

FY2015

F&N HALF-YEAR FINANCIAL HIGHLIGHTS



FRASER AND NEAVE, LIMITED

07 May 2015



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1H2015 Performance Highlights

16%¹ EBIT growth

Strong 1H2015 performance

- Robust revenue growth in Beer and Dairies
 - Excellence in marketplace execution led to 7% topline growth
- Beer and Dairies recorded double-digit earnings growth
 - Boosted by lower input costs and improved manufacturing and route-to-market efficiencies
 - Soft Drinks earnings adversely impacted by pre-Goods and Services Tax destocking and floods in Malaysia

GROUP FINANCIAL HIGHLIGHTS

Revenue
(millions)

\$1,263.2

▲ 6.5%

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

\$146.0

▲ 15.8%¹

EBIT margin
(%)

11.6%

▲ 92bps¹

Gearing
(millions)

\$201 (net cash)

▼ \$17³

Earnings per share (basic)^{2,4}
(cents)

4.2

▼ 2.3%¹

Dividend per share (interim)
(cents)

2.0

-

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

² Continuing Operations only

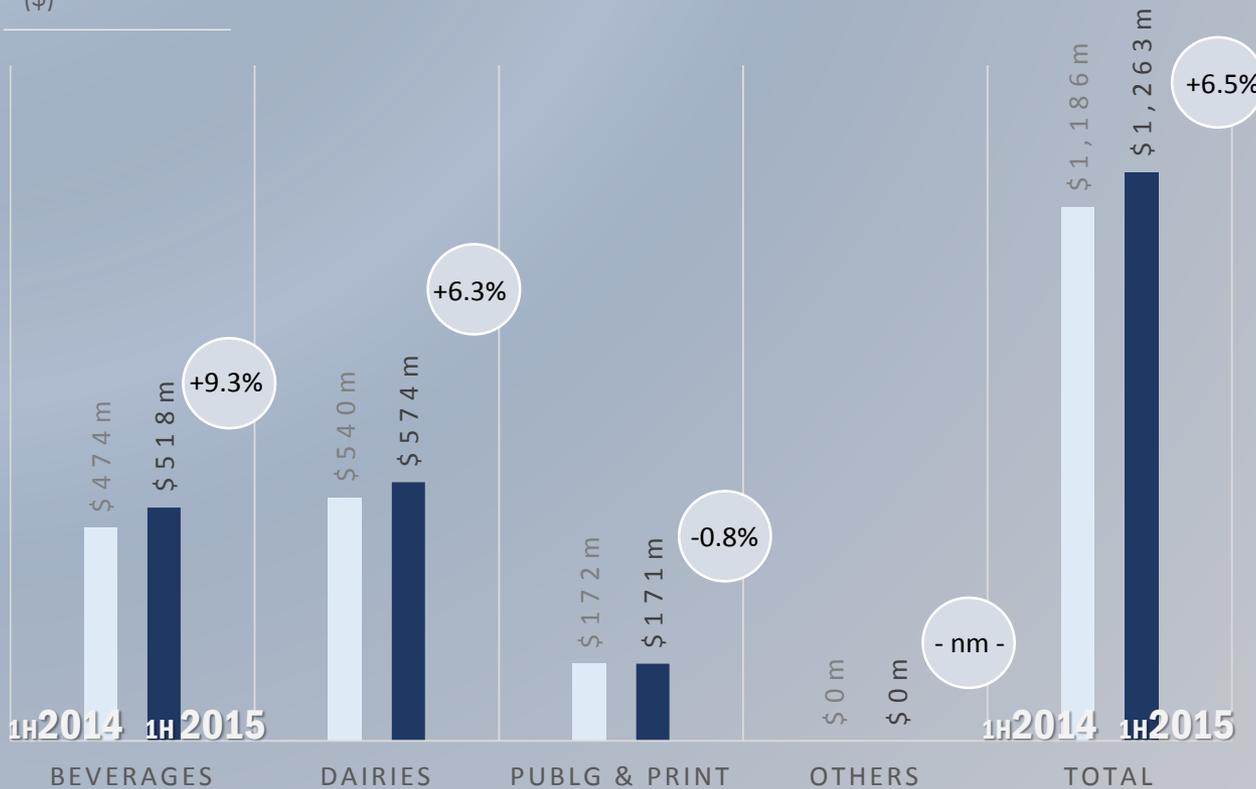
³ As at 30 September 2014

⁴ Before fair value adjustment and exceptional items

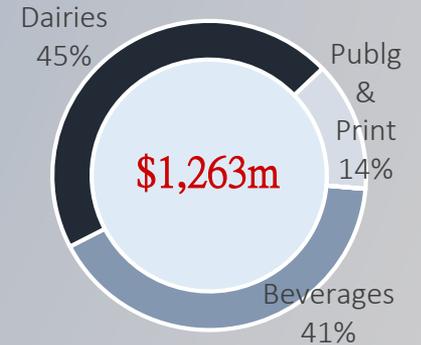
REVENUE GREW 6.5%

Supported by strong volume growth in F&B

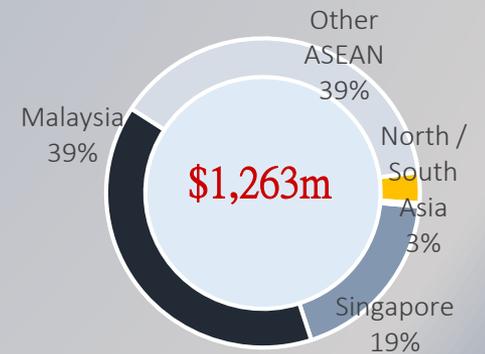
Revenue by Business Segment (\$)



1H2015 Revenue by Business Segment (%)



