



**THE DAGON GROUP**

**Diverse Myanmar  
Conglomerate**



**BUSINESS  
MODEL**

## **BUSINESS MODEL**

The Dagon Group has a successful business model that can help other companies learn and grow. The key is to not forget organizational culture, history and context and consider how specific techniques were used in key features of the company. The main features of The Dagon Group business model include:

### **The Corporate Culture**

- A focus on individual achievement
- An encouragement of circumventing the hierarchy
- The importance of competitiveness both within the company and externally
- Performance as a determining factor of loyalty
- Direct and confrontational communication
- Leaders who are individuals and not groups or teams.
- The culture is a background which drives a company's success. The Dagon Group's culture specifically is Burmese.

### **Core Competencies**

The Dagon Group's core competencies are much more than just a set of management techniques or a business model. Instead, the following make the Group a success:

- The company selects best practices that are most relevant to its immediate future
- The company adapts and implements these practices perfectly
- The company continues to evolve and change its management practices as the need emerges.

This is done by adopting new practices and discarding older methods that may have led to success at some point but are no longer relevant.

## **BUSINESS SEGMENTS AND ITS PRODUCTS AND SERVICES**

Basic segments for the company are vast and diversified. Some of these include:

### **DAGON INTERNATIONAL LTD**

This is the financial and managerial services arm of the company. It supports other subsidiaries and individual departments with an extensive service and support. The services offered include commercial financial support, and managerial support for **Retail, Manufacturing & Production,**

***Agriculture & Plantation, Real Estate, Energy, Hospitality, Construction & Development, and Automotive.***

The company underwrites intercompany and interdepartmental Financial Advances to hold on its own balance sheet and the focus is not on generating revenue from the same. The company target profitable investments and is not restricted to a particular industry or geography. The Advances, short term, are secured by tangible assets.

**REAL ESTATE**

Dagon International Ltd, is a premier Myanmar property development company over two decades of experience. We have successfully supplied more than 5,000 houses to happy homeowners. We have completed an extensive range of both residential and commercial properties. Our high-quality, sustainable developments bring benefits and value to the businesses and people who occupy them.

We've made our name creating quality commercial developments for the retail, office and leisure. And we apply the same high standards to everything we do – from acquisition and construction through to issues such as community and environmental impact.

Our successful property development is never just about bricks and mortar or steel and glass. Experience has taught us that, the key component is always “the people”. We have the right team in place to set strong foundations.

Dagon International Ltd, has a number of exciting projects in the pipeline including some low cost/affordable housing in order to meet the rising demand of middle income families and making everyone to afford a home

**CONSTRUCTION & ENGINEERING**

Our construction and engineering business unit was initially established as an in-house construction arm of our Real Estate Division, continuously focusing on innovation and expansion together with its commitment to quality and excellence.

Seamless integration of its core business competence and strength and with outstanding records in the commercial build-to-suit construction sector, Dagon Group's construction unit made a name for itself. Committed to quality, schedule and budget, resulted in winning contracts to build some of the prestigious buildings such as National Library (Yangon), Ministerial offices and ultra-strong cyclone resistance buildings from both Myanmar Government as well as other INGOs such as Red Cross.

**HOSPITALITY MANAGEMENT**

Palm Beach Resort, Ngwe Saung, Patheingyi

Palm Beach Resort Hotel was finished and started operating in the year 2000 with 20 units of deluxe Bungalows and 11 units of Executive Bungalows. Ngwe Saung is one of the famous beach resorts in

Myanmar with clear water and excellent place for spending in holiday. Palm Beach will offer premium services for everyone who stay in there. Heart touching feeling at the beach site with unparalleled delicious cuisines delivered by the chefs will surely satisfy the guests.

## **RETAIL & DISTRIBUTION**

For retail services Dagon Group operates **Star Mart supermarkets** in both **Dagon Center I** and **Dagon Center II**. Star Marts provide various commodities for any ages, any genders and any purpose.

Warehousing for distribution is one of the key factors for our organization. We have planned to increase the space up to 300% by rental or construction. Our current capacity is 13,000 cartons and in future to expand 45,000 cartons. Stock Management is that to keep stock level at 2.5 month and decrease 1.5 month within 2013. Since our products mainly import from Thailand and it is required to increase the ports for transportation with Maesod, Maesai, Kanchannaburi and Ranong provinces. Our distribution has been made in 24 regions in the whole Myanmar.

## **MANUFACTURING**

**Dagon Foods Co., Ltd**, Hlaingtet Factory is situated at Mandalay Division, Tharsi Township, 8 miles away from Tharsi, on the way of Taungyi-Meikhtilar High way and near Hlaingtet village. It has 321.05 acre of land area.

