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F&N reports strong FY2013 PBIT of $786m on sales of $4.3b

- ***Food & Beverage continues to enjoy robust growth***
  - ***Beverages profit rises 18 per cent to $122 million on strong Soft Drinks and Beer sales***
  - ***Dairies profit nearly triples to $60 million***
- ***Properties earnings jump on strong and sustained residential sales***
  - ***Strong pre-sales in Singapore supports Development Property earnings***
  - ***Higher fee and rental income drive REIT and Hospitality earnings***

Financial Highlights ($ 'million)	Full-Year to 30 Sep 2013	Full-Year to 30 Sep 2012
Revenue	4,344.1	3,569.0
Trading Profit	698.0	464.8
PBIT[2]	786.2	540.8
PAT[3]	5,514.6	1,012.4
Attributable Profit[1]	5,431.0	837.5
Earnings Per Share (basic)(cents)		
- Before gain on disposal of discontinued operations, fair value adjustment and exceptional items	37.8	33.2
- After gain on disposal of discontinued operations, fair value adjustment and exceptional items	376.8	59.0
Net Asset Value per ordinary share	$5.90	$5.32

1 *After fair value adjustment and exceptional items*
2 *PBIT denotes profit before interest, taxation and exceptional items*
3 *PAT denotes profit after taxation and exceptional items*

SINGAPORE, 12 November 2013 – Driven by strong sales in Food & Beverage ("**F&B**") and Properties, Fraser and Neave, Limited ("**F&N**" or the "**Group**") today announced another year of strong growth in revenue and profit before interest and taxation ("**PBIT**") for the full-year ended 30 September 2013 ("**FY2013**").

Full-year revenue improved 22 per cent over last year to $4,344 million. Boosted by strong margin recovery in most business units, FY2013 PBIT jumped 45 per cent to

$786 million. Properties, primarily the Group's wholly-owned subsidiary Frasers Centrepoint Limited ("**FCL**"), continued to be the lead profit contributor, making up 72 per cent of Group PBIT. F&B contributed about 23 per cent.

Properties FY2013 earnings improved 55 per cent to $566 million, led by strong and sustained residential sales, and growing earnings from property and investment management. Similarly, F&B also delivered a strong FY2013 earnings growth of 47 per cent to $182 million on improved consumer demand, strong trade and market execution as well as lower input costs and favourable sales mix.

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 per cent to $122 million on higher soft drinks and beer volumes, as well as favourable sales and channel mix. As at end-FY2013, the Group retained leadership positions in the ready-to-drink segments of Singapore and Malaysia. Similarly, the Group's brewery in Myanmar sustained strong volume growth and maintained its domestic market leadership position with its core beer brands *Myanmar Beer* and *Andaman Gold*.

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-per-cent jump in revenue. Dairies Thailand earnings has returned to pre-flood levels while Dairies Malaysia's profitability grew mainly on lower input cost, decreased conversion costs and bad debts recovery, although volume growth was almost flat against last year.

Properties continued its sterling performance with FY2013 earnings of $566 million, up 55 per cent from a year ago, powered by Development Property and Commercial Property. Development Property PBIT jumped almost twofold to $379 million, driven mainly by higher progressive revenue recognition from private residential projects currently under development in Singapore, and boosted by revenue recognised on completion basis for projects like *One Central Park,* phase 1 of *One Central Park,* in Australia, *Baitang One* phase 2A in Suzhou, China and *Esparina Residences*, an executive condominium in Singapore. These residential projects were completed this year, allowing for recognition in this financial year. Commercial Property, which comprises Investment Property, REITs and Hospitality, also recorded double-digit earnings growth, bringing FY2013 PBIT to $187 million. This performance was achieved despite the absence of rental income from two investment properties following the divestment of a Hong Kong-listed subsidiary in September 2012.

