



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

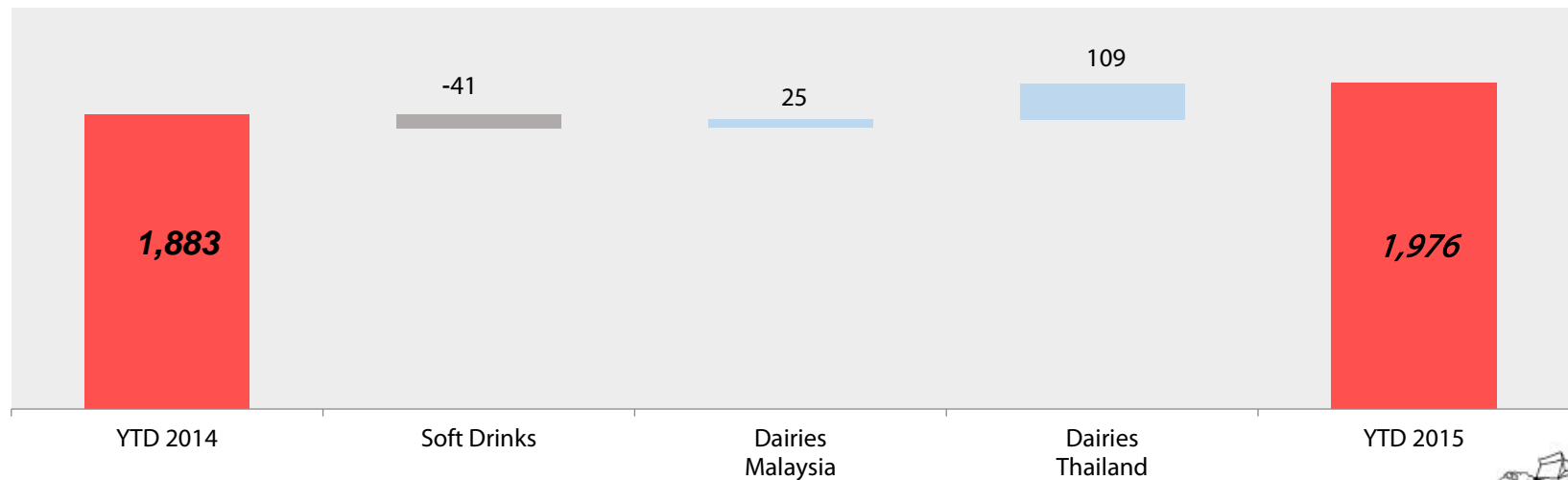


REVENUE

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

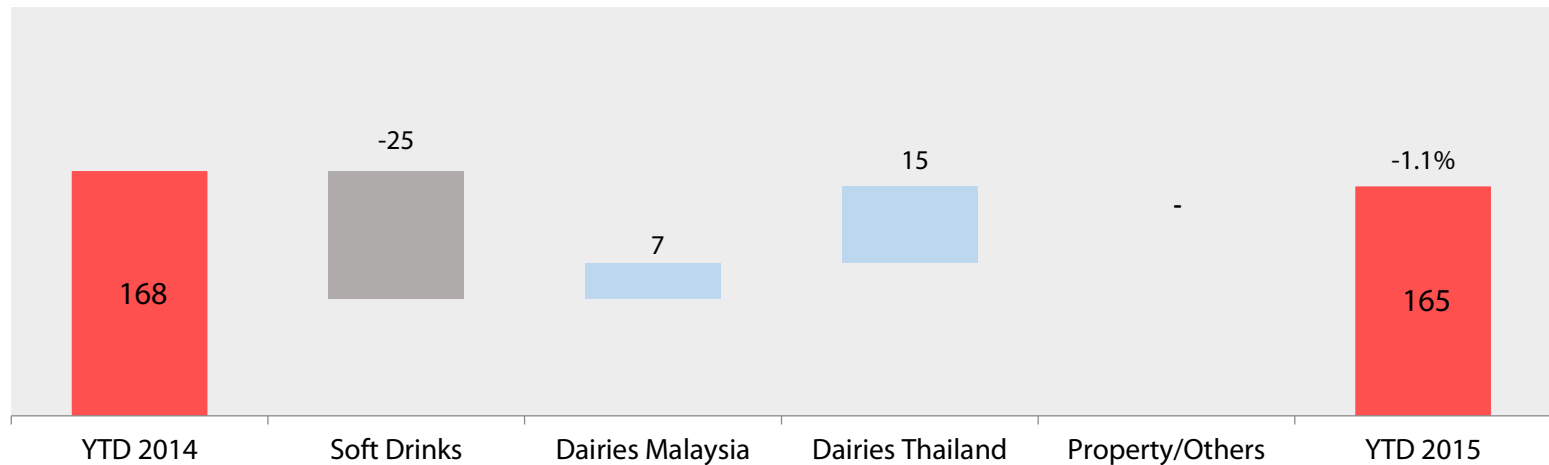


OPERATING PROFIT

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

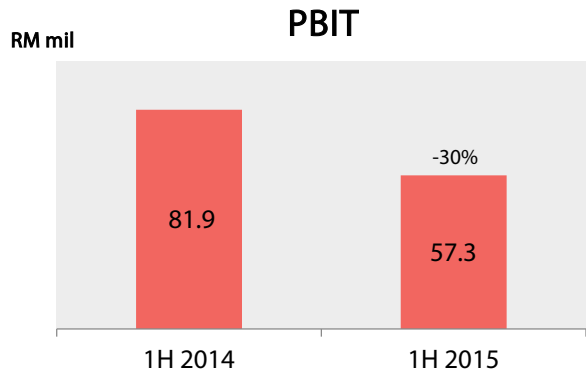
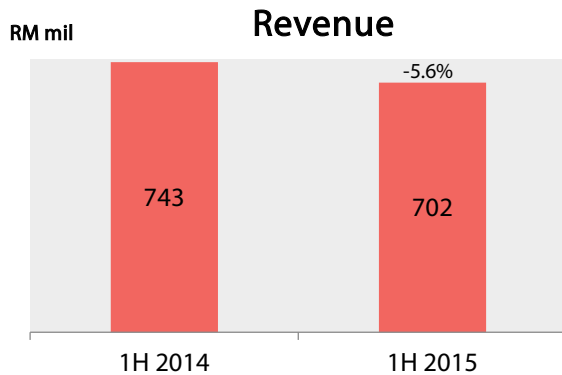
- Group's operating profit moderated by pre-Goods and Service Tax ("GST") de-stocking by distributors and retailers which impacted Soft Drinks operating profit by 30.0%
- The impact on Soft Drinks business was cushioned by significant growth in operating profit in Dairies Malaysia and Dairies Thailand 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



