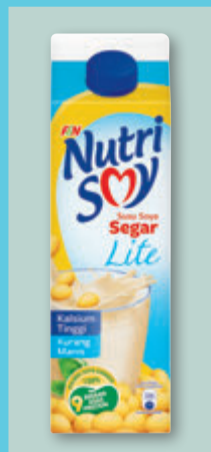


BEVERAGES

CORE MARKET Malaysia



BEVERAGES MALAYSIA: RESULTS

Beverages Malaysia FY2017 revenue was adversely impacted by intensifying competition, cautious consumer spending and a weaker Ringgit. Consequently, FY2017 revenue fell 19% (-15% in constant currency). Lower revenue, higher sugar cost, a one-off consultancy expense in relation to a restructuring exercise and higher tactical price discounts resulted in a 75% fall in its FY2017 PBIT (-74% in constant currency).



This year, Beverages Malaysia continued to formulate and implement marketing and branding initiatives to ensure that *100PLUS*, *F&N Sparkling Drinks*, *OISHI*, *F&N SEASONS* and *F&N NUTRISOY* maintain leading positions in their respective categories. Focusing on

promoting active and healthy living, *100PLUS* reinforced the importance of hydration while leading active lifestyles by launching limited-edition packaging and extending its offerings to include a non-carbonated version, *100PLUS ACTIVE*, in conjunction with the 29th Southeast Asian (“**SEA**”) Games in Kuala Lumpur, Malaysia, as well as in other regional and international sports events.

To support the Group’s expansion strategy, this year, the Group invested \$60m (RM200m) in a water processing line, a combi blow-mould-and-filling machine for its soft drink plant in Malaysia, and filling lines for its dairy plants in Thailand. This is in addition to the \$100m (RM300m) investment committed last year for an aseptic cold-filling PET bottle line and an integrated warehouse in Shah Alam, and a new ultra-high temperature (“**UHT**”) line in Kuching. In March 2017, Beverages Malaysia commenced production of the new UHT line in Kuching. This investment, made in anticipation of increased regional demand, is expected to enhance productivity and increase production capacity by about 3.4m cases a year, as well as improve its environmental footprint. The aseptic cold-filling line, the first for the Group, is expected to be installed and commissioned by 1Q2018. Aimed at optimising its manufacturing and distribution facilities to meet the growing demand for its healthier range of beverages, these investments by Beverages Malaysia are aligned with the Group’s Vision 2020 of strengthening F&N’s positions in its core markets and supporting its regional expansion efforts.

Beverages Malaysia remains focused on driving its “go to market” strategy across a wide platform. In the new year, it will continue to develop and improve its capability and competency to manage multiple channels as well as the increasingly diverse routes-to-market required to be successful in reaching its

consumers with the right product at the right occasion. Beverages Malaysia will continue to invest in technology, assets and people to compete effectively on as broad a front as possible. It believes that, above all, in-market execution is vitally important in ensuring F&N Group achieves its vision of becoming a leading F&B player in ASEAN.



ISOTONIC: *100PLUS*

F&N’s flagship brand and Malaysia’s No.1 isotonic drink, *100PLUS*, cemented its position as the enabler of active lifestyles through its support of a series of sports sponsorships including national athletes, major sports events and several national sports bodies. This year, the development of *100PLUS* was supported by the huge level of awareness driven by its sponsorship of the 29th SEA Games held in Kuala Lumpur, where *100PLUS* was the Games’ official isotonic beverage. Leveraging the Games’ popularity, *100PLUS* rolled out a series of multi-sensory campaigns to engage athletes, participants and fans from around the

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SEA region. It rolled out limited-edition ranges of *100PLUS SEA Games KL2017* packaging in Singapore and Malaysia. Also, it launched *100PLUS ACTIVE*, a non-carbonated version of *100PLUS* in Singapore, Malaysia and Myanmar, supported by a series of marketing activities surrounding the Games to reach and engage consumers.

