The Republic of the Union of Myanmar

“All that glitters is not Gold, but Myanmar is”

November 2012

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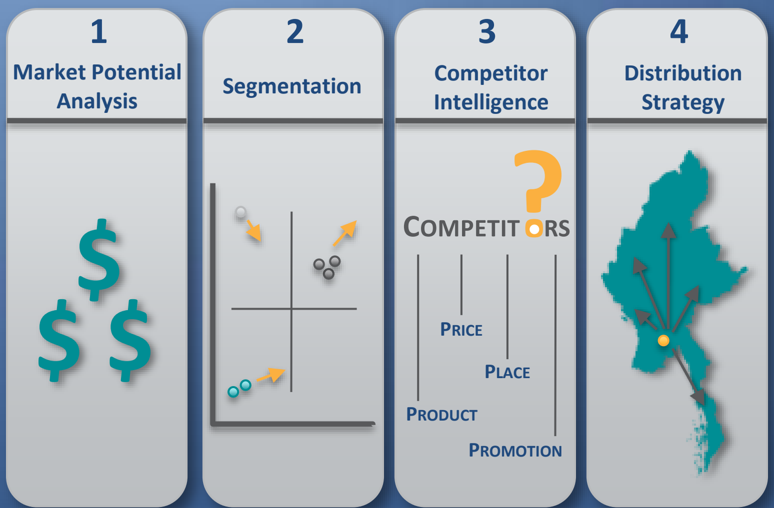
OUR APPROACH

Our Approach

Ipsos' experience of Myanmar goes back to1996 when we first assisted our client in understanding the market opportunity. This year we see unprecedented interest from clients, including two global clients who we are helping with their distribution strategy.

The Challenge

The Approach



Methodologies

Field Interviews
- Consumers
- Competitors
- Distributors
- Key Opinion Leaders

Retail Audit

Desk Research

The Impact

- Identify Potential Partners
- Product & Marketing Strategy
- Identify Retail Hotspots

Ipsos Business Consulting
myanmar.bc@ipsos.com

SNAPSHOT ON MYANMAR'S RETAIL SECTOR

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myanmar.bc@ipsos.com

Unfulfilled Market Potentials

Napypyidaw

- Whilst it is a relatively new capital it's population is approx. 1 mn

Mandalay

- Second largest city with over 1 mn population
- High growth in Chinese population with a 25% increase over 20 years

Kyaukphyu

- Plan for deep port
- Oil pipeline supplying to south-west China

Dawei

- Relatively close to Bangkok, which is only 350 km away
- Plans for a deep sea port

Yangon

- Capital City until 2007
- Largest city with a population over 4 mn
- Many industrial companies are located around here

Market Snapshot

- **61.2** mn population (2012 est.)
- **70%** of the working age population
- **34%** urban population
- **400** USD average monthly income of Myanmar's middle class
- **~7.5** USD bn estimated retail value

