



FRASER AND NEAVE, LIMITED

## Half-Year FY2014 Results

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# 1H2014 performance highlights

39% EBIT growth

## Strong 1H2014 performance

- Strong profit growth in challenging environment
- *Myanmar Beer, 100PLUS, F&N SEASONS* and canned milk recorded strong volume growth
- Adverse foreign exchange effect impacted profits

# Group financial highlights

Revenue  
(millions)

\$1,186.0

▲ 4.4%

Earnings before interest and tax ("EBIT")  
(millions)

\$147.4

▲ 39.4%

EBIT margin  
(%)

12.4%

▲ 312bps

Gearing  
(millions)

\$875 (net cash)

▲ -nm-

Earnings per share (basic)  
(cents)

5.1

▲ 15.9%

Dividend per share (interim)  
(cents)

2.0

▼ 42.9%

(capital reduction of \$0.42 in Apr 2014)

<sup>1</sup> Restated upon the adoption of Revised FRS 19 and demerger of Frasers Centrepoint Limited ("FCL")

<sup>2</sup> Excludes Discontinued Operations

<sup>3</sup> Before fair value adjustment and exceptional items

# Revenue by Business

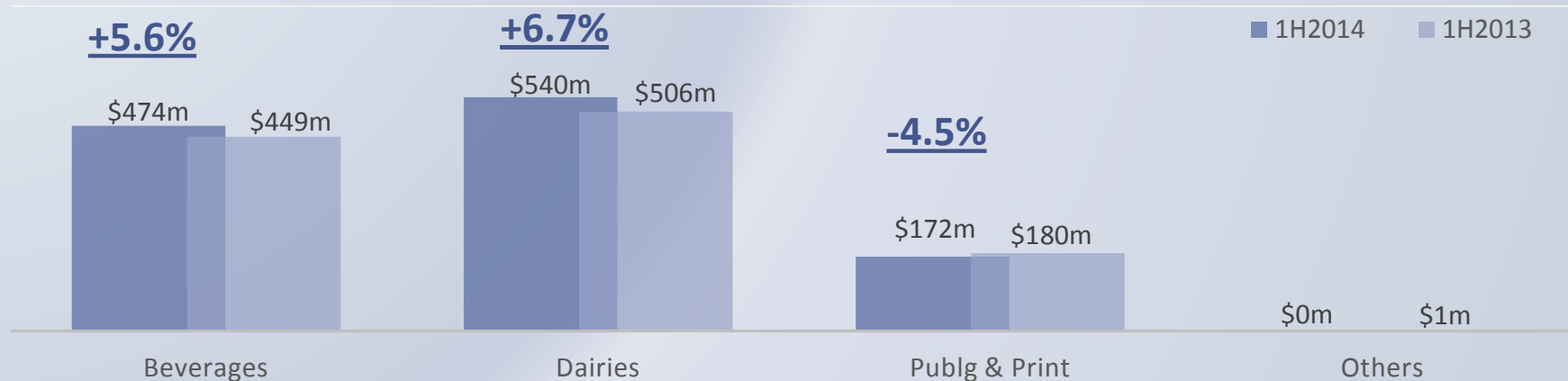
Topline growth supported by strong volume growth in Food & Beverage

**Revenue**

**1H2014: \$1,186.0m**

**1H2013<sup>1</sup> : \$1,136.3m**

**+4.4%**



	1H2014	1H2013 <sup>1</sup>
Beverages	40%	39%
Dairies	46%	45%
Publishing & Printing	14%	16%
Others	0%	0%

<sup>1</sup> Restated upon the adoption of Revised FRS 19 and demerger of FCL

<sup>2</sup> Beverages comprises Soft Drinks and Beer

<sup>3</sup> Publg & Print denotes Publishing & Printing

# Revenue | Beverages

Revenue growth curbed by weaker Kyat and Ringgit

	1H2014	1H2013 <sup>1</sup>	Change
Volume ('000 litres)	445	421	+5.7%
Revenue	\$474m	\$449m	+5.6%

