

press release

ASEAN mid-corporates need new strategies to capitalise on major shifts and emerging technologies

Digitalisation, regionalisation, and capital management are key to realising growth ambitions

8 April 2019, Singapore – Mid-sized corporates in ASEAN need to devise new strategies, from digitalisation to partnerships and overseas ventures, to build growth against major shifts in their respective sectors of operation, according to a Standard Chartered thought leadership report.

ASEAN – a region facing disruption; positioning mid-corporates for growth in Southeast Asia (“the Report”) also identifies talent, culture, technology, and capital management as key enablers to support the development of these new strategies. This conclusion is derived from examining how transformational shifts, such as trade tensions and the rise of digital channels, impact the operational model of mid-corporates (annual revenues between USD 10 – 500 million) from the Manufacturing, Retail and Consumer, and Infrastructure sectors in the region.

To increase the probability of success against challenges such as low labour productivity (65% lower than global average¹) and high dependence on external trade (77% of ASEAN exports of goods²), mid-corporates in these sectors in ASEAN must adopt three key growth strategies.

- **Smart Operations:** New technologies such as Industrial IoT, 3D Printing and Blockchain-enabled Contracts can improve productivity at the factory floor, optimise supply chain, and enable more efficient project execution.
- **Digital go-to-market:** Solutions including Micro-segmentation, Geo-targeting, and Augmented Reality can make touchpoints across the customer journey more targeted

¹ International Labour Organisation, 2018

² ASEAN Secretariat, 2018

and personalised. They can also optimise the distribution functions to drive process efficiency and flexibility.

- **Cross-border expansion:** New sourcing avenues, delivery of products to new market segments, and entering partnerships (e.g., tapping multi-territory infrastructure programmes), can strengthen business growth.

These strategies will also enable mature mid-corporates with an established local presence to expand to new regional markets to trigger their next phase of growth. ASEAN's GDP rose to USD 2.89 trillion in 2018, and is expected to surpass the USD 4 trillion mark by 2023³.

Successful implementation of these strategies will require internal transformation within firms – one that is supported by the right talent, a well-aligned organisation culture, robust technology infrastructure, and effective capital management. To finance investments and fund cross-border business expansions, mid-corporates need to work with specialised regional partners, including international banks with a well-connected network. These partners can act as growth catalysts to help mid-sized firms explore new sources of finance such as capital markets and green bonds, provide suitable cash management solutions, and devise appropriate hedging strategies.

Jiten Arora, Global Head, Commercial Banking, Standard Chartered Bank, said: "Mid-corporates across ASEAN have played a critical role in the region's growth trajectory, however disruptions from both within and external to the region will force organisations to review how they best prepare themselves for continued profitability. Embracing and adopting digital solutions across the value chain and regional expansion are two key growth themes which mid-corporates can focus upon to ensure they are a part of ASEAN's future growth. Standard Chartered will continue to help our clients achieve their aspirations by facilitating access to traditional and new finance as well as partnerships with companies of all sizes."

Standard Chartered provides financial services to a third of its mid-corporate clients outside of their home-market across ASEAN.

The Report is commissioned by Standard Chartered and carried out by PwC. Find out more at <http://www.sc.com/en/banking/asean>.

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³ International Monetary Fund

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Note to Editors:

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The Bank has a history of 160 years in Singapore, where we opened our first branch in 1859. In October 1999, we were among the first international banks to receive a Qualifying Full Bank (QFB) licence, an endorsement of the Group's long-standing commitment to our business in the country.

Singapore is home to the majority of our global business leadership, our technology operations, as well as SC Ventures, our innovation hub. In 2013, the Bank transferred our Singapore Retail and SME businesses to a locally-incorporated subsidiary, Standard Chartered Bank (Singapore) Limited ("SCBSL"). In 2018, we announced our intention to fully consolidate our business operations in Singapore through the transfer of our Commercial Banking, Corporate & Institutional Banking and Private Banking businesses to SCBSL. SCBSL is one of the highest-rated banks globally: A by Standard & Poor's, Aa3 by Moody's Investor Services and A by Fitch Ratings.

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