

FY2015

F&N

Full-Year FINANCIAL HIGHLIGHTS



06 November 2015



Important notice

Certain statements in this Presentation constitute “forward-looking statements”, including forward-looking financial information. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of F&NL, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding F&NL’s present and future business strategies and the environment in which F&NL will operate in the future. Because these statements and financial information reflect F&NL’s current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information.

F&NL expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement or financial information contained in this Presentation to reflect any change in F&NL’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

This Presentation includes market and industry data and forecast that have been obtained from internal survey, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While F&NL has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, F&NL has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

FY2015 Performance Highlights

Executing on our regional expansion strategy

FY2015 earnings impacted by

- a) Marketing investments in (i) new product launches and (ii) new markets (\$13 million)
- b) Adverse foreign exchange effect
- c) Lost sales and higher operating costs due to floods in Malaysia in 1Q2015

Dairies recorded double-digit earnings growth

- a) Supported by higher sales; boosted by lower input costs and improved manufacturing efficiency

GROUP FINANCIAL HIGHLIGHTS

Revenue
(millions)

\$2,103.8
▲ 0.5%

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

\$131.6
▼ 11.2%¹

EBIT margin
(%)

6.3%
▼ 82bps¹

Gearing
(millions)

\$865 (net cash)
▲ \$647m

Earnings per share (basic)^{2,3}
(cents)

4.4
▼ 25.4%¹

Dividend per share⁴
(cents)

5.0
-

¹ Excludes a one-off valuation gain of \$21 million recorded last year

² Continuing Operations only

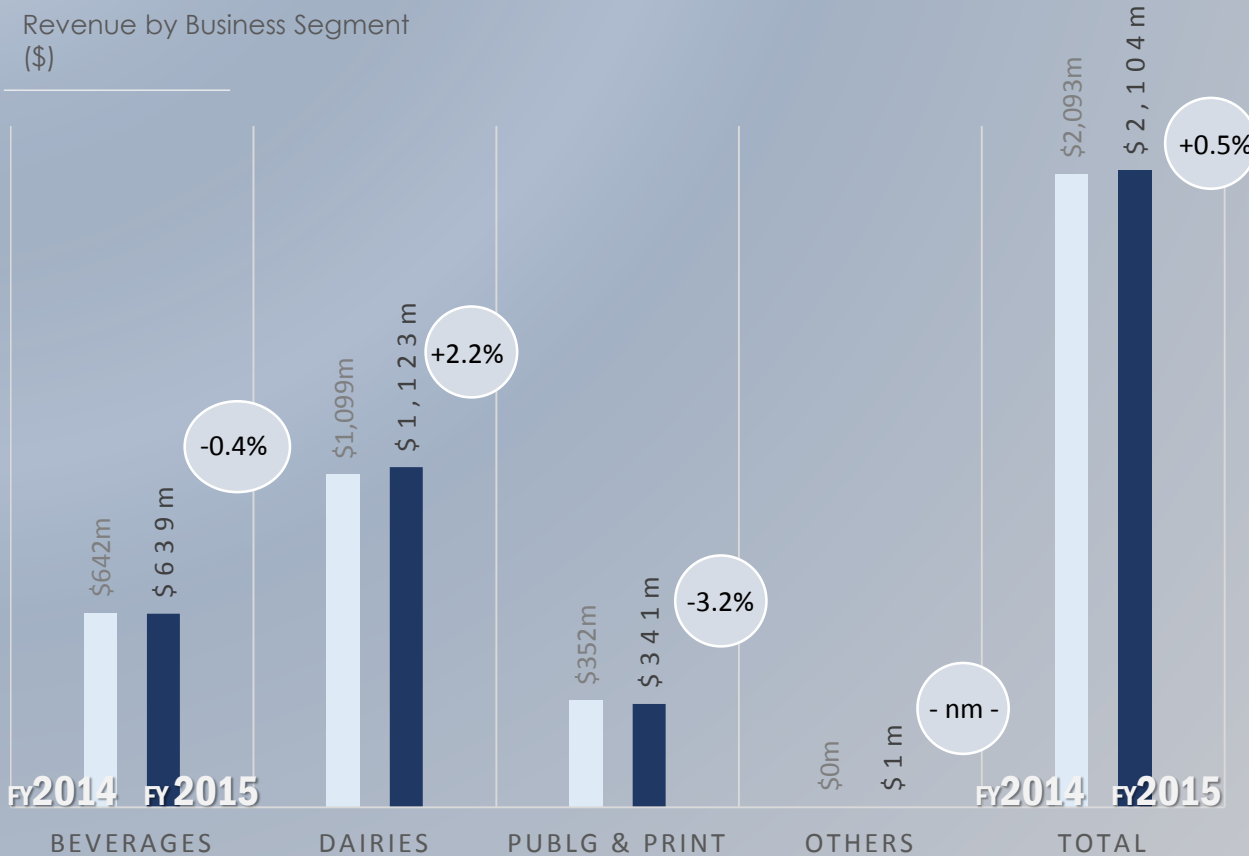
³ Before fair value adjustment and exceptional items

