

FY2016

# F&N

## First Quarter FINANCIAL HIGHLIGHTS



03 February 2016



# Important notice

Certain statements in this Presentation constitute “forward-looking statements”, including forward-looking financial information. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of F&NL, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding F&NL’s present and future business strategies and the environment in which F&NL will operate in the future. Because these statements and financial information reflect F&NL’s current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information.

F&NL expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement or financial information contained in this Presentation to reflect any change in F&NL’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

This Presentation includes market and industry data and forecast that have been obtained from internal survey, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While F&NL has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, F&NL has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

# 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)

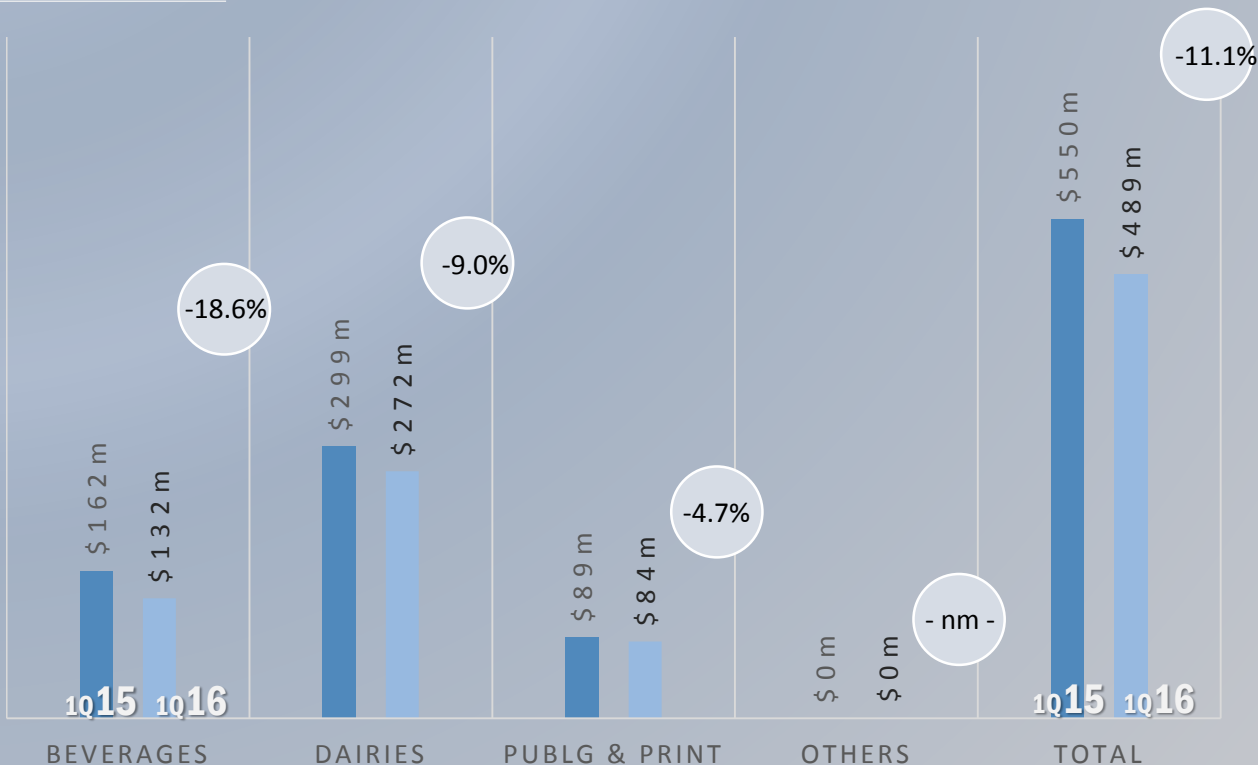
**1.8**

▲ 38.5%

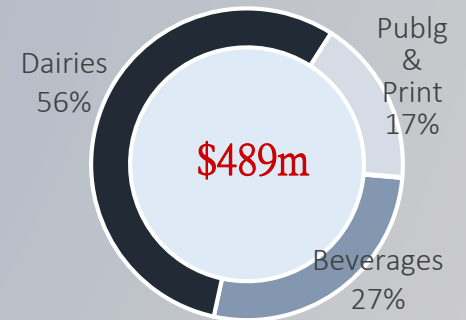
# 1Q2016 Revenue Down 11.1%

Due to weaker ringgit and competitive pricing, despite volume growth

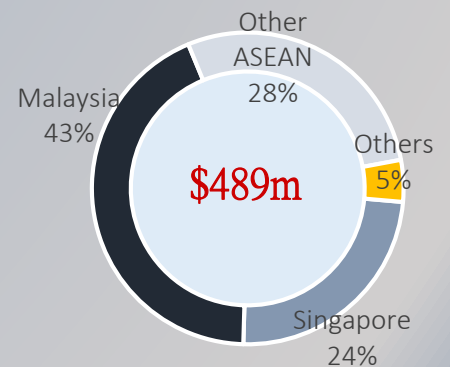
Revenue by Business Segment (\$)



1Q2016 Revenue by Business Segment (%)



1Q2016 Revenue by Geography (%)



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

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

# 1Q2016 Revenue | Beverages

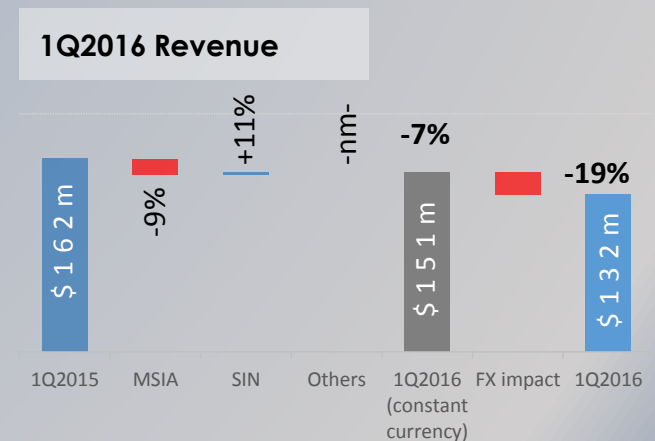
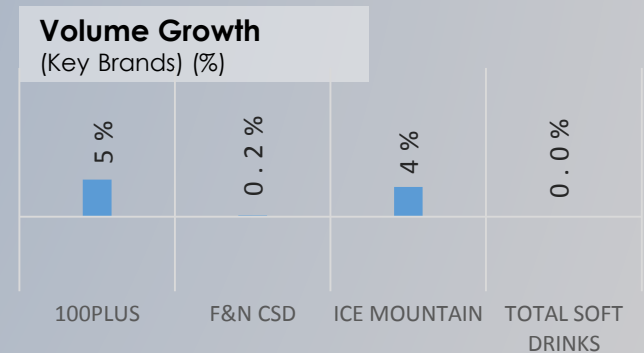
Revenue -19% on weaker ringgit and competitive pricing in Malaysia

