

BEVERAGES

CORE MARKET
Malaysia





BEVERAGES MALAYSIA: RESULTS

Despite the overall declining soft drinks market trend, FY2018 marked a turnaround for the Beverages Malaysia business. This year, Beverages Malaysia revenue was 1% higher while earnings surged over twofold, thanks to lower sugar cost, favourable foreign currency translation and positive effect of cost control. Key category market share grew as the Group stayed focused and deployed resources to drive our core categories. Isotonic and carbonated soft drinks categories grew in part by the introduction of new products and successful marketing strategies.

This year, leading positions of the Group's core brands – *100PLUS*, *F&N Sparkling Drinks*, *OYOSHI*, *F&N SEASONS* and *F&N NUTRISOY* – were upheld as Beverages Malaysia remained steadfast in marketing and branding initiatives, focused on promoting active and healthy living. *100PLUS*, for instance, reinforced the importance of hydration while leading active lifestyles by offering new reduced sugar variants, and launching special packaging in conjunction with international sports events. It also continued to lend support to Malaysian athletes as well as regional and national sports events.

To support the Group's expansion strategy, this year Beverages Malaysia, held through F&NHB, continued to build its capabilities and expand its capacity in key growth areas. For instance,

for its soft drinks plant in Shah Alam, it expanded its water plant by installing a 600bpm water line, adding a combi blow, mould and filling machine, and more than doubling the capacity of its Bentong mineral water plant. In addition, the newly-installed aseptic cold-fill PET line at the Shah Alam plant would also further accelerate Beverages Malaysia's expansion into new healthier offerings in the near future.

ISOTONIC: 100PLUS

F&N's flagship brand, *100PLUS*, continued its reign as Malaysia's No.1 Carbonated

Soft Drinks and No.1 Isotonic Drink. As the first isotonic drink launched in Malaysia some 30 years ago, to remain relevant to today's consumers, *100PLUS* continued to reinvent itself through innovation and renovation. Riding on the health trend amongst consumers, *100PLUS* has been actively taking part in the sugar reduction initiative. Through careful reformulation, it has successfully reduced its sugar content in its entire fruity range of *100PLUS* (Orange, Berry, Lemon Lime and the new Blackcurrant) and earned the HCS awarded by the Malaysia Ministry of Health. It further introduced an even healthier option to its original family range – *100PLUS* Reduced Sugar where it has only 4g of sugar per 100ml, which is 33% less sugar than *100PLUS* Original. It also launched *100PLUS* ACTIVE in powder form in small convenient sachets in response to consumers' growing demand for greater convenience and flexibility.

100PLUS's continuous involvement in sports, including sponsorships of national athletes, major sports events and several national sports bodies, underscores its commitment to promoting active and healthy lifestyles. This year, *100PLUS* and the Badminton Association of Malaysia ("BAM") signed a new two-year sponsorship agreement, extending a partnership since 2003. Under the new agreement, *100PLUS* has been named the Official Beverage Sponsor for all BAM events and activities, including the Malaysian Open and the Malaysian Masters.

* As at September 2018

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ENTIRE
100PLUS
RANGE
IS NOW
CERTIFIED
WITH THE
HEALTHIER
CHOICE LOGO

Endorsed by the
Ministry of Health



More importantly, the new deal would see 100PLUS becoming the title sponsor for the national junior circuit and the junior inter-state tournaments over the next two years.

Throughout the year, 100PLUS also supported and organised several youth programmes and badminton competitions, successfully driving brand growth and strengthening equity.