1H2015 Revenue by Geography (%)



¹ Beverages comprises Soft Drinks and Beer

² Publg & Print denotes Publishing & Printing

Revenue | Beverages

Revenue growth driven by Beer; Soft Drinks revenue affected by pre-GST destocking in Malaysia

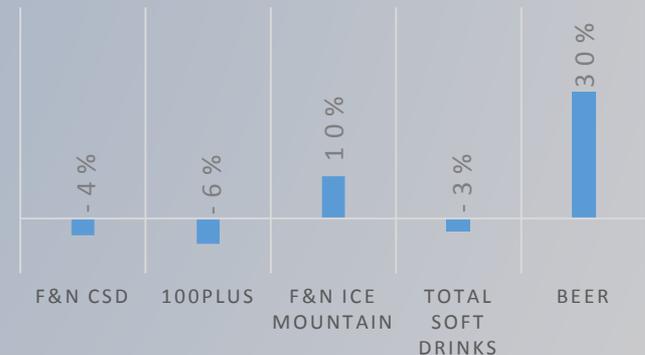
Beverages: Beer

- Volume grew 30% driven by effective marketing, strategic sponsorships and route-to-market excellence
- *MYANMAR BEER* enjoyed double-digit growth in sales
- Beer revenue improved 31% (+32% in constant currency)

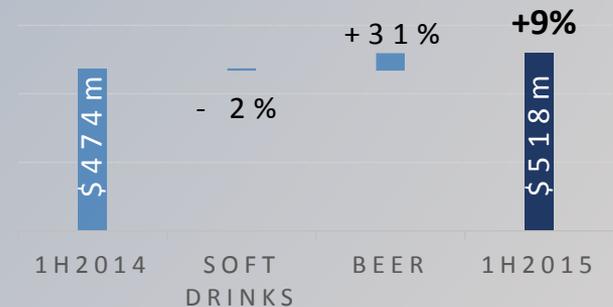
Beverages: Soft Drinks

- Revenue in Malaysia impacted by recent floods and minimisation of inventory on-hand by distributors and retailers prior to the implementation of GST
- Drop in revenue cushioned by revenue growth in Singapore, driven by *100PLUS* and *F&N ICE MOUNTAIN*, as well as maiden contribution by Yoke Food Industries
- Soft Drinks revenue slipped 2%

Volume Growth
(Key Brands) (%)



1H2015 Revenue



Revenue | Dairies

Revenue grew 6%, driven by Dairies Thailand

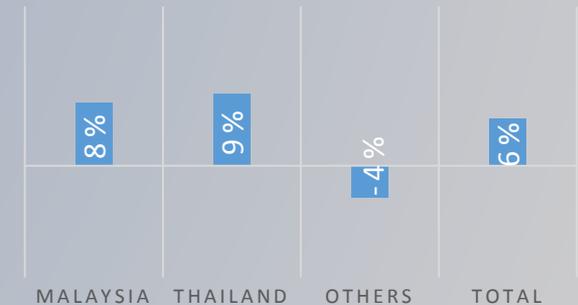
Dairies Malaysia

- Volume increased 8%; revenue grew 1% (+3% in constant currency)
- Robust domestic volume growth was supported by effective brand building and trade marketing activities
- Revenue growth driven mainly by higher *F&N TEAPOT* and *GOLD COIN* canned milk volumes

