

FY2017

F&N

FY2017 Financial Highlights



08 November 2017



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FY2017 Performance Highlights

Attributable profit (“AP”) rose to \$1.3 billion, from \$108 million

Exceptional performance for the twelve-month ended 30 September 2017 (“**FY2017**”)

- Due to realisation of fair value adjustment reserve (“Reserve”) upon change of interests in Vinamilk
 - Excluding Reserve, FY2017 AP was \$100 million
- Supported by higher dividend income and maiden recognition of profit from associated company, Vinamilk
- Earnings were impacted by weaker performance in Soft Drinks Malaysia and Dairies Malaysia on weak consumer sentiments, rising input costs and continued brand investment costs

FY2017 Group Financial Highlights

Revenue
(million)

\$1,898.0

▼ 4.1%

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

\$173.6

▼ 3.1%

Profit after tax
(million)

\$1,329.2¹

▲ NM²

Gearing³
(%)

5.3

Net cash of \$908.5m @ FY2016

Dividend per share
(cents)

4.5⁴

same as FY2016

Earnings per share (basic)
(cents)

88.7⁵

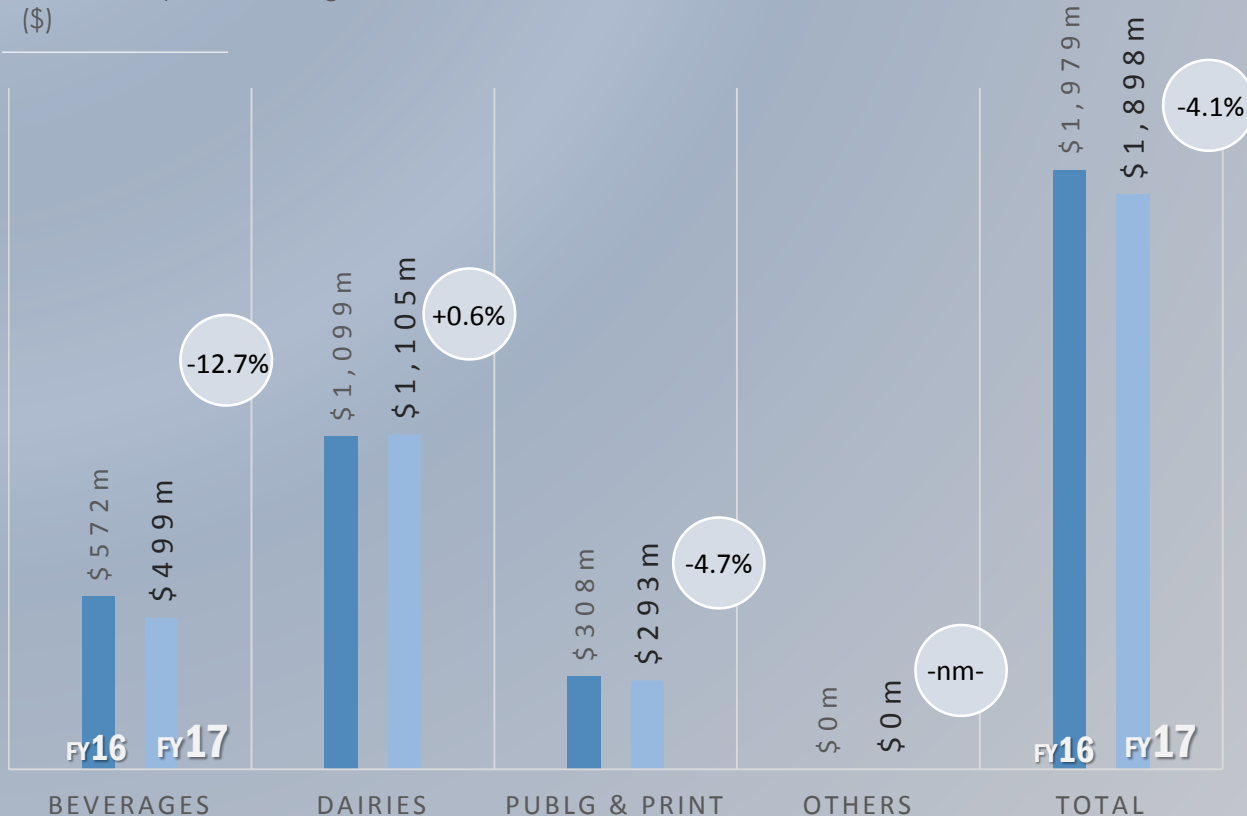
▲ NM²

- 1 Includes Exceptional Items of \$1.2b which arose largely from the realisation of a \$1.2b fair value reserve upon change of interests in Vinamilk
- 2 NM denotes Not Meaningful
- 3 Net debt / Total equity
