



**FUTURE
READY**



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1H FY2019

F&NHB GROUP FINANCIAL PERFORMANCE



1H FY2019 F&NHB GROUP FINANCIAL PERFORMANCE



Revenue

(RM'mil)

RM2,035.7

▲ 3.8%

Operating profit

(RM'mil)

RM282.1

▲ 31.4%

Operating profit margin

(%)

13.9%

▲ 2.9% p.p.

Profit after tax

(RM'mil)

RM227.3

▲ 14.0%

Earnings per share (basic)

(sen)

62 sen

▲ 7.5 sen



F&NHB 1H FY2019 profit after tax rises double digit
fuelled by strong second quarter performance.

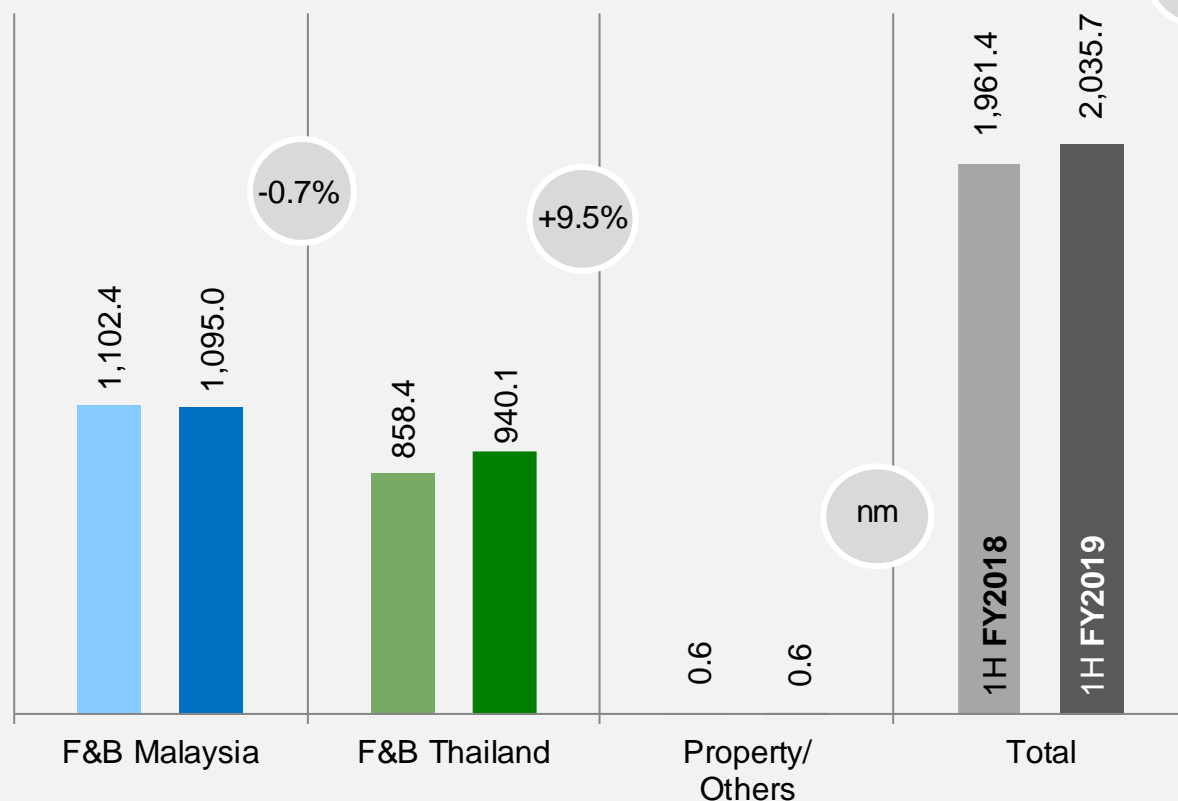


1H FY2019 Revenue grew 3.8% to RM2,035.7 million

Uplifted largely by strong growth in revenue from F&B Thailand

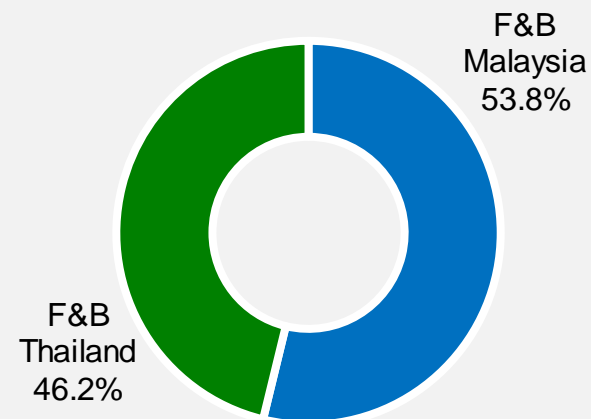


Revenue 1H2019 by Business Segment (RM'mil)



nm - not material

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



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

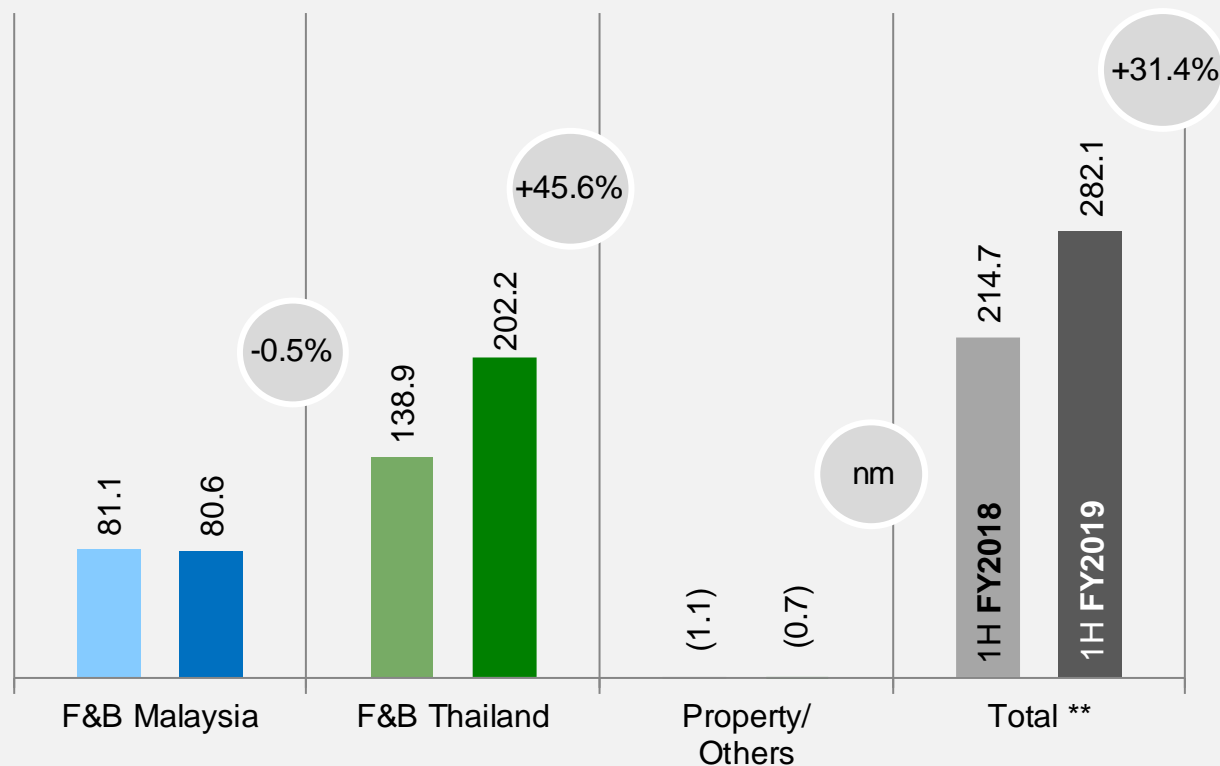
1H FY2019 Operating profit grew 31.4% to RM282.1 million

