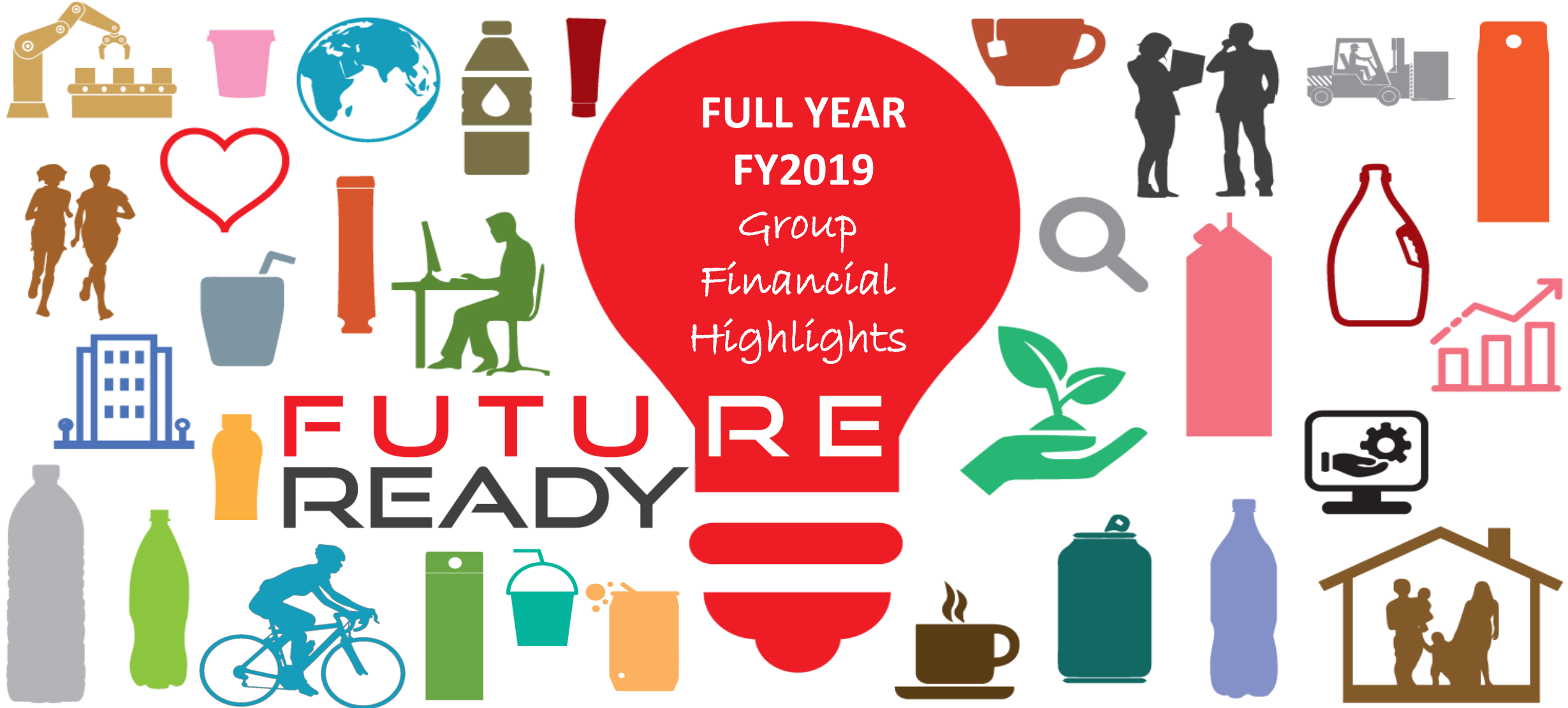




FRASER & NEAVE HOLDINGS BHD

**FULL YEAR
FY2019**
Group
Financial
Highlights

**FUTU
READY**



Important notice

Certain statements in this Presentation constitute “forward-looking statements”, including forward-looking financial information. Such forward looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Fraser & Neave Holdings Bhd (“F&NHB”), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding F&NHB’s present and future business strategies and the environment in which F&NHB will operate in the future. Because these statements and financial information reflect F&NHB’s current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information.

F&NHB expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement or financial information contained in this Presentation to reflect any change in F&NHB’s expectations with regard there to or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the Bursa Malaysia Securities Berhad Listing Requirements and/or any other regulatory or supervisory body or agency.

This Presentation includes market and industry data and forecast that have been obtained from internal survey, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While F&NHB has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, F&NHB has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.



FY2019
F&NHB GROUP FINANCIAL PERFORMANCE



FY2019

F&NHB GROUP FINANCIAL PERFORMANCE



Revenue

(RM'mil)

RM4,077.1

▲ 5.3%

Operating profit

(RM'mil)

RM520.4

▲ 23.4%

Profit before tax

(RM'mil)

RM533.0

▲ 25.7%

Profit after tax

(RM'mil)

RM410.2

▲ 6.1%

Earnings per share (basic)

(sen)

