

Business Review

DAIRIES



- Malaysia
- Thailand
- Singapore
- Vietnam

DAIRIES MALAYSIA

Weathering the pandemic-induced market conditions, Dairies Malaysia maintained its undisputed leadership position in the condensed and evaporated canned milk segment with F&N, TEAPOT, GOLD COIN and CARNATION brands. Dairies Malaysia is able to maintain the leadership position not only by actively responding to changing demands but also by steering the market using innovative products and consumer education.

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

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

Dairies Malaysia remains the undisputed leader in Malaysia's condensed and evaporated milk category. This year, despite intense market competition, the Group maintained its No.1 condensed milk position with F&N, GOLD COIN and TEAPOT. In April, F&N introduced the F&N 25% Reduced Sugar Sweetened Creamer in Malaysia. Specially formulated for consumers who want guilt-free indulgence, this healthier choice product boasts the same great taste but with lesser sugar. In addition to healthier-alternatives, Dairies Malaysia also continued to drive in-home consumption, in local flavours and convenient squeeze tube packs.

READY-TO-DRINK TEA: F&N

Riding on the popular launch of F&N Teh Tarik in April 2020, F&N expanded this ready-to-drink tea range with the introduction of a new pack size. Previously available only in bottle format, F&N Teh Tarik's two flavours – F&N Teh Tarik Ori and F&N Teh Tarik Less Sweet – now come in 240ml cans. This convenient pack is the perfect companion for consumers who are always on-the-go.



F&N Dairies Malaysia

No. 1 in both
Condensed &
Evaporated Milk
categories

LIQUID MILK: F&N MAGNOLIA AND FARMHOUSE

F&N MAGNOLIA

expanded its pasteurised liquid milk portfolio with the introduction of F&N MAGNOLIA Pasteurised Full Cream Milk in April. Packed with vitamin D and calcium, this healthier choice milk maximises calcium absorption and promotes retention for building strong and healthy bones. To drive trials and build brand awareness, the launch was supported by in-store sampling in conjunction with promotions and digital marketing on social media.

MALAYSIA





DAIRIES THAILAND

Dairies Thailand cemented its No.1 canned milk position with CARNATION and TEAPOT brands. Its strong market-leading position was due to the successful rollout of innovative products, well-executed trade programmes that were supported by an extensive distribution network across the country.

In addition to driving domestic volume, Dairies Thailand also bolstered its canned milk presence in the SEA region. To this end, it continued to deepen and widen its distribution reach, building the TEAPOT brand in Cambodia and Laos. Dairies Thailand will look to grow its overseas business by expanding its sales and distribution networks and increasing its product offering.

Similarly, through the launch of innovative products, Dairies Thailand has been able to tap the growth of Thailand's liquid milk segment and



F&N Dairies Thailand

**No. 1 in both
Condensed &
Evaporated Milk
categories**



F&N Magnolia, Bear Brand

**No. 1 Liquid
Non-Chilled Milk**

THAILAND



advance its position in the ready-to-drink milk segment with F&N MAGNOLIA and BEAR BRAND.

CARNATION

CARNATION, one of Nestle's brands licenced to F&N, remains the biggest brand in Thailand's canned milk sector. 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. Under our stewardship, the brand has grown from strength to strength.

Through targeted brand marketing initiatives and expansion of cart hawker coverage, CARNATION was able to grow volume and reinforce its image as the preferred choice of Thai consumers.

As in previous years, nationwide loyalty campaigns were rolled out this year to reward customers and consumers. The campaign – CARNATION REWARD, HAI LAEK HAI LUN, TAEN KHAM KHOPKHUN CHAK THI NUENG KHWAMARO – was executed to thank and reward consumers for choosing CARNATION as their No.1 choice of condensed milk in Thailand. To drive in-home consumption, CARNATION also engaged its brand ambassadors to encourage product usage as part of Thais daily meal preparation.

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DAIRIES THAILAND

(cont'd)

TEAPOT

Already Thailand's No. 1 flavoured Sweetened Condensed Milk ("SCM") in squeezable tubes, TEAPOT expanded its SCM portfolio with the introduction of TEAPOT Low Fat 25% Less Sucrose in January 2022. Packed in convenient on-the-go squeezable tubes, this new healthier addition is high in vitamins B1 & D. Low in fat and sugar, TEAPOT Low Fat 25% Less Sucrose was developed to cater to the growing number of health-conscious consumers. Supporting the launch was a series of digital campaigns, nationwide sampling

and various point-of-sales initiatives. Riding on the purple sweet potato trend, TEAPOT also introduced the TEAPOT Purple Sweet Potato in April. This new flavour is rich and creamy, delivering an aromatic and delicious purple sweet potato taste. Available nationwide in squeezable tubes, TEAPOT Purple Sweet Potato is the first SCM flavour of its kind in the country.

