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

Fraser and Neave FY15 profits lifted by disposal gain

- ***Profit after taxation rose to $719 million on $542 million disposal gain***
- ***PBIT[1,2] fell 11 per cent to $132 million on higher brand investment costs to support regional expansion***
- ***Revenue grew 1 per cent to $2,104 million***
- ***Proposed final dividend of 3.0 cents per share, adding to the paid interim dividend of 2.0 cents for a total of 5.0 cents***

Financial Highlights (S$ 'million)	**Full year ended 30 September 2015**	**Full year ended 30 September 2014 (Restated)**
Revenue	2,103.8	2,093.0
PBIT[1]	131.6	148.1[2]
Profit After Taxation - Continuing Operations	719.2 82.4	234.2[2] 29.6[2]
Attributable Profit - Continuing Operations[3]	632.6 63.0	135.1[2] 85.7[2]
Earnings Per Share (basic)(cents) - Continuing Operations[3]	43.7 4.4	9.4[2] 5.9[2]
Net Asset Value Per Share	$1.57	$1.11

1 *PBIT denotes profit before interest, taxation and exceptional items*
2 *Excluding a one-off valuation gain of $21 million recorded in FY2014*
3 *Before exceptional items and fair value adjustment*

SINGAPORE, 06 November 2015 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") achieved revenue of $2,104 million for the twelve months ended 30 September 2015 ("**FY2015**"), an improvement of 1 per cent over last year mainly on stronger Dairies performance. Despite a 21-per cent profit improvement by its Dairies segment, F&N FY2015 profit before interest and taxation ("**PBIT**") slid 11 per cent to $132 million, excluding a one-off valuation gain of $21 million recorded in FY2014. The lower earnings was due to higher brand investment costs to support regional expansion, lower Soft Drinks sales and higher logistics costs as a result of flooding along the east coast of Peninsular Malaysia in the first quarter of FY2015 ("1Q2015"), and the impact of weaker Malaysian Ringgit. Excluding brand investment costs for new markets, namely Myanmar, Vietnam, Indonesia and Thailand, PBIT showed a smaller decline of 4 per cent.

The Group also registered exceptional charges of $28 million in FY2015, including an impairment charge of $26 million on assets arising from the restructuring of the Printing division. As a result of lower exceptional charges in FY2015, compared to FY2014, profit after taxation improved to $82 million, from $30 million.

On 19 August 2015, the Group completed the sale of its 55 per cent stake in Myanmar Brewery Limited to Myanma Economic Holdings Limited for US$560 million, and realised a net divestment gain of $542 million, after deducting the cost of investment and relevant taxes. Proceeds from this sale will be invested to strengthen the Group's competitiveness and to achieve its full business potential in core markets of Malaysia, Singapore and Thailand. It will also deploy additional funds to explore opportunities in new markets of Myanmar, Vietnam and Indonesia.

Directors have recommended a final dividend of 3.0 cents per share, which, together with the interim dividend of 2.0 cents, brings the total dividend for the year to 5.0 cents, same as last year. This works out to a dividend payout ratio of 63 per cent[1]. This final dividend, if approved by shareholders, will be paid on 19 February 2016.

DAIRIES

The Group's Dairies division delivered strong performances across all its core markets of Thailand, Malaysia and Singapore, benefitting from higher canned milk volumes

[1] Includes FY2015 earnings (net of tax) from Myanmar Brewery Limited

across key brands, and lower input costs, despite a weaker Ringgit. FY2015 revenue improved 2 per cent on higher volume, capitalising on its No. 1 canned milk market position to further cement consumer awareness, whilst solidifying its position in the on-premise segment and in food and beverage applications. Helped by lower input costs, PBIT surged 21 per cent to $69 million (+31 per cent in constant currency).

(A) Dairies Thailand

Dairies Thailand, in particular, has excelled as the Group's best performing unit. Its FY2015 revenue rose 10 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 FY2015 earnings by 34 per cent.

(B) Dairies Malaysia

Dairies Malaysia, although benefitting from higher sales volume and favourable sales mix, recorded a 4-per cent decline in revenue due to higher trade discount (in view of lower input costs) and weaker Malaysian Ringgit. In constant currency, revenue improved 2 per cent. Despite the negative foreign exchange translation effects on revenue, Dairies Malaysia FY2015 PBIT improved 33 per cent (41 per cent in constant currency) due to lower input costs, particularly for skimmed milk powder, and cost savings from its ongoing efforts to improve productivity.

(C) Dairies Singapore

Similarly, Dairies Singapore recorded robust performance in FY2015. Supported by lower input costs, Dairies Singapore FY2015 earnings improved 36 per cent.

SOFT DRINKS

This year, the Group's Soft Drinks division embarked on aggressive regional expansion, increasing its market penetration in the Southeast Asia region. The associated brand investment outlay, the floods along the east coast of Peninsular Malaysia in 1Q2015, higher advertising and promotional expense for new product launches, and the weaker Ringgit all impeded Soft Drinks profit growth. Consequently its FY2015 earnings fell 43 per cent, to $38 million. Excluding brand investment costs in new markets, Soft Drinks earnings slid 26 per cent (-22 per cent in constant currency).

(A) Soft Drinks Malaysia

Despite more cautious consumer spending in a background of economic uncertainty, lost sales from the Malaysian floods in 1Q2015 and stiffer competition, Soft Drinks Malaysia FY2015 volume were flat against last year. However, unfavourable sales mix, higher logistics and storage costs arising from the floods, higher marketing costs, and weaker Ringgit accounted for a slide in its FY2015 earnings. Profits fell 26 per cent (-21 per cent in constant currency). The higher marketing costs supported a nationwide campaign for *100PLUS* backed by two global football personalities, new product launches like *Ranger* (to replace *RedBull*), *Est cola* and *Coco Life,* and packaging rejuvenation in the form of new slim cans for *100PLUS* and *F&N*.

(B) Soft Drinks Singapore

Soft Drinks Singapore saw revenue growth of 22 per cent, 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 *Coco Life*, Soft Drinks Singapore FY2015 earnings fell 8 per cent.

(C) New Markets

While the Group continued to drive intra-market growth by solidifying its leading positions in existing markets, it also embarked on an aggressive regionalisation plan to realise its vision of becoming a leading and sustainable food & beverage company by 2020. Riding on the Group's strong portfolio of brands, in-depth understanding of distribution channels, and strong working relationship with partners, the Group expanded its presence in Thailand, Myanmar, Vietnam and Indonesia, through aggressive brand building activities. Our strategy allows us to consolidate our positions in traditionally strong markets and build brand share in the emerging markets of the future. These new markets, while providing additional avenues for growth, will take time to yield returns. The Group expects brand investments in these markets to continue over the next few years.

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, FY2015 revenue fell 3 per cent to $341 million.

Due to a decline in Printing profitability, higher stock provisions made arising from an unprecedented volume of book returns and restructuring cost to its Printing division of $28 million, Publishing & Printing ended FY2015 with a loss before interest and tax of $15 million.

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