111.9 sen

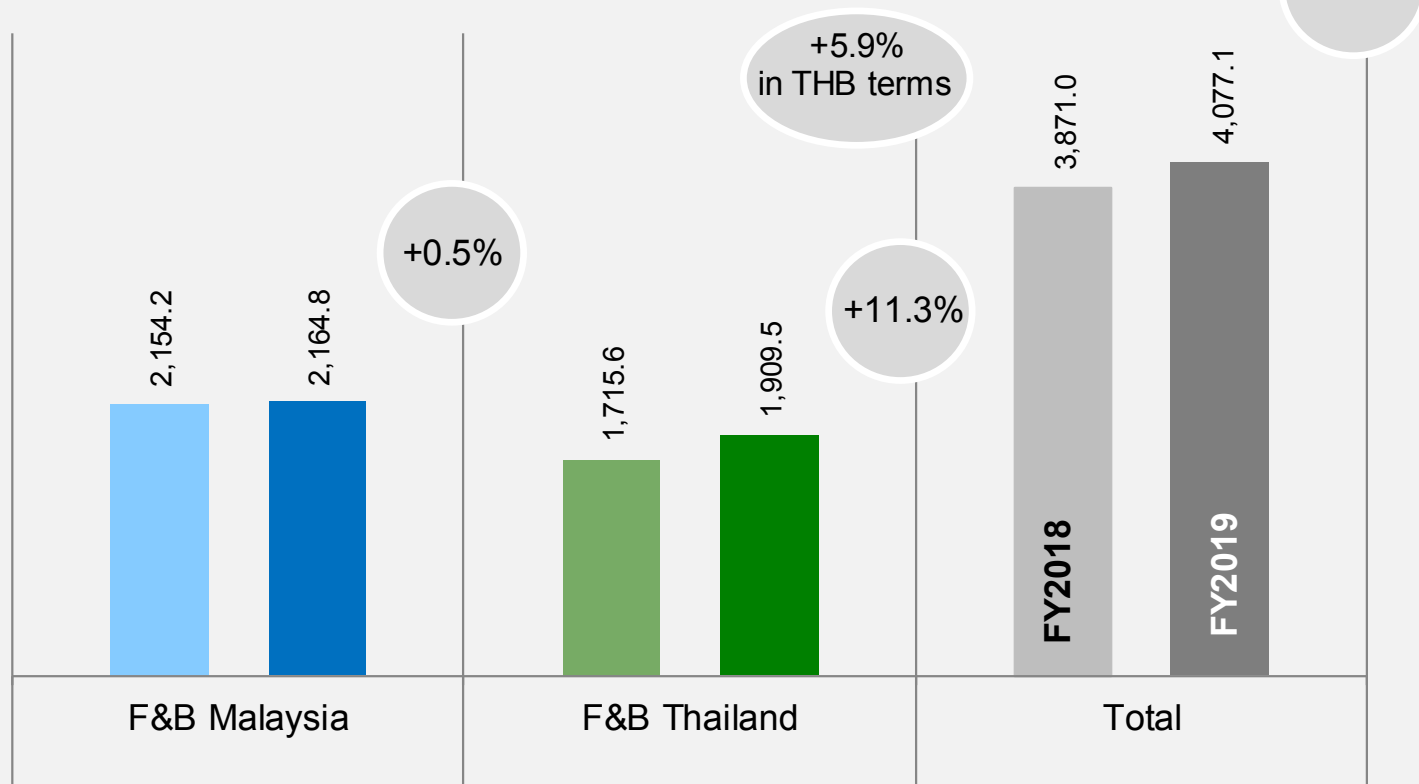
▲ 6.6 sen

F&NHB FY2019 profit before tax rose by 25.7% to RM533.0m.
Achieved highest ever Group profit before tax from operations.

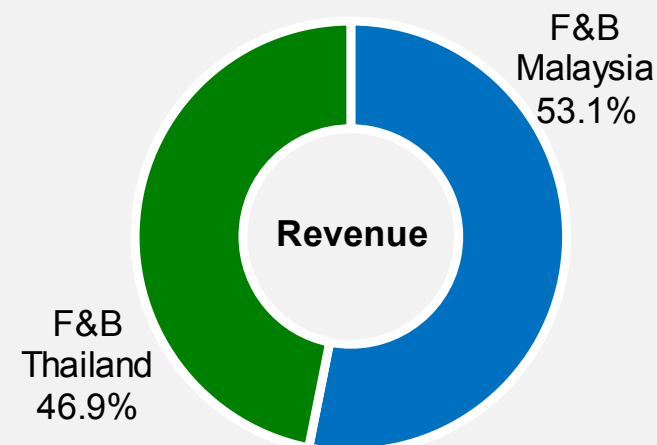
Revenue grew +5.3% to RM4,077.1 million
Uplifted largely by strong growth in revenue from F&B Thailand



Revenue FY2019 by Business Segment (RM'mil)