To build awareness and drive product trial, *100PLUS ACTIVE* rolled out the *NO FIZZ, 100PLUS ACTIVE* campaign during major brand-sponsored sporting events. At the SEA Games, *100PLUS ACTIVE* provided hydration to more than 500,000 athletes, officials, volunteers and sports enthusiasts throughout the duration of the event. The successful launch of *100PLUS ACTIVE* has enabled us to gain market share in the isotonic category.

Following its support of the national badminton team in 2016, *100PLUS* extended its support of the sport by partnering the Badminton Association of Malaysia to set up the *100PLUS ACTIVE ALL MALAYSIA* Badminton Team Championship. Aimed at providing an avenue for badminton enthusiasts to gather, share knowledge and skills, the organisation kicked off the year with the *100PLUS ACTIVE ALL MALAYSIA* Badminton Team Championship competition. Through this 6-week Competition, *100PLUS* successfully raised the profile and visibility of its brand.

In addition to badminton, *100PLUS* continued to reach out and engage the masses by supporting sports organisations and sporting events, including *IRONMAN LANGKAWI 2016*, *PUTRAJAYA NIGHT MARATHON*, *KL CAR FREE MORNING*, and *THE EDGE KUALA LUMPUR RAT RACE 2017*. The sponsorship of sporting events provided an opportunity for *100PLUS* to strengthen its fans' connection with the brand.

TEA: *F&N SEASONS AND OISHI*

F&N continued to command Malaysia's ready-to-drink ("RTD") tea segment with *F&N SEASONS* and *OISHI* leading the black tea and green tea segments, respectively.

Malaysia's No. 1 brand of ice lemon tea, *F&N SEASONS*, continued to convey the importance of taking a break and remaining optimistic. Focusing its consumer engagement initiatives on digital platforms and sampling activities this year with campaigns like *BILA SUAMI MASUK DAPUR* and *F&N SEASONS BERAYA BERSAMA FATTAH AMIN*, *F&N SEASONS* extended its reach to more consumers both on-ground and on its social media pages.



Likewise, Malaysia's No. 1 brand of RTD green tea, *OISHI*, continued to focus its brand communications on the authenticity and quality of its 100% organic Japanese green tea leaves in its campaign. Available in Original, Genmai, Honey Lemon and Lychee green tea flavours, as well as black tea lemon flavour, *OISHI* ran a series of campaigns including the *SO OISHI SO DELICIOUS* thematic campaign. This month-long integrated campaign consisted of above- and below-the-line marketing activities to strengthen *OISHI*'s Japanese image. This year, *OISHI* also collaborated with *ANIMAX Asia TV* for *A BRUSH WITH CREATIVITY* campaign where consumers were given a once in a lifetime chance to bring their story to life on *ANIMAX Asia TV* and to win exclusive Japan Anime Tour.

In addition to marketing campaigns, *OISHI* rejuvenated its brand by updating its can packaging to a more contemporary look. Besides updating its can packaging, *OISHI* Green Tea Lychee, riding on the successes of its launch in FY2016, introduced a new take-home 1.5L pack for the whole family to enjoy.

SOYA: *F&N NUTRISOY*

Beverages Malaysia continued to position Malaysia's No. 1 soya brand, *F&N NUTRISOY* range of soya milk, as a tasty and nutritious beverage alternative.

This year, riding on its successes, *F&N NUTRISOY* introduced its pasteurised soya milk range - *F&N NUTRISOY Fresh* - in Malaysia, the first in the country. Catering to consumers looking for the ultimate freshness and high-quality hygiene assurance, *F&N NUTRISOY Fresh* is made from fully-imported non-GMO Canadian soybeans. This protein-rich beverage

is available in Malaysia in two delicious variants, *F&N NUTRISOY* Fresh Soya Milk and *F&N NUTRISOY* Fresh Soya Milk Lite. The launch was supported by a 360-marketing campaign which included new television commercials, in-store point-of-sales materials, print and on-line ads and in-store samplings.

