Coconut Knowledge Centre
Singapore
The way we work

- **Driver** Lai Kit Mun
- **Marketing** Chan Su Yin
- Internal support network
  - Market Companies
  - Global PDCs
  - Processing
  - Cluster Engineering
  - Quality assurance
  - …

**External Network**
- Science University of Malaysia
- APCC, Jakarta
- FAO, Thailand
- CDB, India
- PCA, Philippines
- Nutrition Place, Singapore
Marketing & supply chain

Market information
Coconut water trend & positioning

Supply chain

Customers & Who’s who

Price point
• Street & packaged retail prices
• Prices of nuts
Science & technology

Integrated Technology

Process Flow & Formulation

Science

Operations

Addressing browning effect from oxygen exposure in processing
Coconut water global trends
2014
Coconut water: strong value proposition
Functional, low sugar alternative to Juice 100%

Coconut

- Traditionally consumed in Asia and South America (still account for 90% coconut production)
- Packed RTD Coconut water/ drinks gaining foothold in developed markets such as US
- Coca-cola and Pepsico are already in the business; many other brands also keen to invest.
- Gaining lot of media mileage. Potential to grow in non-traditional markets, given its high nutrition and low calorie count

Water

- Electrolyte reposition
- Helps Nausea
- Hand and feet swelling elimination
- Low in calories
- Cholesterol-free
- Intestinal function normalization
- Hangover fix
- Dehydration avoidance
- Contain Magnesium
- Vitamins A, B1, B2, B5 and C
- Contributes for arterial pressure reduction
- Re-hydration and Skin embellishment
Raw material limited to some regions
Production mostly in SSEA

1. India
21.9 bio nuts

2. Indonesia
16.3 bio nuts

3. Philippines
15.9 bio nuts

4. Brazil processes >10% of its total nuts produced
3.6 Bio nuts → 360 mio nuts ≈ 110 mio litres

5. Sri Lanka
2.7 bio nuts

6. Papua N Guinea
1.5 bio nuts

7. Mexico
1.4 bio nuts

8. Vietnam
1.0 bio nuts

9. Thailand
806 mio nuts

Source: Asian and Pacific Coconut Community Statistical Yearbook 2012
In SSEA, it all started with a simple idea...

How to avoid wastage of coconut water?

Young nuts

Coconut water

Mature nuts

Kernal

Virgin oil → Cosmetics
Copra oil → Soap, cooking oil
Coconut milk/cream → Culinary uses
Desiccated coconut

Bran

Animal food

Husk

Furnitures, car seat

Water → Waste
Abundance of coconuts but getting enough good quality coconut water an issue

- Majority of coconuts go to Copra industry
- Common copra industry practice:
  - Small farmers split matured coconut into two and dry the kernel
  - Coconut water is loss at the farms – major waste
- Coconut desiccators and/or coconut cream manufacturer do not have the installed processes or experience to collect coconut water
- Different sizes of nuts

Top 10 Coconut Production Countries - 2012

Source: FAOSTAT 2013
Beverages Mapping
Coconut water attempting both refreshment & nutrition
Beverages Mapping
Coconut water attempting both refreshment & nutrition

Source: Tetra Pak Compass, All Liquid Food, 2013 and Ipsos Marketing - Censydian Methodology
Positive health benefits recognized
Convenience is also important: safe & practical way to hydrate after sports

Coconut Water*: Predominance of positive rational benefits, but emotional benefits are also powerful; few substitutes reinforce its uniqueness

*Based on the censydiam perceptor research done in Brazil

Source: Ipsos, Censydiam perceptor, 2014
Coconut Water development expands to new markets

Figure 1: Beverage introductions* with "coconut water" in the description, % of global introductions, by country, 2011-13

Note: 2013 includes January to mid-June
*Includes both alcohol and non-alcoholic beverages
Source: Mintel GNPD

<table>
<thead>
<tr>
<th>Country</th>
<th>2011 %</th>
<th>2012 %</th>
<th>2013 %</th>
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<tbody>
<tr>
<td>USA</td>
<td>29</td>
<td>31</td>
<td>20</td>
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<tr>
<td>Brazil</td>
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<td>11</td>
<td>18</td>
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<td>Canada</td>
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<td>Spain</td>
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<td>France</td>
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<td>UK</td>
<td>6</td>
<td>14</td>
<td>7</td>
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<tr>
<td>Germany</td>
<td>4</td>
<td>&lt;0.5</td>
<td>3</td>
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<tr>
<td>South Korea</td>
<td>0</td>
<td>&lt;0.5</td>
<td>3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>
New product launches in new markets!

