

Presentation to CTN Network

Prague, Czech Republic | 08 October 2015
Darrel Chong, Group General Manager, OV Logistics



Agenda – Roadmap



1. About Myanmar – Market Situation
2. About Phee Group & OV Logistics

Myanmar at a glance – a positive outlook with strong potential



Naypyidaw
Myanmar's administrative city with 1 million people

Yangon
Myanmar's capital city of business. Largest city with 6-7 million people

- Strategically placed – geographically
- Population of 52 million is **almost four times** larger than Cambodia.
- Land area of 676,600 sqkm is **two times** bigger than Vietnam
- Labor cost is on average **three times** lower than Thailand.

Economic Statistics at a glance (2014/2015)

Indicators	Performance
GDP	US\$ 74 billion (2015 estimate)
GDP growth	8.3%
GDP per capita	US\$ 1,420 (2015 estimate)
Inflation	6.3% (2015 estimate)
FDI	\$7 billion (until March, 2015)

Source: Global Finance

Political Situation – Myanmar is ruled by a military socialist regime since 1962; quasi civilian military government was elected in 2011, which led to reform.

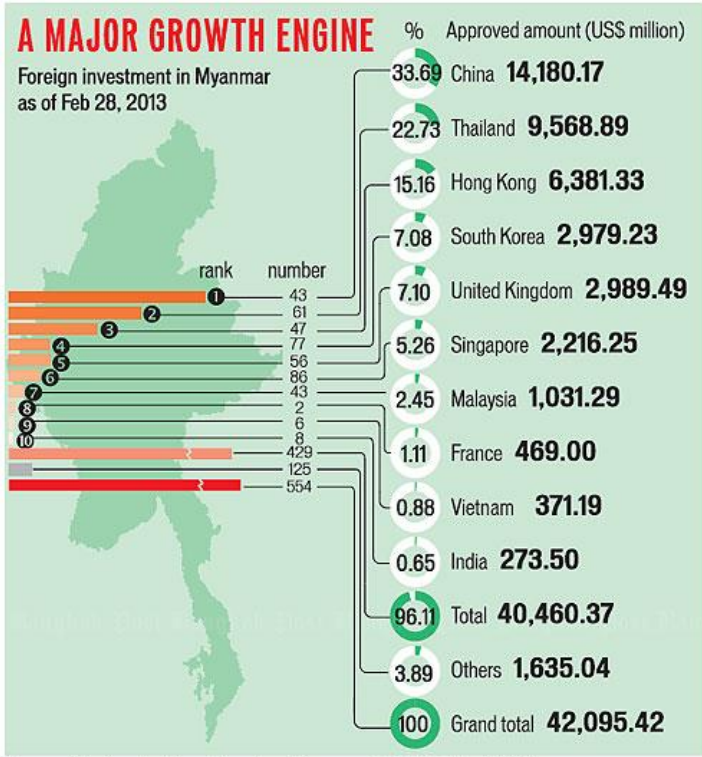


Myanmar President: Thein Sein



Opposition leader: Aung San Suu Kyi

Foreign Direct Investment grew and totaled US\$40 billion in 2013



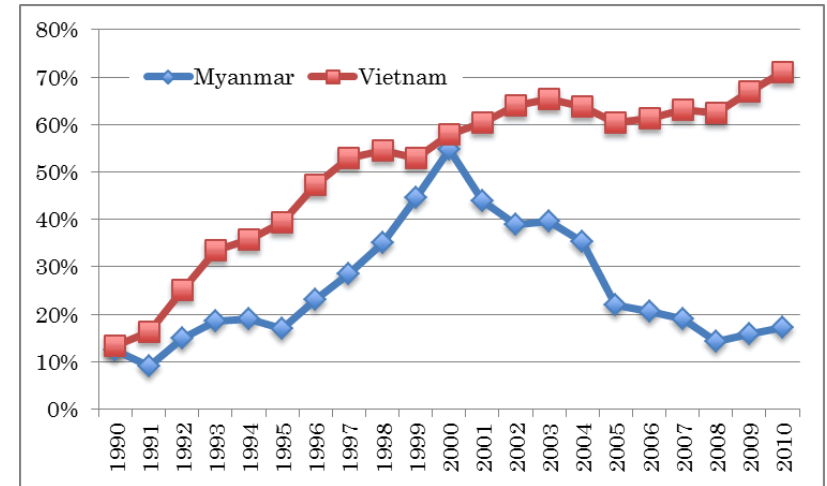
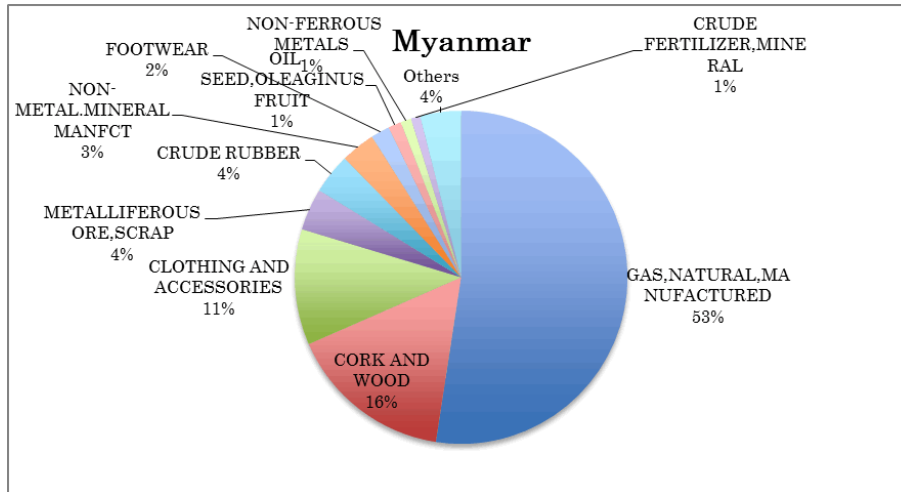
Source: Directorate of Investment and Company Administration (DICA)

POSTgraphics



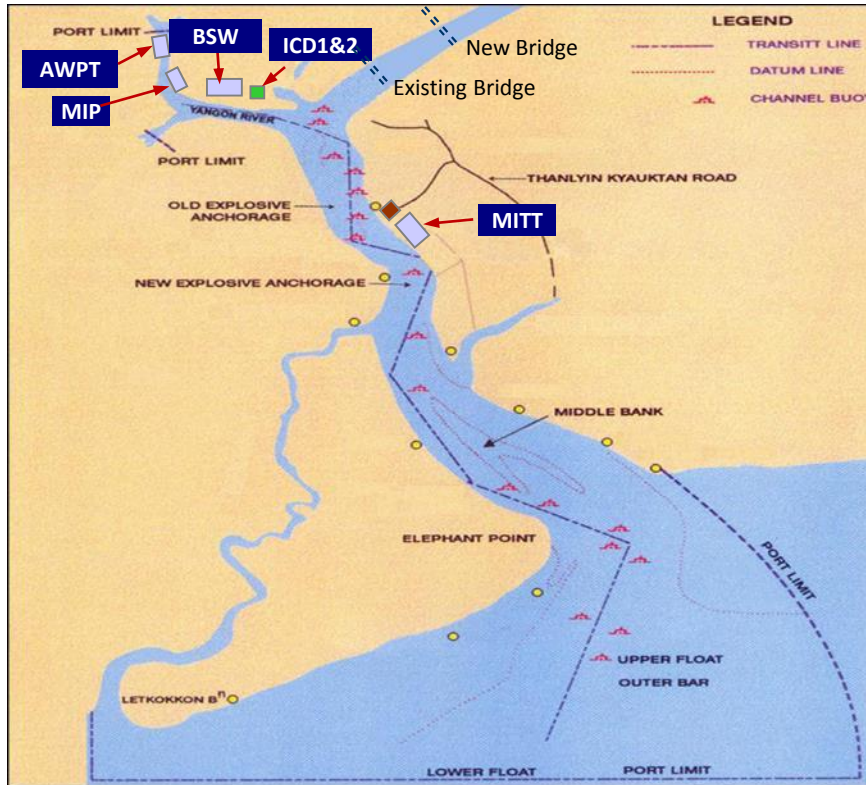
Myanmar's key produced are natural gas, wood, and garment

