

# THE CHALLENGER 2021 BY NAMMAN MUAY™



NAVIGATING THROUGH CHALLENGING TIMES



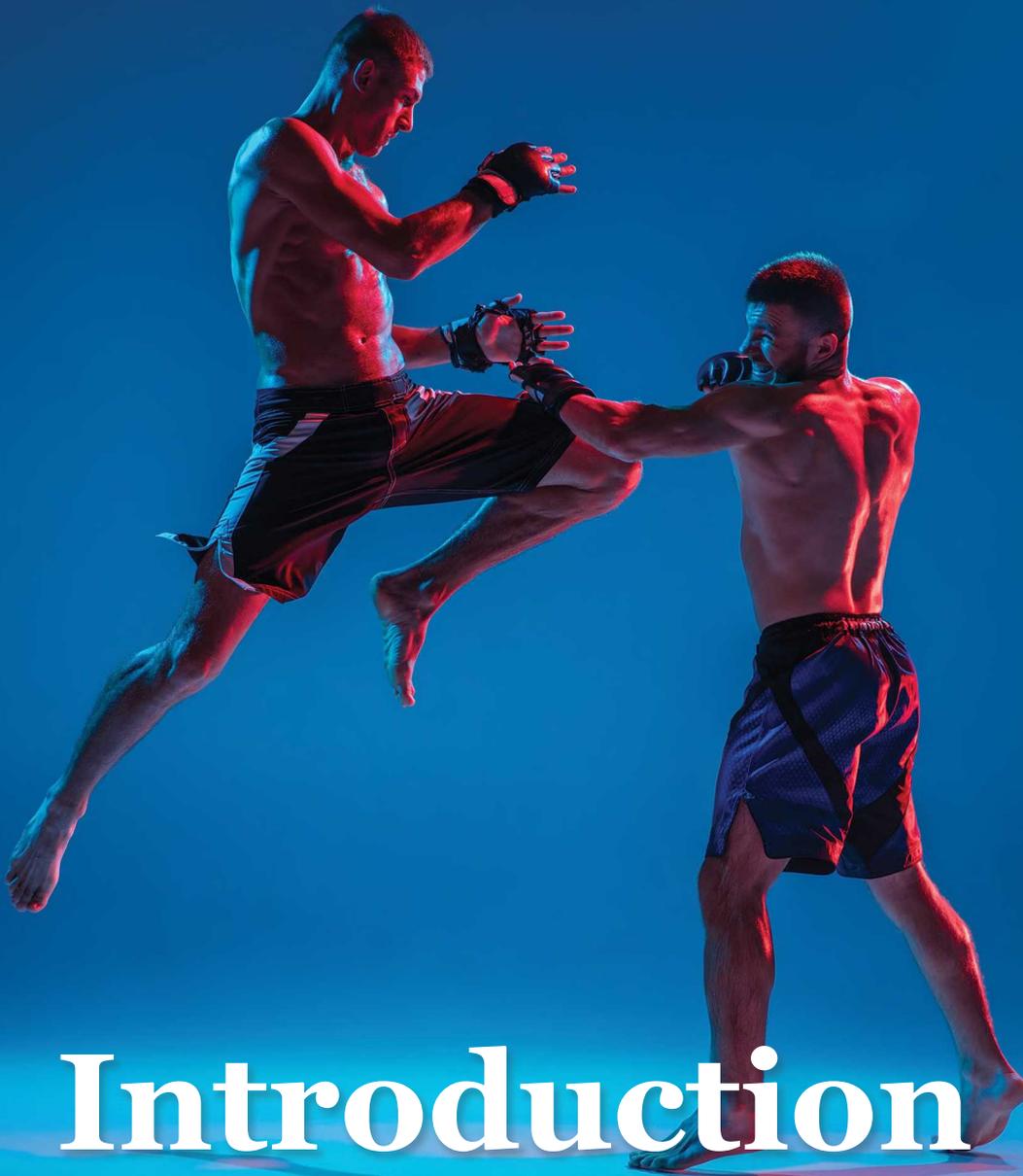


# THE CHALLENGER 2021 BY NAMMAN MUAY™

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**T**his case was prepared by Pat Boonsom, under the supervision of Supawat Likittanawong, Adjunct Professor of Business Administration, BBA International Program, Thammasat Business School, Thammasat University for Thammasat Undergraduate Business Challenge 2021. Copyright © 2021 by Thammasat Undergraduate Business Challenge, Thammasat University

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# Introduction



**F**ollowing its acquisition by Lakeshore Capital<sup>1</sup> in June 2018, Devakam Apothecary Hall Co., Ltd the owner of Namman Muay™ brand has made great strides in sales performance. Year-on-year sales grew an impressive 50% in 2019 to close at over 260 million baht, and market share ranking jumped from 16 to 4. While COVID-19 has slowed the business, Namman Muay™ still has its sights on achieving its audacious goal of 500 million baht in revenue and net profit of 50 million baht by 2023. From this, approximately 70 percent, or 350 million baht in revenue, is expected to come from the domestic Thai market.

<sup>1</sup> See Appendix 4 for information on Lakeshore Capital.

Even though the pandemic has been challenging to deal with, it has allowed Namman Muay™ to get a clearer picture by elucidating the local market landscape. The insight obtained has prompted Namman Muay™ to review its domestic marketing strategy to cope with the near-term impact from COVID-19 and to achieve its aggressive growth target by 2023.



