

The First Quarter Report 2019

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ຄະນະສະພາບໍລິຫານຂອງ ບໍລິສັດ ສຸວັນນີ ໂຮມເຊັ້ນເຕີ ມະຫາຊົນ

Board of Directors of SVN



ທ່ານ ອຸ່ນ ຫຼ້າສຸກັນ

Mr. Ounh LASOUKANH

ປະທານສະພາບໍລິຫານ

Chairman of board



ທ່ານ ນາງ ປະພັດສອນ ສຸຄະບັນດິດ

Mrs. Paphatsone SOUKHABANDITH

ຮອງປະທານສະພາບໍລິຫານ

Vice Chairman of board



ທ່ານ ວັດດານາ ສຸຄະບັນດິດ

Mr. Waddana SOUKHABANDITH

ສະມາຊິກສະພາບໍລິຫານ

Member of board



ທ່ານ ຄຳກົ່ງ ລ່ຽມພຣະຈັນ

Mr. Khamkong LIEMPHRACHANH

ສະມາຊິກສະພາບໍລິຫານ

Member of board



ທ່ານ ປະດິດ ວົງເສນາ

Mr. Padith VONGSENA

ສະມາຊິກສະພາບໍລິຫານ

Member of board



ທ່ານ ພິພົບ ວາດສະໜາອາຊາສະກຸນ

Mr. Phiphop VASANAARCHASAKUL

ສະມາຊິກສະພາບໍລິຫານ

Member of board



ທ່ານ ນາງ ສຸຕິການ ສີແສງຈັນ

Ms. Chutikan SRISAENGCHAN

ສະມາຊິກສະພາບໍລິຫານ

Member of board



ທ່ານ ນາງ ວຽງດາລາ ບຸບຜາ

Mrs. Viengdara BOUBPHA

ສະມາຊິກສະພາບໍລິຫານ

Member of board



ທ່ານ ຄຳພອນ ພິລະພັນ

Mr. Khamphone PHILAPHAN

ສະມາຊິກສະພາບໍລິຫານ

Member of board

ຄະນະຜູ້ອຳນວຍການໃຫຍ່ຂອງ ບໍລິສັດ ສຸວັນນີ ໂຮມເຊັ້ນເຕີ ມະຫາຊົນ

Managing Directors of SVN



ທ່ານ ວັດດານາ ສຸຄະບັນດິດ

Mr. Waddana SOUKHABANDITH

ຜູ້ອຳນວຍການໃຫຍ່

CEO



ທ່ານ ພັນໂນລາ ສຸຄະບັນດິດ

Mr. Phannola SOUKHABANDITH

ຮອງຜູ້ອຳນວຍການຝ່າຍການເງິນ

CFO



ທ່ານ ກິດສະດາ ສຸຄະບັນດິດ

Mr. Kotsada SOUKHABANDITH

ຮອງຜູ້ອຳນວຍການຝ່າຍປະຕິບັດການ

COO

History of SOUVANNY

SOUVANNY Home Center Public Company ("the Company" or "SVN") operates one-stop shopping home center which provides both services and full-ranged products from construction material to home supplies and decoration such as, tile, sanitary ware, paint, home and office decoration material. Moreover, the Company also has services including the products recommendation to customers, interior design for kitchen and restroom, and product delivery. Most of the imported products of the Company are high quality with well-known brands easily recognized effectively managed by modern computer system, focusing on distribution and warehouse system. The Company's distribution channel is to sell through its own modern trade showrooms under the brand "Souvanny" to be leading modern construction materials in Lao PDR.

