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FRASER & NEAVE HOLDINGS BHD

(Company No. 004205-V)

**FOR IMMEDIATE RELEASE
MAY 4, 2016**

F&N REGISTERS SOLID FIRST HALF PERFORMANCE WITH SUBSTANTIAL PROFIT GROWTH

- Solid first half performance amidst challenging market conditions – Group's revenue up by 3.9 per cent to RM2.05 billion and profit before tax increased substantially by 66.5 per cent
- Food and Beverages delivers double digit growth in operating profit
- Interim single tier dividend of 27 sen per share amounting to RM99.0 million

Financial Highlights	Half Year 2015/2016	Half Year 2014/2015	Change %
Revenue (RM billion)	2.05	1.98	3.9
Profit before tax (RM million)	279.5	167.8	66.5
Profit after tax (RM million)	242.2	140.4	72.5
Basic earnings per share (sen)	66.2	38.4	72.4

Fraser & Neave Holdings Bhd ("F&NHB" or "the Group") reported a solid performance for the first half ended 31 March 2016 despite challenging market conditions during which revenue grew 3.9 per cent to RM 2.05 billion from RM1.98 billion in the previous half while profit before tax increased substantially by 66.5 per cent to RM279.5 million.

During the period under review, the Group underwent an internal reorganisation to align its operations and management structure. The Group's operating businesses are now organised according to products and services, namely Food and Beverages Malaysia which encompass both Soft Drinks and Dairies Malaysia business into a single segment, Food and Beverages Thailand (previously known as Dairies Thailand), Property and Others segments.

Food and Beverages Malaysia segment delivered a positive top line growth, up marginally to RM1.27 billion from RM1.26 billion in the corresponding period last year despite the absence of contributions from Red Bull, the impact of higher cost of living post GST, Government subsidy rationalisation on consumers' discretionary spending behaviour and an increasingly competitive trading environment.

Operating profit of Food and Beverages Malaysia jumped 39.5 per cent to RM145.9 million on the back of higher sell-in from Chinese New Year festivity-driven marketing programmes which helped eased competitive pricing pressures, coupled with a favourable product mix, better milk based global commodity prices, lower advertising and promotion and recovery from East Coast flood insurance claims.

Food and Beverages Thailand revenue grew a strong 9.1 per cent to RM780 million boosted by the continuing higher than market demand for all its products along with good response to its newly launched UHT milk products. Distribution coverage also grew supported by effective branding and consumer trade campaigns.

Operating profit of Food and Beverages Thailand almost doubled to RM107.8 million from RM56 million aided significantly by lower milk based commodity prices, lower trade discounting, recovery of withholding taxes on royalties paid in previous years, equivalent to RM8.5 million and realisation of manufacturing efficiencies along with the favourable Thai Baht foreign currency conversion.

Pursuant to re-allocation of staff costs resulting from the realignment of the Group's operations and management structure, the Others segment experienced an operating loss of RM12.9 million compared to operating profit of RM23.7 million in the corresponding period last year.

On prospects for the next two quarters, Lim said the market is expected to continue seeing higher trade price competition and end consumer campaigns and programs which will impact contribution margins.

"The Group will diligently monitor market and consumer dynamics with a view of adopting appropriate competitive strategies to enable it to maintain and sustain its market leadership position and profitability in this challenging environment," Lim added.

In line with the Group's performance, the Board declared an interim single tier dividend of 27 sen per share (2015: 22 sen) for the year ending 30 September 2016. The dividend amounting to about RM99.0 million will be paid on 15 June 2016.

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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 a prominent standing in the food and beverage business. F&NHB has a rich history spanning 133 years, positioning the company and brand as one that is trusted by generations. The Company boast a portfolio of 24 well-loved brands which are leaders in many segments namely 100PLUS, F&N Fun Flavours, F&N SEASONS, F&N Condensed and Evaporated Milk, F&N Magnolia, Farmhouse, Carnation and F&N Fruit Tree Fresh. 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.

www.fn.com.my

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FARMHOUSE



F&N SEASONS



Cap Junjung
Krimel Manis



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FY2015/16 Half Year Financial Highlights

4th May 2016



Ideal.
Susu Sejat Penuh Krim



1H2016 Financial Highlights

- Healthy growth in both top line and bottom line despite uncertain environment.
- Group revenue grew 3.9% despite absence of contributions from Red Bull and some Nestle products and amidst softer consumer sentiments.
- Robust revenue growth of 9.1% from Food & Beverages (“F&B”) Thailand along with higher sales from Soft Drinks, amidst softer consumer sentiment
- Both F&B Malaysia and Thailand recorded double digit growth in operating profit
 - Boosted by lower input costs and improved manufacturing efficiencies
 - Effective trade promotion management
 - Effective channel consumer programs execution