- 4 Interim dividend was declared on 8 May 17 and paid on 9 June 17. Directors proposed a final dividend of 3 cents per share
- 5 Includes Fair Value Adjustment and Exceptional Items ("FV&EI"). Excluding FV&EI, EPS (basic) @ FY2017 was 6.9 cents

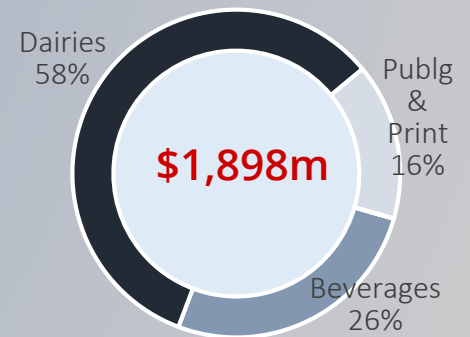
FY2017 Revenue down 4%

Continuing weak consumer sentiments and increasing competitive environment in Malaysia impacted performance

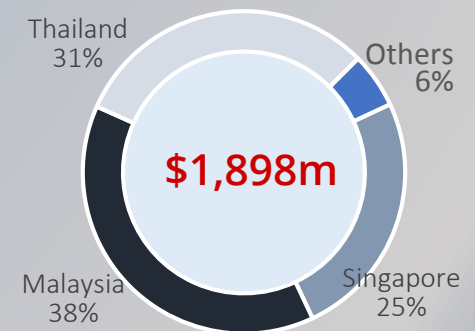
Revenue by Business Segment (\$)



FY2017 Revenue by Business Segment (%)



FY2017 Revenue by Geography (%)



¹ Beverages comprises Soft Drinks and Beer

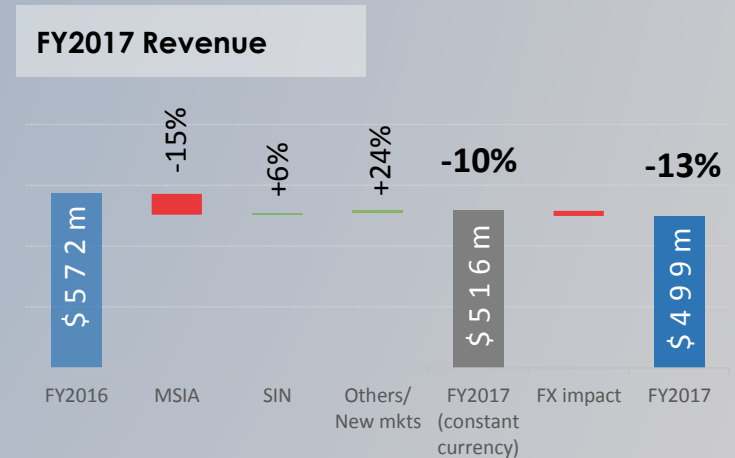
² Publg & Print denotes Publishing & Printing

FY2017 Revenue | Beverages

Despite contribution from new vending business, Beer and New Markets, revenue declined 13% on increasing competitive environment in Malaysia, intensifying price discounting and weaker Ringgit

Beverages Malaysia (-19%; -15% in constant currency)

- Revenue impacted by weak consumer sentiment and weaker Ringgit
- Retained leadership positions in key categories



Beverages Singapore and New Markets¹

- Beer revenue grew on higher *CHANG* beer sales; contribution from the new vending business also lifted profits, offset by weaker domestic soft drinks sales in Singapore and lower exports
- Revenue growth in New Markets¹ due to distribution expansion and success of trade and consumer brand building activities

