NIELSEN MARKET PULSE

2015 YEAR IN REVIEW

VIETNAM IS THE DESTINATION
VIETNAM MACRO ECONOMY OVERVIEW 2015
DISAPPOINTING GLOBAL PERFORMANCE MAINLY DUE TO SLOWDOWN IN EMERGING & DEVELOPING ECONOMIES

Real GDP % Growth

World: 2.4% (-0.2% from 2014)

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>2.4%</td>
<td>2.5%</td>
</tr>
<tr>
<td>East Asia &amp; the Pacific</td>
<td>2.3%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Europe &amp; Central Asia</td>
<td>0.9%</td>
<td>1.5%</td>
</tr>
<tr>
<td>MENA</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>LAC</td>
<td>1.5%</td>
<td>-0.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>7.3</td>
<td>6.9</td>
</tr>
<tr>
<td>Indonesia</td>
<td>5.0</td>
<td>4.7</td>
</tr>
<tr>
<td>Malaysia</td>
<td>6.0</td>
<td>4.7</td>
</tr>
<tr>
<td>Philippines</td>
<td>6.1</td>
<td>5.8</td>
</tr>
</tbody>
</table>

#: Increase vs. 2014
#: Decrease vs. 2014
#: No change vs. 2014

Note: Europe & Central Asia only includes Developing Countries in the region, Euro Area refers to countries with high income. Source: World Bank Group (2016)
YET VIETNAM ECONOMY DEFIES REGION SLOWDOWN

The strongest performance in the past 5 years

Processing & Manufacturing sector is the main growth contributor, +10.6% vs YA

FDI Disbursements increase +17.4% vs YA

Final consumption growth surged to +9.1% vs YA, compared to growth of +6.2% in 2014

BY MAINTAINING EXPORT GROWTH WHILE OUR PEERS’ ARE IMPACTED BY CHINESE SLOWDOWN

EXPORTS % GROWTH

<table>
<thead>
<tr>
<th>Country</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>+8.1%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Philippines</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>+1.2%</td>
</tr>
<tr>
<td>Singapore</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>-14.6%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>-10.6%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>+1.2%</td>
</tr>
<tr>
<td>Singapore</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>-14.6%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>-10.6%</td>
</tr>
</tbody>
</table>

VIETNAM GROWING ATTRACTIVENESS AS AN INVESTMENT DESTINATION

- Geographic Advantage
- Low Labour Cost
- Low Operating Cost
- Participation in Trade Agreements

INCREASING EXPORT COMPETITIVENESS

Thanks to devaluation of Vietnamese Dong by the SBV 3 times in 2015

#: Exports % Growth 2015 vs 2014

Source: Channel NewsAsia (2015),

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HOWEVER, EXPORTS ARE BALANCED BY IMPORTS

TRADE DEFICIT -3.2 BIL. USD after 3 consecutive years of trade surplus

Driven by LOCAL BUSINESS SECTOR, while foreign-invested companies posted trade surplus

% Growth – 2015 vs. 2014

EXPORTS +8.1%, within which:
-47% -1%

IMPORTS +12%, within which:
+59% +25%

Source: General Statistics Office (2016)
CONSUMER CONFIDENCE INCREASES +3 PTS IN Q4’15

Vietnam is the 6th most optimistic country globally.

### Vietnam Consumer Confidence Index

<table>
<thead>
<tr>
<th>Rank</th>
<th>Index change vs Q3’15</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0</td>
<td>India</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>Philippines</td>
</tr>
<tr>
<td>3</td>
<td>-1</td>
<td>Indonesia</td>
</tr>
<tr>
<td>4</td>
<td>+3</td>
<td>Thailand</td>
</tr>
<tr>
<td>5</td>
<td>+1</td>
<td>Denmark</td>
</tr>
<tr>
<td>6</td>
<td>+3</td>
<td>Vietnam</td>
</tr>
<tr>
<td>7</td>
<td>+1</td>
<td>UAE</td>
</tr>
<tr>
<td>8</td>
<td>+1</td>
<td>China</td>
</tr>
<tr>
<td>9</td>
<td>-3</td>
<td>Saudi Arabia</td>
</tr>
<tr>
<td>10</td>
<td>+2</td>
<td>Pakistan</td>
</tr>
</tbody>
</table>

Source: Nielsen Global Survey, Consumer Confidence Section – Q4’15
HEALTH - THE BIGGEST CONCERN FOR CONSUMERS IN 2015

Vietnamese consumers are the most health-conscious in Southeast Asia, calling for manufacturers to start rethinking market offerings.

