

3Q2014

# FINANCIAL HIGHLIGHTS

08 August 2014



FRASER AND NEAVE, LIMITED



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## 9M2014 Performance Highlights

35% EBIT growth

Strong performance in the nine months to June 2014 (“9M2014”)

- Strong profit growth in challenging environment
- *Myanmar Beer, 100PLUS, F&N SEASONS* and canned milk recorded strong volume growth
- Adverse foreign exchange effect impacted profits

# GROUP FINANCIAL HIGHLIGHTS

Revenue  
(millions)

\$1,808.1

▲ 4.9%

Earnings before interest and tax ("EBIT")  
(millions)

\$226.9

▲ 35.2%

EBIT margin  
(%)

12.5%

▲ 282bps

Gearing  
(millions)

\$339 (net cash)

▲ -nm-

Earnings per share (basic)<sup>1,2</sup>  
(cents)

8.2

▲ 18.8%

Dividend per share (interim)<sup>3</sup>  
(cents)

2.0

▼ 42.9%

(capital reduction of \$0.42 in Apr 2014)

<sup>1</sup> Excludes Discontinued Operations

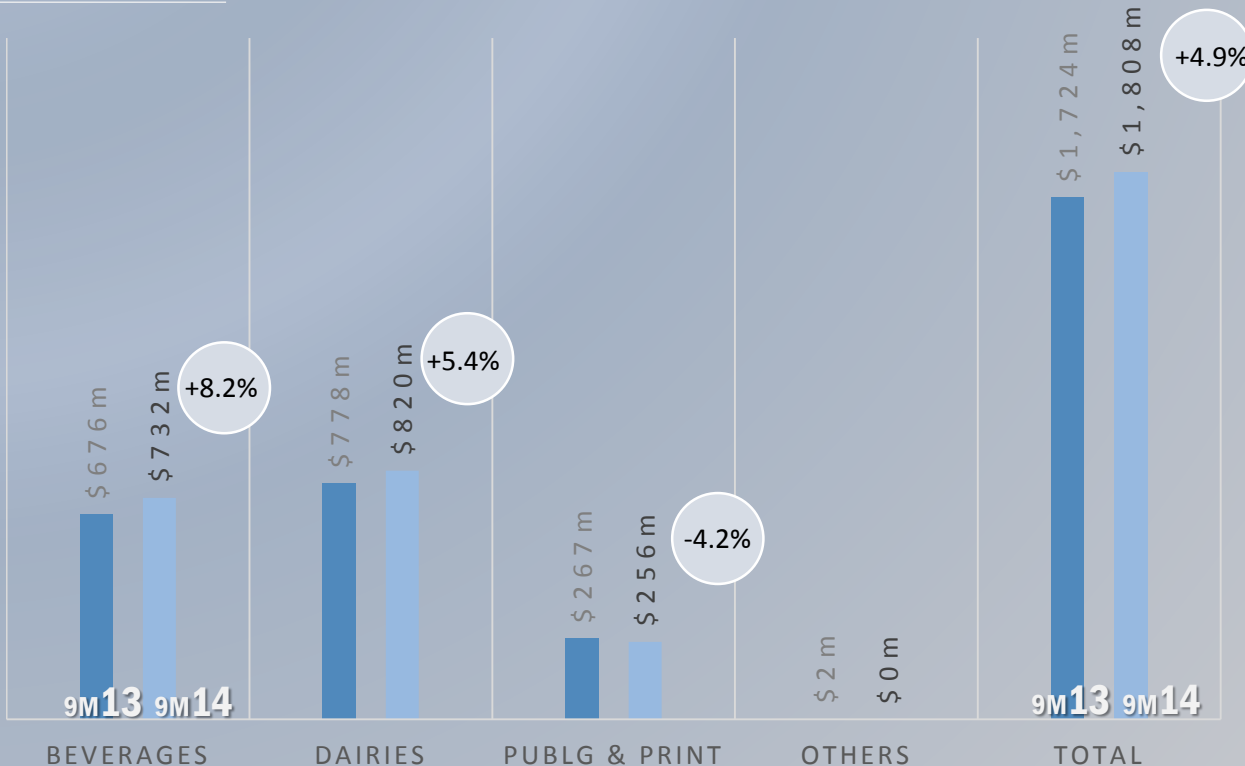
<sup>2</sup> Before fair value adjustment and exceptional items