- **Japan**: Coconut & berries, Coconut & Elderflower, Coconut plain
- **Germany**: Coconut water - RENEW, Coconut water - RELAX, Coconut water - PURE
- **France**:
- **UK**:

Images of product packaging are shown, indicating the new market and product flavors.
Key Players in Different Markets
Brazil Market
COCONUT WATER
HISTORY

1. The coconut water was the most prevalent beverage in the Brazilian routine for 400 years.
2. It was the only beverage, besides water, that was ready to drink, after opening the coconut.
3. It was present during the beach games, providing a delicious hydration.
4. It was present in homemade treatments of many illnesses, like a medicine.
5. Presents a link between pleasure and health.
6. It was always connected to leisure and fun.
7. It was always a wide ranging beverage, reaching all ages.
8. It was a beverage that relieved the hangovers of occasional events.
From the beach, to the shelf

Drinking at the beaches
Hard to handle, small quantity

First customer: Amacoco

1995: TBA 200
1998: TPA 330

Ambient distribution, as tasty as the natural product, practical
Usage of green and mature coconut

Unripe (green) → Ripe → Water → Pulp

- Coconut milk
- Coconut grated
- Bran
- Animal food
- Oil
- Soap, cosmetics, fuel

Large quantities of coconut water (from ripe coconuts) were discharged as a by-product from coconut pulp extraction by the coconut industry.
Coconut water with a consistent growth since 2008...
Category value increasing above volumes...

Total market (2013):
~R$850
~USD 350 Million

86.3% of volumes in cartons

Vol (lt)
2008  51
2009  57
2010  58
2011  75
2012  87
Est. 2013  116

CAGR 08 x 13
Volume: 16.6%  32.9%
Value: 17.6%  28.6%

Fonte: Tetra Pak Compass, 2013
Still focused on high end consumers

- 21% penetration
- 60% in-home consumption
- 40% out-of-home consumption
- Seasonal – more consumption during hotter months

Consumer Profile

51% de High Income Class
35% de Medium Income Class
14% de Low Income Class

Source: Nielsen Homescan 1º TRI 2012, Retail index | Homescan | Until March 2014
Coconut water is focused in few players...

Market Share Volume%

- Purococo: 28%
- Others: 28%
- Ducoco: 19%
- Sococo: 14%
- Others: 7%
- CKC H2 2014: 4%

Prepared for: Tetra Pak
Source: Retail index | Untill march 2014
Packaged Coconut Water is also premium-priced in Brazil

<table>
<thead>
<tr>
<th>Volume (ml)</th>
<th>Price (R$)</th>
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<tbody>
<tr>
<td>350</td>
<td>1.65</td>
</tr>
<tr>
<td>500</td>
<td>3.73</td>
</tr>
<tr>
<td>200</td>
<td>1.79</td>
</tr>
<tr>
<td>~400</td>
<td>3.85</td>
</tr>
<tr>
<td>330</td>
<td>4.59</td>
</tr>
</tbody>
</table>

Source: Pão de Açúcar Delivery. com
Inject Fun & Trendiness into the brand
Partnerships with fashion brands and restaurants

For the Kids
Tie up with Osklen, Brazil leading sportswear company

Fashion brands
Fashion Week

Food service channels
Bars & Night Clubs
Brazil - Coconut water & tea
Focus on functional natural properties, #AMAZONpower

I am not a carton box juice
#coconut + green tea

Discover the pleasure of being more than natural
#coconut+white tea

Dare to try the new?
#coconut + mint tea

Change your habits
#coconut + tea + Cupuassu
USA Market

- O.N.E. Coconut Water
- Vita Coco
- ZICO
- Naked
Strong year over year growth continues

29% Growth from prior year

Source: Nielsen Scantrack, Latest 52 WE
12/31/13, Total xAOC+Convenience
Dollar Share / Chg YA of Top Ten Players
Vitacoco gains share, claiming almost half the category

Source: Nielsen Scantrack, Latest 52 WE
12/31/13, Total xAOC+Convenience
Brand positioning ranges from ‘wellness’ to ‘natural hydration’

