



SINGER[®]

BANGLADESH LIMITED

INVESTOR PRESENTATION



March 2018



Gavin Walker

Chairman

Singer Bangladesh Limited

President & CEO
Singer Asia Limited



MHM Fairoz

Chief Executive Officer

Singer Bangladesh Limited



Industry Retail and consumer finance
Household consumer durables

Revenue¹ US\$ 136m / BDT 11,059m

EBITDA¹ US\$ 15.4m / BDT 1,256m

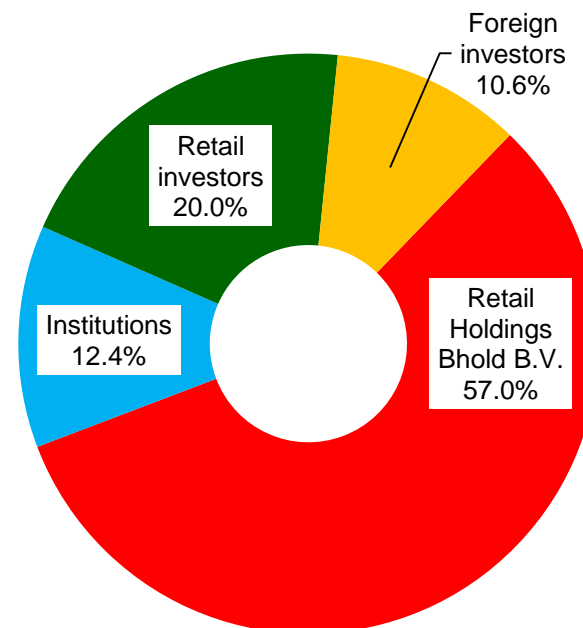
EBITDA margin¹ 11.4%

Net income¹ US\$ 9.2m / BDT 746m

Number of retail stores² 380
Number of employees² 1,152
Number of shareholders² 11,788

Shareholder structure²

(Listed on DSE since 1983 & CSE since 2001)



Note:

1. For 12 months ended 31 Dec 2017

2. As at 31 Dec 2017

3. Held via Retail Holdings Bhold B.V. Details of the group structure are provided in Appendix 1



1. Robust economic fundamentals

- Great environment for long-term growth

2. Strong brand and reputation

- One of the most recognised brands in Bangladesh

3. Extensive product portfolio

- A leading position in multiple product categories

4. Extensive distribution

- Largest retail distribution network in Bangladesh

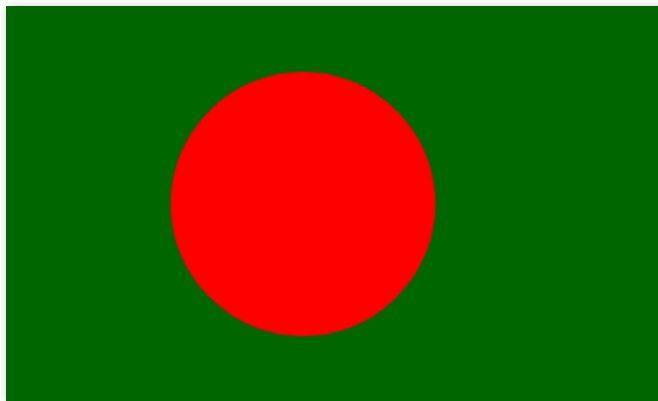
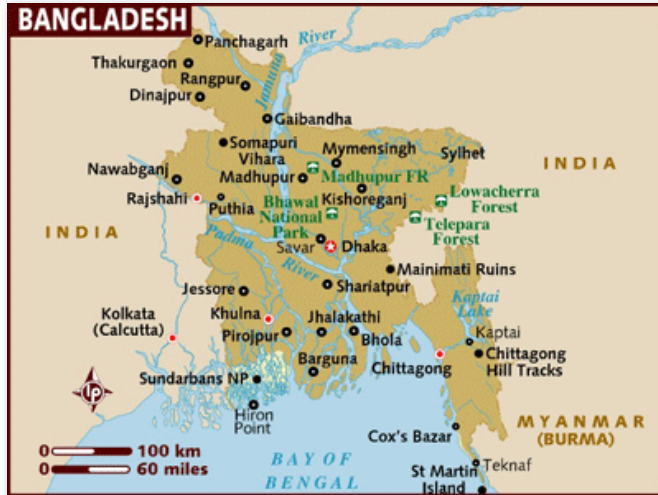
5. Multiple financial services offerings

- Drives significant footfall to stores

Key Growth Driver 1 - Robust economic fundamentals



Great environment for long-term growth



Population demographics

- Large population
- Increasing MAC¹

Strong GDP growth rates

- 7.1%²

Electrification

- Only 60%²

Low product penetration rates

- Refrigerators 20%³

Product replacement

- Increasing unit selling prices

Note:

1. Middle & affluent class

2. World Bank

3. Product penetration rates amongst Bangladesh households remains very low in certain product categories (for example; air conditioners 3%, washing machines 2%, personal computers 5%, refrigerators 20%) – company estimates

Key Growth Driver 2 - Strong brand and reputation



SINGER® is one of the most recognised brands in Bangladesh



Exceptional brand awareness

- 113 years in Bangladesh¹

Brand association

- Trust, quality, service & credit

International

- Aspirational
- Multi-national Company

Corporate Governance

- Winner of corporate governance awards²

Strong balance sheet

- AAA long-term credit rating³

Notes:

1. Company history is set-out in Appendix 2
2. Awarded annually by ICSB and SAFA
3. Emerging Credit Rating Agency

Key Growth Driver 3 – Extensive product portfolio



A leading position in multiple product categories

Home appliances 70%¹



Refrigerators & freezers



Washing machines



Air conditioners

Consumer electronics 20%¹



Televisions



Smart phones/ tablets



Laptops

Furniture 2%¹



Sitting room sets



Bedroom sets



Dining room sets

Sewing machines 4%¹



Zig-Zag model



Straight stitch model

Others 4%¹



Instant power supply



Voltage stabilizer

House brands – 90%¹

SINGER[®]
TRUSTED INTERNATIONAL BRAND

Third-party (including) - 10%¹

BEKO



Preethi[®]

Galanz

SAMSUNG

Skyworth



Prestige[®]

ZOJE
SEWING MACHINE



Note:

1. Based on sale of goods for 12 months ended 31 December 2017

Key Growth Driver 3 – Extensive product portfolio



Margin growth through local manufacturing / Significant capacity increases planned



Refrigerators
(Sonlu³)

• 250,000 units capacity

Televisions
(TCL³)

• 400,000 units capacity

Air conditioners
(Midea / Galanz³)

• 60,000 units capacity

Furniture

• Capacity up to 4% of revenue

Other products

• If duty and transport savings are available

Notes:

1. Current maximum capacity assuming a double shift
2. Of products sold during the 12 months ended 31 December 2017, 43% were manufactured or assembled in house to save duties and transport costs. This is likely to exceed 50% in 2018
3. Technical partners for factory and materials

