

FY2014

F&N FULL YEAR FINANCIAL HIGHLIGHTS



FRASER AND NEAVE, LIMITED

November 2014



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FY2014 Performance Highlights

29% EBIT growth

Strong performance for the year ended 30 September 2014 (“FY2014”)

- Strong profit growth in challenging environment
- All divisions recorded strong volume growth
- Adverse foreign exchange effect impacted profits

GROUP FINANCIAL HIGHLIGHTS

Revenue
(millions)

\$2,421.1
▲ 5.5%

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

\$276.5
▲ 29.3%

EBIT margin
(%)

11.4%
▲ 210bps

Gearing
(millions)

\$219 (net cash)
▲ -nm-

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

10.0
-%

Dividend per share³
(cents)

5.0 (capital reduction of \$0.42 in Apr 2014)
▼ 67.7%

¹ Excludes Discontinued Operations

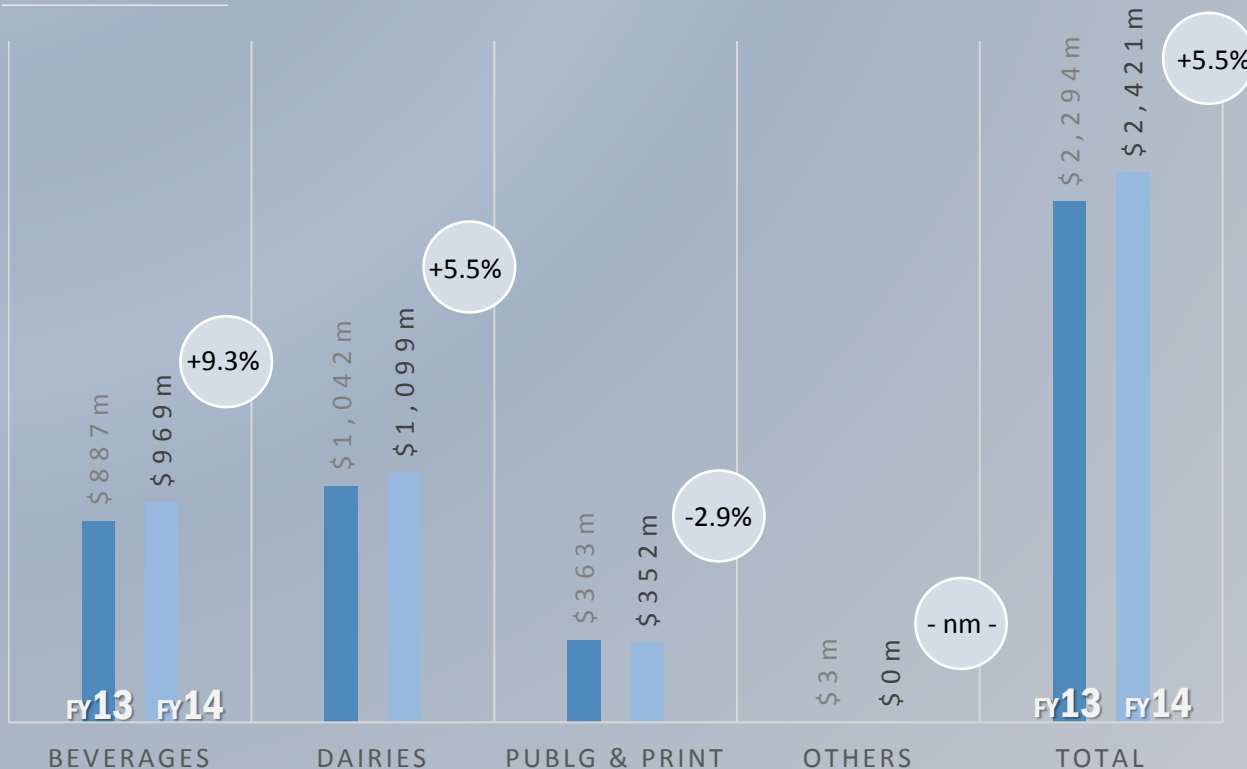
² Before fair value adjustment and exceptional items

³ Interim dividend of 2.0 cents was paid on 12 June 2014; final dividend of 3.0 cents remains subject to shareholders' approval

