WHAT’S NEXT IN SOUTHEAST ASIA

SEIZING UNTAPPED OPPORTUNITIES IN ASIA’S NEXT GROWTH FRONTIER
SMALL BUT MIGHTY

SEIZING UNTAPPED OPPORTUNITIES IN SOUTHEAST ASIA

While sustainable growth opportunities are becoming harder and harder to spot around the world, Southeast Asia is gaining momentum and emerging as a growth engine for local and global companies alike.

This “Seizing The Untapped Opportunities in Southeast Asia' report reveals opportunities for growth in seven Southeast Asia markets.

While Southeast Asia accounts for less than 3% of global land area, it is home to more than 8% of the world’s population.

The seven countries included in this report are:

- Indonesia
- Malaysia
- Myanmar
- Philippines
- Singapore
- Thailand
- Vietnam
SOUTHEAST ASIA AT A GLANCE
SMALL IN SIZE...

... BUT MIGHTY IN NUMBER

While Southeast Asia accounts for just 2.6% of global land area, it is home to 8.3% of the world’s population - and its population is growing faster than the population of the United States, China and the UK.

POPULATION GROWTH IN THE PAST 5 YEARS
SOUTHEAST ASIAN COUNTRIES ARE SURPASSING GROWTH LEVELS IN THE US, THE UK AND CHINA.

POPULATION GROWTH IN THE PAST 5 YEARS (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>3.6%</td>
</tr>
<tr>
<td>UK</td>
<td>3.0%</td>
</tr>
<tr>
<td>China</td>
<td>2.3%</td>
</tr>
<tr>
<td>India</td>
<td>5.9%</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>5.8%</td>
</tr>
<tr>
<td>Philippines</td>
<td>8.2%</td>
</tr>
<tr>
<td>Singapore</td>
<td>8.0%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>7.9%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>5.9%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>5.5%</td>
</tr>
<tr>
<td>Myanmar</td>
<td>4.7%</td>
</tr>
<tr>
<td>Thailand</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Source: Nielsen ‘What’s Next Starts Now’
The population is relatively young while countries such as the Philippines and Malaysia have a relatively young population, Singapore and Thailand are home to an aging population.

<table>
<thead>
<tr>
<th>Country</th>
<th>%&lt;35 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast Asia</td>
<td>60%</td>
</tr>
<tr>
<td>Philippines</td>
<td>67%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>63%</td>
</tr>
<tr>
<td>Myanmar</td>
<td>62%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>61%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>58%</td>
</tr>
<tr>
<td>Thailand</td>
<td>46%</td>
</tr>
<tr>
<td>Singapore</td>
<td>42%</td>
</tr>
</tbody>
</table>
STRONG ECONOMIC INDICATORS
STABLE GDP GROWTH AND HIGH CONSUMER CONFIDENCE

Over the past four years, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam have all seen stable GDP growth. Consumer confidence in the region has also increased across the board, with material improvements in optimism levels in Malaysia, Singapore and Vietnam.

GDP GROWTH 2015 - 2018

Source: Nielsen ‘What’s Next Starts Now’
SOUTHEAST ASIANS AMONG THE MOST CONFIDENT IN THE WORLD

CONSUMER CONFIDENCE IS ON THE RISE

CONSUMER CONFIDENCE INDEX
(Q4 2016 - Q4 2018)

Source: The Conference Board® Global Consumer Confidence™ Survey in collaboration with Nielsen
CONSUMERS IN THE REGION ARE DOING WELL FINANCIALLY

Incomes are growing across the region, and consumers believe they are better off than they were five years ago.

AVERAGE HOUSEHOLD INCOME DISTRIBUTION

Source: The Economist Intelligence Unit
A majority of Southeast Asian consumers believe that they are financially better off than they were five years ago, particularly developing economies such as Vietnam, Indonesia and the Philippines.

Not only are consumers financially better off than they were, they are also able to spend comfortably and buy things just because they want them. This is particularly true for consumers in Singapore, where 67% say that they are able to spend comfortably.

**CONSUMERS WHO FEEL FINANCIALLY BETTER OFF THAN THEY WERE 5 YEARS AGO**

**CONSUMERS PERCEPTION ON ABILITY TO SPEND**

IMPROVED SPENDING POWER HAS LED TO HEALTHY FMCG GROWTH IN THE REGION

All countries posted positive FMCG growth in 2018, with the biggest growth seen in the Philippines and Malaysia.

FMCG VALUE GROWTH MAT Q4 2018 VS Q4 18

THAILAND
0.5% MAT
3.9% QTR

MALAYSIA
+4.9% MAT
+1.3% QTR

SINGAPORE
-0.5% MAT
+0.5% QTR

PHILIPPINES
+8.9% MAT
+8.7 QTR

VIETNAM
+4.3% MAT
+5.2% QTR

MYANMAR
+0.1% MAT
+4.7% QTR

INDONESIA
+1% MAT
+1.3% QTR

ASIA PACIFIC *
+ 5.4% MAT
+5.1% QTR

SOUTHEAST ASIA*
+2.3% MAT
+2.8% QTR

Source: Nielsen Growth Reporter * Excludes Myanmar
With high internet penetration in Southeast Asia, reaching 83% in Singapore, 82% in Thailand and 77% in Malaysia, consumers are not only well informed, but it is also becoming increasingly complex for brands to reach and engage consumers. Traditional rules of engagement no longer apply, in these economies.