## 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

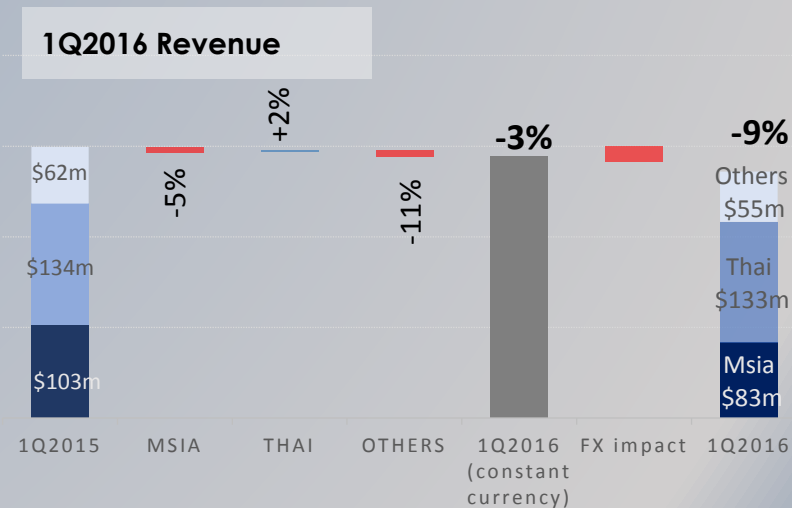
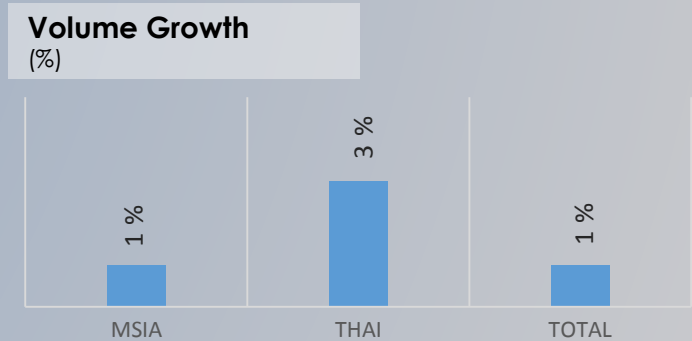
Revenue -9%, impacted by weaker ringgit and higher tactical discounts

## 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

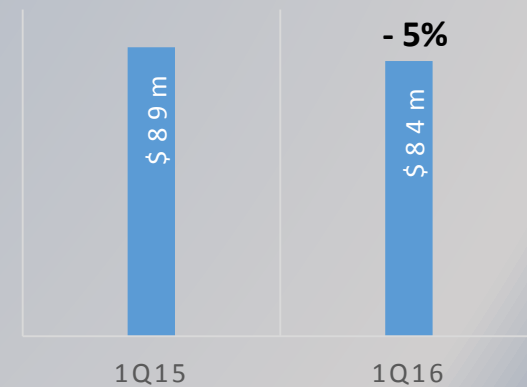
## Dairies Thailand (+0%; +2% in constant currency)

