

KODA

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2020 MAR - 2020 DEC

FIRST LOCK DOWN INCREASE IN COST , DEMAND AND PRICE !

2021 JAN - 2021 MAY

LOGISTICS NIGHTMARE !

2021 MAY - 2021 AUG

SECOND LOCK DOWN . NO OUTPUT BUT GLOBAL DEMAND REMAINS HIGH .

2021 AUG - 2021 OCT

RECOVERY ?

2021 OCT - TODAY

UNCERTAINTY & ANXIETY

WHAT'S NEXT???

?

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AFIC

BACKGROUND



Established in 1978 as the regional trade organisation to promote the interests of the ASEAN furniture industries.

Represents 8 ASEAN countries (out of 10)

One of the 15 business organisations engaged with ASEAN

“Helping the ASEAN furniture industry grow in the international arena has always been an important prerogative of AFIC”

Ernie Koh
AFIC Chairman

Source: https://asean.org/wp-content/uploads/2021/08/REGISTER-OF-ENTITIES-ASSOCIATED-WITH-ASEAN_as_of_29_March_2021.pdf

Business Organisations are defined as business associations which are non-profit organisations engaged in promoting the business interests of their members.

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1. Constituent Members

Furniture trade associations from each ASEAN country, as certified by their respective Chamber of Commerce of Industries or its equivalent

2. Affiliate Members

Open to Furniture associations or organisations that are not national organisations

Other associations, Non-Governmental Organisations, Governmental Organisations related to the industry.

AFIC CONSTITUENT MEMBERS



INDONESIA

Indonesia Furniture Industry &
Craft Association (ASMINDO)



LAOS

Lao Furniture Association (LFA)



MALAYSIA

Malaysia Furniture Council (MFC)



THAILAND

Thai Furniture Industry
Club (TFIC)



MYANMAR

Myanmar Forest Products
Merchant Federation (MFPMF)



PHILIPPINES

Chamber of Furniture Industries
of the Philippines (CFIP)



SINGAPORE

Singapore Furniture
Industries Council (SFIC)



VIETNAM

Handicraft & Wood Industry
Association of Ho Chi Minh City (HAWA)

