

EAC MAGAZINE

1/FEBRUARY 1990



THEME: EAC in Malaysia

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EAC

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The manager's house at the EAC Teluk Merbau plantation was built in 1918

Editorial deadline January 27th, 1990

SUPERVISORY BOARD

The Chairman's New Year greeting

1989 was another good year for EAC, with progress in virtually every sector. In addition, our share issue last summer – the largest in the Company's history – was a great success. We are today well equipped to meet the many challenges and exploit the new opportunities which we will undoubtedly encounter in the years to come as a result of the worldwide political détente which is currently taking place.

I should like to take this opportunity to wish all members of staff, at home and abroad, a happy and prosperous new year and to thank you all for your skilful and loyal efforts in the year which has just ended.



T. WØLDIKE SCHMITH

EDITORIAL

Malaysia – one of South-East Asia's growth centres



EAC has been active in Malaysia for just under 100 years. The SS SIAM was the first EAC ship to enter the port of Penang, as long ago as 1898. And, in 1905, a far-sighted EAC acquired its first rubber plantations, ready for the mass-produced motor vehicles introduced by Henry Ford two years later.

In 1927, EAC established its Kuala Lumpur office. The Penang office opened its doors one year later. And visitors to the Teluk Merbau plantation can still see the old plantation manager's house, built in 1918 and still in use.

The East Asiatic Company (Malaysia) Berhad was locally registered in 1977. Today, it is listed on the stock exchange and is well

equipped to continue its expansion in the 1990s, with seven divisions, various subsidiary companies, associated companies and just under 3,000 employees.

Malaysia is made up of 13 states split between the Malaysian peninsula and East Malaysia (formerly Borneo). There is a population of 17 million people, comprising Malays, Chinese and Indians, as well as various other ethnic groups.

Half the population is under 20 years of age. Malaysia's cultural mix, many young people and wide geographical spread make it an exciting challenge. We describe that challenge in more detail on the theme pages of this issue of EAC Magazine.

THE INFORMATION DEPARTMENT

“Agencies” added...

The word “Agencies” has appeared after “EAC Transport” on the sign. The change is clear to see for anyone visiting the large container harbour at Århus. Perhaps people seeing the sign do not stop to think why this extra word has been added to the well-known name EAC Transport. Nevertheless, the name “EAC Transport Agencies” will become more and more fami-

liar to Danish customers for EAC’s transport services. All EAC Transport Division’s Danish activities have been joined together in EAC Transport Agencies.

KEY CENTRES IN ÅRHUS AND COPENHAGEN

EAC Transport Agencies’ key centres are the administrative headquarters in Copenha-

gen and the container harbour in Århus. This section of EAC Transport Division, headed by Troels Smith, embraces a particularly wide range of activities, covering sea, air, rail and road transport. It also has travel-agency activities, undertaken by EAC-WB Travel, in which EAC owns 50 per cent of the shares.

BROAD RANGE OF SERVICES

“Our Copenhagen and Århus facilities are the basis on which EAC Transport Agencies is able to offer Danish importers and exporters services which satisfy every one of their transport needs – large and small”, says Troels Smith.

“Our main strength is our ability to offer our customers both partial solutions and total solutions, whether the task involves sea, air, rail or road transport,” continues Troels Smith. “In addition, we can combine our services very effectively with those provided by EAC Transports’ other offices around the world.

During the past year, EAC Transport Agencies has been building up its services within a new framework, now complete, which permits the company to meet the transport sector requirements of its large network of Danish customers, whatever those needs may be.

Bustling activity in the Århus container harbour, one of the focal points of EAC Transport Agencies’ activities



WORLDWIDE

Sales seminar in Kuala Lumpur

EACgraphics held a regional sales seminar in Kuala Lumpur at the beginning of January, in co-operation with the King Press agency. The participants, shown in the picture, were drawn from EAC's Far East offices. Klavs Rahbek Thomsen came from the Copenhagen Head Office. The seminar had two objectives – a general review of sales opportunities for rotary offset in the region and a detailed briefing on King Press's product range.



Charlotte Amalie to be expanded



In an article which was recently published in many Danish newspapers, Hans F. Jahn, Managing Director of EAC's West Indian Company (WICO) on the Caribbean island of St. Thomas,

describes the WICO marina and shopping centre, Charlotte Amalie. The island is a popular holiday destination and the centre receives up to 800 visits a year from luxury liners.

Hans F. Jahn states that the number of tourists has increased enormously in recent years. It is for that reason that WICO has acquired further ground – to expand capacity in pace with the

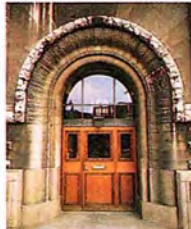
requirements of cruise lines and retailers. The drawing provides an attractive impression of the marina and shopping centre once this expansion project has been completed.

WORLDWIDE

To and from every door

Efficient transport to and from every door. That is the message in a new advertising campaign recently launched by EAC Transport Agencies. EAC Transport Agencies is involved in all types of transport throughout the

world. The advertisement stresses both the comprehensiveness of the company's services and the business philosophy on which it is based. EAC's front door in Copenhagen is in the middle of the bottom row.



EAC Transport er en del af ØK-koncernen. Dette betyder ikke alene for sikkerhed, service og kvalitet i enhver transportopgave. Det garanterer også en effektiv opfølgning gennem ØK's verdensspændende net af egne kontorer og agenturer. Ring og hør hvordan vi kan hjælpe Dem.



Effektive transportløsninger til og fra alle døre

EAC Transport Agencies, Wernholmsgade 38, 2100 København Ø. Tlf. 39 27 12 14
EAC Transport Agencies, P.O. Box 73, Pier 2, 8930 Arma C. Tlx. 86 12 81 88

Christmas hams a tremendous sales success

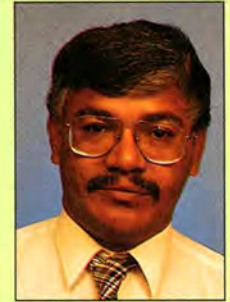
Last Christmas, Plumrose hams achieved a tremendous sales success in Venezuela. There was great interest in the specially-produced Christmas hams among consumers. Sales, at more than 120,000 hams, were 20 per cent above the budgeted figure. As can be seen from the photograph, the hams were very attractively presented.



Wan Wai Mun



Chok Choo Yong



K.L. Chiang

The EAC Plantations management team

The chief executive of the Plantation Division in Malaysia is Hussain Shaari (p. 8). But daily responsibility for the three plantations and their small EAC

communities is in the hands of Wan Wai Mun, (Padang Meiha), Chok Choo Yong (River Estates) and K.L. Chiang (Teluk Merbau). A strong management team!

