



Full Year FY 2017/18 Group Financial Highlights

12 November 2018



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F&NHB Group Today:

Building Foundation & Gaining Traction In Our 3 Growth Pillars



EXPORT TARGET

Exports ex-F&B Malaysia & ex-F&B Thailand to reach **RM 800 million** by 2020

F&B
Malaysia

F&B
Thailand

Exports

NOW

F&B
Malaysia

F&B
Thailand

Exports

FUTURE





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Quarter 4 FY 2018

Group Financial Performance

Quarter 4 FY 2018

F&NHB Group Financial Highlights



Financial Highlights	Q4 2017/2018	Q4 2016/2017	Change
Revenue (RM'000)	996,640	976,275	2.1%
Operating profit (RM'000)	98,681	19,305	411.2%
Profit before tax (RM'000)	99,649	19,390	413.9%
Profit after tax (RM'000)	81,230	19,635	313.7%
Basic earnings per share (sen)	22.2	5.4	16.8

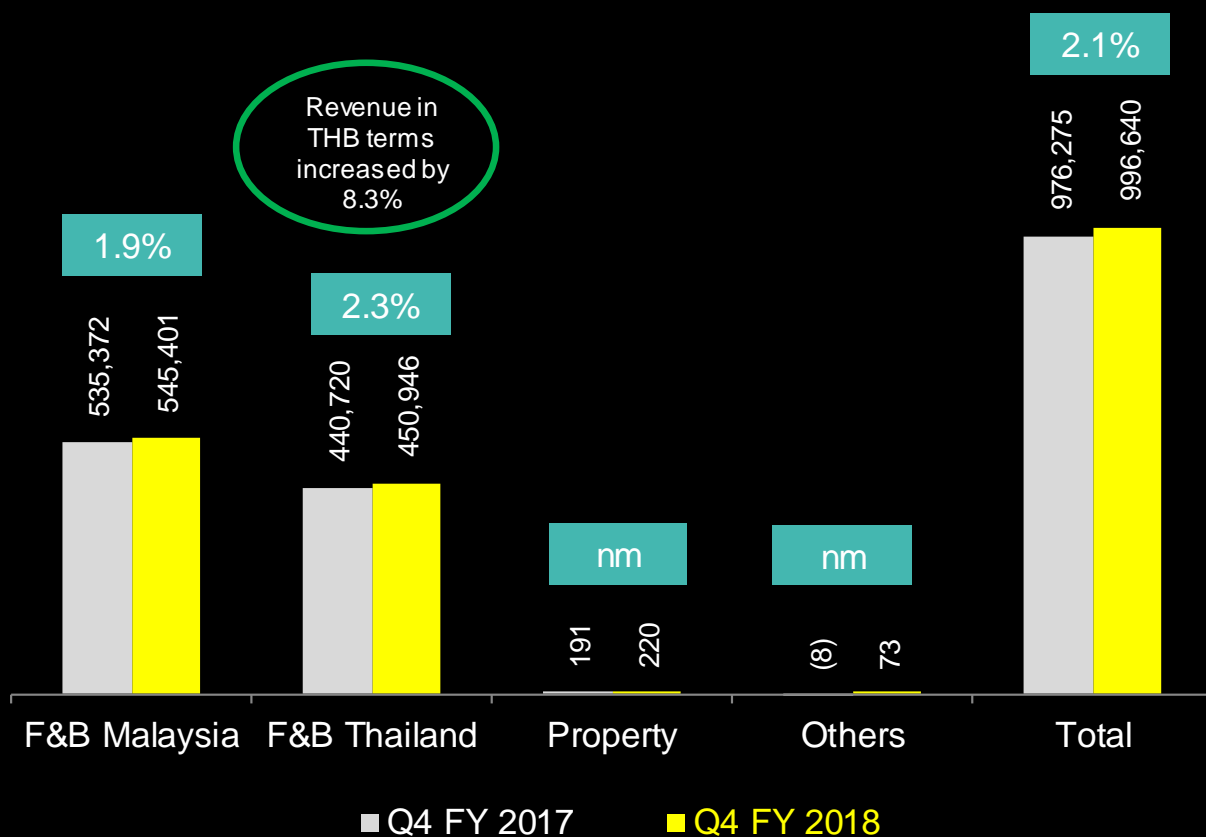
- Group revenue for the quarter grew by 2.1%, attributed to increased contribution from both F&B Malaysia and F&B Thailand.
- Significant improvement in profit before tax from higher revenue, cost synergies and favourable input costs. Excluding restructuring costs and other one-off items, profit before tax grew by 83.0%.

Quarter 4 FY 2018 Revenue

Positive revenue growth of 2.1% contributed by both F&B Malaysia and F&B Thailand

Revenue Q4 FY 2018

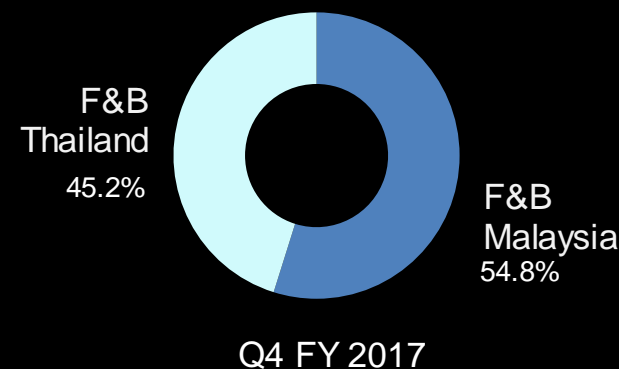
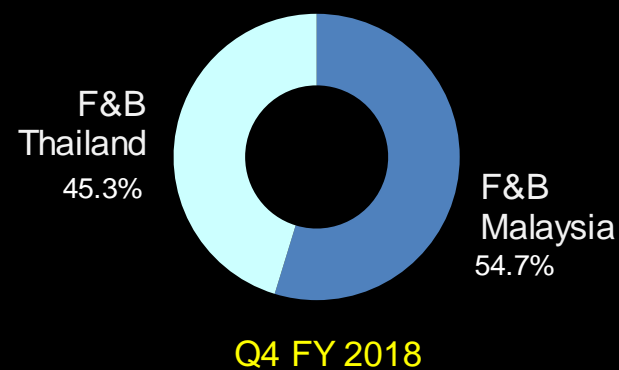
by Business Segment (RM'000)



