

2016

Fraser and Neave,
Limited



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Introducing F&N

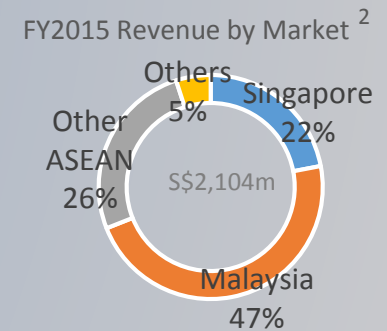
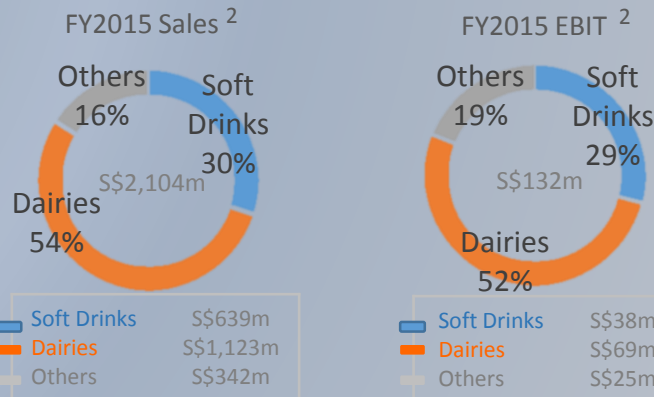
F&N is a leading F&B player in Southeast Asia

Leading soft drinks player in Singapore and Malaysia

Leading dairy player in Singapore, Malaysia and Thailand

Well-balanced and diverse beverage portfolio across multiple geographies

Listed on SGX-ST; market cap of S\$3.1 billion¹



A diverse portfolio of powerful brands

Own Brands



Third Party Brands



TO BE A LEADING F&B PLAYER IN SOUTHEAST ASIA

STRENGTHEN MARKET POSITIONS IN CORE MARKETS

OVERSEAS EXPANSION

Strategy

1
Maximise organic growth opportunity with Power Brands in Southeast Asia

- Strengthen Power Brands by focusing our resources
- Market and sales excellence
 - Enhance returns through value-added solutions - Getting right with pricing, go-to-market approach, communication, commercial design, etc
- Establish new pillars and brands

Strategy

2
Drive commercial excellence and operational effectiveness

Strategy

3
Leverage strengths of strategic partners

- Build on our strong alliances with international brands
 - ThaiBev, Nestle, Sunkist

Strategy

4
Accelerate growth through targeted acquisitions

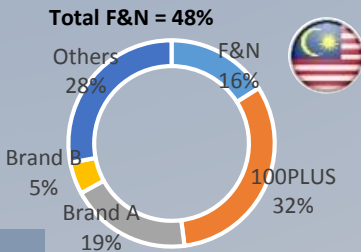
- Focus on Soft Drinks, Dairies and Beer
- Focus on Myanmar, Indonesia and Vietnam

Strengthening market positions in primary markets

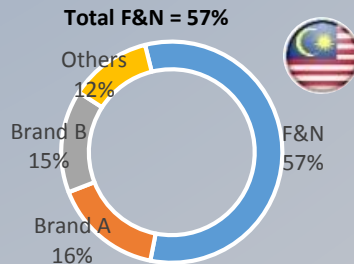
Retained Market Leadership Positions in Multiple Categories and Markets

Business	Key Brands	Region	Position ⁽¹⁾
Soft Drinks		Malaysia	Leading beverage player
			
Soft Drinks		Singapore	No.1 in isotonic, water and soya segments; No. 2 beverage player
			
Dairies		Malaysia	No.1 canned milk
			
		Singapore	No.1 in pasteurised juice and canned milk; No. 2 in liquid milk
Dairies		Thailand	No.1 canned milk
			

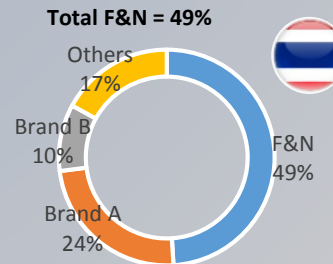
Carbonated soft drinks + Isotonic market share by volume



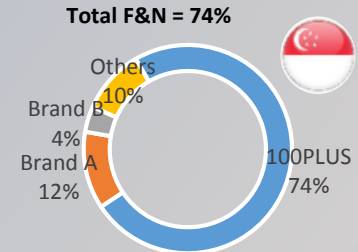
Canned milk market share by volume



Canned milk market share by volume



Isotonic market share by volume



¹ As at YTD March 2016 (Nielsen)