FY2017 Revenue | Dairies

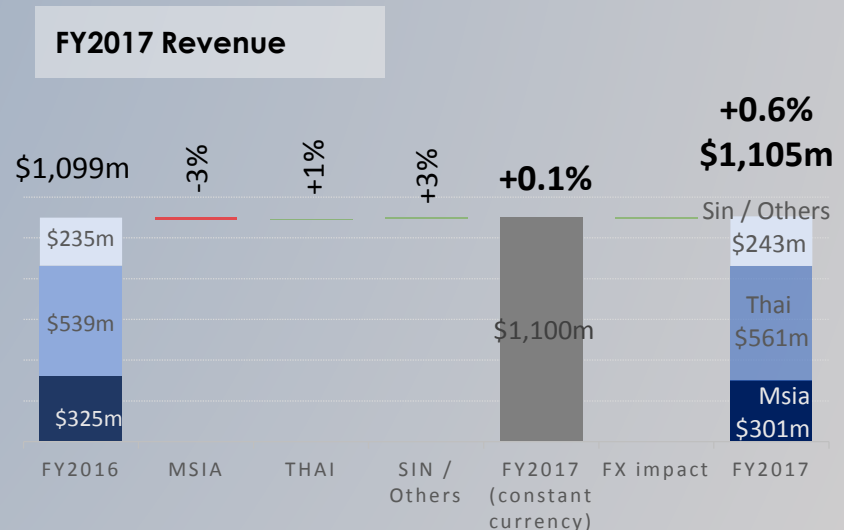
Revenue improved marginally; higher sales in Thailand, Singapore and New Markets of Myanmar and Indonesia, offset by lower sales in Malaysia

Dairies Malaysia (-7%; -3% in constant currency)

- Double-digit growth in Export helped to mitigate fall in domestic sales
- Domestic market impacted by subdued consumer confidence, competitive pricing environment and weaker Ringgit
- Maintained market leadership positions for sweetened condensed milk and evaporated milk segments

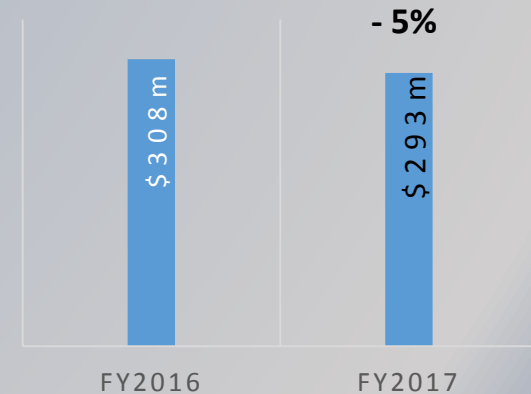
Dairies Thailand (+4%; +1% in constant currency)

- Revenue lifted by stronger Thai Baht
- Exports grew by double-digit with increasing distribution in Indochina markets
- Maintained leadership position in total canned milk category