<sup>3</sup> Interim dividend was declared on 9 May 2014 and paid on 12 June 2014

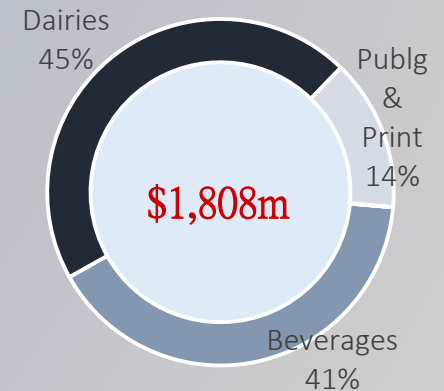
# REVENUE GREW 4.9%

Supported by strong volume growth in Food & Beverage

Revenue by Business Segment (\$)



9M14 Revenue by Business Segment (%)



<sup>1</sup> 9M2013 figures have been restated upon the demerger of FCL

<sup>2</sup> Beverages comprises Soft Drinks and Beer

<sup>3</sup> Publg & Print denotes Publishing & Printing



# Revenue | Beverages

Revenue growth supported by higher volumes, moderated by weaker Kyat and Ringgit

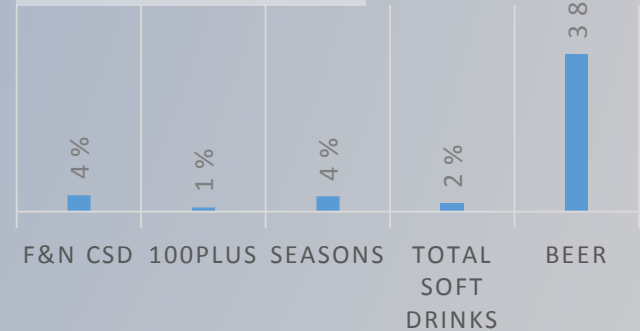
## Beverages: Beer

- Volume grew 38% driven by effective marketing and sports sponsorship and enhanced route-to-market excellence
- *MYANMAR BEER* enjoyed double-digit growth in sales
- Beer revenue improved 28%, adversely affected by weaker Kyat (+38% in constant currency)
- Capacity upgrade in progress

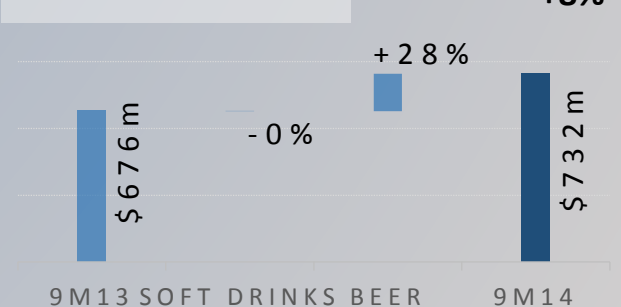
## Beverages: Soft Drinks

- Volume improved 2% despite weaker consumer sentiment in Malaysia due to withdrawal of government subsidies
- Power brands *100PLUS* and *F&N SEASONS Nutrisoy* continued to record volume growth
- Soft Drinks posted flat revenue growth, due to weaker Ringgit (+3% in constant currency)

**Volume Growth**  
(Key Brands) (%)



**9M2014 Revenue**



# Revenue | Dairies

Revenue grew 8%<sup>1</sup>; Malaysia and Thailand each recorded double-digit revenue growth<sup>2</sup>

