



Fraser & Neave Holdings Bhd

FY06/07 Full Year Results Briefing

November 7 , 2007

Presented by : Tan Ang Meng, CEO



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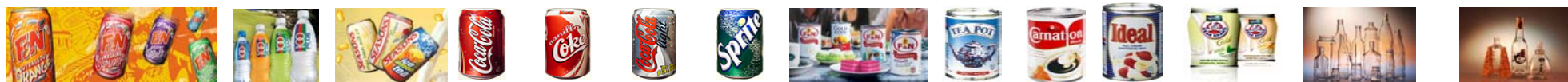


Financial results – highlights




- ❑ Significant growth in revenue +47%
 - double digit growth in traditional business (+10%)
 - newly acquired Nestlé's business (+37%)
- ❑ Double digit PBT growth despite
 - unprecedented raw material & packaging cost hike ▶
 - start up cost in Nestlé acquisition and new Thai Glass plant
 - higher interest cost from funding new business
- ❑ PAT improved by 7.8%, LY benefited from reversal of tax overprovision
- ❑ 7th year of consecutive record revenue & profit

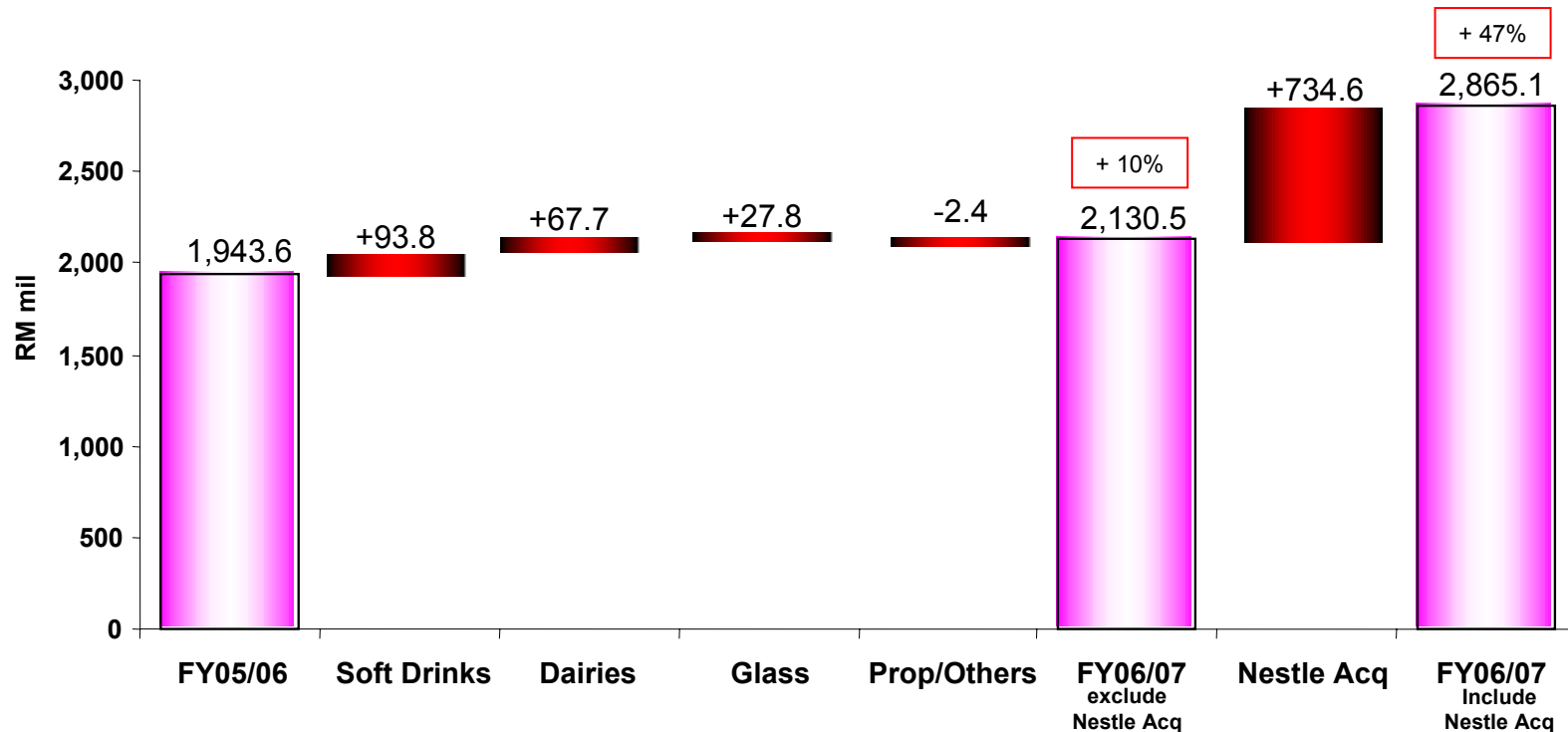
| RM million | 06/07 | 05/06 | +/- (%) |
|---------------------|----------------|---------|---------|
| Revenue | 2,865.1 | 1,943.6 | +47.4 |
| PBIT | 227.8 | 193.7 | +17.6 |
| PBT | 220.9 | 194.2 | +13.8 |
| PAT | 165.6 | 153.6 | +7.8 |
| Effective tax rate | 25.0% | 20.9% | +19.6 |
| Attributable Profit | 152.9 | 142.8 | +7.0 |



Financial results – revenue



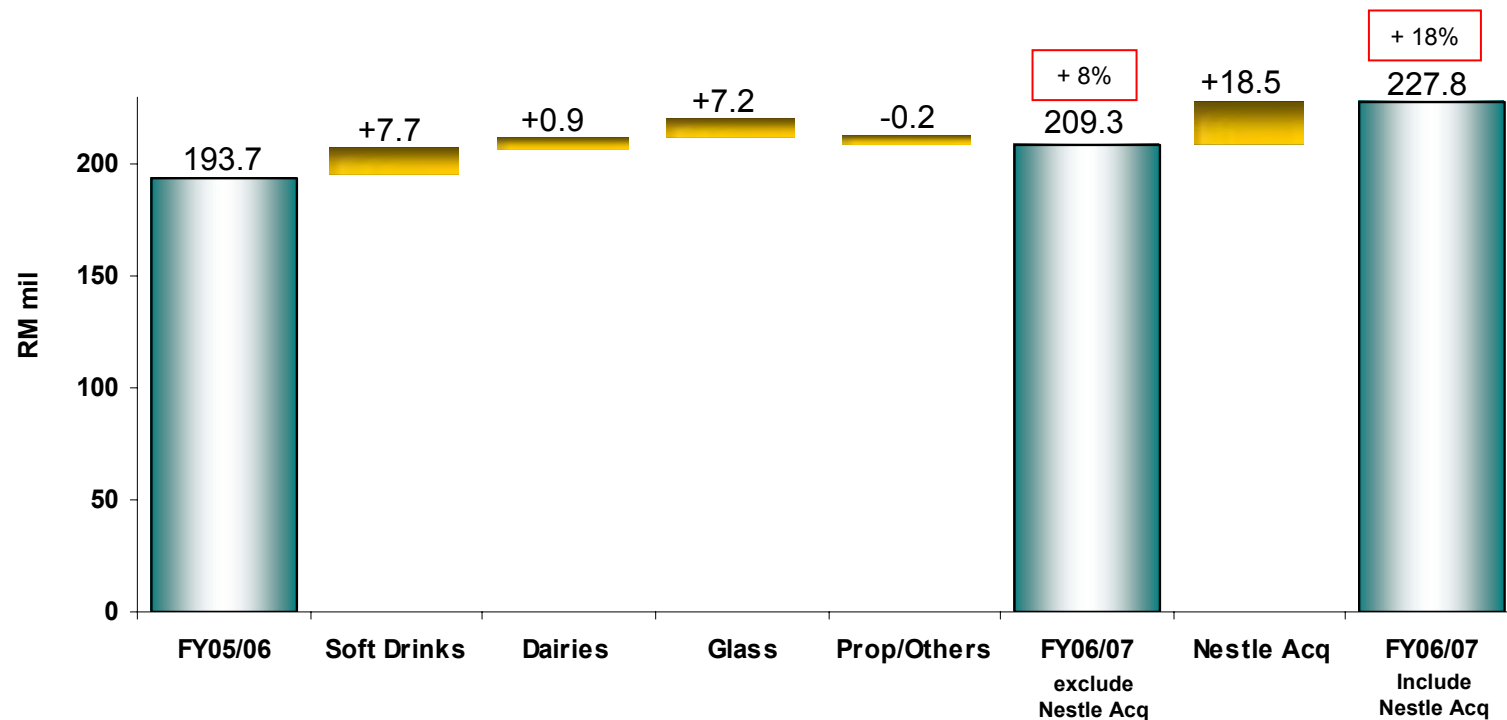
- ❑ Traditional business revenue +10%, surpassing RM2b for the first time
- ❑ Newly acquired Nestlé's business contributed RM735m or 37% (8 months)
 - F&N Dairies Thailand among top 5, non-alcoholic F&B company
- ❑ Group revenue  47%, heading for RM3b level



