Creating
Thailand's
next success
story overseas

NAMMAN<sup>®</sup>
MUAY













# Agenda



INTRODUCTION



**ANALYSIS** 



STRATEGY



IMPACT AND FINANCIALS



#### **EXECUTIVE SUMMARY**

Objective

Get international sales to account for 20% of revenue by 2022

Strategy

Expand in EU

Focus our strategic resources towards Europe due to largest impact and feasibility Realigning incentives

Focused European branding strategy

Change our distribution model to revenue sharing in order to increase volumes and control above-the-line branding.

Strategic investments

Revitalize and advance our brand offering by Storydoing through sponsorships

Results

Action

Reaching revenue target, creating a project NPV of THB99.1m, strengthening our international brand, resulting in long term growth prospects

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In order to reach our goals we have to overcome the following uncertainties





Lack of global brand positioning

No control over promotion and advertisement from international resellers, leading to brand confusion



Limited price control

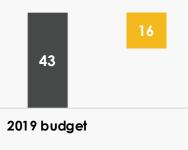
Resellers buy products at listed trade prices, dictating their own prices leading to suboptimal volumes



Unsatisfactory international sales

Weaker brand recognition outside of Thailand provides challenges in sales







Leveraging Namman Muay's key resources will be crucial for strategizing forward





**Unique product** 

High quality product with long history and best kept secret



Strong brand in Thailand

Strong and improving market position in country of origin



Competence

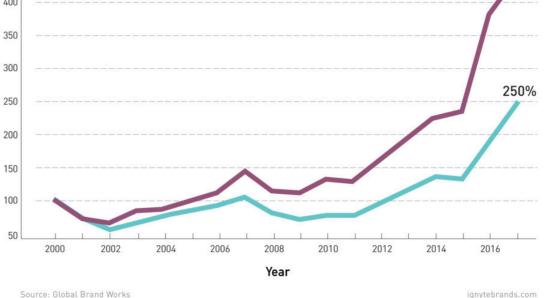
Lakeshore providing competence through board positions and in-house consulting



**EU strategy** 

Partnership in place to roll out to all European markets the next few years





#### After You is the world's best performing restaurant stock



#### STRATEGY COMPONENTS:

# A long-term sustainable business is required for a successful IPO/buyout



Businesses with **strong brands** outperform the total market



Creates recurring revenue and durability in the business model.



"After You has very high growth potential based on its strong brand in the domestic market and overseas expansion plans"

Bualuang Securities Pcl

Our case-study of RedBull says that brand image focus is essential to long-term succesful international expansion



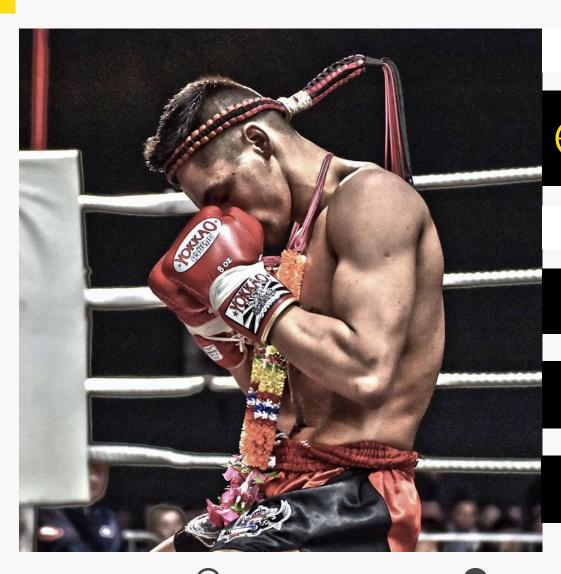






### Our recommendation is based to fit the success criterias





MAIN GOAL:

Reaching target of 20% international sales by 2022

**KEY OBJECTIVES:** 

International focus and expansion targets

Find ideal operating models toward distributers

The approach DVK should take for branding in international markets

Impacts & financials Introduction Analysis Strategy

# DKV should focus its operations towards EU in the short-term



Possible solutions		Our influence on development	Impact from actions	Long term growth	Market size	Competition	Verdict	
1	Hong Kong							
2	Myanmar	*						
3	Other international markets	*:						
4	EU	* * * * * * * * *						

# Given limited resources, focusing the European operations is the most feasible alternative



Possible solutions		Our influence on development	Impact from actions	Long term growth	Market size	Competition	Verdict
1	Hong Kong	Political		creates un measures	certainty	towards	
2	Myanmar	Too lo	w impact	from cond	crete mea	sures	
3	Other international markets	Long t	ime to act	nieve satis	factory vo	lumes	
4	**** * * * *	Best po	otential to	increase r	evenue by	y 2022	



# Agenda



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**ANALYSIS** 



## STRATEGY



IMPACT AND FINANCIALS



Impacts & financials





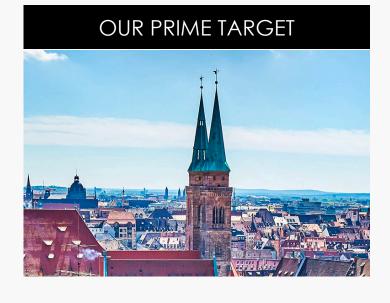












Urging the need to focus on **existing markets** first

Several markets show potential, but constrained resources limit the possibility to grow in all continents at the same time.

The European market is large and has stable growth potential, making it our prime target

## Given resource constaints, EU is the place to be



WHERE WE ARE

Market situation

OUR PRIME TARGET



«If you chase two
rabbits, you will
not catch either
one.»

Choosing the European market provides room for a small player to grow in the competitive landscape

existing markets tirst

resources limit the possibility to grow in all continents at the same time.

potential, making it our prime target



Continual growth in **European** analgesics market



Second largest market for branded generics

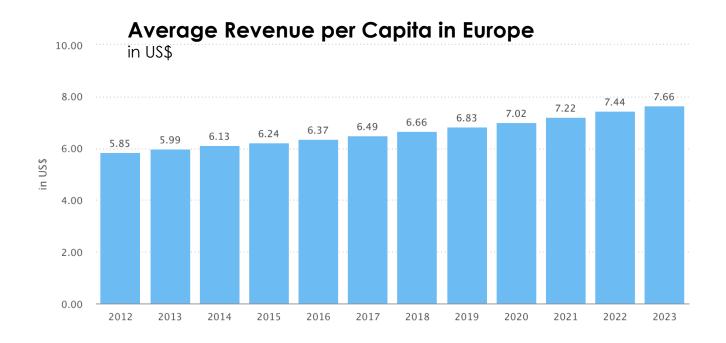
Countries with **greatest scope** fo increased use of analgesics:

France

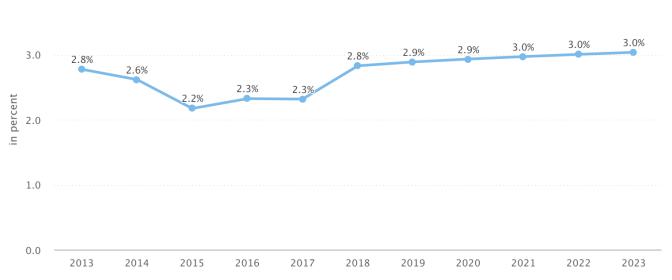
Polanc

Spain

High ARPU per country, with large market size and stable outlook







Source: Statista



Continual growth in **European** analgesics market



Second largest market for branded generics

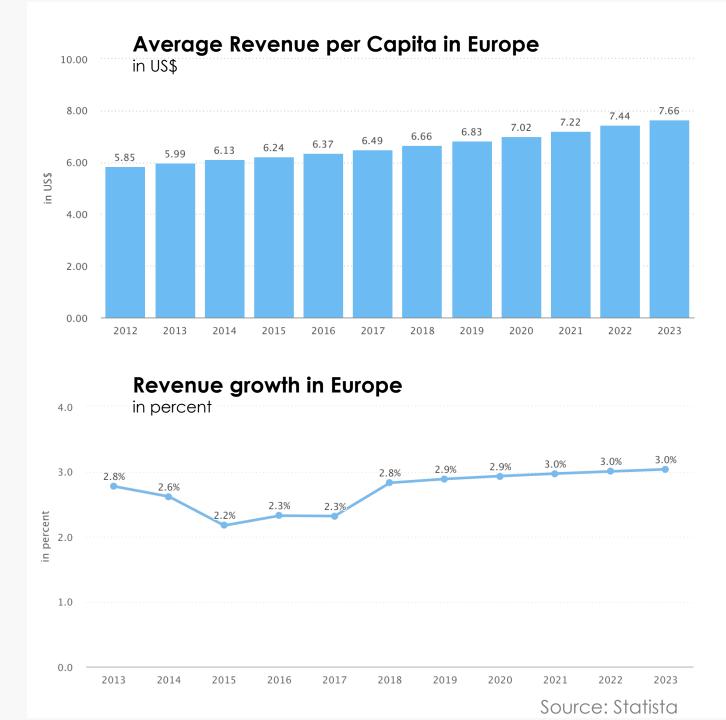
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Continual growth in **European** analgesics market



Second largest market for branded generics

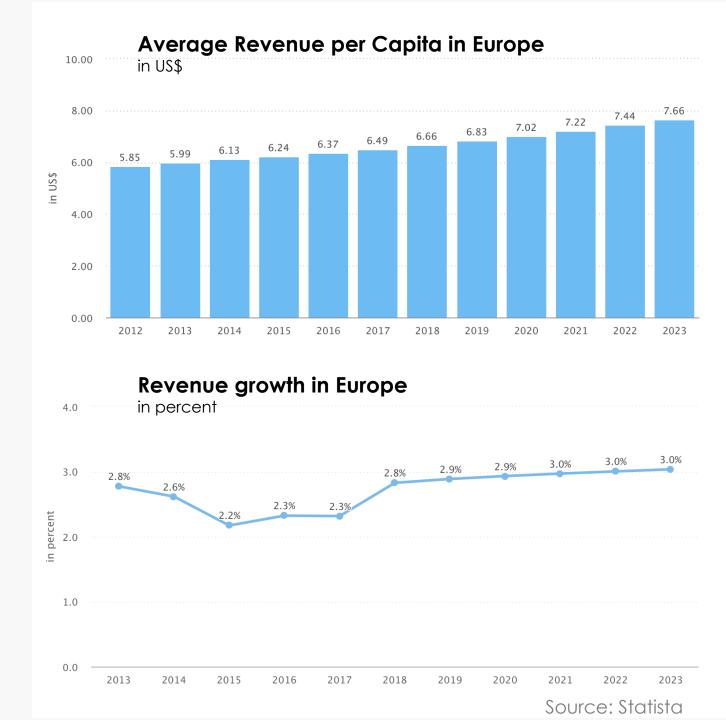
Countries with **greatest scope** for increased use of analgesics:

