



Fraser & Neave Holdings Bhd

Analysts' Briefing

4 Nov 2011

# Financial highlights



- Double-digit profit improvement
  - Strong volume growth in Soft Drinks and Dairies Thai
  - Margins improved despite higher input costs
  - Lower tax rate lifted PAT

Continuing Ops (Mil)	FY10/11	LY	Change (%)
Revenue	<b>3,915</b>	3,638	+ 7.6
PBIT	<b>444</b>	389	+ 14.0
PBT	<b>449</b>	389	+ 15.5
PAT	<b>369</b>	307	+ 20.1

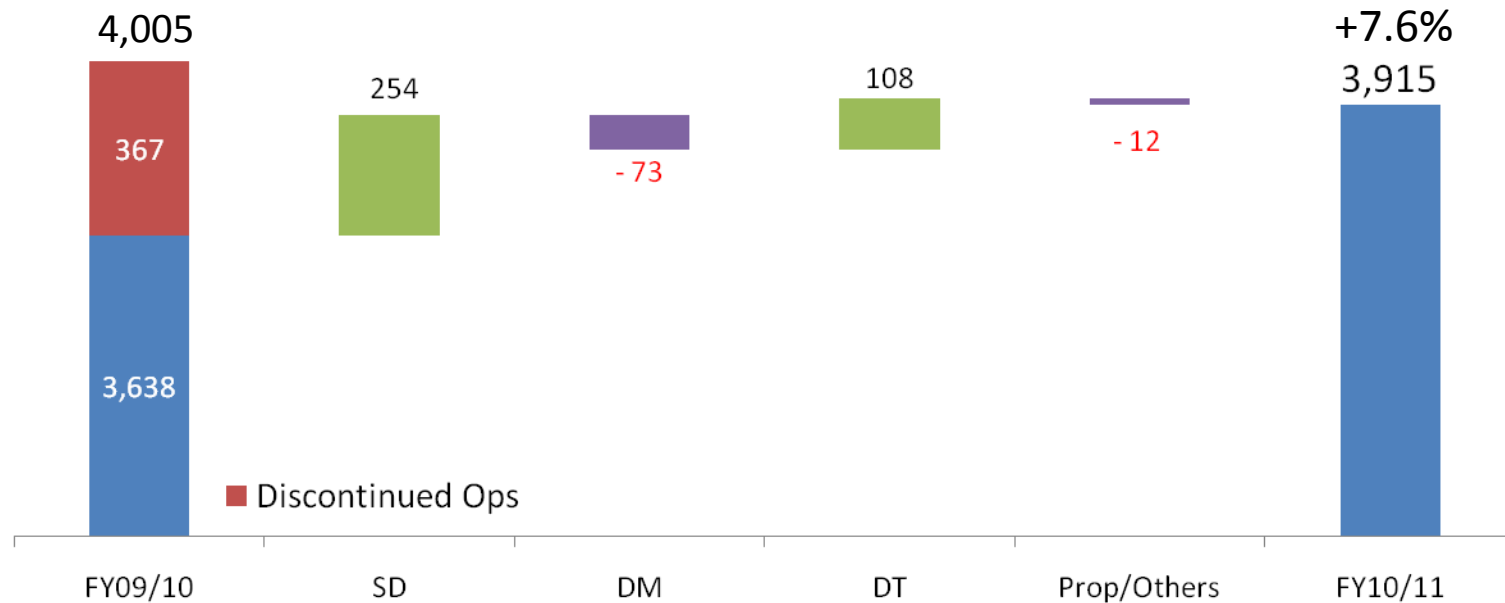
# Financial highlights

- EPS gained 15.7 sen on strong earnings
- Ordinary dividend increased 12.5 sen
- Net cash position remained healthy at RM140m

Key ratios : Continuing Ops		FY10/11	LY	Change (%)
EPS	sen	<b>102.9</b>	86.2	+20.1%
NAV	RM	<b>4.33</b>	5.03	-14.0%
Net DPS	sen	<b>97.0</b>	164.5	-41.0%
- ordinary	sen	<b>67.0</b>	54.5	+22.9%
- special	sen	<b>30.0</b>	110.0	nm
Dividend yield	%	<b>5.9</b>	11.4	-5.5 pp
Share price @ 30 Sep	RM	<b>16.50</b>	14.46	+14.1%
PBIT margin	%	<b>11.3</b>	10.7	+0.6 pp
ROE	%	<b>23.7</b>	17.1	+6.6 pp
Net cash position	RM mil	<b>140</b>	639	-78.1%

