

Message from Our Chairman



**CHAROEN
SIRIVADHANABHAKDI**
Chairman



I am pleased to report that the Group delivered a set of credible results for the year under review amidst challenging operating conditions.



Overview

I would like to begin my Statement by congratulating Singapore on its 50th year of nation building. The Company has benefitted greatly from the dynamic growth of Singapore since its independence in 1965. We are proud to be a part of the Singapore landscape. For more than 130 years, our enduring brands have been household names with strong nostalgic appeal, successfully making their way into the homes and hearts of our consumers.

Corporate and Strategic Developments

In January 2015, our Malaysian listed subsidiary, Fraser & Neave Holdings Bhd (“**F&NHB**”) extended its licence agreements with Société Des Produits Nestlé S.A. and Nestec S.A. for another 22 years to January 2037. The extended tenure will enable us to plan, invest and exploit opportunities to offer a complementary portfolio of canned milk products, which includes our own *F&N*, *GOLD COIN* and *TEAPOT* brands.

To achieve quantum leap growth, F&NHB has initiated a major strategic initiative to realign its operations in Malaysia to create greater synergy by leveraging on the combined strengths of our

people, brands and network of business partners and distributors.

During the year, we completed the sale of our 55 per cent stake in Myanmar Brewery Limited (“**MBL**”) at US\$560 million. This was more than double the original offer of US\$246 million from our former joint venture partner, Myanma Economic Holdings Limited. The sale resulted in a net gain of \$542 million. The key task now is for us to strategically reinvest the sale proceeds towards realising the goals of Vision 2020, set in late 2014, to build a stable and sustainable food and beverage business in ASEAN countries.

For Publishing & Printing (“**P&P**”), we took steps to build and develop key strategic partnerships, cementing our position as the leading Singapore Maths publisher in key territories like the Americas, Southeast Asia, the Middle East and the United Kingdom. We also restructured our Printing operations to adapt to the competitive printing landscape and drive long-term sustainability.

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SUMMARY OF KEY POINTS

Group revenue grew 1% to \$2,104 million, driven by strong performance of our Dairies business

REVENUE GREW

1%
in FY2015

Expanding into new growth markets of Vietnam, Myanmar and Thailand (Soft Drinks), as well as new growth product categories

NEW MARKETS:

Vietnam
Myanmar
Thailand
(Soft Drinks)

Message from Our Chairman

Results for FY2015

Despite a sharp fall in the Malaysian ringgit, Group sales from the continuing operations grew marginally to \$2,104 million, mainly buoyed by improved distribution coverage and penetration in Dairies Thailand.

Group Profit Before Interest and Taxation, Fair Value Adjustment and Exceptional Items contracted by 22 per cent to \$132 million; being largely impacted by lower contribution from Soft Drinks

and losses from P&P. In addition, substantial strategic investments were made for brand building, new products and entry into new markets which will bear fruit in the years to come.

Group Attributable Profit, including discontinued operations of MBL, was \$633 million after an exceptional charge, fair value loss and gain from divestment of MBL. Group Attributable Profit in the previous year was \$147 million.

PROFIT BEFORE INTEREST & TAXATION

\$132M

-22% from FY2014
(Excluding a one-off valuation gain of \$25m recorded in FY2014, PBIT fell 11%)

“ Vision 2020 was launched in late 2014 to provide a blueprint for F&N to partner Thai Beverage Public Company Limited (“ThaiBev”) to build market positions, harness combined strengths of each other to widen and strengthen our leading position in the ASEAN region. ”

01 100PLUS brand ambassadors Oscar and Pelé



The Group ended the financial year with a strong balance sheet and total cash of \$966 million. This will allow us to seize opportunities for long-term growth and pursue strategic partnerships in the region should these arise.

Dividends

The Board recommends a final dividend of 3 cents per share. Taken with the interim dividend paid in June, total dividend for the year will be 5 cents per share – the same as last year. The total dividend represents a payout of 63 per cent of the Group's Attributable Profit Before Fair Value Adjustment and Exceptional Items which is higher than our policy of paying up to 50 per cent of this figure.

Vision 2020

Vision 2020 was launched in late 2014 to provide a blueprint for F&N to partner Thai Beverage Public Company Limited ("**ThaiBev**") to build market positions, harness combined strengths of each other

best-selling green tea in Thailand. We also started distribution of *OISHI* green tea in Singapore and Malaysia to expedite the expansion in the fast growing ready-to-drink green tea market. We see substantial opportunities in the huge ASEAN tea market. Plans are also in place to penetrate these markets with our portfolio of *F&N SEASONS* flavoured teas and *OISHI* green tea. Since October 2015, we have been distributing *CHANG* Beer in Singapore. Our synergistic partnership with ThaiBev will continue to be an important enabler to broaden our product portfolio, deepen our reach into existing core markets and expand into new markets.

We will also seek opportunities to grow our geographical footprint beyond the existing core markets, particularly Myanmar, Vietnam, Indonesia and the Philippines. Our regional offices in Myanmar and Vietnam have laid the foundation to increase our presence and

DIVIDEND

\$0.05 PER SHARE

Same as FY2014

This represents a payout of 63%, higher than our policy of paying up to 50% of Attributable Profit Before Fair Value Adjustment and Exceptional Items

Acknowledgements

We are very privileged to have a Board with an extensive and broad range of skills and expertise, and I would like to convey my gratitude for their guidance and commitment. I also thank Management and Staff for their enthusiasm, commitment and dedication.

My appreciation also goes to our shareholders, customers, suppliers

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to widen and strengthen our leading position in the ASEAN region. This is to be achieved by driving growth, enhancing diversity in revenue, developing core brands, strengthening route-to-market and fostering professionalism throughout the organisation.

During the year, we made great strides towards integration of the businesses of ThaiBev and F&N. The Company launched *100PLUS* in Thailand through Thai Drinks Co. Ltd, a subsidiary of ThaiBev and it was well received. ThaiBev has established *OISHI* as the

penetration in these markets in the near future. During the year, we have launched *100PLUS* in Vietnam; and *F&N SEASONS* teas in Myanmar, in addition to our existing range of *100PLUS* products.

Looking Forward

As we enter the new financial year, there are some signs of volatility in currency exchange rates and uncertainty in consumer sentiments. Management will continue to closely monitor and respond to these developments while seeking to take advantage of opportunities that may arise.

and business partners for your ongoing trust and support and I look forward to continuing our journey together towards achieving Vision 2020.

In closing, I am confident that amidst the uncertainties in the economic outlook, a clear and purposeful business strategy will stand us in good stead to bring the Company forward and generate sustainable long-term returns for all shareholders.

Charoen Sirivadhanabhakdi
Chairman