



FRASER & NEAVE HOLDINGS BHD



FY2015/16 Full Year Financial Highlights

3rd November 2016



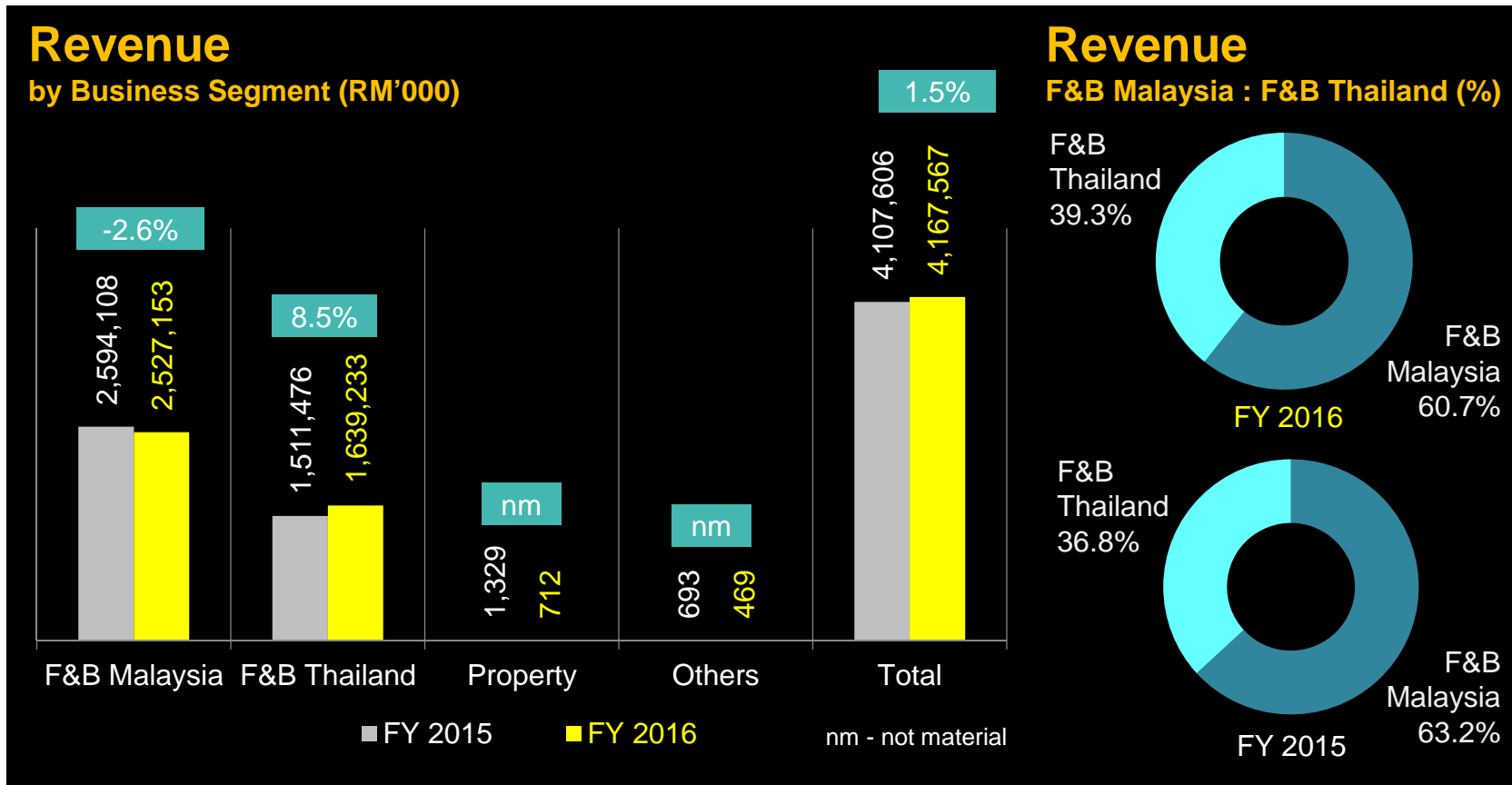
FY2015/16 Financial Highlights

- Revenue grew 1.5% despite the absence of agency products terminated in Oct 2015.
- Operating profit grew 30.5%, supported by favourable product mix, commodity prices gain and manufacturing efficiencies.
- F&B Thailand continued its growth momentum, aided by continuing strong branding initiatives and new product introductions.
- F&B Malaysia recorded growth for all its core brands, supported by continuing strong distribution and branding initiatives.



