

STAMFORD ***TYRES***

30 August 2019

**Annual General Meeting
FY2019**



STAMFORD ***TYRES***

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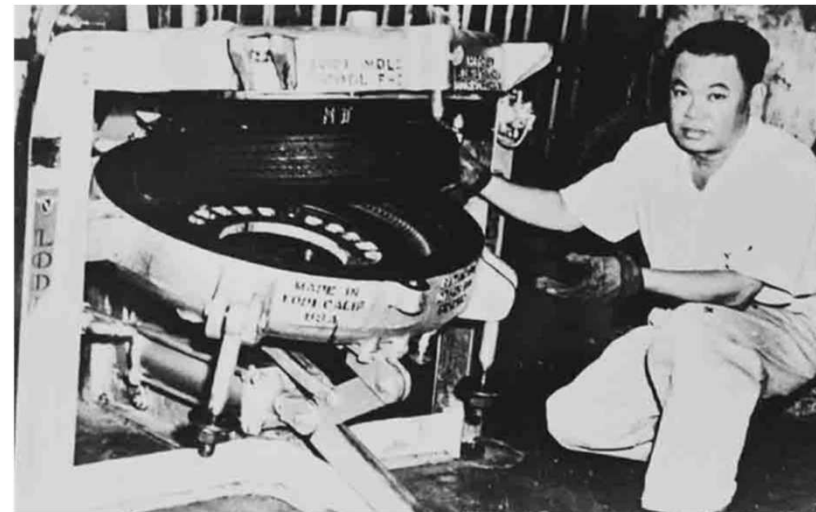
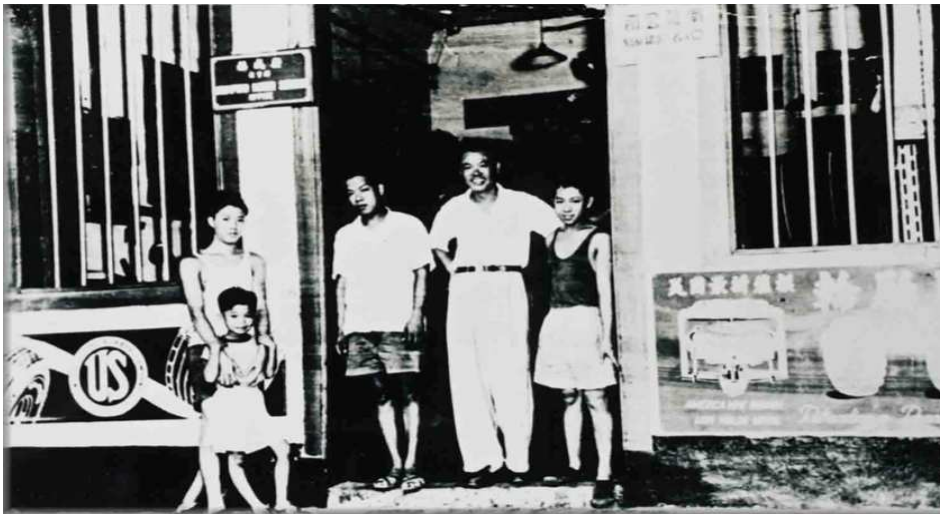
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Stamford Tyres History / Milestones

Our Beginnings

1930's – The late Mr Wee Boon Kwee founded Stamford Motor Service – a modest tyre retail and petrol kiosk business located at Stamford Road.

1950's – Introduced tyre retreading in new Seah Street office.



Our Beginnings

1960's – Finance Minister Dr Goh Keng Swee officiated the new and modern Kallang Factory and office opening.



Our Beginnings

- 1970's – Mr Wee Kok Wah joined the business in 1970 – spearheaded search for tyre agency and diversification to new tyre distribution and value added services
- 1975 – Obtained rights to distribute FALKEN Tyres
- 1976 – Obtained rights to distribute Continental Tyres
- 1976 – Obtained rights to distribute TOYO Tyres



Milestones

- 1990's – Evolved into a corporation. Listed on Second Board of SGX in 1991
- 1991 – Build and expanded Stamford Tyres Malaysia
- 1993 – Established Stamford Tyres South Africa
- 2002 – Established Stamford Tyres Indonesia
 - Launched proprietary made-in-Japan Firenza high performance tyres
- 2003 – Stamford Tyres was upgraded to the Main Board of the Singapore Stock Exchange
- 2004 – Stamford Sport Wheels Company Limited (SSW) commenced operations in Sept
- 2014 – Opened the Stamford Tyres Commercial Centre in Jurong



THE STRAITS TIMES, TUESDAY, SEPTEMBER 3, 1991

Stamford Tyres to trade from Thursday

STAMFORD Tyres Corporation will be quoted on the Stock Exchange of Singapore's Sesdaq board from Thursday.