In addition to badminton, 100PLUS continued to reach out and engage the masses by supporting sports organisations and sports events such as the National Sports Council, the 100PLUS LIGA PREMIER MALAYSIA, and 100PLUS DAY. As a key advocate for physical activity and active living in Malaysia,

100PLUS rolled out 100PLUS DAY across major cities in Malaysia including Johor Bahru, Kuala Terengganu and Sungai Petani, leading up to the grand finale that was held in Bukit Jalil, Kuala Lumpur. 100PLUS DAY covered a series of fun activities, including a 5km Inflatable Obstacle Fun Run, Zumba sessions and a special audition in search of local talent to join as 100PLUS ambassadors in a game challenge during the grand finale in Bukit Jalil. In addition, 100PLUS signed a five-year agreement with the Kuala Lumpur Sports City ("KLSC") as its Official Beverage Partner. With the partnership, 100PLUS, along with the other F&N beverages, are now exclusively available throughout the KLSC.





Permanent 100PLUS-branded drinks booths have also been set-up at the main arenas. The deal also included the creation of a 1,400-metre long 100PLUS-themed cycling track around the National Stadium. The sponsorships of sporting events and sports organisations provide opportunities for 100PLUS to strengthen its fans' connection with the brand.

TEA: F&N SEASONS AND OYOSHI

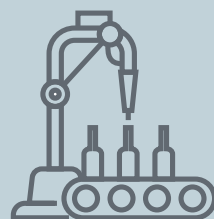
F&N continued to command Malaysia's RTD tea segment with F&N SEASONS and OYOSHI leading the RTD black tea and green tea segments' awareness and consumption frequency, respectively.

This year, F&N SEASONS improved its taste and unveiled

a fresh new look for its tea range. F&N's use of new aseptic cold-fill technology allowed the brand to adopt a trendier, slimmer and appealing PET bottle. Using the new technology, F&N SEASONS Tea is exposed to just the right temperature during manufacturing to ensure its taste is optimised for ultimate freshness, thus retaining its proposition as a healthier and flavourful refreshment with antioxidants that is preservative-free.

To further enhance its appeal and differentiate itself in a crowded tea category, OISHI embarked on a rebranding exercise with a new name and innovative packaging design across its entire product range. As part of this exercise, OISHI was renamed OYOSHI

to reflect its evolution from being just delicious ("oishi" in Japanese) to a taste that is "beyond delicious" ("oyoshi" in Japanese). Now produced with the new F&N state-of-the-art aseptic cold-fill technology, the unique blend tastes fresher and better defined, providing the brand with even more competitive differentiation.



INVESTMENT

Launch of new aseptic cold-fill line



READY-TO-DRINK TEA



* As at July 2018

BEVERAGES

CORE MARKET
Singapore





BEVERAGES SINGAPORE: RESULTS

Weak consumer sentiments, regulatory changes and competitive price environment continued to weigh down on Beverages Singapore's FY2018 performance. Due to lower domestic soft drinks volumes and poorer export sales, Beverages Singapore saw its revenue dip 5%. Nevertheless, due to great marketplace execution, innovation and creative brand marketing, Beverages Singapore continued to gain market shares and maintained its market leading positions in its core categories – 100PLUS in isotonic, F&N NUTRISOY in soya and F&N ICE MOUNTAIN in water. Due to lower sales and higher marketing cost, Beverages Singapore earnings fell.

Singapore remains one of F&N's key markets. This year, Beverages Singapore continued its emphasis on product innovation, focusing on healthier beverages. It has expanded its portfolio with lower- or no- calories products including 100PLUS Zero Sugar, F&N Orange Zero, F&N Sarsi Zero, F&N SEASONS White Chrysanthemum Tea No Sugar and F&N NUTRISOY High Calcium Reduced Sugar Fresh Soya Milk with Walnut, all endorsed as 'Healthier Choice' by Singapore's HPB.

ISOTONIC: 100PLUS

As Singapore's No.1 Isotonic brand, 100PLUS has always stayed ahead of the curve by focusing on consumers' needs and

wants. Understanding the changing needs of consumers, 100PLUS continued to provide healthier options with the launch of 100PLUS Zero Sugar in March this year. Formulated to contain zero sugar and zero calories, 100PLUS Zero Sugar is the perfect healthier choice for everyday consumption.

