Fraser & Neave Holdings Bhd

Analysts' Briefing

9 Nov 2012

Financial highlights

- Group revenue & PBIT down 17% & 50% respectively due to :
  - Coca-Cola business cessation
  - Thai floods
  - Timing of property launch
  - Higher relocation expenses / accelerated depreciation in Dairies Malaysia
  - One time restructuring charge in soft drinks
  - RM55 mil capital gain from property JV cushion drop
- Exclude Coca-Cola business, revenue & PBIT declined 4% & 19% respectively
- PAT saw a 29% drop, offset by RM74 mil tax incentive granted to Pulau Indah plant

(RM mil)	FY11/12	LY (ex-Coca-Cola)	LY	Change (%) (ex-Coca-Cola)	Change (%)
Revenue	3,239	3,371	3,915	-3.9%	-17.3%
PBIT	231	285	458	-18.7%	-49.5%
PBT	230	290	464	-20.7%	-50.3%
PAT	274	253	383	+8.3%	-28.5%

Financial highlights

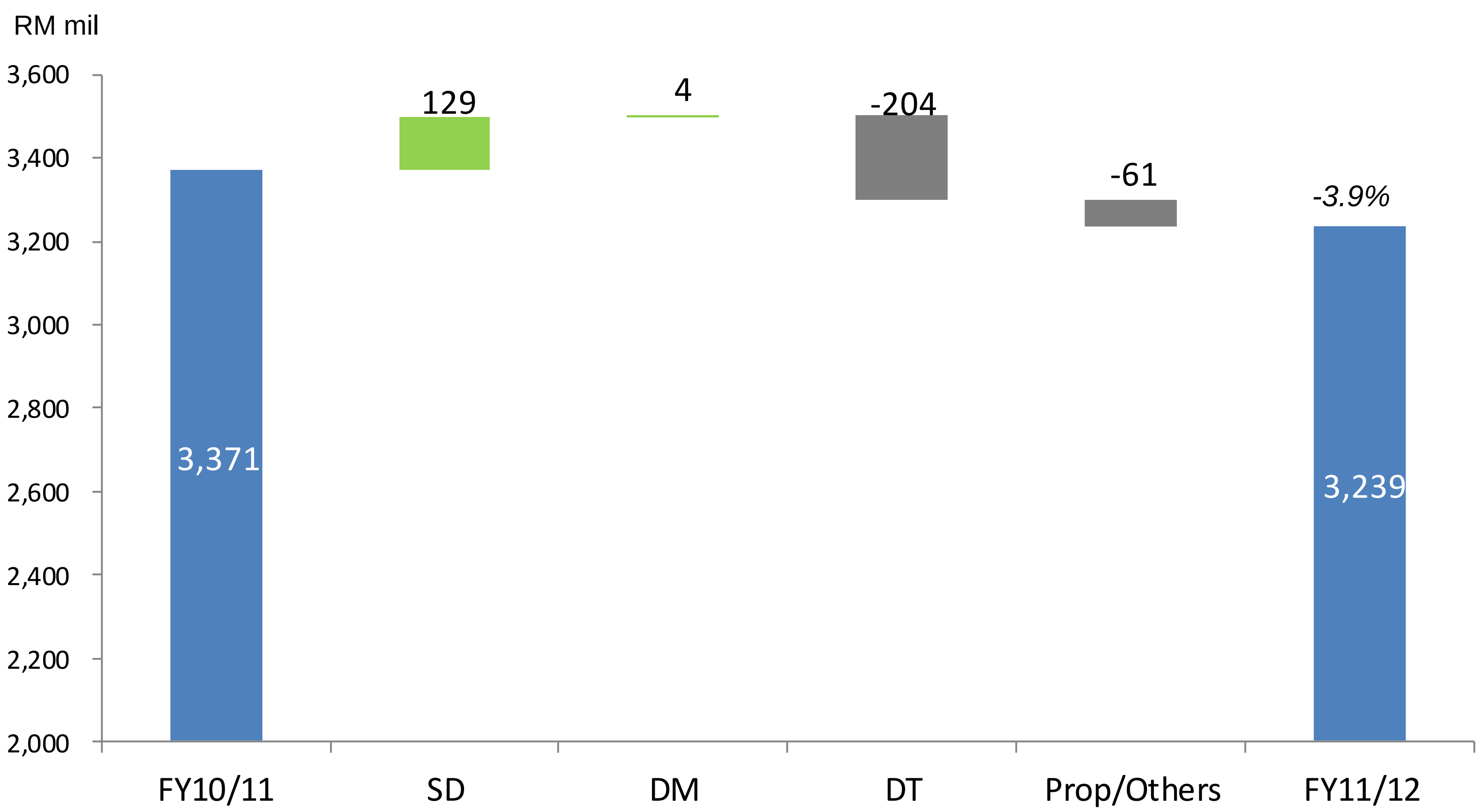
- EPS eased 29% on lower earnings
- Maintaining payout ratio of ordinary dividend
- Special dividend to optimise Group capital structure