⁴ Includes an interim dividend of 2.0 cents per share, paid on 11 June 2015

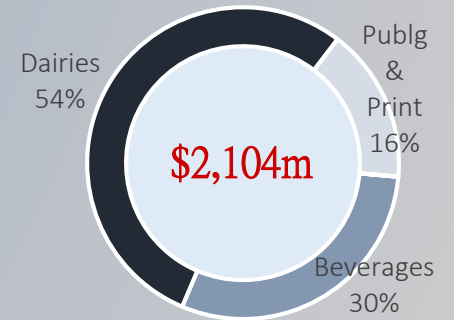
REVENUE GREW 1%

Supported by volume growth in Dairies; revenue impacted by forex and lost sales from floods

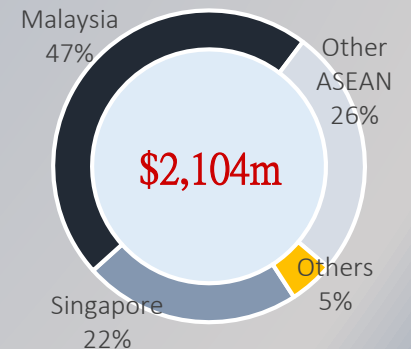
Revenue by Business Segment (\$)



FY2015 Revenue by Business Segment (%)



FY2015 Revenue by Geography (%)



Revenue | Beverages

Revenue flat against last year; adversely affected by weaker Ringgit and lost sales from Malaysia floods

Beverages: Soft Drinks (-%; +5% in constant currency)

- Malaysia

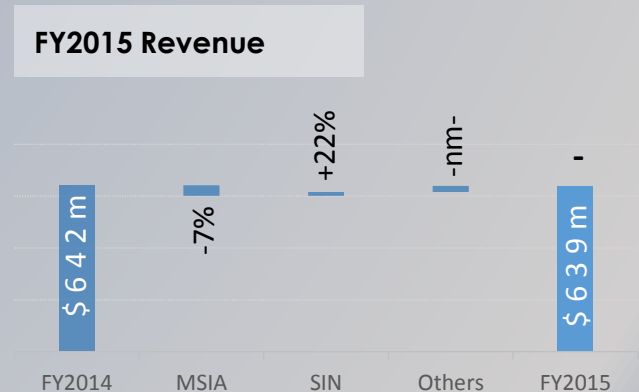
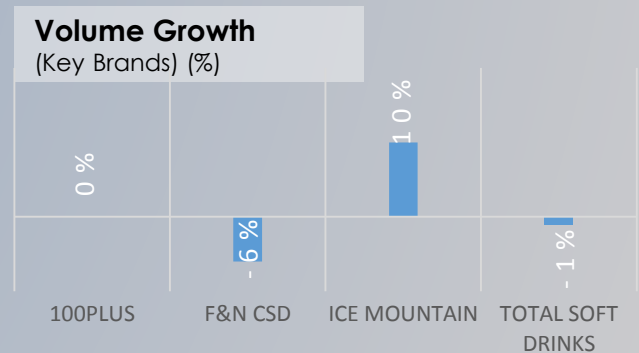
- Volume flat against last year, despite lost sales from floods
- Revenue impacted by weaker Ringgit and unfavourable sales mix
- Launched Coco Life, Ranger (to replace RedBull), Est
- Retained leadership positions in key categories