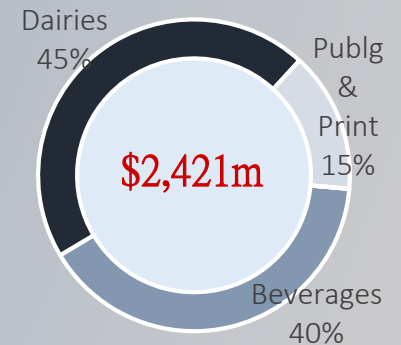
REVENUE GREW 5.5%

Supported by strong volume growth in Beverages

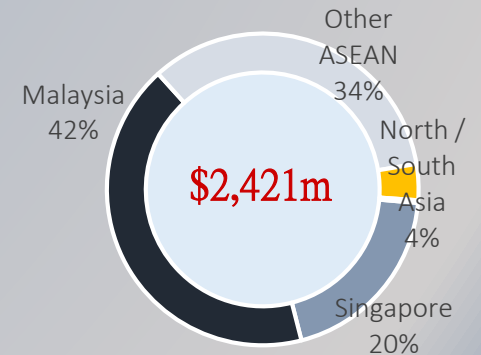
Revenue by Business Segment (\$)



FY14 Revenue by Business Segment (%)



FY14 Revenue by Geography (%)



¹ FY13 figures have been restated upon the demerger of FCL

² Beverages comprises Soft Drinks and Beer

³ Publg & Print denotes Publishing & Printing

Revenue | Beverages

Revenue growth supported by higher volumes, moderated by weaker Kyat and Ringgit

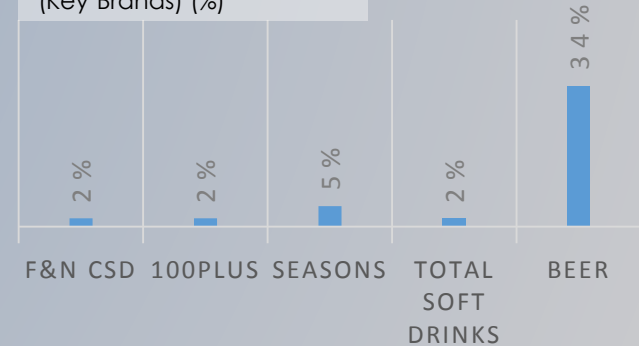
Beverages: Beer

- Volume grew 34% driven by effective marketing and sports sponsorship, and enhanced route-to-market excellence
- *MYANMAR BEER* enjoyed double-digit growth in sales
- Beer revenue improved 28%, adversely affected by weaker Kyat (+36% in constant currency)
- Capacity upgrade in progress

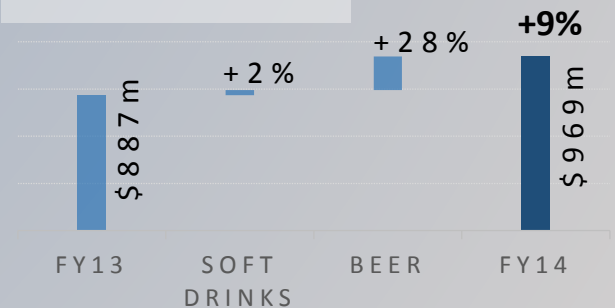
Beverages: Soft Drinks

- Volume improved 2% despite weaker consumer sentiment in Malaysia due to withdrawal of government subsidies
- Power brands *100PLUS* and *F&N SEASONS* continued to record volume growth; reinforced leadership positions
- Soft Drinks posted 2% revenue growth, due to weaker Ringgit (+4% in constant currency)

Volume Growth
(Key Brands) (%)



FY14 Revenue



Revenue | Dairies

Revenue grew 8%¹; Malaysia and Thailand each recorded double-digit volume growth²