Key ratios		FY11/12	LY	Change (%)
EPS	sen	75.9	106.9	-29.0%
NAV	RM	4.28	4.33	-1.2%
Net DPS	sen	58.0	97.0	-40.2%
- ordinary	sen	43.0	67.0	-35.8%
- special	sen	15.0	30.0	-50.0%
- payout ratio * (ordinary)	%	77	76	+1.0pp
Share price @ 30 Sep	RM	18.20	16.50	+10.3%
PBIT margin	%	7.1	11.70	-4.6 pp
ROE	%	17.7	24.7	-7.0 pp

* On normalised EPS

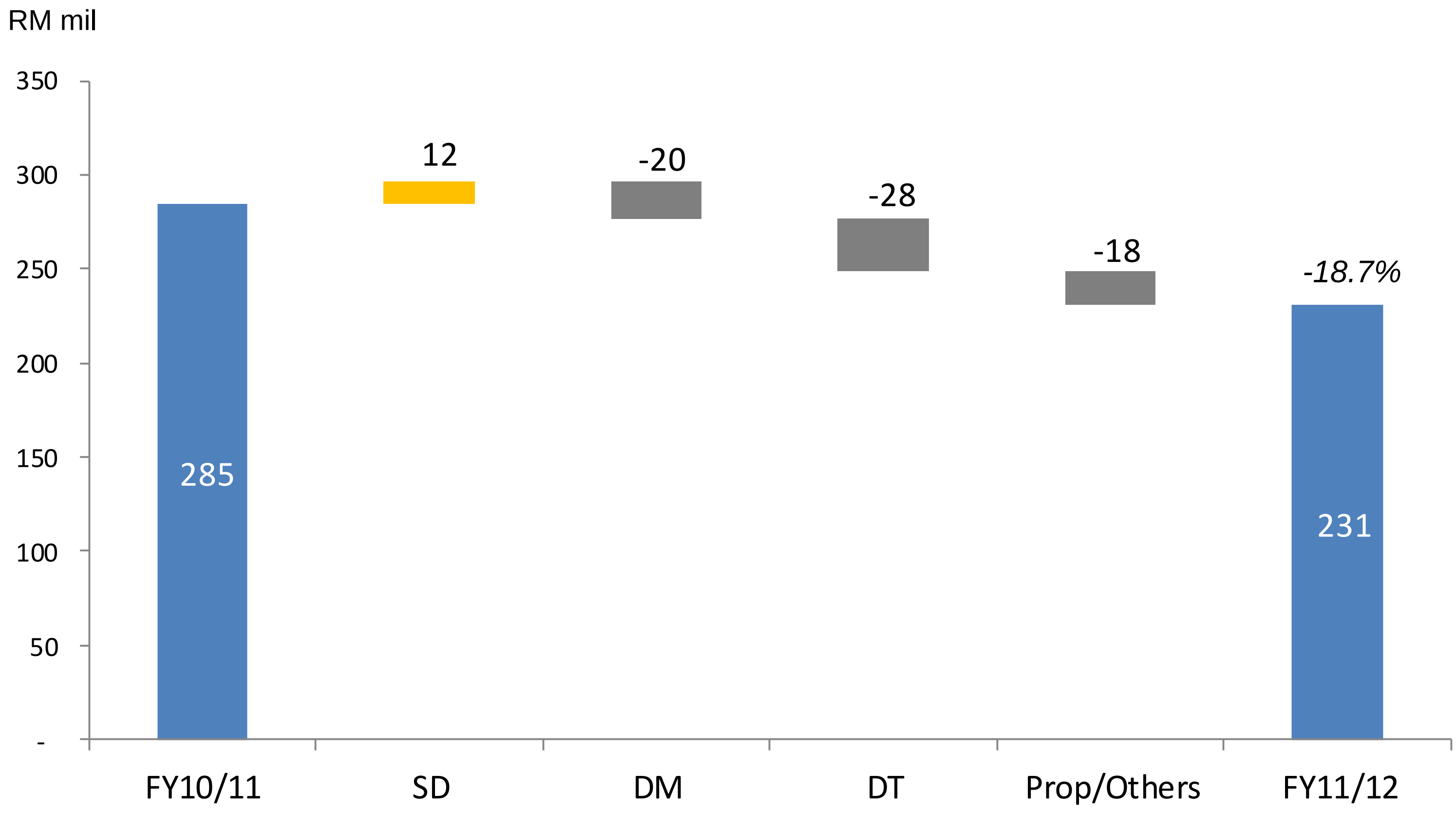
Revenue *(excluding Coca-Cola business)*