Revenue Grew by 1.5%

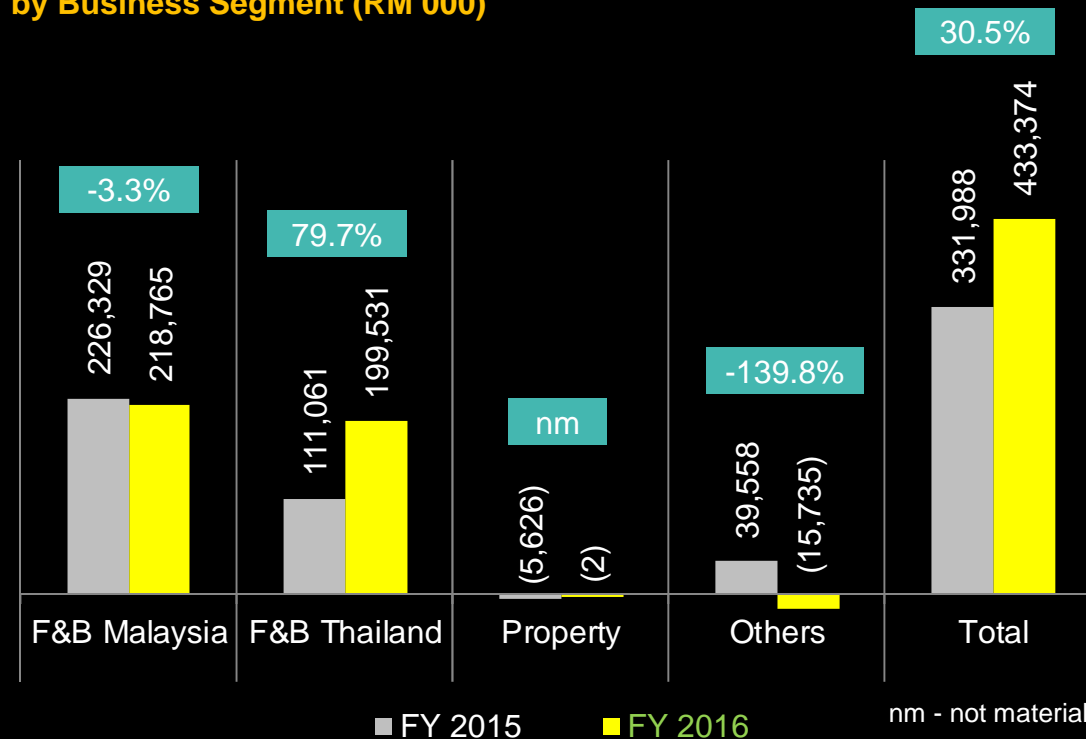
F&B Thailand contributing almost 40% revenue



Operating Profit Grew by 30.5%

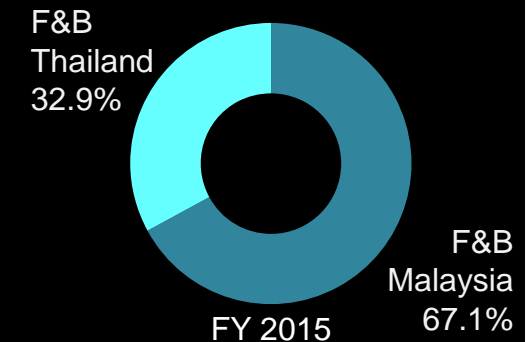
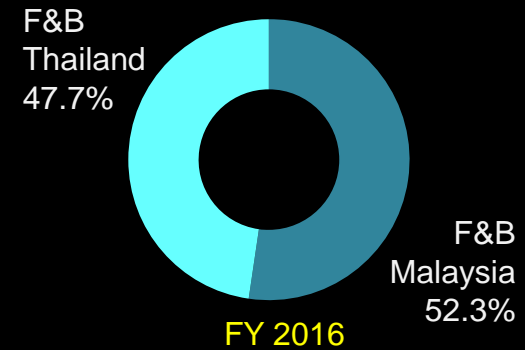
About half the operating profit comes from outside Malaysia

