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FRASER & NEAVE HOLDINGS BHD

(Company No. 004205-V)

**FOR IMMEDIATE RELEASE
MAY 6, 2015**

F&N RECORDS 4.9 PER CENT TOP LINE GROWTH IN FIRST HALF FY 2014/2015

- Revenue up 4.9 per cent to RM1.98 billion driven by dairies business
- Group's profit after tax up by 2.6 per cent to RM140.4 million
- Dairies Thailand registered strong double digit revenue and operating profit growth
- Group's operating profit moderated by pre-Goods and Service Tax ("GST") destocking by distributors and retailers which impacted Soft Drinks business
- Interim single tier dividend of 22 sen per share amounting to RM80.6 million

Financial Highlights	Half Year 2014/2015	Half Year 2013/2014	Change %
Revenue (RM billion)	1.98	1.88	4.9
Profit before tax (RM million)	167.8	168.9	-0.7
Profit after tax (RM million)	140.4	136.8	2.6
Basic earnings per share (sen)	38.4	37.5	2.4

Fraser & Neave Holdings Bhd's ("F&NHB" or "the Group") turnover for the first half ended March 31, 2015 grew 4.9 per cent to RM1.98 billion while profit after tax rose 2.6 per cent to RM140.4 million compared with the corresponding period in 2014.

Commenting on the Group's overall result, F&NHB's Chief Executive Officer, Lim Yew Hoe said "Our first half performance reflects the successful execution of various trade and operational initiatives, bolstered by the Group's efforts in managing commodity prices and foreign exchange fluctuations to generate sustainable growth. On the back of challenging market conditions, our results are in tandem with the overall performance of key players in the food and beverage industry,"

Half Year 2014/2015 Performance by segment

	Revenue		Operating profit	
	RM (million)	(%)	RM (million)	(%)
Soft Drinks	701.7	-5.6	57.3	-30.0
Dairies Malaysia	558.8	4.6	47.3	19.4
Dairies Thailand	714.7	18.1	56.0	38.1

Soft Drinks business was impacted by pre-Goods and Services Tax (GST) trade de-stocking at both distributors and retailers level; and delay in commencement of its customers' business post-flood, mainly in the east coast states of Peninsular Malaysia. Operating profit was correspondingly lower due to lower volumes.

Dairies Malaysia's performance was driven by the F&N #1 campaign that reinforced awareness of its No 1 market leadership position. Operating profit was up by 19.4 per cent, attributed to higher trade and consumer off-take, effective trade discount management, increased penetration and presence in the "on-premise" segment along with lower global milk-based commodity prices and improved factory efficiencies.

Dairies Thailand's consistent effort in brand building and effective spending on advertising and promotions over the years were rewarded with double digit growth in the Sweetened Beverage Creamer and Evaporated Milk segments. Buoyed by the momentum of its strengthened brand presence and outlet penetration, favorable global milk-based commodity prices and improved operational efficiency, Dairies Thailand registered an impressive 38.1 per cent improvement in operating profit.

During the period under review, the Group extended its Nestle Licensing Agreement for an additional 22 years to 2037 and will invest a further Thai Baht 300 million on additional filling and packaging line for the manufacturing of Evaporated Milk at Dairies Thailand's manufacturing plant in Rojana.

The Group also purchased a 21.33-acre land at the Kota Kinabalu Industrial Park worth approximately RM26 million to build a RM85 million plant, which is scheduled to be operational within the next six years to serve the growing local demand in Sabah and Sarawak.

The Group is currently reassessing the project timeline of its mixed-integrated development in Section 13, Petaling Jaya named "Fraser Square" to suitably gauge market sentiments to ensure maximum value to shareholders.

Commenting on prospects for the rest of the financial year ending September 30, 2015, Lim said, "As in previous fiscal years, domestic demand remains a key driver of growth for Malaysia. However compared with the previous year, private consumption is expected to moderate as the positive effects of lower oil prices are counter balanced by price adjustments arising from the GST implementation. The rate of economic recovery in Thailand remains a concern as the Thai economy though resilient is highly dependent on domestic consumption."

"Accordingly, the Board and management will monitor proactively the changing economic dynamics and take appropriate actions to meet these challenges." Lim added.

In line with the Group's performance, the Directors are recommending an interim single tier dividend of 22 sen per share amounting to RM80.6 million to be paid on 12 June 2015.

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 131 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. 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.

