

## Market Dialogues

kopi-C: the Company brew 

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### Haw Par Corporation: A Distinguished Brand Heritage



Wee Ee Lim sees himself as the custodian of a rich and diverse legacy, one that has withstood the test of time.

The 59-year-old runs SGX-listed healthcare and leisure company Haw Par Corporation, which celebrated its Golden Jubilee in 2019. The Group's topical analgesic Tiger Balm brand, which has crossed the century-old mark, is its crown jewel.

"As CEO, I take on the role of caretaker of this company and the brand for future generations," Wee noted.

"My team and I constantly remind ourselves that we are guardians, and since we have benefitted from the contributions of generations before us, we are equally committed to further build and invest in Haw Par and Tiger Balm to safeguard this legacy."

Wee is a scion of 92-year-old property and banking magnate Wee Cho Yaw, the Non-Executive and

Non-Independent Chairman of Haw Par. The younger Wee joined the Group as a marketing executive in 1986, before rising through the ranks to take on the role of President and Chief Executive Officer in 2003.

A Bachelor of Arts in Economics graduate from Clark University in the US, Wee Ee Lim also holds directorships in SGX-listed entities United Overseas Bank, UOL Group and United Industrial Corporation, as well as the Wee Foundation.

When the younger Wee entered the Haw Par Group 35 years ago, it was a conglomerate with diversified businesses. Its portfolio ranged from pharmaceuticals - not just Tiger Balm but also generic drugs - and consumer electronics, to industrial and engineering, textile manufacturing and trade, as well as the distribution of sports gear and apparel for brands such as Nike, Adidas and Prince.

"It was difficult to understand and manage all these businesses from very different sectors. We were out of focus and the management was being pulled in different directions," he recalled.

Subsequently, under Wee Ee Lim's direction, the Group began sharpening its focus and divesting unprofitable divisions. "Following that, we were able to achieve a higher ROI, with less earnings volatility," he said.

"In fact, I would say that we've become over-focused, with just two operating divisions - Healthcare and Leisure."

As a result, uppermost on his mind has been the search for new engines of growth, to take Haw Par's business to the next level.

### **Dry Powder**

"Over the decades, Haw Par has built up a strong balance sheet and cash position through prudent management - we could have used the financial resources accumulated to add another significant leg for the Group to grow our business, though not for lack of trying," he noted. "But valuations in a low-interest rate environment have been very high, and patience is important during these times."

"Whatever it is, we're not stopping. We continue to channel energies towards this area, and with the economic downturn due to COVID-19, there may be more opportunities for acquisitions, and we may succeed," he added.

"We're keeping our powder dry so that we can strike when we need to - I have some years to go, and I want to build at least another leg for Haw Par for the next generation."

In July 1969, Haw Par Brothers International Ltd was incorporated, named after the Aw brothers - Boon Haw and Boon Par - who created Tiger Balm. "Haw" and "Par" mean "tiger" and "leopard" respectively in the Chinese dialect.

Haw Par shares began trading in November 1969 on the then Stock Exchange of Malaysia and Singapore. Amongst the businesses included in the listing were Tiger Balm and substantial stakes in Sin Poh (Star News), the publisher of the Chinese newspaper Sin Chew Jit Poh. However, in 1975, accounting irregularities were uncovered by the authorities, leading to the near-collapse of Haw Par.

The Government of Singapore intervened, and a new board, headed by Michael Fam, and which included industry leaders such as Wee Cho Yaw, was formed to put the house in order. In 1978, the senior Wee was appointed Chairman of Haw Par, after which he put in place a new leadership team and consolidated the business. The company's name was changed to Haw Par Corporation in 1997.

Haw Par Corporation was recognised by The Financial Times in the FT 1000 High-Growth Companies Asia Pacific 2018 and 2020, and by The Straits Times in the ST Singapore's Fastest Growing Companies 2019 and 2020.

Leisure used to account for a substantial portion of Haw Par's revenues when it owned and operated attractions like Underwater World Singapore and held stakes in L'Aquarium in Barcelona. But the Group shuttered Underwater World Singapore in 2016 due to lease expiry, and was left with

Underwater World Pattaya, a boutique aquarium in Thailand.

"However, I am hopeful that the skillsets and experience we've acquired will open a window of opportunity for us to expand into other leisure businesses," the younger Wee said.

### **Unique DNA**

In the meantime, Healthcare remains the Group's key area of focus. "Currently, the largest contributor to Healthcare comes from our Tiger Balm brand, which possesses a unique history and DNA," he noted.