## Beer

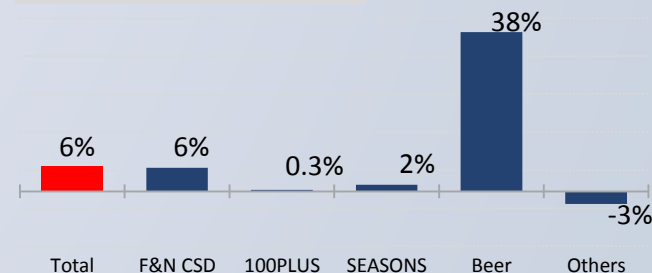
- Volume jumped 38%, driven by effective marketing and sports sponsorship
- *MYANMAR BEER* recorded double-digit growth; *ANDAMAN BEER* volume more than doubled
- Weaker Kyat adversely affected revenue; Beer revenue improved 21%

## Soft Drinks

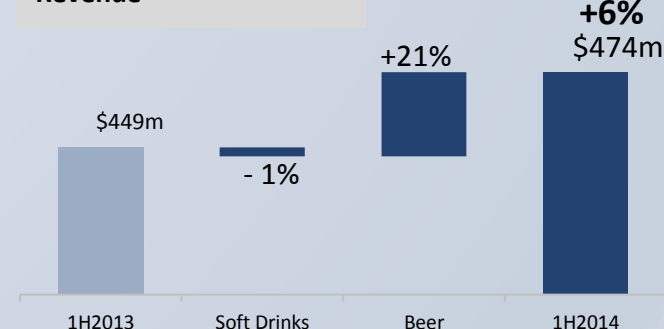
- Volume and sales adversely affected by weaker consumer sentiment due to withdrawal of Government subsidies
- *100PLUS* and *F&N SEASONS Nutrisoy* recorded an increase in market share
- Weaker Ringgit of 3% resulted in a slight drop in Soft Drinks topline by 1%

### Volume growth

(Key Brands) (%)



### Revenue



# Revenue | Dairies

Dairies in Malaysia and Thailand recorded double-digit volume growth

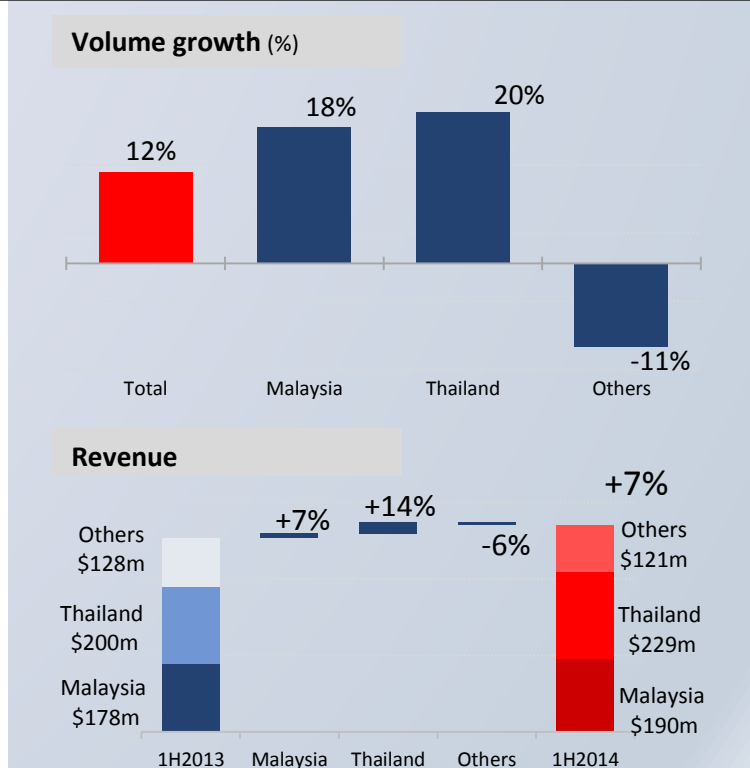
	1H2014	1H2013 <sup>1</sup>	Change
Volume ('000 kg/litres)	298	266	+12.0%
Revenue	\$540m	\$506m	+6.7%

