

News Release

Media enquiries: vietnaminfo@nielsen.com

FAST MOVING CONSUMER GOODS IN VIETNAM GOT A RECORD PEAK IN QUARTER 1, THANKS TO LUNAR NEW YEAR

Vietnam, April 20, 2017 – Fast Moving Consumer Goods (FMCG) growth nationwide in the first quarter of 2017 got a record peak for many years, 9.6% versus 5.3% of YA – the highest growth in the past three years. This growth was mainly driven by an impressive increase of 8.5% volume growth, according to Quarterly Market Pulse report released by Nielsen Vietnam - the global performance measurement company. (See chart 1)

Market Pulse Report is based on the results of Nielsen Retail Measurement study of FMCG, on the major categories. The Nielsen Retail Measurement provides continuous tracking of product movement through defined retail outlets. The data are used to measure manufacturer and retailer effort as well as consumer off-take.

According to the report, when looking deeper into six super FMCG categories nationwide (beverage¹ - including beer, food², milk base³, household care⁴, personal care⁵ and cigarettes), the recovery was reflected in positive growth happened across all super categories. Especially, 3 out of 6 super categories witnessed a double-digits growth in this quarter. Those categories were Food, Home Care and Personal Care, with 13.9%, 12.4% and 12.2% growth respectively. Following those categories, Milk-Based gained 10.3% growth and Beverage gained 9.1% growth. Lastly, Cigarette grew 5.6% this quarter. (See chart 2)

Beverage still accounted for a large proportion of total FMCG sales in this quarter at roughly 45%. Cigarette and Food accounted for slightly below 19% and 13% respectively.

“The good news was that Tet got a record peak in many years. However, we still need to watch out for the growth in 2017. After an impressive growth at 18.7% in January which is Lunar New Year month, February and March growth came down to 8.6% and only 2.1% respectively. It could be an early sign of slowing down, or merely due to the low season after Tet” observed Nguyen Anh Dzung, Director, Retail Measurement Services, Nielsen Vietnam.

Rural has been constantly grown as a new source of growth for many manufacturers during the past years. And this story was again seen noticeably in this quarter. The report revealed

¹ Beverage includes: Beer, Soft Drink, Energy Drink, Sport Drink, Packaged Water, Tonic Food Drink, Fruit Juice, Tea Bag, Ready-To-Drink Tea, Ready To Drink Coffee, Coffee

² Food includes: Biscuit, Pie and Sponge Cake, Snack, Cooking Oil, Instant Noodle, Chili Sauces, Gum, Meal Maker, Bouillon - MSG

³ Milk includes: Milk Powder, Spoon Yoghurt, Sweetened Condense Milk, Ready to drink milk

⁴ Household Care includes: Laundry, Dishwashing Liquid, Household Cleaner, Insecticide Aerosol, Insecticide Coil, Fabric Softener, Toilet Tissue

⁵ Personal Care includes: Facial Care Product, Shampoo, Hair Conditioner, Personal Wash, Toothpaste, Toothbrush, Facial Tissue, Feminine Protection, Mouth Wash, Deodorant, Body Lotion.

that rural grew at 12.4%, contributing 51% to total FMCG sales nationwide while urban only gained 6.5% this quarter. The pick-up from both urban and rural areas was mostly driven by volume increase. (See chart 3).

“Despite the slowdown in the rural sector due to agricultural challenges seen last year, this sector bounced back strongly with significant recovery across super categories.” added Nguyen Anh Dung. “Over 60% of Vietnam’s population live in the rural areas and there are excellent opportunities for companies in this sector. Rural consumers have rising incomes and greater access to product information than ever before through the internet and their uptake of smartphones. Manufacturers that have access to the latest knowledge and information on rural trends and consumer demands will be best placed to capture growth opportunities”.

