

## CEO Business Review

# Beverages

## CORE MARKETS

Malaysia • Singapore



# No. 1

IN SINGAPORE

- 100PLUS in Isotonic
- F&N NUTRISOY in Soya Drinks
- F&N ICE MOUNTAIN in Water



# No. 2

IN SINGAPORE

F&N Sparkling Drinks in Flavoured Carbonated Soft Drinks




# 100PLUS

Entire 100PLUS RTD range is now reformulated to contain <5g of sugar

Endorsed by the Ministry of Health in Malaysia



# No.1

IN MALAYSIA

- 100PLUS in Carbonated Soft Drinks
- F&N SEASONS and OYOSHI in Ready-to-Drink Tea (Asian Drinks)

# NEW

range of 0% sugar  
beverages in Singapore



# CEO Business Review

## Beverages CORE MARKETS Malaysia • Singapore

# 5.7%

Operating profits of Beverages Malaysia improved by 5.7% to \$14.9m

# >90%

>90% of our RTD products sold in Malaysia are healthier options and below the excise duty threshold

The entire RTD range of 100PLUS in Malaysia has been reformulated to contain <5% sugar

## BEVERAGES MALAYSIA

### FY2019 PERFORMANCE

Despite a continuing difficult operating environment and cautious consumer spending, our core brands, 100PLUS, F&N SEASONS, OYOSHI and F&N Sparkling Drinks maintained leading positions, most growing ahead of their categories. We delivered on product innovation and invested in effective in-market activities during festive periods, which fuelled top line growth. This year, Beverages Malaysia revenue grew 1.0% y-o-y, to \$330.2m, on robust demand for core brands and driving volume growth. Operating profits also improved, by 5.7% to \$14.9m. The better profit was due to lower sugar cost and marketing spend, in addition to higher sales.

Last year, the Malaysian authority announced the imposition of excise duty of 40 sen per litre on sweetened beverages containing more than 5g/100ml of sugar, milk-based drinks containing more than 7g/100ml of sugar, as well as fruit and vegetable juices containing more than 12g/100ml of sugar. To support the government initiative to promote healthy living and minimise the impact of the excise tax, the Group successfully reformulated most of its RTD products by reducing sugar content and introducing smaller pack sizes. As at the close of this fiscal year, about 90% of our RTD products sold are healthier options and below the excise duty threshold. Consumers' response to our reformulated products have also been positive. We are acutely aware of the need to continue to monitor the beverage market so that we can stay ahead of market trends and demands.

### ISOTONIC: 100PLUS

F&N's flagship brand, 100PLUS, continued its reign as Malaysia's No.1 carbonated soft drinks.

100PLUS is the first isotonic drink launched in Malaysia some 36 years ago. To remain relevant to today's consumers, 100PLUS has continually reinvented itself through innovation and renovation. In support of Malaysia Ministry of Health's ("MOH") initiatives to promote healthy living, 100PLUS has reformulated its entire RTD range to contain less than 5% sugar. The Group has also responded to Malaysia MOH's call by increasing the availability of smaller pack sizes – 250ml and 1.2L – to encourage portion control and moderation in consumption. For consumers looking for an even healthier version, 100PLUS also has a reduced sugar version – 100PLUS Reduced Sugar. With no added artificial sweetener, 100PLUS Reduced Sugar contains only 4g/100ml of sugar, which is within the healthier choice symbol ("HCS") logo guidelines.

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 continued to reach out to and engage the masses by supporting sports organisations and sports events such as the Malaysia Football League, MAYBANK CHAMPIONSHIP GOLF JUNIOR CLINIC, NUTRITION MONTH MALAYSIA and STANDARD CHARTERED KUALA LUMPUR MARATHON. Beyond Malaysia, 100PLUS welcomed the opportunity to be the official isotonic drink sponsor for the PARIS SEMI-MARATHON 2019 which took place in the streets of the French capital. The event, one of the most popular events of the sporting calendar and second largest marathon in France, attracted over 33,000 runners, which provided sampling opportunities to drive engagement and conversion. 100PLUS was launched in France last year, making it the first carbonated isotonic drink in the country. The launch demonstrated F&N's commitment to increase the availability of 100PLUS to meet rising demand for sports drink.