To emphasise the health benefits and importance of soya protein, *F&N NUTRISOY* partnered with dietitians and food scientists to create a SOY CHATS segment on popular local television talk shows to educate consumers and to generate awareness.



BEVERAGES

CORE MARKET Singapore



BEVERAGES SINGAPORE: RESULTS

Beverages Singapore (comprises Soft Drinks, Beer and Export) saw revenue growth of 6% in FY2017, driven by higher *CHANG* beer volumes and full-year contribution from the vending machine business, Warburg, which was acquired in July 2016. The stronger sales was achieved despite weaker performance from domestic soft drinks volumes and lower exports. In addition to higher tactical discounts offered and higher input costs, PBIT of Beverages Singapore fell 75%.



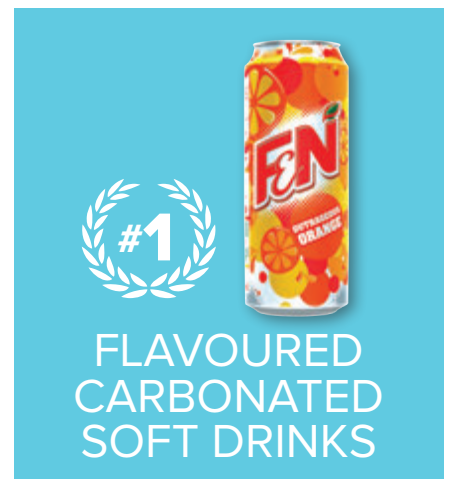
Despite challenging market conditions, this year, *100PLUS*, *F&N*, *F&N NUTRISOY* and *F&N ICE MOUNTAIN* maintained their leading market positions in Singapore, with market share gains in the isotonic, flavoured carbonated soft drink, soya and water categories, respectively.

In addition to its focus on building customer-preferred brands and healthier products, Beverages Singapore also continued to innovate, expand and deepen its route-to-market, and ensure efficiency in the marketplace. It launched new healthier products including *F&N ICE MOUNTAIN* Classic Sparkling Water and a reduced sugar *F&N SEASONS* Ice Lemon Tea, both endorsed as

'Healthier Choice' by Singapore's Health Promotion Board.

F&N's path to proactively reduce the sugar level in its products across its portfolio began in 2007, when it launched its PURE ENJOYMENT. PURE GOODNESS. campaign. The campaign was conceived to encapsulate F&N's move toward products that emphasise healthy enjoyment, without compromise on taste. Since 2007, F&N's concerted effort to sugar reduction has contributed significantly to a steady decline of its sugar content over the last decade – 29% reduction over 12 years. Today, its entire portfolio of beverages - packet, canned or bottled sugared drinks - contains no more than 12% sugar, as mandated by Singapore Health Promotion Board ("HPB"). From bottled water and tea, to soya and Asian drinks, these products are also made available in healthier options, which include sugar-free, reduced sugar, no sugar added, low-fat variants, all carrying the Healthier Choice Symbol by HPB. F&N's drive toward introducing healthier, great-tasting products has been met with very positive consumer response.

**F&N PORTFOLIO
OF SUGAR SWEETENED
BEVERAGES
CONTAINS
NO MORE THAN
12%
OF SUGAR!**



ISOTONIC: 100PLUS

As a home-grown brand that has become the country's leading isotonic beverage, *100PLUS* continued to cement its leadership position through branding campaigns and strategic partnerships with leading sport events.

In conjunction with the 29th SEA Games held in Malaysia, *100PLUS* released a series of limited-edition 2017 SEA Games themed cans. The new release was in recognition of Team Singapore's commitment and dedication in training for the Games. The themed cans featured Rimau, the Games' official mascot, engaging in sports such as swimming and running to rally Singaporeans to support Team Singapore athletes. As an avid supporter of the Singapore National Olympic Council, *100PLUS* provided hydration to Team Singapore athletes while they trained in the three months leading up to the Games.