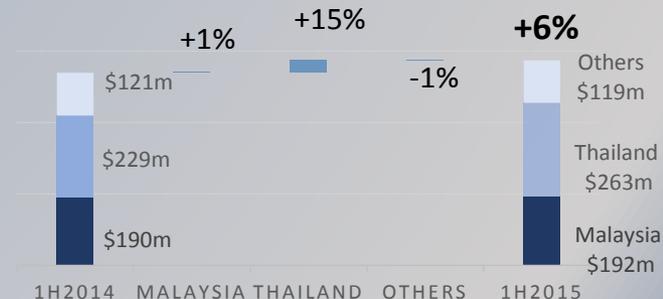
Dairies Thailand

- Revenue jumped 15% as volume rose 9%
- Increased outlet penetration, focused brand building initiatives, effective promotional and trade management activities and improved supply of raw material drove sales
- Higher sales from *F&N TEAPOT* and *Carnation* canned milk

Volume Growth (%)

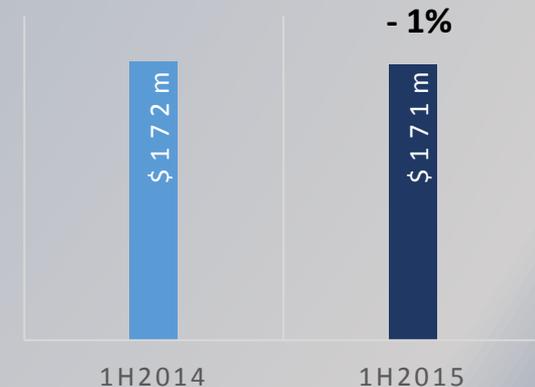


1H2015 Revenue



Revenue | Publishing & Printing

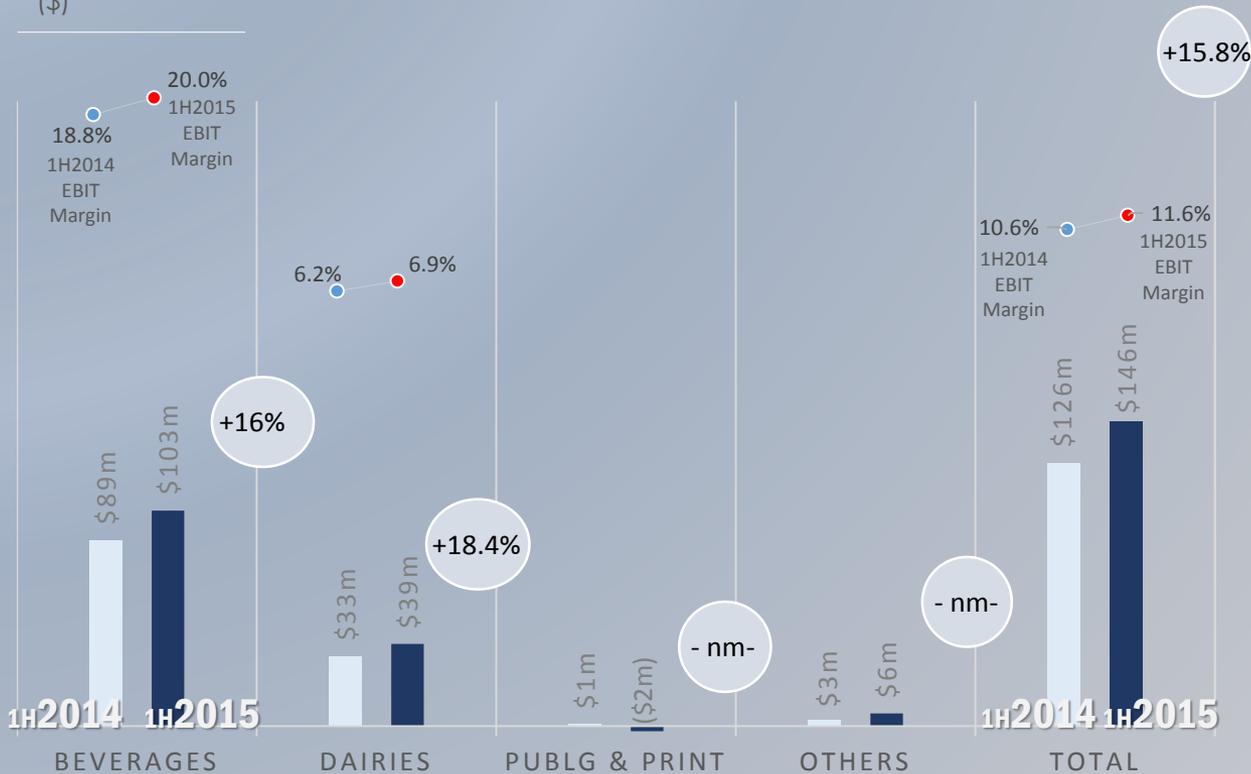
- Education Publishing continued to diversify and grow its customer base
 - Strong overseas sales from its key markets of the US and Latin America; new orders from the UK
- Improved sales in Magazine Distribution
- Revenue gains offset by lower Print volume and weaker sales in Book Distribution and Retail



