

## **SPEECH**

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**Speech by Ms Chen Yew Nah**

**Managing Director, DP Information Group**

**At the SME Growth Excellence Recognition 2010**

**Media Briefing**

**May 18, 2010**

## **INTRODUCTION**

- 1 Ladies and Gentlemen,
- 2 Thank you for joining us today for the SME Growth Excellence Recognition media briefing.
- 3 As the title suggests, this award is all about recognising SMEs that have achieved excellence.
- 4 In order to identify companies that can be singled out for this recognition, the financial results of more than 3,000 SMEs have been thoroughly collated and analysed.
- 5 We have deliberately established the toughest of criteria so only the best of the best of our SMEs qualify for consideration for an Award.

- 6 An important element of this assessment is that it is objective – only audited and unqualified financial results are used when finalising the list of qualifying companies.
- 7 But just exceeding the criteria is not enough to secure an Award. Each qualifying company’s performance is measured against the other qualifying companies to arrive at the top 10 SMEs in each of the five categories.
- 8 So when we use the term “Excellence” you can see that we do not use the word lightly.
- 9 To receive this Recognition, you not only have to perform at a level that few other SMEs are able to merely qualify, you will also need to have outperformed the best of your peers.
- 10 The objectivity, high standards and ranking of performance are the qualities that make the SME Growth Excellence Recognition a true measurement of SME distinction.
- 11 I would now like to look at several aspects of this year’s results that provide interesting insights into how our SME community is fairing.

## **CONSTRUCTION PERFORMANCE**

- 12 This year we see that Construction firms have been the standout industry sector, with many construction firms among the fastest growing, most profitable and financially secure firms in Singapore.

- 13 This is a remarkable turnaround from three years ago when Construction SMEs struggled to qualify let alone win an award.
- 14 The construction sector has obviously benefited from the strong growth in demand in the Singapore building sector, but given the amount of revenue many are generating overseas, they are also tapping into regional opportunities.
- 15 Apart from property development, the Construction companies in this year's ranking also include firms in infrastructure development such as the building of water treatment plants and bridges.
- 16 This year, construction firms are well represented in each of the SME Growth Excellence categories.
- 17 If you look at the 46 firms that qualified in the Turnover Growth Category, construction SMEs are the most represented with 13 companies, sharing this position with the relatively larger commerce-wholesale sector.
- 18 In the Profit Growth Category, Construction companies are the third most represented sector, behind Commerce/Wholesale and Manufacturing.
- 19 And three years ago, not a single construction company qualified for the Growth Excellence in Credit Standing category, while this year one in four is a construction company.

- 20 And more significantly, Construction companies are the best represented sector in the awards for the top 10 SMEs in each category, winning:-
- five awards for Turnover Growth Excellence
  - three of the Most Promising SME awards
  - three for Credit Rating Excellence; &
  - three of the Internationalising awards

## **MANUFACTURING & COMMERCE/WHOLESALE SECTOR PERFORMANCE**

- 21 Looking at all the award categories, we can see the Manufacturing sector and the Commerce/Wholesale sector dominate the list of qualifying companies.
- 22 These two sectors have long been the powerhouse performers of the Singapore economy. It is very pleasing to see the high number of SMEs from these sectors that have recorded excellent growth this year.
- 23 Not only do Manufacturing firms and Commerce/Wholesale firms command a high percentage of SMEs with outstanding performance, they are also showing improvements in their credit standing, which indicates the growth they are achieving is sustainable.

## CREDIT RATING PERFORMANCE

- 24 Improvements in a SME's credit rating reflect increases in revenue and profits, as well as the strengthening of their balance sheets though lower gearing and increased assets.
- 25 There are 52 SMEs that have qualified for the Credit Rating Excellence category this year, compared to just 25 in 2009. The DP Credit Rating is a good indicator of the overall financial health of a company.
- 26 Upgrading of a SME's credit rating can be attributed to improvements to its balance sheet, such as lowering debt, trade receivables and payables, as well as increasing the cash and assets it holds.
- 27 Let me now turn to the five categories and the criteria we use to rank the companies.

## 2010 AWARD RECIPIENTS

- 28 I will begin with the **SME Growth Excellence for Sales/Turnover** category – which recognises SMEs with a minimum of \$20 million in sales and based on their ability to increase their sales over the last two years. The top 10 recipients are ranked by Highest growth in Sales/Turnover.
- 29 The second category is the **SME Growth Excellence for Net Profit** which identifies the SMEs with growth in Net Profit over the

last two years and the top 10 recipients are ranked by highest net profit margin.

- 30 The third category is the **SME Growth Excellence for Credit Rating** which recognises SMEs with improvements in their credit ratings. This is an important category as it rewards management teams that can grow a business without taking unnecessary financial risks. The top 10 winners are ranked by highest improvements in their credit ratings.
- 31 The fourth recognition is the **SME Growth Excellence for Top Internationalising SMEs** which recognises SMEs with growth in overseas sales/turnover over a two-year period. The top 10 winners are ranked in order of the highest growth in Overseas Sales/Turnover.
- 32 The fifth category recognises **SME Growth Excellence for Most Promising Enterprises**. This category is for SMEs that are growing fast despite their relatively smaller turnovers. In order to qualify for this award, an SME needs sales of between \$10 million and \$20 million in the current period. The 10 companies are then rank ordered by highest growth in Sales/Turnover.
- 33 On behalf of DP information Group I would like to congratulate each of these excellent SMEs.
- 34 Before I hand over to Ms Tan Siew Meng of HSBC Singapore, I would like to express my appreciation to HSBC as our partner for the SME Growth Excellence Recognition.

- 35 HSBC's understanding of the SME market is second to none, and their track record of support for exciting and growing enterprises spans more than 130 years.
- 36 We are also appreciative of the continued support from the government agencies which support SME growth - IDA, IE and SPRING Singapore.
- 37 I would now like to introduce Ms Tan Siew Meng, Head of Commercial Banking at HSBC Singapore to give her perspective on these excellent SMEs.
- 38 Thank you.

**END**