### Internet Users (in ‘000) vs. Penetration (in %)

<table>
<thead>
<tr>
<th>Country</th>
<th>Internet Users</th>
<th>Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>4,800</td>
<td>83</td>
</tr>
<tr>
<td>Thailand</td>
<td>57,000</td>
<td>82</td>
</tr>
<tr>
<td>Malaysia</td>
<td>25,000</td>
<td>77</td>
</tr>
<tr>
<td>Vietnam</td>
<td>64,000</td>
<td>66</td>
</tr>
<tr>
<td>Philippines</td>
<td>67,000</td>
<td>62</td>
</tr>
<tr>
<td>Indonesia</td>
<td>143,250</td>
<td>53</td>
</tr>
<tr>
<td>Myanmar</td>
<td>18,000</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: Internet World Stats March 2019
CONVENIENCE IS MORE THAN A STORE FRONT

GROWTH IN CONVENIENCE SEEN ACROSS THE BOARD

The convenience/minimarket channel is growing faster than the total market, pointing to consumers’ increasing demand for convenient shopping solutions.

The biggest growth in convenience can be seen in Malaysia, where convenience/minimarkets have grown by 17% (versus 5% total market growth), followed by Vietnam where convenience has grown 13% while total market growth is at 5%.

GROWTH OF CONVENIENCE/MINIMARKETS

TOTAL MARKET

- VIETNAM +13%*
  vs +4%

- INDONESIA +8%
  vs +1%

- SINGAPORE +0.1%
  vs -0.5%

- MALAYSIA +17%
  vs +5%

- PHILIPPINES +10%
  vs +9%

- THAILAND +7%
  vs +0.5%

Source: Nielsen RMS – MAT Q4 2018 *Vietnam = Modern Trade
A DIVERSE REGION

BUT AMONG UNIQUE DRIVERS, LIE COMMONALITIES AMONG MARKETS.

Positive economic indicators, along with healthy FMCG growth point towards the immense opportunity for growth in the region, which currently remains untapped.

However, there is no one-size-fits-all strategy to win, as each country has its own unique characteristics that set them apart from each other, as demonstrated below.

LOCAL MARKET DRIVERS

<table>
<thead>
<tr>
<th>INDONESIA</th>
<th>MALAYSIA</th>
<th>MYANMAR</th>
<th>PHILIPPINES</th>
<th>VIETNAM</th>
<th>THAILAND</th>
<th>SINGAPORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience Lifestyle</td>
<td>Growth Of Proximity Stores</td>
<td>Convenience Lifestyles</td>
<td>Evolving Modern Retail Landscape</td>
<td>Importance Of Smaller Format</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected Consumers</td>
<td>Connected Consumers</td>
<td>Connected Consumers</td>
<td>Connected Consumers</td>
<td>Connected Lifestyles – E-Commerce &amp; Digital</td>
<td>Connected Consumer</td>
<td>Connected Consumer</td>
</tr>
<tr>
<td>Affordable Indulgence</td>
<td>Premiumisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outer Java Opportunity</td>
<td>New Regulation – Sugar Tax</td>
<td>Category Growth Esp. Rural</td>
<td>Emerging Middle Class (BPO &amp; CFWs)</td>
<td>In-Store Strategies – Key To Success</td>
<td>Growing Health Consciousness</td>
<td></td>
</tr>
</tbody>
</table>
INDONESIA
INDONESIA

INDULGENT SPENDING

Indonesian consumers’ savings has continued to increase, up 5.7% in 2018 versus 2017, however spending on leisure and lifestyle items has risen. For example, dining out at coffee shops and fast food outlets have increased from 40% in 2016 to 43% in 2018.

Funds from Savings Account + Time Deposit
(In Billion RP, Q3 2018)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3,535,222</td>
</tr>
<tr>
<td>2017</td>
<td>3,943,517</td>
</tr>
<tr>
<td>2018</td>
<td>4,168,082</td>
</tr>
</tbody>
</table>

Dining Out Incidences
(Coffee Shops and Fast Food)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Incidences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4'16</td>
<td>40</td>
</tr>
<tr>
<td>Q4'17</td>
<td>43</td>
</tr>
<tr>
<td>Q4'18</td>
<td>43</td>
</tr>
</tbody>
</table>

INDONESIANS SEEK INDULGENCE

Similar trends are observed in FMCG categories that consumers are prepared to spend more on indulgence such as Liquid Milk (+9%), Chocolate (+8%) and Mineral Water (+8%) which are experiencing higher growth in 2018. Contributing factors included attractive thematic packaging, variant innovation, increased distribution, variety of range and affordable prices.

