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FRASER & NEAVE HOLDINGS BHD

(Company No. 004205-V)

**FOR IMMEDIATE RELEASE
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F&N REGISTERS SOLID FIRST HALF PERFORMANCE WITH SUBSTANTIAL PROFIT GROWTH

- Solid first half performance amidst challenging market conditions – Group's revenue up by 3.9 per cent to RM2.05 billion and profit before tax increased substantially by 66.5 per cent
- Food and Beverages delivers double digit growth in operating profit
- Interim single tier dividend of 27 sen per share amounting to RM99.0 million

| Financial Highlights | Half Year 2015/2016 | Half Year 2014/2015 | Change % |
|--------------------------------|--------------------------------|--------------------------------|---------------------|
| Revenue (RM billion) | 2.05 | 1.98 | 3.9 |
| Profit before tax (RM million) | 279.5 | 167.8 | 66.5 |
| Profit after tax (RM million) | 242.2 | 140.4 | 72.5 |
| Basic earnings per share (sen) | 66.2 | 38.4 | 72.4 |

Fraser & Neave Holdings Bhd ("F&NHB" or "the Group") reported a solid performance for the first half ended 31 March 2016 despite challenging market conditions during which revenue grew 3.9 per cent to RM 2.05 billion from RM1.98 billion in the previous half while profit before tax increased substantially by 66.5 per cent to RM279.5 million.

During the period under review, the Group underwent an internal reorganisation to align its operations and management structure. The Group's operating businesses are now organised according to products and services, namely Food and Beverages Malaysia which encompass both Soft Drinks and Dairies Malaysia business into a single segment, Food and Beverages Thailand (previously known as Dairies Thailand), Property and Others segments.

Food and Beverages Malaysia segment delivered a positive top line growth, up marginally to RM1.27 billion from RM1.26 billion in the corresponding period last year despite the absence of contributions from Red Bull, the impact of higher cost of living post GST, Government subsidy rationalisation on consumers' discretionary spending behaviour and an increasingly competitive trading environment.

Operating profit of Food and Beverages Malaysia jumped 39.5 per cent to RM145.9 million on the back of higher sell-in from Chinese New Year festivity-driven marketing programmes which helped eased competitive pricing pressures, coupled with a favourable product mix, better milk based global commodity prices, lower advertising and promotion and recovery from East Coast flood insurance claims.

Food and Beverages Thailand revenue grew a strong 9.1 per cent to RM780 million boosted by the continuing higher than market demand for all its products along with good response to its newly launched UHT milk products. Distribution coverage also grew supported by effective branding and consumer trade campaigns.

Operating profit of Food and Beverages Thailand almost doubled to RM107.8 million from RM56 million aided significantly by lower milk based commodity prices, lower trade discounting, recovery of withholding taxes on royalties paid in previous years, equivalent to RM8.5 million and realisation of manufacturing efficiencies along with the favourable Thai Baht foreign currency conversion.

Pursuant to re-allocation of staff costs resulting from the realignment of the Group's operations and management structure, the Others segment experienced an operating loss of RM12.9 million compared to operating profit of RM23.7 million in the corresponding period last year.

On prospects for the next two quarters, Lim said the market is expected to continue seeing higher trade price competition and end consumer campaigns and programs which will impact contribution margins.

"The Group will diligently monitor market and consumer dynamics with a view of adopting appropriate competitive strategies to enable it to maintain and sustain its market leadership position and profitability in this challenging environment," Lim added.

In line with the Group's performance, the Board declared an interim single tier dividend of 27 sen per share (2015: 22 sen) for the year ending 30 September 2016. The dividend amounting to about RM99.0 million will be paid on 15 June 2016.

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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 133 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 Condensed and Evaporated Milk, F&N Magnolia, Farmhouse, Carnation and F&N Fruit Tree Fresh. F&NHB has over 3,000 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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