

FY2015

**F&N**

THIRD QUARTER  
FINANCIAL  
HIGHLIGHTS



07 August 2015



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# 9M2015 Performance Highlights

10%<sup>1</sup> EBIT growth

## Strong 9M2015 performance

- Robust revenue growth in Food & Beverage
  - Excellence in marketplace execution led to 6% topline growth
- Dairies and Beer<sup>2</sup> recorded double-digit earnings growth
  - Supported by higher sales; boosted by lower input costs and improved manufacturing efficiency
- Soft Drinks earnings impacted by higher operating costs due to flooding in East Malaysia in 1Q2015, despite higher sales
- Adverse foreign exchange effect impacted earnings

<sup>1</sup> Excludes a one-off valuation gain of \$21 million recorded in the corresponding period last year on a property joint venture upon the demerger of Frasers Centrepoint Limited

<sup>2</sup> Myanma Economic Holdings Limited had confirmed that the sale of F&N's 55% stake in Myanmar Brewery Limited will be completed at US\$560 million, as determined by the independent valuer. F&N will keep shareholders updated of any material developments

## GROUP FINANCIAL HIGHLIGHTS

Revenue  
(millions)

**\$1,908.4**  
▲ 5.5%

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

**\$227.0**  
▲ 10.4%<sup>1</sup>

EBIT margin  
(%)

**11.9%**  
▲ 53bps<sup>1</sup>

Gearing  
(millions)

**\$209** (net cash)  
▼ \$9<sup>3</sup>

Earnings per share (basic)<sup>2,4</sup>  
(cents)

**7.0**  
▼ 4.6%<sup>1</sup>

Dividend per share (interim)<sup>5</sup>  
(cents)

**2.0**  
-

<sup>1</sup> Excludes a one-off valuation gain of \$21 million recorded in the corresponding period last year

<sup>2</sup> Continuing Operations only

<sup>3</sup> As at 30 September 2014

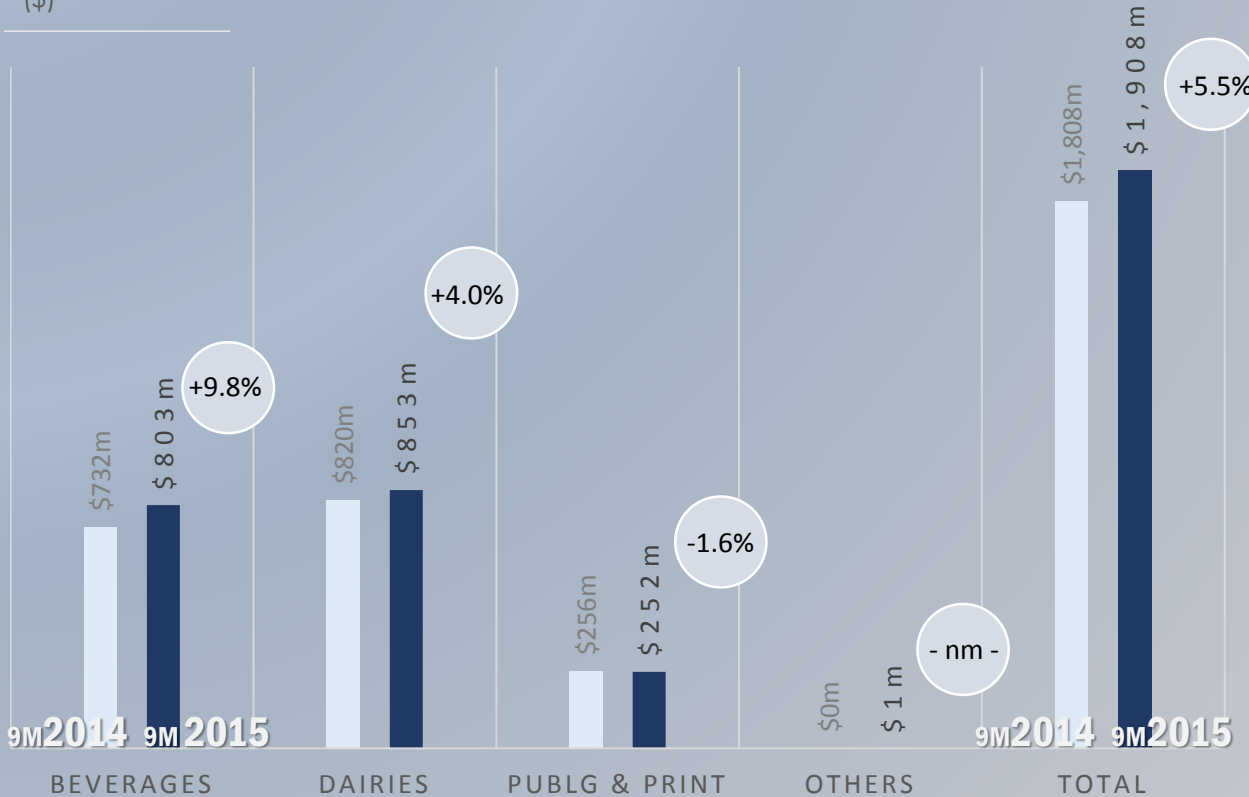
<sup>4</sup> Before fair value adjustment and exceptional items