## Dairies: Malaysia

- Strong volume growth driven by increased share of on-trade and various brand awareness, promotional and effective trade discount management programmes, despite weaker consumer sentiment
- Volume increase is ahead of category growth
- Revenue growth driven mainly by *TEAPOT* and *GOLD COIN* canned milk
- Sales adversely affected by weaker Ringgit

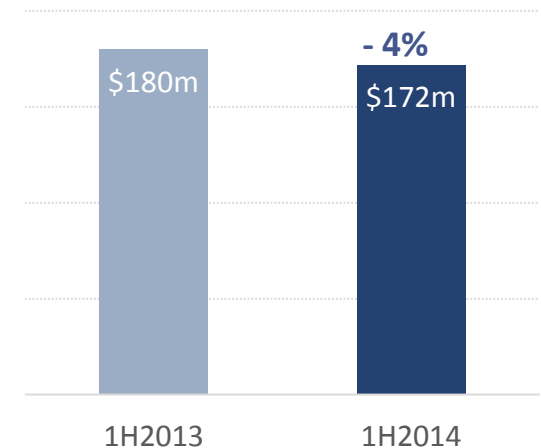
## Dairies: Thailand

- Double-digit volume and sales growth arising from effective brand building activities and increased outlets penetration
- F&N brands performed well, with higher sales from *TEAPOT* canned milk and *F&N MAGNOLIA* pasteurised milk
- Sales adversely affected by weaker Baht



# Revenue | Publishing & Printing

- Overseas expansion on track
  - Strong overseas sales partly offset by lower local sales
  - Exclusive partnership with Oxford University Press; textbook adoption in Chile
- Downward price pressure on Printing and lower non-magazine distribution sales
  - Despite lower prices, print volume remained stable
  - Lower demand from the US, Europe and Australia, partly compensated by successful acquisition of local and regional print work