- Group revenue came in 4% below last year due to :
  - Impact from Thai floods
  - No property contribution - PJ land to start in 2013
- Revenue shortfall narrowed by 10% growth in Soft drinks business

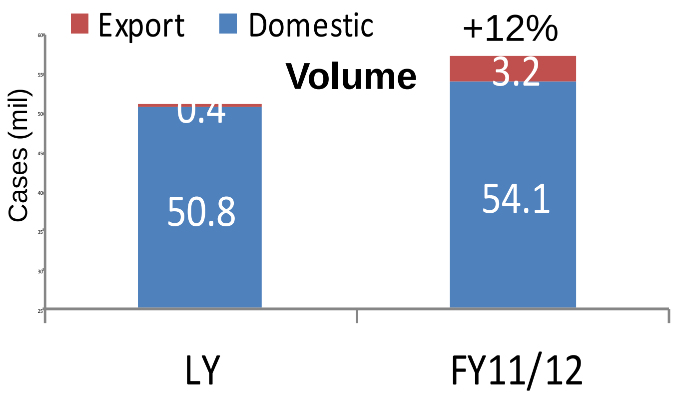


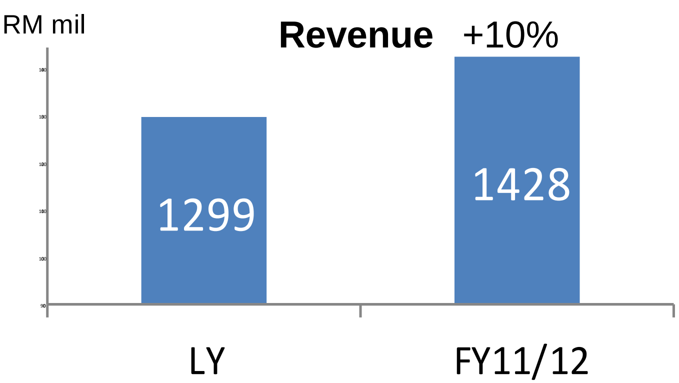
PBIT *(excluding Coca-Cola business)*

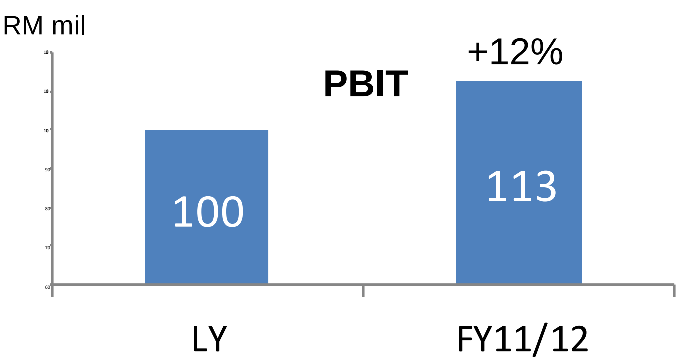
- Group PBIT declined 19% :
  - Thailand profit shortfall due to flood
  - Relocation & accelerated depreciation charge in Dairies Mal
  - RM55 mil gain on PJ land divestment to JV offset property shortfall