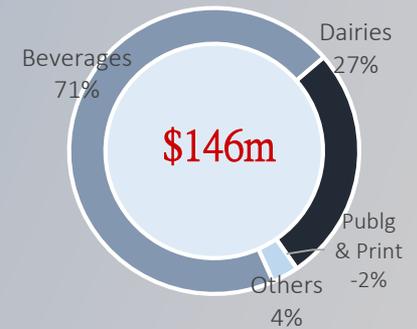
EBIT GREW 15.8%¹

Profit growth supported by improved margins from Beer and Dairies Thailand

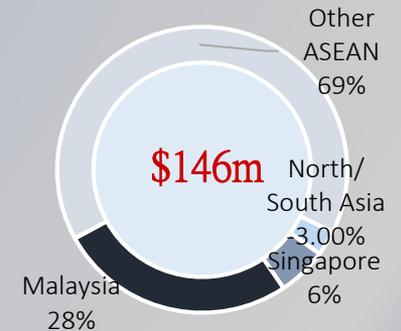
EBIT by Business Segment (\$)



1H2015 EBIT by Business Segment (%)



1H2015 EBIT by Geography (%)



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EBIT | Beverages

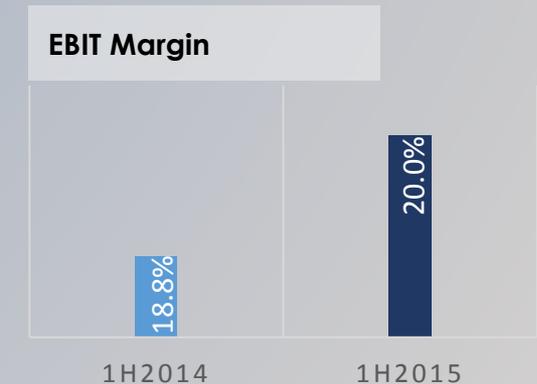
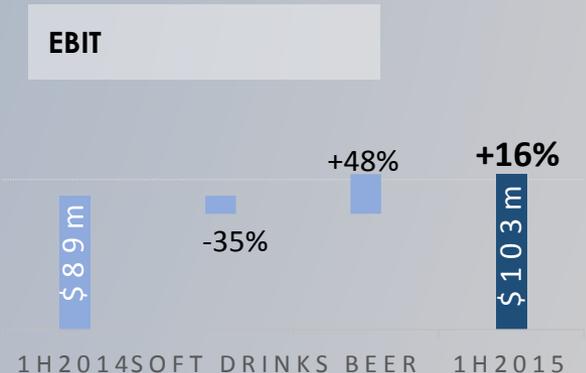
Earnings jumped 16% on higher beer sales

Beverages: Beer

- Earnings driven by higher sales and lower energy cost and marketing spend
- Beer EBIT improved 48% (+49% in constant currency) despite increased supply chain costs with the expansion on sales volume