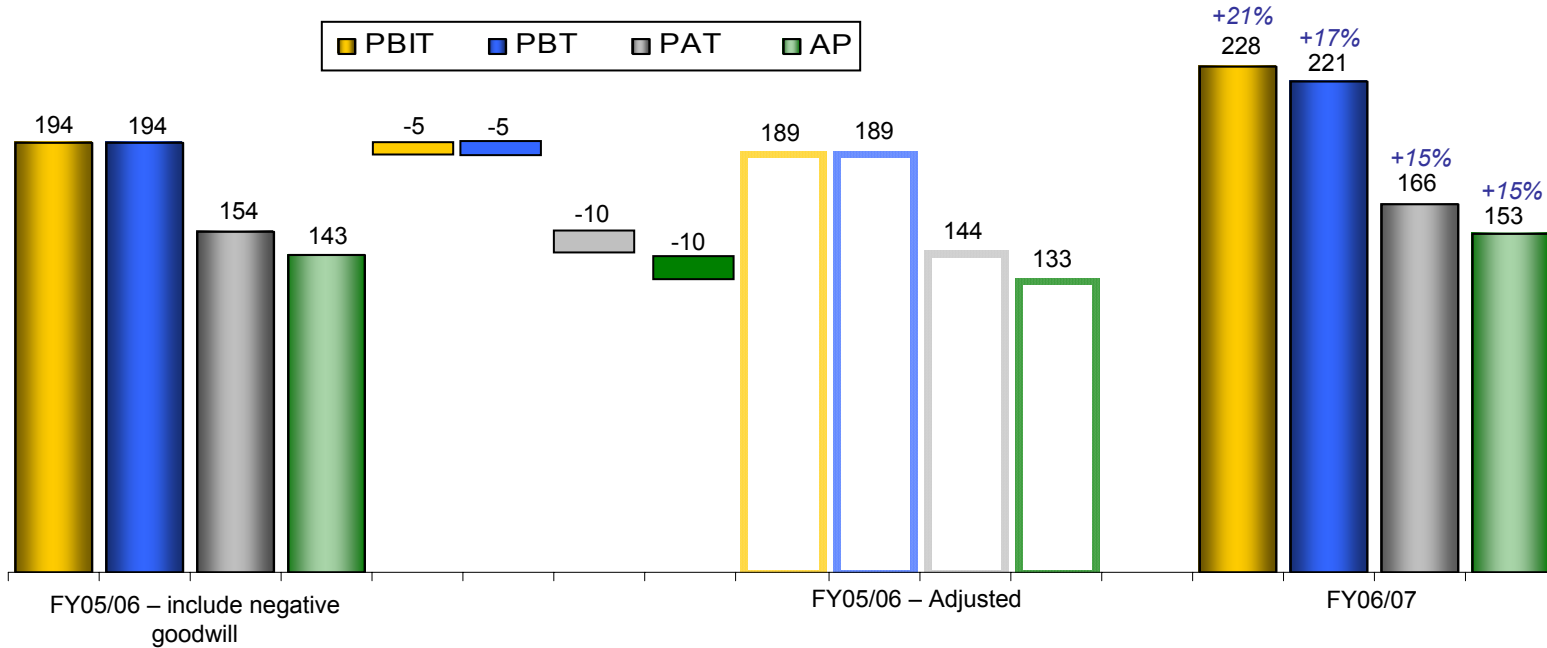
Financial results – PBIT



- ❑ Traditional business grew +8% despite high raw material & packaging cost, surpassing RM200m for the first time
- ❑ Acquired Nestlé business profitable in Year 1
 - contributed RM18.5m, after start up cost
 - more importantly, F&N established in Thailand F&B landscape & opens up Indochina market



Detailed comparison – FY06 & FY07 results



1. Negative goodwill from Borneo Springs acquisition booked as profit of RM5m (not taxable)
2. Tax overprovision written back – RM5m

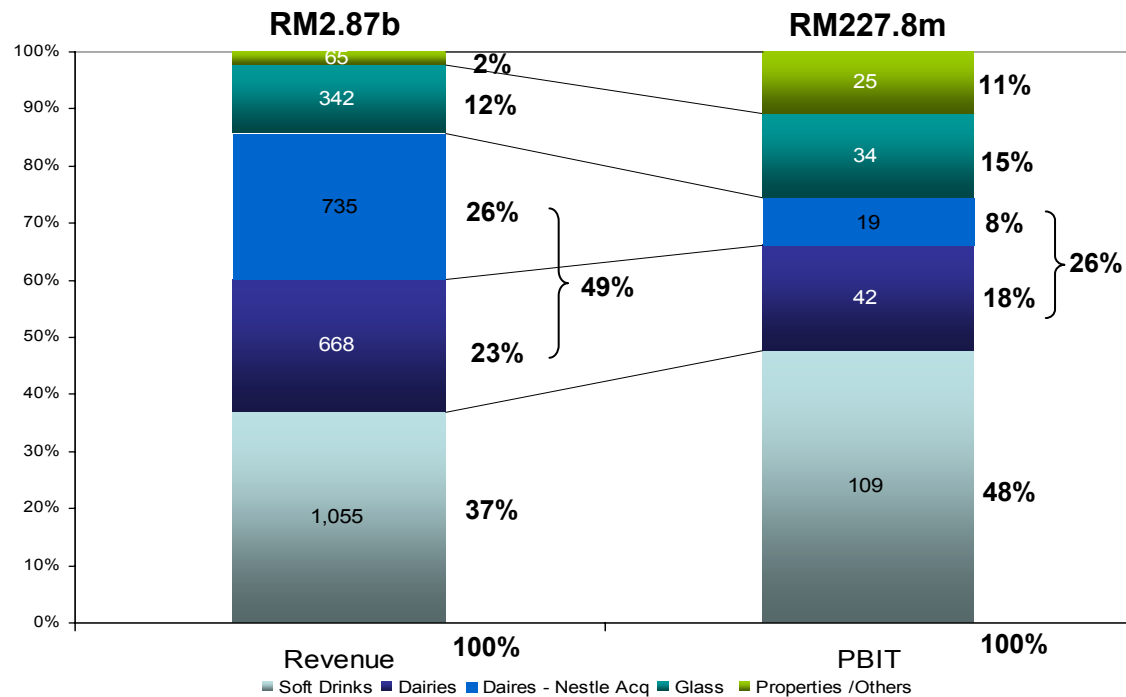
Underlying net profit grew by 15% (& not 7%)