GROWTH IN “INDULGENT” CATEGORIES

Source: Nielsen RMS.
GROWING MIDDLE CLASS SEEKS CONVENIENCE

BOOM IN PROXIMITY SHOPPING

In Indonesia, with growing middle class and increasingly busy life, proximity and convenience have become very important to consumers. They want to spend less time to reach stores, especially in key cities where congestion is a major factor. Small format stores continue to grow with Mini-markets +9% (2017 vs 2018), contributing a third of total market sales.

<table>
<thead>
<tr>
<th>Period</th>
<th>Hyper/Super Market</th>
<th>Mini Market</th>
<th>General Trade</th>
<th>Health &amp; Beauty Medical</th>
<th>Health &amp; Beauty Cosmetic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec ‘18</td>
<td>-4</td>
<td>9</td>
<td>-2</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Past 3 Months</td>
<td>-3</td>
<td>10</td>
<td>-2</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Past 6 Months</td>
<td>-5</td>
<td>7</td>
<td>-2</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Past 12 Months</td>
<td>-4</td>
<td>8</td>
<td>-1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>2017 Vs 2016</td>
<td>0</td>
<td>9</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>
OPPORTUNITIES IN OUTER JAVA ISLANDS

DRIVEN BY SPECIAL PROJECTS

Zooming in some regions of Indonesia, outer Java contributes more than 48% of the total Indonesia FMCG with Sumatra, Kalimantan, Sulawesi and Bali & Nusa Tenggara all growing faster than Greater Jakarta as the government executes a lot of special projects in those regions.

VALUE AREA CONTRIBUTION & VALUE GROWTH | FY 2018

INDONESIA FMCG TOTAL: IDR360 TRILLION

2017 STRATEGIC PROJECTS (#)

Note: Strategic projects include infrastructure development: Airports, Seaports, Toll roads, etc.

Source: Nielsen RMS.
MALAYSIA
MALAYSIA

VALUE MATTERS

Malaysia has enjoyed five consecutive quarters of consumer confidence since Q1 2018, and consumers appear largely positive about the country’s prospects in 2019.

Consumer optimism can be attributed to the historic general election, in which Malaysia welcomed a new ruling party for the first time since independence. The new administration has also enacted and announced a number of changes to Malaysia’s tax policy that have had an impact on consumer spending. Over the past few years, Malaysia has seen a number of tax policy changes that have impacted consumer spending behavior.

The most significant of these changes was the “zerorization” of the Goods & Services Tax (GST) on 1 June 2018, and the subsequent introduction of the Sales & Services Tax (SST) on 1 September 2018.

The move to effectively eliminate the GST was welcome by consumers, as in the 3 years since the introduction of the GST in 2015, the prices of goods and services had risen, as reflected in the Consumer Price Index (CPI).
MALAYSIANS CRAVE CONVENIENCE

PROXIMITY SHOPPING IS ON THE RISE

The retail landscape in Malaysia is evolving rapidly. The universe of stores and channels are exploding driven by rapid urbanisation, the rise in connectivity and consumers’ increasing demand for convenience.

In 2018, Malaysia’s FMCG market grew by 4.9%. During this time, trade growth was driven by smaller format stores, with provision shops, convenience stores and personal care stores each enjoying double digit value growth. The boom in proximity retailing is further evident in the increasing number of visits to mini markets, convenience stores and provision shops over the past three years, while visits to hypermarkets remained flat and supermarkets declined.

Source: Nielsen Malaysia Retail Index 2018 (80 categories, excl. cigarettes, beer & shandy), Peninsular Malaysia

![Chart showing value % share of trade and change vs. 2017 for different retail formats]

Source: Nielsen Malaysia Retail Index 2018 (80 categories, excl. cigarettes, beer & shandy), Peninsular Malaysia
PRUDENT MALAYSIANS SEEK VALUE FOR MONEY

PRICE SENSITIVE CONSUMERS SEEK OUT PROMOTIONS

In Malaysia, as 59% of consumers believe they are financially better off than they were five years ago. That being said, this improved financial standing does not always translate into willingness to spend. In fact, the majority of Malaysians we have surveyed over the past 10 years have consistently said that they are most likely to save any spare cash that they have after covering all essential living expenses.

As such, it is no surprise that Malaysians seek value for money when it comes to shopping. Four in five consumers take advantage of special offers/deals and make a lot of effort to buy groceries at the lowest prices. In addition, 70% are sensitive to promotions and look at circulars and coupons.

MALAYSIAN’S ATTITUDE TOWARDS PRICE AND PROMOTIONS

| Price awareness of groceries bought regularly | 53% |
| Sensitivity to promotions | 69% |
| I usually make a point of looking at circulars and coupons | 70% |
| I go to a lot of effort to buy my groceries at the lowest prices | 83% |
| I take advantage of a special offer or deal | 84% |

Source: Nielsen Shopper Trends 2018
BUT ARE WILLING TO SPEND GIVEN THE RIGHT VALUE PROPOSITION

HIGH-PRICED RANGES ARE GROWTH DRIVERS WITHIN DRUGSTORE / PHARMACY

Although Malaysians have historically been prudent spenders, there are a number of categories that they are willing to spend more money on, for example personal electronics such as computers, tablets and mobile phones, clothing & shoes, cars, vitamins and cosmetics.

