



SINGAPORE 1000
SINGAPORE SME 1000
INTERNATIONAL 100

SPEECH

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20 January, 2011

- 1 Ladies and Gentlemen,
- 2 Thank you for attending this morning's media briefing.
- 3 This is the 24th year DP Information Group has published the Singapore 1000 family of rankings.
- 4 Each year, we invest more than S\$1 million in capital and 10 months of time in this national initiative. I also recognise that our partners feel the same passion for the rankings and this is evidenced by their strong support at this media conference today. Therefore, I always look forward to this day, to see the fruition of these efforts and to recognise well deserving companies and SMEs in the rankings and awards.
- 5 Over 2 decades, we have charted the development of Singapore's corporate sector across many economic cycles – following the fortunes of our best and most successful companies in good times and bad.

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- 6 Last year we expanded the Awards by including the Singapore International 100 Awards in recognition of the success many Singaporean companies achieve internationally.
- 7 This year we have another new development to announce.
- 8 After 12 years of publishing the SME500 we have decided to expand this ranking to include 1000 small and medium enterprises.
- 9 In doing so we have recognised the growing importance of this segment of our business community to the well being of our nation.
- 10 We also recognised that the definition of what constitutes an SME will also change over time, so we have increased the revenue ceiling for qualification to S\$100 million from S\$80 million.
- 11 Singapore has an amazing number of well-run SMEs, and the new SME1000 identifies the best and most successful of them.
- 12 These changes make the Singapore 1000, SME 1000 and Singapore International 100 the most comprehensive annual audit of the performance of Singapore's SME sector.
- 13 To give you an understanding of how we arrived at the final rankings, we reviewed the audited financial returns of more than 37,000 companies as part of this exercise.



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- 14 The period covered by the rankings is from 1 June 2009 to 31 May 2010. This period saw the tail end of the recession and start of the recovery phase for the Singapore economy.
- 15 Now let me share with you our analysis of this year's rankings.
- 16 By expanding the SME list to 1000, we are now able to compare the two groups of companies – the big firms versus the smaller and medium enterprise.
- 17 Many people instinctively expect that profit margins will decline as a company gets bigger – that it is harder and harder to squeeze that extra dollar out of a large corporate machine.
- 18 However our analysis shows this is not the case. The Singapore 1000 (S1000) ranked companies still set the benchmark for financial performance, edging out their SME counterparts in several key areas.
- 19 When the profit margins of both sets of companies are compared, the S1000 had an average of 9.2 percent compared to the SME1000's 8.1 percent.
- 20 The S1000 companies had higher profit margins across all sectors with the exception of Wholesale, Construction and Transport/Storage.
- 21 When we examined another key area – credit ratings – the results were as we expected, and the credit standing of larger firms was, on average better than their smaller firms.



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- 22 A credit rating is an estimation of the probability that a company will default on a debt, so most large companies fall into a higher ratings bracket than their smaller counterparts.
- 23 A record 180 firms on the S1000 rankings were awarded the prestigious DP1 Credit Rating, indicating a probability of default on a debt of less than 0.1 percent.
- 24 This is an 80 percent increase in the number of DP1 ranked firms compared to 2010.
- 25 A DP1 rating means the credit standing of a company is as good as the best managed companies anywhere in the world.
- 26 While the SMEs credit standing could not match that of the big boys, as a group their performance was very credible, with 87 DP1 ranked firms.
- 27 A high 71.7 percent of S1000 firms are ranked Investment Grade DP1-4. More than a third of our SMEs (37 percent) also have credit ratings in the Investment Grade category.
- 28 These strong credit rating results build on previous years. We have seen marked improvement in credit standing of both large and small firms since the global financial downturn.
- 29 There are several reasons for this. The shortage of available credit made many companies look at their own internal resources as well as their overall level of debt.



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- 30 Many firms took steps to strengthen their balance sheets as a buffer against external economic shocks.
- 31 So we have seen more companies focus on chasing in their receivables, increasing the cash they hold, monitoring their inventories which all help to free up their cash flow.
- 32 Stronger sales pick up, together with improving balance sheets have resulted in more companies receiving the highest possible rating of credit worthiness.
- 33 I will now look at the overall performance of the Singapore 1000 companies compared to last year, as well a couple of industries that deserve special mention.
- 34 The doubling of SME companies from 500 to 1000 this year means we are not able to make a year on year comparison of the performance of SMEs this year.
- 35 For the 2011 ranking period, the combined revenue of the top 1000 companies in Singapore was S\$1.6 trillion - down 7.5 percent compared to last year and back to the same level as two years ago. While revenue is lower this year, combined profits were up by 15.5 percent.
- 36 Much of the strong profit performance can be attributed to the Commerce-Wholesale sector which increased its total profits by 49.1 percent compared to last year.
- 37 A major economic event such as the global financial crisis affects some industries more than others.