Tiger Balm's range of topical remedies treats discomforts brought on by different activities and lifestyles, including headaches, colds, rheumatic or arthritic pains, as well as muscle strains.

"Global brands have significant home markets to support their growth, but not Tiger Balm - Singapore is small, with no significant home market to rely on," he pointed out.

The Aw brothers founded Tiger Balm in the 1900s in Burma and moved into Singapore in 1926. They tapped on their network of newspapers in the region to advertise and promote Tiger Balm. From the 1920s to the 1950s, with Singapore as the base, they succeeded in extending the brand's presence beyond Indochina, into markets like Hong Kong, Thailand and Malaysia, where Tiger Balm became a household name.

"In fact, when you ask, 'Where is Tiger Balm from?', people from different parts of Asia will claim it as their home-grown brand," he added.

"By taking Tiger Balm on its journey across the region, the Aw brothers have enriched its DNA, enabled it to transcend geographical boundaries and evolve into a truly Asian brand."

An early foothold in Europe and America, established by the current management during the globalisation thrust in the late 1970s, also adds to the brand's advantage, as mainstream acceptance in the West leads to the use of Tiger Balm catching on with younger consumers in Asia. Today, Tiger Balm has a presence in more than 100 countries.

For the brand to thrive, it must be rejuvenated, and remain an integral part of people's lives, he noted.

"Cognisant of this, the management of Haw Par has, over time, revived the Tiger Balm brand in order to align with consumers' changing lifestyles and outlooks, correcting the misperception that Tiger Balm is "my grandmother's product", aged and old-fashioned."

Over the decades, the Group has strengthened its brand equity by widening Tiger Balm's appeal across demographics, introducing the "Balance" range for those seeking to restore balance to their hectic lifestyles, the "Active" range that caters to the fitness-conscious, as well as the all-natural Tiger Balm mosquito repellent patch under the "Junior" range to keep children safe from dengue and Zika.

### **Brand Metamorphosis**

From a single pain relief product, Tiger Balm has transformed into a lifestyle care brand that connects with consumers at a deeper level, Wee said. Beyond alleviating pain, consumers have begun to appreciate its soothing scent, using Tiger Balm to relax and rejuvenate.

It has developed a loyal following, ranging from leading sports figures and Hollywood celebrities, to the regular person on the street.

"More powerful than any paid advertising, unsolicited word-of-mouth endorsements of Tiger Balm in both traditional and social media lend authenticity to the brand, making Tiger Balm relatable to younger generations of consumers," he pointed out.

Likewise, the growth of a vibrant Tiger Balm community online continues to boost brand equity. "As e-commerce and social commerce take on greater prominence, especially during COVID-19, we're gratified to find that strong support for Tiger Balm online offers potential," he noted.

"While this is still an insignificant part of our business, we've been diverting more time and resources to this area, working with our partners to ensure accessibility of our products via online channels."

Meanwhile, challenges loom, not the least of which is COVID-19. "Stricter healthcare regulatory frameworks also continue to raise the bar for market entry of new products, lengthening time needed for product introductions to certain markets," he pointed out.

"While the pandemic has impacted our business and presented hurdles, it has prompted increased focus on self-care, in which Tiger Balm plays a key role," he said.

In addition, there are broader trends in the Group's 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 populations and digital lifestyles also continue to spur demand for viable approaches to manage aches and pains.

"As a herbal remedy and name that has been trusted by generations to provide care, healing and comfort, Tiger Balm is well-positioned to ride these trends," Wee noted.

Deepening knowledge of its consumers and markets remains key for Haw Par. "We're in so many countries - I'll be the last person to claim that I know every market thoroughly," he added. "Through understanding these markets better, we will uncover more opportunities. Currently, we're only touching the surface - there's untapped potential yet to be realised."

## Haw Par Corporation

Haw Par, a Singapore-grown multinational group, has been listed on SGX since 1969. Over the decades, the Group has been disciplined in asset rationalisation, organically growing its core businesses, and making selected acquisitions. Today, the Haw Par Group is an enterprise with a strong consumer healthcare business that promotes healthy lifestyles through its healthcare products. The largest contributor to the healthcare business comes from its Tiger Balm brand. With a wide range of products available in over 100 countries, Tiger Balm is arguably the world's leading and most versatile topical analgesic brand. Besides the consumer healthcare business, the Group also engages in leisure businesses, and holds significant investments in securities and properties.

The company website is: [www.hawpar.com](http://www.hawpar.com)

Click [here](#) for the company's StockFacts page.

For the year ended 31 December 2020 financial results, click [here](#).



## About kopi-C: the Company brew

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**Photo:** Company file

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