<sup>5</sup> Interim dividend was declared on 7 May 2015 and paid on 11 June 2015

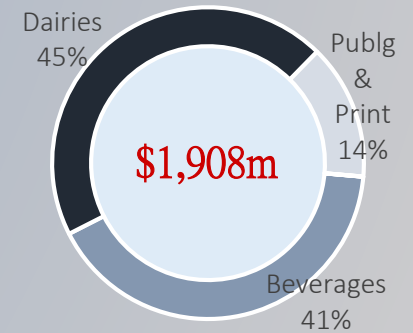
# REVENUE GREW 5.5%

Supported by volume growth in Soft Drinks, Beer and Dairies, despite forex impact

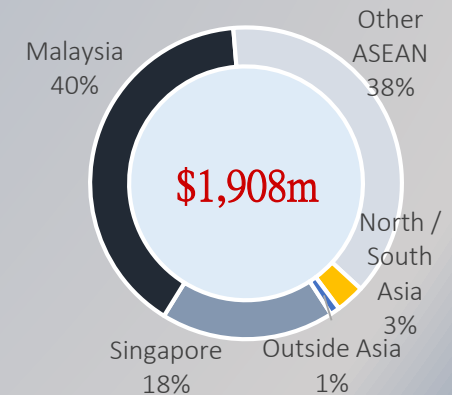
Revenue by Business Segment (\$)



9M2015 Revenue by Business Segment (%)



9M2015 Revenue by Geography (%)



<sup>1</sup> Beverages comprises Soft Drinks and Beer

<sup>2</sup> Publg & Print denotes Publishing & Printing

# Revenue | Beverages

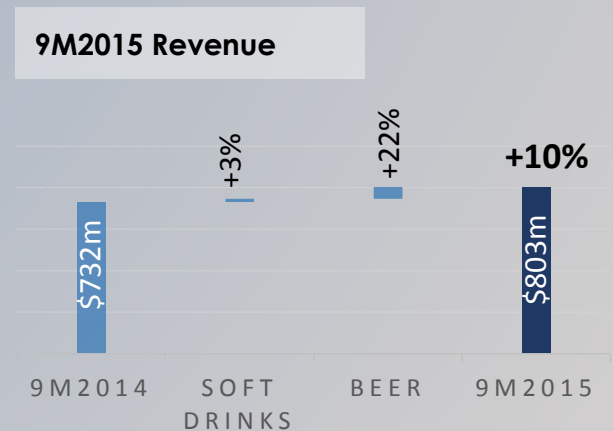
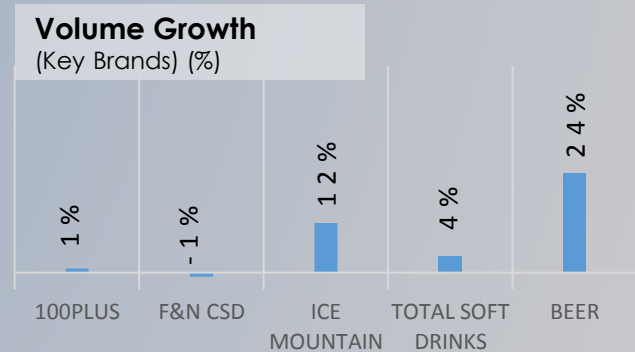
Revenue grew 10%, driven by Beer and recovery in Soft Drinks Malaysia in 3<sup>rd</sup> quarter; moderated by weaker Ringgit and Kyat