Group Financial Highlights

Revenue

RM2,052.5 million

▲ 3.9%

Operating profit

RM274.1 million

▲ 65.4%

Profit before tax

RM279.5 million

▲ 66.5%

Profit after tax

RM242.2 million

▲ 72.5%

Basic EPS

66.2 sen

▲ 72.4%

Interim dividend

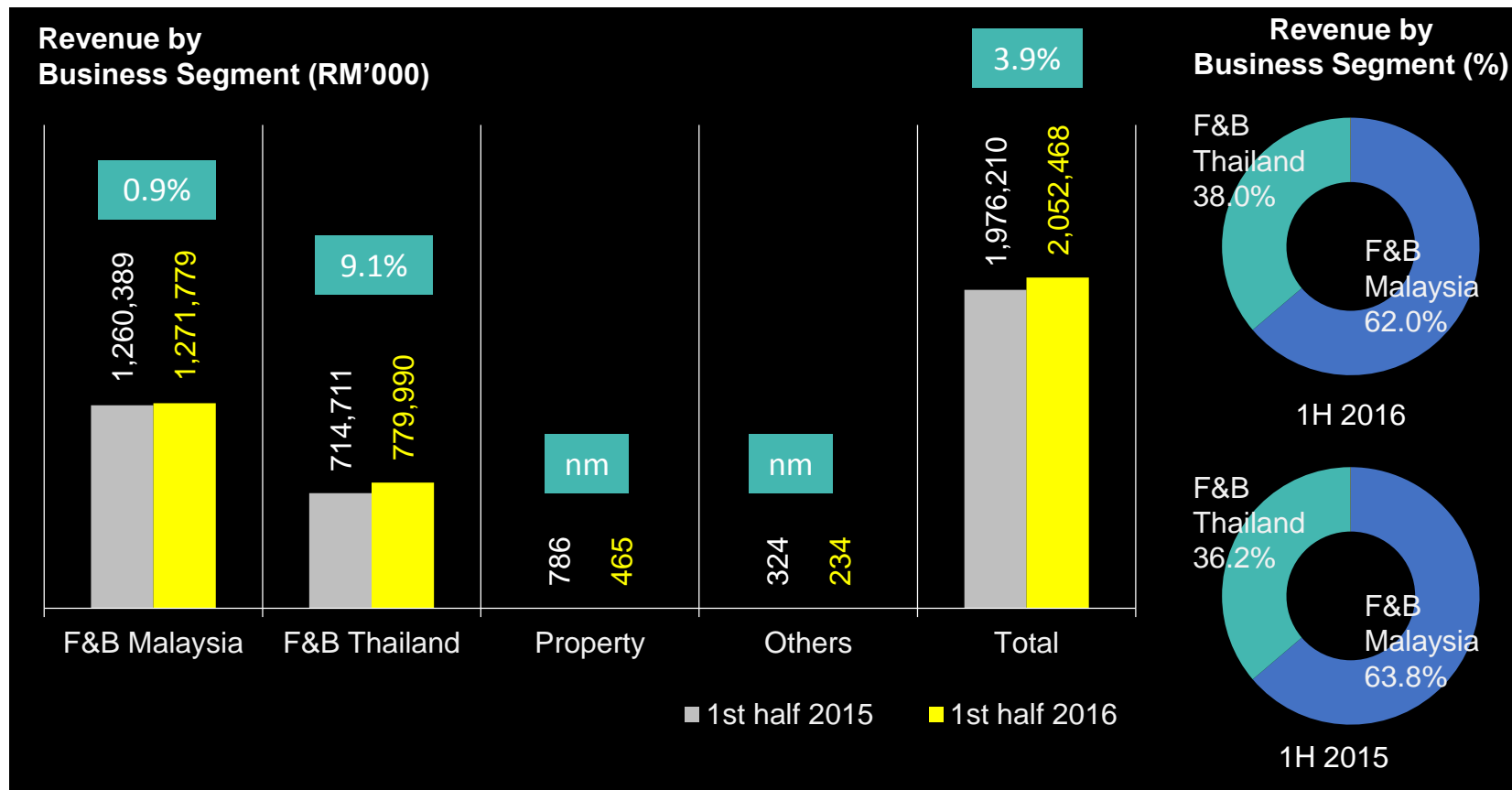
27 sen/per share

▲ 22.7%



Group Revenue grew by 3.9%

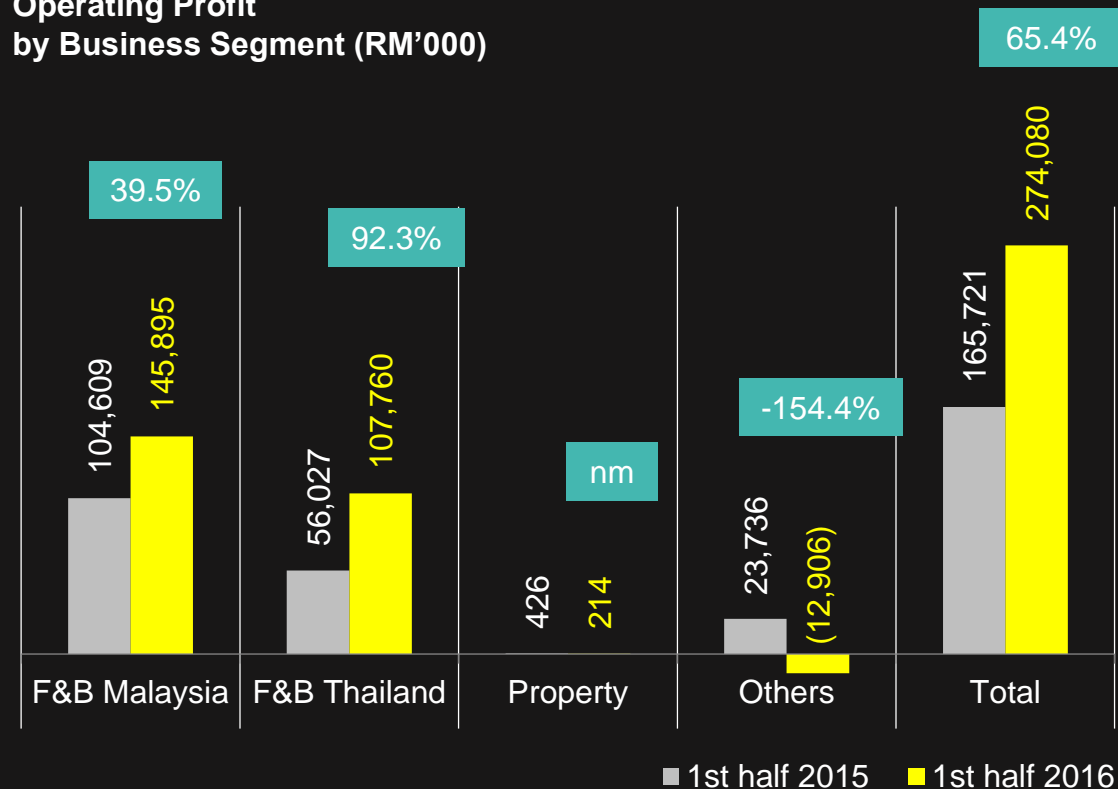
supported by strong revenue growth in F&B Thailand



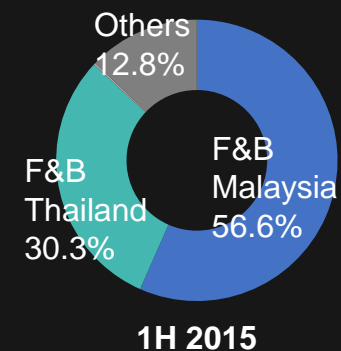
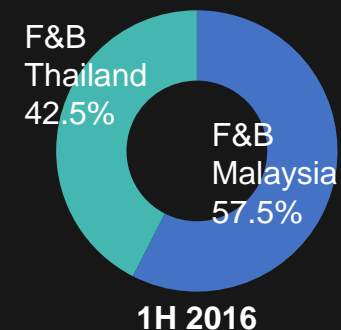
Food and Beverages Malaysia and Thailand

registered robust operating profit growth

Operating Profit
by Business Segment (RM'000)



Operating Profit
by Business Segment (%)





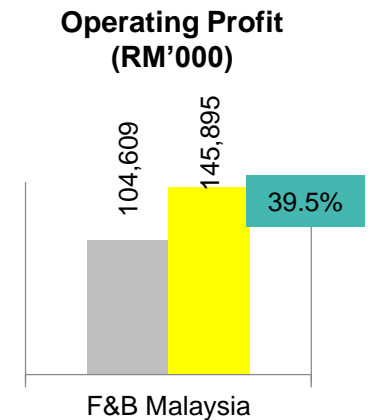
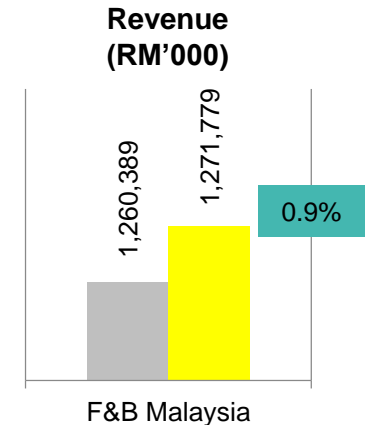
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Food & Beverages Malaysia

Food & Beverages Malaysia

- Revenue grew marginally by 0.9% mainly due to the absence of contribution from Red Bull.
- Well executed Chinese New Year festivity-driven consumer and trade marketing programs helped to ease the impact of increased end-consumer related competitive pricing pressures in the trade, particularly during the Chinese New Year festive period.
- Operating profit increased by 39.5% on favourable product mix, favourable milk based global commodity prices for its canned milk products, lower (branding) advertising and promotion, East Coast flood insurance claim recovery, along with the absence of East Coast flood-related costs.