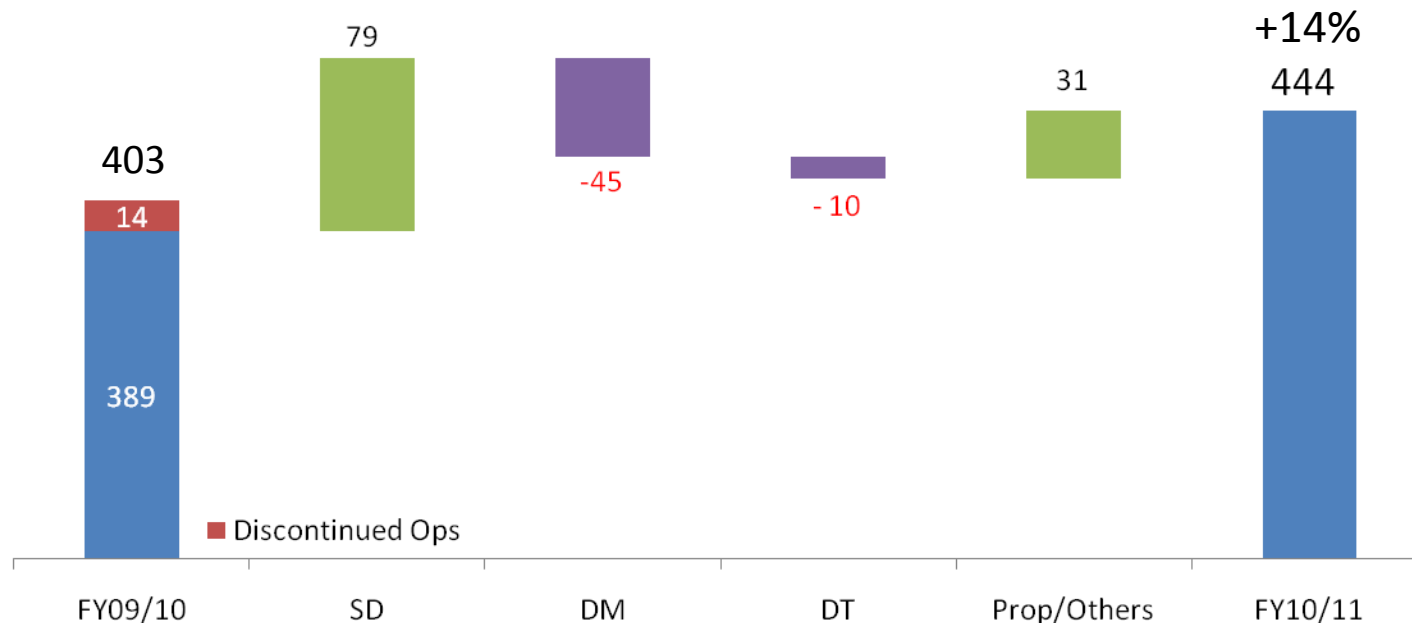
# Revenue

- Soft Drinks remained star performer; revenue jumped 16%
- Dairies grew 1.8%
  - Broad-based growth in Dairies Thai spurred 13% revenue growth
  - Dairies Mal volume suffered arising from price increases



