



Fraser & Neave Holdings Bhd

FY09/10 Full Year Results Briefing

9 Nov 2010

Presented by : Dato' Ng Jui Sia, CEO

Financial highlights



RM mil	FY2010		FY2009		Change (%)	
	<i>Total</i>	Continuing operations	<i>Total</i>	Continuing operations	<i>Total</i>	Continuing operations
Revenue	4,005	3,638	3,737	3,271	+7.2	+11.2
PBIT	403	389	337	296	+19.6	+31.4
PBT	396	389	323	289	+22.6	+34.6
EI	382	-	(23)	(9)	<i>nm</i>	<i>nm</i>
PBT After EI	778	389	300	280	+159.3	+39.0
PAT	694	307	243	207	+185.6	+48.6
AP	695	307	224	196	+210.3	+56.7

Overall

- All time record revenue & PBIT achieved ~ first time > RM4 bil & RM400mil respectively
- Unlocked significant shareholders value with glass divestment ~ RM382mil gain to group
- Exceptional PAT & AP for the year ~ 3x of LY

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Continuing / Core operations

- Core F&B business sustained steady revenue growth
- Revenue +11% amidst improved economic conditions, regional expansion & new product franchise
- PBIT +31% on the back of exceptional results, especially from soft drinks business
- AP excluding EI gain jumped 57% due to tax benefit from BOI & full consolidation of soft drinks results