■ 1st half 2015 ■ 1st half 2016





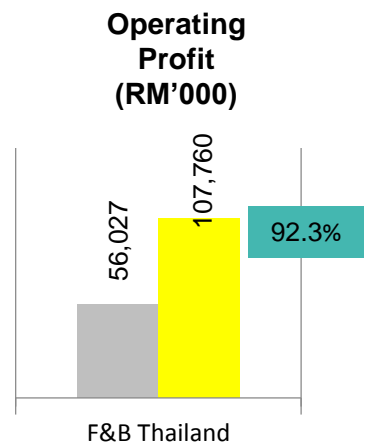
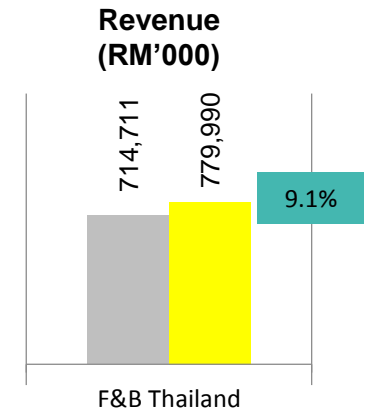
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02

Food & Beverages Thailand

Food & Beverages Thailand

- Revenue grew by 9.1% with continuing higher (than market) demand for all its products along with favourable contribution from its newly launched UHT milk products.
- Distribution coverage continues to increase, supported by effective branding and consumer trade campaigns.
- Operating profit increased significantly by 92.3%, aided significantly by favourable milk based commodity prices, lower trade discounting, recovery of withholding tax on royalties paid in previous years (equivalent to RM8.5 million) and realised (continuing) manufacturing efficiencies along with favourable Thai Baht foreign currency conversion.



■ 1st half 2015 ■ 1st half 2016





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Dividends



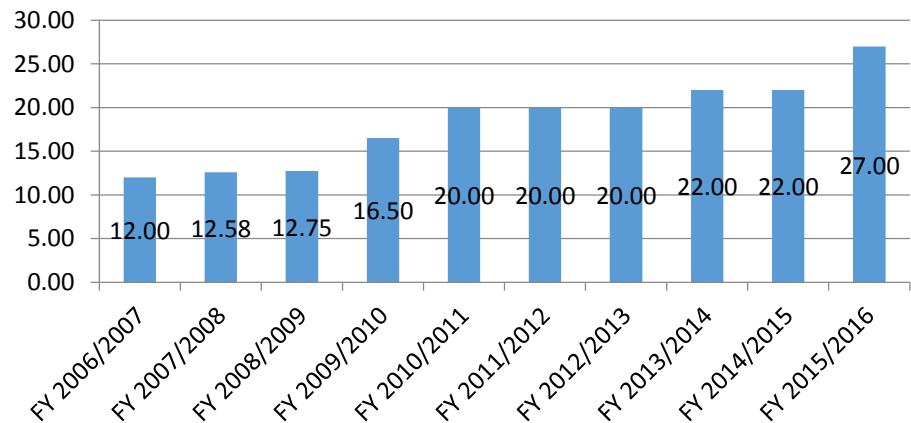
A stronger financial position

- Declared interim dividend of **27 sen** per/share, higher than last year (2015: 22 sen)
- Takes into account Group's capital position, capital expenditure investments and near-term capital needs
- Entitlement date: 23 May 2016
- Payment date: 15 June 2016

	1H 2016	1H 2015
Total equity ¹	1,911,228	1,877,007
Total assets	3,081,943	3,021,006
Net cash/(debt)	51,821	112,209
Net tangible assets ¹ per share	4.86	4.76
Gearing ratio	0.21	0.16

¹ Includes non-controlling interest

Interim dividend/share (sen)





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Business Outlook



Business Outlook

- Softening global economy and local economic uncertainties in both Malaysia and Thailand.
- In Malaysia, the after-effects of the one year old Goods and Services Tax implementation appear to be prolonged. There is an increase in competitors' offerings in differentiated packaging formats and portfolio expansion, thus increasing consumer choices. The Malaysian Ringgit, in particular, although having strengthened in this quarter against the US Dollar, may continue to be volatile. Nevertheless, in the short term, the Group has hedged its foreign currency requirements.
- In Thailand, the effect of El-Nino in its northern territories will inadvertently have an inflationary impact on the economy and would impact domestic demand.





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THANK YOU



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A member of the FRASER AND NEAVE Group