

FY2018

F&N

FY2018

Financial  
Highlights



FRASER AND NEAVE LIMITED



PENUHI NUTRISI HARIAN  
DENGAN KELAZATAN  
F&N NUTRISOY



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# FY2018 Performance Highlights

Earnings before interest and tax (“EBIT”) surged 26% to \$213.5 million underpinned by broad-based growth

- Strong performance in the full-year ended 30 September 2018 (“**FY2018**”)
  - Revenue up 2% to \$1,926.5 million
  - EBIT rose 26% year-on-year to \$213.5 million
    - Supported by strong Dairies earnings growth
      - Full-year profit contribution from Vinamilk boosted Dairies earnings
    - Improved Beverages Malaysia FY2018 performance lifted profits
  - Attributable profit before fair value adjustment and exceptional items rose 26% to \$121.7 million
    - Largely on the absence of a \$1,199.4-million fair value gain, FY2018 attributable profit including exceptional items fell from \$1,279.4 million to \$122.2 million

# FY2018 Group Financial Highlights

Revenue  
(million)

\$1,926.5  
▲ 1.5%

Earnings before interest and tax  
(million)

\$213.5  
▲ 25.6%

Profit after tax  
(million)

\$179.1  
▼86.5%<sup>1</sup>

Gearing  
(%)

10.8%  
▲ 104.2%

Dividend per share  
(cents)

4.5<sup>2</sup>  
same as FY2017

Earnings per share (basic)  
(cents)