Operating Profit by Business Segment (RM'000)



Operating Profit

F&B Malaysia: F&B Thailand (%)





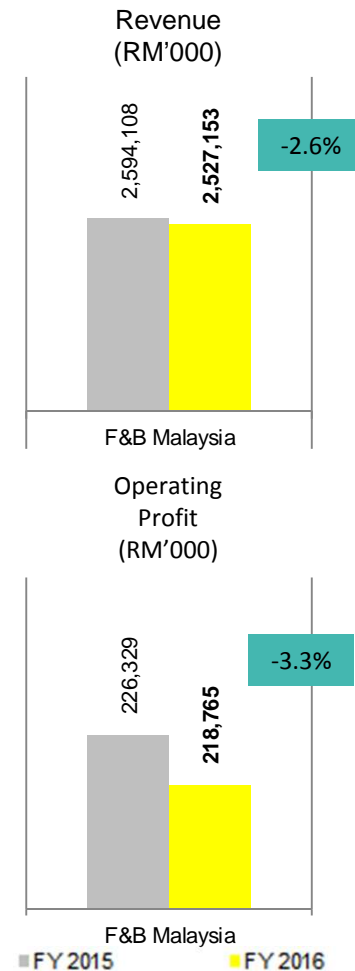
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**Food & Beverages Malaysia
("F&B Malaysia")**

F&B Malaysia

- Revenue decreased marginally by 2.6% mainly due to the absence of contribution from Red Bull.
 - Excluding Red Bull contribution, revenue grew by 5.9%.
- Well executed consumer-driven and trade marketing programs especially during festivities, drove year-on-year growth.
- Operating profit decreased by 3.3% on:
 - absence of Red Bull contribution;
 - marginally lower revenue;
 - higher operating costs; and
 - mitigated by favourable commodity prices.





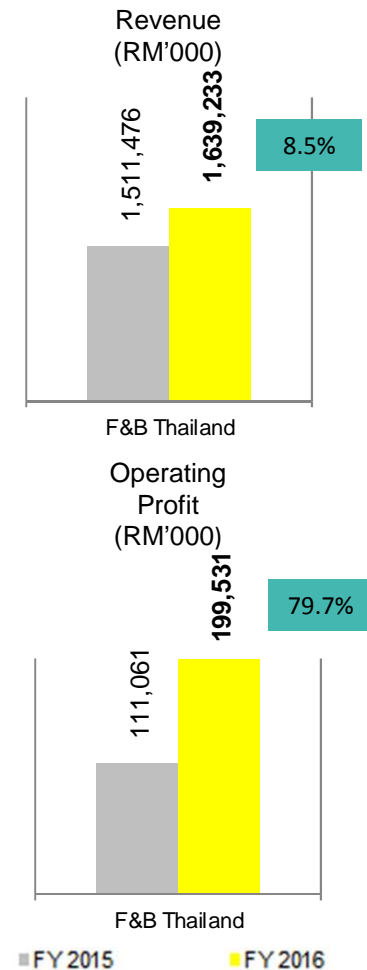
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02

**Food & Beverages Thailand
("F&B Thailand")**

F&B Thailand

- Revenue grew by 8.5% on higher demand for all products.
 - During the year, the 9th Anniversary Celebration Campaign received strong consumer response.
- Distribution coverage increased, supported by effective branding, consumer and trade campaigns. New products launched also performed well.
- Operating profit increased significantly by 79.7%, aided by:
 - favourable milk-based commodity prices,
 - recovery of withholding tax on royalties paid in previous years (equivalent to RM8.5 million),
 - realised manufacturing efficiencies, and
 - favourable Thai Baht foreign currency conversion.