48% VIETNAMESE PEOPLE CONSIDER “STAYING FIT AND HEALTHY” AS TOP ASPIRATION FOR THE FUTURE

% People considering “Health” as Biggest & 2nd Biggest concern – Q4’15

SEA Average 19
Vietnam 34
Philippines 21
Singapore 18
Thailand 15
Indonesia 13
Malaysia 9

%: % people considering “Health” as biggest & second biggest concern

Source: Nielsen Consumer Confidence Survey (Q1-Q4’15), Nielsen Global Survey - Generational Lifestyles Insight Slides (Q1, 2015)
FMCG OVERVIEW
VIETNAM’S VOLUME GROWTH 2015 VS. 2014 IS ONLY BEHIND THAILAND AND THE PHILIPPINES

Yet we lead FMCG growth of the region in the latter half of the year

REGIONAL SUMMARY – FMCG % Growth 2015 vs. 2014

<table>
<thead>
<tr>
<th>Region</th>
<th>FMCG % Volume Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q4 2015</td>
</tr>
<tr>
<td>VIETNAM</td>
<td>4.9%</td>
</tr>
<tr>
<td>INDONESIA</td>
<td>3.8%</td>
</tr>
<tr>
<td>THAILAND</td>
<td>3.8%</td>
</tr>
<tr>
<td>PHILIPPINES</td>
<td>3.2%</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>1.9%</td>
</tr>
<tr>
<td>TAIWAN</td>
<td>0.5%</td>
</tr>
<tr>
<td>HONG KONG</td>
<td>-0.4%</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>-1.0%</td>
</tr>
<tr>
<td>CHINA</td>
<td>-4.9%</td>
</tr>
</tbody>
</table>

Source: Asia Pacific Q4 2015 Growth Reporter
RECOVERY SPEEDS UP IN QUARTER 3 & 4, DRIVEN BY DEMAND

Fast Moving Consumer Goods dynamics - Total 6 cities

Source: Nielsen Retail Index  —  Versus year ago
RECOVERY ACROSS MOST CATEGORIES, WITH BEVERAGE BEING THE SUPER STAR

FMCG - Value Contribution (%)

Note: (*) Price is calculated based on Average Price
Source: Nielsen Retail Audit data
FOOD AND MILK-BASED BOUNCING BACK...

**Super Category Contribution and Growth - Total 6 Cities**

### BEVERAGE
- **38%**
- Q3-14: 6.9%
- Q4-14: 8.1%
- Q1-15: 8.1%
- Q2-15: 4.7%
- Q3-15: 7.3%
- Q4-15: 7.7%

### FOOD
- **15%**
- Q3-14: -0.9%
- Q4-14: -4.4%
- Q1-15: 3.2%
- Q2-15: 2.5%
- Q3-15: -1.3%
- Q4-15: 0.9%

### MILK-BASED
- **16%**
- Q2-14: -0.6%
- Q4-14: -0.1%
- Q1-15: -3.0%
- Q2-15: -3.5%
- Q3-15: 3.0%
- Q4-15: 3.7%

Source: Nielsen Retail Index  –  Versus year ago; % is value contribution to Total FMCG MAT TY
Question: Within FMCG brands in your store, which manufacturer do you support the most?