In November 2012, F&N completed the disposal of APB for $5.58 billion. Consequently the Group realised a disposal gain of $4.75 billion, pushing FY2013 profit after taxation to $5.51 billion. Correspondingly, earnings per share ("**EPS**") from continuing operations rose from 59.0 cents to $3.768 in FY2013. Excluding the gain on APB sale, fair value adjustment and exceptional items, EPS improved 14 per cent to 37.8 cents.

Directors have recommended a final dividend of 12.0 cents per share, which, together with the interim dividend of 3.5 cents, brings the total dividend for the year to 15.5 cents, compared with 18.0 cents in FY2012. The reduced dividend reflects the Group's earnings following the loss of contribution from APB and the capital reduction of $3.28 per share. This final dividend, if approved by shareholders, will be paid on 18 February 2014.

<u>Corporate Developments</u>

On 27 August 2013, the Group announced a proposal to list its property arm, Frasers Centrepoint Limited ("**FCL**") by undertaking an *in-specie* distribution of FCL shares to F&N shareholders. Upon obtaining all relevant approvals, F&N shareholders will receive two FCL shares for every one F&N share owned, at no cost and with no adverse tax impact. FCL shares are expected to be listed by way of introduction on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

Following the proposed demerger of the property business, the Group will remain listed on the SGX-ST, but no longer hold an interest in FCL. F&N and FCL shares will be traded separately on the SGX-ST. As FCL shares will be listed by way of an introduction, neither F&N nor FCL will receive cash proceeds from the listing. F&N shareholders will enjoy direct equity ownerships and have flexibility to decide on their equity exposure to two independently-listed companies in distinct sectors.

The Group announced that FCL had on 25 October 2013 received the letter-of-eligibility from the SGX-ST for the listing of its shares. A circular outlining the details of the above transaction has been dispatched to F&N shareholders, and an EGM is scheduled for 13 November 2013. The confirmation of the Books Closure Date and the listing of FCL shares are expected to follow thereafter, subject to the Group obtaining all relevant approvals.

After the transaction, F&N will focus on growing its F&B business, as well as strengthening its position and extending its reach as a leading consumer group in Southeast Asia. The Group believes Southeast Asia has tremendous untapped potential, and plans to further penetrate this market by strengthening its route-to-market and product development capabilities in the region, while leveraging on alliances with strategic partners, including Thai Beverage Public Company Limited. F&N's robust balance sheet will also enable it to explore growth through acquisitions as suitable opportunities arise.

The proposed demerger will reinforce FCL's position as a full-fledged international real estate company with a diversified portfolio of residential, commercial and hospitality properties. Post-listing, FCL is expected to be one of the largest listed property companies on the SGX-ST by market capitalisation. As a standalone listed entity with its own independent Board and management team, FCL will enjoy greater corporate visibility and have direct access to capital markets to pursue its growth strategies.

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Operations Review (Full-year ended 30 September 2013 "**FY2013**")

Beverages (Beer and Soft Drinks)

F&N's beer business is conducted through its 55-per-cent held brewery in Myanmar. Established in 1995, Myanmar Brewery Limited ("**MBL**") manufactures Myanmar's leading beer brands like *Myanmar Beer* and *Andaman Gold*. This year, building on its portfolio of leading brands, MBL continued to record volume growth and maintained its domestic market leadership position.

A year after the expiration of F&N's licensing arrangements with The Coca-Cola Company, the Group continued to leverage its strong brand equity and extensive distribution network to solidify its No. 1 beverage position in the ready-to-drink segment in Malaysia and No. 2 position in Singapore, as well as expand its Soft Drinks business in other parts of Southeast Asia.

In Malaysia, Soft Drinks' sales growth continued to outpace domestic market growth. This year, Soft Drinks, through innovation and active promotional activities, posted strong volume growth in all key brands like *F&N, 100PLUS, F&N Seasons* and *F&N Ice Mountain*. Buoyed further by improved margins from favourable sales mix, Soft Drinks Malaysia FY2013 PBIT grew 11 per cent from a year ago.