The country's garment manufactured dipped after sanction was imposed in 2003, but it has the potential to export as much as Vietnam



Source: IDE-JETRO, 2013

Yangon Ports are expanding to meet growing demand. Top ocean carriers have established a partner office or JV in Myanmar



River Ports

1. AWPT (Asia World Port Terminal)
2. MIP (Myanmar Industrial Port)
3. BSW (Bo Aung Gyaw Street Wharf)
4. MITT (Myanmar Int'l Terminal Thilawa)

All major Ocean Carriers are operating in Myanmar

1. Maserk / MCC
2. MSC
3. CMA CGM
4. Evergreen
5. Hapag Lloyd
6. COSCO
7. China Shipping
8. Hanjin
9. OOCL
10. MOL
11. APL
12. Yang Ming
13. NYK
14. K Line
15. Hyundai
16. PIL
17. ZIM
18. Wan Hai
19. KMTC
20. TS Line

2014 Total TEU traded is approx. 500,000 TEU with an trade imbalance ratio of 2.5:1
Export to Europe grew by 3 times.



Rank	Top Export Country Partners	TEU
1	INDIA	46,515
2	EUROPE	14,436
3	JAPAN	12,446
4	CHINA	11,441
5	MALAYSIA	7,696
6	KOREA	7,589
7	M.EAST	7,457
8	VIETNAM	4,864
9	INDONESIA	4,521
10	PAKISTAN	4,086
11	OTHER	21,437
	TOTAL	142,488

Rank	Top 10 Import Country Partners	TEU
1	CHINA	104,701
2	THAILAND	51,570
3	INDIA	23,557
4	SINGAPORE	19,365
5	MALAYSIA	25,909
6	M.EAST	19,473
7	INDONESIA	18,126
8	VIETNAM	15,587
9	AUSTRALIA	14,468
10	JAPAN	11,982
11	OTHER	43,962
	TOTAL	348,700

Trade imbalance is driven by construction activities and import of finished products. Myanmar remains an agricultural export country, with garment increasing



Rank	Top 10 Export commodities	TEU
1	Beans	58,607
2	Garment	21,540
3	Rice	14,602
4	Processed Teak	14,179
5	Frozen Seafood	13,210
6	Seeds , Tamarind & Turmeric Finger	3,900
7	Ferronickel	3,468
8	Foot wear	1,969
9	Rubber	1,465
10	Food Stuff	1,375
11	Other	8,173
	TOTAL	142,488

Others - Broom Stick , Wet Salted Cattle & Buffalo Hides, Dry Ginger etc.

Rank	Top 10 Import commodities	TEU
1	Construction Material	53,989
2	Food Stuff, Bean & Seed	37,859
3	Bottle & Can, Chemical & Lubricant	31,322
4	Car, Motorcycle, Bicycle, Tyres, Spare Parts	28,660
5	Machine & Raw Material	26,535
6	Plastic & Packing Material	24,931
7	Electronic Goods	21,041
8	Garment	16,837
9	Paper	14,496
10	Wheat Grain	13,889
11	Others	79,141
	TOTAL	348,700

Others - General Cargo, Bitumen, Personal/ Household/ Office & Furniture, Medicine & Medical Equipment, Cosmetics, Baby Article etc

Thilawa Special Economic Zone (SEZ) at Yangon. Myanmar's first Free zone with many Japanese investors and manufacturers. Will lead to export growth.



The 189-hectare section under construction within the 400-hectare first phase of the project is going to finish at the mid 2016.