Soft drinks – *Growth momentum continues*

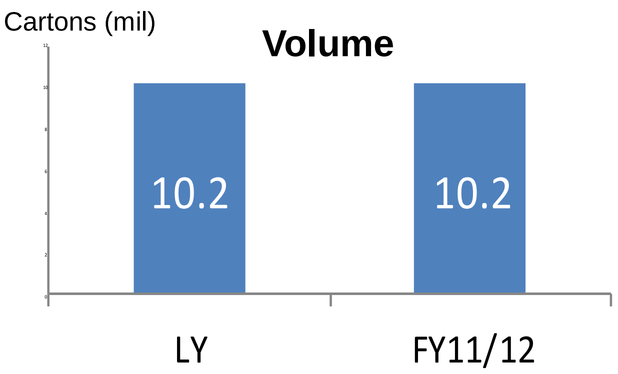


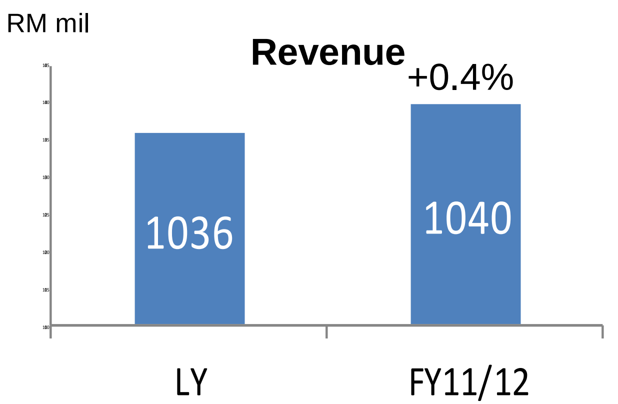


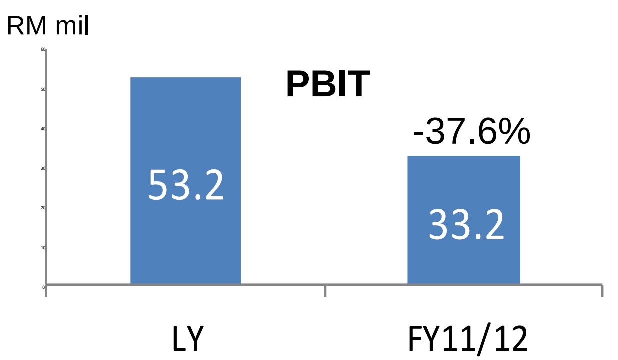


- Volume grew 12%, revenue added 10% despite withdrawal of Coca-Cola business.
- Volume & revenue growth partly contributed by Brunei sales & contract packing for Singapore
- Core brands registered gains, 100Plus continued to be market leader
- My Cola & 100Plus Edge launch to widen portfolio offering to fuel growth momentum
- Rationalised sales & distribution to drive channel penetration. Excluding this cost, PBIT up 21%

