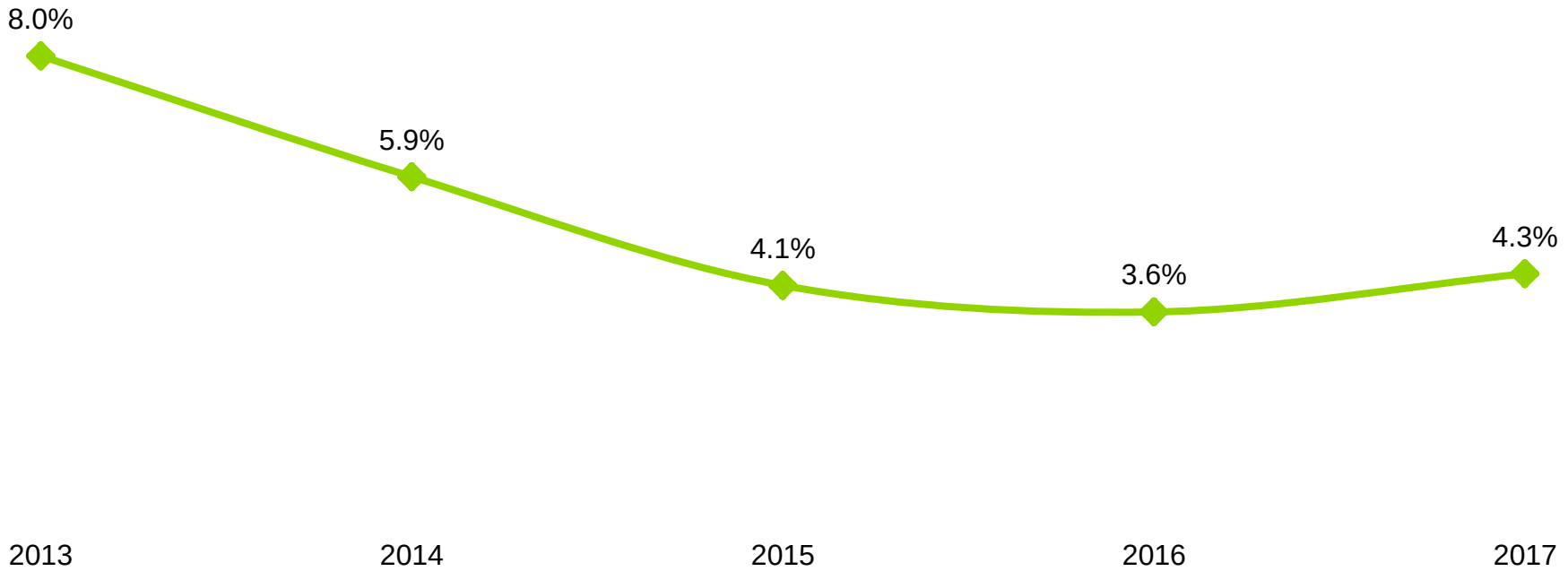
CHINA FMCG MARKET OVERVIEW 2017

3/2018

Total FMCG market showed a clear sign of recovery during 2017

Value Growth Rate



2017 vs. 2016

Food 2.8%
Non Food 7.5%

*Excl. cigarette, Kantar Worldpanel

Premiumiazaiton and urbanization were key contributors to growth

FMCG

Value Sales Increase	Continuous Premiumisation	Smaller Basket	Reduced Shopping Frequency	Population Increase
+4.3%	+4%	-1%	-2%	+3%

*Excl. cigarette, Kantar Worldpanel

Personal care categories performed ahead of the other sectors both in terms of value and volume growth rates

2017 VS. 2016	DAIRY	BEVERAGES	PACKAGED FOOD	PERSONAL CARAE	HOME CARE
Value GR	**4.3%**	**0.9%**	**2.9%**	**9.5%**	**2.2%**
Volume GR	**0.4%**	**-0.1%**	**-1.3%**	**2.4%**	**1.4%**