France

Poland

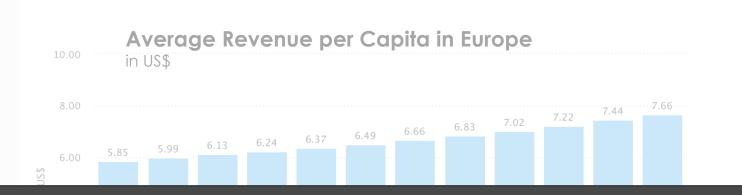
Spain

High ARPU per country, with large market size and stable outlook

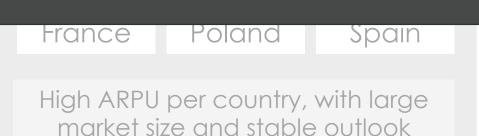




Continual growth in **European** analgesics market



# The market in Europe positions the region for stable growth

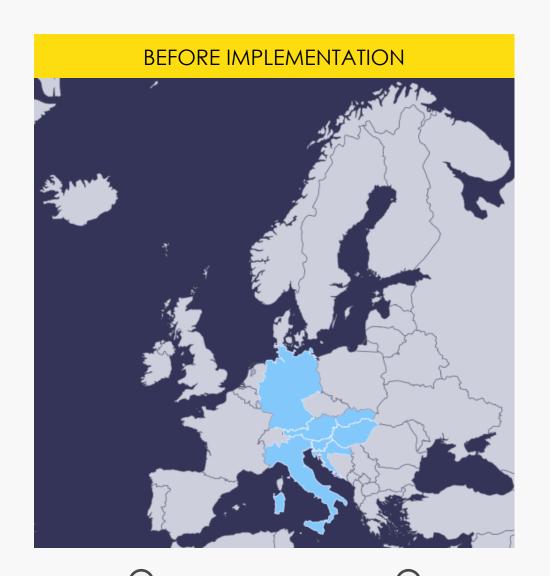


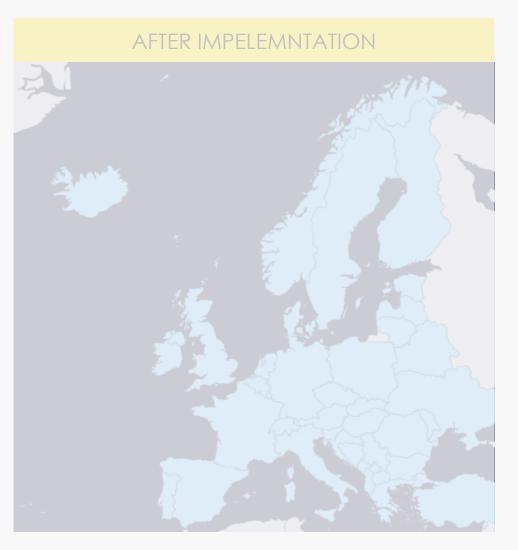


# Full scale EU implementation broadens european customer base



20

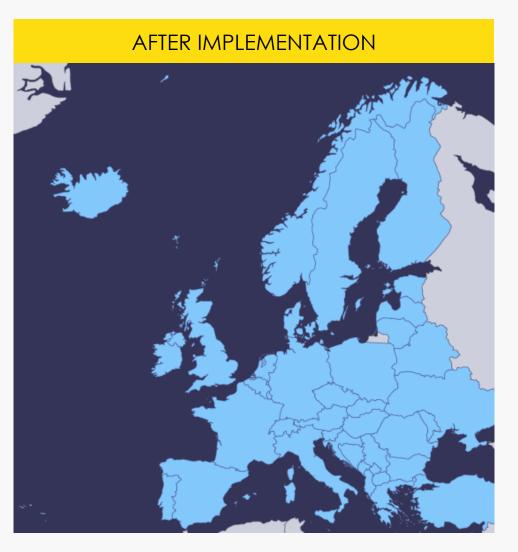




# Full scale EU implementation broadens european customer base









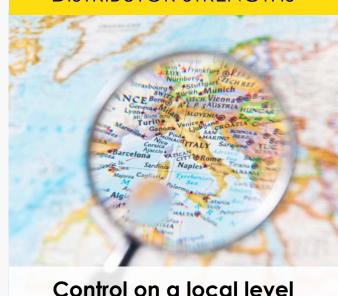




# Collaborative revenue sharing (CRS) aligns incentive structure for DKV and distributors



#### DISTRIBUTOR STRENGTHS



Better suited to adjust prices properly and understand consumer behaviour

#### **CRS INITAITVE**



Bettering incentives of distributor in line with ours

#### **INITIATIVE BREAKDOWN:**

100% variable cost scheme, where DVK receives a percentage cut of gross profits

30 day credit time, yielding NOWC of -1,66M THB



This puts downwards pressure on retail prices, trimming inflated product prices and counterfeits.

23

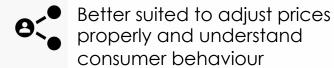
# Collaborative revenue sharing (CRS) aligns incentive structure for DKV and distributors



#### DISTRIBUTOR STRENGTHS



Control on a local level



**CRS INITAITVE** 



Bettering incentives of distributor in line with ours

**INITIATIVE BREAKDOWN:** 

100% variable cost scheme, where DVK receives a percentage cut of gross profits

30 day credit time, yielding NOWC of -1,66M THB



Trimming inflated product prices and counterfeits.

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Collaborative revenue sharing (CRS) aligns incentive structure for DKV and distributors



DICTRIBLITOR CTREMOTHS

ODC INITAITVE

INITIATIVE DDEAKDOWNI

We are transferring from a wholesale distribution model to revenue sharing, in order to align the incentives of distributor with ours.



Better suited to adjust prices properly and understand consumer behaviour

distributor pricing involves:

Bettering incentives of distributor in line with ours

This puts downwards pressure on retail prices, trimming inflated product prices and counterfeits.

Revenue sharing is supported by our case-studies of video-rentals and Bharti





Made video rental companies able to justify purchasing more copies

#### **RESULT:**

INCREASED PRODUCT AVAILIBILITY

INCREASED TOTAL REVENUE ON EACH RELEASE



Came up with two programs with different vendors:

Main IT vendor



Key telecom network equipment vendors





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**RESULT:** 

BETTER ALIGNMENT WITH SUPPLIERS

Source: Harvard Business Review

### Utilizing distributor capabilities for brand implementation in Europe



### "Think global, act local"



McDonald's uses integrated marketing strategies and combines internationalization and globalization elements to fit their various markets in their franchise model

#### **PREVIOUS MODEL**

Distributor set responsible for all marketing

Distributor set strategy and framework for ATL and BTL marketing

control, DVK could not establish a global brand position

#### **NEW MODEL**

DVK sets the framework: distributor executes

Above-the-line A&P is set by DVK, where main responsibility lies in brand strategy creation

DVK is able to control brand image and values that are communicated

Because of distributor

Impacts & financials Introduction **Analysis** Strategy



Utilizing distributor capabilities for brand implementation in Europe



PREVIOUS MODEL

**NEW MODEL** 

"Think global, act local"

# We want to control our brand positioning, like we do in Thailand, to strengthen our competitive positioning in the long run

and globalization elements to fit their various markets in their franchise model

Because of distributor control, DVK could not establish a global brand position



Exposing Namman
Muay's brand is executed
by resident distributors for
maximum effect







Red Bull: the Lifestyle





## Strategy:

### Not prioritized:

Promoting the popular energy drink

#### **Prioritized:**

Creating a brand that embodies a distinct lifestyle and audience.

«In terms of attracting new customers and enhancing consumer loyalty, Red Bull has a more effective branding campaign than Coke or Pepsi»

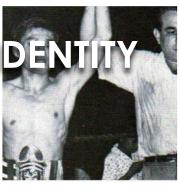
> Nancy F. Koehn, professor of business administration at Harvard Business School

## The legacy of Pon King Petch have created a strong brand in Thailand











Namman Muay's unique selling proposition is a strong brand with history and a prominent Thai identity

DKV is being the yellow brand consumers look for when they have pain.



#### LOCAL MARKET INITIATIVES:



Thai celebrity "Tono" Pakin Kumwilaisukl



First commercial in almost a decade with famous Tono, October 2019.





**Dragon Trail** is arranged to promote sports tourism and trail running activity in Ratchaburi province.



"Our market research result indicate that the brand was perceived as a 50-year-old Thai person. We want to change the image to become younger and more relevant"



The marketing initiatives in Thailand focuses on revitalize the brand for a younger and broader image.

We want to bring the revitalization of the brand outside of Thailand in order to realign the brand image.



"Our market research result indicate that the brand was perceived as a 50-year-old Thai person. We want to change the image to become younger and more relevant"



NEGATIVE

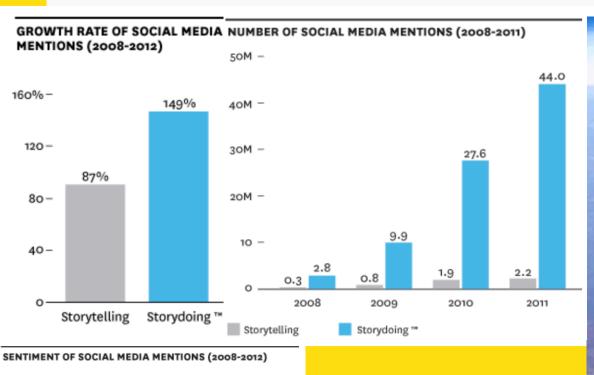
60%

Storytelling

POSITIVE

## Storydoing: advancing DVK's narrative through action





For all companies, having a story and knowing that story are crucial steps to achieving success.