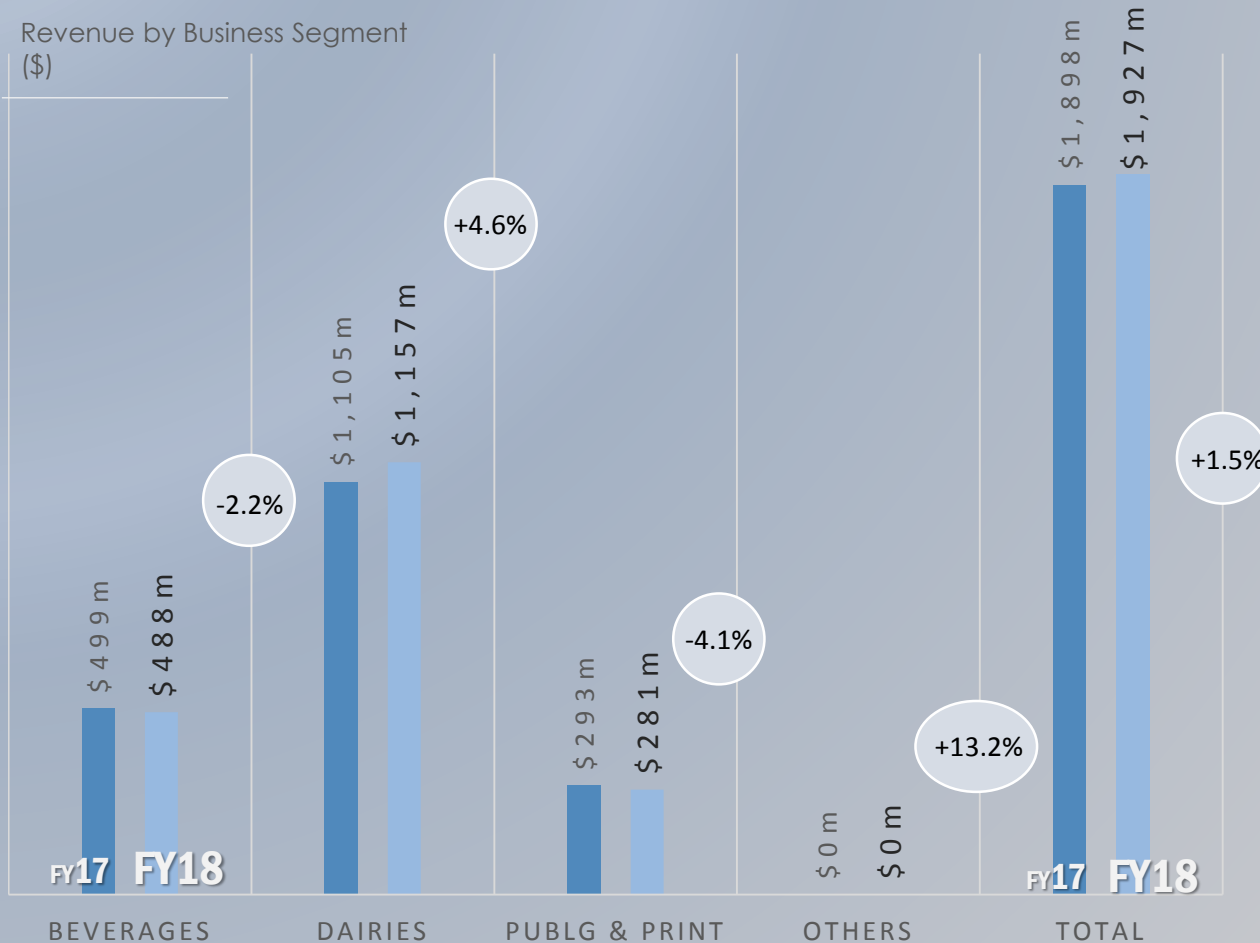
8.4<sup>3</sup>  
▲ 25.4%

- 1 Absence of a \$1.2b one-off exceptional gain recognised last year; last year's exceptional gain included a \$1.2b fair value gain when the Group started to equity account its share of Vinamilk's profit in April 2017
- 2 Interim dividend was declared on 8 May 2018 and paid on 12 June 2018. Directors proposed a final dividend of 3 cents per share, to be paid on 20 February 2019
- 3 Before fair value adjustment and exceptional items ("FV&EI"). Including FV&EI, EPS (basic) was 8.4 cents, down from 88.4 cents in FY2017

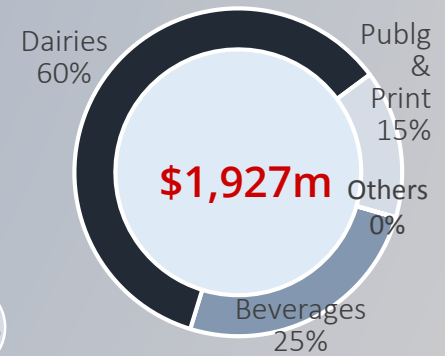
# FY2018 Revenue grew 2%

Strong Dairies sales and favorable translation effects lifted revenue

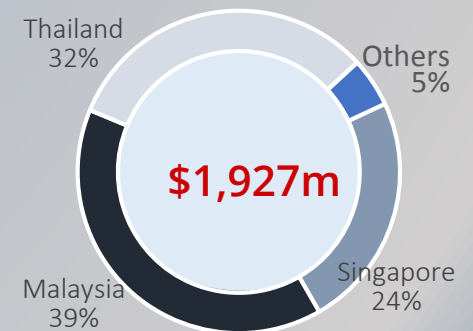
Revenue by Business Segment (\$)



Revenue by Business Segment (%)



Revenue by Geography (%)



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

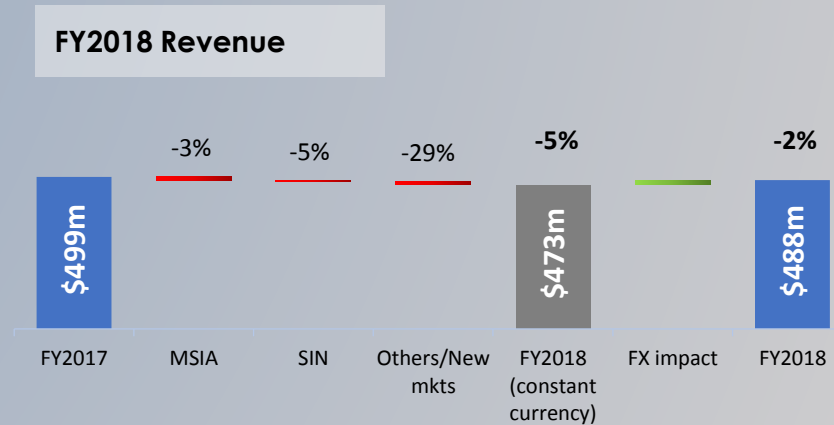
<sup>2</sup> Publg & Print denotes Publishing & Printing