Revenue & PBIT – by operations



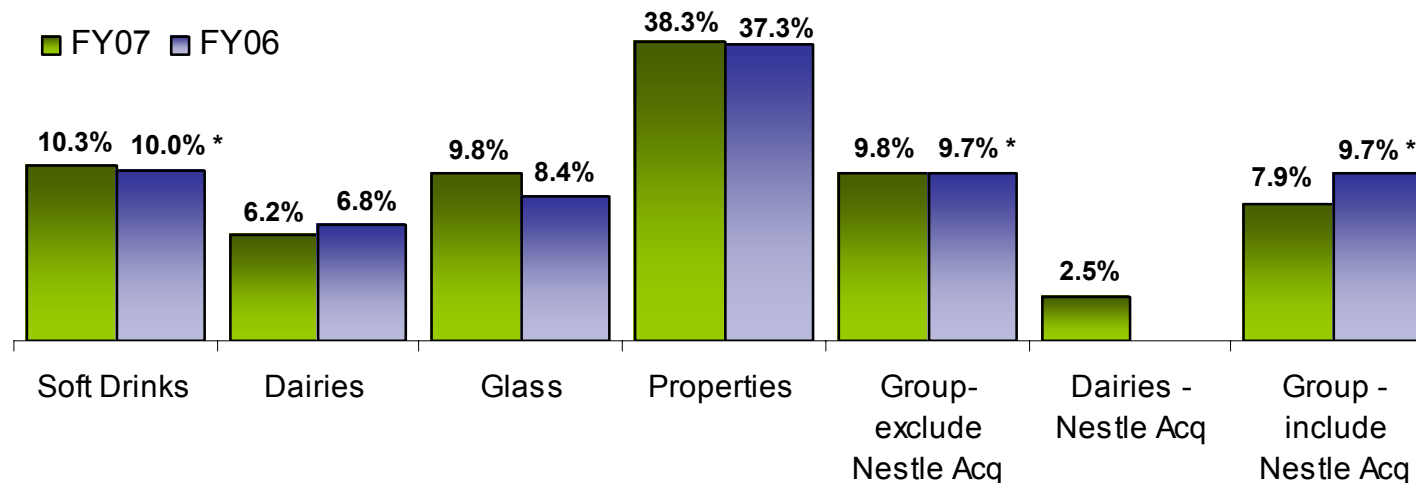
- ❑ Dairies biggest revenue segment – entry into Thailand / Indochina, strengthened Malaysia
- ❑ Nestlé acquisition PBIT disproportionate, due to startup cost, increase in raw materials and integration cost
- ❑ Soft drinks remain largest PBIT contributor



PBIT margins – by operations



- ❑ Margin improvements in Soft Drinks & Glass due to higher sales volume & better sales mix, cost recovery through price increase & higher productivity
- ❑ Erosion in Dairies margin due to unprecedented increase in raw materials of dairy products (milk, whey powder, palm oil)
- ❑ Overall margin (exclude Nestlé business) maintained in spite of cost increase
- ❑ Margin for acquired business low for Year 1. Synergistic savings from the combined business progressing / startup cost / high raw material costs



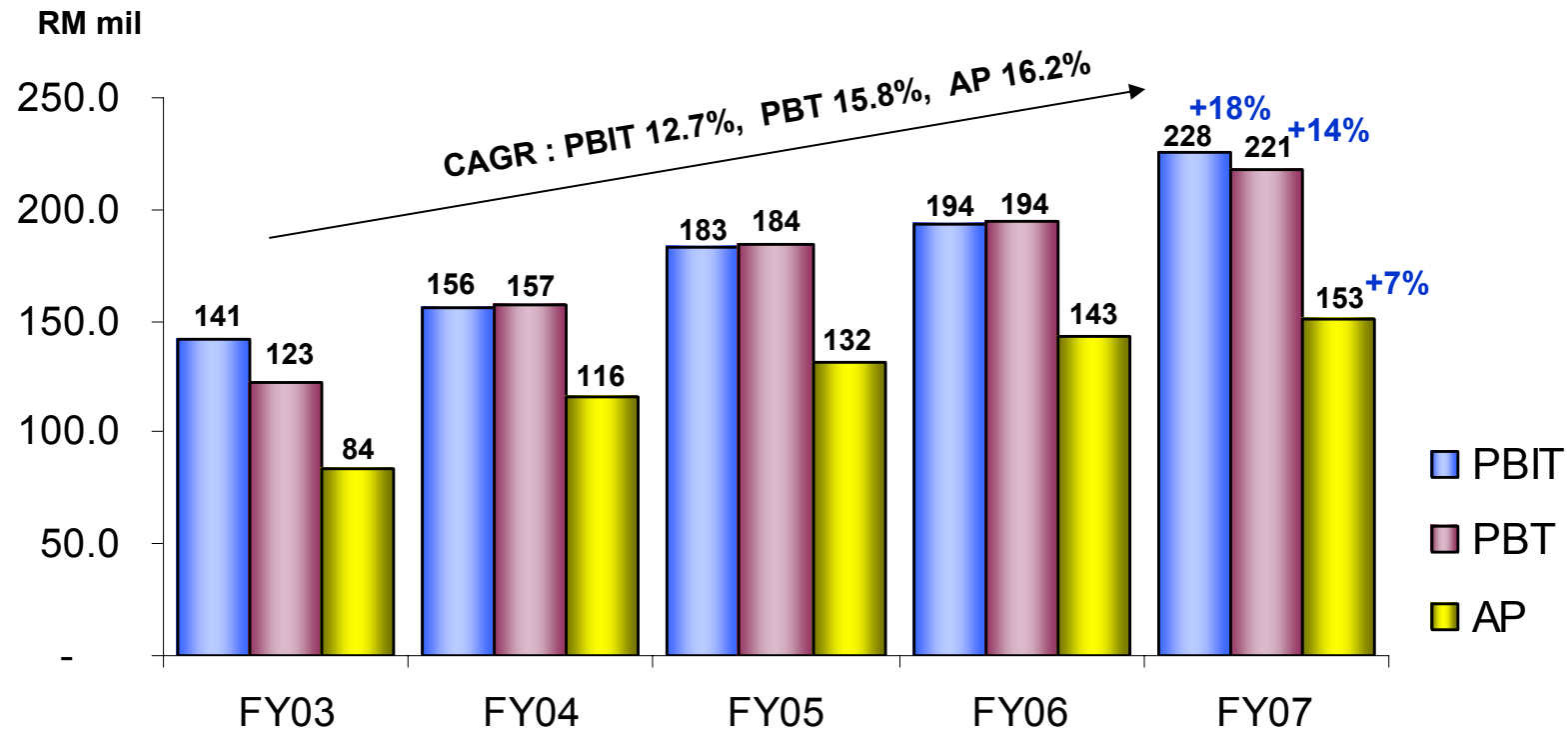
* Adjusted for non-operating income (negative goodwill) arising from Borneo Springs acquisition