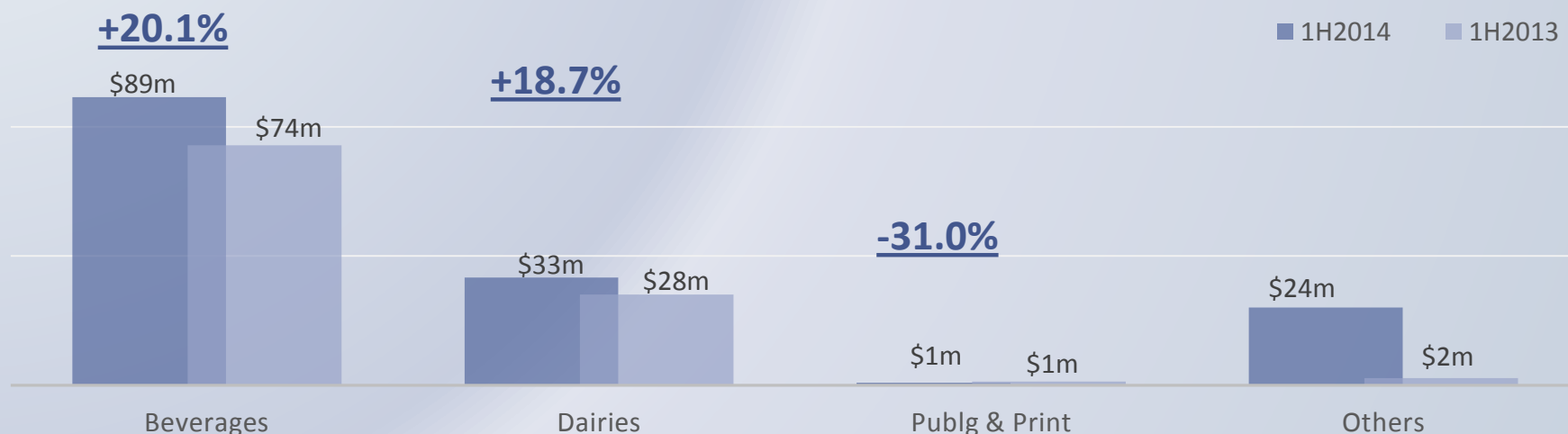




# EBIT by Business

Profit growth supported by Food & Beverage

**EBIT** **1H2014: \$147.4m** **1H2013<sup>1</sup>: \$105.8m** **+39.4%**



	1H2014	1H2013 <sup>1</sup>
Beverages	60%	70%
Dairies	23%	27%
Publishing & Printing	1%	1%
Others	16%	2%

<sup>1</sup> Restated upon the adoption of Revised FRS 19 and demerger of FCL

<sup>2</sup> Beverages comprises Soft Drinks and Beer

<sup>3</sup> Publg & Print denotes Publishing & Printing

# EBIT | Beverages

Earnings jumped 20% on higher sales and improved margins, despite weaker Kyat and Ringgit

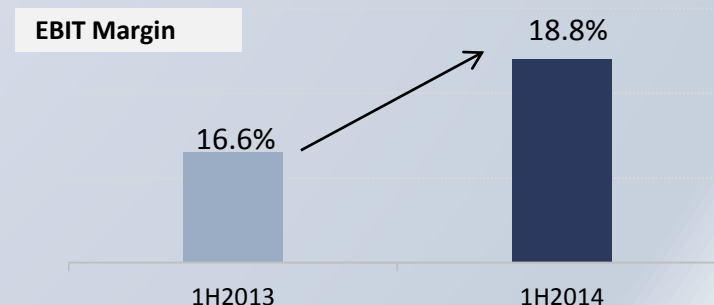
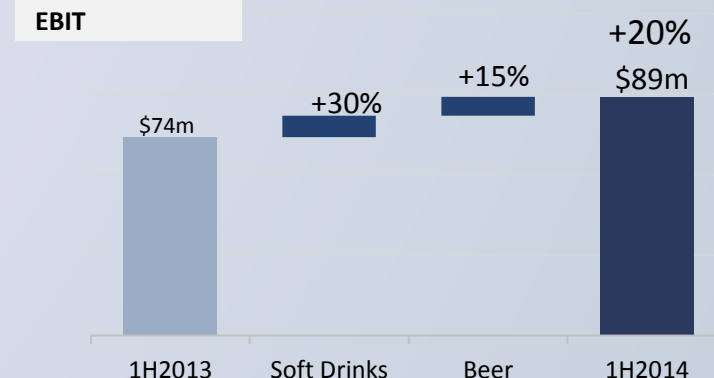
	1H2014	1H2013 <sup>1</sup>	Change
Volume ('000 litres)	445	421	+5.7%
Revenue	\$474m	\$449m	+5.6%
<b>EBIT</b>	<b>\$89m</b>	<b>\$74m</b>	<b>+20.1%</b>

## Beer

- Earnings driven by higher sales
- Higher marketing spend and distribution cost as well as weaker Kyat affected earnings; Beer EBIT improved 15%

## Soft Drinks

- Singapore returned to profit with improved sales and operational efficiencies
- Favourable sales mix, lower trade discounts, lower input costs and improved factory yield boosted earnings by 30%
- Margins improved to 11.1%
- Continuous effort to invest in brand building and innovation to protect market positions in Singapore and Malaysia