FY2017 Revenue | Publishing & Printing

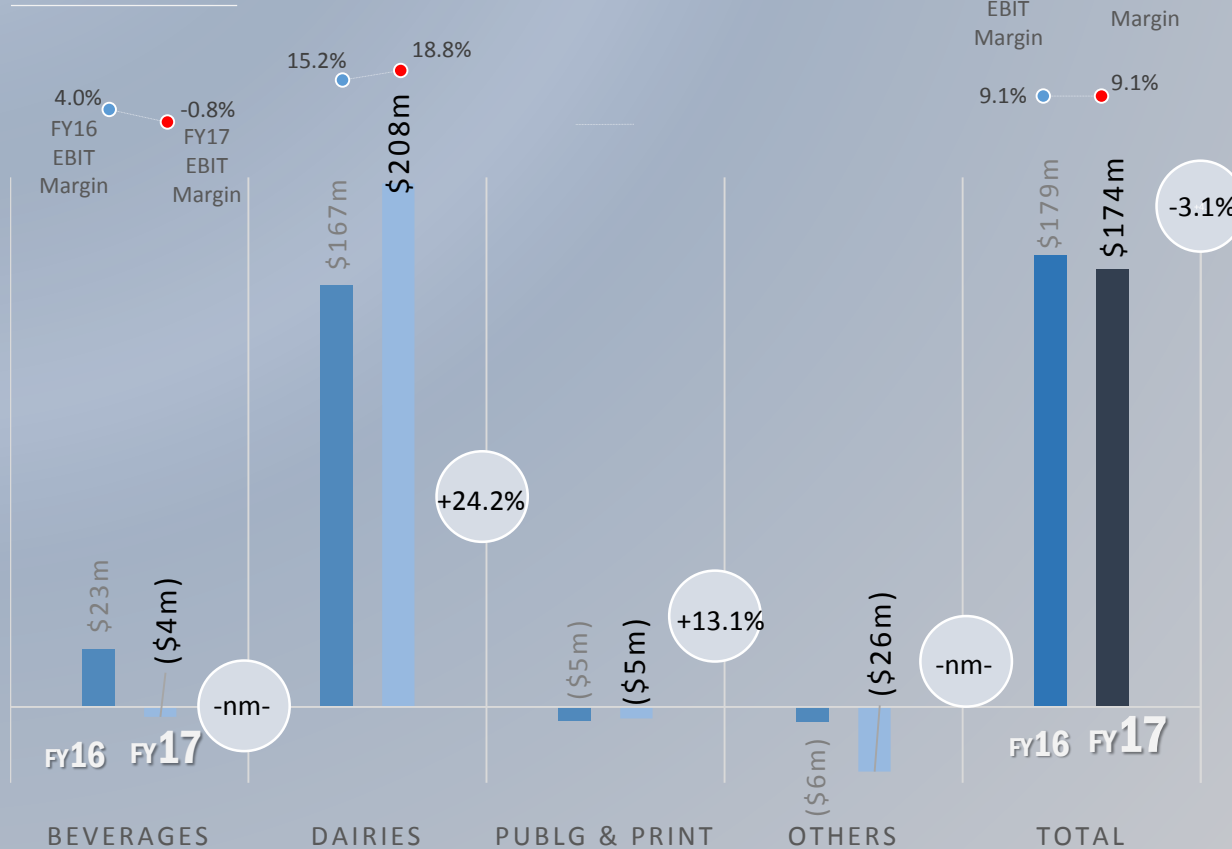
- Revenue impacted by
 - Lower textbook sales and advertising income from Publishing
 - Lower book volume sales due to weak Christmas season and poor book retail sentiment



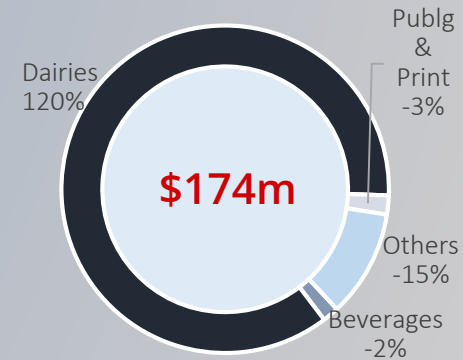
FY2017 EBIT fell 3%

Impacted largely by losses in Beverages despite strong Dairies earnings

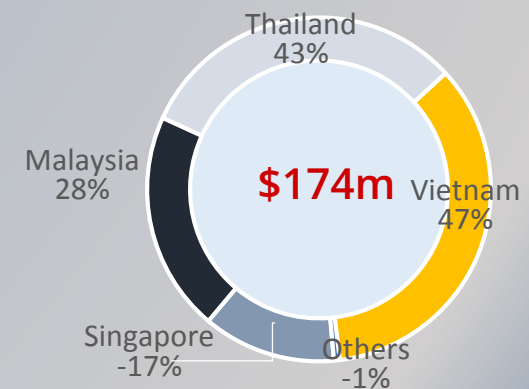
EBIT by Business Segment (\$)



FY2017 EBIT by Business Segment (%)



FY2017 EBIT by Geography (%)