However, 34 million shares of its paid-up capital of 48 million shares of 25 cents par value which are held by substantial shareholders will not be released for trading for one year.

In addition, Stamford's managing director Wee Kok Wah, executive-director Dawn Wee and director Dr Kwok Weng Fai, have undertaken to hold at least 51 per cent shareholding in the subsequent year.

The share certificates for the 24.48 million shares under two-year moratorium have been endorsed good for delivery only after Sept 4 1993.

The 9.52 million shares under the one-year moratorium, owned by Prudential Asset Management Asia, are endorsed good for delivery after Sept 4, 1992.

Stamford Tyres offered 14 million shares of 25 cents each at 60 cents a share in its recent public issue. Of these, the public portion comprised 8.4 million shares.

The issue was 12 times oversubscribed. In the balloting, more than 42 per cent went to investors who applied for less than 10,000 shares.

Stamford Tyres' on a roll

It's moving up to SGX's mainboard and may well post its best results since listing, says Christie



Stamford Tyres president Wee Kok Wah says the company's aggressive marketing strategy will see it post its best results since listing.

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Stamford Tyres is expected to give its earnings a significant boost, said the analyst.

Stamford's business is still predominantly equity tyres. It sells 12 million tyres a year. In Singapore, sales come from replacement demand, as well as a growing number of original equipment tyres. It is estimated that one-third of Singapore's total tyre sales are captured, and that number rises to half of that, or close to 20,000 pieces.

Revolving is still a major business, although new recycling has been abandoned.

Looking further ahead, Mr Wee says growth opportunities lie outside from joint ventures. "We're also open to M&A (mergers & acquisitions)," he added.

Stamford was in talks to acquire 21 New 99 which services fleets in Singapore, but has since faced the deal's cancellation. It has been in and out of distribution contracts in its portfolio.

Meanwhile, Mr Wee has just put in place a team of young managers to take over when he and his wife - executive vice-president Dawn Wee retire. Their three grown-up children are also in the business. "Of course, we want him to continue till he's 60," said Mr Wee.

"The SGX asked us out for lunch recently. I thought they were going to sanction us."



Core Activities

Our Core Competency

Major Brands



Proprietary Brands



Strong financial resources
(incl. financial personnel
to support a sustainable
distribution model)

Distribution Centres



STAMFORD TYRES

88% of revenue
derived from
distribution

Value-added Activities

- 10 Countries- Over 7,000 3rd Party Dealers
- 17 Stamford Retail Outlets
- 7 Truck Centers
- 7 Contract Workshops
- 10 Mobile Fleet Service
- 3 24-hour mobile service vans
- Off-The-Road Tyre Centres



STAMFORD TYRES

Business Operations

Business Model



Distribution

Manufacturing

Overseas Distribution Network (of Major Brands, namely Falken, Dunlop)

Retail Chain Network (for passenger car tyres & wheels, car workshops)

Truck Centres (which includes TTM, contract customers and mobile fleet services)

Off-the-Road "OTR" Tyre Centers (which includes Total Tyre Management ("TTM") services)

Proprietary Brand Tyres (passenger car radial, light truck, truck bus radial)

SSW Alloy Wheel (Manufacturing)

Retread of Truck and OTR Tyres



Central warehousing and distribution in 10 countries



17 Retail Outlets in South East Asia (mainly in Singapore)



7 Truck Centers
7 Customer Workshops
10 Mobile Fleet Service Vehicles
3 24-hour mobile service vans



In Timika, Balikpapan, Sulawesi and North Maluku Islands



Export to over 90 countries



Export to over 20 countries



In Malaysia, Singapore and Indonesia



Our International Presence (1/2)

Singapore



Malaysia



Indonesia



Timika



South Africa



Australia



Vietnam



Brunei



Our International Presence (2/2)

Thailand (SSW)



Thailand (STD)