# EBIT | Dairies

Margins improved on lower input and conversion costs

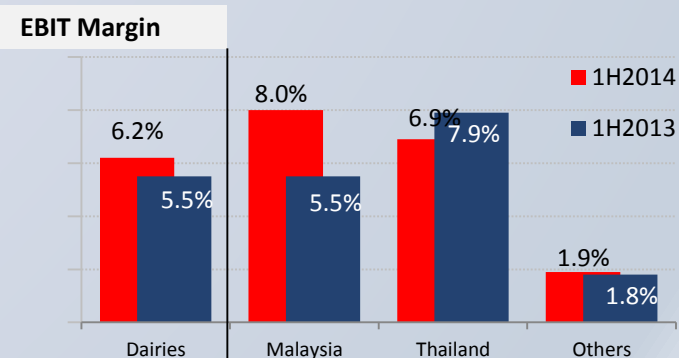
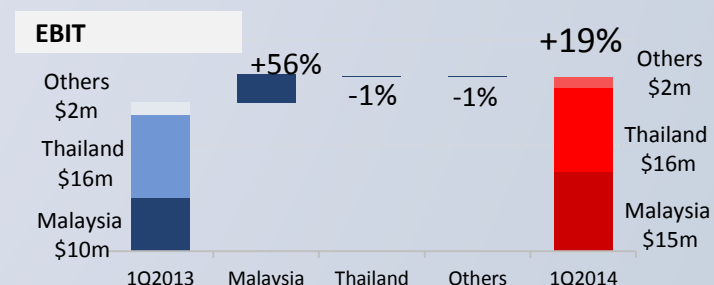
	1H2014	1H2013 <sup>1</sup>	Change
Volume ('000 kg/litres)	298	266	+12.0%
Revenue	\$540m	\$506m	+6.7%
<b>EBIT</b>	<b>\$33m</b>	<b>\$28m</b>	<b>+18.7%</b>

## Dairies: Malaysia

- Volume grew 18%, ahead of category from improved market execution
- Earnings improved by 56% on higher sales and conversion cost savings arising from the best-in-class Pulau Indah plant
- EBIT margin improved to 8.0%

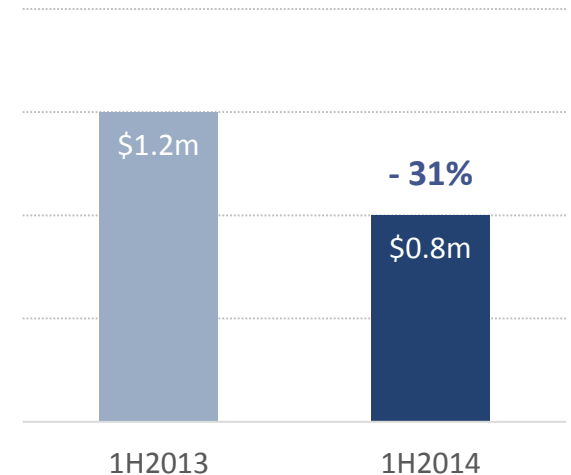
## Dairies: Thailand

- Despite strong volume growth, EBIT dropped slightly by 1% due to higher input costs and weaker Baht



# EBIT | Publishing & Printing

- Printing profitability improved
  - Profitability improved on effective cost control
  - Benefited from better workflow and savings in operating cost due to consolidation of printing operations in Singapore
- Negated by lower sales from local Education Publishing and non-magazine distribution, and higher amortization cost from Publishing
- Improved performance of associated companies boosted profit



