

REPL::General Announcement::Renewal of Licensing Agreements between Fraser & Neave Holdings Bhd and Nestle

Issuer & Securities

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Announcement Details

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Announcement Sub Title	Renewal of Licensing Agreements between Fraser & Neave Holdings Bhd and Nestle
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Submitted By (Co./ Ind. Name)	Anthony Cheong Fook Seng
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	<p>Fraser and Neave, Limited ("F&NL" or the "Company") attaches for information the following relating to the abovementioned matter, which were issued today:</p> <p>(1) Press release from the Company; and</p> <p>(2) An announcement to Bursa Malaysia and a Press Release by Fraser & Neave Holdings Bhd.</p>
Attachments	<p>@FNL-Press_Release-Nestle_Agreements.pdf</p> <p>@FN_Holdings_Bhd-Bursa_Announcement-Nestle_TMLA.pdf</p> <p>Total size =517K</p>
Related Announcements	23/01/2015 18:19:04

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F&N Secures 22-Year Licensing Agreements with Nestlé

23 January 2015 (Singapore) - Fraser and Neave, Limited (“F&N” or the “Group”), through its listed subsidiary Fraser & Neave Holdings Bhd in Malaysia, has signed several agreements with Société Des Produits Nestlé S.A. and Nestec S.A (collectively, “Nestlé”) to manufacture and distribute *Carnation*, *Bear Brand*, *Bear Brand Gold*, *Ideal Milk* and *Milkmaid* in ASEAN, including Singapore, Thailand, Malaysia and Brunei.

The licenses are for a period of 11 years 7 months, with a right to extend for a term of 10 years until 31 January 2037. These agreements extend the term of the Group’s existing licenses granted by Nestlé on 1 February, 2007 when the Group acquired Nestlé’s canned liquid milk, UHT and chilled dairy and juice business in Thailand, and the *Tea Pot* brand. The agreements shall take effect 1 July, 2015.

The new arrangements include the right to the 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.

F&N Chief Executive Officer, Non-Alcoholic Beverages, Dato Ng Jui Sia, welcoming the continuing collaboration, said “We are very pleased to have signed these agreements with Nestlé. Nestlé’s *Carnation* and *Bear* brands already enjoy a strong consumer following in ASEAN. Coupled with our unrivalled on- and off-trade distribution network, we are able to realise their massive potential in this region.”

To cater to the growing market demand, the Group continued to invest in Malaysia and Thailand. In 2015, the Group plans to invest THB300 million (S\$12 million) on a new filling and packaging line at our manufacturing plant in Rojana, Thailand, to undertake manufacture of *Carnation* evaporated milk. This puts total investment, since 2007, in Malaysia and Thailand, at close to RM1 billion (S\$372 million). Today, F&N is a leading manufacturer of canned milk in Asia (with production facilities in Thailand and Malaysia). The Group is the undisputed market leader in the condensed milk segment in Malaysia with market share of over 66%. Similarly in Thailand, the Group leads the condensed milk and sterilised milk segments.



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About Fraser and Neave, Limited

Established in 1883, Fraser and Neave, Limited ("F&N") is a leading Asia Pacific Consumer Group with expertise and prominent standing in the Food & Beverage and Publishing & Printing industries.

Leveraging its strengths in marketing and distribution; research and development; brands and financial management; as well as years of acquisition experience, F&N provides key resources and sets strategic directions for its subsidiary companies across both industries.

Listed on the Singapore stock exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 12 countries spanning Asia Pacific, Europe and the USA, and employs over 8,500 people worldwide.

For more information on F&N, please visit www.fraserandneave.com.



General Announcement

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Company Information

Main Market Company

New Announcement

Submitting Investment Bank/Advisor
(if applicable)

Submitting Secretarial Firm (if
applicable)

* Company name	FRASER & NEAVE HOLDINGS BHD
* Stock name	F&N
* Stock code	3689
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Subject *: OTHERS
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Details/Table Section or attach the full announcement details as an attachment)

Fraser & Neave Holdings Bhd ("F&NHB" or "Company")

-Licensing and Distribution Arrangements with Société des Produits Nestlé S.A., and Nestec S.A

Announcement Details/Table Section :-

(This field is for the details of the announcement, if applicable)

Attached are the announcement and press release pertaining to the above subject matter.

This announcement is dated 23 January 2015.

Attachment(s):- (please attach the attachments here)

📎Nestle Licences-Bursa Annment 2015 01 23.pdf

📎Nestle Licences-Press Release 2015 01 23.pdf

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Fraser & Neave Holdings Bhd ("F&NHB" or "Company")

-Licensing and Distribution Arrangements with Société des Produits Nestlé S.A., and Nestec S.A.

The Directors of F&NHB hereby announce that F&NHB and its dairy subsidiaries have on 23 January 2015 entered into the following agreements with Société des Produits Nestlé S.A. ("Nestle") and Nestec S.A. ("Nestec") to manufacture and distribute certain Nestle brand name products in Thailand, Laos PDR, Cambodia, Singapore, Malaysia and Brunei:

1. A Licence Agreement between F&NHB, F&N Dairies (Thailand) Limited ("FNDT"), Nestle and Nestec, pursuant to which FNDT will undertake the manufacture, promotion, sale and distribution of Sweetened Beverage Creamer ("SBC"), Sweetened Condensed Milk ("SCM") and Evaporated Milk/Creamer ("EM") under "CARNATION" brand in Thailand, Laos PDR and Cambodia subject to a royalty payment based on a percentage of net proceeds of sale (the "Thailand Canned Liquid Milk Licence Agreement").
2. A Licence Agreement between F&NHB, FNDT, Nestlé and Nestec, pursuant to which FNDT will undertake the manufacture, promotion, sale and distribution of sterilised milk under "BEAR BRAND" in Thailand and Laos PDR subject to a royalty payment based on a percentage of net proceeds of sale (the "Thailand Sterilised Milk Licence Agreement.")
3. An Amendment of Licence Agreement between F&NHB, F&N Dairies (Malaysia) Sdn Bhd ("FNDM"), Nestle and Nestec to amend the Licence Agreement dated 1 February 2007, pursuant to which FNDM undertakes the manufacture, promotion, sale and distribution of SBC, SCM and EM under "CARNATION", "MILKMAID" and "IDEAL" brands in Malaysia and Brunei.
4. An Amendment of Licence Agreement between F&NHB, F&N Dairies Distribution (Singapore) Pte Ltd. ("FNDDS"), Nestle and Nestec to amend the Licence Agreement dated 1 February 2007 pursuant to which FNDDS undertakes the manufacture, promotion, sale and distribution of SBC, SCM and EM under "CARNATION", "MILKMAID" and "IDEAL" brands in Singapore.

The four contracts above extend the term of the F&NHB Group's initial licences granted by Nestle and Nestec following F&NHB's acquisition of Nestle's canned liquid milk, UHT and chilled dairy and juice businesses, in addition to acquiring relevant Nestle production facilities and equipment in Thailand and the *Tea Pot* brand on 1 February 2007. The licences are for an initial period of 11 years 7 months with a right to extend for a term of 10 years until 31 January 2037. Thereafter, the licences may be renewed for further five-year terms if all parties agree in writing.

The Thailand Canned Liquid Milk Licence Agreement and the Thailand Sterilised Milk Licence Agreement will replace the Licence Agreement for Canned Liquid Milk and the Licence Agreement for UHT Milk Agreement both dated 1 February 2007 and entered into between F&NHB, FNDT, Nestle and Nestec which are being terminated with effect from 30 June 2015. Under these new arrangements, Milo UHT and Bear Brand UHT for Thailand and the Indochina market will be returned to Nestle in a strategic realignment that will enable Nestle to strengthen their regional strategy in this category.

The long term arrangements as a result of entering into the above agreements will enable the F&NHB Group to strengthen its focus on core categories whilst maintaining the broadest portfolio of canned milk brands in the region.

The new arrangements will have no significant impact on F&NHB's overall performance for the financial year 2014/2015.

This announcement is dated 23 January 2015.



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FRASER & NEAVE HOLDINGS BHD

(Company No. 004205-V)

F&N RENEWS ASEAN LICENCES FOR NESTLE LIQUID MILK BRANDS

Fraser & Neave Holdings Bhd (F&NHB) and its dairy subsidiaries have renewed licences for Nestlé liquid milk brands granted in 2007. Consequently, F&N will continue to manufacture and distribute Carnation, Bear Brand, Bear Brand Gold, Ideal Milk and Milkmaid in Singapore, Thailand, Malaysia, Brunei and Laos, until 2037.

The licences, which were originally granted by Nestlé in 2007 under a RM310 million deal, saw the F&NHB Group acquiring Nestlé's canned liquid milk, UHT and chilled dairy and juice business, in addition to acquiring relevant Nestlé production facilities and equipment in Thailand, and the Tea Pot brand.

Under the new arrangements, F&NHB will continue 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.

F&NHB will also continue to manufacture and distribute Bear Brand Sterilised Milk and Bear Brand Gold for Thailand and Laos.

Meanwhile, Milo UHT and Bear Brand UHT for Thailand and the Indochina market returns to Nestlé in a strategic realignment that will enable Nestlé to strengthen their regional strategy in this category.

F&NHB Chief Executive Officer, Lim Yew Hoe hailed the new licence agreements and renewal agreements as a tremendous boost to deepening and widening the Group's footprint in the ASEAN region.

"This extended tenure granted ahead of its expiry in 2017 is testament to Nestlé's confidence in F&NHB. The long time frame offers us many options, as it enables us to plan and invest to ensure that we exploit and grow every opportunity for not just Carnation and Bear Brand, but our full portfolio of canned milk products."

"Since entering into the licence agreements with Nestlé in 2007, we have successfully extended *Carnation's* leadership in all designated countries and invested RM600 million to establish new plants in Rojana, Thailand and Pulau Indah, Malaysia. These investments also benefitted Nestlé brands," he added.

According to Lim, F&NHB will invest a further Thai Baht 300 million in 2015 on an additional filling and packaging line to undertake manufacturing of the Carnation evaporated milk at its manufacturing plant in Rojana, to cater for growing market demand as its current capacity is nearing full utilisation.

Carnation is the number one condensed milk brand in the premium segment with two thirds of Thailand's total condensed milk market and a strong 30 per cent growth in sales last year, while the condensed milk industry in Thailand as a whole declined five per cent. Likewise for Malaysia and Singapore, Carnation enjoyed a strong double digit volume growth last year.

The agreements were signed by Lim representing F&NHB while Mr. Wayne England, Chairman and Chief Executive Officer of Nestlé Indochina inked the agreements on behalf of Nestlé.

Lim said there will be no significant impact on F&NHB's overall performance for the 2014/2015 financial year.

"The long term arrangements will enable F&NHB to strengthen our focus on core categories. We have the broadest portfolio of canned milk brands in the region and are confident of leveraging our expertise in the marketplace to build momentum through various renovation and innovation initiatives," he added.

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