- Singapore

- Singapore revenue growth driven by *100PLUS* and newly launched *Oishi* and *Coco Life*

- Others

- Maiden contributions from Yoke Food Industries



Revenue | Dairies

Revenue up 2%, supported by volume growth; weaker Ringgit impacted revenue

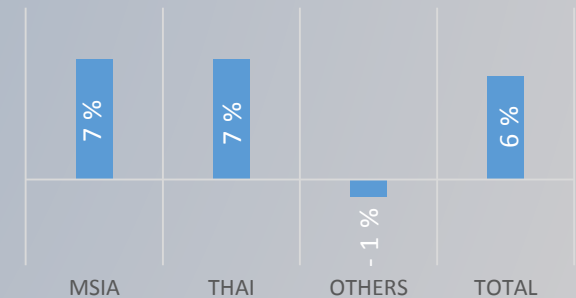
Dairies Malaysia (-4%; +2% in constant currency)

- Effective brand building and trade management activities contributed to continuing growth of *F&N*, *F&N TEAPOT* and *GOLD COIN* canned milk; volume grew 7%
- Weaker ringgit and higher trade discounts (in view of lower input costs) moderated growth in revenue

Dairies Thailand (+10%; +17% in constant currency)

- Increased outlet penetration and coverage, focused brand building initiatives, and effective promotional and trade management activities drove sales; volume rose 7%
- Higher consumer off-take, particularly of *F&N TEAPOT* and *Carnation* canned milk as the brands of choice for local consumers
- Expanded product offering with the introduction of function-based UHT milk

Volume Growth (%)

