

INDEPENDENT STUDY

BUSINESS PLAN : Business Expansion For WACKER In Myanmar

By

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Present to partial fulfillment of the requirement of the degree of Master of

Business Administration (Management)

Graduate School Stamford International University

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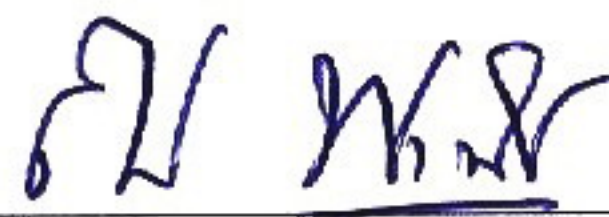
คณะกรรมการสอบภาคนิพนธ์ได้พิจารณาภาคนิพนธ์ของ พลชัย พงศ์สิทธิโชค แล้ว เห็นสมควร
ให้รับภาคนิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรบริหารธุรกิจมหาบัณฑิต มหาวิทยาลัย
นานาชาติแสตมฟอร์ด

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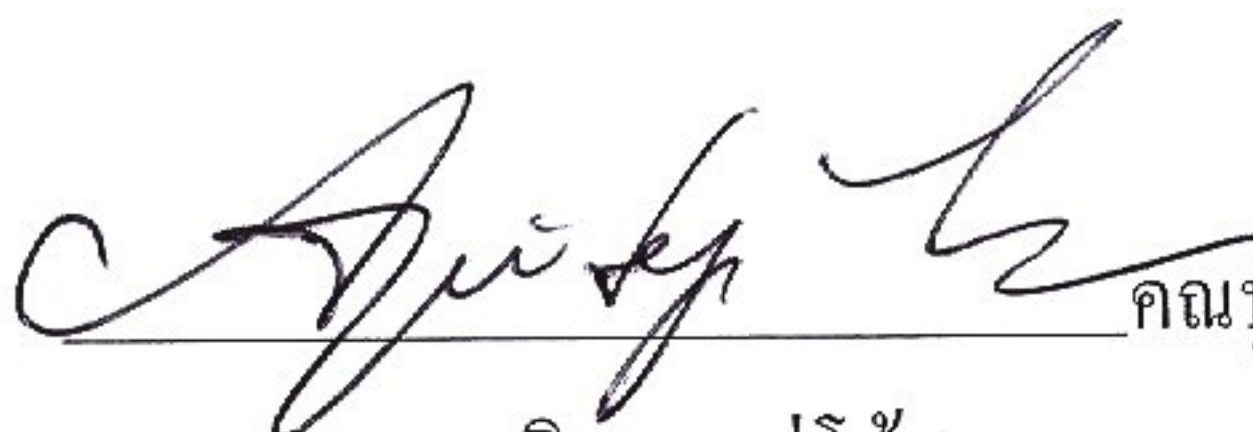
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กรรมการ/ อาจารย์ที่ปรึกษา

(ดร. เอก ชูณหัชชาชัย)

อนุมัติให้รับภาคนิพนธ์ฉบับนี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรบริหารธุรกิจมหาบัณฑิต
มหาวิทยาลัยนานาชาติแสตมฟอร์ด



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ABSTRACT

The objective of this study is to study for business expansion in new open economic Country like Myanmar

This study will be useful for any company who plan to invest in Myanmar in order To capture new business opportunity. This study stated most of the critical factors that need to get aware of and understand the business environment beforehand, also included the operation and marketing plan for doing chemical business in Myanmar, Risk and Challenges

Hopefully, this study can be a helping tool for new investors, especially chemical business to invest or expand business in Myanmar

ACKNOWLEDGEMENT

I would like to express my sincere gratitude and respect to Dr. Puttithorn Jirayus, my advisor who gave valued advice to complete this business plan

In addition, I need to great thanks for all professional teachers of Stamford International University who provide the business lecture, guidance and also sharing individually unique experiences to me. It was wonderful period for me to study here

Lastly, I would like also to say million thanks to my employer, Mr.Patrick De Wolf, Managing Director of Wacker Chemical (South Asia) Pte.Ltd. who inspires me to do this Independent Study, thanks to company business expansion plan to Indochina Countries and The key focus is Myanmar . As Regional Business Development Manager. This Business plan will help as initial tools for future operation in Myanmar

Pholchai Pongsitichok

EXECUTIVE SUMMARY

WACKER is one of the world's leading and most research-intensive chemical companies, with total sales of €4.91 billion. Products range from silicones, binders and polymer additives for diverse industrial sectors to bio-engineered pharmaceutical actives and hyperpure silicon for semiconductor and solar applications. As a technology leader focusing on sustainability, WACKER promotes products and ideas that offer a high value-added potential to ensure that current and future generations enjoy a better quality of life based on energy efficiency and protection of the climate and environment. Spanning the globe with five business divisions, operating 25 production sites,

WACKER has been active in Southeast Asia since 1984. This combined market of more than 500 million people offers not only tremendous opportunities, but also challenges. We mainly supply customers in the following industries and markets like Personal care, Construction, Textile, Elastomers for Electric and Electronics devices, Automotive, Households, Food and Pharmaceutical etc.

. The global market for silicones in terms of revenues was estimated to be worth \$13,080.0 million in 2011 and is expected to reach \$19,424.0 million by 2017, growing at a CAGR of 6.8% from 2012 to 2017. Asia-Pacific dominates the global silicone market, accounting for 40.1% of the overall market in 2011. The growth in the Asia-Pacific market is expected to be fuelled by countries like China and India

There are 4 major Silicone Producers in the world which are dominating more than 80% of worldwide market demand those are Dow Corning, MPM, WACKER and SHIETSU

To expand South East Asia business further, we now aim to focus on new market like Myanmar, Cambodia and Laos which will be the countries where are more attractive for new foreign direct investment in many industrial sectors. Myanmar has become the hot destination for global investors who seek the new business opportunity after Myanmar's government has more flexible to revamp all laws and regulation for foreign investors but problem still on the infrastructure, supply chain, complicated commercial regulation. Risks on politics and unrest

Wacker chemical (South Asia) has seen this business potential in Indochina countries, especially Myanmar and has started business activity in 2011 via local distributor to supply in consumer care, textile and construction industry. We plan to develop further in other industrial sectors that we are capable of by setup the local office and will build up the distribution channel for each market segment with regional support from Thailand and Singapore office

WACKER has Mission statement to provide Service, Responsibility and Growth Go Hand in Hand with customers. Vision to develop intelligent solutions for sustainable growth and Goal to create WACKER products and solutions are our customers' first choice.

Key Objectives of this business for both short and medium term to set up all distribution facilities, create brand awareness and grow sales by 40% in 5 years

WACKER applies proper strategies to each business characteristic which will vary from each business environment across abroad but the key message is principally the empowerment to each local organization is crucial to success and fast response to the market needs .

This study will be one of the proposal for business expansion in Myanmar to the next stage. The corporate strategy direction clearly determined South East Asia region as one of the fastest growing economy, The regional investment will continue to capture more business opportunity

บทสรุปผู้บริหาร

ว៉ากเกอร์เป็นหนึ่งในบริษัท เคมีภัณฑ์ ชั้นนำของโลก ด้วยยอดขายกว่า พันล้านยูโร มี 4.91 และสารโพลีเมอร์สำหรับภาคอุตสาหกรรมหลาย น้ำยาประสาน ,ผลิตภัณฑ์หลากหลายจากซิลิโคน ประเภทรวมถึงไฮเปอร์เพียวซิลิโคน ที่ใช้ในเซมิคอนดักเตอร์และโซลาร์เซลล์ ด้วยความเป็นผู้นำ ว៉ากเกอร์นำเสนอผลิตภัณฑ์และแนวความคิดเพื่อส ,เทคโนโลยีร่างคุณค่าและคุณภาพของชีวิตที่ดีขึ้น สำหรับอนาคต ด้วยนโยบายการใช้พลังงานอย่างมีประสิทธิภาพปกป้องภูมิอากาศและสิ่งแวดล้อม ปัจจุบันมีฐานการผลิตอยู่ ประเทศทั่วโลก 25

ในทวีปเอเชียตะวันออกเฉียงใต้ ด้วยขนาดประชากรร่วม 1984 ว៉ากเกอร์เริ่มธุรกิจมาตั้งแต่ปี , 500ล้านคน เป็นตลาดที่มีศักยภาพสูงและท้าทายอย่างมาก อุตสาหกรรมหลักในธุรกิจปัจจุบัน ครอบคลุมตลาดเพอร์ซันนัลแคร์ ,กลุ่มรถยนต์ ,ผลิตภัณฑ์สำหรับอิเล็กทรอนิกส์ ,ก่อสร้าง สิ่งทอ , อาหารและยา เป็นต้น

ตลาดรวมของซิลิโคนทั่วโลกประมาณ และคา 2011 ล้านดอลลาร์ ในปี 13,080คหมายถึง เติบโตถึง คี 2017 ล้านดอลลาร์ในปี 19,424อัตราการเจริญเติบโตเฉลี่ย 6.8% ตลาดเอเชียแปซิฟิกมี ขนาดใหญ่สุดกว่า 40% ของตลาดโลก โดยเฉพาะการเจริญเติบโตในประเทศจีนและอินเดีย

ปัจจุบันมีผู้ผลิตซิลิโคนหลักอยู่ แห่ง คือ ดาว คอร์ 4หนึ่งว៉าก , โมเมนทิฟ ,กอร์และชินเอทลี โดยทั้งหมดมีส่วนแบ่งการตลาดรวมกันถึง 80% ของตลาดโลก

เพื่อเป็นการขยายธุรกิจไปข้างหน้า ขณะนี้เรามีเป้าหมายในตลาดเกิดใหม่อย่าง พม่ากัมพูชา , และลาว ที่มีความน่าสนใจในการเข้าไปลงทุน ในหลายภาคอุตสาหกรรมโดยมีพม่าเป็นประเทศที่กำลัง ได้รับความสนใจอย่างมากจากนักลงทุนต่างประเทศ หลังจากที่มีรัฐบาลพม่าได้ปรับเปลี่ยนกฎหมายและ กฎเกณฑ์ต่าง ๆ ในการเข้าไปลงทุน แต่ก็ยังมีปัญหาอยู่บ้างทางด้านสาธารณูปโภคขั้นพื้นฐาน ห่วงโซ่ อุปทาน กฎระเบียบทางการค้า และความเสี่ยงทางการเมืองและความไม่สงบภายในประเทศ

ว៉ากเกอร์เคมีคัลส์ ได้เริ่มทำ ,เล็งเห็นถึงศักยภาพในตลาดอินโดจีน โดยเฉพาะพม่า (เข้าที่เอเชีย) สิ่งทอ และก่อสร้าง เรามีแผน ,ผ่านตัวแทนจำหน่ายในอุตสาหกรรมคอนซูเมอร์แคร์ 2011 ธุรกิจตั้งแต่ปี ที่จะพัฒนาธุรกิจไปทางอุตสาหกรรมอื่น โดยจะมีการจัดตั้งสำนักงานและเพิ่มช่องทางการจัดจำหน่าย ให้ครอบคลุมอุตสาหกรรมต่าง ๆ โดยการสนับสนุนจากสำนักงานประเทศไทยและสิงคโปร์

ว៉ากเกอร์มีพันธกิจที่ว่าด้วยการจัดหา บริการ ความรับผิดชอบและเติบโตพร้อมไปกับลูกค้า มี วิสัยทัศน์ที่จะพัฒนากระบวนการในการช่วยแก้ปัญหาของลูกค้าให้ธุรกิจเกิดการเจริญเติบโตอย่างยั่งยืน และมีเป้าหมายที่จะสร้างว៉ากเกอร์ให้เป็นผลิตภัณฑ์อันดับหนึ่งที่ลูกค้าเลือก

วัตถุประสงค์หลักสำหรับแผนธุรกิจนี้ในระยะสั้นและระยะกลาง จะจัดตั้งช่องทางการจัดจำหน่ายทั้งหมด สร้างการรับรู้แบรนด์และเพิ่มยอดขาย 40% ภายใน 5 ปี

ว่าคเกอร์ใช้กลยุทธ์ทางธุรกิจ ที่เหมาะสมกับแต่ละสายธุรกิจ และพื้นที่อันมีลักษณะที่แตกต่างกัน แต่หลักการสำคัญคือการให้อำนาจการบริหารอย่างอิสระกับองค์กรท้องถิ่นนั้น ๆ เพื่อจะได้ตอบสนองต่อความต้องการของตลาดได้อย่างรวดเร็วและถูกต้อง

การศึกษานี้เป็นส่วนหนึ่งของการนำเสนอถึงแผนธุรกิจการขยายธุรกิจในประเทศมาในระยะต่อไป ทิศทางยุทธศาสตร์ของบริษัทจะยังคงสนับสนุนและลงทุนอย่างต่อเนื่องในภาคพื้นเอเชียตะวันออกเฉียงใต้ ซึ่งจัดว่าเป็นทวีปที่มีอัตราการเจริญเติบโตทางเศรษฐกิจสูงสุด

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CONTENTS

	Page
ACKNOWLEDGEMENT.....	1
EXECUTIVE SUMMARY.....	2
CONTENTS.....	7
CHAPTER 1: COMPANY DESCRIPTION	
1.1 Company Background.....	12
1.2 Supervisory Board.....	14
1.3 Production Site.....	16
1.4 R&D Path of Innovation.....	18
1.5 Production Process.....	21
1.6 Product and Market.....	21
1.7 Business Structure.....	22
CHAPTER 2: INDUSTRY ANALYSIS	
2.1 Global Market Outlook.....	28
2.2 Competitors Analysis.....	29
CHAPTER 3: CURRENT BUSINESS SITUATION	
3.1 Understanding of Doing Business in Myanmar.....	35
3.1.1 SWOT Situation Analysis.....	35
3.1.2 Macroeconomics.....	35
3.1.3 Law and Regulation.....	39
3.1.4 The Main Economic Sector.....	40
3.1.5 Industrial Area Setup.....	42

CONTENTS (Cont.)

	Page
3.1.6 Best Potential Market Segment.....	43
3.2 Current WACKER Business Status.....	46
3.2.1 SWOT Analysis.....	47
3.2.2 Focus Market Segment.....	50
3.2.3 Current Business Profile.....	51
CHAPTER 4: STRATEGY AND IMPLEMENTATION	
4.1 Mission Statement.....	52
4.2 Vision and Goals.....	53
4.3 Key Objectives.....	55
4.4 Strategic Direction.....	55
4.4.1 Corporate Level Strategy.....	55
4.4.2 Regional Level Strategy.....	57
4.4.3 Local Functional Strategy.....	58
4.5 Marketing Plan.....	60
4.5.1 ANSOFF Matrix.....	60
4.5.2 STP Marketing.....	63
4.5.3 Marketing Mix Strategy.....	64
4.5.4 Critical Success Factor.....	68
4.6 Operating Plan.....	72
4.6.1 Objective.....	72

CONTENTS(Cont.)	Page
4.6.2 Local Organization.....	72
4.6.3 Action Plan.....	74
4.6.4 Evaluation and Control.....	75
CHARPTER 5: FINANCIAL PLAN	
5.1 Regular Case Scenario.....	77
5.2 Best Case Scenario.....	81
5.3 Worst Case Scenario.....	85
5.4 NPV & IRR and Conclusion.....	90
CHARPTER 6: RISKS AND CHALLENGES.....	91
CHARPTER 7: CONTINGENCY PLAN.....	95
REFERENCES.....	97
APPENDIX (Support Documents).....	99

LIST OF FIGURES

	Page
Figure 1.1 Production Site.....	16
Figure 1.2 Path of Innovation.....	18
Figure 1,3 Technical Center Worldwide.....	20
Figure 1.4 Production Process.....	21
Figure 1.5 Business Organization.....	22
Figure 3.1 Growth of BIP 2010-2013.....	36
Figure 3.2 Growth of BIP 2013-2020.....	37

CONTENTS (Cont.)

