



From left to right:

NG JUI SIA

Chief Executive Officer, Non-Alcoholic Beverages

HUANG HONG PENG

Chief Executive Officer, Beer

A passion
to deliver great
tasting brands
that have grown
from strength
to strength.

Revenue increased

9%
to \$1.9B

PBIT increased

47%
to \$182M

BUSINESS OVERVIEW

This year, Food & Beverage (“**F&B**”) division delivered a noteworthy set of results, featuring encouraging revenue and profit growth across all business sectors. It posted a 47% improvement in earnings, to \$182 million on a 9% topline growth, marking the fourth consecutive year of record revenue and profit.

This improved performance was achieved despite increasing competition, rising input cost and a strong Singapore dollar. The results affirmed the division’s strategy of focusing on its core businesses of Beverages (Soft Drinks and Beer) and Dairies, and on its strategic priorities of brand building, consumer-focused innovation, investment and cost management and expansion into regional markets.



Subsequent to the disposal of F&N's entire interest in Asia Pacific Breweries Limited ("APB"), the remaining beer business has been grouped with Soft Drinks to form the Beverages division. In FY2013, Beverages PBIT rose 18% to \$122 million on higher beer and soft drinks sales, as well as favourable sales and channel mix. Led by volume growth in its core beer brands, namely *Myanmar Beer* and *Andaman Gold*, the Group's beer unit in Myanmar sustained strong volume growth and maintained its domestic market leadership position. The robust Soft Drinks performance was mainly driven by higher volumes from F&N branded products especially *100PLUS*, the leading isotonic drink in Singapore and Malaysia, *F&N Sparkling Drinks*, *F&N SEASONS*, the Asian drinks and tea brand, and *F&N ICE MOUNTAIN* water. Well-executed marketing activities for each of these brands as well as favourable product mix and improvements in operational efficiency further fuelled the growth of this unit.

Dairies PBIT grew nearly threefold to \$60 million in FY2013 mainly due to the strong recovery of its dairy business in Thailand from the effects of floods in 2011, contributing to an overall 7% jump in revenue. While Dairies Thailand earnings returned to pre-flood levels, Dairies Malaysia's profitability grew mainly on lower input and conversion costs and improved bad debts recovery, although volume growth was almost flat against last year.

SOFT DRINKS

Striving for Excellence

F&B Soft Drinks division continued to grow in a highly competitive market. The Group continued to strengthen its strong brand equity and extensive distribution network, to solidify its Number 1 position in the ready-to-drink (“RTD”) beverage segment in Malaysia and Number 2 position in Singapore, as well as expand its Soft Drinks footprint in the Asia Pacific region. Soft Drinks PBIT grew 17% due to higher volumes, favourable product mix, lower input costs and more efficient operations.

In Malaysia, Soft Drinks’ sales growth continued to outpace domestic market growth and maintained its business

leadership from the last financial year. Strong festive presence, intensification of Go-To-Market campaigns, concentration of marketing efforts in East Malaysia, as well as successful brand transition from *F&N SEASONS* Soya to *F&N SEASONS* NutriSoy helped boost the performance of Malaysia Soft Drinks. PBIT grew 15% from a year ago.

Soft Drinks Malaysia’s strong market performance has also earned itself the Frost & Sullivan Malaysia Non-Alcoholic Beverage Company of the Year Award 2013. This award recognises Soft Drinks Malaysia for its outstanding achievements and superior performance in areas such as market leadership, technological innovation, customer experience and strategic product development.

“In Malaysia, Soft Drinks’ sales growth continued to outpace domestic market growth and maintained its business leadership from the last financial year”



1. 100PLUS
2. F&N Sparkling Drinks
3. F&N range of non-alcoholic ready-to-drink beverages



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Outdo Your Everyday – 100PLUS

100PLUS maintained its strong foothold in the isotonic drink category as the most popular isotonic drink in Singapore and Malaysia, as well as the Number 1 ready-to-drink beverage in Malaysia.