Key Growth Driver 4 - Extensive distribution



Largest retail distribution network in Bangladesh



380 retail stores¹

- 2 retail formats
- +/- 6% sqm growth p.a

486 dealers¹

- Mom & pop shops
- Institutions & NGO's

E-commerce

- Cash on delivery
- Fast delivery

Country wide after sales network

- 11 service centers
- 460+ service agents

On-line, real-time computer system

- Fast management information

Note:

1. As at 31 December 2017

Key Growth Driver 4 - Extensive distribution



Multiple store formats – Focus on increasing store sizes

SINGER[®]Plus

Total: 358 stores¹

Main retail format (ave. store size 145 sqm¹)

Products

HCDs, house brands, third-party brands and furniture



SINGER[®]Mega

Total: 22 stores¹

Larger flagship store format (ave. store size 268 sqm¹)

Products

Wider premium range of HCDs and furniture



SINGER[®]Pro

Total: 486 stores¹

Wholesale dealers (ave. store size 100sqm¹)

Products

House brand HCDs

Notes:

1. As at 31 December 2017

2. The retail stores comprise 85%, whilst the wholesale dealers 15% of total revenue (for 12 months ended 31 December 2017)

Key Growth Driver 5 - Multiple financial services offerings



Drives significant footfall to stores

Consumer credit products¹



Hire purchase

- 64% of retail sales²
- 119,164 accounts³
- Over 100 years experience
- Unique Singer processes¹
- Low credit default rates¹
- 94%+ of receivables in advance¹

Initial Payment **Monthly Payments**

Financial services (over 64,500 transactions per month²)

Consumer protection plans

Utilities payments (Bill Pay)

Remittances (Western Union)

Mobile phone re-loads (Grameen Phone)

Mobile Money (Bkash)

Note:

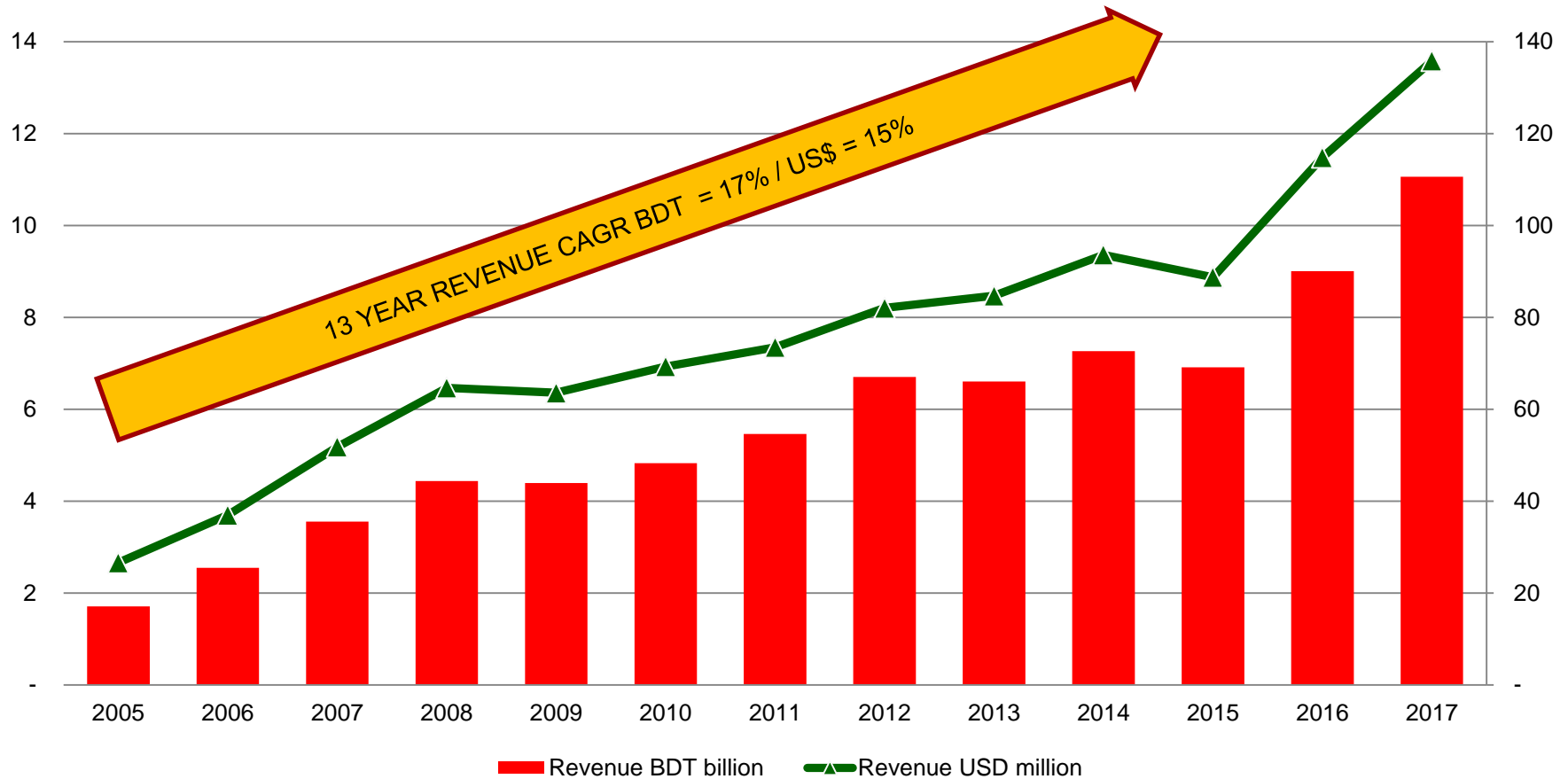
1. Details of credit granting, monitoring and collection processes are provided in Appendix 3, with details of receivables performance in Appendix 4