Page

Figure 3.3 Foreign Trade Import 2011.....	37
Figure 3.4 Special Economic Zone and Industrial Parks.....	42
Figure 4.1 Ansoff Matrix.....	60
Figure 4.2 Local Organization.....	72

LIST OF TABLES

Table 1.1 Financial Statement	13
Table 4.1 Business Growth Strategy.....	62
Table 4.2 STP-Segmentation.....	63
Table 4.2 Action Plan.....	74
Table 5.1 Sales Projection (Regular case).....	77
Table 5.2 Profit and Loss Statement (Regular case).....	78
Table 5.3 Statement of Cash Flow (Regular case).....	79
Table 5.4 Balance Sheet (Regular case).....	80
Table 5.5 Sales Projection (Best case).....	81
Table 5.6 Profit and Loss Statement (Best case).....	82
Table 5.7 Statement of Cash Flow (Best case).....	83
Table 5.8 Balance Sheet (Best case).....	84
Table 5.9 Sales Projection (Worst case).....	85
Table 5.10 Profit and Loss Statement (Worst case).....	86
Table 5.11 Statement of Cash Flow (Worst case).....	87
Table 5.12 Balance Sheet (Worst case).....	88

CONTENTS (Cont.)

Page

Table 5.13 Operating Expense.....	89
Table 5.1.3 NPV and IRR Calculation.....	90
Table 7.1 Contingency Plan	96

CHAPTER 1: COMPANY DESCRIPTION

1.1 Company background (source:WACKER company description, product, market , application, <http://www.wacker.com>)

WACKER is one of the world's leading and most research-intensive chemical companies. In 2010, its sales totaled €4.75 billion. Products range from silicones, binders and polymeric additives for diverse industrial sectors to bioengineered pharmaceutical actives and hyperpure silicon for semiconductor and solar applications. As a technology leader focusing on sustainability, WACKER promotes products and ideas that offer high value-added potential to ensure that current and future generations enjoy a better quality of life based on energy efficiency and protection of the climate and environment.

Spanning the globe via five business divisions, 26 production sites and over 100 subsidiaries and sales offices, we have established a presence in all key economic regions and growth markets. With a workforce some 16,300 strong, WACKER sees itself as a reliable innovation partner that develops trailblazing solutions for, and in collaboration with, its customers. WACKER also helps them boost their own success. Our technical centers employ local specialists, who assist customers worldwide in the development of products tailored to regional demands, supporting them during every stage of their complex production processes, if required. WACKER e-solutions are online services provided via our customer portal and as integrated process solutions. Our customers and business

partners thus benefit from information and reliable service to enable projects and orders to be handled fast, reliably and highly efficiently.

Financial statements according to IFRS

Wacker Chemie AG

		2012	2011	2010	2009	2008
Total Sales	€ million	4,634.9	4,909.7	4,748.4	3,719.3	4,298.1
- out of Germany	€ million	3,948.9	4,010.3	3,861.1	2,944.7	3,349.5
EBITDA	€ million	786.8	1,104.2	1,194.5	606.7	1,055.2
EBIT	€ million	258.0	603.2	764.6	26.8	647.9
Net Income	€ million	106.8	356.1	497.0	-74.5	438.3
Capital expenditures	€ million	1,095.4	981.2	695.1	740.1	916.3
(incl. financial assets)						
R & D	€ million	174.5	172.9	165.1	164.0	163.2

Employees	16,292	17,168	16,314	15,618	15,922
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(Dec. 31)

Table 1.1: Financial Statement
www.wacker.com

Source: Annual Report, Wacker Chemie AG,

1,2 Supervisory Board

The Supervisory Board of Wacker Chemie AG has 16 members – split evenly between eight stockholder representatives and eight employee representatives, as required by German co determination legislation. Stockholder representatives are elected at the stockholders’ meeting. Employee representatives are elected in accordance with the Co-Determination Act. As well as appointing and advising the Executive Board, the Supervisory Board performs a variety of supervisory duties. The members of Wacker Chemie AG’s Supervisory Board represent a cross section of German business: leading managers from industry, finance and law, as well as trades union representatives and skilled workers.

Supervisory Board Members

Dr. Peter-Alexander Wacker	Starnberg	Chairman formerly Wacker Chemie AG’s president & CEO Degree in Business Administration
Matthias Biebl	Munich	Attorney and bank in-house lawyer UniCredit Bank AG

Dr. Werner Biebl	Munich	State Attorney General (retired)
Franz-Josef Kortüm	Munich	Chairman of the Board of Management of Webasto AG
Dr. Thomas Strüngmann	Tegernsee	Business studies graduate Co-Managing Director of Athos Service GmbH
Dr. Bernd W. Voss	Kronberg i. Taunus	Former member of the Executive Board of Dresdner Bank AG, member of the Central Advisory Board of Commerzbank AG and member of the Supervisory Board of Continental AG.
Dr. Susanne Weiss	Munich	Attorney
Prof. Dr. Ernst-Ludwig Winnacker	Munich	Professor Emeritus of Biochemistry at LMU, Munich
Peter Áldozó	Burghausen	HR Specialist
Konrad Kammergruber	Burghausen	Graduate in business administration
Anton Eisenacker	Perach	Employee council chairman
Marko Fartelj	Kirchdorf	Machine Operator
Harald Sikorski	Munich	Altötting District Chairman of the IG

BCE labor union		
Eduard-Harald Klein	Neuötting	Operator
Manfred Köppl	Kirchdorf	Industrial Mechanic
Seppel Kraus	Olching	Regional head of the IG BCE labor union,

1.3 Production Site



Figure 1.1 Product Site

Source: WACKER company description, product, market , application , <http://www.wacker.com>

WACKER has a global network of production sites spanning all key regions. 16,300 employees on five continents devise innovative solutions locally for maximum customer benefit and generate synergies for efficient

collaborations. To this end, we maintain and further develop an integrated management system in accordance with ISO, GMP and sustainable development, as well as actively participate in the global Responsible Care® program.

Quality, health, safety, and environmental awareness are the cornerstones of our entrepreneurial mindset and practices at all WACKER sites.

EUROPE

- Burghausen
- Cologne
- Freiberg
- Holla
- Jena
- Nuenchritz
- Pilsen
- Stetten

AMERICAS

- Adrian
- Calvert City
- Charleston
- Chino
- Eddyville
- Jandira
- North Canton
- Portland

ASIA

- Jincheon
- Kolkata
- Nanjing
- Singapur
- Ulsan
- Tsukuba
- Zhangjiagang

1.4 R&D, path of innovation

Scientific Milestones . .WACKER ranks among the ten most research-intensive chemical companies in the world, with annual R&D expenditures of about five percent of sales. These investments secure WACKER's continued success in terms of technological focus and profitability.



Figure 1.2 Path of Innovation

Source: WACKER company description, product, market , application <http://www.wacker.com>

Our commitment to research goes back over a century. In 1903, Alexander Wacker founded the Consortium für elektrochemische Industrie – an innovative forum for scientists driven by curiosity, creativity and inventiveness. As WACKER's corporate research facility, it has built up an impressive record of some 800 patents over the decades. Right from the start, the Consortium has always developed materials and processes that are of direct benefit to both the individual and the economy.

The resultant scientific milestones have laid the groundwork for numerous, solution-oriented applications in a wide variety of sectors. The Consortium

complements basic research by its ability to identify economic, ecological and sociological trends and to underpinned by the global strength of Wacker Chemie AG and its corporate sectors: Siltronic AG, WACKER SILICONES, WACKER POLYMERS, WACKER BIOSOLUTIONS and WACKER POLYSILICON.

Progress in acetylene chemistry early last century was just one of the many milestones. In the sixties, the Consortium achieved a petrochemical breakthrough based on the “WACKER process” (direct oxidation of ethylene to acetaldehyde). The traditional activities of catalysis, polymers and organic synthesis were followed in the early eighties by the rise of biotech, which has been conquering new markets ever since.

Our research labs in Munich are the birthplace of tomorrow’s product developments and customized solutions. Solvents, cleaners, degreasers, vinyl polymers, plasticizers, surface coatings and high-performance fibers are just some of the areas in which groundbreaking research occurs. Others range from plant protection, liquid-crystal pigments and polymers, and the synthesis of nature-identical fragrances and flavorings, through chiral building blocks for pharmaceuticals, to cyclodextrins and enzymes, unnatural amino acids, and pharmaceutical proteins for use in immunology, oncology and cardiology.

Paths to Innovation

WACKER sees innovation as an important lever for profitable growth. When creativity is pointed in the right direction, many developments soon result in successful business activities...

We have set up the technical lab worldwide to ensure strong support and react duly to the market requirement



Figure 1.3: Technical Center Worldwide

Source: WACKER company description, product, market , application <http://www.wacker.com>

- Global coverage via worldwide network
- Local support for our customers
- Ideal platform for advanced training and industry- specific networking
- Promotion of innovations and know-how transfer

1.5 Production Process

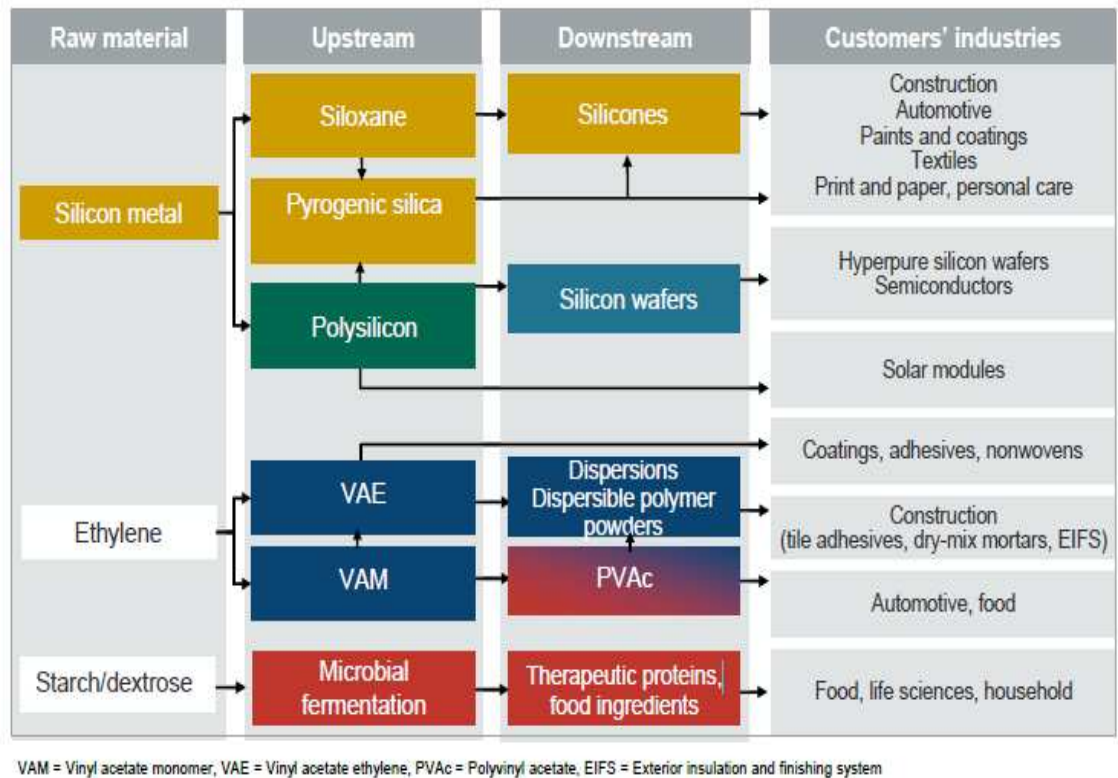


Figure 1.4: Production Process

Source: WACKER , product, market , application

<http://www.wacker.com>

2.6 Product and Market

- Business organization is divided by product group and industries as chart bellows:

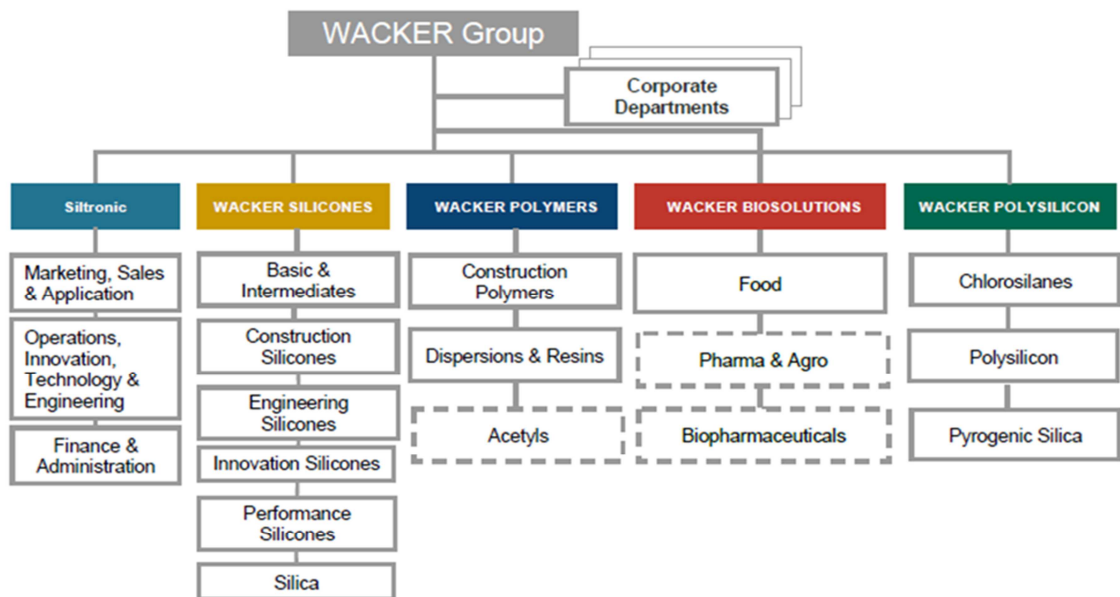


Figure 1.5: Business Organization

Source: WACKER , product, market , application

<http://www.wacker.com>

2.7 Business Structure

Division: Siltronic

One of the world's leading producers of hyperpure silicon wafers for the semiconductor industry Silicon monocrystals and silicon wafers up to a diameter of 300 mm Wafer properties tailor-manufactured to suit customer specifications, Focus on 300 mm wafers and technologically advanced products

Areas of application:

Electronic components for

- Personal computers
- Automotive
- Telecommunications • Consumer goods

- Consumer electronics • Aerospace
- Energy supply • Industrial equipment

Product groups

Silicon monocrystals, crucible-pulled up to 300 mm in diameter and float-zone up to 200 mm in diameter; sliced, lapped, polished and heat-treated, as well as epitaxial silicon wafers up to 300 mm in diameter for the production of electronic devices.