## Beverages: Soft Drinks (+3%; +6% in constant currency)

- Strong recovery in Malaysia in 3Q2015 due to effective execution of festive promotion and re-stocking by distributors and retailers post-GST implementation
- Revenue impacted by weaker Ringgit and lost sales from East Malaysia floods in 1Q2015
- Singapore revenue growth driven by *100PLUS* and newly launched *Oishi* and *Cocolife*
- Maiden contribution by Yoke Food Industries

## Beverages: Beer (+22%; +26% in constant currency)

- Volume grew 24% driven by effective marketing and route-to-market excellence
- *MYANMAR BEER* posted double-digit growth in sales
- Weaker Kyat adversely affected revenue



# Revenue | Dairies

Revenue up 4%, driven by Dairies Thailand

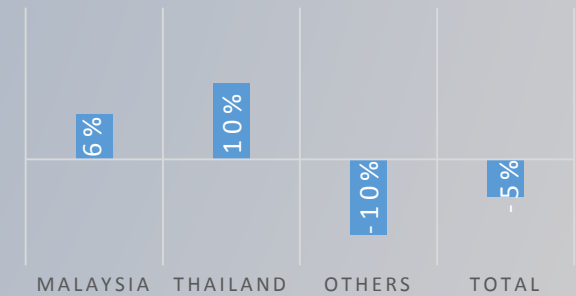
## Dairies Malaysia (-3%; flat in constant currency)

- Effective brand building and trade management activities contributed to continuing growth of *F&N*, *F&N TEAPOT* and *GOLD COIN* canned milk; volume grew 6%
- Weaker ringgit and higher trade discounts (in view of lower input costs) moderated growth in revenue

## Dairies Thailand (+15%; +19% in constant currency)

- Increased outlet penetration and coverage, focused brand building initiatives, and effective promotional and trade management activities drove sales; volume rose 10%
- Higher consumer off-take, particularly of *F&N TEAPOT* and *Carnation* canned milk as the brands of choice for local consumers
- Expanded product offering with the introduction of function-based UHT milk

**Volume Growth (%)**

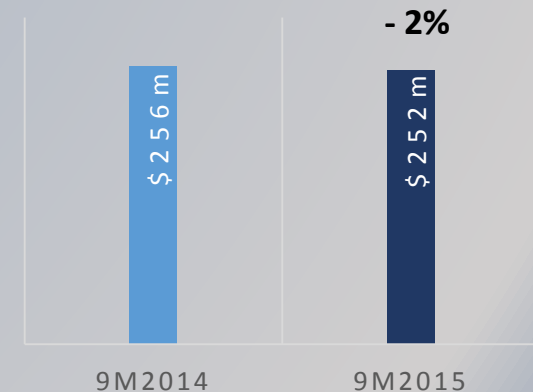


**9M2015 Revenue**



## Revenue | Publishing & Printing

- Education Publishing continued to diversify and grow its customer base
  - Strong overseas sales from its key markets of the US and the UK
- Recovery in textbook sales in Singapore
- Improved sales in Books and Magazines Distribution, mainly in Singapore, Hong Kong and Australia
- Revenue gains offset by lower Print volume and weak printing prices due to intense competition