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AFIC COUNCIL

2021 - 2023

Chairman

Mr Ernie Koh
Singapore

Secretary General

Mr Jake Tan
Singapore

Members

3 representatives per country

Secretariat

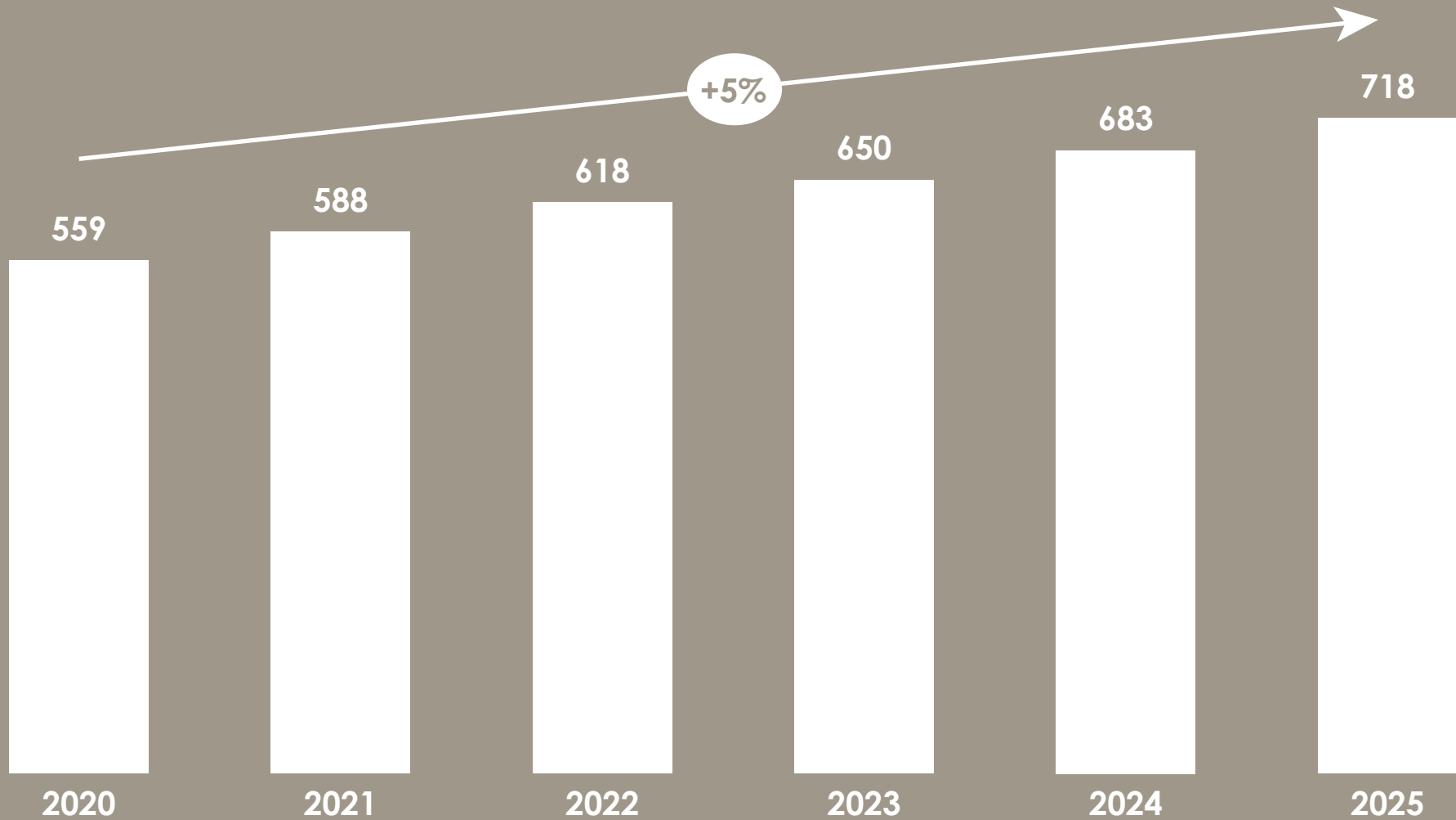
Singapore



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GLOBAL MARKET SIZE OF THE FURNITURE INDUSTRY

2020 - 2025 (IN US\$ B)



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ASEAN IN PERSPECTIVE

The global furniture industry is expected to grow 5% CAGR from 2020-2025, driven by growth in e-commerce, rising income in the upper and middle class in Asia and development in the tourism and healthcare sector.

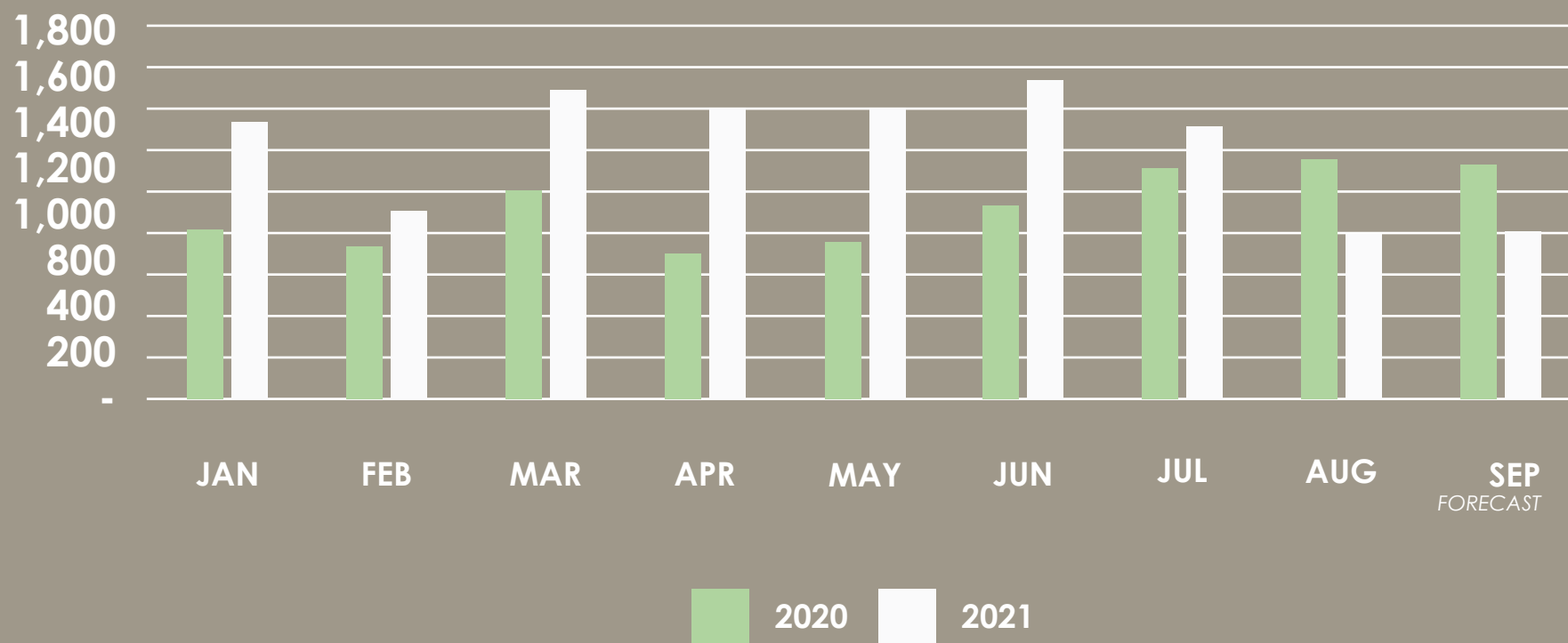
Increasingly, US and European buyers are sourcing from Asia (ex-China).