Source: Ipsos Analysis and International Enterprise Singapore

RETAIL SECTOR RATIO – 90:10

90% Traditional Trade

- Average Space: 35 - 45 sqm
- Average SKUs: 550 – 1,100

Source: Ipsos Analysis and USDA Report

10% Modern Trade, mainly supermarkets

CONSUMER BEHAVIOUR

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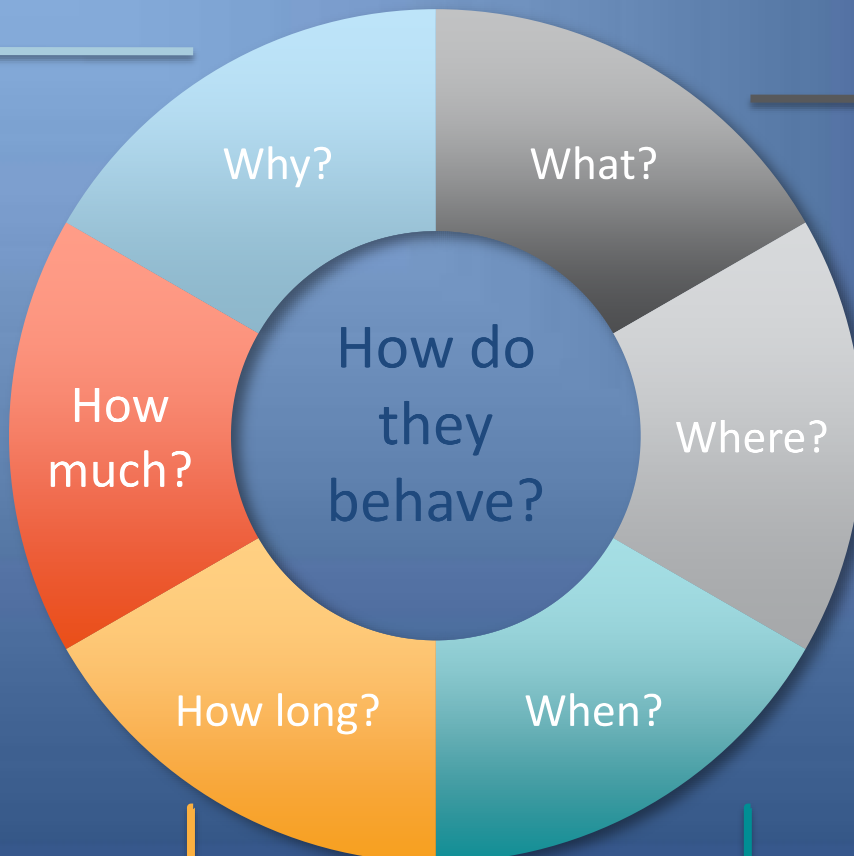
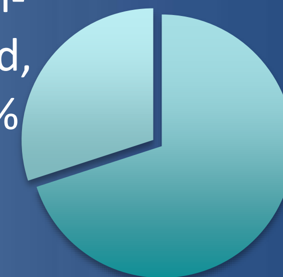
Quick Fact on Myanmar's Shoppers

Choices & Availability

Average spending per trip 3 – 5 USD

Average about 15 mins





Mostly visit their neighbourhood stores

3 - 4 times per week

Source: Ipsos Analysis and USDA Report

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myanmar.bc@ipsos.com

INTEGRATED SOLUTIONS

How Ipsos Can Assist You?

Corporate Strategy	Consumer Management	Product Development	Supply chain Management	Customer Management
Business Strategy	Consumer Understanding	Idea Generation	Forecasting	Retail Environ/ Cust Strategy
Long Term Planning	Category Understanding	Concept/ Prod Development	Procurement	Channel Management
Partnership Search	Marketing Strategy	Testing and Forecasting	Manufacturing	Salesforce Management
Competitor Strategy	Marketing Plan	Launch Management	Distribution	Retail Audit
M&A/ Alliance			Customer Service	Category Management
				Retail Execution

Covered by Consumer Research

Covered by Business Consulting

Outside Ipsos Expertise & Capabilities

Ipsos Business Consulting
myanmar.bc@ipsos.com

IPSOS IN ASEAN: THE MEKONG SUB-REGION

In 2012, Ipsos has executed research projects in all 10 ASEAN countries, reinforcing its position as the leading market research agency in the ASEAN. Over the last 6 months we have assisted our clients in Vietnam, Thailand, Cambodia, Laos and Myanmar , providing full coverage of the Mekong Sub-region.

