



FRASER & NEAVE
HOLDINGS BHD
(4205-V)

TRANSFORMATION IN ACTION

OPTIMISING THE VALUE CHAIN

First Half FY 2017/2018
Group Financial Highlights
4th May 2018

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.



Agenda

- Quarter 2 FY 2018 Group Financial Performance
- First Half FY 2018 Group Financial Performance
- F&B Malaysia
- F&B Thailand
- Dividends
- Half Year Highlights
- F&NHB: Going Forward
 - Business Outlook
 - GROWTH





FRASER & NEAVE HOLDINGS BHD

Quarter 2 FY 2018
Group Financial Performance

Quarter 2 FY 2018 F&NHB Group Financial Highlights



Financial Highlights	Q2 2017/2018	Q2 2016/2017	Change
Revenue (RM million)	1,014.5	992.7	2.2%
Profit before tax (RM million)	100.9	116.8	-13.6%
Profit after tax (RM million)	92.6	107.1	-13.5%
Basic earnings per share (sen)	25.3	29.2	-13.4%

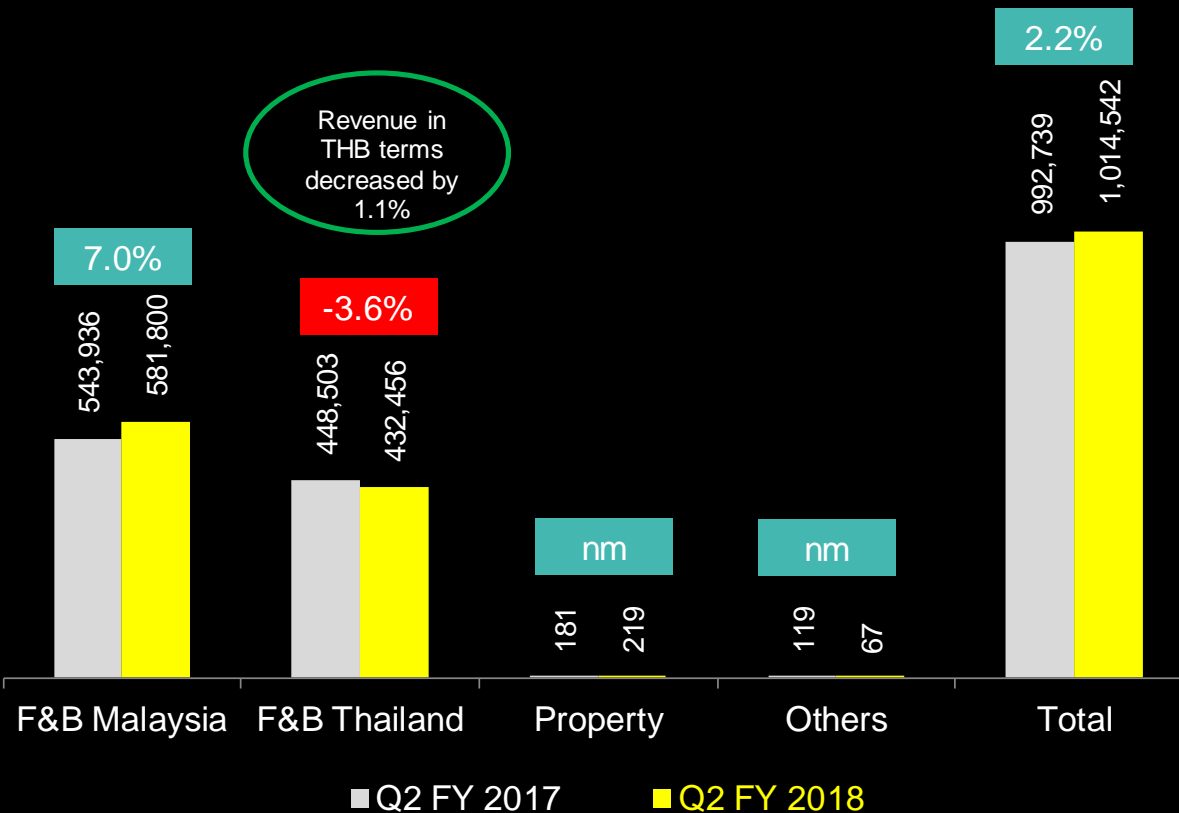
Higher revenue in Q2 driven by stronger exports and F&B Malaysia (Domestic) whilst profit before tax is impacted by higher raw material and packaging material prices.

Quarter 2 FY 2018 Revenue

Driven by stronger performance for F&B Malaysia

Revenue Q2 FY 2018

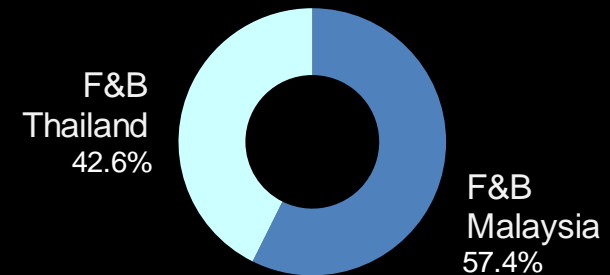
by Business Segment (RM'000)



