



Press Information

New product in aseptic carton packaging – further projects in the pipeline

Worldwide product innovation: Mengniu Dairy and SIG Combibloc develop UHT milk with real fruit particulates

April 2007. Mongolia's Mengniu Dairy Industry, one of China's leading dairy manufacturers, presents a world-wide first in product innovation. Together with SIG Combibloc, system supplier of carton packaging and filling machines for beverages and food, the company has developed a one-of-a-kind product concept. Mengniu is the first company to launch UHT milk containing pieces of real fruit. The products, in Strawberry, Peach, Coconut and Aloe Vera varieties, are offered in combibloc *Mini* 250 ml with drinking straw.

With this unique new product, Mengniu is pursuing a strategy of invigorating the Chinese market with new dairy products, whilst at the same time boosting the company's product portfolio. Bai Ying, General Manager of the liquid dairy products division and Vice President of the Mengniu Group, says: "SIG Combibloc's unique, flexible filling technology means we can put even chunky products in the aseptic carton packs. The experts from SIG Combibloc were there with us through every step of the project development phase, right from the beginning. We've developed a product concept that is unique in China and on the international dairy market, and which offers a real added value".

Product innovation with added value

Markus Böhm, CEO of SIG Combibloc China, adds: "Each package sleeve is individually shaped, sterilised and filled on the filling machines at the customer's premises. The top of each carton pack is ultrasonically sealed above the filling level – and not through the product – only after the product has been filled. With the successful launch of the world's first UHT milk products with pieces of real fruit, we've combined the innovative potential of Mengniu and our own modern filling technology in superb fashion. We firmly believe that, with this development, we are offering a product concept that will bring a whole new impetus to the international UHT milk market".

The project 'pieces of real fruit' was first set in motion a year ago. Working in close collaboration, the project team experts of both companies developed the product concept for the new UHT dairy products containing pieces of real fruit. The CFA 112-32 high-speed filling machine, with a maximum output of 12,000 packages per hour, was adjusted to suit the product requirements. "SIG Combibloc is a provider with many years' experience in filling chunky products. This experience, and the projects we have already successfully implemented together with SIG Combibloc, strengthens our conviction that we have found the right partner to prepare ourselves to take on the increasingly tough competition on the Chinese dairy market. In all questions relating to the product concept, the production and the machine technology, and with respect to the packaging design and all marketing activities, we found capable, professional support in the SIG Combibloc project team", says Bai Ying.

The Baoji project in Shan'xi Province provides another perfect example of the successful co-operation between the two companies. After a project development phase lasting a mere eight months, Mengniu has been manufacturing at this new high-tech plant since 2006, using seven high-speed filling machines from SIG Combibloc. Work at the plant concentrates on the aseptic filling of milk and yoghurt drinks in combibloc *Small* 250ml and combibloc *Mini* 250ml.

New projects in the pipeline

The main requirement for survival in the hotly contested Chinese dairy market is the ability to bring high-value products onto the market, using efficient methods of production. According to the experts at Mengniu, product differentiation and the creation of added value play a key role in escaping pricing pressure and ensuring long-term market success. This is precisely where the new product concept fits in. Putting pieces of real fruit in UHT milk is a one-of-a-kind idea. It offers consumers a new taste experience and the knowledge that, with the combination of the nutrients

from milk and the goodness of fruit, they are giving themselves an extra portion of health.

The new UHT milk products are positioned as premium products and are targeted primarily at young, modern women who want to combine natural flavour with a modern lifestyle and good health. "The 250 ml portion sizes in combibloc *Mini* have been well-received. They are presented as a convenient, user-friendly packaging solution that is eye-catching and expands Mengniu's product portfolio to optimal effect. The flexible filling machine system makes it possible to fill volumes from 125 to 250 ml on one and the same machine", says Bai Ying.

The new, healthy milk-and-fruit packs are now available in almost every major city in China. Mengniu backed the market launch with a variety of promotional events, thus ensuring an extremely positive market entry.

Based on its previous successful collaborations with the company, Mengniu already has a new project with SIG Combibloc firmly in its sights. "We are developing a further production plant at our headquarters in Hohhot (Inner Mongolia). In this venture, too, SIG Combibloc is our trusted partner", says Bai Ying. On completion of this new plant, a further twelve SIG Combibloc filling machines will be put into operation.

Mengniu on course for success

Established in 1999, Inner Mongolia Mengniu Dairy Industry (Group) Co., Ltd has grown in seven years from a small regional provider in Inner Mongolia into one of China's biggest dairy manufacturers. In 2005, Mengniu achieved total sales of 10.8 billion RMB (1.36 billion USD), and with a market share of 30 per cent it is China's number one in the liquid UHT milk products segment. In the first six months of 2006, the company gave a convincing performance with a further profit, reporting first half-year turnover of 7.5 billion RMB (945 million USD).

Today, Mengniu owns more than 20 production facilities in 15 provinces all over China, and has a portfolio of more than 100 different products. According to market analyses, Mengniu has the potential, within the next three to five years, to develop into one of the 20 most successful dairy manufacturers in the world.

SIG Combibloc is one of the world's leading systems suppliers of carton packaging and filling machines for beverages and food. Employing approx. 3,890 people, the company recorded sales of EUR 1,210 million in 2006. SIG Combibloc is a division of SIG Holding AG, Neuhausen am Rheinfall.



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