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- 38 A year on we can see some industries are doing better than ever, while others are still making up for ground lost during the recession.
- 39 The Construction, Manufacturing and Property sectors have shown remarkable strength since the global economic crisis, and the combined revenue generated by companies in these sectors is at an all time high.
- 40 In 2009, the combined revenue for construction firms was S\$14.3 billion, rising to S\$17.0 billion in 2010. This year it peaked at S\$23.4 billion.
- 41 Compared to last year, the construction sector's combined profits are up an impressive 124.9 percent.
- 42 The Manufacturing sector's combined revenue is up 5.9 percent and the sector's sales currently exceed pre-crisis levels.
- 43 However the growth was not even across all sub-sectors. Seven sub-sectors recorded improvements, while eight registered a decline in sales.
- 44 Profits improved in most areas of manufacturing and are up 42.7 percent.
- 45 Another star performer was the Property sector. With S\$25 billion in sales in both 2009 and 2010, the property sector took a big leap forward during the last 12 months recording S\$31 billion in sales



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in this year's rankings – up more than 21.7 percent since the global financial crisis.

- 46 At the other end of the scale is the Finance Sector which has seen revenues plummet by 27.8 percent from pre-crisis highs.
- 47 After a massive drop in revenue during the global downturn, the last 12 months has seen the finance sector claw back some lost ground with sales rising 9.9 percent year on year.
- 48 I will now look at Singapore International 100 and the performance of our companies on the global stage.
- 49 The Singapore International 100 (SI100) ranks companies based on overseas revenue.
- 50 It also measures performance in nine markets - Africa, the Americas, China, Europe, India, the Middle East, North Asia, Oceania and Southeast Asia.
- 51 The total overseas revenue of the top 100 companies amounted to S\$149.9 billion, a drop of 26.9 percent from last year.
- 52 This is a respectable performance given the reporting period includes the end of the recession and the early phases of recovery.
- 53 Looking at the top Singapore International 100 companies, the largest overseas markets are Europe at 38.3%, followed by China at 23.7% and Southeast Asia at 15.0%.



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- 54 This year we welcome two new members to the Steering Committee of the Singapore 1000 family of awards.
- 55 The first is the Accounting and Corporate Regulatory Authority who brings substantial expertise to the rankings – in particular the inclusion of financial corporate data filed through XBRL.
- 56 We look forward to working with ACRA to promote openness and transparency among our local companies.
- 57 The participation of ACRA in the awards brings a greater emphasis on corporate governance standards to the Awards.
- 58 This year, with ACRA on the steering committee, we have examined whether companies have complied with reporting deadlines and other regulatory requirements when considering a company for an award.
- 59 The Singapore Business Federation has also joined with the existing group of high profile organisations supporting S1000.
- 60 With SBF’s participation we now have a voice representing the companies themselves helping guide the development of this annual showcase of Singapore’s corporate talent.
- 61 On behalf of DP and the other members of the steering committee, I welcome ACRA and SBF to the team.
- 62 I would like to acknowledge the role played by our other supporting organisations – ACRA, IDA Singapore, IE Singapore,

SPRING Singapore, SBF and The Business Times for providing their ongoing support.

63 And of course, I must thank the two organizations that sponsor this event – HSBC Singapore and Experian.

64 Firstly, it is our honour to have the support of HSBC as a key sponsor of the Singapore 1000 family of rankings for all these years. I am happy to have Ms Tan Siew Meng of HSBC Singapore with us today to announce a new award. I will allow Siew Meng to elaborate on it further.

65 Next, as the largest credit reference agency in the world, Experian’s global knowledge and insight has helped thousands of companies achieve international success, many of the beneficiaries of which are Singapore 1000 ranked companies.

66 Finally I would like to acknowledge our Co-producer Ernst and Young who have worked with us over many years to see the integrity of this ranking and award is always of the highest standard.

67 Let me now introduce Mr Lee Tze Yuen of Ernst & Young to say a few words.

68 Thank you.

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