In addition to supporting the biggest sporting event in the region, *100PLUS* deepened its partnership with HPB by supporting the NATIONAL STEPS CHALLENGE and the EAT, DRINK, SHOP HEALTHY campaign, which aimed to encourage Singaporeans to get physically active, live and eat healthily.

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In July 2017, 100PLUS launched the 100PLUS ACTIVE in Singapore. The launch was supported by a full 360-degree marketing support – above and below-the-line support, fronted by the new 100PLUS brand ambassador, Mok Ying Ren, a double SEA Games gold medallist. As part of the launch campaign, 100PLUS ACTIVE rolled out the GET ACTIVE! SINGAPORE campaign. Held in conjunction with Singapore National Day celebrations, this government-led movement kick-started a slew of activities and competitions around Singapore, all with the aim of getting citizens active.



As a fervent advocate of active lifestyles for both national athletes and individuals, 100PLUS continued its support for several major sporting events including the OCBC CYCLE, STANDARD CHARTERED MARATHON SINGAPORE, SGX BULL CHARGE, THE COLOR RUN, THE NEW PAPER BIG WALK, THE STRAITS TIMES RUN, SUNDOWN MARATHON, HSBC RUGBY SEVENS, SMBC SINGAPORE OPEN and the WTA FINALS SINGAPORE.

In August, 100PLUS extended its support to the development of sports in Singapore by becoming a member of the spexBusiness network, a scheme set up by the Singapore Sports Institute to help Team Singapore athletes cope effectively with their dual demands of sports and career and provide them with opportunities that will prepare them to transit into post-sports careers. 100PLUS is committed to support the hydration and post-recovery needs of Singaporean athletes during their training and competition periods with its wide portfolio of nutritious and healthy products.

SOYA: F&N NUTRISOY

F&N NUTRISOY, Singapore's No. 1 fresh soya milk brand, continued to raise awareness of its low-glycemic-index attribute and educate consumers on the importance of protein for the body's daily functions through a series of marketing initiatives, which included above-the-line investments and partnership with a celebrity chef to demonstrate recipes using F&N NUTRISOY to drive in-home consumption.



F&N NUTRISOY continued its long-standing support of the Singapore Heart Foundation, participating in WORLD HEART DAY 2017 and the NATIONAL HEART WEEK to educate the public on heart health and making the right choices to reduce the risk of cardiovascular disease.



WATER: F&N ICE MOUNTAIN

F&N ICE MOUNTAIN is the leading drinking water brand in Singapore. Following its successful launch of its sparkling range in 2016, F&N ICE MOUNTAIN Sparkling Water extended its offerings by launching the Classic variant to add to its existing variants of lemon and grapefruit flavours. These variants offer consumers a carbonated water that is both affordable and healthy.

TEA: F&N SEASONS AND OISHI

F&N SEASONS maintained its No. 2 position in the RTD black tea segment.

This year, F&N SEASONS embarked on a new brand positioning of EVERY SEASONS IS BETTER WITH FRIENDS campaign to recapture the hearts of consumers.