Signed on Reservation Agreement 47

- Japan 23 – Construction Materials 4, Garment 2, Logistic 2, Chemical 2, Audio Parts, Automotive, Automotive Parts, Food, Coil Center, Carton Box, Toy, Shoes, Tripod, Medical Equipment, Wheel Chair, Rubber Parts, Vocational Center, Industrial Waste Treatment
- Myanmar 5 – Plastic, Panting Ink, Beverage, Food
- Taiwan 4 – Construction Material 2, Machinery, Shoes
- Thailand 4 – Construction Materials 2, Lubricant Oil, PTE Form, Tank
- Malaysia 3 – Construction Materials, Carton Box, Aluminium Can
- USA 1 – Aluminium Can
- Sweden 1 - Garment
- Australia 1 - Medicines
- China 1 – Garment
- Korea 1 – Construction Materials
- Singapore 1 – Timber processing
- Hong Kong 1 – Garment
- Vietnam 1 – Cement Brick

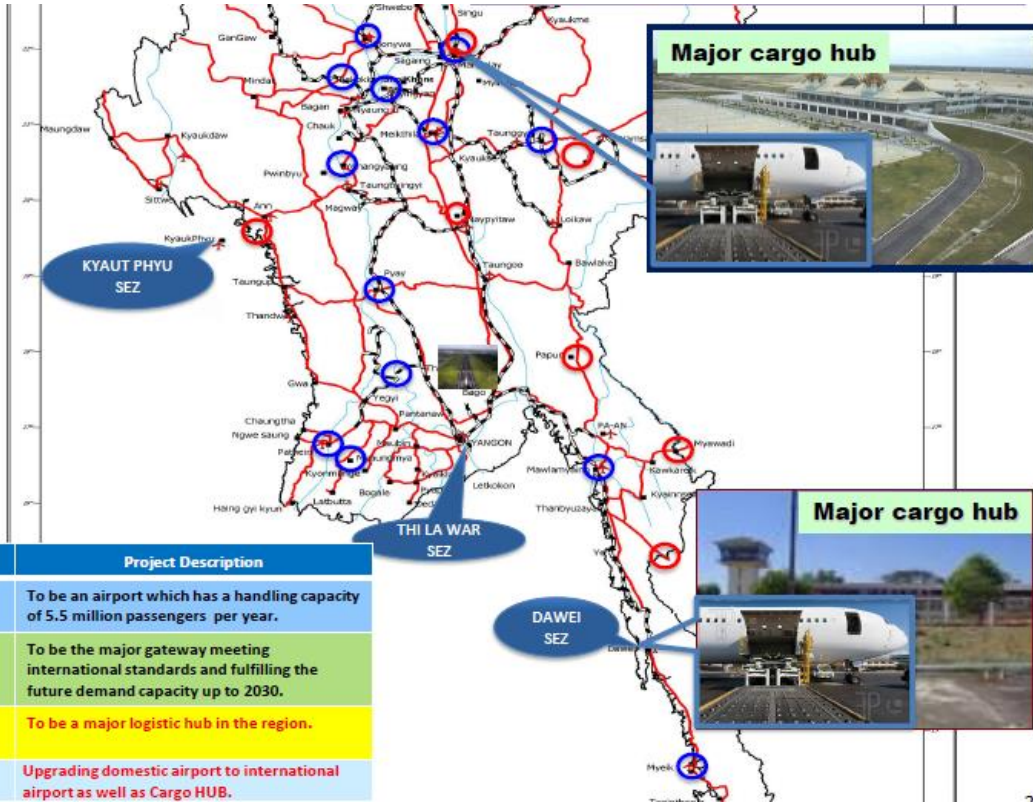
Free Zone 24
Promotion Zone 18

Under Negotiation 14

- Japan 8 – Food, Beverage, Commodity, Fertilizer, Construction Materials, Gas, Logistics
- Taiwan 2- Shoes
- Myanmar 2- Automotive Parts
- Switzerland 1 - Beverage
- Thailand 1 – Construction Materials

Myanmar International Airport – at Yangon City with others in the blueprint.

Cargoes are airlifted using Passenger aircraft. No online Freighters.



Airport Name	Project Description
Yangon Int'l Airport	To be an airport which has a handling capacity of 5.5 million passengers per year.
Hanthawaddy Int'l Airport	To be the major gateway meeting international standards and fulfilling the future demand capacity up to 2030.
Mandalay Int'l Airport	To be a major logistic hub in the region.
Dawei Airport	Upgrading domestic airport to international airport as well as Cargo HUB.