*Excl. cigarette, Kantar Worldpanel

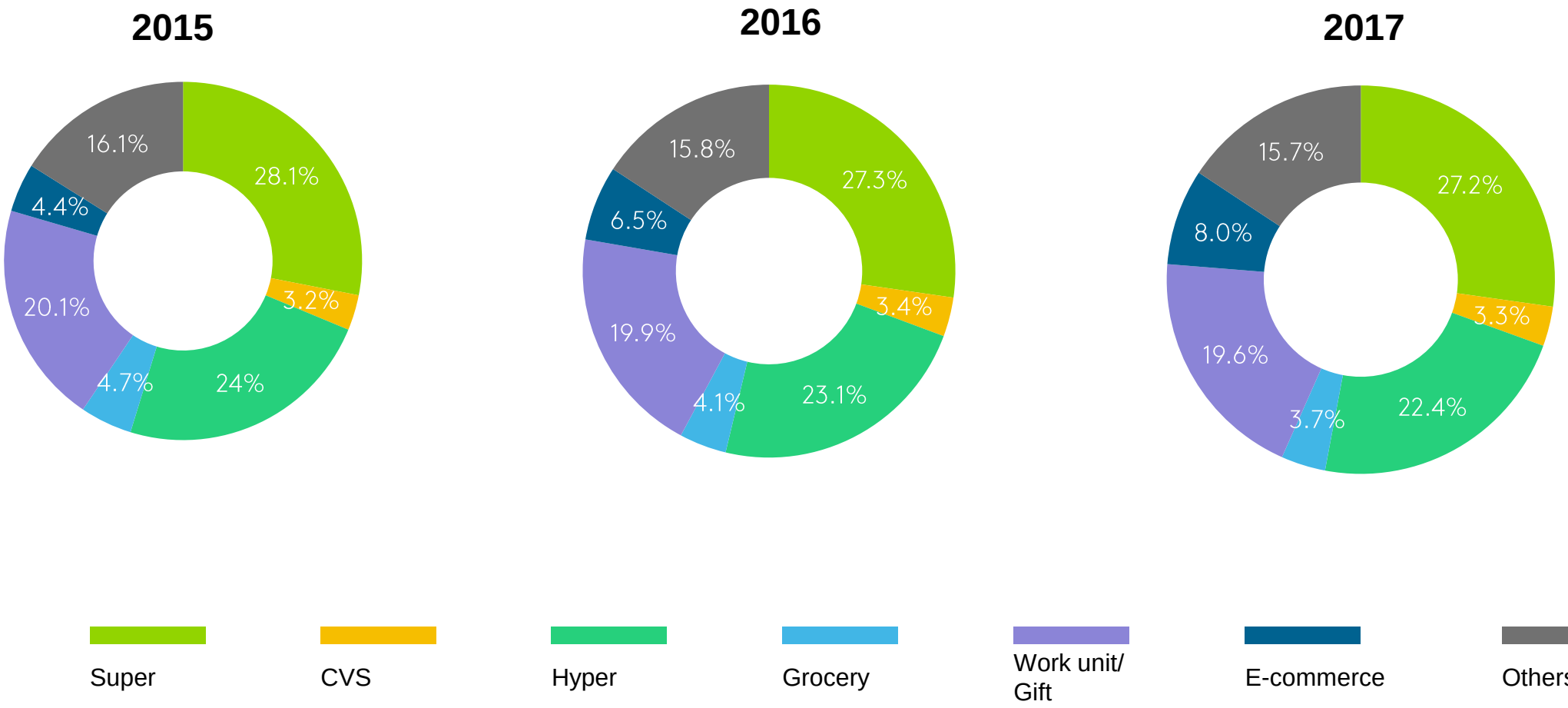
These 5 categories showed strong penetration growth

	DAIRY	BEVERAGE	PACKAGED FOOD	PERSONAL CARE	HOME CARE
	CHEESE	RTD SOY MILK	NUTRIENT SOLID DRINK	HAND WASH	WET TISSUE
Penetration	+0.6 PT	+3.3 PT	+2.5 PT	+2.6 PT	+1.5 PT
New shoppers	1.79 million	6.70 million	7.30 million	6.50million	5.37 million

*Excl. cigarette, Kantar Worldpanel

The contribution of eCommerce to FMCG sales has almost doubled over the last 2 years

VALUE SHARE



*Excl. cigarette, Kantar Worldpanel

Expansion in buyer base and increased frequency were key growth drivers for e-commerce

5.0
TRIPS/BUYERS

2015
PENETRATION ONLINE
44.6%

6.2
TRIPS/BUYERS

2016
PENETRAION ONLINE
54.6%

7.0
TRIPS/BUYERS

2017
PENETRAION ONLINE
60.0%

5.7 million

2017 Recruited incremental Households

74%

% Value growth Online 2017accounted for by incremental

*Excl. cigarette, Kantar Worldpanel

Top categories in e-commerce

ONLINE PENETRAION AND PENETRATION GROWTH , 2017 VS. 2016

FOOD

Biggest Categories

Biscuit
17.4

Nutrient Supplement
9.2

Yogurt
9.0

Fast Growing

Soybean Milk
+65%

Frozen Food
+64%

Nutrient Solid Drink
+61%

NON-FOOD

Biggest Categories

Mask
17.2

Shampoo
17.0

Facial Tissues
15.8

Fast Growing

Mouth Wash
+56%

Band-Aid
+52%

Hair Colorant
+39%

*Excl. cigarette, Kantar Worldpanel

The middle class and young generation were growth engines for FMCG

2017 VS. 2016

14%

middle class families'* spent 14% on FMCG than average families

54%

value contribution by middle class consumers online

12%

Young and Teenager family shows 12% value growth vs, last year while other family suffers decline

54%

value contribution by young and teenager family in total FMCG

*Middle class families are defined as those with monthly income over RMB 9,000
*Young generation refer to the single, young couples and households with kids, teenager family
Kantar Worldpanel, Excl. cigarette

FMCG Market is recovering

Premiumiaztion remained a key growth driver

Health, convenience, quality life and “better me” were winning themes

The middle class and young generation are important targets

E-commerce remained a strong growth accelerator

SCANNING FOR MORE INSIGHTS

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