Ipsos has full service offices in Bangkok and Vietnam, with fieldwork capabilities covering Laos, operating under the control and direction of our Thai team. For Cambodia and Myanmar, we execute projects from Vietnam and Thailand respectively, retaining all project planning & management, analysis and recommendations in-house. We do sub-contract the fieldwork to local partners, depending on the complexity of the project. **For all projects, we make use of Ipsos staff on the ground in both countries to monitor and control the quality of the fieldwork execution by our partners.**

Ipsos Business Consulting
myanmar.bc@ipsos.com

Team Structure for Myanmar Projects

Colin Kinghorn
Head of Consulting
Mekong Sub-region and Indonesia
colin.kinghorn@ipsos.com

Ipsos in Thailand

Sanpichit Songpaisan
Senior Consulting Manager
sanpichit.songpaisan@ipsos.com

Rattaya Kulpradith
Research Director – Quantitative
rattaya.kulpradith@ipsos.com

Siddhartha Ghosh
Research Director - Qualitative
siddhartha.ghosh@ipsos.com

Myanmar – Market Intelligence & Consulting

Natee Ruengjirachuporn
Consulting Manager, Myanmar
Natee.ruengjirachuporn@ipsos.com

Kyaw Swa Lynn
Consultant, Myanmar
myanmar.bc@ipsos.com

Pornprapun Sriyotha
Business Development - ASEAN
pornprapun.sriyotha@ipsos.com

OUR WORK IN MYANMAR 2012

Ipsos Business Consulting
myanmar.bc@ipsos.com

Our Experience in Myanmar in 2012

Social Research – Our client wanted to find out about attitudes of Myanmar consumers, business owners, and NGOs regarding to the forthcoming of the ASEAN Economic Community

Ipsos Business Consulting undertook an extensive study in Myanmar that included around 1,000 consumers, 150 business owners and 100 NGOs. The study sought to measure awareness and attitudes towards the ASEAN Economic Community, as well as what could be done to communicate the benefits of the economic cooperation. This extensive study included consumer research, in-depth qualitative interviews and secondary data research. Ipsos advised the client on the communication strategy to move forward.

Truck and Bus Market – Our client is a Japanese manufacturer of auto parts. They were seeking insights into the market opportunity within Myanmar

Ipsos Business Consulting undertook an opportunity analysis for the client, identifying the main industries that used a specific type of truck and bus (wheel base). We also assisted the client with a competitive analysis, profiling the existing key players within the market as well as some high-level profiling of manufacturers, who were thought to be actively considering a market entry into Myanmar.

OUR EXPERIENCE IN MYANMAR IN 2012

Go-to-market strategy – Our client wanted to expand its auto-part business in ASEAN to include Myanmar. Ipsos Business Consulting assisted the client with its market entry plan.

This study set out the competitive landscape within Myanmar, profiling key players, channels to market, value chain, pricing analysis, and market size & growth. Our client is a major player within ASEAN, with 2 key competitors. This project was designed to assist our client in devising a winning strategy for their market entry in Myanmar, including providing advice on a the local partner for the import, sales and, marketing of the client's product.

Go-to-market strategy – Our client is a global company, working within the construction industry. They were interested in expanding their building products business to be included Myanmar.

Ipsos Business Consulting was engaged to help the client understand the market landscape within Myanmar. In addition to performing an opportunity analysis for the client, Ipsos was asked to do a market analysis that provided advice on the market size, segmentation, forecast growth, value chain analysis, and gap analysis. This study looked at both end-users (consumers) as well as the businesses within the mid-stream. Ipsos recommended an approach to the client that sought to evaluate both downstream and mid-stream.

TYPICAL RETAIL AUDIT

SHOP IDENTIFICATION

a) Retail hotspot for battery product will be identified based on;
   i. customer traffic *(based on local market expertise)*
   ii. cluster of retail automotive parts shops
   iii. city trade center *(based on local market expertise)*

b) Battery retail shop will be counted for each of a pre-identified area

c) Location of each retail battery shop will be pinned down into a landscape map

DATA COLLECTION

OBSERVATION/ JUDGMENT

d) Once the shop has been selected, interviewers should observe its interior prior to introducing the survey to the shop owner: This will give us some basics info in the event of refusal of interview.

e) Observe for basic customer behavior
   i. First brand requested by retail customer
   ii. Demographic

f) Observe for basic retailer behavior
   i. First brand promoted to retail customer

INTERACTION WITH SHOP OWNER/ STAFF

g) Monthly sales volume

h) Battery brands available and share by volume

i) % of authorized and wholesaler

j) Top 3 most popular specification for each brand

k) Source of purchase

l) Purchase frequency

m) Payment term

n) Channel mix (% retail and % wholesale)

o) Business mix (other products available)

p) Promotion/incentives preferred

VERIFICATION

q) Before leaving the store, interviewers must obtain a relevant business card

r) Interviewer must take 3 pictures of each shop, using the camera – one inside the shop, one directly in front of the shop, and one from the other side of the street to show the vicinity.