Financial highlights

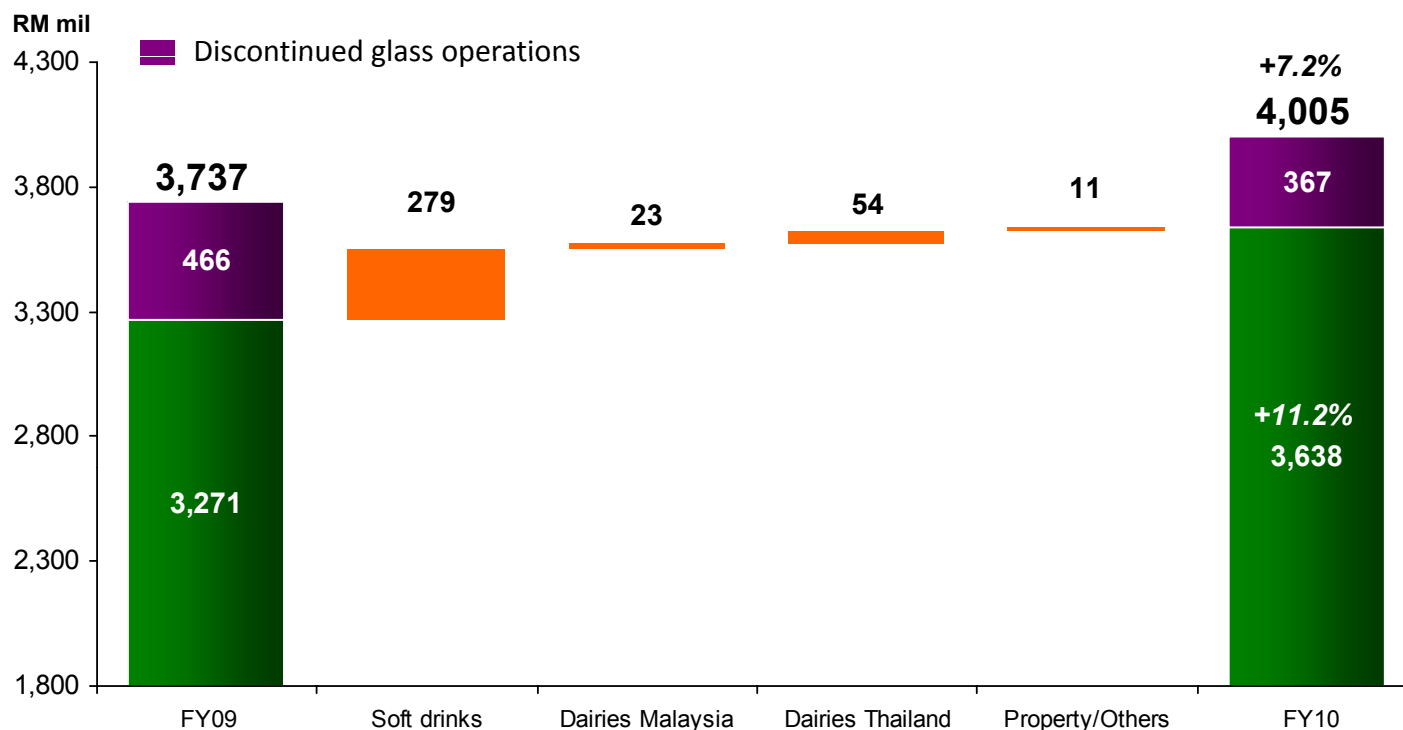


Key ratios	FY2010	FY2009	+/- (%)
Per share			
- EPS (sen) ^	86.2	55.0	56.7
- NAV (RM)	5.03	3.63	38.6
- DPS (net) (sen)	54.50	41.75	30.5
- Dividend yield ^	3.8%	4.0%	-
PBIT margin ^	10.7%	9.0%	+
ROE	38.7%	17.4%	+
Net Gearing (x)	NA*	0.27	-
Share price @ 30 Sep (RM/share)	14.46	10.32	40.1

- Improvement of all key ratios vs. LY
- EPS jumped 57% compared to a year ago
- * No gearing ~ net cash position of RM639mil