100PLUS has been unwavering in its quest to help its consumers *outdo their everyday*. In Malaysia, 100PLUS has once again reaffirmed its position as the Number 1 isotonic drink of choice when it swept the Gold award in the Non-Alcoholic Beverage category of the Putra Brand Awards 2013, an extension of Malaysia's most valuable brands programme. In addition, 100PLUS was named the Best Isotonic Drink by the Malaysia Women's Weekly Domestic Diva Awards 2013.

The popularity of 100PLUS was further augmented by the successful launch of 100PLUS EDGE, an isotonic, non-carbonated drink specially formulated to hydrate better than water for sports performance. 100PLUS EDGE was introduced in addition to the four existing variations – 100PLUS Original, 100PLUS Tangy Tangerine, 100PLUS Lemon Lime and 100PLUS Aqtv. This year, 100PLUS encouraged Malaysians to get on their feet and start moving with its new Malaysia On The Move campaign. The campaign

encouraged Malaysians to adopt a healthier and more active lifestyle.

In advocating an active lifestyle and healthy living among Singaporeans, the calendar of major sporting events were extensively supported by 100PLUS include the Standard Chartered Marathon Singapore, SGX Bull Charge 2013 and OCBC Cycle Singapore.

In Singapore, 100PLUS' commitment to giving athletes the support and encouragement to excel in their sport and to *outdo their everyday* is evident in its presentation of The Straits Times Athlete of the Year Award for the fifth consecutive year. This award recognises the outstanding achievements of athletes who have worked hard to bring honour to local sport in both Singapore and international sports scenes. This year's award recipient, Laurentia Tan, a paralympics equestrian medallist for Singapore, was also the winner for The Straits Times Star of the Month Award.

In addition, 100PLUS has also been supporting the development of athletes in Singapore. A proud sponsor of the Singapore table tennis players since 2010, 100PLUS extended its support of this national sports association by another three years, to 2016.



1. The Straits Times Athlete of the Year Award
2. OCBC Cycle Singapore
3. Standard Chartered Marathon Singapore
4. OCBC Cycle Singapore

“In addition to giving recognition to outstanding local athletes, 100PLUS has also been supporting the development of athletes in Singapore”

100PLUS
Official Hydration Partner



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OUTDO THE
EVERYDAY
WITH 100PLUS

**CYCLISTS
RULE**
26-28 APR '13
DCBC CYCLE SINGAPORE 2013

100PLUS
100% TASTELESS WATER

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1. F&N Sparkling Drinks being served at the Singapore Dance Delight competition
2. myCola
3. F&N SEASONS NutriSoy
4. Oishi Green Tea

A Treat for Every Season

It has been yet another event-filled year for F&N SEASONS in Malaysia. F&N SEASONS NutriSoy, an improved formulation from the ever-popular F&N SEASONS Soya Bean drink, was launched in June 2013. Packed with more soy goodness, F&N SEASONS NutriSoy is made using whole soybeans in a proprietary manufacturing technique that reproduces the same freshness and authentic taste of fresh homemade soya bean drink. Additionally, F&N SEASONS scooped double awards in The Malaysia Women's Weekly Domestic Diva Award 2013 in the Best Non-Carbonated (F&N SEASONS Grass Jelly) and Best Soya Milk (F&N SEASONS NutriSoy) categories, reflecting consumers' choice of their most trusted and favourite brands.

On the nutritional front, it was a proud supporter of programmes such as National Heart Week/ World Heart Day 2013 and Go Red For Women, aimed to raise the awareness of heart health among women.

In June 2013, Soft Drinks entered into a distribution alliance with the Oishi Group, a ready-to-drink tea beverage unit of the TCC Group, marking the first synergistic collaboration for F&N and its strategic partner and shareholder. The alliance debuted with the distribution of Oishi, Thailand's leading ready-to-drink tea brand, commencing with four flavours in Malaysia. With the intention to expand the distribution of Oishi beverages to Singapore, Brunei and other markets in Southeast Asia.