- 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

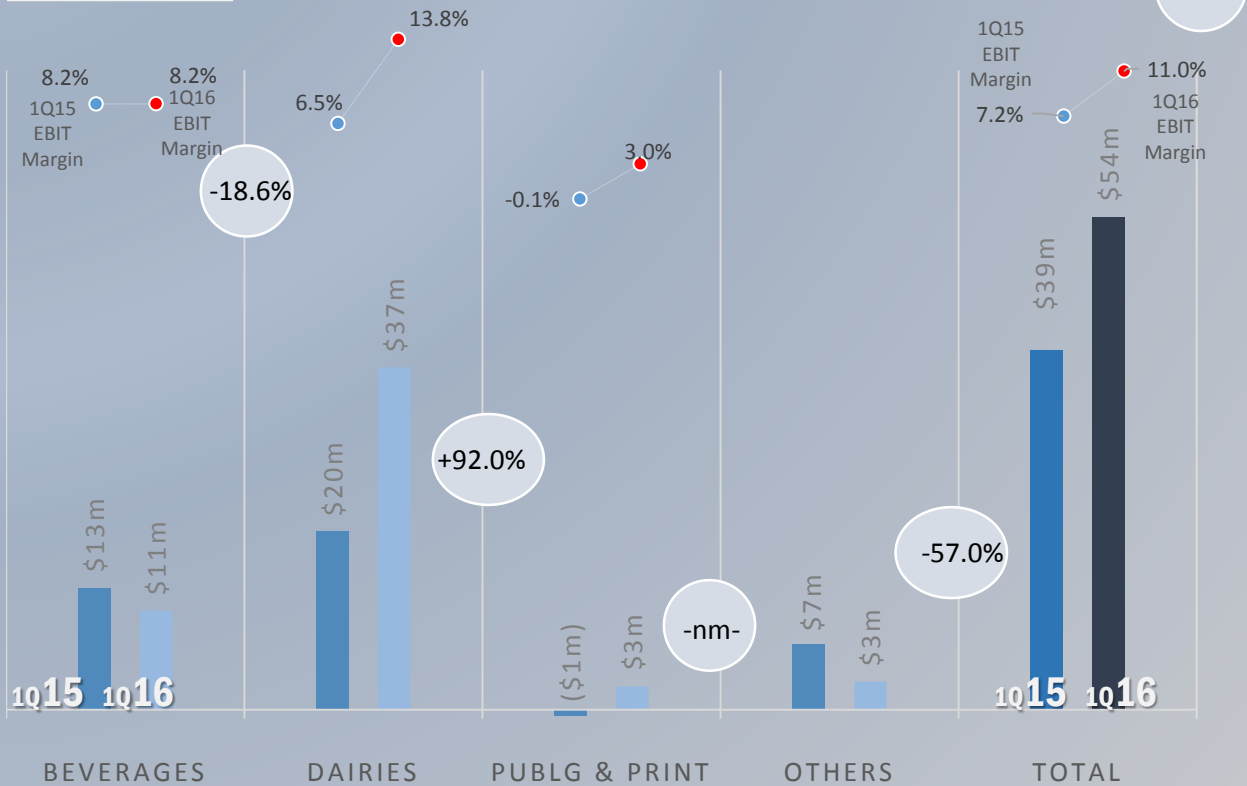




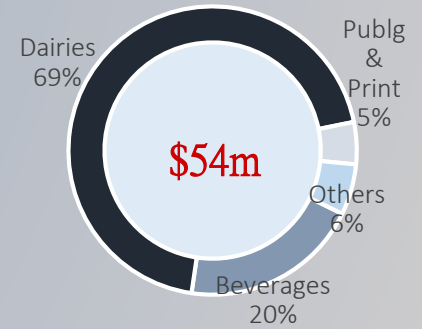
# 1Q2016 EBIT Grew 37.1%

Profit growth supported by Dairies and recovery in P&P

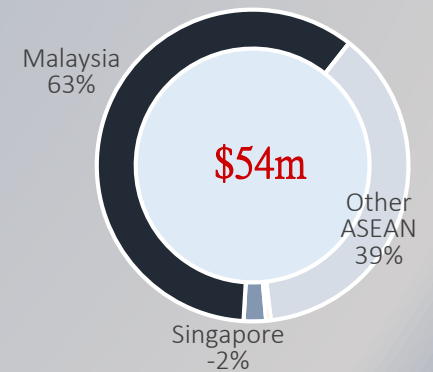
EBIT by Business Segment (\$)



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

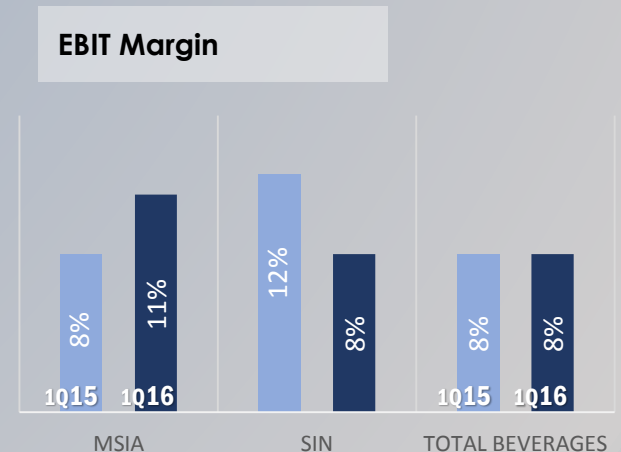
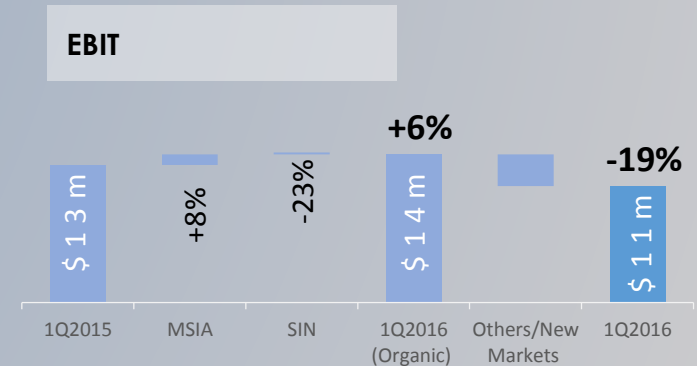
- EBIT grew 8% (+26% in constant currency), due mainly to lower input cost and marketing spend

