

CEO Business Review

CORE MARKETS

- 📍 Malaysia
- 📍 Thailand
- 📍 Singapore
- 📍 Vietnam



DAIRIES

กลิ่น
สตอเบอรี่โยเกิร์ต
หอมหวานต้องลอง!



ทีพอก
อร่อยหอมมันเข้มข้นถูกใจ



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DAIRIES MALAYSIA

In spite of pandemic-induced market conditions, Dairies Malaysia maintained its undisputed leadership of the condensed and evaporated canned milk segment with F&N, TEAPOT, GOLD COIN and CARNATION brands. To solidify its canned milk leadership position, Dairies Malaysia continued to innovate to drive excitement, and expand its consumer base and consumption occasions of canned milk.

Building on the tagline, "PURE ENJOYMENT. PURE GOODNESS", Dairies Malaysia maintained marketing activities to drive the growth of the ready-to-drink milk category. Leveraging the Group's in-house technical expertise, product offerings and trusted relationships with consumers, Dairies Malaysia has been able to make solid progress growing its F&N MAGNOLIA and FARMHOUSE liquid milk presence.

CANNED MILK: F&N/TEAPOT/GOLD COIN/CARNATION

Dairies Malaysia is a leading player in the canned milk industry. In spite of

the COVID-induced challenges, the Group reinforced its No.1 condensed milk position with F&N, GOLD COIN and TEAPOT with the rollout of F&N Full Cream Condensed Milk in different flavours and convenience pack. Over the years, to drive in-home consumption, Dairies Malaysia widened its choice of condensed milk with the introduction of TEAPOT in local flavours and in convenient squeeze tube pack. Bigger and convenient pack types were introduced targeting on-trade and convenience stores. Such channel-led innovations, effective marketing activities and increased production capacity bolstered Dairies Malaysia's position as the undisputed leader in Malaysia's condensed milk category.

CARNATION refreshed packaging of its Sweetened Creamer range this year. Its fresh and updated look enhanced brand awareness and encouraged new product trial. CARNATION also went beyond the traditional marketing outlets by utilising digital platforms to drive home consumption. This year, it rolled out several online campaigns, including the Gourmet At Home Contest, My Ramadan Recipe Contest and the CARNATION Cook From Home contest – to stimulate home consumption. Continuing from last year's successful The MAMAK VIRTUAL TERBESAR TEH TARIK ORI F&N campaign, F&N TEH TARIK ORI further reached young consumers with social media and effective branded hashtag challenges in its campaigns.

DAIRIES THAILAND

Dairies Thailand cemented its No.1 canned milk position with TEAPOT and CARNATION brands. Its strong market leading position was due to the successful rollout of innovative products, well-executed trade programmes, as well as its unrelenting distribution expansion across the country.

Through the launch of innovative products, Dairies Thailand has been able to tap the growth of liquid milk segment and grow its position in the ready-to-drink milk with F&N MAGNOLIA in Thailand.

In addition to driving domestic volume, Dairies Thailand bolstered its presence in the SEA region. Over the years, it has successfully deepened and widened its distribution reach and built the TEAPOT brand in Cambodia and Laos. Dairies Thailand will look to increase its exports by expanding its sales and distribution networks and increasing product offerings.

📍 Malaysia, Singapore & Thailand



CARNATION
No. 1 Evaporated
Milk in Malaysia



**DAIRIES
MALAYSIA**
holds the No. 1 position
in the Sweetened
Condensed Milk
category with
F&N, TEAPOT &
CARNATION

NEW

FARMHOUSE
introduced new
Dark Chocolate
Flavoured Milk in
Singapore



**F&N
MAGNOLIA**
launched a
lactose-free
fresh milk



**DAIRIES
THAILAND**
cemented its
No.1 canned
milk position
with TEAPOT
and CARNATION



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CARNATION

CARNATION, one of Nestle's brands licenced to F&N, remains the biggest brand in the canned milk sector in Thailand. Since we secured the manufacturing, marketing and distribution rights of CARNATION in 2007, the brand has grown from strength to strength. Through targeted brand marketing initiatives and expansion of hawker coverage, CARNATION was able to grow volume and reinforce its image as the premium and preferred choice in food and beverage applications. Today, CARNATION is the No.1 Premium Evaporated Milk brand in Thailand.