Our Joint Ventures

Tyre Pacific Hong Kong (50%)
Countries: HK, Macau, Cambodia, Laos



Tyre Pacific Vietnam (50%)
Country: Vietnam



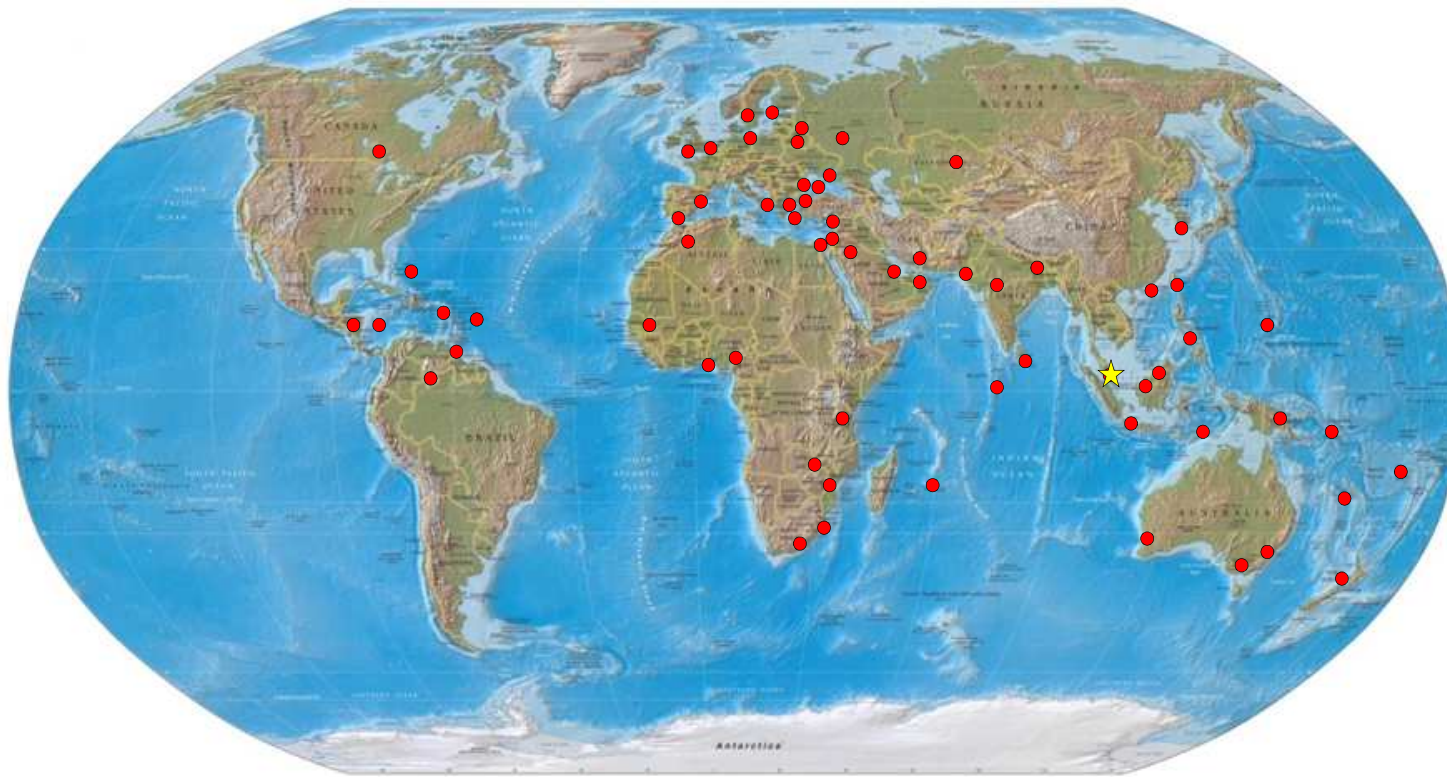
Falken Tyre India (40%)
Country: India



STAMFORD TYRES

Export – International Proprietary Brand Coverage

Currently, the Stamford Tyres distribution network spans more than 10 countries worldwide mainly in South East Asia, Australia, India and Africa. Its export network spans more than 90 countries including Eastern Europe, Western Europe, Africa, Latin America and the Middle East.



Proprietary Brands



Stamford Tyres Regional Activities

STAMFORD TYRES

STAMFORD TYRES

Stamford Tyres Regional Activities

Malaysia

Malaysia



Glenmarie warehouse, 6,500sqm



Truck centre, Klang

- Network: 1,000 dealers nationwide.
- Warehouses: Glenmarie and centralized container warehousing in Kapar, Selangor.
- Value-added activities: Wholesaling and retailing of tyres and wheels, truck centres and tyre retreading.



Tyre retreading plant, Senawang



Falken Azenis FK510 Launch in Malaysia

Stamford Tyres Regional Activities

Thailand



SSW wheels manufacturing factory, Nonthaburi



Bangkok Motor Expo 2018

- Comprise of:
 - Stamford Tires Distributors Co Ltd
 - Stamford Sport Wheels Co Ltd (“SSW”).
- Network: 700 dealers nationwide.



Thailand FALKEN Dealers Incentive Trip to Liverpool,UK



Sooksawad warehouse, 7,500sqm

Stamford Tyres Regional Activities

Indonesia

Indonesia



Mine site at PT Freeport, Irian Jaya



Tyre retreading plant, Timika

****OTR = Off-the-road tyres**

- Comprise of:
 - PT Stamford Tyres Distributors
 - PT Stamford Tyres Indonesia (Timika).
- Network and distribution points: Jakarta, Surabaya, Semarang, Medan, Balikpapan, Banjarmasin, Manado and Timika.
- Tyre technical centres in Central Sulawesi, Morowali and Halmahera.
- Value-added activities: Wholesaling, retail network, OTR** sales and aftersales services, retreading and repair and light vehicle services.