Growth – last 5 years



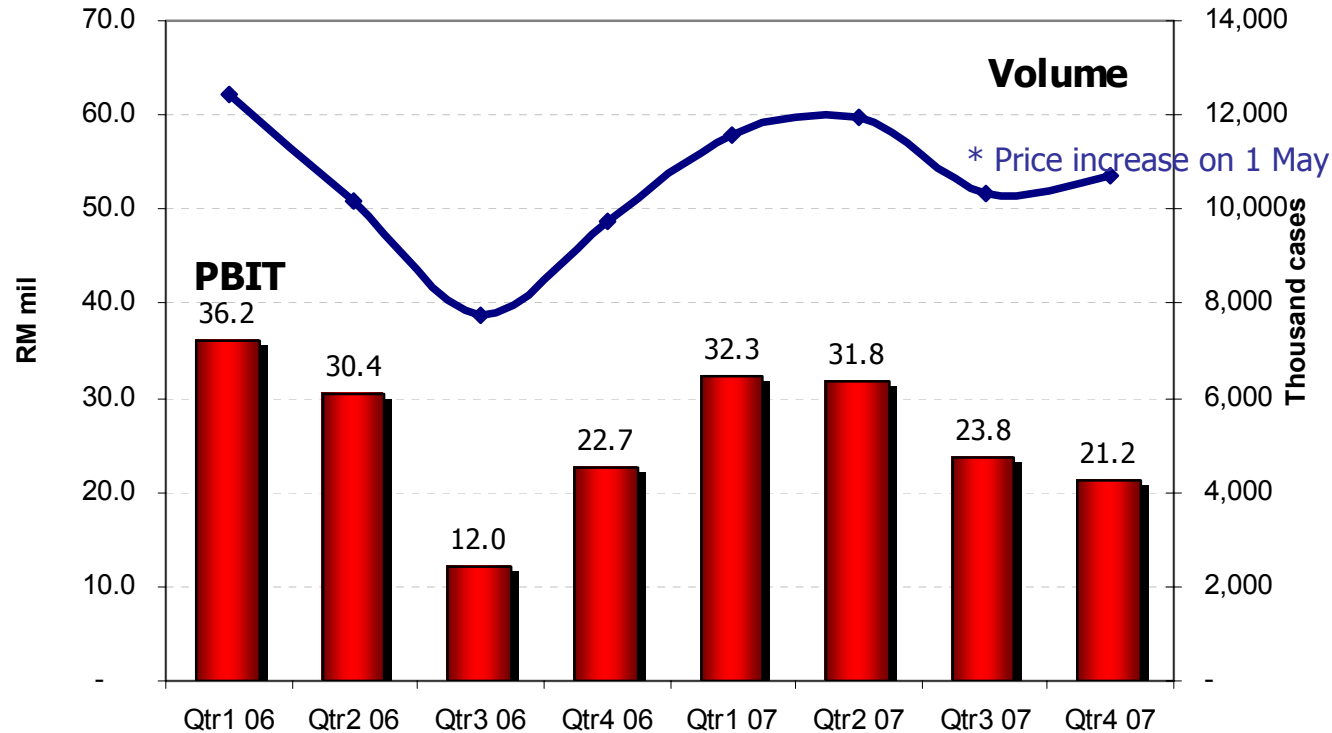
- Consistent growth year after year
- Double digit CAGR growth in PBIT, PBT & Attributable profit over past 5 years
- 7th consecutive year of record PBIT



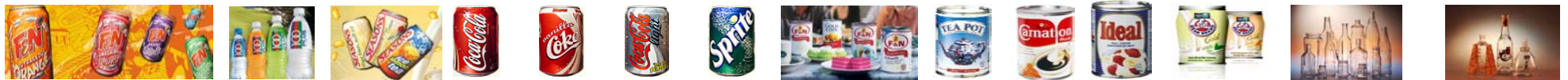
Operations Review – Soft drinks



- Strong recovery in volume from last year especially Quarter 3 & 4
- YOY revenue grew +10%, PBIT +14%*, reflecting higher volume, productivity & recovery of increased costs through price increase
- Strong double digit growth in 100Plus, Seasons, Aquarius
- CSD market share ~67% (LY63%), Isotonic ~93% (LY92%)



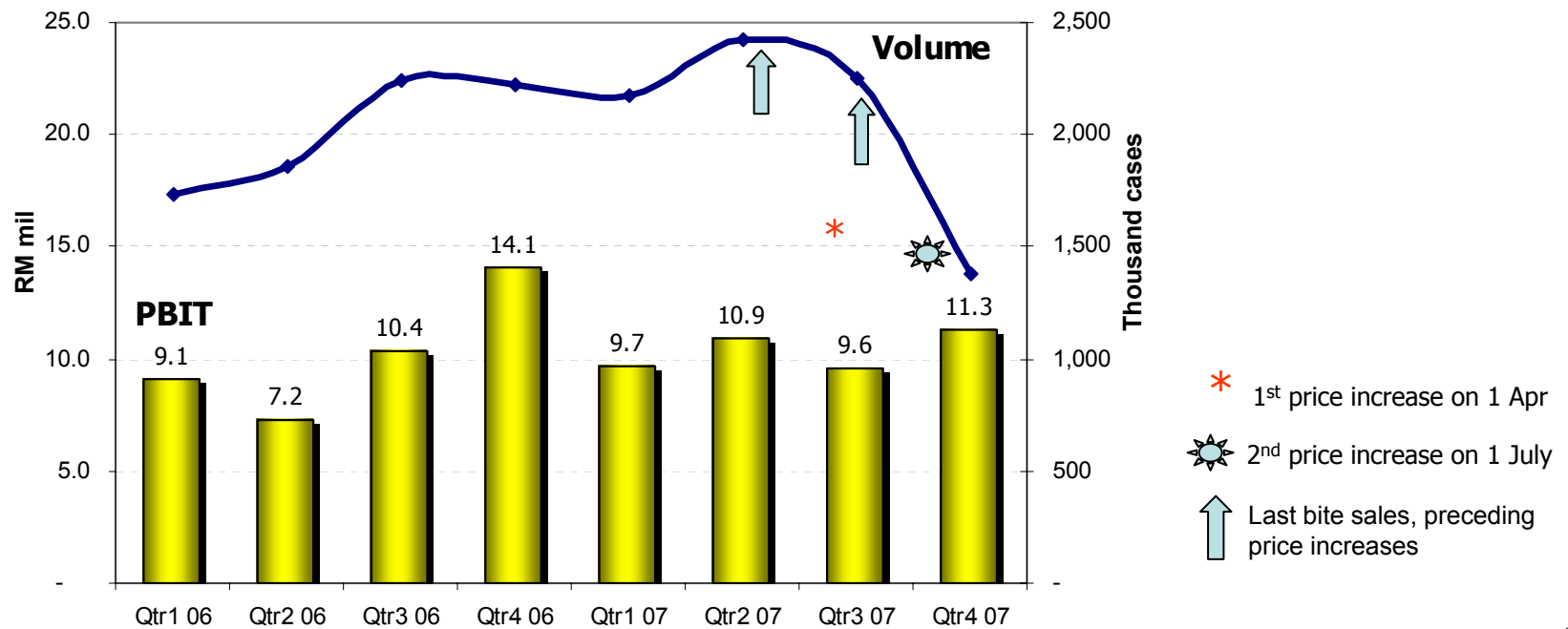
* Last year's figures was adjusted for non-operating income (negative goodwill) arising from Borneo Springs acquisition