What A Delight!

F&N Sparkling Drinks' involvement in the Singapore Dance Delight allowed the brand to inject vibrancy in the local dance scene. Singapore Dance Delight Vol. 4 is the Singapore's edition of one of the world's most spirited and prestigious street dance competition, Japan Dance Delight, held annually since 1994. To further spread the cheer, F&N Sparkling Drinks also organised F&N Fulfils Your Dreams contest, one of the many series of activities, where the winner gets the chance to cheer on the champion of Singapore Dance Delight in Osaka, Japan.

As part of the Group's beverage portfolio strategy, myCola, a cola carbonated drink was launched in Malaysia. A beverage that promises the popular cola flavour at an unbeatable value, myCola captured 6% market share in the cola segment within months of its launch.

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DIPERBAHARUI

F&N SEASONS
Soya kini adalah

F&N SEASONS
NutriSoy

diperbaharui, dengan lebih soya untuk rasa yang diperkayai.

Lebih kebaikan SEASONS NutriSoy yang digemari setiap hari.

- Protein Soya Membantu Mengurangkan Kolesterol*
- Makanan Tanpa Laktosa
- Ringan Lemak

*Larutan yang disediakan untuk kepentingan kakitangan di 2149 sahaja - Ramahkawan Kakitangan Malaysia, 2019

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Authentic Japanese Green Tea

ほんものの緑茶

100%
REAL BREWED FROM
ORGANIC
GREEN TEA LEAVES

OISHI GREEN TEA

OISHI GREEN TEA

OISHI GREEN TEA

OISHI GREEN TEA

“The alliance (with the TCC Group) debuted with the distribution of Oishi, commencing with four flavours in Malaysia”



1. F&N Ice Mountain
2. Andaman Gold
3. Myanmar Beer

In Singapore, *F&N ICE MOUNTAIN* underwent a repositioning with the Shine Through The Day campaign. The new brand positioning accentuates water as the one of the sources of hydration and refreshment for body and mind. This year, the Number 1 bottled water brand in Singapore became the official hydration partner of the Singapore Health Promotion Board's Let's Drink Water Campaign 2013.

Launched only in Malaysia at the end of 2011, *F&N ICE MOUNTAIN* already triumphed as the winner of The Reader's Digest Gold Trusted Brand Award 2013, for being the most trusted and preferred thirst quenching choice in the Water category in Malaysia, as voted by consumers. This award is quite a feat, considering its short pedigree in Malaysia.

BEER

Myanmar Brewery Limited¹ ("MBL") continued to be a strong profit contributor of F&B's profit, with strong volume increase and profit growth in FY2013 from FY2012. These results were achieved through effective marketing activities which received good market response from both the trade and consumers.

Myanmar market overview

The opening and liberalising of the Myanmar economy will continue to boost its growth and economic outlook, which will underpin the growth of the beer market. The Group also expects increasing competition from new entrants in Myanmar's exciting beer market.

Note:

- 1 Myanmar Brewery Limited is currently the subject of an ongoing arbitration

Beer performance

Facing a highly competitive market, MBL sustained growth through its continued pursuit of marketing and operational excellence.

Leveraging the strengths of its multi-brand portfolio, efficient and innovative marketing strategies, MBL maintained its strong leading positions with volume growth across all key brands like *Myanmar Beer* and *Andaman Gold*.

During the course of the year, MBL again widened its distribution, further strengthened its operations and marketing edge.

Myanmar Beer and *Andaman Gold* emerged the year with new refreshing looks. The initiatives were supported by commercials which showcased the brands in their new packaging. On-the-ground activities were also organised to promote brand awareness.

Sports sponsorship remained a pillar of MBL's marketing initiatives. This year, MBL continued to associate its brands with high-profile sporting events, such as the 27th SEA Games 2013 and the Myanmar National League 2013, reinforcing the prestige of its brands as well as creating consumer connections and deepen brand affinity.