¹ Beverages comprises Soft Drinks and Beer

² Publg & Print denotes Publishing & Printing

FY2017 EBIT | Beverages

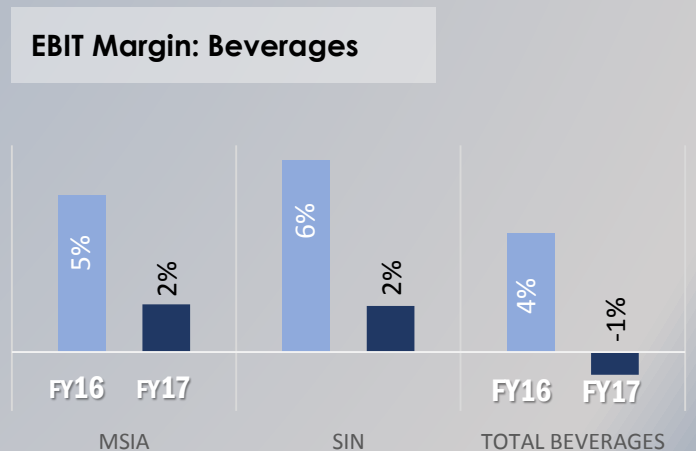
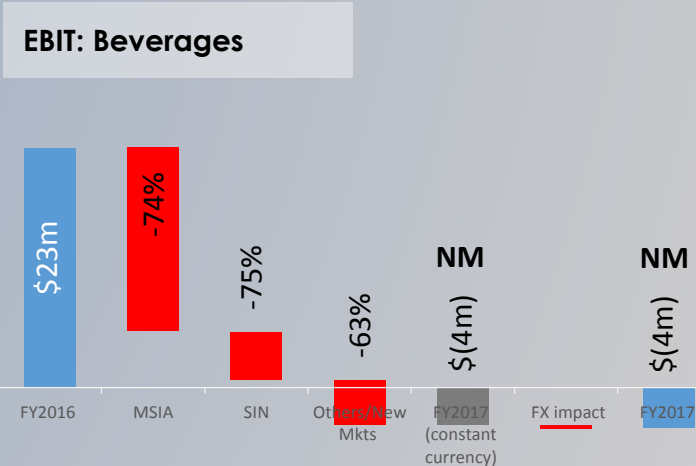
Earnings fell mainly on lower soft drinks sales in Malaysia, higher input costs, and new market expenses

Beverages Malaysia (-75%; -74% in constant currency)

- EBIT impacted by lower revenue and higher input costs
- One-off restructuring cost incurred for the realignment of soft drinks and dairies operations further reduced earnings

Beverages Singapore and New Markets¹

- Beverages Singapore EBIT impacted by higher tactical discounts, pricing pressures from competitors and higher input costs, cushioned by earnings from the newly acquired vending business
- Continued targeted spend on brand building activities, trade promotions and widening of distribution channels in New Markets of Indonesia, Myanmar and Vietnam



FY2017 EBIT | Dairies

Earnings jumped 24% on maiden profit contribution from associated company, Vinamilk

Vinamilk

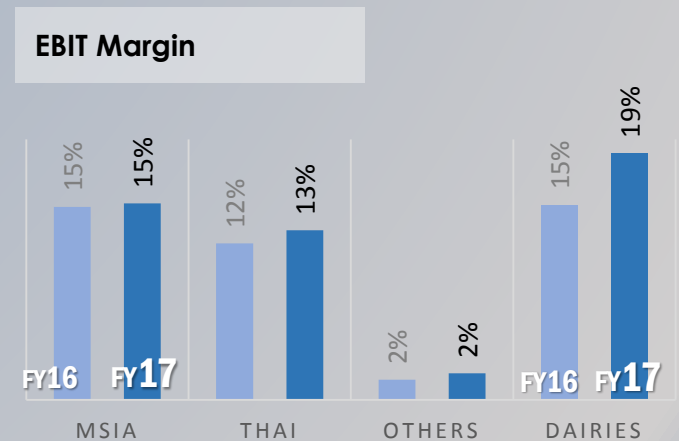
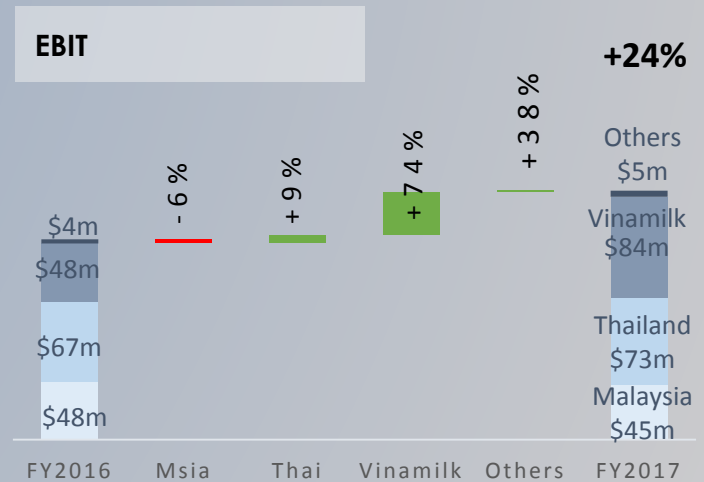
- Effective 16 Apr, the Group accounted for its share of Vinamilk's profit under equity accounting method; 5.5-months of Vinamilk's profit
 - On account of the two board representatives and 18.74% interests in Vinamilk

