



Fraser & Neave Holdings Bhd

FY2015 Full Year
Financial Results Briefing

4 November 2015

FINANCIAL HIGHLIGHTS

- F&N surpassed RM4 billion in revenue for FY2014/2015
- Revenue up 6.3 per cent to RM4.06 billion driven by dairies business
- Group's profit before tax up by 5.8 per cent to RM333.8 million

(RM mil)	FY2015	FY2014	Change vs. Last Year
Revenue	4,060.2	3,818.8	+6.3%
Operating profit	332.0	314.2	+5.7%
Profit before tax	333.8	315.5	+5.8%
Profit after tax	280.1	259.4	+8.0%
Basic EPS	76.5	71.0	+7.7%

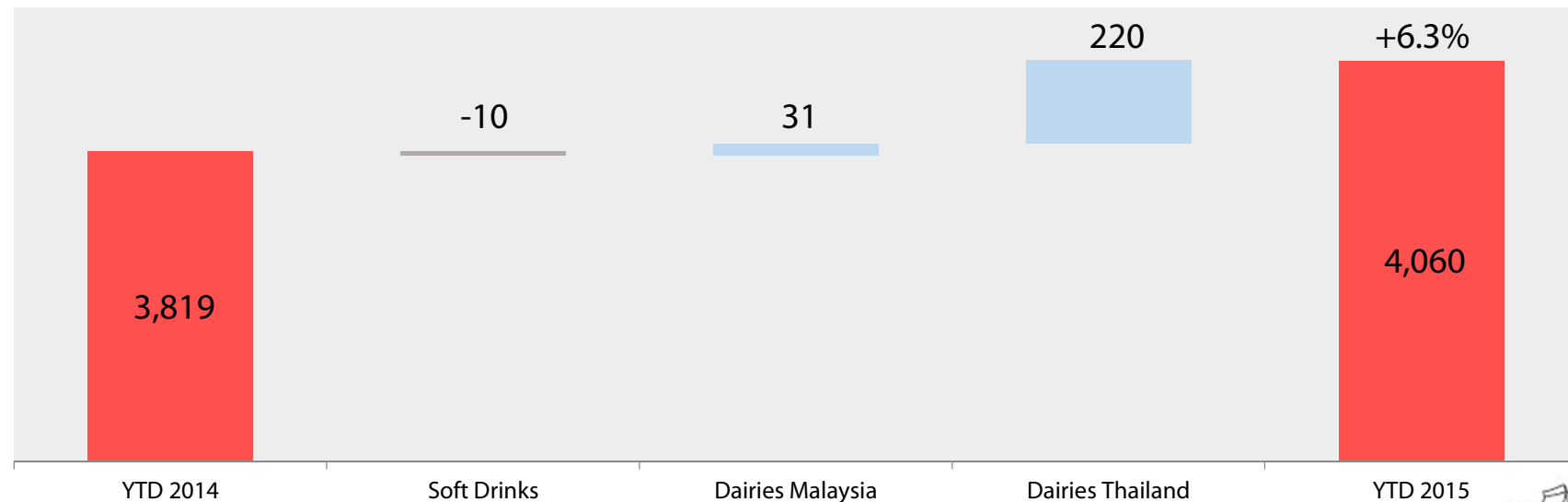


REVENUE

Key drivers of the 6.3% revenue growth are:

- Strong revenue growth from both dairies operations
- Dairies Malaysia and Dairies Thailand recorded revenue growth of 3.0% and 17.7% respectively
- Revenue was flat for Soft Drinks
- All core products further maintain their market positions