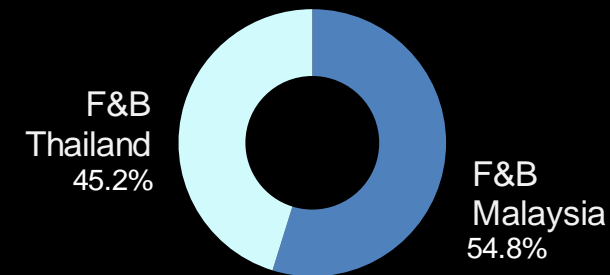
nm - not material

Revenue

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



Q2 FY 2018

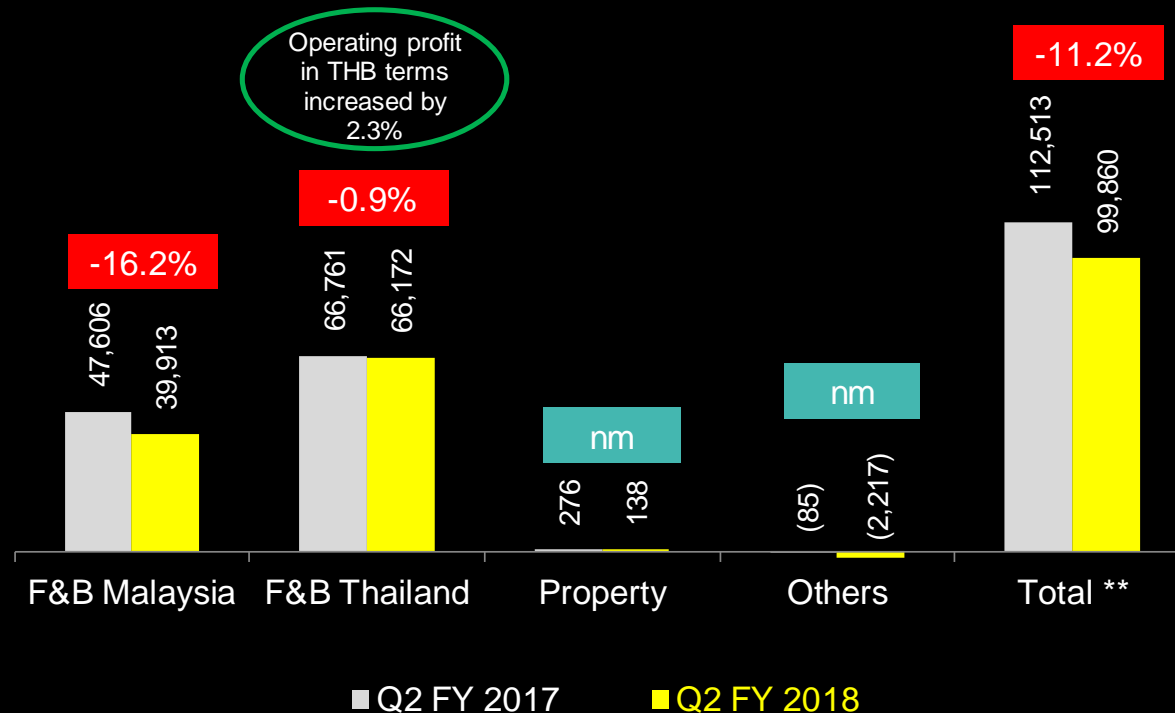


Q2 FY 2017

Quarter 2 FY 2018 Operating Profit

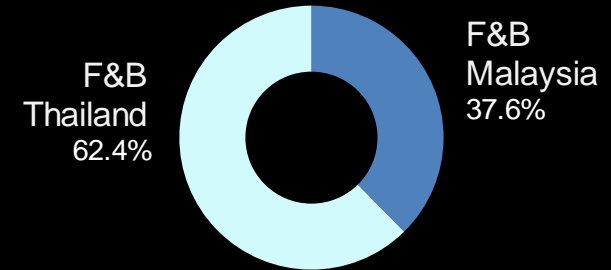
Impacted by higher input costs, especially for dairy products

Operating Profit Q2 FY 2018 by Business Segment (RM'000)

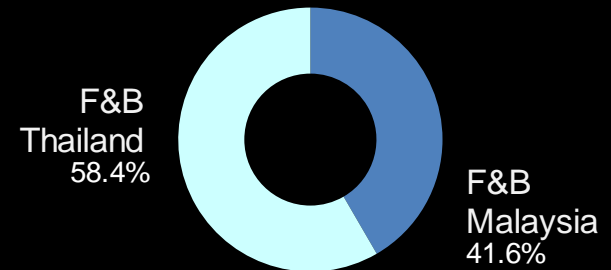


Operating Profit

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



Q2 FY 2018



Q2 FY 2017

nm - not material

** Adjustments and eliminations are not shown in the chart



FRASER & NEAVE HOLDINGS BHD

First Half FY 2018
Group Financial Performance

First Half FY 2018 F&NHB Group Financial Highlights



Financial Highlights	Half Year 2017/2018	Half Year 2016/2017	Change
Revenue (RM million)	2,083.5	2,083.8	-
Profit before tax (RM million)	216.0	260.8	-17.2%
Profit after tax (RM million)	199.4	234.3	-14.9%
Basic earnings per share (sen)	54.5	64.0	-14.8%