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Fraser & Neave Holdings Bhd

*FY2015 First Half Year
Results Briefing*

6 MAY 2015

FINANCIAL HIGHLIGHTS

Group revenue and profit after tax has increased by 4.9% and 2.6% respectively:

- Revenue driven by double digit growth from its dairies business
- Group operating profit moderated by pre-Goods and Service Tax (“GST”) de-stocking by distributors and retailers which impacted Soft Drinks business
- Uncertainty remains on consumer spending habit post GST implementation
- Nestlé Licensing Agreement extended for 22 years to 2037
- Rojana Industrial Park factory expansion of Bht300 million planned

(RM mil)	1 st Half FY2015	1 st Half FY2014	Change vs. Last Year
Revenue	1,976.2	1,883.2	+4.9%
Operating profit	165.7	167.6	-1.1%
Profit before tax	167.8	168.9	-0.7%
Profit after tax	140.4	136.8	+2.6%



Financial Highlights

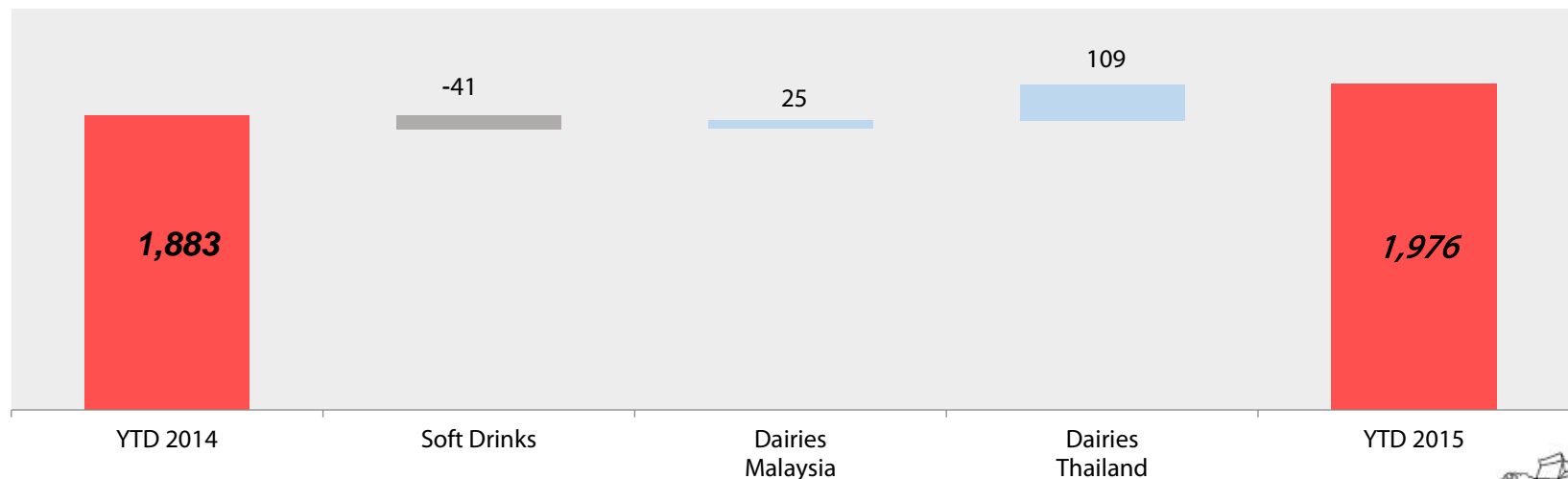


REVENUE

Key drivers of the 4.9% revenue growth are:

- Strong revenue growth from both dairies operations with increased trade penetration, increased customer touch points, effective channel management, and marketing activations
- Dairies Thailand registered strong double digit revenue growth of 18.1%
- Soft Drinks's revenue was impacted by East Coast flood, pre-GST de-stocking by distributors and retailers and less favourable product mix
- All core products further reinforcing its clear market leadership position

