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FRASER AND NEAVE, LIMITED

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

Fraser and Neave reports higher profits for first quarter FY2018

- ***Revenue declined 2 per cent to $487.1 million***
- ***PBIT[1] increased 9 per cent to $50.5 million***
    - ***Dairies earnings grew 28 per cent despite rising input costs***
    - ***Beverages earnings impacted by lower soft drink sales, higher input costs and brand investments; earnings fell 82 per cent***
    - ***Publishing & Printing turned profitable and recorded profit of $1.7 million***
- ***Profit after taxation grew 2 per cent to $41.1 million***

Financial Highlights (S$ 'million)	3 months to 31 December 2017	3 months to 31 December 2016
Revenue	487.1	495.0
PBIT[1]	50.5	46.4
Profit After Taxation	41.1	40.5
Attributable Profit[2]	26.1	22.4
Earnings Per Share (basic)(cents)[2]	1.8	1.6
Net Asset Value Per Share	1.94	$1.95 (30 Sep 2017)

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

SINGAPORE, 09 FEBRUARY 2018 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") today announced financial results for its fiscal 2018 first quarter ended 31 December 2017 ("**1Q2018**"). The Group posted quarterly revenue of $487.1 million, down 2 per cent year-over-year. Despite higher input costs, Group quarterly profit before interest and taxation ("**PBIT**") increased 9 per cent to $50.5 million. Profit after taxation, however, inched up 2 per cent to $41.1 million from $40.5 million in the last corresponding period, as a result of higher financing cost.

This quarter, total revenue dipped 2 per cent year-over-year to $487.1 million, as higher dairy sales in Malaysia, Thailand, Ice Cream and New Markets could not compensate for a 16-per-cent decline in soft drink sales mainly in Malaysia due partly to competitive pricing pressures and the absence of contribution from Chinese New Year sales owing to the earlier sell-in booked in 1Q2017.

Despite lower revenue and the adverse impact of rising input costs, Group 1Q2018 PBIT jumped 9 per cent, to $50.5 million. The strong performance arose from the profit contribution of the Group's 19.2-per-cent stake in its associate company, Vietnam Dairy Products Joint Stock Company ("**Vinamilk**") which underpinned the 28 per cent surge in Dairies 1Q2018 PBIT, from $39.4 million to $50.5 million, in spite of the muted performance in Malaysia, Singapore and Thailand where earnings were hurt by higher input costs, mainly sugar, skimmed milk powder and packaging cost. 1Q2018 Group PBIT was weighed down also by weaker Beverages performance which was impacted by lower sales, higher input costs and continued brand investment costs. This quarter, Beverages profit fell 82 per cent, to $1.6 million.

Publishing and Printing turned profitable this quarter with PBIT of $1.7 million, up from a loss of $2.3 million in the last corresponding period. The better performance was due to improving operating margins owing to prior years' cost rationalisation efforts. As a result of improving operational efficiencies and productivity, higher profits from publishing and printing segments were recorded.

Corporate Developments

This quarter, in a series of open market purchases, the Group had successfully raised its shareholding in Vinamilk from 18.7 per cent to 19.2 per cent.

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For clarification and further enquiries, please contact:

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