^ - continuing operations

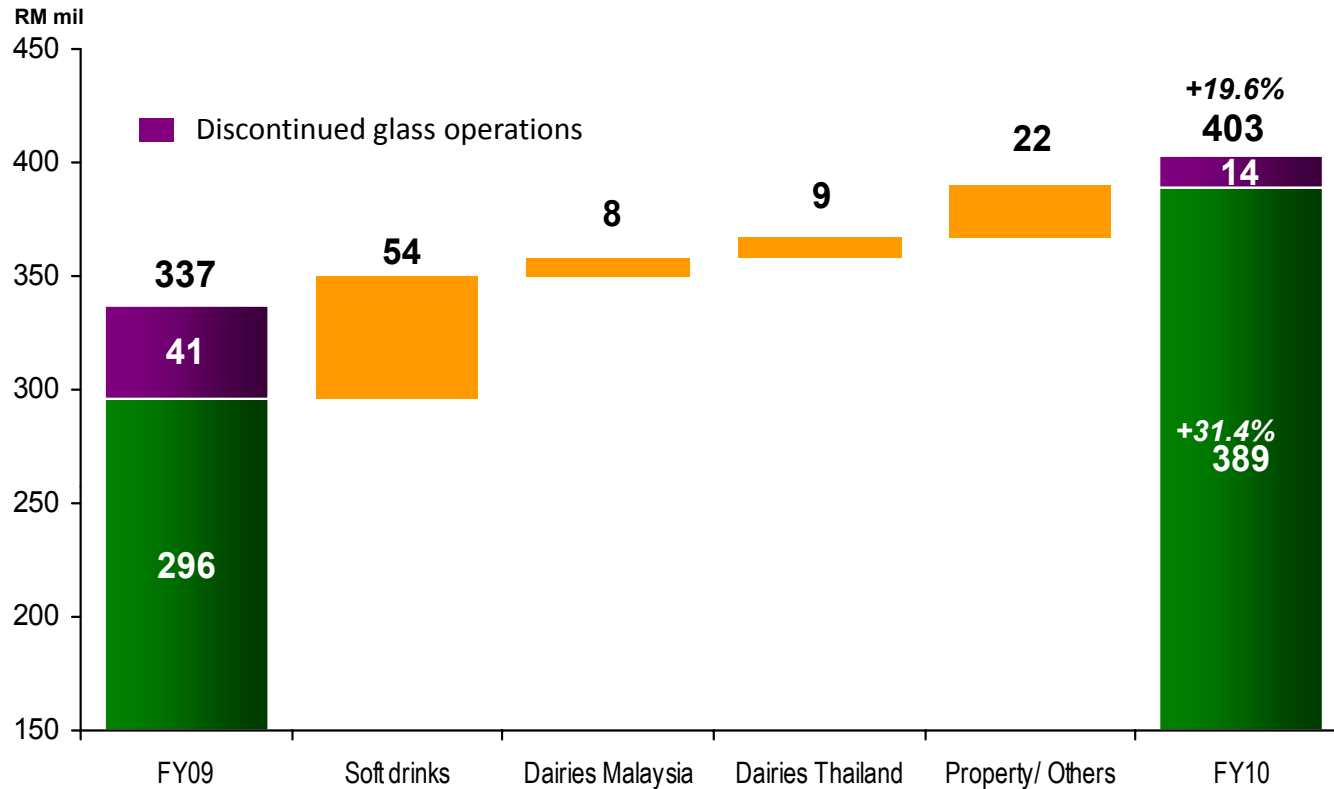
Group revenue



Continuing / Core operations

- Record soft drinks volume delivered double digit revenue growth (+21.3%)
- Dairies Malaysia's growth capped by capacity limitation
- Dairies Thailand's revenue grew 7% despite plant relocation to Rojana

Group PBIT before EI



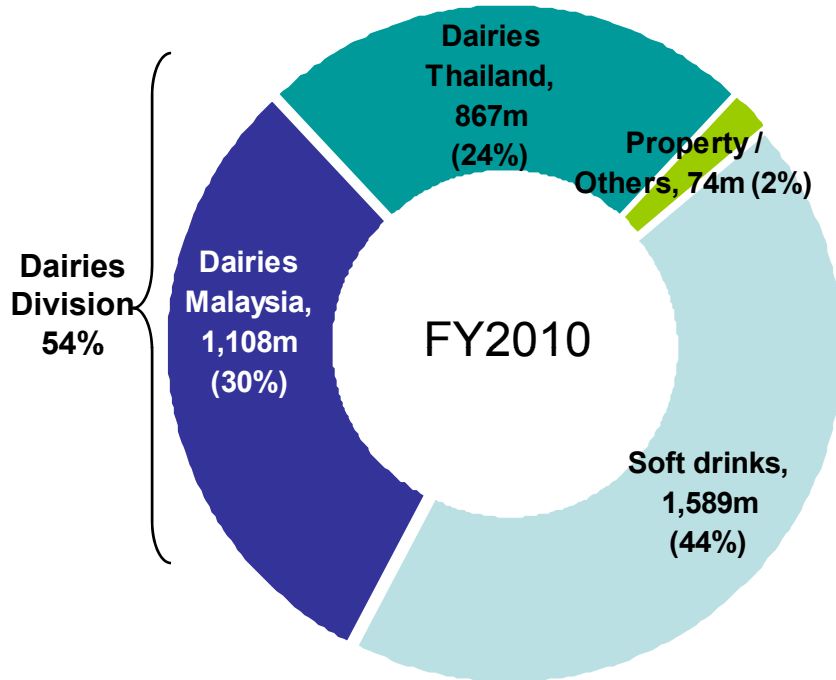
Continuing / Core operations

- Group PBIT + 31%
- Exceptional soft drinks performance especially during festive
- Dairies margins intact although raw material prices firming
- 10th year of consecutive record profit