Operations Review - Dairies (exclude Nestlé acquisition)



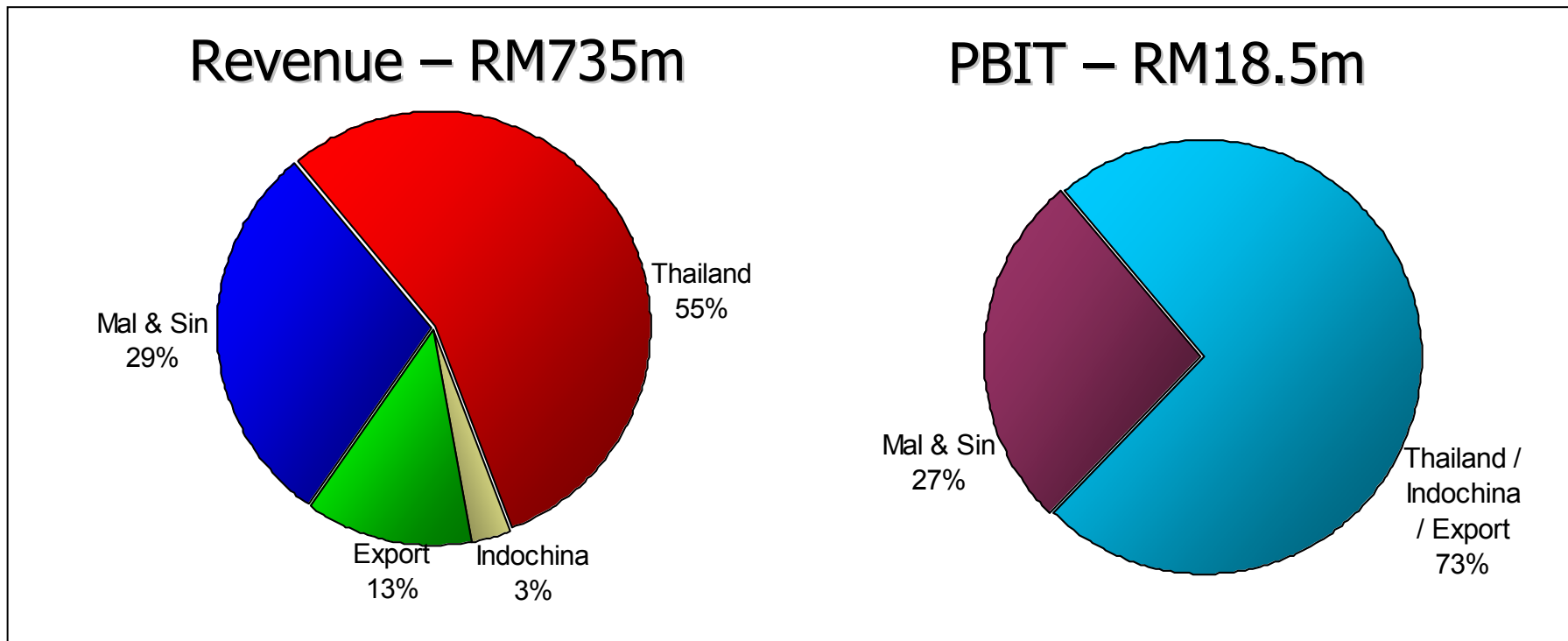
- ❑ YOY condensed milk domestic volume +3%, Q4 volume affected by last bite sales in Q3 and price increase
- ❑ Revenue +11%, PBIT +2%
- ❑ Two price increases (Apr & July) to off-set higher material costs
- ❑ SCM Market share ~49%



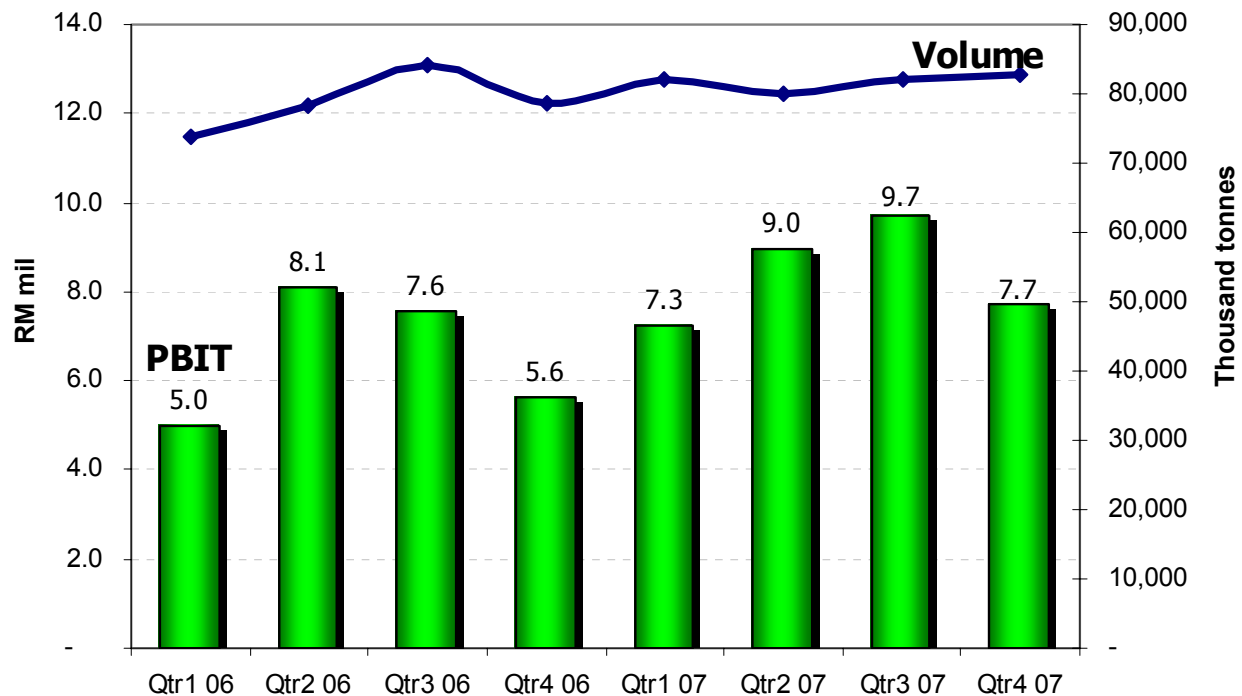
Operations Review – Dairies (new acquisition)



- ❑ Consumer sentiments in Thailand weakened, small growth in revenue & volume
- ❑ Teapot production transferred to PJ - saving in freight cost
- ❑ Price increase in Thailand approved in Sept 07
- ❑ RM430m new manufacturing plant at Pulau Indah and new Thailand site, ready by 2010



- ❑ Strong revenue (+22%) & PBIT (+27%) growth
- ❑ All plants operating at full capacity & performed better except for KL Glass
- ❑ Results include start up cost of Thai Glass which commenced production in Oct 07