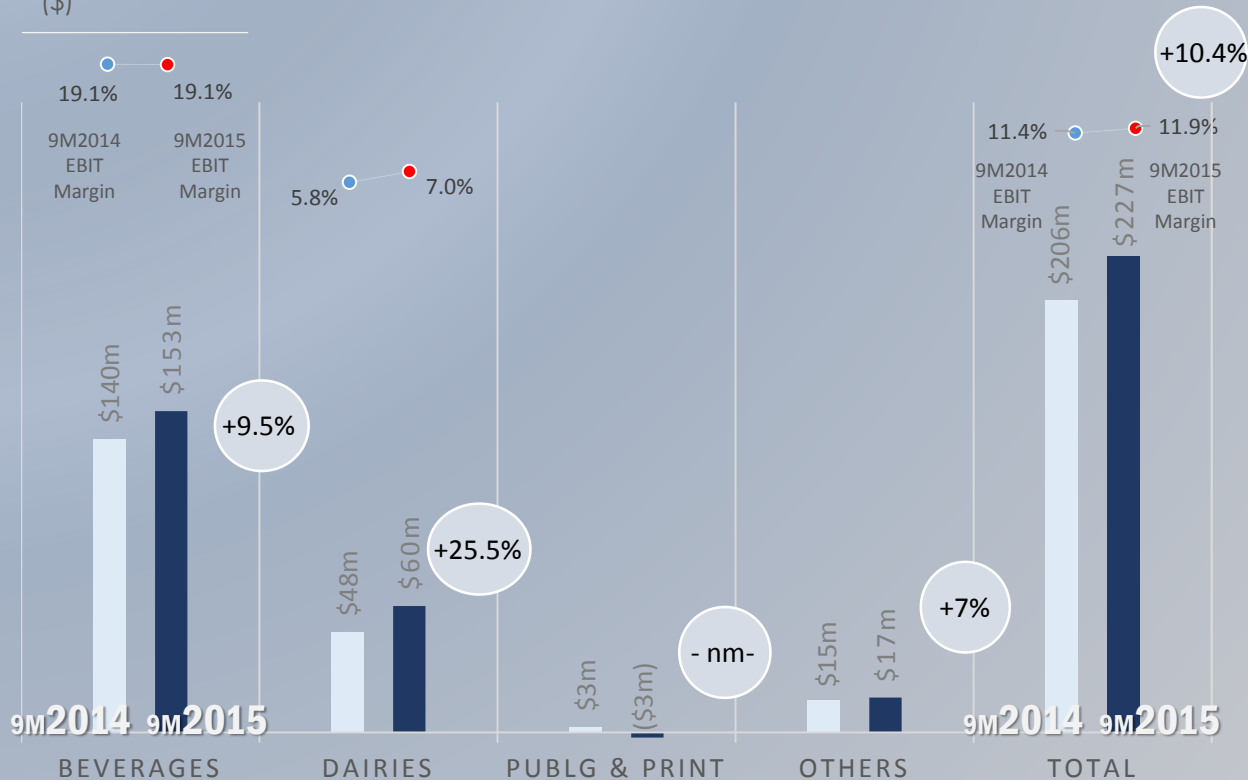




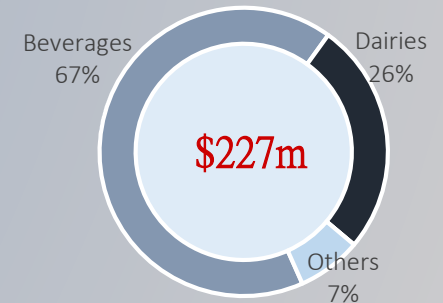
# EBIT GREW 10.4%<sup>1</sup>

Supported by double-digit profit growth in Dairies and Beer, despite forex impact

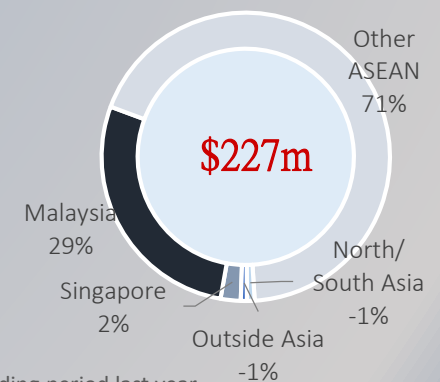
EBIT by Business Segment (\$)