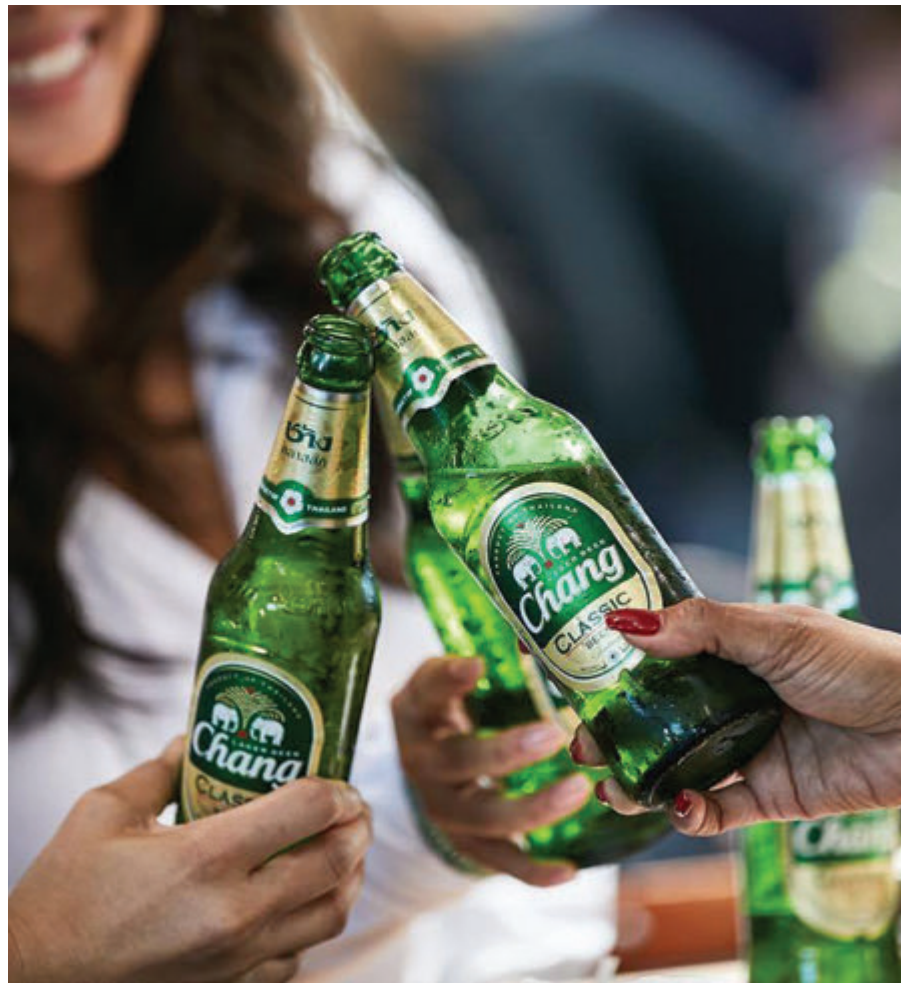
As part of the Group's continuing effort to promote healthy living, F&N SEASONS introduced a reduced sugar variant of its popular F&N SEASONS Ice Lemon Tea in Singapore. Known for their high levels of antioxidants, F&N SEASONS Ice Lemon Tea Reduced Sugar contains 36% less sugar than its original version. With no added artificial sweetener, consumers can now enjoy the same great taste, without worrying about the extra calories!

FY2017 saw the launch of a premium option of OISHI – the OISHI Kabusecha Green Tea in no sugar and low sugar, to cater to increasing consumer demand for healthier beverage options and authentic green tea.

BEER: CHANG

CHANG beer continued to pick up market share in FY2017. The strong performance of CHANG beer was attributed to successful execution of trade promotions and on-ground activations. Consumer promotions, eye-catching in-store displays and outdoor sampling opportunities at large-scale events encouraged consumer trials and improved brand visibility. CHANG beer's consumer engagement programmes that focused on football, music, Thai culinary experiences and urban lifestyle also extended its reach to a wider audience, effectively boosting brand awareness and consumption.

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 to engage with consumers in key global cities and broaden CHANG beer's following in these markets. Building on last year's success, CHANG SENSORY TRAILS was back for a second year running. A global campaign – across London, San Francisco and Singapore – the CHANG SENSORY TRAILS sought to deliver 'the unexpected' by building a rich, multi-sensorial experience centered around Thai gastronomy, art and music.

Also notable event was the first by-invite only CHANG URBAN PULSE campaign in Singapore and Vietnam. Targeting the millennial generation, this sophisticated urban lifestyle platform brought together performances from four urban arts genre – break-dancing, beat-boxing, freestyle rapping and Muay Thai – pulling in an exclusive trendsetting crowd for a night of thrill and excitement.

Both of these successful campaigns helped boost CHANG beer sales, distribution and brand awareness significantly.