Celebrity endorsement and social media | main consumer awareness tactics

ONE: Social gaming via SocialVibe

VitaCoco: 2013 NY Wallscapes

Zico: CW as ingredient for healthy beverages

http://www.youtube.com/watch?v=d9eLA8rodNg

In Touch Magazine - Apr 17th, 2014
In Touch Weekly features reality star Kourtney Kardashian picking up Vita Coco Kids for her children.
New product launches | targeting new consumers and occasions

Coconut water expanding from ‘product’ to ‘platform base ingredient’

Kids beverage market is looking for new healthy/low calories options. ViaCoco Kids line is addressing those needs.

“Lemonade upgrades” leverage the coconut water equity to add a healthy spin to growing thirst quenching lemonade trend.
New product launches | targeting new consumers and occasions

CocoCafè - VitaCoco with RTD coffee:
Creation of a new category - natural energy & sport drink

Cocolibre – protein drink
“Made with organic coconut water and Dutch cocoa to create the optimum protein blend of milk and whey protein isolate”
Zico re-positions from ‘sports’ to ‘well-being’
Australia - Coconut water market size is very small but growing rapidly

Imported TPA

Cocobella
(TPA250Sq w. PullTab)
AU$7.16/L

H2Coco Pure
(TPA330Sq w. PullTab)
AU$9.03/L

Kokomo
(TPA330Sq w. PullTab)
AU$8.12/L

Natural Raw C
(TPA330Sq w. DC)

Retail sales volume

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coconut Water</td>
<td>475.4</td>
<td>875.4</td>
<td>84%</td>
</tr>
<tr>
<td>Other FFSD</td>
<td>91,698.5</td>
<td>100,397.3</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: Aztec scan data (AUS grocery and P&C, NZ grocery)
FFSD = Fruits / flavored still drink

Worldwide market leader chose TPA as their package which protects freshness and sensitive flavor of coconut water

*all prices are from Woolworth online shop as of Feb. 20, 2013
Europe
Category starting in Europe, UK at the top for new product launches

Germany, Spain, France and Nordic countries follow

Coconut water - New Product Launches (2010-2013) 

EUROPE

Source: Mintel GNPD, 2014
Europe

United Kingdom - Vitacoco

► Vita Coco launched in the UK in 2010 (following successful launch in US in 2004)
► 94% Market share of the coconut water category
► TPA 330 DC, TPA 330 DC 4 x Multipack and TPA 1litre
► RRP: £3.49/litre (€4.29/L)
► Listed in over 7000 stores
► It focuses on three consumer need states: hydration, nutrition and functionality

UK Total Coconut water market
~4.2 mio L
Vita Coco: Activity focuses on driving awareness & trial
UK – Chi Coconut Water
Rehydrate / Revive while you are on the go

Coconuts from Thailand

Perfect for on-the-go consumption

Source: Chi drinks website: http://www.chilondon.com/

*Also available in 1000ml
Chi Coconut water Celebrity Friends
Popular opinion leaders to promote the brand

"As keen yoga enthusiasts, Chi Coconut Water is just what we need to rehydrate and balance our bodies quickly"

Ioan Gruffudd & Alice Evans
Actor & Actress

"I've tried every coconut water on the market. Chi is by far the best"

Jonathan Silverman & Jennifer Finnigan
Actor & Actress

"I love it, love it, love it. I lead a hectic lifestyle and Chi is perfect as the natural boost I need. Plus it's tasty, fat free and low calorie. What more could you ask for?!"

Melissa George
Actress

"I am addicted to coconut water. If you don't have time to shimmy up a tree to grab one then CHI is the closest and freshest option. I'm a fan."