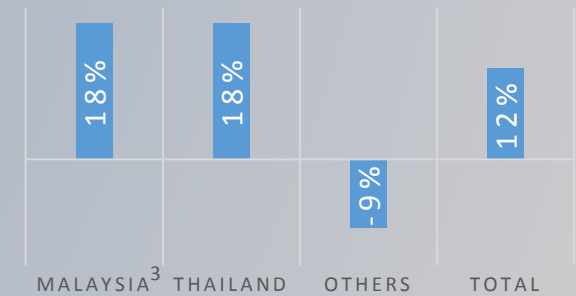
## Dairies: Malaysia

- Volume increased 18%, ahead of category
- Robust domestic volume growth was supported by effective trade programs and strong sales execution, despite weaker consumer sentiment
- Revenue growth driven mainly by higher *TEAPOT* and *GOLD COIN* canned milk volumes
- Revenue adversely affected by weaker Ringgit

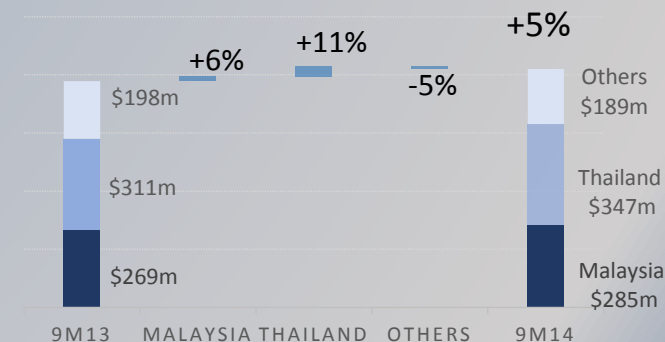
## Dairies: Thailand

- Double-digit volume and revenue growth arising from effective brand building activities and improved outlet execution
  - Indochina and Export also recorded strong volume growth
- F&N brands performed well, with higher volumes from *TEAPOT* canned milk and *F&N MAGNOLIA* pasteurised milk
- Revenue adversely affected by weaker Baht

**Volume Growth (%)**



**9M2014 Revenue**



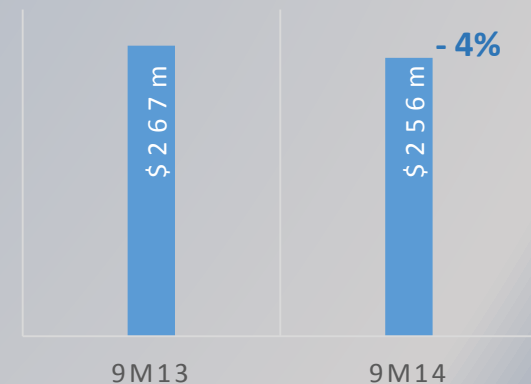
<sup>1</sup> In constant currency

<sup>2</sup> In local currency (Ringgit)

<sup>3</sup> Excludes Export

## Revenue | Publishing & Printing

- Publishing continued to diversify and grow its customer base
  - Strong overseas sales partly offset by lower local sales
  - Exclusive partnership with Oxford University Press; textbook adoption in Chile
- Printing continued to face pricing pressure
  - Lower demand from the US and Australia, partly compensated by successful acquisition of local and regional print work