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Parts for Motorbikes & Other Vehicles

Location and Sample size

- The study covers 30 townships in 14 States and divisions to list all relevant shops that will be pinned into a map
- A selection of the towns in this study:
    - Yangon (5 townships)
    - Mandalay (2 townships)
    - Pathein
    - Mawlamyine
    - Magway
    - Taunggyi
    - Town in Sagaing division + others in other states
- The study targets an average of 5 shops per township (= 150 retail outlets) for data collection. But this figure is flexible and driven by the identification stage.
- Timing: 6 weeks to complete this stage

Screening Criteria

- ✓ Operating at least 6 months
- ✓ Sales of low maintenance battery (wet battery)
- ✓ Sales mainly to retail customer (end users) *[Retail customers is defined as those who purchase <5 units]*

Capabilities Measured

- ✓ Myanmar Basics
- ✓ Understanding Myanmar
- ✓ Understanding Basic Category Behaviour
- ✓ Understanding Shopper Trade
- ✓ Research Providers Landscape Assessment in Myanmar

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myanmar.bc@ipsos.com

More Myanmar Information

- Ipsos in the Mekong Sub-region — Click Here
- Ipsos in Myanmar Brochure — Click Here
- Ipsos Myanmar Video — Click Here

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myanmar.bc@ipsos.com

APPENDIX

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Country Snapshot

- **Land Area:** 676,578 km^2
- **Population:** 61.2 million (2012)
- **Urban population:** 34% (growth rate 2.7%)
- **Main cities:** Nay Pyi Taw (administrative Capital since 2005), Yangon (former capital), Mandalay
- **Adult literacy rate:** 89.9%
- **Demographics:** 70.0% between 15 – 65, 27.5% between 0 – 14
- **Ethnic Groups:** Ethnically diverse with around 135 distinct minority groups. (Burman 68%, Shan 9%, Karen 7%, Chinese 3%, Indian 2%, Others 11%)

Source: Ipsos Analysis CIA World Fact Book and Asian Development Bank

COUNTRY SNAPSHOT

- **Labor Force:** 32.5 million
- **Geography:** Gateway to regional economic groups of ASEAN, BISMTEC (Bangladesh, India, Sri Lanka, Myanmar, Thailand) and the GMS (Cambodia, China, Laos, Myanmar, Thailand, Vietnam)
- **Natural Resources:** Petroleum, natural gas, hydropower, timber, minerals, coal, marble, limestone, precious stones

Source: Ipsos Analysis CIA World Fact Book and Asian Development Bank

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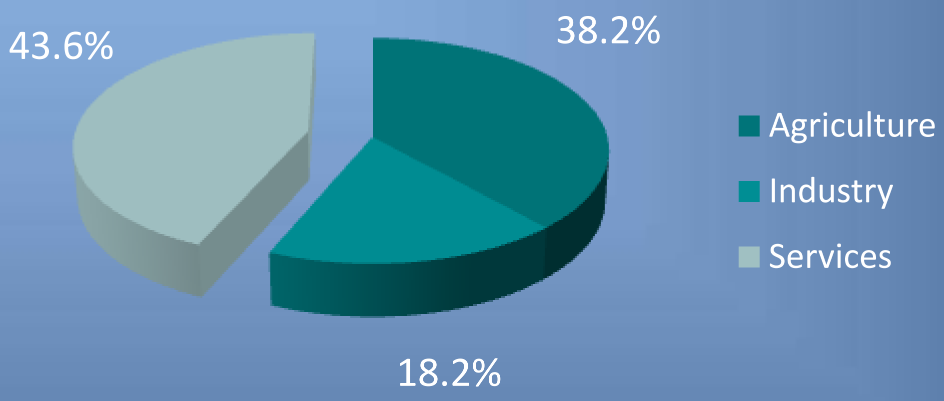
ECONOMIC OUTLOOK