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Revenue

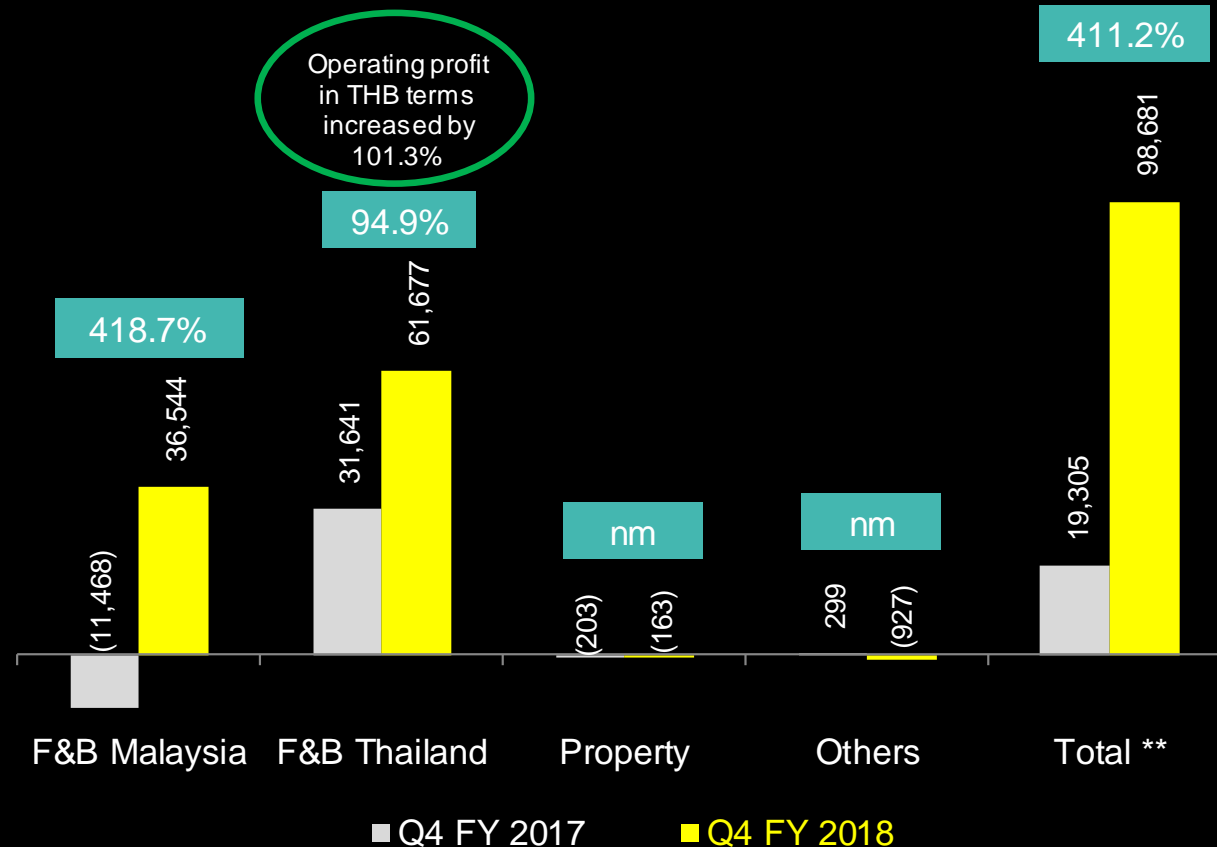
F&B Malaysia : F&B Thailand (%)



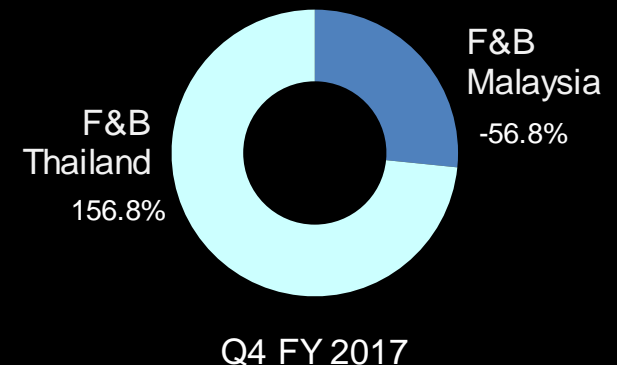
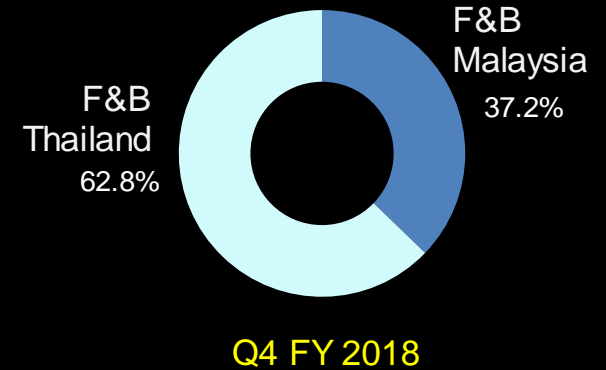
Quarter 4 FY 2018 Operating Profit

Higher revenue, cost synergies and favourable input costs contributed to increase in operating profit by 411.2%.
Excluding restructuring costs and other one-off items, operating profit grew by 81.5%.

Operating Profit Q4 FY 2018 by Business Segment (RM'000)



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



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** Adjustments and eliminations are not shown in the chart



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Full Year FY 2018
Group Financial Performance