The facility was privatized by Myanmar Agriculture Service. Originally Hlaingtet Factory was established in (1980-81) with machines bought from CREUSOT LOIRE ENTERPRISE (C.L.E) Company (France). Hlaingtet Canned Food Factory was chose and built at Tharsi Township, Hlaingtet village where the availability and accessible raw material producing region like upper Myanmar, Shan State, etc. that regions are close to the factory and strategic location for distribution.

Dagon Group decided to move into Food Industry with Dagon Foods Co., Ltd through leasing the privatized Hlaingtet Factory with the aim to promote and establish food manufacturing base on locally produced products.

At Dagon Food, we intend not just to deliver delicious, but the safe and outstanding quality food to our consumers. We source, process, distribute and market our products ranging from fruits, vegetable to herbs in a full line of canned, jarred, cup, and dried forms. To be able to produce products with the greatest possible natural color, flavor, texture, and nutritive value are to be retained; we carefully manage from choosing the superior quality raw materials, processing with the best techniques to implementing appropriate shipping and storage. Product Safety is one of our top priorities and we are fully aware that high quality and safe food processing is vital to our valued consumers.

## **AGRICULTURE & PLANTATION**

Myanmar being an agricultural country, **Dagon Agriculture Group Ltd.** was established in 1999. Since then, we have farms all over the Country. 70% of people are employed under Agriculture sector. Dagon Agriculture's vision is to help and contribute to this 70% of the workforce but introducing new farming techniques which are more effective and efficient, facilitate for mechanize farming. The most important thing is to help introduce Myanmar agriculture produce to International markets in order to get better income and margins all the way back to the grassroots level.

In Yangon Division, Dagon Groups' Agriculture business unit grows 850 acres of rice to be used as seed production and R&D to produce hybrid seeds. Besides, we also have 6300 acres of commercial rice farms in Thandapin, Yangon and 4900 acres in PwintPhyu, Magway Division. Most of the farms mention above are developed on lands which were previously cannot be farm due to various reason such as no irrigation channels, infertile soil conditions. After many years of investing in necessary infrastructure, these farms can be commercialize. As for the farms which have existing farmers, we have gone into contracting farming system so that by contributing much need farm machinery, fertilizer and funds, it become a win-win situation between the company and farmers.

Dagon Group always carefully safeguards the interest of the farmers, regardless of benefit towards the company. For the contract farmers, Dagon Group input necessities for farming such as machineries, fertilizers and fuel, etc. The farmers input their labor forces and they can enjoy their labor effort in monetary term which rendered by Dagon Group. In addition, the benefit sharing ratio with the farmers and Dagon Group is 50:50.

Ywarthargyi, Yangon Division :1102 acres Rice farms

Thandapin, Yangon Division: 6300 acres of Rice farms

Organic Vegetable Farm, Naypyitaw: 100 acres

**Dagon Timber Limited** primary business used to be in timber extraction contractor for the Myanmar Timber Enterprise under the Ministry of Forestry to control forest congestion and also for National Income. The extraction is conducted with strict selected felling guidelines set by Ministry of Forestry. Dagon Timber has sustain a good reputation due to its strict practice to follow each and every guideline set by Ministry of Forestry.

In realization of forest reduction in Myanmar, Dagon Groups' timber extraction operation has been cut down by 80% since last year and this year. It has also took part in many re forestation programs. Dagon Timber has expanded and is in search of more environmentally friendly and sustainable forestation programs across the Country.

In 1999 Dagon Timber has expanded to Palm Oil Plantation business, situated in Boke Pyin Township, Kaw Thaug District, Tanintharyi Division. Total plantation land is 17,976 acres. Since we began, we have manage to plant 8,948.36 acres. We thrive to continue to expand our palm oil plantation every year at about 1000-2000 acres per year. Starting from 2013, we have been carrying out EIA (Environment Impact Assessment) for our existing plantation as well as our expansion area.

We will follow to the EIA results when looking for more land to expand our palm oil plantation business. We have a very strong business ethics is land acquisition. We do not try to acquire land which is being used by the indigenous people, who already listed their title of ownerships in the land administration department of related townships. In fact, the operating areas where our group had conducted are mostly remote areas of the country where there are lots of untouched and virgin lands. Dagon Rubber Plantation was established in 1999 to concentrate on Rubber alone. The plantation is in Bago Division and we have started with 500 acres which will be ready for production in 2007. We plan to expand our plantation and to go into valued added rubber products in the future.

