



MINDPOWER SOLUTIONS

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**Demand & Opportunities
in Asia-Pacific Nutritional
Supplements Industry**

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GLOBAL NUTRITIONAL SUPPLEMENT INDUSTRY

The global nutritional supplements industry has been growing for several years and continues to expand despite the economic downturn started in the mid of 2007. The dietary and nutritional supplement market generated USD~ billion sales worldwide in 2010. Multivitamins make up a major portion of this market and grew almost 7.9% through this year (2010). The growth of this market is being influenced by several factors including an aging population and an increase in chronic health conditions such as diabetes and heart disease resulting from poor nutritional habits.

Figure: Nutritional Supplements Market Worldwide (2002-2010)

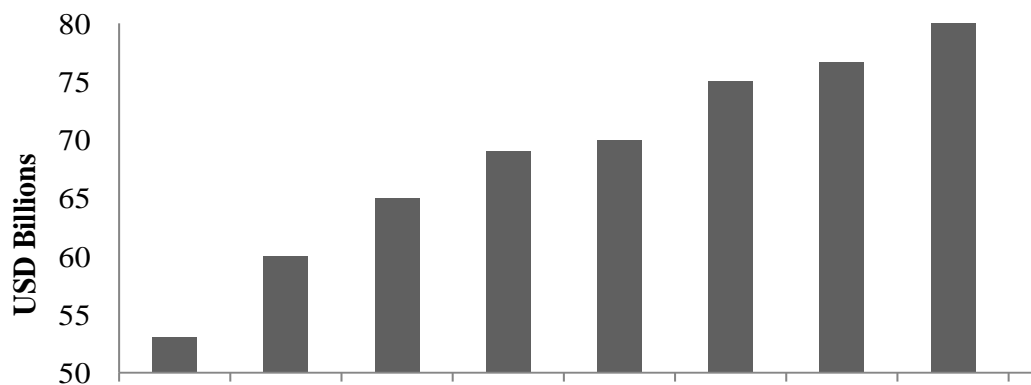
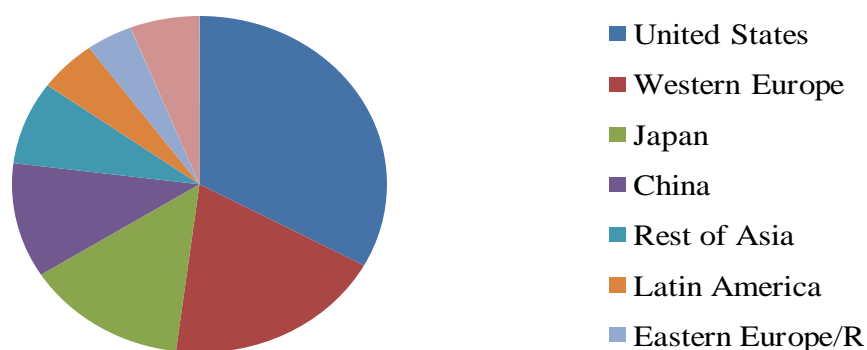


Figure: Global Supplement Industry Sales by Region in 2008

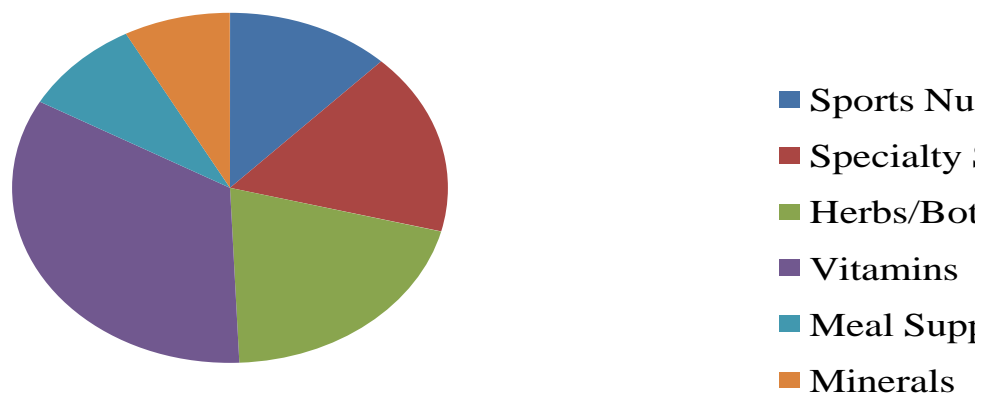


Source: Nutrition Business Journal

There is tough competition in the Vitamin, Minerals, Supplements (VMS) retail industry due to the fragmented structure of the industry driven by many factors such as: aging population, increasing concerns of health and wellness and rising uninsured population looking for alternatives to high healthcare costs.