# No. 1

F&N's flagship brand, 100PLUS, continued its reign as Malaysia's No.1 carbonated soft drinks



# OYOSHI and F&N SEASONS

## No. 1 Ready-To-Drink Tea (Asian Drinks) in Malaysia

### TEA: F&N SEASONS AND OYOSHI

F&N continued to command Malaysia's RTD tea segment (Asian Drinks) with *F&N SEASONS* and *OYOSHI* leading the RTD tea category.

This year, like *100PLUS*, most of *F&N SEASONS* tea drinks have been reformulated to below the 5% sugar content threshold. Smaller pack sizes have also been added to the black tea and Asian drinks lineup. In addition to reducing sugar content from our existing tea range, the Group also debuted *F&N SEASONS* Apple Pomegranate Tea and *F&N SEASONS* Watermelon Lychee Tea, all low in sugar, *OYOSHI* Sakura Strawberry Green Tea, and the limited-edition unsweetened *F&N SEASONS* Pu-Erh Chrysanthemum Tea in Malaysia.

*F&N SEASONS* strategically utilised digital platforms in conjunction with the debut of its Apple Pomegranate and Watermelon Lychee Tea variants. The brand message it conveyed was that its tea range can be enjoyed at any time with friends and family. *F&N SEASONS'* JOM SEASONS campaign also combined digital platforms with sampling activities to extend its reach to more consumers, both on-ground and on its social media pages.

Likewise, Malaysia's favourite green tea brand, *OYOSHI*, continued to focus its brand message on the authenticity and quality of its 100% organic Japanese green tea leaves. Available in five flavours – Original, Honey Lemon, Black Tea Lemon, Lychee and Sakura Strawberry green tea flavours – *OYOSHI* ran a series of campaigns this year, including a 360-degree marketing campaign to support the launch of *OYOSHI* Sakura Strawberry. The campaign, which captured *OYOSHI's* BEYOND DELICIOUS theme, encompassed mobile, experiential product, digital, television and social media. The successful campaign drove sales and powered market share gain. In addition to introducing new products, *OYOSHI* also supported events aimed at reinforcing its position as the authentic Japanese green tea brand. One of the biggest events this year was the Japan Expo Malaysia 2019 (JEMY 2019), the largest Japanese expo in Malaysia which saw an estimated 180,000

fans over three days. As a proud sponsor of this highly successfully event, *OYOSHI* was able to interact with consumers at *OYOSHI's* stations, providing sampling and sales opportunities.

### CARBONATED SOFT DRINKS:

#### F&N SPARKLING DRINKS AND EST COLA

Riding on the consumer health trend, *F&N* Sparkling Drinks range, like *100PLUS* and *F&N SEASONS*, has also been actively taking part in the sugar reduction initiative. The reformulated range of *F&N* Sparkling Drinks, which includes Orange, Sarsi, Strawberry, Grape, Fruitade, Ice Cream Soda, Zappel and Ginger Ade, has sugar content of less than 5%, and has earned the Healthier Choice Logo by the Malaysia MOH. In addition to having improved recipes, most of the *F&N* Sparkling Drinks range now comes in a smaller pack size – the 1.2L pack – to encourage portion control.

*F&N* Sparkling Drinks also debuted a new limited-edition festive flavour for Ramadan and Hari Raya festivities – the *F&N* Lychee Pear, with an improved recipe certified with the HCS.

## BEVERAGES SINGAPORE

### FY2019 PERFORMANCE

Beverages Singapore gained market share 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. This was achieved despite macroeconomic headwinds such as weakening GDP growth, consumer confidence and competitive price environment.

Singapore remains one of F&N's key markets. During the year, Beverages Singapore continued its emphasis on product innovation, focusing on healthier beverages. It has expanded its portfolio with lower- or no-sugar products including *F&N NUTRISOY* No Sugar Added Fresh Soya Milk, *F&N SEASONS* Pu-Erh Chrysanthemum Tea and limited-edition *F&N* Sparkling Drinks – *F&N* Ice Cream Soda Zero and *F&N* Zappel Low Sugar – all endorsed as 'Healthier Choice' by Singapore's Health Promotion Board ("HPB").