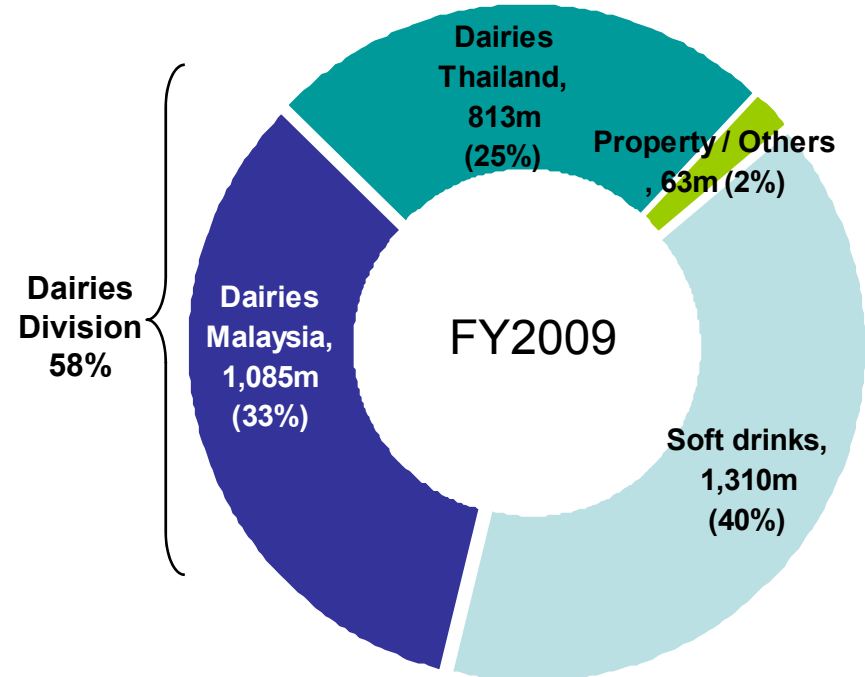
Segment revenue – continuing operations



RM 3,638 mil



RM 3,271 mil

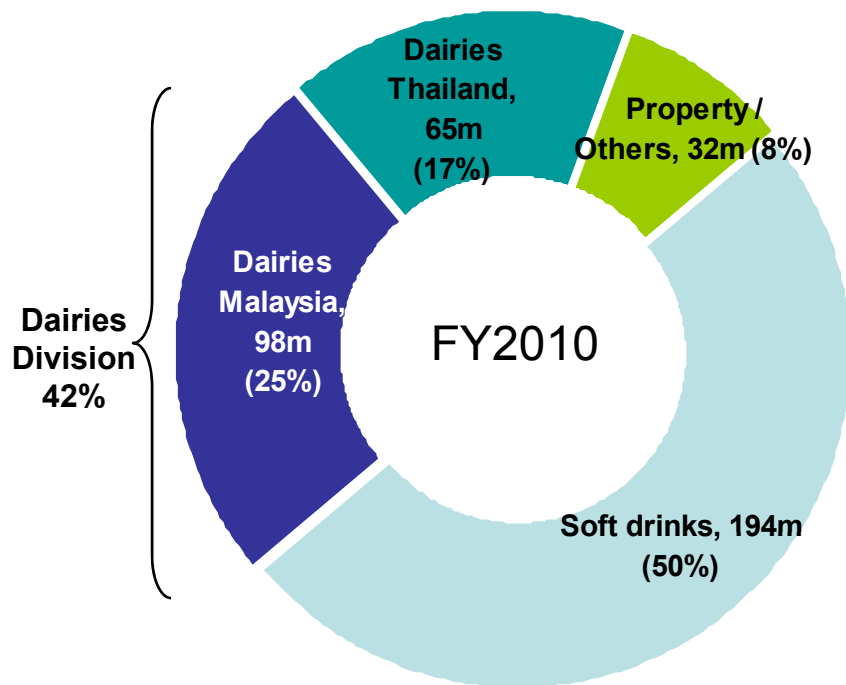


- Dairies Malaysia & Thailand largest contributor at 54%
- Soft drinks contribution increased by 4% vs. LY

