FRASER AND NEAVE, LIMITED
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Incorporated in the Republic of Singapore

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Fraser and Neave delivers solid nine months' results

- ***Attributable profit[1,4] rose 20 per cent to $119 million***
- ***PBIT [2] jumped 35 per cent to $227 million***
- ***All business segments recorded strong profit growth with margin expansion***

Financial Highlights (S$ 'million)	3 months to 30 June 2014	3 months to 30 June 2013 (Restated)	9 months to 30 June 2014	9 months to 30 June 2013 (Restated)
Revenue	622.1	587.7	1,808.1	1,724.0
Trading Profit	68.1	51.6	207.7	157.7
PBIT[2]	79.5	62.0	226.9	167.8
PAT[3,4]	68.0	57.3	189.5	30.2
Attributable Profit[1,4]	44.5	35.6	118.6	98.9
Earnings Per Share (basic) (cents)[1,4]	3.1	2.5	8.2	6.9
Net Asset Value Per Share			$1.15	$5.90 (30 Sep 2013)

[1] *Before fair value adjustment and exceptional items*
[2] *PBIT denotes profit before interest, taxation and exceptional items*
[3] *PAT denotes profit after taxation and exceptional items*
[4] *Continuing operations*

SINGAPORE, 08 August 2014 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") continued its solid business performance in the third quarter ended 30 June 2014 ("**3Q2014**"), driven by Beer and Dairies Malaysia where profits grew double-digit. Supported by improved performance from Publishing & Printing, the Group posted strong profit before interest and tax ("**PBIT**") growth of 28 per cent, on the back of 6 per cent revenue growth, favourable sales and channel mix.

Beverages (comprising Soft Drinks and Beer) 3Q2014 PBIT rose 45 per cent to $50 million, bolstered by higher beer sales, as well as favourable sales and channel mix.

The Group's brewery[1] in Myanmar continued its strong sales momentum. Riding on the strength of its flagship brand, *Myanmar Beer*, innovative marketing strategies and excellent marketing execution, Beer solidified its strong leading position with a significant volume growth of 37 per cent. Revenue and PBIT grew 41 per cent and 74 per cent, respectively, despite the weakening of the Myanmar Kyat against the Singapore Dollar ("**SGD**"). Soft Drinks sales rebounded in 3Q2014. Volumes in Singapore and Malaysia rose 9 per cent on higher sales of *100PLUS*, *F&N* and *F&N SEASONS*. Notwithstanding volume gains, revenue and PBIT growth were moderated, each improved 2 per cent, due mainly to the weakening of the Malaysian Ringgit against the SGD.

The Group's Dairies businesses in Malaysia, Thailand and Singapore turned in mixed quarterly performances. Higher sales and favourable mix continued to drive Dairies Malaysia's profit growth of 73 per cent. In addition, Dairies Malaysia also gained from production efficiencies, effective promotional and trade marketing activities, as well as the non-recurrence of one-off costs recorded in 3Q2013. Excluding these one-off costs, Dairies Malaysia PBIT grew 13 per cent over the last corresponding period. Dairies Thailand volume rose 15 per cent on higher domestic and export sales. Despite a 6-per-cent improvement in its topline, Dairies Thailand 3Q2014 PBIT fell 31 per cent, mainly due to higher input costs and the Thai government's pricing control policy. This quarter, Dairies Singapore PBIT was adversely impacted by a one-off adjustment, despite higher sales of 7 per cent. Excluding the one-off adjustment, Dairies Singapore 3Q2014 PBIT rose 51 per cent.

For the nine months ended 30 June 2014 ("**9M2014**"), Group revenue improved 5 per cent to $1,808 million. Higher revenue, coupled with margin expansion from favourable sales mix and lower input costs, improvement in the profitability of

[1] Myanmar Brewery Limited is currently the subject of an ongoing arbitration

Publishing & Printing, and a $21-million one-off valuation gain on investment interest retained in a joint venture company recorded in 2Q2014 resulted in higher profits, despite unfavourable exchange rate movement. 9M2014 PBIT rose 35 per cent to $227 million, with PBIT margin expanded to 12.5 per cent, from 9.7 per cent. Beverages, in particular, recorded a sharp rise in profit of 28 per cent, a strong 9M2014 performance due to higher sales of 8 per cent and improved sales mix. Similarly for Dairies, a 5-per-cent sales increase, favourable sales mix and continuing cost reduction efforts resulted in a 7-per-cent profit growth.

Non-Recurring Items

There were three main non-recurring items in 9M2014. Firstly, the Group incurred an exceptional charge of $4 million from the debt restructuring exercise carried out as a result of the distribution of a dividend *in specie* of all the issued shares in FCL (the "**FCL Distribution**").

Secondly, following the completion of the FCL Distribution in January 2014, an $18-million in consolidation reserves was released to the income statement.