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03

Our Exports

Double Digit Growth for Exports



* Exports are included within the F&B Malaysia & F&B Thailand segments.



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04

Dividends

Stronger financial and balance sheet position

- Proposed final dividend of **30.5 sen** per share (2015: 35.5 sen), bringing full year dividends to 57.5 sen (2015: 57.5 sen)
- Capex investments to build capability across the Group to capitalise on future market growth
- Entitlement date: 30 January 2017
- Payment date: 6 February 2017

	FY 2016	FY 2015
Total equity ¹	1,989,162	1,877,007
Total assets	3,205,873	3,022,569
Net cash	188,957	112,209

¹ Includes non-controlling interest



Group Financial Summary

Revenue

RM4,167.6 million

▲ 1.5%

Operating profit

RM433.4 million

▲ 30.5%

Profit before tax

RM442.9 million

▲ 32.7%

Profit after tax

RM385.4 million

▲ 37.6%

Basic EPS

105.3 sen

▲ 28.8 sen

Full year dividend

57.5 sen/per share

No change





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Business Outlook

Business Outlook

- Softening global economy with local economic uncertainties in both Malaysia and Thailand
 - In Malaysia specifically, consumer sentiments and spending post Hari Raya have not been very positive.
- Commodity prices are trending higher, particularly sugar and milk-based commodity prices
 - Ringgit continues to be volatile
- Despite the above, there are increasing competitors' trade discounting activities and continuous trade & consumer campaigns.





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Extracting Synergies

Extracting Synergies

In Malaysia, we used to operate with two commercial organisations:

- F&N Beverages Marketing Sdn Bhd for soft drinks; and
- F&N Dairies (Malaysia) Sdn Bhd for dairies.

With the commercial realignment of soft drinks and dairies operations, both businesses would be managed under F&N Beverages Marketing Sdn Bhd:

- End-to-end one-stop selling model, enabling effective cross selling and sales coverage;
- Stronger market presence;
- Effective cost-to-serve;
- Improving operational efficiencies and service levels.





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07

Investing for Sustainable Future

Over RM300 Million Capex over Two Years



Evap line, Rojana



PET line, Shah Alam



UHT Line, Kuching



Cold Aseptic PET line & Warehouse, Shah Alam



Plant expansion, Bentong

- Commitment to achieve lowest cost to market and be the best-in-class player in cost efficiency and productivity.
- To achieve projected volume growth of core products and also facilitate extension into new offerings and packaging formats.



Key Projects Update



F&NHB Chairman, Y.A.M. Tengku Syed Badarudin Jamalullail inaugurated the new PET line in Shah Alam plant in October 2016.

The RM45 million line, which has been operational since June 2016, is expected to increase bottle production by 40 per cent or 8 million cartons annually.



Key Projects Update

RM30 million UHT line
in Kuching to
be operational in
November 2016



RM180 million investment in a new
warehouse and Cold Aseptic PET
filling line in Shah Alam.
Project commenced in Q3' 2016



New Projects



The Group's latest capex of RM70 million will include :

- A new 600 bpm water line, expansion of the warehouse, production building and infrastructure at its mineral water plant in Bentong; and
- Polyethylene Terephthalate (PET) line automation in its Shah Alam plant. The state-of-the-art line will significantly reduce the Group's soft drinks manufacturing facilities' carbon footprint as well as pre-bottling storage as the bottles will be blown and formed in-situ on the production line.



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New Products & Marketing Highlights

What's New?



- F&N Magnolia Kid
- TEAPOT Squeeze



- F&N Magnolia Barista
- Nutrisoy Lite



Marketing Highlights

SPORTS



100PLUS pledges RM3 million in full support of **Kuala Lumpur 2017 (29TH SEA GAMES and 9th ASEAN Para Games)**.



100PLUS sponsors **100PLUS Malaysian Junior Open**.