Trademarks

PowerFZ®, HIREF®, Siltronic®, Ultimate Silicon™, powerEDGE™, Premium Silicon™, RX™

Division: Silicone

One of the global leaders in silicone-based, overarching solutions comprising products, services and strategies:

- Over 3,000 silicone products
- Development of new products and production processes together with customers
- Lab support during the formulation phase, approval of customer products, and production scale-up
- Unique supply-chain and packaging solutions

Main areas of application:

- Construction industry

- Paper, film and foil coatings
- Rubber and plastics industries
- Textile and leather
- Automotive and transport industry
- Paints and surface coatings
- Electrical engineering and electronics industries
- Chemical industry
- Personal care, household care, etc.

Product groups

Silicones: silicone fluids, silicone resins, silicone elastomers, silane-terminated polymers, silanes, pyrogenic silica

Trademarks

BELSIL®, CENUSIL®, DEHESIVE®, ELASTOSIL®, GENIOMER®, GENIOPERL®, GENIOPLAST®, GENIOSIL®, HDK®, LUMISIL®, POWERSIL®, PULPSIL®, POWERSOFT®, SEMICOSIL®, SILFAR®, SILFOAM®, SILMIX®, SILPURAN®, SILRES®, SIPELL®, SREP®, TECTOSIL®, VENOTEC®, WACKER SilGel®, WETSOFT®, XLR®

Division: Polymer

- One of the leading providers of high-quality binders and polymeric additives
- In-depth R&D expertise and a global service organization
- Optimum support for our customers in the development of innovative, market-oriented product and application solutions

Area of Applications:

- Adhesives
- Nonwovens
- Automotive and transport
- Paper industry
- Basic chemicals
- Printing inks
- Construction chemicals
- Textiles
- Composites
- Coatings & paints

Product groups

Polyvinyl acetate, polyvinyl alcohol, co- and terpolymers based on vinyl acetate, ethylene or vinyl chloride as dispersible polymer powders, dispersions, solid resins, powder binders and surface coating resins, as well as basic chemicals (acetyls)

Brands

ETONIS®, POLYVIOL®, VINNACOAT®, VINNAPAS®, VINNOL®, VINNAPERL®, VINNEX®

Division: Polysilicon

One of the world's leading manufacturers of hyperpure silicon for the semiconductor and photovoltaic industries, as well as chlorosilanes and pyrogenic silica

- Leading-edge technology promotes outstanding quality, reliability and value for customers

Applications:

- Monocrystals for semiconductors
- Monocrystals and multicrystalline blocks for photovoltaics
- Ribbon and EMC crystallization for photovoltaics
- Wafer epitaxy

Product groups

- Polysilicon chunks for semiconductor and photovoltaic applications
- Polysilicon rods in the form of cut rods, CZ recharge rods and float-zone rods
- Granular polysilicon for continuous crystallization processes
- Trichlorosilane and silicon tetrachloride in semiconductor-grade form for wafer epitaxy

Division: Biosolution

- One of the world's leading providers of bioengineered cysteine for food and pharmaceutical applications

- Only producer in the world of all three forms of natural cyclodextrins (α , β and γ)
- One of the world's leading providers of polyvinyl acetate solid resins for gum base
- Pharmaceutical-industry partner for challenging biotech contract-manufacturing of pharmaceutical actives
- Market leader in acetylacetone via an integrated ketene production process

Applications:

- Pharmaceuticals & Food
- Household agrochemicals
- Cosmetics and personal care
- Construction chemicals
- Specialty chemicals

Product groups and Services

Cyclodextrins and cyclodextrin complexes, cysteine and cystine, polyvinyl acetate solid resins for the gum base industry, complex organic intermediates, fine chemicals and organosilanes, as well as pharmaceutical proteins (biologics) as a contract- manufacturer

Trademark: CAVAMAX®, CAVASOL®, ESETEC®, DENSETEC®

CHAPTER 2: INDUSTRY ANALYSIS

2.1 Global market outlook

Global Silicones Market worth \$19.4 Billion by 2017 (source: Global Silicone market <http://www.marketsandmarkets.com/PressReleases/silicone.asp>)

The report “Global Silicone Market by Type, Application & Geography – Forecasts up to 2017” defines and segments the global silicone market with analysis and forecasting of the global volumes and revenues for silicones. It also identifies driving and restraining factors for the global silicone market with analysis of trends, opportunities, winning imperatives, and challenges. The market is segmented and revenues are forecasted on the basis of major geographies such as North America, Europe, Asia-Pacific, and Rest of the World (ROW). The key countries are covered and forecasted for each region. Further, market is segmented and revenues are forecasted on the basis of applications and product types.

The market for silicones is being driven by the growing end-user industries and rapidly developing emerging economies such as China, India, and Brazil. Silicones possess a wide range of physical and chemical properties. These materials are characterized by low surface tension, chemical inertness, excellent water repellency, good electrical properties, and weatherability, etc. Owing to the superior properties and attributes of silicones, its products are stronger, user-friendly, durable, more stable, and more visually pleasing. The strong performance attributes of silicones enable their application across a host of industries such as construction, chemical industry, automotive, electronics,

personal care, medical, etc. Building and construction is the largest end-use application for silicones. The extensive usage of silicones in adhesives, sealants, coatings, caulks, etc.; which are widely used in the building and construction industry is expected to drive the consumption growth of silicones in this industry. The rising demand from the rapidly growing medical and personal care, and automotive and transportation markets are also expected to help the market.

Asia-Pacific is a highly attractive market and presents a huge opportunity for the market players as the population becomes more capable to afford the sophisticated products offered by them. The rising living standards, growing household incomes and an expanding middle class in the rapidly emerging economies of Asia-Pacific are fuelling demand for high-quality products containing silicones. China is the most attractive market in Asia-Pacific with enormous potential and massive growth opportunities.

The global market for silicones in terms of revenues was estimated to be worth \$13,080.0 million in 2011 and is expected to reach \$19,424.0 million by 2017, growing at a CAGR of 6.8% from 2012 to 2017. Asia-Pacific dominates the global silicone market, accounting for 40.1% of the overall market in 2011. The growth in the Asia-Pacific market is expected to be fuelled by countries like China and India.

2.2 Competitor Analysis

There are 4 major Silicone Producers in the world which are dominating more than 80% of worldwide market demand

- Dow Corning
- Momentive Performance Material
- WACKER
- SHIETSU

DOW CORNING

Dow Corning is a multinational corporation headquartered in Midland, Michigan, USA. Dow Corning specializes in silicone and silicon-based technology, offering more than 7,000 products and services. Dow Corning is an equally-owned joint venture of Dow Chemical and Corning

Products developed over the years include silicone sealants, adhesives, silicone mold-making rubbers, lubricants, release agents for cookware, sound-absorbing silicone, leather treatment, skin care lotion, preceramic polymers for high temperature applications, liquid silicone dry cleaning solvent, High purity silicon wafers for use in semi-conductors and solar panels, as well as silicone waxes.

Strength:

- Strong presence in Asian market
- Cost leader for many market segments
- Wide range of specialty products

Weakness:

- Lack focus on smaller customers,
- Supply issue for specialty products

Strategies:

- Aggressive pricing to retain volume
- Focus on big direct accounts
- Distribution network unclear, can be direct, via XIAMETER etc
- Distributors/customers can buy online via XIAMETER and with better price

MOMENTIVE

Momentive is organized into two operating companies, Momentive Specialty Chemicals Inc. and Momentive Performance Materials Inc., which maintain separate capital structures and publicly report their results. The company serves its customers through three operating divisions:

- Silicones and Quartz Division
- Epoxy, Phenolic and Coating Resins Division
- Forest Products Division

Momentive Performance Materials Inc. manufactures silicone, silicone based derivatives, quartz, ceramics and other specialty materials for diverse industrial applications. In 2009, the company had sales close to \$2 billion, of which more than 90% were in silicones and derivatives segment.[1] As of 2010, Momentive is the second-largest producer of silicones in the world. Its close competition are Dow Corning and Wacker Chemie. Momentive Performance Material's world headquarters is located in Waterford, New York,

Momentive Specialty Chemicals Inc. makes thermoset resins used by a wide range of industries including construction, transportation, electronics,

automotive and others. Products include acrylic monomers, amino resins, epoxy resins, phenolic resins, polyester resins, versatic acid and derivatives. Momentive Specialty Chemicals serves the global wood and industrial markets through a broad range of thermoset technologies, specialty products and technical support for customers in a diverse range of applications and industries. Momentive Specialty Chemical's world headquarters is located in Columbus, Ohio,

Strengths:

- Excellent range of specialty products
- Regional production site to support local market

Weaknesses:

- Market feedback MPM poor follow-up
- Technical support slow response

Strategies:

- Actively attacking Wacker strategic products such as SRE
- Low price for Dimethyl and Amino fluids,
- Ships ex-Thailand, short lead-time and tax incentive

SHIN-ETSU:

Shin-Etsu Chemical Co., Ltd. is the largest chemical company in Japan, ranked No. 9 in Forbes Global 2000 for chemical sector. Shin-Etsu has the largest global market share for polyvinyl chloride, semiconductor silicon and photomask substrates.

“Shin-Etsu” in the company's name derives from Shin-Etsu Region, where the company established the first chemical plant as Shin-Etsu Nitrogen Fertilizer in 1926, though the company today is headquartered in Tokyo and has its manufacturing locations in 14 countries worldwide.

As for business segments ,Shin-Etsu splits its business into three distinct groups:

1. Organic and inorganic chemicals

Main products: polyvinyl chloride (PVC), silicones, methanol, chloromethane, cellulose derivatives, povals, caustic soda, and silicon metals

2. Electronics materials

Main products: semiconductor silicon, organic materials, rare earth magnets for the electronics industry and photoresist products

3. Functional materials

Main products: synthetic quartz, rare earth and rare-earth magnets for general use

Strengths:

- Sustainable quality
- Japanese customer dominant supplier
- New product Innovation

Weakness:

- Narrow product range in some applications
- lacking of technical support

Strategies:

- Secure their position at key account customers

- Use Japanese business platform to gain sole supplier

WACKER:

Strengths:

- High quality product
- New product Innovation
- Strong distribution network
- Technical support worldwide

Weakness

- Price not competitive in standard products
- Cost position in South East Asia

Strategies;

- Focus on specialty products
- Work with selective accounts for standard products
- Finding new market access via local competence

CHAPTER 3: CURRENT BUSINESS SITUATION

3.1 Understanding of doing business in Myanmar

3.1.1 SWOT Situation Analysis

Strengths:

- Strategic location region
- Government policy change
- Rich Natural resources
- Cheap labour

Weakness:

- Low infrastructure
- Complicated and outdated regulation
- Unreliable and Inadequate statistics

Opportunities

- Upcoming international assistance
- Investor's destination

Threats

- Risk of politics changes
- Risk of unrest

3.1.2 Macro Economics

- Strategically located between India, Bangladesh, PR China, Laos and Thailand
- Abundance of natural resources: gas, petroleum, timber, tin, copper, tungsten, antimony, coal, precious stones, hydro power
- Important tourism market: Yangon, Bagan, Mandalay, Inle Lake, Ngapali, Ngwe etc.
- Population: 62 million inhabitants in comparison to 65 million in Thailand
- Poverty 26% according to ADB definition
- GDP per capita is U.S. \$ 832 compared with \$ 5,112 in Thailand, \$ 1,400 and \$ 5,300 in Vietnam, China (2011)

- UN Human Development Index 149 (187)
- Electricity 30%, Cell phones 3%, Internet 1%

Growth of BIP (2010 to 2013)

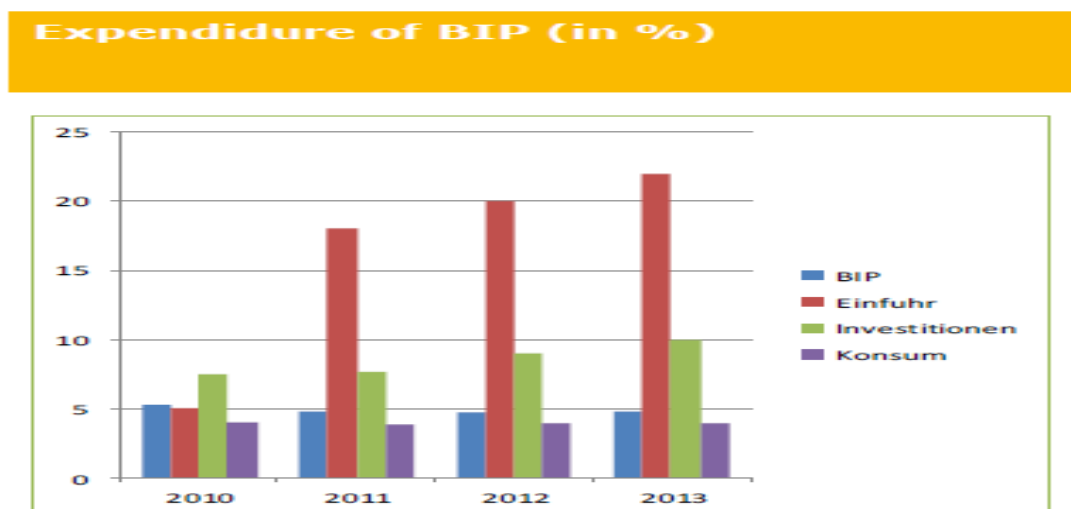


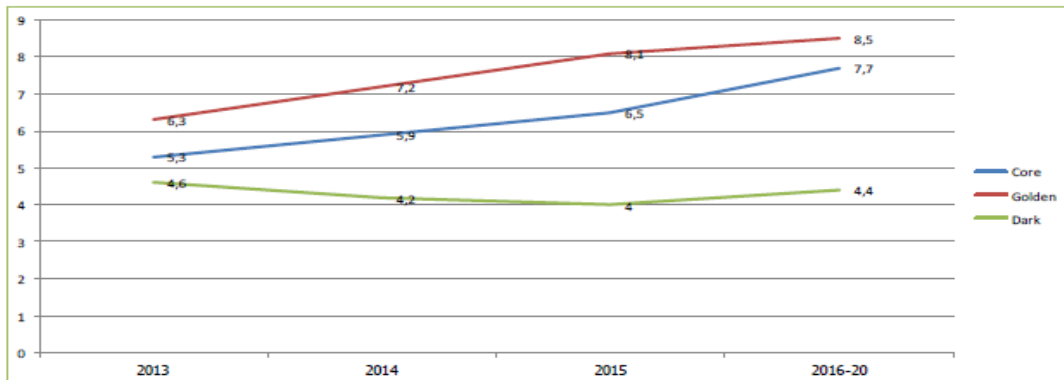
Figure 3.1: Growth of BIP 2010-2013

Source: The Economist Intelligence Unit (IWF), 27.06.2012 Germany Trade & Invest

- GDP grows by 4.8% in 2012-13, then faster
- The key growth drivers are induced by major projects in the energy, oil / gas and infrastructure sectors
- This implies a high import demand for industry goods, especially construction machinery and building materials
- The main investors are the PRC, Thailand and Republic of Korea
- The national economy remains weak with consumer spending growth by 3.9% in 2012-2013

Growth of BIP from 2013 to 2020 (in %)

The 3 scenarios in dependence of democracy reforms (disciplined democracy)



Core: continuing reforms with limited real structural transformation (60% probability)
 Golden: fast political and economic reforms (25% probability)
 Dark: Declining reforms, re-positioning of military strength
 Quelle: The Economist Intelligence Unit