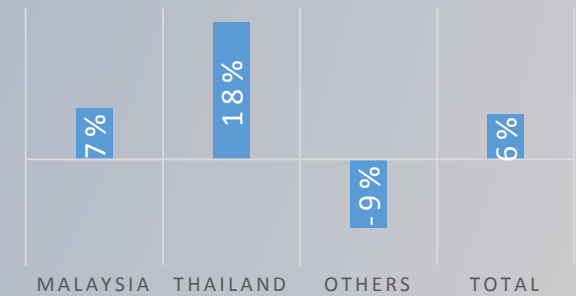
Dairies: Malaysia

- Volume increased 7%; domestic volume recorded 10% growth, ahead of category
- Robust domestic volume growth was supported by effective trade programs and strong sales execution, despite weaker consumer sentiment
- Revenue growth driven mainly by higher *TEAPOT* and *GOLD COIN* canned milk volumes
- Revenue adversely affected by weaker Ringgit

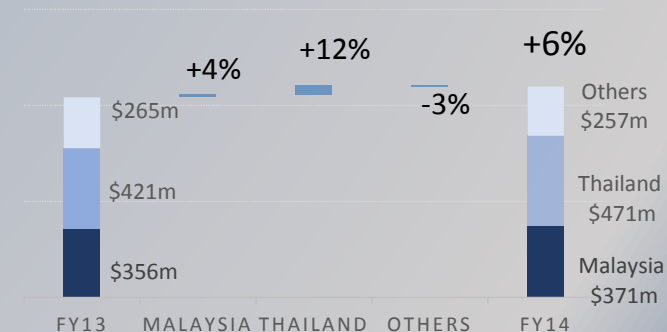
Dairies: Thailand

- Volume jumped 18%; domestic volume grew 16%
 - Indochina and Export recorded strong volume growth
- Revenue growth arising from effective trade activations and brand building activities, increased outlet penetration
- F&N brands performed well, with higher sales from *TEAPOT* canned milk and *F&N MAGNOLIA* pasteurised milk
- Revenue adversely affected by weaker Baht

Volume Growth (%)



