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FRASER AND NEAVE, LIMITED
Company Registration No. 189800001R
Incorporated in the Republic of Singapore

Fraser and Neave reports nine months' results

- ***Revenue grew 6 per cent to $1,908 million***
- ***PBIT[1] increased 10 per cent[2] to $227 million***
- ***Earnings supported by double-digit profit growth in Dairies and Beer[3]***
    - ***Food & Beverage PBIT margin improved to 13 per cent***

Financial Highlights (S$ 'million)	3 months to 30 June 2015	3 months to 30 June 2014 (Restated)	9 months to 30 June 2015	9 months to 30 June 2014 (Restated)
Revenue	645.2	622.1	1,908.4	1,808.1
Trading Profit	67.1	68.2	211.3	186.6[2]
PBIT[1]	81.0	79.5	227.0	205.6[2]
Profit After Taxation[4]	66.5	68.0	178.5	168.1[2]
Attributable Profit[4,5]	40.5	44.5	101.9	106.7[2]
Earnings Per Share (basic)(cents)[4,5]	2.8	3.1	7.0	7.4[2]
Net Asset Value Per Share			$1.16	$1.11 (30 Sep 2014)

[1] *PBIT denotes profit before interest, taxation and exceptional items*
[2] *Excluding a one-off valuation gain of $21 million recorded in the nine months ended 30 June 2014*
[3] *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 (approximately S$777 million), as determined by the independent valuer. F&N will keep shareholders updated of any material developments*
[4] *Continuing operations*
[5] *Before exceptional items*

SINGAPORE, 07 August 2015 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") achieved revenue of $645 million in the third quarter ended 30 June 2015 ("**3Q2015**"), an increase of 4 per cent over the same period last year. The higher revenue was due to a 5-per cent growth in Food & Beverage ("**F&B**"), mainly from strong recovery in Soft Drinks Malaysia and robust performance in Dairies Thailand. On the back of higher sales and a 40-per cent profit improvement in its Dairies segment, F&N 3Q2015 profit before interest and taxation ("**PBIT**") edged up 2 per cent to $81 million, despite higher operating costs incurred from expansion into new markets and brand building activities, as well as translation losses from unfavourable exchange rates.

This quarter, in spite of double-digit profit growth from Soft Drinks Malaysia, Beverages PBIT was flat at $50 million due to higher operating costs and unfavourable exchange rates. In constant currency, Beverages 3Q2015 earnings improved 7 per cent. In Malaysia, Soft Drinks 3Q2015 revenue and volume improved mainly due to re-stocking by both distributors and retailers post-Goods and Services Tax implementation. A nationwide campaign for *100PLUS* backed by two global football personalities, the introduction of new products, *est Cola* and *CocoLife,* effective pre-festive promotions and packaging rejuvenation in the form of new slim cans for *100PLUS* and *F&N* also contributed to its strong revenue and volume growth. Coupled with favourable product mix, Soft Drinks Malaysia 3Q2015 PBIT jumped 26 per cent.

Soft Drinks Singapore saw revenue growth led by *100PLUS* as a result of its 28th SEA Games sponsorship. However, faced with intense competition and increased marketing spend on new products, *Oishi* and *Cocolife*, Soft Drinks Singapore 3Q2015 earnings fell 9 per cent.

The Group's brewery[1] in Myanmar posted a 5-per cent increase (15 per cent in constant currency) in revenue despite the weakening of Myanmar Kyat. The higher sales was due to an increase in selling price and a 14-per cent increase in volume, mainly from *Myanmar Beer*. However, higher operating costs for the expanded operations, the impact of higher commercial tax rate and the weakening of Myanmar

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Kyat adversely affected earnings. Beer 3Q2015 earnings fell 5 per cent (up 4 per cent in constant currency) as compared with the corresponding period last year.

The Group's Dairies division turned in another strong quarterly performance. 3Q2015 PBIT surged 40 per cent to $21 million, bolstered by robust growth from its operations in Thailand and Malaysia. Dairies Thailand, in particular, has excelled as the Group's best performing region. Its 3Q2015 revenue rose 14 per cent, supported by higher consumer off-take, increased outlet penetration and effective promotional and trade management initiatives. Lower input costs and trade discounts, as well as improved performance in its trade distribution service further boosted Dairies Thailand 3Q2015 earnings by 77 per cent.