9M2015 EBIT by Business Segment (%)



9M2015 EBIT by Geography (%)



<sup>1</sup> Excludes a one-off valuation gain of \$21 million recorded in the corresponding period last year

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

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

# EBIT | Beverages

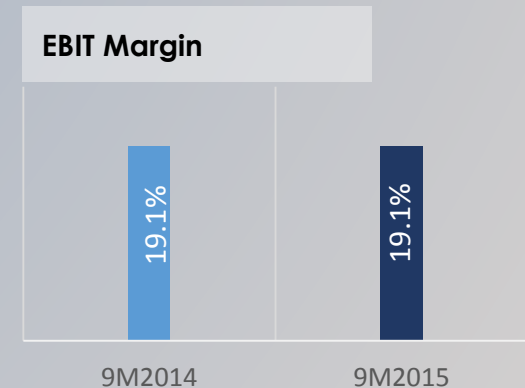
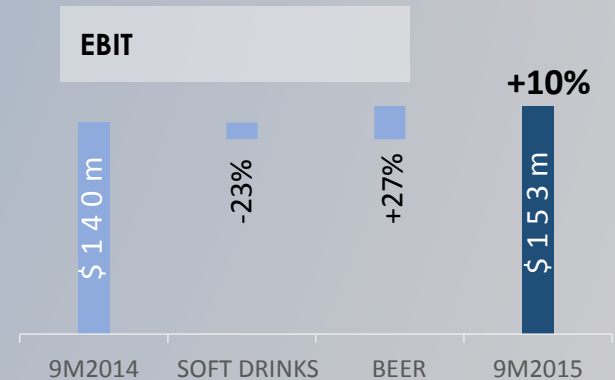
Earnings jumped 10% on higher sales, impacted by forex

## Beverages: Beer (+27%; +31% in constant currency)

- Earnings driven by higher sales and lower input costs
- Weakening of Myanmar Kyat, higher commercial tax rate and higher operating costs for the expanded operations affected earnings

## Beverages: Soft Drinks (-23%; -20% in constant currency)

- Malaysia's EBIT fell 15% (-12% in constant currency), due mainly to unfavourable sales mix, and higher logistics and storage costs as a result of floods in East Malaysia in 1Q2015
- Singapore's EBIT fell 27% due to higher marketing spend on new launches of *Oishi* and *Cocolife* and the absence of one-off recorded in 9MFY2014
- Brand investment in Myanmar, Thailand and Vietnam



# EBIT | Dairies

Earnings surged 25%; Malaysia and Thailand saw double-digit growth

## Dairies: Malaysia (+12%; +16% in constant currency)

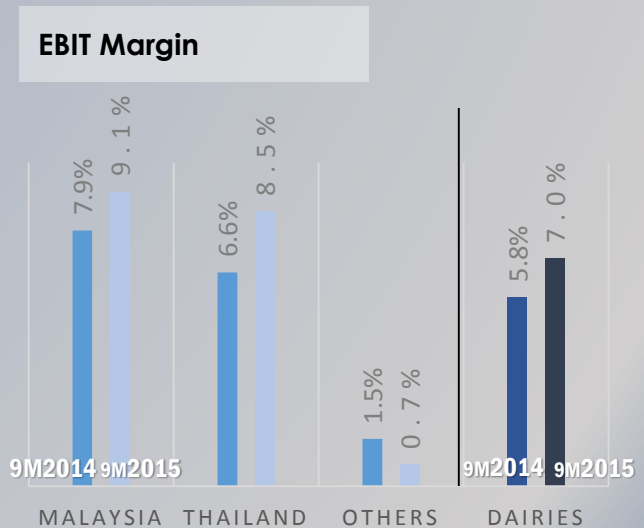
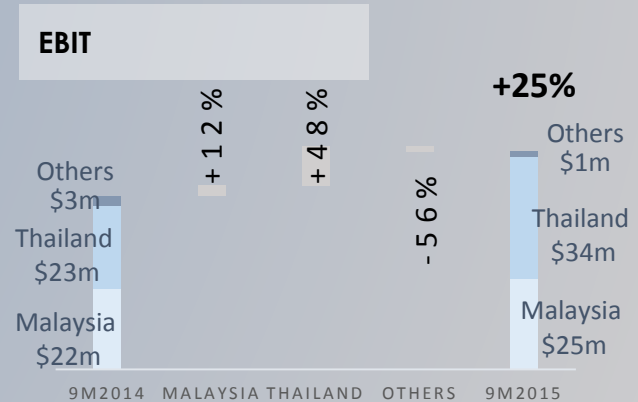
- Driven by lower input costs and continuous realised production cost savings
- Weaker Ringgit affected earnings
- EBIT margin improved to 9.1%, from 7.9%