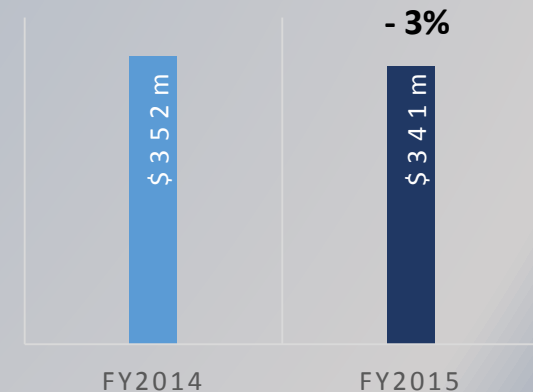


FY2015 Revenue



Revenue | Publishing & Printing

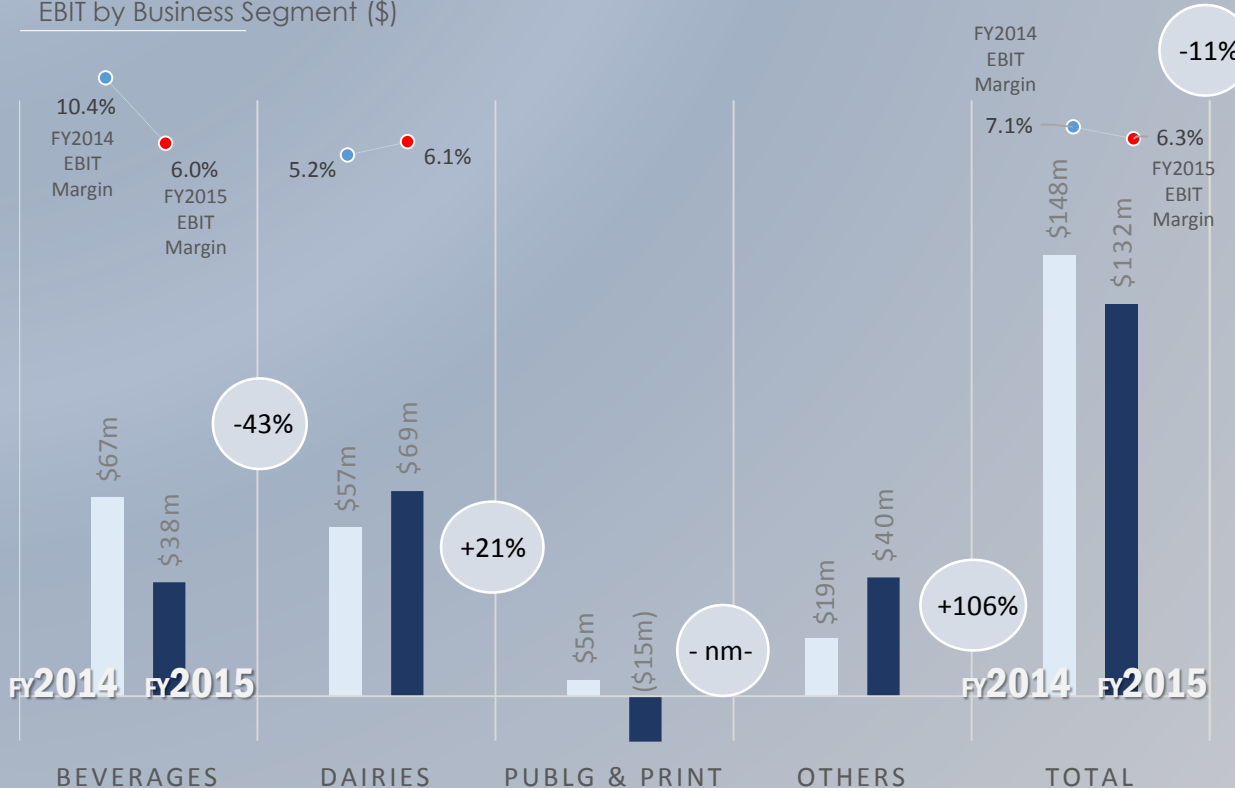
- Education Publishing continued to diversify and grow its customer base
 - Strong overseas sales from its key markets of the US and the UK
- Recovery in textbook sales in Singapore
- Improved sales in Books and Magazines Distribution, mainly in Singapore, Hong Kong and Australia
- Revenue gains offset by lower Print volume and weak printing prices due to intense competition



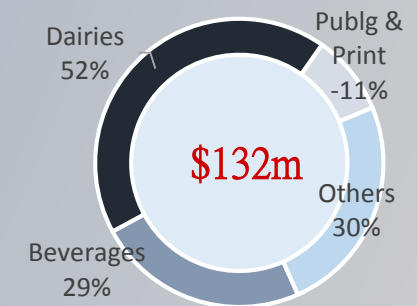
EBIT AT \$132M (-11%¹ Y-O-Y)

Profit growth impeded by high brand investment cost in new markets and weak foreign currencies, despite double-digit growth in Dairies

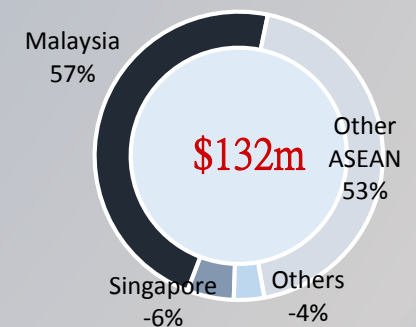
EBIT by Business Segment (\$)



FY2015 EBIT by Business Segment (%)



FY2015 EBIT by Geography (%)



