#20-00 Alexandra Point
438 Alexandra Road
Singapore 119958

Tel : (65) 6318 9393
Fax : (65) 6271 0811
Website: www.fraserandneave.com

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

F&N posts resilient FY2021 results

- ***FY2021 revenue increased 2 per cent to $1,879.2 million on higher Beverages and Dairies volume***
- ***Strong cost control cushioned impact of increased raw materials and freight costs, and unfavourable foreign currency effect; FY2021 PBIT[1] fell 2 per cent to $261.7 million***
- ***Attributable profit[2] declined 3.4 per cent to $145.2 million***
- ***Total dividends for FY2021 at 5.0 cents per share, same as last year***

Financial Highlights (S$ 'million)	**6 months to 30 Sep 2021**	**6 months to 30 Sep 2020**	**Full-Year Ended 30 Sep 2021**	**Full-Year Ended 30 Sep 2020**
Revenue	890.6	864.1	1,879.2	1,833.5
PBIT[1]	108.5	125.5	261.7	267.4
Profit After Taxation	77.7	102.1	195.5	207.7
Attributable Profit[2]	61.8	78.6	145.2	150.4
Earnings Per Share (basic)(cents)[2]	4.3	5.4	10.0	10.4
Net Asset Value Per Share			$2.08	$2.05

[1] *PBIT denotes profit before interest, taxation, fair value adjustment and exceptional items*
[2] *Before fair value adjustment and exceptional items*

SINGAPORE, 05 November 2021 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") today announced financial results for the second half year and fiscal year ended 30 September 2021.

FULL-YEAR ENDED 30 SEPTEMBER 2021 ("FY2021")

The Group started the fiscal year strongly and delivered post-tax growth of 12 per cent in the first six months of the year. In July 2021, as the highly transmissible Delta variant of the coronavirus spread across Southeast Asia, enhanced pandemic-related movement restrictions were imposed. These restrictions have disrupted supply chain, impacted consumer sentiments and inadvertently, our businesses in key markets.

Despite COVID-19-induced disruptions, the Group posted full-year revenue of $1,879.2 million, up 2 per cent from $1,833.5 million over the prior year ("**FY2020**"), lifted by Food & Beverage ("**F&B**") division. F&N was able to deliver top line growth through its diversified portfolio and commercial excellence. However, in spite of higher sales, and stringent cost management and cost-reduction exercises, earnings were squeezed by a combination of rising input costs, the spike in freight charges, as well as adverse foreign currency translation impact. Accordingly, due to the 8-per-cent decline in F&B earnings, Group FY2021 PBIT decreased 2 per cent to $261.7 million, down from $267.4 million in FY2020. Its after-tax profit also fell, by 6 per cent to $195.5 million, from $207.7 million a year ago. After-tax profit was impacted by an $8.7-million exceptional charge, which largely arose from restructuring initiatives implemented by the Group to reduce costs, streamline operations and build resilience.

Notwithstanding the continued disruption caused by the COVID-19 pandemic, F&B's FY2021 revenue increased 2 per cent from a year ago, to $1,642.8 million from $1,603.1 million. Higher Beverages (comprises Soft Drinks and Beer) and Dairies volume contributed to F&B's top line growth. The rising cost environment and unfavourable currency rates, however, eroded F&B's margin. F&B's FY2021 PBIT fell 8 per cent from last year, to $258.1 million from $280.8 million.

Revenue growth in Beverages was led by Beer. Benefitting from improved route-to-market and increasing demand for CHANG beer, its revenue grew 66 per cent over the prior year. Cushioned by higher sales from the vending business and functional products, Soft Drinks revenue fell marginally in FY2021, by 1 per cent from FY2020, despite the impact from lockdowns of on-premise channel and stay-at-home restrictions. Collectively, Beverages FY2021 revenue grew 3 per cent from last year, to $452.7 million from $439.4 million.

On the back of improved sales mix, disciplined cost management and reduced promotional and marketing expenses, Beverages profitability improved 15 per cent from a year ago, to $20.0 million from $17.3 million. This strong performance was achieved in spite of higher input costs and unfavourable foreign currency translation. Excluding the foreign currency translation losses, Beverages FY2021 PBIT would have improved 65 per cent.

Higher Dairies sales also lifted F&B's FY2021 revenue. Dairies FY2021 revenue increased 2 per cent, driven by higher domestic canned milk sales and strong export volume to Africa, Greater China, Indochina and Middle East. The better performance was achieved in the face of subdued on-premise channel demand in Singapore, Malaysia and Thailand due to movement restrictions.

