Fraser & Neave Holdings Bhd

Analysts' Briefing

8 May 2014

Financial Highlights

Group revenue and operating profit grew 9.5% and 24.7% respectively from corresponding period:

- ❑ Both Dairies Malaysia and Thailand recorded double digit revenue growth, on strong market activation, increased trade penetration and effective trade discount
- ❑ Soft Drinks, although registering a 2.4% revenue growth, was impacted by deep competitors’ discounting during Chinese New Year sales
- ❑ Section 13 leasehold land extension approved
- ❑ F&N 130 Years Anniversary

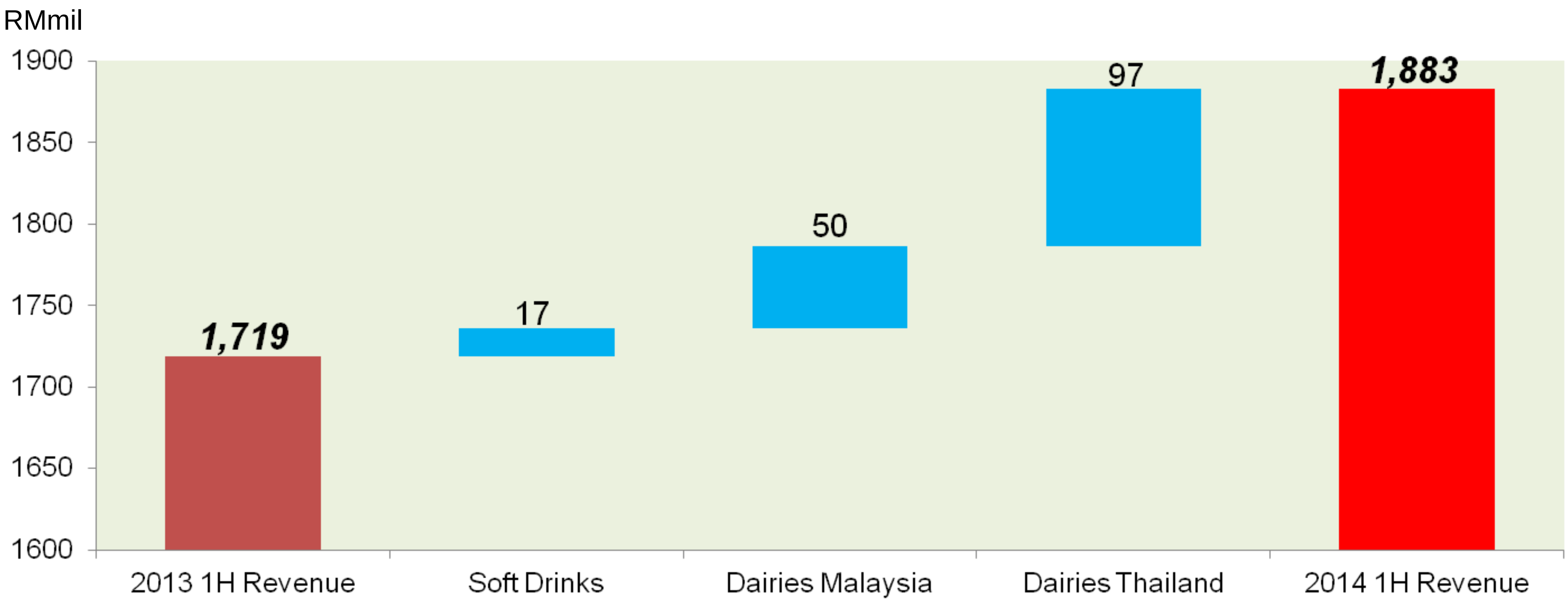
(RM mil)	**1H2014**	1H2013	Change vs. Last Year
Revenue	**1,883**	1,719 *	*+9.5%*
Profit Before Interest and Tax	**168**	134 *	*+24.7%*
Profit After Tax	**137**	111 *	*+23.1%*