When making purchase decisions for such products, consumers place a premium on products that come with high quality & safety standards, items that provide superior function or performance and those that contain organic or all-natural ingredients.

A prime example is within the drugstore / pharmacy channel, where premium ranges are driving category growth.

<table>
<thead>
<tr>
<th>VALUE % CONTRIBUTION</th>
<th>CATEGORY GROWTH</th>
<th>PREMIUM SEGMENT GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL PERSONAL CARE</td>
<td>+26%</td>
<td>+31%</td>
</tr>
<tr>
<td>FACIAL CLEANSER</td>
<td>+17%</td>
<td>+19%</td>
</tr>
<tr>
<td>MOISTURIZER</td>
<td>+11%</td>
<td>+15%</td>
</tr>
<tr>
<td>TOOTHPASTE</td>
<td>+28%</td>
<td>+33%</td>
</tr>
</tbody>
</table>

Source: Nielsen Retail Audit, Total Drugstore / Pharmacy
SUGAR TAX MAY CHANGE PURCHASE BEHAVIOUR

New tax to be implemented on 1 July 2019

IMPLICATIONS OF SUGAR TAX

SUGAR TAX LIKELY TO IMPACT SOFT DRINKS CONSUMPTION AND SALES, AT LEAST IN SHORT-TERM

SHOPPING FOR CARBONATED SOFT DRINKS IS HIGHLY PLANNED AND LOYAL, BUT PRICE WILL BECOME A FACTOR IN-STORE

SUGAR TAX AND HEALTH CONCERNS ARE DRIVING GROWTH OF “HEALTHIER” CATEGORIES

MANUFACTURERS RE-THINKING THEIR CARBONATED SOFT DRINKS PORTFOLIO AND NEW PRODUCT DEVELOPMENT (EG LOW SUGAR)
DIGITAL READINESS IS HIGH
HIGH INTERNET AND SMARTPHONE PENETRATION HAS LED TO THE EMERGENCE OF ONLINE SHOPPING

Internet penetration in Malaysia is high at 86%, while smartphone penetration is at 76%. The proliferation of Internet usage in the country has given rise to online shopping, with 11% of shoppers saying that they have shopped online in the past month. Of this, 5% of shoppers say that they have purchased food and groceries online in the past month. Interestingly, the top three categories bought online are skincare, shampoo & conditioner and diapers/baby wipes.

Source: Nielsen Shopper Trends Report 2019 and CMV Report, Peninsular Malaysia (Urban & Rural)
MYANMAR
MYANMAR
STRATEGICALLY POSITIONED FOR GROWTH

Myanmar consumer comprises of 53.9 Million people recorded as the 28th largest population in the world.* They are young (with more than half of the total population aged 10-34 years old), progressive, open to trying new products and generally seeking an enjoyable shopping experience.

CONSUMER SPENDING ON THE RISE

FMCG GROWTH DRIVEN BY FOOD AND BEVERAGES IN RURAL MARKETS

Myanmar continues to be among the fastest growing economies in the region with signs of consumers opening up and spending more on FMCG consumption where most of the growth is being driven by Food and Beverages in rural markets.

From 2017 to 2018, there is double digit growth in the categories such as Tea mix (+18%), Fish Sauce (+11%), Energy Drink (+13%) which are the categories with more than 50% penetration in the market. Household and personal care products also show a promising growth in rural markets with 6% growth in shaving razor, toilet cleaner and facial foam.

<table>
<thead>
<tr>
<th>SEASONING PRODUCT</th>
<th>% PENETRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEA MIX</td>
<td>+18%</td>
</tr>
<tr>
<td>ENERGY DRINK</td>
<td>+13%</td>
</tr>
<tr>
<td>NON-CSD</td>
<td>+10%</td>
</tr>
<tr>
<td>HEALTH FOOD DRINK</td>
<td>+3%</td>
</tr>
<tr>
<td>CSD</td>
<td>+2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LESS THAN 50% PENETRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FISH SAUCE</td>
</tr>
<tr>
<td>CANNED FISH</td>
</tr>
<tr>
<td>BISCUITS/ COOKIES/ WAFERS</td>
</tr>
<tr>
<td>CONDENSED MILK</td>
</tr>
<tr>
<td>SAVORY SNACKS</td>
</tr>
<tr>
<td>POWDERED MILK</td>
</tr>
<tr>
<td>CHILI SAUCE</td>
</tr>
<tr>
<td>LEMON TEA</td>
</tr>
<tr>
<td>SOYBEAN MILK</td>
</tr>
<tr>
<td>FRESH MILK</td>
</tr>
</tbody>
</table>

Source: Nielsen MMRD Consumer and Media View 2018 vs 2017
FASTER GROWTH FOR CHEAPER AND MID-PRICED PRODUCTS

OPPORTUNITIES FOR PREMIUM PRODUCTS IN LOWER MYANMAR

Cheaper and Mid-priced products are growing faster across the country, but premium products have higher opportunities in Lower Myanmar. Place of consumption also seems to be shifting as we see higher consumption from Off-Premise outlets. Upcoming states like Bago, Ayeyarwady and Sagaing provide exceptional growth opportunities.