Chart 1: FMCG growth

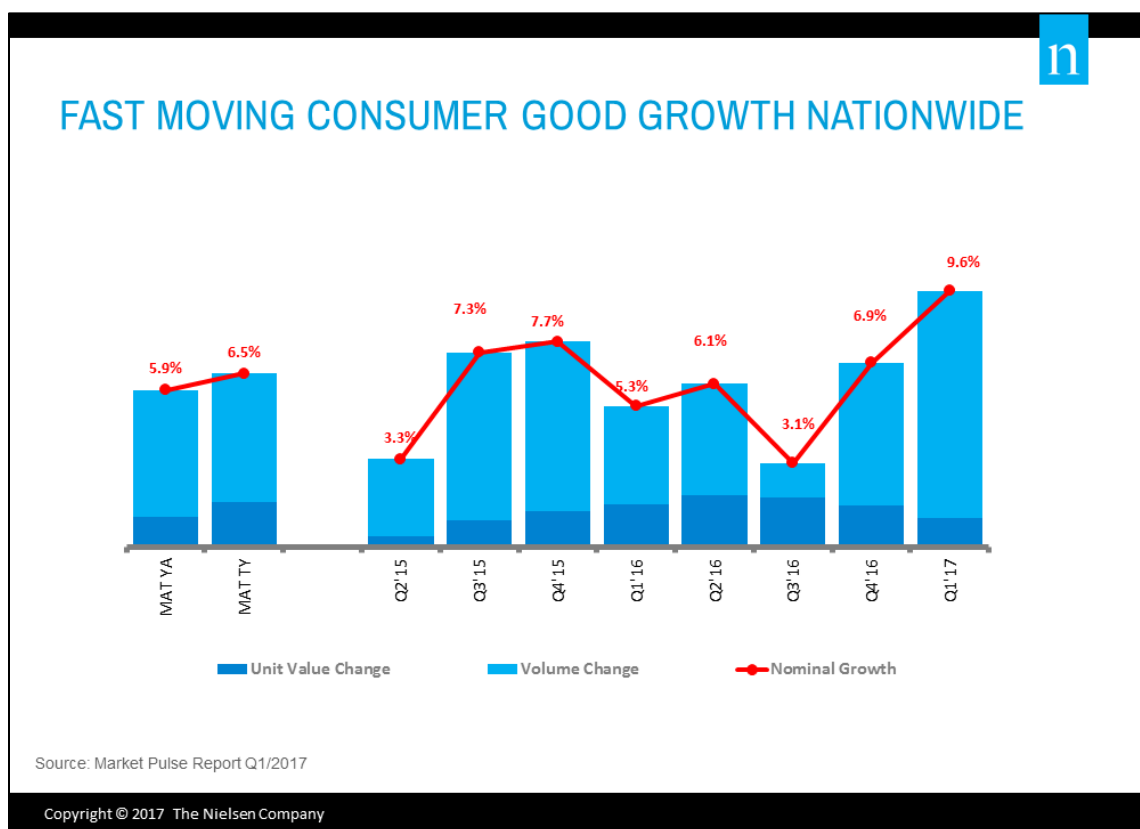
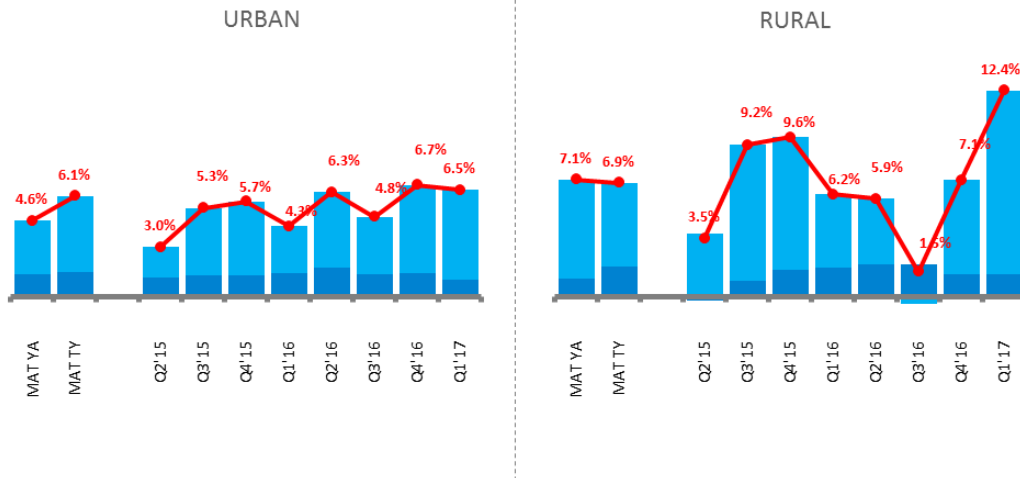


Chart 2: FMCG growth in urban vs. rural areas



FAST MOVING CONSUMER GOOD GROWTH URBAN VS. RURAL

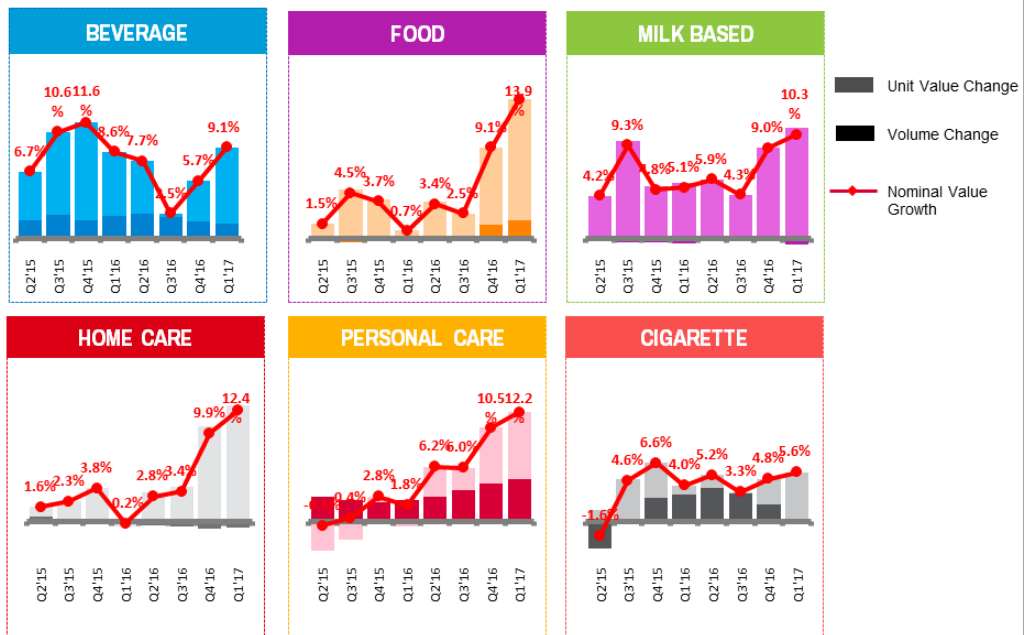


Source: Market Pulse Report Q1/2017

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Chart 3: Super categories growth

SUPER CATEGORIES GROWTH



Source: Market Pulse Report Q1/2017

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