* As restated

Revenue

Key drivers of the 9.5% revenue growth are:

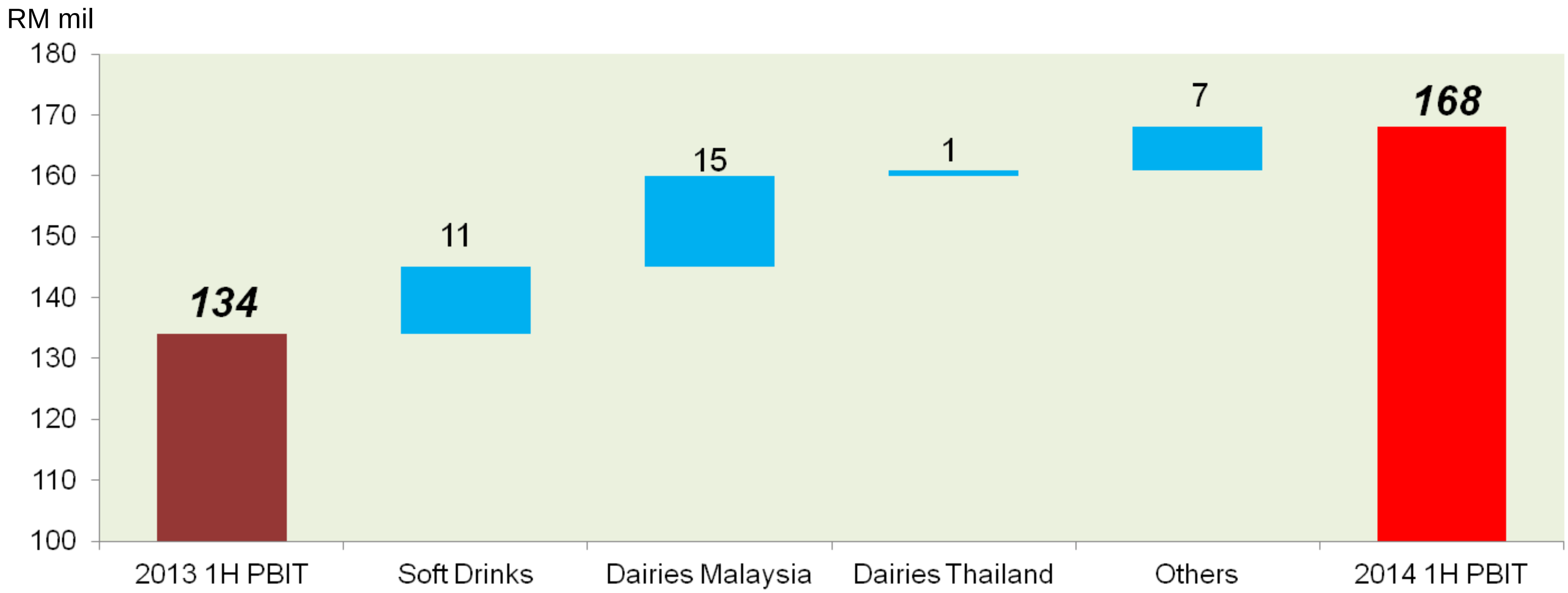
- ❑ Remarkable turnaround of Dairies Malaysia post several Route to Market events, such as trade pricing/FOC goods realignment, channel management, market activations etc.
- ❑ Dairies Thailand recorded strong growth in all its core products, on continued strong market activation and distribution (despite earlier political tension)
- ❑ Increasing customer touch points
- ❑ Effective management of trade discounts during festivities