The growing trend of cooking at home saw a demand surge for cooking products. TEAPOT capitalised on it by launching TEAPOT Evaporated Milk for Cooking and Bakery in 385g cans. This new addition has a delicious milky aroma to enhance the taste of any menu.

TEAPOT also rolled out TEAPOT Extra Prisma Brik and TEAPOT Sweetened Evaporated Milk (2-in-1) for Beverages Brik, both in economical one-litre packs. Available in convenient packs with cap, these new packaging expanded TEAPOT's evaporated creamer presence in all channels and helped gain market share.

LIQUID MILK: F&N MAGNOLIA AND BEAR BRAND

Dairies Thailand continued to expand their product offerings in the UHT milk segment with the launch of two new variants, F&N MAGNOLIA UHT Milk and F&N MAGNOLIA Plus Vitamin ACD.

Fortified with vitamin D, F&N MAGNOLIA UHT Milk supports calcium absorption for strong bones and teeth. Available in two new flavours – Plain and Chocolate – it was specially formulated to bring out the unique sweet taste of plain milk, allowing consumers to enjoy a daily packet of "Tasty Goodness".

In May, Thais were treated to F&N MAGNOLIA Plus Vitamin ACD. High in vitamins A, C and D, a packet of this milk provides the essential nutrients for healthier skin, better immunity, and overall well-being. Available in two unique flavours – Blackcurrant and Brown Sugar – these nutritious and delicious beverages are sold nationwide. F&N MAGNOLIA successfully ran targeted online campaigns supported by in-store samplings to drive awareness.

Since the launch of BEAR BRAND GOLD Acerola Cherry in July 2021, the brand continued to educate consumers on the "seven benefits" of consuming this ready-to-drink milk in Thailand. It relied on extensive online and in-store communications to reinforce the key message that the drink contains vitamins A, B, C, D, E, calcium, and is low in fat.

To maintain top-of-mind, BEAR BRAND rolled out a four-month long BEAR BRAND DRINK EVERYDAY FOR A MILLION REWARDS nationwide campaign. In addition, in conjunction with Songkran and Mother's Day, BEAR BRAND also reinforced its brand message, "LOVE, WARMTH AND CARE", as the nourishing health drink for loved ones. Through effective online communications on social media, BEAR BRAND was able to maintain its No.1 position in the Sterilized Milk segment.



DAIRIES SINGAPORE

As a major dairy manufacturer and beverage supplier, Dairies Singapore has remained resilient as it overcame supply disruptions, rising input costs, manpower resource shortages and changing consumer consumption patterns. It also continued the acceleration of our digitalisation efforts, and evolve to stay relevant to our consumers.

In September, our smart factory in Tuas Singapore obtained the temporary occupation permit. This new 375,000sqf Green Mark Platinum facility boasts a state-of-the-art R&D centre and integrated manufacturing facilities. The integrated system allows for best-in-class pasteurised production, further enhancing our quality promise, product shelf life and cold chain management capabilities. The new automated storage and retrieval system will support improved vertical integration and connectivity



FARMHOUSE

**F&N
Magnolia,
Farmhouse**
No. 2 Total Liquid
Milk

SINGAPORE



within the supply chain, allowing for greater synergy between manufacturing and warehouse systems, thereby lowering production costs and improving productivity.

LIQUID MILK: F&N MAGNOLIA

This year, Dairies Singapore continued to excite the market by introducing new, healthier products to Singaporeans. In collaboration with the Singapore Sports Institute, it launched the F&N MAGNOLIA Plus High Protein Milk, in April. Available in two classic flavours – Vanilla and Chocolate – F&N MAGNOLIA Plus High Protein Milk is lower in fat and certified a “Healthier Choice” product by the Health Promotion Board.

F&N MAGNOLIA continues to delight consumers with the launch of the first low fat, hazelnut, and chocolate flavoured milk in Singapore. A trusted brand of milk for generations, F&N MAGNOLIA’s new limited-edition flavour was crafted for pure enjoyment. Made with the natural goodness of low-fat milk, F&N MAGNOLIA Royal Hazelnut Chocolate Low Fat Flavoured Milk is blended with real hazelnut and sumptuous chocolate. In addition to supporting the development of strong bones and teeth, this beverage helps in tissue building and growth. It is also certified a “Healthier Choice” product.



The Power of Protein. The Goodness of Milk.

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DAIRIES VIETNAM

F&N operates in Vietnam through its 20.4% investment in 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 2022. On account of the Group's shareholding and its appointment of two representatives to its board, the Group was deemed to have a significant influence over 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 FY2022, Vinamilk contributed \$97.4m to F&N's PBIT, accounting for 42% of the Group's 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, cheese, ice cream, yoghurt and cereals, as well as beverages including soy milk, fruit juice, yoghurt drinks and tea. It is present in over 60 countries around the world, and is supported by 17 factories in Vietnam, Cambodia and the USA, and 15 dairy farms in Vietnam.

