

3Q2014

FINANCIAL HIGHLIGHTS

08 August 2014



FRASER AND NEAVE, LIMITED



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9M2014 Performance Highlights

35% EBIT growth

Strong performance in the nine months to June 2014 (“9M2014”)

- Strong profit growth in challenging environment
- *Myanmar Beer, 100PLUS, F&N SEASONS* and canned milk recorded strong volume growth
- Adverse foreign exchange effect impacted profits

GROUP FINANCIAL HIGHLIGHTS

Revenue
(millions)

\$1,808.1

▲ 4.9%

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

\$226.9

▲ 35.2%

EBIT margin
(%)

12.5%

▲ 282bps

Gearing
(millions)

\$339 (net cash)

▲ -nm-

Earnings per share (basic)^{1,2}
(cents)

8.2

▲ 18.8%

Dividend per share (interim)³
(cents)

2.0

▼ 42.9%

(capital reduction of \$0.42 in Apr 2014)

¹ Excludes Discontinued Operations

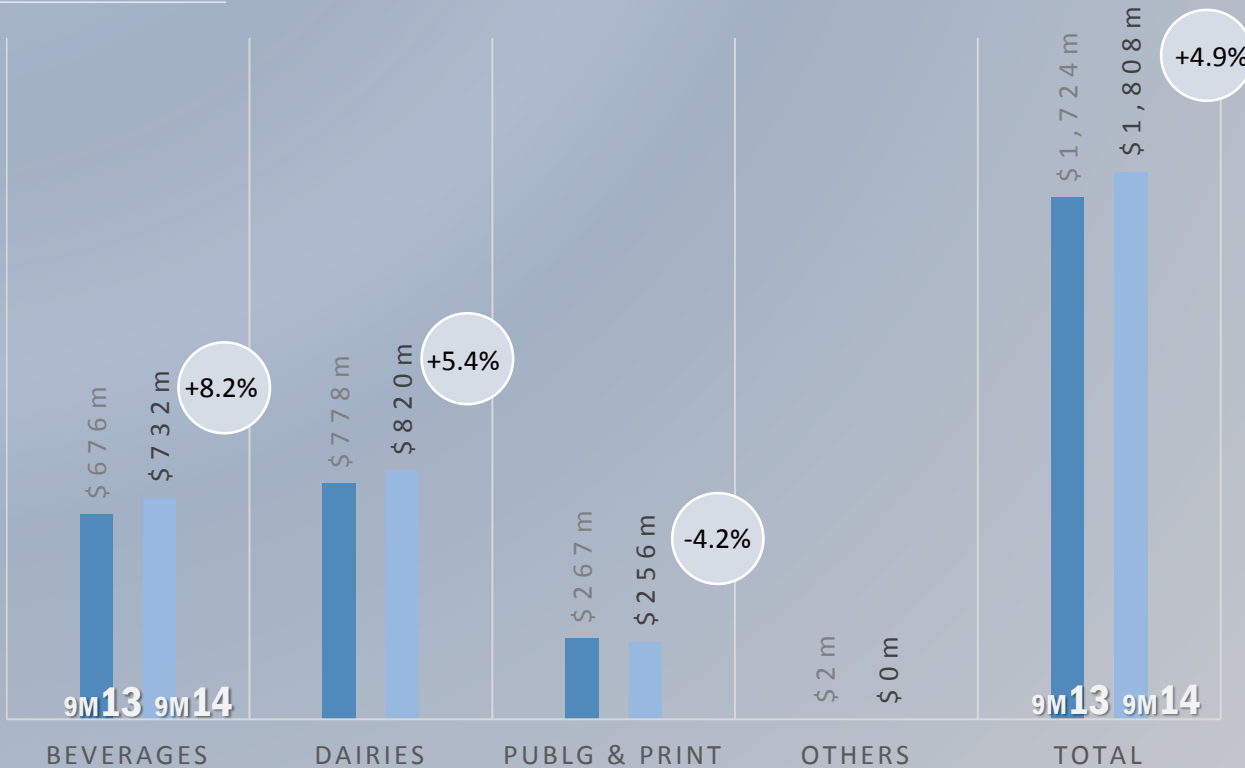
² Before fair value adjustment and exceptional items