Inflation Rate (Consumer Prices Index), 2011	5.2%
Industrial Production Growth Rate, 2010	4.3%

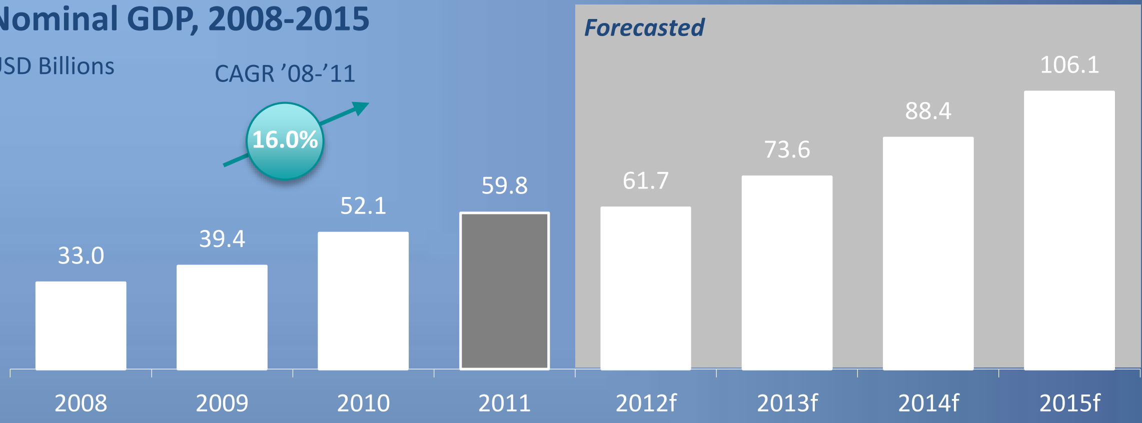
RANKING OF PURCHASING POWER ACROSS ASEAN

Countries	GDP - per capita (PPP), 2011
Singapore	$ 60,500
Brunei	$ 50,000
Malaysia	$ 15,800
Thailand	$ 9,500
Indonesia	$ 4,700
Philippines	$ 4,100
Vietnam	$ 3,400
Laos	$ 2,700
Cambodia	$ 2,200
Myanmar	**$ 1,300**

Source: Ipsos Analysis, CIA World Fact Book, Press Articles and Asian Development Bank

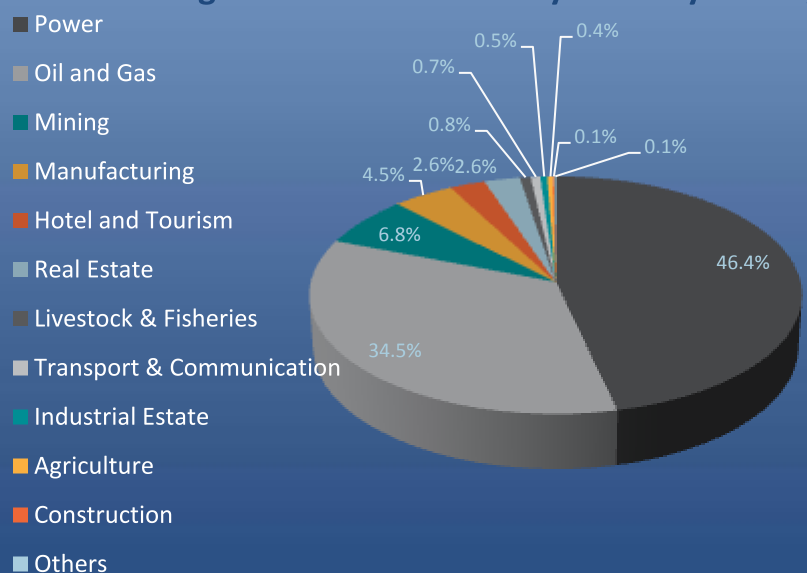
MARKET STRUCTURE & FDI

Nominal GDP, 2008-2015



- Growth momentum is slowed by the impact of the global economic crisis and continues to suffer from the political instability in Thailand.