Source: Nielsen MMRD Consumer and Media View 2018 vs 2017

Dishwashing Product +9%
Shaving Razor +8%

Toilet Cleaner +10%
Shampoo +9%
Facial Foam +6%
Body Lotion +6%

Facial Foam +6%
Body Lotion +6%

Dishwashing Product +6%

Toilet Cleaner +29%
Facial Foam +19%
Body Lotion +14%
Fabric Softener +13%
Dishwashing Product +13%

Source: Nielsen MMRD Consumer and Media View 2018 vs 2017

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PHILIPPINES
PHILIPPINES

EMERGING MIDDLE CLASS DRIVES GROWTH

The Philippines is one of the emerging markets in SEA poised for economic growth because of its consistently strong GDP performance of 6-7% over the last 5 years, which is bolstered by an evolving consumer base.

The Philippines is one of the youngest populations in the world. Out of the 107 million population, 52% are 23 years old or younger. The country’s median age is at 24 years old, which means a healthy and growing labor force and sustained future consumption.

Source: Philippine Statistics Authority 2019 projected population
EMERGING MIDDLE CLASS...

The country is also experiencing an emerging middle class with a rise in spending power. Two uniquely Filipino consumer bases are fuelling this growth namely, business process outsourcing (BPO) workers and overseas Filipino workers (OFW) families. OFWs now account for about 10-12 million Filipinos, and their regular remittances to their families make up 10% of the country's GDP.

Meanwhile, BPOs continue to open up and expand in various cities in the country, employing over 1 million young workers. The continuous growth of both these sectors, whose earnings are way higher than the average Filipino family, lead to higher spending power and aspirational lifestyles.

**OFWs (Overseas Filipino Workers)**
- 10-12 Million workers overseas sending money to the PH
- US$28 B in remittances - contributes 10% of GDP

**BPO WORKERS (Business Process Outsourcing)**
- 1 -1.5 Million employed, giving jobs to young people, even undergrads
- 24/7 retail environment borne out of this huge sector
… CHANGING SHOPPER BEHAVIOUR

The emerging middle class is also apparent in terms of changing shopper behavior. Based on Shopper Trends 2018, more shoppers are saying they are able to spend more freely compared to a year ago. Social classes D and even E which make up the bulk of the population have registered an increase in grocery spend, while class ABC has spent less on groceries. This decrease is attributed to class ABC’s increase in out of home food spending as the need for convenience and the lack of time drives more people to seek out more convenient food alternatives.

Class ABC show decline in grocery spend due to higher incidence of eating out

Source: Shopper Trends 2018
GROWING NEED FOR CONVENIENCE

The rise in eating out is only one of the many signs of the country’s growing need for convenience. With urbanization moving to more and more cities, this leads to busier lifestyles where Filipinos are more time-strapped than ever before. This calls for the rise in popularity of convenient shopping and eating alternatives such as growth of small-format stores that are closer to homes, rise in eating out and also the recent e-commerce boom.
MOBILE-FIRST MARKET

DIGITAL IS THE WAY TO ENGAGE MORE FILIPINOS, ESPECIALLY THE YOUNG.

Along with the upsurge in spending power and the convenience lifestyle, the Philippines shows great promise as it is a mobile-first country like Indonesia and India. New internet users are smartphone users who have started their digital immersion via a gadget that is literally attached to them throughout the day. In Urban Philippines, 73% are already internet users and this number is over 90% among Generation Z and Millennials. Internet access shows no signs of slowing down, despite relatively slower internet speeds in the country compared to our Asian neighbors. As a mobile-first market with growing internet penetration, the Philippines can be a captured and highly engaged audience for marketers.

% USED INTERNET IN THE PAST 4 WEEKS

Source: Nielsen Consumer & Media View (Urban Filipinos) 2018

FILIPINOS SPEND THE MOST TIME ONLINE*

4.58 HOURS ONLINE ON MOBILE PHONE

*Source: 2019 Global Digital Report (Hootsuite)
SINGAPORE

TECH READINESS DRIVING DIGITAL ECONOMY

As 49% of Singapore's population projected to reach above 50 years by 2035, Singapore's aging population highlights growing market opportunities. It is key to win the heart of this silver generation, through innovations like nostalgic packaging, and effective communications such as familiar settings in advertisements and simple, clutter-free messages.