Sports nutrition and speciality supplements are the two fastest growing segments of the VMS industry and further these segments are offering high growth opportunities, whereas vitamins are leading the market demand and herbs stood at second place in the market.

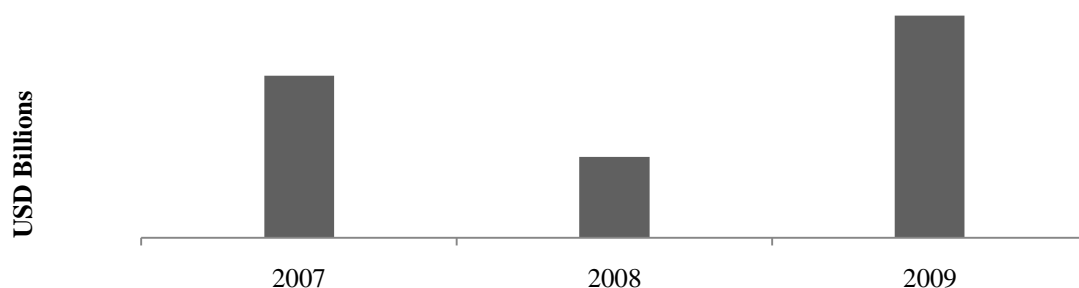
Figure: Global Vitamins and Dietary Supplements Industry Segments in 2010



GLOBAL SPORTS NUTRITION PRODUCTS

In 2007 the global sports nutrition supplement market was valued at USD~billion which fell in 2008 and reached to USD~billion; once again in 2009 demand pulled up and reached to USD~billion driven by various sports events (national and international). Teenagers are the primary consumers, accounting for nearly 30% of growth.

Figure: Global Sports Nutrition Supplements Market (2007-2009)



ASIA NUTRITION SUPPLEMENTS INDUSTRY

There is a strong demand for nutraceutical products especially nutrition and dietary supplements led by aging society and rising chronic diseases. There is a rapidly growing trend of herbal supplements in many Asian countries, Asian regulations are changing to meet an increasingly wealthy demographic that is boosting sales of food supplements and other products in the health and wellness area.

PROSPECTS IN HONG KONG

The dietary supplement market in Hong Kong has crossed USD~ billion in 2010, of which vitamins and minerals accounts for the largest percent of the market. Female and elderly consumers with a strong education background and rising per capital income have accounted for a largest percentage among all buyer groups.

In 2010, vitamins and mineral market performed well after a setback in 2009 affected from global slowdown, although Hong Kong health supplement market was not affected much.

Figure: Hong Kong Vitamins and Minerals Sales and Forecast (2003-2012E)

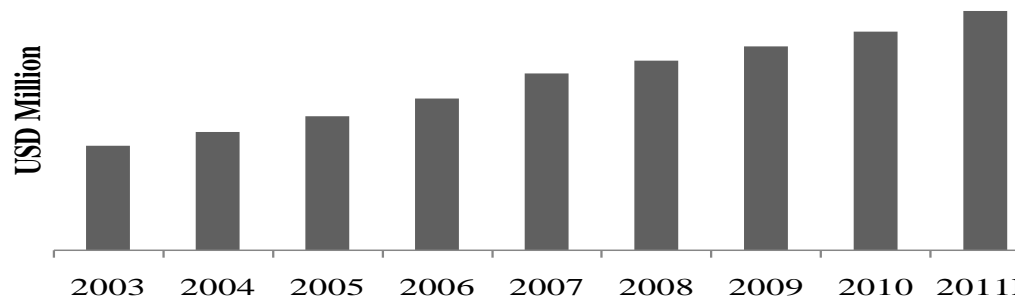
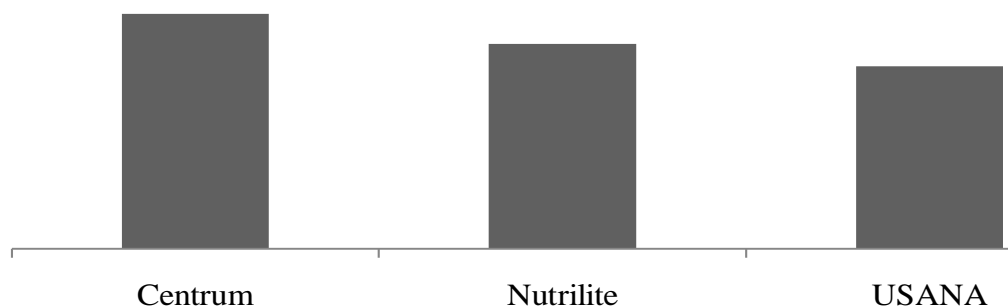