# COVID-19 Overview

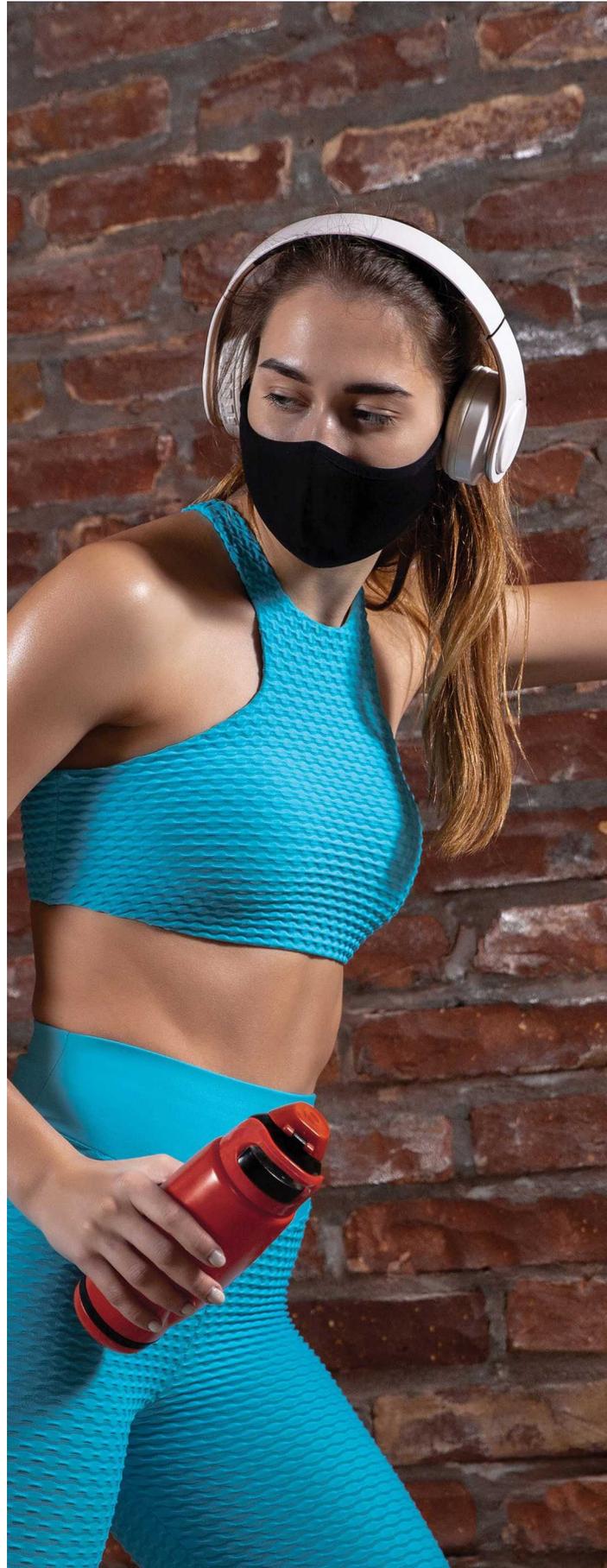
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**C** COVID-19 is a contagious disease that was first identified in Wuhan, China in December 2019. The virus has rapidly spread all over the world since then and, as a result, has been declared a pandemic by the World Health Organization on 11 March 2020. As of June 2021, there are over 180 million infections with over 4 million deaths around the world.<sup>2</sup> Thailand is no exception, with the third wave of infections that began in April 2021 still showing no sign of slowing down.

In an effort to control the outbreak, governments worldwide have taken a number of preventive and containment measures. In the early stages of the pandemic, citizens were advised to take personal preventive measures, such as social distancing, wearing face masks and practicing good hygiene. But as the pandemic spread, nations took more drastic measures, such as closing schools, cancelling mass gathering events, imposing strict travel restrictions and even lockdown of key cities and provinces.

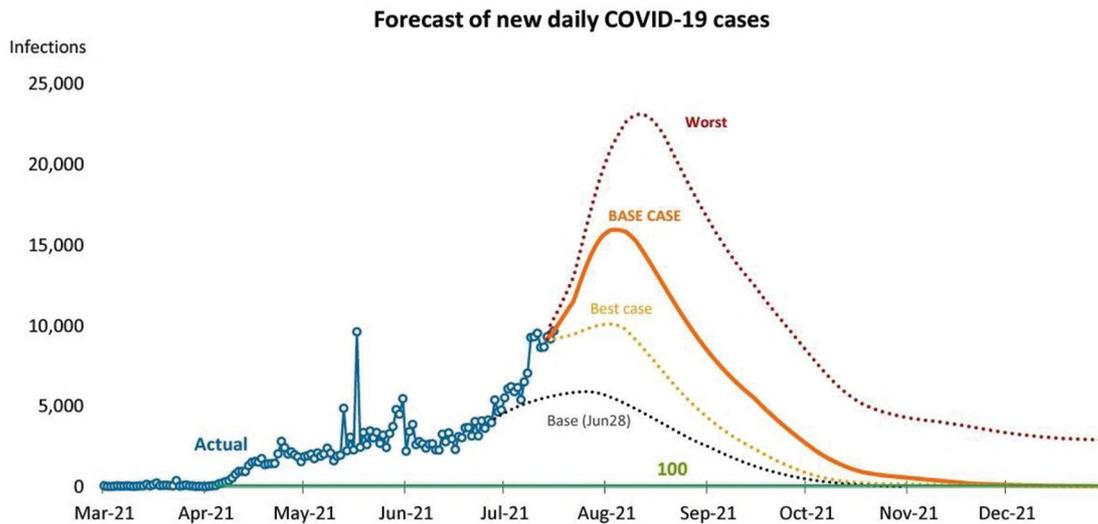
Thailand had success in containing the outbreak in early 2020, but by the end of 2020, the nation was hit by another wave of COVID-19 that lasted a few months. The latest wave began in April 2021 and is still raging in June 2021, with thousands of new cases every day. Based on research by Krungsri Research, daily cases are expected to peak in August, then drop below 100 near the end of 2021. However, this will depend on how well the mass vaccination program progresses and whether new COVID variants will continue to emerge.

<sup>2</sup> Source: World Health Organization, WHO Coronavirus (COVID-19) Dashboard, <https://covid19.who.int/>