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DAIRIES

Busy Minds, Well-Nourished

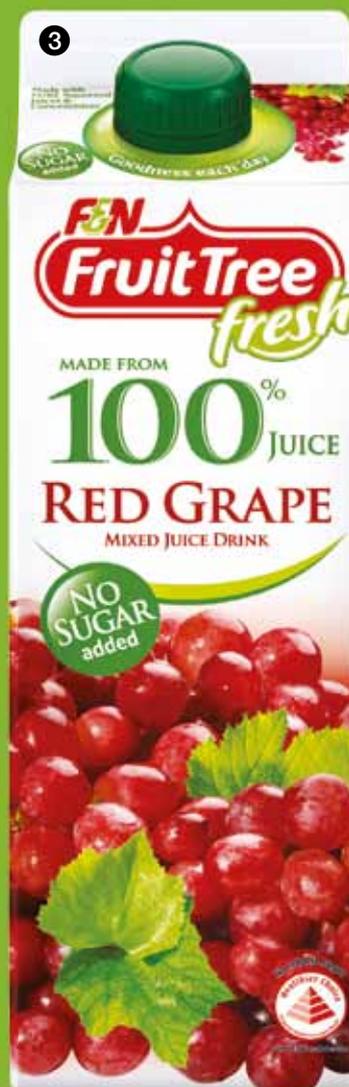
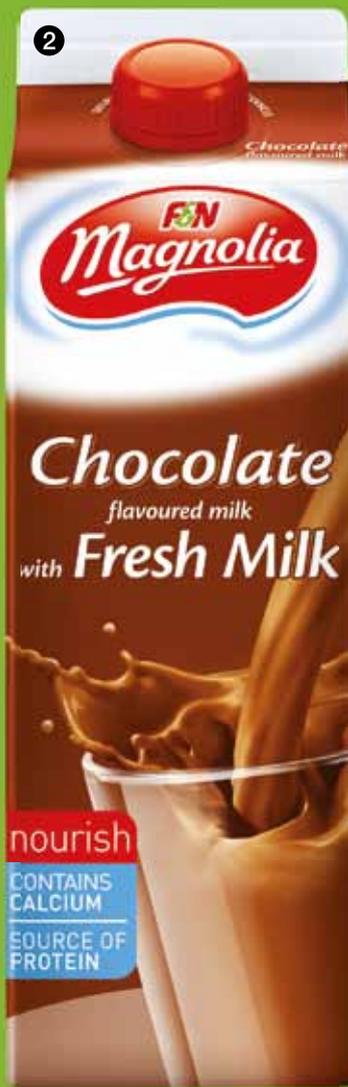
The overall PBIT surged to \$60 million mainly due to Dairies Thailand's post-flood recovery profit performance and favourable input costs in the first half of 2013.

Dairies Thailand topline performed 35% above last year on a full year post-flood recovery. It further reinforced its market leadership position with effective trade presence and distribution. The quick sales recovery also saw its PBIT climb to \$32 million, from \$0.3 million in FY2012.

Revenue for Dairies Malaysia declined 7% due to intense price and trade competition. However, domestic volume growth for Sweetened Condensed Milk ("SCM") and Evaporated Milk ("EVAP") were ahead of industry by 2%.

Dairies Malaysia revitalised the SCM and EVAP categories by repositioning its brands, driving product innovation and renovation, expanding into new markets and improving operational efficiency. Aided by lower input costs, the absence of a depreciation charge recorded in FY2012 and lower conversion cost at its best-in-class Pulau Indah plant, Dairies Malaysia earnings improved.

The official opening of the RM370-million dairy manufacturing plant in Pulau Indah, Malaysia marked an important milestone of the Group's ambitions to become an innovative world-class F&B player in Southeast Asia. Set to be the largest canned milk manufacturing operations in the region, the Pulau Indah dairy plant is also the region's latest and most modern condensary. Together with its dairy manufacturing facility in Rojana, Thailand, which opened in 2009, F&N is now amongst the most cost-competitive canned milk producers in the world.