Full Year FY 2018

F&NHB Group Financial Highlights



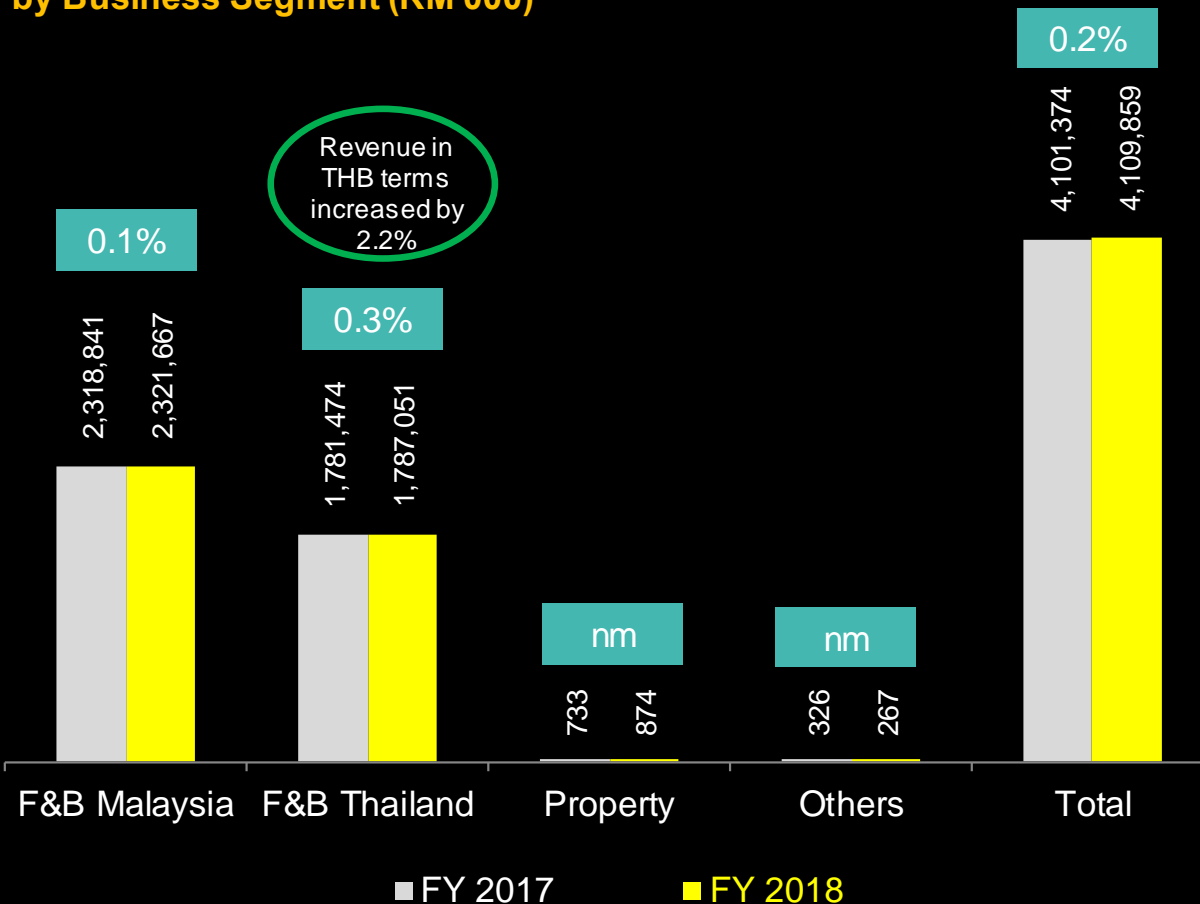
Financial Highlights	Full Year 2017/2018	Full Year 2016/2017	Change
Revenue (RM'000)	4,109,859	4,101,374	0.2%
Operating profit (RM'000)	420,240	345,066	21.8%
Profit before tax (RM'000)	422,729	353,713	19.5%
Profit after tax (RM'000)	385,096	323,347	19.1%
Basic earnings per share (sen)	104.9	88.3	16.6

- Group revenue marginally higher at RM4.11 billion despite tough operating environment underpinned by effective festive promotions and exports sales.
- Group profit before tax rose 19.5% to RM422.7 million with stronger second half performance.
- Excluding restructuring costs and other one-off items, profit before tax grew by 3.2%.

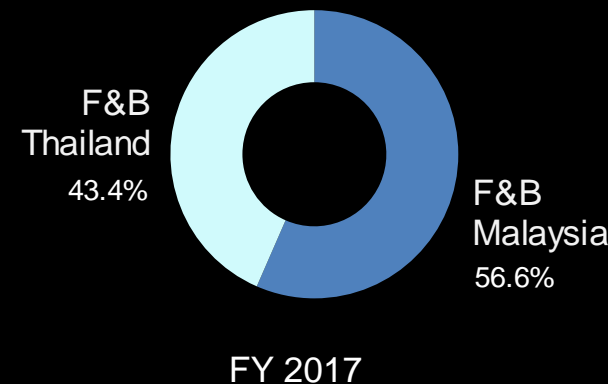
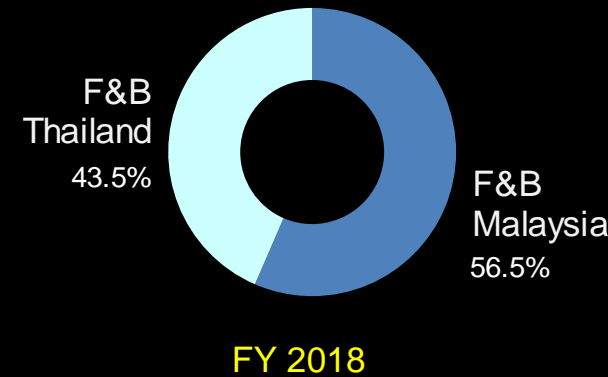
Full Year FY 2018 Revenue

Revenue improved marginally, driven by stronger fundamentals post-restructuring and clear focus on long-term growth, exemplified by F&NHB's resilience amid various headwinds throughout the financial year

Revenue FY 2018 by Business Segment (RM'000)