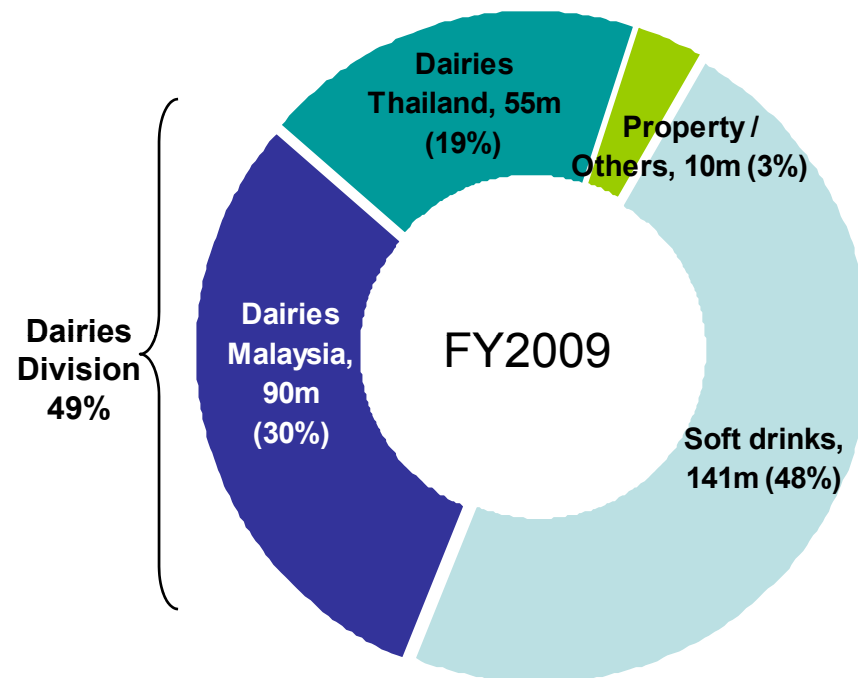
Segment PBIT before EI – continuing operations