## **ENERGY**

In a strategic move for the future sustainable growth of the Group, it diversify into distribution and retailing of Petroleum products such as mogas octane 92 and gasoil under the Company name Thuriya Energy Co Ltd. To provide increased fuel security and environmentally better storage facilities, Thuriya Energy Depot Management company was developed and Myanmar Investment Commission permit was obtain in June of 2013. Furthermore, we are exploring different method of power generation which will be most efficient and least impact to the environment under the newly formed Thuriya Power Ltd.

**Thuriya Energy Co Ltd**, offers a wide range of petroleum products that cater to the needs of all motorists through our network of retail service stations. Currently we have three fuel stations across central Yangon 3-5km distance away from each other.

We provide a fast, efficient, hassle-free dispensing of fuel. We guarantee that our customers will leave with a peace of mind of having received the correct quantity of quality fuel – every time they visit the Thuriya Energy Fuel Station. At Thuriya Energy we are exercising environmental stewardship of internationally accepted standards and helping to improve the quality of life for community and society. We will be expanding our network of fuel stations across the country to bring our implacable service and quality to wider customer base.

**Thuriya Energy Depot Management Ltd.**, according to developing in industrialized economy the consumption of fuel is dramatically increasing and there is a shortage of safe storage depot for fuel. Thuriya Energy Depot Management is formed to fill the gap in the market and also to complement Dagon Groups' other fuel related businesses. Total capacity of 64,000 ton, state of the art fuel storage facility construction is underway, in front of Thilawa SEZ, 25km from Yangon City.

## **AUTOMOTIVE**

**Mingalar Motor Co., Ltd (“MGM”)** is a joint venture company established in Myanmar by SCGT Automobile Co., Ltd (“SGTA”) and by Oriental Apex Co., Ltd (“OAC”). SGTA is in turn a joint venture between Japan conglomerate Mitsui & Co., Ltd and Thailand’s SGC Trading Co., Ltd. OAC is a member of Dagon Group.

The main business of MGM as the authorized dealer of Toyota vehicles in Myanmar, also provide after-sales care servicing and repairs. MGM currently has currently two locations, Location 1 is located at No. 6, BayintNaung Road, Ward 2, Hlaing Township, Yangon, which is the Toyota exclusive showroom.

Location 2 is located at No. (236), Ahlone Road, Ahlone Township, Yangon. The Toyota Showroom was officially opened in November 2014 with officials from all of the joint venture partners as well as Toyota Motor Corporation. The after-sales service station started operations on 1 January, 2015.

**Dagon Machinery and Automotive (“DMA”)**, a subsidiary of Dagon Group has been appointed as the official dealer of MAN Trucks and Buses in Myanmar. The dealership signing ceremony was held on 3, September, 2017 at Lotte Hotel, Yangon where which the Chief Minister of Yangon Region and the mayor attended the ceremony. MAN showroom and service station is to be opened in 2018 located on BayintNaung Road, Yangon. MAN Truck & Bus manufactures trucks in weight categories from 7.49 to 44 tons, heavy-duty special purpose vehicles of up to 250 tons gross vehicle weight, city an intercity buses and tourist coaches (complete buses as well as chassis) plus diesel and natural gas engines.

## **INTRODUCTION TO DAGON GROUP**

Dagon Group of companies is one of the most highly regarded Groups in Myanmar. Competitive and progressive business group of highly successful companies engaged in leading industries. Since its establishment in 1990, in a short period of time Dagon Group now has more than 15 member companies that are major players in diverse industries such as: Real Estate, Construction & Engineering, Hospitality Management, Retail & Distribution, Food, Agriculture & Plantation, Petroleum & Power.

First of the Dagon Group companies, Dagon International, which started off with 5 employees in 1990 to more than 4500 employees to date as the whole Dagon Group.

Dagon Group consolidated assets is estimated at equivalent of US\$ 350 million. The Group is committed to corporate transparency, high ethical standards and effective stakeholder communications.

At Dagon Group, we believe that every project, regardless of scale and size, deserves our complete attention from creation through to implementation, complemented with proper maintenance and after-care.

The Dagon Group employs a dynamic management team guided by the “hands-on” leadership of its executive chairman and executive directors. Recognizing the rapid pace of business environment and

new business support systems, the Group is committed to an on-going training and development program to ensure that its people are kept abreast of change.

It is our aimed to building an achievement-oriented and customer-centric organization, committed to attaining industry leadership, with aggressive growth plans for the business verticals that it operates in.

We pride ourselves on being a good neighbor and strive to improve the quality of life for those who live and work in the communities we do business.