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



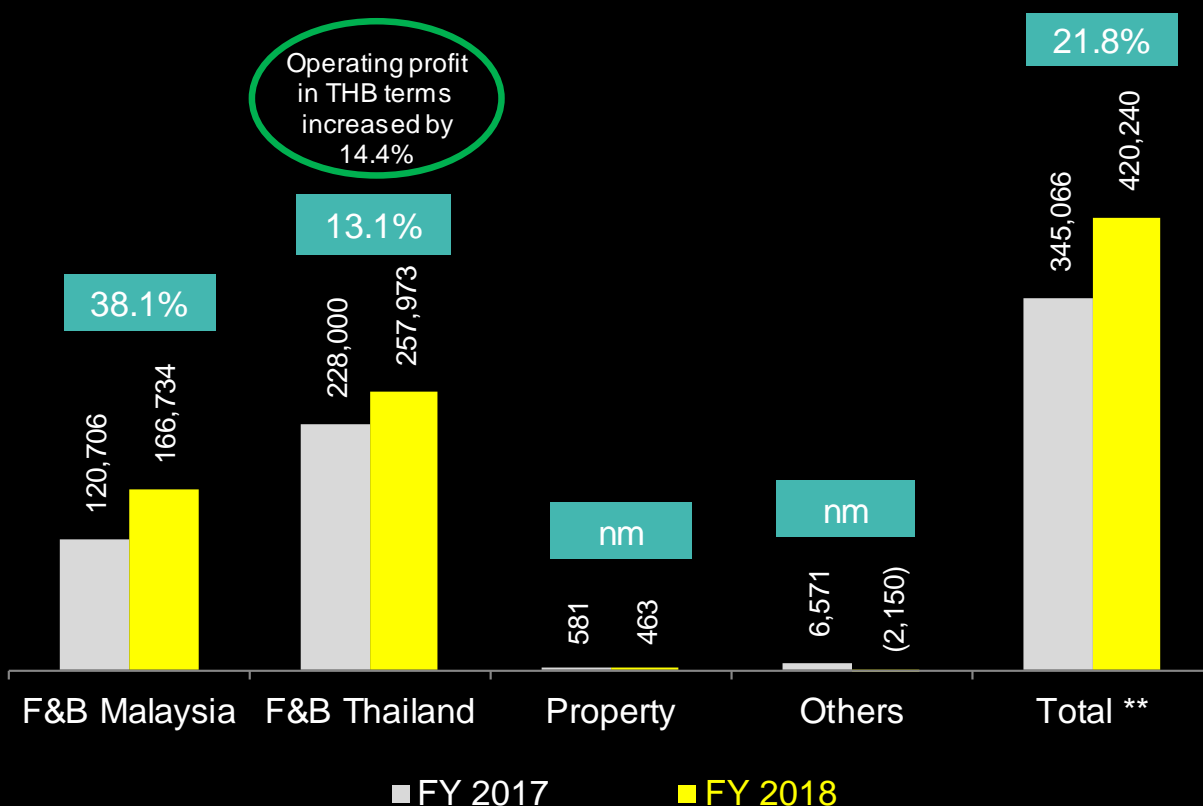
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Full Year FY 2018 Operating Profit

Operating profit grew by 21.8% from cost synergies, lower overheads and favourable input costs.
Excluding restructuring costs and other one-off items, operating profit grew by 4.8%.

Operating Profit FY 2018

by Business Segment (RM'000)

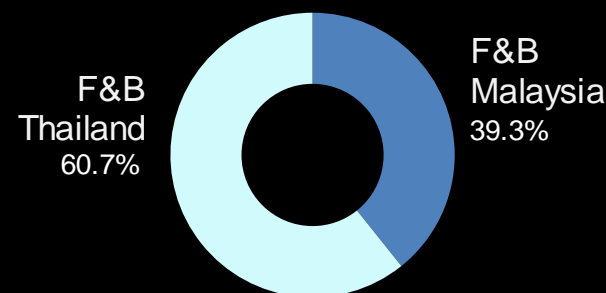


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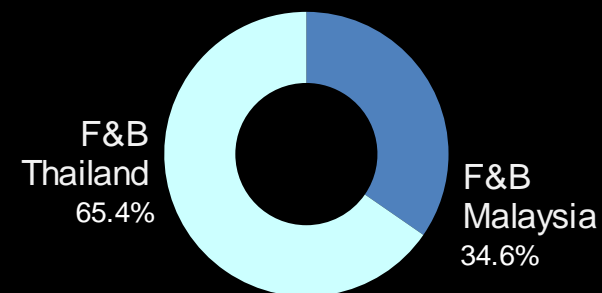
** Adjustments and eliminations are not shown in the chart

Operating Profit

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



FY 2018



FY 2017



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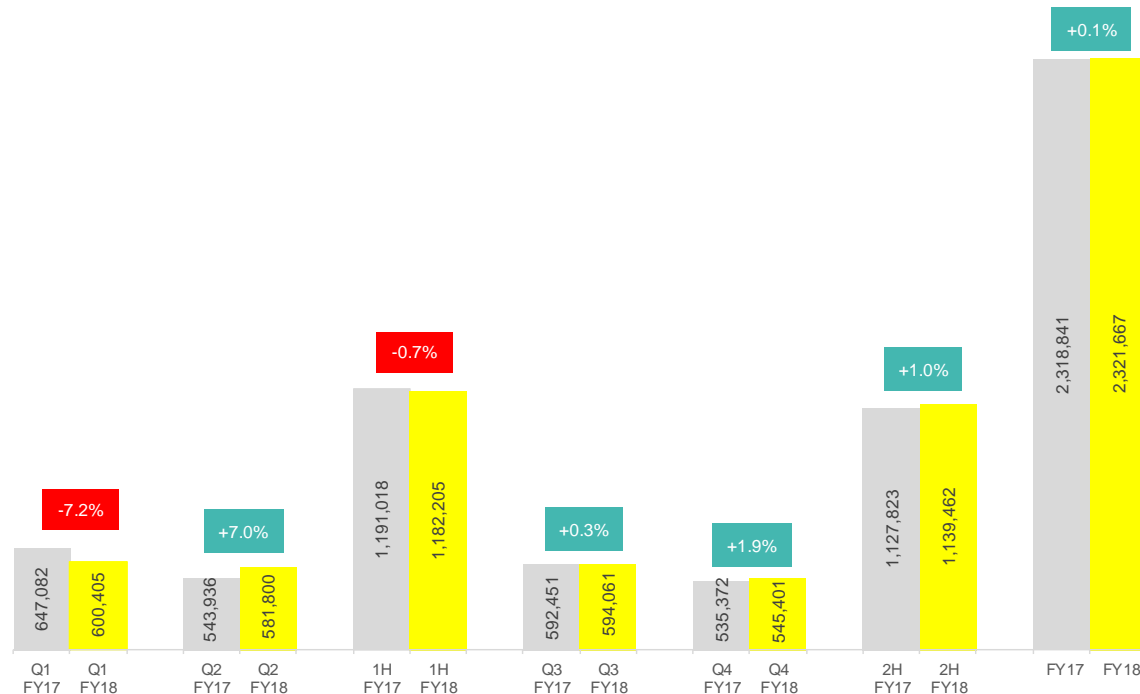