RM 389 mil



RM296 mil

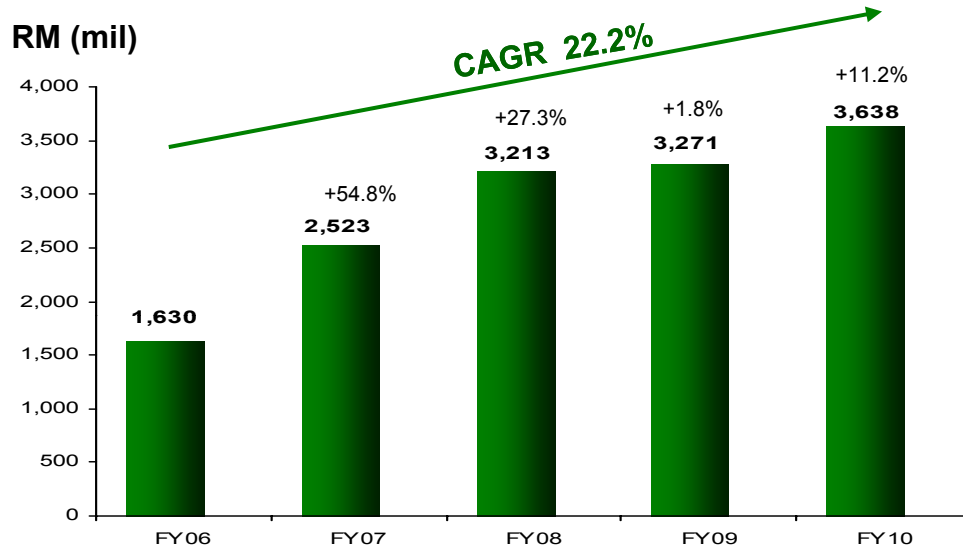


- Soft drinks contributed half of group profit
- Dairies contributed 42%

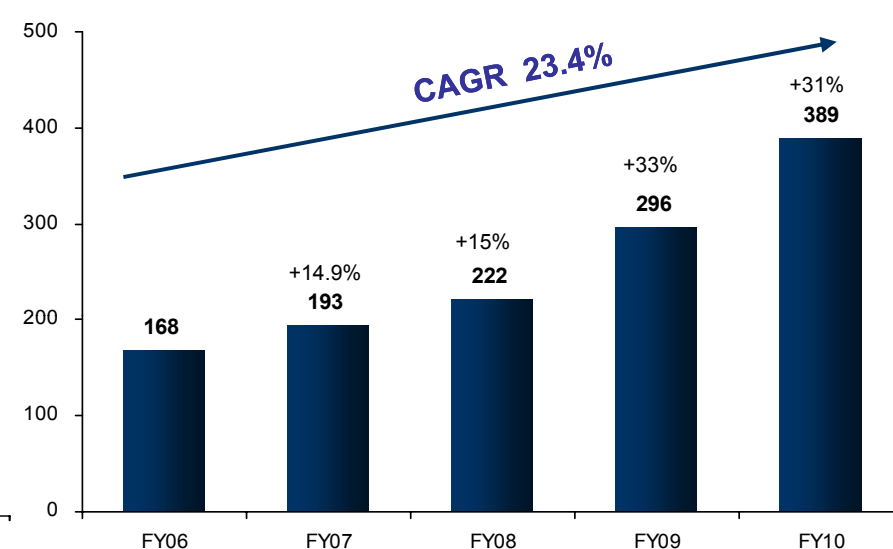
5 year trend ~ continuing operations



Revenue



PBIT before EI



- 5 year CAGR > 20%
- 10 consecutive years of record PBIT

Soft drinks



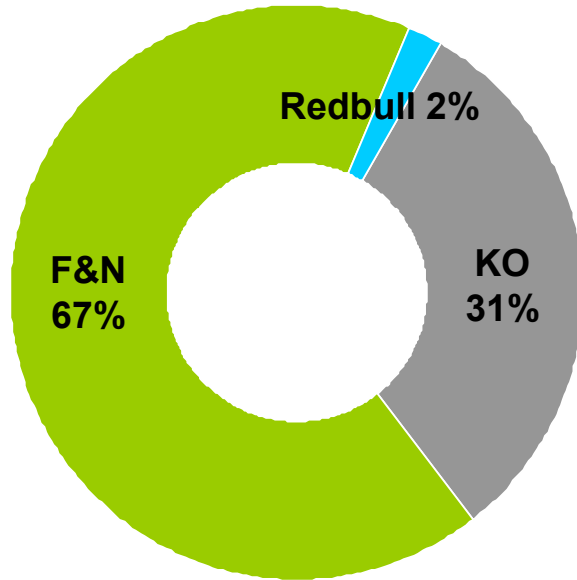
RM mil	FY2010	vs. LY (%)
Volume (mil cases)	62	+19.6
Revenue	1,589	+21.3
PBIT	194.2	+38.0

- Volume leaped 20% ~ another record year
- Targeted sales & marketing efforts throughout the year continued to deliver higher volume, especially during festive periods
- Double digit volume growth for 100Plus (20%) & Seasons (25%), reflecting strong consumption & growing popularity of the brands
- F&N fun flavours added 12% while Red Bull showed encouraging growth over the past 6 months
- Better pack mix and higher economies of scale contributed to higher revenue & PBIT growth vs. volume

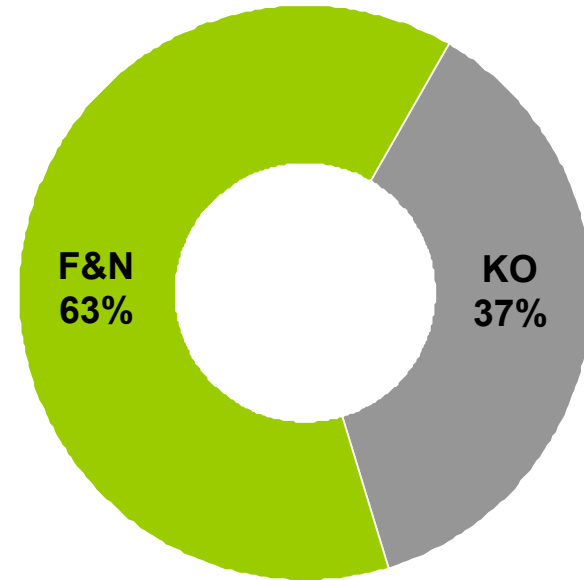
Soft drinks ~ now vs. 5 years ago



FY09/10 : 62mil cases



FY05/06 : 40mil case



- Over the last 5 years, F&N brands have been growing steadily vs. KO brands, mainly from 100Plus & Seasons
- Red Bull, just launched in April 2010 contributed 2% volume
- Recently launched Season fruit teas & Fruit Tree juices to be new growth drivers to enhance F&N brand portfolio