Strengthening market positions in primary markets

- Strengthen core brands
 - Put our resources to increase brand value and build brand loyalty of core brands

Soft Drinks

100PLUS
Isotonic



NUTRISOY
Soy



OISHI
Green Tea



EST
CSD/Cola



Dairies

MAGNOLIA
Dairy



Beer

CHANG
Beer



Strengthening market positions in primary markets

INNOVATE

NEW
SLEEK
CANS



LIMITED
EDITION
PACKAGING

NEW
GROWTH
PILLARS



FLAVOUR
EXTENSION

Regional expansion on track

Considerable untapped growth potential in Southeast Asia



- Successfully seeded products in new markets:

- **THAILAND:** Via ThaiBev's distribution network
- **MYANMAR:** Set up rep office; focusing on marketing core brands
- **VIETNAM:** Incorporated F&N Vietnam LLC; distribution and trading of non-alcoholic beverages and beer
- **INDONESIA & PHILIPPINES:** Export

	Malaysia	Thailand	Myanmar	Vietnam	Indonesia	Philippines
Population	30m	69m	54m	92m	250m	100m
N5Y CAGR	+1.3%	+0.4%	+0.8%	+0.9%	+0.9%	+1.7%
F&B Expenditure Per Capita	US\$1,204	US\$841	N/A	US\$453	US\$675	US\$865
N5Y CAGR	+2.4%	+3.8%	-	+5.5%	+3.9%	+3.2%

Strengthening market positions in primary markets

MALAYSIA, THAILAND : INVESTING FOR FUTURE GROWTH

THB
300
MILLION

MILLION

NEW FILLING AND PACKAGING LINE

In Rojana, Thailand; operational in March 2016

RM
100
MILLION

MILLION

NEW SOFT DRINKS PLANT

Expansion in East Malaysia; doubling capacity; operational by 2021



Strengthening market positions in primary markets

RM
180
MILLION

NEW ASEPTIC COLD-FILLING PET BOTTLE LINE

Offers new formulations and packaging formats
Reduces PET resin packaging material by 40%
Produces 6.5 million cases per year

STATE-OF-THE-ART FACILITY, Shah Alam

Offers a four-fold increase in storage capacity
Achieves cost efficiencies

OPERATIONAL BY 2018



RM
30
MILLION

NEW UHT LINE, Kuching

Produces 3.4 million cases per year

OPERATIONAL BY END-2016

Strengthening market positions in primary markets

EXPAND AND DEEPEN ROUTE-TO-MARKET

S\$
29
MILLION

ACQUIRED VENDING MACHINE NETWORK

Increased brand visibility and product availability in Singapore
#2 vending player in Singapore
Integrated vending businesses

Completed in July 2016

INTEGRATION OF SOFT DRINKS AND DAIRIES OPERATIONS IN MALAYSIA

Extract synergies
Protect and strengthen market position
Achieve critical mass

Ongoing

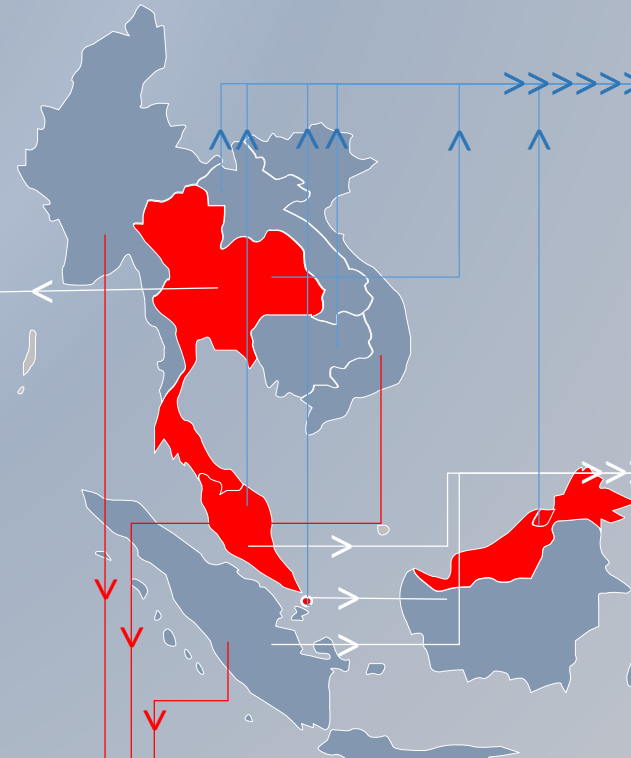
Strong alliance with international brands and a strategic partner to the ThaiBev Group

