

FY2016

# F&N

## First Quarter FINANCIAL HIGHLIGHTS

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03 February 2016



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# 1Q2016 Performance Highlights

37% EBIT growth

Strong operating performance in the first quarter ended 31 December 2016 (“1Q2016” or “1Q16”)

- Dairies growth momentum continued unabated; earnings up nearly twofold
- Lower input cost and marketing spend fueled Soft Drinks earnings
- Profit impacted by adverse currency effects and brand investment in new markets

# 1Q2016 Group Financial Highlights

Revenue  
(millions)

**\$488.7**

▼ 11.1%

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

**\$53.9**

▲ 37.1%

Profit after tax ("PAT")<sup>1</sup>  
(millions)

**\$47.8**

▲ 57.3%

EBIT margin  
(%)

**11.0%**

▲ 388bps

Gearing  
(millions)

**\$879.1** (net cash)

▲ 1.6%<sup>3</sup>

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

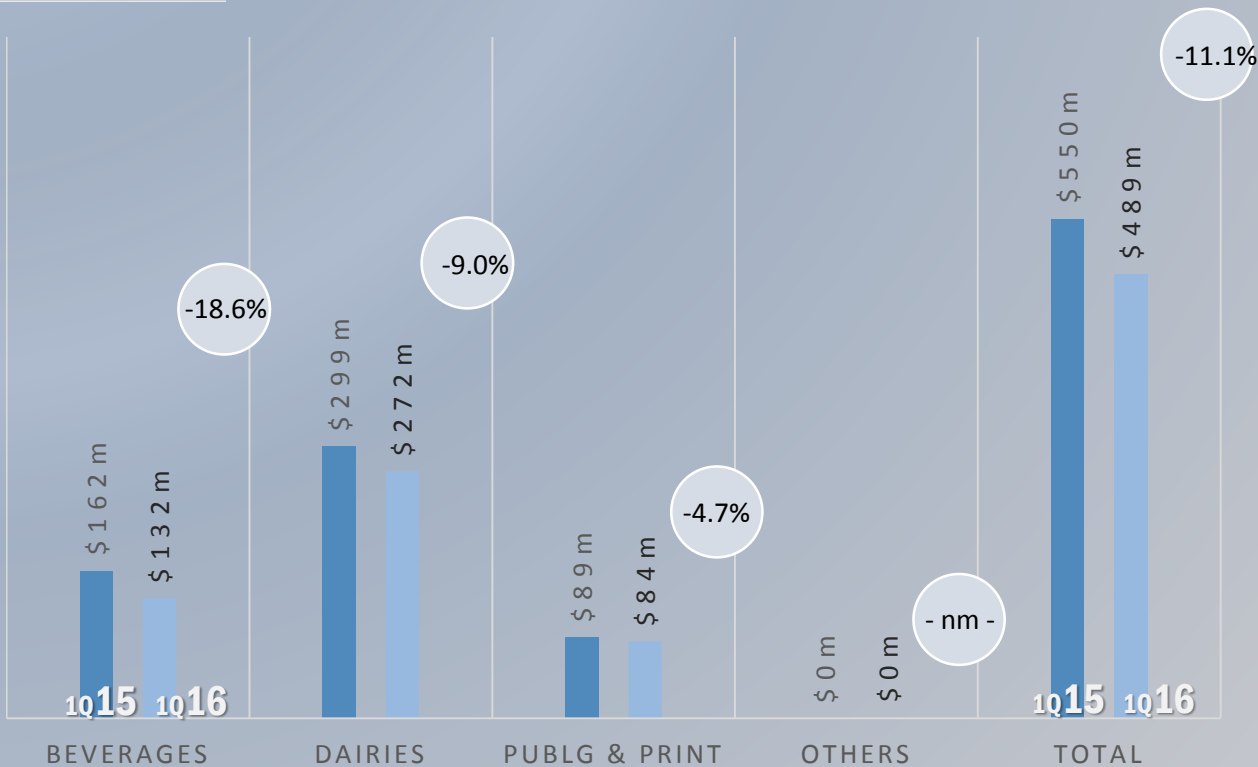
**1.8**

▲ 38.5%