Dairies Malaysia – *smooth transition to PI, no delays*

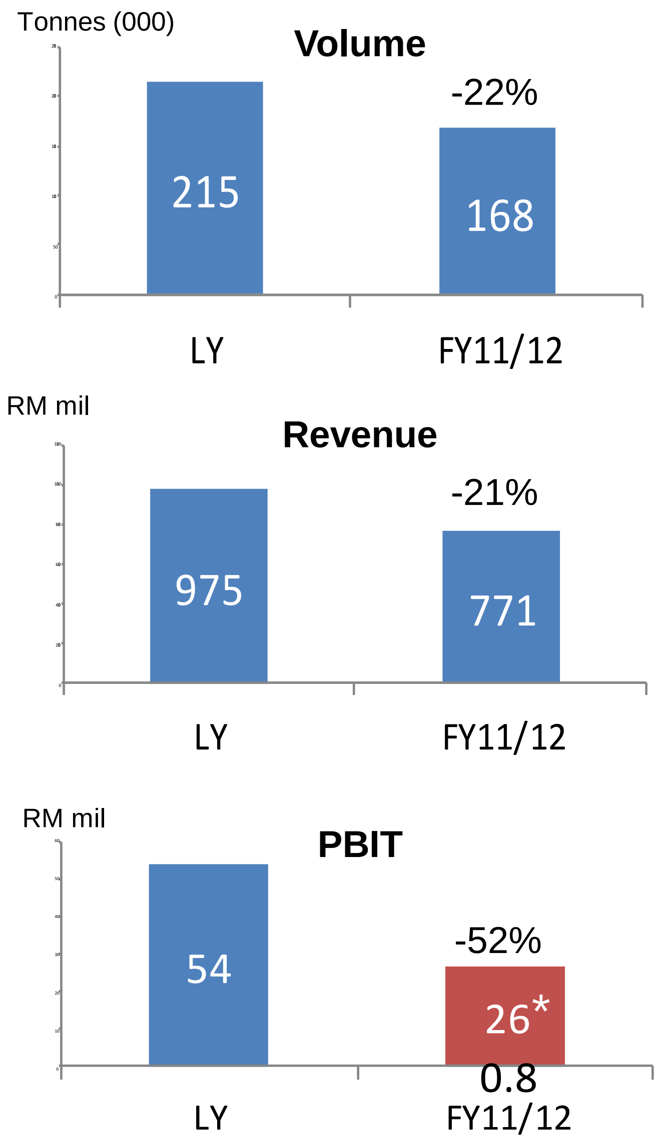






- Marginal revenue improvement following challenging post price increase environment in first half. Domestic sales stabilised while exports came in higher
- Profit declined 38% due to :
  - Relocation costs – one off
  - Accelerated depreciation – one-off
  - Exports help improve profit
- Smooth transition to Pulau Indah plant
- RM 74 mil tax incentive recognised following Pulau Indah plant start up
- HI Calcium launch expected to spur growth in SCM

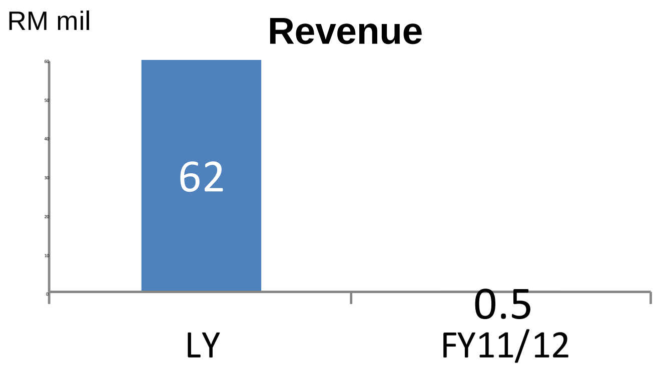
Dairies Thailand – *flood recovery ahead of competitors*

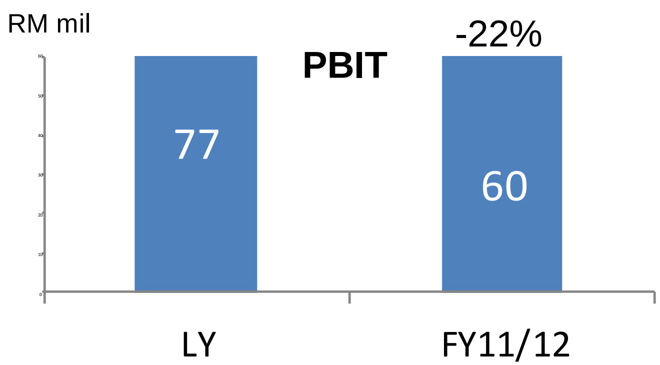


- Volume & revenue contracted 22% & 21% respectively as production stoppage disrupted supply to market
- Swift recovery in April ahead of key competitors allowed us to gain market share in SBC
- Absorbing manufacturing & operating overheads when the plant was shut down
- Import of finished products at higher costs to safeguard market share led to lower margins
- RM110 mil insurance claims admitted by insurers and recognised to-date. RM88.5 mil collected
- Factory flood protection systems in place. RM6.8 mil capex incurred
- Rojana industrial park flood barrier ready

* Provisional excess as disclosed on Note 4 Schedule F on unusual items related to flood

