

General Announcement for PLC (v13)

Reference No. GA1-28042017-00024

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Created by FRASER & NEAVE HOLDINGS BHD on 28 Apr 2017 at 11:38:48 AM

Submitted by FRASER & NEAVE HOLDINGS BHD on 03 May 2017 at 5:15:51 PM

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Announcement Type	<input checked="" type="radio"/> New Announcement <input type="radio"/> Amended Announcement
Company Name	FRASER & NEAVE HOLDINGS BHD
Stock Name	F&N
Stock Code	3689
Board	Main Market

CONTACT DETAIL

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Type	Announcement
Subject	OTHERS
Description	News Release: F&N to Ramp up Exports, Leveraging on Weaker Ringgit and Accelerate Transformation Program
Shareholder Approval	No

Announcement Details/Table Section

We attach herewith a news release dated 3 May 2017 entitled "F&N to Ramp up Exports, Leveraging on Weaker Ringgit and Accelerate Transformation Program".

Attachment

No	File Name	Size
1	News Release.pdf	383.4KB



FRASER & NEAVE HOLDINGS BHD

(Company No. 004205-V)

**FOR IMMEDIATE RELEASE
MAY 3, 2017**

F&N TO RAMP UP EXPORTS, LEVERAGING ON WEAKER RINGGIT AND ACCELERATE TRANSFORMATION PROGRAM

- Strong double digit growth in exports year to date
- Food and Beverages Thailand registers double digit gains in revenue and operating profit
- Interim single tier dividend of 27 sen per share amounting to RM99.0 million

HALF YEAR 2016/2017 PERFORMANCE

Financial Highlights	Half Year 2016/2017	Half Year 2015/2016	Change %
Revenue (RM billion)	2.084	2.082*	0.1
Operating profit (RM million)	254.5	254.1	-7.2**
Profit before tax (RM million)	260.8	279.5	-6.7**
Profit after tax (RM million)	234.3	242.2	-3.3
Basic earnings per share (sen)	64.0	66.1	-3.2

* Restated to conform with current year's presentation

** Excluding the following one-offs, operating profit declined by 0.2% and profit before tax grew marginally by 0.2%.

- the reversal of provision for litigation claims in the first half ended 31 March 2017;
- the realisation of the foreign exchange gain on the early redemption of the zero-coupon bond by F&N Dairies (Thailand) Limited and recovery of withholding tax on royalties paid, in the corresponding period last year.

Fraser & Neave Holdings Bhd (F&NHB or the Group) registered RM2.084 billion in revenue for the first half ended 31 March 2017, marginally above the RM2.082 billion registered in the corresponding period last year. However, profit before tax and profit after tax for the Group declined by 6.7 per cent and 3.3 per cent to RM260.8 million and RM234.3 million respectively.

Food and Beverages Malaysia saw a decline in its top line, down 6.4 per cent to RM1.191 billion from RM1.272 billion in the corresponding period last year. This is mainly due to a lower second quarter performance from subdued Chinese New Year festive sales, amidst an increasingly competitive landscape and weak consumer sentiment.

Operating profit for Food and Beverages Malaysia fell 26.0 per cent to RM108 million for the first half ended 31 March 2017 on the back of lower domestic sales, higher input costs, particularly sugar; and restructuring costs.

Meanwhile, Food and Beverages Thailand revenue grew a strong 10.1 per cent to RM892.2 million, boosted by higher demand for its core products and aided by favourable Ringgit Malaysia/Thai Baht translation. Distribution coverage also grew supported by effective branding and consumer trade campaigns.

Operating profit from Food & Beverages Thailand rose significantly by 34.4 per cent to RM144.8 million from RM107.8 million in the corresponding period last year on the back of higher revenue and aided by favourable input costs.

For the second quarter ended 31 March 2017, Group revenue eased 2 per cent from RM1.013 billion to RM992.7 million compared to same period last year. The Group's profit before tax and profit after tax posted healthy gains of 8.5 per cent to RM116.8 million and 18.2 per cent to RM107.1 million respectively.

Primed to be the Group's third pillar, exports of F&NHB's dairy products have enjoyed solid growth fuelled by the customisation of its product offerings and expansion of its branded products vs OEM.

"The intensified focus and investment in exports have borne fruits as sales, particularly of our dairies products, are up by more than 30 per cent year to date. While keeping a keen eye on the potential to export across the globe, we aim to leverage on our halal status to tap more fully into Muslim nations," said F&NHB Chief Executive Officer, Lim Yew Hoe.

Over the last 6 months, the Group has extended its footprint to 54 countries. Coupled with exports from Thailand, exports now account for more than 10 per cent of Group's total revenue.

"On current form, exports from Malaysia should surpass our target of RM500 million sales ahead of the 2020 deadline", he added.

Moving forward, the Group will continue to ramp up exports while accelerating its transformation program ahead of the conclusion of its current financial year.

"Our first half performance in Malaysia reflects the current state of the economy with continued weak consumer sentiment, rising Consumer Price Index and intense competition. It also reflects the additional costs incurred in the implementation of the transformation program and the harmonisation of our distribution system", said Lim during a review of the Group's first half performance for the period ended 31 March 2017.

According to Lim, the Group is intensifying its focus on enhancing its efficiencies and reducing cost to serve. It is also boosting innovations to meet the increasing needs of modern consumers towards healthier beverage choices.

"The latest introduction of our 100PLUS Active non-carbonated range with the 'Healthier Choice' endorsement received from the Ministry of Health is among a range of innovations in the non-carbonated beverages category which we will continue to implement going forth," he added.

Commenting on outlook for the rest of the year, F&NHB Chairman, Tengku Syed Badarudin Jamalullail said the economic environment in Malaysia and Thailand was expected to remain soft.

“The business conditions will continue to be challenging with prolonged weak consumer sentiment and intensifying price discounting. Meanwhile, input costs in subsequent quarters are expected to increase following the uptrends in packaging, milk powder and sugar prices.”

“Despite the challenges, we will continue to remain vigilant and responsive to changes in the external environment and take necessary action to maintain our sustainability in revenue and profitability,” he said.

In line with the Group’s performance, the Board declared an interim single tier dividend of 27 sen per share (2016: 27 sen) for the year ending 30 September 2017. The dividend amounting to about RM99.0 million will be paid on 15 June 2017.

About Fraser & Neave Holdings Bhd

Fraser & Neave Holdings Bhd (F&NHB) is a Malaysian company listed on Bursa Malaysia’s Main Board with expertise and a prominent standing in the food and beverage business. F&NHB has a rich history spanning 134 years, positioning the company and brand as one that is trusted by generations. The Company boast a portfolio of 24 well-loved brands which are leaders in many segments namely 100PLUS, F&N Fun Flavours, F&N SEASONS, F&N Nutri Soy, F&N Condensed and Evaporated Milk, F&N Magnolia, Farmhouse, Carnation and F&N Fruit Tree Fresh. F&NHB employs over 2,000 employees and is Malaysia's top 100 leading graduate employers. F&NHB operates in Malaysia, Brunei, Thailand and Indochina, and is a subsidiary of Fraser and Neave, Limited, a company listed on the Singapore Stock Exchange.

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