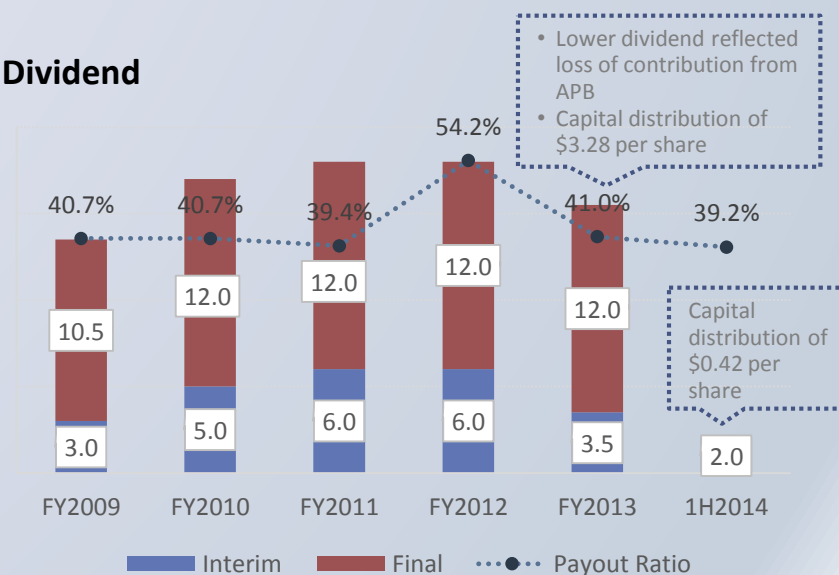
# Maintained a strong financial position and focused on prudent balance sheet management

- 1H2014 balance sheet reflects completion of distribution *in specie* of Frasers Centrepoint Limited (“FCL”) shares
- Capital distribution of \$0.42 per share (\$607 million) completed in April 2014
  - Including \$3.28 per share capital distribution in July 2013, the Group had distributed some \$12 billion to shareholders in last 12 months
  - Net cash position
- Declared interim dividend of 2.0 cents per share
  - Reflects Group’s earnings following demerger
  - Takes into account Group’s capital position and near-term capital needs
  - Dividend policy unchanged

## Key Financial Ratios

	1H2014	FY2013 <sup>1</sup>
Total Equity <sup>2</sup>	\$2,703m	\$8,878m
Total Assets	\$3,403m	\$14,145m
Net cash/(Debt)	\$875m	(\$1,500m)

## Dividend





SINGAPORE'S  
FAVOURITE  
SOYA MILK  
您心爱的豆奶

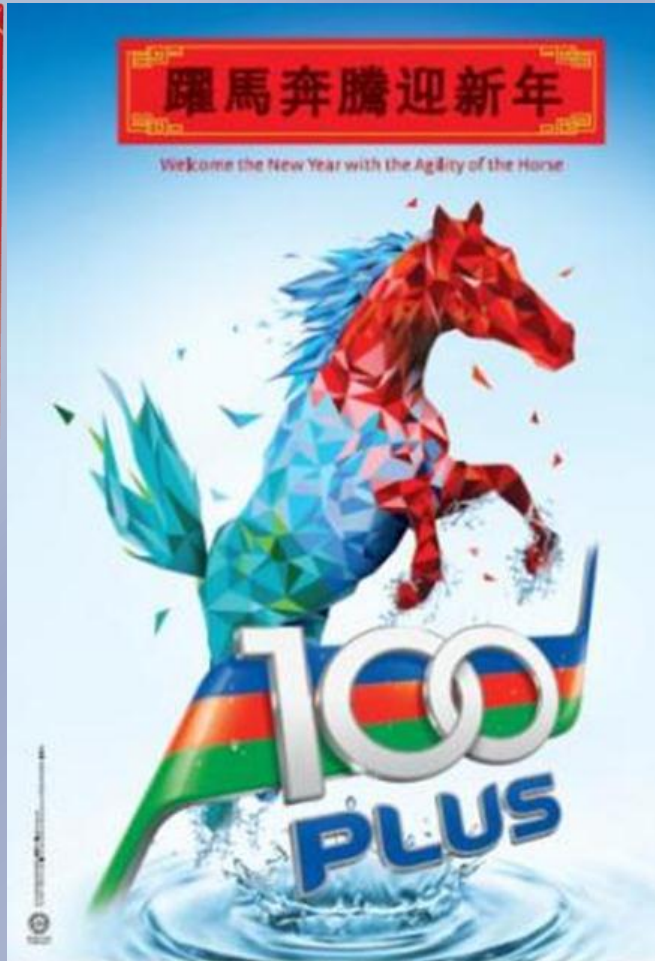
**Now**  
in **NEW PACKS!**  
现以新包装销售



FY2014 Half-Year Highlights

1. Strong Chinese New Year activation across all categories... with favourable sales mix and strong route-to-market strategy