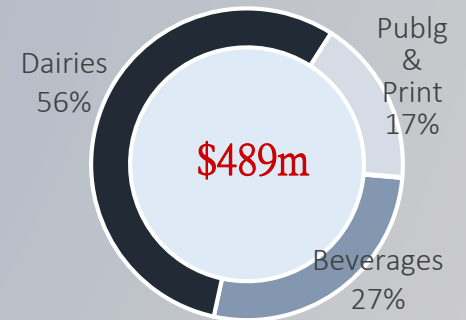
# 1Q2016 Revenue Down 11.1%

Due to weaker ringgit and competitive pricing, despite volume growth

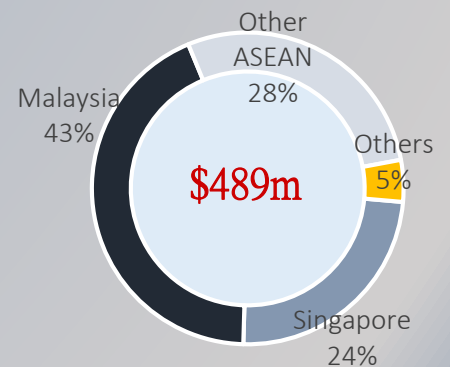
Revenue by Business Segment (\$)



1Q2016 Revenue by Business Segment (%)



1Q2016 Revenue by Geography (%)

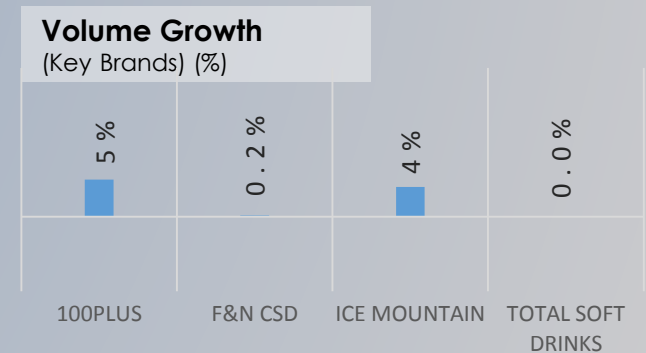


# 1Q2016 Revenue | Beverages

Revenue -19% on weaker ringgit and competitive pricing in Malaysia

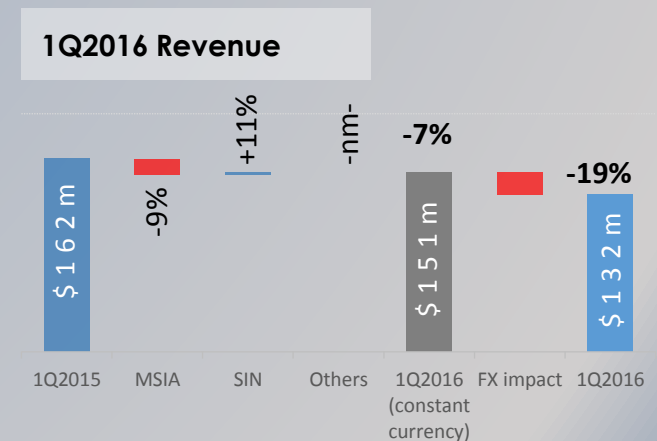
## Beverages Malaysia (-22%; -9% in constant currency)

- Volume flat against last year, despite lost sales from RedBull
- Revenue impacted by weaker Ringgit, weaker consumer confidence and increase in end-consumer related competitive pricing pressures, particularly with the commencement of Chinese New Year selling-in
- Retained leadership positions in key categories
- Launched Ranger (to replace RedBull)



## Beverages Singapore

- Revenue grew 11% driven by new product *F&N Ice Mountain* sparkling water, *Oishi* and *Coco Life*