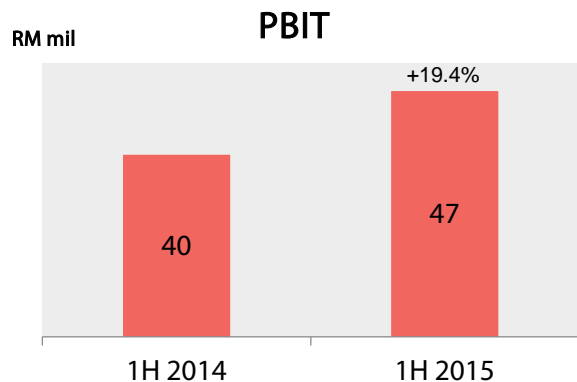
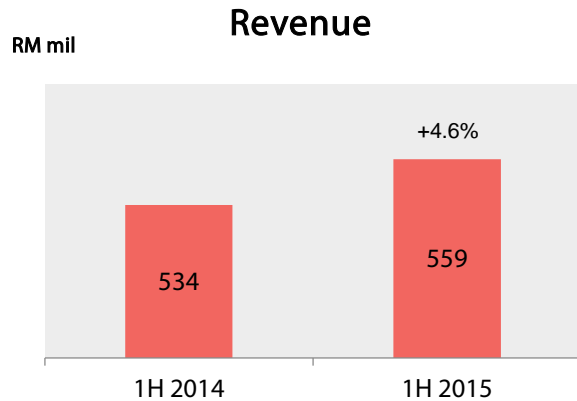
Operating profit

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



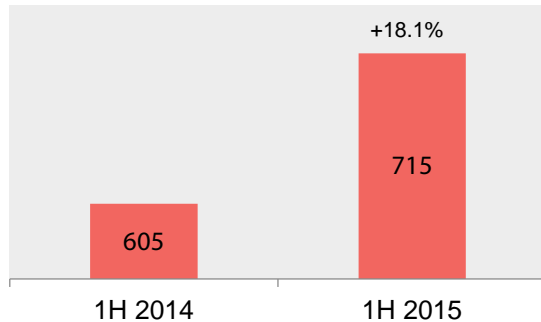
- Revenue increased 4.6%, driven by stronger performance of both Nestlé and F&N-owned brands
- Further reinforcing No.1 market leadership position
- Increased penetration and presence in “Out-of-Home” (on-premise) segment
- Operating profit growth of 19.4%, attributed to higher trade and consumer off-take, 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