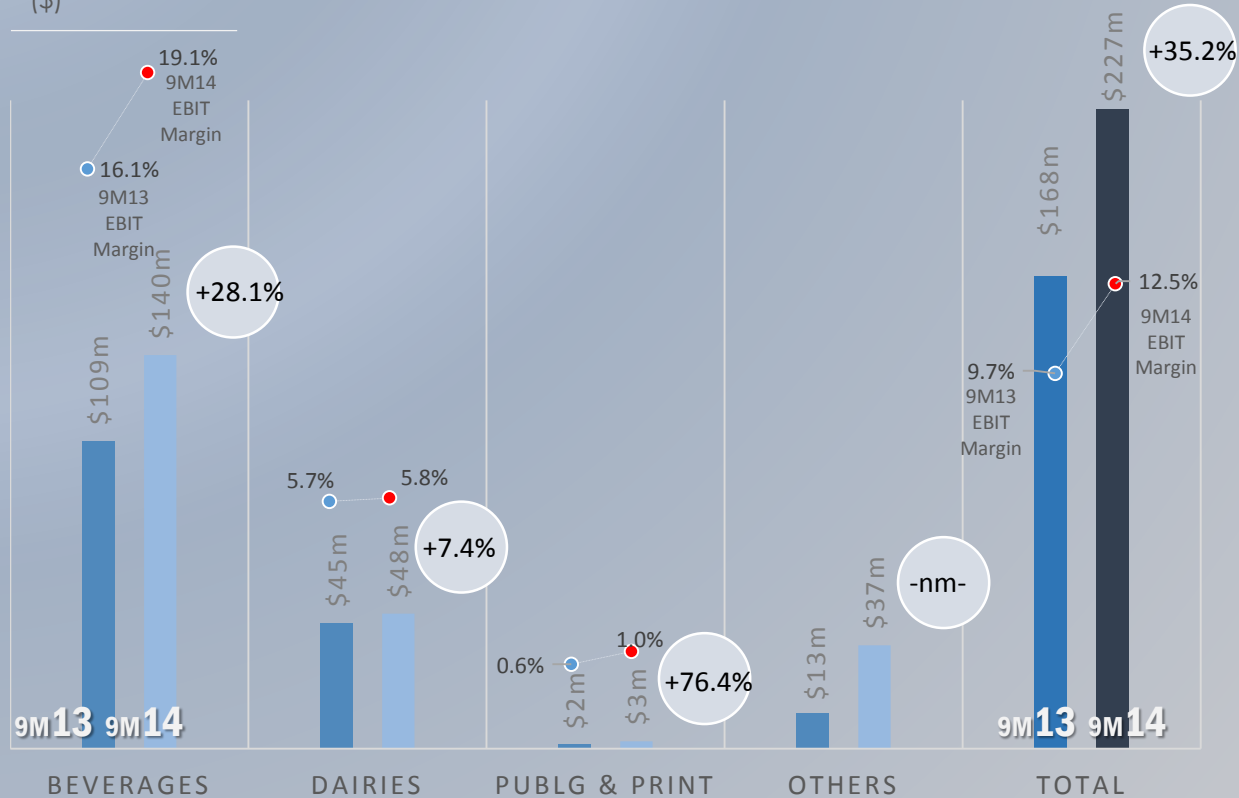




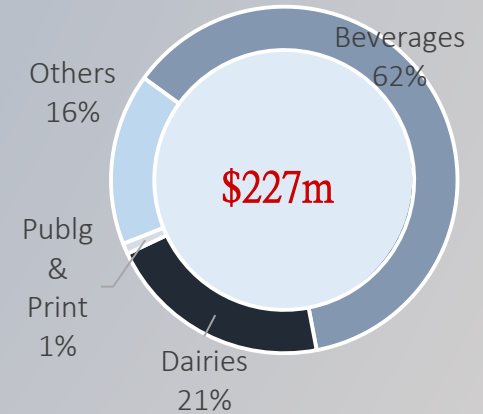
# EBIT GREW 35.2%

Profit growth support by improved margins

EBIT by Business Segment (\$)



9M14 EBIT by Business Segment (%)



<sup>1</sup> 9M2013 figures have been restated upon the adoption of Revised FRS19 and demerger of FCL