In Singapore, the Group continued to drive growth through innovation and strengthening its route-to-market. Coupled with brand building initiatives, Soft Drinks Singapore revenue improved on higher sales of *100PLUS, F&N Ice Mountain* and *F&N Seasons*.

Overall, Beverages revenue grew 10 per cent while PBIT improved 18 per cent.

Dairies

Dairies profit surged to $60 million, three times its earnings from a year ago, as Dairies Thailand recovered from the impact of 2011 floods while Dairies Malaysia benefitted from lower input and operating costs.

Dairies Thailand continued on its fast recovery track as production resumed and consumer demand returned. Lifted by improved export sales to Indochina and successful entry into Myanmar, Dairies Thailand's sales jumped 35 per cent, bringing its profit back to pre-flood levels.

Aided by lower input cost, the absence of an accelerated depreciation charge recorded in FY2012 and conversion cost savings arising from the best-in-class Pulau Indah plant, Dairies Malaysia earnings improved despite flat volume growth.

Publishing & Printing

Publishing and Printing revenue at $363 million was down 5 per cent from last year, largely due to closures of the loss-making Library Reference business in the USA, domestic education publishing business in Malaysia and the export magazine distribution business in Australia. Education Publishing continued to grow, especially overseas.

Excluding contributions from associated companies, PBIT was 62 per cent lower at $2 million. Savings from closures of loss-making businesses were ploughed into investments to expand the Education Publishing overseas business, while profits were impacted by lower revenue for both Print and Distribution, as well as one-off impairment charge made on plant and machinery. Overall PBIT was 136% higher at $10 million after taking into account the Group's share of much improved operating results from associated companies.

Properties

The Group's properties business is primarily held through its wholly-owned subsidiary, Frasers Centrepoint Limited. This year, Properties recorded revenue and profit of $2 billion and $566 million, up 49 per cent and 55 per cent, respectively, from FY2012. Development Property was again the main contributor to Properties earnings, almost doubling its profit from last year. Commercial Property, which comprises Investment Property, REITs and Hospitality, also recorded strong earnings growth of 10 per cent on higher fee and rental income, despite the absence of rental income from two investment properties following the divestment of a Hong Kong-listed subsidiary in September 2012.

(a) Development Property

Development Property FY2013 revenue improved 57 per cent to $1,683 million and PBIT jumped twofold to $379 million. Strong earnings growth was underpinned by Singapore residential pre-sales where *Boathouse Residences, Eight Courtyards, Flamingo Valley, Palm Isles, Seastrand, Waterfront Gold, Waterfront Isle* and *Watertown* were recognised progressively. FY2013 earnings were further boosted by revenue recognition of phase 1 of *One Central Park* in Australia, phase 2A of *Baitang One* in China and *Esparina Residences*, an executive condominium in Singapore, which were recognised on completion.

Under INT FRS 115, no revenue was recognised at the Group's two executive condominium projects, the 728-unit *Twin Waterfalls* and the 418-unit *Twin Fountains*. *Twin Waterfalls* has been substantially sold while *Twin Fountains*, launched in May 2013, recorded sales of 322 units (77 per cent) as at 30 September 2013. Income from these projects will only be recognised when the projects are completed in January 2015[1] and November 2015[1], respectively. Similarly, revenue

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[1] Estimated completion dates

from the remaining pre-sold units in Australia (*Central Park* mixed-use development, *Putney Hill* and *QIII)* were also not recognised this year.

In Singapore, the Group registered sales of 1,904 units in FY2013, which is significantly higher than its annual sales target of 1,000 units in Singapore. The strong sales came mainly from the two successful property launches in FY2013 namely *Q Bay Residences* and *Twin Fountains*. The 632-unit *Q Bay Residences* was launched in January 2013 and as of FY2013, it achieved sales of 541 units (86 per cent). The 418-unit *Twin Fountains,* an executive condominium development, was launched in May 2013 and as at year-end, it recorded sales of 322 units (77 per cent). *Twin Fountains* is jointly developed by F&N and Lum Chang Binjai Holdings.