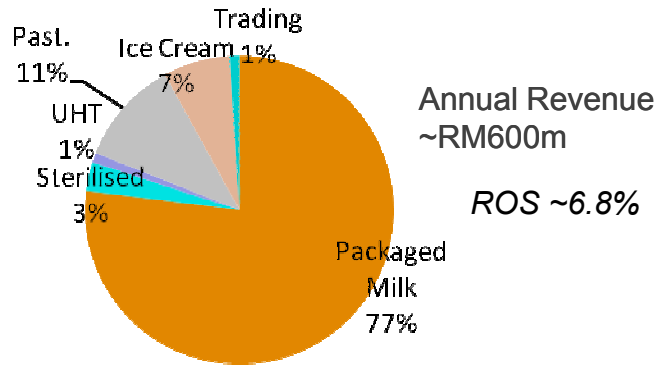
RM mil	FY2010	vs. LY (%)
Volume (mil cartons)	12	+6.9
Revenue	1,108	+2.1
PBIT	98.1	+8.4

- Overall volume improved 7%
 - Domestic volume expanded by 10%
 - Exports contracted due to strengthened RM, plant capacity limitation
- Revenue managed to chalk up 2% growth amidst a market that remained price sensitive following improved consumer sentiments
- PBIT gained 8% on improved margins resulting from favourable input costs in first half year

RM mil	FY2010	vs. LY (%)
Volume (k MT)	191	+10.6
Revenue	867	+6.6
PBIT	64.5	+16.7

- Volume gained 11%
 - Domestic volume +16%
 - Indochina volume leaped 23% ~ strong Tea Pot brand inroads
 - Exports to Nestle affiliates contracted
- Revenue was up 7% while PBIT gained 17% despite plant relocation from Navanakorn to Rojana at the beginning of year

Dairies Division ~ revenue now vs. 5 years ago

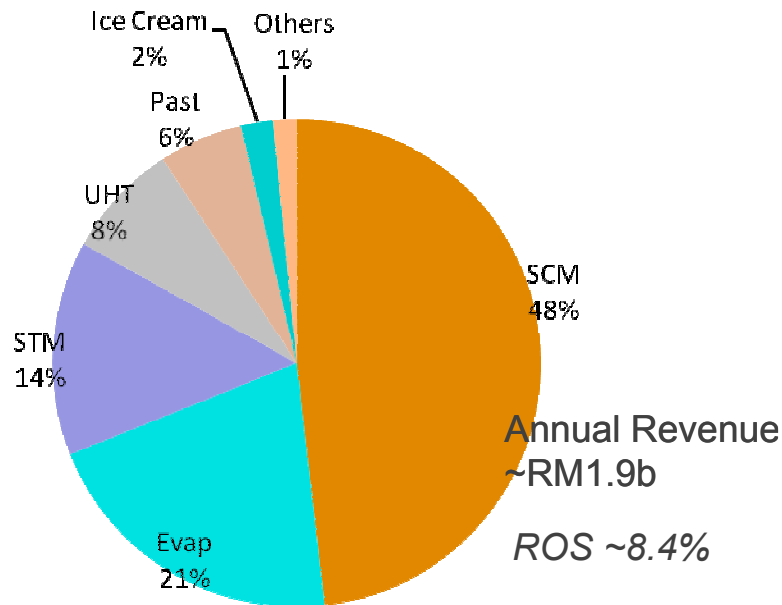


5 years ago – FY05/06

- Reliance on Condensed Milk and Evap Milk (77%)
- Low domestic industry growth –ve yoy
- Influx of small players, cheap brands, widespread discounting
- Fast becoming commodity
- Old Plant

+Project Arolys

Now



- Reliance on Condensed Milk and Evap Milk ~ 70% but with regional growth potential
- Other categories growing faster (STM)
- Market leadership improve profitability
- Expanded scale (Revenue X3) provides opportunity for : Innovation & New Plants