**TOP 5 MANUFACTURERS SUPPORTED THE MOST BY RETAILERS – TOTAL VIETNAM**

1. VINAMILK
2. VINA ACECOOK
3. Unilever
4. SUNTORY
5. t.c.pharma

Source: Nielsen Retailer Sentiment Report (2nd June – 3rd July)

**GROWING PLAYERS SHOWED AMBITION TO EXPAND THEIR ARMS**

...THEIR PLAYERS GOT MORE AND MORE ACTIVE
...AND HAS PAID MORE ATTENTION TO:

- THEIR SHOPPERS
- THEIR END-CONSUMERS
- IN-STORE EXECUTION EXCELLENCE
- IMAGE REFRESHING

- Via Package:
- Via New launch

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OTHER CATEGORIES ALSO RECOVER, EXCEPT FOR PERSONAL CARE STILL EXPERIENCING STAGNATION

Super Category Contribution and Growth - Total 6 Cities

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit Value Change</th>
<th>Volume Change</th>
<th>Nominal Value Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOME CARE</td>
<td>4.5%</td>
<td>-0.3%</td>
<td>6%</td>
</tr>
<tr>
<td>PERSONAL CARE</td>
<td>3.9%</td>
<td>2.1%</td>
<td>7.1%</td>
</tr>
<tr>
<td>CIGARETTE</td>
<td>-5.2%</td>
<td>-4.8%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>BABY CARE</td>
<td>0.6%</td>
<td>10.8%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Source: Nielsen Retail Index  - Versus year ago; % is value contribution to Total FMCG MAT TY
GROWTH IS EVEN MORE NOTICEABLE IN RURAL

Rural showed high volatility in growth: consumption declined faster when economy weakened, and recover in a more positive macro situation.

**FMCG DYNAMICS**

<table>
<thead>
<tr>
<th>Vietnam</th>
<th>Urban (46%)</th>
<th>Rural (54%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4.3%</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Unit value change</td>
<td>Nominal growth</td>
<td>Volume change</td>
</tr>
<tr>
<td>2015</td>
<td>4.5%</td>
<td>-3.9%</td>
</tr>
<tr>
<td>UR-2014</td>
<td>2.0%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>UR- 2015</td>
<td>3.4%</td>
<td>2.7%</td>
</tr>
<tr>
<td>RR-2014</td>
<td>-1.8%</td>
<td>-5.5%</td>
</tr>
<tr>
<td>RR-2015</td>
<td>5.5%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

**Note:** This slide only includes Feminine Protection, Hair Conditioner, Shampoo, Toothpaste, Toothbrush, Personal Wash, Dishwashing Liquids, Fabric Softener, Laundry Products, Bouillon-MSG, RTDM, Soft Drink, Packaged Water, Energy Drink, RTDT, Cigarette, Sport Drink and Sweet Condensed Milk.
FMCG IS EXPECTED TO HAVE POSITIVE GROWTH IN 2016 YET SLOW DOWN IN 2017

- **EXPECTED AVERAGE FORECAST** as the most likely scenario, 95% chance will be within 2-3% of this scenario
- **EXPECTED MAX FORECAST** most likely happens in optimistic market, with the signal of:
  - Big increase in FDI.
  - Strengthening Forex
  - Big increase in consumer confidence.
- **EXPECTED MIN FORECAST** most likely happens in pessimistic market, with the signal of:
  - Recession – 2 periods of declining GDP growth
  - Tax hikes – introduction of GST, gas prices tax increase
  - Political turmoil
VIETNAM RETAIL LANDSCAPE 2015
JOURNEY OF THE FUTURE

M&A  E-COMMERCE  CVS
MERGERS & ACQUISITION
IN RETAIL
2015 - YEAR OF M&A IN VIETNAM

AEON acquired 30% of Fivimart and 49% of Citimart

Mondelez finished the acquisition of an 80 percent stake in Kinh Do’s snack business

Vingroup bought Ocean Retail Group

Vingroup bought 100% of Vinatexmart

Vingroup became the new owner of Maximark

BJC and Metro announced about the acquisition in Vietnam

TCC Holding stepped in the acquisition

Singha bought stakes valued at $1.1 billion in certain subsidiaries of Masan Group.

Central Group acquired 49% of Nguyen Kim
OFFLINE VS. ONLINE SHOPPERS IN VIETNAM

OFFLINE SHOPPERS

- I don’t have to bear shipping fees or stringent return policies
- I don’t want to wait for products to arrive
- I can easily interact with, evaluate and select products

ONLINE SHOPPERS

- I secure a better price and access to deals and coupons
- I can compare between different sites before making decision
- I can avoid crowded stores / checkout lines
- It’s available 24 x 7

Source: The Role of Digital in Shopping, Nielsen 2014
UNLOCK MORE OPPORTUNITIES IN WINNING OUR SHOPPERS

DO YOU KNOW THAT IN HCM & HN?