# The third wave of COVID infection in Thailand tends to peak in Aug

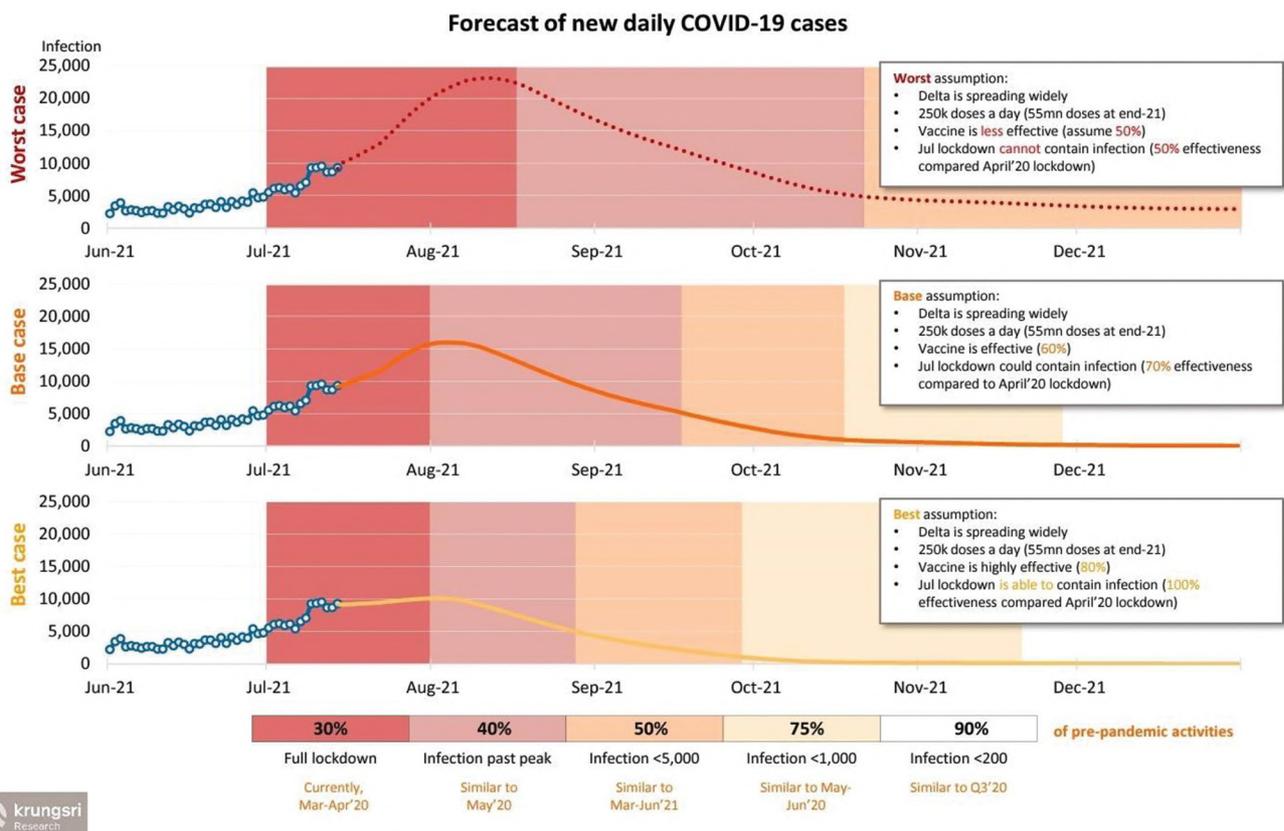
**Worst scenario has become our baseline** as the number of new infections rises nearly 10,000 in early July. More importantly, Delta COVID variant cases are increasing noticeably and spreading to several provinces. Our forecast of this case is based on an assumption that infection in Thailand in coming months is mainly caused by Delta and Beta variants. So, historical infection data in Thailand, India, S.Africa, and UK is used for the projection. **July lockdown is assumed to be 70% as effective as the Apr'20 lockdown. As a result, the new patient number tends to increase to 15,000 by early-Aug.** 250k doses of COVID-19 vaccines per day are expected until the end of this year, making around 55mn doses would be taken by the end-21. This could help the number of new cases would decline, particularly after Sep. An efficacy of vaccines would remain a key factor to drive COVID cases down (assume 60% vaccine effectiveness). We expect to see the number of new patients below 1,000 in Nov this year. In the worst case, where vaccine is less effective and Jul lockdown cannot contain infection, the daily patient figure could rise above 20,000 and the lockdown might last longer.



Source: WHO, forecast by Krungsri Research  
 Note: forecast as of Jul 14, 2021



## Assumption for each scenario and expected containment measures



Source: WHO, forecast by Krungsri Research

The pandemic has had an undeniable effect on the economy. The global GDP contracted by a record 3.6% in 2020, while the Thai GDP shrank by even more at 6.1%.<sup>3</sup> Such a large impact is partly due to Thailand's dependence on industries that were heavily affected by the pandemic. For example, the tourism industry, which contributed to over a fifth of Thailand's GDP in 2019, was devastated. Tourist arrivals fell to zero for several months after the incoming travel ban in March 2020 and in total decreased by more than 80% in that year.<sup>4</sup> The entertainment and sports industries also experienced a similar decline, as many venues were forced to close.

### Consumption remains weak as COVID-19 runs rampant.



Consumption remains weak as COVID-19 runs rampant. The latest wave of the pandemic has forced many public venues to remain closed, and places that reopened before are now closed again. Furthermore, the high uncertainty surrounding the pandemic clouds outlook for business and economic growth. Tourism also remains uncertain. Although there are steps taken to reopen the tourism industry, such as the Phuket Sandbox program, many obstacles delay recovery of the industry. According to Krungsri Research, tourist arrivals will only begin to see an increase in the last quarter of 2021. Even then, the projected foreign tourist arrivals of 280,000 in Q4 2021 is still far below pre-COVID-19 numbers. In fact, the Tourism Authority of Thailand does not expect the industry to fully recover until 2026.

<sup>3</sup> Source: World Bank, GDP growth (annual %), GDP growth (annual %) - Thailand

<sup>4</sup> Source: Ministry of Tourism and Sports, Tourism Statistics

# COVID-19's Impact on The Thai Topical Analgesics Market

**T**he topical analgesics market in Thailand is severely impacted by COVID-19. With the sharp reduction in tourist arrivals, the limitation of outdoor activities, the constraints on sports competitions and the economic impact on consumer spending, the demand for this product category has declined by over 50%. Topical analgesics are highly sought-after by Chinese tourists, who make up more than a quarter of all international tourists in Thailand. As a result, the near absence of tourists has had a detrimental effect on sales of many products. For example, Tiger Balm heat patch saw over 80% of its sales disappear with the absence of