Introduction

POSITIVE

Storydoing ™

NEGATIVE

Analysis

Strategy

Impacts & financials

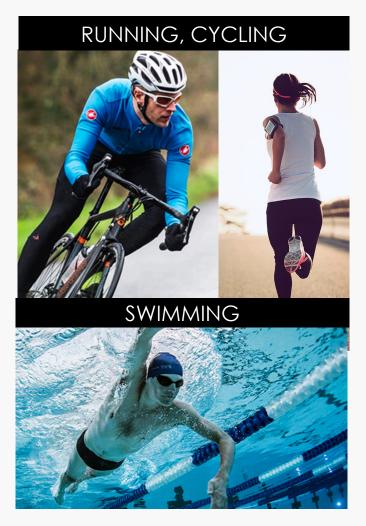


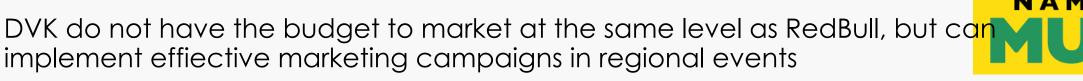


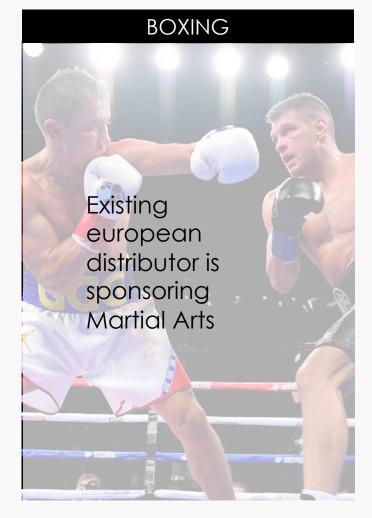
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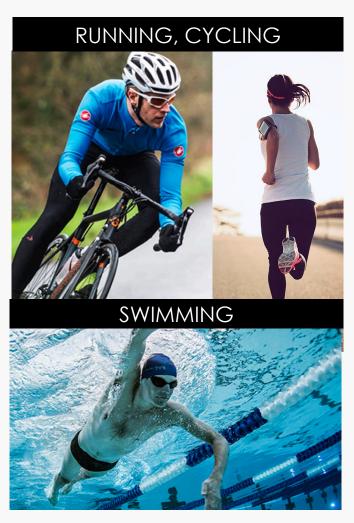






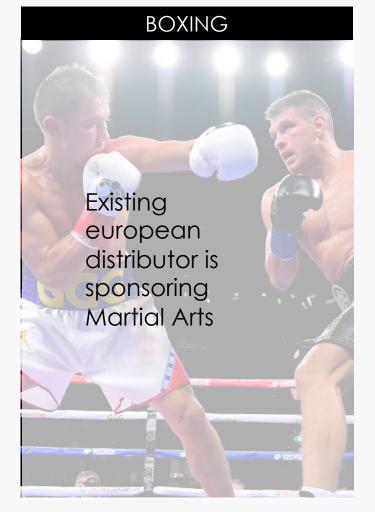






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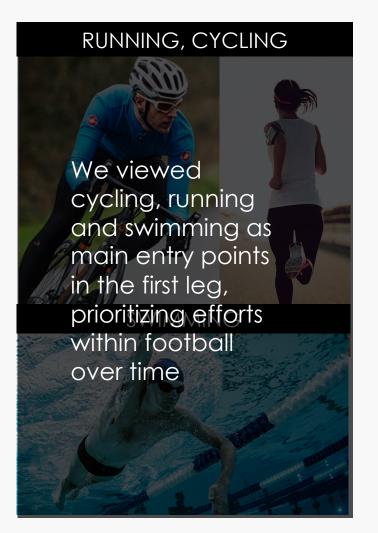
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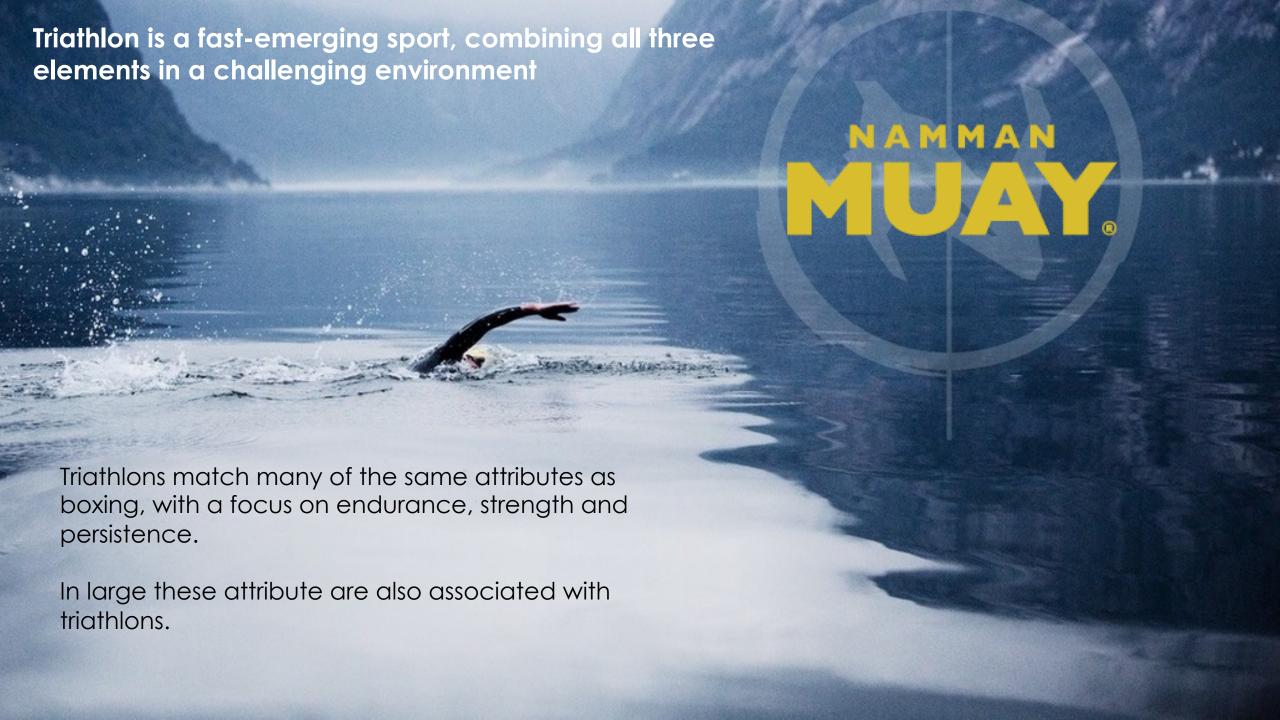
# DVK do not have the budget to market at the same level as RedBull, but can implement effective marketing campaigns in regional events











# Triathlon is a fast-emerging sport, combining all three elements in a challenging environment



#### Facts about triathlon:

- 1.7 million Europeans have tried a triathlon during 2018.
- CAGR of 11% from 2009-2018.
- Ranging from short distances to Iron Man distances (Xtri world tour).
- Significant amount of training and preperation before races

#### **About constituents:**

- Mostly men take part in triathlons with an average salary of £45,000 and an average age of 40.
- Shops at pharmacies as well as in-store sports places.
- The move diversifies the customer-base due to limited overlap with the existing boxing community.





Strategy

Entring as a **prime sponsor** for worlds toughest triathlon is actually a cost-effective way of becoming a European story-doer.



#### **Cost efficient:**

- Research shows coverage of between THB 300-500 thousand per event.
- Potential to stream event on Muays youtube channel or website.



#### Supporting Triathlons will both:

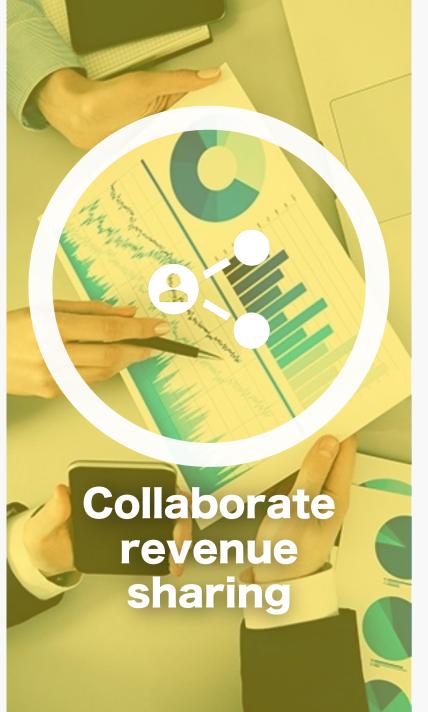
- Appeal to professional althletes (mainly oil)
- Appeal to mass market through association with the sport and its athletes (cream and spray most relevant)
- Leveraging the opportunity to market to the Xtri World Tour, a complete triathlon in **9 countries in Europe**.

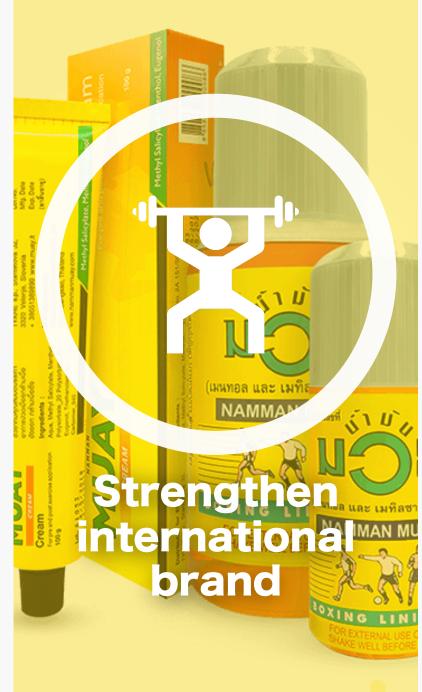
Namman Muay Liniment 450ml

<del>20.00€</del> **17.00€** 









## Conclusion: How our solution is meeting our key issues





Lack of global brand positioning



Limited price control



Unsatisfactory international sales

Take control of above-the-line marketing to control brand imaging.

