

CEO BUSINESS REVIEW

NEW MARKET MYANMAR



middle-class population will present tremendous growth opportunities for the Group.

RESULTS

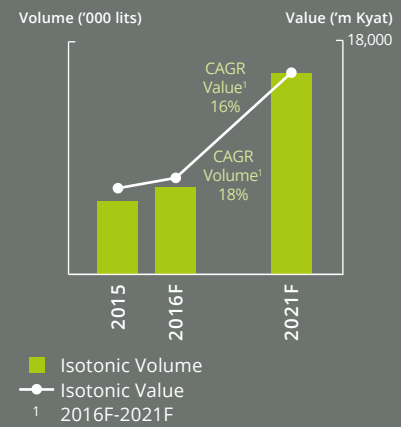
Since the establishment of the F&N branch office in Yangon in 2014 to conduct market research, coordinate sales and marketing efforts, and provide support to local distributors, the Group, with 100PLUS, has recorded market share gains year-on-year. Started with 100PLUS Original and 100PLUS Lemon Lime, the Group also offers 100PLUS Orange, 100PLUS Edge, F&N NUTRISOY, F&N SEASONS, OISHI and TEAPOT, and has further expanded the Group's footprint in Myanmar, much to the delight of our consumers.

As a result of focused and consistent support behind the brand, coupled with a rapidly expanding route-to-market, 100PLUS has established itself as the leading isotonic beverage in the country. Riding on the successes of 100PLUS Original and Lemon Lime, this year, the Group extended its offering with new variants, 100PLUS Orange and 100PLUS Edge. 100PLUS Orange was launched as an additional flavour to 100PLUS' carbonated isotonic range in Myanmar. The launch was

MYANMAR: MARKET OVERVIEW

An agriculture supply shock from heavy flooding, slowdown in new foreign investment and inflationary pressures eased Myanmar's economic growth to 7% in 2016, from an average of 8.5% in the last two years. Nevertheless, as the economy recovers from the effects of the floods, Myanmar's prospects remain optimistic, with real GDP growth rate projected to rise to 7.8% in 2016-2017, and average 8.2% per year over the medium-term¹. The increasing levels of discretionary expenditure and changes in consumption habits among a burgeoning, largely urban

Projected Market Size of Isotonic Segment



supported by print and social media, and eye-catching displays in outlets of Myanmar's supermarkets and hypermarkets. The launch of 100PLUS Edge, 100PLUS non-carbonated variant, was supported by billboard advertisements, attractive displays in the modern trade, social media communication as well as consumer trials.

This year, one of the key marketing campaigns was the sponsorship of the Yoma Yangon International Marathon in January 2016. As one of the major running events held in Yangon, this marathon attracted over 6,000 international and local runners, making it the perfect platform for the launch of 100PLUS Edge. As the event's Official Hydration Partner, brand visibility of both 100PLUS and 100PLUS Edge was amplified via hydration stops along the race route, successfully reaching out to local and international runners. In addition to supporting Yoma Yangon International Marathon, 100PLUS was also a keen participant of the Bagan



¹ Source: World Bank

Temple Marathon. Having cemented its position as a supporter of active lifestyles, 100PLUS continued its support of Myanmar Football Federation and extended its sponsorship of sports organisations to include Myanmar Golf Federation.

The Group continued to partner Citymart Holdings Ltd ("Citymart") in its efforts to increase 100PLUS' brand visibility and product availability. Citymart is the No. 1 supermarket and hypermart chain operator in Myanmar. Leveraging Citymart's wide retail presence, the Group was able to drive consumer awareness and increase visibility of its products through consumer promotions, roadshows and in-store displays. Through the jointly organised "Active Family Day Out" event, which was held for the 2nd consecutive year in 2016, F&N was able to extend its reach to more families through product sampling opportunities and widespread publicity.

Additionally, the year in review saw the launch of TEAPOT canned milk in Myanmar. Canned milk is a staple product in Myanmar and is widely used in tea shops, a ubiquitous fixture in Myanmar's social life. To capitalise on the strong demand for canned milk, the Group expanded its products beyond soft drinks to formally



introduce TEAPOT Sweetened Beverage Creamer ("SBC") and Evaporated Creamer ("EVAP") . To increase awareness and consumption,

food and beverage applications using TEAPOT were introduced at the launch event attended by more than 150 business partners. A trade loyalty programme for local tea shops and sampling programmes in hospitals were also implemented. Since its launch, TEAPOT has performed well with gains in market shares for both SBC and EVAP within the canned milk segment.



Going forward, the Group expects competition in the growing isotonic and canned milk segments to intensify. Nonetheless, we will continue to build on our existing platform to step up our brand building and trade activities, so as to maintain 100PLUS' leading position and grow TEAPOT's volume shares.

CEO BUSINESS REVIEW

NEW MARKET VIETNAM

VIETNAM: MARKET OVERVIEW

Vietnam, earmarked as one of the Group's new markets in its regional expansion plan, is one of ASEAN's fastest-growing economies. With a projected GDP growth rate averaging 6% in the next three years, a young population, rising middle class and increasing urbanisation, Vietnam presents huge growth potential for F&N.

To this end, the Group incorporated F&N Vietnam Limited Liability Company in August 2016, effectively enabling it to extend its operations in this market beyond the functions of a representative office (set up in June 2015). F&N Vietnam distributes, markets and conducts trading of non-alcoholic beverages and beer in the country.

