

## **SPEECH**

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### **Speech by**

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### **“Fastest Growing 50” 2010 PRESS CONFERENCE**

**August 30, 2010**

- 1 Ladies and Gentlemen of the media,
- 2 On behalf of DP Information Group, thank you for attending this morning’s press conference to announce the Fastest Growing 50 Companies in Singapore for this 9th annual year.
- 3 For anyone in business, there is nothing more exciting than seeing your hard work and effort rewarded with the rapid growth of your company.
- 4 To qualify for the FG50, a company must achieve a minimum of 10% turnover growth every year for the last three years – and most importantly – they must remain profitable during each of these three years.

- 5 So you can see that FG50 companies are among some of the best managed enterprises in Singapore. That is why they have achieved such impressive financial results.
- 6 The prudence of the management of these FG50 companies is further confirmed by their credit ratings.
- 7 This year's FG50 qualifying companies show you can achieve growth while maintaining strong overall financial health. This proves that fast growth can be achieved without unnecessary financial risk.
- 8 One approach companies can take to increasing sales is to take on large amounts of debt in order to ramp up their operations.
- 9 This often results in the company's credit rating being downgraded which directly reflects a higher chance of the company defaulting on a debt.
- 10 An analysis of the 364 FG50 qualifying companies shows this is not the case for the vast majority of them.
- 11 This year a record number of qualifying companies – 230 of 364 or 63.2 percent - have a healthy credit rating of DP1-4.

- 12 This means they are considered 'Investment Grade' companies with a probability of defaulting on a debt of between 0.1 and 1.0 percent.
- 13 Another 132 qualifying companies - or 36.3 percent- are rated as DP5-6 and considered 'High Yield'.
- 14 Only two of the qualifying companies have a credit rating of DP7-8 which places them in the 'High Risk' category.
- 15 So this proves it is possible to grow fast without jeopardising the overall financial health of a company – in other words, fast growth can be achieved without unnecessary financial risks.
- 16 We have also seen a consistent improvement in the credit standing of the FG50 qualifying companies over the last two years.
- 17 In the 2008 rankings, 52.9 percent of the companies were Investment Grade, with 44.0 percent as High Yield and 3.1 percent (11 companies) in the High Risk category.
- 18 The credit risk profile of the top 50 winners has also improved over the last two years. In 2010, 46.0 percent of award winners are Investment Grade companies, compared to 42.0 percent in 2008.
- 19 While there were two winners with High Risk credit risk profiles in 2008, the current 2010 FG50 companies have no High Risk profiles.

- 20 The improvement in the credit standing over the last two years can be attributed to the way many Singapore companies responded to the Global Financial Crisis.
- 21 By taking prudent steps such as strengthening their balance sheets, pursuing collections over their receivables and reducing their overall level of gearing, many companies have managed to achieve rapid increases in sales while improving their credit risk profile.
- 22 I would now like to discuss some other interesting aspects we have identified in this year's FG50 result.
- 23 If we examine the list of companies that met the tough qualifying criteria, we see that a record number of SMEs have made the list.
- 24 This year, SMEs have had their best showing ever, with 103 companies meeting the tough qualifying criteria.
- 25 This represents 28.3 percent of the 364 companies in Singapore that qualified –the highest percentage of SMEs ever.
- 26 In addition, 20 percent of this year's top 50 Award winning companies are also SMEs.

- 27 This is a remarkable achievement, given the economic conditions during the last three years have been so challenging and turbulent.
- 28 Singapore companies both large and small, have been able to find winning business formulas – even against a backdrop of difficult economic times.
- 29 Many larger firms have the resources to explore mergers or acquisitions of under-valued competitors in order to grow.
- 30 For the SMEs, their size gives them flexibility to move quickly and seize opportunities that can arise in a period of economic upheaval, such as the period we have just come through. They have to be smart and fast in order to survive and thrive at such exponential growth rates.
- 31 The fact that more than 100 SMEs have shown double digit growth for each of the last three years shows these firms are well managed and have effective business models.
- 32 One common thread that we have observed over the years of ranking the nation’s fastest growing companies is their ability to generate overseas revenue.
- 33 Eighty-eight percent of the FG50 2010 companies have an overseas presence. This is up 16% from last year.