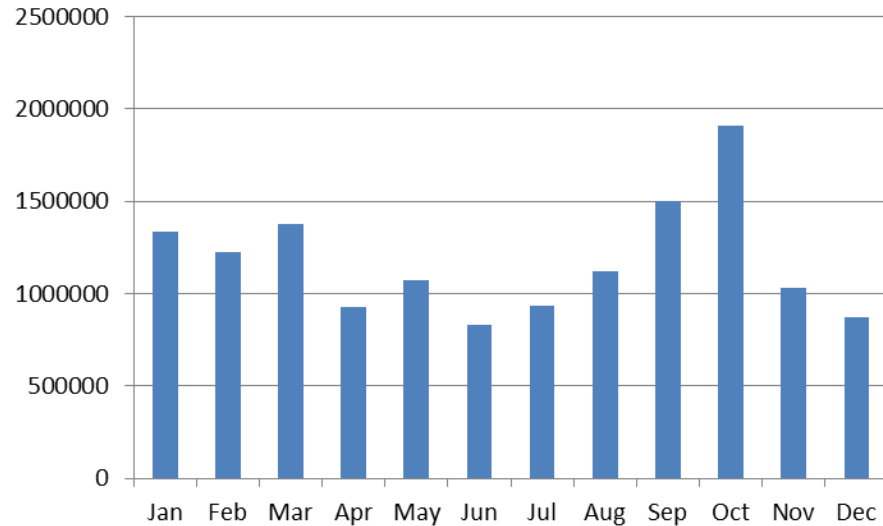
Most major Asian Airlines have started online operation

1. Singapore Airline
2. Silk Air
3. Dragon Air
4. Thai Airways
5. Korean Air
6. All Nippon Airways (ANA)
7. Eva Air
8. China Airline
9. China Southern
10. Air China
11. Qatar Airway
12. Malaysia Airline
13. Vietnam Airline
14. Bangkok Airways
15. Tiger Airway
16. Asiana Air
17. Jetstar

Myanmar's airfreight export stands at 14,140 tons in 2014



2014	KG
Jan	1,337,736
Feb	1,223,035
Mar	1,377,178
Apr	927,294
May	1,075,386
Jun	830,244
Jul	935,946
Aug	1,118,409
Sep	1,498,378
Oct	1,911,156
Nov	1,031,316
Dec	873,813
Total	14,140,000



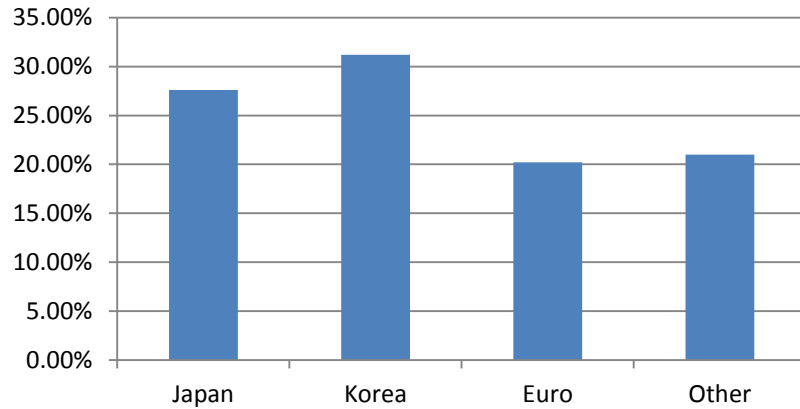
Seasonality 1) Peak Season (August - November); 2) Normal Season (December – April); 3) Low Season (May - July)

PS: As a comparison, Cambodia's export airfreight tonnage is about 2.5 times of Myanmar in 2014

More than 50% of airfreight goes to Japan & Korea. But, Europe is growing rapidly