FY14 Revenue

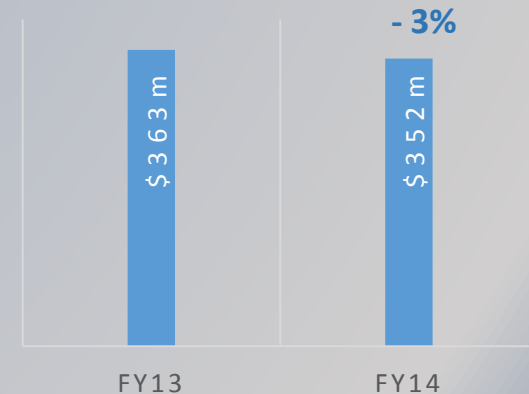


¹ In constant currency

² Excludes Export

Revenue | Publishing & Printing

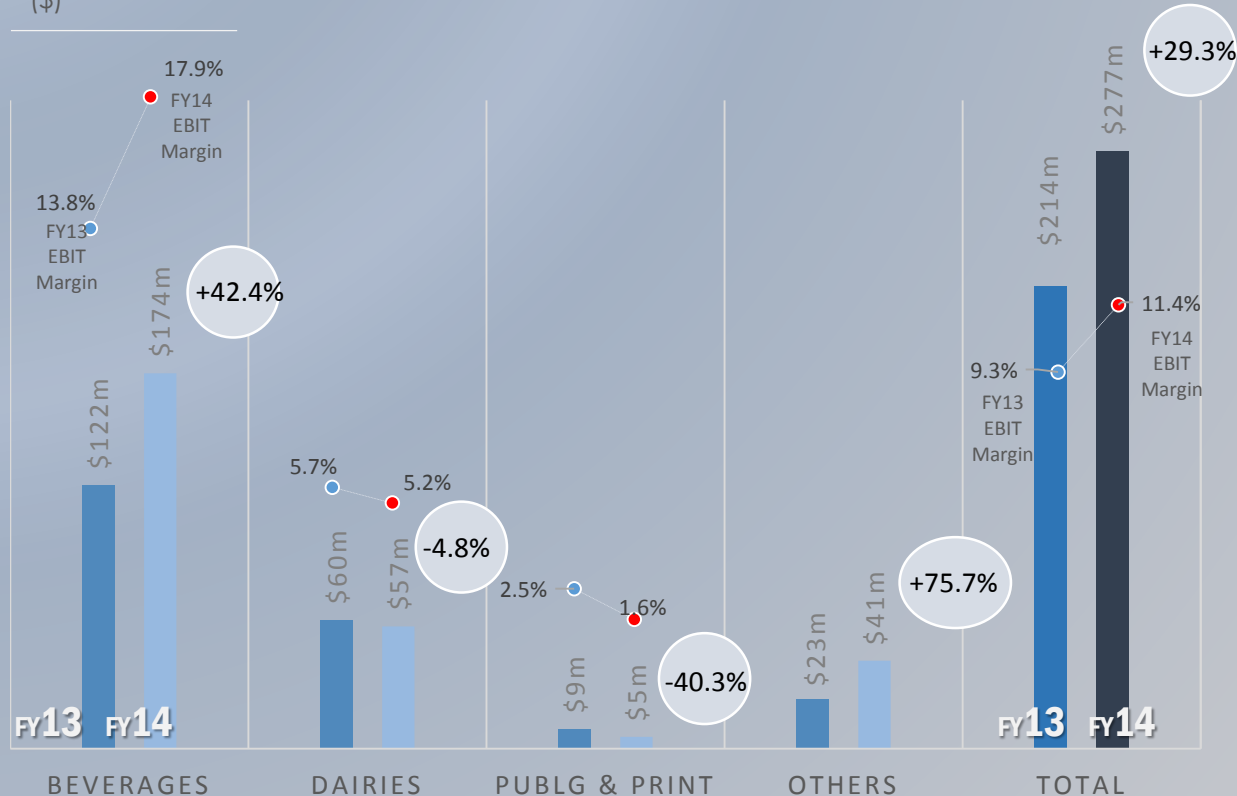
- Education Publishing continued to diversify and grow its customer base
 - Strong overseas sales partly offset by lower local textbook and home reference sales
 - Exclusive partnership with Oxford University Press; textbook adoption in Chile; Math in Focus approved in California and adopted in Seattle
- Printing volumes remained stable; lower print prices affected revenue
 - Lower demand from the US, Europe and Australia, partly compensated by successful acquisition of local and regional print work, and higher digital printing sales



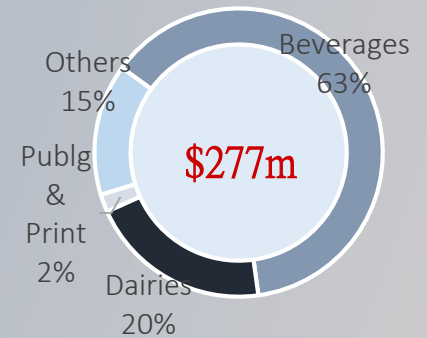
EBIT GREW 29.3%

Profit growth supported by improved margins from Beverages and Dairies Malaysia

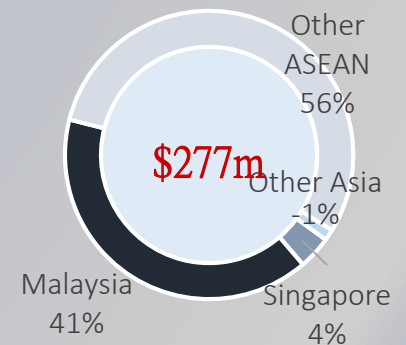
EBIT by Business Segment (\$)



FY14 EBIT by Business Segment (%)



FY14 EBIT by Geography (%)



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² Beverages comprises Soft Drinks and Beer

³ Publg & Print denotes Publishing & Printing

EBIT | Beverages

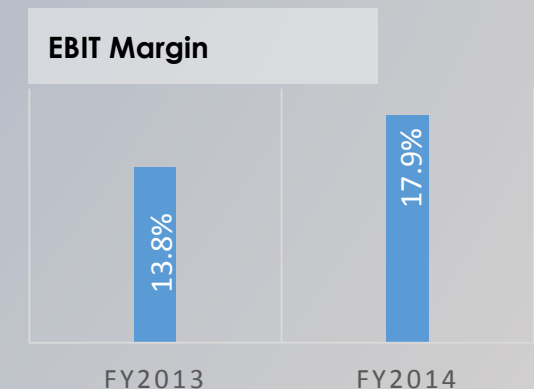
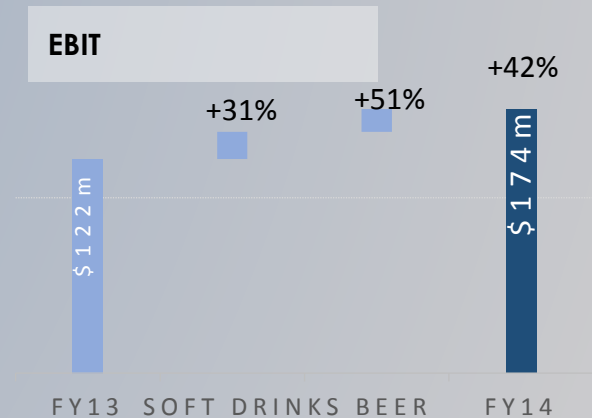
Earnings jumped 42% on higher sales and improved margins, despite weaker Kyat and Ringgit