# 1Q2016 Revenue | Dairies

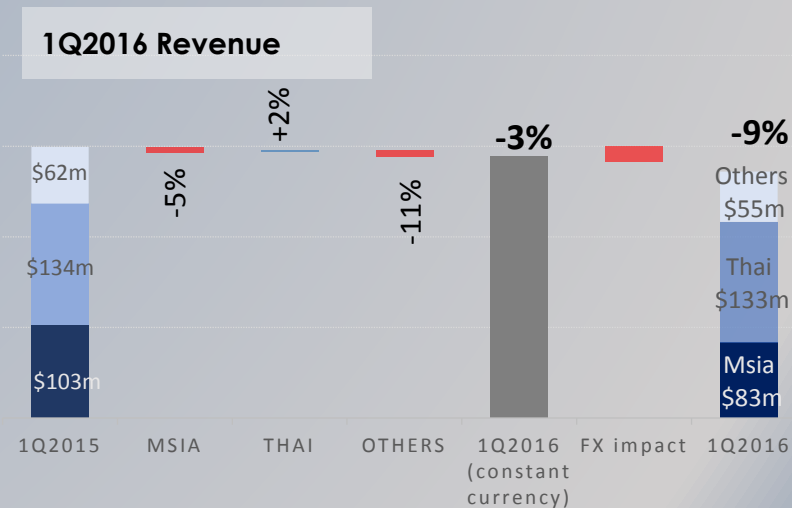
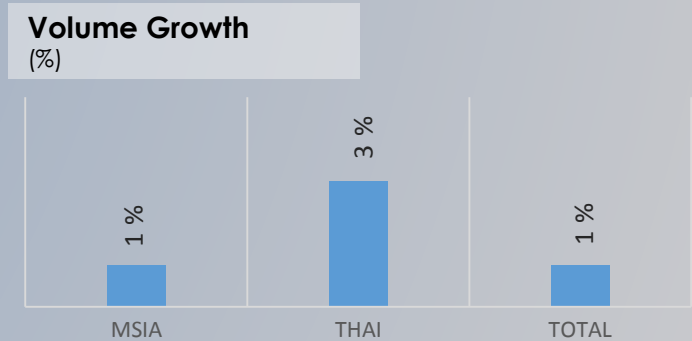
Revenue -9%, impacted by weaker ringgit and higher tactical discounts

## Dairies Malaysia (-19%; -5% in constant currency)

- Weaker ringgit, higher trade discounts (in view of lower input costs) and weaker consumer confidence moderated growth in revenue
- Consolidated its market leadership positions for sweetened condensed milk and evaporated milk segments

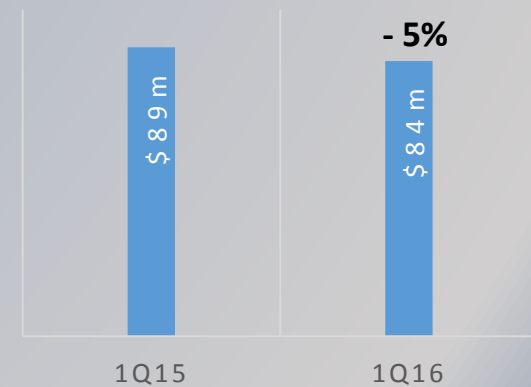
## Dairies Thailand (+0%; +2% in constant currency)

- Excluding lost sales from Bear & Milo UHT, revenue grew 11% against last year
- Distribution coverage continue to increase, supported by effective branding and consumer trade campaigns
- Expanded product offering with the introduction of function-based UHT milk



# 1Q2016 Revenue | Publishing & Printing

- Education Publishing continued to diversify and grow its customer base
  - Growth recorded in key markets of Singapore, Hong Kong and the US
- Lower print volume adversely affected revenue

