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FRASER AND NEAVE, LIMITED

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

F&N sees resilient first-half FY2021 performance with profit rising 12 per cent

- ***1H2021 revenue increased 2 per cent to $988.6 million on higher beverage volumes***
- ***1H2021 PBIT[1] rose 8 per cent to $153.3 million***
  - ***Higher sales, combined with cost management measures drove Beverages' profitability***
  - ***Dairies earnings impacted by higher input costs and unfavourable currency translation***
  - ***Publishing & Printing's losses narrowed as a result of successful cost-cutting initiatives***
- ***Profit after taxation grew 12 per cent to $117.7 million***
- ***Interim dividend of 1.5 cents per share declared, equal to last year***

Financial Highlights (S$ 'million)	**6 months to 31 March 2021**	**6 months to 31 March 2020**
Revenue	988.6	969.4
PBIT[1]	153.3	141.9
Profit After Taxation	117.7	105.6
Attributable Profit[2]	83.4	71.8
Earnings Per Share (basic)(cents)[2]	5.8	5.0
Net Asset Value Per Share	$2.04	$2.05 (30 Sep 2020)

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

SINGAPORE, 10 MAY 2021 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") today announced financial results for the half-year ended 31 March 2021 ("**1H2021**").

The Group posted 1H2021 revenue of $988.6 million, up 2 per cent from $969.4 million over the same corresponding period of FY2020 ("**1H2020**"). Profit before interest and taxation ("**PBIT**") increased 8 per cent to $153.3 million, up from $141.9 million in 1H2020, while after-tax profit rose 12 per cent to $117.7 million, from $105.6 million. The higher after-tax growth was due to lower effective tax rate of 16.3 per cent in 1H2021, from 19.6 per cent in the previous period, due to higher tax-exempt profits and write-back of prior years' tax liabilities.

Higher Beverages (comprises Soft Drinks and Beer) and Dairies volumes in the Food & Beverage ("**F&B**") division contributed to the Group's strong top-line performance. Despite the continued disruption caused by the COVID-19 pandemic, albeit in varying degrees across F&N's markets, F&B division's 1H2021 revenue recorded a rise of 3 per cent, to $868.1 million from $843.0 million in the corresponding period last year. Beer led the charge, with revenue nearly doubling from the prior year. Soft Drinks' top-line also improved, largely driven by higher sales from vending business and functional products. Collectively, Beverages revenue grew 7 per cent, to $250.3 million in 1H2021, from $233.8 million in 1H2020. Higher Dairies sales also lifted F&B's revenue. Dairies 1H2021 revenue increased 1 per cent, driven by higher canned milk sales and strong export volumes to Middle East and Africa, despite subdued on-premise channel demand in Malaysia and Thailand due to movement restrictions.

Notwithstanding the better performance in F&B, the Group's revenue was impacted by lower revenue in Publishing & Printing ("**P&P**"). Due to disruptions caused by the COVID-19 pandemic, P&P revenue declined 9 per cent to $115.4

million, from $126.2 million in the same period last year. While Education Publishing has remained resilient, the cancelation and deferment of print orders, closure of borders and dampened consumer sentiment have adversely impacted sales.

Consequently, Group 1H2021 revenue grew 2 per cent to $988.6 million, from $969.4 million in 1H2020.

In a rising cost environment, F&N continued to exercise cost discipline and execute measures to further improve operational efficiency. Aided by successful cost management initiatives, higher sales, better product mix and lower marketing expenses, due primarily to timing, the Group 1H2021 earnings growth outpaced sales, rising 8 per cent to $153.3 million, from $141.9 million in the same period last year.

On the back of higher beer sales and lower marketing spend, Beer recorded its maiden profit in the 1H2021. Likewise, Soft Drinks earnings also improved as a result of higher volume, cost management initiatives and lower marketing expenses. Consequently, Beverages 1H2021 earnings increased nearly threefold, to $21.8 million from $7.6 million in the prior year's corresponding period.

Dairies 1H2021 earnings of $128.2 million represented a decrease of 8 per cent from the prior year. The weaker Dairies performance came largely from Dairies Malaysia's export business, where higher input and freight costs have weighed on its profit margin. The Group's share of profit from its associate company in Vietnam, Vietnam Dairy Products Joint Stock Company was also lower, from $51.9 million to $48.9 million. This was due to lower sales and unfavourable currency translation. Dairies Thailand, on the other hand, continued to deliver resilient performance. Supported by higher sales and lower advertising spending, Dairies Thailand profit rose 2 per cent, despite higher input costs.

Like F&B, P&P recorded bottom-line improvement in the first-half of this fiscal year. Despite lower revenue, P&P losses has narrowed substantially to $2.8 million, down from $11.0 million in the corresponding period last year, largely due to savings from internal cost-cutting measures and improved operational efficiency.

Mr Koh Poh Tiong, Chairman of the F&N Board Executive Committee said, "In line with the pace of recovery experienced in our markets, we are pleased with the growth recorded in our revenue and profitability for the first-half of the financial year. Our regional footprint, wide portfolio of products, strong distribution network and well-recognised brands contributed to the resilience of our business amid challenging times.

While our first-half results provide reason for optimism, the outlook remains tempered with caution, given the challenges of rising raw material prices and higher freight cost. Furthermore, as the region battles with the resurgence of COVID-19, we expect some lingering and prolonged impact on consumer sentiment and spending behavior and our F&B business, particularly on the recovery of on-premise business."

"At F&N, we continue to stay agile and leverage our multiple engines of growth to position us well for the future, as we sharpen the execution of our strategic action plan, accelerate innovation to adapt our portfolio to meet evolving consumer preferences and strive for greater efficiencies in our operations," 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 17 June 2021.

Corporate Developments

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

F&N accelerated its portfolio management through with 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 up to RM60 million ($19 million). The addition of Sri Nona's leading brands strengthens our halal position in Malaysia. It creates opportunity for the Group to further leverage our strong R&D capability, and builds on our 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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