In 2007, the Group acquired relevant Nestle's production facilities and equipment in Thailand, along with the licensing rights to some of Nestle's canned and sterilised milk brands. Nestle's trademark licence agreement was subsequently renewed in 2015 for 22 years, until 2037, for the manufacturing and distribution of Nestle's products – CARNATION and BEAR BRAND in Singapore, Thailand, Malaysia, Brunei and Laos.

As in previous years, nationwide loyalty campaigns were rolled out this year to reward customers and consumers. The campaign, CARNATION, TEE 1 KWAM AROI, LOON BOI DON JAI TOOK RANGWAN generated brand excitement while the CARNATION MUD-JAI YING KOOM aimed to strengthen good relationship and bonding as well as brand loyalty with core users of CARNATION.

TEAPOT

Already Thailand's No. 1 flavoured SCM in squeezable tubes, TEAPOT expanded

its SCM portfolio with the introduction of TEAPOT Strawberry Yoghurt. Packed in convenient on-the-go squeezable tubes, this new addition, made with fresh milk, is rich and creamy, and delivers an aromatic and delicious taste. Supporting the launch was a series of marketing activities, including television commercials, digital and mobile campaigns, extensive nationwide sampling and various point-of-sales initiatives.

To better serve convenience stores, TEAPOT SBC Standing Pouch in 500g was introduced. Both value for money and convenient, this new pack type expanded TEAPOT SBC presence in the convenience channel and gained market share.

Capitalising on the demand for convenience, this July, TEAPOT rolled out another convenience pack in addition to squeezable tubes. TEAPOT SCM in sachets offers both affordability and convenience to consumers. Launched in

อร่อย...ตอบโจทย์ได้ทุกวัน

นมตราหมีโกลด์ คุณประโยชน์

A B 1,2,6,12 C D E LOW FAT HI-CALCIUM

two flavours, the regular Fresh Milk and Fresh Milk Chocolate, these on-the-go sachets supported penetration into the Horeca channel.

NEW GROWTH PILLAR: F&N MAGNOLIA AND BEAR BRAND

Our expanding product offering in the UHT milk segment enables us to meet the diverse and changing needs of our consumers. This year, health-conscious consumers in Thailand were treated to F&N MAGNOLIA Chocolate Malt Drink with 50% less sugar. This flavoured milk drink offers a guilt-free indulgence for consumers who are watching their sugar intake.

BEAR BRAND GOLD has introduced a new variant in Thailand this month – BEAR BRAND GOLD Acerola Cherry, the first ready-to-drink milk with Acerola Cherry in Thailand. The launch was supported by online communications and in-store visibility. Offering distinctive Acerola Cherry aroma and rich unique milk taste, this new variant also contains seven

benefits, similar to other variants of BEAR BRAND GOLD – which are high in vitamins A, B, C, D, E, calcium, and low in fat.

DAIRIES SINGAPORE

As a major dairy manufacturer and beverage supplier, F&N's F&B operation in Singapore remains resilient and adaptive as it overcame supply disruptions, manpower resource shortages and changing consumer consumption patterns. We continue to accelerate our digitalisation efforts and our transformation into a new normal.

LIQUID MILK: F&N MAGNOLIA AND FARMHOUSE

This year, Dairies Singapore continued to excite the market by introducing new, healthier products. It expanded its F&N MAGNOLIA Plus milk range with the introduction of F&N MAGNOLIA Plus Lactose Free Milk. Made from fresh milk with added lactase enzymes, F&N MAGNOLIA's very first lactose-

free milk provides lactose intolerant consumers an alternative to regular milk. Rich in calcium, every 250ml glass of F&N MAGNOLIA Plus Lactose Free Milk contains 40% of a person's daily calcium needs. Fortified with vitamin D3 to support calcium absorption, this nutritious beverage also contains vitamins B2 and B12 which are necessary for cellular growth, as well as cellular metabolism of carbohydrates, fat and protein. Voted the best tasting lactose free fresh milk during a blind taste test conducted by The Straits Times Life in May, F&N MAGNOLIA Plus Lactose Free Milk is a delicious and easy-to-digest beverage that allows consumers to enjoy the benefits of milk without experiencing uncomfortable symptoms.

In May, FARMHOUSE introduced a new FARMHOUSE Dark Chocolate Low Fat Flavoured Milk. Made with bittersweet, premium cocoa and fresh milk from Australia, this new addition was a roaring success, creating overwhelming demand.