# PBIT

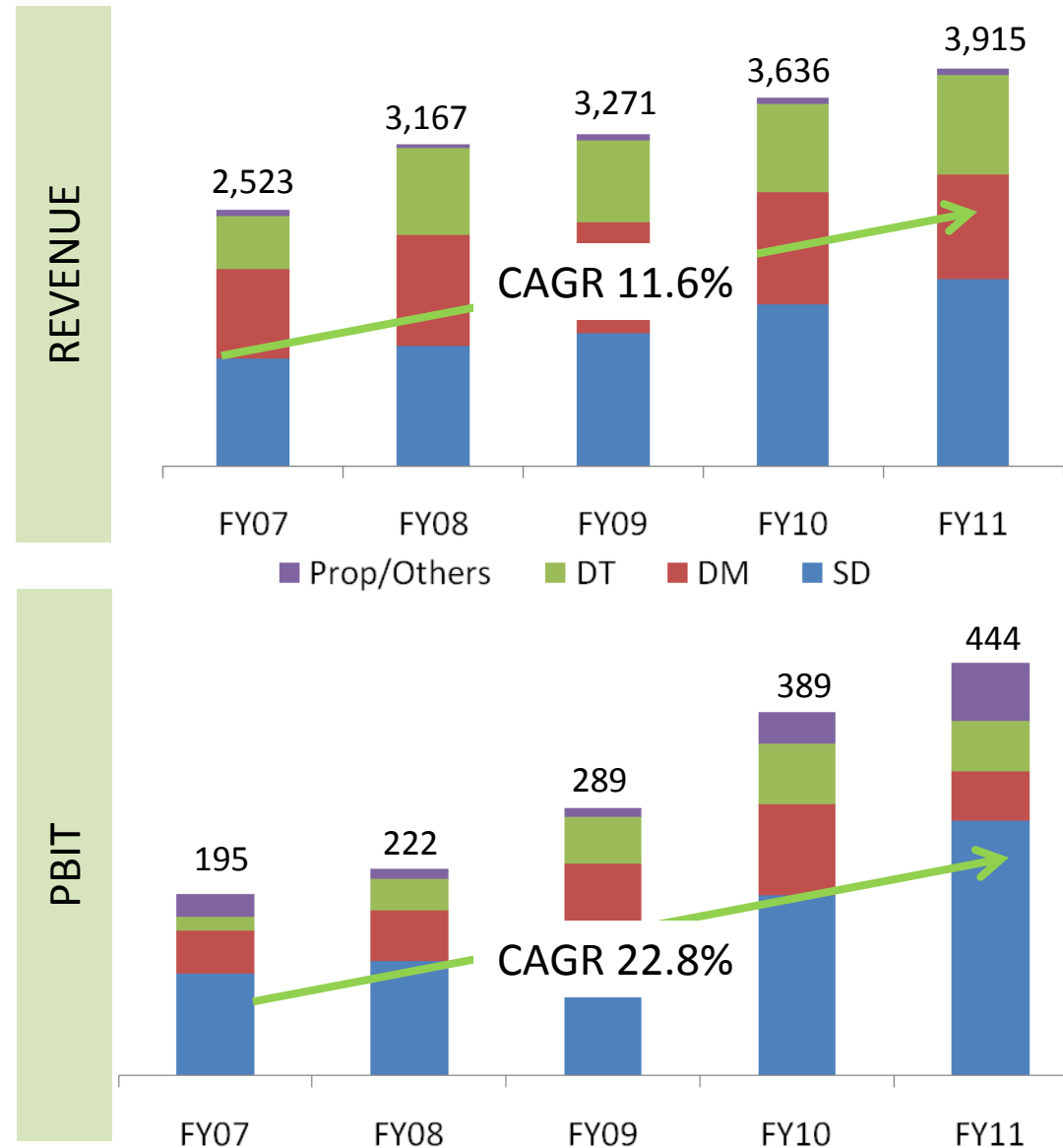
- Soft Drinks profit +40.9%, driven by strong topline growth
  - Strong brands and successful marketing execution
  - PBIT margins gained on favourable product mix & operating efficiencies
- Dairies earnings adversely affected by high input costs, particularly Mal
  - Dairies Thai affected by one-off RM18m royalty provision; excluding this charge, PBIT improved 12% on topline growth & margin expansion
- Properties earnings rose from Brampton disposal and KLG land sale



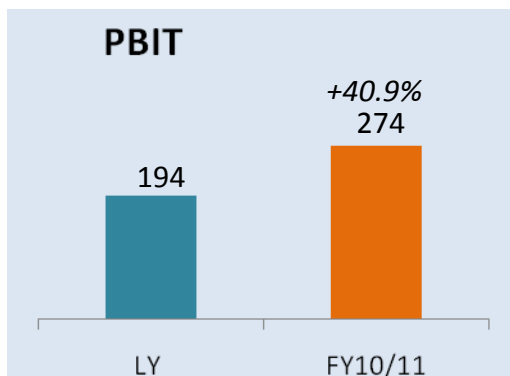
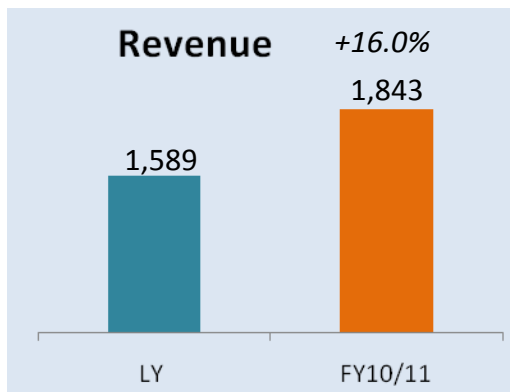
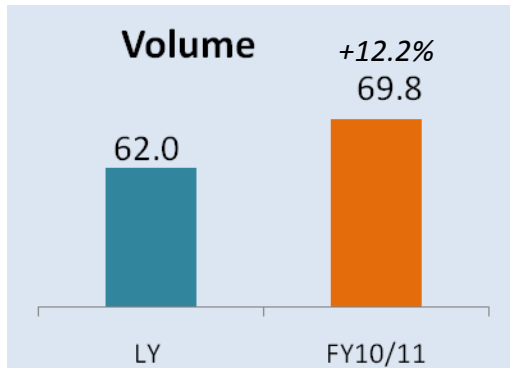
# 5-Year Revenue and PBIT trends