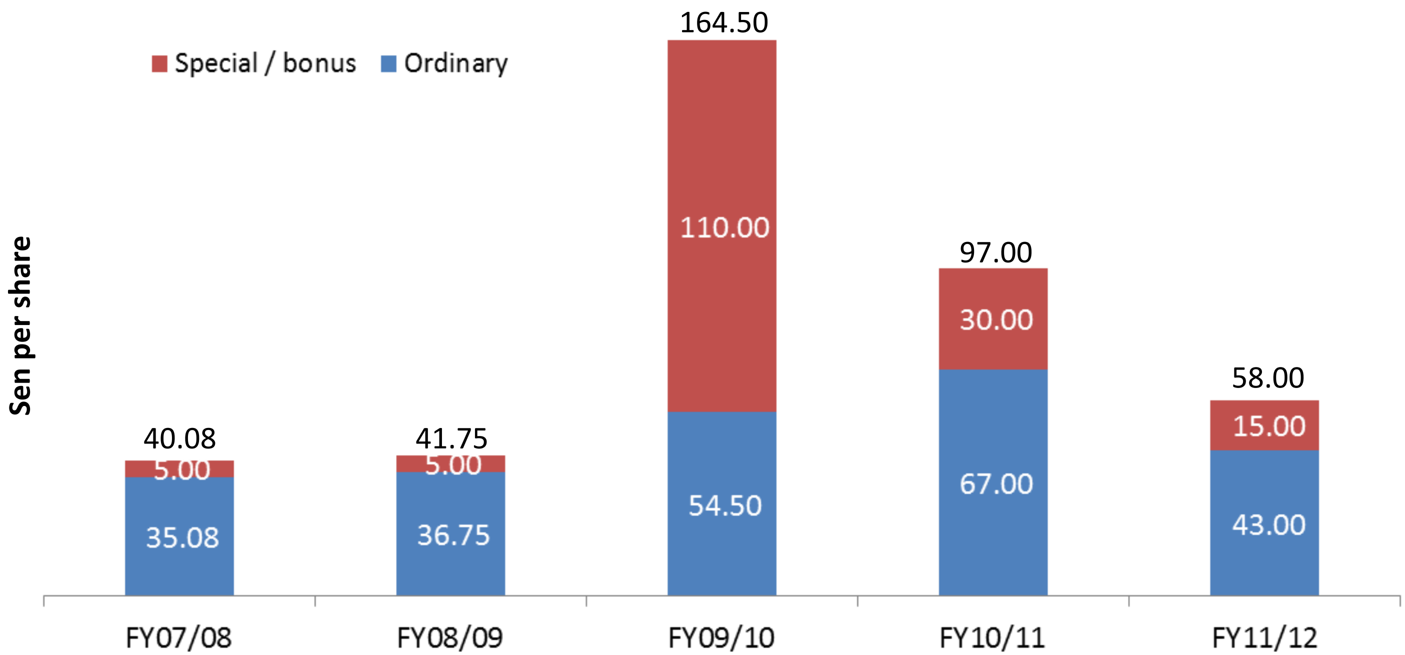
Properties / others – *S13 second half launch target*





- Activity for the year geared towards planned launch of Section 13 project by 2nd half of 2013
- Site preparation work expected to commence in January 2013 after equipment packing completion
- Realisation of RM55 mil (50% capital gain) following disposal of land to joint venture company

Dividends



Payout ratio* (ordinary div)	74.7 %	58.4 %	63.4 %	76.1 %	76.8 %

- Final dividend of 38 sen - (23 sen ordinary and 15 sen special)
- Payout ratio for ordinary dividend maintaining at LY level

* - on continuing / normalised EPS

Business Outlook & prospects

- Positive domestic consumer spending
- Business / people friendly 2013 Government Budget
- Infrastructure investment continue to drive economy
- Favourable raw material prices
- New launches (MyCola, 100Plus Edge, Hi Cal)
- Brand new PI plant – efficient producer
- Section 13 property launch
- Consolidate leadership position in Thailand
- Continue to deepen Indochina presence

- Global / Euro financial uncertainty
- China slow down
- Competitive Malaysian beverage landscape

Thank you