Driven by positive contribution from F&B Thailand



Operating Profit 1H2019

by Business Segment (RM'mil)

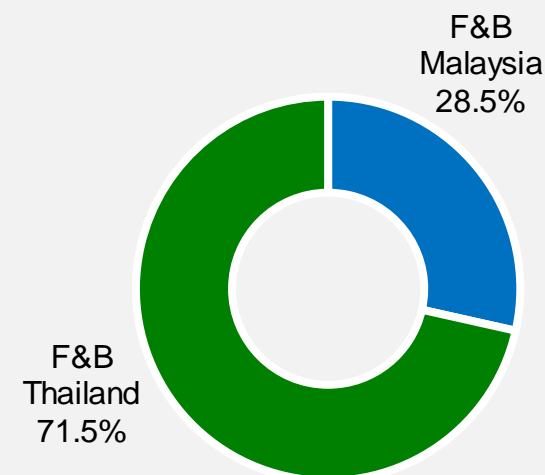


nm - not material

** Adjustments and eliminations are not shown in the chart

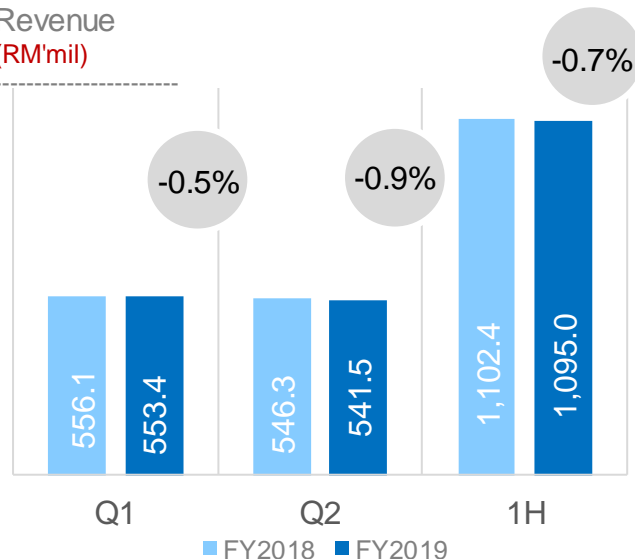
Operating Profit

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

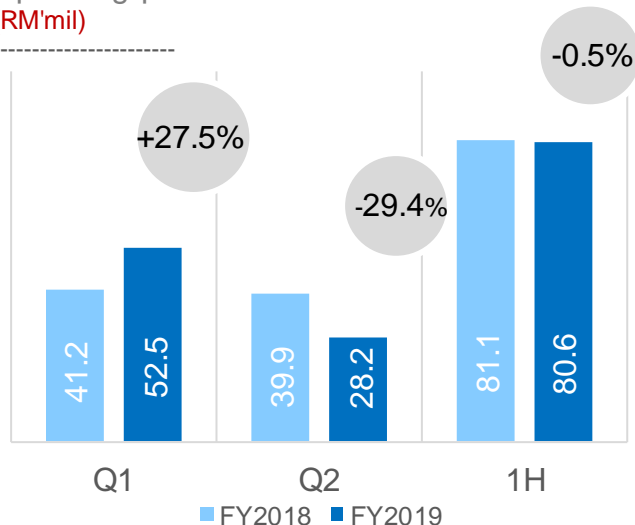




Revenue
(RM'mil)



Operating profit
(RM'mil)