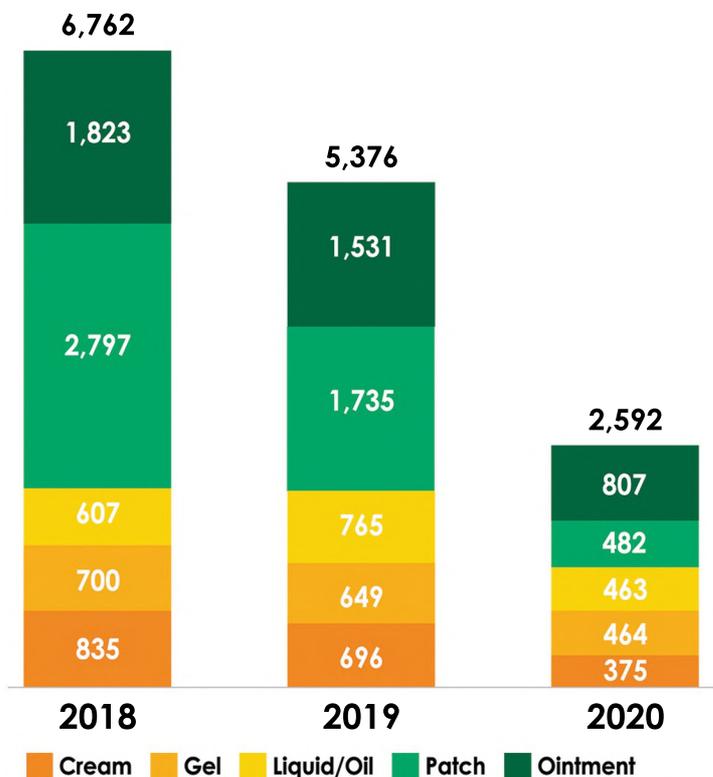
tourists. Meanwhile, the various rounds of nationwide lockdowns and limitations on sporting events had led to the closure of numerous sports venues and an overall decrease of outdoor activities. This also reduced domestic consumption of topical analgesics.



# The Market Landscape

The pandemic affected different brands and product formats to varying degrees. For instance, the patch format, which is the most popular among tourists, saw its sales fall the most. Tiger Balm Medicated Plasters, which dominate the patch format market, witnessed a sharp decline in sales of almost 80% in 2020 versus 2019. On the other hand, product formats that mainly targeted the domestic market such as liniment were less affected. In the liniment format market, sales of Namman Muay™ Liniment fell by only about 30%. The impact on sales has also provided valuable insight into the composition of the customer base of both the overall market and Namman Muay™. For example, the sharp reduction in patch sales indicates that the majority of the patch market relies on tourists. Meanwhile, the reduction in sales of products targeted towards athletes like Namman Muay™ indicates that about 30% of the Namman Muay™ core market consists of athletes. This insight can be leveraged to guide Namman Muay™'s marketing efforts. Namman Muay™ positions its liniment as a product for athletes, but blue-collar workers also contribute to a chunk of the sales. While the pandemic led to a decrease in overall physical activity, there is still demand for topical analgesics from customer groups including laborers, blue-collar workers, farmers, office workers as well as those who exercise at home.

## Market Share by Format (in millions of baht)



Source: IMS<sup>5</sup>

Note: Numbers are illustrative and for purposes of case discussion only.

Actual numbers might deviate from what is presented above.

<sup>5</sup> IMS stands for Intercontinental Medical Statistics, a company that provides information, services and technology for the healthcare industry and is the largest vendor of physician prescribing data.

# Company Research: Market Share of Top 10 Products in Each Format\*

LIQUID/OIL FORMAT	MARKET SHARE (in thousands of baht)						
	PRODUCT	CORPORATION	2018	2019	2020	% GROWTH 2019	% GROWTH 2020
	NAMMAN MUAY	DEVAKAM OSOTH	103,000	281,000	182,000	173%	-35%
	AMMELTZ YOKO YOKO	KOBAYASHI	105,000	114,000	71,000	9%	-38%
	PERSKINDOL	TRICHEMA AG	85,000	81,000	40,000	-5%	-51%
	UNIREN	UNISON	58,000	64,000	64,000	10%	0%
	CASTLE SNAKE OIL	WANG NGU COMPANY	104,000	71,000	8,700	-32%	-88%
	PERSKINDOL COOL	TRICHEMA AG	51,000	54,000	23,000	6%	-57%
	ELMETACIN	MEDINOVA ( 2004 )	38,000	34,000	22,000	-11%	-35%
	MARWIN	BOONSONG OSOTH	7,800	17,000	21,000	118%	24%
	REPARIL	MADAUS	8,100	10,000	5,800	23%	-42%
	TIGER	HAW PAR BROS INTER	9,900	8,400	2,200	-15%	-74%
	OTHERS		37,200	30,600	23,300	-18%	-24%
	TOTAL		607,000	765,000	463,000	26%	-39%



Oil & Liquid Format

\* Company Estimates

CREAM FORMAT		MARKET SHARE (in thousands of baht)				
PRODUCT	CORPORATION	2018	2019	2020	% GROWTH 2019	% GROWTH 2020
COUNTERPAIN	TAISHO PHARMACEUT	441,000	319,000	187,000	-28%	-41%
NECK&SHOULDER BOOST	HAW PAR BROS INTER	166,000	118,000	24,000	-29%	-80%
NECK&SHOULDER RUB	HAW PAR BROS INTER	85,000	72,000	13,000	-15%	-82%
NEOTICA	THAI NAKORN PATANA	51,000	51,000	49,000	0%	-4%
NAMMAN MUAY	DEVAKAM OSOTH	7,300	47,000	29,000	544%	-38%
FLANIL	BIOLAB	28,000	27,000	26,000	-4%	-4%
TIGER MUSCLE RUB	HAW PAR BROS INTER	23,000	18,000	3,800	-22%	-79%
LONGANOID	PRIMA HERB THAILAN	4,600	15,000	18,000	226%	20%
NEOTICA EX	THAI NAKORN PATANA	4,800	4,700	2,700	-2%	-43%
PLAIVANA	BANGKOK LAB	2,600	4,400	3,700	69%	-16%
OTHERS		21,700	19,900	18,800	-8%	-6%
TOTAL		835,000	696,000	375,000	-17%	-46%

OINTMENT FORMAT		MARKET SHARE (in thousands of baht)				
PRODUCT	CORPORATION	2018	2019	2020	% GROWTH 2019	% GROWTH 2020
PHYOYK HERBAL BALM	HERB THAI ZHONG	581,000	294,000	30,000	-49%	-90%
ZAMBUK	BAYER CORP	269,000	288,000	190,000	7%	-34%
TIGER BALM	HAW PAR BROS INTER	395,000	265,000	77,000	-33%	-71%
GOLDEN CUP BALM	THAUY THONG OSOTH	236,000	239,000	227,000	1%	-5%
WHITE BALM	MONKEY HOLD.P.B	160,000	174,000	131,000	9%	-25%
WANGPROM GREEN	WANGPROM HERBAL	19,000	117,000	98,000	516%	-16%
PHYOYK HERB YELLOW	HERB THAI ZHONG	80,000	39,000	4,100	-51%	-89%
PHYOYK HERBAL WAX2	PHYOYK HERB	32,000	46,000	7,900	44%	-83%
WANGPROM YELLOW	WANGPROM HERBAL	4,400	12,000	27,000	173%	125%
SIANG PURE CLASSIC	BERTRAM CHEMICAL	11,000	6,300	1,600	-43%	-75%
OTHERS		35,600	50,700	13,400	42%	-74%
TOTAL		1,823,000	1,531,000	807,000	-16%	-47%