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



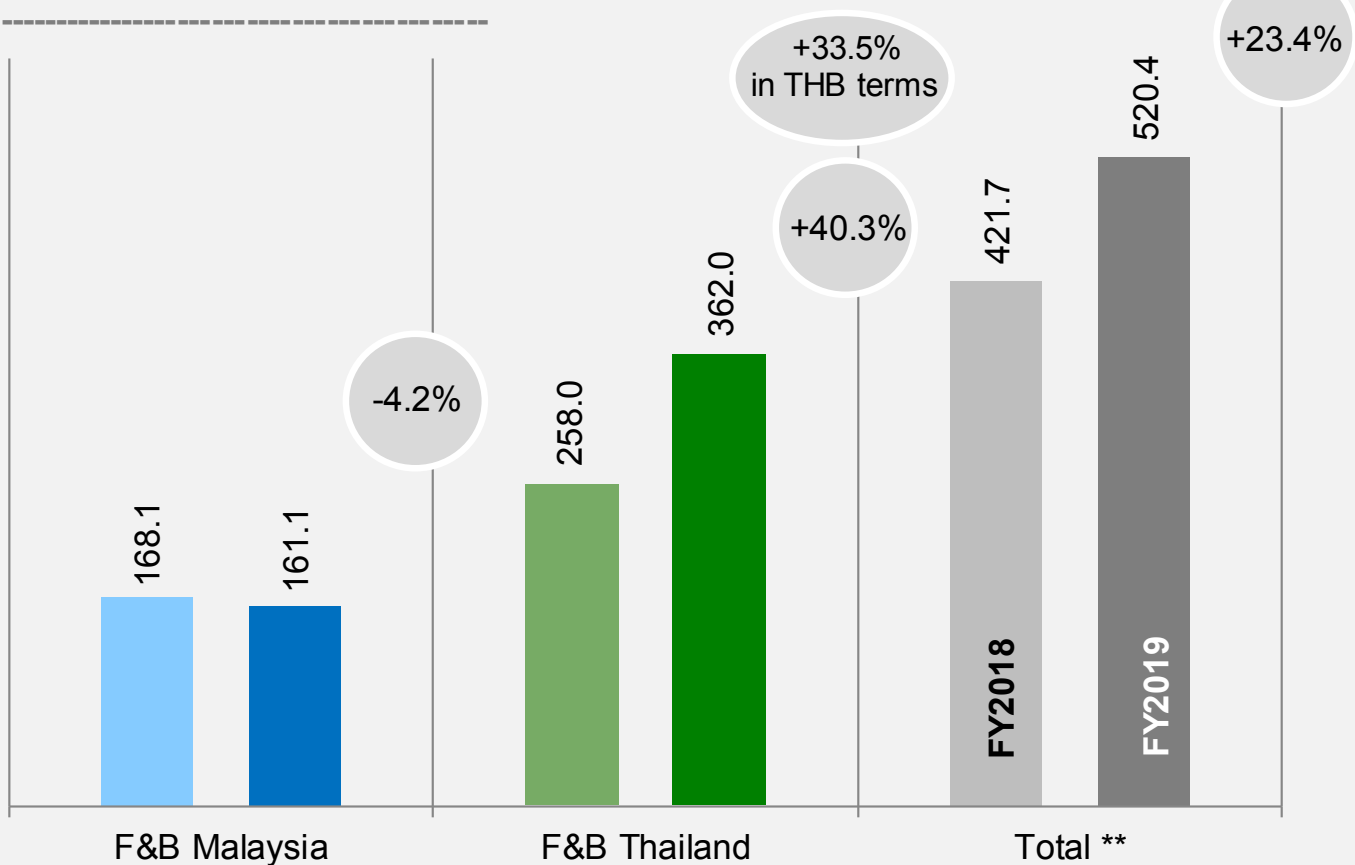
nm - not material

The comparatives have been restated in respect of adjustments for MFRS 15 *Revenue from Contracts with Customers*.

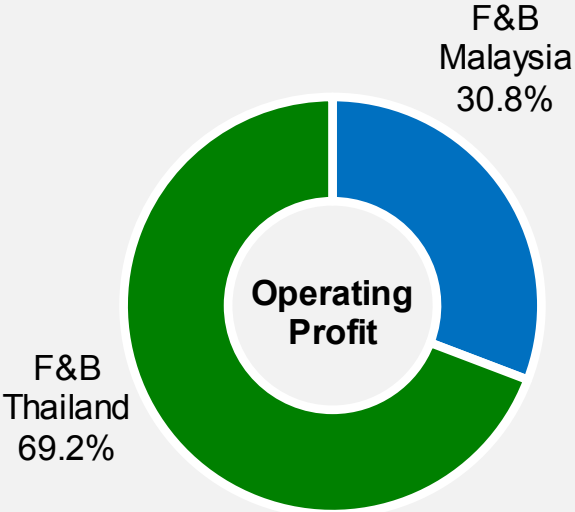
Operating profit grew +23.4% to RM520.4 million
Driven by strong contribution from F&B Thailand



Operating Profit FY2019
by Business Segment (RM'mil)



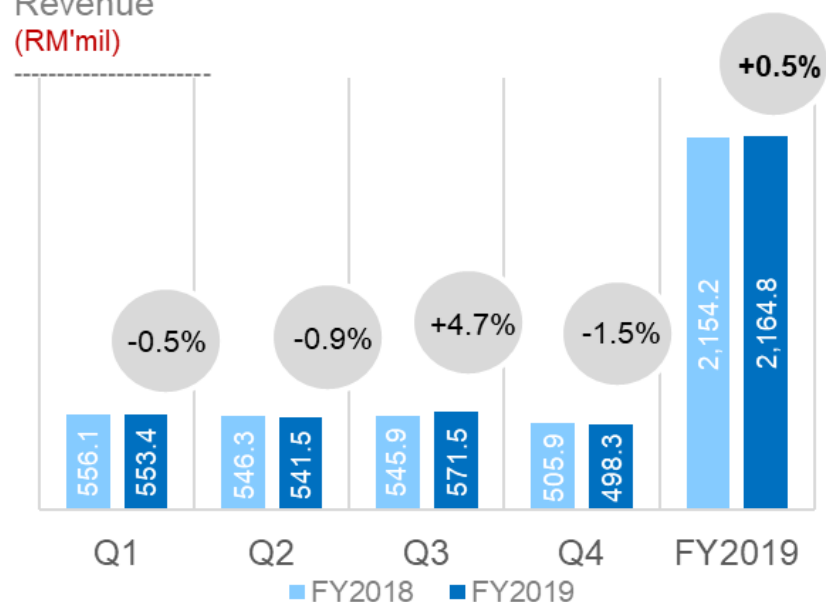
Operating Profit
F&B Malaysia : F&B Thailand (%)



nm - not material
** Adjustments and eliminations are not shown in the chart



Revenue
(RM'mil)



Note: Actual FY 2018 has been restated for MFRS 15 Revenue from Contracts with Customers.

Positive revenue growth at RM2.16 billion, driven by successful festive sales for beverages

F&B Malaysia overall performance in FY2019 was underpinned by:

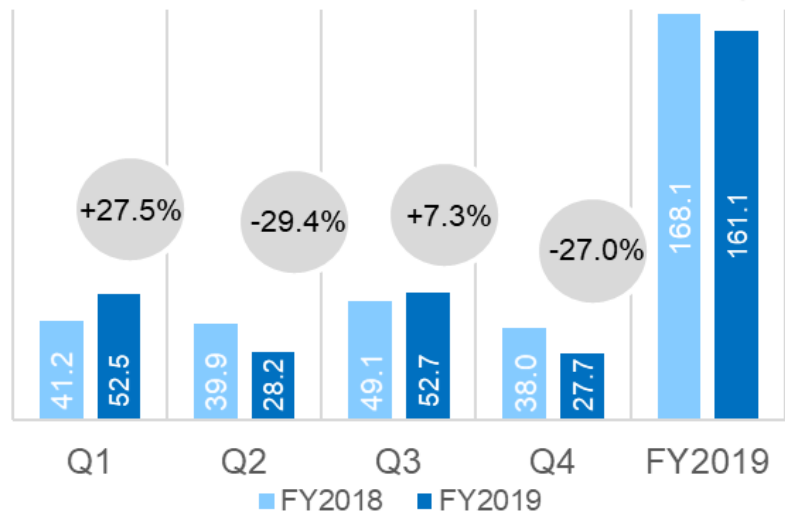
- higher beverages sales from successful festive promotions during Chinese New Year, Hari Raya Aidilfitri and Harvest festival, where sales volume for beverages grew by 4.9%;
- continued efforts in strengthening and deepening the route-to-market; especially in East Malaysia; and
- successful reformulation of 90% of F&N's ready-to-drink products in Malaysia which are healthier options below the sugar tax threshold.

F&B Malaysia's revenue improved marginally from RM2,154.2 million to RM2,164.8 million for the year due to:

- higher sale of value pack types;
- higher trade spending;
- absence of a one-off contract packing business in the previous year; and
- competition in the canned milk segment.



Operating profit
(RM'mil)



Note: Actual FY 2018 has been restated for MFRS 15 Revenue from Contracts with Customers.

- F&B Malaysia's operating profit in FY2019 eased 4.2% to RM161.1 million.
- Excluding one-off and non-operating items, operating profit for F&B Malaysia was 15.5 per cent higher compared to last year.



It has been our mission to lower the overall sugar index and offer at least one healthier option in every category we are in by the year 2020.

The excise duty on sweetened beverages accelerated this process and today, 90 per cent of our RTD beverages sold in Malaysia are healthier options and below the excise duty threshold.



90% of our beverages sold in Malaysia
are **healthier options**

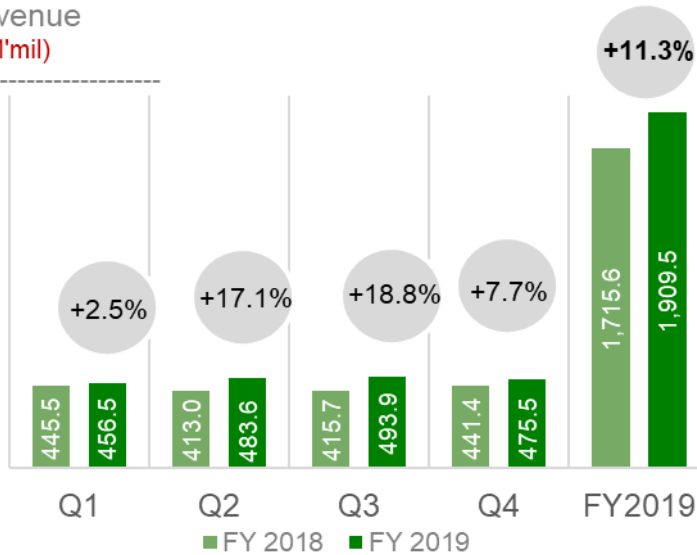
Below sugar-sweetened beverages
excise duty threshold

Positive response from consumers to our
re-formulated products

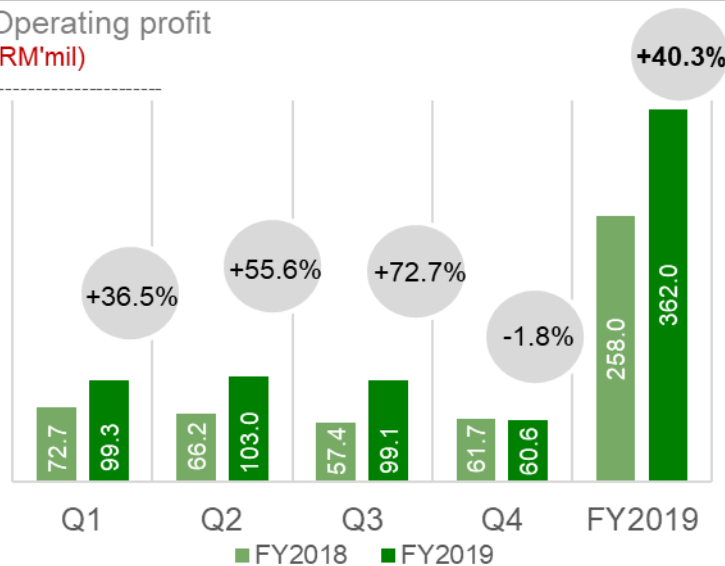




Revenue
(RM'mil)



Operating profit
(RM'mil)



Continued momentum and strong performance from F&B Thailand

F&B Thailand revenue grew by 11.3% to RM1,909.5 million (in THB terms + 5.9%).

The strong growth momentum in domestic, Indochina and export markets was driven by:

- successful innovations and effective execution of marketing and branding initiatives;
- better managed pricing and discounts;
- supported by capacity expansion; and
- aided by strengthening Thai Baht against the Ringgit.

On the back of higher revenue, F&B Thailand operating profit improved by 40.3% (33.5% in THB terms) to RM362.0 million attributed to:

- favourable input and packaging costs;
- operational cost savings;
- one-off withholding tax refund and reimbursement of import duty drawback which amounted to RM5.0 million and RM2.6 million respectively; and
- insurance claim received amounting to RM3.1 million (2018: Provision made -RM1.6 million) for stocks damaged by fire at the co-manufacturer's plant.

Profit after tax grew +13.6% despite the impact of corporate tax payment this year, following the full utilisation of the tax incentives granted by Thailand Board of Investment.



Building Exports as Our Third Pillar

Expanding our reach to
+7 new countries in FY 2019
(including Seychelles, Oman,
Bahamas)



CONTRIBUTION OF
TOTAL EXPORTS
FY2019

17% GROUP
REVENUE

GROUP
OPERATING PROFIT **13%**

The Group is committed to continue to build Exports as our third business pillar and achieve target Group export revenue of RM800 million by 2020.