F&B Malaysia

F&B Malaysia

Regained stability post-reorganisation with improved trade execution and continuous innovations

Revenue

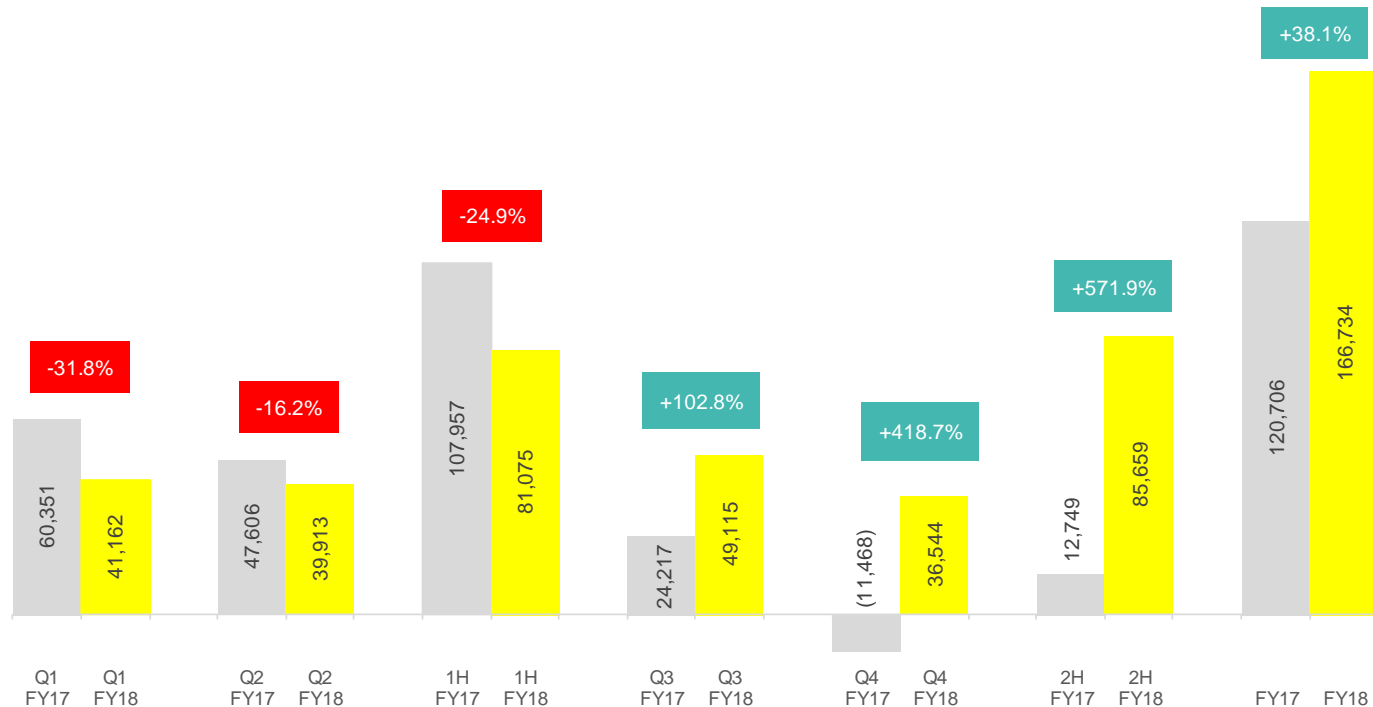


- F&B Malaysia registered improved revenue for 3 consecutive quarters signalling **regained stability post-reorganisation**.
- Broader portfolio of healthier choice products and innovations.
- Continuous efforts to **improve trade execution** and **optimise the route-to-market**.
- **Exports from Malaysia** continue the **year-on-year double-digit growth** in FY2018, on track to surpass RM500 million goal in 2020.

F&B Malaysia

Operating profit for the year improved from stronger 2nd half performance

Operating profit



Improvement in profit performance for the year (+38.1%) was driven by stronger 2nd half performance:

- **positive effect of cost initiatives;**
- **favourable input cost** for sugar;
- **net favourable foreign currency impact** from Ringgit Malaysia/US Dollar movements; and
- offset by higher costs for other dairy-based inputs, packaging costs and higher marketing spend.

Excluding restructuring costs and other one-off items, operating profit eased by 4.5%.



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F&B Thailand

F&B Thailand

Delivered positive revenue despite challenging domestic market through successful product innovations and brand activations

Revenue



F&B Thailand sustained its growth and market leadership during the year through:

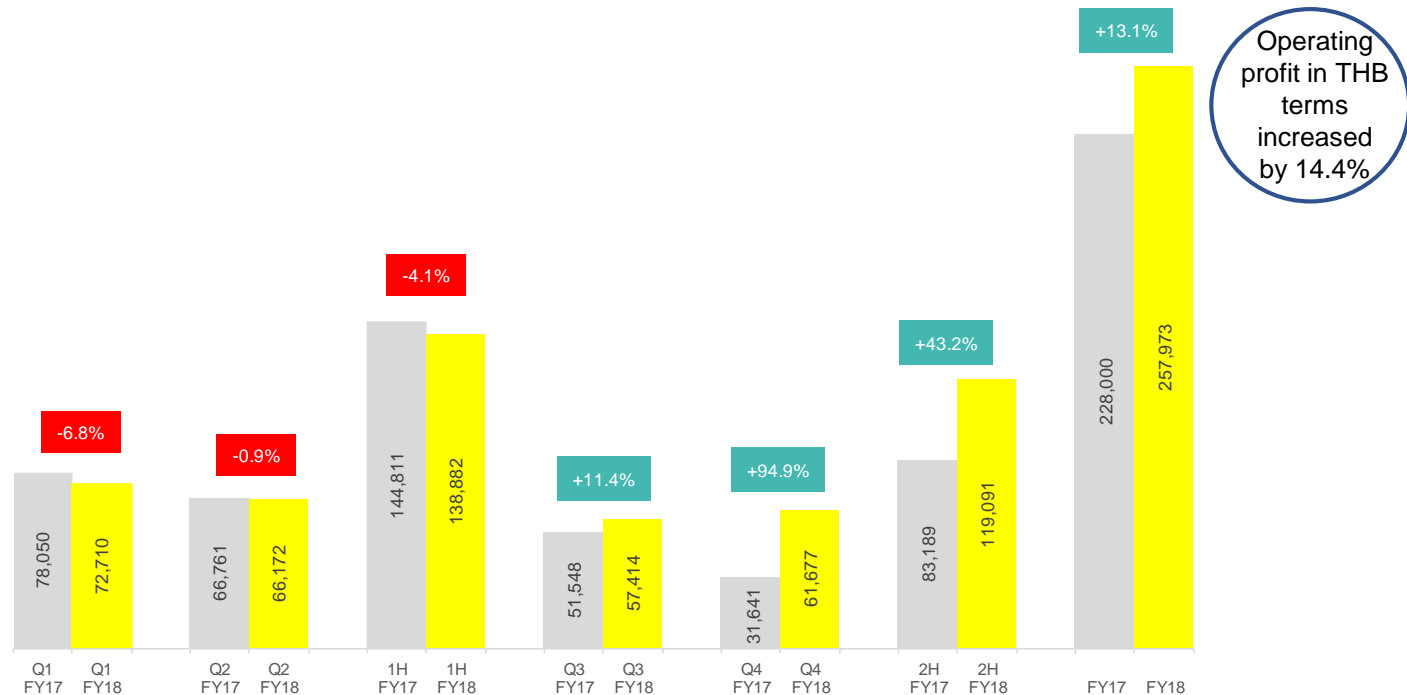
- **successful introduction of new products and packaging formats** (squeeze tube format); and
- supported by **effective branding and consumer trade campaigns**