<sup>2</sup> Beverages comprises Soft Drinks and Beer

<sup>3</sup> Publg & Print denotes Publishing & Printing

# EBIT | Beverages

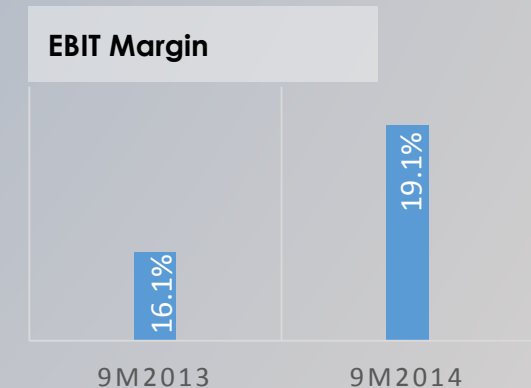
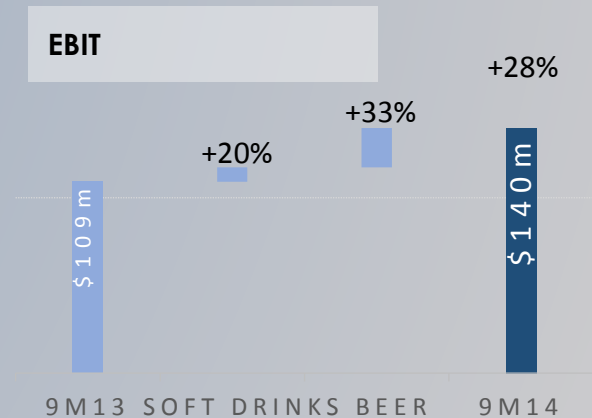
Earnings jumped 28% on higher sales and improved margins, despite weaker Kyat and Ringgit

## Beverages: Beer

- Earnings driven by higher sales and favourable mix
- Beer EBIT improved 33% despite higher marketing spend and distribution cost as well as weaker Kyat
- In constant currency, Beer EBIT surged 44%

## Beverages: Soft Drinks

- Favourable sales mix, improved yield and production efficiency supported profit growth of 20% (in constant currency +24%)
- Margins improved to 10.3% despite weaker Ringgit
- Singapore returned to profit with improved sales and operational efficiencies
- Malaysia's EBIT grew 10%<sup>1</sup>, supported by favourable sales mix and improved production efficiencies



# EBIT | Dairies

EBIT grew 11%<sup>1</sup>, supported by Malaysia; pricing control stemmed Thailand's growth

## Dairies: Malaysia

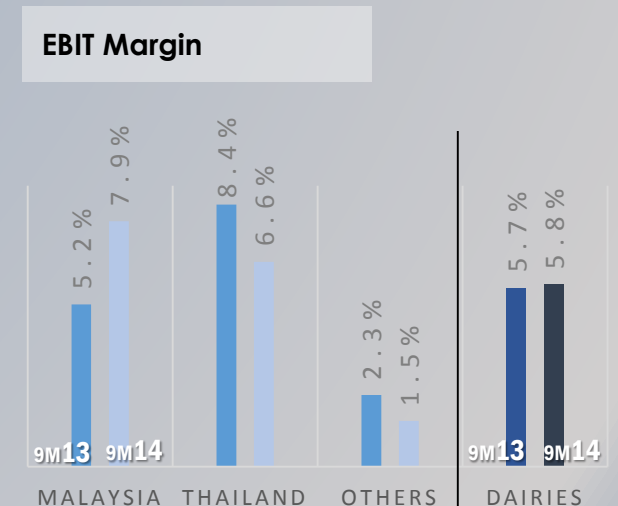
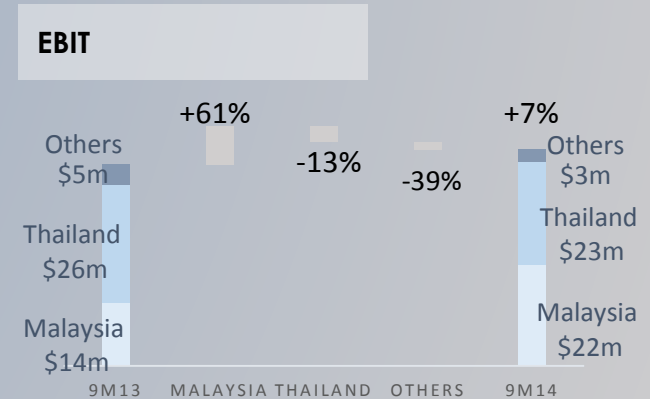
- EBIT growth of 61%
- Driven by improved production yields, lower input costs, better bad debts recovery and non-recurring expenses in FY2013 (exclude non-recurring expenses, EBIT improved 29%)
- EBIT margin improved to 7.9%