Thirdly, arising from the FCL Distribution, a $21-million valuation gain on investment interest retained in a joint venture company was also recognised.

Lastly, in 9M2013, the Group incurred one-off charges of $72 million in expenses that arose from the mandatory general cash offer, and provided for a $52-million impairment on investments.

Corporate Development

The distribution of a dividend *in specie* of all the issued shares in FCL was completed on 8 January 2014. After the FCL Distribution, F&N no longer holds an interest in FCL.

Returning to its 130-year-old roots, F&N is now primarily a food and beverage company with a vision to become a leading consumer group in Southeast Asia.

In December 2013, F&N announced a proposed cash distribution of approximately $607 million (or $0.42 per share) to shareholders via a capital reduction exercise. This cash distribution was made in April 2014.

Following the FCL Distribution, the cash distribution of $607 million and the interim dividend payment of 2 cents per share, net asset value per share dropped to $1.15, from $5.90.

In April, the Group announced the acquisition of a 70-per-cent stake in Yoke Food Industries Sdn Bhd ("**YFI**") for RM55 million ($21 million). YFI is a Malaysia-based company that manufactures, markets and distributes canned beverages in Malaysia, as well as exports to Singapore, Indonesia and Indochina, under brands such as *Day Day, SoSoy,* and *Juice Secret*. Besides securing YFI's production capacity in the fast-growing non-carbonated beverages segment, teaming up with YFI also offers an increased opportunity for the distribution and marketing of our brands in Southeast Asia going forward. Together with YFI, the Group will benefit from greater scale and from the broader portfolio of brands, and will strengthen F&N's position as a leading consumer group in Southeast Asia.

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Operations Review (Nine months ended 30 June 2014 "**9M2014**")

Beverages (Soft Drinks and Beer)

Soft Drinks continued to leverage its strong brand equity and extensive distribution network to solidify its leadership position in the ready-to-drink segment in Malaysia, as well as regain and expand its Soft Drinks business in Singapore and other parts of Southeast Asia. In 9M2014, Soft Drinks PBIT jumped 20 per cent on favourable sales mix, improved production yields and a return to profitability in Singapore which has benefited from operational efficiencies.

In Malaysia, despite weaker consumer sentiment due to the withdrawal of government subsidies, Soft Drinks division continued to reach new heights by achieving higher efficiency in its production and supply chain management, and delivering volume growth through innovative and effective sales and marketing initiatives. Soft Drinks Malaysia recorded sales growth of 3 per cent (in local currency), with *F&N*, *100PLUS* and *F&N SEASONS* recording higher volumes. Supported by favourable sales mix and improved production efficiencies, Malaysia Soft Drinks PBIT rose 10 per cent (in local currency).

In Singapore, the focus remained on widening and deepening distribution of the Group's soft drinks products. Coupled with well-executed brand building initiatives, Soft Drinks Singapore sales continued to improve. Higher sales and lower cost-of-sales efficiencies helped Soft Drinks Singapore record a profit this period, compared to an operating loss in the previous corresponding period which was saddled with start-up logistics costs.

The Group's beer business remained focused on extending the visibility of its beer brands in Myanmar through effective marketing initiatives and strategic sponsorships, including the support of the 27th SEA Games 2013. Accordingly, Beer volume jumped

38 per cent, retaining its strong leading position in this highly competitive market. Coupled with favourable revenue mix, Beer 9M2014 PBIT improved 33 per cent despite the weakening of Myanmar Kyat against the Singapore Dollar. In constant currency, Beer 9M2014 PBIT climbed 44 per cent against the last corresponding period.

Dairies

Led by higher sales and favourable mix in Malaysia, Dairies profit grew 7 per cent to $48 million.

Despite a 11 per cent growth in revenue, Dairies Thailand PBIT dipped 13 per cent, mainly due to higher input costs and pricing control by the Thai government.

In Malaysia, the successful re-positioning of the Group's brands has led to stronger volume growth, ahead of its category growth rate. Coupled with lower input costs, conversion cost savings arising from the best-in-class Pulau Indah plant, better bad debt recovery and non-recurring expenses in 9M2013, Dairies Malaysia earnings jumped 61 per cent. Excluding the non-recurring expenses, its 9M2014 PBIT improved 29 per cent.

Publishing & Printing

Despite strong US Education Publishing sales, Publishing & Printing division's revenue fell 4 per cent to $256 million, due to the closures of loss-making businesses in the USA, Malaysia and Australia, as well as softer printing rates.

Despite pricing pressure, Printing profitability improved on the back of tighter cost control, improved production efficiencies and cost savings from various procurement initiatives. Earnings from Education Publishing remains a key profit contributor. Including operating results from associated companies, Publishing & Printing 9M2014 PBIT jumped 76 per cent to $3 million.