Ranger sponsors **ONESILAT WORLD CHAMPIONSHIP SERIES**.



100PLUS Outrunner is back for second year with 10,000 runners!



Marketing Highlights

NEW BRAND AMBASSADORS



100PLUS signs 5 more national badminton players as its Brand Ambassadors.

- **Goh V Shem & Tan Wee Kiong - Men's doubles**
- **Chan Peng Soon and Goh Liu Ying - Mixed doubles**
- **Goh Jin Wei - Women's junior singles player**



Magnolia Gingko Plus appoints **May Ratchanok Intanon**, Thailand's top badminton player as its Brand Ambassador.





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Awards & Recognitions

Awards & Recognitions



ASEAN BUSINESS AWARDS MALAYSIA 2016

in recognition of our contribution
and success in ASEAN
by the ASEAN Business Advisory
Council (ASEAN-BAC) Malaysia



FDA QUALITY AWARD 2016

from Thai Food & Drug
Administration, given to the best
Food Manufacturers in Thailand



GREEN INDUSTRY AWARD 2016 (ANUGERAH INDUSTRI HIJAU 2016)

by the Ministry of Natural
Resources and Environment,
Malaysia (F&N Kuching Plant)



Awards & Recognitions



MSOSH GOLD CLASS II AWARD 2015

by Malaysian Society for Occupational Safety and Health

EXCELLENT ESTABLISHMENT ON LABOUR RELATION AND WELFARE 2016

by Ministry of Labour Thailand (Dairies Thailand)



BRANDLAUREATE INDUSTRY BRAND ICON AWARD 2016

FMCG - Soft Drinks and Dairies category

2016 PUTRA BRANDS AWARD

(100PLUS)





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THANK YOU



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A member of the FRASER AND NEAVE Group



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(Company No. 004205-V)

**FOR IMMEDIATE RELEASE
NOVEMBER 3, 2016**

F&N DELIVERS SOLID PERFORMANCE FOR FY 2015/2016

Capitalises on favourable commodity prices to build capability for future growth

- Continues growth trajectory with RM4.17 billion in Group revenue, up by 1.5 per cent
- Profit before tax surged 32.7 per cent on the back of favorable milk-based global commodity prices and manufacturing efficiencies
- Recommends final dividend of 30.5 sen per share amounting to payout of RM111.8 million
- Streamlines and simplifies operating and distribution model through commercial realignment to harness combined strengths
- Additional capex of RM70 million for its mineral water plant expansion in Bentong, and PET line automation in Shah Alam

FULL YEAR 2015/2016 PERFORMANCE

Financial Highlights	Full Year 2015/2016	Full Year 2014/2015	Change %
Revenue (RM billion)	4.17	4.11*	1.5
Profit before tax (RM million)	442.9	333.8	32.7
Profit after tax (RM million)	385.4	280.1	37.6
Basic earnings per share (sen)	105.3	76.5	37.6

**restated to conform with current year's presentation*

Fraser & Neave Holdings Bhd ("F&NHB" or "the Group") maintained its year-on-year growth despite challenging market conditions, growing revenue by 1.5 per cent to RM4.17 billion from RM4.11 billion recorded in the previous financial year.

The Group's profit before tax surged 32.7 per cent to RM442.9 million on the back of lower milk-based commodity cost and manufacturing efficiencies.

For the last quarter ended September 30, 2016, the Group reported revenue of RM976.5 million, 4.2 per cent lower, from RM1,019.2 million in the corresponding quarter last year mainly due to revenue from the Hari Raya festivity being recorded in the previous quarter. Profit before tax fell 23.7 per cent to RM51.7 million on the back of soft market conditions and one-off restructuring expenses.

Commenting on the Company's full year results for the year ended September 30, 2016, F&NHB Chairman Tengku Syed Badarudin Jamalullail expressed satisfaction, highlighting the growth in revenue and 32.7 per cent jump in profit before tax.