## Dairies: Thailand

- Despite double-digit growth in volume and revenue, EBIT dropped 13%
- Impacted by higher input costs, pricing control by the Thai government and weaker Baht
- EBIT margin dropped from 8.4% to 6.6%

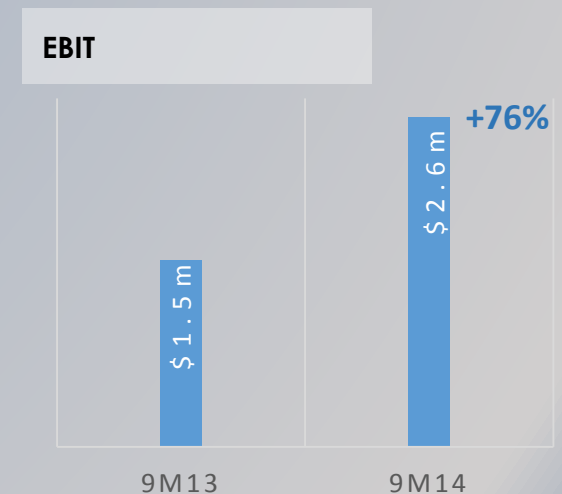
## Dairies: Singapore

- Despite one-off adjustment, Singapore EBIT grew 4% on 1% revenue growth



## EBIT | Publishing & Printing

- Printing profitability improved
  - Profitability improved on effective cost control
  - Benefited from better workflow and savings in operating cost due to consolidation of printing operations in Singapore
- Negated by lower sales from local Education Publishing and non-magazine distribution, and higher amortization cost from Publishing
- Improved performance of associates boosted profit

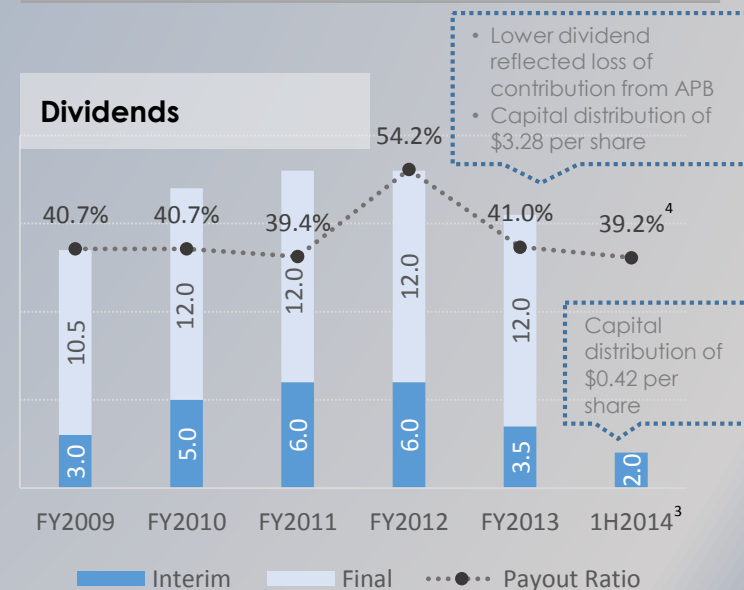


# Maintained a strong financial position

Focused on prudent balance sheet management

- Balance sheet reflects completion of distribution *in specie* of Frasers Centrepoint Limited shares
- Capital distribution of \$0.42 per share (\$607 million) completed in April 2014
  - Including \$3.28 per share capital distribution in July 2013, the Group had distributed some \$12 billion to shareholders in last 12 months
  - Net cash position
- Interim dividend of 2.0 cents per share<sup>3</sup>
  - Reflects Group's earnings following demerger
  - Takes into account Group's capital position and near-term capital needs
  - Dividend policy unchanged