RM mil



Revenue

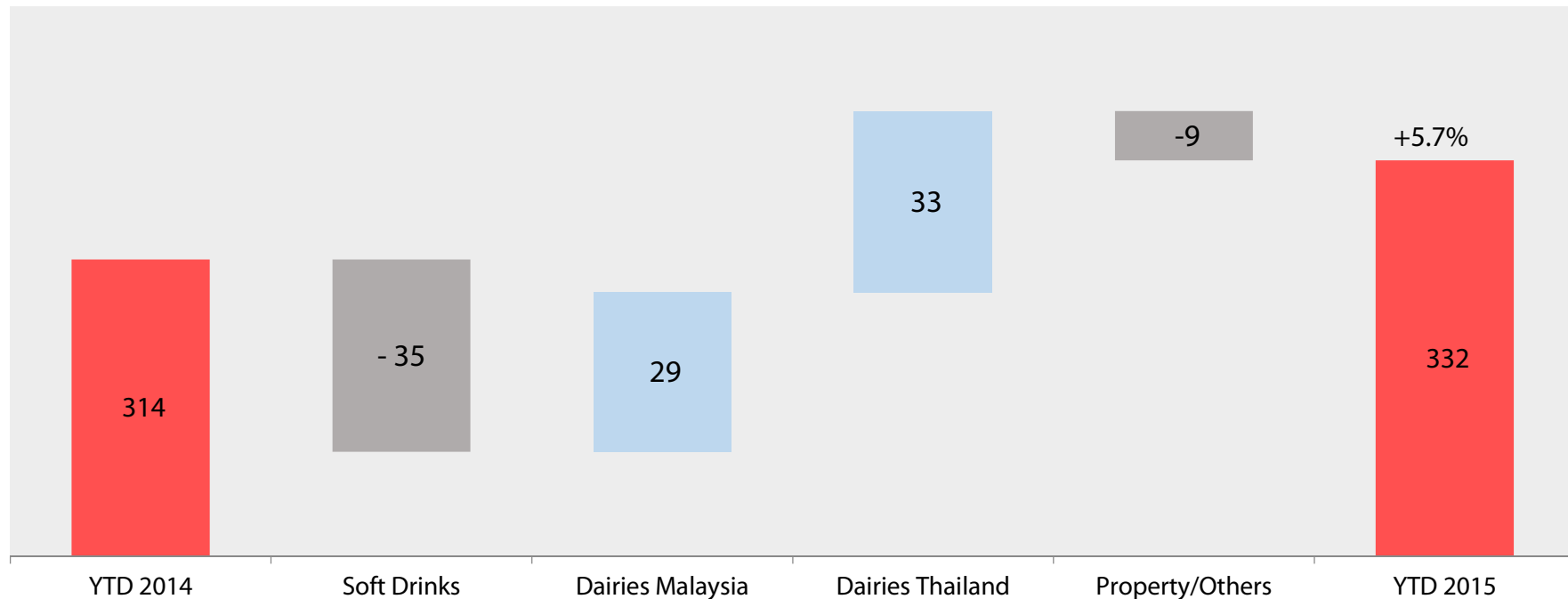


OPERATING PROFIT

Key drivers of the 5.7% operating profit growth:

- Higher revenue contribution from both Dairies Malaysia and Dairies Thailand
- Aided by lower milk-based commodity cost

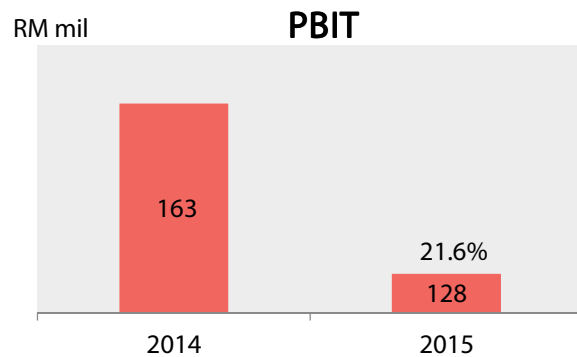
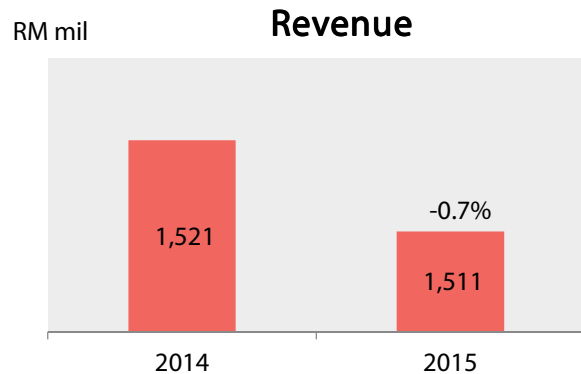
RM mil