³ Interim dividend was declared on 9 May 2014 and paid on 12 June 2014

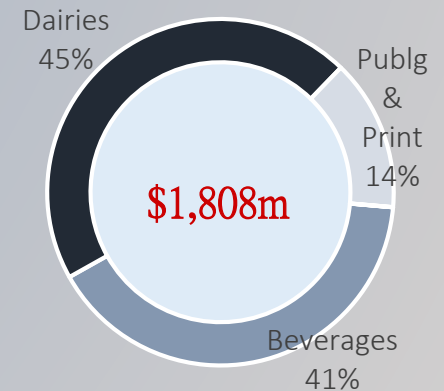
REVENUE GREW 4.9%

Supported by strong volume growth in Food & Beverage

Revenue by Business Segment (\$)



9M14 Revenue by Business Segment (%)



¹ 9M2013 figures have been restated upon the demerger of FCL

² Beverages comprises Soft Drinks and Beer

³ Publg & Print denotes Publishing & Printing

Revenue | Beverages

Revenue growth supported by higher volumes, moderated by weaker Kyat and Ringgit

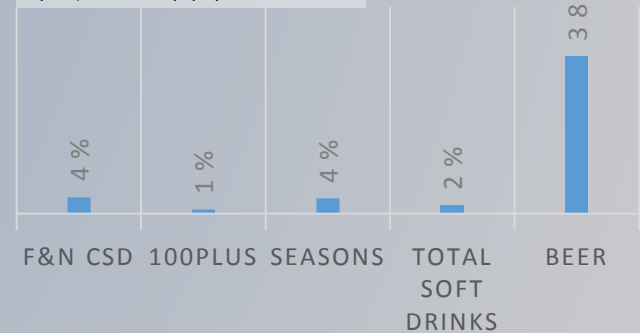
Beverages: Beer

- Volume grew 38% driven by effective marketing and sports sponsorship and enhanced route-to-market excellence
- *MYANMAR BEER* enjoyed double-digit growth in sales
- Beer revenue improved 28%, adversely affected by weaker Kyat (+38% in constant currency)
- Capacity upgrade in progress

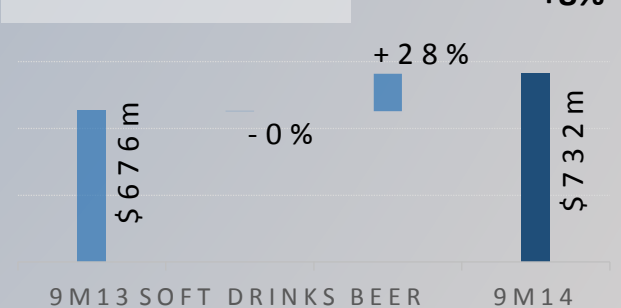
Beverages: Soft Drinks

- Volume improved 2% despite weaker consumer sentiment in Malaysia due to withdrawal of government subsidies
- Power brands *100PLUS* and *F&N SEASONS Nutrisoy* continued to record volume growth
- Soft Drinks posted flat revenue growth, due to weaker Ringgit (+3% in constant currency)

Volume Growth
(Key Brands) (%)



9M2014 Revenue



Revenue | Dairies

Revenue grew 8%¹; Malaysia and Thailand each recorded double-digit revenue growth²

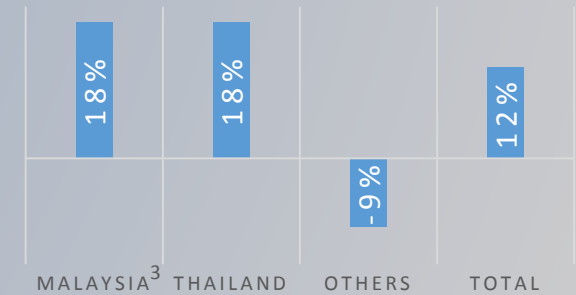
Dairies: Malaysia

- Volume increased 18%, ahead of category
- Robust domestic volume growth was supported by effective trade programs and strong sales execution, despite weaker consumer sentiment
- Revenue growth driven mainly by higher *TEAPOT* and *GOLD COIN* canned milk volumes
- Revenue adversely affected by weaker Ringgit

