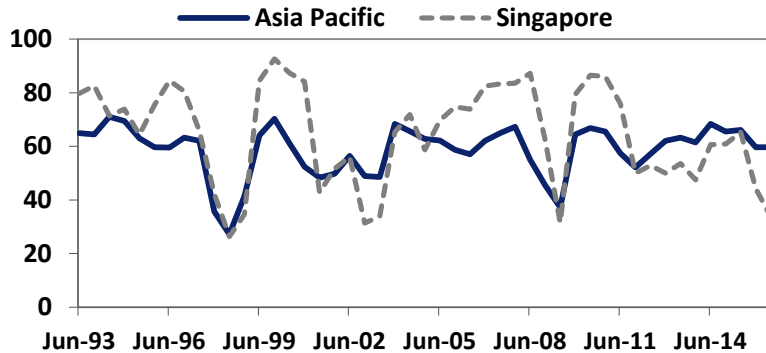


Indicative Dividend Yields (%) of the Next 20 Biggest Consumer Plays



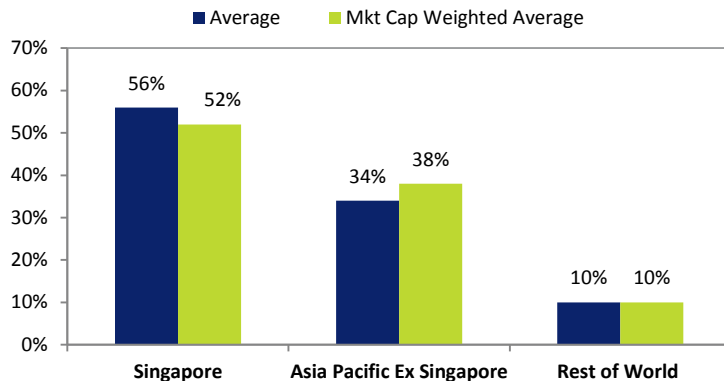
Singapore Provides Regional Consumer Perspective & Plays

MasterCard Consumer Confidence Asia Pacific & Singapore Indices



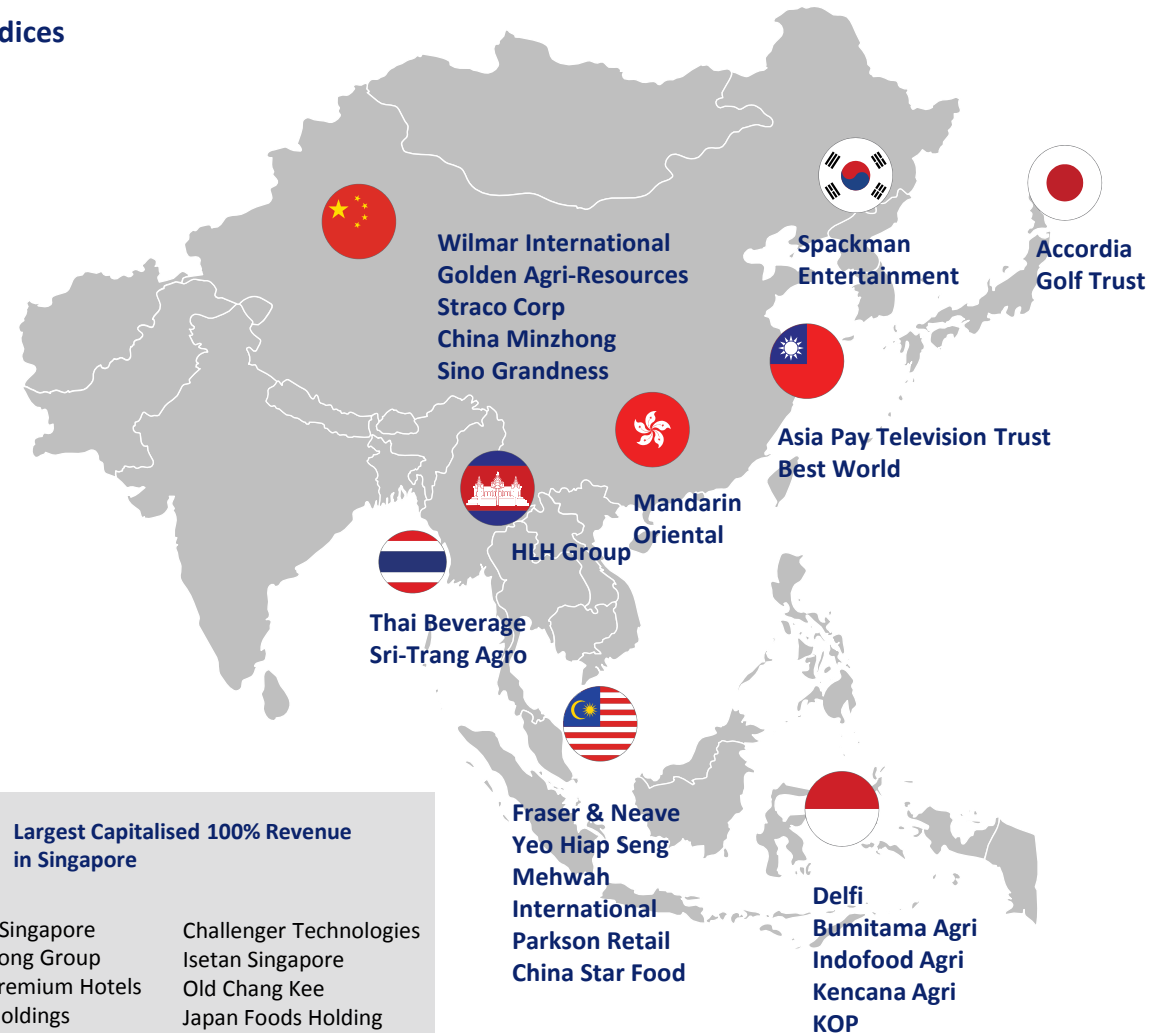
MasterCard Consumer Confidence Asia Pacific Index for the first half of 2016 also reported no change in consumer confidence from the second half of 2015. The gauge is currently at a level of 59.7 which is at the high end of neutral with a level above 60 representing optimistic.

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)

Summary

2.4x

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

Thank you

Singapore Exchange
Beijing ▪ Hong Kong ▪ London ▪ Mumbai ▪ Tokyo

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