Beverages: Beer

- Earnings driven by higher sales, favourable mix and absence of one-off impairment in FY13
- Beer EBIT improved 51% despite higher marketing spend and distribution cost as well as weaker Kyat
- In constant currency, Beer EBIT surged 61%

Beverages: Soft Drinks

- Favourable sales mix, improved yield and production efficiency supported profit growth of 31%
- Margins improved to 10.4% despite weaker Ringgit
- Singapore returned to profit with improved sales and operational efficiencies
- Malaysia's EBIT grew 23%, supported by favourable sales mix and improved production efficiencies despite weaker Ringgit (in constant currency +26%)



EBIT | Dairies

Earnings impacted by higher input costs and adverse foreign exchange effect; pricing control stemmed Thailand's growth

Dairies: Malaysia

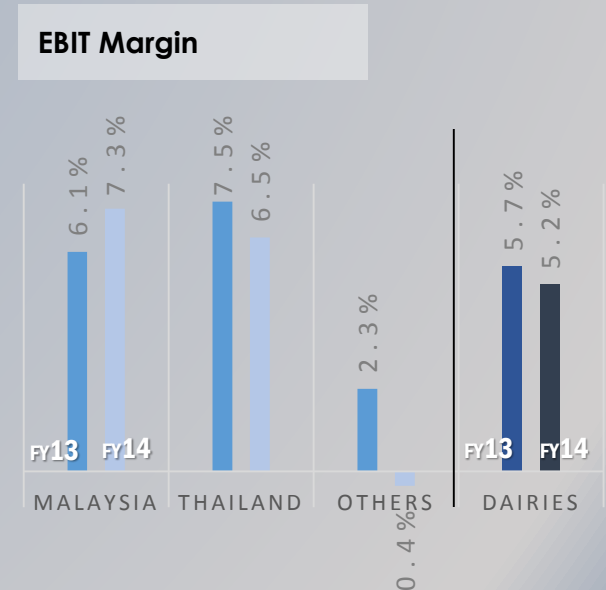
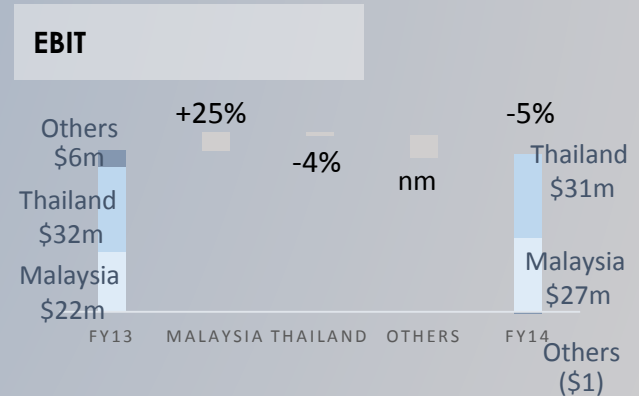
- EBIT growth of 25%
- Driven by higher sales, improved production yields and non-recurring expenses in FY2013 (exclude non-recurring expenses, EBIT improved 8%)
- EBIT margin improved to 7.3%, from 6.1%

Dairies: Thailand

- Despite double-digit growth in volume and revenue, EBIT dropped 4%
- Impacted by higher input costs, pricing control by the Thai government and weaker Baht
- EBIT margin dropped from 7.5% to 6.5%