Trade delegation from Vietnam visits EAC

In mid-January, EAC in Copenhagen received a visit from a Vietnamese trade delegation. The delegation was invited to Denmark by Danbrew to negotiate renovation and modernisation projects. The Vietnamese have already signed one contract with Danbrew for the supply of brewing equipment. The discussions also provided an opportunity to discuss the two sides' shared interest in developing Vietnamese exports – primarily agricultural products – and the

import of technical equipment from the range which EAC represents. The picture shows (from left): Troung Ngoc Hoi (Director, Bank of Industries); Le Xuang Duong (Technoimport); N.H. Aschengreen (NOVO); E. Blach Andersen (EAC); Jørgen Brix (Danbrew); Pham Ba Dien (Chairman) and Ngyuen Mihn (Director), both from Thua Thien Hue Province; Duong Ngoc Mihn (interpreter); P.E. Glahnson (EAC); Le Vuong Nghiep (Director, Technoimport).



Reach the Summit at DRUPA90.



EACgraphics
Representing the World Champions in Graphics

Reach the Summit at DRUPA90.



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EACgraphics
Representing the World Champions in Graphics

EACgraphics reaches the summit at DRUPA

"Reach the Summit" will be the EACgraphics theme at the forthcoming graphics exhibition, DRUPA, to be held in Düsseldorf between 27th April and 10th May this year. EACgraphics will illustrate the theme with an exciting series of posters with mountain peaks as the motif. EAC Magazine has had a

preview of what visitors to the stand will see. There is an exciting interplay between colours and shape – an interplay which only succeeds because the very finest graphic technology has been used. And that, of course, is the clear message which EACgraphics wishes to convey to visitors to the hectic Düsseldorf exhibition in the spring.

People employed in the industry all over the world come to DRUPA. The subjects of the posters have been selected from the four regions of the world in which EACgraphics is active. At top left is the Matterhorn (Europe), to the right Mount Rainier (North America), at bottom left is Mount Everest (Asia) and, lastly, Mount Kenya (Africa).

Progress through teamwork

EAC(M), EAC's Malaysian company, is divisionalised, with interests split between plantations, manufacturing industry, transport and the import/export trade. The company's business philosophy is based on the concept of "Progress through teamwork", with an emphasis on high productivity in the plantations and manufacturing plants, as well as a strong commitment to marketing in every one of its sales-related activities.

FREEDOM WITH RESPONSIBILITY

"We believe in the principle of individual freedom but this is coupled with joint effort. We achieve our results through setting performance norms and goals based on individual effort," says John Madsen, Managing Director of EAC(M).

"Whatever we do – individually or collectively – our common objective is always to improve productivity. Our fundamental business philosophy is based on treating all

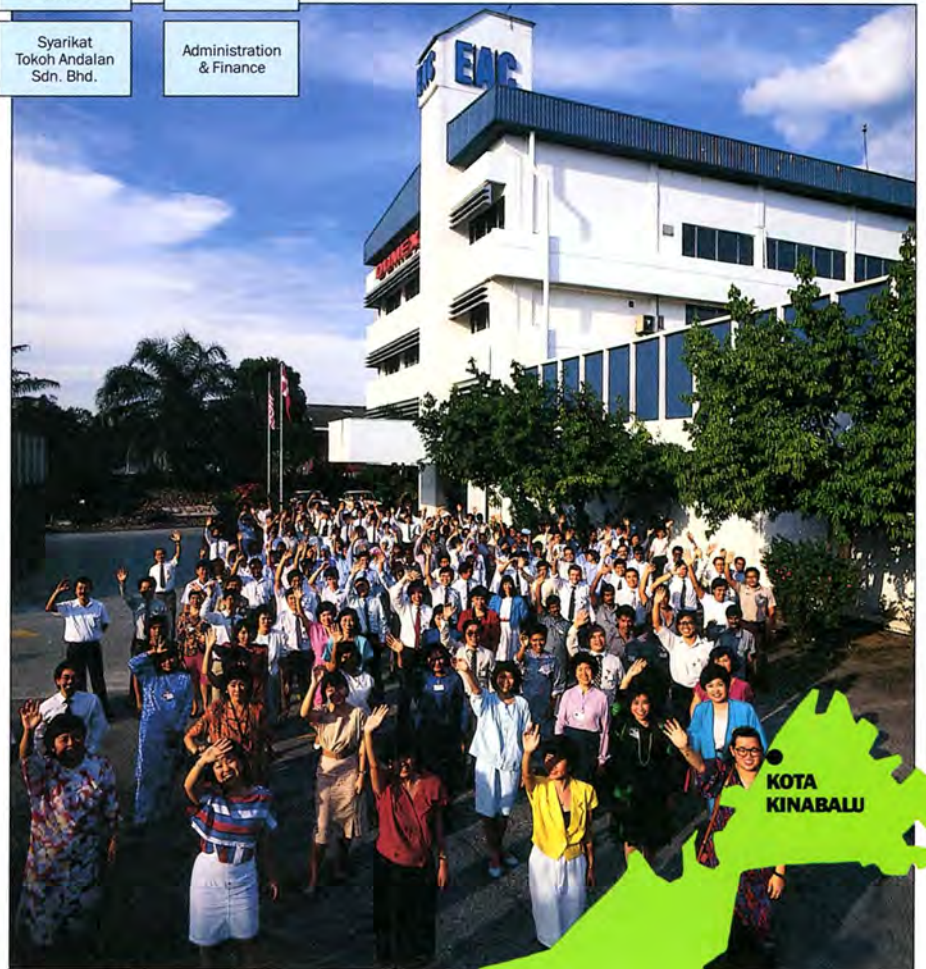
concerned employees as members of the marketing team – a team which must always offer our customers the highest quality and service.

DEVELOPMENT OF THE SYNERGY EFFECT

"Our strategy in Malaysia is to continue to invest in business activities which exploit the synergy effect and to develop branded consumer goods which have export potential and assist in EAC(M)'s internationalisation process. This strategy will be undertaken in close co-operation with EAC in Denmark and our sister companies in the EAC Group throughout the world," adds John Madsen.

THE EAST ASIATIC COMPANY (MALAYSIA) BERHAD

Divisions	Subsidiaries	Associated Companies	Staff-Function
Plantation	The River Estates Sdn. Berhad	Carlsberg Brewery Malaysia Berhad	Project & Development
Dumex	EAC Rubber Industries (M) Sdn. Bhd.	Syarikat Tokoh Andalan Sdn. Bhd.	Administration & Finance
Graphics	EAC Horticulture (Malaysia) Sdn. Bhd.		
Consumer Products	EAC (M) Trading Limited		
Machinery			
Export			
Timber			



EAC staff gathered in front of the Kuala Lumpur offices

● KUALA LUMPUR

● KOTA KINABALU

Plantations – EAC's oldest activity in Malaysia



*Hussain Shaari,
Group Plantation
Manager*

EAC's oldest activity in Malaysia is the operation of plantations. Rubber and coconut plantations have been owned since 1905. Oil palms were added in 1951, gradually replacing the coconut palms at Teluk Merbau. Until that time, there was virtually no production of palm oil in Malaysia. The annual output was around 50,000 tons, compared with today's figure of almost six million tons. EAC(M) now has three plantations, covering some 18,000 hectares. A fourth plantation is in prospect. This will increase the total area by 8,500 hectares.