Key Financial Ratios	9M2014	FY2013 <sup>1</sup>
Total Equity <sup>2</sup>	\$2,043m	\$8,878m
Total Assets	\$2,771m	\$14,145m
Net cash/(Debt)	\$339m	(\$1,500m)



<sup>1</sup> Restated upon the adoption of Revised FRS 19

<sup>2</sup> Includes non-controlling interest

<sup>3</sup> Interim dividend was declared on 9 May 2014 and paid on 12 June 2014

<sup>4</sup> Based on earnings @ 1H2014



# SUMMARY



## SUMMARY

- A strong start to the year
- Maintained leading positions in key markets
- Focus on
  - Strengthening our portfolio: Marketing and product innovation, and M&A
  - Allocating resources: To ensure capacities and capabilities
  - Building on/identifying strategic partnerships and extracting synergistic opportunities
  - Prudent financial management

It may be cool



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Fraser and Neave, Limited



But you still  
need hydration





# UNAUDITED PRO FORMA PROFIT STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013

## FRASER AND NEAVE, LIMITED & SUBSIDIARY COMPANIES UNAUDITED PRO FORMA PROFIT STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Group	
	2013 \$'000 (Restated) <sup>(1)</sup>	2012 \$'000 (Restated) <sup>(1)</sup>
<b><u>Continuing operations</u></b>		
Revenue	2,294,119	2,161,302
Cost of sales	<u>(1,520,310)</u>	<u>(1,467,456)</u>
Gross profit	773,809	693,846
Other (expenses)/income (net)	(3,886)	2,116
Operating expenses		
-Distribution	(187,591)	(178,142)
-Marketing	(233,906)	(228,713)
-Administration	(162,040)	(155,533)
	<u>(583,537)</u>	<u>(562,388)</u>
Trading profit	186,386	133,574
Share of associated companies' profits	9,748	1,927
Gross income from investments	<u>18,654</u>	<u>13,108</u>
Profit before interest and taxation ("PBIT")	214,788	148,609
Net finance income/(expense)	<u>39,027</u>	<u>(21,594)</u>
Profit before fair value adjustment, taxation and exceptional items	253,815	127,015
Fair value adjustment of investment properties	<u>5,509</u>	<u>4,662</u>
Profit before taxation and exceptional items	259,324	131,677
Exceptional items	<u>(183,428)</u>	<u>6,684</u>
Profit before taxation	75,896	138,361
Taxation	<u>(48,564)</u>	<u>(6,444)</u>
<b>PROFIT FROM CONTINUING OPERATIONS AFTER TAXATION</b>	<b>27,332</b>	<b>131,917</b>

Note:

<sup>(1)</sup> Restated for demerger of Frasers Centrepoint Limited ("FCL"). The results of FCL has been presented separately as Discontinued Operations.