Dairies Malaysia, although benefitting from higher volume and favourable sales mix, recorded a decline in revenue due to higher trade discounts and weaker Malaysian Ringgit. Despite an 11-per cent decrease in revenue and foreign exchange losses, Dairies Malaysia 3Q2015 PBIT improved 3 per cent (10 per cent in constant currency) due to lower input costs and cost savings from its ongoing efforts to improve productivity.

For the nine months ended 30 June 2015 ("**9M2015**"), Group revenue grew 6 per cent to $1,908 million, while Group PBIT was flat at $227 million. Excluding a $21-million one-off valuation gain booked in January 2014 on a property joint venture upon the demerger of Frasers Centrepoint Limited, Group PBIT would have risen 10 per cent as compared to the corresponding period last year. In 9M2015, Beverages and Dairies each recorded encouraging revenue and PBIT growth. In particular, Dairies PBIT surged 25 per cent on higher sales and lower input costs. During this period, the Group further consolidated its leading positions in key markets of Singapore, Malaysia and Thailand through the strengthening of its routes to market, continuous innovation and renovation, and effective marketing activities.

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Operations Review (Nine months ended 30 June 2015 "**9M2015**")

Beverages (Beer and Soft Drinks)

Beer continued its growth momentum in Myanmar, recording strong volume gains of 24 per cent brought about by the favourable performance of *Myanmar Beer*. Despite the weakening of the Myanmar Kyat, the impact of higher commercial tax rate and an increase in operating costs, Beer 9M2015 sales and earnings increased 22 per cent (26 per cent in constant currency) and 27 per cent (31 per cent in constant currency), respectively.

Despite a strong recovery in Soft Drinks Malaysia 3Q2015 revenue, its 9M2015 revenue fell 3 per cent (up 1 per cent in constant currency). The lower revenue was due to weaker performance in the first-half 2015, attributed mainly to sales lost as a result of severe flooding in East Malaysia and the weaker Ringgit. Unfavourable sales mix and higher logistic and warehouse costs as a result of East Malaysia flooding led to a 15-per cent decrease (12 per cent in constant currency) in Soft Drinks Malaysia 9M2015 PBIT.

Soft Drinks Singapore 9M2015 revenue improved 3 per cent led by the launch of the 28th SEA Games limited edition *100PLUS* gold can in conjunction with the brand's sponsorship of the regional competition, as well as the launch of new products, *Oishi* and *Cocolife*. Despite recording strong sales, Soft Drinks Singapore 9M2015 earnings fell 27 per cent due mainly to increased marketing spend on new product launches.

Dairies

Led by strong growth in its core markets of Thailand and Malaysia, Dairies 9M2015 profit jumped 25 per cent, to $60 million.

Dairies Thailand continued to build upon strong off-take momentum, particularly of *Carnation* and *F&N Teapot* as the brands of choice for local consumers. On the back of increased outlet penetration and coverage, focused brand building initiatives, effective promotional and trade management activities, Dairies Thailand achieved sales growth of 15 per cent, compared with the same period last year. On the back of higher sales, favourable input costs and increased manufacturing utilisation and efficiency, its 9M2015 PBIT surged 48 per cent, to $34 million.

In Dairies Malaysia, 9M2015 sales declined 3 per cent (flat in constant currency) as higher tactical discounts negated the continuing growth of *F&N*, *F&N Teapot* and *Gold Coin* brands. Lower input costs and continuous realised production cost savings cushioned the impact of foreign exchange losses and higher advertising spend. As a result, Dairies Malaysia 9M2015 PBIT increased 12 per cent (16 per cent in constant currency).

Due to a slow-down in the domestic market, Dairies Singapore 9M2015 revenue decreased 2 per cent. In addition to higher operating costs, Dairies Singapore 9M2015 earnings fell 7 per cent against the same period last year.

Publishing & Printing

Education Publishing continued to register revenue growth from its key markets of the US and the UK, as well as a recovery in textbook sales in Singapore. Revenue gains in Books and Magazines Distribution, attributed to higher sales in Singapore, Hong Kong and Australia, were offset by a decline in print volume and weak printing prices due to stiff competition. Consequently, 9M2015 revenue fell 2 per cent to $252 million.

Due to a decline in Printing profitability, higher stock provisions made arising from an unprecedented volume of book returns, and the cessation of equity accounting of one of its associated company's results, Publishing & Printing ended 9M2015 with a loss before interest and tax of $3 million.