Figure 3.2: Growth of BIP 2013-2020

Source: The Economist Intelligence Unit (IWF) ,27.06.2012 Germany Trade & Invest

Foreign Trade Import 2011

Leading Supplier Countries (in %)

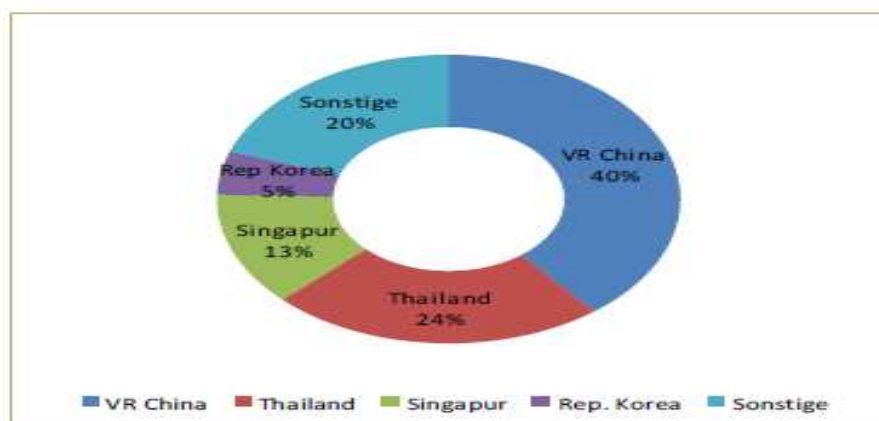


Figure 3.3: Foreign Trade Import 2011

Source: The Economist Intelligence Unit (IWF) ,27.06.2012 Germany Trade & Invest

Import Value of \$ 6.0 billion

- 2012 +20% 2013 +22%
- Other supplier countries: Indonesia, Japan, Malaysia, India
- Imports from Germany amounted to nearly € 43 million (+87%), representing a share of 0.9%
- Imports from the EU amounted to € 149 million (+79%), this corresponded to a share of 3.1%
- Petroleum products, machinery, equipment, pharmaceuticals, plastics, paints and varnishes

Foreign Trade Export

- Export \$ 8.2 billion
- Natural gas \$ 3 billion (\$ 4 billion in 2013)
- 2012 +12% 2013 +45%
- Other importing countries: Malaysia, Singapore, Republic of Korea
- Exports to Germany amounted to nearly € 61 million (+3%), representing a share of 0.9%
- Exports to the EU amounted to € 168 million (+4%), this corresponded to a share of 2.6%
- Natural gas (36%), precious stones, leguminous vegetables, wood, textiles

3.1.3 Laws and Regulation

Economic Laws

- Revised Labor Organization Law - Employment Law, including the right to strike and trade union registration
- Revised Trademark Law Dispute
- State-owned Economic Enterprises Law (SEE LAW) reserves the twelve sectors state-owned enterprises: Teak, forestry, oil and gas (exploration and production), pearls, jade and precious stones, fish and seafood, post and telecommunications, air and railway transport, banks and insurance companies, radio and television, metals (exploitation and export), power generation, products for security and defense

Myanmar Investment Laws 1988

- Land lease for 30 years (negotiable +15 +15) Fiscal Incentives: exemption from income tax for three years and in some cases from export tax, accelerated depreciation, exemption from customs duties on raw materials in the construction phase and after completion
 - Guarantees against nationalization
 - Permitted under the MFIL are almost all activities (distress Notification 1/89)
 - Minimum foreign capital: Production \$ 500,000, Services \$ 300,000
 - Revision of MFIL: Income tax exemption for five years (very likely)
- Compensation for nationalization Definition of foreign investment Rights and

obligations of the investor (transfers, environment, remote regions) Indicative targets for the employment of Myanmar workers

Types of Company

- Full foreign company (100%) under the Myanmar Companies Act
- Joint Venture - minimum 35% foreign ownership - with individuals, private companies, cooperatives and state enterprises
- Limited Company is the most common form of investment
- Branch Office
- Representative office (currently, only banks and insurance companies)
- Production Sharing Contracts for foreign investors in mining and oil and gas industry

3.1.4 The Main Economic Sectors

Oil & Gas

- Natural gas reserves of 21 trillion cubic feet in the Andaman Sea
- 104 million barrels of oil reserves and 101 million barrels onshore offshore
- Three shallow water blocks for exploration and development are available
- 19 new deep water blocks are open
- PTTEP (5), Petronas, Daewoo International, Nippon, Essar, Chevron, Total
- PTT aims to ensure long-term 25% of Thailand's natural gas requirements from Myanmar

Hydropower

- Capacity of 3360 MW (2011) - 45 277 MW of potential

- Myitsone suspended to 2016: 4.1 GW, and \$ 3.6 billion, 80% export
- Other projects with Sino Hydro of China Southern Power or EGAT (Thailand)

Mining

- Enormous resources of lead, copper, coal and building materials
- "Gems & Jade Emporium" achieved sales of 0.5 billion to \$ 1.4 billion
- Australia and Canada are in copper and coal mining interests

Infrastructure

- Roads and Highways (Construction, materials, engineering)
- Seaports (plants, container handling)
- Logistics infrastructure (storage facilities, cooling, stacking and equipment)
- Airports (cargo handling)

Light Industry

- High potential for labor-intensive export-oriented goods production
- Textiles and clothing: since 2003, from 300 to 175 factories (Reebok, Levi Strauss)

Tourism

- Around 400,000 tourists, compared to around 20 million in Thailand
- Lack of business hotels in Yangon
- Transparent auction of 22 properties in early 2012

3.1.5 Industrial area setup

>> Special Economic Zone and Industrial Park

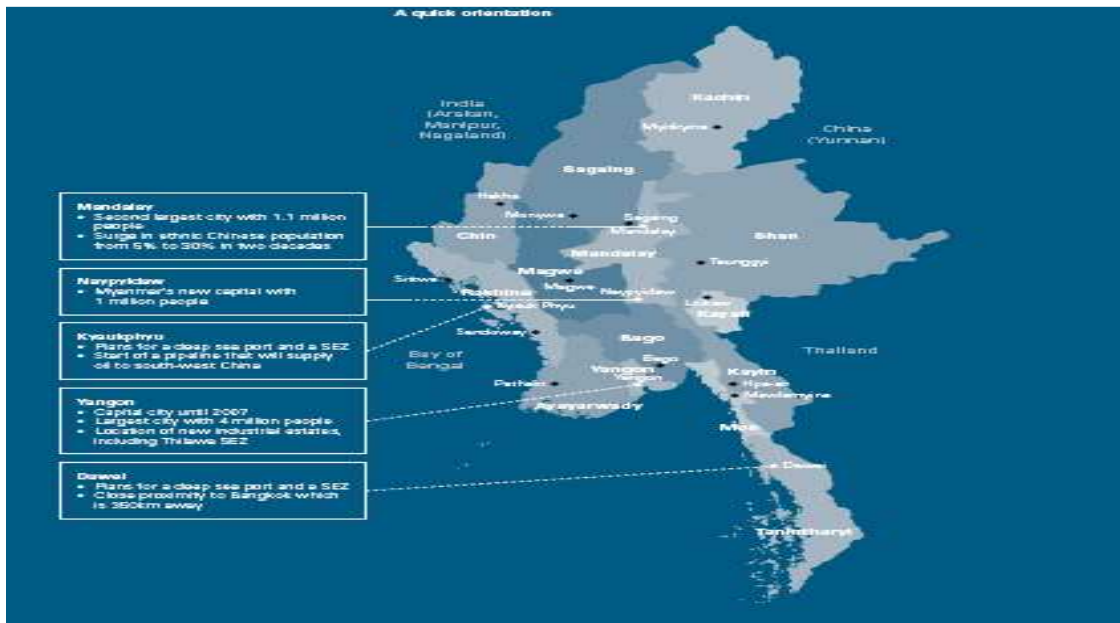


Figure 3.4: Special Economic Zone and Industrial Parks

Source: IE Insight, International Enterprise Singapore, Vol. 2/ Jul 2012

Dawei

- Gigantic industrial park over 250 sq km for a total of 50 billion U.S. \$
- Developer is Italian-Thai Development with partner Max Myanmar (25%)
- Deep-water port in 2015 at cost of 8.6 billion dollars (Status: Design phase III)
- Heavy industry - steel, petrochemical, refinery
- Energy supply - for now gas power plant (Thailand)
- Manufacturing - automotive parts, electronics, simple products
- Financing from ADB and World Bank projects
- Petronas, Japan, Mitsubishi, Mitsui, Sumitomo, Nippon Steel, PTT, Posco
- Resettlement of 4,400 households with 30,000 persons

Thilawa

- Advantage lies in the proximity to Yangon
- Major Japanese interests
- Container Terminal Hutchinson Port Holdings, Hong Kong (RSP Architects, Singapore)
- Conclusion: faster development likely

Kyaukphyu

- 400 km north-west of Yangon
- natural deep sea port
- Development with the Chinese CITIC Group
- Natural gas and oil pipeline to Kunming (Yunnan)
- Later, road and rail link planned

Industrial Parks

- previous industry profile: 41 industrial zones with 9574 companies
- Most of Greater Yangon (19) and Mandalay (6)
- In addition to the SEZ are 24 development zones provided 18 areas are open to local industries

3.1.6 Best Potential Market Segments

Consumer Goods

- A great amount of backlog demand in the regional comparison
- Slow improvement in purchasing power, billboard advertising
- So far mainly simple Chinese consumer goods

- Opportunities: textiles and clothing, bicycles, TVs, PCs, mobile phones, refrigerators, air conditioners, kitchens, plumbing, fixtures, appliances, DIY furniture, home improvement items
- Example: MTC Embroidery Services (Chairman Axel Mueller)

Health / Medical

- Life expectancy is just 64 years, high infant mortality rate
- High demand for medical and other hospital equipment
- Market entry by GE Healthcare (Bangkok) is expected
- Fertile field for international training and development support
- Good investment opportunities for simple clinical consumables
- Health budget has quadrupled in 2012 with a focus on new clinics

Construction

- There has been a lot of manual labor using simple equipment, long construction times and poor quality (Yangon-Naypyidaw highway)
- Opportunities: Building Materials, Equipment, Discount stores, low-cost housing, luxury apartments, mining equipment, transport infrastructure, cranes

Retail

- Small supermarkets and convenience stores
- Storage facilities, in particular cold stores
- Agribusiness, fishing industry
- Packaging machinery and materials

Financial Sector

- SME financial services

- cooperative banks
- Microcredit and Rural Banking
- financing for Development
- Financing of infrastructure projects

ICT

- Telecom infrastructure
- Landline services
- mobile
- Internet
- IT Services

Tourism

- High potential for hotels and accommodation services
- Alternative tourism - environmentally, culturally, ethnically
- Hotel supply (commercial kitchens, washing machines)
- Energy efficiency (air conditioning)

Transport & Logistics

- Warehouses with modern standards
- Multimodal terminals
- Handling equipment (ramps, cranes, forklifts)
- Supply Chain Management
- Market familiarization

3.2 WACKER Current Business Situation

WACKER in Southeast Asia (WACKER South Asia Pte.Ltd. Fascinated Excellence/Wacker South East Asia 2012)

Southeast Asia is one of the fastest growing and thus one of the most interesting markets worldwide. WACKER has been active in Southeast Asia since 1984. This extremely vibrant region is characterized by both fragmented markets and people from diverse cultural backgrounds. The combined market of Southeast Asia comprises more than 500 million people offering tremendous opportunities and challenges. Therefore understanding the local markets is vital for doing business, and for supporting the regional industry. That's why we established a local competence network with offices in Indonesia, Thailand and Vietnam, and our branch with technical center and the WACKER ACADEMY in Singapore.

WACKER's local experts are helping to formulate quality standards as well as to introduce economical and environmentally friendly technologies to the region. Our laboratory specialist teams can test your products using local raw materials and develop the optimum formulation for your applications. We mainly supply customers in the industries adhesives, chemicals, construction, elastomers/plastics, personal care, and textiles. For example we develop silicone emulsions for the regional textiles and pulp industry, and silicone wax emulsions for lipsticks even not melting at 35 degrees Celsius for local cosmetics. In Vietnam, i.e., we develop polymer modified skimcoat formulations for autoclaved aerated concrete (ACC blocks), and in Thailand our highly experienced specialists assist you in developing thermal insulation mortar and

powder paints. Besides our lab and technical services, and development support in Southeast Asia WACKER provides you a wide range of customized attendance such online services and specialized training activities.

3.2.1 SWOT Analysis

Strengths:

- Strong Portfolio
 - Successful Restructuring
 - Market Leading Position
 - Brand development and Marketing
 - Quicker product development
 - Strong distribution channel
-
- Strong portfolio – WACKER has an extensive portfolio of Silicone and Polymer products to serve various industries by continue new product which maintain high quality and technology-led has been extended into new fast-growing industrial sectors, which has helped strengthen the image of our brands.
 - Successful restructure – the latest implementation of Performance Silicone business team restructuring has strengthen our position in Asia, the fastest growing region that is likely continue. This change will allow us more focus on Asia on both new development to match the market needs and fast response to the customer requirement

- Market leading positions – WACKER is the leading textile and construction products in Asia by leading the new innovative product and application development
- Brand development and marketing – WACKER has stepped in an advanced advertising and marketing program, which is a must for success in new world of competition. In many of largest sectors, the company's wide presence has been built on successful product innovation with the timely introduction of brand extensions well suited to changing consumer preferences.
- Quicker product development – As to new structure allows us to have quick response to the market competition. More customized product will play major role in future to drive new business
- Strong distribution channel structure – changes in internal structure, with increasingly decentralized and globally-self-managed Business unit, have led to increasing synergies within the business, such as in its distribution activities. market information access etc.

Weakness:

- Not competitive in commodity products
- Lack of Industry focus
- Business flexibility
- Not competitive in commodity products – commodity product pricing policy was controlled by product management which sometimes may not duly match the market price in every region especially Asia, where competition is most severe

- Lack of industry focus – the diversity of WACKER’s overall portfolio, which is relevant to vast industrial sectors, means that some industries may not get the resources it needs when a sudden change in demand or new market requirement happens, and also may impede the speed at which new products get to market.
- Business Flexibility – some internal restriction like MOQ rules, extension shelf life charge, scale up trial sample cost etc. can retard new business development

Opportunity

- Rising trend of FDI will push more industrial growth
 - Potential of developing market
 - Building on Brand Awareness
-
- Rising trend of FDI continues, investors’ interest still growing to capture the rising trend of Myanmar economy and business regulation reform which ease more investment inflows
 - Potential of developing market , Business expansion in some key market sectors like personal care, textile/garments and construction continues to cope with domestic demand and as a low cost production for exporting
 - Building brand awareness, with WACKER strong brand, technical competency leader with local sales and marketing excellence will bring about WACKER brand on customer mind

Threat

- Intensifying Competition
 - Private label products
 - Stagnation in export market
 - Unreliable of business environment
 - Risk of local business partner
-
- Intensifying competition – competition will be rising on various fronts. many Silicone and Polymer suppliers eye on new emerging market especially Myanmar where has high potential among others
 - Private label products – as a supplier to the mass-market retail channel, the private label product from formulators in neighboring countries can easily step into the market like China and Thailand
 - Stagnation in Europe and USA region – a challenging environment remains in America and Europe which economics has seen sluggish, this might impact on export sector and order demand to Myanmar, as a result of the slow economy.