Following the launch of *Twin Fountains*, F&N, together with Far East Orchard Limited (30 per cent), and Sekisui House (30 per cent) (collectively the Consortium) acquired a site in Fernvale Close for $533 per square foot per plot ratio ("**psf ppr**") or $257 million. Sitting on a site area of 14,930 square metres ("**sqm**"), the Consortium plans to build seven 18-storey high residential towers spanning about 44,800sqm with 490 units.

The Group in August 2013 also acquired a commercial site in Cecil Street/Telok Ayer Street for $1,111psf ppr or $924 million. One of the last remaining commercial sites in the CBD, this prime site will be directly connected to the Tanjong Pagar MRT station and is in close proximity to the Marina Bay Financial District. The Group plans to build a Grade A office tower incorporating the latest office features with an excellent frontage amidst the lush greenery of an open park. In the following month, F&N successfully secured another mixed-use site in Yishun Central for $1.4 billion. Situated at the heart of Yishun Town Centre and right next to the Group's shopping mall, *Northpoint*, this mixed commercial and residential site at Yishun Central 1 spans 41,085sqm with a maximum gross floor area of 123,255sqm. The

Group plans to develop a 12-storey integrated complex, comprising 900 residential units sitting on a retail mall, bus interchange and community club. Subject to authorities' approval, the Group is looking to integrate this site with *Northpoint* through a covered pedestrian promenade and link bridges. The integration with *Northpoint* will create synergies and efficiencies that enable the two malls to provide an unrivalled experience to our shoppers, through an improved tenant mix and enlarged offerings.

In FY2013, the Group sold 521 residential units from residential projects in Australia, namely *Frasers Landing*, *One Central Park, Park Lane, The Mark*, *Putney Hill* and *QIII*, as well as from completed residential developments of *Lumiere Residences* and *Trio.*

As at 30 September 2013, the Group has pre-sales in Singapore and overseas which are expected to deliver revenue of $3.2 billion over the next several years.

<u>(b) Commercial Property (Investment Property, Real Estate Investment Trust ("**REIT**") and Hospitality)</u>

Driven by higher contribution from *Causeway Point* and *Northpoint,* Frasers Centrepoint Trust ("**FCT**"), the Group's 41-per-cent held retail REIT, posted a strong FY2013 performance. Gross revenue and net property income each rose 7 per cent to $158 million and $112 million, respectively. Distributable income rose 9 per cent to $90 million. Operationally, the average occupancy of FCT's portfolio as at 30 September 2013 remained a strong 98 per cent.

The Group's 27-per-cent held office and business space REIT, Frasers Commercial Trust ("**FCOT**") recorded FY2013 revenue of $118 million, down 11 per cent due to the absence of rental income from *Keypoint* and three Japanese properties following divestments in October 2012. This was partially offset by higher contribution from higher rental rates achieved for existing properties and higher income from the additional 50 per cent interest acquired in *Caroline Chisholm Centre*. Consequently, net property income declined 11 per cent to $91 million. Despite lower net property income, FCOT registered a record distributable income of $51 million, an increase of 19 per cent due to lower interest costs and savings arising from the net conversion and redemption of its Series A Convertible Perpetual Preferred Units. Operationally, average occupancy of FCOT's portfolio remained strong at 98 per cent.

The Group's non-REITed malls, office and business parks in Singapore and Vietnam continued to maintain strong occupancy levels. The latest business park, *One@Changi City*, a 50-per-cent joint venture with Ascendas Land (Singapore) was completed in November 2012, achieved about 93 per cent occupancy in FY2013.

Frasers Hospitality recorded solid revenue and profit growth in FY2013. This year, revenue grew 40 per cent to $184 million, boosted by higher management income and rentals from strong demand from most of its properties including new properties in Australia, Singapore and the UK. Consequently, PBIT grew 74 per cent, to $70 million. Hospitality continued to strengthen its presence by securing management contracts and expanding the *Fraser* gold-standard serviced residences franchise, as well as the newly launched *Capri by Fraser* brand.