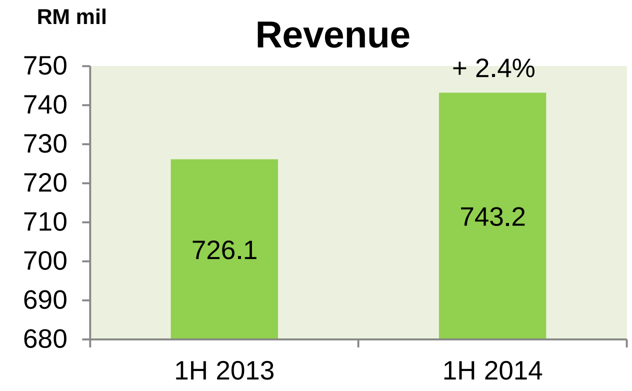
Profit Before Interest and Tax (PBIT)

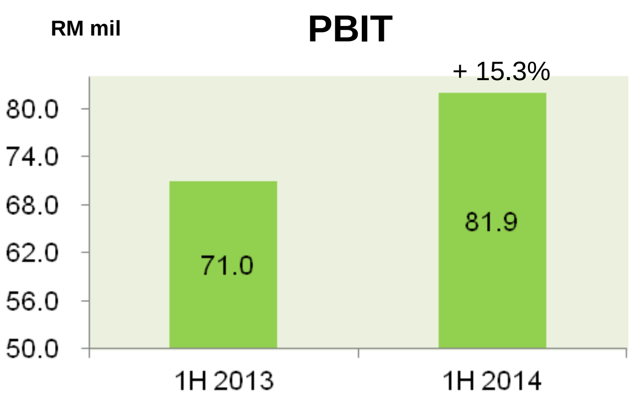
Key drivers of the 24.7% PBIT growth are:

- ❑ Favorable Soft Drinks sales mix, lower trade discounts, improvement in production yields, along with improvement in commodity prices
- ❑ Higher sales of Dairies Malaysia, supported by managed trade discounts, along with realised cost saving initiatives. Additionally, there was a bad debt recovery in Q1, 2014 and absence of packing and dismantling costs (RM4.2m) incurred in 2013
- ❑ Dairies Thailand, despite higher revenue, was impacted by higher milk based commodities and inability to pass on the increase to end consumers



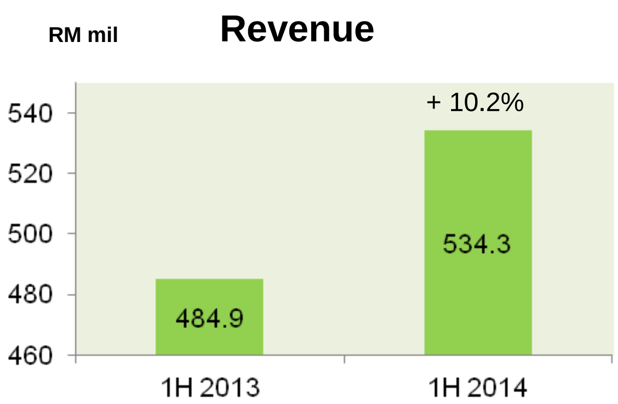
Soft Drinks

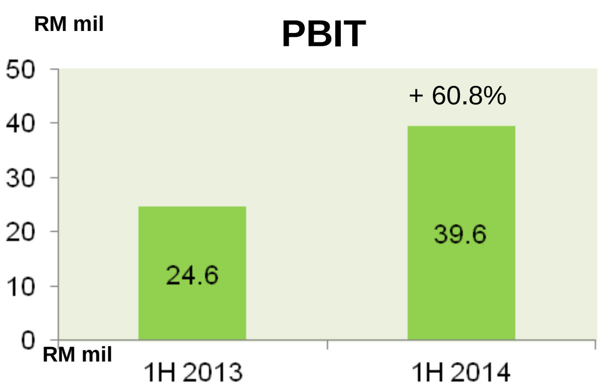




- Revenue increased 2.4%, driven by 100Plus, Season Tea and Ice Mountain, despite increased CNY competitors trade discounting
- Increased competitors' products offering competing for "Share of Throat and Wallet"
- Restage of 100Plus in Q1 FY2014
- Oishi and MyCola performance are within expectations. Increased point of distribution for Oishi
- Favorable sales mix and lower trade discounts enabled revenue to grow higher than volume
- Profit aided by improved sales mix along with lower commodities, supply rebates and improved factory yield

