



FRASER & NEAVE HOLDINGS BHD

(Company No. 004205-V)
A member of the FRASER AND NEAVE GROUP

F&N Point
No. 3, Jalan Metro Pudu 1,
Fraser Business Park, off Jalan Yew,
55200 Kuala Lumpur, Malaysia
Tel : 603-9235 2288
Fax : 603-9222 7878

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F&N Records Solid Performance, Chalking Up Double Digit Gains in Revenue, Operating Profit and PBT for FY 2012/2013

- ❖ Group Operating Revenue and Operating Profit up 10.6% and 35.1%
- ❖ PBT up 34.1 %
- ❖ Maintaining Leadership of Ready-to-Drink Market, Soft Drinks Sales up 7.1 %
- ❖ Dairies Thailand Revenue Up 39.6 % Reinforcing Market Leadership, Building on Strong Post Flood Recovery, with Increased Trade Presence
- ❖ Leveraging and Optimizing Synergies with TCC Group
- ❖ Higher Dividend per Share - increased by 2 sen

Financial highlights (RM million)	FY 2013	FY 2012	Change %
Revenue (RM billion)	3.51	3.17	+10.6
Operating Profit	312.7	231.4	+35.1
Profit before taxation	308.7	230.2	+34.1
Profit after taxation	260.6	273.9	-4.9
Earnings per share – basic (sen)	71.7	75.9	-5.5

Fraser & Neave Holdings Bhd (F&NHB) registered solid gains for the financial year ended September 30, 2013, recording a 10.6 per cent jump in revenue while chalking up robust growth of 35.1 per cent and 34.1 per cent respectively in operating profit and profit before taxation.

The impressive performance was achieved on the back of stronger performance of its soft drinks unit, with sales growing 7.1 per cent, along with a notable post-flood full year contribution from its Thailand dairies operations which grew 39.6 per cent, further reinforcing its respective market leadership positions.

F&NHB Chief Executive Officer, Mr. Somsak Chayapong, who presented his maiden year-end results, hailed the performance and attributed it to the sustained efforts of the Group's dedicated work-force and its trade partners in strengthening and deepening its market presence and penetration throughout the soft drinks and dairies businesses.

"We are continuing to make great strides in leveraging our 130-year trusted heritage, the strength of our brand portfolio and unparalleled marketing and distribution network to deliver excellence in the market place and to our loyal legion of customers and consumers for whom F&N is inseparable in their daily lives," Mr. Somsak added. F&N celebrates its 130th anniversary from October 2013, with various consumer and brand campaigns planned, illuminating its "Trusted by Generations" theme.

For the financial year ended September 30, 2013, F&NHB's revenue grew from RM3.17 billion to RM3.51 billion, operating profit soared from RM231.4 million to RM312.7 million while profit before taxation jumped to RM308.7 million from RM230.2 million in the corresponding period the year before. Profit after taxation eased 4.9 per cent from RM273.9 million to RM260.6 million due to absence of deferred tax asset recognition.

F&N's soft drinks division, Malaysia's largest soft drinks manufacturer and marketer secured higher volume from all product lines while its new product offerings, namely MyCola, 100Plus Edge and Oishi performed within expectations. The strong performance bolstered F&N's 27 per cent market leadership of the overall ready-to-drink (RTD) market with increasing trade distribution and presence.

Buoyed by higher volume sales, the soft drinks division was F&NHB's top-line performer, contributing RM1.46 billion up from RM1.36 billion followed by Dairies Thailand registering RM1.08 billion in revenue from RM770.6 million last year.

Dairies Malaysia's revenue eased 6.3 per cent from RM1.04 billion to RM974.4 million due to continued intense trade price competition. The division however recorded a higher operating profit due to the additional charges incurred in the shift to Pulau Indah during the corresponding period last year.

F&NHB's strong full year results was also mirrored in the last quarter ended September 30, 2013 with revenue growing 5.01 per cent to RM897.5 million and operating profit expanding 33.8 per cent to RM87.3 million while profit before taxation soared 35.6 per cent to RM87.4 million compared with the corresponding quarter ended September 30, 2012. Profit after tax for the same period was 9.2 per cent higher at RM80.3 million from the RM73.6 million recorded in the corresponding quarter. The current year's results include the final insurance claims amounting to RM 49.3 million. With this settlement, all outstanding floods related claims are closed.

Commenting on the on-going integration and synergising of F&NHB's business following TCC Group's emergence as the new owner of the F&N Group, Mr. Somsak said: "There are benefits and synergies which we can draw from group product introduction, market knowledge and other operational synergies such as raw material and indirect materials procurement, cost optimisation and adoption of best practices from the various business units within the larger group.

"F&NHB will continue to focus on strengthening its flagship brands in both its soft drinks and dairy products, whilst ramping up export initiatives to deepen and widen our export market footprint. Opportunities in the relatively untapped global halal markets will be extensively explored."

"We have a sound balance sheet, with low gearing and are cautiously optimistic of our short to mid-term prospects. The global commodity dairy-based prices are expected to remain high over the next few months. Along with the foreign exchange fluctuation, these will add downward pressure on profitability. Our focus will be on both organic and inorganic growth", he added.

According to Mr. Somsak, the challenges moving forward include the impact from the downward revision of economic growth by the Malaysia and Thailand governments due to softer domestic demand and lower export earnings, and the expected lowering consumer purchasing power with the reduction of broad based subsidies along with the introduction of the Goods and Service Tax.

On F&N's Section 13 integrated property development project, Mr. Somsak said that as of September 30, 2013, Master Plan approval had been obtained. The Property division is proceeding with the land conversion and lease extension, which is expected to be completed by the end of 2013. The residential portion of the project is anticipated to be launched in the fourth quarter of the next financial year.

The Directors are recommending a final single tier dividend of 30 sen per share together with a special single tier dividend of 10 sen per share. If approved by shareholders at the forthcoming Annual General Meeting, the total dividend for the year would be 60 sen (last financial year was 58 sen).

About Fraser & Neave Holdings Bhd

Fraser & Neave Holdings Bhd (F&NHB) is a Malaysian company listed on Bursa Malaysia's Main Board with expertise and prominent standing in the food and beverage and property business. F&NHB has a rich history spanning a 130 years, positioning the company and brand as one that is trusted by generations. F&NHB has over 3,000 employees and is Malaysia's top 100 leading graduate employers in 2012. F&NHB operates in Malaysia, Brunei, Thailand and Indochina, and is a subsidiary of Fraser and Neave, Limited, a company listed on the Singapore Stock Exchange. F&N with its extensive catalogue of well-known and favoured brands took top spot in the Food & Beverage category in 2012's Malaysia's Most Valuable Brands (MMVB) awards.

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