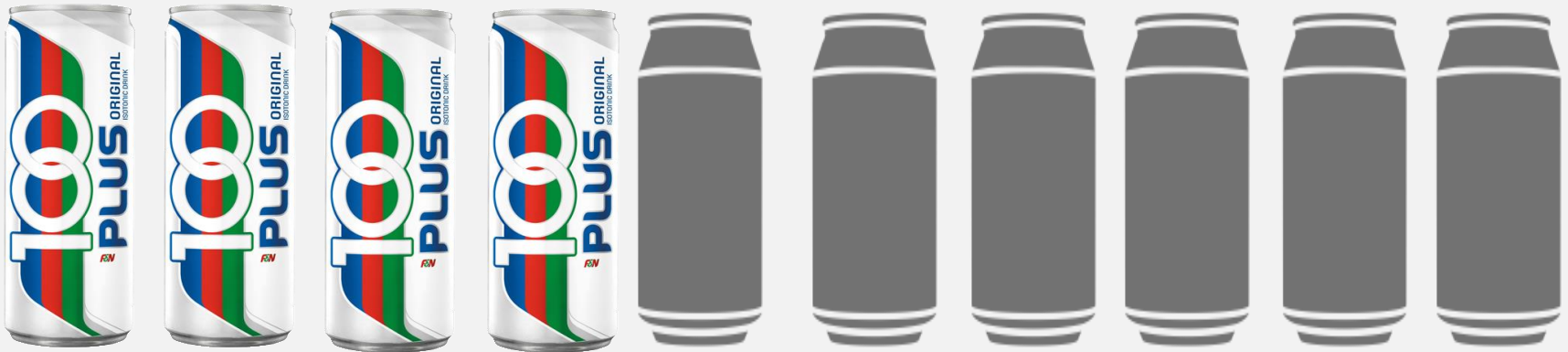
Higher beverages sales volume driven by successful Chinese New Year (“CNY”) promotions but offset by softer canned milk sales

- **Sales volume grew 2.9%**, mainly contributed by higher beverages sales from:
 - successful CNY activations and promotions;
 - improvement in route-to-market; especially in East Malaysia; and
 - growth in export volume ex-Malaysia in the 2nd quarter as sales to Middle East, Northern Africa and ASEAN countries are gaining traction.
- Revenue however remained flat due to **softer canned milk business** and higher trade promotions.
- **Operating profit** for F&B Malaysia declined by 0.5% to RM80.6 million due to:
 - higher trade promotions;
 - marketing expenses; and
 - distributions costs;
 - offset by net favourable input and packaging costs.

STRONG START FOR THE YEAR - CNY



Out of every **10** cans of carbonated soft drinks sold,
in the period leading up and during CNY,
4 were **100PLUS**.



100PLUS achieved its five-year record high market share spike
in CNY 2019.

* Market data sourced internally

INSOURCING FOR CAN MAKING



1st phase completed

The commissioning of the new can making line will allow us to be self sufficient, thereby increasing our capacity, capability and operational cost savings.

WHAT'S NEW IN MALAYSIA ?



Limited Edition 100PLUS Colours



100 PLUS
AKTIFKAN
POTENSIMU



MIRA FILZAH
Pelakon TV /
Duta 100PLUS



Edisi
Terhad



HAIRUL AZREEN
Pelakon TV /
Duta 100PLUS



MS1500 : 2009
1009-01/2004



FRANCE'S Biggest Half-Marathon

1 March 2019 | Paris



OFFICIAL
ISOTONIC DRINK
SPONSOR



MIHAS
MALAYSIA INTERNATIONAL HALAL SHOWCASE

Official
Platinum
Sponsor

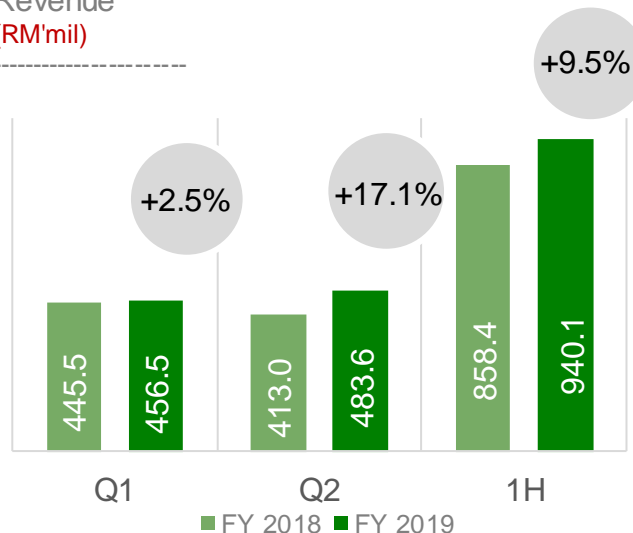


16TH MALAYSIAN INTERNATIONAL HALAL SHOWCASE
3 – 6 April 2019 | MITEC, Kuala Lumpur