Cream Format



Ointment Format

PATCH FORMAT		MARKET SHARE (in thousands of baht)				
PRODUCT	CORPORATION	2018	2019	2020	% GROWTH 2019	% GROWTH 2020
TIGER MEDI.PLASTER	HAW PAR BROS INTER	2,330,000	1,422,000	334,000	-39%	-77%
TIGER BACK PAIN	HAW PAR BROS INTER	241,000	71,000	10,000	-71%	-86%
SALONPAS	HISAMITSU	103,000	106,000	57,000	3%	-46%
NEOBUN	NEOPLAST	84,000	72,000	51,000	-14%	-29%
NEOBUN GEL	NEOPLAST	26,000	52,000	25,000	100%	-52%
MENTOPAS	NEOPLAST	4,500	3,700	3,100	-18%	-16%
TONPHOR ORANG BODY	DRAGON SKY (555)	608	3,800	43	525%	-99%
TAIDA PLASTER	HEALTH GREEN	2,700	1,400	27	-48%	-98%
POROUS CAPSICUM	VORWERK&SOHN W.B	1,500	1,500	1,100	0%	-27%
8CROCODILES	BC INTERLAB	1,900	721	28	-62%	-96%
OTHERS		1,792	879	702	-51%	-20%
TOTAL		2,797,000	1,735,000	482,000	-38%	-72%

GEL FORMAT		MARKET SHARE (in thousands of baht)				
PRODUCT	CORPORATION	2018	2019	2020	% GROWTH 2019	% GROWTH 2020
VOLTAREN EMULGEL	GLAXOSMITHKLINE	208,000	214,000	159,000	3%	-26%
COUNTERPAIN COOL	TAISHO PHARMACEUT	205,000	175,000	108,000	-15%	-38%
DIFELENE	THAI NAKORN PATANA	68,000	69,000	65,000	1%	-6%
COUNTERPAIN PLUS	TAISHO PHARMACEUT	71,000	50,000	19,000	-30%	-62%
PERSKINDOL	TRICHEMA AG	24,000	21,000	11,000	-13%	-48%
FELDENE GEL	PFIZER INTER. CORP	14,000	10,000	8,100	-29%	-19%
PAINELIEF COOL GEL	BRITISH DISPENSARY	11,000	10,000	11,000	-9%	10%
FASTUM	A MENARINI	11,000	10,000	8,100	-9%	-19%
CAPSIKA GEL	BANGKOK LAB	9,200	8,300	7,400	-10%	-11%
AROTIKA COOL GEL	BANGKOK LAB	4,800	6,700	12,000	40%	79%
OTHERS		74,000	75,000	55,400	1%	-26%
TOTAL		700,000	649,000	464,000	-7%	-29%



Patch Format

Gel Format

# Namman Muay<sup>TM</sup>

## Current Marketing Focus

Based on marketing initiatives developed pre-COVID-19 pandemic, the brand had divided its potential customers into 5 core customer segments based on their age, occupation and level of physical activity, which is in line with typical segmentation for the analgesics market.



### **Elderly**

Their pain is caused by factors associated with aging, such as gradual bone and muscle mass loss, which leads to pain in the joints, feet and lower waist.

### **Light Sports**

Their pain is caused by excessive use of their muscles when over-exercising. The pain often appears in the leg area (calf and thigh).

### **Heavy Sports**

Their pain is similar to that of Light Sport's but with the addition of pains caused by accidents, which can lead to pain in any area of the body.

### **Physical Labor**

Their pain stems from the overuse of muscles due to highly physically demanding work, which leads to pain in the arms, back, waist and legs.

### **Office Syndrome**

Their pain is primarily caused by long hours of poor posture and commuting, which lead to pain in the neck and shoulders.

Users of topical analgesics can apply the medication in two ways: therapeutically and proactively. Therapeutic use is the application of analgesics after the pain is felt, while proactive use refers to the application of analgesics in advance to either prevent or reduce the severity of any anticipated pain and soreness. While any format can be used therapeutically and proactively, some formats are better suited than others depending on the use case, and therefore better serve certain segments. For instance, the spray format is often reserved for emergencies, such as severe pain from accidents.

Based on the above segmentation, Namman Muay™'s current market strategy is geared towards two key approaches. The first is its core blue-collar and sports segments that it is targeting with its liniment format. The second, which is currently a much smaller market for Namman Muay™, is the white-collar and elderly segments; for these segments, Namman Muay™ is looking to penetrate the market with its cream and spray format.





# Case Question

To meet its ambitious domestic revenue target, Namman Muay™ wants to relook at its domestic marketing strategy using its updated view of the market landscape. Management requires a near and medium-term marketing strategy for Namman Muay™ that will help the brand achieve its domestic revenue target of 350 million baht by the end of 2023.

**The strategy should clearly define:**

- i) the segment that Namman Muay™ should prioritize with clear rationale (this segment is not limited to the ones mentioned in this case)
- ii) what product (can be existing and/or new) Namman Muay™ should offer to the prioritized segment, and how the product will be marketed (e.g., key marketing message, pricing, distribution channel(s)).

For background on Devakam Apothecary Hall, its history and businesses, please refer to Appendix 1.

## Appendix 1. The Legacy of Devakam Osoth

In 1937 Major Sit Yocharak (Thongmuan Intharathat) a graduate of Siriraj Hospital, Thailand's first medical school, started a small pharmaceutical business. Over the next ten years, business flourished and eventually in 1946, Major Sit opened a clinic and formulated various kinds of drugs and household remedies. The first drug that was commercially launched was "Pra-sa-bor-rad", an aspirin based drug in powder form for fever and pain relief. This drug became quite popular as it was sweetened by Lactose and Saccharin sodium that made it easy to drink after dissolved in water (due to regulatory requirement, this product was later renamed as "Pra-sa-bor-rad"). Apart from "Pra-sa-bor-rad", the company also co-produced "Ga-Man" a sore throat lozenges and "Solex toothpaste" with Jumpathong Co., Ltd. As the drugs became more popular, Major Sit then decided to set up a limited company located nearby Dhevakam Rangrak Bridge on Nang Loeng Rd. in Bangkok, Thailand. The corporate brand "Devakam Apothecary Hall" was hence established with its name connected with its place of origin.