ThaiBev Group
FY2015 Annual Sales S\$6.7b

F&N Group
FY2015 Annual Sales S\$2.1b

THAILAND:
Enhanced route-to-market and improved segment exposure

ThaiBev Group	F&N Group
<ul style="list-style-type: none"> • One of the largest F&B players in SEA • Businesses in Soft Drinks, Spirits, and Beer 	<ul style="list-style-type: none"> • Top 3 dairy player • Business limited to dairy
<ul style="list-style-type: none"> • Strengthened route-to-market (supply chain and distribution) • Able to capitalise on ThaiBev's strong distribution network of over 400,000 points of sale, largest in Thailand 	



NESTLE

- Rights to manufacture and distribute *Carnation, Bear brand, Bear Brand Gold, Ideal Milk* and *Milkmaid* in the ASEAN region

SINGAPORE AND MALAYSIA:
Enhanced brand portfolio

ThaiBev Group	F&N Group
<ul style="list-style-type: none"> • One of the largest F&B players in SEA • Businesses in Soft Drinks, Spirits, and Beer • Enhanced brand and product offerings • Launched Oishi, Thailand's leading-RTD tea brand, in Malaysia and Singapore 	<ul style="list-style-type: none"> • Leading Soft Drinks and Dairy player in Singapore and Malaysia • Strong distribution platform with 138 distributors, 80,000 outlets, 64,000 cooler units and 4,000 vending machines in Malaysia

REST OF SOUTHEAST ASIA: ThaiBev Group and F&N Group - "Company size matters"

- Combined presence in over 90 countries globally
- Wider portfolio; economies of scale – innovation and reduce procurement costs; explore further cost synergies and cross-selling opportunities

SUMMARY

ORIGINAL FLAVOUR



Summary

- Remains a formidable and leading F&B player in SEA
- Comprehensive portfolio of heritage brands and innovative products
- A strategic partner to the ThaiBev Group
- Focus on
 - Strengthening our portfolio: marketing and product innovation, and M&A
 - Allocating resources: ensure capacities and capabilities
 - Building on/identifying strategic partnerships and extracting synergistic opportunities



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9M2016 Performance Highlights

43%¹ Profit After Tax Growth

Strong operating performance in the nine-month ended 30 June 2016
("9M2016")

- Impacted by adverse foreign exchange effect
- Food & Beverage EBIT up 31%; margin improved to 10%, from 7%
- Dairies growth momentum continued unabated; EBIT up 66%
- Marketing investments in new product and market launches

9M2016 Group Financial Highlights

Revenue
(millions)

\$1,486.9

▼ 6.8%

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

\$140.8

▲ 26.0%

Profit after tax¹
(millions)

\$127.2

▲ 42.7%

Gearing
(millions)

\$835.0 (net cash)

▼ 3.5%³

Dividend per share (interim)
(cents)

1.5⁴

▼ 25.0%

Earnings per share (basic)^{1,2}
(cents)

