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FRASER AND NEAVE, LIMITED

Company Registration No. 189800001R
Incorporated in the Republic of Singapore

F&N 1H2020 PBIT rises 4 per cent to $141.9 million

- ***Revenue grew 5 per cent to $976.7 million, largely driven by higher volumes from Dairies Thailand and new brewery in Myanmar***
- ***PBIT[1] increased 4 per cent to $141.9 million***
  - ***Beverages profit more than doubled, lifted by Soft Drinks despite gestation expenses related to greenfield brewery in Myanmar***
  - ***Dairies earnings impacted by higher commodity and manufacturing costs***
- ***Profit after taxation fell 1 per cent to $105.6 million***
- ***Interim dividend of 1.5 cents per share declared, equal to last year***
- ***F&N's COVID-19 response***
  - ***Protecting stakeholders and ensuring business continuity***

Financial Highlights ($ 'million)	Six months to 31 March 2020	Six months to 31 March 2019
Revenue	976.7	931.8
PBIT[1]	141.9	136.6
Profit After Taxation	105.6	107.2
Attributable Profit[2]	71.8	73.8
Earnings Per Share (basic)(cents)[2]	5.0	5.1
Net Asset Value Per Share	$2.07	$2.02 (30 Sep 2019)

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

SINGAPORE, 11 MAY 2020 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") today announced financial results for the half-year ended 31 March 2020 ("**1H2020**"). The Group posted half-year revenue of $976.7 million, an increase of 5 per cent over the corresponding period of previous year. Profit before interest and taxation ("**PBIT**") grew 4 per cent, to $141.9 million from $136.6 million. As a result of higher finance cost (due to borrowings to finance investment in Starbucks Thailand) and higher

withholding taxes paid, profit after taxation edged down 1 per cent to $105.6 million, from $107.2 million previously.

In 1H2020, higher Beverages and Dairies sales contributed to Food & Beverage ("**F&B**") division's strong performance, delivering a top-line growth of 6 per cent to $850.3 million, from $803.3 million in the corresponding period last year. Beverages (comprising Soft Drinks and Beer) 1H2020 revenue grew 2 per cent, to $241.1 million from $235.4 million*. Its performance was lifted mainly by maiden contribution from Emerald Brewery Myanmar Limited ("**EBML**"), F&N's new brewery in Myanmar, which started commercial operations on 1 October 2019 and has performed ahead of expectations. Despite execution of festive campaigns, new product launches and higher export sales, Soft Drinks, in particular Malaysia, was faced with challenges of flooding in East Malaysia in December and adverse impacts of the COVID-19 pandemic in March. Consequently, Soft Drinks 1H2020 revenue fell 4 per cent.

Dairies 1H2020 revenue grew 7 per cent, to $609.2 million from $567.9 million* in the corresponding period of last year, bolstered by improved route-to-market, strong export revenue, successful launches of new products in Malaysia and Thailand and favourable translation effect (+3 per cent in constant currency), despite negative impacts of the COVID-19 pandemic.

Group 1H2020 PBIT increased 4 per cent to $141.9 million, up from $136.6 million in the corresponding period of last year, supported by strong Beverages and Dairies Thailand performances. Beverages earnings more than doubled in 1H2020, to $7.6 million from $3.2 million* in the corresponding period last year. The strong growth was attributed to lower marketing spend, offsetting higher logistics and gestation expenses associated with EBML. Dairies, on the other hand, recorded a marginal decline in profits in 1H2020. While Dairies Thailand recorded a 8-per-cent profit growth and Vietnam Dairy Products Joint Stock Company ("**Vinamilk**"), F&N's

associated company, contributed higher share of profit, higher commodity and manufacturing costs and adverse impacts of the COVID-19 pandemic adversely affected Dairies earnings in Malaysia and Singapore. Consequently, Dairies 1H2020 PBIT slid 1 per cent to $139.2 million, from $140.0 million* in the corresponding period of last year.

P&P 1H2020 losses increased to $11.0 million, from $7.1 million in the corresponding period of last year. The higher losses arose largely from printing plant closures in China and Malaysia, weaker retail traffic flow and deferment of textbook adoptions in key markets as a result of the COVID-19 pandemic.

Mr Koh Poh Tiong, Chairman of the F&N Board Executive Committee said, "Our Beverages and Dairies operations had a strong momentum in the first five months of the current financial year. The Group continued to benefit from two major festive periods and our broad, consumer-centric product portfolio with businesses in core markets across ASEAN."

"However, during the 2nd quarter of 2020, the COVID-19 outbreak has evolved into a pandemic. By now, the core markets where we operate in have implemented far-reaching measures to contain the outbreak, including restrictions on movement of population, temporary closure of a wide range of non-essential production operations and consumer-facing businesses. Fortunately, our F&B and printing plants have been allowed to continue to operate as our beverages and printing services are considered essential, though with reduced staff on-site. Our foremost priority in these trying times is to safeguard the health and well-being of all our staff. We have entered the crisis with a strong portfolio of products to meet the needs of consumers, strong partnerships with our suppliers and customers and a strong balance sheet. We have taken various measures to mitigate the financial impact, and

will remain agile and responsive to further changes to protect and develop our businesses as the crisis evolves," Mr Koh added.

Interim Dividend

Directors have declared an interim dividend of 1.5 cents per share, unchanged from the interim dividend declared a year ago. The dividend will be paid on 18 June 2020.

Corporate Developments

(A) F&N increases its stake in Vinamilk to 20.4 per cent, from 20.0 per cent in 31 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.

F&N's COVID-19 Response

F&N has been closely monitoring and assessing the impact of the COVID-19 outbreak, prioritizing the health and safety of its staff, customers, partners and the communities in which it operates. In response, it has taken actions to safeguard its staff, including implementing work from home and precautionary distancing measures in its offices, temporarily closing of non-essential facilities, restricting business travel, providing information to educate employees about this outbreak and setting up hotlines to assist employees with work-related issues that may impact their health and emotional well-being, while ensuring business continuity to ensure uninterrupted supply of F&N's food & beverage products to our customers.

The Group began implementing business continuity plans in impacted areas in early 2020 and has continued to expand these efforts to all regional markets. In Singapore, F&N's F&B and printing plant continue to operate during the "circuit-breaker" period,

while the education publishing team provides support to the Ministry of Education's home-based learning system. Only essential staff are on-site to ensure minimal disruption to the production and delivery of products; all other non-site-essential staff are working from home. Likewise in Malaysia, the Group has scaled down its F&B operations to a reduced workforce and operating hours during the Malaysian government's nationwide Movement Control Order period, with minimum impact to production capacity while the printing plant was temporarily closed. Meanwhile, Dairies Thailand plants and the brewery in Myanmar are operating at close to normal capacities. The Group has been working closely with its suppliers and customers to maximise output and ensure the continued availability of F&N's core products across key markets.

Since the beginning of this global health crisis, the Group has supported local relief efforts in the communities it operates. It has contributed products to frontliners, particularly the healthcare and law enforcement workers in Malaysia and Singapore to ensure they stay hydrated and energised while performing their duties in keeping communities safe.

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