MALAYSIA'S FINEST RUBBER

There is just one rubber plantation, Padang Meiha, in the state of Kedah. It has an area of 2,300 hectares and employs 600 people. The yield per acre is very high – in 1987, it was the highest in Malaysia. It produces rubber of the finest quality, with an annual production equivalent to 3,200 tons. The plantation manager is Wan Wai Mun.

The Teluk Merbau oil-palm plantation is a little larger, at 3,200 hectares, and is located around 50 miles from Kuala Lumpur, between Port Dickson and Port Klang on the Malacca Straits coast. A total of 12,500 tons of palm oil and 3,600 tons of palm kernels are produced there each year. There are some 700 employees and the plantation manager is K.L.Chiang.

*Tapping rubber trees at the Padang Meiha
plantation*



The oil-palm harvest at Teluk Merbau. One of the harvesting implements used by plantation workers is a knife attached to the end of a long stick

LARGEST PLANTATION

The largest plantation is the River Estates subsidiary in Sabah, East Malaysia. Its gross area is 12,600 hectares (of which approximately 5,200 cannot be cultivated) and there are some 1,500 employees, producing 21,700 tons of palm oil and 5,000 tons of palm kernels a year.

Hussain Shaari, Group Plantation Manager, reports that much is being done to replace hard manual labour with machinery.

There is a strong worldwide demand for both raw rubber and palm oil. The efficiency of the plantations is very much dependent on the skill of their workers. For example, rubber tapping requires special abilities. The latex is processed on the spot and then either sent to EAC's rubber-glove factory in Kuala Lumpur or exported direct. Palm oil is rich in vitamins and has many uses – for example, in margarine, as vegetable fat in ice cream and for deep frying. It is also used in the soap industry.





Young rubber trees in the tree nursery at the Padang Meiha plantation

Experiments to improve rubber trees

Plantation activities occupy third place in the Malaysian economic league table, beaten only by forestry and the petrochemical industry. And it is worth noting that neither plantation operation nor forestry damages the environment – the resources are renewable and produce virtually no waste products.

"We are actively involved in rubber research in Malaysia and have achieved a measure of success in the search for new clones. The experiments have as their objective the development of rubber trees producing the highest possible yield," says Wan Wai Mun of the Padang Meiha plantation. "Out of every 1,000 experiments, just two results can be rated as successes. At present, we have trees which can be tapped after four years, but the waiting time can be further reduced."

Three-quarters of a million rubber trees have been planted. Research is being undertaken into intensive exploitation and

improvements in work methods. In the tree nursery – where the new rubber trees begin their lives – there are 20,000 young trees waiting to be planted out.

Rubber tapping is a highly specialised technique – and women make the best tappers. Male workers are more involved in the hard work involved in planting out the young trees. From the moment when the tapper makes his or her first cut, it takes from three to four hours for the cup attached to the tree

to fill. Plantation workers are comparatively well-paid and EAC views the improvement of their housing and social conditions on the plantations as an important task.

EAC VILLAGE IN THE JUNGLE

Teluk Merbau is, in a sense, a small EAC village, with a house and vegetable allotment for every family. And the situation is the same at Padang Meiha and River Estates.

K.L.Chiang says that he has to be a man of many parts to serve the little plantation community of which he has charge – welfare worker and psychologist, as well as a planter. The employees, many of whose families have worked on the plantation for generations, come to the management for advice whenever they have problems.

MAS SERVICES USE EAC AIRPORT

EAC's newest plantation, dating from the mid-1960s, is River Estates, in north-eastern Sabah. A small airport has been constructed in the middle of the jungle. Small aircraft operated by Malaysian Airlines call at the airport four times a week. And although the community numbers less than 1,500 people, it has its own hospital, school, general store and police station. The plantation's products are palm oil, palm kernel and cocoa, which are loaded into large barges for the eleven-hour journey down river to Sandakan, where EAC also has a local office.

Chok Choo Yong, who is in charge of the little River Estates "empire" in the middle of the jungle, is not only a plantation manager. He has to do service as airport and harbour administrator too.



Tomanggong, EAC's little airport at River Estates, receives four MAS flights a week. Here an aircraft prepares for take-off, with the terminal building just visible in the background

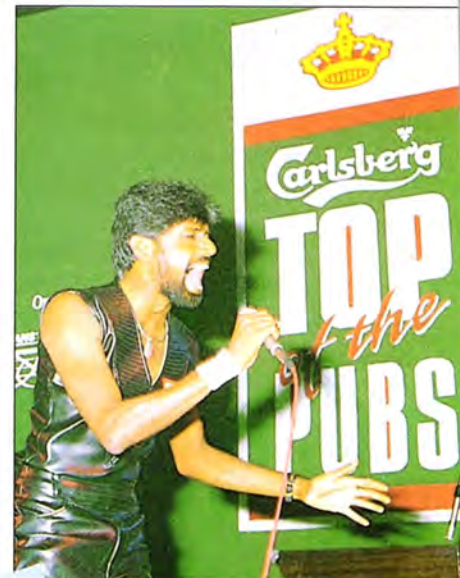
Dumex – popular with Malaysian mothers

Dumex is a strong EAC brand-name in Thailand, Malaysia and Singapore. In Malaysia, Dumex has gained a healthy share of the market with its mainstream products – Infant Formula, Full Cream Milk and Mamex. Started up by EAC in Denmark in 1946, Dumex established a factory in Kuala Lumpur in 1960, to serve Malaysia, Singapore and Brunei. At the outset, the factory had an area of 20,000 square metres. Today, it is four times that size. The main product is Dumex Infant Formula, for which the main raw material is milk powder from New Zealand. Previously, the milk powder was imported from Denmark. However, Danish milk production is now at too

low a level for large volumes to be exported.

PHARMACEUTICAL PRODUCTS

Lawrence Hew, Dumex, reports that, apart from products for babies and small children, the company also sells vitamins and polio vaccine, as well as producing various pharmaceutical products – including one of the best-known headache pills in South-East Asia, Dusil. This substantial company has some 300 employees.