5.2

▲ 44.4%

¹ Continuing Operations

² Before Exceptional Items

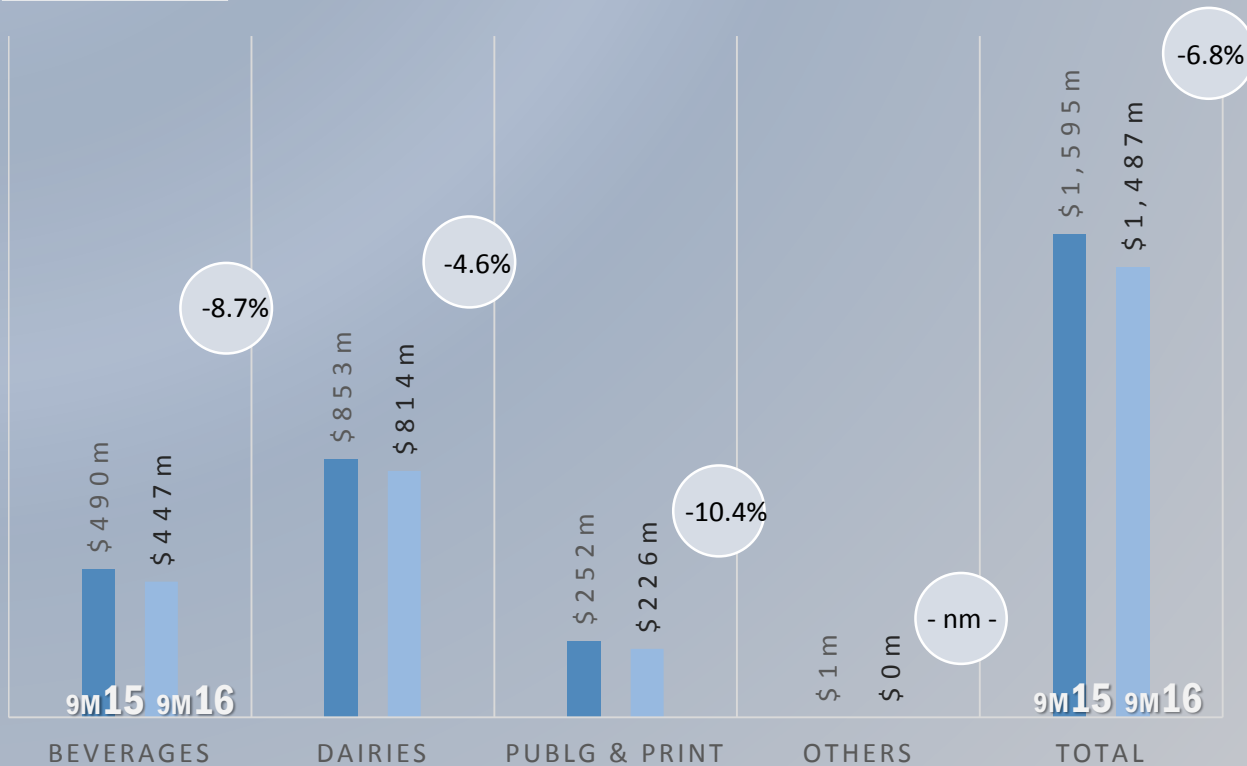
³ As at 30 September 2015

⁴ Interim dividend was declared on 10 May 2016 and paid on 9 June 2016

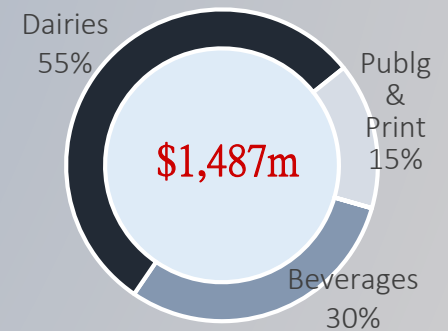
9M2016 Revenue Down 6.8%

due to negative translation effects and competitive pricing, despite volume growth

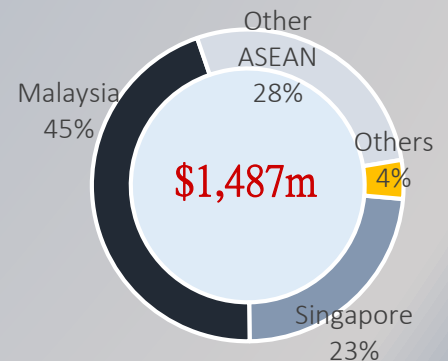
Revenue by Business Segment (\$)



9M2016 Revenue by Business Segment (%)



9M2016 Revenue by Geography (%)



¹ Beverages comprises Soft Drinks and Beer
² Publg & Print denotes Publishing & Printing

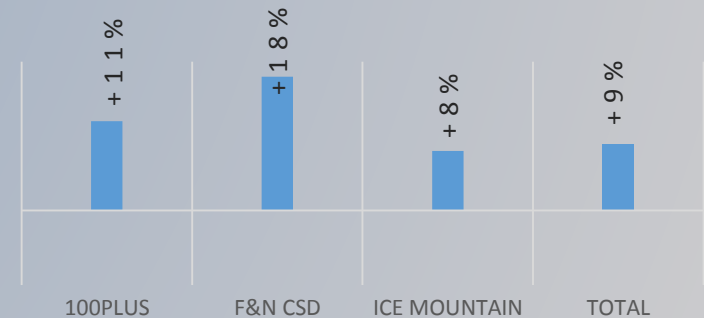
9M2016 Revenue | Beverages

Revenue declined 9% on weaker Ringgit, competitive pricing in Malaysia and loss of *Red Bull* sales

Beverages Malaysia (-15%; -5% in constant currency)