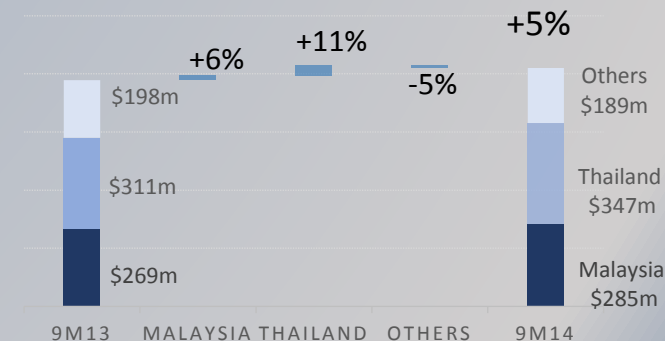
Dairies: Thailand

- Double-digit volume and revenue growth arising from effective brand building activities and improved outlet execution
 - Indochina and Export also recorded strong volume growth
- F&N brands performed well, with higher volumes from *TEAPOT* canned milk and *F&N MAGNOLIA* pasteurised milk
- Revenue adversely affected by weaker Baht

Volume Growth (%)



9M2014 Revenue



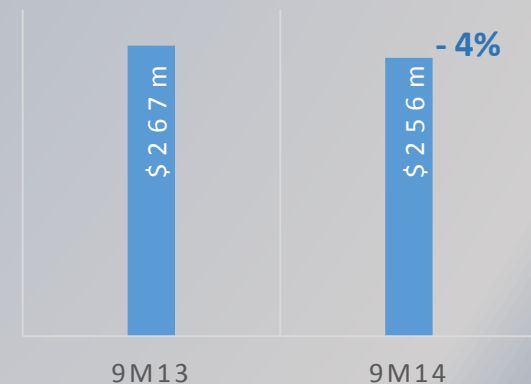
¹ In constant currency

² In local currency (Ringgit)

³ Excludes Export

Revenue | Publishing & Printing

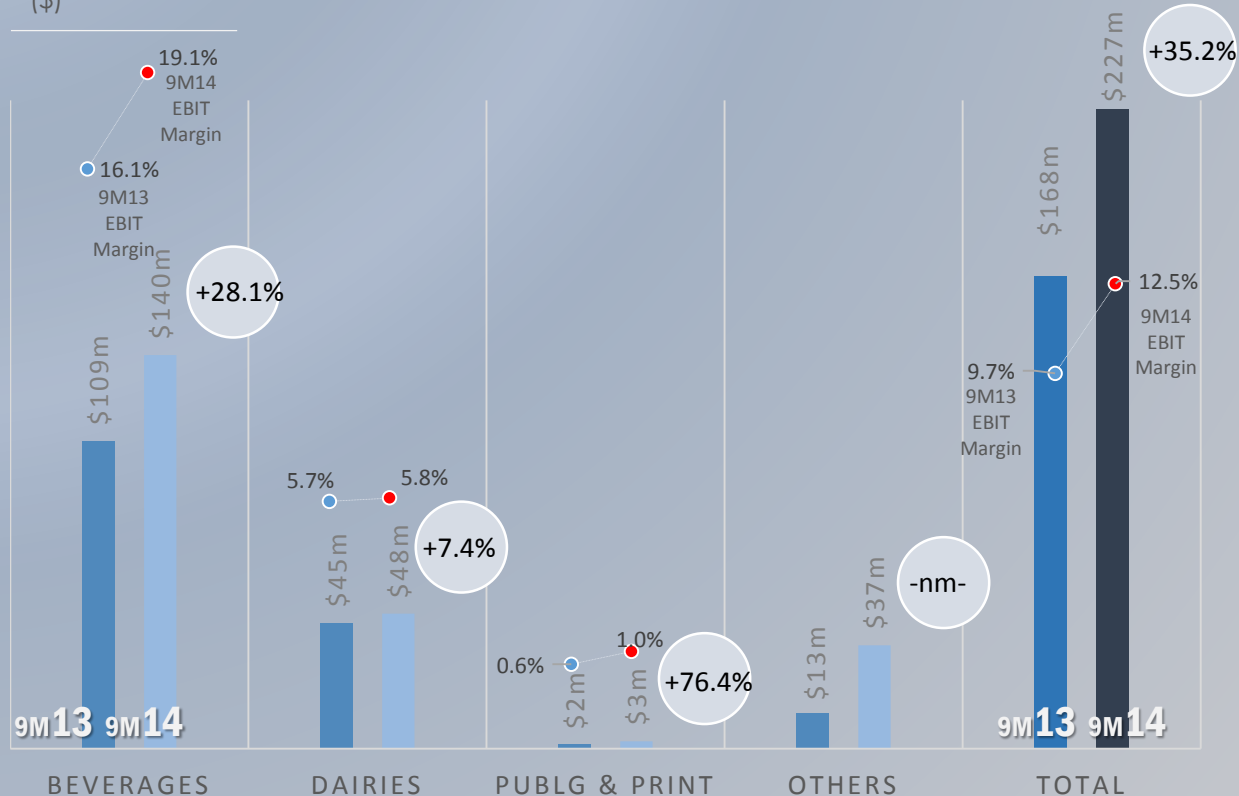
- Publishing continued to diversify and grow its customer base
 - Strong overseas sales partly offset by lower local sales
 - Exclusive partnership with Oxford University Press; textbook adoption in Chile
- Printing continued to face pricing pressure
 - Lower demand from the US and Australia, partly compensated by successful acquisition of local and regional print work