Later in 1957, Mr. Thongtos Intharathat, son of Major Sit, joined his father to run the family business. Mr. Thongtos was a businessman who was passionate about boxing. He set up his boxing gym called "Kingpetch" located on Petchburi road in Bangkok aimed at producing Thai boxers for both Muay Thai (Thai boxing) and western-style boxing. At that time, there were 3 main boxers at the gym, one of them was Mr. Mana Seedokbuab who was born in Hua Hin, Thailand. Mr. Mana was later given a ring name as "Pone Kingpetch". The name originated from Mr. Thongthos brother's name, Major Pone Intharathat, who passed away in 1949. Mr. Pone Kingpetch would later become a world famous boxer.

Back in those days, boxers would massage their muscles with stoke oil before training or a fight. Stoke oil has properties that help relieve muscle strains and stiffness. However, stoke oil was oily, pungent, and can cause eye irritation. Mr. Thongtos wanted to find a better alternative for his boxers and asked a pharmacist at the company to formulate an original composition that was a white opaque water-in-oil emulsion; the first version of Namman Muay™ liniment oil was hence born. The product quickly became popular with boxers and eventually became the main product that was used by gym boxers. Namman Muay™ not only helps relieve muscle strains and stiffness after the fights in place of stroke oil, but also helps boxers to warm up faster before boxing matches.

On 16th April 1960, Mr. Thongtos, as Pone Kingpetch's manager, led the boxer to defeat Pascual Pérez, an Argentine boxer, for the world flyweight championship. The late HM King Bhumibol Adulyadej (King Rama IX) was also in attendance to watch and witnessed the match at Lumpini Boxing Stadium in Bangkok. Although Pone Kingpetch won by split decision, it was

a historical match for Thailand. Pone Kingpetch became a legend in boxing overnight. Pone Kingpetch had become Thailand's first world boxing champion (Flyweight Division: 112 lbs.) with the support from his manager Mr. Thongtos and his trainer Mr. Niyom Thongchid, who were both behind his success. Since that victory day, April 16 was made "Thai Athlete's Day".

Apart from producing world-prized champions at Kingpetch gym, Namman Muay™ liniment oil by Devakam Apothecary Hall has become a well-known product among boxing gym owners. Most of them bought and made sure that their Muay Thai and Western boxers applied Namman Muay™ liniment oil, hoping that one of their fighters would become a world champion like Pone Kingpetch. As more and more boxers heard about Namman Muay™, demand grew. The company then developed the formulation of Namman Muay™ to be more user-friendly and recognizable by changing the color from white opaque to yellow with an added unique scent. This scent is often cited by athletes to have a "motivational" effect and has been a recognizable trademark of the product since then. In 1962, the company was registered as a manufacturer and distributor of this unique product under the trade name "Namman Muay™".

Since then Namman Muay™ has become a household name that is synonymous with muscle pain prevention and healing. It is so popular that the name Namman Muay™ became a category name for topical analgesic in Thailand. Over the years, Namman Muay™ has broadened its user base and is now widely-used not only among boxers but also by other athletes such as runners and football players as well as in the wellness and spas industry. Namman Muay™ is also well received by the general public, and its application has gone beyond sports and is now a regular household remedy for muscle pain. In recent years, Namman Muay™ has ventured abroad though on a limited scale through appointed distributors with key growth markets in Asia and Europe.

Namman Muay™ comes in four different formats, with the liniment oil being the only format of the product up until the late 1980s, when the cream format was introduced and later followed by the spray format. The sponge format was launched in 2020, making it the newest. The liniment oil format is the dominant format for the Thai market, and the cream format is the main export format. Spray is still a relatively small portion of the overall sales because of limited market awareness. Due to being launched during the COVID-19 pandemic, the sponge format has had difficulty penetrating the market, so it is also a small portion of the overall sales.

To find out more about Namman Muay™, please visit <https://nammanmuayofficial.com>.

## Appendix 2. Devakam Apothecary Hall Income Statement (in THB Mn)

	2018A	2019A	2020A	2021F	2022F	2023F
Revenue - Domestic	175	260	180	180	270	350
Revenue - International	20	27	22	35	70	150
<b>Total Revenue</b>	<b>195</b>	<b>287</b>	<b>202</b>	<b>215</b>	<b>340</b>	<b>500</b>
COGS	100	130	95	95	145	215
<b>Gross Profit</b>	<b>95</b>	<b>157</b>	<b>107</b>	<b>120</b>	<b>195</b>	<b>285</b>
Distribution Fee	0	20	12	15	25	35
Selling expense	10	13	12	12	20	30
A&P Expense	20	45	25	30	50	80
General Admin Expense	50	70	50	50	60	70
<b>Total SG&amp;A</b>	<b>80</b>	<b>148</b>	<b>99</b>	<b>107</b>	<b>155</b>	<b>215</b>
<b>EBIT</b>	<b>15</b>	<b>9</b>	<b>8</b>	<b>13</b>	<b>40</b>	<b>70</b>
Interest Expense	5	5	6	5	6	7
<b>EBT</b>	<b>10</b>	<b>4</b>	<b>2</b>	<b>8</b>	<b>34</b>	<b>63</b>
Taxes	0	0.8	0.4	1.6	6.8	12.6
<b>Net Profit</b>	<b>10</b>	<b>3.2</b>	<b>1.6</b>	<b>6.4</b>	<b>27.2</b>	<b>50.4</b>

Source: DVK

Note: Numbers are illustrative and for purposes of case discussion only. Actual numbers might deviate from what is presented above.

### **Appendix 3. Devakam Osoth: 2018 to pre-COVID-19**

Devakam Apothecary Hall remained a family business up until May 2018. Over the past 60 years, the company has grown through the capable hands of the family management team. However, growth began to plateau in late 2000 and became more a cash-cow type business for the family. At the same time, family members began to have varied interests outside the core business. Lakeshore Capital, a private equity fund, saw strong potential in the product and through discussions with the family was able to invest and became a major shareholder. Through this acquisition, Lakeshore Capital bought out a portion of the family shares and also injected new capital. Several family members remain onboard as members of the advisory board and shareholders, with almost all management positions replaced by a new team recruited from the industry.