Phase 1 : Fraser Business Park

- ❑ Completed in Quarter 1 06/07
- ❑ Revenue recognised this year is RM33m

Phase 2 : ZON.e@Fraser Business Park

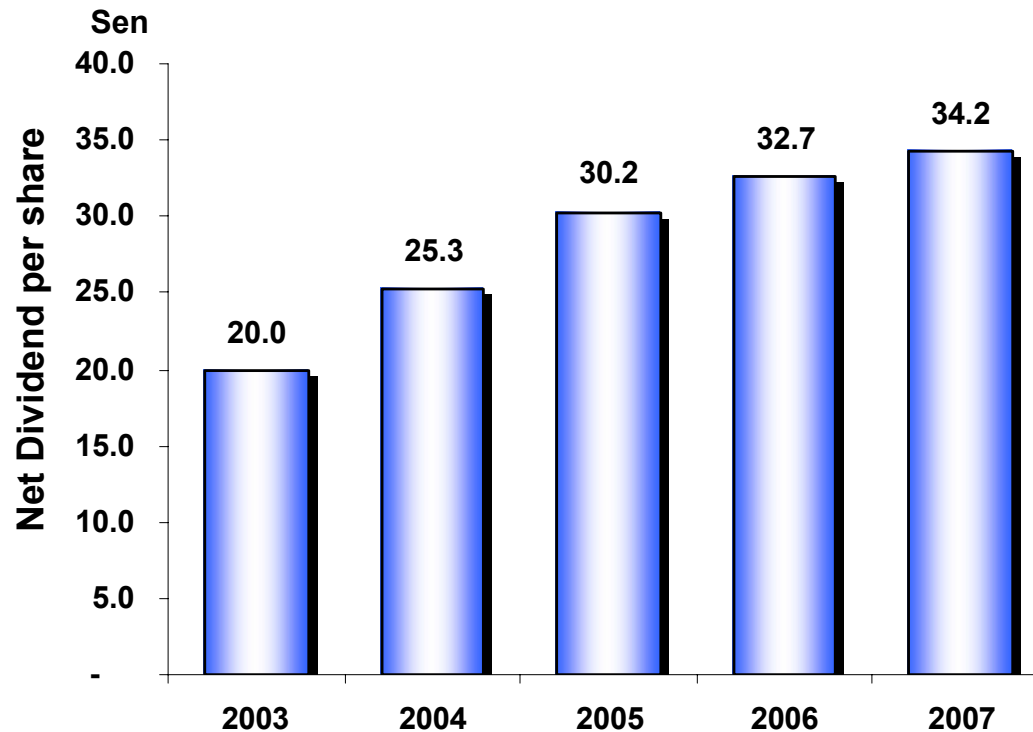
- ❑ Dedicated IT hub launched in Sept'06, sold ~ 75%
- ❑ Offers e-centric retail / entertainment, IT related business, education centre, hostel and city hotel components
- ❑ Total development value ~ RM354 million
- ❑ 16% completed, revenue recognised is RM33m



Dividend per share



- ❑ Proposed final dividend of 30 sen gross per share (Net 22.2 sen)
- ❑ Net dividend for full year +5% vs LY
- ❑ Payout ratio maintained at 80%
- ❑ Another record payment



| | FY06/07 | FY05/06 |
|--|---------|---------|
| <ul style="list-style-type: none"> □ PBIT margin <ul style="list-style-type: none"> - Exclude new acquisition 9.8% 9.7% - Include new acquisition 7.9% 9.7% □ ROE 13.2% 12.8% □ Net cash / borrowing (195.2m) 206.5m | | |

Per Share

| | | |
|----------------------|------|------|
| □ NAV (RM) | 3.24 | 3.13 |
| □ EPS (sen) | 42.9 | 40.1 |
| □ Net dividend (sen) | 34.2 | 32.7 |
| □ Share price (RM) | 8.00 | 7.30 |



- +ve
 - Sustain consumer sentiments in Malaysia
 - 70% owned Thai Glass commenced production 1 Oct 07, two more furnaces target to start production in Q3 07/08
 - Contribution from Fraser Business Park (Phase II), launching of Ampang condominium target Q2
 - Full year impact of price increases on revenue & margin
 - Accelerated synergistic benefit & economies of scales from acquired Nestlé's business

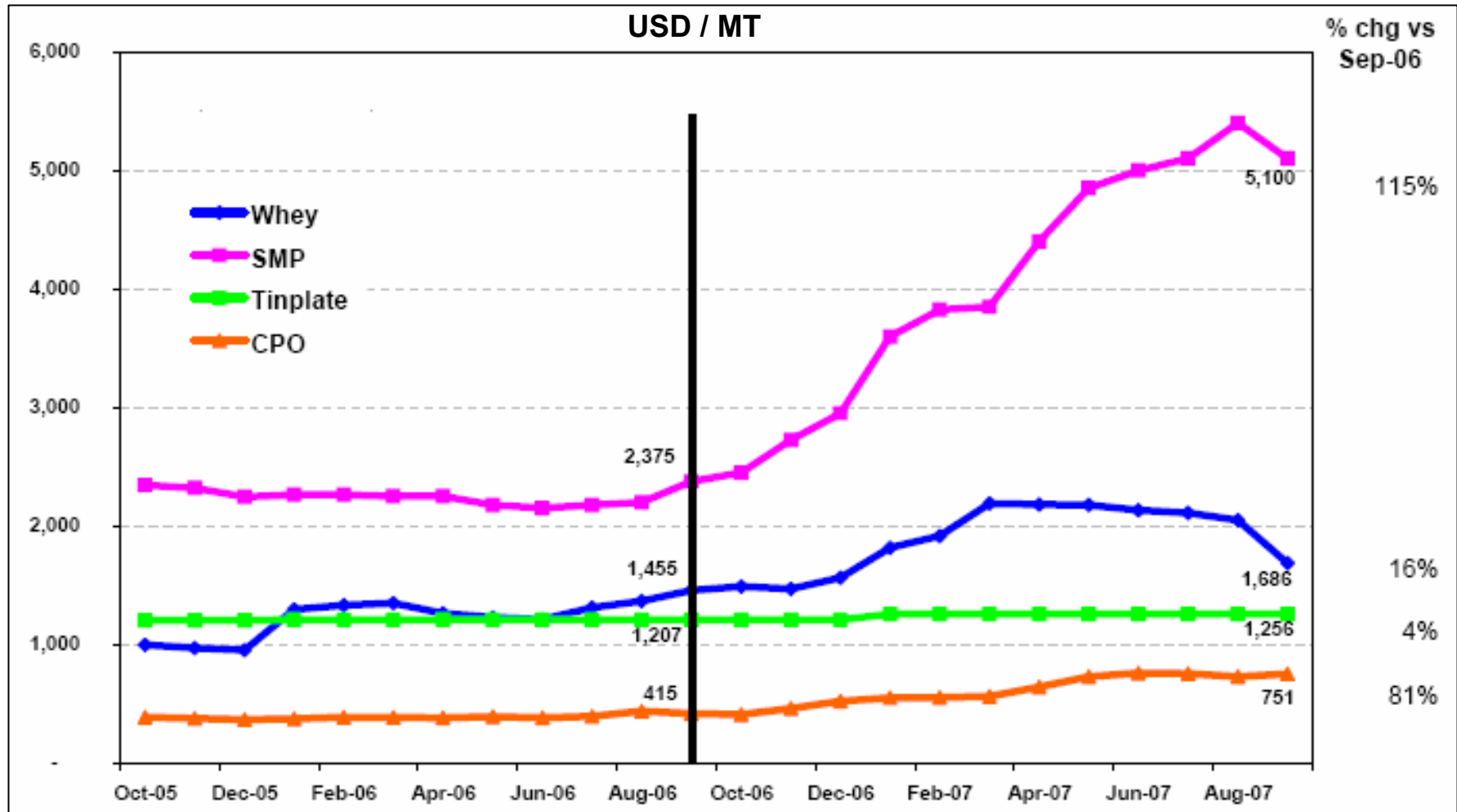
- -ve
 - Weak consumer sentiments in Thailand
 - Cost pressure from higher raw & packaging material costs