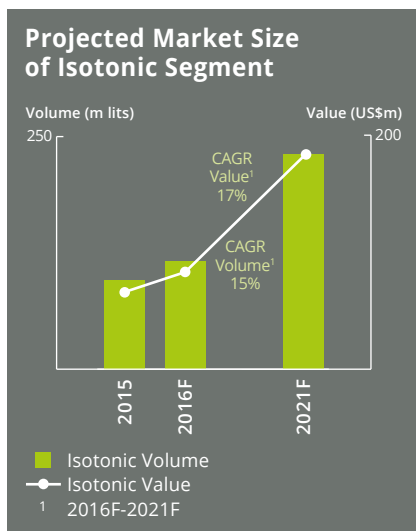
RESULTS

Since the Group's core brand 100PLUS was launched in 2015, its performance has been promising. On the back of intensified trade and consumer



marketing programmes coupled with an expanded route-to-market, 100PLUS FY2016 volume has increased manifold, outpacing the projected 19% growth rate of the isotonic segment in 2016. This financial year, efforts to expand route-to-market resulted in more than 50% increase in each of the convenience stores, on-premise and general trade channels.

To capitalise on the significance of Tet festival, 100PLUS rolled out a festive packaging to drive sales and brand awareness. Consumer trials were also carried out in on-premise and modern trade outlets, and convenience stores. Eye-catching in-store displays and social media were also used to boost awareness and visibility.



100PLUS continued to support various sports events and engaged different stakeholder groups in FY2016. It continued its sponsorship of the Ho Chi Minh City Media Futsal Tournament and the Danang International Marathon, where over 5,000 participants sampled 100PLUS as the event's exclusive isotonic drink. Other events supported by 100PLUS as the exclusive isotonic drink included the District 4 Charity Walk & Cycling Tournament, the Under-18 National Tennis Tournament and the International Table Tennis Competition. 100PLUS also sponsored the Ho Chi Minh City Student Union

which enabled it to reach out to students in high schools and universities.

Riding on the success of 100PLUS Original, new flavours of 100PLUS – Orange, Lemon Lime and Berry – were launched in FY2016 to offer consumers more choices. In September 2016, CHANG beer was launched to encouraging response.

F&N Vietnam will continue to drive consumer engagement and brand awareness, in addition to sharpening its route-to-market to tap into the growth opportunities presented by this market.



Available in Vietnam



CEO BUSINESS REVIEW

NEW MARKET

THAILAND



THAILAND: MARKET OVERVIEW

With the growing health consciousness among Thai consumers and increasing demand for healthier products with reduced sugar and functional benefits, beverage manufacturers have been introducing products focused on healthier concepts. This year, to support consumers in making healthier diet choices, the Thai government introduced the 'Healthier Choice' label for F&B products to help consumers identify healthier food options. 100PLUS has been identified as a 'Healthier Choice' product and the Group has adopted the label in its packaging from September 2016. It will leverage consumers' increasing focus on health and nutrition to reinforce its image as a healthier soft drink suitable for all occasions.



RESULTS

The Group debuted in Thailand's soft drinks market with the launch of core brand, 100PLUS, in February 2015. Despite being a new entrant in the isotonic segment, 100PLUS has performed well to achieve a credible No. 3 position. The Group operates in the Thai soft drinks market through its licensee Thai Drinks, a subsidiary of Thai Beverage PCL, for the manufacturing, marketing and distribution of 100PLUS in Thailand.

Available in Thailand (Soft Drinks)



Positioned in Thailand as the first soft drink with functional benefits, 100PLUS offers increasingly health-conscious Thai consumers both the functional benefits of rehydration and replenishment of lost fluids and minerals in the body, as well as the refreshing sensation of a lightly carbonated soft drink. As a relatively new entrant, this year, the Group stepped up its efforts to educate consumers on its product benefits, increase brand visibility and strengthen its position as the healthier alternative to carbonated soft drinks for every day consumption.

Following FY2015's successful launch of 100PLUS Original and 100PLUS Lemon Lime, which was supported by a nationwide campaign, 100PLUS



continued to ride on the momentum built to extend brand visibility and strengthen its position as a functional soft drink. Tapping into the increasingly popular trend of cycling, 100PLUS ran a nationwide consumer promotion "Bike in Japan" from March to May 2016. The promotion was highlighted through an integrated marketing campaign which included television and cinema commercials, print and online advertising, in-store sampling and event sponsorship. Boosted by strong consumer interest and word of mouth, both trade and consumer off-take achieved significant increase over the three-month period. Through "Bike in Japan", 100PLUS' brand image as a functional soft drink also strengthened among consumers.

Other brand building activities included a television commercial aired from May to August 2016 and strategic media placements to boost top-of-mind, as well as event sponsorships to drive trials. This year, 100PLUS supported 34 running and cycling events in Thailand, and has become the preferred beverage partner of event organisers, successfully reinforced its position as the drink of choice for those who lead active lifestyles. 100PLUS also capitalised on its growing

presence in fitness centres to drive consumption. It will optimise the fitness channel in the coming year to encourage even more consumption from consumers looking to rehydrate after their exercise.

In the new financial year, the Group will continue to strengthen 100PLUS' brand positioning of being the healthier soft drink of choice and broaden consumption opportunities beyond sports to every day occasions.