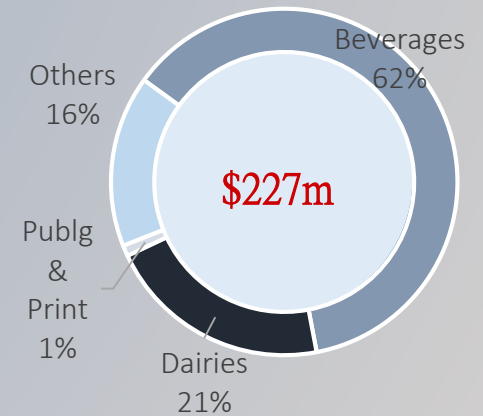
EBIT GREW 35.2%

Profit growth support by improved margins

EBIT by Business Segment (\$)



9M14 EBIT by Business Segment (%)



¹ 9M2013 figures have been restated upon the adoption of Revised FRS19 and demerger of FCL

² Beverages comprises Soft Drinks and Beer

³ Publg & Print denotes Publishing & Printing

EBIT | Beverages

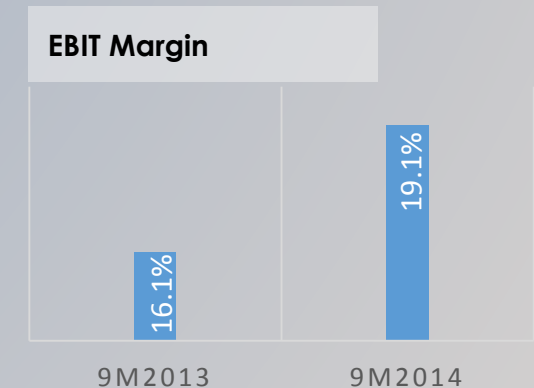
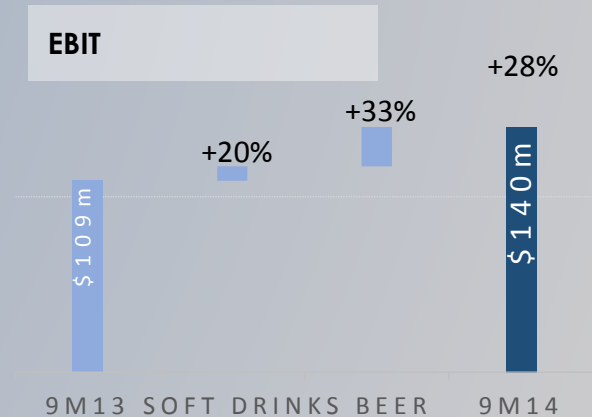
Earnings jumped 28% on higher sales and improved margins, despite weaker Kyat and Ringgit

Beverages: Beer

- Earnings driven by higher sales and favourable mix
- Beer EBIT improved 33% despite higher marketing spend and distribution cost as well as weaker Kyat
- In constant currency, Beer EBIT surged 44%

Beverages: Soft Drinks

- Favourable sales mix, improved yield and production efficiency supported profit growth of 20% (in constant currency +24%)
- Margins improved to 10.3% despite weaker Ringgit
- Singapore returned to profit with improved sales and operational efficiencies
- Malaysia's EBIT grew 10%¹, supported by favourable sales mix and improved production efficiencies