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### NEW PRODUCTS launched in Malaysia

- *F&N SEASONS* Apple Pomegranate Tea
- *F&N SEASONS* Watermelon Lychee Tea
- *OYOSHI* Sakura Strawberry Green Tea
- *F&N SEASONS* Pu-Erh Chrysanthemum Tea
- *F&N* Lychee Pear

*F&N SEASONS* tea drinks in Malaysia have been reformulated to contain <5% sugar

Most of *F&N* Sparkling Drinks in Malaysia have been reformulated to contain <5% sugar

## No. 1

*100PLUS*, *F&N NUTRISOY* and *F&N ICE MOUNTAIN* in Singapore

Beverages Singapore gained market share and maintained its market leading positions

# CEO Business Review

## Beverages

### CORE MARKETS

#### Malaysia • Singapore

# No.1

Singapore's No.1 isotonic brand, **100PLUS**, remains the isotonic drink of choice for consumers

## 80%

of our beverage sales in Singapore are contributed by Healthier Choice products

In October, as part of Singapore's war on diabetes, the Singapore Ministry of Health announced that a new colour-coded front-of-pack nutrition labelling will be made mandatory for pre-packaged sugar-sweetened beverages ("**SSB**") with medium-to-high sugar content, as well as a total ban on advertising of SSB with very high sugar content. F&N supports the government's initiative and commitment to encourage healthier living. Over the years, we have actively reduced the sugar content of our beverages and dairy products to deliver great tasting and healthier choices. F&N's concerted effort to reduce the sugar content in our products has contributed significantly to a steady decline of our sugar footprint over the last decade – 40% reduction over 14 years. We are continuing to drive this sugar reduction in our portfolio. Today, F&N has provided for Healthier Choice options in every RTD beverage category and 80% of our beverage sales in Singapore are contributed by Healthier Choice ("**HCS**") products. Our journey does not stop here. We continue to work closely with the HPB in our offerings of healthier products for the enjoyment by all Singaporeans. We aim to achieve our goals in three ways: 1) keeping the sugar level in our products low through reformulation, 2) increasing F&N's water portfolio, and 3) expanding sugar-free options for key variants. This enables F&N to provide our consumers healthier options in their beverages of choice, while continuing to deliver great taste and enjoyment.

#### ISOTONIC: **100PLUS**

Singapore's No.1 isotonic brand, **100PLUS**, remains the isotonic drink of choice for consumers. During the year, **100PLUS** continued to endorse active lifestyles through sponsorships and to extend the brand beyond sporting occasions by engaging youth in fun and social activations.

As a fervent advocate of active lifestyles, **100PLUS** continued its support of several major sporting events including the HSBC RUGBY SEVENS, OCBC CYCLE, STANDARD CHARTERED SINGAPORE MARATHON, SGX BULL CHARGE, SINGAPORE KINDNESS RUN, INCOME ECO RUN, GE WOMEN RUN, SHAPE RUN, THE STRAITS TIMES RUN, THE NEW PAPER BIG WALK, SMBC SINGAPORE OPEN and the WTA FINALS SINGAPORE.

In addition, **100PLUS** reminded Singaporeans to ZERO IN ON THE MOMENT and take a break from their daily grind with **100PLUS Zero** in May. As the Official Hydration Partner of HALLYUPOPFEST 2019 for the second consecutive year, **100PLUS** surprised Hallyu or "Korean wave" fans with a **100PLUS Zero** Noraebang or Korean-style karaoke room experience. Specially designed to facilitate energy production with B Vitamins (B3, B6 & B12) as well as to aid after-sports recovery, **100PLUS ACTIVE** released a 15g sachet pack size of its powder range. Perfect for active individuals who are always on the move, **100PLUS ACTIVE Powder** is both convenient and portable, providing the same **100PLUS** goodness on-the-go.

# No.1

**F&N NUTRISOY**  
is Singapore's No.1  
soya drink brand

## 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 index soya beverages amongst consumers.

This March, *F&N NUTRISOY* introduced *F&N NUTRISOY* High Calcium Reduced Sugar Fresh Soya Milk with Purple Sweet Potato. Made with real purple sweet potato and all natural non-genetically modified soya beans, this new beverage, available only for a limited period, offers a delicious and nutritious blend of soya milk and purple sweet potatoes. In support of this new addition, *F&N NUTRISOY* rolled out its PURPLE IS THE NEW SOY nationwide campaign to create awareness and drive trial. Through various customer touchpoints — outdoor activations, online advertisements, in-store roadshows, and point-of-sales materials — this four-month long campaign successfully brought incremental new users to the brand. Supported by the Singapore Heart Foundation (“SHF”) as a heart-friendly drink, *F&N NUTRISOY* with Purple Sweet Potato is endorsed by HPB's Healthier Choice symbol.