RM mil



Revenue

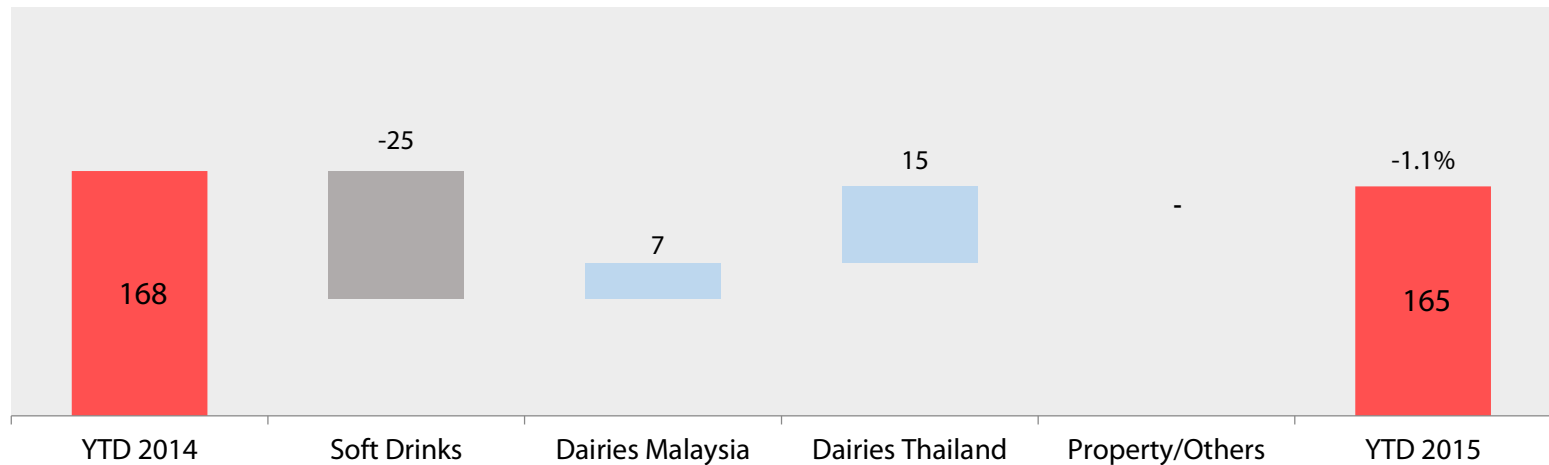


OPERATING PROFIT

Group's operating profit was moderated by -1.1% due to:

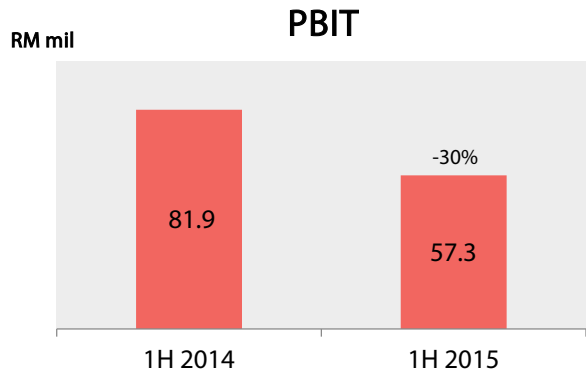
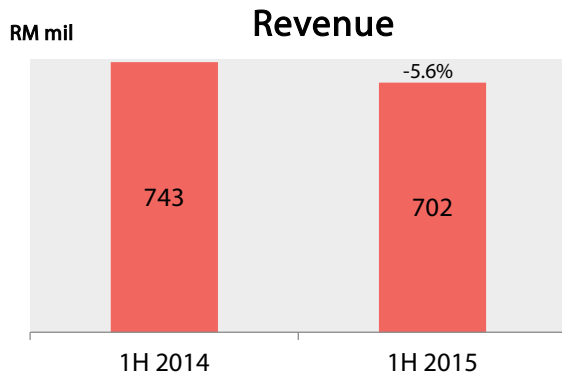
- Group's operating profit moderated by pre-Goods and Service Tax ("GST") de-stocking by distributors and retailers which impacted Soft Drinks operating profit by 30.0%
- The impact on Soft Drinks business was cushioned by significant growth in operating profit in Dairies Malaysia and Dairies Thailand by 19.4% and 38.1% respectively due to significant cost savings from lower milk-based commodity cost and continuous realised production cost savings