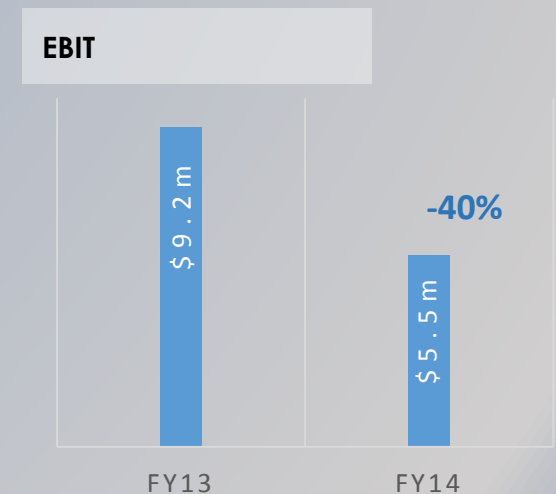
Dairies: Others

- Losses due to asset write-off and inventory provision



EBIT | Publishing & Printing

- Significant improvement in earnings on higher earnings from Publishing and Printing
 - 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 contributions from associated companies, lower sales from local Education Publishing and non-magazine distribution and higher amortization cost from Publishing

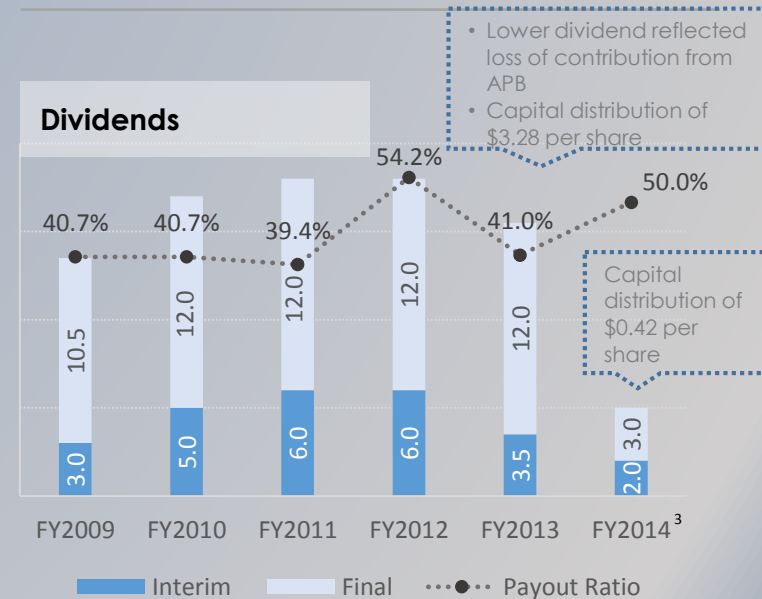


Maintained a strong financial position

Focused on prudent balance sheet management

- Balance sheet reflects completion of distribution *in specie* of Frasers Centrepoint Limited 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 almost \$11.5 billion to shareholders in last 12 months
 - Net cash position
- Proposed final dividend of 3.0 cents per share³; payout ratio of 50%
 - Reflects Group's earnings following demerger
 - Takes into account Group's capital position and near-term capital needs
 - Dividend policy unchanged

Key Financial Ratios	FY2014	FY2013 ¹
Total Equity ²	\$2,001m	\$8,878m
Total Assets	\$2,700m	\$14,145m
Net cash/(Debt)	\$219m	(\$1,500m)



¹ Restated upon the adoption of Revised FRS 19

² Includes non-controlling interest

³ Interim dividend of 2 cents was paid on 12 June 2014

SUMMARY



SUMMARY

- 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
- Reviewing our positions in Myanmar

It may be cool



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Fraser and Neave, Limited



But you still
need hydration



F&N Group Unaudited Pro-Forma Profit Statement For the year ended 30 Sep 2013

\$'000	FY2013 (Restated) ¹	FY2012 (Restated) ¹
Revenue	2,294,119	2,161,302
Cost of sales	(1,520,310)	(1,467,456)
Gross profit	773,809	693,846
Other (expenses)/income (net)	(3,886)	2,116
Operating expenses		
- Distribution	(187,591)	(178,142)
- Marketing	(233,906)	(228,713)
- Administration	(162,955)	(155,533)
	(584,452)	(562,388)
Trading profit	185,471	133,574
Share of associated companies' profits	9,747	1,927
Gross income from investments	18,653	13,108
Profit before interest and taxation ("PBIT")	213,871	148,609

Notes:

1. Restated for the adoption of Revised FRS 19 and the demerger of Frasers Centrepoint Limited ("FCL"). The results of FCL has been presented separately as Discontinued Operations.