While sales grew, cost headwinds, exacerbated by the COVID-19 pandemic, have impacted Dairies earnings. Dairies FY2021 PBIT fell 10 per cent from last year, to $238.1 million from $263.5 million. The weaker Dairies performance was due largely to Dairies Malaysia where margins contracted on higher input and freight costs. Lower share of profit from associate company in Vietnam, Vietnam Dairy Products Joint Stock Company ("**Vinamilk**") and weaker Dairies Thailand performance also contributed to Dairies' lower earnings. Impacted by unfavourable foreign currency translation and higher input costs, Vinamilk's contribution fell 8 per cent from $120.7 million to $111.7 million, while Dairies Thailand earnings declined 3 per cent.

The Group's Publishing & Printing ("**P&P**") achieved revenue of $222.4 million, a marginal decline of 3 per cent compared with last year. Notwithstanding lower sales, P&P managed to narrow its losses significantly, by 76 per cent, from $10.5 million in FY2020 to $2.5 million in this fiscal year. This was achieved through rigorous cost restructuring exercises and improved profitability from Education Publishing and Book Distribution. Education Publishing profitability was lifted by favourable sales mix, coupled with the expansion of its international portfolio while Book Distribution benefited from new publisher acquisitions and significant progress in the penetration of e-commerce platforms.

SECOND HALF YEAR ENDED 30 SEPTEMBER 2021 ("2H2021")

F&N's performance in the 2H2021 was challenged, as expected, by the continual disruptions arising from the COVID-19 pandemic. Despite the COVID-19 movement restrictions imposed in our key markets, the Group posted 2H2021 revenue of $890.6 million, up 3 per cent from $864.1 million in the corresponding period last year ("**2H2020**"). 2H2021 PBIT, however, fell 14 per cent from 2H2020, to $108.5 million from $125.5 million, impacted by unfavourable foreign currency translation, higher input costs, increased freight charges and lower share of profit from Vinamilk. In connection mainly with the Group's restructuring initiatives, which was implemented to reduce costs, streamline operations and build resilience, the Group took an exceptional charge of $7.4 million in the 2H2021. Consequently, profit after tax declined 24 per cent, to $77.7 million from $102.1 million in the corresponding period last year.

Mr Koh Poh Tiong, Chairman of the F&N Board Executive Committee said, "Given the challenges triggered by COVID-19 pandemic, F&N has achieved a satisfactory performance, driven by our resilient management teams. Our performance continued to be underpinned by disciplined execution of growth initiatives, which included innovation, brand building, business expansion and optimising our route-to-market."

"As we transition into the "new normal", we shall continue to stay agile and leverage our multiple engines of growth to position us well for the future. Our leading brands, wide diversified product portfolio, and strong distribution network in our core markets will continue to stand us in a good stead, as the economies emerge from lockdowns and movement restrictions, and progressively reopen borders," Mr Koh added.

Proposed Final Dividend of 3.5 cents per share

The Group remains committed to a sustainable dividend policy of returning approximately 50 per cent of attributable earnings (before exceptional items) to shareholders. For FY2021, the Board is recommending a final dividend of 3.5 cents per share. Together with the interim dividend of 1.5 cents per share paid on 17 June 2021, this brings the total full-year dividend to 5.0 cents per share, which is the same as last year. This represents a payout ratio of 50 per cent of the Group's attributable profit (before exceptional items). If approved by shareholders at the Annual General Meeting on 18 January 2022, the final dividend will be paid on 14 February 2022.

Corporate Developments

(A) F&N enters halal food business with the acquisition of Sri Nona Group

F&N advanced its portfolio expansion through the acquisition of the Sri Nona Group of Companies — Sri Nona Food Industries Sdn Bhd, Sri Nona Industries Sdn Bhd and Lee Shun Hing Sauce Industries Sdn Bhd (collectively, the "**Sri Nona**") — for RM59.5 million ($19.3 million). The addition of Sri Nona's leading brands strengthens our halal position in Malaysia. It creates opportunities for the Group to further leverage its strong R&D capability, and builds on its leadership positions to deliver attractive returns in this high growth, convenience and ready-to-eat food sector.

Sri Nona, based in Malaysia, manufactures, distributes and sells rice cakes (ketupat), condiments (oyster sauce and paste), beverages (ginger tea powder), desserts (pudding and jelly powder), and jams and spreads. It is best known for its flagship product, the NONA Ketupat (rice cakes) range, which is the number one ketupat brand in Malaysia, and its range of oyster sauce, which is among the top three in its category. Sri Nona exports its products globally, including Singapore, Indonesia, Australia, USA and the UK.

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For clarification and further enquiries, please contact:

Mr HUI Choon Kit
Chief Financial Officer and
Company Secretary
DID: 6318 9272

Ms Jennifer YU
Head, Investor Relations
DID: 6318 9231
Email: jenniferyu@fngroup.com.sg