

MOONG PATTANA AIMS TO MAKE BRANDS POP

EXECUTIVE Q&A

SHAREINVESTOR

Moong Pattana International Plc (formerly known as Moong Pattana Marketing Co Ltd) was established on Jan 29, 1981 by Sumeth Lersumitkul with registered capital of 10 million baht to import and distribute kitchenware. In 1988, it became the only company in Thailand to be given a licence to produce, use and sell products under the trademark Pigeon. The company listed on the Market for Alternative Investment in September 2008. CEO Sumeth Lersumitkul discusses the company's strategy and outlook.

BUSINESS:

What is Moong's business model?

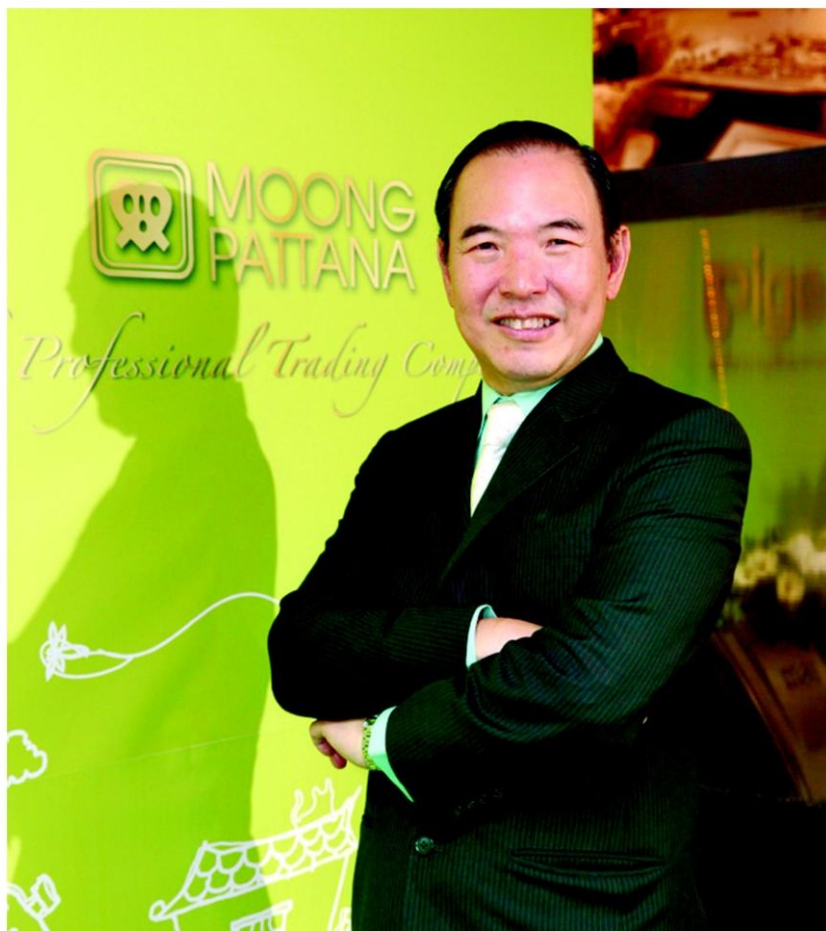
Moong Pattana is a distributor of consumer of goods in Thailand, ranging from confectionery to personal-care products. In addition we have joint ventures with our partners who are both Japanese manufacturers here in Thailand. With Pigeon we have a 47% stake in one of its companies, which is in a BoI zone and is focused on both the local and export markets; and a 2.5% stake in its other company in a BoI zone, which is purely focused on the export market. We also have a 6% stake in Yoshino Moong Pattana (YMP), a plastic packaging business predominantly export-focused. And because we help our JV partners expand their sales in Thailand we receive a commission on total revenues. Thus Moong has three income streams, commissions from our JVs, dividend income from our stakes, and distribution of brands.

What new products has Moong started to represent or distribute in Thailand?

After we entered the stock market, Moong began to focus more on distribution. After one year we have five new brands to distribute: 4Care, a health drink and cereal product; BR, a perfumed talcum and refreshing powder; Jintan, including the Jintan Nude combination breath and stomach mint; Herbs & Xylitol liquid toothpaste and Hapica liquid toothpaste; Revival Care, which helps the skin around feet; and Yura skin-whitening and sunblock products.

How does Moong market its brands?

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"The key for us is to show that our products are different from what consumers would normally purchase," says CEO Sumeth Lersumitkul.

consumers would normally purchase. We have to identify the differentiating factor. A simple example is that water is just water, but perhaps the difference is one is pure water versus the other being mineral, or one is flavoured versus non-flavoured. To provide an example with one of our brands, for Jintan, which has more than 100 years of history in Japan, we identified that its products provide a fantastic combination of two uses: Jintan Nude is not purely a breath mint, it is a stomach mint as well that helps to kill the bacteria in your stomach. The Herbs & Xylitol and Hapica products from Jintan are liquid toothpastes that combine both toothpaste and mouthwash. Despite the fact that we are not a big company at the moment, we do have 30 years of experience in the consumer market, we know our customers well, we know our people well, we also understand the different systems of management and we understand the products well.

What distribution channels do you employ?

We have sales teams in modern trade

and traditional trade and now also have an e-commerce site. Currently our geographical focus is in Bangkok and upcountry, thus only in Thailand for the time being. But we will look to expand to the neighbouring countries such as Malaysia, Vietnam, Laos and Cambodia.

INDUSTRY:

How does Moong view industry growth?

The Thai market is a very challenging market and I have been asked, "Aren't you afraid of politics?" But we have to keep business and politics separate, Thailand is very lucky that it is in a prime location in Southeast Asia and is ahead of other countries in terms of infrastructure, and the capability and capacity of the people here. We believe that this country has unlimited growth potential and this is why we are expanding our hardware, software, and people because we see the potential to grow more.

FINANCIALS:

Moong had an impressive third quarter

in 2010, why did this happen, and what is the dividend policy?

Yes, in more than 12 months our quarterly profit doubled, this is because of our expansion in the distribution of fast-moving consumer products. Our customers are very happy with what we have accomplished thus far, even though we are starting from a low base we hope to continue on this path. Our dividend policy is to pay not less than 50% of net profits each year.

What margins does Moong target for each brand?

It really depends upon the nature of the brand. If it is a fast-moving product then a 10-15% margin is fine. If it's slow-moving then 20% or more, but if it's extremely fast-moving like water, then perhaps our margin is only single digits.

MISCELLANEOUS:

Where do you see Moong Pattana in five years time?

Today we are expanding our team, our systems, new products, current products, marketing and distribution. We have been able to successfully build a platform for Moong to be able to add more and more brands to our portfolio.

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