



**SINGAPORE 1000**  
**SINGAPORE SME 500**

## **SPEECH**

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**Singapore 1000 & SME500**  
***incorporating* Singapore International 100**  
**2010 Media Conference**  
**21 January 2010**

- 1 Ladies and Gentlemen,
- 2 Thank you for attending this afternoon's media briefing.
- 3 Over the last 22 years, the Singapore 1000 and SME 500 has charted the corporate stars of our nation's most successful companies and SMEs by annual audited financials. This has provided a quantitative listing and record of the republic's top economic producers for over 2 decades.
- 4 As the ranking body, DP Information has continued to measure indicators that are relevant and significant to the economic needs of the present and the future.



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5 Each year therefore, we endeavour to incorporate new ways of measuring the success of Singapore companies and this year is no exception. Let me begin by stating what is new in this 23<sup>rd</sup> annual ranking.

6 I am pleased to announce that the Singapore 1000 and SME 500 rankings have been combined with the Singapore International 100 awards.

7 Internationalisation is critical to the continued growth of Singapore companies and with this recognition, we will continue to profile the companies and SMEs that have achieved success on the global front.

8 By combining these awards we have created the most comprehensive quantitative corporate awards in Singapore's suite of business accolades.

9 Now the awards cover small, large and global companies based in Singapore.

10 To arrive at the final rankings, the financial results of more than 17,000 companies have been studied.

11 And to ensure the results are authoritative we use only the financial results that have been signed off by an auditor.

12 This means this year's ranking is the most comprehensive survey and analysis ever undertaken of Singapore's corporate sector.

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- 13 When we presented the results of the 2009 rankings, Singapore was facing an unprecedented economic challenge, as the world had slumped into a deep recession.
- 14 At that time we reported that Singapore's corporate sector was in a strong position – with healthy profits, low levels of debt and healthy cash holdings.
- 15 Now, 12 months later we can report on how our corporations and small and medium enterprises have fared during this difficult period.
- 16 If there was one word that best sums up the performance of our corporate sector during the global financial crisis it is 'resilient'.
- 17 The impact of the crisis can clearly be seen in the lower level of profitability achieved this year as well as the increase in the number of loss-making companies in this year's Singapore 1000.
- 18 Overall, Singapore's small and large companies had done remarkably well given the difficult trading conditions they experienced in the fourth quarter of 2008, and into first half of 2009.
- 19 Allow me to illustrate this severity. The Gross Domestic Product (GDP) for Singapore fell from a flat 0% growth in the third quarter of 2008, dipping well into -9.5% in



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- the first quarter of 2009, making only a brief recovery to -3.3% in the second quarter of last year.
- 20 Therefore, it may surprise you to see that Singapore's top 1000 companies recorded a combined 11.1% increase in revenue to a record \$1.7 trillion.
- 21 Of the sectors and companies which maintained a positive sales growth, much of it is because it reflects the strong sales recorded in the period immediately before the world sank into recession.
- 22 As companies have different reporting periods, the Singapore 1000 ranking has mainly captured the results of companies reported between April 2008 and March 2009.
- 23 The recession affected different industries in different ways. Some sectors managed to increase their sales during the ranking period.
- 24 One example of an industry that did well is the construction sector. It appears the construction sector has held up well as it has benefited from long-term contracts and projects that can span many months.
- 25 In contrast, other industries had a very tough time during the downturn. In particular, the finance sector struggled, recording a 34.2% slump in revenue – the largest of any sector.



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26 As the global financial crisis began in the financial markets in the US, spreading to Europe and other parts of the world, Singapore's finance sector was inevitably hit hard.

27 After the Finance sector, the industries which were hardest hit were the Information & Communications sector with a 14.7% decline in sales, followed by the Services sector which recorded a 10.4% dip.

28 Where the impact of the downturn was keenly felt was at the profit levels of our nation's largest companies.

29 Collectively, the profit levels of the S1000 companies declined by 27.1% to \$95.7 billion.

30 The Property sector had the greatest profit decline with 42.0%.

31 This is followed closely by the Holdings sector with a 40.0% dip in profit.

32 As Singapore is an open and trade focussed economy, the global downturn had a major impact on two of our most important business sectors - Manufacturing and Wholesale.