2. For the 12 months ended 31 December 2017

3. As at 31 December 2017



Revenue (BDT Billion / US\$ Million)¹



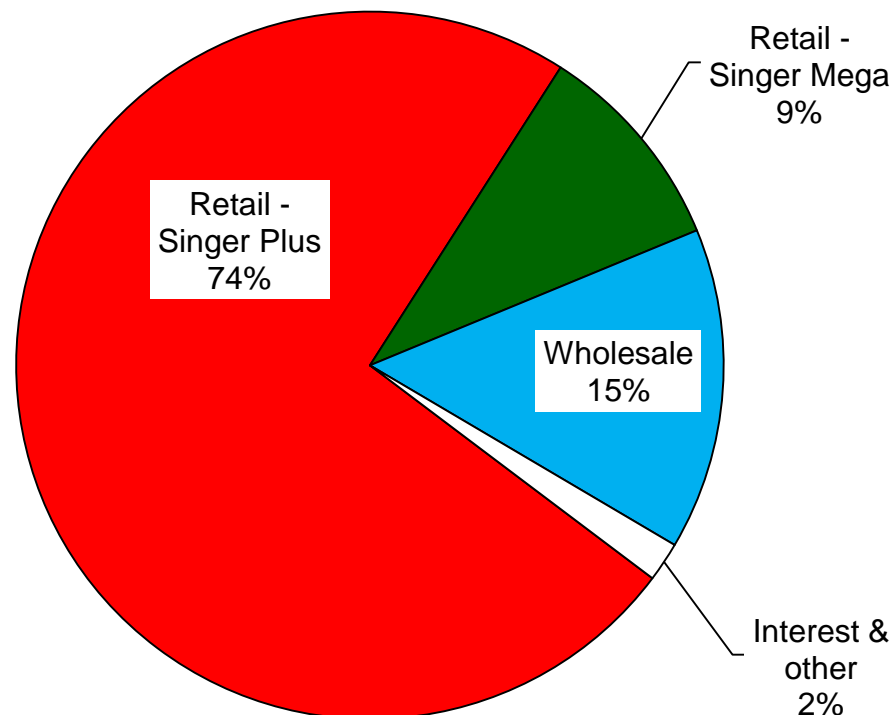
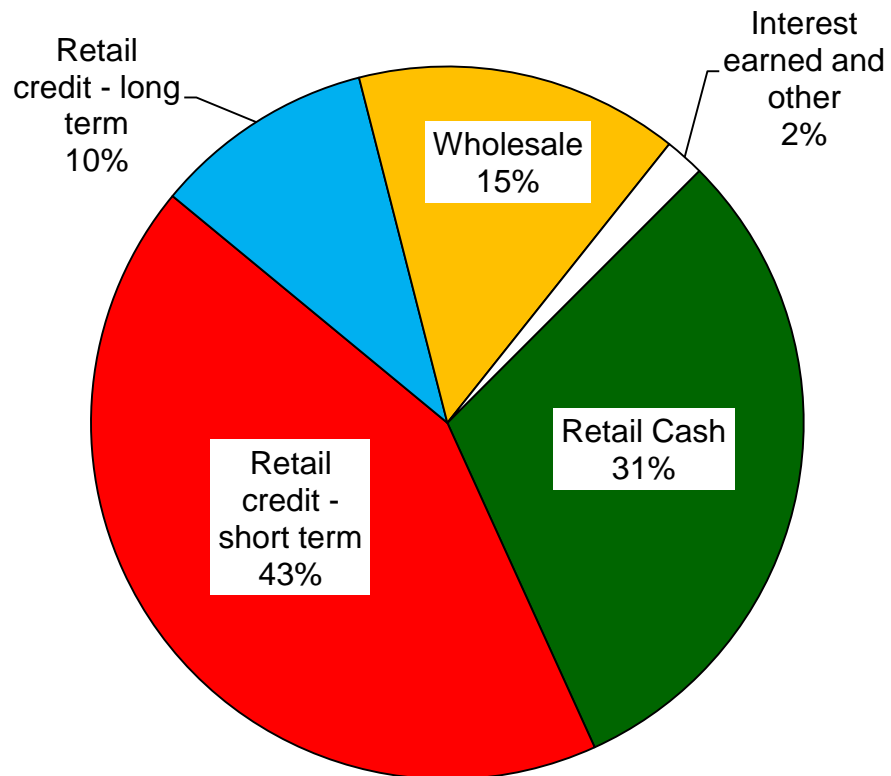
Note:

1. Revenue for 12 months ended 31 December 2017

2. General election instability impacted 2009 and 2013, whilst 2015 was affected by civil unrest



2017 Revenue %

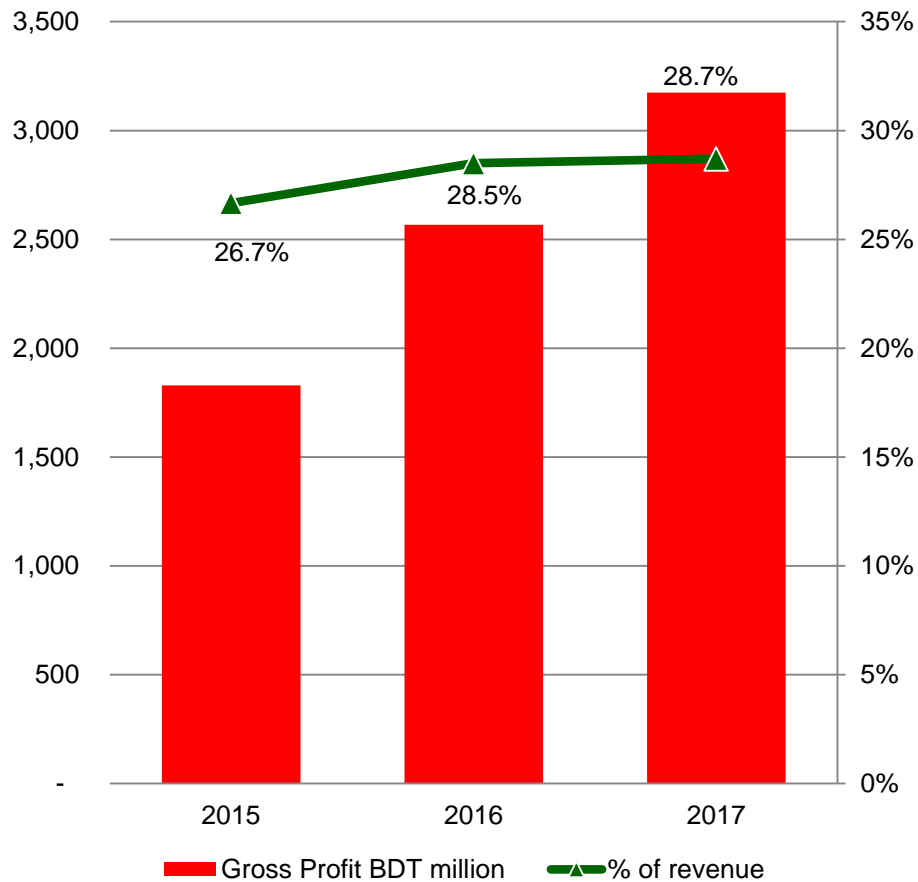


Notes:
1. For 12 months ended 31 December 2017

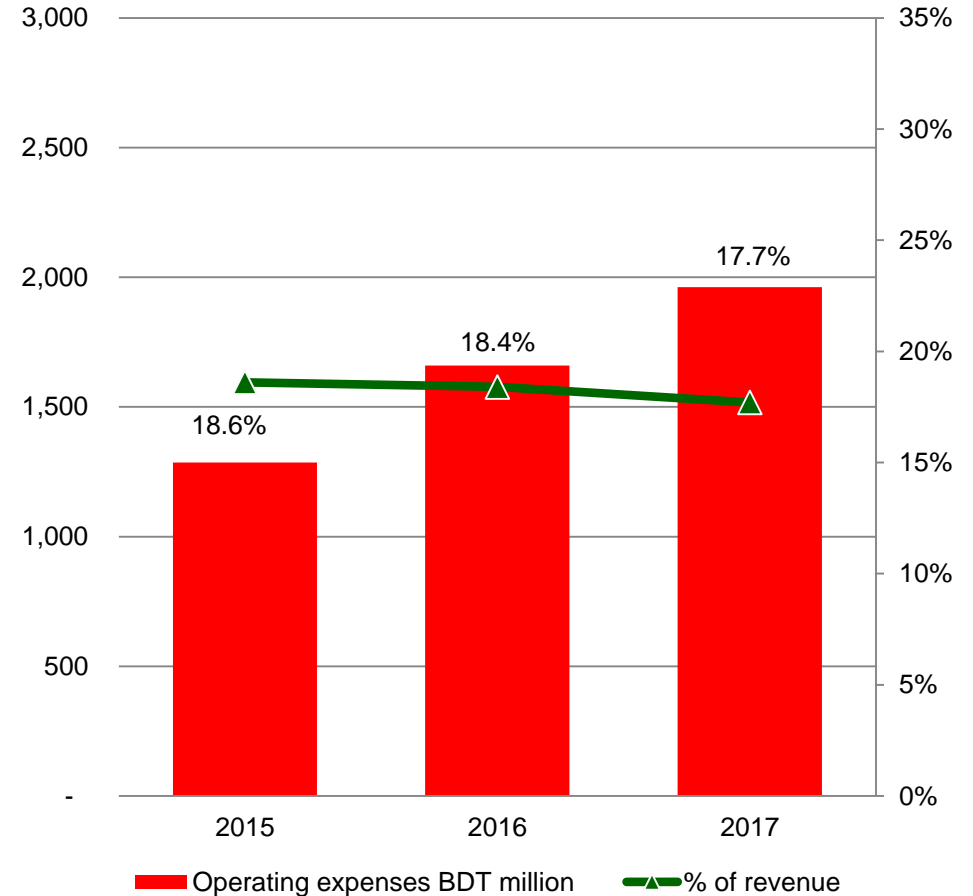


Gross profit and total overheads

Gross profit



Operating expenses

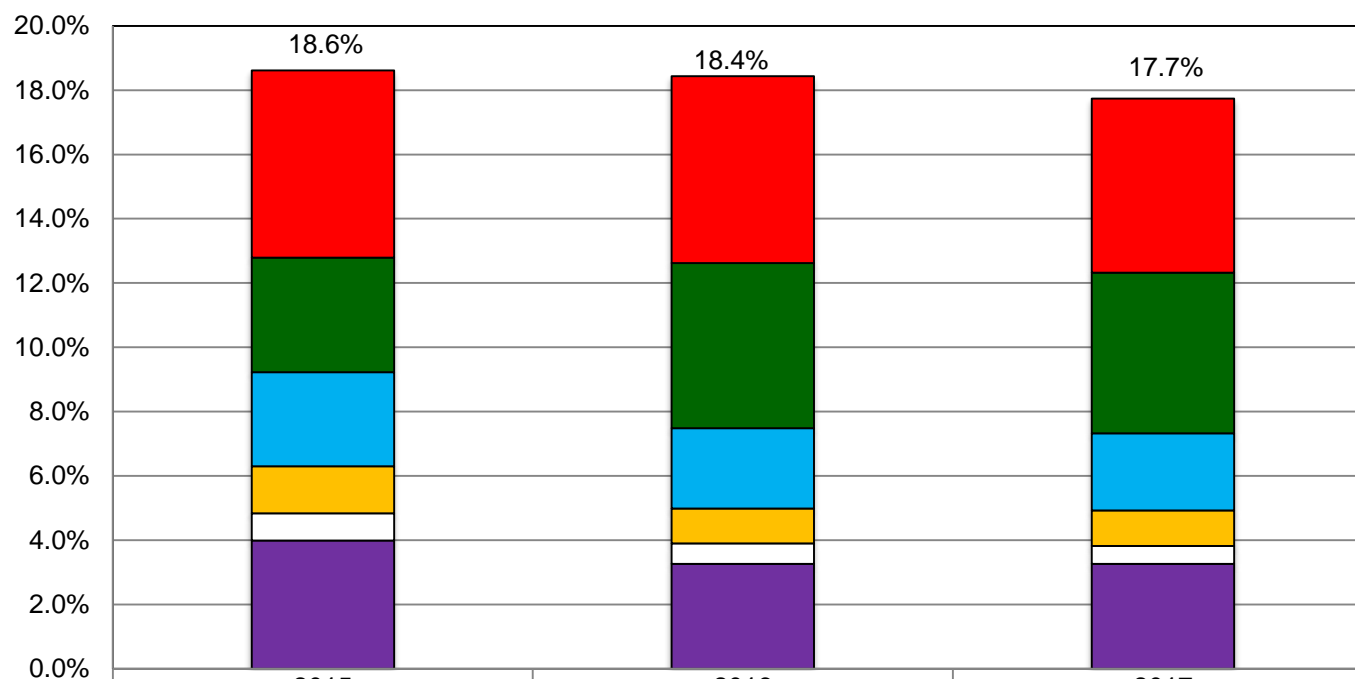


Notes:

1. For 12 months ended 31 December 2017
2. Gross profit includes associate company income (IAL)



Components of total operating expenses as a % of revenue

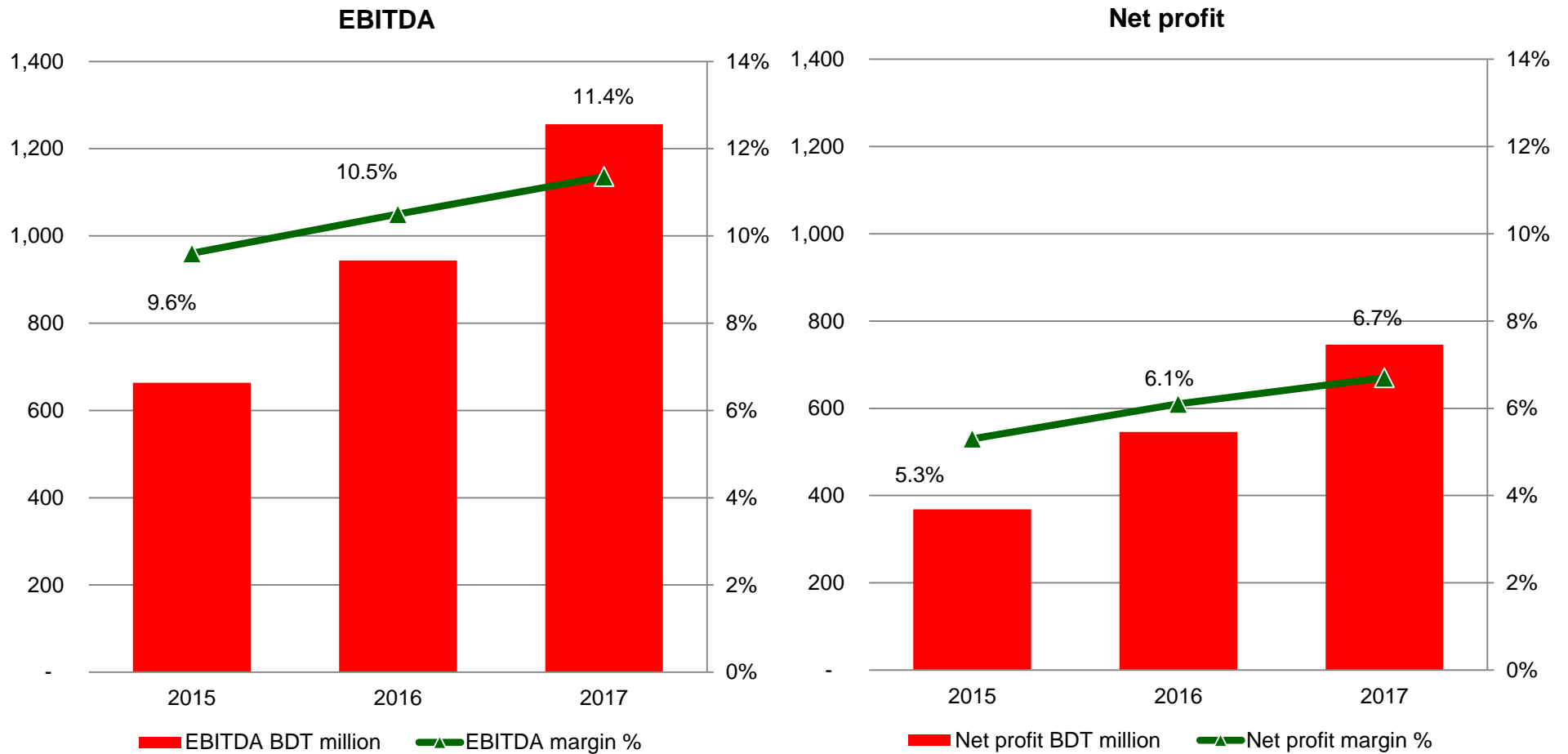


	2015	2016	2017
■ Employee benefits	5.8%	5.8%	5.4%
■ Advertising & promotion	3.6%	5.1%	5.0%
■ Rent and occupancy	2.9%	2.5%	2.4%
■ Royalty	1.5%	1.1%	1.1%
□ Depreciation & amortization	0.8%	0.6%	0.6%
■ Others ²	4.0%	3.3%	3.3%

Notes:
 1. For 12 months ended 31 December 2017
 2. Others comprises items such as product guarantee costs, travel and vehicle costs, bad debts and other sundry expenses



EBITDA and net profit



Notes:
 1. For 12 months ended 31 December 2017

Financials - Summary



BDT in million (unless otherwise indicated)	2017	2016	2015
Income statement			
Revenue	11,059	9,007	6,911
<i>Revenue growth (%)</i>	22.8%	30.3%	
EBITDA ¹	1,256	944	663
<i>EBITDA growth (%)</i>	33.1%	42.4%	
Net profit	746	546	369
<i>Net profit margin (%)</i>	6.7%	6.1%	5.3%
<i>Net profit growth (%)</i>	36.6%	48.0%	
Balance sheet as at end December			
Inventories	2,968	2,160	1,127
Trade receivable	1,856	1,538	1,042
Trade payable	1,508	1,158	804
Net working capital	3,316	2,540	1,365
Cash and cash equivalent	203	152	104
Total interest bearing borrowings	1,587	1,131	19
Shareholder's equity	2,160	1,947	1,417
Debt to equity ratio (times)	0.7	0.6	0.0

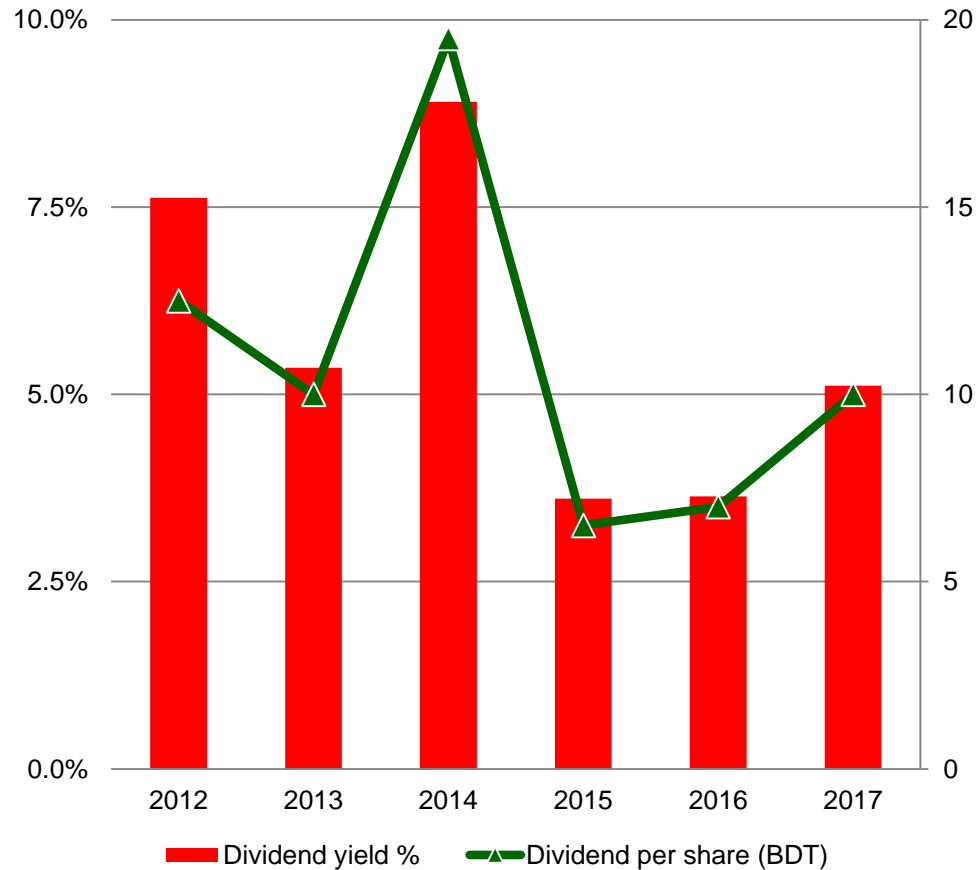
Notes:

1. EBITDA calculated as net operating profit plus depreciation and amortization
2. Information for the 12 months ended / or as at 31 December 2017