CONTRIBUTION OF
EXPORT REVENUE TO
SEGMENT REVENUE
FY2019



16% F&B
MALAYSIA

F&B
THAILAND

17%



A young girl with dark hair is drinking from a clear glass. In the foreground, there is a glass pitcher filled with white soy milk and a bowl of fresh red strawberries. To the right, a carton of Nutri Soya Milk is visible. The background shows a kitchen with green cabinets and a white countertop.

OUR HIGHLIGHTS

Goodness

UPGRADE OF CAN MAKING FACILITIES @ PULAU INDAH



1st phase : Completed
2nd & Final phase : In-Progress

The commissioning of the new can making lines and replacement of aged equipment is to reduce our operational costs and sustain our quality standards.



CHILLED AND UHT PRODUCTION CAPABILITY

@ PULAU INDAH



“

Project In-Progress

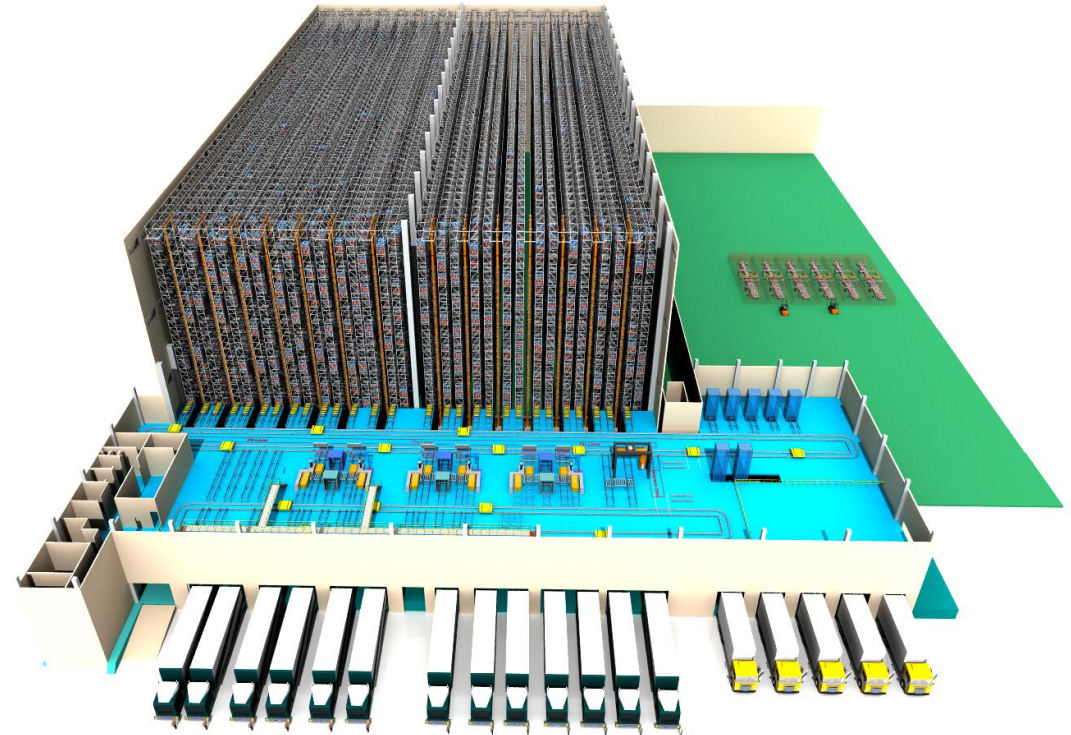
Construction of Chilled and UHT Production lines to increase product offerings (fresh milk and juices), improve product freshness and operational cost savings.

”

INTEGRATED WAREHOUSE @ SHAH ALAM



Artist Impression



Project In-Progress

Integrated Warehouse building with Automatic Storage & Retrieval System (ASRS) will help to maximise the storage capacity per land area, reduce operational costs and the delivery lead time to customers.

PRODUCTION PLANT

@ KOTA KINABALU INDUSTRIAL PARK (KKIP)



Artist Impression



Project In-Progress

The investment will lower our carbon footprint (shorten supply chain in Sabah) as well as expand our production capability in the Greenfield of KKIP.



NEW SBC/SCM PROCESSING LINES @ ROJANA FACTORY



“

Completed in August 2019

The commissioning of new processing lines are to increase existing capacity for the production of sweetened beverage creamer (SBC)/sweetened condensed milk (SCM).

”

NEW PRODUCTS in FY2019



New products launched in Malaysia in **FY2019**



New products
launched in Thailand
in **FY2019**

F&N Magnolia
Lactose Free Milk Product
(Chocolate Mint, Plain,
Vanilla White Choc)

F&N Magnolia
Ginkgo Plus
Salted Caramel Milk

TEAPOT
Sweetened Beverage Creamer
Caramel





Kota Kinabalu	12 October 2019
Kuala Kinabalu	25 October 2019
Kuala Lumpur	16 November 2019



Participation
from
over **20,000**
Malaysians



OUR AWARDS & RECOGNITION

ENVIRONMENTAL



**F&N DAIRIES
THAILAND**

CSR-DIW Continuous Award 2019
from Ministry of Industry, Thailand
(9th consecutive years)

Thailand Kaizan Award 2019:
Gold & Silver Medal
from Technology Promotion Association
(Thailand-Japan)

3Rs+ Award 2019
from Department of Industrial Works, Thailand



**F&N DAIRIES
MANUFACTURING
PULAU INDAH**

**Best Practices on
Solid Waste Management 2018**
from Solid Waste Corporation, Malaysia

MARKETPLACE



**F&N DAIRIES
THAILAND**

FDA Quality Award 2019
from Thai Food & Drug Administration
(7th consecutive years)



**FRASER & NEAVE
HOLDINGS BHD**

QUDAL - Quality Medal 2018/2019
(Soft Drink)
from Internal Certification Association