Souvanny's shop was established in **1988** by Mrs. Souvanny SOUKHABANDITH, Mr. Waddana SOUKHABANDITH, and Mr. Phannola SOUKBANDITH at Sisawat Village, Chanthabuly District, Vientiane Lao PDR. However, currently it becomes a sub-branch (Thongkhankham branch) with initial registered capital of 3,250,000 Kip. **In 1993,** the Company was registered as Souvanny Trading Export-Import Sole Company Limited with registered capital 100,000,000 Kip. **In 2000**, the Company rapid growth as the need in construction materials has increased, together with Mr. Kotsada SOUKHABANDITH graduating from abroad and coming to help manage the Company business. In this year, the Company opened Phonetong branch operating the first one-stop shopping home center which provides both services and full-ranged products from construction materials to home supplies and decorations in modern trade showroom. So, the head office was moved from Thongkhankham branch to Phongtong branch (currently Head office). **In 2004,** the company has expanded a new branch as Sikhai branch at Nahae Village, Sikhottabong District, Vientiane. **In 2015,** the Company has transformed the business from Souvanny Trading Export-Import Sole Company Limited to Souvanny Trading Export-Import Company Limited with the registered capital 500,000,000 Kip. Extraordinary General Shareholder's Meeting No. 1/2015, **on 28 July 2015,** has approved the important issues as follow: Changing the par value from 50,000 Kip per share to 2,000 Kip per share. Approving an increase in registered capital from 500,000,000 Kip to 280 billion Kip, total 140,000,000 shares. The Company was invested by Global House International Company Limited, a joint venture company between Siam Global House Public Company Limited and Siam Cement Public Company Limited, who provides both services and full-ranged products from construction materials to home supplies and decoration in Thailand, expecting to obtain business operation know-how to improve the Company business. Extraordinary General Shareholder's Meeting No. 3/2015, **on 13 September 2015**, has agreed on the important issues as follow: Transforming the Company to public company and changing the company name to Souvanny Home Center Public Company. Approving an increase in registered capital for Initial Public Offering (IPO) 50 billion Kip by issuing 25,000,000 ordinary shares, with par value of 2,000 Kip per share to

respond to economic growth and become a listed company in Lao Securities Exchange (LSX). The Company's share was listed in LSX and first trading day **on 11 December 2015. On 30 January 2017,** the company has expanded a new branch as Xokyai Branch at Xokyai Village, Saysettha District, Vientiane (450 Year Road). **On 30 September 2017**, the company has expanded a new branch as Pakxun Branch at Sisaard Village, Pakxun district, Borlikhamxay Province. **On 31 March 2018**, the company closed business of SVN's Thongkhankham Branch and **On 17 July 2018,** the company has expanded a new branch as Pakse Branch at Karng Village, Pakse district, Champasak Province.

Nowadays, there are 1 Head office and 6 branches in Vientiane sach as: Phonetong branch, Sikhai branch, Thongtoum branch, Xokyai branch and 2 branches in the other province such as: Pakxan branch and Pakse branch.

➢ The Core Objective of Business Operation

1. Increase sales to 12%.
2. Delivery full-range products with on time basis to 95%
3. Create customer satisfaction to 95%

➢ Vision

To become a leading modern construction materials and home decoration company in Lao PDR and connecting to ASEAN market.

➢ Mission

Aim to develop the provision of high quality and variety products, improve the service mechanism to be standardized and modernized, set the price to be reasonable and suitable to meet all level demand of house owners, contractors and dealers, contribute actively to respond the society and environment, also develop constantly personnel in order to support company's goal for expanding new branch covering countrywide.

Main Risk of Company

1. Competitors keep avoid to pay taxes due they aren't Listed Companies in Lao Securities Exchange (LSX).
2. National Economic Situation Expansion is slow down.
3. Foreign Currency Volatility.

Business Operation

1. Revenue

The Company had total revenue of LAK was 89,619 million in the First Quarter of 2019 compared with revenue in First Quarter of 2018 was LAK 77,428 million, it was indicated that total revenue of the First Quarter of 2019 were increased. Because the company had increased of product category varieties and revenue from new branches.

2. Expenses

The company had total expense of LAK was 15,011 million in First Quarter of 2019 compared with expense in First Quarter of 2018 was LAK 14,125 million, it was indicated that total expenses of the First Quarter of 2018 was increased. Due to the company had expanded new branches, increasing of employees and fixed assets that increase from expanding new branches. It was reason that depreciation charge increase respectively.

3. Net Profits

The Company had total net Profits of LAK 1,813 million in the First Quarter of 2019.

➢ The Activities Board of Directors.