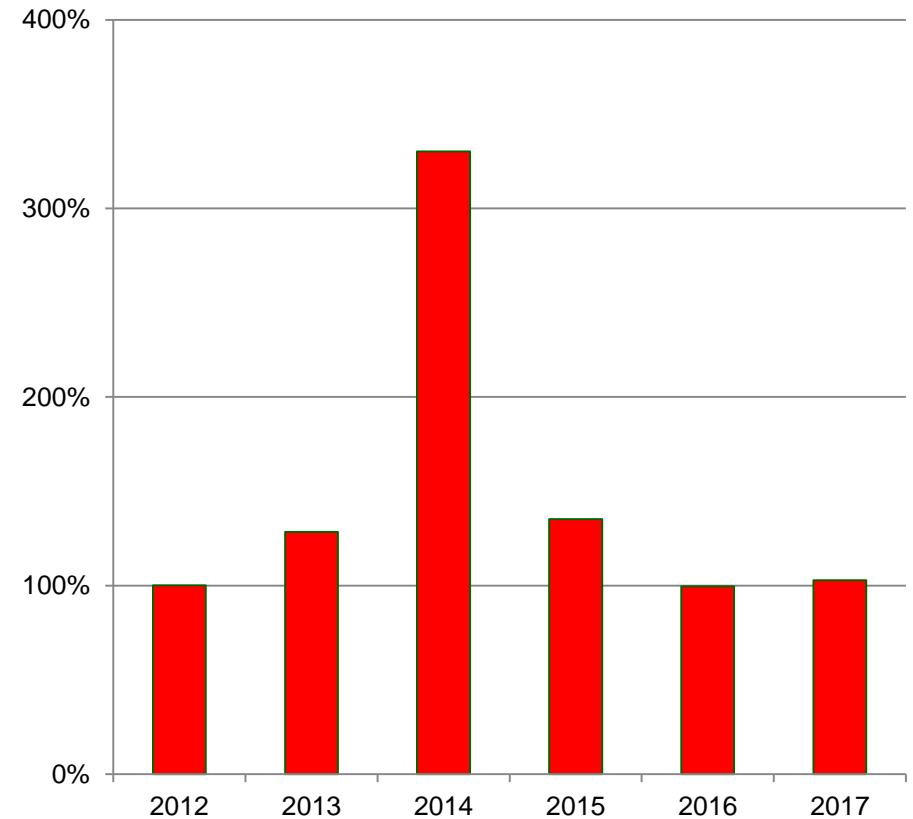


Regular dividend flow

Dividend yield % and dividend per share

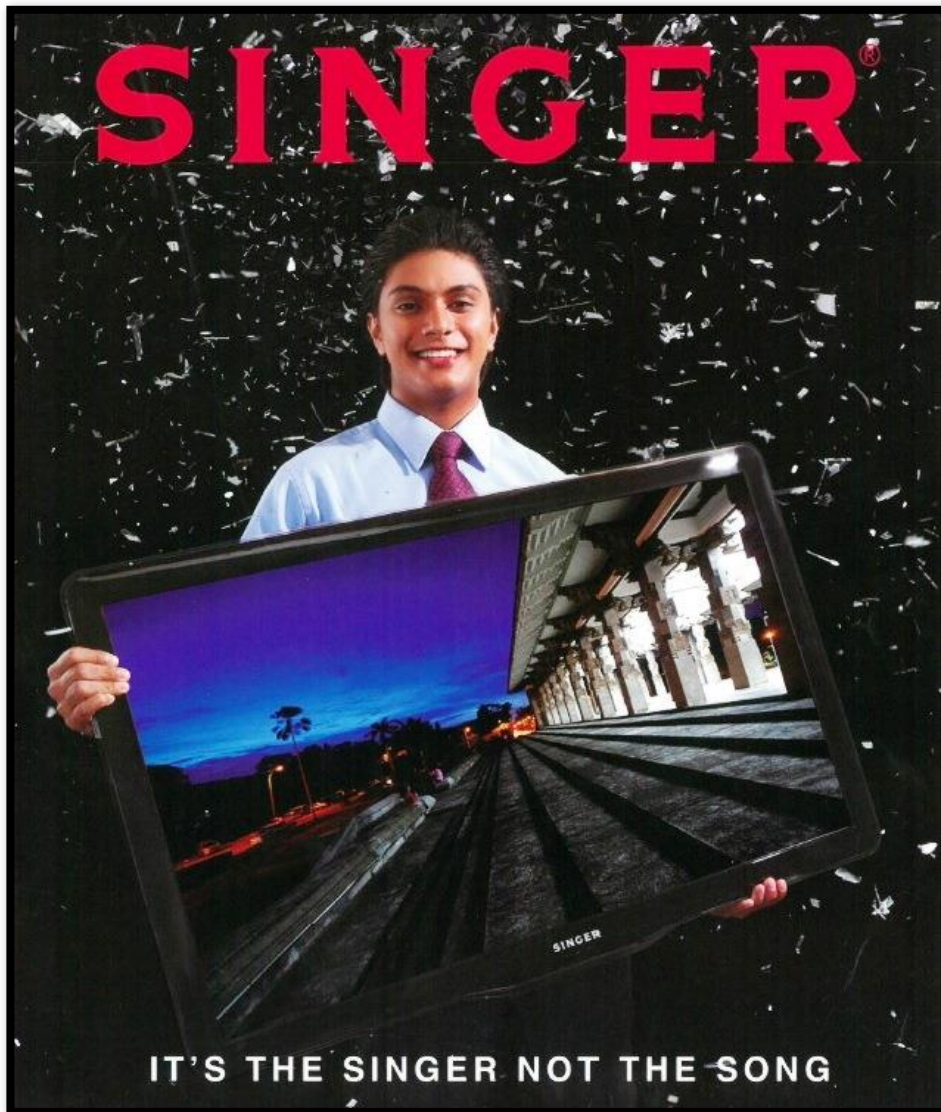


Dividend % of net profit



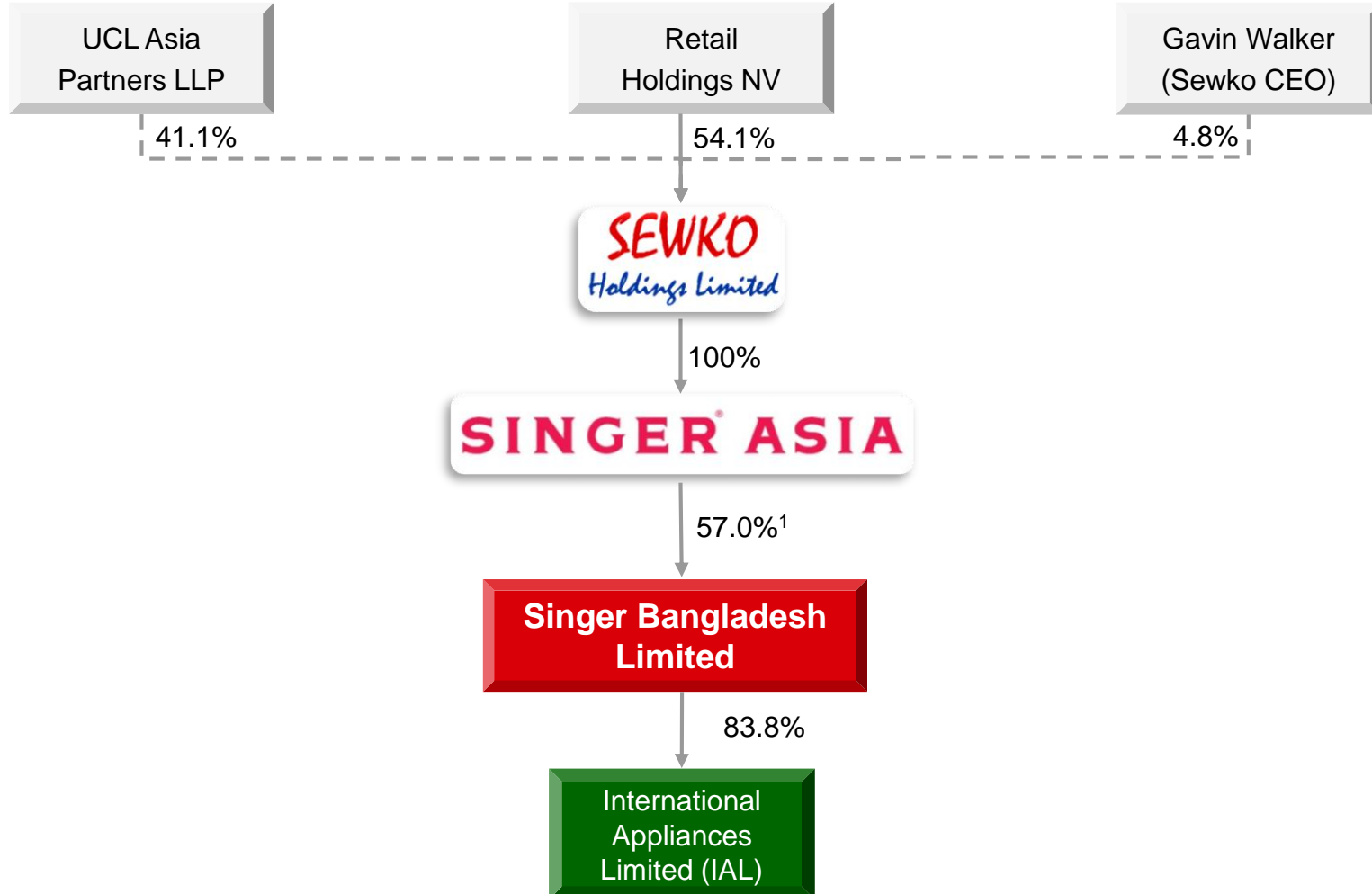
Notes:

1. Based on the share price at 31 December to which the dividend relates
2. Includes cash dividends only



Appendices

Appendix 1 – Group structure



Note:

1. Singer Asia Limited shares in Singer Bangladesh Limited are held via wholly owned intermediate holding companies, with the immediate shareholder being Retail Holdings Bhold B.V.

Appendix 2 – Growing and evolving during 113 years in Bangladesh



Single product / single brand – 52 years

Multi-product / single brand – 48 years

Multi-product / multi-brand – 13 years

1851

- Isaac Merritt Singer founds I.M. Singer & Company (“Singer”) and commences production of sewing machines in the United States

1905

- Singer commences operations in Bangladesh

1988

- Singer commences television assembly in Bangladesh

2005