3.2.2 Focus Market Segments

- ADHESIVES & SEALANTS
- AUTOMOTIVE & TRANSPORT
- CHEMICAL INDUSTRY
- COATINGS & PAINTS
- CONSTRUCTION

- CONSUMER CARE
- ELASTOMERS & PLASTICS
- ENERGY, ELECTRICS & ELECTRONICS
- PAPER, FILMS & NIP
- TEXTILES, LEATHER & FIBERS

at number of industries. In doing so, we offer market-oriented solutions for a wide variety of applications.

3.2.3 Current Business Status in Myanmar

- WACKER has started business since 2011 by exclusive distributor. The main business comes from Personal care, Construction and Textiles. Total 2012 sales was US\$432T as detail below

Market segment	2012
Personal care	185,000
Construction	124,000
Textile	76,000
Elastomer	35,000
Others	12,000
Total	432,000

CHAPTER 4: STRATEGY AND IMPLEMENTATION

WACKER is an independent and globally active company

- We produce and sell chemical products and engage in scientific research.
- We are a leader in our core fields, which include semiconductors, polysilicon, polymers, silicones and specialty chemicals.
- We offer environmentally sound, energy-conserving and market-oriented solutions.
- We stand for innovative chemical products and advanced methods.
- We are committed to ecological and social responsibility.

4.1 MISSION STATEMENT

>> Service, Responsibility and Growth Go Hand in Hand.

WACKER's principles follow an integrative goal:

1. of being a preferred partner to our customers,
2. creating a pleasant working environment for our employees,
3. meeting our responsibilities to society
4. and continuing our value-added growth.

In accordance with our corporate philosophy, we primarily conduct our business in regions where our customers are based. This is why WACKER is at home the world over. After all, the better a company understands its markets, customers and cultures, the more effectively it can fulfill its requirements: as a trusted partner. On this basis, the company is already successful wherever demand is increasing.

WACKER's particular strengths lie in its services, technologies and products, and particularly in its employees. This awareness means being responsible for the health and well-being of its specialists. Our obligation is demonstrated by wide-ranging programs for training, safety and participation.

All globally-positioned companies are responsible for the environment and society in general. This is why WACKER conducts its business in accordance with the same high standards throughout the world in terms of sustainability, environmental protection and work safety - well above international minimum standards.

The focus of all of these activities is on value creation and growth. This service, quality and responsibility-based strategy enables long-term continuous growth.

4.2 VISION AND GOAL

Vision:

We develop intelligent solutions for sustainable growth.

WACKER, as an innovative chemical company, makes a vital contribution to improving the quality of life around the world.

In the future, we want to continue developing and supplying solutions that meet our rigorous demands: creating added value for our customers and shareholders, and growing sustainably.

- Customers: WACKER products and solutions are our customers' first choice.
- Employees: we want to be one of the world's best employers.
- Innovations: we tap new markets via product and process innovations for tomorrow's world.

- Company value: we continuously increase our company value.
- Sustainability: our responsibility as a company extends beyond our business activities

GOALS:

Customers: WACKER products and solutions are our customers' first choice.

- All of our activities focus on our customers' needs. Satisfied customers are the basis of our success.

>> We aim to continuously raise our product quality and enhance our services.

The better we succeed at this, the more we can grow with our customers, deepen our understanding of their needs and provide them with higher added value.

To achieve this, WACKER focuses on direct contact and on exchanging information personally. Through our technical competence centers and the WACKER ACADEMY, we work closely with customers to develop tailored solutions. Our strength lies in our long-term relationships, based on trust, with the people in our markets.

- We tap new markets via product and process innovations for tomorrow's world.

>> We develop products that are vital for tomorrow's world. That's why we invest in research and development. Our innovative strength is reflected in the high sales percentage of new products.

We know how to transfer new production methods from development to globally competitive plants.

At WACKER, innovation also means "making what is good even better." Our "Wacker Operating System" (WOS) program aims at systematically optimizing

our processes. Employees receive the necessary training at our own WOS academies.

As the quality and cost leader in many of our business sectors, we realize that “becoming better is a never-ending process.”

4.3 Key Objectives:

>Short term (1-3 years) : to set up the local office and start local operation

to set up the distribution network to cover the target

segments

to create brand awareness and footprint in each market

>Medium term (3-5 years) :to set up distribution channel covering entire market segments

- to grow sales by 40% in 2017

- to have local technical support in major industries

- to have office expansion and increase headcounts

4.4 Strategic Direction

4.4.1 Corporate level Strategy

One of WACKER's goals is clear technological and thus cost leadership for all processes and products. This is partly achieved by the Group management's strategic focus on innovation and growth, as well as keeping an eye on market leadership. Our activities always center around sustainably increasing our corporate value in the long term.

>> Growth Strategy

For long-term and continual corporate growth, WACKER focuses on products and regions with above-average growth. Top priority is given to expanding our presence in dynamic regions and gaining new customers. WACKER wants most of its growth to be organic. Nevertheless, acquisition options are reviewed if they suit the Group's long-term strategy and offer prospects for tapping additional success potential.

WACKER's foundation is formed by its technological and entrepreneurial strengths. This is why the company enjoys a leading competitive position in most of its business fields. WACKER products and services are the preferred choice of customers.

Global megatrends are the largest drivers of new markets. As a chemical company, WACKER supplies the basic materials for new applications serving megatrends such as energy, urbanization/construction, digitization, and increased prosperity in newly industrialized countries

>> Performance Indicators

The Executive Board charts the company's course on the basis of various financial parameters. Under the "EAGLE" acronym (Eye At Growing a Long term Enterprise), WACKER has been consolidating value-based management group wide since 2002. For this reason, the strategic positioning of a business entity and its contribution to boosting the company's value must be coordinated. This annual planning comprises fundamental decisions on investments, innovation plans, new markets and a variety of other projects.

Strategic planning is divided into two steps. First, divisions identify their market and competitive positions, as well as their value-related strength. The results are integrated into a proposal for measures and strategic positioning. This information is compared with other innovation and investment plans on a Group level and recommendations are then formulated for all divisions.

Strategic planning decisions are then included in operational planning, which takes place in the second half of the year. The Executive and Supervisory Boards jointly approve the strategy. Via monthly reporting, we check whether the targets have been reached and the forecasts proven correct. Our medium-term planning spans four years.

4.4.2 Regional Level Strategy

Competition in the silicones business is becoming fiercer. We are experiencing severe price pressure, particularly for our standard products. What can we do to counter this trend?

Our response is to define our strategic fields of action more clearly in order to continue our profitable growth. Today, most growth takes place in fast developing regions such as Asia and emerging economies such as China. Our customers there often have different demands on products than customers in our domestic market in Europe. For example, durability competes with price, while perfection competes with a material that fulfills the requirements adequately (one that is “good enough”). We must adjust to this situation and take greater account of regional needs and differences. With our strategy “Optimize & Strengthen”, we have set ourselves the following targets:

- We are strengthening our focus on the fast growing markets in Asia, without neglecting our traditional markets.
- We are expanding our market share with specialty products for applications especially in the areas of personal care, medicine, electronics, automotive and energy.
- We are thereby increasing our value creation without increasing the raw materials input.
- We target a high utilization of our production plants in order to keep specific manufacturing costs low.
- We are employing different marketing strategies for sales of standard and specialty products.
- We are strengthening R&D to generate innovations in new product and application fields. R&D is and will remain an important cornerstone of our success and our differentiation in the marketplace.

4.4.3 Local Functional Strategy

- In order to stay competitive in Myanmar market. We need to

- **Seizing Short-term Opportunities**

Myanmar has immediate needs in sectors which Wacker have a strong reputation and track record. In the short-term, Wacker overall strategy should be to identify where we can provide immediate solutions. Do not ignore the bigger picture as filling short-term gaps in Myanmar will best position Wacker to capture long-term opportunities.

Regulatory and legislative restrictions, coupled with the lack of capacity within Myanmar's institutions, may limit its ability to cope with the influx of foreign

investment. Myanmar is likely to focus on immediate priorities, and an entrepreneurial approach is needed to seize these opportunities and to deal with realities on the ground. Longer-term, gestational projects will need to factor in the pace of Myanmar's economic reforms.

- **Creating a Niche**

There are opportunities in key sectors that any developing economy needs to build capacity in as it modernises. Wacker have an opportunity to offer technology, skills training, as well as master planning and operational expertise. Wacker's ability to work with both international and local business partners across different sectors is a valuable asset.

- **Focus on Industrial Development and Manufacturing**

The country had a thriving garment industry prior to the imposition of international sanctions.

It is now looking to attract foreign investors with tax breaks and exemptions targeted at the manufacturing sector. Currently, its garment and apparel industry is a potential low-cost manufacturing base as it operates with low overheads and wage rates. Wacker have strong position in textile market. we need to establish the market approach network to ensure market penetration coverage.

4.5 Marketing Plan

4.5.1 ANSOFF Matrix



Figure 4.1 Ansoff Matrix

Source: Wacker Chemie/Marketing, www.wacker.com

>> Market Penetration

- Maintain or increase the market share of current products

this can be achieved by a combination of competitive pricing strategies, advertising, sales promotion, repositioning the brand and perhaps more resources dedicated to personal selling

- Increase usage by existing customers e.g. by introducing loyalty schemes
- Restructure a mature market by driving out competitors, this would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors

- A market penetration marketing strategy is very much about “business as usual” and therefore the least risky way for a company to grow

>> Product Development

- Business aims to introduce new or significantly modified products which appeal to existing markets
- Extending the product range available to the firm’s existing markets by
 - Investment in the R&D of additional products
 - Development of new competencies
 - Joint developments
 - Acquisition of rights to produce someone else’s products

>> Market Development

- Business seeks to sell its existing products in new markets
 - New geographical markets e.g. expanding to other untapped area
 - New distribution channels
 - Different Applications for people who have not been using such a product before or have been using a different solution so far
 - Different customer segments e.g. to widen the market coverage and different type of customer, by backward integration
 - Different market segments; for example through different pricing policies

>> Diversification

Business markets new products in new markets

This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience.

- Related diversification remaining in a familiar market or industry.
- Unrelated diversification, a company has no previous industry nor market experience.

Existing Products		New Products		
Existing Application / Market	MARKET PENETRATION	+70	PRODUCT DEVELOPMENT	+18
	Organic Growth U123	+ 8	Product WR301	+10
	Organic Growth U235	+ 7	Product line WETSOFT	+8
	Organic Growth WR1300	+10		
	Growth at Ming dong	+15		
	Growth at Tienkin trading	+10		
	Price reduction in AK oil	+20		
New Market	MARKET DEVELOPMENT	+10	DIVERSIFICATION	+3
	Application : Mold-making	+5	Customized emulsion for release application	+3
	Retailer market for BS products	+5		

Table 4.1: Business Growth Strategy

4.5.2 STP Marketing Strategy

Strategic marketing involves finding a correct segment in which to market our product, identify the proper target market and positioning the product to create maximum profit. The most important part of STP marketing is determining exactly what benefit our product offer and who will benefit most from using it

- Segmentation
- Targeting market
- Positioning

Segmentation	Targeting Industry	Positioning
Trading	Personal care Textile Rubber	Wide product range High innovative product Reliability
Formulators	Textile Construction	Technical support driven Joint development for new market
End-users	Construction Personal care	Joint development Partnership for new product and application

Figure 4.2: STP-Segmentation

4.5.3 Marketing Mix Strategy

>> Product Strategy

- Cost leadership strategy is based on the concept that WACKER manage to produce and market a good quality product or service at a lower cost than competitors. These low costs should translate to profit margins that are higher than the industry average. Some of the conditions that should exist to support a

cost leadership strategy include an on-going availability of operating capital, good process engineering skills, close management of labor, products designed for ease of manufacturing and low cost distribution.

- Differentiation strategy is one of creating a product or service that is perceived as being unique "throughout the industry". WACKER has emphasis on brand image, proprietary technology, special features, superior service, a strong distributor network or other aspects that might be specific to industry. This uniqueness should also translate to profit margins that are higher than the industry average. In addition, some of the conditions that should exist to support a differentiation strategy include strong marketing abilities, effective product engineering, creative personnel, the ability to perform basic research and a good reputation.

- Focus strategy - may be the most sophisticated of the generic strategies, WACKER designed to address a "focused" segment of the marketplace, product form or cost management process and is usually employed when it isn't appropriate to attempt an 'across the board' application of cost leadership or differentiation. It is based on the concept of serving a particular target in such an exceptional manner, that others cannot compete. Usually this means addressing a substantially smaller market segment than others in the industry, but because of minimal competition, profit margins can be very high.

>> Pricing strategy

Pricing: Having defined the overall offering objective and selecting the generic strategy

we must then decide on a variety of closely related operational strategies. One of these is how to price the offering. A pricing strategy is mostly influenced by the requirement for net income and the objectives for long term market control.

There are three basic strategies that we consider.

- A Skimming Strategy

If offering has enough differentiation to justify a high price and desire quick cash and have minimal desires for significant market penetration and control, then we will set your prices very high.

- A Market Penetration Strategy

If near term income is not so critical and rapid market penetration for eventual market control is desired, then we set prices very low.

- A Comparable Pricing Strategy

If we are not the market leader in any industry then the leaders will most likely have created a 'price expectation' in the minds of the marketplace. In this case we can price our offering comparably to those of competitors

>> Distribution

We must also select the distribution method(s). we will get the offering into the hands of the customer. These include:

- On direct business sales involves the sale of our offering to prospects who can afford FCL order or high business potential, We can supply from regional hub in Singapore for LCL cargo, this will enhance our market coverage ability

- Distributors' sales involves the sale of our offering to each distributor in different market segment, This allows us extend arm to reach out more customers by using our strength and local facilities of our distributors which also have local expertise in each market

Of course, making a decision about pricing, promotion and distribution is heavily influenced by some key factors in the industry and marketplace. These factors should be analyzed initially to create the strategy and then regularly monitored for changes. If any of them change substantially the strategy should be reevaluated.

>> Promotion and Advertisement

To sell an offering we must effectively promote and advertise it. There are two basic promotion strategies, PUSH and PULL.

- The Push Strategy

Maximizes the use of all available channels of distribution to "Push" the offering into the marketplace. This usually requires special scheme to achieve the objective of giving the channels incentive to promote the offering, thus minimizing our need for advertising.

- The Pull Strategy

Requires direct interface with the end user of the offering. Use of channels of distribution is minimized during the first stages of promotion and a major commitment to advertising is required. The objective is to "pull" the prospects into the various channel outlets creating a demand the channels cannot

ignore. There are many strategies for advertising an offering. Some of these include:

- Product Comparison advertising

In a market where your offering is one of several providing similar capabilities, if our offering stacks up well when comparing features then a product comparison ad can be beneficial. For example, in Textile, we will create product folder for product comparison in form of product features and performance.

- Product Benefits advertising

When to promote our offering without comparison to competitors, the product benefits ad is the correct approach. This is especially beneficial when we have introduced a new approach to solving a user need and comparison to the old approaches is inappropriate. We can set up workshop with selected potential customers to pull their interest and acknowledge the benefit they get from our core product line

- Corporate advertising

When we have a variety of offerings and our target customers is fairly broad, it is beneficial to promote our enterprise identity rather than a specific offering.

