



# 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 STRONG DOUBLE DIGIT GAINS IN FIRST HALF OF FY 2013/2014

- ❖ Revenue 9.5 per cent higher due to improved performance from all business units led by Dairies Thailand's consistent strong growth and Dairies Malaysia's turnaround
- ❖ Group net profit up 23.1 per cent
- ❖ Dairies Malaysia records 60.8 per cent hike in operating profit
- ❖ Interim single tier dividend of 22 sen, 2 sen higher than 2013 with total payout of RM 80.4 million

Financial Highlights (RM million)	Half Year 2013/2014	Half Year 2012/2013	Change %
Revenue (RM billion)	1.883	1.719	9.5
Profit after taxation (RM million)	136.8	111.1	23.1
Basic earnings per share –basic (sen)	37.5	30.6	22.5

Fraser & Neave Holdings Bhd (F&NHB) registered strong performance for the first half ended March 31, 2014 with revenue rising 9.5 per cent to RM 1.88 billion while net profit soared 23.1 per cent to RM136.8 million compared to the corresponding period in 2013.

Improved top line performance from all the Group's business units contributed to the rise in the Group's revenue, driven by Dairies Thailand's consistent strong growth and Dairies Malaysia's turnaround.

Building on the momentum of its strengthened brand presence and outlet penetration, Dairies Thailand spearheaded the Group's revenue expansion with a 19.1 per cent increase to RM 605.3 million from RM508.2 million while Dairies Malaysia weighed-in with a 10.2 per cent rise to RM534.3 million, up from RM484.9 million due to higher sales volume from all key product categories.

Soft Drinks' profitability jumped 15.3 per cent compared to the corresponding period last year aided by a favourable sales mix composition, improved commodity prices and enhanced production yields, in spite of a softer first half revenue performance of 2.4 per cent due to increased competition.

Dairies Malaysia recorded a strong turnaround with 60.8 per cent growth in operating profit. The improved profitability was attributed to continuing gains from cost efficiency initiatives, bad debt recovery and the absence of relocation costs amounting to RM4.2 million incurred in the corresponding period last year. Excluding these one-off items, Dairies Malaysia registered a 25.2 per cent growth in operating profit from higher sales volume and improved production yields.

"Our first half performance reflects the successful execution of various marketing, trade and operational initiatives throughout the soft drinks and dairies businesses, which generated higher sales volumes and improved cost efficiency, underpinned by the Group's sustained efforts in managing commodity prices and foreign exchange fluctuations," said F&NHB Chief Executive Officer, Mr Somsak Chayapong.

"We will continue to capitalise on our core strengths - brands and products, distribution network and facilities to sustain the Group's top and bottom-line growth through continuous investment in deepening our brand and market presence, broadening our portfolio through product innovation and renovation that cater to consumer's discerning lifestyles, and enhancing the overall operational efficiency of our supply chain in the business."

Reflecting on prospects for the rest of the year, Mr Somsak Chayapong said prospects for the remainder of the current financial year continue to be challenging due to pressure on consumer sentiment amidst growing concerns on the high level of household debts and the Government's decision to reduce subsidies on certain essential consumer goods in Malaysia. Cost of doing business is expected to go up driven by higher inflation prospects and a volatile foreign exchange environment – in particular the strengthening of the USD against the Thai Baht and Malaysian Ringgit.

“Additionally, prices of key commodities especially milk based products are expected to remain high compounded by our inability to recover the cost increases. The water shortage in Selangor, Malaysia would have incremental cost implications going forward. With these challenges we will remain vigilant to the evolving business and market dynamics.” Mr Somsak Chayapong added.

In line with the improved performance, the Directors are recommending an interim single tier dividend of 22 sen per share amounting to RM80.4 million (2013: 20 sen per share) for the financial year ending September 30, 2014. The interim dividend will be paid on August 8, 2014.

#### **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 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 and 2013. 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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