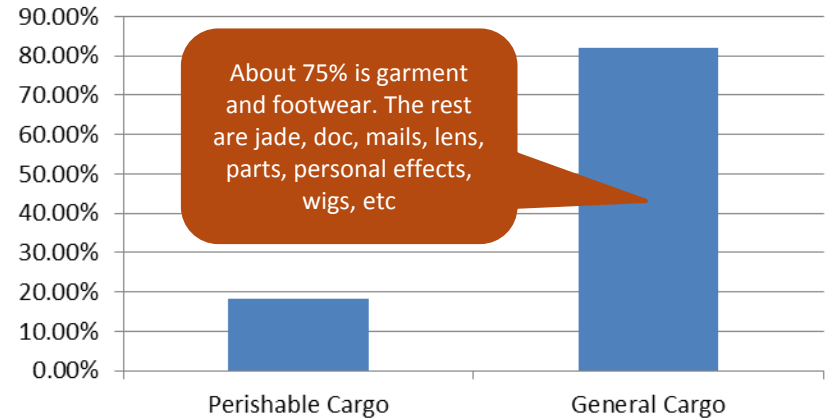


Proportion of air export tonnage by destination



Japan	Korea	EU	Other
27.6%	31.2%	20.2%	21.0%

Proportion of export cargo – perishable vs. general



Perishable Cargo	General Cargo
18.1%	81.9%

Approximately 4,000 tons of export airfreight are destined for Japan

Agenda – Roadmap

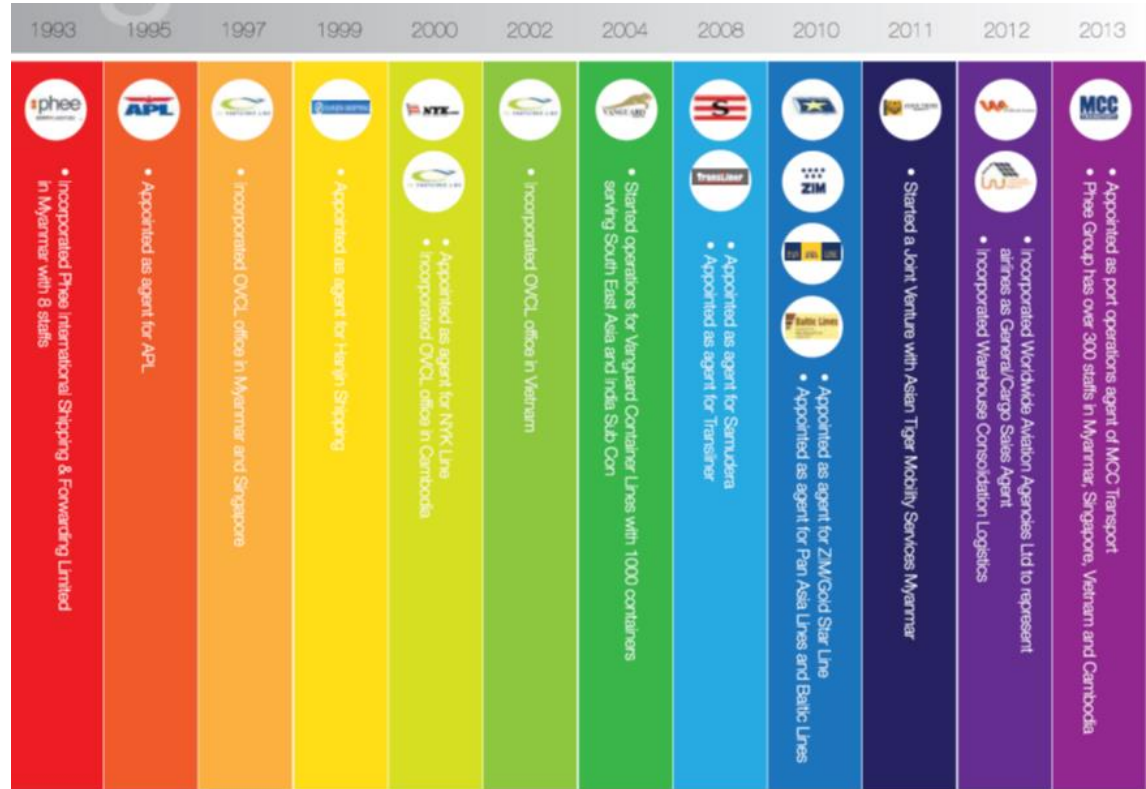


1. About Myanmar – Market Situation
2. About Phee Group & OV Logistics

History – Phee is the first foreign company to start container business in Myanmar, and represented national carrier MFSL as its agent for 10 years.