DEMOGRAPHIC BREAKDOWN OF SINGAPORE'S POPULATION (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>0-14</th>
<th>15-19</th>
<th>20-34</th>
<th>35-49</th>
<th>50-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>12</td>
<td>22</td>
<td>24</td>
<td>20</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>2020</td>
<td>15</td>
<td>23</td>
<td>23</td>
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<td>2025</td>
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<td>2030</td>
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<td>23</td>
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<td>17</td>
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<tr>
<td>2035</td>
<td>27</td>
<td>22</td>
<td>19</td>
<td>16</td>
<td>12</td>
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</tr>
</tbody>
</table>

% ABOVE 50 YRS: 34 38 42 46 49

Source: What’s Next Start Now; Nielsen Turning Silver into Retail Gold
DIET & EXERCISE ARE KEY

1 IN 4 CONSUMER SUPPLEMENTS REGULARLY

With an aging population, comes an increased emphasis on healthy living, where 70% of Singaporeans highlight that they are at least somewhat actively working towards better health and wellness. 62% commit to eating healthily, and food that offers health benefits are increasingly trendy and sought after. 1 in 4 also consume vitamins and health supplements regularly.

ACTIVITIES DONE FOR HEALTH & WELLNESS

- **71%** GETTING SUFFICIENT SLEEP
- **65%** DRINKING PLENTY OF WATER PER DAY
- **62%** EATING HEALTHY
- **59%** REGULAR EXERCISE
- **25%** REGULAR CONSUMPTION OF VITAMINS AND HEALTH SUPPLEMENTS

SINGAPOREANS CARE ABOUT WHAT THEY PUT ON THEIR BODIES

At the same time, natural or organic personal care products show major category growth rates, where organic toothpastes (+169.8%) and hair care (+27.5%) emerge as top performers. Evidently, Singaporeans are becoming conscious not only about what they put in their bodies, but what they put on their bodies as well.

NATURAL / ORGANIC SEGMENT SHOWING STRONGER GROWTH THAN OVERALL CATEGORY (WITH THE EXCEPTION OF HAIR COLOR).
TECH READINESS IS HIGH

PERCEPTION TOWARDS DIGITALIZATION IS FAVOURABLE

Going digital is the way forward for a tech-ready nation like Singapore, where digitalisation results in greater speed and seamlessness, and convenient digital options are increasingly popular. 3 in 5 consumers in Singapore are in favour of moving towards a cashless society, while 3 in 4 stated that he/she will buy food and groceries online in the next 6 months. This is a promising trend as online shoppers buy twice the basket size and shop 25% more frequently. On average, each Singaporean also uses almost 4 devices to connect to the Internet with media consumption coming as one of the main reasons for going online. Traditional media like TV, newspapers or books are far from obsolete; they are still heavily circulated and consumed, but increasingly more so in electronic forms.
THE WAY FORWARD IS DIGITAL
TECH-SAVVY SINGAPOREANS HAVE EMBRACED
DIGITAL TECHNOLOGY

DIGITAL IN SHOPPING
• 1 out of 10 Singaporean purchased food and grocery online in the last month.
• 3 out of 4 claiming that he/she would buy food and groceries online in next 6 months.

DIGITAL IN PAYMENT
• 3 out of 5 consumers in Singapore in favor of it becomes a cashless society.
• 42% are confident that Singapore will become a cashless society in the near future.

DIGITAL IN ENTERTAINMENT
• Online as the preferred mode of media consumption among Singaporeans:
  66% TV / MOVIES / VIDEOS
  62% MUSIC
  49% NEWSPAPER
  36% BOOKS

DIGITAL IN ORDERING FOOD
• Revenue in the Online Food Delivery segment amounts to US$ 203 million in 2019.
• Revenue is expected to show an annual growth rate (CAGR 2019-2023) of 15.2%, resulting in a market volume of US$ 358 million by 2023.

THAILAND
AGING POPULATION PROVIDES GOLDEN OPPORTUNITIES

By 2025, Thailand's aging population (50+ years old) is expected to increase to 26.9 million, accounting for nearly 40% of the total population. This demographic shift in Thailand brings in opportunities, specifically for the FMCG market, delivery-service and in-home care, where demand for products and services targeting elderly consumers are expected to grow given the higher number of the aging population in Thailand year-on-year.

Nearly 40% over the age of 50 in 2025

Increase in 3.7 million

Source: EIU

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Share of Population</th>
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<tbody>
<tr>
<td>0-14 years (Gen-Z)</td>
<td>15.0%</td>
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<tr>
<td>15-19 years (Gen-Y)</td>
<td>5.9%</td>
</tr>
<tr>
<td>20-34 years (Gen-X)</td>
<td>20%</td>
</tr>
<tr>
<td>35-49 years (Baby Boomers)</td>
<td>20.5%</td>
</tr>
<tr>
<td>50-64 years (Silver Gen)</td>
<td>22.6%</td>
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<tr>
<td>65+ years</td>
<td>16%</td>
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</thead>
<tbody>
<tr>
<td>0-14 years (Gen-Z)</td>
<td>16.4%</td>
<td>16.5%</td>
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<tr>
<td>15-19 years (Gen-Y)</td>
<td>6.3%</td>
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<tr>
<td>20-34 years (Gen-X)</td>
<td>20.3%</td>
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<tr>
<td>35-49 years (Baby Boomers)</td>
<td>22.6%</td>
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</tr>
<tr>
<td>50-64 years (Silver Gen)</td>
<td>21.6%</td>
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<tr>
<td>65+ years</td>
<td>12.9%</td>
<td>12.9%</td>
<td>12.9%</td>
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<td>12.9%</td>
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<td>12.9%</td>
</tr>
</tbody>
</table>