despite a difficult domestic market environment and encountering the loss of UHT milk revenue caused by inventory shortage resulting from a co-manufacturer's plant that was damaged by fire in November 2017.

F&B Thailand

On the back of higher revenue and favourable input costs,
operating profit strengthened by 13.1%

Operating profit



F&B Thailand's operating profit rose 13.1% to RM258.0 million on the back of:

- **higher revenue;**
- **favourable input costs;**
- **lower overheads;** and
- partly offset by **higher advertising and promotions spend for new product introductions and brand building activities.**



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Exports

Building Exports as Our Third Pillar

Exports continue to grow, on track to surpass the Group's RM800 million export sales target by 2020



15%

Growth for F&B Malaysia exports in Full Year FY 2018



8%

Growth for F&B Thailand exports in Full Year FY 2018



16%

Contribution of total exports to Full Year FY 2018 Group revenue



14%

Contribution of total exports to Full Year FY 2018 Group operating profit



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Dividends

Final Dividend Maintained at **30.5 Sen/Share**

55%
Dividend payout
ratio

	FY 2018	FY 2017
Total equity ¹ (RM'000)	2,312,471	2,132,730
Total assets (RM'000)	3,345,258	3,231,498
Net cash (RM'000)	201,568	45,336
Net assets per share (RM)	6.31	5.82
Gearing ratio	0.15	0.18

¹ Includes non-controlling interest

- Final single tier dividend of **30.5 sen** per share, for approval by shareholders at the forthcoming Annual General Meeting of the Company.
- Total dividends for the year of **57.5 sen** per share, **matching that in FY2017**.
- Takes into account Group's capital position, working capital requirements and capital expenditure investments.





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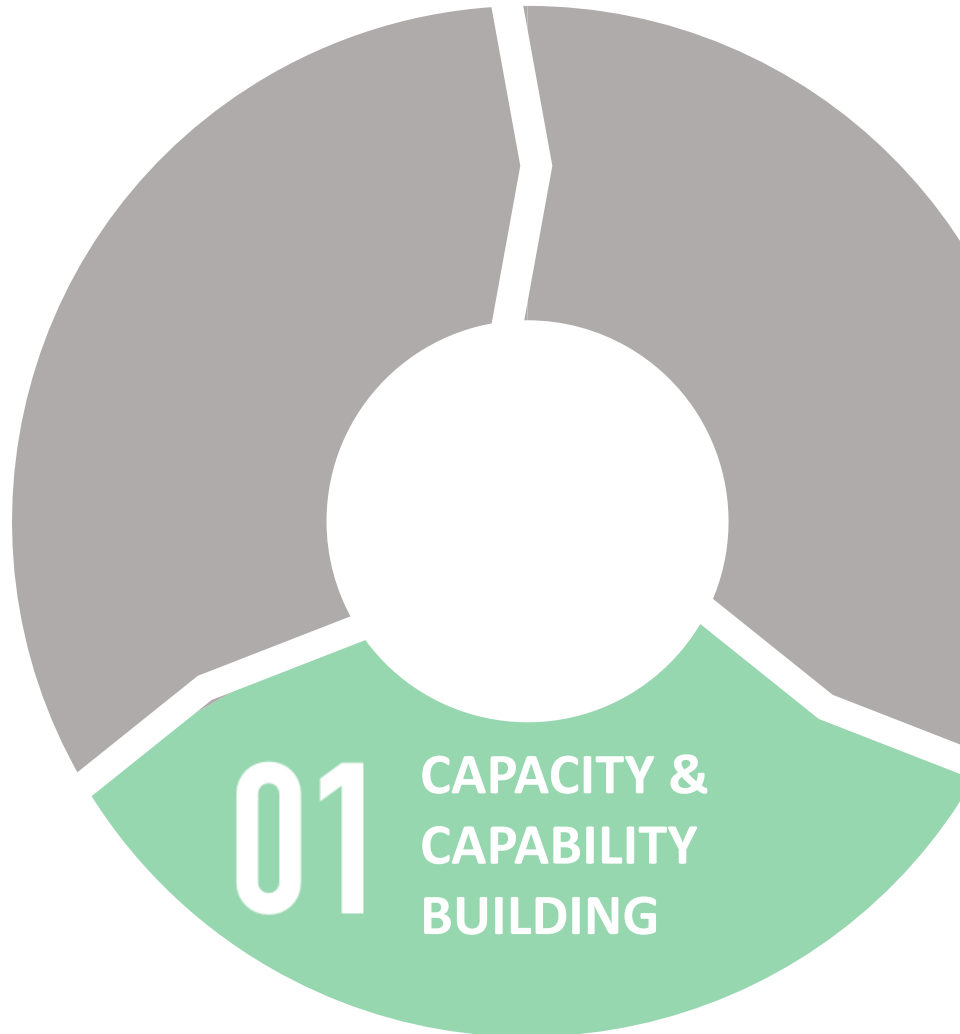
Forging Ahead for the Future

Key Priorities Going Forward



Capacity & Capability Building

- **Increase our production and warehousing capacity**, broaden our capabilities, and **shorten our route to the different markets** we serve
- **Invest for future**
- **Increase capacity** not just in volume but also in packaging format expansion
- Support our strategic intent to **win in Export**



Gearing Up for Sustainable Growth & Cost Efficiency

Increase our production and warehousing capacity, broaden our capabilities, and shorten our route to the different markets we serve

Over RM500 million capex over 3 years

Greater capacity for economies of scale

Enhance our innovative and competitive abilities

Optimise logistics movement and reduce our carbon footprint





New Cold-Aseptic Filling Polyethylene Terephthalate (PET) line at the Shah Alam plant

further accelerate F&NHB's expansion into new offerings in the near future



Commenced producing 100PLUS ACTIVE 1 litre pack since March 2018.