Toni Collette
Actress

Source: Chi drinks website: http://www.chilondon.com/
Product extension - Coconut milk dairy free

Espresso and chocolate - all natural ingredients, no sugar added

100% NATURAL CHOCOLATE COCONUT MILK

INGREDIENTS
Water, Coconut Cream (8%), Unrefined Sugar, Fat Reduced Cocoa Powder 1%, Inulin, Natural Flavouring

100% NATURAL ESPRESSO COCONUT MILK

INGREDIENTS
Water, Coconut Cream (12%), Unrefined Sugar, Inulin, Coffee Powder .6%, Natural Flavouring

Source: Chi drinks website: http://www.chilondon.com/
SSEA Coconut market
SSEA - More developed market for packed coconut cream/milk
Most consumption still loose

1. India
   21.9 bio nuts

2. Indonesia
   16.3 bio nuts

3. Philippines
   15.9 bio nuts

4. China

5. Sri Lanka
   2.7 bio nuts

6. Malaysia
   570 mio nuts

7. Thailand
   806 mio nuts

8. Vietnam
   1.0 bio nuts

9. Indonesia

Source: Asian and Pacific Coconut Community Statistical Yearbook 2012
Carton packed coconut water in SSEA

Local Deployment Increases

India
- **Tendo** - First Indian regional tender coconut water in TBA200S

Philippines
- Launched in 2012

Malaysia
- Introduced in 2013

Indonesia
- Rejuvenation of brand in 2012

Thailand
- Tetra Gemina Aseptic deployment in 2012

Singapore
- **O.N.E** - First introduced in June 2012
Indonesia coconut cream market growth

Biggest growth comes from Ambient liquid coconut cream

~675 mio liters

Unprocessed 0.8%
Concentrates 1.0%
Powder 1.4%
Ambient 15.5%

Source: Euromonitor - Coconut cream and water in Indonesia - Market sizing January 2014
Indonesia Coconut water market growth

Packed coconut water showing faster growth and potentially growing in the future

~296 mio liters

CAGR 2009 - 2013
1.3%  23.1%

RTD coconut water ~10 mioL

Source: Euromonitor - Coconut cream and water in Indonesia - Market sizing January 2014
The Philippines market

Normally fresh/unpacked, Limited packed coconut water locally

Packed coconut water consumed locally <3MioL*

Locally produced (Chilled)  Imported Cans

Locally produced in TPA
Coconut water in carton packages evolution in the last few years

2012
Sept 2012

2013
Nov 2012

2013
Jan 2013

2013
June 2013
Malaysia coconut market

- Malaysia is a small producer of coconut with dependence on imports from Indonesia and Thailand.
- Malaysia has a developed market (~9.5 mioL) for Coconut Milk/Cream with strong local players. ~20% volume is exported.
- Packaged Coconut water beverages is still small (~0.4 mioL)
Premium pricing in Malaysia for coconut water

<table>
<thead>
<tr>
<th>Volume (ml)</th>
<th>Price (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSD</td>
<td>325</td>
</tr>
<tr>
<td>Isotonic drink</td>
<td>325</td>
</tr>
<tr>
<td>Juice</td>
<td>355</td>
</tr>
<tr>
<td>Fresh</td>
<td>~400</td>
</tr>
<tr>
<td>Canned</td>
<td>300</td>
</tr>
<tr>
<td>Tetra Pak Carton</td>
<td>1000</td>
</tr>
</tbody>
</table>

Source: Tesco online shopping 2014, Nielsen Mar14
Coconut market in India

- Most consumption of coconut products in India is in the form of coconut oil
- Coconut water consumed mostly in loose format
- Packaged coconut water is emerging in small volumes
Multiple regional players adding to growth

- Annual turnover of 0.1 - 0.2 million Euros, <2.5 mioL
- Limited regional distribution
- Average retail price at €0.4 (mostly 200ml portion packs), € 1.10 (1L)
- Common claims: Hydration, No Preservatives/Sugar, detoxification

Tender Coconut Water
2.2 bio nuts
200-225 ml
Est 0.4bioL

Brand: Cocojal
Pack Type: TBA 200S
Launch: Feb 2013
Target: All age groups

Brand: Tendo Coconut Water
Pack Type: TBA 200S
Launch: 2009
Target: All age groups

Brand: Tropicana
Pack Type: TBA 1000S, TBA 200S
Launch: 2013
Target: Family, Young adult, In-home consumption

Brand: Real Activ
Pack Type: TBA 200S
Launch: 2014
Target: Young adult, On-the-go consumption

Brand: Coco Natural
Pack Type: TBA 200S
Launch: July 2013
Target: Entire Family
Carton packed coconut water in SSEA

Potential for local markets!!!
Beverages Mapping
Coconut water is versatile, potential to move into other categories.

Source: Tetra Pak Compass, All Liquid Food, 2013 and Ipsos Marketing - Censydian Methodology
THANK-YOU