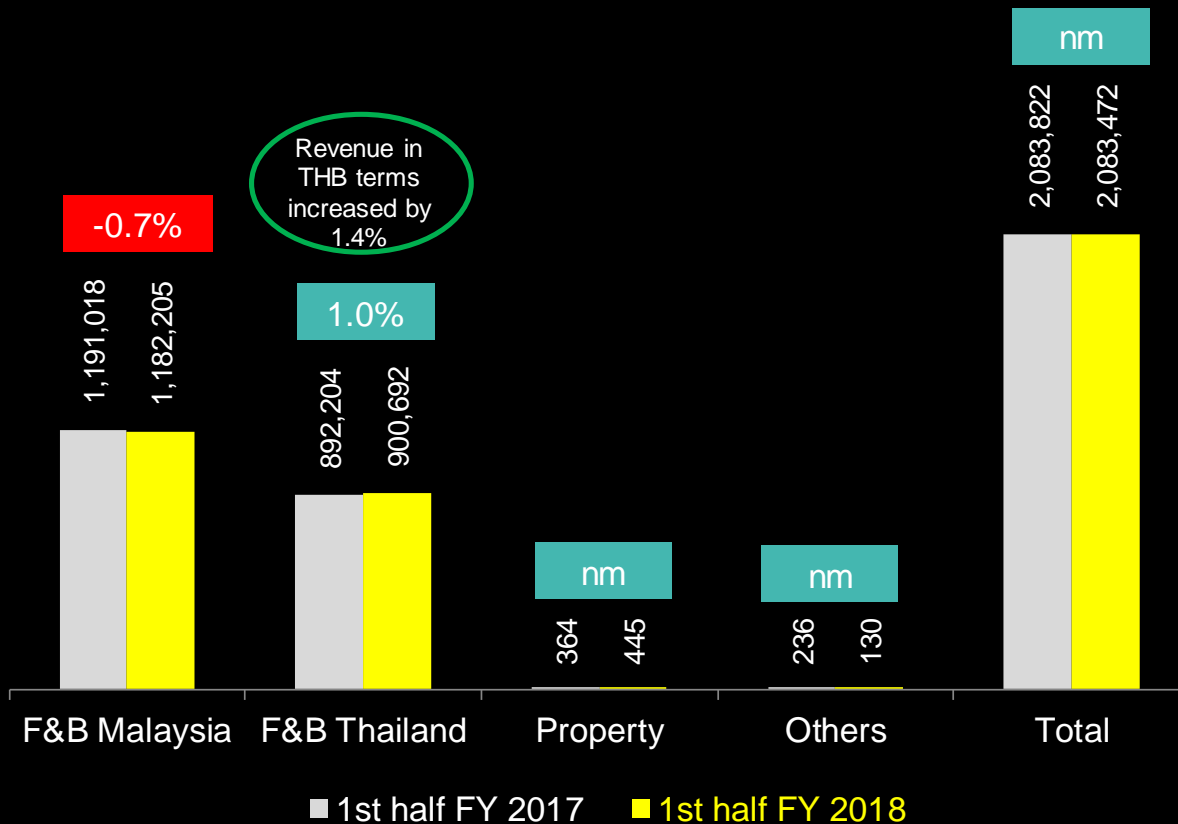
F&NHB first half performance reflects the current challenging environment for beverages business with continued weak consumer sentiments, rising raw and packaging material prices and intense competition.

First Half FY 2018 Revenue

maintained at RM2 billion

Revenue 1st half FY 2018

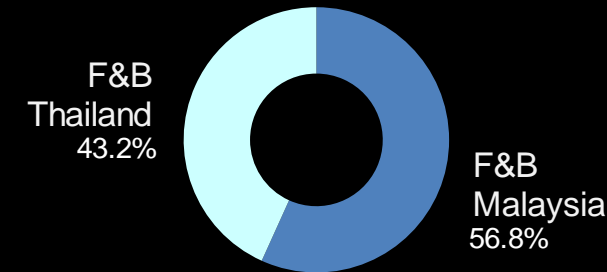
by Business Segment (RM'000)