Set price in relation with distributor solves problems of counterfeits and to high prices.

Expand and improve EU operations, complimented by marketing push is the most **effective** manner

# Agenda



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STRATEGY



# IMPACT AND FINANCIALS



Lower price and increased presence will make sure we meet our financial targets.



2019E		2022E							
в 27M		в 120.2M							
	sed pri demar	ce drives nd							
	Geographical expansion driven by marketing push								
Leverage fixed cost base									
Positive FCF									
EBIT	EBIT >15% 2022								

Revenue split	2019e	2022e					
EU Legacy	74.1%	30.5%					
HK + MM	25.9%	10.7%					
EU Solution impact	0%	58.8%					
EU to make up 17.8% of total sales in 2022							

Expanding business with an asset light model creates fast pay-back time and durable assets in distribution and brand



### Profitable Disciplined Selective

#### Manage for positive NPV

Target total payback time in second year of operation: 2021

NPV of THB 99.1M

Low cash outlay of THB 21.89M

#### Lean start-up approach

Limited upfront investment

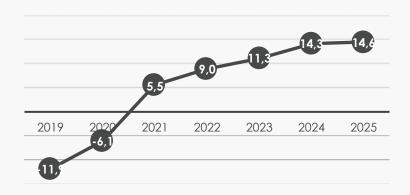
Scale rapidly upon market traction

#### Build on our strengths

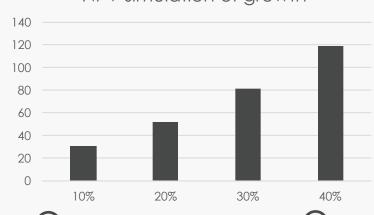
Leverage brand

Distribute through same European partner

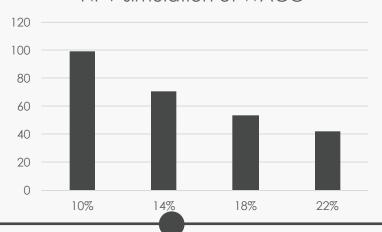
#### Expected Incremental Free Cash Flow



NPV simulation of growth



NPV simulation of WACC



Strategy

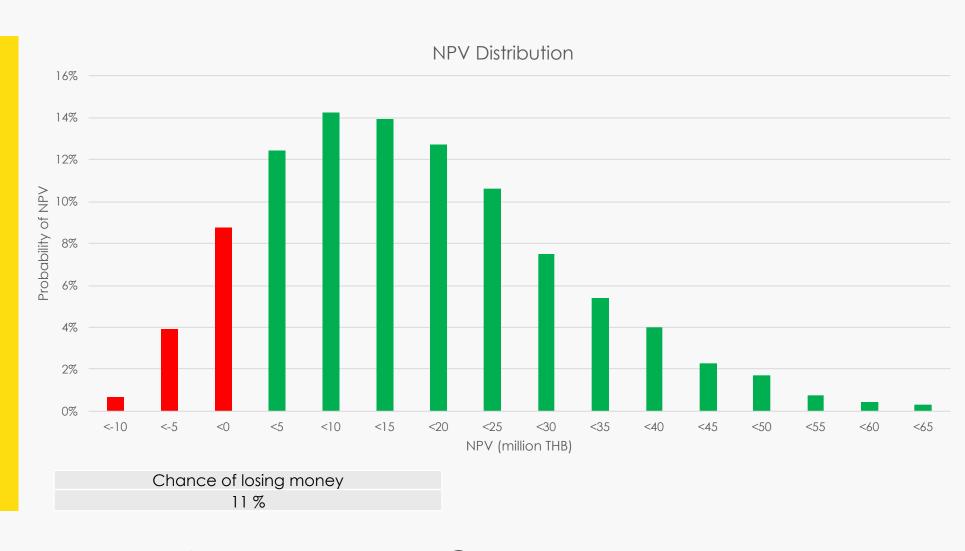
Impacts & financials

# Our Monte Carlo analysis indicates a 89% chance of making money



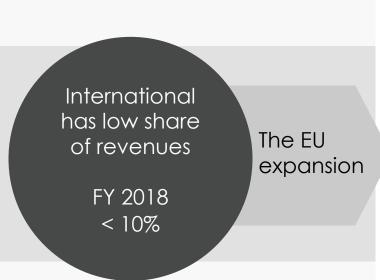
Monte Carlo based on 10.000 iterations

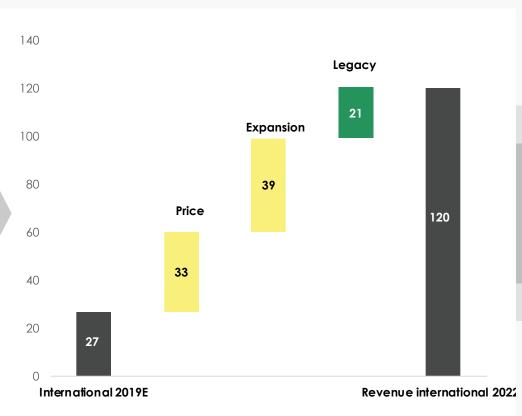
Variables can be elaborated in Q&A

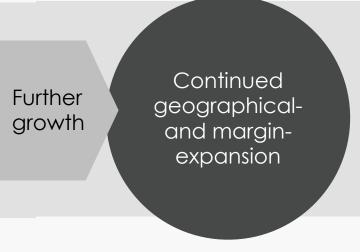


# High value-add expansion to drive financial turnaround







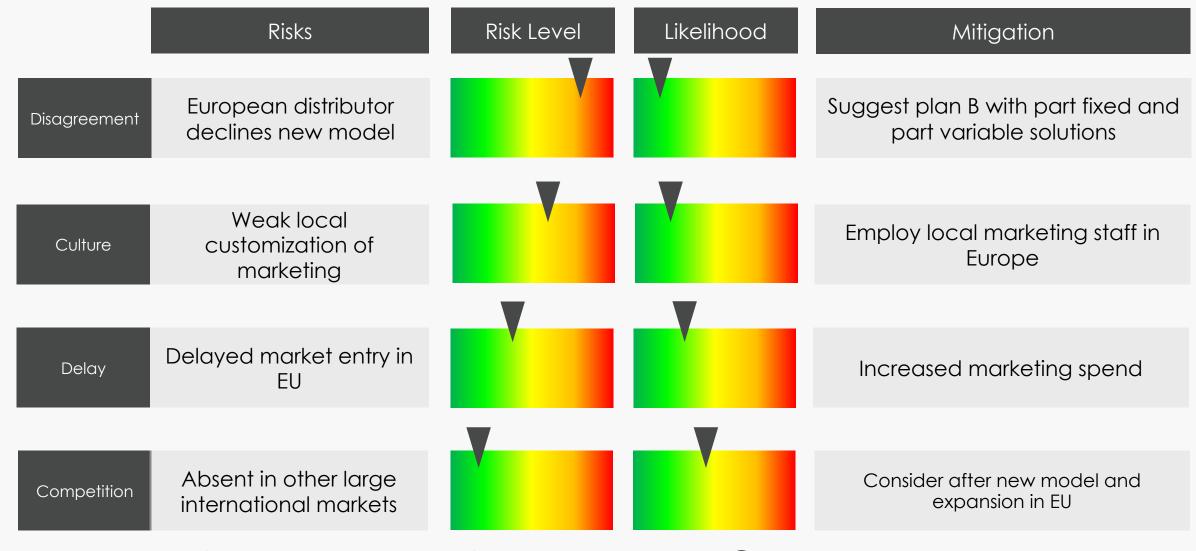


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# Your biggest risks are distributor decline and weak customization of marketing

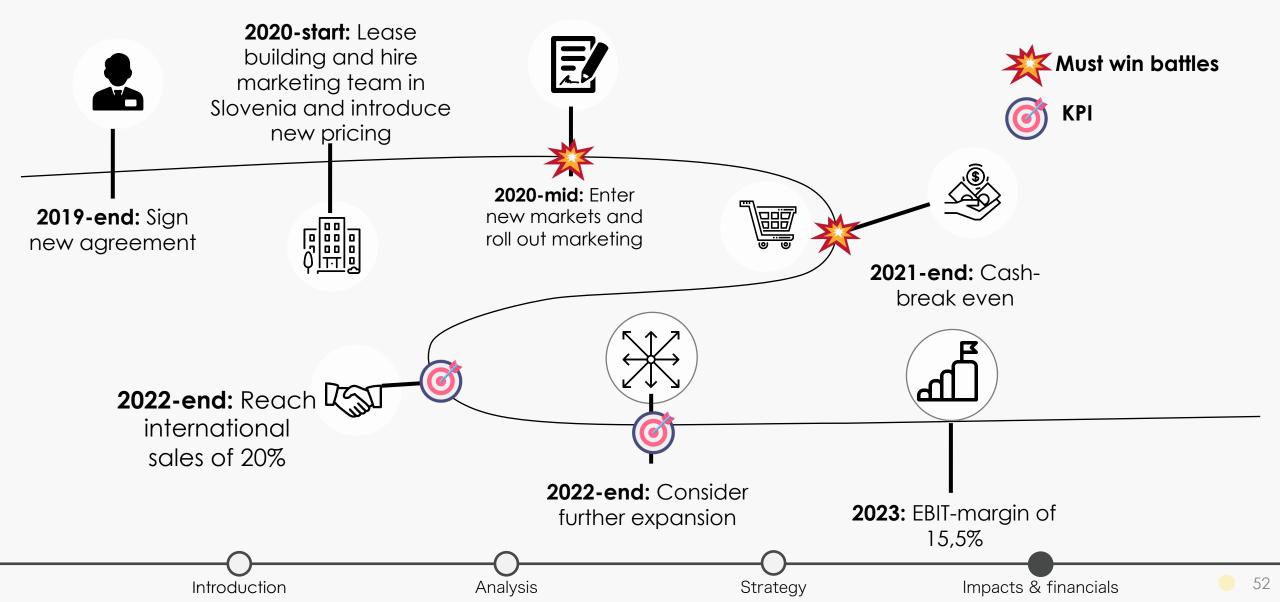


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Your first step is signing a new contract with your distributor.