F&N MAGNOLIA

For generations, *F&N MAGNOLIA* has been a champion of nutrition, for both body and mind. A trusted choice for more than 75 years, *F&N MAGNOLIA* continued to engage its consumers in Singapore through innovation and marketing activities such as the Busy Minds Need Nourishment for Learning and partnering with the National Library Board for READ! Singapore, a campaign that aims to promote reading.

During the year, *F&N MAGNOLIA* unveiled its latest innovation, *F&N MAGNOLIA* Lo-Fat Hi-Cal with DHA Omega-3 and was awarded the

Singapore Institute of Food Science & Technology Healthier Choice Award 2013 - 2015.

All about Juices

This year, to meet the increasing consumer demand for great-tasting, healthier beverages, F&N introduced the *Fruit Tree Fresh* 100% Red Grape Juice. *F&N Fruit Tree Fresh* No Sugar Added 100% Juices offers new taste experiences with all the benefits and great taste of fruit juice without the hassle. Together with *F&N MAGNOLIA*, *F&N Fruit Tree Fresh* received the seal of approval from consumers when it won the Reader's Digest Trusted Brand Award 2013.

“F&N is now amongst the most cost-competitive canned milk producers in the world”



1. *F&N MAGNOLIA* Lo-Fat Hi-Cal Milk
2. *F&N MAGNOLIA* Chocolate Milk
3. *F&N Fruit Tree Fresh* 100% Red Grape Juice
4. *F&N* canned milk



F&N Ice-Cream, Artistry & Awards

The Inspired Chef Launch in Singapore

F&N launched *The Inspired Chef* in August 2013, the first-of-its-kind online artisanal ice-cream experience delivered to the doorsteps of dessert fans in Singapore. The brand features a unique selection of ice-cream flavours that are specially handcrafted and inspired by prominent local chefs. Well-received by media and key influencers in Singapore, *The Inspired Chef* is available only, for now, via its online boutique store inspiredchef.sg.

F&N ice-cream unit in Thailand was accorded the Thai Food and Drug Administration Ministry of Public Health Quality Award in July this year. In recognition of its high standard of quality and safety in product manufacturing as well as its Corporate Social Responsibility practices, F&N has had the honour of being bestowed the Award for two consecutive years, following its first win in 2012.

In Malaysia, the division's dedication and commitment to achieving excellence was recognised by its business partner, Giant, when the retailer chain presented F&N Creameries

Malaysia with the Outstanding Business Partner Award 2013.

LOOKING AHEAD TO THE NEW YEAR

As the Group celebrates its 130th anniversary milestone in 2013, its F&B business looks forward to extending its industry leadership. To increase value and generate growth, F&N will continue to focus on commercial initiatives which include brand investment and product innovation. Through its rich innovation pipeline and effective market execution, it will continue to cater to ever-evolving consumer preferences. F&N's years of investment in branding, innovation and operational excellence have certainly placed it in good stead to propel its business to the next level.

To realise its growth strategy, collaboration between the TCC Group and F&N, which began last year, will continue into the new financial year and beyond. Besides extracting synergistic benefits through R&D and marketing collaboration with the TCC Group, both groups are looking to share best practices, leverage each other's distribution networks and combine our brand portfolio to expand and deepen regional market penetration.



1. Handcrafted, signature ice-cream from *The Inspired Chef*
2. 100PLUS EDGE
3. F&N MAGNOLIA Fresh Milk
4. F&N Fruit Tree Fresh 100% Cranberry Pomegranate & Apple Juice
5. F&N SEASONS Ice Lemon Tea
6. F&N Outrageous Orange
7. Myanmar Beer



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“To increase value and generate growth, F&N will continue to focus on commercial initiatives which include brand investment and product innovation”



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