

10 in 10 – Haw Par Corp (SGX Code: [H02](#))

10 Questions in 10 Minutes with SGX-listed companies



10 Questions for Haw Par Corp

Company Overview

Haw Par Corporation Limited (together with its subsidiaries, the “Group”) is a Singapore-grown multinational group, listed in Singapore since 1969. The Group is an enterprise with a consumer healthcare business that promotes healthy lifestyles through its healthcare products, and its largest contributor comes from a brand it owns – Tiger Balm. Besides the consumer healthcare business, the Group also engages in the leisure business and holds investments in securities and properties.

[Link to StockFacts company page](#)

SGX Code: H02	BBG: HPAR SP	RIC: HPAR.SI
Market cap on 22 Mar (S\$m)	2,902.1	
Price on 22 Mar (S\$)	13.05	
52 wk high/low (S\$)	13.34 - 9.10	
12m ADTV (S\$)	2,195,704	
Shares Outstanding (m)	221.2	
Float	53.3%	
P/E (LTM)	24.1	
P/B (LTM)	1.0	
Dividend Yield	2.3%	

Source: Bloomberg (22 Mar 2021)

1. The iconic Tiger Balm brand was established in the 1900s. How has the brand evolved over time and how has it contributed to the Group’s top line?

- Haw Par was named after the Aw brothers – Boon Haw and Boon Par who created Tiger Balm in the early 1900s, the flagship business of Haw Par. ‘Haw’ and ‘Par’ means “tiger” and “leopard”, respectively, in the Chinese dialect. From a single pain relief product, Tiger Balm has since transformed into a lifestyle care brand that is familiar to consumers of all ages.
- Our product has developed a loyal consumer base, ranging from leading sports figures and Hollywood celebrities to the average person seeking to alleviate pain or to relax and rejuvenate. A key driver is in unsolicited word-of-mouth endorsements of Tiger Balm as a brand.
- Today, Tiger Balm is the main contributor of Haw Par’s Healthcare business and a key contributor to the Group’s revenues. The Healthcare segment forms 84% of our FY2020 revenue and 44% of our FY2020 total revenue and other income.

Product extensions to the Tiger Balm range



2. What are Haw Par's competitive strengths in the healthcare industry?

- *We have developed a global brand with a rich Asian DNA* – With an Asian heritage that traces back to the 1900s in Southeast Asia, and an early foothold in Europe and America established during the late 1970s' globalisation thrust, Tiger Balm became a staple in the family medicine cabinet and a global Asian brand. It has also built a global network of alliances and partners over the decades.
- *We are one of the world's leading and most versatile topical analgesic brands* – With a unique herbal formulation that has over 100 years of proven success in over 100 countries, the original Tiger Balm ointment has since expanded into a variety of formulations and formats, tailored to suit specific symptoms, pains and discomforts, and various lifestyle needs. There is a Tiger Balm for everyone. Our product range includes:
 - Classic Range – Proven and trusted formulation for all ages
 - Balance Range – Customised solutions to restore balance to a fast-paced lifestyle
 - Active Range – Caters to the fitness oriented and health conscious
 - Junior Range – Comforting protection for the children
- *We have established Team Tiger Balm brand ambassadors and a community* – Together with our brand ambassadors, we have been promoting healthy lifestyles online and offline. The growth of a vibrant Tiger Balm community built from years of engagement with our consumers continues to boost brand equity.

3. What are the key drivers of Haw Par's growth over the medium to long-term?

- We believe that Tiger Balm will continue to be a key business driver, given that it is our largest contributor to our healthcare business.
- The uptake and reception to online shopping catalysed by the pandemic has enabled us to accelerate our move online and unlock sales growth for Tiger Balm in e-commerce. Strong support from our Tiger Balm community online offers potential. While online-sales is still an insignificant part of our business, we have been investing more time and resources to this area.

4. How does the Group intend to align with changing consumer trends and lifestyles to ensure the relevance of your products, especially the Tiger Balm brand?

- Over the decades, Haw Par continually works to reinvigorate our Tiger Balm brand so that it remains an integral part of people's lives. We have strengthened its brand equity by widening Tiger Balm's appeal across demographics, introducing a wide range of products to address different lifestyle needs.
- The pandemic has prompted increased focus on self-care, in which Tiger Balm plays a key role. There are broader trends in our favour such as the emergence of a huge middle class concerned about health, fitness and well-being, with a preference for natural and herbal solutions. Ageing population and digital lifestyles also continue to spur demand for reliable approaches to manage aches and pains. As a herbal remedy and name that has been trusted by generations to provide care, healing and comfort, we believe that Tiger Balm is well-positioned to ride these trends. Deepening knowledge of consumers and markets also remain key for Haw Par.

5. Are there any plans to expand your product shelf or diversify into other business segments?

- A diversified product range widens Tiger Balm's appeal to broader consumer needs. We will continue to adopt a strategic approach in introducing new Tiger Balm products in target markets that take into consideration local consumer preferences and country-specific regulatory requirements.
- Our focus for the brand is to achieve greater penetration in our existing markets and widen our consumer base. We will drive local consumption in key markets and work with our global network of distributors and partners to grow Tiger Balm's presence and product range on local e-commerce platforms.
- Leveraging on our financial strength and global business network, we believe that Haw Par is well placed to expand our portfolio of operating businesses and drive growth through alliances with multinational partners and acquisitions of compelling brands and businesses. Health and wellness continues to be our priority.