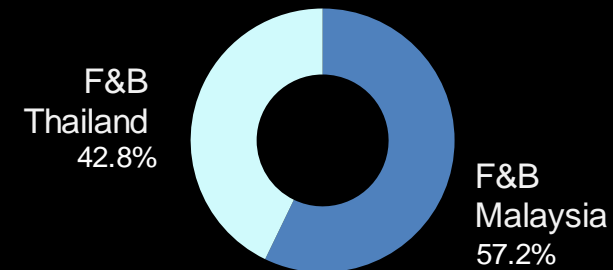
nm - not material

Revenue

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



1st half FY 2018

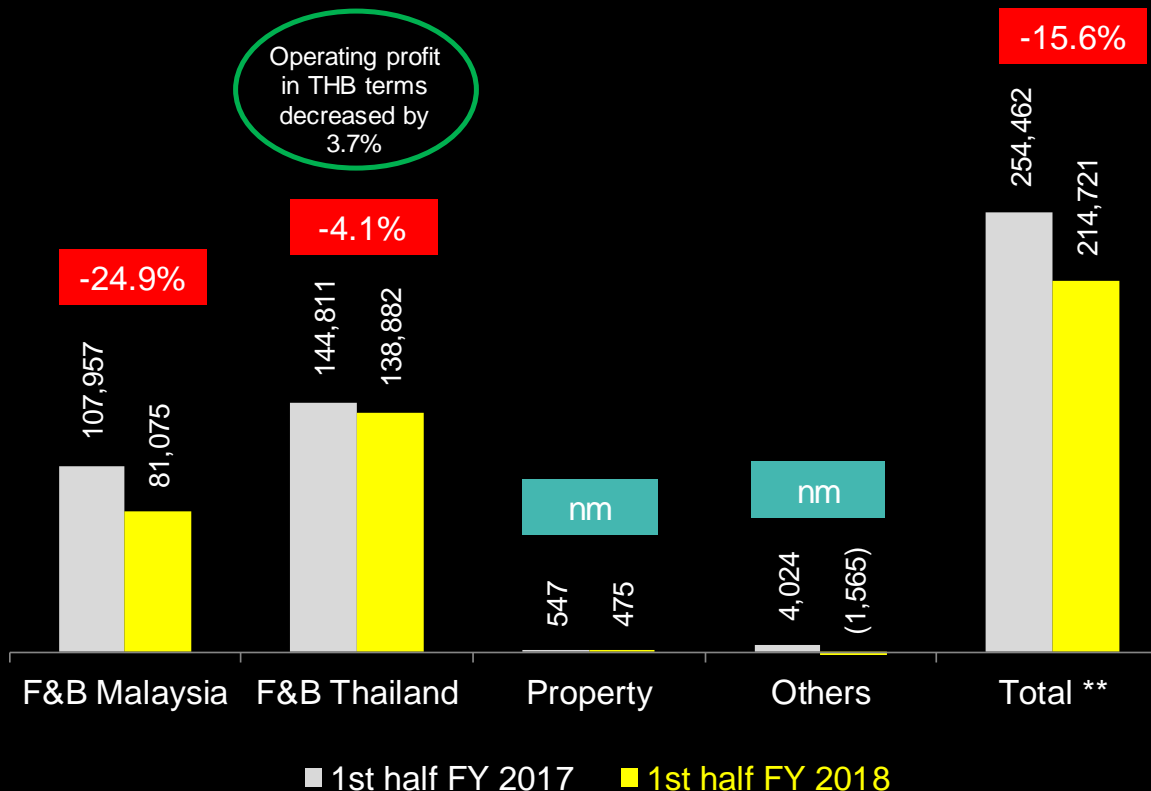


1st half FY 2017

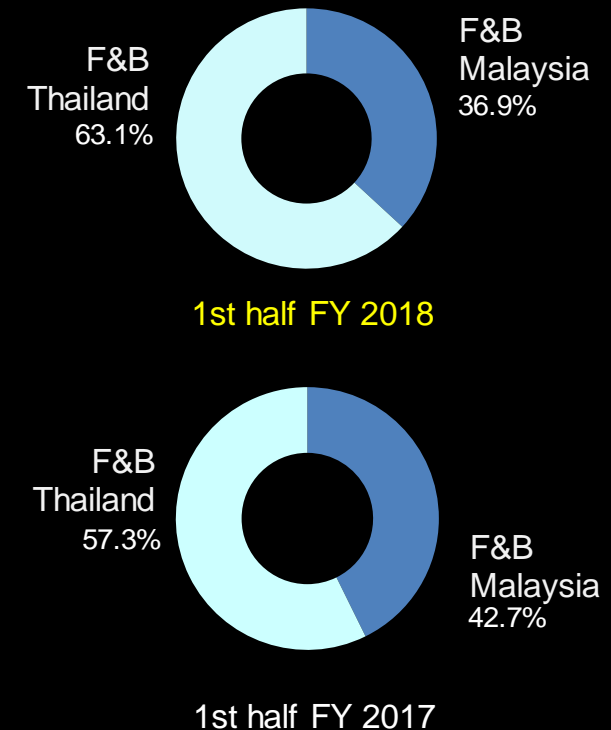
First Half FY 2018 Operating Profit

impacted by higher raw and packaging material prices

Operating Profit 1st half FY 2018 by Business Segment (RM'000)