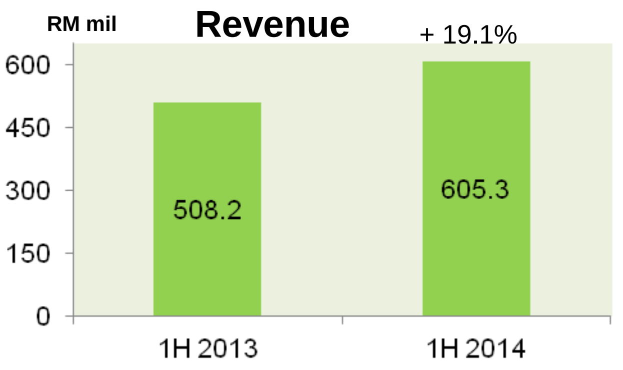
Dairies Malaysia

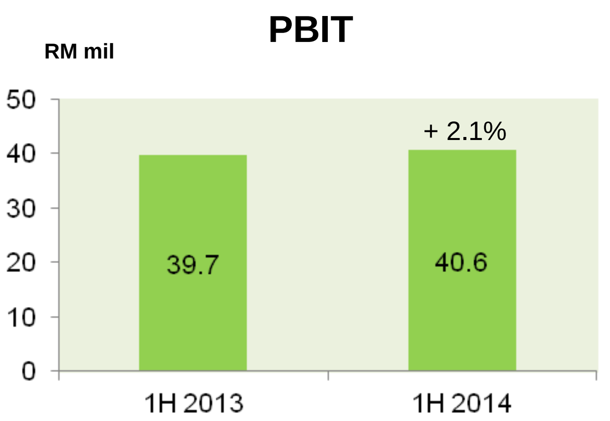




- In 2013, Dairies Malaysia took several business model changes, such as trade pricing realignment/FOC removal, which impacted operations
- Revenue increased 10.2%, driven by stronger performance of both Nestle and F&N brands
- Reinforcing No.1 market leadership position
- Effective trade discount with implementation of distributor management system
- Increased penetration and presence in “Out of Home” (On Premise)
- Higher revenue in line with volume
- Higher PBIT, stemming from increased sales, cost saving initiatives under best-in-class journey, bad debt recovery and absence of one-off item (relocation cost) incurred last year.

Dairies Thailand





- Post Thailand flood where efforts were made on brand building with targeted consumer communication and awareness campaign has enabled consistent sales off-take into 2014
- Political uncertainties – no material impact
- Revenue increased 19.1%, driven by double digit growth in both its Sweetened Beverage Creamer and Evaporated Milk products
- Bear Brand has further strengthen its market leadership
- F&N brand performed well
- Despite higher sales, inability to pass on commodity price increase to end consumers has negated the contribution of higher revenue to PBIT
- Weaker Thai Baht impact (forex)