¹ Excludes a one-off valuation gain of \$21 million recorded last year

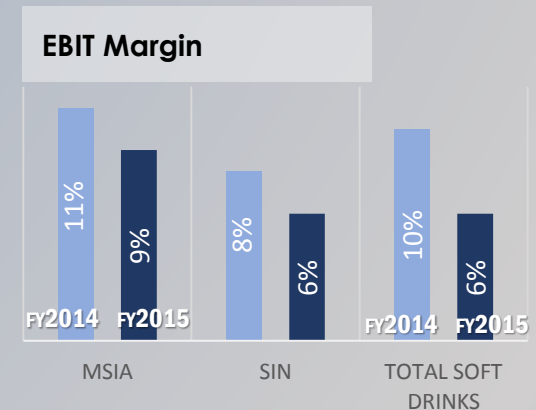
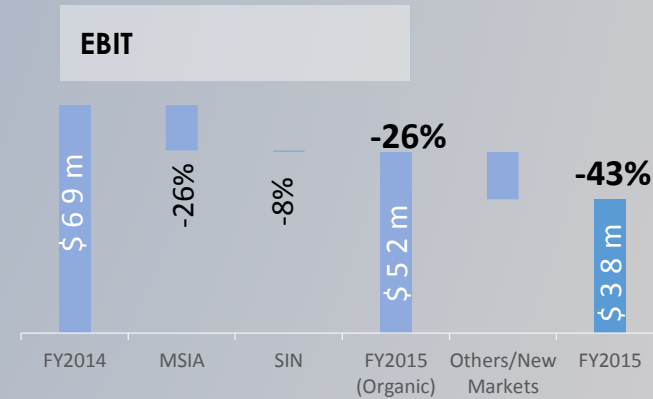
² Publg & Print denotes Publishing & Printing

EBIT | Beverages

Regionalisation plan on track; entered Vietnam, Myanmar, Thailand and Indonesia

Beverages: Soft Drinks (-43%; -38% in constant currency)

- Aggressive regional expansion, increasing market penetration in SEA
 - Brand investment cost of \$13 million in new markets of Vietnam, Myanmar, Thailand and Indonesia
 - Excluding brand investment cost in new markets, Soft Drinks EBIT slid 26% (-22% in constant currency)
- Malaysia
 - EBIT fell 26% (-21% in constant currency), due mainly to weaker Ringgit, unfavourable sales mix, and higher logistics and storage costs as a result of floods in Malaysia in 1Q2015
- Singapore
 - EBIT fell 8% due to higher marketing spend on new launches of *Oishi* and *Coco Life* and the absence of one-off recorded in FY2014



EBIT | Dairies

Earnings surged 21% (+31% in constant currency); Margin expanded on double-digit growth in Malaysia and Thailand

Dairies: Malaysia (+33%; +41% in constant currency)

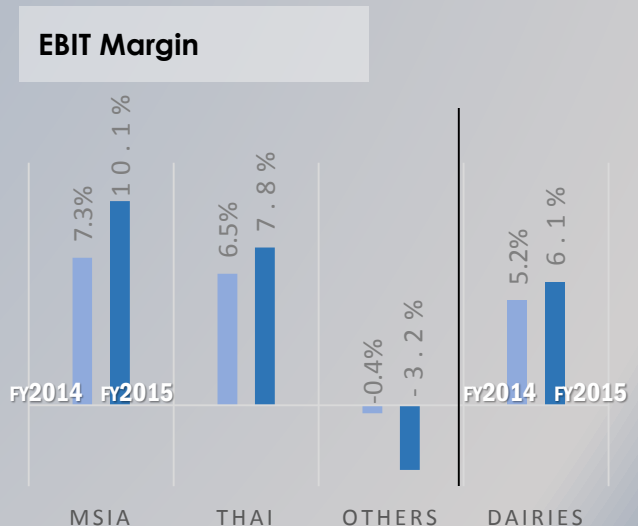
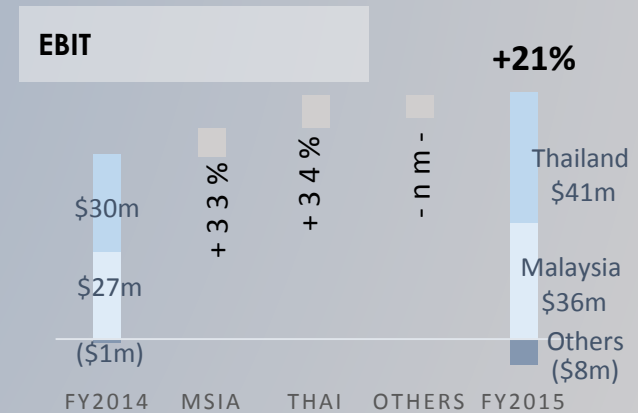
- Driven by lower input costs and continuous realised production cost savings
- Weaker Ringgit affected earnings
- EBIT margin improved to 10.1%, from 7.3%