- Singer introduces an improved credit system and commences expansion of its distribution network
- Introduces third party brands

2008

- Singer launches new financial services products, including inward remittance, in-store bill payment and mobile phone reload services

2012

- Singer commences air conditioner assembling in Bangladesh

2014

- Singer commences furniture manufacturing in Bangladesh

1856

- Singer introduces installment payment plan

1957

- Singer introduces sale of home appliances to complement sewing machine sales in the Asian markets

2004

- Singer forms Singer Asia to hold Asia interests
- UCL Asia acquires stake of Singer Asia

2007

- First Singer Mega store opens in Bangladesh

2010

- Singer implements new Information systems (SIS)

2013

- Singer becomes distributor for additional third-party brands

2016

- Singer commences refrigerator manufacturing in Bangladesh

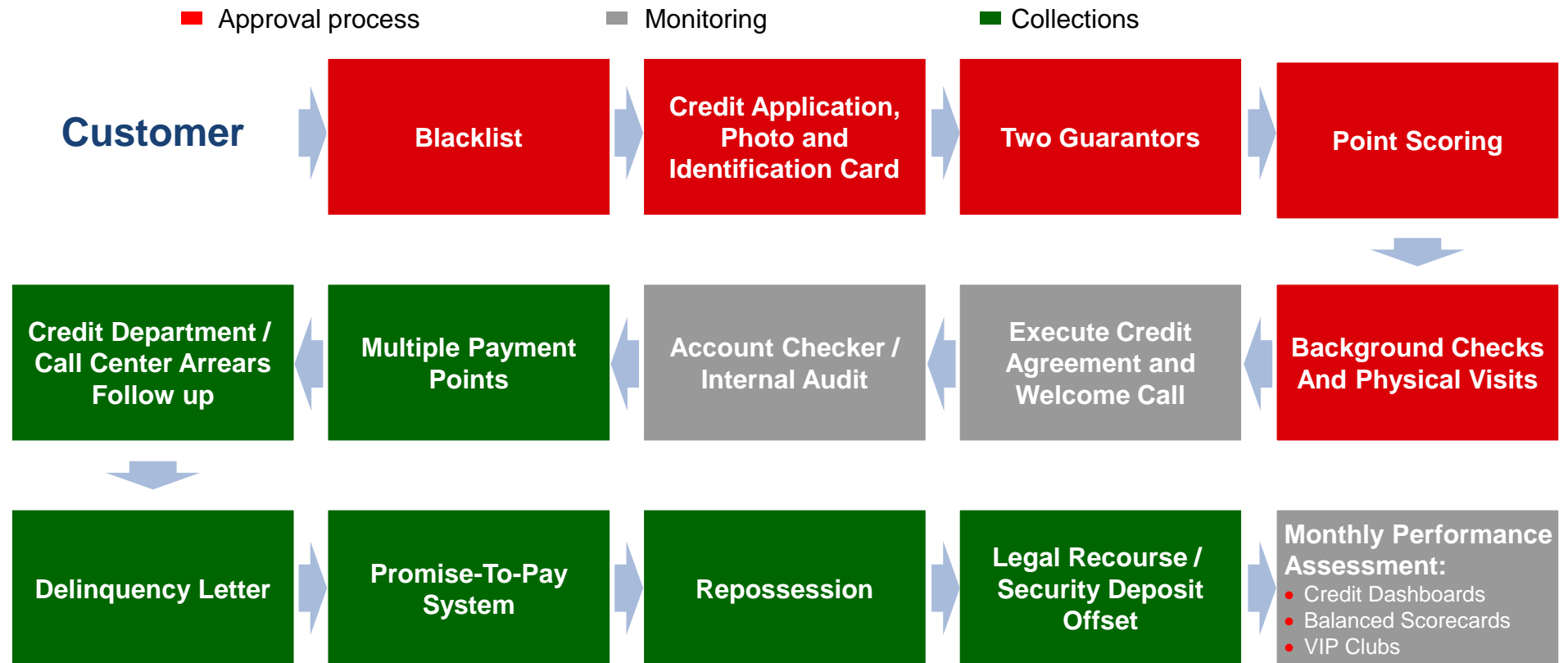
Appendix 3 - Proven credit approval, monitoring & collections process