- Volume increased 7%, despite lost sales from *Red Bull*, due to effective execution of consumer and trade marketing programmes centred around the Lunar New Year period
- Revenue impacted by weaker Ringgit, end-consumer related competitive pricing pressures and loss of *Red Bull* sales
- Retained leadership positions in key categories

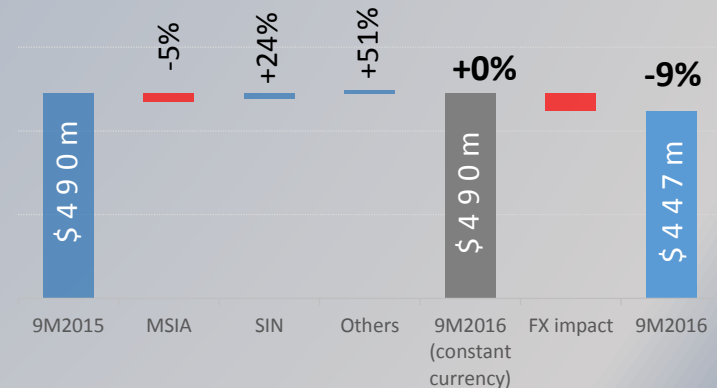
Volume Growth
(Key Brands) (%)



Beverages Singapore and New Markets

- Revenue grew 24%, driven by new products *F&N Ice Mountain Sparkling Water*, *OISHI* and *COCO LIFE* in Singapore, and *100PLUS* and *OISHI* in Indonesia, Myanmar and Vietnam
- Revenue growth also supported by brand building activities and channel penetration

9M2016 Revenue



9M2016 Revenue | Dairies

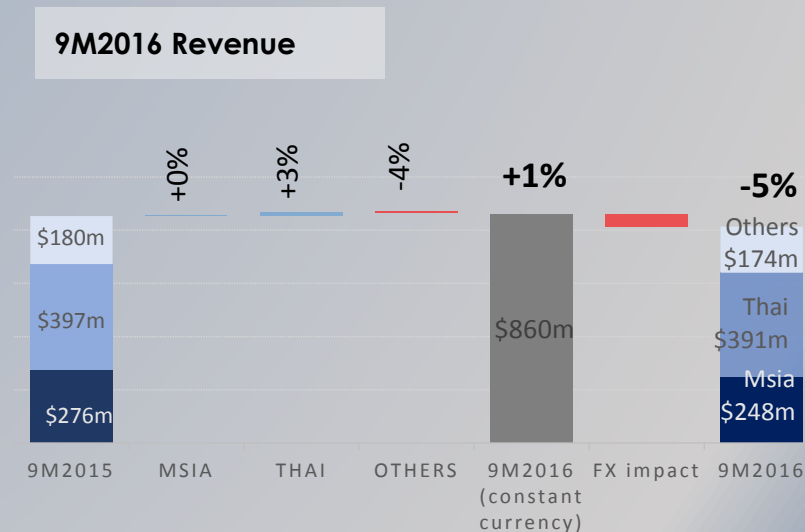
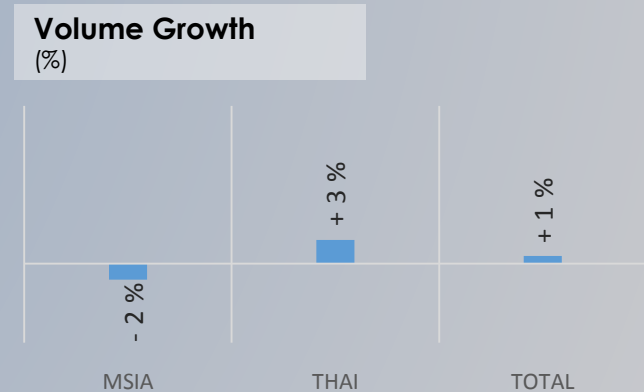
Revenue fell 5%, impacted by negative translation effects and higher tactical discounts

Dairies Malaysia (-10%; flat in constant currency)

- Impacted by weaker Ringgit and higher trade discounts given (in view of lower input costs)
- Consolidated its market leadership positions for sweetened condensed milk and evaporated milk segments
- Higher export sales have offset impact of lower domestic sales from cautious spending