WORKPLACE



**FRASER & NEAVE
HOLDINGS BHD**

Graduates' Choice Award 2019
1st runner up
- Most Attractive Employer in FMCG

Malaysia Best Employer
Brand Awards 2019
from Employer Branding Institute

Asia Best Employer
Brand Awards 2019
from Employer Branding Institute



**F&N DAIRIES
THAILAND**

**National Occupational Health
& Safety Award**
from Ministry of Labour, Thailand



PUTRA BRAND AWARD 2019

Gold in Non-alcoholic Beverage
(8th Gold Award)



INTERNATIONAL INNOVATION AWARDS 2019

Product, Service & Solution and
Organisation & Culture

A man with a beard and dark hair is sitting on a train, leaning back against a metal railing. He is wearing a blue t-shirt and a yellow towel draped over his shoulders. He is holding a blue and yellow water bottle to his mouth with his right hand and a smartphone in his left hand. He is wearing white earbuds and a black watch. The background shows a bright, hazy sky with clouds, suggesting a sunset or sunrise. A red banner is overlaid on the left side of the image.

FINAL DIVIDEND

Higher Final Dividend 33.0 sen/share (2018: 30.5 sen/share)



	FY 2019	Change ³
Total equity ¹ (RM'mil)	2,529.4	▲ 9.7%
Total assets (RM'mil)	3,503.8	▲ 4.7%
Net cash (RM'mil)	446.4	▲ 121.5%
Net assets per share (RM)	6.90	▲ 9.7%
Gearing ratio ² (%)	4.9%	▼ 9.7 p.p.

1 Includes non-controlling interest

2 Total debt / Total equity

3 Comparison against 30 September 2018 (restated)

- In line with higher Group earnings for the financial year ended 30 September 2019, the Board of Directors recommend a **higher final single tier dividend of 33.0 sen per share** (2018: 30.5 sen per share), for approval by shareholders at the forthcoming Annual General Meeting.
- If approved by shareholders, the **total dividends** for the year would amount to **60.0 sen per share** (2018: 57.5 sen per share).
- Takes into account Group's capital position, working capital requirements and capital expenditure investments.



PROSPECTS

Enjoyment





■ F&B Malaysia

- Overall domestic market for F&B Malaysia to remain challenging amidst the continuous competitive pressures in the canned milk and the ready-to-drink beverage segments.
- After the successful reformulation exercise, we will be **sharpening our focus on commercial execution** in preparation for 2020 Chinese New Year festive sales, which will be held earlier than past year.

■ F&B Thailand

- Although the Thai economy is projected to grow at a slightly higher rate of 3% in 2020 vs current year, external and domestic headwinds remain.
- Our outlook on our operations in Thailand remain positive given the **strong brand equity and product portfolio**, supported by our **pipeline of innovations**.
- We believe the strong foundation that we have laid in the past and the investment in brand spending and new product launches in the 4Q of FY2019 will continue to drive our growth in F&B Thailand.



■ Exports

- The ongoing US-China trade war and geo-political tension in Middle East have created uncertainties in our operating environment.
- The stronger Thai Baht has also affected F&B Thailand export competitiveness.
- Remain committed to continue to build **Exports as our third business pillar** and achieve target Group export revenue of RM800 million by 2020.
- In preparation to establish a **new subsidiary in Dubai** to increase and deepen our presence in Middle East and North Africa region.
- Collaborating with overseas **e-commerce** companies to expand our Export sales channel

■ Raw and packaging material prices expected to remain volatile.

- Certain dairies input prices have remained high.
- We have hedged a portion of our requirements ahead for the new financial year.
- Continue to closely monitor the raw material prices and take necessary measures to mitigate the impact.



ESTABLISHING OUR 4th PILLAR

Our Plans to Venture into Integrated Dairy and Crop Farming

- Entered into a conditional agreement to acquire 4,454 hectares of leasehold land in Chuping, Perlis ('Ladang Chuping').
- Pending approvals from relevant authorities, F&NHB is set to become a major player in the fresh liquid milk market sector.
 - to explore the upstream insourcing of fresh milk.
 - to expand fresh milk consumption in Malaysia.
 - increase fresh milk self-sufficiency for the country.
 - participate in the economic development of the Northern Corridor Economic Region.
- Multi-pronged investment of RM650 million (including the cost of purchasing Ladang Chuping).

Why Dairy Farming?

F&N Supports the Government's Health Agenda



F&N's active actions to address our Government's Agenda

ORIGINAL RECIPES IN SMALLER PACK SIZE

- **Portion control packs** for:
 - F&N Orange Crush, Classic Sarsi, etc.
- Total sugar per serving reduced.
- Affordable price even after sugar tax.



Then



Now

REDUCED SUGAR RECIPES

- Products with **GREAT TASTE LOWER SUGAR** recipes will be launched.
- With the experience from 100PLUS Reduced Sugar, we are confident of doing so.



PORTFOLIO TRANSFORMATION

- **Speed up innovations** into healthy product categories, value added benefits, +Vitamins, etc.
- We are investing **RM30m capex** in Shah Alam plant to enable multiple new products to be produced from Oct 2019.



But F&N
wants to do
more in
**Health
and
Wellness**
segment!