Dairies: Thailand (+34%; +42% in constant currency)

- Strong profit growth supported by higher sales, lower input costs and increased manufacturing utilisation and efficiency
- EBIT margin improved to 7.8%, from 6.5%

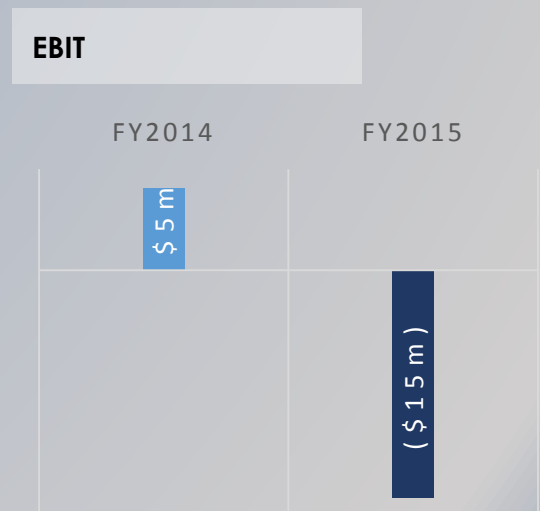
Dairies: Others

- Lower EBIT attributed to higher operating costs and higher marketing spend on new product launches, *JWEL* and *F&N MEADOW GOLD* ice cream



EBIT | Publishing & Printing

- Education Publishing continued to perform strongly
 - Retained Singapore and Hong Kong volumes and growing our presence in the US and UK
- Publishing & Printing recorded a loss of \$15 million arising from lower print revenue, accelerated depreciation charges (due to rationalisation of printing segment), prudent increase in provision for bad debts and stock returns, and impairment charges on non-performing intangibles assets