# FY2018 Revenue | Beverages

Revenue dropped 2% on weak market conditions

## Beverages Malaysia (+1%; -3% in constant currency)

- Stronger Ringgit lifted revenue
- In constant currency, revenue fell due to market contraction, intense price competition and floods in peninsular Malaysia and Sabah in Q1 2018



## Beverages Singapore and New Markets<sup>1</sup>

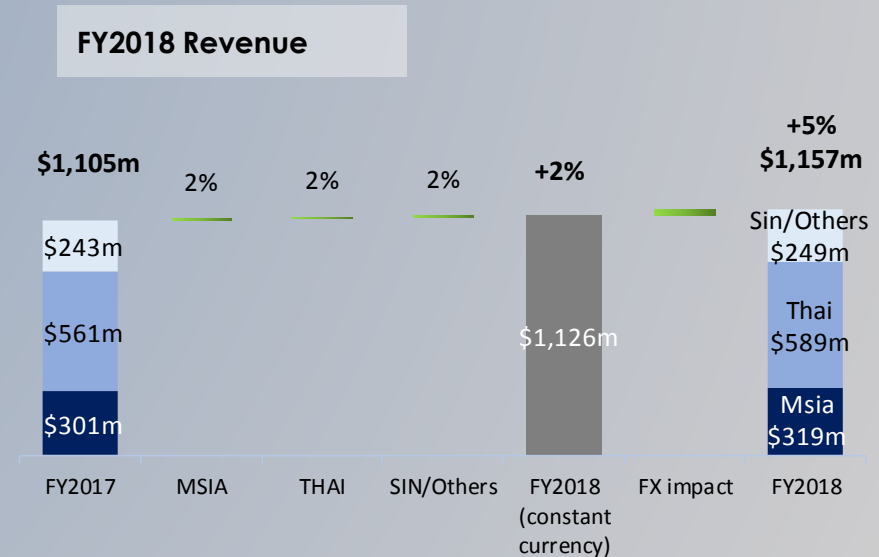
- Beverages revenue adversely affected by headwinds from regulations and competition
- Revenue growth in New Markets<sup>1</sup> impacted by higher sell-in to the trade in the last financial year in Myanmar and weaker Indonesian Rupiah

# FY2018 Revenue | Dairies

Revenue increased 5%; broad-based growth across all markets

## Dairies Malaysia (+6%; +2% in constant currency)

- Double-digit growth in Export boosted sales
  - Export benefited from entry into new markets, and deepening our presence in existing export markets
- Domestic sales was flat due to stiff competition

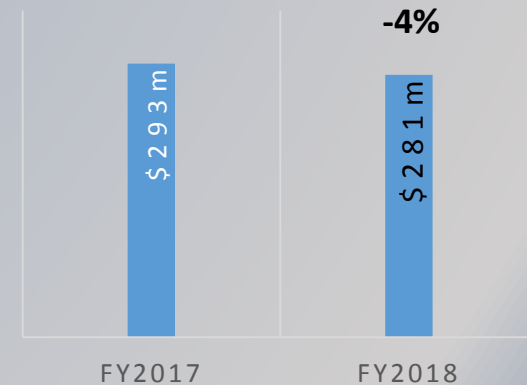


## Dairies Thailand (+5%; +2% in constant currency)

- Exports grew by double-digit with increasing distribution and successful brand building activities in Indochina markets
- Despite intensifying competition, Domestic market sales was helped by new products which were supported by effective branding and consumer trade campaigns

## FY2018 Revenue | Publishing & Printing

- Revenue fell 4% due to
  - Cessation of a non-performing business in Australia
  - Absence of press and books concession at Singapore Changi Airport