Operating profit



SOFT DRINKS



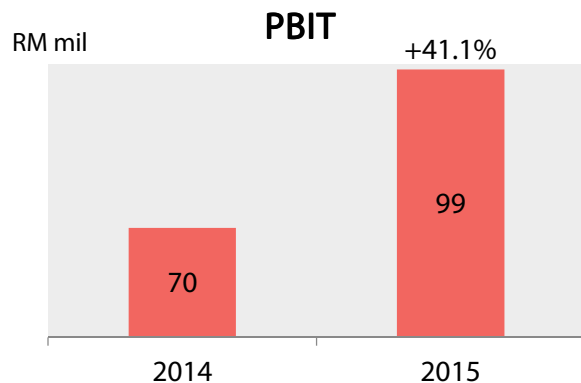
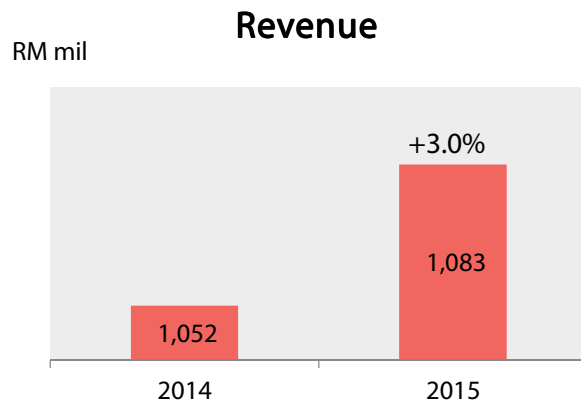
- Revenue was flat, impacted by:
 - the East Coast floods in the first quarter,
 - lower consumer sentiment post-GST,
 - increasing competition; and
 - partial Red Bull revenue loss.
- With higher trade discounts and increased advertising and promotions expenditure, operating profit was correspondingly lower.
- New product introductions/innovations – Est Cola, Coco Life, Ranger Energy Drink, OISHI 300ml can and 100PLUS Berry
- Introduction of new sleek cans for its 100PLUS and F&N Fun Flavours range



Soft Drinks



DAIRIES MALAYSIA



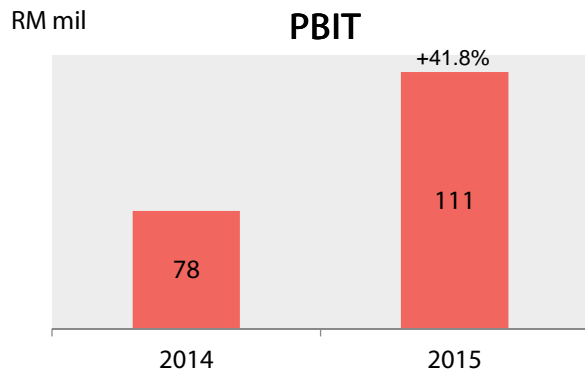
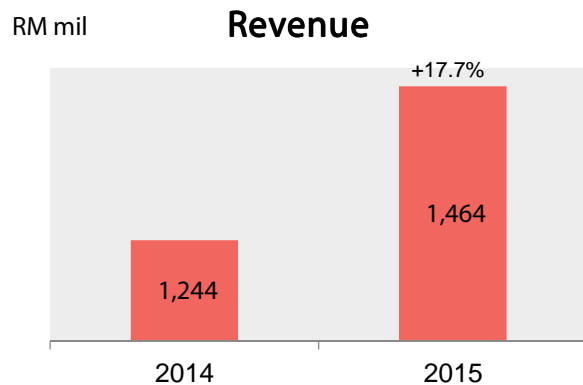
- Registered a 3.0% revenue growth to RM1,082.7 million on continued growth of its core products.
- Operating profit soared 41.1% to RM98.7 million, aided by lower milk-based commodity cost.
- Further capitalised on its No. 1 position in the condensed milk and evaporated milk market segments.
- Increased presence in the 'on-premise' channel and successful campaign in applications of canned milk for food and beverages.
- Farmhouse UHT Milk was introduced in Malaysia
- Magnolia Low Fat Hi-Cal Milk improved formulation.



Dairies Malaysia



DAIRIES THAILAND



- 17.7% gain in revenue :
 - higher off-take from increased outlet penetration and coverage.
 - effective promotional and trade management activities.
- A significant 41.8% improvement in operating profit on higher revenue, lower milk-based commodity costs and favourable foreign exchange translation.
- A new benchmark: Dairies Thailand surpassed the Thai Baht 1 billion contribution in profits
- Nestlé's Licensing Agreement extended for an additional 22 years to 2037
- Our first functional UHT Milk - Magnolia Gingko Plus was launched to great reception.



