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FRASER AND NEAVE, LIMITED
Company Registration No. 189800001R
Incorporated in the Republic of Singapore

F&N full-year attributable profit decreased 2 per cent to $150.4 million

- ***Revenue was down 4 per cent to $1,833.5 million, impacted by lower volumes from Soft Drinks and Publishing and Printing***
- ***PBIT[1] decreased 6 per cent to $267.4 million***
    - ***Food & Beverage declined 1 per cent on lower sales and higher commodity costs, despite strong growth in Dairies Thailand, reduced gestation losses from greenfield brewery in Myanmar and higher share of profit from associated company***
    - ***Publishing & Printing recorded loss of $10.5 million, from a loss of $1.4 million in FY2019 after normalising for the one-off gains of $10.7 million from sale of non-core assets***
- ***APBFE declined 2 per cent to $150.4 million; proposed final dividend of 3.5 cents per share brings total full-year dividend to 5.0 cents, down from 5.5 cents in prior year***

Financial Highlights ($ 'million)	Full-year to 30 September 2020	Full-year to 30 September 2019 (restated[3])
Revenue	1,833.5	1,902.3
PBIT[1]	267.4	283.2
Profit After Taxation	207.7	212.1
Attributable Profit[2]	150.4	153.0
Earnings Per Share (basic)(cents)[2]	10.4	10.6
Net Asset Value Per Share	$2.05	$2.02

[1] *PBIT denotes profit before interest, taxation and exceptional items*
[2] *Before fair value adjustment and exceptional items*
[3] *Restated upon finalisation of purchase price allocation for the acquisition of Print Lab*

SINGAPORE, 11 NOVEMBER 2020 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") today announced financial results for the full-year ended 30 September 2020 ("**FY2020**").

Despite delivering a strong first half performance, F&N FY2020 results were adversely impacted by the COVID-19 pandemic. Lockdowns, in varying degrees, were introduced across Southeast Asia in the second half of this fiscal year which resulted in challenging trading conditions. The regulations set during the mandatory movement control order in Malaysia, state of emergency declared in Thailand, as well as circuit breaker in Singapore have had a severe impact on on-trade sales and consumer sentiment. While the strong growth seen in modern off-trade and e-commerce, and the additional contribution from new brewery in Myanmar have compensated for challenges in other businesses, Group full-year revenue fell 4 per cent to $1,833.5 million, from $1,902.3 million in the prior year.

F&N Group FY2020 profit before interest and taxation ("**PBIT**") declined $15.8 million, or 6 per cent, to $267.4 million from $283.2 million in the prior year as a result of lower sales and higher input costs. This was despite higher profit contribution from our associated company, Vietnam Dairy Products Joint Stock Company ("**Vinamilk**"), lower gestation losses from the Group's new brewery in Myanmar and savings from ongoing cost reduction efforts. Lower pre-tax income was offset by the write-back of prior year tax provision, easing the decline in profit after taxation to 2 per cent, to $207.7 million from $212.1 million previously.

Food & Beverage ("**F&B**") FY2020 revenue decreased 1 per cent to $1,603.1 million, from $1,624.6 million in the prior year. Beverages' (comprising Soft Drinks and Beer) decline came from lower Soft Drinks sales where volumes were impacted by flooding in East Malaysia in December and adverse impact of lockdowns. Soft Drinks revenue was lower despite successful execution of festive campaigns in the first half of the fiscal year, new product launches and higher export. Its weaker performance was partially cushioned by maiden contribution from Emerald Brewery Myanmar Limited ("**EBML**"), F&N's new brewery in Myanmar, which started commercial operations in October 2019 and has performed ahead of expectations. As a result of lower gestation losses in EBML and disciplined cost management, Beverages PBIT grew 1 per cent to $17.3 million, from $17.2 million in the prior year.

Dairies has shown more resilience against the adverse effects of this pandemic. Its FY2020 revenue grew 1 per cent to $1,163.8 million, from $1,153.3 million* in the prior year. Sales was bolstered by higher off-trade consumption, improved route-to-market, strong export sales, successful launches of new products, as well as favourable currency translation. Despite cost mitigating measures, higher share of profit from Vinamilk and improved earnings in Dairies Thailand, Dairies FY2020 PBIT fell 1 per cent to $263.5 million, from $265.0 million* in the previous year.