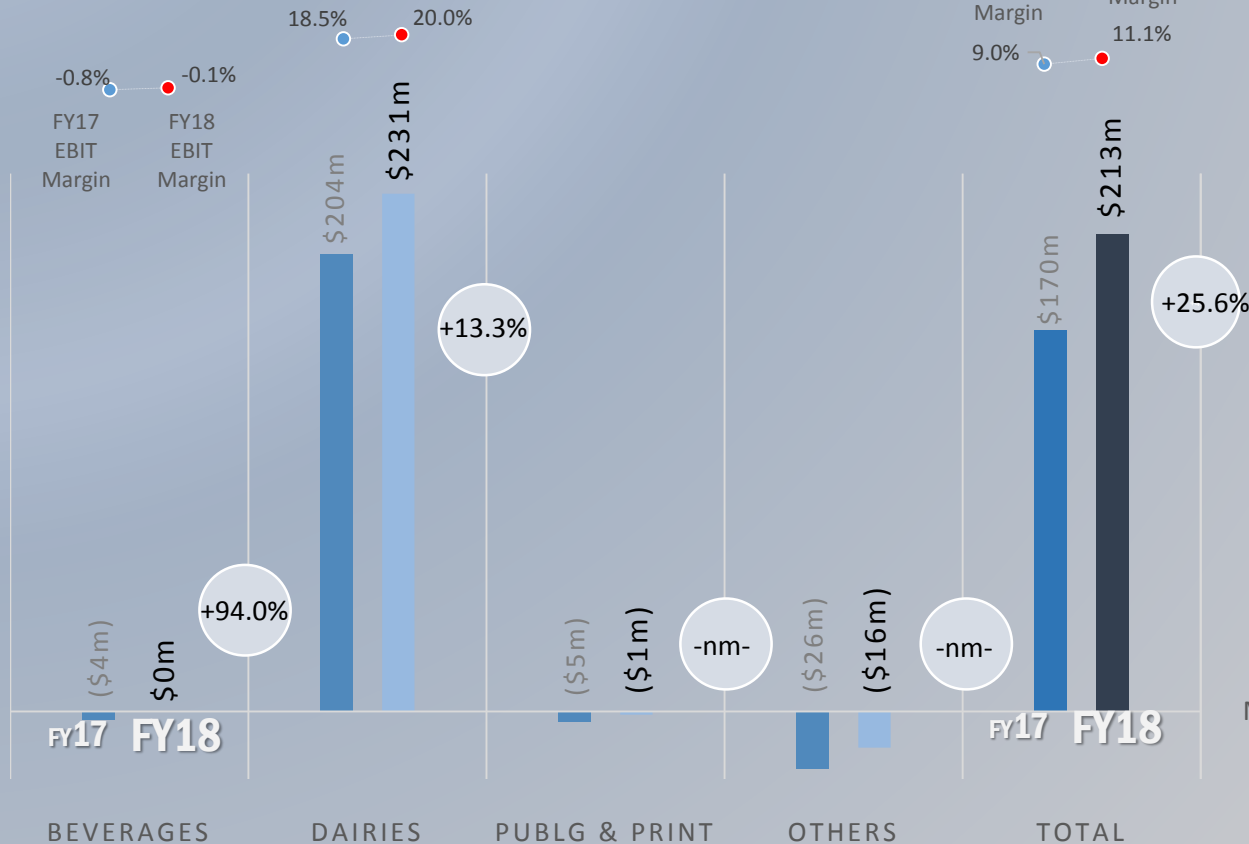




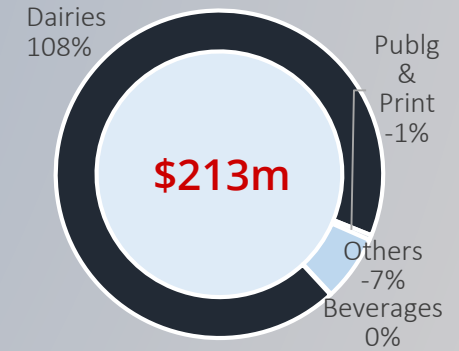
# FY2018 EBIT rose 26%

Strong contributions from Dairies and improved Soft Drinks Malaysia earnings lifted profit