- Training workshop - By technical expertise, we will educate the customer and prospect group by inducing technical training workshop in the most potential market. This will enhance our strong presence and keep leading market position

. CSR activity - This is one of WACKER major policy to get involve in social responsibility, We have create many programme worldwide. This will strongly support our brand awareness

4.5.4 Critical Success Factor

- Understanding business environment

Myanmar has a range of religious communities, although Buddhism is the dominant belief. Buddhist culture places great emphasis on harmony and respect. Myanmar people are friendly, but they do expect business people to be polite, quiet and patient and respect their cultural norms. Comment on domestic politics or government officials should be avoided. It is important to build relationships with Myanmar counterparts and recognise that business decisions are not made quickly.

Normal business attire is acceptable in Myanmar. It is common practice for Myanmar people to give government officials or those at a VIP event a modest gift of little commercial value such as an item of clothing, an office pen or standard company labeled item.

- Market familiarization

Visiting Myanmar for market familiarization and an initial market assessment prior to establishing a representative office or a joint venture arrangement is advisable for a first-hand appreciation of the business environment.

Given the developing nature of the economy, the changing regulatory environment and the presence of State-Owned Enterprises and major

conglomerates in the market, obtaining information on individual businesses and market conditions can be challenging. It is important therefore, to remain up to date with changes in market conditions.

Company should also be aware that some individuals associated with major conglomerates in Myanmar may appear on the sanctions lists of third countries (see Sanctions). Company may also wish to contact the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) to gain more information about the market, and consult other sources available in the links and resources section at the bottom of this page.

- Understand business laws and regulation

Myanmar's law on foreign investment and also government policies are changing rapidly. we need to be aware of those changes which may impact to our daily business. We will need to seek local legal advisor which is specialized in all legislation which is relevant to our business activities

- Local business partner

For many international companies considering investments in Burma, a huge challenge is how they will select their local business partners. Getting this right is critical to avoiding relationships with local businesses accused of having benefited from cronyism, that has resulted in Burma being rated poorly by leading corruption indices. During the time when EU and the US sanctions were in force, lists were compiled of individuals and companies viewed as being linked to government repression. However, in the political context of Burma during the sanctions years, many local businesses had no choice but to work with the government or the military. Many benefited from such ties. This places enormous

importance not just on the due diligence investors need to undertake before selecting business partners, but also the accountability and transparency of these relationships over the months and years ahead.

As a result, to select the right business partner will enable our business run smoothly align with the complicated laws and regulations in Myanmar

- Marketing and Sales

The marketing and sales organization is analyzed for its strengths and current activities. Factors to consider include:

- Experience of Marketing/Sales manager including contacts in the industry (prospects, distribution channels, media), familiarity with advertising and promotion, personal selling capabilities, general management skills and a history of profit and loss responsibilities.
- The ability to generate good publicity as measured by past successes, contacts in the press, quality of promotional literature and market education capabilities.
- Sales promotion techniques such as trade allowances, special pricing and contests.
- The effectiveness of our distribution channels as measured by history of relations, the extent of channel utilization, financial stability, reputation, access to prospects and familiarity with our offering.
- Advertising capabilities including media relationships, advertising budget, past experience, how easily the offering can be advertised and commitment to advertising.

- Sales capabilities including availability of personnel, quality of personnel, ability to generate sales leads, relationship with distributors, ability to demonstrate the benefits of the offering and necessary sales support capabilities.
- The appropriateness of the pricing of our offering as it relates to competition, price sensitivity of the prospect, prospect's familiarity with the offering and the current market life cycle stage.

- Customer Service

The strength of the customer service function has a strong influence on long term market success. Factors to consider include:

- Experience of the Customer Service manager in the areas of similar offerings and customers, quality control, technical support, product documentation, sales and marketing.
- The availability of technical support to service your offering after it is purchased.
- One or more factors that causes your customer support to stand out as unique in the eyes of the customer.
- The reputation of the enterprise for customer service.

4.6 Operating plan

4.6.1 Objectives:

- to strengthen current distributor for business expansion
- to set up new distribution channel to cover the potential market segments
- to grow sales till 2017 100% from current level
- to create Brand awareness via technical competency

4.6.2 Local Organization

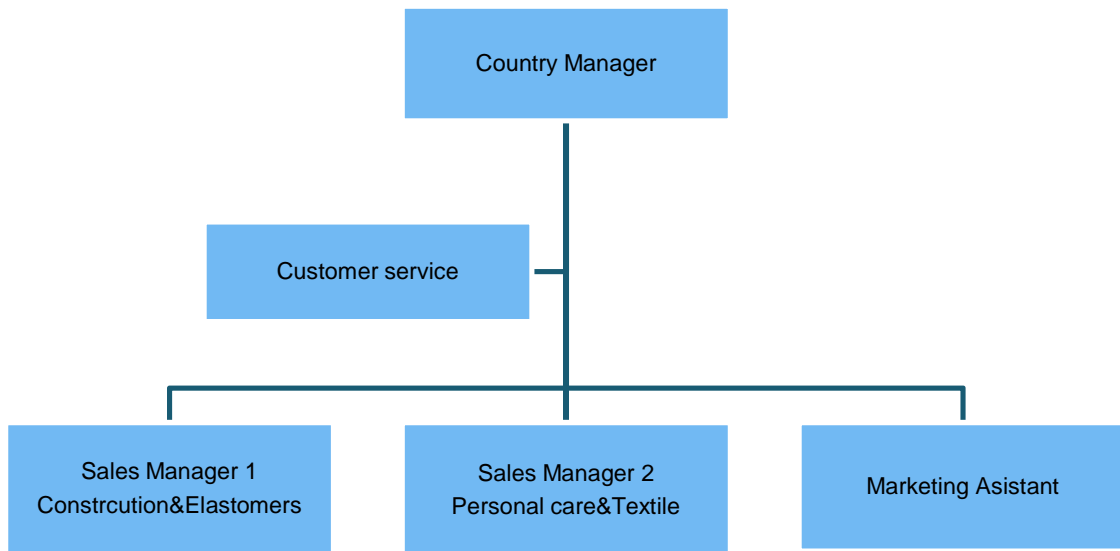


Figure 4.2: Local Organization

Job Description

Country Manager:

- Manage key customer relationships and actively develop new business opportunities in Myanmar market
- Coordinates sales activities of other team members.
- Act as a leader, fostering a team environment while providing a vision for team.
- Conduct research and consulting in area of experts
- Actively develop new research, consulting and conference ideas
- Play an active role in promoting the success of conference business
- All other responsibilities

Sales Manager:

- Performs sales activities on assigned business team
- Reviews progress of sales roles throughout the company.
- Accurately forecasts annual, quarterly and monthly revenue streams.
- Develops specific plans to ensure revenue growth in all company's products.
- Formulates all sales policies, practices and procedures.
- Collaborates with RBM to develop sales strategies to improve market share in all product lines.
- Interprets short- and long-term effects on sales strategies in operating profit.
- Collaborates with RBM to establish and control budgets for sales promotion and trade show

4.6.3 Action Plan

Tasks	Action	Who	When
Office setup	Preparing 3 quotation for office space	CM	July15th
	Seek MD approval	CM	July20th
	Office decoration and get fully equipped (IT, Office equipment etc.)	CM	August20th
Staff Recruitment	Contact Head Hunter to provide > 5	CM. HR,	July15th

	candidate list for all positions	MD	
	Interview process	CM,HR, MD	August10th
	Finished hiring process	CM,HR	August30th
Technical/Skill Training	SM at Wacker India and Germany	SM, TM	Sept.15th
	CS at Wacker Singapore	CSM	Sept.10th
Distribution Channel Setup	Finding and appointing at least 2 distributors for 4 active MS	SM, CM, RBM,DM	Sept.30th
	Product training to distributor	SM, TM	Oct.15
Internal Meeting for Target Tracking	To monitor, update business and issue follow-up by monthly basis	All	10 th of the month
Target Review	Individual meeting for target achievement evaluation for each quarter	CM, SM	End of quarter
Distributor performance Review	Meeting with each distributor for performance evaluation on quarterly basis	SM, CM	5 th of new quarter
Target setting	New target setup for each BT	SM, RBM,CM	Dec,10th
Promotion	Attending tradeshow, seminar and distributor event to promote relevant products	SM, CM	On call basis

Marketing research	Looking up new business opportunity both direct and indirect channel	MA, SM	Ongoing
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Table 4.3 Action Plan

4.6.4 Evaluation and Control

To measuring and monitoring the marketing planning process

Marketing control is the process of monitoring the proposed plans as they proceed and adjusting where necessary to achieve the goals

Control involves measurement, evaluation, and monitoring. Control involves setting standards. The marketing manager will then compare actual progress against the standards. Corrective action (if any) is then taken. If corrective action is taken, an investigation will also need to be undertaken to establish precisely why the difference occurred.

The normal marketing tool that we implemented are as follows

- Market share analysis – for each business, by market segments, this will include in the Market development plan for each Sales Manager
- Sales Analysis – will be monitored every month against the target for every business team
- Marketing research – also parts of market development plan to see where we can extend our market share or new untapped market
- Performance from any promotional activity such as trade show, Seminar etc.
- Market reaction/acceptance to pricing policies
- Distributors' performance, evaluated by Distribution Management on monthly, quarterly and yearly basis

CHAPTER 5: FINANCIALS PLAN

To reflect the real possibility in Myanmar operation, we will set up the projection in 3 scenarios namely

- 1.) Regular case scenario - the business growth reaches the expected target and average of market growth, in this exercise is 10% Y-O-Y
- 2.) Best case scenario – The business growth reaches above the expected target and higher than average of market growth, in this case is 20% Y-O-Y
- 3.) Worst case scenario – The business growth reaches lower than the expected target and lower than average of market growth , in this case is 5% Y-O-Y

5.1 Regular Case Scenario

>> Sales projection and Financial statement

SALES PROJECTION						
Market segment	2012	2013	2014	2015	2016	2017
Personal care	185,000	203,500	224,000	246,250	271,000	297,500
Construction	124,000	136,500	150,000	165,000	181,500	200,000
Textile	76,000	83,600	92,000	101,200	111,200	122,400
Elastomer	35,000	38,500	40,300	43,550	48,100	52,650
Others	12,000	13,200	14,400	15,900	17,400	19,200
Total	432,000	475,300	520,700	571,900	629,200	691,750

CAGR = 10%

Table 5.1: Sales Projection (Regular case)

Profit and Loss Statement (Regular case)								
				2013	2014	2015	2016	2017
Sales Revenue								
	Sales			475,300.00	520,700.00	571,900.00	629,200.00	691,750.00
	Costs			291,630.00	321,340.00	372,980.00	410,340.00	451,160.00
Gross Profit				183,670.00	199,360.00	198,920.00	218,860.00	240,590.00
Expense								
	Sales &Marketing cost			12,000.00	12,000.00	12,000.00	13,000.00	13,000.00
	Personnel cost			96,200.00	103,000.00	114,800.80	117,400.00	125,400.00
	Operating cost			59,000.00	48,000.00	50,000.00	50,000.00	52,000.00
	Finance cost			18,000.00	18,000.00	19,000.00	19,000.00	20,000.00
Total				185,200.00	181,000.00	195,800.80	199,400.00	210,400.00
EBIT				(1,530.00)	18,360.00	3,119.20	19,460.00	30,190.00
Income Tex					5,508.00	935.76	5,838.00	9,057.00
Net Income				(1,530.00)	12,852.00	2,183.44	13,622.00	21,133.00

Table 5.2: Profit and Loss Statement (Regular case)

Statement of cash flow (Regular case)						
		2013	2014	2015	2016	2017
Net Profit		(1,530.00)	12,852.00	2,183.44	13,622.00	21,133.00
Depreciation		10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
		8,470.00	22,852.00	12,183.44	23,622.00	31,133.00
Investment		80,000.00				
Accountt Receivable (at beginning)			95,060.00	104,140.00	114,380.00	125,840.00
Accountt Receivable (at the end)		95,060.00	104,140.00	114,380.00	125,840.00	138,350.00
Accountt Receivable		95,060.00	9,080.00	10,240.00	11,460.00	12,510.00
Account Payable (at beginning)			58,326.00	64,268.00	74,596.00	82,068.00
Account Payable (at the end)		58,326.00	64,268.00	74,596.00	82,068.00	90,232.00
Account Payable		58,326.00	5,942.00	10,328.00	7,472.00	8,164.00
Account Income Tax (at beginning)			0.00	5,508.00	935.76	5,838.00
Account Income Tax (at the end)		0.00	5,508.00	935.76	5,838.00	9,057.00
Account Income Tax		0.00	5,508.00	(4,572.24)	4,902.24	3,219.00
Buy Asset						
	Company car	40,000.00				
	Office equipment	10,000.00				
Total Buy Asset		50,000.00				
Cash		1,736.00	25,222.00	7,699.20	24,536.24	30,006.00

Table 5.3: Statement of Cash Flow (Regular case)

Balance Sheet (Regular)								
				2013	2014	2015	2016	2017
Current Asset								
	Cash			1,736.00	26,958.00	34,657.20	59,193.44	89,199.44
	Account Receivable			95,060.00	104,140.00	114,380.00	125,840.00	138,350.00
Total Current Asset				96,796.00	131,098.00	149,037.20	185,033.44	227,549.44
Tangible Fixd Asset								
	Company car			32,000.00	24,000.00	16,000.00	8,000.00	
	Office equipment			8,000.00	6,000.00	4,000.00	2,000.00	
Total Tangible Fixd Asset				40,000.00	30,000.00	20,000.00	10,000.00	0.00
Total Asset				136,796.00	161,098.00	169,037.20	195,033.44	227,549.44
Current Liability								
	Account Payable			58,326.00	64,268.00	74,596.00	82,068.00	90,232.00
	Account Income Tax			0.00	5,508.00	935.76	5,838.00	9,057.00
Total Liability				58,326.00	69,776.00	75,531.76	87,906.00	99,289.00
	Capital			80,000.00	80,000.00	80,000.00	80,000.00	80,000.00
	Accomulated Income			(1,530.00)	11,322.00	13,505.44	27,127.44	48,260.44
Total stockholders' equity				78,470.00	91,322.00	93,505.44	107,127.44	128,260.44
Total Liab and stockholders' equity				136,796.00	161,098.00	169,037.20	195,033.44	227,549.44

Table 5.4: Balance Sheet (Regular case)

5.2 Best Case Scenario

>> Sales projection and Financial statement

Sales projection

Market segment	2012	2013	2014	2015	2016	2017
Personal care	185,000	222,000	266,500	319,750	383,750	460,500
Construction	124,000	150,000	180,000	216,000	259,250	311,000
Textile	76,000	91,200	109,600	131,600	158,000	189,600
Elastomer	35,000	42,000	50,050	59,800	71,500	85,800
Others	12,000	14,400	17,400	21,000	25,200	30,300
Total	432,000	519,600	623,550	748,150	897,700	1,077,200
CAGR = 20%						

Table 5.5: Sales Projection (Best case)

Profit and Loss Statement (Best case)									
					2013	2014	2015	2016	2017
Sales revenue									
	SALES				519,600.00	623,550.00	748,150.00	897,700.00	1,077,200.00
	Costs				318,840.00	384,840.00	487,860.00	585,390.00	702,440.00
Gross Profit					200,760.00	238,710.00	260,290.00	312,310.00	374,760.00
Expense									
	Sales &Marketing cost				12,000.00	12,000.00	12,000.00	13,000.00	13,000.00
	Personnel cost				96,200.00	103,000.00	114,800.80	117,400.00	125,400.00
	Operating cost				59,000.00	48,000.00	50,000.00	50,000.00	52,000.00
	Finance cost				18,000.00	18,000.00	19,000.00	19,000.00	20,000.00
Total					185,200.00	181,000.00	195,800.80	199,400.00	210,400.00
EBIT					15,560.00	57,710.00	64,489.20	112,910.00	164,360.00
Income Tex					4,668.00	17,313.00	19,346.76	33,873.00	49,308.00
Net Profit					10,892.00	40,397.00	45,142.44	79,037.00	115,052.00