Dairies Thailand



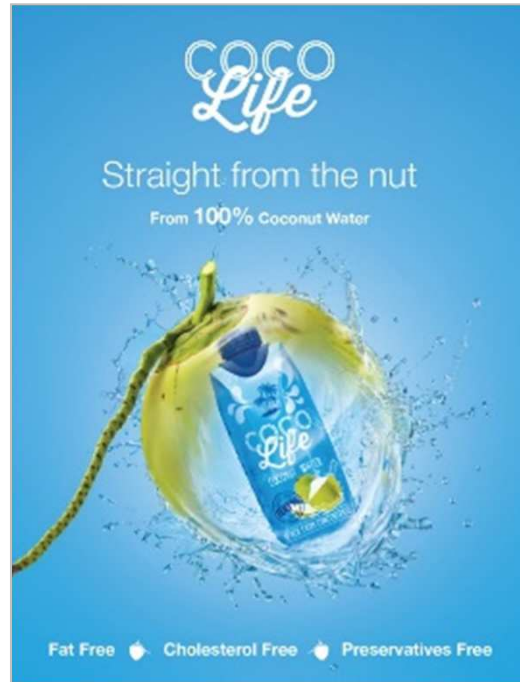


FY2015 2nd Half Highlights

NEW PRODUCTS



EST COLA



COCO LIFE



MAGNOLIA GINGKO PLUS



RANGER ENERGY DRINK



New Products



NEW INTRODUCTIONS



NEW SLEEK CANS FOR F&N FUN FLAVOURS AND 100PLUS



OISHI IN CANS



100PLUS BERRY



FRUIT TREE FRESH YUZU



FARMHOUSE UHT MILK



MAGNOLIA LOW FAT HI-CAL MILK



New Introductions

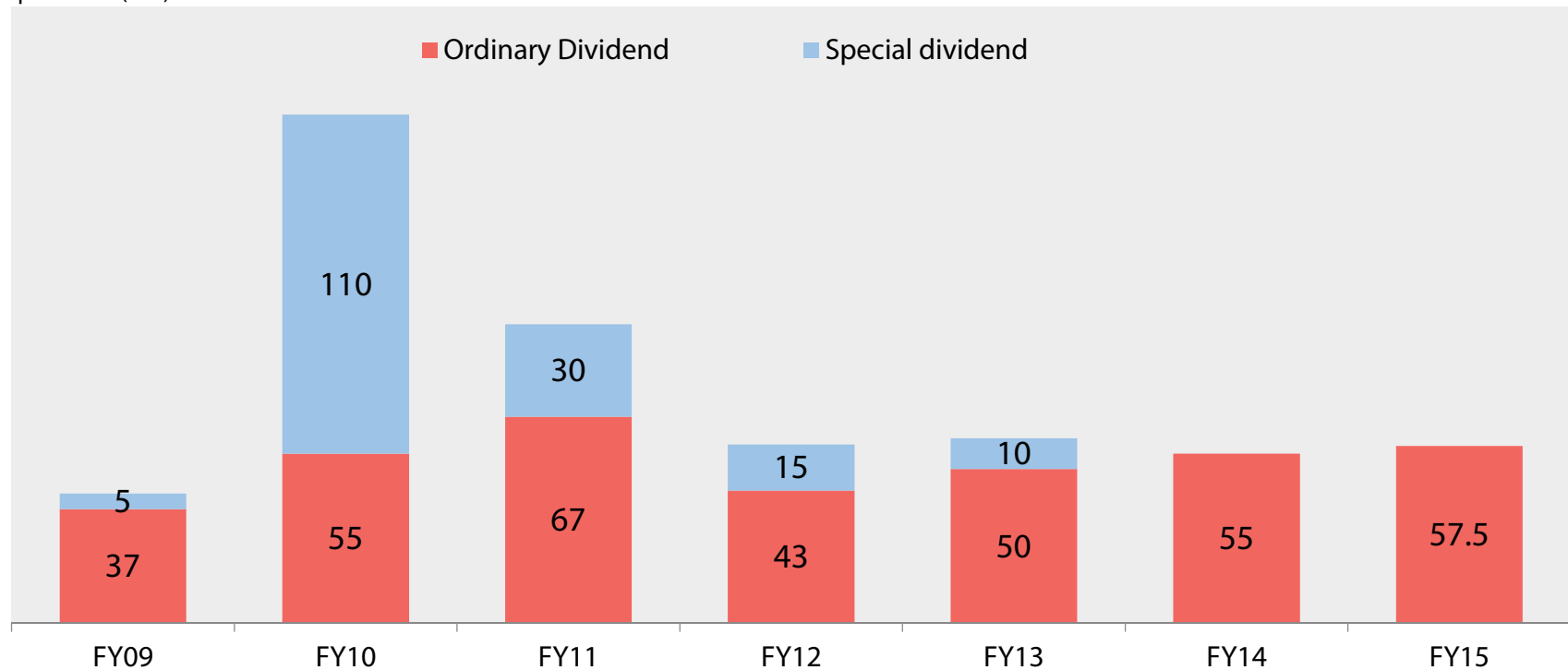


DIVIDENDS

Propose final ordinary dividend of 35.5 sen per share

- Entitlement date - 27 Jan 2016
- Payment date - 4 Feb 2016

Dividend per Share (sen)