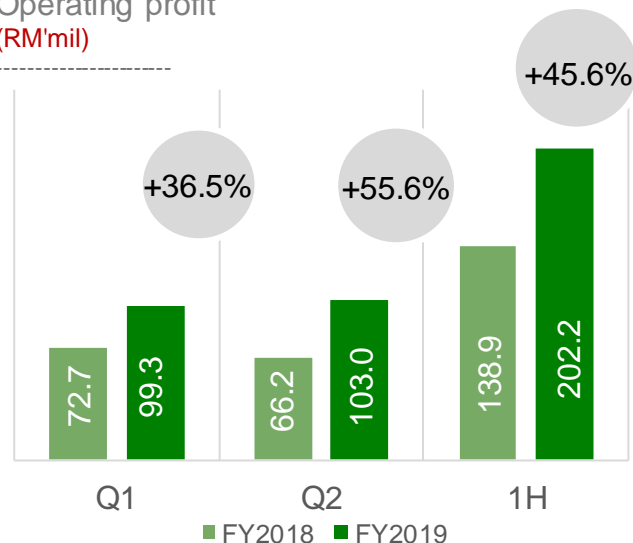




Revenue
(RM'mil)



Operating profit
(RM'mil)



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

Strong 1H FY2019 performance from F&B Thailand

- Revenue improved 9.5% to RM940.1 million due to:
 - Successful execution of push and pull programs** in all sales channels, marketing and branding initiatives in domestic and Indochina markets.
 - Revenue in Q2 increased 17.1% supported by:
 - Capacity expansion** as well as higher sell-in for the Songkran festival.
 - Higher exports** from the expansion of TEAPOT Sweetened Beverage Creamer Squeeze Tubes to Indochina.
- Operating profit rose 45.6% to RM202.2 million underpinned by:
 - higher sales;**
 - net favourable input prices; and**
 - one-off income amounting to RM3.8 million.**
- Profit after tax grew 14.8% despite commencing corporate tax payment this year.

WHAT'S
NEW
IN THAILAND?



F&N Magnolia Plus Lactose Free Milk

- Peppermint Brownie
- Plain
- Vanilla White Choc



TEAPOT Squeeze Caramel



Building Exports as Our Third Pillar



EXPORT MARKET:
69 countries
worldwide

CONTRIBUTION OF
TOTAL EXPORTS
1H FY2019

17% GROUP
REVENUE

GROUP
OPERATING PROFIT **15%**



For the 1H FY2019, export volume to halal markets has more than doubled compared to the same period last year.



CONTRIBUTION OF
TOTAL EXPORTS
1H FY2019



15% F&B
MALAYSIA

F&B
THAILAND **18%**



INTERIM DIVIDEND

Goodness



Interim Dividend Maintained at 27 Sen/Share



	1H 2019	Change ³
Total equity ¹ (RM'mil)	2,419.3	▲ 4.9%
Total assets (RM'mil)	3,387.7	▲ 1.3%
Net cash (RM'mil)	325.8	▲ 61.6%
Net assets per share (RM)	6.60	▲ 0.31
Gearing ratio ² (%)	7.4%	▼ 7.1%

1 Includes non-controlling interest

2 Total debt / Total equity

3 Comparison against 30 September 2018 (restated in respect of adjustments for MFRS 15 Revenue from Contract with Customers)

- **Interim single tier dividend of 27 sen per share** (2018: 27 sen per share)
- Takes into account Group's capital position, working capital requirements and capital expenditure investments.
- **Entitlement date: 23 May 2019**
- **Payment date: 13 June 2019**

A man with a beard and dark hair is sitting on a set of metal stairs. He is wearing a blue long-sleeved shirt, black leggings, 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. The background is a bright, hazy sky with a sun flare effect. A red banner is overlaid on the right side of the image.