# Beverages | Soft Drinks activation





## 2. Consumer-focused ACTIVATION...

Beverages | Myanmar Soft Drinks:  
100PLUS in SEA Games!





# Beverages | Myanmar Soft Drinks: 100PLUS in SEA Games!





## Myanmar Strikes Gold!

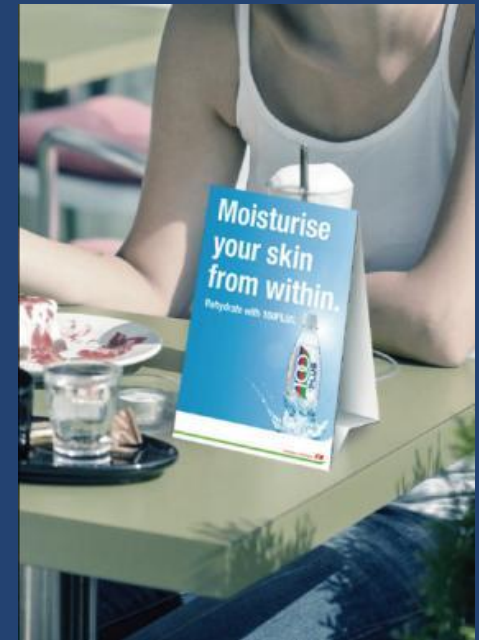


Temperature Sensitive Billboards

Shopping Malls / Car Park

Uni / College

Mamaks / Café / Coffee Shop



Beverages | Malaysia Soft Drinks:  
*F&N SEASONS Nutrisoy, breakfast love*

Consumer-focused activation... associating *F&N SEASONS Nutrisoy* with breakfast



Above-the-line Print Ads:  
Editorial write-up



The Perfect Combination of

**Antioxidant goodness**

Fighting against harmful free radicals in your body is as easy as A-B-C. Antioxidant-rich cranberries and pomegranates protect body cells. Boost your daily fruit servings with just one glass of orange and load up on yuzu which has three times more Vitamin C than a lemon.

Come taste nature's goodness today with F&N FRUIT TREE FRESH ANTIOXIDANT PACK.

PACKED WITH GOODNESS  
**\$5.95**  
(U.P. \$6.95)

Now available at all leading supermarkets. While Stocks Last. Promotion Period: March 2014



### 3. Consumer-focused INNOVATION...



Dairies |

Singapore Dairies:

Launch of F&N FRUIT TREE Fresh Yuzu



# Singapore Ice-Cream: Launch of Premium Ice-Cream



### PAMPER YOUR TASTEBUDS

Delight in the devilishly indulgent Double Chocolate made with precious hazelnuts from the Delectable Duchess.

THE ICE CREAM EMPIRE  
**JWEL**  
The Duchess of Double Chocolate

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Get this and four other flavours now from major hyper/supermarkets and selected 7-Eleven stores. For more information, visit [www.jwel.sg](http://www.jwel.sg)

### INDULGE YOUR TASTEBUDS

Lose yourself in the sweetest drops of Caramel heaven the empire has ever seen from the Extravagant Earl.

THE ICE CREAM EMPIRE  
**JWEL**  
The Earl of CARAMEL

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### LAVISH YOUR TASTEBUDS

Taste a rich, milky treasure generously scented with the finest vanilla essence from the Decadent Duke.

THE ICE CREAM EMPIRE  
**JWEL**  
The Duke of Vanilla

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### SEDUCE YOUR TASTEBUDS

Enjoy a creamy Tiramisu experience created with distinctive coffee flavours from the Curvaceous Countess.