On 22 March 2019, the Board of Directors held 1 meeting which agendas are as follow:

1. To consider and approve the report Meeting of Shareholders 2017
2. To consider and approve for SVN's operating result of 2018, and the financial statement of 2018
3. To consider and approve the business plan of the Company for the year 2019
4. To consider and approve the dividend payment from the operating result for the year 2018
5. To consider appointment of the external auditor and determination of wage for the external auditor in 2019
6. To consider appointment of new members of the Executive Council to replace the ones whose tenure is due.
7. To consider and approve allowances for the member of the Executive Council of the company
8. Others (if applicable)

Board of Director's opinion: Agreed and approved all agendas.

Marketing

1. **Product**:

The Company focused on the marketing by selecting and providing the new product categories from suppliers with international standard in order to be able to provide high quality and various products to customers and Company has constantly increased new products to be choices for customers by aiming to be the one stop Shopping center of construction materials and home decor with modern and biggest showroom in Lao PRD as slogan of: Imagination can be realized.

2. **Place:**

The Company has focused on expanding the sale channels or new branches in communities where is convenient and near to customers to come to use its service. For future plan, the Company will expand the branches which is one of the sale channels of the company and expanding more new customers.

3. **Promotion.**

The Company had more policies for setting sale promotion to be suitable for each group of product with focusing on the new product and promotion suppliers, the objectives promotion's activities were to increase awareness, acknowledgement of SOUVANNY's brand and create good image of company through 3 main channels as follow:

1. **<u>Advertising:</u>**

- Printed media such as: leaflet, Magazines, new paper and others.
- Internal and External signage such as: standee and mobile billboards, Lighting box, Tower, street sign and others…
- Electronic media such as: www.souvanny.com, Facebook: SOUVANNY Home Center, Radio, Television, Line, IG and other.

2. **<u>Sale Promotion</u>**

The company had created the sale promotion through activities namely: discount the for the specific events, redeeming, giving out, premium, sweepstake, promotion for point of purchase, promotion for craftsman, lucky draw.

3. **<u>Public Relations</u>**

Last the First Quarter of 2019, SVN helped and supported societies such as: Blood donation, "Project for smile Sharing Year 3" provided relief supplies such as: blankets and education materials to people of Xaychamphon District, Borlikhamxay Province namely: Sobkhone Village, Mueangcham Village, Phonemueang Village.

Human Resource

The company developed our personnel by organizing more internal and external seminars to become the quality human resources of company in order to be able to compete and meet the customers' demand.

In the welfare, the care of the living conditions of the employees are better, Organize activities to take the employees to travel and to encourage employees to be committed, active and enthusiastic in their work.

Management

The Company is follow by the slogan that "improving the products and services to high quality, deliver full-range Products with on time basis, satisfying customers, and continuous development" and improve the IT system to be high quality. Recently, the Company has received an international certificate from United Kingdom Accreditation Service (UKAS) which is ISO 9001: 2015 every branches of the Company.

Tax

After the company Souvanny Home Center Public Company registered to be listed of the Lao Security Exchange at the end of 2015, the company has strictly taken under the law of the Lao P.D.R. particularly Tax law by performing its obligation to the state such as Value Added Tax (VAT 10%), payroll tax, profit tax etc.

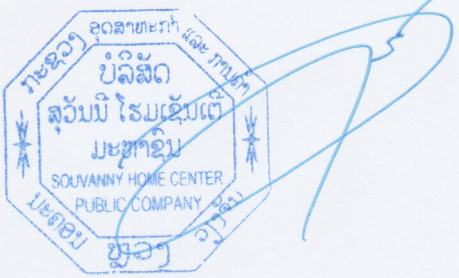
The state tax in the First Quarter 2019

No.	Details	Total value (kip)
1	Import Duty	320,895,293
2	Value Added Tax	8,730,104,181
3	Excise Tax	7,886,901
4	Payroll Tax	297,910,711
5	Profit Tax	100,000
	Total	**9,356,897,086**

Note: For business performance figures depend on Financial Statement.

Chief Executive Officer

Souvanny Home Center Public Company



Waddana SOUKHABANDITH