Carlsberg is "Top of the Pubs", according to this poster



Every product is carefully checked before it leaves the Dumex factory

It all started with Marlboro cigarettes, but there are now other world-famous brands in the range, including M&M chocolate, petfoods (Pedigree, Pal and Whiskas), Kjeldsens butter cookies and ICI products, such as suntan lotions. The latest addition is Gerbers baby foods. The Consumer Products Division's turnover has increased by a factor of seven in two years and its manager, Jeremy Tee, has absolutely no doubts about future prospects.

RAPID STOCK TURNOVER

"We owe our existence to our customers and the secret is that we know them very well indeed. Some of them have a stock-turnover rate as high as two days and those we visit at least twice a week. Malaysia is a typical pro-British market, following British consumption patterns, says Jeremy Tee. There is an emphasis on quality and luxury goods on supermarket shelves. The Division has just presented its first commercial for Kjeldsen's butter cookies on Malaysian television and reports lively interest. The Division has become market leader in several product sectors through its 2,365 distributors throughout Malaysia. For example, it is at the forefront in both petfoods and biscuits. The petfood market is worthy of

Carlsberg honours the horse

The famous horses which pull Carlsberg's beer drays in Copenhagen are sending a friendly greeting to the Malaysians during 1990. According to the Chinese calendar, it is the Year of the Horse. To mark the fact, there is a fine picture of horses on the rear doors of all the company's delivery trucks in Malaysia.

BUSY CHINESE NEW YEAR

The Kuala Lumpur brewery, which is owned jointly by EAC(M) and Carlsberg, has in fact just come through one of its very busy periods, the Chinese New Year. Carlsberg beer is successful in both East and West Malaysia – in part as a result of creative marketing.

MARKETING WITH MUSIC

For example, the company advertises through the 'Top of the Pubs' song competition, a contest to discover the best pop songs. Concerts take place throughout Ma-

laysia and the profits from these events go to various schools. So, just as the Carlsberg Foundation in Denmark contributes to learning, beer plays a role in the education system in this part of the world too.



Charity-event advertising has its place on Carlsberg's delivery trucks

Our consumers are our biggest asset



special mention. The country has 638,000 dogs and over two million cats, which are by far the most popular household pets in Malaysia.

MALAYSIAN DOG SHOW

The Consumer Products Division registered its existence very firmly in the minds of consumers in 1988 when it introduced Pal pet-food at an important dog show. Its market performance has been impressive for a country in which the purchase of factory produced petfoods has not been the traditional pattern.

Success has come as result of commitment and footslogging. Regular visits are made to supermarkets, minimarkets, chemists etc. and the division maintains a constant check on its customers' needs. "In 1990, we are going to be starting up 'pet centres' in Malaysia. People will be able to obtain good advice on the care of their pets. The only other country in the world where this idea has been put into practice is Australia," says Jeremy Tee.

EAC sales staff make sure that "Whiskas" products have a prominent position on super-market shelves

Millions of disposal gloves for export

Fear of AIDS has created a massive demand on a worldwide basis for disposable gloves – for hospitals, dentists, doctors etc. On annual basis, no fewer than 15,000 million gloves are used, with the USA as the main market. But less than one per cent of disposable gloves are manufactured in accordance with the requirements of the Food and Drug Administration, the American federal health authority.

DOUBLE-DIP IN LATEX

EAC Rubber Industries, EAC Malaysia's newest industrial activity, conforms to the stringent quality and hygiene requirements for disposable gloves. The rubber gloves are manufactured from 100 per cent pure latex and go through two latex dipping stages, in contrast to the single-dip method used by others. The fully-automated production process is very futuristic, with porcelain "hands" dipped in liquid latex and then undergoing a drying process, with no human contact. Human hands never touch them. The entire production cycle takes one hour. With its manufacture of rubber gloves, EAC Malaysia is responding to the wish that the country's raw materials should be exploited industrially at home rather than exported.



The "hands" pass through dip tanks

EIGHT MILLION GLOVES A MONTH

Ken Ong, EAC Rubber Industries' manager, reports that the company now has two production lines manufacturing a total of eight

million gloves a month. On an annual basis, they expect to produce over one hundred million gloves. Every glove goes through various checks involving both air and water tests, to ensure that only gloves of perfect quality leave the factory.

MACHINERY DEVELOPED BY EAC

The production lines, which are 65 metres long and two storeys high, were developed by EAC. Currently, the company's markets are countries in northern and southern Europe, as well as the USA. It should also be mentioned that EAC Rubber Industries is a result of EAC synergy. EAC began its plantation activities in Malaysia as long ago as 1905. Today, it produces some of the country's finest latex.

The quality-control staff have enough work to keep them busy



Orchids for Japan and Europe

A colourful panorama of 120,000 orchids greets visitors to EAC Horticulture, near Nilai in the Malaysian state of Selangor. EAC Horticulture, established as a joint project by EAC Malaysia and IFU (the Danish industrial development fund), is an orchid farm, with row after row of growing orchids protected by large raffia-covered roofs. The roofing protects the plants from both rain and the strong midday sun. Flowers are cut every third day to be packed and exported to markets all over the world. The biggest markets are Japan and West Europe.

BEAUTIFUL COLOURS

Three colour varieties are grown – yellow, dark blue and light blue. The four-hectare farm was established as a pilot project two years ago. The plan is to expand orchid



The orchids are packed in boxes to protect them on their journey to the consumer

growing to cover a large area in Johore Baru, close to the frontier with Singapore.

DANISH AGRICULTURAL UNIVERSITY

The Danish Agricultural University is closely involved in the project to develop orchid

strains which can survive the long voyage in refrigerated containers or the journey by air. The Malaysian Research & Development Institute, an official body, is also very interested in the development of new export products.

Full speed ahead for graphics

“Team spirit is what produces results. We place a strong emphasis on employee training and have a democratic management style. But the most important thing is that we spend 70 per cent of our time out in the ‘field’,” says Chan Seng Lee, manager of EACgraphics in Malaysia.

The results bear witness to the fact that these are not just empty words. Profits have

trebled in just one year and EACgraphics has an 85 per cent market share in Malaysia. Its range includes products from all the world’s leading manufacturers, such as Heidelberg, Polar, Stahl, Müller Martini, Crossfield and Agfa-Gevaert.

MANAGEMENT BY EXCELLENCE

The level of investment in Malaysia is currently very high and the graphics industry is

no exception to the rule. For example, the Division sold Malaysia’s first Heidelberg Speedmaster CD in 1989. The secret of its success is the application of the philosophy of ‘management by excellence’.

“There is an open and honest management style, with an emphasis on co-operation among all employees,” comments Yan Pak Wah enthusiastically.

RELAUNCH OF COLOUR FILM

“We are marketing reprographic products, but our first task is to make the market quality conscious and then we have to educate our customers,” says Yan Pak Wah. He is supported by Jack Ng, who has introduced Agfa-Gevaert amateur colour film to the market. “We had a product which our customers did not want because it had a bad reputation. A relaunch and increased investment in research have changed the picture and Malaysians now buy an average of four films a year,” says Jack Ng. With its training centres throughout Malaysia and an intensive customer support programme, the Division is going “full steam ahead”.