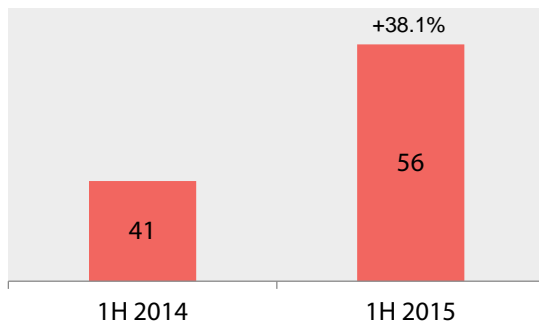
RM mil

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

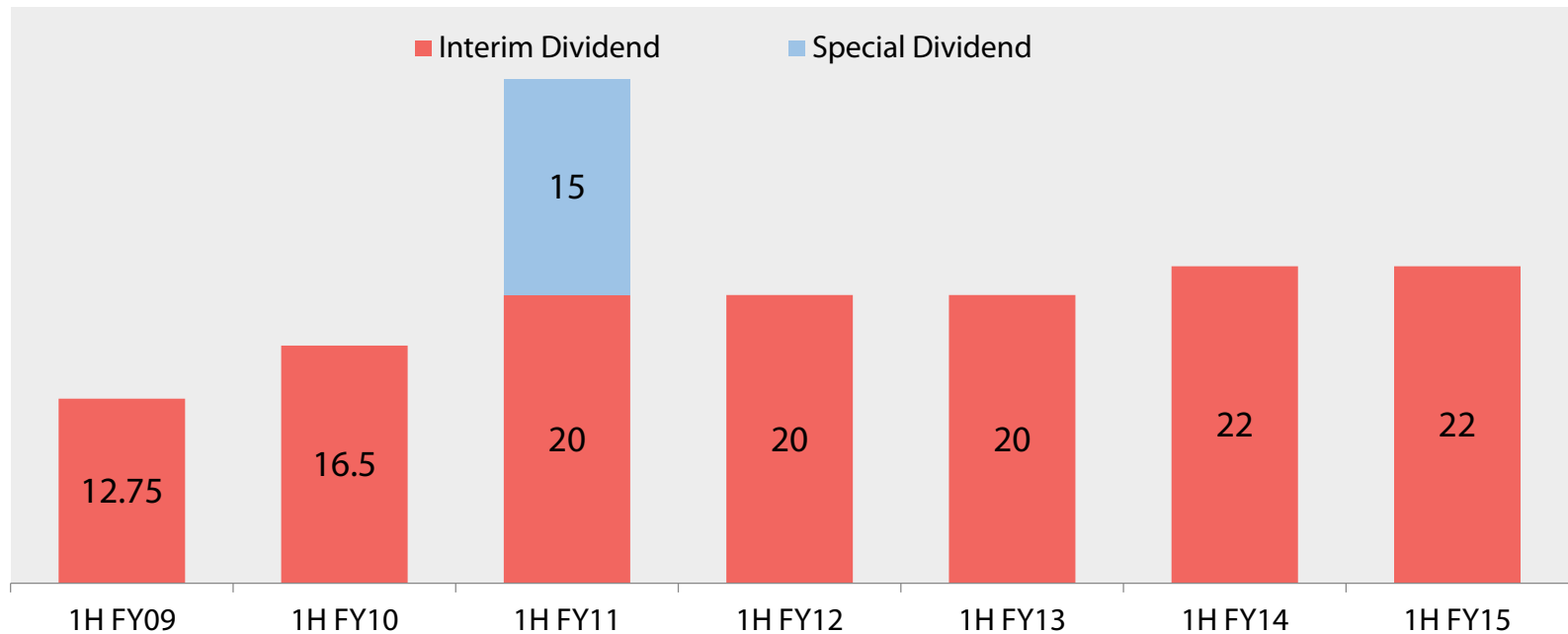
Soft Drinks	Dairies Malaysia	Dairies Thailand	Properties
<ul style="list-style-type: none"> • Grow 100PLUS • Grow upon its market leadership on SEASON's NutriSoy and Tea • Increased touch-points • Routes-to-market (RTM) excellence • Execute new product introduction 	<ul style="list-style-type: none"> • 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 its distinctive logo. In the center, a can of Carnation is depicted with a coffee cup illustration. To the right, a carton of F&N is visible. The overall theme is beverages and food products.

Question and Answer

Thank you