EBIT | Dairies

EBIT grew 11%¹, supported by Malaysia; pricing control stemmed Thailand's growth

Dairies: Malaysia

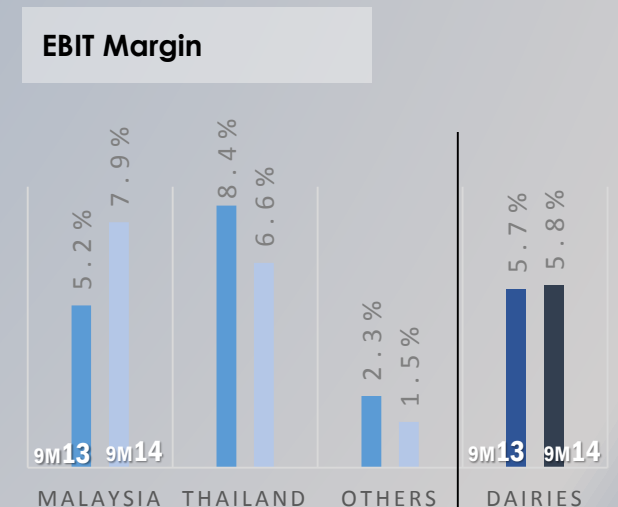
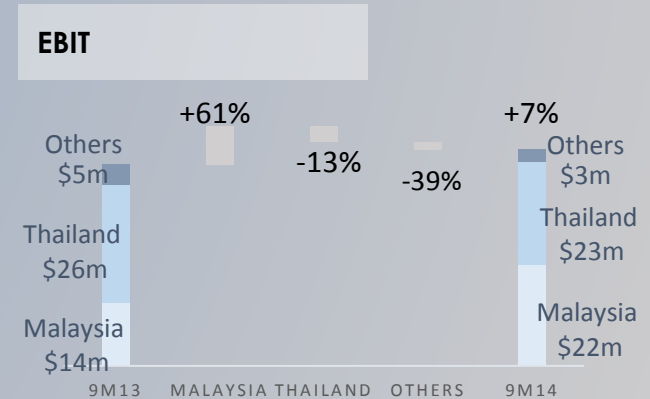
- EBIT growth of 61%
- Driven by improved production yields, lower input costs, better bad debts recovery and non-recurring expenses in FY2013 (exclude non-recurring expenses, EBIT improved 29%)
- EBIT margin improved to 7.9%

Dairies: Thailand

- Despite double-digit growth in volume and revenue, EBIT dropped 13%
- Impacted by higher input costs, pricing control by the Thai government and weaker Baht
- EBIT margin dropped from 8.4% to 6.6%

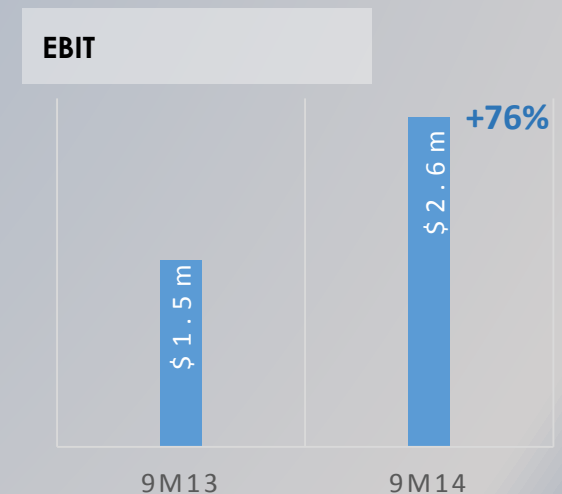
Dairies: Singapore

- Despite one-off adjustment, Singapore EBIT grew 4% on 1% revenue growth



EBIT | Publishing & Printing

- Printing profitability improved
 - Profitability improved on effective cost control
 - Benefited from better workflow and savings in operating cost due to consolidation of printing operations in Singapore
- Negated by lower sales from local Education Publishing and non-magazine distribution, and higher amortization cost from Publishing
- Improved performance of associates boosted profit