*F&N NUTRISOY* launched its second zero sugar variant in May. With three times more protein and 28 times more calcium than a regular soya bean drink, the all new *F&N NUTRISOY* No Sugar Added, like its regular soya milk range, helps reduce the risk of heart diseases and promotes a healthier heart. For the product launch, above-the-line and out-of-home advertising such as bus ads, wallscapes, outdoor and in-store samplings were adopted as key consumer touchpoints. In addition, *F&N NUTRISOY* partnered with content partners SGAG & Eatbook, as well as local food channel, The MeatMen, to promote awareness.

*F&N NUTRISOY* continued to be a main partner of SHF to promote heart health and educate Singaporeans on how to lead a heart-healthy lifestyle. This year, *F&N NUTRISOY* continued its support through its sponsorship of SHF's two key events – GO RED FOR WOMEN 2019 and WORLD HEART DAY 2019. At these events, *F&N NUTRISOY* conducted sampling of its omega range as well as the new zero sugar fresh soya milk range. Key benefits of *F&N NUTRISOY*, especially Omega-3 which is good for the heart, 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. *F&N ICE MOUNTAIN* played an important role in providing hydration to participants of sporting events sponsored by 100PLUS.

## TEA: F&N SEASONS

To kickstart this year's Lunar New Year festivities, *F&N SEASONS* launched the all-new limited-edition *F&N SEASONS* Pu-Erh Chrysanthemum Tea this

January. This aromatic black tea is a perfect blend of the authentic Chinese pu-erh and the sweet floral taste of chrysanthemum. Certified as a HPB Healthier Choice product, *F&N SEASONS* Pu-Erh Chrysanthemum Tea contains no added sugar and preservatives, making this the perfect guilt-free drink to enjoy after snacking on festive treats.

## F&N SPARKLING DRINKS

*F&N*'s concerted efforts at sugar reduction has resulted in the launch of more low- and zero- sugar offerings for *F&N* Sparkling Drinks flavours – *F&N* Ice Cream Soda Zero and *F&N* Zappel Low Sugar. These limited-edition flavours boast the same great indulgent tastes as the regular range, with reduced or no sugar.

As a brand synonymous with festive celebrations, *F&N* Sparkling Drinks rolled out a Chinese New Year-themed 18-can Healthier Choice Festive Pack that included the no-sugar *F&N* Orange Zero, *F&N* Sarsi Zero and 100PLUS Zero. During Hari Raya, in addition to its existing range of Hari Raya beverages, *F&N* Sparkling Drinks also introduced the limited-edition *F&N* Ice Cream Soda Zero and *F&N* Zappel Low Sugar. Certified Healthier Choice by the HPB, the zero- and low-sugar alternatives were a great hit amongst Singaporeans.

## BEER: CHANG

*CHANG* beer kept up its brand building pace internationally with exciting activities based on experiential marketing initiatives. This year, it organised transnational activities, with core objectives of engaging with consumers in key global cities, broadening *CHANG*'s following in these markets.

*CHANG* was the Official Broadcast sponsor of the Premier League in Singapore. Through this sponsorship, *CHANG* organised various Football Moments events. Building on last year's success, *CHANG* returned for another season of Football Moments with 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 strengthen its association with memorable moments for a mass sporting audience. These public screenings carried *CHANG*'s branding and ensured visibility across several venues in Singapore.

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. One such promotion sent three winners of the Tastes of London contest to London, of which *CHANG* UK was the official beer sponsor. 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.

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**NEW PRODUCTS**  
launched in  
Singapore, including

- ***F&N NUTRISOY* High Calcium Reduced Sugar Fresh Soya Milk with purple sweet potato**
- ***F&N NUTRISOY* No Sugar Added Fresh Soya Milk**
- ***F&N SEASONS* Pu-Erh Chrysanthemum Tea**
- ***F&N* Ice Cream Soda Zero Sugar**
- ***F&N* Zappel Low Sugar**

# No.1

**F&N ICE MOUNTAIN**  
is the No.1 water  
brand in Singapore