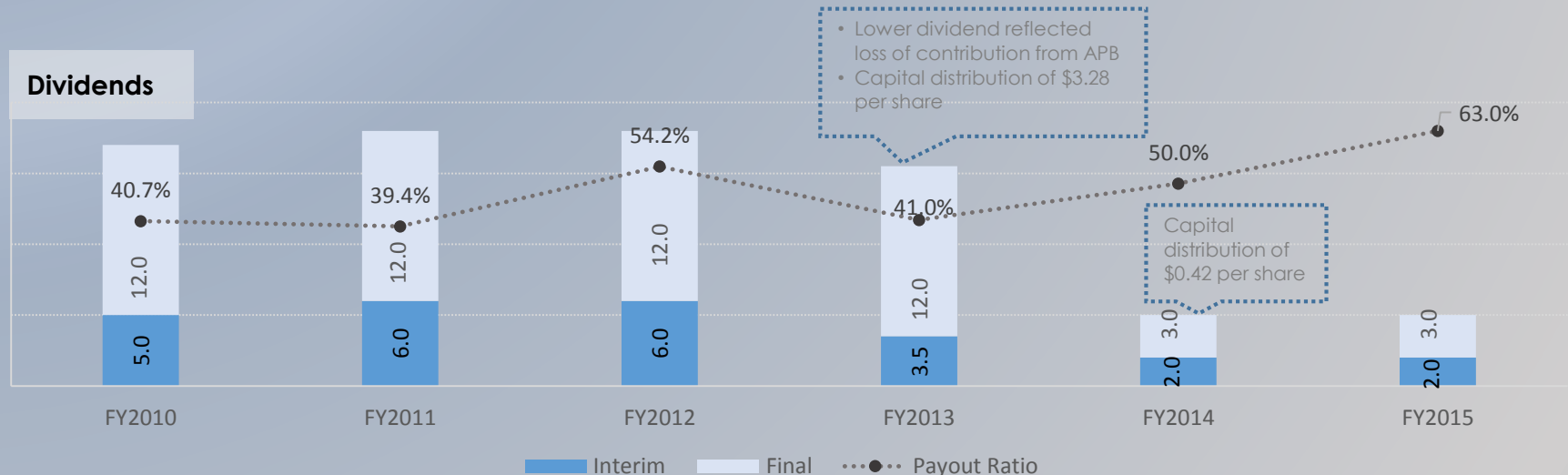
Maintained a strong financial position

Focused on prudent balance sheet management

- Dividend of 5.0 cents per share³
- Dividend payout ratio of 63% (including FY2015 earnings from Myanmar Brewery Limited (“MBL”))
- Dividend policy unchanged
- Proceeds from sale of MBL will be invested into new investments

Key Financial Ratios

	FY2015	FY2014 ¹
Total Equity ²	\$2,556m	\$2,002m
Total Assets	\$3,143m	\$2,679m
Net cash	\$865m	\$218m



¹ Restated upon the adoption of FRS 111

² Includes non-controlling interest

³ Interim dividend was paid on 11 June 2015



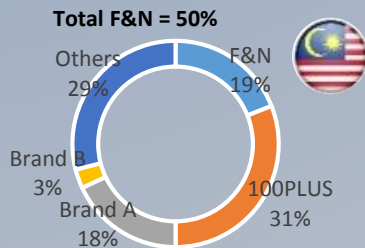
KEY
DEVELOPMENTS:
Investing for
Growth

Strengthening market positions in primary markets

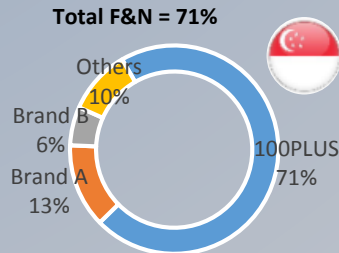
Retained Market Leadership Positions in Multiple Categories and Markets

Business	Key Brands	Region	Position ⁽¹⁾
Soft Drinks	 	Malaysia	No.1 beverage player
	 	Singapore	No.1 in isotonic segment; No. 2 beverage player
Dairies	 	Malaysia	No.1 canned milk
	 	Singapore	No.1 in pasteurised juice and canned milk; No. 2 in liquid milk
		Thailand	No.1 canned milk

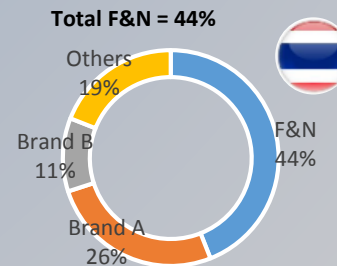
Carbonated soft drinks + Isotonic market share by volume



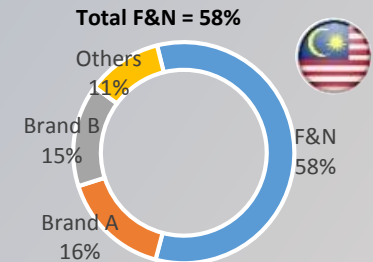
Isotonic market share by volume



Canned milk market share by volume



Canned milk market share by volume



Strengthening market positions in primary markets

Building New Growth Pillars In Primary Markets

THAILAND: UHT MILK

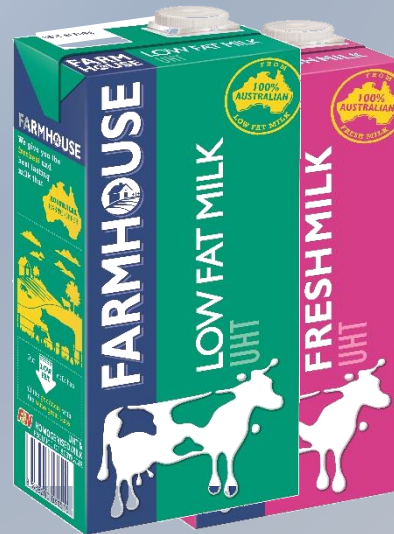


F&N MAGNOLIA

Ginkgo Plus

Plain, White Malt & Chocolate
180ml

MALAYSIA: UHT MILK



FARMHOUSE UHT milk

Fresh and Low Fat Milk
1L

MALAYSIA: 100PLUS Berry, OISHI, RANGER



100PLUS Berry, OISHI, RANGER

1. 100PLUS: Berry
2. OISHI: Honey Lemon and Black Tea Lemon
3. RANGER, the new energy drink (replaced RedBull)