Milestones



Business Units – Phee consists of three lines of business



Shipping Agencies

Myanmar

“We are the representatives for some of the top 10 global ocean carriers from Japan, Korean, Singapore, and Israel”



Logistics & Freight Forwarding

Myanmar | Singapore | Cambodia | Vietnam | Thailand

“We provide Total Logistics Solution including Ocean freight, Air freight, Customs brokerage, Warehousing, Distribution, Relocation services. We also represent Top 5 global LCL consolidators – ECU and CWT”



Equipment Operator

Myanmar | Singapore

“We own 1000 containers for Asia routings, and are rep for box & special equipment (for Oil & Gas) operators”



People - 260 staffs in Myanmar office. People are the cornerstone of our group



Scope of Services



Ocean Freight

- FCL
- LCL
- Carrier Management
- Customs Clearance
- Permit Application
- Duty / Tax evaluation
- Importer of Record
- Re-export license
- Documentation
- Track & Trace
- Pick-up / Delivery
- Project Cargo Management
- Reefer Management

Air Freight

- Airline Selection
- Customs Clearance
- Permit Application
- Duty / Tax evaluation
- Importer of Record
- Re-export license
- Documentation
- Track & Trace
- Pick-up / Delivery

Warehouse & Distribution

- Warehouse Storage
- Cold Storage
- Inventory Management
- Racking management
- VAS; Cross-Dock, Pick & Pack, Kitting, Labelling, GOH
- Temperature controlled facility
- Open Yard Management
- Loading / Unloading
- Distribution
 - Point to point
 - Multiple drop routing

Joint Venture - with NYK Line for the automotive logistics in Myanmar



- HQ: Japan
- NYK Revenue: US\$22.4 Billion
- World top 10 Ocean Carrier

1. Phee Group and NYK signed a joint venture in 2014
2. The JV will provide customs clearance and delivery of **Luxury brand vehicles (Mercedes, Jaguar, Nissan SUV)** to showrooms in Myanmar. The destinations will scale up from Yangon to other major cities in the country.
3. NYK has 3 regular Ro-Ro shipments; carrying around 5,000 vehicles monthly to Yangon MITT Port.



Joint Venture – with Asian Tigers Mobility for relocation logistics in Myanmar



- **HQ: Singapore**
- **ATM Revenue: US\$115M**
- **30 offices, 14 countries**

1. To providing the strategic relocation solutions, meeting the business objectives with a full range of domestics and global mobility.
2. Strategic relocation solutions assist clients with transaction experiences and limits risk. When moving to another country, ATM makes it its special task to inform transferees about the new country, traditions and manners and also suggest any other information that the client needs.



Long-Term partnerships – with all major airlines in Myanmar as their Cargo Agents



OV Logistics holds AWB to all these airlines. Hence, we have direct access to airlines for competitive pricing and space protection. This is critical during the peak season, especially for urgent cargoes like spare parts for multi-billion Projects