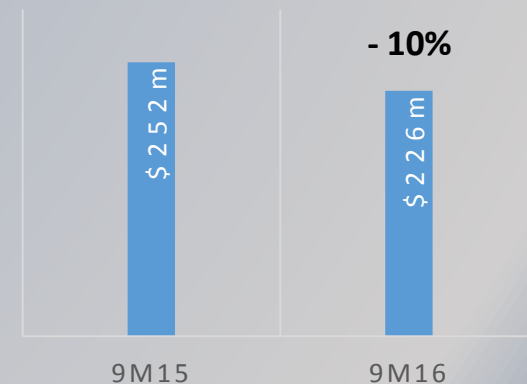
Dairies Thailand (-1%; +3% in constant currency)

- Despite lost sales from *Bear* and *Milo* UHT, revenue grew 3% in constant currency, on 3% volume growth
- Supported by strong demand for its brands, strong network, increased distribution points and effective execution of trade and consumer marketing campaigns



9M2016 Revenue | Publishing & Printing

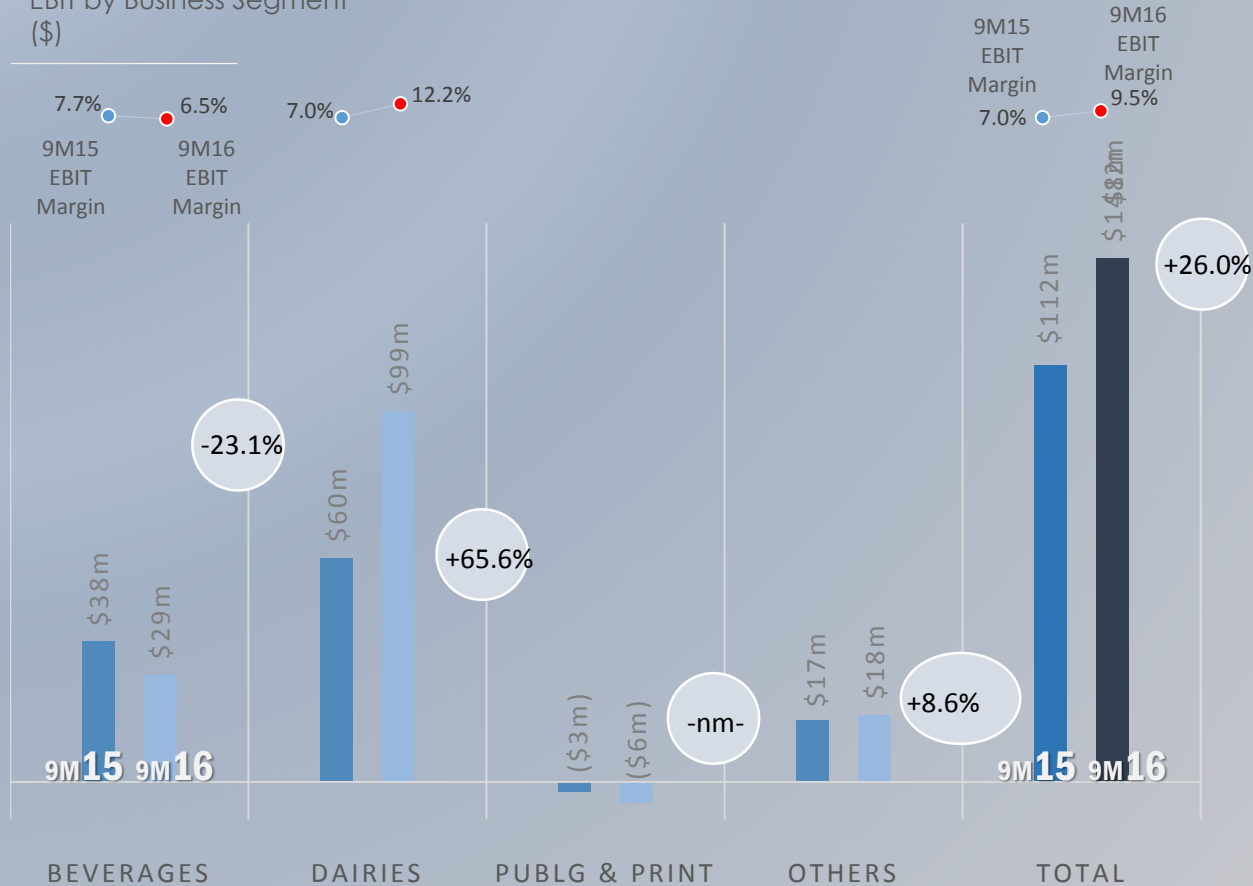
- Retail and Distribution divisions recorded revenue gains
 - Strong sales performance in airport retail and high street stores
 - Higher partwork sales in Hong Kong and Singapore
- Publishing and Printing divisions revenue fell
 - Slow-down in demand in Education Publishing's key markets of Latin America, USA and Singapore
 - Lower domestic and export print volumes