#### **EXECUTIVE SUMMARY**

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Get international sales to account for 20% of revenue by 2022

Strategy

# Focused European branding strategy

Action

Focus our **strategic resources** towards
Europe due to
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**Expand in EU** 

Realigning incentives

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# Appendices



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2.	The opportunities and challenges in	13.	Possible sports analysis	25.	Monte Carlo Variables
3.	Southeast Asia	14.	Case study: Pepsi vs Coca Cola	26.	Basis for capex and growth estimates
٥.	Identifying key customer base in Europe	15.	The popularity of soccer creates a market opportunity	27.	<u>Details about marketing office in</u> Europe
4.	The pharmaceutical industry is growing rapidly in SEA	16.	Information on several triathlons	28.	NVP calculation - Growth/
5.	Combating trouble signals in the EU	17.	Leveraging Thai recognition to influence associations in new market		WACC – Financing – unit sales
6.	OTC analgesics market growth rates in	1.0		29.	<u>Delayed entry</u>
	<u>europe</u>	<del>'</del> 18.	Marketing initiative in leading soccer tournament		Others
	<b>.</b>	19.	Elaboration: what is Storydoing?	30.	Removal of counterfeit products
7.	Business Model  Plan B	20.	Case: Tiger Balm's diversified product portifolio	31.	Evaluating different forms of entry strategies
8.	Revenue sharing	21.	Full exposure through Red Bull's	32.	<u>Analgesics uses</u>
9.	How distributor fits into expansion		<u>Dragonfly Effect</u>	33.	Revenue per country analgesics
	<u>strategy</u>	22.	Red Bull: Preserving core product	34.	Positive benefit-risk balance for non-
10.	Product competative analysis	23.	Partnering with a professional martial		selective NSAIDs
11.	Competitor analysis		<u>arts athlete</u>		

#### Main content



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- 1. <u>Introductory slide</u>
- 2. <u>Executive summary</u>

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- 3. <u>Key issues</u>
- 4. Key resources
- 5. <u>Current state analysis</u>
- 6. <u>Strong brand: Red Bull</u>
- 7. Success criteria
- 8. Possible solutions

#### Strategy

- 9. <u>Part 1: Europe expansion</u>
- 10. <u>Leveraing existing EU strategy</u>
- 11. Analgesics in EU

- 12. <u>Full scale EU Implementation</u>
- Part 2: Collaborate Revenue Sharing
- 14. Alignment of incentive structure
- 15. <u>2 cases: Revenue sharing</u>
- 16. <u>Transition to new model</u>
- 17. <u>Part 3: Strengthen</u> international Brand
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- 24. <u>Triathlon sponsorship</u>
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- 29. Meeting key issues

#### Impact and financials

- 30. Meeting financial targets
- 31. Asset light model
- 32. Monte Carlo analysis
- 33. <u>Financials: Summary</u>
- 34. Risks and mitigation
- 35. Implementation roadmap
- 36. Executive summary



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# COUNTRY ANALYSIS

# Country analysis



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Possible com	petitors	Scalability	Saturation	Ease of implementation	Model compliance	Regulation	Verdict
1	USA						
2	Russia						
3	China						
4	India						
4	South East Asia						

# Country analysis

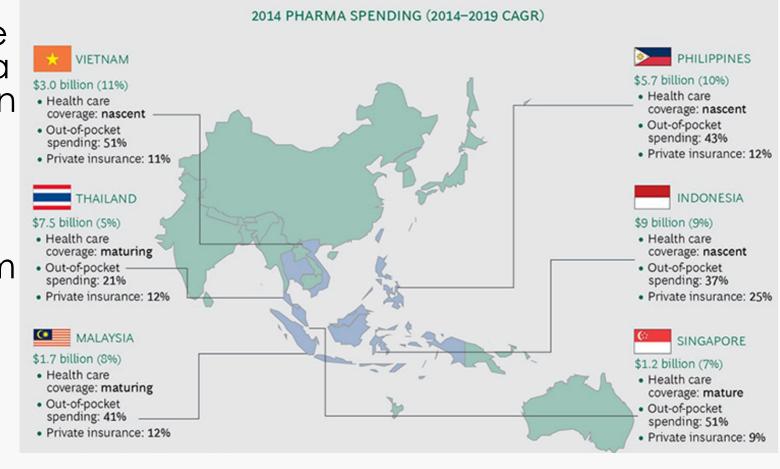


Possible cor	mpetitors	Scalability	Saturation	Ease of implementation	Model compliance	Regulation	Verdict
1	USA		Trade war	and high s	saturation		
2	Russia		Difficult	implemer	ntation		
3	China		High rate	es of count	erfeiting		
4	India		Pool	r infrastruc	ture		
4	South East Asia		Could be	a <mark>viab</mark> le r	next step		



Principal Majorian Principal Maj

- The pharmaceutical sector of the health care industry in Southeast Asia has seen strong growth in recent years, fueled by an expanding middle class and a rise in personal income (an estimated 6% CAGR from 2015 through 2030)
- Less healthy lifestyles have led to an increase in costly, chronic disorders







# Varied Competitive Dynamics Across Countries

 Local competition in Southeast Asia varies considerably from country to country. The dominance of local competitors varies as well. Many of these local competitors have a distinct advantage over DVK, particularly if they have large distribution networks, direct access to physicians and retailers, and strong brand recognition across a broad product portfolio spanning therapeutic areas.

# Pricing Pressures

• Companies face intense pressure on pricing because of local, unbranded generics, which are generally very inexpensive.

## Immature Infrastructure

 the lack of basic health care infrastructure in some Southeast Asian nations poses considerable challenges. Complex geography and underdeveloped transportation system pose significant barriers for patients trying to access health care services.

## Identifying key customer base in Europe



#### Spending patterns

Consumers spend to combat pain and to pursue pleasure

#### **Timing**

Not just on identifying type of pain, but figuring out when it is felt most pressingly

#### Image

Why drive a

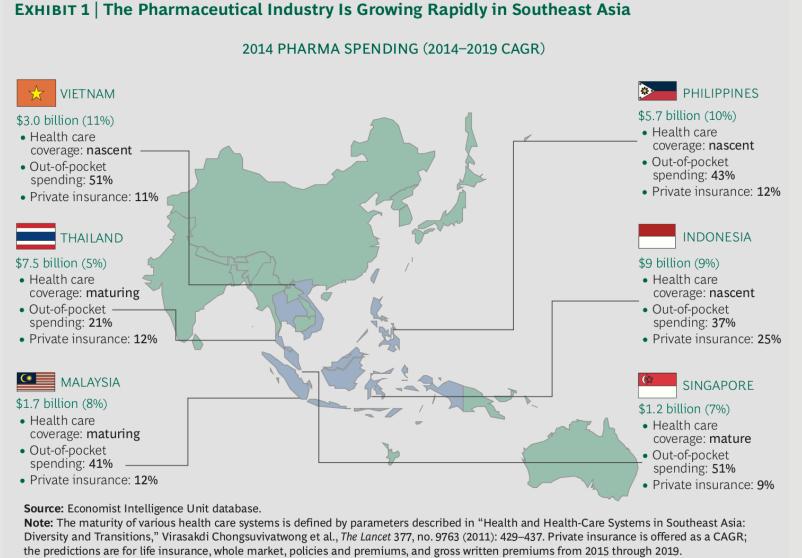
Lexus instead
of a Toyota?
Usually the
answers to
these questions
have less to do
with features
than with
image, feelings
and
intangibles.

# **Customer summary**

Our customers are people who need to combat pain, but will also use Namman Muay for all active or passive activities.