Dairies Thailand and Vinamilk continued to drive Dairies profitability. Considering the challenging market conditions, Dairies Thailand recorded credible top- and bottom-line growth. Its growth was fuelled by successful execution of marketing and branding initiatives for domestic and Indochina markets, along with capacity expansion and favourable input costs. Similarly, the Group's higher share of profit of $120.7 million from Vinamilk also supported Dairies earnings. On the other hand, Dairies Malaysia FY2020 revenue and earnings fell in the wake of COVID-19 lockdowns, like Soft Drinks Malaysia. Although take-home channel has proven resilient, it was not enough to compensate for the closures of on-premise outlets and higher input costs in Malaysia.

The digital transformation at F&N continues apace. Early this year, as part of F&N's strategy to pursue omni-channel retailing and meet the evolving needs and purchasing habits of consumers, the Group unveiled its first business-to-customer online store in Malaysia, F&N Life. F&N Life is in addition to other e-commerce platforms like Lazada, Shopee, T-Mall and JD.com. The e-commerce platform complements traditional physical assets with the information-rich experience of online shopping, offering greater convenience, accessibility and value to Malaysians. As Malaysians shifted away from physical store visits during this pandemic, the Group's online sales surged 25 per cent, offsetting some of the loss of on-trade sales.

The COVID-19 pandemic has significantly impacted the Publishing & Printing ("**P&P**") business. The temporary closures of book retail outlets and printing plants in China and Malaysia, as well as the cancellation of textbook adoptions in key markets due to prolonged school closures have impacted P&P's performance. FY2020 revenue recorded a decline of 17 per cent, to $230.0 million. While proactive cost saving measures by P&P have mitigated the impact of COVID-19 pandemic, it still recorded a loss of $10.5 million, down significantly from a PBIT of $9.3 million in the prior year which included one-off gains of $10.7 million from sale of non-core assets.

Mr Koh Poh Tiong, Chairman of the F&N Board Executive Committee said, "The Group delivered a relatively satisfactory full-year financial performance as we continue to navigate through the challenging environment presented by the ongoing COVID-19 pandemic. While we have had a challenging third quarter, our businesses benefitted from the re-opening of regional economies in the fourth quarter. We saw incremental sales growth in all our operating segments over the quarter, and we have climbed out from what we believe was the revenue trough of our F&B and P&P businesses in the third quarter. Although the green shoots to-date are encouraging, we are not yet out of the woods. Barring a deterioration in the COVID-19 pandemic and any unforeseen circumstances, we hope that the nascent recovery will gain further traction in the near future."

"As we continue to navigate the COVID-19 pandemic and its impact, we remain focused on our strategy to deliver value and enable us to emerge stronger, including investing in digitization, doubling down on our fast-growing direct-to-consumer business, while continuing to seize growth opportunities present in our core markets in South East Asia," Mr Koh added.

Proposed Final Dividend of 3.5 cents per share

The Directors have determined that it is prudent to maintain a strong balance sheet to provide the flexibility for the Group to invest and take advantage of opportunities as they arise. In view of the anticipated working capital requirement in the coming year, Directors have proposed a final dividend of 3.5 cents per share. Together with the interim dividend of 1.5 cents per share paid in June 2020, total dividend for this year amounted to 5.0 cents, down from 5.5 cents in the prior year. This corresponds to a total dividend ratio of 48 per cent of Group attributable profit before fair value adjustment and exceptional items. If approved by shareholders at the Annual General Meeting on 21 January 2021, the final dividend will be paid on 10 February 2021.

Corporate Developments

F&N increases its stake in Vinamilk to 20.4 per cent, from 20.0 per cent in December 2019

Through purchases from the open market, the Group continued to increase its stake in Vinamilk. Today, the Group's shareholding in Vinamilk has risen to 20.4 per cent.

Protecting stakeholders and ensuring business continuity during COVID-19

The Group has implemented several measures to minimize the impact of COVID-19 on the businesses of the Group, prioritizing the health and safety of its staff, customers, partners and the communities in which it operates. These measures included implementing work from home and precautionary distancing measures in its offices to secure the day-to-day operations of the Group. Meetings, both internal and external, were conducted virtually, utilising the available technology. In addition, the Board and Management have also conducted cash flow planning and stress-tested the sustainability of income and asset pools. The heightened liquidity risks are being mitigated by stringent cashflow management and cost savings measures. The Group also reviewed the effectiveness of its strategies, to protect the interests of the Group and its stakeholders.

Since the escalation of COVID-19 outbreak, F&N has also stepped up food and product donations to local communities. Recipient organizations included various local charities, medical institutions and food banks. The Group will continue to support and provide aids, donations and sponsorship as this health crisis evolves.

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For clarification and further enquiries, please contact:

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* Reclassification of segmental information has been made to the comparative year to conform with current year's presentation