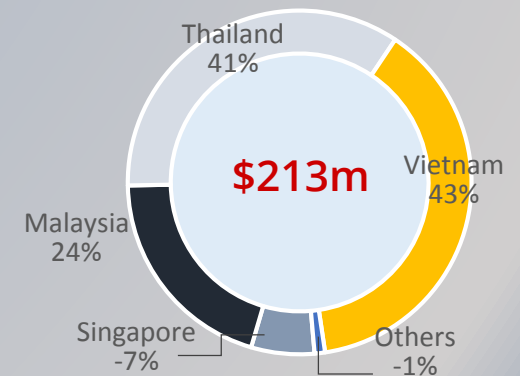
EBIT by Business Segment (\$)



EBIT by Business Segment (%)



EBIT by Geography (%)



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

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

# FY2018 EBIT | Beverages

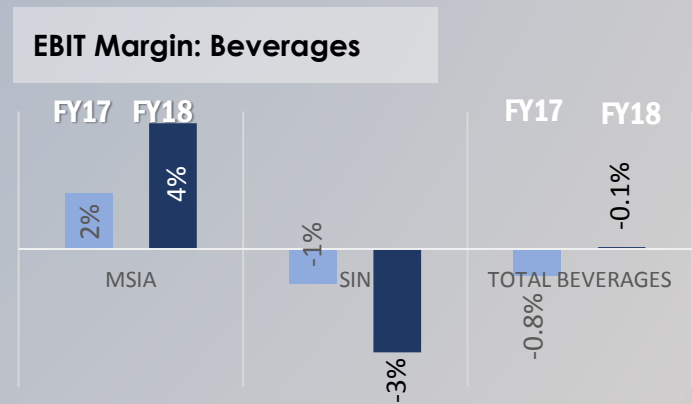
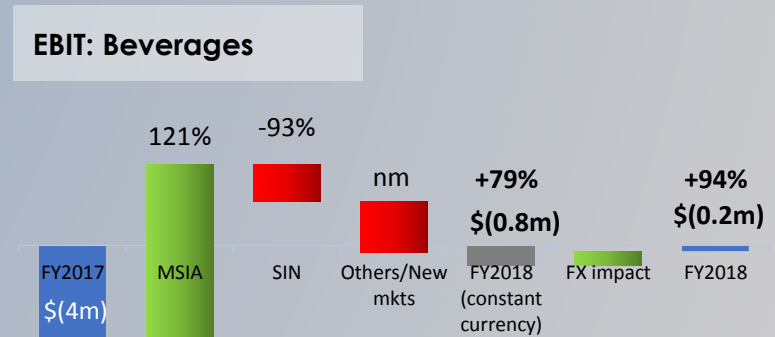
PBIT breakeven; Beverages Malaysia achieved profit turnaround

## Beverages Malaysia (+130%; +121% in constant currency)

- EBIT surged due to favourable sugar costs, operational cost savings and absence of last year's restructuring costs

## Beverages Singapore and New Markets<sup>1</sup>

- Singapore EBIT impacted by lower sales and higher input costs
- Continued targeted spend on brand building activities, trade promotions and widening of distribution channels in New Markets of Indonesia, Myanmar and Vietnam
- Indonesia's performance was further impacted by unfavourable IDR vs MYR



# FY2018 EBIT | Dairies

Earnings increased 13% on full-year profit contribution from Vinamilk and strong Dairies Thailand performance