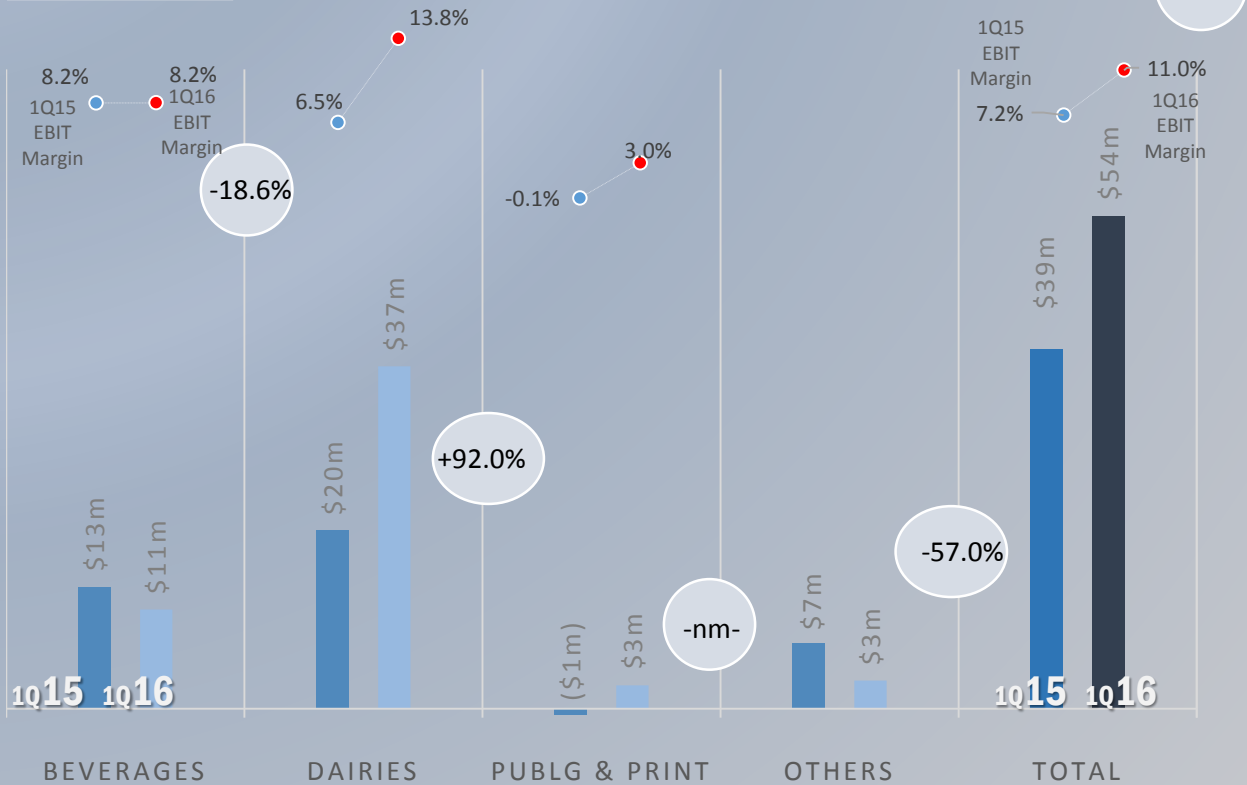




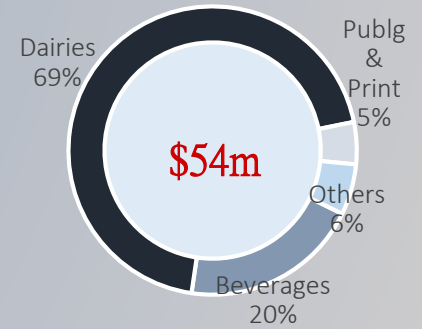
# 1Q2016 EBIT Grew 37.1%

Profit growth supported by Dairies and recovery in P&P

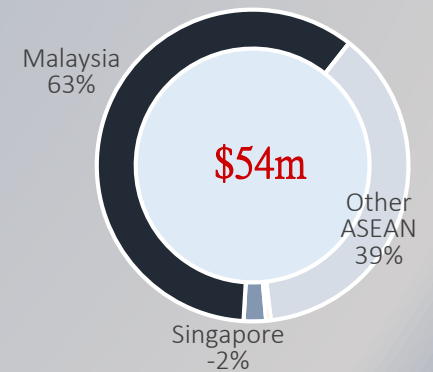
EBIT by Business Segment (\$)



1Q2016 EBIT by Business Segment (%)



1Q2016 EBIT by Geography (%)



<sup>1</sup> Beverages comprises Soft Drinks and Beer

<sup>2</sup> Publg & Print denotes Publishing & Printing

# 1Q2016 EBIT | Beverages

EBIT margins maintained despite new market spending in Vietnam, Myanmar, Thailand and Indonesia

## Beverages Malaysia

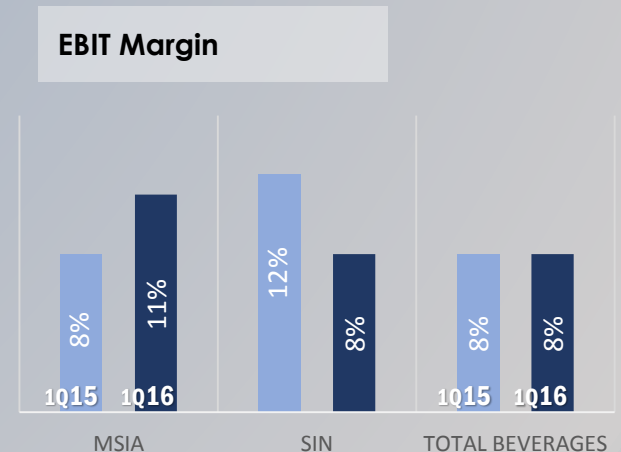
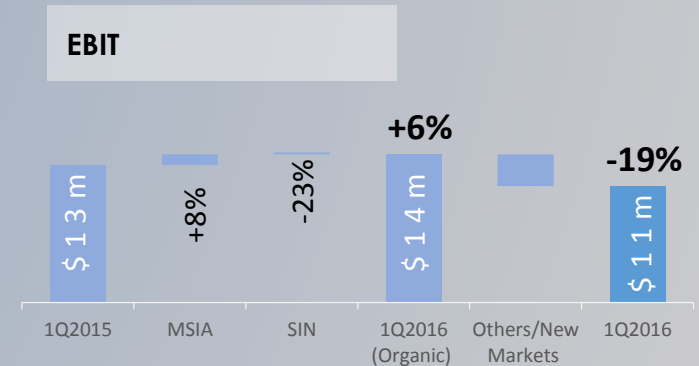
- EBIT grew 8% (+26% in constant currency), due mainly to lower input cost and marketing spend