DAIRIES: ICE CREAM

Dairies' Ice Cream division, with well-established and trusted brands like F&N MAGNOLIA, KING'S and 100PLUS, is supported by two manufacturing plants in Malaysia and Thailand.

F&N MAGNOLIA and KING'S remained popular ice cream brands in Malaysia, Singapore and Thailand. Both well-loved brands continued to roll out 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.



KING'S excited Singaporeans with the launch of KING'S Potong Japanese Sweet Potato ice cream



KING'S take home 1.2L tub lids are now recyclable in Malaysia

ICE CREAM

SINGAPORE

Since the launch of 100PLUS Hydration Bar in September 2021, this new trans-fat free ice confection has strengthened F&N's ice cream portfolio through effective marketing campaigns, driving sales for FY2022. Riding on the back of 100PLUS's sponsorships at sporting events and brand activations, 100PLUS Hydration Bar was well-received amongst consumers during joint sampling events. To drive trials and sampling, 100PLUS sponsored the NATIONAL DAY PARADE FIESTA, SINGAPORE LIVERPOOL MATCH, SEA GAMES 2022, FIBA 3X3 ASIA CUP, OCBC CYCLE, STANDARD CHARTERED SINGAPORE TROPHY 2022 and various golf tournaments.



This year, F&N MAGNOLIA celebrated the WORLD ICE CREAM DAY by creating family moments with sustainability in mind. It encouraged consumers to create family moments by re-purposing empty ice cream tubs into sewing kits, organisers, piggy banks, tissue box holders and other items, limited only by consumers' imagination.

In April, KING'S Potong expanded its Asian dessert portfolio with the launch of KING'S Potong Japanese Sweet Potato ice cream, a deliciously cool indulgent that is perfect for Singapore's warm climate. The successful launch, supported by U Weekly's Magazine and Gourmet Living Magazine, as well as online and social media platforms, generated over \$1m in publicity value.

THAILAND

In Thailand, Dairies Ice Cream extended F&N MAGNOLIA's offering by introducing a new variant, targeting teens and young adults. Launched in January, F&N MAGNOLIA introduced the F&N MAGNOLIA Triple Chocolate Sundae, a delicious chocolate ice cream mixed with white malt, chocolate sauce and chips, packed in convenient cups. This new and delectable ice cream successfully increased the total sundae portfolio for Ice Cream Thailand. F&N MAGNOLIA also revamped the packaging of their range of Cravio ice cream. The redesign was aimed at capturing the growing chocolate coated segment amongst the teens and young adults.

In response to the growing trend toward affordable products, F&N MAGNOLIA introduced five ice cream variants priced at THB10. They included F&N MAGNOLIA Gotcha Jumbo, a delicious lemon lime and strawberry flavoured ice cream in the shape of cute elephant, F&N MAGNOLIA Gotcha Watermelon, a refreshing watermelon flavoured ice cream shaped like watermelon, and F&N MAGNOLIA Cool in three refreshing flavours, Cola, Salak and Lime. These new flavours were met with good response.

MALAYSIA

FY2022 was an exciting year for Dairies Ice Cream in Malaysia, with the successful launch of 100PLUS Hydration Bar and F&N MAGNOLIA Justice League themed ice cream. Launched in October 2021, the first ever hydration bar in Malaysia, 100PLUS Hydration Bar is the perfect ice confection to cool one down during those hot and sunny days. To build brand awareness, F&N kicked off the JOM RAYA JOM HIDRAT campaign during Ramadan where social media influencers were engaged to introduce the benefits of consuming 100PLUS Hydration Bar. The campaign generated high participation and sampling rates.

In August, the return of F&N MAGNOLIA's Justice League Ice Cream became the talk of the town. Its return was supported by a 360-degree marketing campaign which included video placements in 46 LED Out-of-Home panels along popular streets in Kuala Lumpur, advertorials in social media, poster displays in supermarkets and a Justice League Photo Contest.

This year, KING'S continued to excite consumers with the launch of its new Sirap Bandung ice cream flavour. Made with Malaysian's favourite drink flavour, this limited-edition ice cream can be enjoyed with Sirap Bandung drink for an unforgettable, indulgent experience. Riding on the popularity of local favorites, KING'S also introduced its very own durian ice cream flavour. Available in convenient cups, KING'S D24 Durian cups are made with 100% pure D24 durian pulp, delighting durian lovers.

In addition to new products and running marketing campaigns, KING'S take home tubs also went through a total packaging revamp. Featuring a new label design, KING'S also replaced its coloured lid with transparent lid, making it easier to recycle and reduce pollution.