End of presentation



Raw material & packaging cost trends



Raw material & packaging cost trends





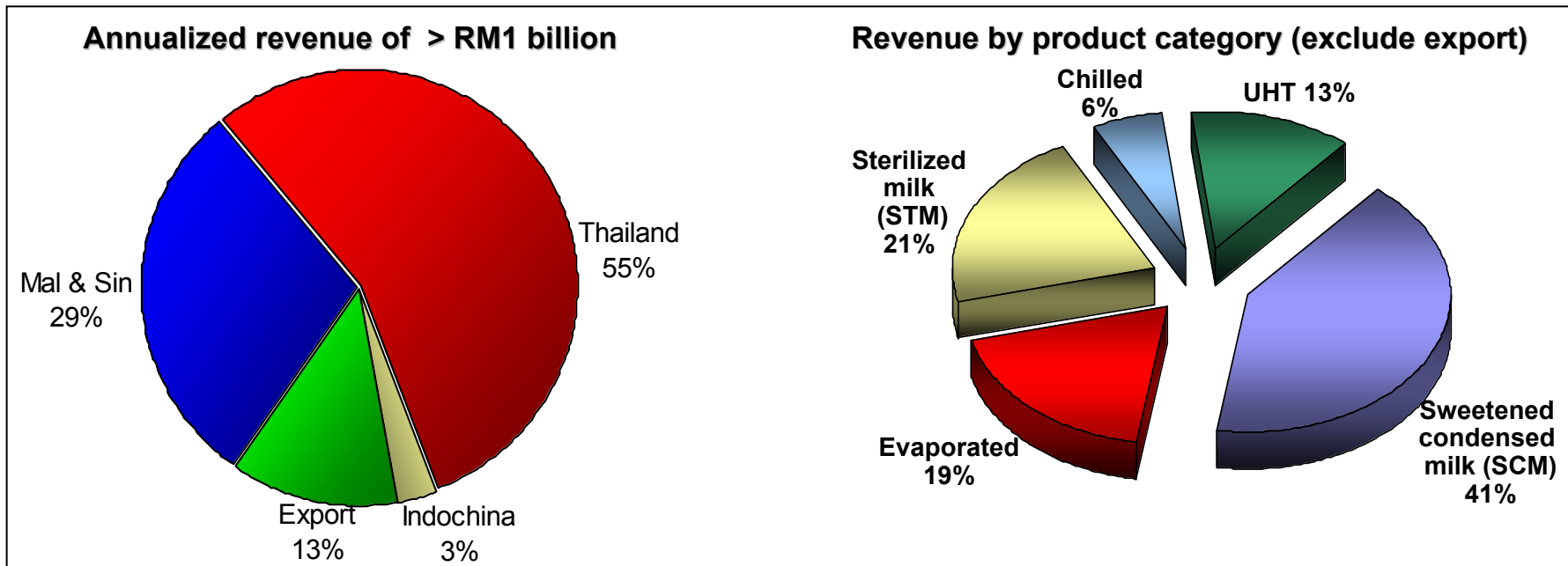
Dairies Business Update

November 7 , 2007

We paid RM290m for :

- ❖ Canned milk business in Malaysia, Thailand, Indochina, Singapore, Brunei & other export business (Revenue > RM 1bil)
- ❖ Milo UHT & Bear Brand UHT business
- ❖ Teapot brand
- ❖ Production assets at Navanakorn plant (need to relocate within 30 mths)
- ❖ Chilled plant at Pak Chong
- ❖ Finished goods
- ❖ Remaining 25% of Premier Milk

Canned milk & UHT business



| Sales (8 months to Sep 07) | RM mil |
|----------------------------|--------|
| Thailand | 406 |
| Malaysia / Singapore | 214 |
| Indochina | 22 |
| Exports | 93 |
| | 735 |

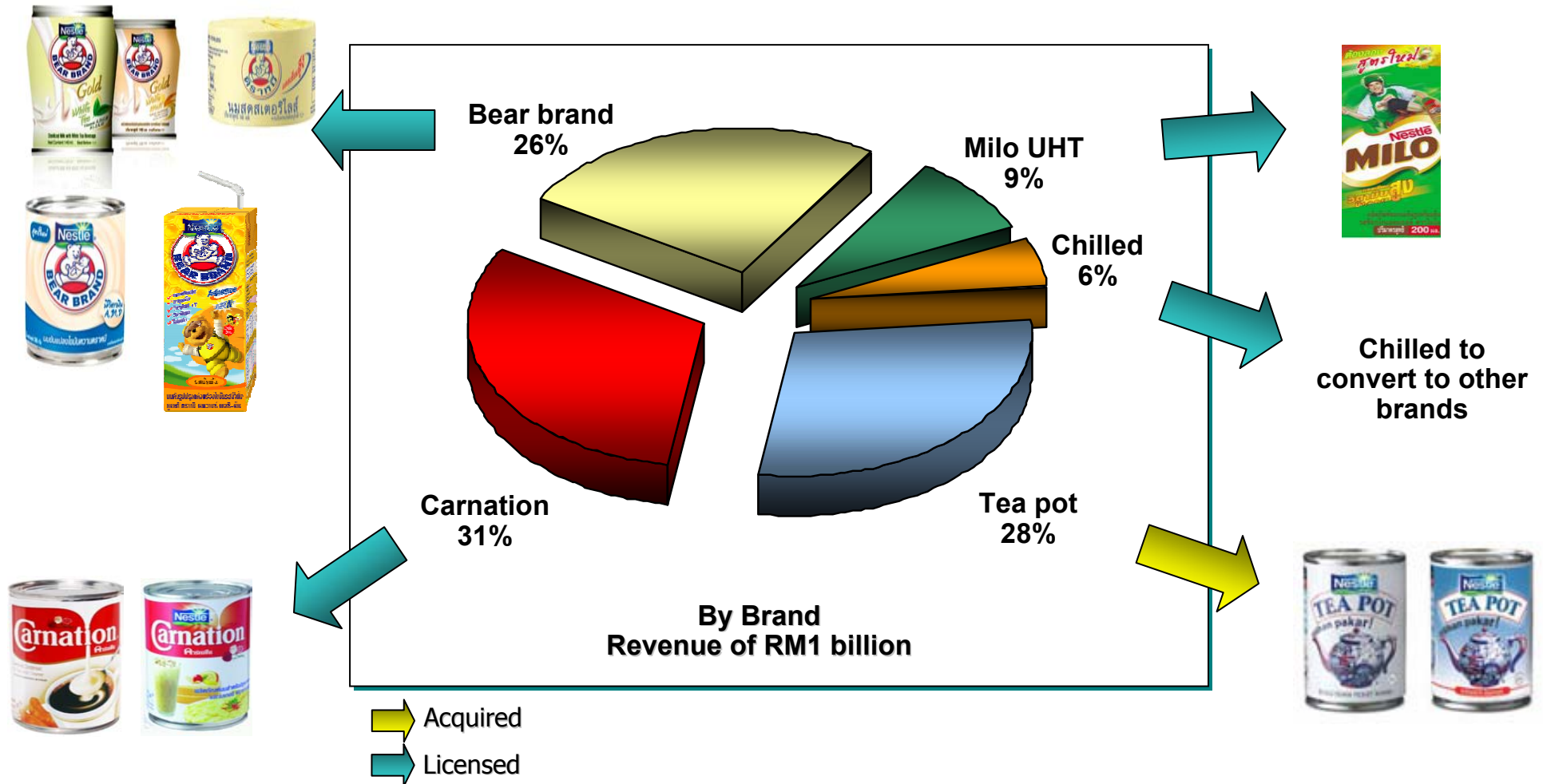
- ❖ Access to large domestic Thai market
- ❖ Access to renowned brands through TMLA with Nestlé
- ❖ Opens up Indochina with large population based & strong brands