## Dairies: Thailand (+48%; +53% in constant currency)

- Strong profit growth supported by higher sales, lower input costs and increased manufacturing utilisation and efficiency
- EBIT margin improved to 8.5%, from 6.6%

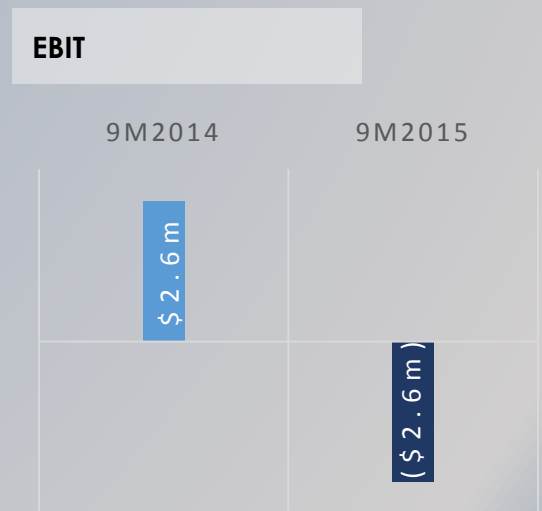
## Dairies: Others

- Lower EBIT attributed to higher operating costs and higher marketing spend on new product launches, *JWEL* and *F&N MEADOW GOLD* ice cream



## EBIT | Publishing & Printing

- Improvement in Education Publishing offset by losses from Printing and Distribution
- Drop in print prices, higher stock provisions made arising from an unprecedented volume of book returns and cessation of equity accounting of one of its associated company's results adversely affected earnings



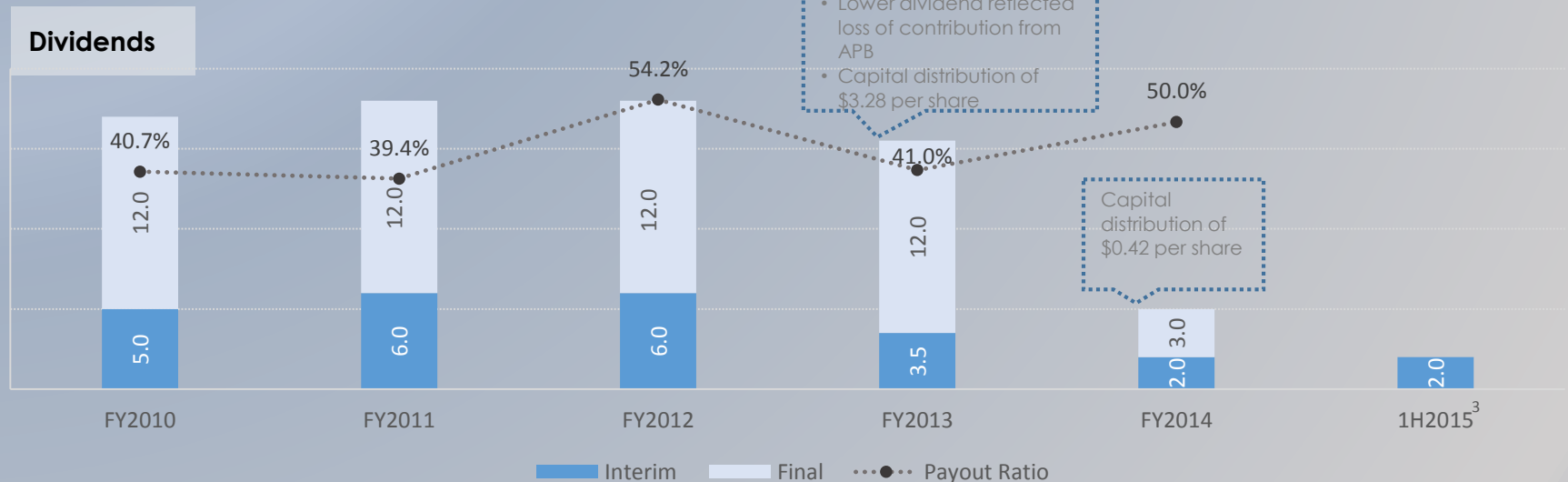
# Maintained a strong financial position