Foreign Direct Investment by Industry Sector, September 2012



FDI Breakdown by Industry Sector	USD Billions
Power	19.07
Oil and Gas	14.18
Mining	2.81
Manufacturing	1.84
Hotel and Tourism	1.06
Real Estate	1.06
Livestock & Fisheries	0.32
Transport & Communication	0.31
Industrial Estate	0.19
Agriculture	0.18
Construction	0.04
Others	0.02
Total	41.10

* Data as of 30th Sep 2012

- The sharp drop in FDI is anticipated in industry sectors with the exception of F&B, Machine & Transportation Equipment, and Petroleum products, all of which continue to see growth in new investment due to production on the export market.
- The demand for equipment in the industrial sector is likely to be affected, following the plunge in the new investment.

Source: Ipsos Analysis and Directorate of Investment Company Administration

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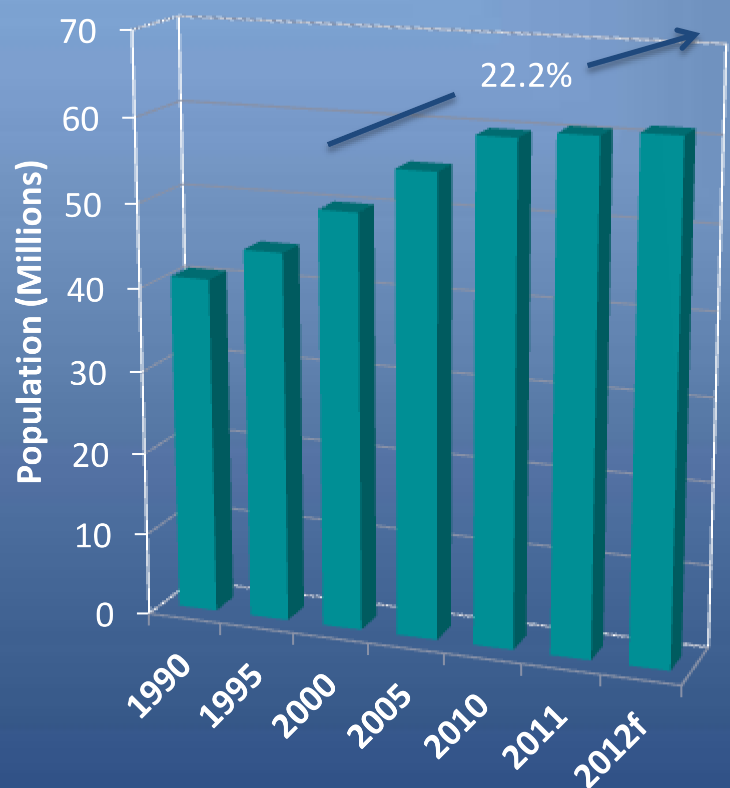
DEMOGRAPHICS OVERVIEW

Projected Population (Myanmar), 1990-2012



10 Most Densely Populated Areas (Myanmar), 2011

Most densely populated districts in Myanmar	Population (Thousand)
1. Yangon	4,888.6
2. Mandalay	1,322.4
3. Naypyidaw	998.4
4. Mawlamyine	482.1
5. Bago	266.1
6. Pathein	258.3
7. Monywa	198.6
8. Meiktila	194.3
9. Sittwe	193.7
10. Mergui	190.2

Source: Ipsos Analsis and World Bank, Office for National Statistics

THANK YOU

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myanmar.bc@ipsos.com