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



nm - not material

** Adjustments and eliminations are not shown in the chart



FRASER & NEAVE HOLDINGS BHD

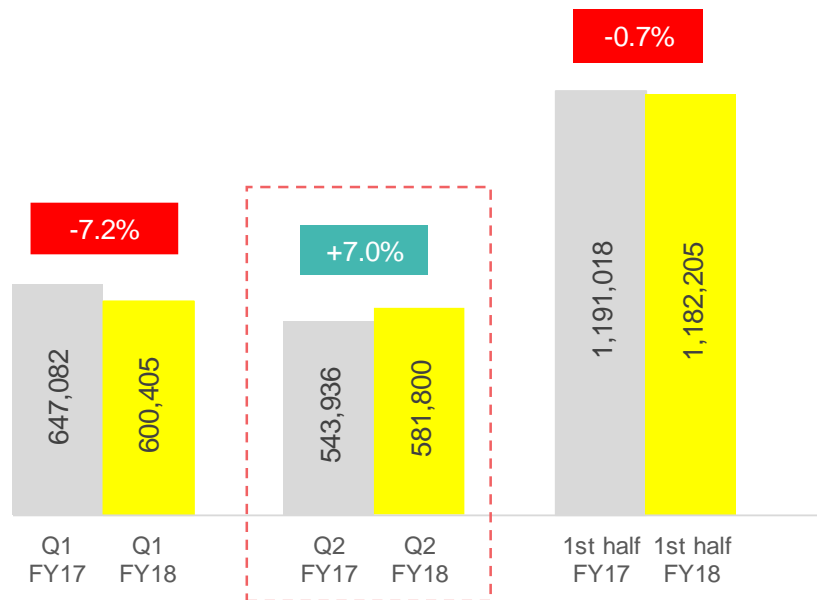


F&B Malaysia

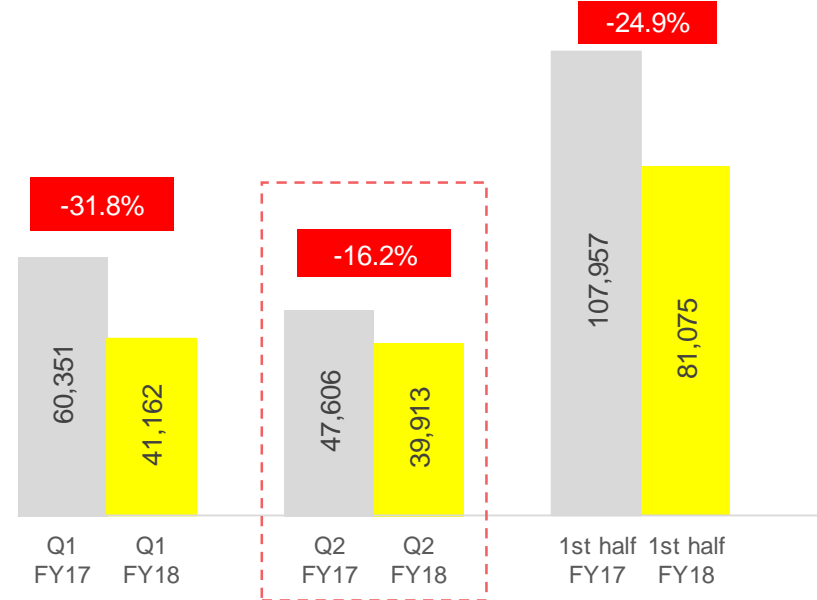
F&B Malaysia

Domestic sales driven by effective Chinese New Year marketing and trade promotions

Revenue (RM '000)



Operating profit (RM '000)



Q2 revenue : grew by 7.0% from RM543.9 million to RM581.8 million

- **Successful execution of its Chinese New Year festive promotions** and excellent sales execution – launch of the limited edition Classic F&N Orange Crush.
- **Double-digit growth in exports.**

Q2 operating profit : declined by 16.2% from RM47.6 million to RM39.9 million

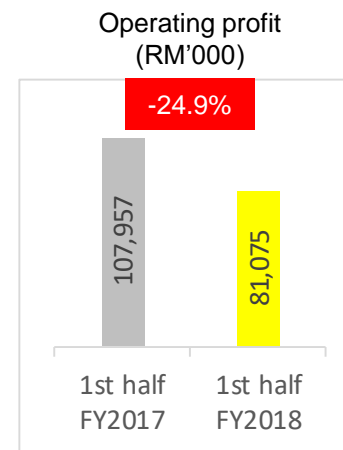
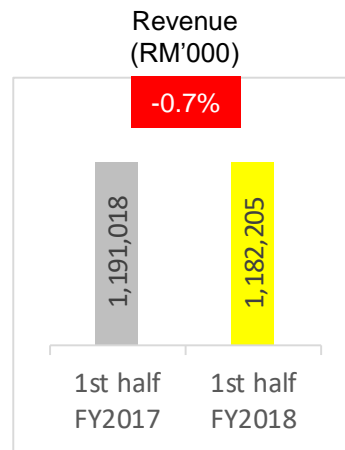
- **Higher input costs** especially for dairy products.
- Higher **advertising and promotions expenditure** and sales incentives for Chinese New Year festive season.
- Partly offset by **operational cost savings** and lower overheads.

F&B Malaysia

First half

Double-digit growth in exports eased the decline due to market contraction in the beverages categories in Malaysia

- **Revenue : declined by 0.7% from RM1,191.0 million to RM1,182.2 million**
 - **Market contraction** in the beverages categories in Malaysia.
 - **Flood** in the peninsular Malaysia and Sabah impacted sales in 1st Quarter.
- **Operating profit : declined by 24.9% from RM108.0 million to RM81.1 million**
 - **Higher input costs.**
 - The **strengthening of Malaysian Ringgit** against US Dollar which affected exports revenue.
 - Higher advertising and promotions expenditure and sales incentives.
 - Partly offset by operational costs savings and lower overheads.