Focused on prudent balance sheet management

- Interim dividend of 2.0 cents per share<sup>3</sup>
- Takes into account Group's capital position and near-term capital needs
- Dividend policy unchanged

## Key Financial Ratios

	9M2015	FY2014 <sup>1</sup>
Total Equity <sup>2</sup>	\$2,084m	\$2,001m
Total Assets	\$2,808m	\$2,675m
Net cash/(Debt)	\$209m	\$218m



<sup>1</sup> Restated upon the adoption of FRS 111

<sup>2</sup> Includes non-controlling interest

<sup>3</sup> Interim dividend was declared on 7 May 2015 and paid on 11 June 2015



KEY  
DEVELOPMENTS:  
Investing for  
Growth



## New Launch: F&N MAGNOLIA Ginkgo Plus in Thailand



F&N MAGNOLIA Ginkgo Plus  
Launched in April 2015  
3 flavours: Plain, White Malt & Chocolate

THB  
**700** MILLION  
SALES IN YEAR 1

# FUNCTIONAL UHT Milk

FORTIFIED WITH GINKGO & VITAMIN B12

THB  
**150** MILLION  
MARKETING SPEND IN YEAR 1

# New Launches



**100PLUS**

Thailand

2 flavours: Citrus & Lemon Lime



**est Cola**

Malaysia



**Cocolife**

Singapore and Malaysia



**Oishi Green Tea**

Singapore

2 flavours: Original & Genmai



# New Packaging



## 100PLUS

Singapore  
 Limited Edition Packaging  
 Official Isotonic Drink of  
 the 28<sup>th</sup> SEA Games



## 100PLUS

Malaysia  
 New Packaging



## F&N Sparkling Drinks

Malaysia  
 New Packaging

# Securing our future

TERM

22

YEARS CONTRACT WITH NESTLE

RIGHTS TO *CARNATION*, *BEAR BRAND*, *BEAR BRAND GOLD*, *IDEAL* AND *MILKMAID* IN THAILAND, SINGAPORE, MALAYSIA, BRUNEI, CAMBODIA AND LAOS

*CARNATION* IS THE NO.

1

CONDENSED MILK BRAND IN THE PREMIUM SEGMENT  
OWNS 66% OF THAILAND CONDENSED MILK MARKET

*BEAR BRAND* IS THE NO.

1

STERILISED MILK BRAND IN THAILAND  
UNRIVALLED LEADERSHIP



Range of F&N canned milk products

Rights to manufacture, promote, sell and distribute *Carnation* in Thailand, Laos and Cambodia; and *Carnation* evaporated creamer, *Ideal* evaporated milk, *Milkmaid* sweetened condensed milk and sweetened beverage creamer for Malaysia, Brunei and Singapore. The Group will continue to manufacture and distribute *Bear Brand* sterilised milk and *Bear Brand Gold* for Thailand and Laos

## Investing for our future

THB MILLION  
**300** NEW FILLING AND PACKAGING LINE IN ROJANA, THAILAND;  
OPERATIONAL BY END-2015

RM MILLION  
**100** EXPANSION IN EAST MALAYSIA; NEW SOFT DRINKS PLANT,  
DOUBLING CAPACITY; OPERATIONAL BY 2021



Rojana dairy plant in Thailand

## 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



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