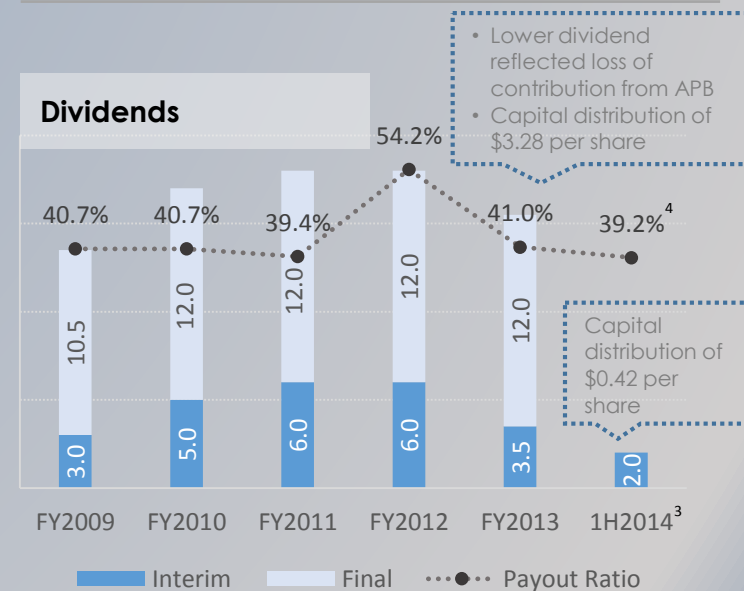


Maintained a strong financial position

Focused on prudent balance sheet management

- Balance sheet reflects completion of distribution *in specie* of Frasers Centrepoint Limited shares
- Capital distribution of \$0.42 per share (\$607 million) completed in April 2014
 - Including \$3.28 per share capital distribution in July 2013, the Group had distributed some \$12 billion to shareholders in last 12 months
 - Net cash position
- Interim dividend of 2.0 cents per share³
 - Reflects Group's earnings following demerger
 - Takes into account Group's capital position and near-term capital needs
 - Dividend policy unchanged

Key Financial Ratios	9M2014	FY2013 ¹
Total Equity ²	\$2,043m	\$8,878m
Total Assets	\$2,771m	\$14,145m
Net cash/(Debt)	\$339m	(\$1,500m)



¹ Restated upon the adoption of Revised FRS 19
² Includes non-controlling interest
³ Interim dividend was declared on 9 May 2014 and paid on 12 June 2014
⁴ Based on earnings @ 1H2014

SUMMARY



SUMMARY

- A strong start to the year
- Maintained leading positions in key markets
- Focus on
 - Strengthening our portfolio: Marketing and product innovation, and M&A
 - Allocating resources: To ensure capacities and capabilities
 - Building on/identifying strategic partnerships and extracting synergistic opportunities
 - Prudent financial management

It may be cool



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Fraser and Neave, Limited



But you still
need hydration



UNAUDITED PRO FORMA PROFIT STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013

FRASER AND NEAVE, LIMITED & SUBSIDIARY COMPANIES UNAUDITED PRO FORMA PROFIT STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Group	
	2013 \$'000 (Restated) ⁽¹⁾	2012 \$'000 (Restated) ⁽¹⁾
<u>Continuing operations</u>		
Revenue	2,294,119	2,161,302
Cost of sales	<u>(1,520,310)</u>	<u>(1,467,456)</u>
Gross profit	773,809	693,846
Other (expenses)/income (net)	(3,886)	2,116
Operating expenses		
-Distribution	(187,591)	(178,142)
-Marketing	(233,906)	(228,713)
-Administration	(162,040)	(155,533)
	<u>(583,537)</u>	<u>(562,388)</u>
Trading profit	186,386	133,574
Share of associated companies' profits	9,748	1,927
Gross income from investments	<u>18,654</u>	<u>13,108</u>
Profit before interest and taxation ("PBIT")	214,788	148,609
Net finance income/(expense)	<u>39,027</u>	<u>(21,594)</u>
Profit before fair value adjustment, taxation and exceptional items	253,815	127,015
Fair value adjustment of investment properties	<u>5,509</u>	<u>4,662</u>
Profit before taxation and exceptional items	259,324	131,677
Exceptional items	<u>(183,428)</u>	<u>6,684</u>
Profit before taxation	75,896	138,361
Taxation	<u>(48,564)</u>	<u>(6,444)</u>
PROFIT FROM CONTINUING OPERATIONS AFTER TAXATION	27,332	131,917

Note:

⁽¹⁾ Restated for demerger of Frasers Centrepoint Limited ("FCL"). The results of FCL has been presented separately as Discontinued Operations.