Source: EIU
QUEST FOR CONVENIENCE
AS URBANIZATION AND INTERNET PENETRATION IS ON THE RISE

Trends that are clearly seen in Thailand include urbanization, the positive technologies adoption that comes with increasing access to smartphones / Internet and greater demand for comfort and convenience. The trend has contributed to the continuous rise of convenience store with +7.5% growth in share of modern trade over the past 3 years, the expected growth of internet users to 75% in 2025 as well as the increase in e-commerce value penetration forecasted from less than 1% in 2017 to 1.1-1.2% in 2022 ($488-510M).

Source: Nielsen Retail Index; Nielsen Syndicated Shopper Trends 2018
INFRASTRUCTURE AND ACCESS PROVIDE PLATFORM FOR E-COMMERCE

E-COMMERCE PROJECTED TO BE VALUED AT APPROXIMATELY US$ 500M BY 2022

E-COMMERCE VALUE PENETRATION

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2022</th>
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<tbody>
<tr>
<td></td>
<td>&lt;1%</td>
<td>1.1-1.2%</td>
</tr>
</tbody>
</table>

MANUFACTURERS | RETAILERS
---|---
Digital marketing and SEO | Geographical reach
Offer online exclusives | Improve connectivity, digital literacy and financial inclusion
Work with social influencers | Expand online assortment

Source: Demand Institute; Nielsen Future Oppo in FMCG E Commerce Report 2018
THAIS PREPARED TO SPEND MORE

RISING AFFLUENCE SEES PREMIUM PRODUCTS ENJOYING HEALTHY GROWTH

With urbanization, consumer behavior is automatically heightened. When consumers feel that they have better living conditions and income, with access to the digital world that enables everyone to obtain information faster and easier, the result is a need for a better quality of living and a willingness to buy products and services at a higher level. Thus, the market for premium tier products in Thailand enjoys a good growth rate; it is also the main catalyst for the growth of various product categories such as household, personal care and impulse. Given the current income disparity between higher income consumers and the evolving middle class, it is likely that the categories and innovations that focus on indulgence and experiential offering will see stronger growth appealing to the rising affluence of Thai consumers.
FMCG PREMIUM SEGMENT DECOMPOSITION

SHARE OF PREMIUM SEGMENT

- **LOWER PREMIUM** (PI: 1.2–1.5)
  - MAT 2YA: 54%
  - MAT YA: 50%
  - MAT TY: 45%

- **MID PREMIUM** (PI: 1.5–1.8)
  - MAT 2YA: 13%
  - MAT YA: 14%
  - MAT TY: 15%

- **HIGH PREMIUM** (PI: 1.8–3)
  - MAT 2YA: 24%
  - MAT YA: 26%
  - MAT TY: 27%

- **AFFORDABLE LUXURY** (PI: <3)
  - MAT 2YA: 9%
  - MAT YA: 11%
  - MAT TY: 12%

VALUE % CHARGE YA

- **LOWER PREMIUM**
  - MAT 2YA: -10%
  - MAT YA: -13%

- **HIGH PREMIUM**
  - MAT 2YA: 5%
  - MAT YA: 7%

- **AFFORDABLE LUXURY**
  - MAT 2YA: 13%
  - MAT YA: 12%

PREMIUM SEGMENT MAT TY VS. MAT 2YA

- **TOILET SOAP**
  - LOWER PREMIUM: +48%
  - MID PREMIUM: +28%
  - HIGH PREMIUM: +47%
  - AFFORDABLE LUXURY: +1%

- **LIQUID MILK**
  - LOWER PREMIUM: +10%
  - MID PREMIUM: +15%
  - HIGH PREMIUM: +81%
  - AFFORDABLE LUXURY: +21%

- **DETERGENT**
  - LOWER PREMIUM: -23%
  - MID PREMIUM: +12%
  - HIGH PREMIUM: +532%
  - AFFORDABLE LUXURY: +4%

- **SNACK**
  - LOWER PREMIUM: +14%
  - MID PREMIUM: +6%
  - HIGH PREMIUM: +26%
  - AFFORDABLE LUXURY: +3%

Source: Retail Index MAT Dec‘18
VIETNAM
CONNECTED CONSUMERS TO DRIVE SPENDING

Vietnam’s economy remains strong with GDP growth of 7.1% supported by all sectors. Despite the recovery in the second half, FMCG ended the year with a modest growth of 1.9%. One reason for this could be attributed to slower pace of innovation in FMCG compared to the high willingness of consumers to try new products.