# UNAUDITED PRO FORMA PROFIT STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

## FRASER AND NEAVE, LIMITED & SUBSIDIARY COMPANIES UNAUDITED PRO FORMA PROFIT STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Group	
	2013 \$'000 (Restated) <sup>(1)</sup>	2012 \$'000 (Restated) <sup>(1)</sup>
<b>Discontinued operations</b>		
Profit from discontinued operations, net of tax	735,737	880,456
Gain on disposal of discontinued operations	4,751,514	-
<b>Profit after taxation</b>	<b>5,514,583</b>	<b>1,012,373</b>
Attributable profit to:		
Shareholders of the Company		
-Before fair value adjustment and exceptional items		
Continuing operations	144,222	67,699
Discontinued operations	401,079	404,636
	545,301	472,335
-Gain on disposal of discontinued operations	4,751,514	-
-Fair value adjustment of investment properties		
Continuing operations	3,862	4,511
Discontinued operations	275,682	337,650
	279,544	342,161
-Exceptional items		
Continuing operations	(190,934)	(2,422)
Discontinued operations	45,542	25,441
	(145,392)	23,019
	5,430,967	837,515
Non-controlling interests		
Continuing operations	70,181	62,129
Discontinued operations	13,435	112,729
	83,616	174,858
	<b>5,514,583</b>	<b>1,012,373</b>

Note:

<sup>(1)</sup> Restated for demerger of Frasers Centrepoint Limited ("FCL"). The results of FCL has been presented separately as Discontinued Operations.



# UNAUDITED PRO FORMA BALANCE SHEET FOR THE YEAR ENDED 30 SEPTEMBER 2013

## FRASER AND NEAVE, LIMITED & SUBSIDIARY COMPANIES

### UNAUDITED PRO FORMA BALANCE SHEET AS AT 30 SEPTEMBER 2013

	Group	
	2013 \$'000	2012 \$'000
	(Restated) <sup>(1)</sup>	(Restated) <sup>(2)</sup>
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	834,659	768,664
Treasury shares	(23)	(23)
Reserves	<u>1,003,198</u>	<u>830,305</u>
	1,837,834	1,598,946
Non-controlling interests	<u>346,329</u>	<u>347,545</u>
	<u><u>2,184,163</u></u>	<u><u>1,946,491</u></u>
Represented by :		
<b>NON-CURRENT ASSETS</b>		
Fixed assets	667,510	714,110
Associated companies	145,219	258,175
Other investments	673,072	372,813
Other non-current assets	<u>187,416</u>	<u>189,189</u>
	<u><u>1,673,217</u></u>	<u><u>1,534,287</u></u>

#### Notes:

<sup>(1)</sup> Restated for demerger of FCL and capital reduction of \$0.42 (in April 2014).

<sup>(2)</sup> Restated for disposal of Asia Pacific Breweries, capital reduction of \$3.28 (in July 2013), demerger of FCL and capital reduction of \$0.42 (in April 2014).

# UNAUDITED PRO FORMA BALANCE SHEET FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

## FRASER AND NEAVE, LIMITED & SUBSIDIARY COMPANIES UNAUDITED PRO FORMA BALANCE SHEET AS AT 30 SEPTEMBER 2013

	Group	
	2013 \$'000	2012 \$'000
	(Restated) <sup>(1)</sup>	(Restated) <sup>(2)</sup>
<b>CURRENT ASSETS</b>		
Inventories	245,828	261,761
Trade receivables	305,445	309,217
Bank fixed deposits and cash and bank balances	697,818	592,416
Other current assets	113,303	134,010
	<u>1,362,394</u>	<u>1,297,404</u>
<b>Deduct : CURRENT LIABILITIES</b>		
Trade and other payables	431,328	436,192
Borrowings	105,904	190,735
Other current liabilities	51,916	53,101
	<u>589,148</u>	<u>680,028</u>
<b>NET CURRENT ASSETS</b>	773,246	617,376
<b>Deduct : NON-CURRENT LIABILITIES</b>		
Other non-current liabilities	262,300	205,172
	<u><u>2,184,163</u></u>	<u><u>1,946,491</u></u>

Notes:

<sup>(1)</sup> Restated for demerger of FCL and capital reduction of \$0.42 (in April 2014).

<sup>(2)</sup> Restated for disposal of Asia Pacific Breweries, capital reduction of \$3.28 (in July 2013), demerger of FCL and capital reduction of \$0.42 (in April 2014).