## Beverages Singapore

- EBIT fell 23% due to higher marketing spend on new launches of *Oishi* and *Coco Life*

## Others / New Markets

- Aggressive regional expansion, increasing market penetration in SEA
- Brand investment cost of \$3 million in new markets of Vietnam, Myanmar, Thailand and Indonesia
- Excluding brand investment cost in new markets, Beverages EBIT grew 6%



# 1Q2016 EBIT | Dairies

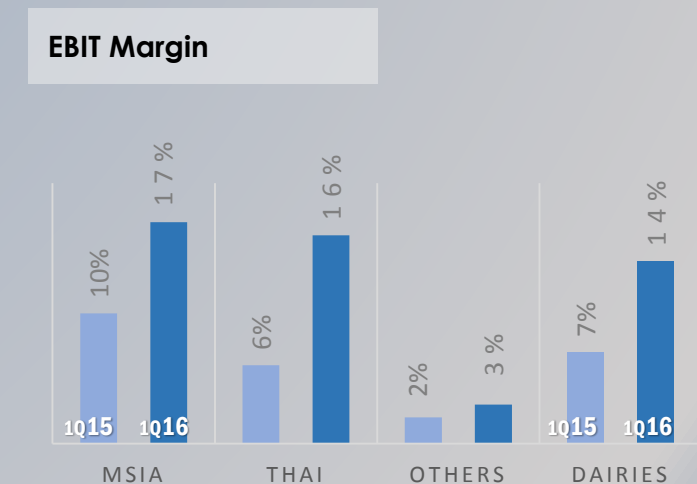
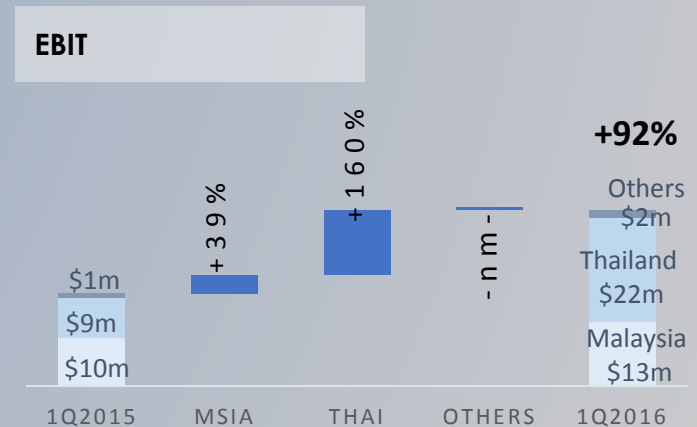
Earnings surged 92%; Margin expansion as a result of strong growth in Malaysia and Thailand

## Dairies Malaysia (+39%; +62% in constant currency)

- Driven by lower input costs and continuous realised production cost savings
- Weaker ringgit affected extent of earnings growth
- EBIT margin improved to 17%, from 10%

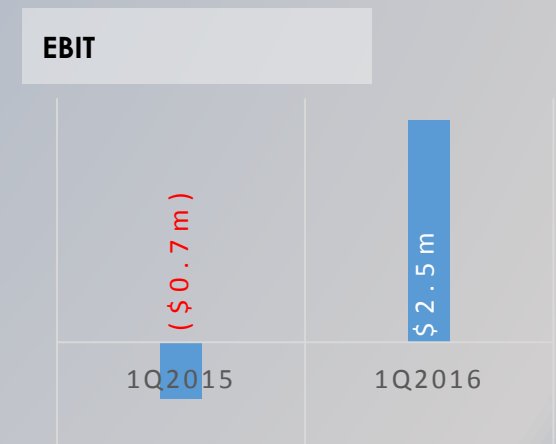
## Dairies Thailand (+160%; +164% in constant currency)

- Strong profit growth supported by significant savings from input costs, lower trade discounting, increased manufacturing utilisation and efficiency and one-off cost recovery
- EBIT margin improved to 16%, from 6%



# 1Q2016 EBIT | Publishing & Printing

- Recovery was supported by revenue growth in Publishing and Magazines Distribution, improved efficiencies and lower costs in the Printing division as a result of the restructuring exercise in FY2015





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