ASEAN exports about 10% of Global furniture demand in 2019. (Source : ASEANPLUS NEWS, 28 Nov 2019).

Within ASEAN, demand for furniture has risen due to rapid urbanisation, rising affluence, ease of shopping (e-commerce) and regional mobility.

Wood Furniture market size is targeted for growth from 2021 to 2025, with a CAGR of 4.2% and expected to reach USD 268 billion by 2025, from USD 227 billion (Fox Wire News, Mar 24 2021).

VIETNAM'S WOOD AND WOOD-BASED PRODUCTS EXPORT REVENUES IN THE FIRST 9 MONTHS OF 2020 AND 2021



Wood and wooden products export revenue increase by 60% in 6 months, compared to same period in 2020.

Import-export revenues in Aug-Sep 2021 decrease by 30%, compared to Aug 2020, due to impact of COVID resurgence



FEAR !

2019 DEC - 2020 MAR

Many countries feared lock down

Factories feared that there will be a reduced global demand.
Customers cancel orders? Some orders are cancelled and some delayed.

Breakeven mode. Survival.

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CRAZY INCREASE IN GLOBAL DEMAND AND MANUFACTURING COST

2020 MAR - 2020 DEC

ASEAN was partially lock down (eg Malaysia. But Vietnam was managing the situation well. Factories and economy continue to run)

Global demand for home furniture (garden and home office in particular) increase tremendously. The fear of reducing global demand did not materialised.

Factories managing output and shipment allocations for customers.

Material cost start going up.

Price increase!

Delay in shipment to customers (factories not able to cope)

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LOGISTIC NIGHTMARE !

2021 JAN - 2021 MAY

Production ramped up but are not able to ship. Warehouse filled with finished goods waiting for containers.

Shipping cost shot through the roof!

Managing warehouse vs output. Many factories have to slow down their output to manage shipment (loss sales).

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LOCK DOWN

2021 MAY - 2021 AUG

Delta Variant hit ASEAN countries. Not able to control the spread.

Vaccination not fast enough. Not enough Vaccine

Global demand is still there (going into holiday seasons) but are not able to ship. Warehouse start clearing up as output reduces.

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RECOVERY ?

2021 AUG - 2021 OCT

Countries like Malaysia manage to achieve their vaccination target and started to open.

Vietnam open with restrictions.

Change from managing Covid to living with Covid.

Material cost continue to increase.

Many factories are trying to increase prices but due to logistics cost, price increases are limited.

Covid cases still on the raise but many countries are adapting the vaccination approach. Start opening economy

PERIOD OF UNCERTAINTY & ANXIETY (PREDICTION)

2021 OCT - TODAY

Will freight continue to increase YES

Will materials continue to increase? YES

Will we have to increase customers price? YES

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WHAT'S NEXT ?

Resourcing to countries nearer to market?

Regionalisation vs Globalisation?

Global Downturn?

New COVID Variant?

What is the new norm? When?

Demand will level off and perhaps reduce.

Material prices will level off but to what level?

Price need to be readjusted as competition increases.

WHAT'S NEXT ?

Where are the opportunities?

China?



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