Strengthening market positions in primary markets

Building New Growth Pillars In Primary Markets

SINGAPORE, MALAYSIA



COCO LIFE

100% Coconut Water
330ml

SINGAPORE, MALAYSIA



EST Cola

325ml, 500ml and 1.5L

SINGAPORE



F&N ICE MOUNTAIN

Sparkling Water

2 Flavours: Lemon and Grapefruit
375ml

Strengthening market positions in primary markets

New Packaging

SINGAPORE



100PLUS

Limited Edition Packaging
Official Isotonic Drink of
the 28th SEA Games

MALAYSIA



100PLUS

New sleek cans
325ml

SINGAPORE and MALAYSIA



F&N Sparkling Drinks

New sleek cans
325ml

Strengthening market positions in primary markets

SINGAPORE, MALAYSIA, THAILAND :
LONG-TERM CONTRACT WITH NESTLE SECURED

TERM
22

YEARS CONTRACT WITH NESTLE

Rights to *CARNATION*, *BEAR BRAND*, *BEAR BRAND GOLD*, *IDEAL* and *MILKMAID* in Thailand, Singapore, Malaysia, Brunei, Cambodia and Laos

CARNATION IS THE NO.

1

CONDENSED MILK BRAND IN THE PREMIUM SEGMENT

Owens 66% of Thailand condensed milk market

BEAR BRAND IS THE NO.

1

STERILISED MILK BRAND IN THAILAND

Unrivalled leadership



Rights to manufacture, promote, sell and distribute *Carnation* in Thailand, Laos and Cambodia; and *Carnation* evaporated creamer, *Ideal* evaporated milk, *Milkmaid* sweetened condensed milk and sweetened beverage creamer for Malaysia, Brunei and Singapore. The Group will continue to manufacture and distribute *Bear Brand* sterilised milk and *Bear Brand Gold* for Thailand and Laos

Strengthening market positions in primary markets

MALAYSIA, THAILAND : INVESTING FOR FUTURE GROWTH

THB
300

MILLION

NEW FILLING AND PACKAGING LINE IN ROJANA, THAILAND;
OPERATIONAL BY END-2015

RM
100

MILLION

EXPANSION IN EAST MALAYSIA; NEW SOFT DRINKS PLANT, DOUBLING
CAPACITY; OPERATIONAL BY 2021



Rojana dairy plant in Thailand

Overseas expansion

THAILAND (SOFT DRINKS), VIETNAM, MYANMAR, INDONESIA: INVESTING FOR FUTURE GROWTH

Thailand

- Partnership with ThaiBev
- Launched 100PLUS as functional carbonated soft drinks
- Largest sampling in Thailand

Vietnam, Myanmar

- Branch office in Myanmar and rep office in Vietnam
- Conduct market research, coordinate marketing and sales efforts and provide support to business units and local distributors

Indonesia

- Through Yoke Foods existing distribution network



100PLUS and F&N Fun Flavours



SUMMARY



Summary

- Maintained leading positions in key markets
- Focus on
 - Strengthening our portfolio: Marketing and product innovation, and M&A
 - Focusing resources on winning in priority categories, brands and markets
 - Building on/identifying strategic partnerships and extracting synergistic opportunities



FRASER AND NEAVE, LIMITED

Analyst and media contact:

Jennifer Yu

Head, Investor Relations

T: (65) 6318 9231

E: jenniferyu@fnngroup.com.sg

Fraser and Neave, Limited

