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FRASER AND NEAVE, LIMITED
Company Registration No. 189800001R
Incorporated in the Republic of Singapore

Fraser and Neave reports 9 per cent[1] rise in 9-month FY2018 attributable profit

- ***9M2018 revenue increased 1 per cent to $1,445.1 million***
- ***9M2018 PBIT [2] rose 10 per cent to $158.5 million, underpinned by strong Dairies earnings growth of 10 per cent despite rising input costs and absence of dividend income recognition***
    - ***Improved Beverages Malaysia 9M2018 performance helped lift profits***

Financial Highlights ($ 'million)	**3 months to 30 June 2018**	**3 months to 30 June 2017 (Restated)**	**9 months to 30 June 2018**	**9 months to 30 June 2017 (Restated)**
Revenue	485.0	483.1	1,445.1	1,429.4
PBIT[2]	72.4	74.9	158.5	143.5
Profit before Taxation[1]	68.4	72.1	146.5	141.0
Attributable Profit - Before Exceptional Items - Exceptional Items	50.3 50.3 -	1,255.1 57.4 1,197.7	91.2 91.1 0.1	1,285.7 83.7 1,202.0
Earnings Per Share (basic)(cents)[1]	3.5	4.0	6.3	5.8
Net Asset Value Per Share			$1.96	$1.95 (30 Sep 2017)

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

SINGAPORE, 07 AUGUST 2018 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") today announced financial results for its third quarter ("**3Q2018**") and nine months ("**9M2018**") ended 30 June 2018.

In 3Q2018, the Group posted quarterly revenue of $485.0 million, up marginally from $483.1 million in the last corresponding period. The improved performance was driven by strong Dairies sales and favourable translation effects, negated by weaker soft drinks sales. Group 3Q2018 profit before interest and taxation ("**PBIT**") declined 3 per cent to $72.4 million, impacted mainly by higher input costs and last year's final recognition of dividend income from Vietnam Dairy Products Joint Stock Company[i] ("**Vinamilk**"). In the absence of the $1,199.6 million one-off recognition of fair value reserves last year, 3Q2018 attributable profit fell to $50.3 million, from $1,255.1 million in the last corresponding quarter. Excluding this fair value reserves and exceptional items, the Group's attributable profit for 3Q2018 declined 12 per cent, from $57.4 million a year ago.

This quarter, Dairies remained the Group's key contributor – especially Dairies Malaysia and Dairies Thailand where earnings grew 77 per cent and 17 per cent, respectively. Dairies quarterly earnings was further bolstered by Vinamilk's $38.8 million earnings contribution, which benefitted from an additional 0.5-month contribution as profit recognition under equity method started from 16 April 2017. Despite that, Dairies 3Q2018 earnings fell 8 per cent, to $73.6 million. The lower earnings was due to the absence of dividend income from Vinamilk this quarter. Excluding the $33.4-million dividend income in 3Q2017, Dairies earnings would have surged close to 59 per cent.

Business conditions for Beverages continued to be challenging especially in Malaysia where soft drinks sales were adversely impacted by slow off-take post-Hari Raya festive season and the postponement of purchases by customers in view of zero-rated GST which took effect 1 June 2018. Consequently, Beverages revenue fell 5 per cent year-on-year, to $133.8 million. Despite lower revenue, Beverages 3Q2018 earnings grew 38 per cent due largely to lower sugar cost, reduced operating costs and favourable translation effects.

[i] Effective 16 April 2017, the Group accounts for its share of profit of Vinamilk under equity method.

Publishing and Printing recorded higher losses in this quarter, from a loss of $2.7 million to $4.7 million, largely attributed to lower print volume and timing of order deliveries.

For the nine months ended 30 June 2018 ("**9M2018**"), Group revenue increased 1 per cent year-on-year to $1,445.1 million from $1,429.4 million. The growth in 9M2018 revenue was due to higher dairies sales as well as favorable translation effects. Group PBIT grew 10 per cent year-on-year to $158.5 million on strong Dairies and Soft Drinks Malaysia contributions. Consequently, 9M2018 attributable profit before exceptional items rose 9 per cent, to $91.1 million. Including exceptional items, attributable profit fell from $1,285.7 million to $91.2 million. The decline was due to the absence of the $1,199.6-million fair value reserves recognised last year when the Group started to equity account its share of Vinamilk's profit in April 2017.

Dairies recorded robust 9M2018 earnings growth of 10 per cent, from $159.1 million to $175.1 million. The strong year-to-date performance arose mainly from the profit contribution from Vinamilk, bolstering weaker earnings from Dairies Malaysia, which has been adversely impacted mainly by higher input costs. Beverages performance continued to weigh on Group 9M2018 PBIT. While Beverages Malaysia recorded earnings growth of 12 per cent, continued targeted spend on brand building initiatives, trade promotions and the widening of distribution channels in New Markets of Indonesia, Myanmar and Vietnam have had a negative impact on overall Beverages earnings. Consequently, Beverages 9M2018 profit fell 35 per cent, to $3.7 million.

Publishing and Printing 9M2018 earnings were impacted by lower revenue, mainly due to timing of order deliveries and lower sales to North and South

America and Singapore. 9M2018 losses before interest and tax widened to $11.5 million, from $10.6 million in the last corresponding period.

Corporate Development

F&N acquired 4.21 per cent interest in Tsit Wing

In June, F&N successfully subscribed for a 4.21 per cent stake in Tsit Wing International Holdings Limited ("**TW**") at its initial public offering on The Stock Exchange of Hong Kong, at HK$1.98 per share, bringing the total acquisition cost to HK$64.6 million ($11.0 million).

Established in 1932, TW is a leading integrated B2B coffee and black tea solutions provider in Hong Kong, Macau and the PRC. A well-trusted brand, TW provides one-stop coffee and tea solutions services to commercial customers that cover the entire coffee and tea procurement, processing and distribution value chain.

In April, F&N entered into a memorandum of understanding with TW to explore business and product development opportunities for the supply, distribution, cobranded promotion and co-development of beverage products and/or beverage solutions in Hong Kong, Macau, China and Southeast Asia.

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