Table 5.6: Profit and Loss Statement (Best case)

Cash flow statement (Best case)						
		2013	2014	2015	2016	2017
Net Profit		10,892.00	40,397.00	45,142.44	79,037.00	115,052.00
Depreciation		10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
		20,892.00	50,397.00	55,142.44	89,037.00	125,052.00
Capital		80,000.00				
Account Receivable (at beginning)			103,920.00	124,710.00	149,630.00	179,540.00
Account Receivable (at the end)		103,920.00	124,710.00	149,630.00	179,540.00	215,440.00
Account Receivable		103,920.00	20,790.00	24,920.00	29,910.00	35,900.00
Account Payable (at the beginning)			63,768.00	76,968.00	97,572.00	117,078.00
Account Payable (at the end)		63,768.00	76,968.00	97,572.00	117,078.00	140,488.00
Account Payable		63,768.00	13,200.00	20,604.00	19,506.00	23,410.00
Account Income Tax (at the beginning)			4,668.00	17,313.00	19,346.76	33,873.00
Account Income Tax (at the end)		4,668.00	17,313.00	19,346.76	33,873.00	49,308.00
Account Income Tax		4,668.00	12,645.00	2,033.76	14,526.24	15,435.00
Buy Asset						
	Company car	40,000.00				
	Office equipment	10,000.00				
Total Buy Asset		50,000.00				
Total		15,408.00	55,452.00	52,860.20	93,159.24	127,997.00
Cash at beginning			15,408.00	70,860.00	123,720.20	216,879.44
Cash at the end		15,408.00	70,860.00	123,720.20	216,879.44	344,876.44

Table 5.7: Statement of Cash Flow (Best case)

Balance Sheet (Best case)									
				2013	2014	2015	2016	2017	
Current Asset									
	Cash			15,408.00	70,860.00	123,720.20	216,879.44	344,876.44	
	Account Receivable			103,920.00	124,710.00	149,630.00	179,540.00	215,440.00	
Total Current Asset				119,328.00	195,570.00	273,350.20	396,419.44	560,316.44	
Tangible Fixd Asset									
	Company car			32,000.00	24,000.00	16,000.00	8,000.00		
	Office equipment			8,000.00	6,000.00	4,000.00	2,000.00		
Total Tangible Fixd Asset				40,000.00	30,000.00	20,000.00	10,000.00	0.00	
Total Asset				159,328.00	225,570.00	293,350.20	406,419.44	560,316.44	
Current Liability									
	Account Payable			63,768.00	76,968.00	97,572.00	117,078.00	140,488.00	
	Account Income Tax			4,668.00	17,313.00	19,346.76	33,873.00	49,308.00	
Total Liability				68,436.00	94,281.00	116,918.76	150,951.00	189,796.00	
	Investment			80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	
	Accomulated Income			10,892.00	51,289.00	96,431.44	175,468.44	290,520.44	
Total stockholders' Equity				90,892.00	131,289.00	176,431.44	255,468.44	370,520.44	
Total Liab and stockholders' Equity				159,328.00	225,570.00	293,350.20	406,419.44	560,316.44	
				0.00	0.00	0.00	0.00	0.00	

Table 5.8: Balance Sheet (Best case)

5.3 Worst Case Scenario

>> Sales projection and Financial statement

WACKER						
SALES PROJECTION						
Market segment	2012	2013	2014	2015	2016	2017
Personal care	185,000	194,250	204,000	214,250	225,000	236,250
Construction	124,000	130,000	136,750	143,500	150,000	157,500
Textile	76,000	80,000	84,000	88,000	92,000	96,800
Elastomer	35,000	37,100	36,725	38,350	40,300	42,250
Others	12,000	12,600	13,200	13,800	14,400	15,000
Total	432,000	453,950	474,675	497,900	521,700	547,800

CAGR = 5%

Table 5.9: Sales Projection (Worst case)

Profit and Loss Statement (worst case)								
				2013	2014	2015	2016	2017
	SALES			453,950.00	474,675.00	497,900.00	521,700.00	547,800.00
	Costs			278,670.00	292,940.00	324,700.00	340,200.00	357,220.00
Gross Profit				175,280.00	181,735.00	173,200.00	181,500.00	190,580.00
Expense								
	Sales &Marketing cost			12,000.00	12,000.00	12,000.00	13,000.00	13,000.00
	Personnel cost			96,200.00	103,000.00	114,800.80	117,400.00	125,400.00
	Operating cost			59,000.00	48,000.00	50,000.00	50,000.00	52,000.00
	Finance cost			18,000.00	18,000.00	19,000.00	19,000.00	20,000.00
Total				185,200.00	181,000.00	195,800.80	199,400.00	210,400.00
EBIT				(9,920.00)	735.00	(22,600.80)	(17,900.00)	(19,820.00)
Income Tex					220.50			
Net Profit				(9,920.00)	514.50	(22,600.80)	(17,900.00)	(19,820.00)

Table 5.10: Profit and Loss Statement (Worst case)

Cashflow Statement (Worst case)						
		2013	2014	2015	2016	2017
Net Profit		(9,920.00)	514.50	(22,600.80)	(17,900.00)	(19,820.00)
Depreciation		10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
		80.00	10,514.50	(12,600.80)	(7,900.00)	(9,820.00)
Investment		80,000.00				
Account Receivable (at the beginning)			90,790.00	94,935.00	99,580.00	104,340.00
Account Receivable (at the end)		90,790.00	94,935.00	99,580.00	104,340.00	109,560.00
		90,790.00	4,145.00	4,645.00	4,760.00	5,220.00
Account Payable (at the beginning)			63,768.00	76,968.00	97,572.00	117,078.00
Account Payable (at the end)		63,768.00	76,968.00	97,572.00	117,078.00	140,488.00
		63,768.00	13,200.00	20,604.00	19,506.00	23,410.00
Account Income Tax (at the beginning)			0.00	220.50	0.00	0.00
Account Income Tax (at the end)		0.00	220.50	0.00	0.00	0.00
		0.00	220.50	(220.50)	0.00	0.00
Buy Asset						
	Company car	40,000.00				
	Office equipment	10,000.00				
Total Buy Asset		50,000.00				
Total		3,058.00	19,790.00	3,137.70	6,846.00	8,370.00
Cash at the beginnig			3,058.00	22,848.00	25,985.70	32,831.70
Cash at the end		3,058.00	22,848.00	25,985.70	32,831.70	41,201.70

Table 5.11: Statement of Cash Flow (Worst case)

Balance Sheet (Worst case)								
				2013	2014	2015	2016	2017
Current Asset								
		Cash		3,058.00	22,848.00	25,985.70	32,831.70	41,201.70
		Account Receivable		90,790.00	94,935.00	99,580.00	104,340.00	109,560.00
		Total Current Asset		93,848.00	117,783.00	125,565.70	137,171.70	150,761.70
Tangible Fixd Asset								
		Company car		32,000.00	24,000.00	16,000.00	8,000.00	
		Office equipment		8,000.00	6,000.00	4,000.00	2,000.00	
		Total Tangible Fixd Asset		40,000.00	30,000.00	20,000.00	10,000.00	0.00
Total Asset				133,848.00	147,783.00	145,565.70	147,171.70	150,761.70
Current Liability								
		Account Payable		63,768.00	76,968.00	97,572.00	117,078.00	140,488.00
		Account Income Tax		0.00	220.50	0.00	0.00	0.00
Total Liability				63,768.00	77,188.50	97,572.00	117,078.00	140,488.00
		Investment		80,000.00	80,000.00	80,000.00	80,000.00	80,000.00
		Accomulated Income		(9,920.00)	(9,405.50)	(32,006.30)	(49,906.30)	(19,820.00)
Total Stockholders' Equity				70,080.00	70,594.50	47,993.70	30,093.70	10,273.70
Total Liab and Stockholders" Equity				133,848.00	147,783.00	145,565.70	147,171.70	150,761.70

Table 5.12: Balance Sheet (Worst case)

Operating expenses (\$)					
	2013	2014	2015	2016	2017
Sales &Marketing cost	12,000	12,000	12,000	13,000	13,000
Product promotion	5,000	5,000	5,000	6,000	6,000
Product training	3,000	3,000	3,000	3,000	3,000
Seminar	2,000	2,000	2,000	2,000	2,000
Others	2,000	2,000	2,000	2,000	2,000
Personnel cost	119,000	127,500	135,500	145,500	155,500
Country Manger	48,000	52,000	55,000	59,000	63,000
Sales Manager 1	24,000	25,500	27,000	29,000	31,000
Sales Manager 2	24,000	25,500	27,000	29,000	31,000
Market Assistant	12,000	13,000	14,300	15,500	16,500
Customer Service	6,000	6,500	7,200	8,000	9,000
Medical&Group insurance	5,000	5,000	5,000	5,000	5,000
Operating cost	100,000	48,000	50,000	50,000	52,000
Office rental	24,000	24,000	26,000	26,000	28,000
Office equipment	15,000	3,000	3,000	3,000	3,000
Travelling cost	15,000	15,000	15,000	15,000	15,000
Company car&expense	41,000	1,500	1,500	1,500	1,500
Sundry cost	6,000	6,000	6,000	6,000	6,000
Finance cost	18,000	18,000	19,000	19,000	20,000
Cost of accounting/payroll	8,000	8,000	8,000	8,000	8,000
Depreciation of assets	10,000	10,000	10,000	10,000	10,000
Replacement of assets	0	0	1,000	1,000	2,000

Table 5.13: Operating Expenses

5.4 NPV and IRR calculation

from 3 financial case scenario, below are summary of factor to decide whether should we invest for this project

	Regular case	Best case	Worst case
NPV	31,038	301,737	(144,501)
IRR	18.39	107.27	N.A.
PB	3.01	1.98	(3.54)

Table 5.14: NPV and IRR Calculation

Conclusion

From above 3 scenario assumption, we found the conclusion for this investment plan is that WACKER business in Myanmar will be in positive financial position if the product margin above 10% in the regular case scenario both NPV and IRR are positive and the payback period is 3 years, If the product margin less than 10%. Business will turn to red and even worst if continue to 2017

CHAPTER 6: RISK AND CHALLENGES

Undertaking business in Burma raises a variety of human rights related risk factors, Human Rights Watch said. These include:

Weak rule of law and a judiciary lacking independence, the military's extensive involvement in the economy as well as its use of forced labor and other abusive practices in connection with providing security for business operations, poor regulation and enforcement of labor and environmental laws, widespread corruption, and the mismanagement of public funds. The Burmese government is dominated by the military, which under Burma's constitution enjoys legal supremacy over civilian authorities

CHALLENGES

Before Myanmar's garment industry takes off, some key issues need to be addressed in order to shore up the industry's growth. In a nutshell, the challenges for Myanmar's garment industry can be summarized as under.

Only CMP and no FOB

Most garment manufacturing companies currently undertake only cut, make, pack, or CMP, orders because of the sanctions that prevent direct buying from Myanmar. Difficulties with letter of credit, or L/C, terms and inadequate banking support also renders doing Free on Board, or FOB, business very difficult for local companies. Usually, the factories deal with buyers/ sourcing companies, which have their offices situated, for instance, in Hong Kong or Bangkok. After the cut, make and pack process, these factories are paid by the buyers.

Now that economic sanctions have been removed, even if temporarily, and increased support is coming in from the banking industry, working through a L/C and doing FOB business may soon become reality.

Infrastructure & Technology

Poor infrastructure in terms of transport, telecommunications and utilities supply is the Largest issue hampering Myanmar's economy in general and the garment manufacturing industry in particular. Myanmar was ranked 133rd of 155 countries on the Logistics Performance Index vis-à-vis Bangladesh, China and India which were ranked 79th, 13th and 47th respectively, as per the World Bank. The lead time is also affected by limited inland transport alternatives and the lack of good port facilities. Since this is one of the most important factors in garment exports, the provision of reliable and fast transport is essential. The cost of such projects is likely to burden the country's economy, but this can be addressed by foreign investment. Presently, about 67% of the total electricity generated is from fossil fuels while the rest is generated by use of hydroelectric plants. Natural gas supply is available, via a pipeline, in primary locations. The inconsistent and costly supply of electricity is a matter of concern to a labor intensive industry like garment exports. Collectively, there is need and requirement to build and improve infrastructure as this can set the pace for economic reforms. The factories should not have to rely on their own diesel generators at a cost four times that of regular electricity.

Laws and Regulations

Cumbersome and inefficient laws and regulations are the next biggest challenge in Myanmar. The "export first policy" is a big deterrent to the Myanmar garment industry as the industry has high import intensity, with most materials imported. Special provisions are required to attract foreign investments, facilitate them in executing investment

plans, and also support them in the course of running. Labor laws are one key area which can encourage more foreign investment and help increase the growth rate, if prudently mandated. The relaxing of government controls and the provision of the right to form labor unions has caused frequent strikes over such issues as wages, working conditions and frequent job hopping

Economic and Political Stability

Economic and political stability are areas of concern when sourcing from Myanmar, Especially in terms of planning security and the ease of doing business amid political unrest. Lending interest rates, which can be one of the hurdles for investment in the RMG sector, are still high, averaging 13-15% or 2.5 times the level of China's average lending interest rate 5.4%, according to the IMF.

Lack of Skilled Manpower

70% of the local workforce is employed in the agriculture sector, with only 7% working in industry. Skill development will be one focus area where external help will ensure that the growth of manufacturing sector remains on the fast track. Initiatives for needs-based training of both the direct workforce and middle management will help bridge this gap. Further, these initiatives can be brought under the umbrella of Corporate Social Responsibility (CSR) for improved labor and social compliance standards.

Underdeveloped Supply Chain

At present, there are no domestic suppliers of fabrics, trims or packing material, and very few washing facilities. If made available, these can promote the maximum utilization of investment and technical expertise. At the same time, using such facilities,

garment factories can fulfill their needs and achieve an economy of manufacturing without requiring any isolated investment.

Low productivity - Due to the limited interaction with the international market, Transfer of technology from foreign buyers has also been restricted. Given the highly labor intensive nature of the garment manufacturing industry, a free exchange of knowledge and skills is essential for improving overall productivity. Myanmar has been reeling under curbs and sanctions, which have had an adverse impact on the flow of orders. Lower business intakes have further impacted garment factories, which have to survive on work orders with a wide range of variables including styling, work content, etc. This situation has in turn affected operational efficiency, quality, costs, etc.

Compliance Issues - The limited exposure to, and working experience with, international players has resulted in a lack of adequate knowledge about compliance issues and international standards. Child labor, insufficient per workstation working space, inadequate provision of toilets, fire-prevention and fire-fighting systems, and the absence of medical facilities are some of the factors that undermine Myanmar's capability as a socially responsible sourcing destination.

CHAPTER 7: CONTINGENCY PLAN

Contingency planning is the act of assessing business risk in various areas and developing primary plans and alternate plans for handling unpredictable situations. Small business contingency plans typically address everything from natural disasters that strike a business to drastic downward shifts in the economy that significantly impact earnings. Contingency planning allows a business to develop workable solutions and directives should a feared event occur.