An earthmover tyre inspection on-site in Kalimantan, Indonesia



Earthmover tyre repair works at Timika, Indonesia

Stamford Tyres Regional Activities

Singapore

Singapore



Warehouse at 19 Lok Yang Way



Car servicing at Stamford Tyres Mart retail workshop

• Comprises:

- 17 Stamford Tyres Mart retail centres and workshops
- 4 Stamford Tyres truck centres
- 10 units of 24/7 Mobile Tyre Recovery Services
- 3 units of 24/7 Mobile Van Service (STAR VANS)

• Value-added activities: Wholesaling, international distribution, retail of tyres, wheels and accessories, workshop services, tyre related services, commercial tyres services, retreading and 3PL services.

• Customers include: PSA, Go-Ahead, SMRT, Colex and Samwoh.



RTG Tyre inspection on site
At PSA Port, Singapore



Tyre retreading

Stamford Tyres Regional Activities

South Africa

South Africa



Durban warehouse, 3,157 sqm

- Network: 700 dealers nationwide.
- Warehouses: Cape Town, Durban and Johannesburg.
- Value-added activities: Wholesaling of passenger car tyres as well as commercial truck and earthmover tyres.



New container warehouse in Johannesburg, South Africa



A State of Stance Event in Durban, SA



Delivery vehicles

Stamford Tyres Regional Activities

Hong Kong/FTI

Other markets



TPHK Dealers trip to Japan 2018



FTI Dealers trip to Dubai



Dunlop Tyres' New Product Launch Dinner (LM 705), Hong Kong

Financial Highlights – FY2019

Key Financial Indicators (Comparative)

	FY19	FY18
	S\$'000	S\$'000
Revenue	229,375	242,437
Gross profit	50,040	60,584
GP %	22%	25%
Operating costs	(52,901)	(59,413)
Share of results of JVs	297	1,637
Profit before tax	2,235	8,226
Net profit after MI	474	5,193
EPS (cents)	0.20	2.20
NAV (cents)	52.34	53.81

Financial Ratios


No	Ratio	FY19	FY18
1	Inventory turnover	187 days	176 days
2	Receivables turnover	87 days	91 days
3	Payables** turnover	122 days	135 days
4	Cash conversion cycle	152 days	132 days
5	Current ratio	1.76	1.69
6	Quick ratio	0.78	0.85
7	Net gearing	0.60	0.54

****Note : Payables consist of trade payables and trust receipts borrowings.**

Cash Flows

		FY19 S\$'000	FY18 S\$'000
Net cashflows from operating activities	[A]	(2,023)	16,273
<i>Decrease / (increase) in receivables</i>		6,932	8,803
<i>(Increase) / decrease in inventories</i>		(3,945)	(10,036)
Net cash used in investing activities	[B]	(705)	(4,424)
<i>Additions of property, plant and equipment (PPE)</i>		(2,604)	(4,927)
<i>Dividend income from joint venture company</i>		1,042	352
<i>Proceeds from disposal of PPE</i>		857	151
Net cashflows used in financing activities	[C]	(5,082)	(11,671)
<i>Net proceeds from/ (repayment of) trust receipts</i>		1,549	(9,629)
<i>Repayment of long term loans</i>		(4,492)	(16,575)
<i>Proceeds from long-term loans</i>		-	17,560
<i>Dividends paid to shareholders</i>		(2,356)	(3,534)
Net cash (decrease)/ increase during the year	[D]=[A]+[B]+[C]	(7,810)	178
Cash and cash equivalents at beginning of the year	[E]	21,877	21,693
Effect of exchange differences	[F]	(358)	6
Cash and cash equivalents at end of the year	[D]+[E]+[F]	13,709	21,877

Dividends History



	FY15 S\$'000	FY16 S\$'000	FY17 S\$'001	FY18 S\$'000	FY19 S\$'000
Profit after tax	1,703	2,587	8,112	5,193	474
Dividend	2,356	2,356	3,534	2,356	2,362
Payout ratio	138%	91%	44%	45%	498%
Dividend per share (cents)	1.0	1.0	1.5	1.0	1.0
Dividend yield (%)	2.5%	3.7%	4.8%	2.9%	3.7%
EPS (cents)	0.73	1.10	3.44	2.20	0.20

Group Strategy And Outlook

Group Strategy And Outlook

Drive topline growth via brands and products diversification

- Deliver timely response to market needs and trends.
- Defend GP margin above 20%.
- Expand our sales and retailer network for tyres and wheels.
- Continue to focus on value-adding segments such as mining-related services, Stamford Tyres Mart retail chain and truck commercial centres.
- Continue to work closely with our Principals to improve communication, profitability and product mix.

Contain operating costs and rationalise current assets

“Thank You!”



From the Management Team