# The pharmaceutical industry is growing rapidly in SEA

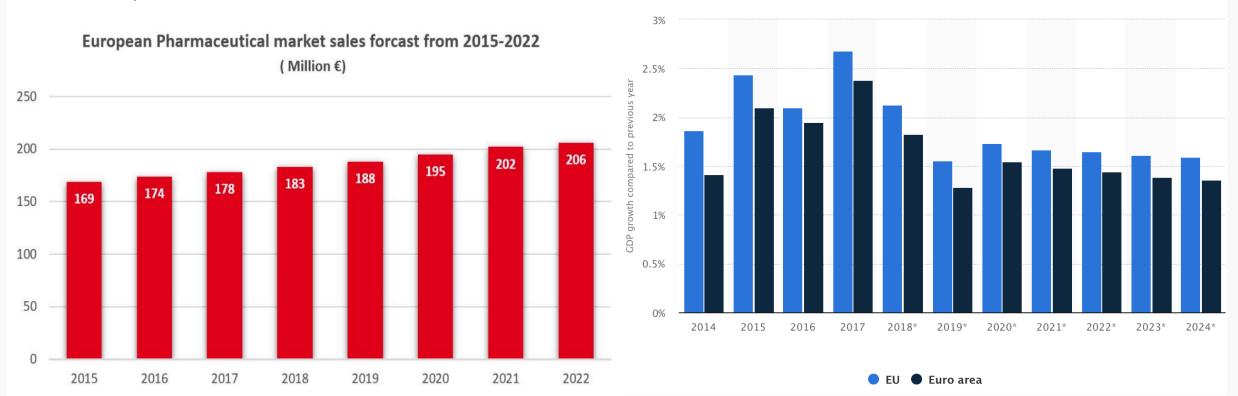




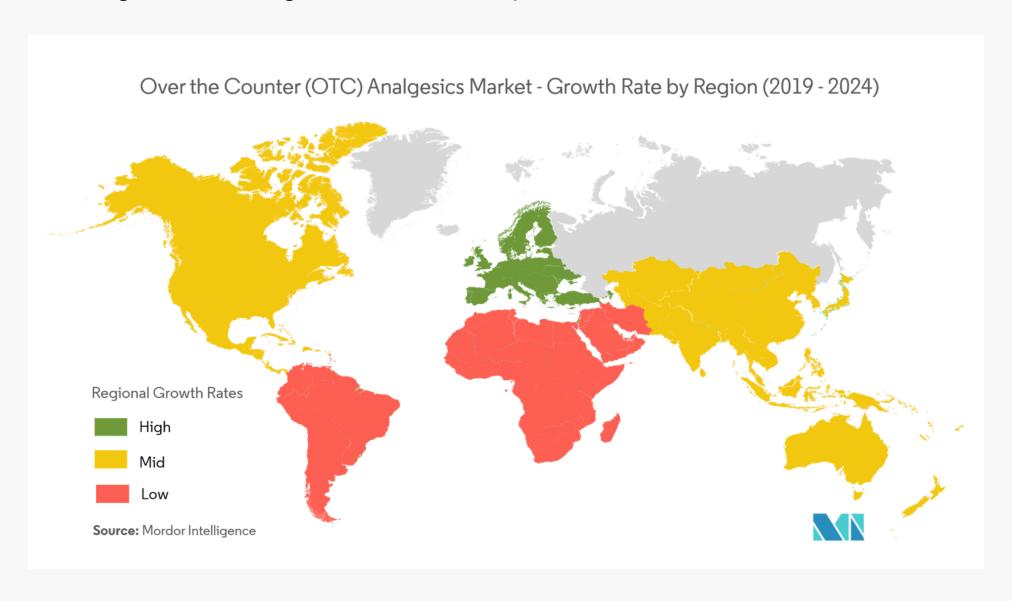
# Combating trouble signals in the EU



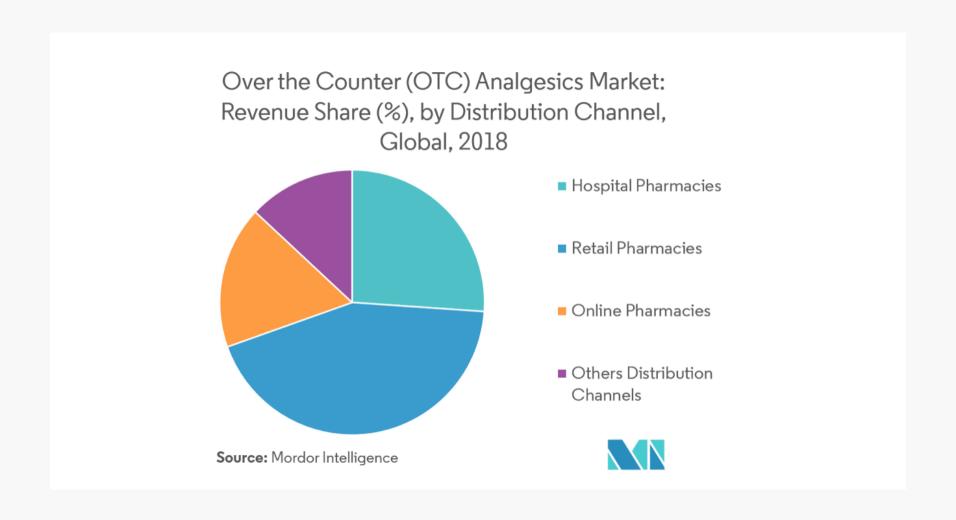
 Pharmaceuticals are very recession resistant, primarily due to inelastic demand for pain relief products (especially branded generics sold OTC) Growth of the real gross domestic product (GDP) in the European Union and the Euro area from 2014 to 2024



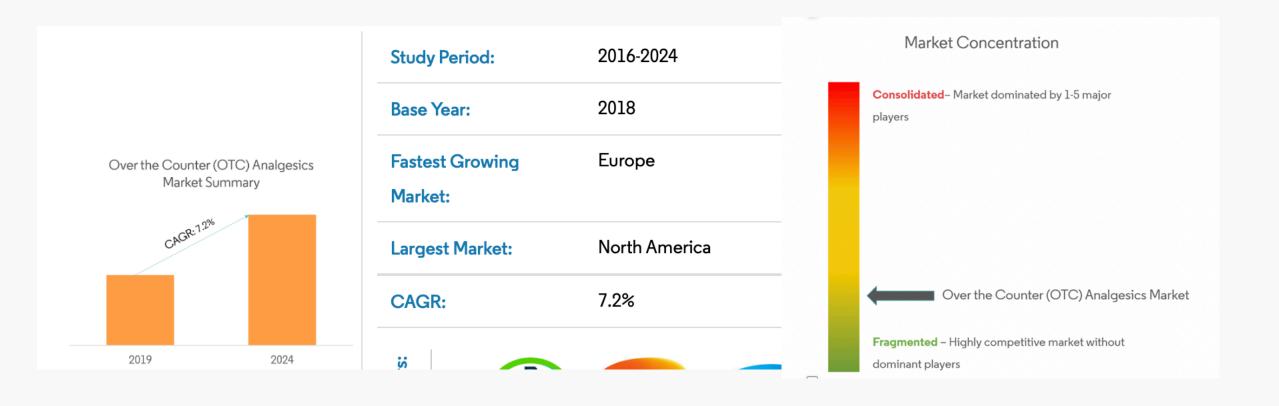
# OTC analgesics market growth rates in europe



# OTC analgesics market per % revenue



# Europe is fastest growing market





# BUSINESS MODEL

#### Business model – Plan B



This shared revenue agreement is based on a large semiconductor player in a case study from Colombia University.

- 1) An advanvanced payment.
- Which is made before shipping. This payment covers production cost and potentially a portion of the revenue share.
- 2) A second payment is made after each sale
- Which the remaining portion of the revenue share is paid to DVK at the time of sale or within 30-60 days of the receipt, whichever comes first.

While this contract does not achieve the theoretical coordinated optimum, it achieves much of the revenue sharing benefits while significantly reducing arbitrage and credit risk.

Source: Ryzin (2014), Is Revenue Sharing Right for Your Supply Chain?

# Revenue sharing realigns the incentives in the value chain and solves double marginalization problems

- Through exlusive sales from wholesale pricing, buyers might end up not ordering
  units that have low marginal value but still contribute positive profits for the value
  chain.
- Revenue sharing allows both the buyer and supplier to share the profits generated from an entire "bundle" of value-adding units.
- Aligning the economic incentives of supply-chain makes individual decisions and actions achieve the theoretical first-best performance of the centralized system.
- On the other side, revenue sharing adds costs associated with verifying revenues the credit-related costs associated with receiving payments after rather than before sales are made.



Its about realigning the incentives in the value chain. This suits well the long-term patner strategy of DKV

Source: Spengler's seminal paper on double marginalization.



# How distributor fits into expansion strategy



The primary distributor in Slovenia offers a viable distribution network that coincides well with DVK expansion plan in EU.

The distributor will guide you through the red tape and safely deliver your goods to multiple sales channels with minimal product returns. Their relationships within the market will also give you leverage as you will benefit from having a local custodian with a vested interest in the success of your brand.

All in all, based on our variable cost scheme, the distributor will have a vested interest in the expansion of Namman Muay.

# Product competative analysis



Possible com	petitors	Similarity	Price	Availability	Potency	Uniqueness	Verdict
1	Unbranded generics						
2	Prescription drugs						
3	Counterfeits						
4	Namman Muay						

# Product competative analysis



Possible o	competitors	Similarity	Price	Availability	Potency	Uniqueness	Verdict
1	Unbranded generics	Lov	w potency	and high	replicabil	ity	
2	Prescription drugs		Too costl	y a <mark>nd</mark> una	vailable		
3	Counterfeits		Low po	tency and	l illegal		
4	Namman Muay	Tru	usted, che	ap and st	rong bran	d	

## Competitor analysis



Possible competitors		Distance to core market	Price	Availability	Potency	Competative edge	Verdict
1	Voltaren Gel						
2	Organic Hemp Oil Pain Relief Cream by ZenRenu						
3	Biofreeze Pain Reliever Gel						
4	Namman Muay						

### Competitor analysis



Possible competitors		Distance to core market	Price	Availability	Potency	Competative edge	Verdict
1	Voltaren Gel	\$66,	but close	distance to	o core mo	arket	
2	Organic Hemp Oil Pain Relief Cream by ZenRenu	So	old <mark>at h</mark> igh	end cosm	netic store	es 💮	
3	Biofreeze Pain Reliever Gel		Mai	nly US mar	ket		
4	Namman Muay						

Impacts & financials

## The different products are targeting a wide part of the population

Product

Namman Muay Cream 100g
9.00c
ADD 10 CART

ADD 10 CART

Customer group

General public

Oil

Cream



Athletic group and proffesionals

spray



Casual sports users

# The popularity of soccer creates a market opportunity

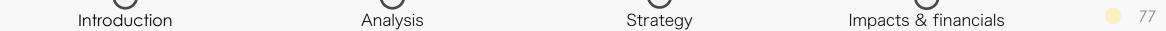
- Football is the most popular sport in Europe.
- The second largest sports in Thailand, with significant Premier League viewership.
- Ranked 4<sup>th</sup> on injuries with 341 000 injuries anually.
- Like tiger balm with mosqitos, we could expand our product portfolio to a product related to football.

More than 2,6 million pediatric patients are treated in emergency departments for sports-related injuries each year



Exercise equipment: 526,000

Basketball: 500,000 Bicycling: 457,000 Football: 341,000



#### Strategy is local. **Brand is global**





Controlling brand recognition is imperative for guiding brand image and message being used to communicate values to customers.

Having a large say in marketing campaigns involves DVK being responsible for above-the-line (ATL) activities.

The european distributor will plan for activities and request for A&P budget approval from DVK.

Below the line activities will be responsible by distributor.

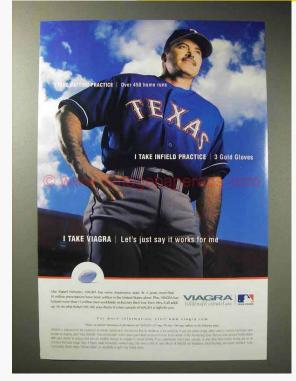
Case study: Using celebrity in marketing is most successful when there's an element of surprise.

When Rafael Palmeiro, first baseman for the Texas Rangers, talked about Viagra, there was something unexpected and brave about it.

People think of athletes as young, strong, and healthy, yet here was Palmeiro reminding consumers that even someone as vibrant as he shares some of their health problems.

In this case, the publicity didn't end with a one-shot television appearance but continued to live on in the media.





Palmeiro never admitted to actually taking the pill. But the intention was clear: Viagra is not just for Grandpa.