Evaluating the result of a print job on a Heidelberg machine



The quality of all fruit is carefully checked before they are packed for export – here, they are star fruit



Windscreen wipers for a growing car market

The recipe for increasing the result of the Machinery Division has been a doubling of the sales resources applied to new products and increases in selling prices. Clarence Chew, the divisional general manager, has invested in various niche sectors, such as high-pressure cleaners, vacuum cleaners, windscreen wipers and machinery components. The Danish "Gerni", high-pressure cleaner has been in the product range for some time. However, the acquisition of Gerni by Nilfisk, another Danish company, has resulted in a new thrust in this sector. The marketing of Nilfisk products is now also in full swing in Malaysia.



A "Gerni" high-pressure cleaner is demonstrated in Kuala Lumpur

PALLET TRUCKS AND WINDSCREEN WIPERS

Hyster fork-lift trucks and Nokia generating sets are two of the products at the heavy end of the equipment range.

The Division has also designed its own branded vehicle windscreen wipers, "Automax". These are manufactured in South Korea but are exported from Malaysia to various markets, including Finland. Great things are expected of the vehicle-accessory and machinery components sector.

EMA'S – the new gold from Malaysia

The most recent step in the development of EAC(M) was the formation of its Export Division, which is now one year old. Marketing is organised through sales offices in Aarhus, the United Kingdom and the United States. A warehousing facility has been established in Kuala Lumpur.

FRESH FRUIT FOR EUROPE

Fresh fruit, vegetables and orchids are sent to Europe, North America and Japan under the brand name EMA'S (which means 'gold' in Malay). In Denmark, these EAC products are sold by supermarket chains such as Irma and Brugsen. Special packaging is used by EAC(M) to protect the goods in the containers and so that they can ripen during transit. ScanDutch is the shipping line used

and the voyage to Europe takes approximately three weeks.

The Export Division also handles the sale of the latest product to be added to EAC's production activities in Malaysia, the rubber gloves manufactured by EAC Rubber Industries in Kuala Lumpur.

STAR FRUIT AND PAPAYA

Of particular interest are the exports of star fruit (Carambol) and papaya, as people in Asia have for centuries believed that these two fruits possess an ability to reduce blood pressure. And, as a brand-new addition to the product range sold in Denmark, the company has recently started to sell 'rubber tapper pots' – the receptacles used to collect latex from rubber trees. The small pots are decorative and ideal for use as flower vases.

Malaysian timber for European window frames

Timber has been an important export commodity for South Asia for many years. However, because of the various restrictions which have been introduced by such countries as Indonesia, Thailand and the Philippines, Malaysia has suddenly found itself in a key position. Although the export of logs has now been forbidden in West Malaysia, sawn timber remains an important export for both East and West Malaysia. Malaysia has for some time adopted an approach, involving the encouragement of replanting, which is both environmentally positive and beneficial in export terms.

TIMBER FROM BOTH EAST AND WEST MALAYSIA

EAC Timber has four Danish timber specialists in Malaysia. Two are based in Port Kelang and two operate out of Kota Kinabalu in East Malaysia. Very capable local staff as-

sist in both locations with field work and administration. The Meranti hardwood variety, which is used for window frames and doors is much in demand. Timber is purchased throughout Malaysia, sawn locally and then transported by truck to the ports. The syn-



Tan Huan Chong and Flemming Thomsen inspect Meranti hardwood at the Port Klang drying kiln before it is exported

ergy effect plays a part, with Nedlloyd-EAC Agencies looking after customs formalities. Throughout this process, the timber has been through a series of quality checks and perhaps kiln-drying before its protective packaging is checked one final time. Destinations for the timber include Europe, where EAC Trading Division's subsidiaries are responsible for its onward distribution.

Strong growth in the transport sector

The transport sector is growing so rapidly in Malaysia that Nedlloyd-EAC Agencies' office in Port Kelang is moving its sales force to Kuala Lumpur, where the large companies are situated. There are also representative offices in

other Malaysian centres. There is co-operation between Nedlloyd, EAC and local Malaysian partners.

SELANDIA AND JUTLANDIA

The vessels used by the agency for Malay-

sian exports include the ScanDutch ships MS SELANDIA and MS JUTLANDIA, says Flemming Dam, Nedlloyd-EAC, adding that the market prospects for 1990 are good. The Port Kelang harbour has recorded a 25-30 per cent increase in activity during the past year.

DUMEX PRODUCTS AND RACEHORSES

Among the agency's more unusual assignments have been the lifting of a sunken ship in Port Kelang and the despatch of racehorses to one of the sultanates. Other cargoes include malt from Carlsberg in Denmark for the Kuala Lumpur brewery, raw materials from New Zealand for Dumex products and fresh fruit for the Danish Irma supermarket chain.



EAC's MS SELANDIA, one of the vessels operating the ScanDutch service, is loaded here in Port Kelang



Denmark House, EAC's new office building in Kota Kinabalu

Rapid growth in East Malaysia

With only two million of Malaysia's population of 17 million people living in East Malaysia, it is an area which could be easily forgotten – but not by EAC. There is a long tradition of commercial involvement in such sectors as forestry. The River Estates palm-oil plantation in northern Sabah is one of the region's largest.

EAC'S DENMARK HOUSE IN KOTA KINABALU

EAC marked its 25th anniversary in Sabah last autumn by inaugurating Denmark House, its new office building in the provincial capital, Kota Kinabalu. The ceremony was attended by the Danish Ambassador to Malaysia, Jørgen Holm. On the same occasion, Paul Chin Bak Chong received an award to mark his 25 years as a member of staff in the Transport Division.

EAC's timber man for the region, Ole Sonne, also operates out of Kota Kinabalu. In addition, the Machinery, Graphics and Consumer Products Divisions are also putting ef-

fort into exploiting Sabah's commercial potential. The Dumex product range has already achieved a strong position.

SANDAKAN THE EXPORT HARBOUR FOR RIVER ESTATES

The port of Sandakan, used as the export harbour by the large EAC River Estates plantation in Tomanggong, is situated in northern Sabah. Sandakan is the centre for EAC (M)'s palm oil and cocoa marketing activities and it is there that supplies for the plantation are packed for their 11-hour river voyage. Efforts are being made to introduce machinery and consumer products via Sandakan and there is a Carlsberg depot in the town as well.

EAC IS IN SARAWAK TOO

EAC is also strongly represented in Sarawak, another of the Malaysian states, with offices in both the state capital, Kuching, and Miri. With the exception of plantation operation, the range of activities is the same in Sarawak as in Sabah.