Unique features of Singer credit model:

1. Branch managers are commission only
2. Branch manager responsible for uncollectible accounts
3. Collection bonus system
4. Advance payments by customers
5. Branch manager can pay on behalf of customer
6. Security deposit

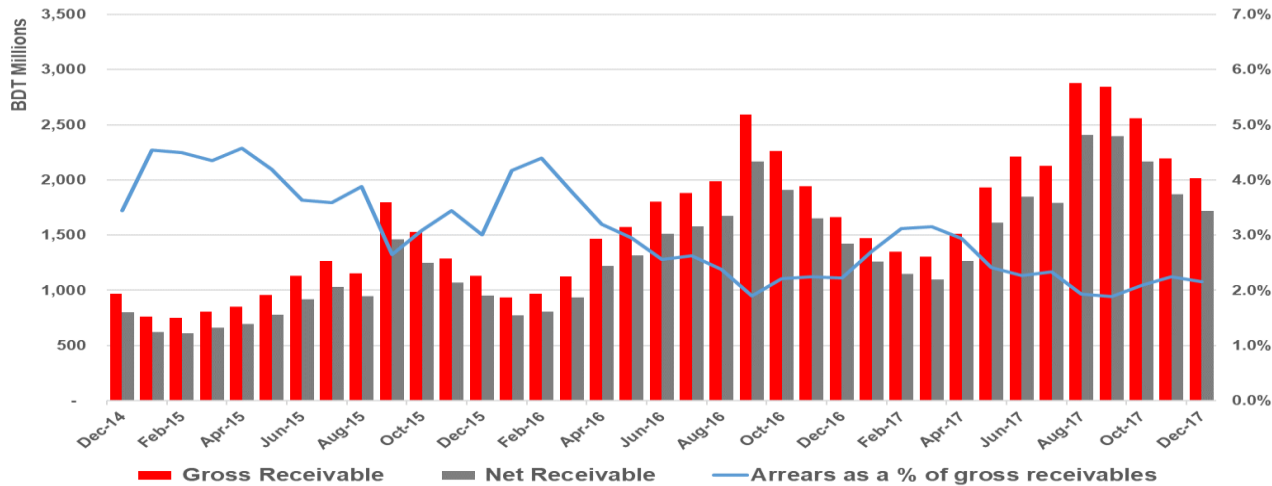
Credit Life Cycle: a systematic step-by-step approach to managing the credit process



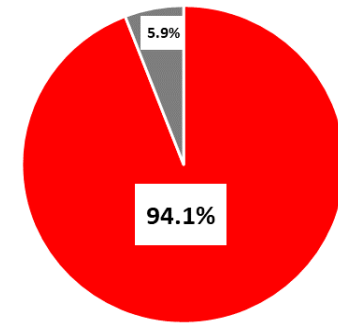
Appendix 4 – Low credit default rates



Significant improvements in arrears % and gross receivables materially increased¹

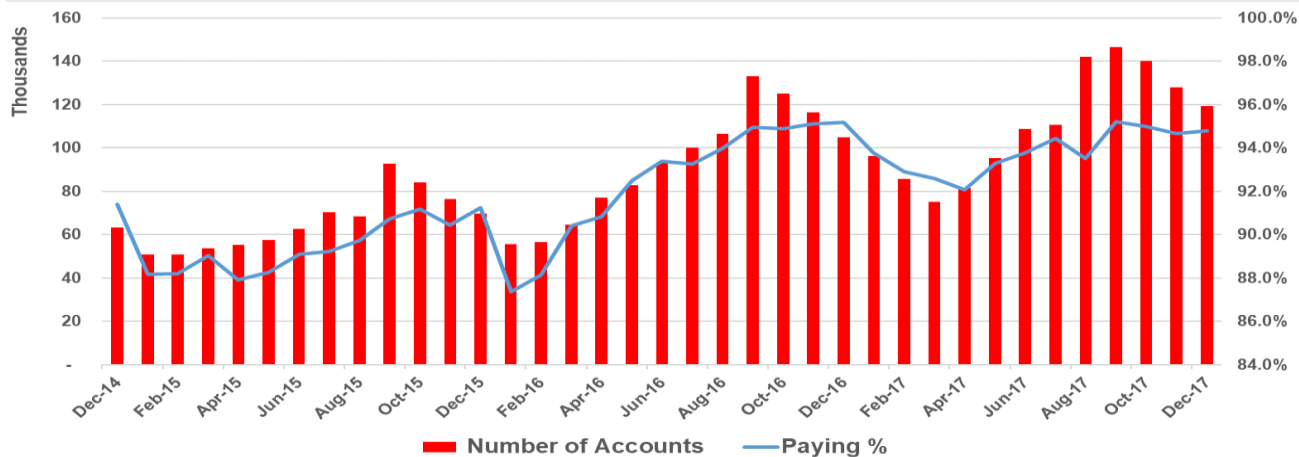


Installment payments in advance¹

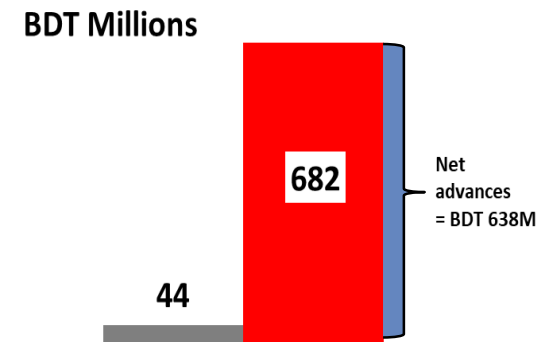


■ % of customers who have made installment payments in advance

Increasing number of accounts and paying percentage¹



Amounts in advance exceed arrears¹



■ Amounts in advance

Note:

1. As at 31 December 2017



Thank you