- Double-digit Revenue and PBIT CAGR
- PBIT crossed RM400m mark

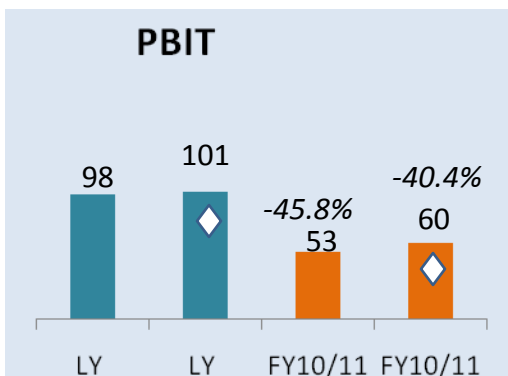
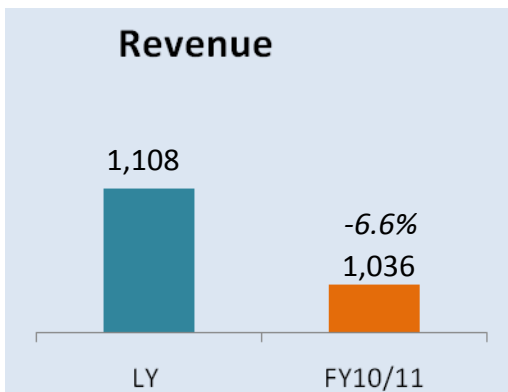
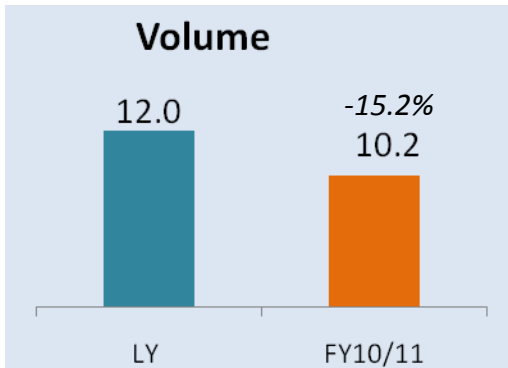


# Soft drinks – *yet another record-breaking feat*



- PBIT leapt on margin improvement, PET line savings and strong topline growth
- Strong sales momentum continued; volume (69.8m cases) at all-time high
  - *F&N* volume alone surpassed FY07/08 volume
  - Core brands delivered good growth – *100PLUS* and *SEASONS* powered ahead; *Red Bull* continued its charge
  - New products boosted sales
- Seeded into Brunei and South Thailand
- Invested in tetra line to tap growth in the segment

# Dairies Malaysia – margins return to sustainable level of 6%

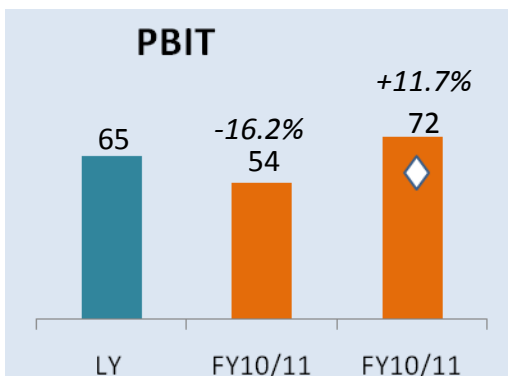
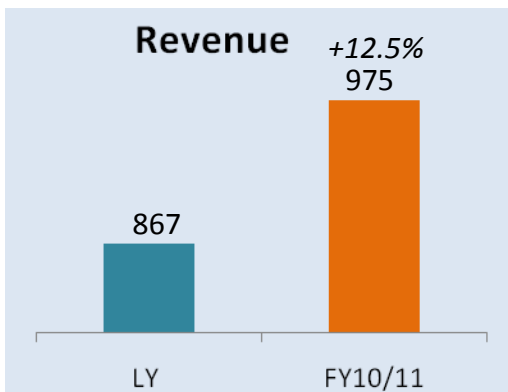
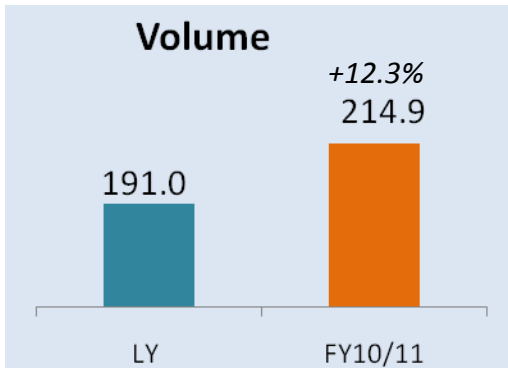