Fantastic progress has been made in the transport sector by EAC, Hong Kong during the past 25 years. In 1964, EAC Shipping had just 10 people. Today, EAC Transport Division, Hong Kong has over 500 employees.

25TH ANNIVERSARY

Wong Ken Chow – better known to many as K.C.Wong – has been with the organisation throughout that period and last year celebrated his 25th anniversary.

"One of the reasons why I have stayed with EAC in Hong Kong is 'the Scandinavian way of doing business'", says K.C.Wong. "The atmosphere in the office has always been good and the management style is fair and reasonable to all."

CAREER

Throughout his time with the company, K.C.Wong has dealt with shipping services between the Far East and Europe. He was one of the people, during the infancy of containerisation, who had to find convincing arguments to persuade shippers to use containers instead of more traditional methods, for which freight rates were lower.

Because EAC acts as agent for ScanDutch in Hong Kong, K.C. Wong has visited Europe several times. He has also taken part in some of the seminars which are regularly held in Denmark for senior staff in overseas companies.

"It has been a fascinating and inspiring experience to witness the way in which the transport sector has developed over the past 25 years," comments K.C. Wong, who is today marketing manager in EAC Transport Division, Hong Kong.



Wong Ken Chow celebrated his 25th anniversary in June 1989. He is seen here receiving his anniversary gift from Erik Bøgh Christensen

Doing business the Scandinavian way!



LEISURE

K.C. Wong manages to find time in his busy life for his family, as well as to play table tennis and mahjong. He has enjoyed these two hobbies for more than 30 years, using them to keep physically and mentally on top form.

"Mahjong is also a popular pastime among our customers – and it helps to let them win sometimes," says K.C. Wong with a smile. His interest in table tennis made K.C. Wong a natural choice for the position of Chairman of the EAC (Hong Kong) Sports Club. The club was established in the mid 1970s and K.C. Wong was one of the EAC Hong Kong representatives at the S.E.A. Games held in Kuala Lumpur in 1986 and Singapore in 1988.

K.C. Wong has passed on his enthusiasm for active sports to his family. His son is currently one of the top ranking junior table tennis players in Hong Kong.

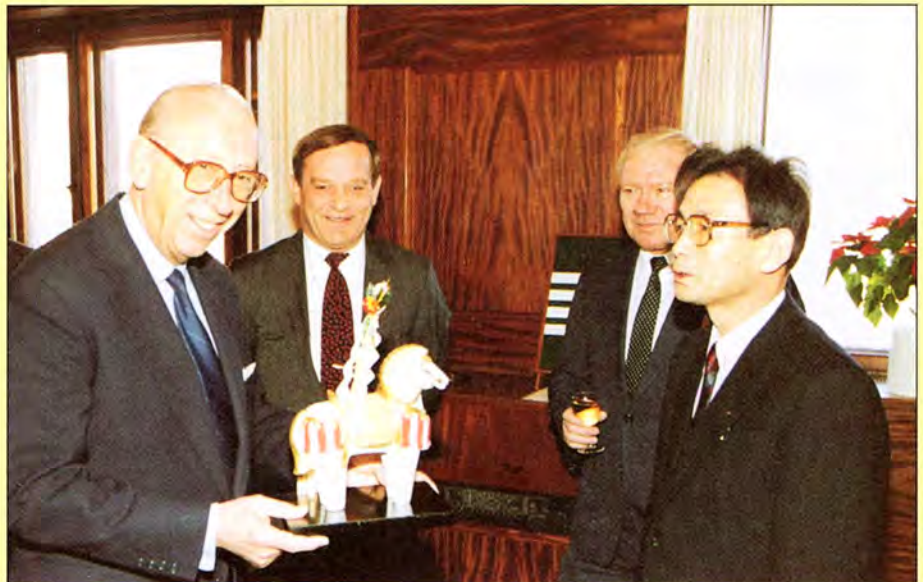
The EAC (Hong Kong) Sports Club was strongly represented at the Kuala Lumpur sports meeting. K.C. Wong, who was team captain, is at the far left

VISITORS

Distinguished Japanese visitors

The President of Printing Machine Trading Company Ltd. in Japan, Yoshikazu Shimizu, visited EAC's senior management on 16th January. He was accompanied by the company's Executive Vice President, Edgar E. Heller. One of the topics discussed during the visit was the positive market trend.

PMT was established as a family company in 1909. The Heidelberg agency was acquired in 1926. Today, PMT is exclusively involved in the import and marketing of equipment and services for Japan's graphics industry. The organisation covers the entire country and has its head office in Tokyo. EAC acquired a share in PMT in 1971. Organisationally, the company is linked to the EAC Group via the EACgraphics Division.



PMT's President, Yoshikazu Shimizu, presented a gift to EAC, which was received by EAC's Presiding Man. Dir., H. H. Sparso. In the background are PMT's Executive Vice President, Edgar E. Heller (left) and Bent K. Kierkegaard, General Manager, EACgraphics Division

EAC Consumer Products Division has established a new function: Marketing Systems Co-ordination (MSC). The function's task is to act as a catalyst in the development of the most efficient possible marketing, service and support systems in the Division's business units.

In the short term, the aim is to identify the activities the Division is best at, seen from a functional point of view, and to make sure that the relevant methodology is adopted by all distribution units within the Division. For example, the Division wishes to achieve a more efficient utilisation of sales resources and a reduction in stocks.

In the long term, it is the objective to increase the value-added part of the Division's business activities and to strengthen its involvement in the marketing of international brands.

Currently, the project relates only to the "pure" distribution units, with the Dumex, Carlsberg and ICI units in the first instance being used as sources of inspiration. It is, however, the intention that the process will keep pace with the development of the Division's business interests.

TWO MODULES

MSC has identified eight functional components: Physical delivery, warehousing, inventory planning, order processing, distribution monitoring, marketing, sales and merchandising. All these components are vital operational elements for the Division's business units.

MSC staff have visited the various units to familiarise themselves with the ways the functional systems are currently used.

Following these visits, a regional meeting was held in Bangkok in December last year, atten-

EAC Consumer Products develops new distribution concept



Annual General Meeting

EAC's Annual General Meeting

for 1989 is to be held on Friday 23rd March at 10.00 a.m. in Falkoner Centret in Frederiksberg, Copenhagen.

The meeting of the Supervisory Board at which the 1989 accounts will be presented for approval is planned for Wednesday 14th March, after which notice of the general meeting will be given in the daily press and the Danish Official Gazette, in accordance with the Articles of Association.

So that all those of our shareholders who are registered by name can apply for an admission card to the meeting in advance, they will receive for this purpose a letter and reply card by post at the beginning of March. The admission card and voting slips will be sent to applicants as soon as the meeting has been called. The reply card may also be used by shareholders who are prevented from attending the meeting either to apply for an admission card on behalf of a proxy or to nominate the Board as proxy.