Post-acquisition in June 2018, Lakeshore Capital recruited Ms. Aninthaya, an industry veteran with a strong track record, to head this new investment and became the chief executive officer of the company. Together with a team of new executives, Ms Aninthaya is tasked to lead the growth of DVK. Since then, Devakam Apothecary Hall and Namman Muay™ has taken on a new life. Through many new initiatives that result in improved distribution, more focused marketing efforts and more refined pricing strategies, the team was able to deliver impressive growth with 2019 year-end forecast revenue closing expected to reach THB 305 Mil or 60% revenue growth from 2018. According to industry reports, Namman Muay™ has also attained a much stronger market share ranking despite a fairly stagnant market growth. Its year on year ranking jumped from number 16 in 2018 to number 4 in 2019.

Through new distribution initiatives that open up new channels and outlets, Namman Muay™ is now available in more than two thousand outlets nationwide. It can now be found not just in drug retail chains like Boots or Watsons but also in convenience stores like 7-11.

A new campaign is also in place to revitalize the brand with the launch of the first commercial in almost a decade. A famous Thai celebrity "Tono" Pakin Kumwilaisuk has been signed on as the presenter of Namman Muay™ with the first television commercial to be aired in October 2019. This commercial is also geared at supporting the pricing adjustments made to the product in 2019. Overall the domestic market is looking to deliver on its ambitious growth targets.

Post-acquisition, several adjustments were made to the organization. A new organization structure was put in place with clearly defined roles; a new board was also formed with industry veterans who have extensive experiences appointed as independent directors and a new compensation structure was put in place to better align incentives and performance.

## Appendix 4. Introduction to Lakeshore Capital

# LAKESHORE CAPITAL

Founded in 2009, Lakeshore Capital is a leading international private equity firm that focuses on growth businesses in Thailand and the Greater Mekong Sub-region. The firm provides expansion capital to industry-leading companies and works with management teams to grow their businesses. We create value by providing capital as well as business advice on strategy, finance, M&A, operational improvement, recruiting and international expansions.

Lakeshore Capital has a broad range of sectors of interest including, but not limited to, food, retail, consumer products, light manufacturing, healthcare, education, logistics and business outsourcing.

Our management team consists of experienced professionals with backgrounds in management consulting, investment banking, private equity and the corporate sector. We have a thorough understanding of local business practices, capital markets, culture and politics, combined with deep-rooted relationships with business leaders and investors.

Lakeshore Capital is a member of EMPEA (<https://www.empea.org/>), the global industry association for private capital in emerging markets.

Lakeshore Capital focuses on investing in the most attractive businesses, partnering with leading companies with strong competitive positions in their respective markets. Lakeshore is exploring investment opportunities across a broad range of industries. Priority, however, will be given to companies in food, retail, consumer products, light manufacturing, healthcare, education, logistics and business outsourcing. Thailand is the geographical focus area for investments but we also consider investment opportunities in the Greater Mekong Sub-region.

Lakeshore looks for companies with the following characteristics:

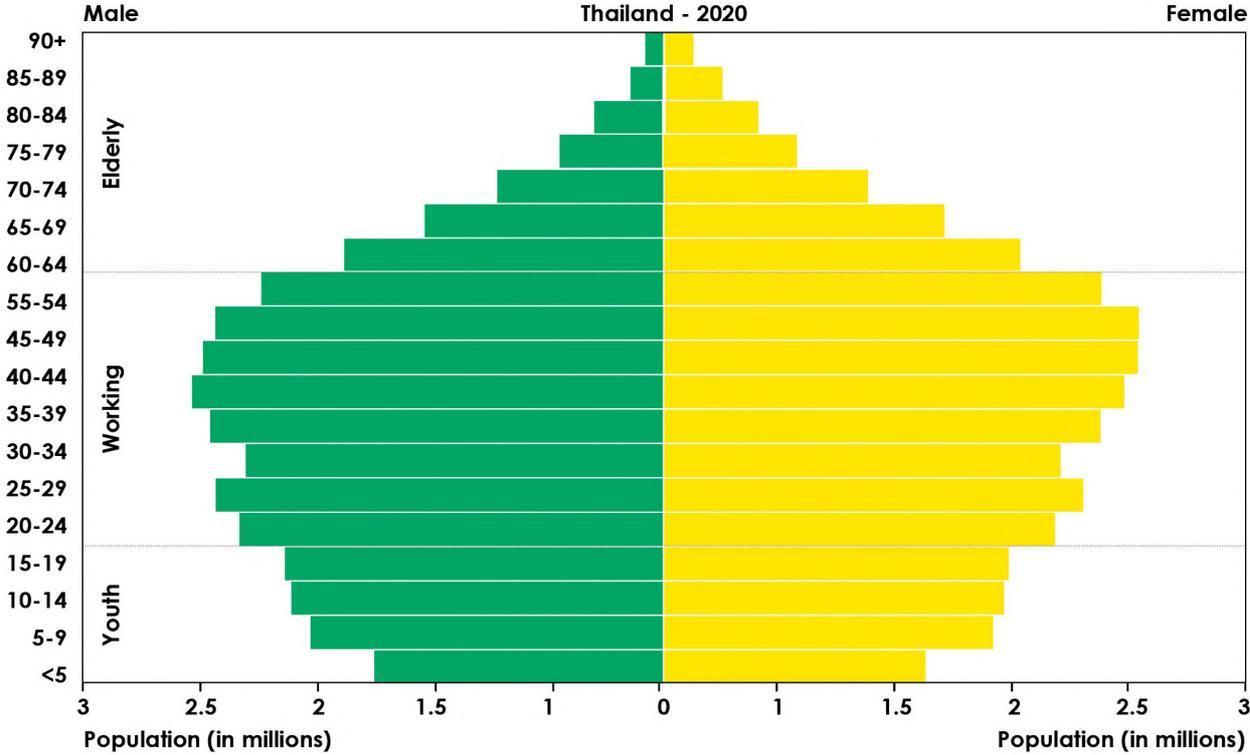
- Sustainable market leadership position with further growth potential;
- Strong operating cash flow and margin expansion potential;
- Strong, entrepreneurial management team with growth aspirations

For every investment, the maximization of value is driven by the ability to improve the fundamental business performance.

Lakeshore can assist companies at strategic, financial and operational levels by putting in place, where necessary, new sets of competencies and by driving growth at “just-below-board” level using our dedicated in-house consulting team. Lakeshore can also assist companies on M&A transactions to help accelerate growth as well as add human resource capacity to key functions by sourcing professionals through our extensive network of relationship across multiple industries and functions.