# MARKETING STRATEGY

There are a lot of interesting sports to sponsor, but based on our analysis, football, triathlon and is the best choice

Possible sports	Population engaged	Marketing reach	Cost of marketing	Match with our values	Match with our customer	Impact from our product	Verdict
Tennis					tarcets		
Basketball							
Golf							
Football	The gold	standard of	marketing re	each, but too	o expensive	at a professio	onal level
Triathlon		An attracti	ve niche do	gain tractio	n at a reasor	nable price	
Martial arts	A	n attractive	entry point c	aligning with	our core cus	tomer targe	ts

Case study: Strategy is local – Pepsi VS Cola





Local strategic factors have always been an essential aspect of competition among these well-established companies.



Pepsi announced that it would challenge Coca-Cola's global dominance, with the goal of more than doubling its sales outside the United States





Pepsi's position there depended on its local bottler and distributor.



In 1996 Coca-Cola made the bottling and distribution company an offer it could not refuse, displacing Pepsi as its cola source and wiping out Pepsi's strongest presence outside the United States.

#### Case study: Strategy is local – Pepsi VS Cola





Local strategic factors have always been an essential aspect of competition among these well-established companies.

Key take-away: Pepsi made the mistake of ignoring the local nature of the markets in which it presumed to compete

dominance, with the goal of more than doubling its sales outside the United States

Coca-Cola responded with a **focused attack in Venezuela** — where Pepsi was the leader.

displacing Pepsi as its cola source and wiping out Pepsi's strongest presence outside the United States.





#### Norseman Xtreme Triathlon

Norway
August 1st, 2020
10 Slots for the World Championship
www.nxtri.com

**ENTRIES OPEN OCTOBER 30th** 







#### **CELTMAN! Extreme Scottish Triathlon**

Scotland
June 13th, 2020
4 Slots for the World Championship
8 Slots for Norseman
www.cxtri.com

**ENTRIES OPEN OCTOBER 30th** 







#### **SWISSMAN Xtreme Triathlon**

Switzerland
June 20th, 2020
4 Slots for the World Championship
8 Slots for Norseman
www.suixtri.com

**ENTRIES OPEN OCTOBER 30th** 





#### Leveraging Thai recognition to influence associations in new market

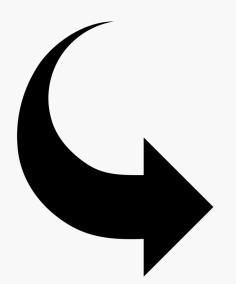








Local associations in Thailand



Extended associations in Europe

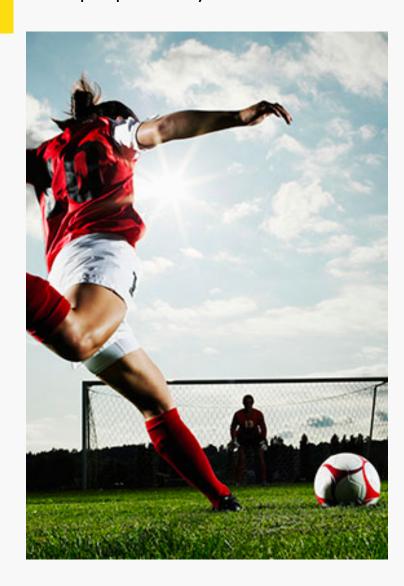


Genuine brand



#### The popularity of soccer creates a market opportunity





Football is the most popular sport in Europe.

The second largest sports in Thailand, with significant Premier League viewership.

Ranked 4<sup>th</sup> on injuries with 341 000 injuries anually.

Like tiger balm with mosqitos, we could expand our product portfolio to a product related to football.

Utilizing Storydoing as a main marketing initiative in leading soccer tournament





1700 teams 80 nations



World's largest and most international youth soccer tournament

Expanding european customer base to youths, interalizing necessesity for Namman Muay from a young age.

#### Elaboration: what is Storydoing?



#### Storydoers: People who have a story

The story is about a **larger ambition** to make the world or people's lives better

The story is understood and cared about by senior leadership outside of marketing

That story is being used to drive **tangible action throughout the company**: product development, HR policies, compensation, etc.

These actions add back up to a cohesive whole

Customers and partners are motivated to **engage with the story** and are actively using it to advance their own stories



**Tiger Balm** has strategically **diversified its product portfolio** into four categories to target different consumer segments





## **BALANCE**

## **JUNIOR**



Liniment
Plaster/Patches
Balm
Joint Rub

Inhaler
Shoulder Rub
Patches
Lotion
Mosquito spray

Mosquito balm Mosquito patches Muscle gel Muscle rub Muscle spray









CLASSIC

THE PROVEN & TRUSTED FORMULATION FOR ALL AGES

**BALANCE** 

RELIEF ON-THE-GO FOR THE MOBILE EXECUTIVE



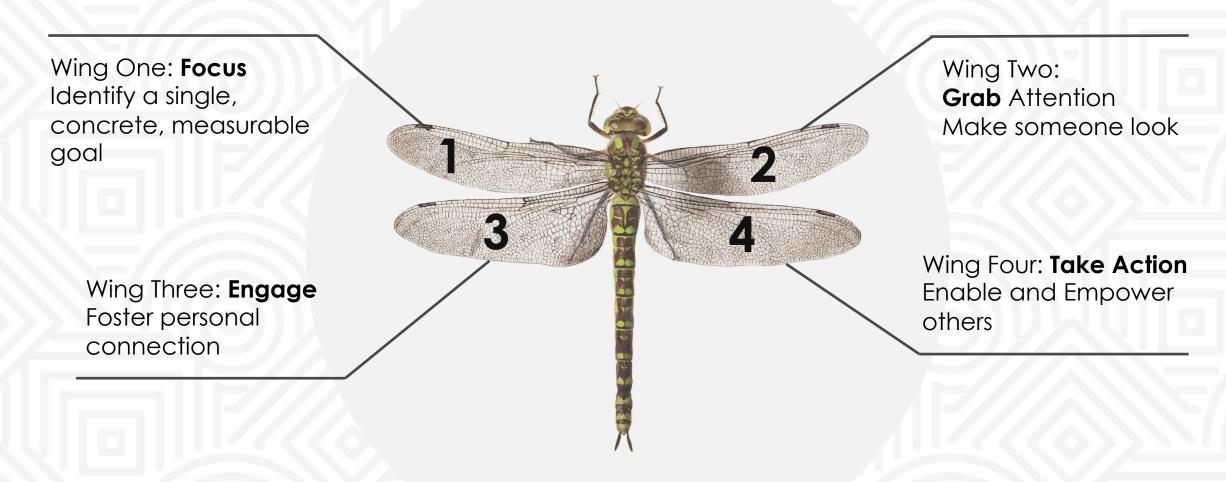
**JUNIOR** 

BIG RELIEF FOR THE LITTLE ONES

**ACTIVE** 

FEEL ON TOP OF YOUR GAME

# Leveraging Red Bull's **Dragonfly Effect** for full scale brand exposure through Storydoing in Europe



## Red Bull's strong focus on core product can be linked with strategy for conserving Namman Muay DNA



The most remarkable thing about Red Bull's 8.3-ounce can is not its size or sex appeal but the fact that it's the company's only offering. One size. One color. One sticky, sweet taste.

"We are one of few companies around the world that can stay focused on one product," Cortes says in defense of Red Bull's narrow strategy. "We do what we do best."



#### Boxing is individualistic...



Therefore, partnering with a professional martial arts athlete is the right method to increase brand exposure within the sport

#### **MMA**

- Emil «Valhalla» Meek
- George St. Pierre.
- Anderson Silva. ...
- Jon Jones. ...
- Khabib Nurmagomedov. ...
- Fedor Emelianenko. ...
- Demetrius Johnson. ...
- Matt Hughes. ...
- Chuck Liddell.

#### **Boxers**

- Saul "Canelo" Alvarez. ...
- Terence Crawford....
- Gennady Golovkin. ...
- Errol Spence Jr. ...
- .• Keith Thurman. ...
- Leo Santa Cruz. ...
- Shawn Porter.

#### **Muay Thai**

- John Wayne Parr
- Jean Charles Skarbowsky
- Fabio Pinca
- Liam Harrison
- Joanna Jedrzejczyk



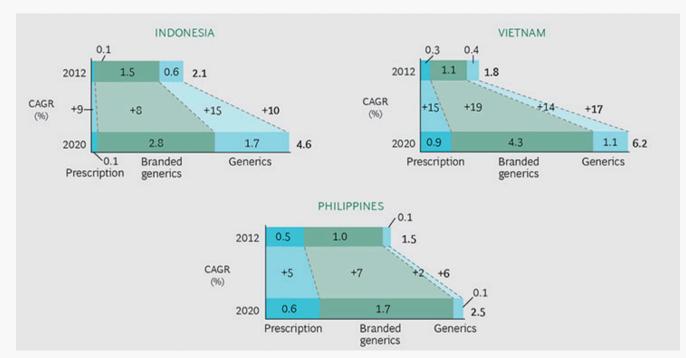
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- Quality assurance for pharmaceuticals is a serious concern in emerging economies. The World Health Organization estimates that counterfeit drugs constitute 10% of the world's drug trade and represent one of the fastest-growing gray markets.
- Further, according to the United Nations, criminals earn \$5 billion a year peddling counterfeit pharmaceuticals in Southeast Asia
- With the sharp rise in the trafficking of counterfeit products, consumers in emerging economies began to express concerns about the efficacy and safety of these drugs. Major pharmaceutical companies started manufacturing branded generics in response to these concerns.

- In recent years, branded generics have experienced strong growin Southeast Asia, where they are marketed as high-quality alternatives to unbranded generics.
- A recognizable brand and company name imply quality, the drugs are viewed as safe and effective, and the lower price is especially welcome in public hospitals, where doctors have a mandate to prescribe branded generics or conventional generics in place of patented products whenever possible.



Branded generics have fueled robust growth in three SEA countries

# Will branded generics become obsoleted as emerging markets mature?

- Most developed health care markets—in North America and Europe, for example—have stringent requirements in place to safeguard the quality of less expensive, but equally effective, generic drugs.
- Much depends upon how quickly countries manage three intersecting forces: the power of physicians, hospitals, and governments to make prescription decisions; the evolution of private and public insurance; and regulatory reform.