THE ICE CREAM EMPIRE  
**JWEL**  
The Countess of Tiramisu

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### INTRIGUE YOUR TASTEBUDS

Be tempted by cherries and the dark chocolate of the Black Forest from the Brazen Baron.

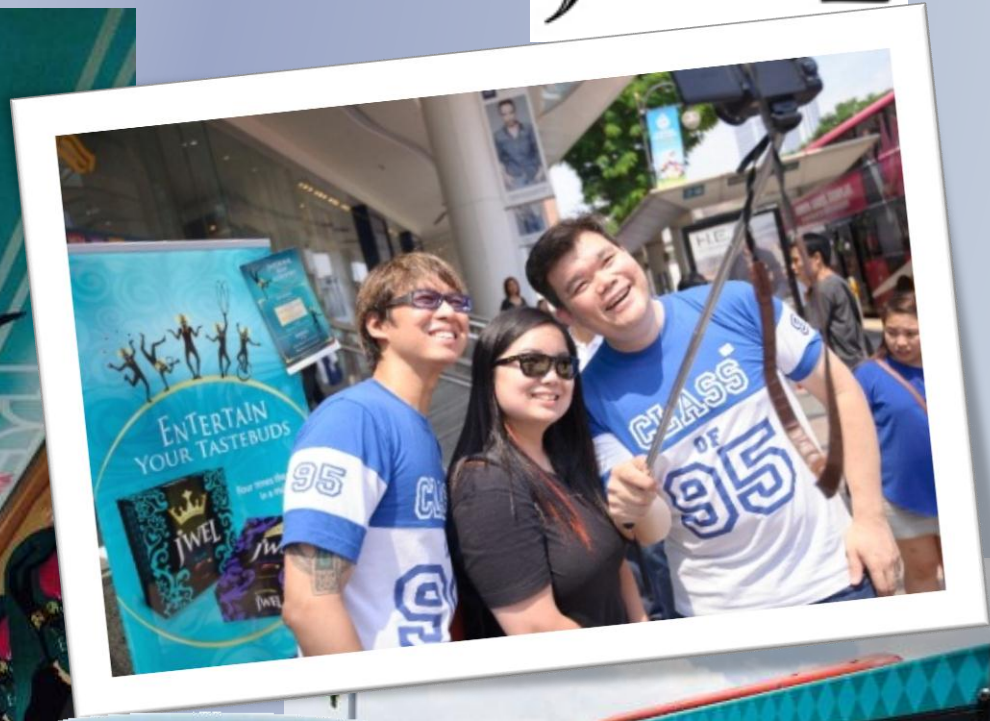
THE ICE CREAM EMPIRE  
**JWEL**  
The Baron of the Black Forest

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Dairies |

# Singapore Ice-Cream: Launch of Premium Ice-Cream



## 4. Targeted ACQUISITION...

## Acquired 70% of Yoke Food Industries for \$21m

- A Malaysia-based company that manufactures, markets and distributes canned beverages
- Immediate access to YFI's production capacity in the fast-growing non-carbonated beverages segment
- Broaden routes to markets, in particular Indonesia and Indochina



# Summary

## Summary

- A strong start to the year
- Maintained leading positions in key markets
- Focus on
  - Strengthening our portfolio: Marketing and product innovation, and M&A
  - Allocating resources: To ensure capacities and capabilities
  - Building on/identifying strategic partnerships and extracting synergistic opportunities
  - Prudent financial management





FRASER AND NEAVE, LIMITED

Thank you

Analyst and media contact:

Jennifer Yu

Head, Investor Relations

Tel: (65) 6318 9231

Email: [jenniferyu@fngroup.com.sg](mailto:jenniferyu@fngroup.com.sg)

Fraser and Neave, Limited

| Web: [fraserandneave.com](http://fraserandneave.com)