SHARE WARRANTS

Following the change-over to electronic registration of shares

at Værdipapircentralen (the Danish Securities Centre) in 1989, we received a number of requests from shareholders who wished to retain the old decorative warrants after their cancellation. In some instances, the shares had been owned by their families for many years and it is understandable that the old warrants attracted interest. Generally speaking, companies listed on the Copenhagen Stock Exchange agreed with their banks that cancelled warrants issued in the name of the shareholderholders concerned could be handed over in exchange for payment of a fee of DKK 200 to the bank. EAC has such an arrangement with Den Danske Bank, which can still be exploited by anyone who wishes to acquire a specific share warrant. The bank has made available to us a small number of "neutral" share warrants, which were deposited in connection with the previous system involving the issue of certificates in place of share warrants. The warrants were printed in 1979 and have, of course, been formally cancelled. We shall be happy to supply such warrants, as long as stocks last, if there are any shareholders who would like to have them.

Share warrants like this are available free of charge to shareholders



ternal and external expertise. The manuals, which are to be ready towards the end of the year, are intended to meet the following objectives:

— to provide each business unit with the opportunity to analyse its own organisation in detail and identify areas in which improvements can be made, on the basis of successful experience in other units.

— to support local management when a new business activity is to be established.

— to create a common understanding across the divisional organisation of the way in which the various components can be best co-ordinated.

TRAINING AND SUPPORT

To ensure the successful development of the project, staff training will be a key activity and will be the subject of a continuous review. In addition, use of information technology is expected to expand in pace with the development of the project. Staff from the MSC function are to be located in the Far East to provide "on-site" support to the project.

EXCHANGE

Another important aspect which will be strengthened by the establishment of the MSC function is the exchange of ideas and experience between units in the Division — for example, through meetings such as the one held in Bangkok and as a result of frequent visits to the various business units by MSC staff.

"We attach great importance to this project," says Carsten Dencker Nielsen, General Manager, EAC Consumer Products Division. "Birger von Holdt, heading the MSC project, and his team will play an important role in helping to strengthen both our business performance and cohesion within the Division".

ded by MSC staff and the managers of the Division's distribution units. The meeting discussed ways of optimising action in relation to the above-named eight components, as the basis for an operational strategy.

It was decided that, for development purposes, the components should be split into two modules: Human oriented functions (marketing, sales and merchandising), and the remaining five tool-oriented functions.

ADDED VALUE

Activities included in the first of the two main modules, the human-oriented functions, involve significant added value in relation to EAC's business partners. It is important that the EAC Consumer Products Division's local marketing skills are at a very high level.

The second, tool-oriented, module is also vitally significant to business success. However, in this case there are established standards for the operational characteristics of the individual functions.

A feature common to all the components is that they will require some adaptation to the local situation.

SHORT-TERM ACTION PLAN

Participants at the Bangkok meeting agreed that, as far as the human-oriented components were concerned, systems should be developed initially to support marketing, sales forecasting and analysis.

These areas were given a high priority because improvements will have a significant influence on productivity and earning potential.

The next step will be to focus on merchandising.

MANUALS

A series of manuals are to be developed for the tool-oriented components, based on both in-

WORLDWIDE

Top companies compete in Hong Kong

On 17th December, EAC in Hong Kong took part in a sports competition arranged by the Independent Commission against Corruption. The EAC team competed in various sports against five other top Hong Kong companies – Hong Kong and Shanghai Banking Corporation, Jardine Pacific, Hong Kong Telecommunications, The Dairy Farm Co. and National Mutual Group. Even though EAC's team fought bravely, they did not achieve many first places. However, as the team captain pointed out, the most important thing was to take part in the event – to "fly the EAC flag".



Northern Europe's largest producer

Each year, in December, the EAC company Danish Freeze-Drying (DFD) has a meeting with local chive growers. Discussion at the meeting centres on the quality and size of the year's harvest. DFD is northern Europe's largest producer of freeze-dried chives and around 90 per cent of production is exported. As an incentive for chive growers, DFD

decided in 1989 to introduce an annual prize for the grower supplying chives with the highest average quality. The first recipient of the prize was Erik Madsen (centre), accompanied by horticultural expert P.O. Hansen (left) and Bjørn Lynggaard Olesen, DFD's Managing Director.

EAC Saigon Reefer Service expands

The new EAC Saigon Reefer Service, a container service which began between Ho Chi Minh City and Singapore last year, will soon have an increase in capacity. The refrigerated-container vessel MS MIMOSA is no longer able to cope with the increasing volume of cargo and a decision

has been taken to add a further ship with larger capacity. The picture shows Chr. Pentz-Møller in front of MS MIMOSA, which is alongside Saigon Shipping Co.'s wharf in Ho Chi Minh City. Chr. Pentz-Møller is owners' representative and manager of the EAC office in Vietnam.



WORLDWIDE

Kauri Timber Company opens new factory

Kauri Timber Company, Australia, which is in EAC Trading Division, has opened a new factory in Smithton for the lamination of structural beams. The factory's capacity is 400 m³ of structural beams a month. The advanced manufacturing technology used results in products of very high quality. The new factory was opened by D.E. Llewellyn, Aus-

tralian Minister of Forestry (third from the left). Others in the picture are, from the left: K.J. Last, Managing Director of Kauri; M.G. Ould, Chairman of the Board; J. Buur-Jensen, EAC Melbourne; C. Gyrn, Bloch & Behrens, Melbourne; J. Ditlevsen, Bloch & Behrens, Copenhagen (representing EAC Trading Division); G. Stein, Kauri.



Accounts diploma for EAC in Hong Kong

EAC(HK)'s Annual Report and Accounts received one of the 1989 awards in an annual competition arranged by the Hong Kong Management Association. Although the company did not win first prize this time, it was presented with the "Honourable Mention" diploma shown in the illustration. In

making their choices, the judges took into account the clarity of the reporting of the year's results and highlights, the informativeness of the chairman's report and the description of employee relations and community-related aspects of the company's activities.

Ambassador opens new headquarters

A new era began at the end of 1989 for EAC in Malaysia, with the opening of new offices in both Kota Kinabalu and Sandakan. Both opening ceremonies were performed by Denmark's ambassador to Malaysia, Jørgen Holm. The picture shows the ambassador cutting the ribbon at the new Kota Kinabalu headquarters, assisted by Ib Henry Hansen, General Manager, EAC Copenhagen.



Plumrose's global marketing strategy for the 1990s takes off

The red balloon which illustrates this page plays a role in one of Plumrose's Australian TV commercials. It also symbolises the fact that Plumrose marketing strategy for the coming decade has taken off.