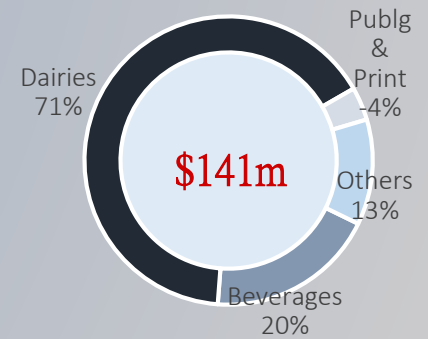
9M2016 EBIT Grew 26.0%

Profit growth supported by Dairies, despite negative translation impact

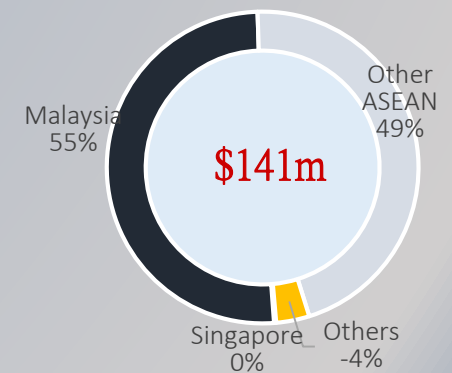
EBIT by Business Segment (\$)



9M2016 EBIT by Business Segment (%)



9M2016 EBIT by Geography (%)



¹ Beverages comprises Soft Drinks and Beer
² Publg & Print denotes Publishing & Printing

9M2016 EBIT | Beverages

Weaker Ringgit, increased pricing pressures and lost contribution from *Red Bull* impacted earnings

Beverages Malaysia (-26%; -18% in constant currency)

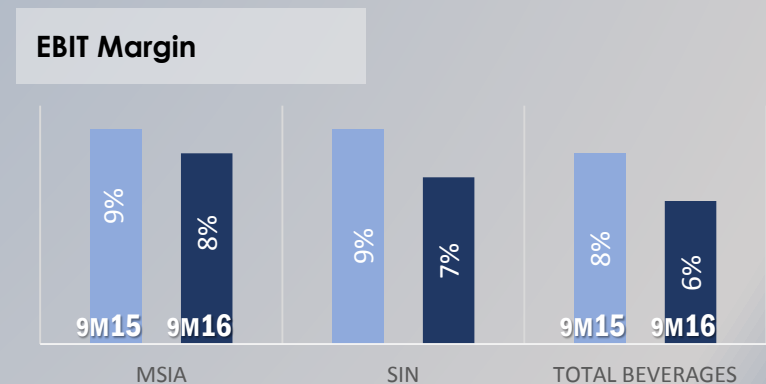
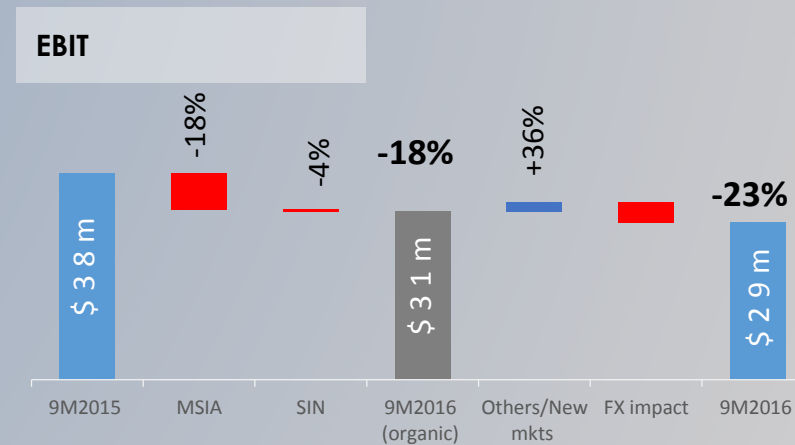
- EBIT dropped from loss of contribution from *Red Bull*, increased pricing pressures and higher marketing spend on new product launches

Beverages Singapore

- EBIT fell 4% due to higher marketing spend on new product launches of *F&N ICE MOUNTAIN Sparkling Water*, *OISHI*, *COCO LIFE* and *CHANG* beer