## 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

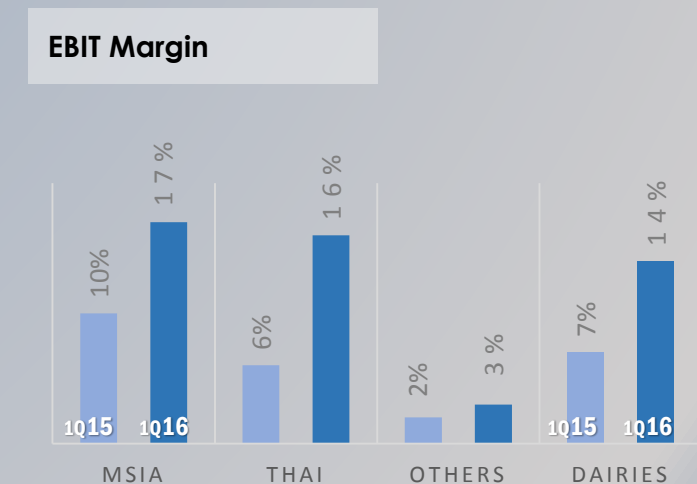
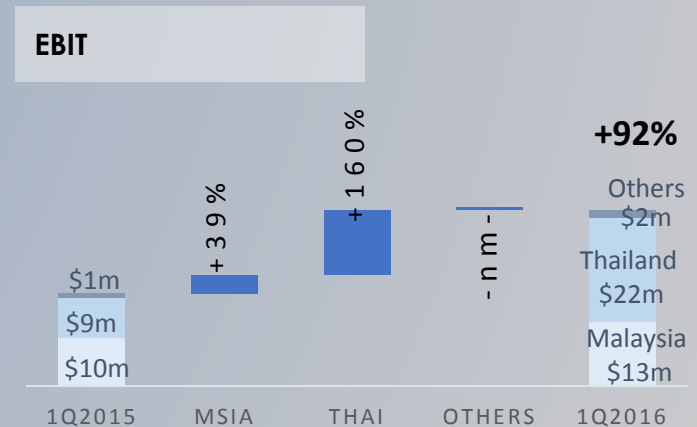
Earnings surged 92%; Margin expansion as a result of strong growth in Malaysia and Thailand

## 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%

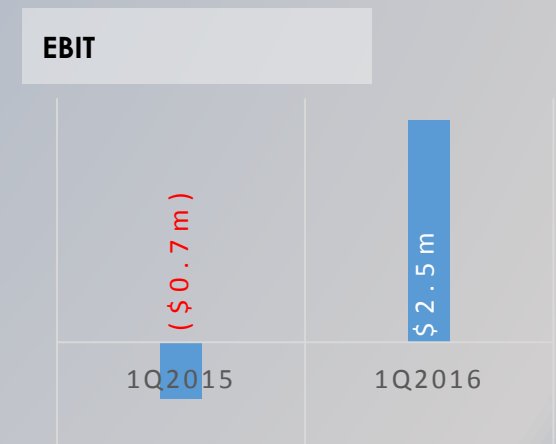
## Dairies Thailand (+160%; +164% in constant currency)

- 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





Analyst and media contact:

Jennifer Yu

Head, Investor Relations

T: (65) 6318 9231

E: [jenniferyu@fngroup.com.sg](mailto:jenniferyu@fngroup.com.sg)

Fraser and Neave, Limited



NEW 100PLUS BOTTLE  
WITH IMPROVED GRIP