Dairies Malaysia (-6%; -2% in constant currency)

- EBIT dropped 6% on lower sales, weaker Ringgit and higher input costs, partly offset by lower trade spending and higher profit from export sales

Dairies Thailand (+9%; +6% in constant currency)

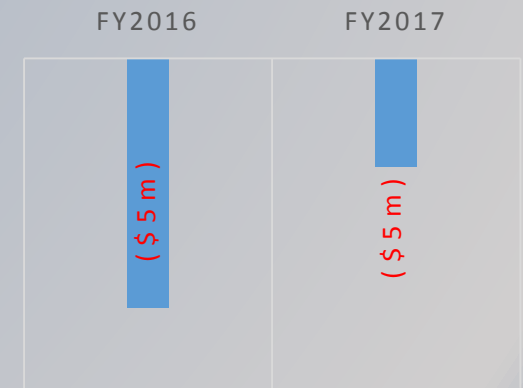
- Strong profit growth supported by favourable input costs of milk and packaging
- EBIT margin improved to 13%, from 12%



FY2017 EBIT | Publishing & Printing

- Losses narrowed on cost containment efforts and benefits of cost rationalization measures

EBIT: Publishing & Printing



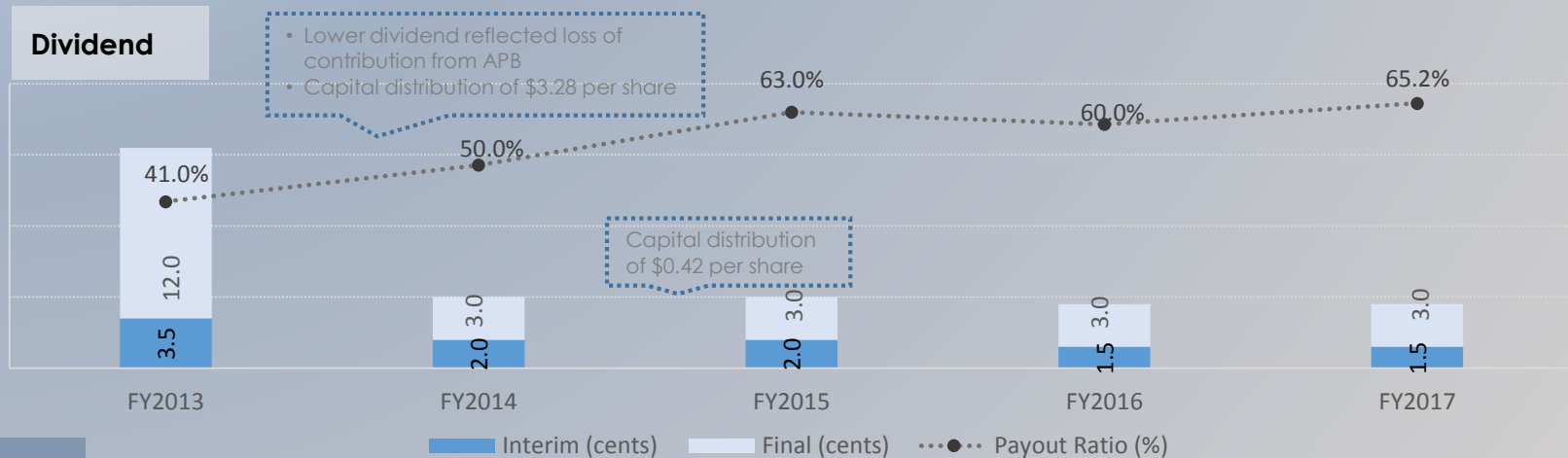
Maintained a strong financial position

Focused on prudent balance sheet management

- Borrowings increased to finance purchases of Vinamilk shares
 - The Group owns 18.74% of Vinamilk shares @ 18 July 2017
 - The Group adopts a prudent gearing policy of up to 80%
- Proposed final dividend of 3.0 cents per share, bringing full-year dividend to 4.5 cents, same as FY2016
- Takes into account Group's capital position and near-term capital needs
- Dividend policy unchanged