New Cold-Aseptic Filling Polyethylene Terephthalate (PET) line at the Shah Alam plant

further accelerate F&NHB's expansion
into new offerings in the near future



Commenced producing
tea products since
June 2018.



COLD-ASEPTIC FILLING PET LINE

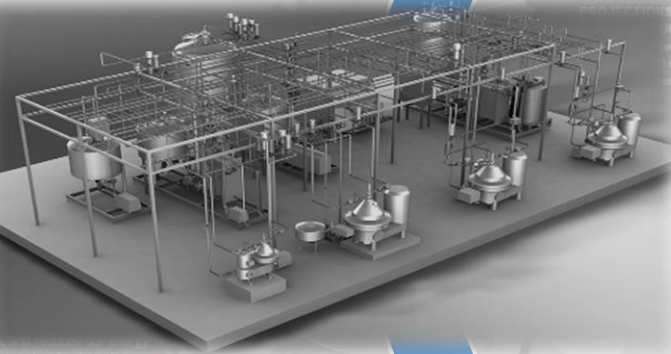
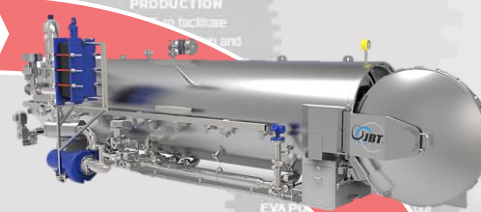
- Longer product shelf life
- Less flavour loss
- Flexibility in bottle design
- Reduce usage of PET resin packaging material





New RM15 million production line at its dairy manufacturing plant in Pulau Indah to further expand its capacity

To enable greater F&NHB's export capability



RM180 MILLION WAREHOUSE IN SHAH ALAM TO MEET GROWING DEMANDS OF CORE PRODUCTS with warehouse, 10 million annually efficiencies.

RM30 MILLION ON A NEW UHT LINE AT OUR KUCHING PLANT to meet the growing demands in this region.

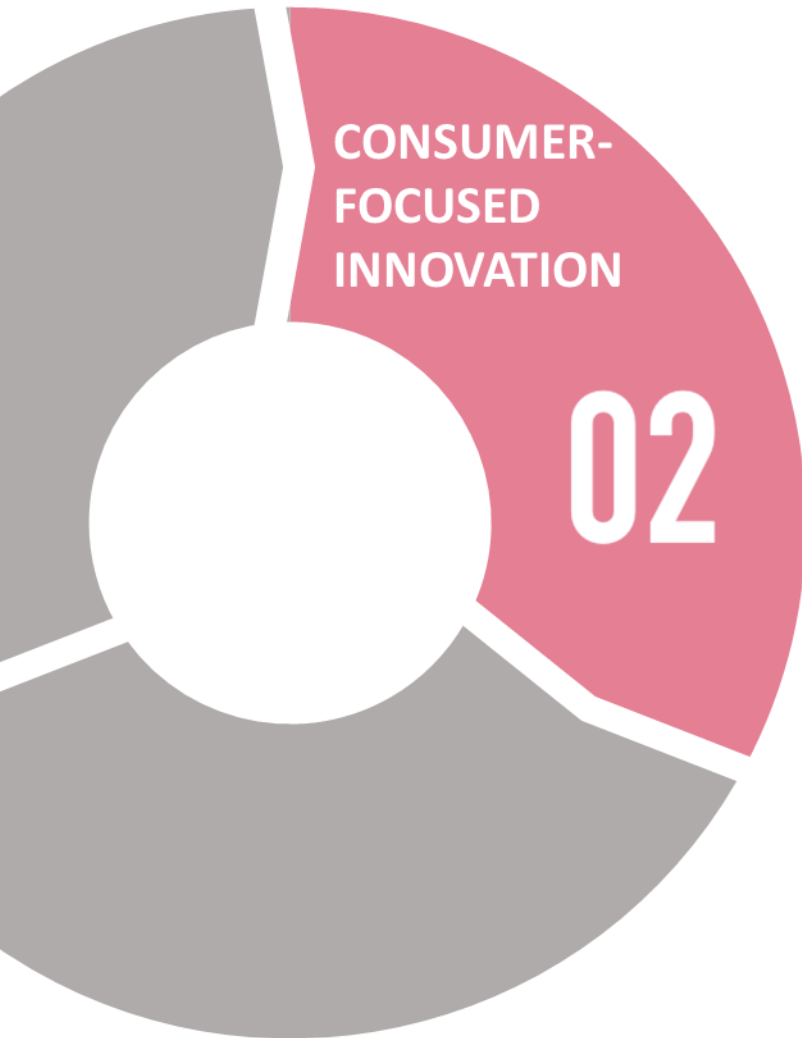
BY ENHANCING OUR PRODUCTION AND WAREHOUSING CAPACITY IN THE DIFFERENT REGIONS, we stand to optimise our logistics movement thus reduce our carbon footprint.

UPGRADING OF MINERAL WATER PLANT IN BENTONG WITH A NEW 600 BPM WATER LINE., expansion of the warehouse, production building and infrastructure.

RM45 MILLION ON A NEW ETHYLENE TEREPHTHALATE (PET) MANUFACTURING LINE AT DISA SHAH ALAM FACILITY TO GROWING DEMAND FOR DRINK BEVERAGES IN COUNTRY. This will boost the Group's capacity by 40 per cent with an estimated 108 million additional bottles a year.