Others / New Markets

- Strong revenue and EBIT contribution from Indonesia more than offset additional brand investment cost in new markets of Vietnam, Myanmar, Thailand and Indonesia



9M2016 EBIT | Dairies

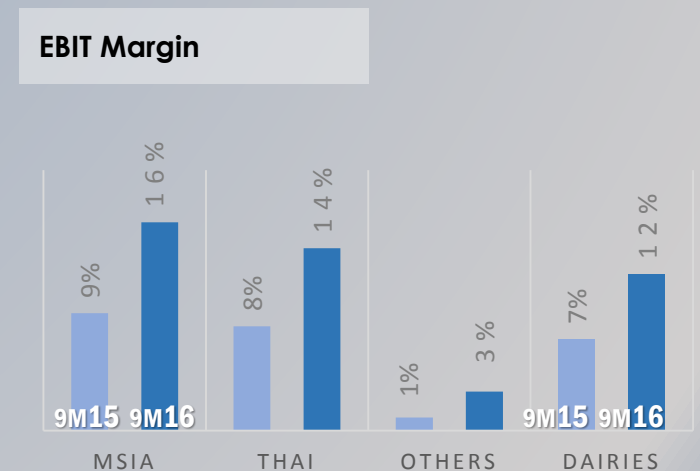
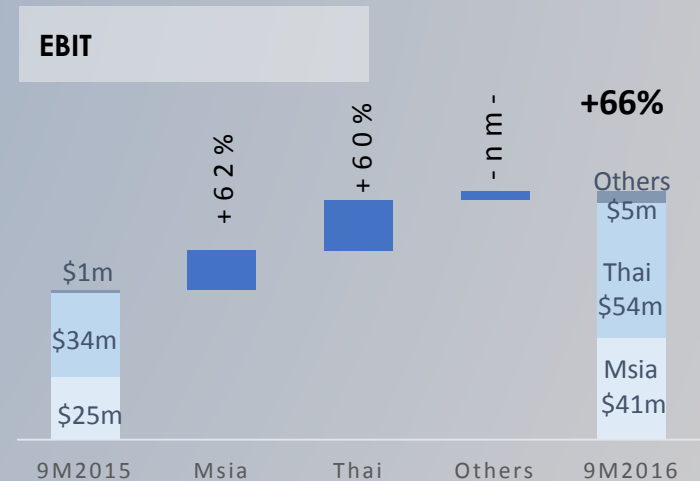
Earnings surged 66%; margin expansion on the back of higher contribution from Malaysia and Thailand

Dairies Malaysia (+62%; +81% in constant currency)

- Driven by lower input costs
- Weaker Ringgit affected extent of earnings growth
- EBIT margin improved to 16%, from 9%

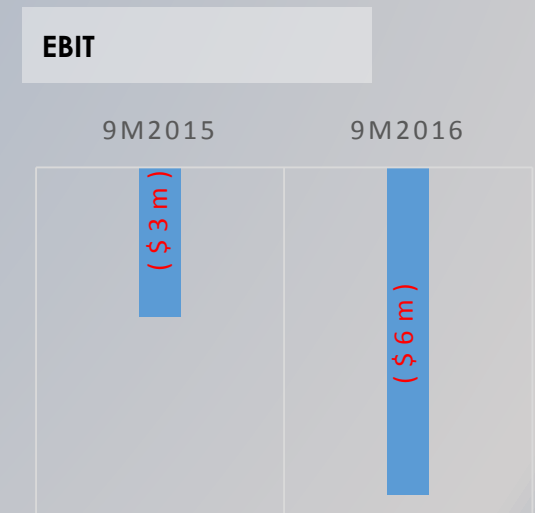
Dairies Thailand (+60%; +67% in constant currency)

- Strong profit growth supported by significant savings from input costs, lower trade discounting, increased manufacturing utilisation and efficiency and one-off cost recovery
- EBIT margin improved to 14%, from 8%



9M2016 EBIT | Publishing & Printing

- Losses before interest and taxation increased to \$5.6m on lower revenue, investments made in an e-commerce project and foreign exchange losses



Maintained a strong financial position

Focused on prudent balance sheet management

- Reflects the Group's underlying operational results following sale of brewery in Myanmar
- Takes into account Group's capital position and near-term capital needs
- Dividend policy unchanged; an interim dividend of 1.5 cents per share was declared

Key Financial Ratios	9M2016	FY2015
Total Equity ¹	\$2,879m	\$2,556m
Total Assets	\$3,487m	\$3,143m
Net cash	\$835m	\$865m