Preparation

Contingency planning prompts a small business to prepare for various scenarios that have the potential to harm the enterprise

Foreseeable Problems

Developing contingency plans for foreseeable challenges allows a business to be proactive in addressing possible changes to its operations.

Reaction

Contingency plans can help effectively react to unanticipated events

Recovery

Comprehensive contingency planning helps a business deal with unexpected occurrences and helps them recovery quickly and get back to full operations.

Potential problems	Reaction	Recovery
Too low price competition Causing losing market share	Sourcing local partner for local production	Better cost position to compete and gain market share
Unreliable Distributor caused customer loss	Seek alternatives distributor at the beginning	Keep distribution network on To serve the focus market
Business law issue	Hiring full time legal adviser at the beginning period	Ensure all legal compliances Lead business run smoothly
Political Instability/Unrest Hurdle for operation	In worst case, shifting Operation to nearby country ie. Thailand	Still keeping existing business
Unexpected Business downturn	Reduce overhead cost Reduce No .of staff	Less operating cost, better cost position

Table 7.1: Contingency Plan

APPENDIX (Supporting Documents)

Myanmar Construction Industry Growth Expected to Remain Strong Through 2016, According to Timetric

The Myanmar construction industry increased in value during the review period (2007–2011). This growth was supported by the country's political stability, increasing number of investment opportunities in energy and public infrastructure projects, and rapid inflow of foreign direct investment (FDI) from Vietnam, Thailand, China, Singapore and Malaysia. Construction industry growth is expected to remain strong over the forecast period, driven by the government's increasing expenditure on improving Myanmar's public infrastructure, and the rising interest of domestic and foreign real estate developers on constructing residential units to meet the population's huge housing demand.

The Myanmar construction industry increased in value at a compound annual growth rate (CAGR) of 11.48% during the review period (2007–2011). This growth was supported by the country's improving political stability, increasing number of investment opportunities in energy and public infrastructure projects, and rapid inflow of foreign direct investment (FDI) from Vietnam, Thailand, China, Singapore and Malaysia.

The construction industry growth is expected to remain strong over the forecast period, driven by the government's increasing expenditure on improving Myanmar's public infrastructure, and the rising interest of domestic and foreign real estate developers on constructing residential units to meet the population's huge housing demand. The infrastructure and residential construction markets together generated 77.3% of the total Myanmar construction industry value in 2011,

and the contribution of these two markets to the overall Myanmar construction industry growth will be significant over the forecast period. It is anticipated that the construction industry will increase in value at a CAGR of 7.84% over the forecast period.

According to the report “Construction in Myanmar – Key Trends and Opportunities to 2016” by Timetric, the commercial construction market recorded a CAGR of 8.09% during the review period. This growth was mainly driven by the leisure and hospitality and office buildings categories, which together accounted for 67.2% of the commercial construction market value in 2011. Furthermore, since the 2013 Southeast Asian Games (SEA Games) and 2014 Asian Summit will be held in Myanmar, the demand for hotel and land has started rising in cities such as Yangon in preparation for the anticipated influx of foreign investors and tourists to the country. Timetric expects the commercial construction market will register a CAGR of 8.01% over the forecast period. The contribution from tourism will be significant to the Myanmar commercial construction activity over the forecast period.

GARMENT INDUSTRY BODY SEES BRIGHT FUTURE, WITH GROWTH OUTSIDE YANGON

Date: 31/01/2013

Source: The Myanmar Times

The garment industry has been growing rapidly in the past two years on increased orders from Japan and South Korea, a spokesperson for the key industry body said last week.

U Aung Win, vice president of the Myanmar Garment Manufacturers Association, said the value of orders from Japan more than doubled between 2010 and 2011, to US\$350 million from \$170 million. Orders from South Korea increased to \$240 million in 2011 from \$120 million in 2010.

He added that the statistics for 2012 are still being collected but was confident

export earnings would at least match the results from 2011.

“Garment industry export earnings are rising, which we predict will lead to an increase in the number of factories,” he said. “We are providing training at Myanmar Garment Human Resource Development Centre (MGHRDC) in Yangon. But most factories are located in Yangon and the labour density is too high already.

“We need more garment factories, and it would be better for new factories to be installed in other states and regions to reduce the labour density in Yangon,” he told The Myanmar Times.

“We are planning to build about 50 garment factories in Patheingyi township in Ayeyarwady Region. The first, which will be operated by Delta Industrial Group (DIG), will open in May,” he said.

He added that MGHRDC is training potential DIG employees.

Trainee Ma Zar Zar Hlaing said: “DIG called for employees early last year and started doing interviews in May. I am doing supervisory training here and will then work at the factory in Patheingyi. “Only graduates can apply for supervisor positions,” she said, adding that MGHRDC arranged accommodation and food during the training in Yangon. It also paid trainees K1000 a day to cover other costs.

Mr Hiroyasu Asai, an MGHRDC trainer, said the centre had trained more than 1000 garment workers since it started in 2009.

“We have trained 700 operators, 500 supervisors and 30 maintenance staff. We will change our training to meet the demand for skilled labour at future garment factories,” he said.

U Aung Win said the future is bright for the industry.

“We anticipate that there will be more than 700 new factories in 2015 that will employ more than 100,000 people,” he said.

“The main challenge for investors is high land prices in Yangon, which is why we believe that companies will look to other states and regions to build factories, particularly

since 90 percent of the people who work in Yangon's factories come from elsewhere," he said, adding that 90-95pc of all factories are in Yangon Region.

He added that the main advantage of setting up factories in Yangon is transportation because it has the ports able to handle imports and exports.

Myanmar textile exports surpass \$1b

Posted by Arno Maierbrugger on March 28, 2013 Exports of textiles and garment exports from Myanmar have exceeded \$1 billion at the end of the country's fiscal year in March, according to the Myanmar Garment Manufacturers Association.

"Prices are up this year and foreign investors are looking to invest in the textile industry," an association spokesperson said.

Khin Maung Aye, managing director of Lat War garment factory said growth will begin surging when the European Union's generalised system of preferences, which gives duty-free access to exports from least developed countries, is reinstated for Myanmar in June 2013.

The industry is expected to grow to 2,000 garment factories, creating about 1.2 million jobs in total, Aye was quoted as saying by Eleven Myanmar. The Myanmar Investment Commission has already said it granted approval to 10 companies to open garment factories in industrial zones this year.

Myanmar's large and inexpensive labour market has caught the eye of global manufacturers, but it will need to upgrade logistics, improve power supply and infrastructure and ensure compliance with international labour standards, including a ban on child labour, to attract buyers from global brands, they say.

For investors in energy-consuming textile factories, it is particularly frustrating there is no immediate solution in sight to bridge the gap between electricity supply and demand.

The Yangon Electricity Supply Board has been cutting electricity in several industrial zones in the Yangon region from January 1, 2013 by seven hours a day from 4pm to 11pm.

Myanmar drafts 30-year development plan

Posted by Arno Maierbrugger on December 18, 2012

The Myanmar government is currently setting up the National Development Plan, which covers the country's economic and social development over the next 30 years. The plan includes strategies for poverty alleviation, human resource development, investment and trade sector development, industrial, financial sector and currency development and is – in the initial stage – financially supported by international organisations such as the World Bank, the International Monetary Fund and the Asian Development Bank, according to Khin Shwe, senator and member of national assembly in Myanmar.

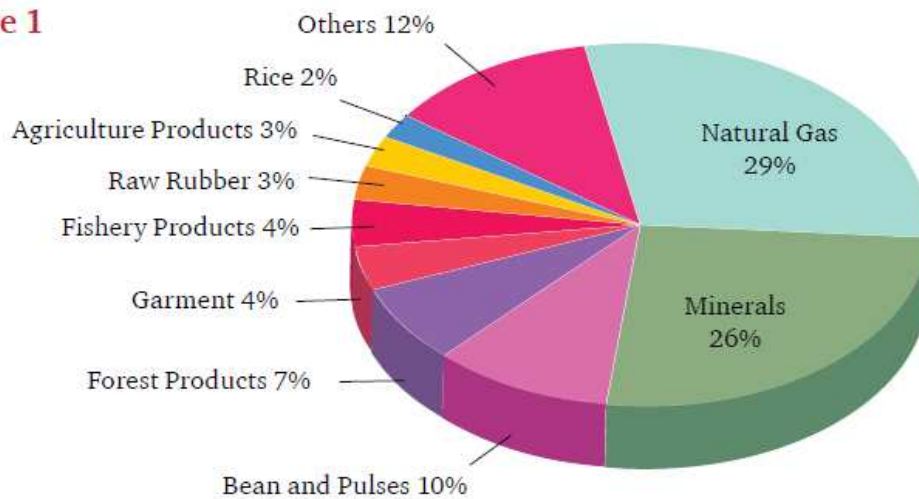
The strategy focuses on five key areas during the development period, which are tourism, electricity and power generation, communication and transport, mining and natural resources, as well as property development. In the period up to 2017, the plan targets an annual average GDP growth of 7.7 per cent.

With regards to industrial development, the plan focuses on three special economic zones in Dawei, Thilawa and Kyauk Phyu. Other main investment destinations are Yangon, Myeik and Mandalay. In Yangon, the industries of interest are gems, teak, garments, fishery and tourism. In Myeik the focus will be on granite, palm oil, natural rubber, fishery and tourism. Mandalay, the country's second major business destination after Yangon, is a good base for investors interested in gold, nickel, power generation, construction and tourism, Shwe said. The largest investor by project value in Myanmar is currently China, followed by Thailand. Sector-wise, the largest portion of foreign direct investments went into power generation and transmission and in the oil and gas sector. Strong growth is also expected in the tourism sector. Myanmar has recently issued a new foreign investment law, which – however – has been received warily by foreign investors as it leaves many open questions and much room for interpretation by Myanmar authorities.

Table 1: Myanmar Key Industries

No	Industry	Permitted Enterprises		
		No	USD in mil	%
1	Power	5	18,874	46.4%
2	Oil and Gas	109	14,063	34.6%
3	Mining	66	2,814	6.9%
4	Manufacturing	164	1,761	4.3%
5	Hotel and Tourism	45	1,056	2.6%
6	Real Estate	19	1,056	2.6%
7	Livestock and Fisheries	25	324	0.8%
8	Transport and communication	16	314	0.8%
9	Industrial Estate	3	193	0.5%
10	Agriculture	7	173	0.4%
11	Construction	2	38	0.1%
12	Other Services	6	24	0.1%
Total		467	40,699	100%

Figure 1



Source: Ministry of National Planning and Economic Development

Table 2: Foreign investments by Country

No	Country	Permitted Enterprises		
		No	USD in mil	%
1	China	5	13,949	34.3%
2	Thailand	61	9,568	23.5%
3	Hong Kong	38	6,308	15.5%
4	Republic of Korea	49	2,941	7.2%
5	UK*	52	2,760	6.8%
6	Singapore	72	1,804	4.4%
7	Malaysia	41	1,027	2.5%
8	France	2	469	1.2%
9	United States	15	244	0.6%
10	Indonesia	12	241	0.6%
11	The Netherlands	5	239	0.6%
12	Japan	24	216	0.5%
13	India	6	262	0.6%
14	Philippines	2	147	0.4%
15	Russian Federation	2	94	0.2%
16	Australia	14	82	0.2%
17	Austria	2	73	0.2%
18	Panama	2	55	0.1%
19	Vietnam	3	42	0.1%
20	United Arab Emirates	1	41	0.1%
21	Canada	14	40	0.1%
22	Mauritius	2	31	0.1%
23	Germany	2	18	0.0%
24	Republic of Liberia	2	15	0.0%
25	Denmark	1	13	0.0%
26	Cyprus	1	5	0.0%
27	Macau	2	4	0.0%
28	Switzerland	1	3	0.0%
29	Bangladesh	2	3	0.0%
30	Israel	1	2	0.0%
31	Brunei Darussalam	1	2	0.0%
32	Sri Lanka	1	1	0.0%
Total		467	40,699	100%

Country	Examples of past sanctions	Action taken and current status
	<ul style="list-style-type: none"> • Visa bans for persons linked with policies impeding Myanmar's transition to democracy. • Freezing of funds and assets belonging to the SPDC, the senior officials of SPDC or the USDA. 	<ul style="list-style-type: none"> • The existing Burmese Sanctions Regulations (BSR) administered by the Treasury Department's Office of Foreign Assets Control (OFAC) will remain in place until further notice but the Treasury will issue general licenses to American companies authorising them to invest or provide financial services. • Reporting Requirements: Any US person or entity whose aggregate new investment exceeding US\$ 500,000 are required to file the report to State Department of the information with the detailed information of the investment. • Exceptions: arms embargo maintained; American companies will still be restricted from doing business with individuals or companies involved in human rights violations, a list of which is being constantly updated according to US officials. • Timeline: not specified.
Australia	<ul style="list-style-type: none"> • Travel bans for members of the Government. • Sanctions directed at financial transactions. 	<ul style="list-style-type: none"> • Easing of sanctions and move to normalise trade ties announced in April 2012. • Lifting of all remaining economic, financial and travel sanctions announced on 7 June 2012 and expected to come into effect in the coming weeks. • Exceptions: arms embargo will remain in place. • Timeline: no timeline, sanctions lifted permanently.

Table 3: Overview of sanctions status of country

Country	Examples of past sanctions	Action taken and current status
European Union	<ul style="list-style-type: none"> • Ban on imports of and investments in timber, coal, certain metals and precious and semi-precious stones. • Restrictions on exports of equipment used in industries targeted by the import ban. • Ban on provision of certain services. • Freezing of funds and economic resources of persons involved in policies which impeded Myanmar's transition to democracy. 	<ul style="list-style-type: none"> • Suspension of all restrictive measures against Myanmar was agreed by the EU Foreign Affairs Council on 23 April 2012 and given full legal effect by the Council Regulation (EU) No 409/2012 14 May 2012. • Exceptions: arms embargo and embargo on equipment which might be used for internal repression remain in place for another 12 months. • Timeline: suspension currently agreed until 30 April 2013.
US	<ul style="list-style-type: none"> • Restrictions on the provision of financial services. • Prohibitions on imports from Myanmar. • Ban on new investments. • Ban on bilateral and multilateral assistance. 	<ul style="list-style-type: none"> • Suspension of sanctions barring investment and provision of financial services in Myanmar on 17 May 2012 but reflecting particular human right risks with barring the provision of security services and transactions with any entity or person who are still blocked under the Burma sanctions programme.

Table 4: Minimum share capital requirements

Types of company	Minimum foreign share capital
Companies registered under the MFIL	
- Manufacturing company	US\$500,000
- Service company	US\$300,000
Companies registered under the CA	
- Manufacturing company	US\$150,000
- Service company	US\$50,000
Registration fees on the incorporation of a company are US\$2,500.	

Table 5: Corporate Tax Rates

Type of Taxpayer or Income	Tax Rates
Companies incorporated in Myanmar under Myanmar Companies Act	
- Trade/business income	25%
- Rental income from movable or immovable property	25%
Enterprises operating under MFIL	25%
Foreign organisations engaged under special permission in State-sponsored projects, enterprise or any undertaking	25%
Non-resident foreign organisations such as a branch of a foreign company	35%
Capital gains tax (except transfer of shares in an oil and gas company where the rates ranging from 40% to 50% will apply on gains)	10%
- Resident companies	40%
- Non-resident companies	

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