Beverages: Soft Drinks

- Malaysia's EBIT fell 31%, due mainly to higher logistics and storage costs incurred as a result of floods, and lower sales as distributors and retailers destocked pre-GST
- Singapore's EBIT grew 3% on the back of improved sales and lower commodity costs; offset by higher marketing spend on new launches of *OISHI* and *COCOLife*
- Brand investment in Myanmar and Thailand



EBIT | Dairies

Earnings grew 18%; Malaysia and Thailand saw double-digit growth

Dairies: Malaysia

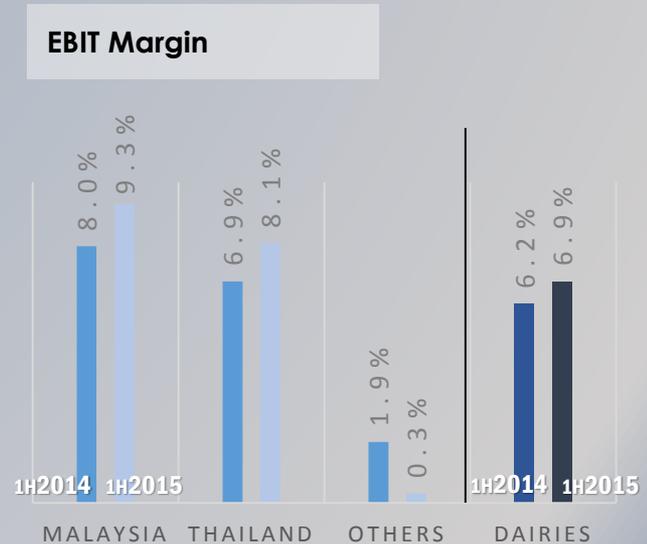
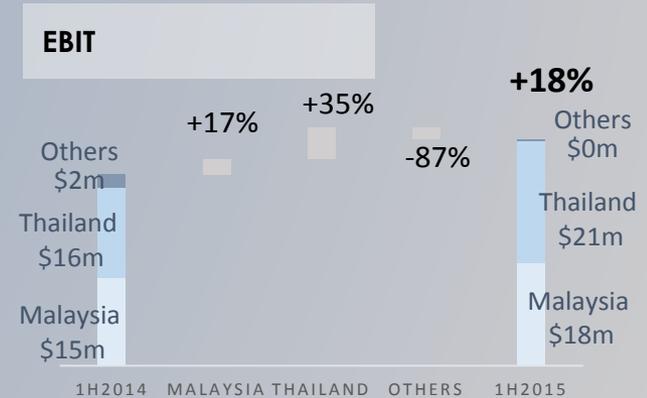
- EBIT growth of 17% (+19% in constant currency)
- Driven by higher volume, lower input costs from reduced milk-based commodity cost and continuous production cost savings
- EBIT margin improved to 9.3%, from 8.0%

Dairies: Thailand

- EBIT growth of 35%
- Strong profit growth supported by favourable sales mix, increased manufacturing utilisation and efficiency
- EBIT margin improved to 8.1%, from 6.9%

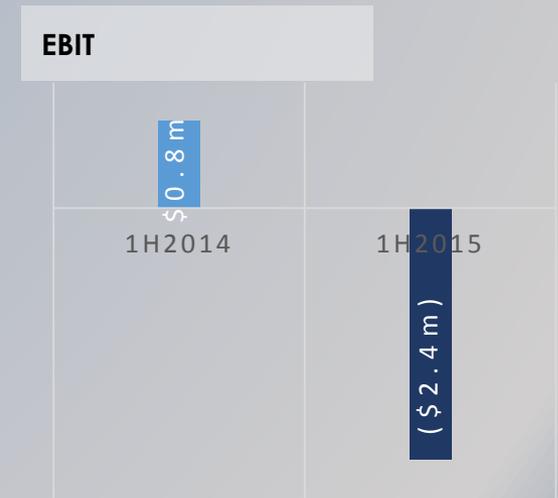
Dairies: Others

- Higher marketing spend on new product launches, *F&N MEADOW GOLD* ice cream



EBIT | Publishing & Printing

- Improvement in earnings on higher earnings from Education Publishing and Distribution
- Drop in print prices, weakened demand and unfavourable exchange rate movements affected earnings