Key Financials

	FY2016	FY2017
Total Equity ¹	\$3,153m	\$3,136m
Total Assets	\$3,774m	\$4,895m
Net (Borrowings)/Cash	\$908m	(\$165m)



KEY
DEVELOPMENTS:
Investing for
Growth

TRẦN SỨC K
BẬT SẮC X

HÀNG
NHÂN KHẨU

Deepening our participation in Vietnam

18.74%
INTERESTS @ 18 July

@ 21 Dec 2016: 16.35%

@ 30 Sep 2016: 10.95%

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2

BOARD

REPRESENTATIVES¹

Vietnam Dairy Products Joint Stock Company VINAMILK

The Group's 18.74% stake and 2 board representatives constitute **significant influence** over Vinamilk, in accordance with Singapore Financial Reporting Standards

The Group started to **equity account** its share of Vinamilk's profit from 16 April 2017

Deepening our participation in Vietnam

18.74%
INTERESTS @ 18 July

@ 21 Dec 2016: 16.35%
▲
@ 30 Sep 2016: 10.95%

&

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BOARD
REPRESENTATIVES¹

Vietnam Dairy Products Joint Stock Company **VINAMILK**

Other Investments	Investment in Associate (Equity Accounting)
<p>Balance Sheet:</p> <ul style="list-style-type: none"> • Carrying amount of investment at market value 	<p>Balance Sheet:</p> <ul style="list-style-type: none"> • Carrying amount of investment at cost²
<p>P&L:</p> <ul style="list-style-type: none"> • Gross Income from Investments <ul style="list-style-type: none"> • FY16 dividend income of \$48m 	<p>P&L:</p> <ul style="list-style-type: none"> • Share of Associated Companies profit

¹ The Group's second representative to the board of Vinamilk was approved by its shareholders at its annual general meeting held on 15 Apr 2017

² Defined as fair value as at point of adoption of equity accounting

Deepening our participation in Vietnam

18.74%
INTERESTS
@ 18 July 2017

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BOARD
REPRESENTATIVES¹

Vietnam Dairy Products Joint Stock Company **VINAMILK**

Top listed company by market value on Ho Chi Minh Stock Exchange

Vietnam's largest and leading dairy company involved in the production, supply and distribution of products including powdered, liquid and condensed milk and yoghurt, and beverages including soy milk, fruit juice and tea



¹ The Group's second representative to the board of Vinamilk was approved by its shareholders at its annual general meeting held on 15 Apr 2017

New Launches

Innovation: Flavour and Packaging



F&N FRUIT TREE FRESH

Singapore
2 flavours: Berries & Lime



100PLUS Active

Malaysia/Singapore/Myanmar
Non-carbonated



100PLUS

Malaysia/Singapore
Limited edition SEA Games packaging

New Launches

Innovation: Flavour and Packaging



Continue to introduce
REDUCED
 and
ZERO
 sugar content
 beverages in our
 markets

(from left to right)
 OISHI Kabusecha Low Sugar
 OISHI Kabusecha No Sugar
 F&N ICE MOUNTAIN Sparkling Water
 Classic
 F&N SEASONS Ice Lemon Tea Reduced
 Sugar

New Launches

Portfolio expansion: Agency brands



RIBENA

Singapore
11 flavours



MAGNERS

Singapore
3 flavours: Pear, Original & Berry

Strengthening route-to-market

Strategic partnership: Extending our reach through our partnership with McDonald's Malaysia



- *100PLUS* is now available in all McDonald's Malaysia outlets
- Serving over 160m customers annually

Strengthening market positions in primary markets

RM
200
MILLION

NEW CAPEX, Malaysia and Thailand

600bpm water line, Shah Alam
Combi Blow, mould & filling machine, Shah Alam
Gable top filling machine, PakChong
Sweetened condensed milk pouch & tube filling line, Rojana

To support regionalization efforts

RM
31.5
MILLION

NEW UHT LINE, Kuching

Adds capacity of 3.4 million cases per year
Localises production and enables the Group to understand customers' needs
Improves the plant's carbon footprint through environmentally-friendly packaging and reduced shipments

Operational in Mar 2017



8 August, 2017



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Fraser and Neave, Limited