33 Manufacturing profits fell by 37.9% while those of the Wholesale sector declined by 32.5%.

34 Another indication of the severity of the downturn can be seen in the number of loss making companies which

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- rose from 76 in 2009 to 139 in 2010, with their total losses rising by 150.1% to \$6.9 billion.
- 35 Compared to their larger counterparts, the impact of the downturn on the SME500 companies has been less severe.
- 36 This may, in part, be attributed to agility of smaller companies in reacting to the changing economic environment. SMEs have proven to have remarkable nimbleness in their ability to realign their business according to market conditions in a timely manner.
- 37 Overall SME sales rose by 4.7% to \$15.6 billion, while profits dipped by just 0.2%.
- 38 One impact of the recession has been the decrease in the number of wholesale and manufacturing companies making the SME 500 rankings.
- 39 There are 20 fewer Wholesale firms and 23 fewer Manufacturing SMEs compared to last year's rankings, clearly the result of the slowdown in global trade volumes.
- 40 I will now turn to the Singapore International 100 ranking. This ranking recognises Singapore's Top 100 companies ranked by overseas revenue.
- 41 The SI100 also identifies the top companies with the largest revenue contributions from the markets of



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- Africa, the Americas, China, Europe, India, the Middle East, North Asia, Oceania and Southeast Asia.
- 42 The total overseas revenue of the top 100 companies amounted to \$204.9 billion, a healthy 17.9% growth from the previous ranking in 2008.
- 43 Southeast Asia remains the largest source of overseas revenue for the Top 100 companies, accounting for 26.6% of overseas revenue.
- 44 China accounted for 23.2% of the overseas revenue, while Europe with 17.9% was ahead of the Americas with 14.1%.
- 45 Southeast Asia is also the largest source of overseas revenue for SMEs. However, in contrast to the larger companies, SMEs have an even greater interest in the market, with 38.0% of SMEs having overseas revenue from its neighbouring countries.
- 46 The next important market for overseas revenue for SMEs is India at 14.9%, with Europe at 11.6%.
- 47 Not surprisingly, the Wholesale Sector generates 40.6% of the revenue of the top 100 International companies.
- 48 This is followed by the Transport/Storage sector at 22.6%.



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49 I would now like to turn to what I believe is one of the more interesting aspects of this year's rankings.

50 And it is the reason why we can claim that Singapore's corporate sector has demonstrated amazing resilience in the global financial meltdown.

51 Despite the toughest trading conditions in living memory, Singapore's top 1000 companies have actually improved their credit standing.

52 The number of S1000 companies receiving the prestigious DP1 Credit Rating rose from 88 in 2009 to a record 100 in 2010.

53 Clearly this runs counter to expectations, as in an economic downturn, we would anticipate more companies to have their credit rating downgraded.

54 But there is an explanation and it reflects well upon the management competence of our business leaders.

55 As the crisis hit and credit became scarce, a strategy employed by many companies was to strengthen their balance sheets.

56 This involved improving their cash flow so as to be less reliant on external funding.

57 They achieved this by lowering their debt levels, reducing their accounts receivables and raising the level of cash they hold.



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58 This explains why the number of S1000 companies receiving DP's top credit rating has increased in a time of economic turmoil.

59 To look at this another way, more of Singapore's top companies are less likely to default on a debt owed now than they were before the crisis hit.

60 So while the world became financially unstable, our companies strengthened themselves internally. This is quite an achievement and a credit to the management skills and common sense of our corporate leaders.

61 Conversely, on the High-Risk scale of DP7 to DP8, there was an increase of 7 companies to 18.

62 The economic downturn has also tested the weaker companies where credit worthiness is concerned and those companies that were weaker over the good times, would find their credit rating even more severely stressed over the downturn.

63 The credit standing of the SME500 companies also showed an increase in the number of companies rated DP1-4 Investment Grade.

64 This year 33% of SME500 companies have Investment Grade credit ratings, compared to just 13% last year.



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65 I would now like to make an announcement about the Singapore 1000 family of corporate rankings that will take place in 2011.

66 Starting next year, the Accounting and Corporate Regulatory Authority (ACRA) will join our team as a supporting organisation.

67 ACRA will bring substantial expertise to the rankings – in particular the inclusion of financial corporate data filed through XBRL.

68 We are looking forward to working with ACRA to promote openness and transparency among our local companies.

69 The participation of ACRA in the awards brings a greater emphasis on corporate governance standards to the Awards.

70 Starting in 2011, the steering committee will examine whether companies have complied with reporting deadlines and other regulatory requirements when considering a company for an award.

71 As a supporting organization, ACRA will join IE Singapore, SPRING Singapore, IDA Singapore and The Business Times, in providing expertise and guidance to our awards.

72 And in addition to our supporting organizations I would like to acknowledge our key sponsors.

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73 I would like to thank HSBC for their ongoing support for these awards and rankings.

74 HSBC's service to Singapore's corporate community is well known and extends back more than a century.

75 This year we also welcome Experian as a key sponsor for the Singapore 1000 family of awards.

76 Experian is the world's largest credit reference agency. Like HSBC, Experian is a constituent of the UK's FTSE 100 Index and I believe their global credit analytics and expertise have much to offer to the Singapore business community.

77 Finally I would like to acknowledge our Co-producer Ernst and Young Solutions LLP for their invaluable commitment to this undertaking for the last 13 years.

78 Let me now introduce Mr Lim Tze Yuen with Ernst & Young to explain their role as technical advisors to these rankings, as well as to announce the recipients of the Singapore 1000 Sales/Turnover and Sales/Turnover Growth awards.

79 Thank you.

END