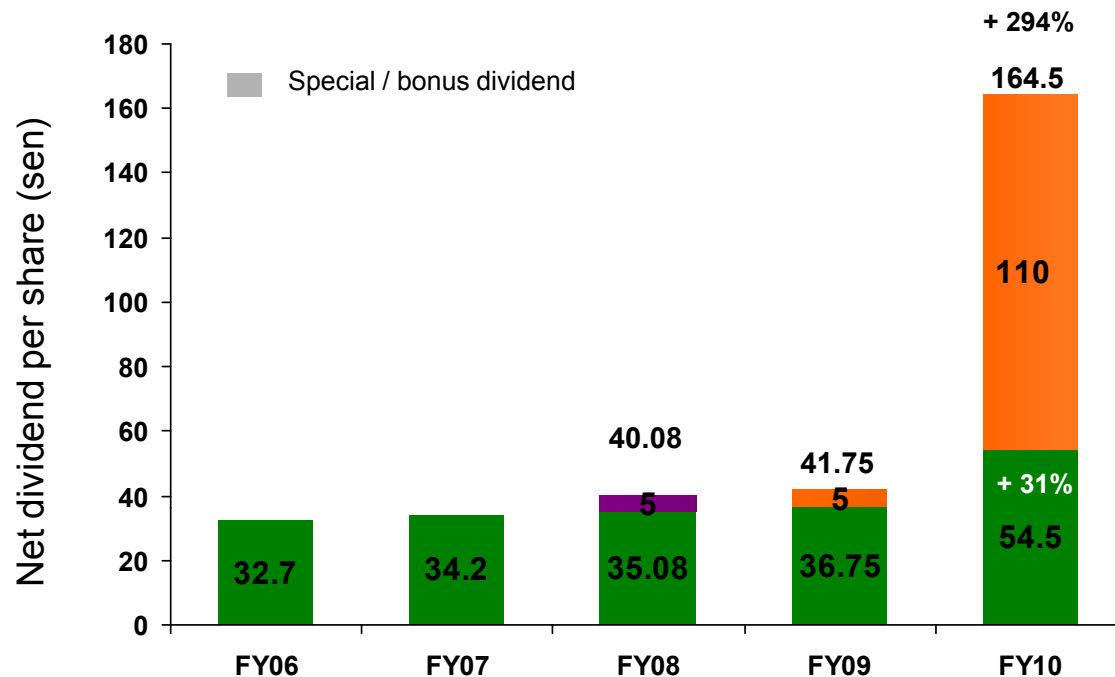
RM mil	FY2010	vs. LY (%)
Revenue	73.3	+16.4
PBIT	32.5	+233

- Revenue & PBIT growth mainly from sale of Ampang land ~ RM 54mil & RM 20mil respectively
- Fraser Business Park Phase II (FBP2) project construction completed in Jul 2010, awaiting Certificate of Fitness
- Over the project duration, the following were recognised :

RM mil	FY2006	FY2007	FY2008	FY2009	FY2010	Total
Revenue	-	32.9	34.9	62.7	18.4	148.9
PBT	(0.4)	6.6	8.7	3.6	0.7	19.2

- FBP2 project realisation expected to be in Q1/ Q2 of FY10/11

Dividends



	FY06	FY07	FY08	FY09	FY10
Payout ratio	81.5%	79.7%	85.7%	66.3%	63.6% *
Dividend yield	5.3%	4.2%	4.4%	4.0%	3.8% *

- Final dividend of 38 sen net (LY 24 + 5 = 29 sen), + 31%
- Special dividend of RM1.10 net ~ effectively distributed the entire gain from the divestment of glass container business
- Compared to LY, total dividend RM1.645 vs 41.75sen, +294%
- Share price increase 40% from RM10.32 on 30 Sept 09 to RM14.46 on 30 Sept 10 or RM4.14 per share in one year.

* - exclude special dividend of RM1.10

Business outlook



- + Improving growth prospects in Malaysia, Thailand, Indochina
- + Positive consumer sentiment & spending with rising tourism
- + Weakening greenback
- + Government actions to boost spending – New Economic Model 2010
- + Venturing into food business
- Volatile commodity & financial markets
- Withdrawal of subsidy for fuel and sugar in Malaysia
- Political uncertainty in Thailand

Ongoing strategic & operational initiatives



- New product launches
- F&N brand building in Thailand & Indochina
- Exploring soft drinks exports to new markets ~ Thailand / Brunei
- Expanding foot print to Indochina's canned milk market
- Collaboration with international power brands – e.g. Kirin
- Strengthen distribution depth & width ~ East Malaysia
- Cross business strategy



End of presentation