Figure: Top Industry Players Market Share in Hong Kong in 2010 (%)

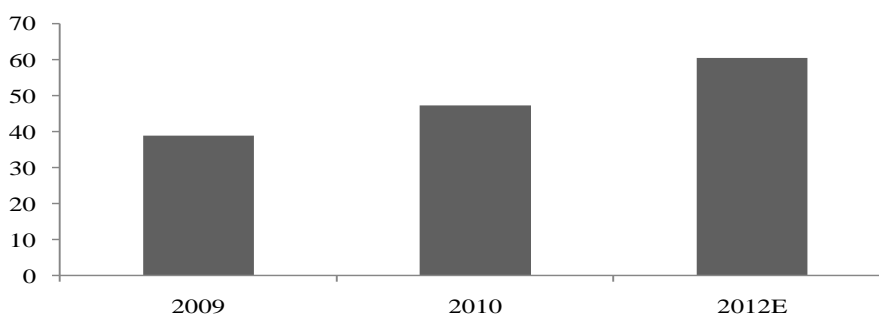


PROSPECTS IN INDIA

There is a rapidly growing trend of nutraceuticals led by growing income of middle class segment, changing lifestyle and spending pattern in India. Also boom in entertainment industry encouraged people to follow the recent trend which is not limited to only fashion but maintaining health, diet is the major area to look after.

In 2010, the nutraceuticals market reached to USD~ billion from USD ~ billion in a year before and expected to cross USD ~ billion in 2012.

Figure: India Nutraceuticals Demand and forecast by Value (2009, '10 & '12E)



CHINA

China has fastest growing dietary supplements market worldwide, supported by country's economic growth. In terms of consumption of nutritional supplements, market has reached USD ~ billion in 2010, up by % from 2009 (USD ~ billion) and further expected to cross USD~billion in 2013.

Figure: China Nutritional Supplements Consumption and Forecast by Value (2009-2013E)

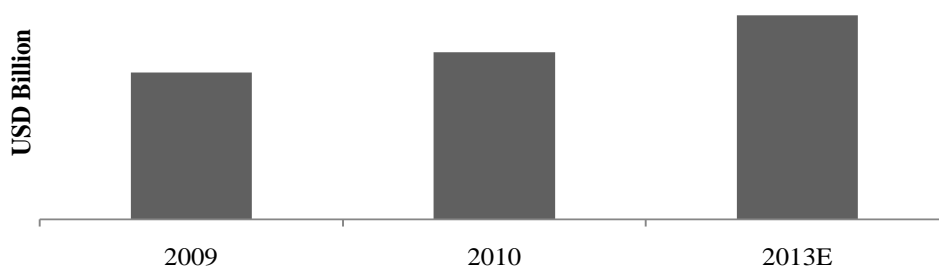
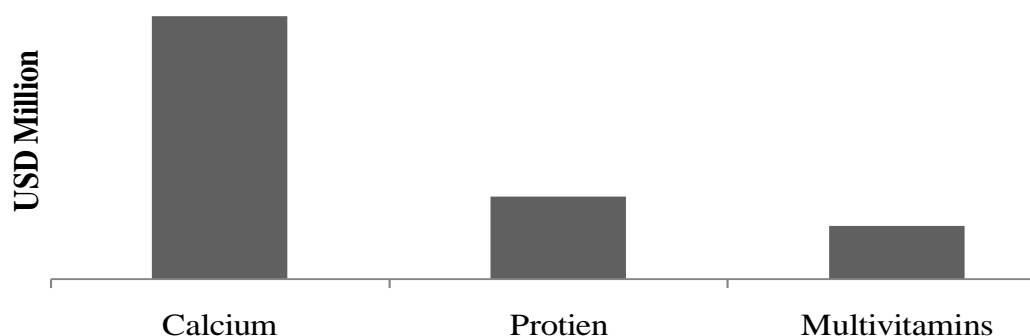


Figure: Top Categories in Nutraceutical Industry in China by Value (2010)