Source: Lakeshore Capital

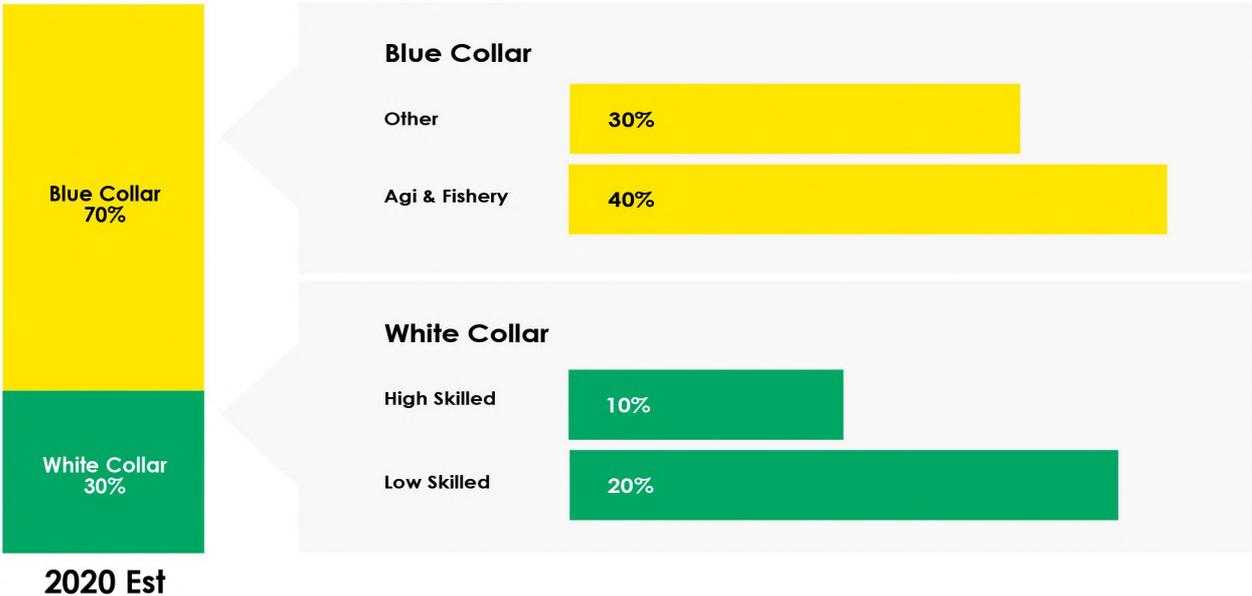
### Appendix 5. Thailand Age Structure



Source: Thailand Board of Investment

### Appendix 6. Thailand Labour by Category

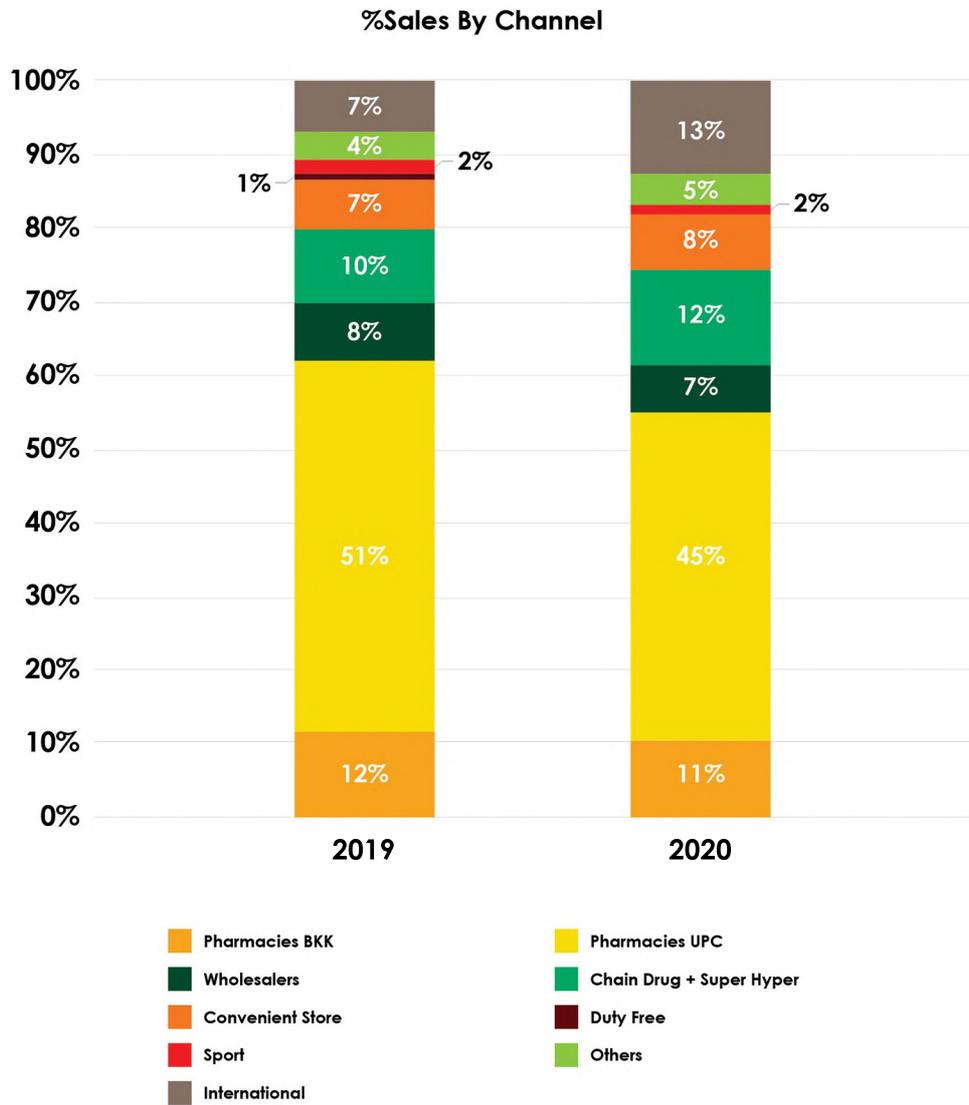
#### THAILAND LABOUR BY CATEGORY % OF TOTAL



Source: DVK

Note: Numbers are illustrative and for purposes of case discussion only. Actual numbers might deviate from what is presented above.

## Appendix 7. Percentage of Sales by Channel



Source: DVK

Note: Numbers are illustrative and for purposes of case discussion only. Actual numbers might deviate from what is presented above.

Challenge your limit,  
never miss an opportunity

Designed by: Apicha Apiwongthana



LAKESHORE CAPITAL