RM mil



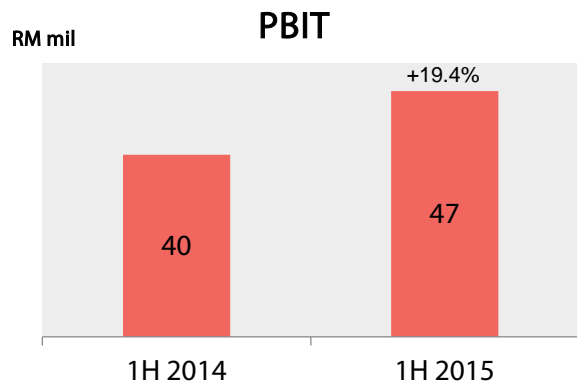
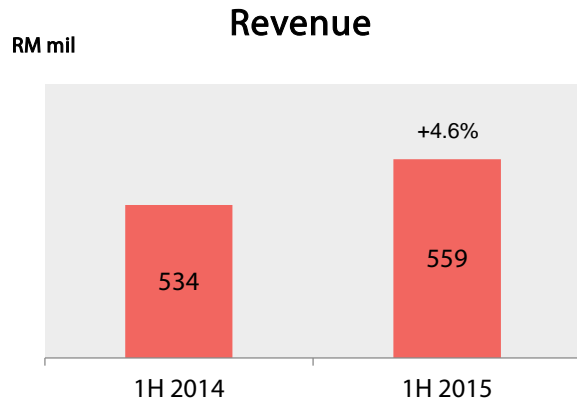
Operating profit

SOFT DRINKS



- Registered lower revenue (-5.6%) and operating profit (-30.0%), as it was impacted by East Coast flood, trade de-stocking ahead of GST implementation, less favourable gross margin contribution on sales mix along with increased trade offerings and heavier trade discounting by competitors
- East Coast flood impacted approximately RM20m of revenue, as flood recovery slowly improving, which witnessed some retailers not commencing operations
- Red Bull distribution will terminate in September 2015 with Transition Agreement signed on 27 February 2015. No financial impact for FY2015

DAIRIES MALAYSIA



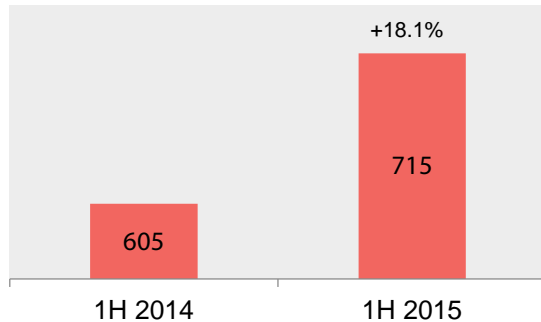
- Revenue increased 4.6%, driven by stronger performance of both Nestlé and F&N-owned brands
- Further reinforcing No.1 market leadership position
- Increased penetration and presence in “Out-of-Home” (on-premise) segment
- Operating profit growth of 19.4%, attributed to higher trade and consumer off-take, effective trade discount management, increased penetration and presence in the “on-premise” segment along with lower global milk-based commodity cost and improved factory efficiencies



DAIRIES THAILAND

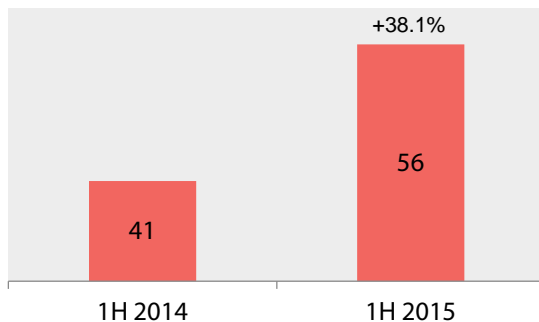
RM mil

Revenue



RM mil

PBIT



- Volume increased by 10.1% driven by double digit growth in both its Sweetened Beverage Creamer and Evaporated Milk. F&N-owned brand continue to grow
- Registered an impressive 38.1% improvement in operating profit due to cost savings from lower milk-based commodity cost and continuous realised production cost savings
- Benefited from consistent effort in brand building and effective spending on advertising and promotions over the years
- New products offerings in second half of the financial year



KEY DEVELOPMENT

Extended licences for Nestlé liquid milk brands

- 22-year contract (Until year 2037)
- Secured rights to manufacture and distribute *Carnation*, *Bear Brand*, *Bear Brand Gold*, *Ideal Milk* and *Milkmaid* in ASEAN




Key Development



FINANCIAL AND BUSINESS OUTLOOK

- Inflationary uncertainties post impending Goods and Service Tax (GST) implementation and consumer spending behaviour
- Potential increased cost of doing business with expected USA Federal Reserve interest rate increase (both on cost of borrowing and foreign exchange)
- Global milk-based commodity prices gradually increasing