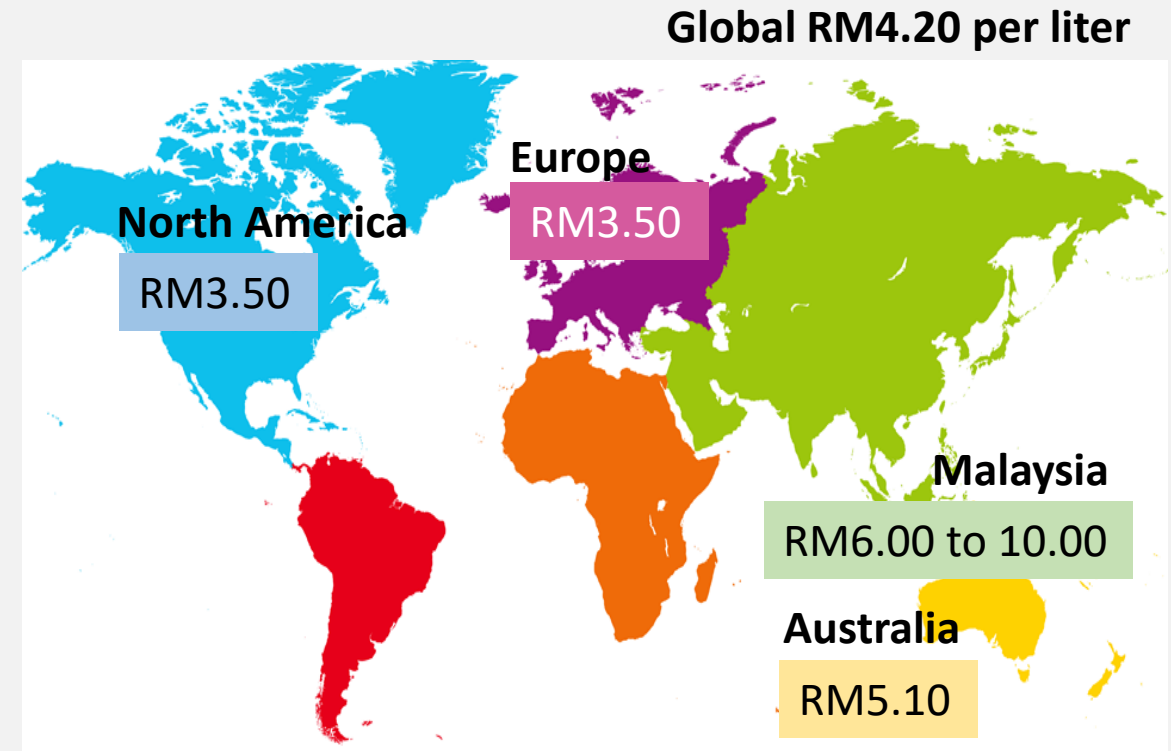
Fresh Milk is Identified as a New Pillar of Growth for F&N



F&N has the ambition to play more actively in fresh milk, a healthy product category.

But there are massive constraints, resulting in F&N pulling back from further investments :

- Local fresh milk is inadequate. As such, our farm gate price is one of the highest in the world.
- Imported milk is controlled by strict quota. If quota is given, a 20% import tax is levied. With strict quota control, we often go from “hand to mouth”.
- The combination of the above factors means that consumers in Malaysia are “deprived” of affordable quality fresh milk, a basic good in many countries.



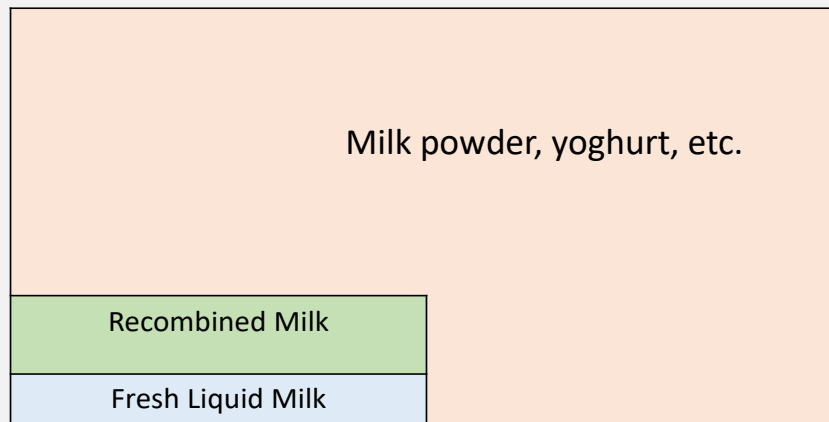
PRICE PER LITER RTD MILK (at USD1 = RM4)

Low Local Fresh Milk Production Means Low Self Sufficiency



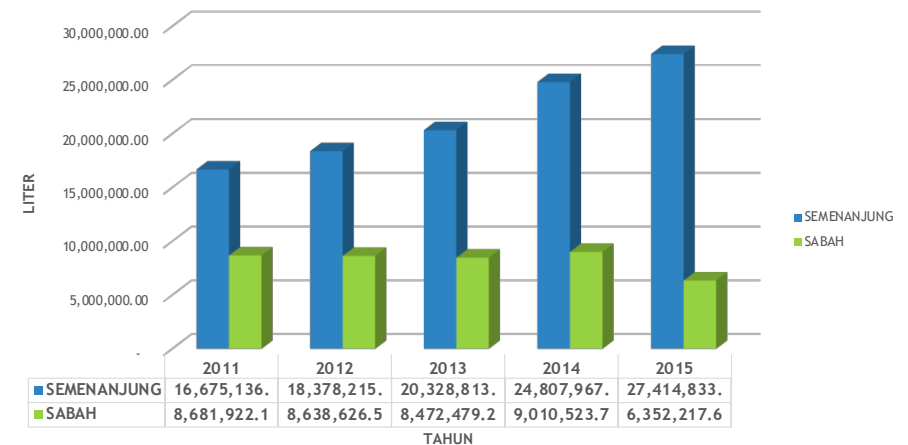
At RM 5bil value, overall dairy consumption in Malaysia is not low. Malaysia is one of the **highest per capita market** in the region.

- Dairy products consumed in Malaysia are almost entirely made from imported milk powder.
- This is consistent with the low **dairy self sufficiency** in Malaysia of 34mil litres or **3%** as reported by Dept of Veterinary Services.



