



FRASER & NEAVE HOLDINGS BHD

(Company No.: 004205-V)

NEWS RELEASE

9 November 2012

Resilient performance from F&N despite multitude of challenges

- ❖ Full year results in line with management expectations
- ❖ Group revenue & operating profit down 17% & 50% against last year
- ❖ On comparable basis (excluding Coca-Cola contribution in last year's results) revenue and operating profit decline narrowed to 4% & 19% respectively
- ❖ 200 days Thai flood disruption depressed group result
- ❖ PAT declined by lower percentage, benefitted from recognition of tax incentive
- ❖ Distribution of total final and special single tier dividend of 38 sen per share

Financial Highlights:

RM million	FY2012	FY2011		% Change	
		ex Coca-Cola	Total	ex Coca-Cola	Total
Revenue	3,239	3,371	3,915	-3.9	-17.3
Operating profit	231	284	458	-18.7	-49.5
Profit before taxation	230	290	464	-20.7	-50.3
Profit after taxation	274	253	383	+8.3	-28.5
Basic earnings per share (sen)	75.9	70.1	106.9	+8.3	-29.0

Fraser & Neave Holdings Bhd (F&NHB) registered revenue of RM3.24 billion for the financial year ended September 30, 2012, a 17 per cent drop from the corresponding year.

The lower revenue was mainly attributed to the cessation of the Coca-Cola business, flood disruption in Thailand and absence of property sales. However, excluding the Coca-Cola contribution, the decline narrowed to four per cent.

F&NHB Chief Executive Officer Dato' Ng Jui Sia said the Group's results were in line with expectations. "Our performance is credible and positive given the multitude of challenges we faced in the last 12 months which included a 200-day cessation of manufacturing in Thailand and a shortfall of some RM544 million in revenue contribution from the Coca-Cola business".

The soft drinks division recorded 10% revenue growth on the non-Coca-Cola business, with additional sales coming from Brunei and contract packing for export.

Following the post price increase in the first half of the year amidst a challenging market environment, Dairies Malaysia's revenue finally stabilized and improved marginally from higher export sales while domestic sales remained stable.

Dairies Thailand managed to deliver 79 per cent of the revenue of the corresponding period last year, thanks to the quick recovery of the Rojana plant.

Group operating profit was lower by 50 per cent to RM231 million, due mainly from the absence of the Coca-Cola contribution, Thai floods, higher relocation expenses to Pulau Indah, accelerated depreciation relating to the dairies plant in Petaling Jaya, as well as a one-time restructuring charge in the soft drinks division. Excluding the Coca-Cola contribution, operating profit was down by 19 per cent.

To-date, F&N has obtained approved insurance claims of RM110 million related to property damage and business interruption losses arising from floods in Thailand. Of the approved amount, RM88.5 million has been disbursed. The insurance claims process is still ongoing and subsequent claims will be recognized once agreed by insurers.

Dato' Ng said that while the operating results of the Group was half of that recorded last year, Group profit after tax only declined 29 per cent, helped by deferred tax asset recognition of RM74 million in relation to the Selangor Halal Hub tax incentive granted to the Pulau Indah plant.

On the soft drinks business Dato Ng added "The business environment remained very competitive with key players matching F&N's market presence and availability in certain regions. Market space in the beverage landscape is now more challenging with the introduction of new product variants in the isotonic and tea categories to compete for leadership.

“We have completed the sales and distribution rationalization exercise and our soft drinks division is well positioned to achieve its key performance parameters in driving penetration across all channels. Besides maintaining our leadership in the isotonic segment, we will continue to uphold and develop the health and wellness proposition of our Asian drinks / tea category and build on *F&N Fun Flavours* which have strong affinity with Malaysian youths.”

“New drink variants, *MyCola* and *100PLUS Edge* will be launched soon and will complement our efforts to maintain the growth momentum and strong performance of our F&N brands and Red Bull” he added.

Meanwhile, Dairies Malaysia had a smooth transition to its state-of-art plant at Pulau Indah, ending 52 years of production in Section 13, Petaling Jaya. The remaining dairies production equipment will be dismantled and ‘mothballed’ for future redeployment. The administrative centre at Petaling Jaya will be relocated to Fraser Business Park to make way for the Section 13 property development project.

According to Dato’ Ng, Dairies Malaysia will leverage the Pulau Indah plant’s advanced technical and manufacturing capacity as an efficient producer to roll-out higher value added products for the sweetened condensed milk category while expanding applications of its evaporated milk and broaden the global footprint of its export business.

“In Thailand, the floods have changed the competitive landscape and dynamics. Our ability to jumpstart production has enabled us to edge ahead and gain market share from our competitors. Dairies Thailand will focus on strengthening the market leadership of its sweetened beverage creamer business, while reinforcing and defending equity in the evaporated milk category. The UHT and sterilized milk segments will be enlarged via the introduction of new product extensions.

Dato’ Ng also said F&N’s move into Indochina was progressing well and the Group will accelerate market penetration and product availability.

The properties division is targeting the launch of its Section 13 residential and commercial property project. The project will be launched in phases, beginning with the residential component during the second half of 2013.

Commenting on prospects for the financial year 2012/2013, Dato' Ng said domestic consumer spending was expected to remain positive supported by stable labour market conditions and the 2013 Government Budget initiatives. Although consumer confidence sentiment remains strong, the business will, however, continue to be challenged by macro and global financial uncertainties affecting currencies and economic growth. Prices of key raw materials have shown a descending trend and the Group has taken some advantage by locking in key materials in the mid-term. .

The Directors are recommending a final single tier dividend of 23 sen per share together with a special single tier dividend of 15 sen per share. If approved by shareholders, the total dividend for the year would be 58 sen. The special dividend is part of the plan to achieve an optimal capital structure for the Group.

F&NHB is a Malaysian company listed on Bursa Malaysia's Main Board with expertise and prominent standing in the food and beverage and property business. F&NHB has over 3,000 employees operating in Malaysia, Brunei and Thailand and is a subsidiary of Fraser and Neave, Limited, a company listed on the Singapore Stock Exchange. F&N took top spot in the Food & Beverage category in 2012's Malaysia's Most Valuable Brands (MMVB) awards. F&N came in at 16th spot with a brand value of RM1,092 mil.

ooOoo

**Issued with the compliments of Fraser & Neave Holdings Bhd
by Eric Pringle Associates Public Relations Sdn Bhd.
For further information, please contact Art Thamboo
Tel: +60-3-21617144 / Fax: +60-3-21618209
Email: art_thamboo@epapr.com.my**