## Vinamilk

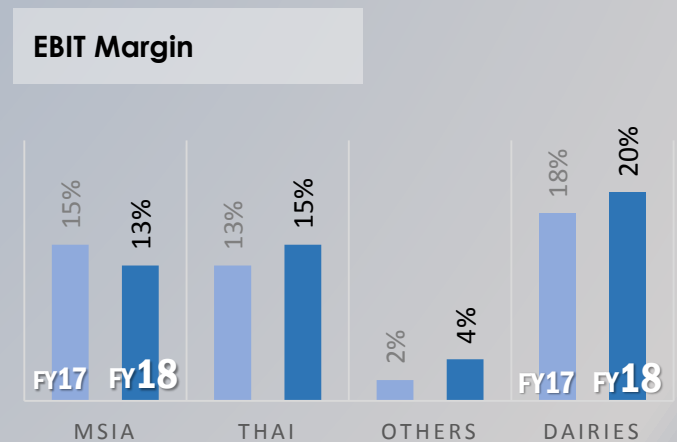
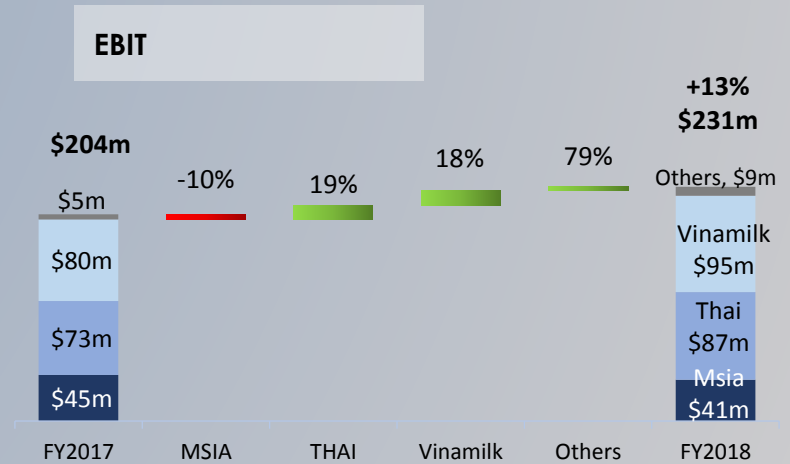
- Benefited from full-year profit recognition of Vinamilk's profit

## Dairies Malaysia (-10%; -14% in constant currency)

- Despite higher sales, EBIT fell on higher dairy-based commodity prices and packaging cost

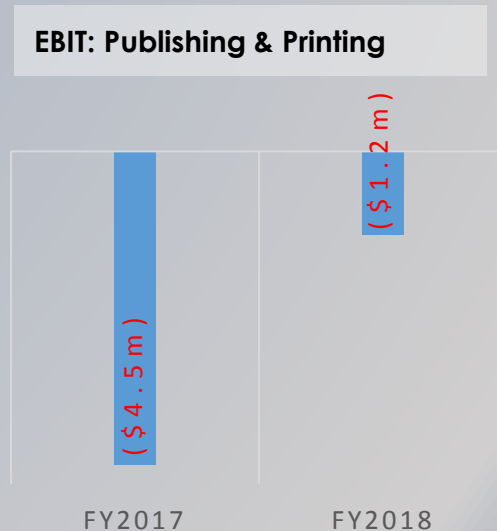
## Dairies Thailand (+19%; +15% in constant currency)

- EBIT improved on higher sales, favourable input costs and benefits of cost management initiatives



## FY2018 EBIT | Publishing & Printing

- Losses before interest and tax narrowed substantially to \$1.2 million
  - Structural cost reduction and leaner organization helped improve printing's profitability
  - Aided by profit contribution from higher margin products and absence of losses from non-performing businesses
- Excluding losses from joint venture company in China, P&P would have achieved PBIT breakeven