◇ Normalised

- Inflationary pressure affected spending power
- Volume depressed following price increases to offset higher sugar costs
  - Discriminatory sugar pricing affected market competitiveness
  - Proliferation of OEM brands affected market dynamics
- New facilities in Pulau Indah progressing as planned
  - Additional short-term expenses to bring long-term benefits
- Lower drop in normalised profit (*adjusted for PI relocation cost and accelerated depreciation*)



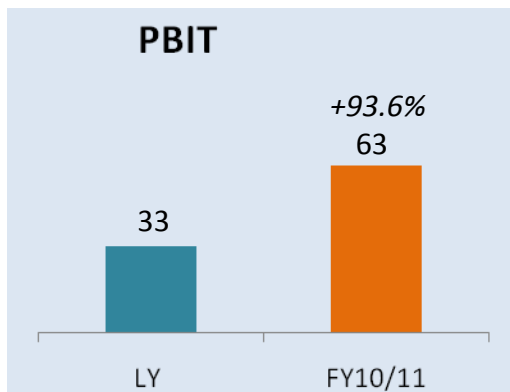
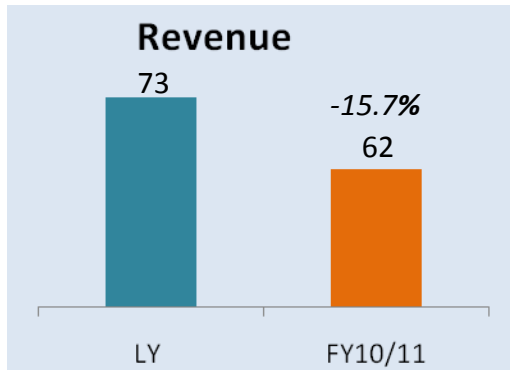
# Dairies Thailand - *future growth engine*