6. Describe Haw Par's recent FY2020 financial performance.

- The COVID-19 pandemic has disrupted global economic activity and the resultant effect on consumer spending led to a 54.5% decrease in the Group's revenue to \$111.0m in FY2020. Gross margin reduced from 57.2% to 44.0% mainly due to lower utilisation of production capacity for our Healthcare segment.
- Revenue from Healthcare decreased by 58.5% to \$93.0m as consumer demand for products was severely impacted by movement restrictions and international tourism remaining at a standstill. The drastic drop in demand for our Healthcare products resulted in lower gross margins due to excess capacity at our manufacturing facilities. Consequently, the Healthcare segment's operating profit dropped 78.3% to \$16.2m.

7. What is the Group's current dividend policy?

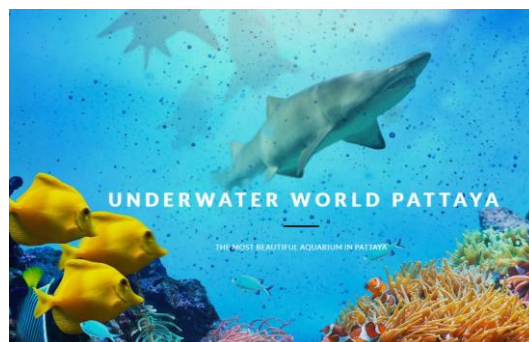
- The Group seeks to provide shareholders with a stable and efficient form of capital distribution relative to earnings. For more than 30 years, the Company has upheld sustainable dividend payments. In 2020, the Company has maintained the same total ordinary dividend per share as 2019, which is a total of 30 cents per ordinary share.

8. How has COVID-19 impacted your operations and what measures have you taken to mitigate the impact?

- We have three main business segments – i) Healthcare with our iconic Tiger Balm brand, ii) Leisure with our Underwater World Pattaya, and iii) Property.
 - **Healthcare** – Demand for our products was severely impacted by movement restrictions and international tourism industry remaining at a standstill. Our markets in US and Europe weathered the crisis well. Most of our core markets in Europe grew or maintained sales with pharmacies and parapharmacies kept open. In Singapore, a record number of dengue cases led to an increase in our mosquito repellent sales. At our manufacturing facilities, control measures were instituted to ensure the safe resumption of operations. Partnerships with our distributors and retailers also enabled us to capitalise on the emerging shift to digital and advance our e-commerce presence.
 - **Leisure** – Despite having to deal with temporary closures, Underwater World Pattaya in Thailand continued to engage guests online through Facebook, and upon reopening, obtained certification for our strict adherence to COVID-19 safety guidelines to give guests assurance of hygiene levels. With borders closed to overseas tourists, we doubled up on our offerings to attract locals through promotion packages and unique programming.
 - **Property** – Occupancy rates for our commercial and industrial buildings in Singapore and Malaysia have remained stable though take up of vacant space has been slow. We have taken this opportunity to undertake improvements and enhancements at our investment properties to remain competitive.
- We believe that our strong fundamentals, prudence and disciplined cost management will put us in good stead to weather the challenging situation and search for new investment opportunities that may arise in the current economic climate. As global economies and societies adjust to a new norm, we have laid the groundwork to pivot our businesses to meet the new challenges in a post-COVID era.



Haw Par Technocentre is a light industrial building in Commonwealth Drive, Singapore



Underwater World Pattaya in Thailand

9. What are some of the key Environmental, Social and Governance factors that are material to the Group?

- With our key businesses focused on Healthcare operationally and in Investment by asset base, along with management and control being based in Singapore, we identify and address key ESG factors that are relevant to the activities in Singapore and across the two business segments.
- Haw Par's key ESG factors include economic performance, compliance and good governance, occupational health and safety of employees, product quality and safety, labour practices and issues, supply chain and environmental factors.

10. What is Haw Par's long-term value proposition to shareholders and potential investors?

- Over the decades, Haw Par has built up a strong balance sheet and cash position through our prudent management and we believe this places us well to navigate the evolving COVID-19 challenges and beyond.
- We will continue to pursue new compelling business opportunities and prospective acquisitions that may emerge. We believe that our strong balance sheet will enable us to seize viable growth opportunities and provide sustainable earnings for the future.
- Our flagship Tiger Balm, with a heritage of over 100 years behind the brand, continues to gain popularity globally. Long trusted for its quality, safety and efficacy by our consumers, we believe that it has a strong brand equity to safeguard against brand equity erosion in a growing global consumer healthcare market where competition is a given trait.



T E A M T I G E R B A L M

Source: Company data

10 in 10 – 10 Questions in 10 Minutes with SGX-listed companies

Designed to be a short read, 10 in 10 provides insights into SGX-listed companies through a series of 10 Q&As with management. Through these Q&As, management will discuss current business objectives, key revenue drivers as well as the industry landscape. Expect to find wide-ranging topics that go beyond usual company financials.

This report contains factual commentary from the company's management and is based on publicly announced information from the company.

For more, visit sgx.com/research.

For company information, visit <https://www.hawpar.com>
Click [here](#) for FY2020 Financial Results

Notes

Contact Us

For more information, please contact asksgx@sgx.com
sgx.com/research

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