To build awareness and drive trial, 100PLUS rolled out its four-month long ZERO IN ON THE MOMENT marketing campaign featuring celebrity couple, radio deejay Kimberly Wang and actor Shane Pow, to promote the new 100PLUS Zero Sugar. Supported by various above-the-line marketing activities which included radio, out-of-home, digital and in-store advertising, 100PLUS continued to excite consumers with this new addition.

This year also saw a step-change in our digital marketing to respond to changing consumer and media trends. This included the successful activation of 100PLUS Zero Sugar #ZeroInSG and #100PLUSsg, which bagged over 1.6 million YouTube views.

To further drive awareness, 100PLUS conducted extensive sampling exercises by deploying Hydration Champions on the city streets in the CBD area. Equipped with their trusty 100PLUS Zero Sugar drinks dispenser, these Hydration Champions kept consumers refreshed and re-hydrated.



ISOTONIC



SOYA



WATER



As a fervent advocate of active lifestyles, 100PLUS continued its support of several major sporting events including the OCBC CYCLE, STANDARD CHARTERED SINGAPORE MARATHON, SGX BULL CHARGE, THE COLOR RUN,

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THE NEW PAPER BIG WALK, THE STRAITS TIMES RUN, HSBC RUGBY SEVENS, SMBC SINGAPORE OPEN and the WTA FINALS SINGAPORE.

SOYA: *F&N NUTRISOY*

F&N NUTRISOY, Singapore's No.1 Soya Milk brand, continued to raise visibility and awareness of its range of high calcium and low glycemic beverages amongst consumers. This March, *F&N NUTRISOY* embarked on a three-month long MORE THAN JUST FRESH SOYA GOODNESS nationwide campaign to educate consumers on the great taste and superior functional benefits of *F&N NUTRISOY*'s fresh soya milk drinks. Through various customer touchpoints – from outdoor to online advertisements, in-store roadshows to point-of-sales materials – this content marketing successfully highlighted the additional nutritional benefits that *F&N NUTRISOY* offers and drove sales in the super/hyper channel.

Responding to the nutritional needs of our consumers, *F&N NUTRISOY* expanded its soya milk range with the introduction of the new *F&N NUTRISOY* High Calcium Reduced Sugar Fresh Soya Milk with Walnut in August. The rollout was a success, supported by an integrated marketing campaign with various consumer touchpoints.

F&N NUTRISOY continued to be a main partner with Singapore Heart Foundation (“SHF”) to promote heart health and educate Singaporeans on how to lead a heart healthy lifestyle. This year, it continued its support through its sponsorship of SHF's two key events – GO RED FOR WOMEN 2018 and WORLD HEART DAY 2018. At



these events, *F&N NUTRISOY* conducted sampling of its omega range as well as the reduced sugar range. Key benefits of *F&N NUTRISOY*, especially on Omega-3, were also highlighted and communicated to participants.

WATER: *F&N ICE MOUNTAIN*

F&N ICE MOUNTAIN is the No.1 Water brand in Singapore, led by its still drinking water range. To satisfy growing consumer demand for convenience and to provide choices, this year, *F&N ICE*

MOUNTAIN introduced a 4x375ml multipack for its growing sparkling water range – *F&N ICE MOUNTAIN* Sparkling Water Classic and *F&N ICE MOUNTAIN* Sparkling Water Lemon.

F&N ICE MOUNTAIN also sponsored events to drive brand awareness and consumption. Some of the key events were the STAR WARS™ RUN Singapore 2018, STRAITS TIMES CONCERT IN THE GARDENS and OSIM SUNDOWN MARATHON 2018.

TEA: *F&N SEASONS*

This year, *F&N SEASONS* embarked on the SEASONS REFRESH YOUR EVERYDAY MOMENTS island-wide campaign to sustain its top of mind recall with consumers. Targeted at youth, the digital campaign used Facebook, YouTube, static images and 6-second videos to drive home the health message. The videos successfully generated over 4m impressions and well over 1m YouTube views, boosting sales.