Dividends

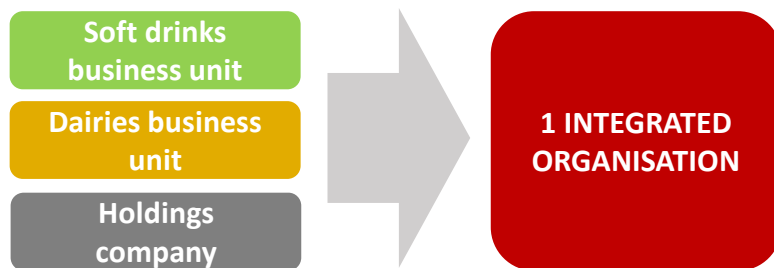


ORGANISATION REALIGNMENT



We have embarked on a realignment exercise to align the Group's operations and management structure in Malaysia with our growth strategies.

Our main objective is to bring together the combined strengths of our heritage, people and brands into one integrated organisation.



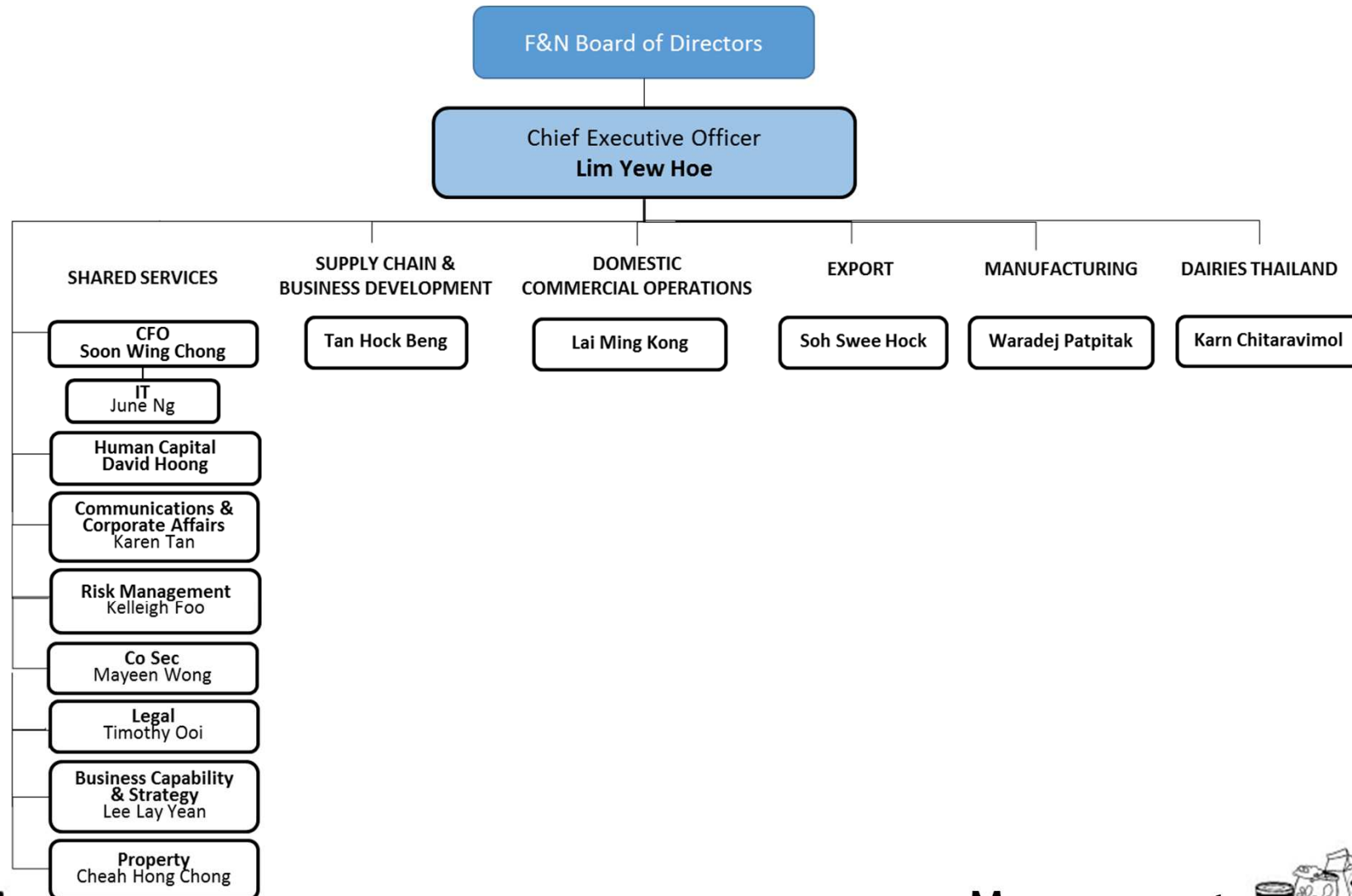
Our goal is to be the undisputed No. 1 Total Beverage Company in Malaysia, in line with ThaiBev's Vision 2020 to become a truly stable and sustainable leader in ASEAN by 2020