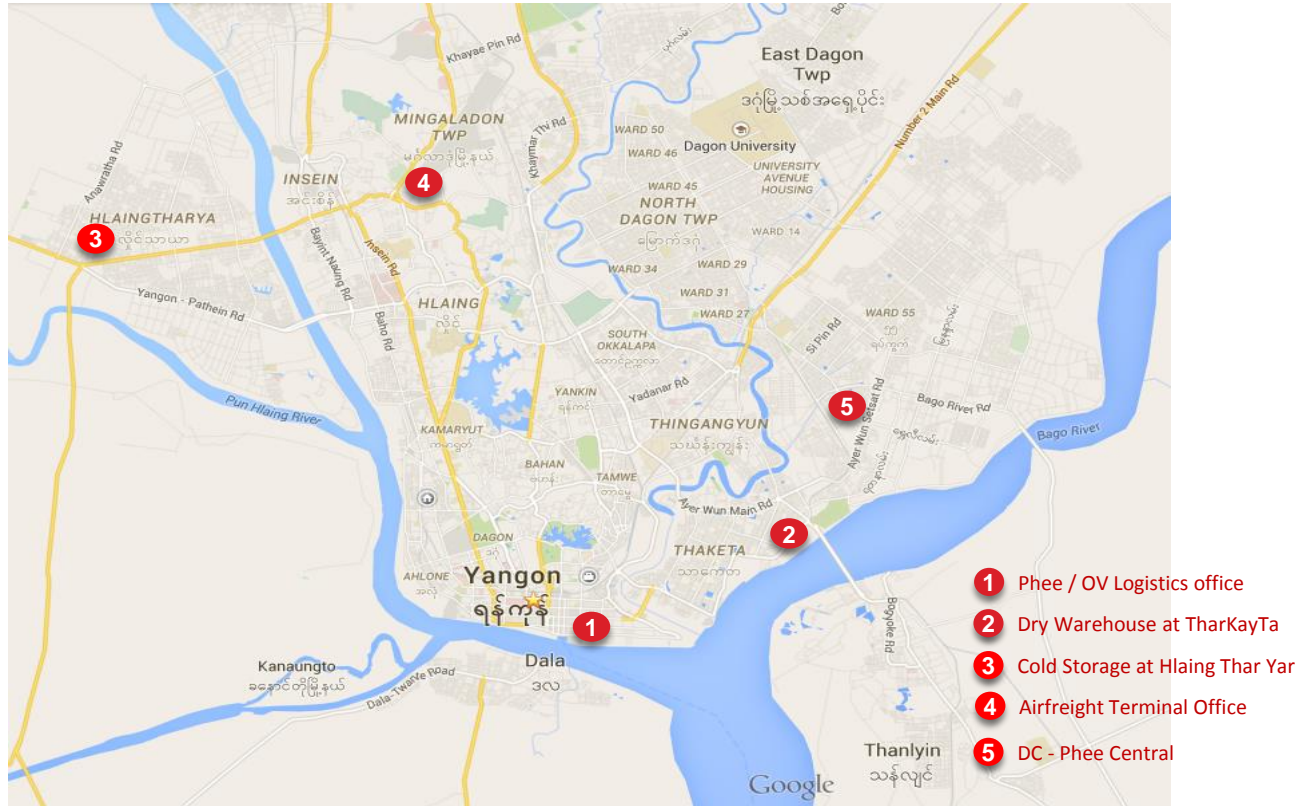
KOREAN AIR



Partnership started since:

- 1997
 - Silk Air (Singapore Airlines)
 - All Nippon Airways
 - Thai Airways
- 2000
 - Korean Airline
- 2011
 - Myanmar Airways International
- 2013
 - Dragon Air
 - Golden Myanmar Airlines

Warehouse & Facility network in Yangon



Ambient Warehouse – operate at strategically located Thar Kay Ta



Thar Kay Ta Warehouse

- Operated for more than 10 years
- Warehouse & Office 15,000 sqft
- Open yard 5,000 sqft & scalable
- Services include – consolidation, storage, value added, Garments on Hangers (GOH), distribution
- Industries – Medical, Apparel, Furniture, O&G
- Staff strength – 15 people



Cold Storage – at Hlaing Thar Yar

Hlaing Thar Yar Cold Storage

- Total land area: 100,00m²
- Has been in operation for > 15 years
- Cold Storage: 3 compartments; 300MT capacity
- Temperature: -18C to -20C (frozen)
- Back-up generator available
- Temporary leased space until Phee Central is operational
- Currently, using shared room until volume is up before we take over self-managed cold storage room



Phee is developing a modern warehouse & cold storage distribution center



Yangon - Dagon Seikkan Warehouse

Phee Central – in development

- To be completed Q2 2016
- 3.2 acres land
- Office, Showroom, Warehouse
- 70,000 sqft modern warehouse – high ceiling, multiple raised loading bays, CT-PAT, secured
- 10,000 sqft Cold Storage
- 50,000 sqft office & showroom



Logistics & Forwarding unit specializes in key industries in emerging economies



Apparel & Footwear



Reefer



Agriculture &
Processed Wood



Export
Markets

Telecommunication



Consumer Products



Project Cargoes & Industrial



Import
Markets

thank you.