PBIT 18.5

What we acquired from Nestle



The Brands



Product contribution – Thailand

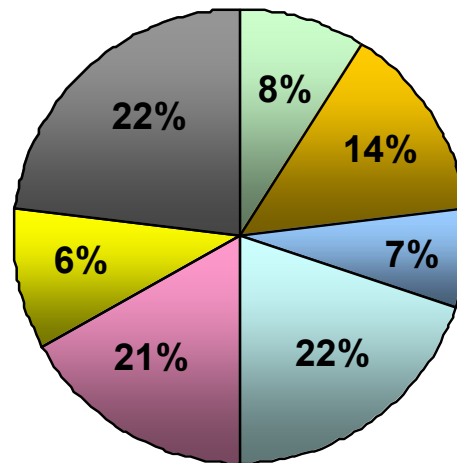
Navanakorn - Evap, SCM, SBC, STM



Pak Chong - Chilled products



Co packing **ADF** - UHT



Product category

| | |
|------------|-----|
| STM | 28% |
| SCM / SBC | 22% |
| Evaporated | 21% |
| UHT | 21% |
| Chilled | 8% |

- ❖ Good range of products with good brands
- ❖ Only 1/5 is condensed milk

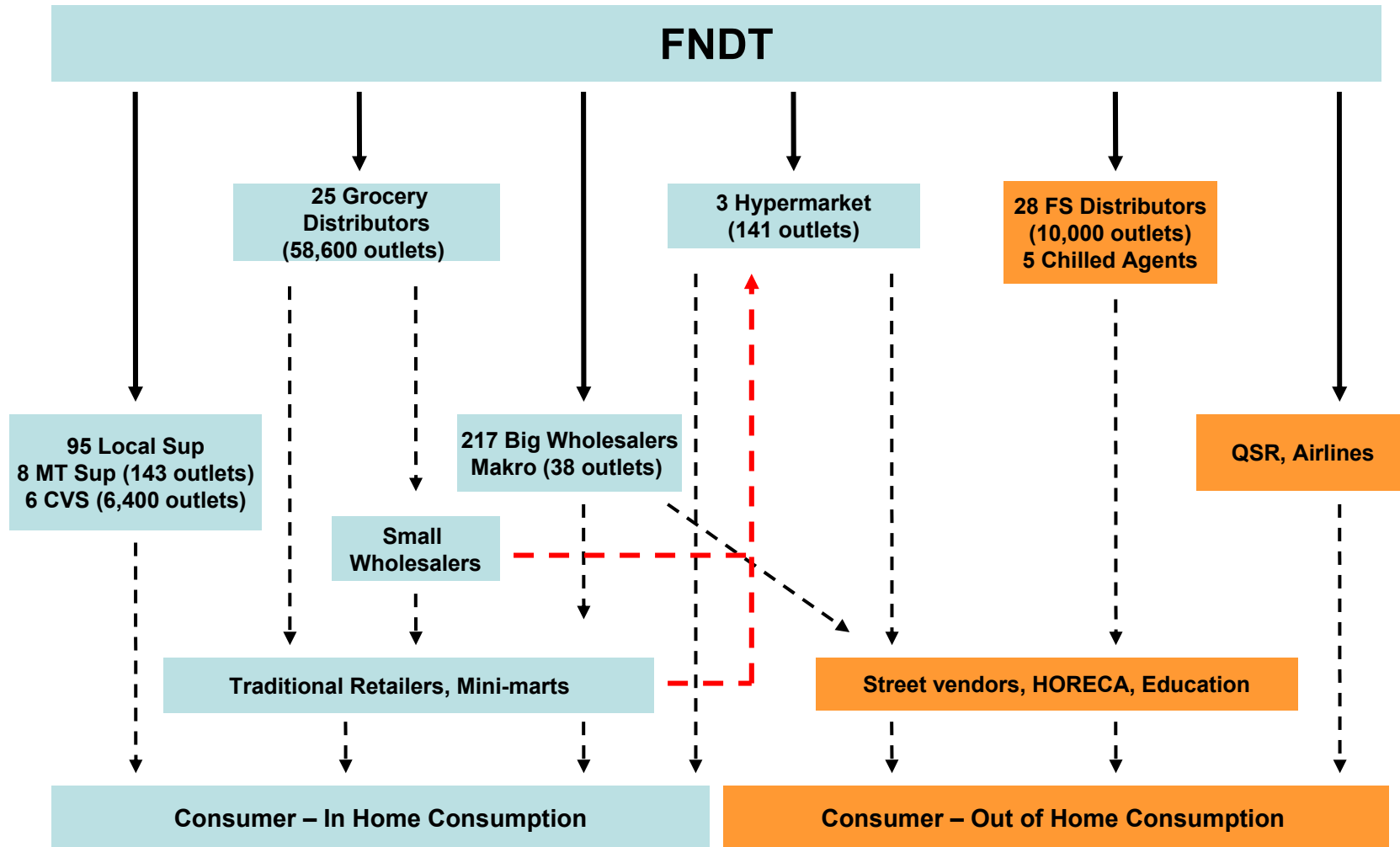
Market Share – leadership in evaporated & sterilised milk

| | F&N Marketshare | Foremost | TDI | Daily Food | Mead Johnson | Dutchmill | Dumex | Meiji | Tipco | Malee |
|-------------------|-----------------|----------|-----|------------|--------------|-----------|-------|-------|-------|-------|
| SBC/SCM | 24% | 11% | 58% | 3% | ... | ... | ... | ... | ... | ... |
| EVAP | 48% | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| STM | 98% | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| UHT milk + TFD | 11% | 36% | ... | ... | 3% | ... | 6% | ... | ... | ... |
| Past. milk | 0.5% | 36% | ... | ... | ... | 11% | ... | 50% | ... | ... |
| Past. Fruit juice | 13% | ... | ... | ... | ... | 10% | ... | ... | 43% | 20% |

Market Leader!

Top 5 F&B company in Thailand (non-alcoholic)

Routes to Market



Direct reach by F&N Dairies Thailand – 76,000 outlets

Strategic initiatives :

- ❖ Consolidate manufacturing by building 2 new world class manufacturing plants in Pulau Indah & Bangkok (estimated at RM430m)
- ❖ Push exports to Indochina, Middle East
- ❖ New product innovation and extension on both F&N brands & Nestlé's brands (Nestlé's R&D capability)
- ❖ Free up existing PJ plant site for commercial development

End of presentation