Properties

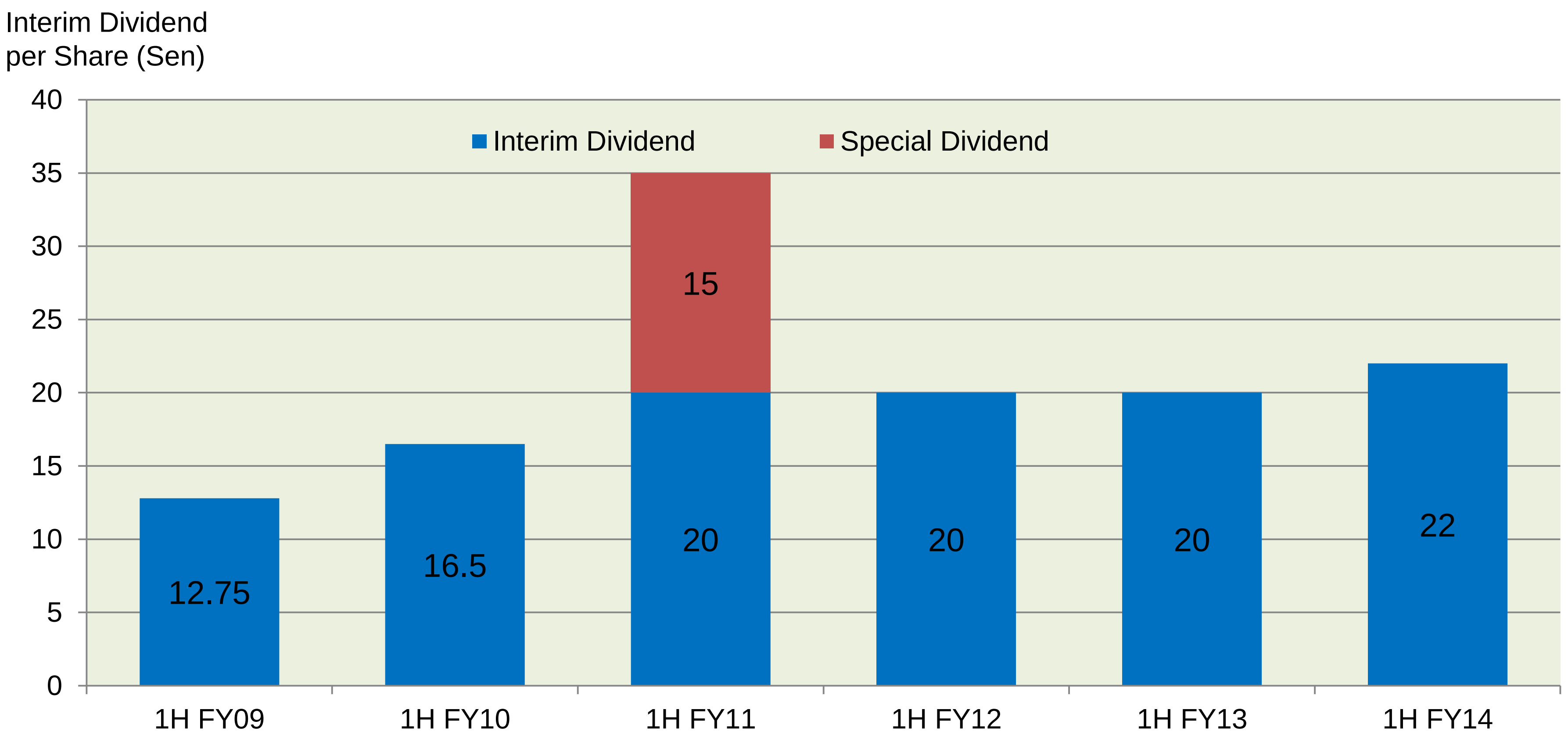
- Project will be named “Fraser Square”
- Master Development Plan approved
    - Green Building (Gold Standard)
- Leasehold land extension to 99 years approved
- Expected launch by end calendar year 2014

Water Rationing

- ❑ Both Shah Alam (Soft Drinks) and Pulau Indah (Dairies Malaysia) are affected by water rationing as they are under Zone 4. Co packers were impacted too
- ❑ Rationing started 4 April 2014. Supply resumption timing and schedule has been unreliable. Additionally low water pressure in Pulau Indah impacted start-up
- ❑ Water supply is from Sungai Selangor Reservoir
- ❑ Business Contingency Plans (BCP)
  - Increasing work shifts and plan rest/off day production
  - Sourcing end products from other F&N manufacturing facilities, 3rd parties and within ThaiBev companies
  - Install additional water storage and exploring underground (well) water
- ❑ Increased consequential operation costs
- ❑ There is a concern that water rationing may occur in 2nd half of 2014 if there is not enough rain

Dividends

- Interim net dividend of 22 sen per share (increase of 10%) , corresponding to higher half year financial performance
- Payment date 8 Aug 2014



Questions & Answers