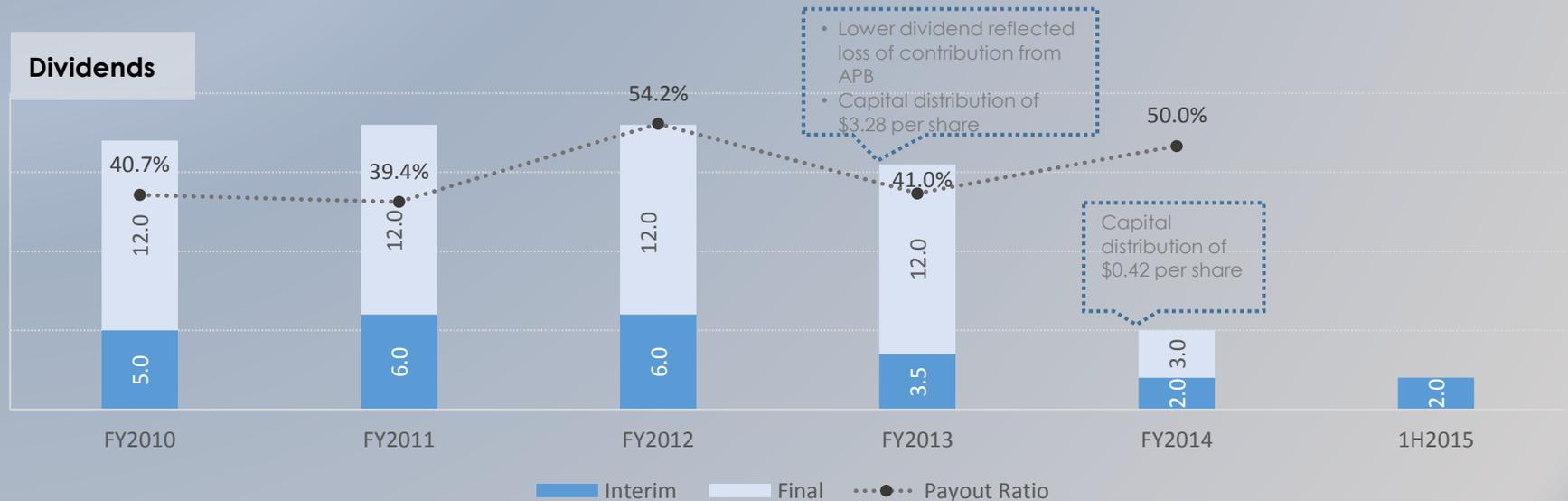
Maintained a strong financial position

Focused on prudent balance sheet management

- Declared interim dividend of 2.0 cents per share, same as last year
- Takes into account Group's capital position and near-term capital needs
- Dividend policy unchanged

Key Financial Ratios

	1H2015	FY2014 ¹
Total Equity ²	\$2,097m	\$2,001m
Total Assets	\$2,780m	\$2,675m
Net cash/(Debt)	\$201m	\$218m



A hand is holding a clear plastic bottle of 100 Plus electrolyte drink. The bottle is tilted, and the label is clearly visible. The label features the number '100' in large white digits with a colorful background of blue, red, and green stripes. Below the number, the word 'PLUS' is written in bold blue letters, and 'ELECTROLYTE DRINK' is written in smaller blue letters. The bottle is filled with a clear liquid and has condensation on its surface. The background is a solid dark blue color.

KEY
DEVELOPMENTS:
Investing for
Growth

New market: Thailand



Launched in Feb 2015
Two power flavours:
Citrus and Lemon Lime

THB BILLION
2.5 SALES IN YEAR 1
THB 15 BILLION IN 2020

FUNCTIONAL CSD

THB 47 BILLION SIZE; AVE GROWTH RATE OF 4%

THB
400 MILLION
YEAR 1 MARKETING SPEND

New market: Thailand



New Launch: *OISHI* Green Tea in Singapore



Range of *OISHI* Green Tea products

2 FLAVORS
- *OISHI* GREEN TEA ORIGINAL
- *OISHI* GREEN TEA WITH GENMAI

LEADING GREEN TEA BRAND
IN THAILAND

AUTHENTIC
TASTE OF JAPANESE GREEN TEA

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
- Reviewing our positions in Myanmar



FRASER AND NEAVE, LIMITED

Analyst and media contact:
Jennifer Yu

Head, Investor Relations

T: (65) 6318 9231

E: jenniferyu@fnngroup.com.sg

Fraser and Neave, Limited