- 92% of internet users are also online shoppers.
- BUT frequency limits to TWICE/MONTH.
- 93% of internet users are online shoppers.
- >50% of popular online retailers’ consumers are struggling to differentiate their store identity.

Explore the channel mission and interaction between online and offline store choices.

Understand online shoppers and determine strategies to win them.

Measuring your online store’s brand health and identify improvements.

Source: Nielsen Vietnam study in May 2015 in HCM & HN, n = 500 internet users in last 3 months
CVS IS BOOMING ACROSS VIETNAM

+73% No. of Stores

<table>
<thead>
<tr>
<th>Stores</th>
<th>Dec14</th>
<th>Dec15</th>
</tr>
</thead>
<tbody>
<tr>
<td>VinMart+</td>
<td>--</td>
<td>200</td>
</tr>
<tr>
<td>Shop &amp; Go</td>
<td>103</td>
<td>130</td>
</tr>
<tr>
<td>Circle K</td>
<td>97</td>
<td>129</td>
</tr>
<tr>
<td>B’s Mart</td>
<td>97</td>
<td>103</td>
</tr>
<tr>
<td>Family Mart</td>
<td>62</td>
<td>65</td>
</tr>
<tr>
<td>Aeon Citimart B&amp;B</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Ministop</td>
<td>17</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Banners’ official website; Nielsen Thought Leadership Report – Need for Speed CVS; Viet Nam Household Living Standards Survey 2012 – VN GSO
No. of mentioned CVS stores: VinMart+, Shop & Go, Circle K, B’s Mart, Family Mart, Aeon Citimart B&B, Ministop

WHO

29% STUDENT
18% FIRST JOBBER
16% WORKING MOM
9% HOUSEWIFE

NEW LIFESTYLE EMERGES

SMALLER PACKAGING
SHOPPING MISSIONS NOT FORMATS
ON-THE-GO LIFESTYLE
CONSUMER PURCHASE MOMENTUM GROWING TOWARDS CVS

MORE THAN JUST A CONVENIENCE STORE

TRADITIONAL GROCERY

Where consumers shop (%)

81% → 64%

Frequency (Average Per Month)

10.8 → 8.6

CONVENIENCE STORE

Where consumers shop (%)

5% → 11%

Frequency (Average Per Month)

2.1 → 3.6

Source: Observations/websites
Nielsen Thought Leadership Report – Need for Speed CVS
...AND CVS WILL HAVE TO RESPOND TO MORE VARIOUS DEMANDS OF THE FUTURE

WHAT WILL CHANGE CONSUMERS BY 2020?

CONNECTIVITY

Nearly everyone will be online by 2020

Today

34% of the world population

2020

85% of the world population

TECHNOLOGY

One of the most sought-after functions is the ability to carry out simple tasks when away from home

EATING HABIT

Gives rise to new ways of consuming in an increasingly busy world

Snack as meal replacement

45%

Food and beverages will be expected to go beyond general health claims

Nutritious

Unique Convenience

Health Benefit

KEY TAKEAWAYS – MARKET PULSE Q4’15

HEALTHY GROWTH

- GDP GROWTH 2015 VS YA: 6.7%
- CPI 2015 VS YA: 0.6%
- EXPORT GROWTH: +8.1%
- CCI Q4’15: 108

REFLECTED IN FMCG

- FMCG GROWTH 2015 VS YA: +3.6%
- VOL. GROWTH ONLY BEHIND THAILAND & THE PHILLIPINES
- RECOVERY ACROSS MOST CATEGORIES, NOTICEABLY FOOD & MILK-BASED
- RURAL WITNESSES IMPRESSIVE GROWTH, HOWEVER SHOW HIGH VOLATILITY

VIETNAM RETAIL LANDSCAPE 2015

- M&A: 2015 - YEAR OF M&A IN VIETNAM
- E-COMMERCE: High potential for Ecommerce in VN, Millennials are the most active digital buyers
- CVS: CVS is booming and playing various functions to consumers, Connectivity, Technology & Eating Habit in CVS will transform by 2020

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