CNY ACTIVATIONS





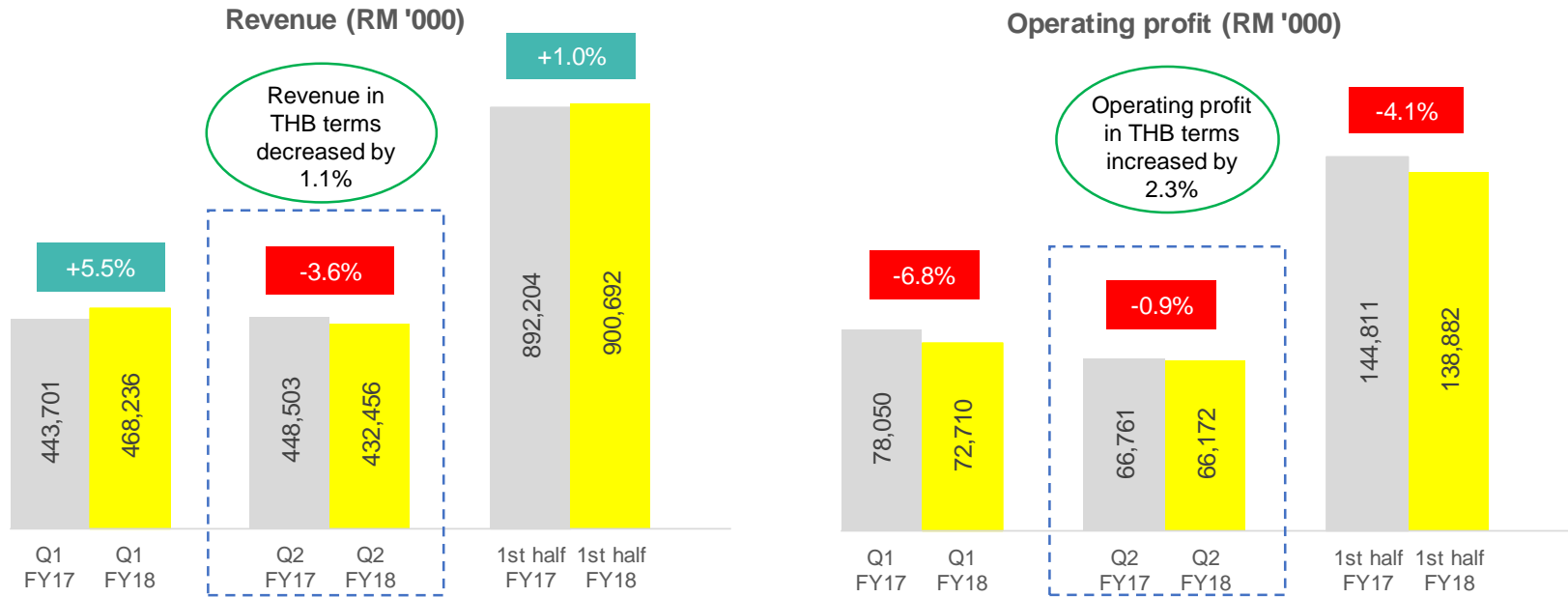
FRASER & NEAVE HOLDINGS BHD



F&B Thailand

F&B Thailand

Q2 operating profit in Thai Baht: higher by 2.3%



Q2 revenue : eased 3.6% from RM448.5 to RM432.5 million

- **Soft domestic market.**
- Loss of **UHT milk revenue** - product shortage resulting from a co-manufacturer's plant that was damaged by fire in November 2017.
- Partly offset by **double-digit growth in exports to Indochina region.**

Q2 operating profit in Thai Baht : higher by 2.3%

- Lower spend on advertising and promotions.
- **Operating profit translated to Malaysian Ringgit: 0.9% lower** at RM66.2 million from RM66.8 million last year due to the strengthening of Malaysian Ringgit versus the Thai Baht.

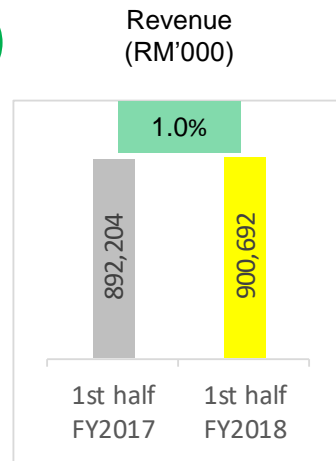
F&B Thailand

Double-digit growth in Indochina region and continued innovations

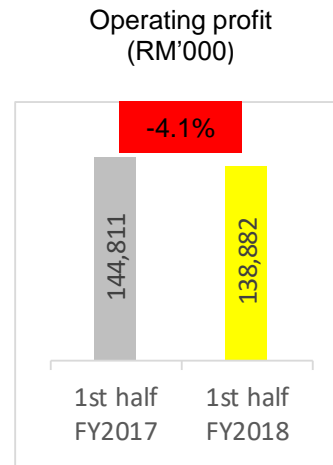
First half

- **Revenue:** 1.0% higher to RM900.7 million
 - Double-digit growth in the **Indochina** market.
 - Continued **innovations** in new products and packaging formats.
- **Operating profit** declined by 4.1% to RM138.9 million from RM144.8 million
 - Higher input costs.
 - One-off provision for inventories damaged in a fire at a co-manufacturer's plant.