MILK PRODUCTION (MALAYSIA)

JUMLAH PENGELUARAN SUSU SEMENANJUNG DAN SABAH
BAGI TAHUN 2011 HINGGA 2015



Self Sufficiency Level	2.71%	3.05%	3.73%	3.33%	3.27%
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DEPARTMENT OF VETERINARY SERVICES, MALAYSIA

F&N Dairy Farming Strategy

Integrated Dairy Farming Strategy



1. Addressing the Heat and Humidity

Adopt the American Commercial Farming Model

- The European/Australia/NZ Grass Grazing model is not suitable for our hot & humid climate.
- From research, the team found that American companies have been successful in high yield mega farms in hot climate with the confined dairy system e.g. tunnel ventilated barn system.



2. Addressing High Feed Cost

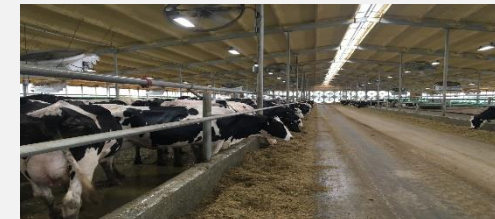
Large contiguous field is needed to grow self sufficient forage with mechanization farming (as main feed) while importation of concentrates are still required for balanced nutrition.



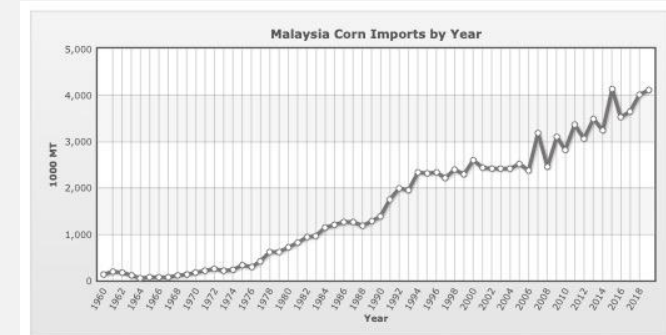
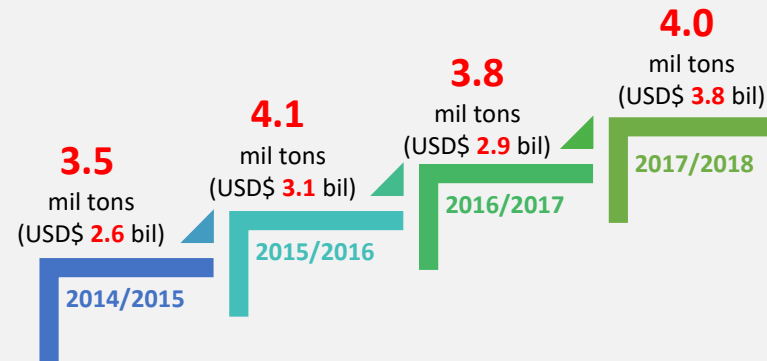
3. Addressing Bio Security

Global Farm Management Practices

- Each farm is “protected” from the outside world by the large crop land surrounding it.
- No visitors to the farms. Only farm workers will get into contact with the animals.



Crop Farming Ambition to support Agriculture Roadmap



- Malaysia **imports 4+mil tonnes of corn grains** annually from Argentina, Brazil, etc. for feed to chicken, cattle, goat and fish. Malaysia chicken production is at 110% self sufficiency level but we rely fully on imported feed.
- Our Government's aim is to **reduce dependency by at least 50%**. Commercial corn farming could be a long-term solution for stabilising the prices our nations' main and cheapest protein i.e. chicken.
- F&N plans to allocate over **3,000 Ha** of the land in **Chuping into crop farming**.
 - Other than supplying the dairy farm, excess corn grains will be sold to the local market.
 - In the medium term, F&N aims to develop corn growing as a separate business, either by leasing empty land parcels or in partnership with land owners.
- F&N also aims to develop a **local program** in crop farming practices whereby farmers can work for the farm and/or supply crops from their own farm to F&N AgriValley.

Expansion Plans for Community and Beyond



Agriculture/Agronomy



(i) Goat farming as an alternative milk source for consumers.



(ii) Develop R&D centre in grain or seed science to produce high yielding crops and to encourage participation from local farmers.



(iii) Expand the local fruit crop output produced yearly by collaborating with local agencies such as MARDI on R&D.

Eco-Tourism

Expand the hospitality industry with home stay with farm visits, farm tours, restaurant/café, organic farm, R&D gallery.



Manufacturing

On-site manufacturing activities:

- Dairy Processing and packaging factory
- Chocolate factory
- Ice cream factory
- Cheese factory



Education

Provide agronomy academics to local universities.



Conduct local program in crop farming best practices.



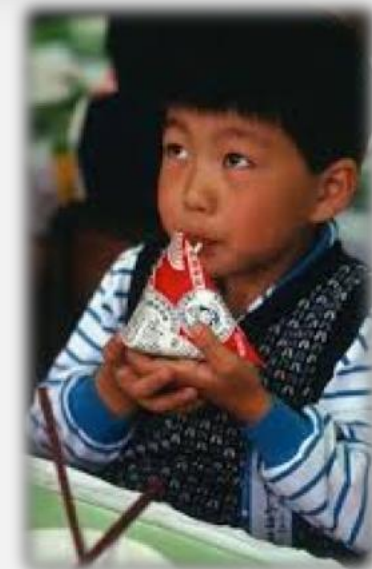
Our various expansion plans will enable local university students to have internship opportunities in many related subjects.



Conclusion: What do we Aim to Achieve?



- With the right model from grass to glass, F&N aims to be the producer of world class fresh milk at significantly lower costs.
- With scale, we can price our fresh milk lower to enable conversion from imported milk powder. If Vietnam has 294,400 dairy cows, how about us?
- Together with relevant stakeholders, we intend to offer school milk under RM1.00 per 180ml pack.
- This project is not just a profit-oriented project, but one with wider societal benefits in mind.
- Not only it contributes toward national food security agenda, it also aims to uplift the standard of agricultural sector in Malaysia, among other things.
- From an importer, potentially making Malaysia an exporter of fresh milk.





FRASER & NEAVE HOLDINGS BHD



A member of the FRASER AND NEAVE Group