"The last 12 months of the financial year 2015/2016 has been challenging due to the overhanging negative sentiments with regard to the Malaysian economy from the business as well as the consumer community. In spite of the dip in the threshold of confidence, the Group performed credibly and delivered solid results. We are confident of enhancing our equity and particularly, the sustainability of our business with the implementation of our realignment programme," he added.

F&B Malaysia was impacted by softer consumer sentiment. Revenue declined marginally while operating profit was correspondingly lower. Excluding the absence of contribution from Red Bull, operating profit grew by 11.8 per cent aided by a favourable product portfolio mix and margin contribution, favourable milk-based global commodity prices and realisation of manufacturing efficiencies. This was offset by higher professional fees incurred for the commercial realignment, higher warehousing costs and staff restructuring costs.

During the period under review, the Group's isotonic and carbonated soft drink brands, in particular 100PLUS, est Cola and F&N Fun Flavours registered year-on-year growth from increased focus on sales, distribution and branding efforts, supported by effective trade and consumer promotions and campaigns. Its dairies brands have also maintained their market leadership from continuing effective sales and marketing efforts, along with new introductions like F&N Magnolia UHT and F&N Magnolia Barista.

F&B Thailand reported another stellar performance, posting a robust revenue growth of 8.5 per cent to RM1,639.2 million on the back of strong consumer response to its 9th Anniversary Celebration campaign, new product launches and year-on-year growth of its major brands. This was propelled by effective branding and consumer trade programs. Magnolia Ginkgo Plus has been very well received, achieving three per cent of the UHT Milk market share within the first year of its introduction. Operating profit jumped substantially by 79.7 per cent to RM199.5 million on higher revenue, better product margin contributions and effective advertising.

TRANSFORMING FOR FUTURE GROWTH

F&NHB is priming itself for the future with a steady pipe line of investments and initiatives to enhance its sustainability and take its growth trajectory to the next level.

Strategic initiatives include the realignment exercise to harmonise and optimise the Group's beverage and dairies operations throughout Malaysia. The commercial realignment which began in October 2016 and scheduled for completion in FY2016/2017, is expected to boost sales volume and improve efficiency through a new distribution strategy.

"The favorable commodity prices gave us the window of opportunity to invest in a major transformation for F&NHB. Throughout FY2015/2016, we conducted various initiatives to boost our sustainability and plan for the future needs of the Group," said Lim Yew Hoe, F&NHB's chief executive officer at an analysts and media briefing in conjunction with the review of the Group's full year financial results.

The Group's latest capex of RM70 million will include a new 600 bpm water line, expansion of the warehouse, production building and infrastructure at its mineral water plant in Bentong, and Polyethylene Terephthalate (PET) line automation in its Shah Alam plant. The state-of-the-art line will significantly reduce the Group's soft drinks manufacturing facilities' carbon footprint as well as pre-bottling storage as the bottles will be blown and formed in-situ on the production line. The projects are estimated to be completed within the next nine months.

With these new projects, F&NHB's total estimated capex from FY2015/2016 has increased to over RM300 million said Lim.

EXPORT

During the year under review, the Group achieved strong double-digit growth in its export business with a 17 per cent increase in sales. This is in line with the Group's renewed focus on exports.

PROSPECTS

Commenting on prospects for the current financial year ending September 30, 2017, Lim said, "In the immediate term, the softer domestic and global economic environment and escalating commodity prices do pose a challenge to sustain the pace of growth. In the longer term, the various transformation initiatives will put the Group on a stronger platform for sustainable growth in both revenue and profit."

"Accordingly, the Group will remain vigilant and respond to changing market dynamics while proactively focus on formulating appropriate measures to maintain its competitive position.

Our transformation journey continues as we look to further strengthen our capabilities and streamline our operations to build the F&N of tomorrow – a lean, sustainable and efficient corporation," Lim added.

In line with the Group's performance, the Board of Directors is recommending a final dividend of 30.5 sen per share amounting to RM111.8 million for approval by shareholders at the forthcoming Annual General Meeting of the Company. If approved, the total dividend for FY2015/2016 would amount to 57.5 sen per share (FY2014/2015: 57.5 sen per share).

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