Revenue in THB terms increased by 1.4%



Operating profit in THB terms decreased by 3.7%





FRASER & NEAVE HOLDINGS BHD



Exports

Building Exports as Our Third Pillar

Double-digit growth in exports for both Malaysia & Thailand



16%

Growth for F&B Malaysia exports in 1st half FY 2018



15%

Growth for F&B Thailand exports in 1st half FY 2018



16%

Contribution of total exports to 1st half FY 2018 Group revenue



15%

Contribution of total exports to 1st half FY 2018 Group operating profit



FRASER & NEAVE HOLDINGS BHD

Dividends



Interim Dividend Maintained at **27 Sen/Share**

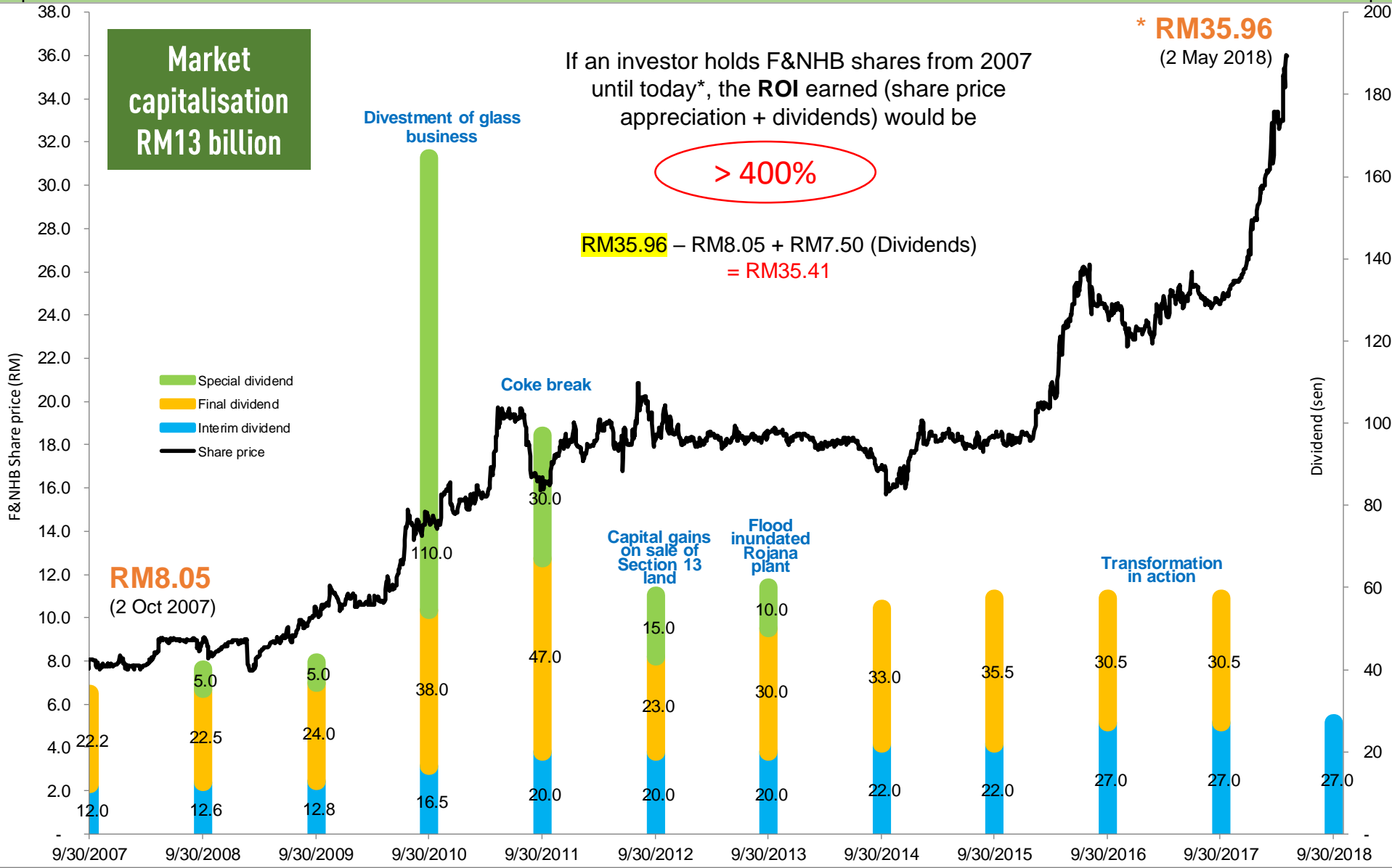
	1H 2018	1H 2017
Total equity ¹ (RM'000)	2,207,665	2,156,027
Total assets (RM'000)	3,252,154	3,371,719
Net cash/(debt) (RM'000)	95,033	175,080
Net assets per share (RM)	6.02	5.88
Gearing ratio	0.16	0.18

¹ Includes non-controlling interest

- Interim single tier dividend of **27 sen** per share (2017: 27 sen per share).
- Takes into account Group's capital position, working capital requirements and capital expenditure investments.
- Entitlement date: 18 May 2018.
- Payment date: 7 June 2018.



Shareholders' Wealth





FRASER & NEAVE HOLDINGS BHD

○

Half Year Highlights

○



WHAT'S NEW?



- 100PLUS Reduced Sugar
- 100PLUS ACTIVE Powder
- 100PLUS Blackcurrant
- F&N Ice Mountain Drinking Water
- F&N Lemon Lime
- F&N SEASONS Lychee & Mango
- TEAPOT Extra



- TEAPOT Squeeze Fresh Milk, Chocolate & Strawberry
- CARNATION® Plus



And more exciting products
coming soon!

100PLUS Full Range now endorsed with



**Lowest sugar
carbonated isotonic drink**

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

**As compared to 100PLUS Original*

New local favourite

≤6g **23kcal**
sugar per 100ml per 100ml

Reformulated recipe

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

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





**HYDRATING
OUR
NATIONAL
ATHLETES**

100 PLUS
as the
official sponsor of
National Sports Council

Providing
our national athletes



100PLUS ACTIVE
in all-new sachet version



Convenient for
our national athletes
to take their favourite
with them during travel



Hydrating our athletes
when they travel abroad
for training and competition





CLEAN LIVING SIMPLIFIED WITH 6-TIER WATER FILTRATION



Ultra Filter

Removes dust, dirt & other solid particles



Activated Carbon Filter

Removes organic material & chlorine



Cartridge Filter

Removes carbon residue & certain bacteria



Ultraviolet Treatment

Kills remaining bacteria



Reverse Osmosis

Removes dissolved solids, dirt & bacteria



Ultra Shield

Removes bacteria, viruses & bad taste



HARI RAYA 2018



100PLUS Fruity

NEW PACK SIZE
PET 380ml
PET 1.2L

LIMITED EDITION
F&N ORANGE CRUSH

F&N FUN FLAVOURS

NEW PACK SIZE
PET 1.2L

F&N SEASONS

NEW PACK SIZE
PET 380ml
PET 1.0L

F&N SEASONS

SPECIAL EDITION
Rose Soya



NEW



F&N CANNED MILK
JIMAT Promotion

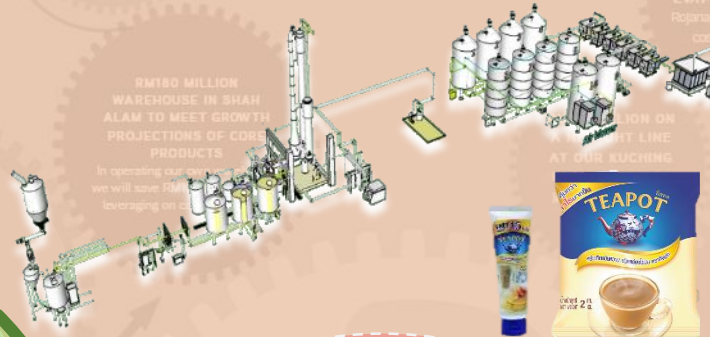
**To be completed in
FY 2018 & FY 2019**

**600bpm water line,
Shah Alam**



COMPLETED

**Sweetened condensed milk
pouch & tube filling line,
Rojana**



RM180 MILLION WAREHOUSE IN SHAH ALAM TO MEET GROWTH PROJECTIONS OF CORE PRODUCTS



**Combi blow, mold & filling machine,
Shah Alam**



COMPLETED

**Cold aseptic PET line &
warehouse, Shah Alam**



**Debottlenecking
programme at dairy plant
in Pulau Indah**



**Mineral water plant
expansion, Bentong**



FACTORY

Investing for Growth:

Further investments in capability and capacity expansion



New Aseptic Cold-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.