WILLING TO TRY NEW INNOVATIONS

<table>
<thead>
<tr>
<th></th>
<th>VIETNAM</th>
<th>GLOBAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>78%</td>
<td>62%</td>
</tr>
</tbody>
</table>

FMCG INNOVATION IS STILL BEHIND OTHER CATEGORIES

BRANDS ASSOCIATION

<table>
<thead>
<tr>
<th>FMCG</th>
<th>INNOVATIVE</th>
<th>REPRESENTATIVE</th>
<th>TIMELESS/CLASSIC</th>
<th>VALUE FOR MONEY</th>
<th>PREMIUM HIGH QUALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23%</td>
<td>46%</td>
<td>48%</td>
<td>56%</td>
<td>25%</td>
</tr>
<tr>
<td>Pioneer in developing new products</td>
<td>Reflect Vietnamese values &amp; cultures</td>
<td>Timeless/Classic</td>
<td>Affordable Price</td>
<td>Premium &amp; High Quality</td>
<td></td>
</tr>
</tbody>
</table>

Source: Vietnam’s GDP is reported by GSO Vietnam. FMCG growth from Nielsen Retail Audit Report: Vietnam Consumers of Tomorrow - Gen Z
RISE IN CONNECTED CONSUMERS
SPURRED BY ECONOMIC GROWTH AND RISE IN INFRASTRUCTURE

Sustained growth in economy and infrastructure has also given rise to a significant chunk of connected consumers which have already reached a developed level and expected to contribute almost USD 99Bn in annual spending by the year 2025.

2017
- 23 Mil. People
- 50 Bil. USD Spending/Annum
- 38% of Total Spending

2025
- 40 Mil. People
- 99 Bil. USD Spending/Annum
- 48% of Total Spending

Source: Institute Research of Consumer Behavior
MODERN TRADE A BRIGHT SPOT
BUT COMPETITION IS HIGH

This overall growth in economy has also led to channel fragmentation to match the evolving and fast paced need of the consumers. As a result strong growths was observed in e-commerce, specialty stores and Modern Trade. Modern Trade in particular has been a bright spot growing at 13% enabled by explosion in smaller format stores. However this channel is not easy to crack with higher competition from local players, private label and imported products.

-56%
Categories have more new launches in MT than TT, especially...

-56%
Categories have tougher competition* in MT than TT, especially...

-77%
Categories have imported products increasing importance, especially...

~63%
Categories have different top 3 brands in TT vs. MT, especially...

BEVERAGE

MILK-BASED

PERSONAL CARE

PERSONAL CARE

FOOD

HOME CARE

FOOD

MORE NEW LAUNCHES OBSERVED IN MT

MT IS BECOMING MORE FRAGMENTED

IMPORTED PRODUCTS POSE A THREAT IN MT

WIN IN TT DOES NOT ALWAYS MEANS THE SAME IN MT

Source: Nielsen Retail Audit data ending Jun'18.
IMPORTANCE OF SEMI-RETAILERS ON THE RISE
MARKETERS MUST UNDERSTAND REGIONAL MARKET DYNAMICS

On other hand, Traditional stores with over 1.4mn base presents its own challenges. To succeed in different regions, marketers will require to strike a balance between higher store density areas in South vs the higher footfall/store in North and Central”.

TRADITIONAL TRADE STILL DOMINATES WITH INCREASING IMPORTANCE OF SEMI-RETAILERS (*)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>25,371</td>
<td>1,485,747</td>
</tr>
<tr>
<td>↑+2%</td>
<td>+0%</td>
</tr>
</tbody>
</table>

Semi-retailer store growth 2017 vs. YA  
Retailer store growth 2017 vs. YA

<table>
<thead>
<tr>
<th></th>
<th>NORTH</th>
<th>CENTRAL</th>
<th>SOUTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>% population</td>
<td>36%</td>
<td>37%</td>
<td>27%</td>
</tr>
<tr>
<td>% area</td>
<td>35%</td>
<td>45%</td>
<td>20%</td>
</tr>
<tr>
<td>% retail stores</td>
<td>29%</td>
<td>24%</td>
<td>47%</td>
</tr>
<tr>
<td>Store density (stores/km2)</td>
<td>3.8</td>
<td>2.4</td>
<td>10.8</td>
</tr>
<tr>
<td>People/store</td>
<td>75.4</td>
<td>96.5</td>
<td>35.1</td>
</tr>
<tr>
<td>FMCG sales/store (Mil. VND/month)</td>
<td>13</td>
<td>18</td>
<td>16</td>
</tr>
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</table>

Note: SKUs down to packsize. Retail Audit MAT Nov'18 data

Opportunity  Challenge
ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global measurement and data analytics company that provides the most complete and trusted view available of consumers and markets worldwide. Our approach marries proprietary Nielsen data with other data sources to help clients around the world understand what's happening now, what's happening next, and how to best act on this knowledge. For more than 90 years Nielsen has provided data and analytics based on scientific rigor and innovation, continually developing new ways to answer the most important questions facing the media, advertising, retail and fast-moving consumer goods industries. An S&P 500 company, Nielsen has operations in over 100 countries, covering more than 90% of the world's population. For more information, visit www.nielsen.com.

THE SCIENCE BEHIND WHAT'S NEXT™
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