UNAUDITED PRO FORMA PROFIT STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

FRASER AND NEAVE, LIMITED & SUBSIDIARY COMPANIES UNAUDITED PRO FORMA PROFIT STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Group	
	2013 \$'000 (Restated) ⁽¹⁾	2012 \$'000 (Restated) ⁽¹⁾
Discontinued operations		
Profit from discontinued operations, net of tax	735,737	880,456
Gain on disposal of discontinued operations	4,751,514	-
Profit after taxation	5,514,583	1,012,373
Attributable profit to:		
Shareholders of the Company		
-Before fair value adjustment and exceptional items		
Continuing operations	144,222	67,699
Discontinued operations	401,079	404,636
	545,301	472,335
-Gain on disposal of discontinued operations	4,751,514	-
-Fair value adjustment of investment properties		
Continuing operations	3,862	4,511
Discontinued operations	275,682	337,650
	279,544	342,161
-Exceptional items		
Continuing operations	(190,934)	(2,422)
Discontinued operations	45,542	25,441
	(145,392)	23,019
	5,430,967	837,515
Non-controlling interests		
Continuing operations	70,181	62,129
Discontinued operations	13,435	112,729
	83,616	174,858
	5,514,583	1,012,373

Note:

⁽¹⁾ Restated for demerger of Frasers Centrepoint Limited ("FCL"). The results of FCL has been presented separately as Discontinued Operations.

UNAUDITED PRO FORMA BALANCE SHEET FOR THE YEAR ENDED 30 SEPTEMBER 2013

FRASER AND NEAVE, LIMITED & SUBSIDIARY COMPANIES

UNAUDITED PRO FORMA BALANCE SHEET AS AT 30 SEPTEMBER 2013

	Group	
	2013 \$'000 <u>(Restated) ⁽¹⁾</u>	2012 \$'000 <u>(Restated) ⁽²⁾</u>
SHARE CAPITAL AND RESERVES		
Share capital	834,659	768,664
Treasury shares	(23)	(23)
Reserves	<u>1,003,198</u>	<u>830,305</u>
	1,837,834	1,598,946
Non-controlling interests	<u>346,329</u>	<u>347,545</u>
	<u><u>2,184,163</u></u>	<u><u>1,946,491</u></u>
 Represented by :		
NON-CURRENT ASSETS		
Fixed assets	667,510	714,110
Associated companies	145,219	258,175
Other investments	673,072	372,813
Other non-current assets	187,416	189,189
	<u>1,673,217</u>	<u>1,534,287</u>

Notes:

⁽¹⁾ Restated for demerger of FCL and capital reduction of \$0.42 (in April 2014).

⁽²⁾ Restated for disposal of Asia Pacific Breweries, capital reduction of \$3.28 (in July 2013), demerger of FCL and capital reduction of \$0.42 (in April 2014).

UNAUDITED PRO FORMA BALANCE SHEET FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

FRASER AND NEAVE, LIMITED & SUBSIDIARY COMPANIES UNAUDITED PRO FORMA BALANCE SHEET AS AT 30 SEPTEMBER 2013

	Group	
	2013 \$'000	2012 \$'000
	(Restated) ⁽¹⁾	(Restated) ⁽²⁾
CURRENT ASSETS		
Inventories	245,828	261,761
Trade receivables	305,445	309,217
Bank fixed deposits and cash and bank balances	697,818	592,416
Other current assets	113,303	134,010
	<u>1,362,394</u>	<u>1,297,404</u>
Deduct : CURRENT LIABILITIES		
Trade and other payables	431,328	436,192
Borrowings	105,904	190,735
Other current liabilities	51,916	53,101
	<u>589,148</u>	<u>680,028</u>
NET CURRENT ASSETS	773,246	617,376
Deduct : NON-CURRENT LIABILITIES		
Other non-current liabilities	262,300	205,172
	<u><u>2,184,163</u></u>	<u><u>1,946,491</u></u>

Notes:

⁽¹⁾ Restated for demerger of FCL and capital reduction of \$0.42 (in April 2014).

⁽²⁾ Restated for disposal of Asia Pacific Breweries, capital reduction of \$3.28 (in July 2013), demerger of FCL and capital reduction of \$0.42 (in April 2014).