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DAIRIES VIETNAM

F&N operates in Vietnam through its 20.4% investment in Vinamilk and its wholly owned subsidiary, F&N Vietnam Limited Company ("FNV") (please refer to New Markets).

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY ("Vinamilk")

F&N's investments in Vietnam date back to February 2005, when it first

took an approximately 5% stake in Vinamilk. In December 2016, the Group acquired additional shares representing approximately 5.4% interest through a competitive bid process. Thereafter, through further purchases from the market, the Group continued to increase its stake in Vinamilk, to 20.4% as at 30 September 2021. On account of the Group's shareholding and its appointment of a second representative to its board, the Group was deemed to have a significant influence over

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NEW

100PLUS

excited Singaporeans with new 100PLUS Hydration Bar



F&N MAGNOLIA

Justice League themed ice cream was back with a healthier formula and new packaging in Thailand



F&N

partnered with Foodpanda to provide Malaysians an alternative digital platform to purchase F&N products



Vinamilk for accounting purposes in accordance with the Singapore Financial Reporting Standards (International). Consequently, effective 16 April 2017, the Group started to equity account for its share of Vinamilk's profit under the equity accounting method.

In FY2021, Vinamilk contributed \$111.7m to F&N's PBIT, accounting for 42.7% of the Group's \$261.7m profit.

Vinamilk, the largest F&B company listed on the Ho Chi Minh Stock Exchange, is primarily involved in the production, supply and distribution of dairy products including powdered, liquid and condensed milk and yoghurt, as well as beverages including soy milk, fruit juice and tea. It is present in over 50 countries around the world, and is supported by 15 dairy factories in Vietnam, Cambodia and the USA, and 12 dairy farms in Vietnam.

DAIRIES ICE CREAM

Dairies Ice Cream division, with well-established and trusted brands like F&N MAGNOLIA, KING'S and MEADOW GOLD, is supported by two manufacturing plants in Malaysia and Thailand. This year, amidst difficult market conditions, F&N KING'S and F&N MAGNOLIA remained popular choices of ice cream brands in Malaysia, Singapore and Thailand. Both well-loved brands continued to rollout new products to keep pace with, and to shape, evolving consumer needs. They also embarked on key collaboration initiatives and effective marketing campaigns to drive sales.

In Singapore, the successful rollout of the Hawker Cart Inspiration Project helped boost F&N MAGNOLIA ice cream sales. The project successfully brought traditional bread sandwich ice cream from the streets to contemporary dining arena of cafes and foodcourts, driving sales and increasing brand awareness.

In September, F&N launched its first 100PLUS Original inspired ice cream – 100PLUS Hydration Bar – generating excitement and keeping consumers hydrated in sunny Singapore. Certified a healthier choice product by the Health Promotion Board, 100PLUS Hydration Bar is also trans-fat free.

In Thailand, Dairies Ice Cream also extended F&N MAGNOLIA's offering by introducing two new variants to capture the hearts and minds of kids.

Launched during the summer months, F&N MAGNOLIA introduced the F&N MAGNOLIA Cookie Crunch, a chocolate coated cookies and cream flavoured ice cream and F&N MAGNOLIA Gotcha Twin Rocket, a delicious orange-cola flavoured ice cream in the shape of a duo rocket. These new flavours were met with good response.

To further strengthen its presence in the kids' segment, F&N MAGNOLIA re-introduced its range of Justice League themed-ice cream in Thailand. Back with a healthier formula and new packaging design, the iconic Batman, Superman and The Flash ice cream are lower in sugar and calories, compared to its earlier range. Supported by a 360-degree marketing campaign which included digital and print advertising as well as in-store and outdoor activations, the return of F&N MAGNOLIA Justice League series has generated much excitement amongst consumers.

In response to the growing trend of healthy lifestyle, F&N MAGNOLIA introduced two healthier products, F&N MAGNOLIA C100 Orange and F&N MAGNOLIA Apple Twist. Targeting health-conscious consumers, both variants are lower in sugar and calories. F&N MAGNOLIA will continue to expand its healthier range of ice cream to cater to health-conscious consumers in the future.

In addition to driving innovation, F&N also expanded its sales and distribution network to keep up the sales momentum in the current economic landscape. It has also increased partnership with online marketplaces to better distribute its products and reach consumers. This year, in Malaysia, F&N partnered with Foodpanda – an online grocery portal – to make purchases of its range of ice cream easier for consumers. F&N also leveraged F&N Life, its very own e-commerce platform, to expand its online presence.