Key Development



NEW MANAGEMENT STRUCTURE



Management



BUSINESS OUTLOOK

- Challenging trading conditions in Malaysia and Thailand against a backdrop of softer consumer sentiment and volatile currency exchange rates
- Remain focused on:
 - Expanding our brands' reach and further extend market leadership positions across categories and in Malaysia and Thailand
 - Extracting synergies especially with a combined Malaysian organisation
 - Timely capital expenditure to further extend superior economies of scale
 - Growing export business to further support scale
 - Growing talents to bring F&N to the next level





Question and Answer

Thank you





FRASER & NEAVE HOLDINGS BHD

(Company No. 004205-V)

**FOR IMMEDIATE RELEASE
NOVEMBER 3, 2015**

F&N SURPASSES RM4 BILLION IN REVENUE FOR FY 2014/2015

- Revenue up 6.3 per cent to RM4.06 billion driven by dairies business
- Group's profit before tax up by 5.8 per cent to RM333.8 million
- Dairies Thailand registers strong double digit revenue and operating profit growth
- Interim single tier dividend of 35.5 sen per share amounting to RM130.1 million (total dividend for the year : 57.5 sen per share)

Financial Highlights	Full Year 2014/2015	Full Year 2013/2014	Change %
Revenue (RM billion)	4.06	3.82	6.3
Profit before tax (RM million)	333.8	315.5	5.8
Profit after tax (RM million)	280.0	259.4	8.0
Basic earnings per share (sen)	76.5	71.0	7.7

Fraser & Neave Holdings Bhd (“F&NHB” or “the Group”) maintained its growth trajectory for the financial year ended September 30, 2015, expanding revenue by 6.3 per cent, surpassing the RM4.0 billion mark for the first time from RM3.82 billion recorded in the previous financial year.

Solid performance and higher contributions from its dairies business units contributed to the total increase in the Group's revenue, with Dairies Malaysia and Dairies Thailand recording revenue growth of 3.0 per cent and 17.7 per cent respectively.

The Group posted a 5.8 per cent increase in profit before tax of RM333.8 million compared with RM315.5 million in the corresponding period last year on the back of lower milk-based commodity cost and strong revenue growth.

F&NHB's Chief Executive Officer, Lim Yew Hoe attributed the performance to the Group's core strengths and the resilience of the organisation despite challenging market conditions and weaker consumer sentiment, which was at its lowest in six years as reported by the Malaysian Institute of Economic Research.

"Essentially our inherent strengths - product diversity and quality, unparalleled distribution networks, and our heritage as a trusted brand name throughout generations, along with the successful execution of various trade and operational initiatives has enabled the Group to further strengthen its market leadership position during the year," he added.