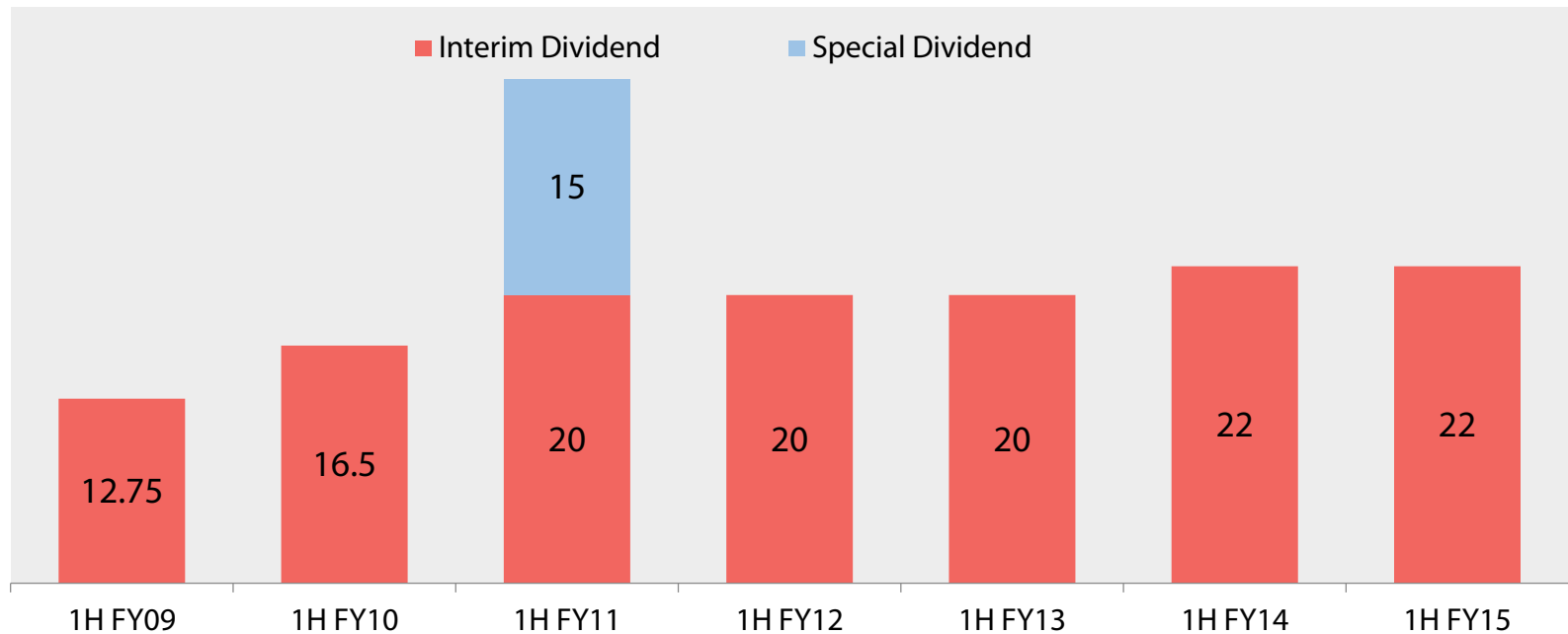
Soft Drinks	Dairies Malaysia	Dairies Thailand	Properties
<ul style="list-style-type: none"> • Grow 100PLUS • Grow upon its market leadership on SEASON's NutriSoy and Tea • Increased touch-points • Routes-to-market (RTM) excellence • Execute new product introduction 	<ul style="list-style-type: none"> • Reinforce "No.1" condensed milk company and defend both its SCM and Evap • Out-of-Home segment penetration • Halal Manufacturing Hub • RTM excellence • Drive application 	<ul style="list-style-type: none"> • Defend and grow its market leadership for all core products • Increased Indochina penetration • RTM excellence • New products introduction 	<ul style="list-style-type: none"> • Assessing opportune time to launch residential project 
<ul style="list-style-type: none"> • Asset turnover optimisation • Improving internal operational matrixes (manufacturing, logistics, channel management) 			



DIVIDENDS

- Interim net dividend of 22 sen per share
- Entitlement date 22 May 2015
- Payment date 12 June 2015

Interim Dividend
per Share (Sen)



The background features a collection of beverage-related illustrations in a light gray, sketchy style. On the left, a can of 100 Plus is shown with the text '100 PLUS' on its label. In the upper center, a can of Carnation is depicted with the word 'Carnation' and an illustration of a coffee cup. On the right, a carton of F&N is visible with the 'F&N' logo. In the foreground, a glass bottle of F&N is shown with the 'F&N' logo and a floral emblem. The overall theme is beverages and food products.

Question and Answer

Thank you