BUSINESS OUTLOOK

Energised



BUSINESS OUTLOOK



- Overall domestic market for Malaysia is expected to remain challenging given the:
 - **intensifying competition** especially in the **canned milk segment**; and
 - the **implementation of excise duty on sugar sweetened beverages (“SSB”)**.
- Postponement of the imposition of excise duty on SSB to 1 July 2019 instead of the earlier proposed date of 1 April 2019 will help us better mitigate the impact for the financial year.
- The **prospects for Thailand are expected to be better**, following the improvement in the sweetened and unsweetened condensed milk segments.
 - The Group will invest in brand building to strengthen our product portfolio in the second half of the financial year.
- Prioritise on:
 - **strengthening our commercial strategies**;
 - **refining route-to-market execution**;
 - accelerating **innovations** post sugar tax; and
 - improving **operational efficiencies** across the business to generate profitable and sustainable growth.

BUSINESS OUTLOOK (continued)



- **Expand F&NHB's global reach** by increasing the brand's presence in new markets.
 - **On track to meet the RM800 million** Group sales target in 2020.
- **Raw and packaging material prices** in subsequent quarters are expected to remain **volatile**.
 - The Group has hedged its core commodity requirements with the corresponding foreign currency exposure wherever possible.
- Board and management will continue to be vigilant and to **explore new growth opportunities** in managing the changes in external environment.

PRODUCT TRANSFORMATION

Enjoyment



SUGAR SWEETENED BEVERAGES TAX



“Sugar Tax”

Government introduction of excise duty 40 sen per litre on sugary drinks in the form of Ready-To-Drink packaging on 2 categories:

CATEGORY 1

Beverages containing sugar or other sweeteners containing sugar **> 5 g per 100 ml**

Milk-based drinks (containing lactose), including flavoured milk containing **> 7 g per 100 ml**

CATEGORY 2

Fruit juices and vegetable juices containing sugar **> 12 g per 100ml**

*Postponed to 1st July 2019
from 1st April 2019 previously*

How Do We Mitigate the Sugar Tax?



3 General Directions

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.



Are We Ready for 1st July 2019?



- Yes, the postponement to 1st July 2019 provide us with more time to execute our mitigation plan.
- It is a big challenge, given our big portfolio of products.
- We are confident in mitigating most of the impacted categories and **minimise the impact to our Group**.
- We had a strong CNY and we are looking forward to stage a strong Hari Raya.
- In tandem with our promises of “Pure Enjoyment, Pure Goodness”, the Mission to our team is to roll out and **accelerate innovations** that deliver **healthier products that are tastier** at the same time.

OYOSHI SAKURA STRAWBERRY



Offering indulgence products to our consumers



Brewed from **100% organic green tea leaves**, the blend of **Sakura's** subtle floral aroma and the all-time favourite taste of **Strawberry** brings out a unique combination of sweetness with a hint of sourness to the taste buds.



Generate incremental VOLUME & REVENUE
in first 5 months (Nov 18 – Mar 19) for OYOSHI

Volume **+18%** Revenue **+17%**

CNY 2019
CAMPAIGN



F&N LYCHEE PEAR



Providing healthier options to our consumers

Introducing Malaysia's FIRST
Healthier Choice Logo-certified
non-cola Carbonated Soft Drink
with 4.9g sugar per 100ml

RAMADAN/
RAYA 2019
ACTIVATION



F&N SEASONS DOUBLE FRUITS TEA



Providing healthier options to our consumers

NATURAL + Benefits of 2X fruits



Naturally contains Antioxidant(Polyphenols)*

Low sugar <5.0g sugar/100ml

No added preservatives & Colouring



Improved
Apple Tea
formula

**F&N SEASONS
Apple
Pomegranate
Tea**



**F&N SEASONS
Watermelon
Lychee Tea**



READY FOR HARI RAYA 2019





FRASER & NEAVE HOLDINGS BHD



A member of the FRASER AND NEAVE Group