34 Eight of the 10 SMEs that are receiving the FG50 awards this evening have revenue originating from overseas. This also represents an improvement over the previous year, where 70% of the FG50 SME recipients had overseas revenue contributions.

35 Therefore this year, apart from recognizing the top 50 fastest growing companies overall, we will be acknowledging the top 10 fastest growing internationalising companies.

36 To arrive at this ranking, we take into consideration the companies' compounded annual growth rate for overseas revenue for 2 years, over the period from 1 June 2006 – 31 May 2009.

37 I would now like to discuss another important aspect of the FG50 awards.

38 As you would be aware, the Economic Strategies Committee has an objective of having 1,000 companies with revenues in excess of \$100 million operating in Singapore in the next 10 years.

39 For this objective to be achieved we cannot rely on foreign companies to fill out the ranks of our successful enterprises – rather we must ensure we are producing enough home grown enterprises to reach this target.

40 The FG50 is an excellent means of identifying the type of companies that will reach the \$100 million milestone.

41 I am pleased to say that over the last five years, the bulk of FG50 companies have been home grown success stories. Of the 250 companies that have received awards since 2006, 156 or 62% originate from Singapore.

42 These local FG50 winners are role-models that should inspire other budding business people and aspiring entrepreneurs to create their own dynamic and successful business enterprises.

43 After Singapore, the countries with the highest representation in the FG50 have been: Japan (11); USA (9); China (9); Germany (7) and the United Kingdom (7).

44 I will now examine the list of FG50 qualifying companies and the industries they come from.

45 The previous few years have seen unprecedented change and challenges right across the world's markets.

46 As a result, the performance of companies in different industry sectors has been varied, with some finding the conditions exceptionally tough, while others have found and seized opportunities.

47 Three sectors where the global financial crisis had a major impact are the Manufacturing, Wholesale and Finance sectors.

48 These three sectors have traditionally been strongly represented in both the qualifying list as well as the list of the top 50 award winning companies.

49 As a result of the global downturn last year, all three sectors recorded a decline in the number of qualifying companies –

- Wholesale from 121 to 108 companies;
- Manufacturing from 75 to 56 companies; and
- Finance from 37 to just 12 companies.

50 While the traditionally strong sectors struggled to record consistent growth, an encouraging sign is the improved performance of several other industries.

51 The number of qualifying Construction firms increased from 20 to 34, and the number of award winning Construction firms increased from 5 to 8.

52 The Transport/Storage sector recorded an increase in qualifying companies from 40 to 57, with the number of winners from this sector also rising from 9 to 12.

- 53 The Retail, Services and the Hospitality F&B sectors also registered an increase in the number of companies meeting the qualifying criteria.
- 54 So while the traditional powerhouse sectors of the Singapore economy fought their way through the tough economic conditions, other industry sectors stepped up and produced strong results, highlighting the strength that comes from the diversity of the Singapore economy.
- 55 This evening, the “Fastest Growing 50” companies and the Top 10 Fastest Growing Internationalising Companies for 2010 will be honoured at an awards ceremony at the Ritz-Carlton Millenia Singapore.
- 56 The Guest of Honour for the event is Mr Sunny Verghese, Chairman, International Enterprise Singapore and I would like to invite each of you to join us and to take the opportunity of meeting some of the people behind these amazing 60 companies.
- 57 Ladies and Gentlemen,
- 58 Before I end, I would like to acknowledge the organisations that make the FG50 possible each year.

59 First I would like to thank our supporting organisations, Ernst & Young Solutions, IDA Singapore, IE Singapore, SPRING Singapore and The Business Times.

60 And of course, I am deeply grateful to our Key Sponsor, HSBC Singapore. HSBC have been an active and vital part of Singapore's business community for more than 130 years.

61 Thank you.