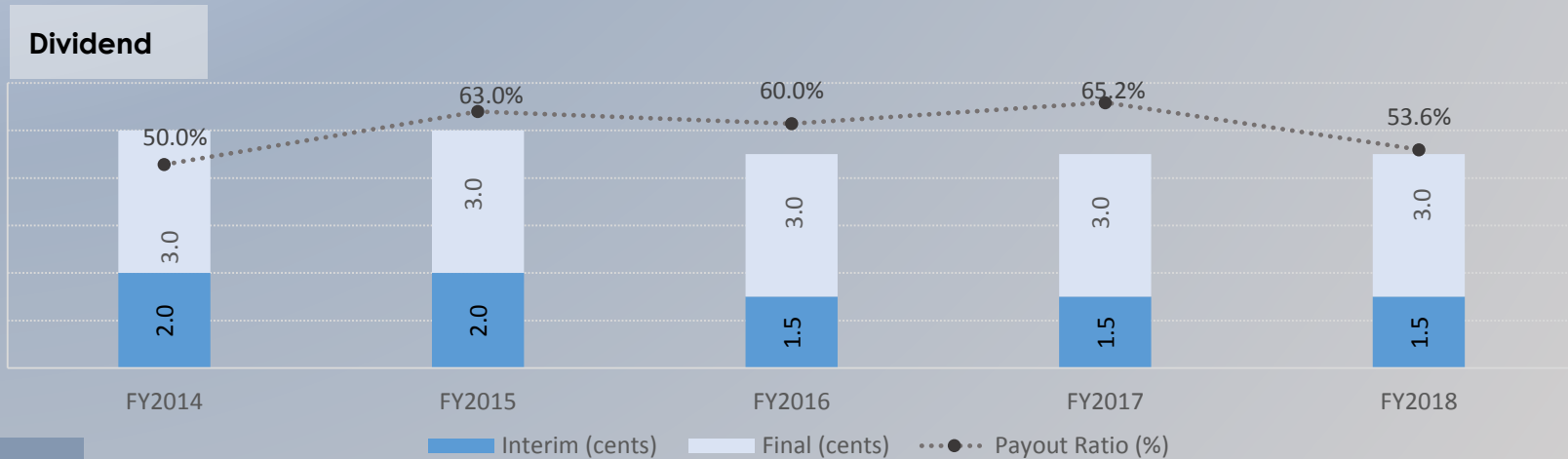


# Maintained a strong financial position

- Borrowings increased to finance purchases of Vinamilk shares
  - The Group owns 20.01% of Vinamilk shares
- Proposed final dividend of 3.0 cents per share, bringing full-year dividend to 4.5 cents, same as FY2017
- Takes into account Group's capital position and near-term capital needs
- Dividend policy unchanged

## Key Financials

	FY2017	FY2018
Total Equity <sup>1</sup>	\$3,132m	\$3,170m
Total Assets	\$4,891m	\$4,491m
Net Borrowings	\$165m	\$341m



# KEY DEVELOPMENTS: Investing for Growth

INTRODUCING THE  
**LOWEST SUGAR**  
CARBONATED  
ISOTONIC DRINK



**33%**  
Less Sugar ✓

**40kcal**  
per serving ✓

## F&N re-enters Myanmar with greenfield brewery

74.9%

INTEREST

@ October 2018

~US\$50m

CAPEX

### EMERALD BREWERY MYANMAR LIMITED

- Established a joint-venture company in Myanmar
- To invested approximately US\$50 million in a greenfield brewery with an initial capacity of 500,000hl
- Production and distribution of a portfolio of beer brands, including those owned by Thai Beverage Company Limited
- Commercial production in end-2019





# New Launches

## Innovation: Flavour and Packaging



**100PLUS Blackcurrant**  
**100PLUS Reduced Sugar**  
**100PLUS ACTIVE Powder**  
Malaysia



**OYOSHI**  
Malaysia



**F&N Fun Flavours**  
Malaysia  
Limited edition Lunar New Year products: **F&N Orange Crush** & **F&N Sarsa**



**100PLUS**  
Singapore  
Limited edition Lunar New Year packaging



# New Launches

Innovation: Flavour and Packaging



Continued to introduce **REDUCED** and **ZERO** sugar content beverages

(from left to right)

- 100PLUS Zero Sugar
- 100PLUS Reduced Sugar
- F&N Lychee Pear Reduced Sugar
- F&N Sarsi Zero and F&N Orange Zero
- FRUIT TREE FRESH 50% Less Sugar & Calories in Apple & Aloe Vera, and Orange
- F&N NUTRISOY High Calcium Reduced Sugar Fresh Soya Milk with Walnut
- F&N NUTRIWELL Snow Pear with Red Dates
- F&N SEASONS White Chrysanthemum Tea No Sugar

## Strengthening market positions in primary markets

RM  
**90.5**  
MILLION

### **NEW ASEPTIC COLD-FILLING LINE, Shah Alam**

- State-of-the art cold-filling line has a maximum capacity of 720,000 bottles daily
- Uses thinner and lightweight containers and reduces the use of PET resin material by 40%
- Reduces packaging cost and improves the plant's carbon footprint
- Operational since March 2018



# zero in

ON THE MOMENT

Zero Sugar, Zero Calories

Replenish Essential Minerals and Electrolytes

Thirst Quenching

Whatever your passions may be, 100PLUS Zero Sugar helps you stay hydrated, enabling you to fully immerse in life's moments.

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