How is the marketing strategy for a worldwide food products division like Plumrose developed? And how is it adjusted to take account of local competitive and consumer requirements in different countries? EAC Magazine put these questions to the man responsible for the Division's marketing, sales and acquisitions, Vice President Johannes Damgaard Nielsen, Copenhagen.



Johannes Damgaard Nielsen: Plumrose is ready to exploit the opportunities of the coming decade

"The entire Plumrose organisation has become much more market orientated in recent years—and that applies to every function," says Johannes Damgaard Nielsen. "Plumrose now has professional marketing and sales staff in place throughout the world, ready to exploit the opportunities the new decade will bring."

He continues: "EAC Plumrose Division invests more than DKK 100 million a year, divided between the following main activity areas:

- Market research to find out what the consumer wants.
- Product development to improve existing products and develop new ones.

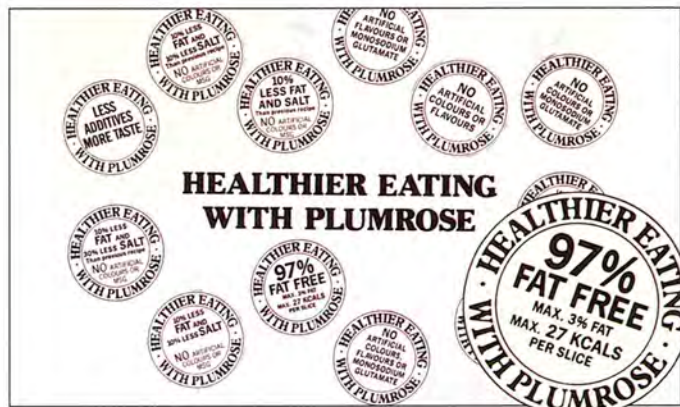
– Communication to increase awareness of services and brands.

– Sales promotion activities to encourage consumers to try the products and make repeat purchases.

"We regard these expenses as investments, even though they do not appear on the Plumrose balance sheet."

The Plumrose brand is well known in more than 100 countries and other divisional brands, such as Leggo's, Yo-plait, DAK and Danola, are market leaders.

The following examples illustrate the emphasis EAC Plumrose Division places on marketing:



HEALTHIER EATING WITH PLUMROSE

Extensive market research in the USA, United Kingdom and Australia has shown that consumers want healthier products. Plumrose has reformulated and relaunched its products with such declarations as '97 per cent fat free', 'Low salt content' and '99.9 per cent cholesterol free', as well as providing calorie-content information. The re-launch of 'Grillers' in the

United Kingdom and Plumrose-Böklunder sausages in glass jars in West Germany are examples of how Plumrose satisfies new consumer requirements and tastes.

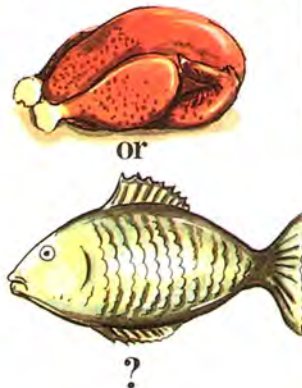
Grillers and sausages in glass jars tempt consumers in the United Kingdom and West Germany respectively

SALES ORGANISATION

The USA represents a third of the Division's global sales. At the beginning of 1990, we reorganised the sales organisation in this important market. On-line computer systems have been introduced which link our regional sales offices with many of the 100 brokers handling sales.



What's even lower in calorie fat and cholesterol than



BRAND DIFFERENTIATION

The 'Health' positioning of Plumrose sliced ham has permitted its differentiation from our other two brands in the USA, DAK and Danola. Again, health is the main issue. The illustration above compares Plumrose ham with fish and



QUALITY AND MARKET SHARE

"Relatively better quality is the cheapest and fastest way to improve the market position," says Johannes Damgaard Nielsen. "For example, in New Zealand, after acquiring Yoplait, we re-launched the products at a sig-

nificantly higher level of quality and added a new dessert product, 'New Wave', to the range. Our market share has doubled as a result. We expect to harvest the financial results in the 1990s."



Product quality has been significantly improved in New Zealand

PRIZE FOR BEST MARKETING

Plumrose Australia has for years been the most market orientated company in the EAC Plumrose Division and has won several awards for its marketing activities.

For example, Plumrose received the annual Australian Marketing Association's Award for excellence in marketing for its Yoplait yoghurt launch.

ADJUSTMENT TO CHANGING MARKET CONDITIONS

Plumrose is market leader in Venezuela and is the largest meat-processing company. Because of the country's current economic situation, Plumrose has had to adjust its products to reflect the financial resources of consumers. During the past year,

spending power has been reduced by between 30 and 40 per cent. There are more than 100 sales personnel making sure that new products are available to all consumers through 5,000 retail outlets.

Surprise!



PLUMROSE

The sliced ham for health conscious people who are bored with chicken and fish.

WORLD FIRST IN PACKAGING

Plumrose Australia has, under the Leggo's brand name, developed and launched an entirely new type of plastic packaging which replaces traditional tins for tomato paste.

The launch was tremendously successful.



Consumers are courted in Ecuador with comprehensive campaigns and samples



This packaging for tomato paste is a world first

SAMPLES

Plumrose is also the leading company in Ecuador, with a market share of 50-60 per cent. This position has been achieved through the marketing of quality products. The primary marketing technique is contact with end-customers – with free samples – as shown above.

chicken. It shows that Plumrose ham is lower in calories, cholesterol and fat than fish or chicken, which perhaps comes as something of a surprise.

A surprising comparison



Charles Zhuang, head of EAC's Shanghai office, has achieved success with his teamwork philosophy

Teamwork is the thing

The Manager of EAC's Shanghai office is Charles Zhuang, one of the China organisation's dynamic locally employed staff. His career with EAC began in December 1984, when he joined China Export Division. In the following year, he became involved in a project to expand garment exports to Europe.

At his own request, Charles Zhuang was transferred to the Technical Division in 1986, where he took over responsibility for the marketing of medical instruments in Eastern China.

RAPID PROMOTION

Since then his promotion has been rapid, most recently involving his appointment in 1989 as head of the newly merged Business Development and Export Divisions, now called Export & Development Division. Charles Zhuang is the first local employee to head an EAC office in China following the re-establishment of EAC's organisation in Beijing in 1971.

TEAMWORK

Charles Zhuang is convinced that the only

way to maintain a company's success is through teamwork. There was endorsement of this proposition last year, when all the major newspapers in Shanghai carried front-page reports on the Shanghai office's successful application of the teamwork philosophy.

Charles Zhuang spends some of his scarce leisure time at the EAC Shanghai Sports Club, where his activities include playing badminton. He also finds time for books – such as the stories of Hans Christian Andersen.



Shanghai's bustling city centre