- A country that launches a state-funded health care system will generate intense price pressure in favor of the least expensive generics, making branded generics obsolete.
- A market dominated by private insurance will favor the least expensive generics because a free-market movement will tend toward cost-effective solutions. This is especially true in cases where patients have little control over their prescriptions.
- A loose regulatory environment will give branded generics an advantage.
   Regions with minimal quality enforcement will continue to require them because of their high quality.
- Private insurance companies may position branded generics as part of their premium policies to capture higher market shares, thereby boosting the sales of branded generics.

Namman Muey should take the following actions to secubig wins in emerging markets such as Southeast Asia.

- Develop targeted, region-specific R&D
- Establish public-private partnerships
- Differentiate from unbranded generics
  - This can be achieved by shaping their product portfolios to address unmet needs and by focusing on innovative, difficult-to-replicate products.
- Build a strong local distribution network
  - To secure full market coverage, it is essential to establish local manufacturing and distribution networks. Strategic placement of manufacturing hubs and strong collaboration with local distributors—particularly those with extensive networks and existing relationships—are important for the timely delivery of high-quality drugs. Inefficient manufacturing networks can create complex supply chain issues and damage Namman Muey's reputation.
- Explore joint ventures





- Direct-to-retail model for FMCG does not work due to the complex regulations and logistical challenges
- A distributor model is usually the preferred strategy for exporters to this region
  - A capable distribution partner will guide you through the red tape and safely deliver your goods to multiple sales channels with minimal product returns. Their relationships within the market will also give you leverage when it comes to negotiating with your customers, such as retail buyers or supply chain managers in the food service sector and you will benefit from having a local custodian with a vested interest in the success of your brand. Idea: partner with MES provider?
- Meaning: take over A&P, selling price, take larger part in distribution

## China

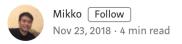


China is well-known for its fraudulent and counterfeiting activities in many industries one of the biggest being the pharmaceutical industry. To illustrate: in 2012, the country made global headlines after a month-long crackdown on fake drugs led to the arrest of some 1,900 people and the confiscation of fake products amounting to \$182 million. The fake products seized included counterfeit copies of wellknown brands for treating diabetes, **hypertension**, skin problems and cancer.





The problem of pharmaceutical fraud in China







# AUXILIARY FINANCIALS

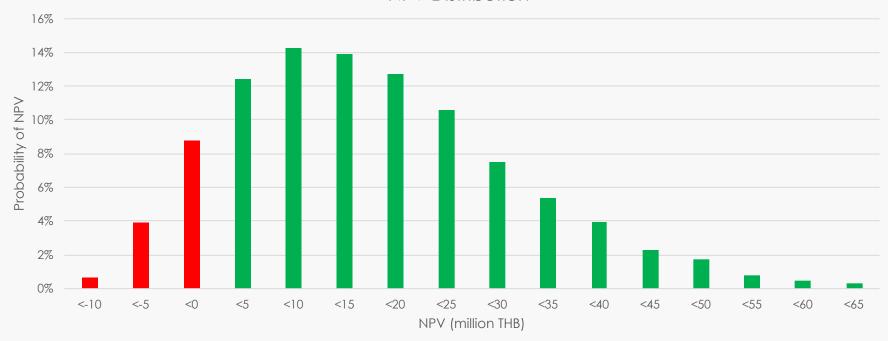
#### Monte Carlo Variables



102

Uniformly distributed variables	Calculated random	Min	Max
Cash-outlay	26,89		
Investement rate of expexted	123 %	80 %	130 %
EBIT margin	15 %	10 %	25 %
Normally distributed variables			std.dev
WACC	11 %	10 %	2 %
Market growth	39 %	30,5 %	10 %

#### NPV Distribution



#### Basis for capex and growth estimates



#### Capex

Marketing primary expense

Driven by sponsorship fees and investments in materials

CAPEX	
Marketing	20
- Triatlon	8
- Fotball	6
- MA	6
Net working capital	1,7
Headhunter fee	0,2
Verification	0,025
SUM	21,89

#### Incremental growth

Increased sales from reduced pricing:

- Growth rate new initiatives
- Once interest are aligned prices should fall to unauthorized price
- Assumes unit elastic demand
- Expect gradual expansion
- Growth rate current international business:
- Assume growth rate will revert towards the mean, but still higher than market growth

Sales increase from reduced pricing							
Current sales in Europe	20						
Expected price decrease	33 %						
Expected demand increase	50 %						
=	Unit elastic						

_egacy	
Current	27
Growth (35%+7,43%)/2	21,2 %
- Prior year international	
growth	35 %
- Market growth	7,4 %
Sales 2022	48,1

Sales from expantion	
rears to reach equal	
penetration	3
Relative size of new	
market	2,4
Expected sales year 1	15,9

#### Details about marketing office in Europe



- Marketing staff: 3 employees
- Support position: 1 employee
- Annual total Wage: THB 1,72M
- Covering ATL marketing is reflected in price set with distributor
- Office Rental Slovenia: THB 277,200 for 51 sqm
- Headhunter fee: THB 200.000



#### NVP calculation - Growth/WACC - Financing - unit sales



#### Financing:

- Revolving credit-facility of THB 100M → Expected to increase
- Cash of THB 8M
- Operations generating cash

Cash flow of Investment (single iteration)									
		2019	2020	2021	2022	2023	2024		
Incremental growth	Million THB	0,0	39,6	53,5	72,2	91,2	115,1		
EBIT	Million THB		4,9	6,9	11,2	14,1	17,8		
Tax	20 %	0,0	1,0	1,4	2,2	2,8	3,6		
Investment	Million NOK	-11,9	-10						
Free cash flow	Million NOK	-11,9	-6,1	5,5	9,0	11,3	14,3		
NPV (Single Iteration)	Million NOK	99,1							

#### **EU** growth

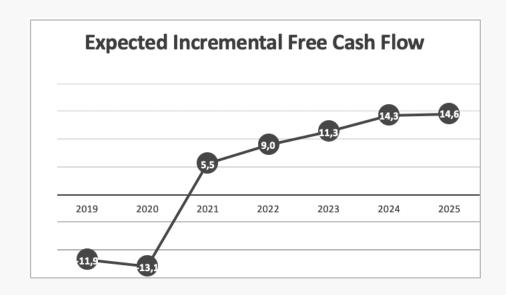
0,0 % 10,0 % 20,0 % 40,0 % 30,0 % 50,0 % 6 % 30,4 55,3 89,2 134,4 193,8 270,3 10 % 14,2 30,4 52,3 81,4 119,3 168,0 WACC 14 % 6,9 19,0 35,5 57,2 85,5 121,8 18 % 2,5 12,4 25,6 43,1 65,7 94,7 22 % -0,4 33,6 52,5 76,6 19,0 26 % -2,5 4,6 63,5 14,2 26,7 42,9

105 Impacts & financials Introduction Analysis Strategy

#### Delayed entry



- Increased marketing spend of THB 5M
- One year delayed selling





# OTHERS

## Our recommendation will contribute to the removal of counterfeit products in market







### Evaluating different forms of entry strategies



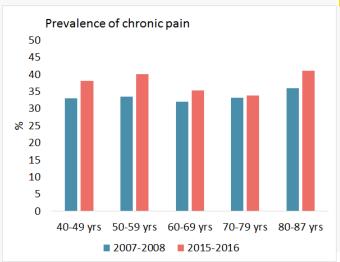
	Strategic Partnership	Joint Venture	M&A	Franchise
Estimated revenue	Moderate to low Revenue will be split between partners	Moderate Possible synergy- effects	High Mother-company receives all revenue streams	Moderate Depends on the rate required from the Mother-company
	Low	Low	High	Moderate
Cost of project	Administrative costs	Administrative costs	Costs of acquiring a firm can be significantly high	Inventory & administrative costs
Process time	Low Easy to go through with	Low to moderate	<b>High</b> Long and demanding process	Moderate to high Construction and building is time consuming
Possible rate of success	Moderate	Moderate	Moderate to high	Moderate

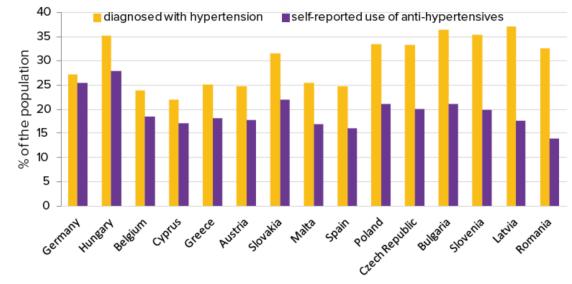
#### Analgesic uses and use case prevalence



- appendicitis
- cancer
- congenital conditions such as curvature of the spine
- fibromyalgia
- gallbladder disease
- gastrointestinal disorders
- headaches
- improper lifting techniques
- infection
- menstruation
- migraines
- multiple sclerosis

- nerve damage
- osteoarthritis
- pain syndromes
- poor posture
- rheumatoid arthritis
- sprains
- strains
- surgery
- trauma
- toothache
- wound cleansing and debridement.





## 

Press release 24/10/2006

The European Medicines Agency has concluded that the benefit-risk balance for non-selective non-steroidal anti-inflammatory drugs (NSAIDs) remains favourable. This conclusion was drawn following a review announced in September 2006 of new thrombotic cardiovascular safety data.

The Agency's Committee for Medicinal Products for Human Use (CHMP), based on currently available information, concluded that:

- Non-selective NSAIDs are important treatments for arthritis and other painful conditions.
- It cannot be excluded that non-selective NSAIDs may be associated with a small increase in the absolute risk for thrombotic events, especially when used at high doses for long-term treatment.
- The overall benefit-risk balance for non-selective NSAIDs remains favourable when used in accordance with the product information, namely on the basis of the overall safety profile of the respective non-selective NSAID, and taking into account the patient's individual risk factors (e.g. gastrointestinal, cardiovascular and renal).

These conclusions are without prejudice to the outcome of the ongoing Article 31 referral procedure for piroxicam, in which the benefit-risk balance is currently being assessed.