LATEST NEWS

Introducing our new brand ambassadors in Thailand



Urassaya Superbund



Nadech Kugimiya



OUR AWARDS & RECOGNITION

F&N DAIRIES MANUFACTURING



Prime Minister's Hibiscus Award
2017/2018

★ Exceptional Achievement
in Environmental Performance ★

★ Silver for Special Project Award ★

FRASER & NEAVE HOLDINGS BHD



Malaysia's Best Employer
Brand Awards 2018

★ Best Employer Brand Award ★



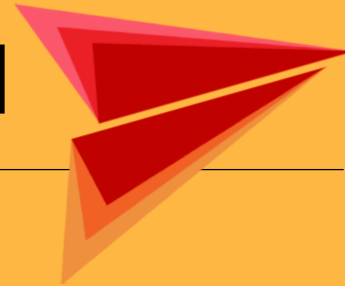
Asia IoT Business Platform

★ Malaysia Enterprise
Innovation Award 2018 ★



FRASER & NEAVE HOLDINGS BHD

F&NHB: Going Forward



FY2018

Business Outlook

- **Business environments** in both Malaysia and Thailand will continue to be **challenging** with prolonged weak consumer sentiments and intensifying competitive price pressure.
- **Raw and packaging material prices** in subsequent quarters are expected to remain **volatile**
 - uptrends in packaging and milk-based commodity prices
 - compounded by the continuing uptrend of oil prices.

The Group has hedged its core commodity requirements for the financial year along with the corresponding foreign currency exposure wherever possible.

- **Leverage on innovations** to deliver new and unique product offerings while focusing on meeting consumers' evolving needs toward **healthier beverage choices, flexibility and affordability**
 - introduction of more products with lower sugar content, right pack sizes and prices.
- 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.



3

GROWTH PILLARS

Supporting Long-term
Sustainability

F&NHB Going Forward: GROWTH



F&B Malaysia (Domestic)

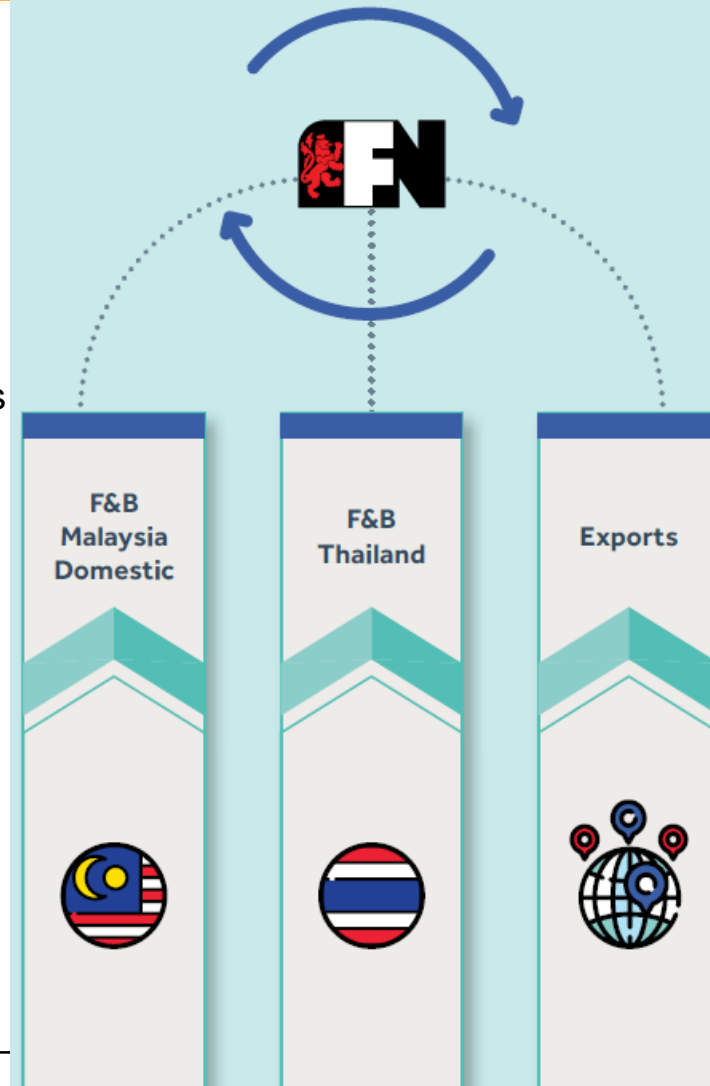
- Expand share of Ready-to-Drink Beverages Market with an **enhanced portfolio of HEALTHIER CHOICE PRODUCTS**
- **Greater competitiveness** and enhanced operational efficiencies
- Capex projects coming to fruition – provide **capacity for growth**

F&B Thailand

- Continued focus on **INNOVATIONS** and **new product applications**
- **BRANDBUILDING** in Indochina

Exports

- **Smart capex initiative** at Pulau Indah to fuel exports growth
- Establish Exports as a **sustainable third pillar** - RM800 million in total exports revenue by 2020





FRASER & NEAVE HOLDINGS BHD

THANK YOU