F&N Group Unaudited Pro-Forma Profit Statement For the year ended 30 Sep 2013 (cont'd)

\$'000	FY2013 (Restated) ¹	FY2012 (Restated) ¹
Net finance income/(expense)	39,027	(21,594)
Profit before fair value adjustment, taxation and exceptional items	252,898	127,015
Fair value adjustment of investment properties	5,509	4,662
Profit before taxation and exceptional items	258,407	131,677
Exceptional items	(183,429)	6,684
Profit before taxation	74,978	138,361
Taxation	(48,564)	(6,444)
PROFIT FROM CONTINUING OPERATIONS AFTER TAXATION	26,414	131,917
<u>DISCONTINUED OPERATIONS</u>		
Profit from discontinued operations, net of tax	735,738	880,456
Gain on disposal of discontinued operations	4,751,514	-
Profit after taxation	5,513,666	1,012,373

Notes:

1. Restated for the adoption of Revised FRS 19 and the demerger of Frasers Centrepoint Limited ("FCL"). The results of FCL has been presented separately as Discontinued Operations.

F&N Group Unaudited Pro-Forma Profit Statement For the year ended 30 Sep 2013 (cont'd)

\$'000	FY2013 (Restated) ¹	FY2012 (Restated) ¹
ATTRIBUTABLE PROFIT TO:		
Shareholders of the Company		
- Before fair value adjustment and exceptional items		
Continuing operations	143,508	67,699
Discontinued operations	401,080	404,636
	544,588	472,335
- Gain on disposal of discontinued operations	4,751,514	-
- Fair value adjustment of investment properties		
Continuing operations	3,862	4,511
Discontinued operations	275,682	337,650
	279,544	342,161
- Exceptional items		
Continuing operations	(190,933)	(2,422)
Discontinued operations	45,541	25,441
	(145,392)	23,019
	5,430,254	837,515
Non-controlling interests		
Continuing operations	69,977	62,129
Discontinued operations	13,435	112,729
	83,412	174,858
	5,513,666	1,012,373

Notes:

1. Restated for the adoption of Revised FRS 19 and the demerger of Frasers Centrepoint Limited ("FCL"). The results of FCL has been presented separately as Discontinued Operations.

F&N Group Unaudited Pro-Forma Balance Sheet As at 30 Sep 2013

\$'000	FY2013 (Restated) ¹	FY2012 (Restated) ²
SHARE CAPITAL AND RESERVES		
Share capital	834,659	768,664
Treasury shares	(23)	(23)
Reserves	1,000,490	827,271
	1,835,126	1,595,912
Non-controlling interests	346,023	347,412
	2,181,149	1,943,324
Represented by:		
NON-CURRENT ASSETS		
Fixed assets	667,510	714,110
Associated companies	145,219	258,175
Other investments	673,072	372,813
Other non-current assets	187,416	189,189
	1,673,217	1,534,287

Notes:

1. Restated for adoption of Revised FRS 19, demerger of FCL and capital reduction of \$0.42 per share (in April 2014).
2. Restated for disposal of Asia Pacific Breweries, capital reduction of \$3.28 per share (in July 2013) and Note (1).

F&N Group Unaudited Pro-Forma Balance Sheet As at 30 Sep 2013 (cont'd)

\$'000	FY2013 (Restated) ¹	FY2012 (Restated) ²
CURRENT ASSETS		
Inventories	245,828	261,761
Trade receivables	305,445	309,217
Bank fixed deposits and cash and bank balances	697,818	592,416
Other current assets	113,303	134,010
	1,362,394	1,297,404
Deduct: CURRENT LIABILITIES		
Trade and other payables	431,328	436,192
Borrowings	105,904	190,735
Other current liabilities	51,916	53,101
	589,148	680,028
NET CURRENT ASSETS	773,246	617,376
Deduct: NON-CURRENT LIABILITIES		
Other non-current liabilities	265,314	208,339
	2,181,149	1,943,324

Notes:

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