10% consumption by 10%.

Consumer-Focused Innovations



- Offering **healthier options**
- **Differentiation in packaging format** catering to the different occasion and needs of our consumers
- Growing into **adjacent categories**

NEW INTRODUCTIONS IN 2018



- 100PLUS Reduced Sugar
- 100PLUS Blackcurrant
- 100PLUS ACTIVE Powder
- F&N Ice Mountain Drinking Water
- F&N Lemon Lime
- F&N SEASONS Soya
- F&N SEASONS Juice



- CARNATION Plus
- TEAPOT Squeeze Tube
- F&N Magnolia Barista



100PLUS Full Range now with Healthier Choice Logo



**Lowest sugar
carbonated isotonic drink**

4g	33%	40kcal
sugar	less	per
per 100ml	sugar*	serving

**As compared to 100PLUS Original*

New local favourite

≤6g	23kcal
sugar	per
per 100ml	100ml

Reformulated recipe

≤6g	12%	23kcal
sugar	less	per
per 100ml	sugar*	100ml

**As compared to the old recipes of
100PLUS Berry, Lemon Lime & Orange*



Differentiation in
packaging format
catering to the different needs
of our consumers and customers

NEW IN 2018

2.5 kg pouch



20 kg bag



Stick Pack



TEAPOT
EXTRA



CARNATION
Plus



TEAPOT
Squeeze Tube



Cost Optimisation

- **In-sourcing**, to improve our cost efficiency and achieve better quality control by reducing dependency on external suppliers eg.
 - Can-making lines in Pulau Indah
 - Water line and UHT line in Shah Alam
 - Cold-Aseptic Filling PET line and integrated warehouse in Shah Alam
- For completed capex, we ensure that our **asset utilisation** is good.
- **Evaluate processes** to create better efficiency and cost reduction for economies of scale.



F&NHB Group Today:

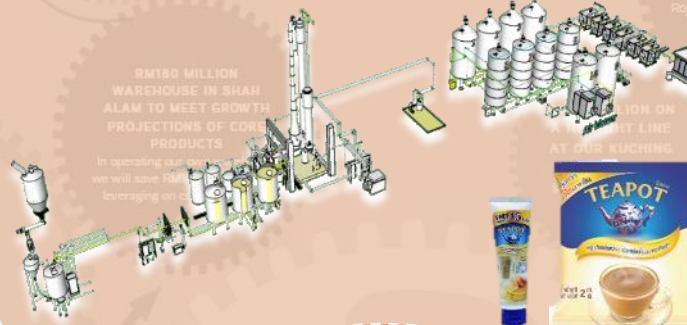
> RM 500 million invested over a 3-year period to increase capacity and build our capabilities

600bpm water line,
Shah Alam



COMPLETED

Sweetened condensed milk
pouch & tube filling line,
Rojana



Cold-Aseptic Filling PET line &
warehouse, Shah Alam



Debottlenecking
programme at dairy plant
in Pulau Indah



Combi blow, mould & filling machine,
Shah Alam



Mineral water plant
expansion, Bentong



FY2019

Business Outlook

- **Domestic markets in Malaysia and Thailand to remain challenging** amidst:
 - continuing competitive price pressures and intensifying competition
 - effects from the volatility in foreign currency movements and commodity prices.
- The Group has **partially hedged its core commodity requirements** for the financial year along with the corresponding foreign currency exposure wherever possible.
- In Malaysia, **management will assess and closely monitor the impact of the imposition of excise duty** at 40 cents per litre on ready-to-drink beverages that contain sugar exceeding 5 grams per 100 millilitres, starting 1 April 2019 as announced during the recent Budget 2019, including taking appropriate actions as necessary.
 - F&NHB will continue to **further invest to promote healthier options** through reformulation of existing products.
- **F&B Thailand is expected to commence paying corporate taxes next year** after fully utilising the promotional privileges granted by the Board of Investment and the carried forward losses from non-promoted businesses.
- Board and management will continue to remain vigilant and take decisive actions in managing the changes in external environment to ensure sustainable growth for our business.





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THANK YOU



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Appendix: 2018 Highlights



Our continuous support
towards local sports scene
through the sponsorship
of **SUKMA XIX**



sukma_perak2018



sukma perak 2018



@sukmaperak2018





100PLUS as the Official Regional Supporter for AFF Suzuki Cup 2018

**PERKASA
TEAM MALAYSIA**





OISHI is now OYOSHI

Beyond delicious



New name &
innovative packaging
design

Offering unique
blend with fresher &
better taste



Prizes worth
RM 1,350,000
to be won





Extended to
new areas
this year

Subang Jaya
Melaka Tengah
Perlis
Ampang Jaya
Petaling Jaya



Introduced **R Boy** this year
to encourage pre-schoolers
to recycle in a fun way



2018 COLLECTION RESULTS TO-DATE
>558,000 kg



364
SCHOOLS

**F&N SCHOOL
RECYCLING
CAMPAIGN**



OUR AWARDS & RECOGNITION

MARKETPLACE



Malaysia Enterprise Innovation Award 2018 (F&NHB)

BrandLaureate World Halal BestBrands 2018 – BestBrands in FMCG – Dairy Products (F&NHB)

QUDAL Quality Medal 2018/2019 – Soft Drink (F&NHB)

Putra Brand Awards 2018 – Beverage – Non-alcoholic (100PLUS)

Selangor Excellence Business Awards 2017 – Emerging E-Commerce Marketplace (FNBM)

FDA Quality Award 2018 (6 consecutive years) (FNDDT)

Thailand Quality Prize 2018 (FNDDT)

WORKPLACE



Malaysia Best Employer Brand Awards 2018 (F&NHB)

Graduates' Choice Award 2018 – Top 5 Best Employer Brands in FMCG (F&NHB)

Human Resources HR Excellence Awards – Bronze in Excellence in HR Innovation (FNDDT)

OSH Gold Class II Award (FNDDT)

Excellent Establishment on Labour Relation and Welfare 2018 (FNDDT)

ENVIRONMENT



Prime Minister's Hibiscus Award Exceptional Performance (FNDDM)

Green Industrial Level 4 (Green Culture) (FNDDT)

CSR-DIW Continuous Award 2018 (FNDDT)

Thailand Kaizen Award 2018 (FNDDT)