F&NHB's strong full year revenue was also reflected in the last quarter ended September 30, 2015 with revenue growing 4.5 per cent to RM1,007.8 million compared to the corresponding quarter last year. However, profit before tax declined 10.1 per cent to RM67.7 million on the back of Soft Drink's lower revenue and operating profit, and a higher operating loss due to a change in fair value of investment properties on the Property Division's investments amounting to RM6.3 million.

Full Year 2014/2015 Performance by Segment

	Revenue		Operating profit	
	RM (million)	(%)	RM (million)	(%)
Soft Drinks	1,511.4	-0.7	127.6	-21.6
Dairies Malaysia	1,082.7	3.0	98.7	41.1
Dairies Thailand	1,464.1	17.7	111.1	41.8

The Soft Drinks business was impacted by the East Coast floods in the first quarter, lower consumer sentiment post-GST, increasing competition and a loss of two months modern trade sales of Red Bull in view of the contract expiry on 30 September 2015. Revenue was flat while operating profit was correspondingly lower due to higher trade discounts and increased investments in advertising and promotions. During the period under review, the Soft Drinks business unit rolled-out various new product offerings and nationwide branding and consumer campaigns such as Est Cola, Coco Life, 100PLUS Berry, OISHI 300 ml cans and Ranger energy drink, along with the introduction of the new sleek cans for its 100PLUS and F&N Fun Flavours range.

Meanwhile, the continued growth of its core products saw Dairies Malaysia end the year with a 3.0 per cent revenue growth to RM1,082.7 million. During the period, the division capitalised on its Number One position in the condensed milk and evaporated milk market segments to extend and drive consumer awareness, whilst increasing its presence in the 'on-premise' segment and positioning in food and beverages applications. Operating profit soared 41.1 per cent to RM 98.7 million, mainly aided by lower milk-based commodity cost.

Dairies Thailand continued its stellar performance throughout the year registering a 17.7 per cent gain in revenue on the back of higher off-take from increased outlet penetration and coverage, higher trade and consumer off-take trajectory propelled by effective promotional and trade management activities.

Buoyed by the robust revenue, lower milk-based commodity costs and favourable foreign exchange translation, Dairies Thailand registered a significant 41.8 per cent improvement in operating profit, in the process setting a new benchmark surpassing the Thai Baht 1 billion contribution in profits. This achievement in just 9 years after its establishment reinforced the success of the Group's acquisition strategy.

For Dairies business, much effort and resources were invested in the Ready-to-drink (RTD) segment. Farmhouse UHT Milk was introduced in Malaysia while in Thailand, our first functional UHT milk in the country, Magnolia Ginkgo Plus UHT milk was launched.

During the period under review, the Group extended its Nestlé's Licensing Agreement for an additional 22 years to 2037 and invested Thai Baht 300 million on an 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 has deferred the project timeline of its mixed-integrated development in Section 13, Petaling Jaya named "Fraser Square" due to the uncertain economic sentiments. "There are no financial impediments due to our deferment and we are taking the opportunity from the lull in market to review the total project together with our joint venture partner, Frasers Centrepoint Limited," Lim said.

During the financial year, an internal reorganisation of the Group was undertaken to align the Group's operations and management structure. "The organisational realignment with our growth strategies will better position the Group to face the challenges ahead stemming from the expected challenging trading conditions in Malaysia and Thailand against a backdrop of softer consumer sentiment and foreign currency exchange uncertainties." he added.

Commenting on prospects for the next of the financial year ending September 30, 2016, Lim said, “The weaker consumer demand is expected to be characterised by intense price competition. Selling costs, in particular advertising and promotion related costs are expected to increase significantly but we believe with the sales and marketing strategies that we have initiated, we can maintain our existing leadership market positions”

“Accordingly, the Group will remain vigilant and proactively focus on formulating appropriate strategic measures in line with market conditions,” Lim added.

In line with the Group’s performance, the Directors are recommending a final dividend of 35.5 sen per share amounting to RM130.1 million to be paid on 4 February 2016.

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 132 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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For further information, please contact :

Karen Tan

Tel: 03-9235 2339

Fax: 03-9222 7878

E-mail: karen.tan@fn.com.my

Art Thamboo or Karen Pasqual

Tel: 03-2161 7144

Fax: 03-2161 8209

E-mail: art_thamboo@epapr.com.my

karen.pasqual@epapr.com.my