Committed to helping consumers make balanced diet choices, *F&N SEASONS* launched a sugar-free alternative to its best-selling Asian drink flavour in Singapore – *F&N SEASONS* White Chrysanthemum Tea No Sugar. Certified as a HPB Healthier Choice product, *F&N SEASONS* White Chrysanthemum Tea No Sugar contains zero sugar and sweeteners, with no added preservatives.

F&N SPARKLING DRINKS

F&N's concerted efforts at sugar reduction has resulted in the launch of its first sugar-free offerings for the leading *F&N* Sparkling Drinks flavours – *F&N* Orange Zero and *F&N* Sarsi Zero. The all new *F&N* Orange Zero and *F&N* Sarsi

Zero are *F&N* innovations that boast the same great indulgent tastes as the regular range, without the sugar.

As a brand synonymous with festive celebrations, *F&N* Sparkling Drinks rolled out a Chinese New Year-themed 24-can Healthier Choice Festive Packs and limited-edition *F&N* Sparkling Drinks lineup during Hari Raya. The Healthier Choice Festive Packs included the no-sugar *F&N* Orange Zero and *F&N* Sarsi Zero, as well as the reduced sugar variety packs, *F&N SEASONS* Ice Lemon Tea Reduced Sugar and *F&N SEASONS* White Chrysanthemum Tea No Sugar. In addition to its existing range of Hari Raya limited-edition beverages, *F&N* Sparkling Drinks also introduced





F&N Lychee Pear which contains 40% less sugar than the regular F&N range. Certified Healthier Choice by the HPB, this low-sugar alternative was a great hit amongst Singaporeans.

BEER: CHANG

CHANG beer kept up its brand building pace internationally with exciting activities based on the experiential marketing initiatives. This year, it organised transnational activities, with core objectives of engaging with consumers in key global cities and broadening CHANG beer's following in these markets. Building on last year's success, CHANG SENSORY TRAILS was back for a third year running. A global campaign – across London, Los Angeles and Singapore – the CHANG SENSORY TRAILS sought to deliver 'the unexpected' by building a rich, multi-sensorial experience centred on Thai gastronomy, art and music.

As part of the broadcast sponsorship of the 2017/18 English Premier League in Singapore, CHANG organised a series of outdoor live viewing parties at iconic locations in the city state. Through these regular football screenings, CHANG beer continued

to drive awareness for the brand and create memorable moments for a mass sporting audience. These public screenings which carried CHANG beer branding ensured visibility across several venues in Singapore and was a key touchpoint for the brand.

Effective consumer promotions, social media presence, eye-catching in-store displays and outdoor sampling at large-scale events encouraged consumer trials and improved brand visibility. The strong performance of CHANG beer resulted in a positive volume growth for the brand, as it continued its focus on football, music and Thai culinary experiences to reach a wider audience, effectively boosting brand awareness and consumption.



F&N RETURNS TO MYANMAR WITH GREENFIELD BREWERY

F&N has formed a joint-venture with Sun Ace Company Corporation Limited ("SA") and Than Lwin Aye Yar Industrial Production & Construction Co., Ltd ("TLAY") to establish a greenfield brewery in Myanmar. In collaboration with our strategic partner, Thai Beverage Public Company Limited, the joint-venture will invest over US\$50m in a greenfield brewery which will brew and market a portfolio of ThaiBev's beer brands in Myanmar.

Approved by the Myanmar Investment Committee, as at 26 Nov 2018, F&N holds 79.3% of the new joint-venture company, Emerald Brewery Myanmar Ltd. The balance is held by Myanmar-based SA (20.0%) and TLAY (0.7%). Under the terms of the agreement, F&N will be responsible for overall management, providing brewing and technical expertise, procurement of ingredients and the licensing of brands.

The brewery is located at the Hlegu Township in Yangon. It is expected to be completed by end-2019 with an initial annual capacity of 500,000 hectolitres.