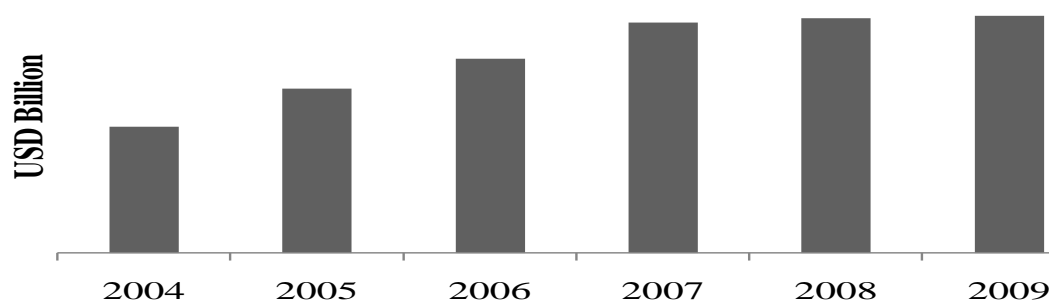


DAIRY INDUSTRY IN CHINA

Dairy industry in the country has been growing continuously supported by rising population and reached to USD~ billion in 2010

Within dairy, infant milk formula is one of the most attractive segments, with high demand visibility driven by predictable demographic trends. China is expected to comprise 45.3% of the world's growth in infant milk formulas through 2013. Therefore, competition has zeroed in on this geography, as both domestic and international players compete along the dimensions of formulation, branding, and distribution.

Figure: China Dairy Market Size (2004-2010)



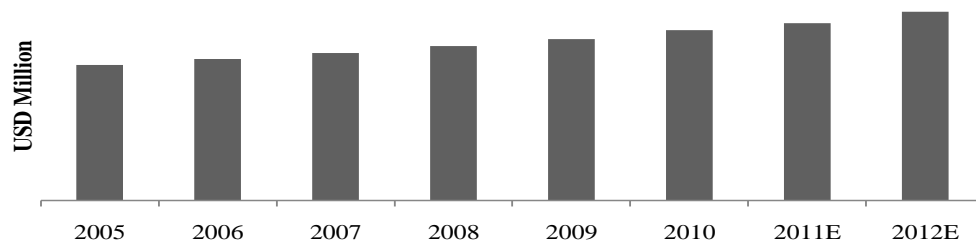
INFANT MILK FORMULA MARKET

Infant milk formula market is one of the strongest segment in the China dairy industry, accounting for USD ~ billion with a CAGR of 17.16% (2005-2010) and this growth rate is expected to sustain further despite the melamine crisis in late 2008 which has hastened the market structure towards maturity, with market shares becoming more concentrated within a small number of players.

MALAYSIA

The vitamin and dietary supplement demand has seen a continuous growth, driven by rising purchasing power, health awareness, a large number of literate population and growing elderly population.

Figure: Malaysia Vitamins and Dietary Supplements Market and Forecast (2005-2012E)



Local production is still very low and the herbal industry is still not fully developed yet. The Malaysian government is encouraging production of herbal medicine products and nutraceuticals.

JAPAN

Japan is leading the nutritional and dietary supplements market in Asia also third largest player in the global nutritional and dietary supplement market. Nutraceuticals demand fell in 2005 and 2008 result of changes in external environment. During recessionary period people interest shifted from functional beverages and packaged foods to herbal and other vitamin supplements.

Figure: Japan Nutraceuticals Demand and Forecast by value (2005-2012E)

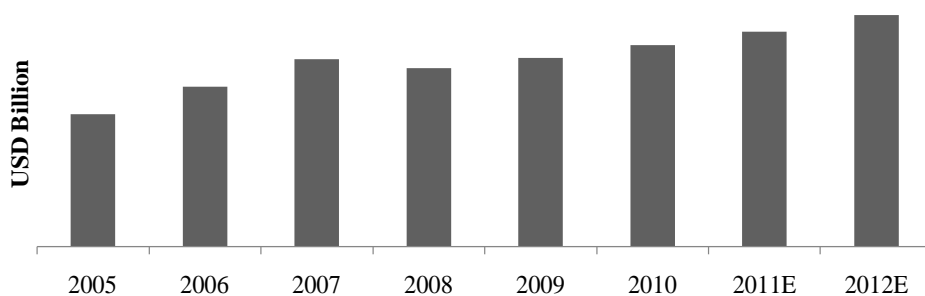


Figure: Japan Vitamins and Dietary Supplements Demand by Value (2006-2012E)