◇ Normalised

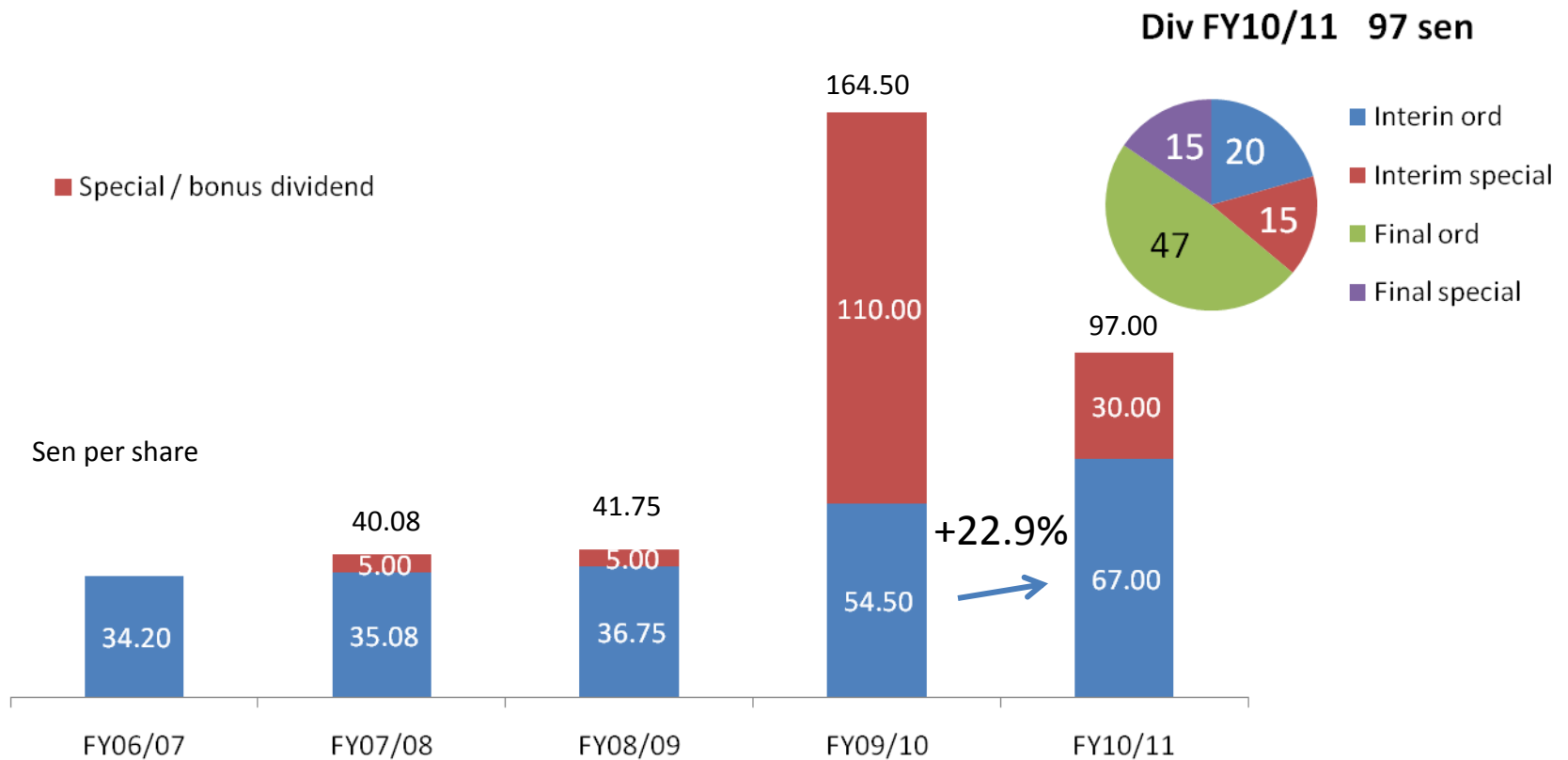
- Volume jumped 12%
  - Thailand recorded broad-based growth of 9%
  - Indochina saw 40% growth
  - Greater inroads into Indochina / appointed distributor in Vietnam
- Revenue improved on better pricing of sterilized milk and SBC
- PBIT declined 16% on one-off charge; normalised PBIT +12%
  - RM18m provision for potential royalty underpayment
  - Higher operating efficiencies in new Rojana and DC facilities boosted profit margins

# Properties / others – *realising gains*



- Sale of urban college and gains from Brampton disposal netted RM50m profit
- Disposal of old factory site contributed RM10m

# Dividends



- Final dividend of 62 sen - (47 sen ordinary and 15 sen special)
- Ordinary dividend of 67 sen is 23% above LY

\* - exclude special dividends of 110sen & 30 sen in FY10 & FY11 respectively

## *A year of transformation*

### Soft Drinks

Defend core brands

Gain share on non-carb

Managing change

### Dairies Mal

Reposition portfolio

Seamless relocation

### Dairies Thai

Recover from flood

Maintain market presence

Opportunity to gain share

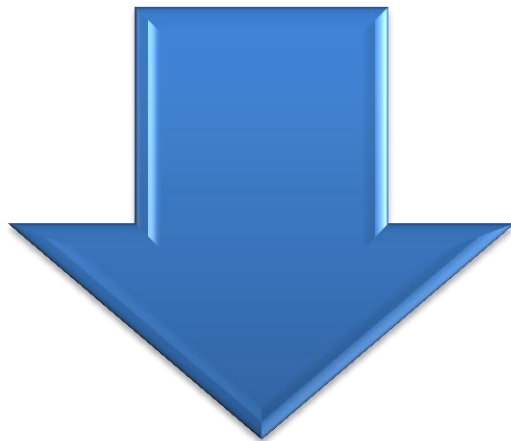
### Properties

Unlock value of PJ Sec 13

# Prospects - FY 2011 / 2012



- Halal hub tax incentive
- Defend core / drive new category
- New product launches /tetra assault
- Total juice strategy
- *100PLUS* export / Singapore co-pack
- Canned milk repositioning / exports
- Building customer loyalty in Thailand



- Loss of KO business
- Dairies Mal challenging environment
- Dairies Thai flood recovery

Thank you