



F&N Point
No. 3, Jalan Metro Pudu 1,
Fraser Business Park, off Jalan Yew,
55100 Kuala Lumpur, Malaysia
Tel : 603-9235 2288 Fax : 603-9222 7878

FRASER & NEAVE HOLDINGS BHD

(Company No. 004205-V)

**FOR IMMEDIATE RELEASE
NOVEMBER 8, 2018**

F&NHB DELIVERED DOUBLE-DIGIT PROFIT GROWTH FOR FY2018, WITH STRONGER 2ND HALF PERFORMANCE

- Group profit before tax rose 19.5 per cent to RM422.7 million on the back of favorable input cost and lower overheads. Excluding restructuring costs and other one-off items, profit before tax grew by 3.2 per cent.
- Group revenue marginally higher at RM4.11 billion compared to corresponding period last year despite tough operating environment underpinned by effective festive promotions and higher exports sales.
- Food & Beverage Malaysia registered improved revenue for three consecutive quarters signaling regained stability post-reorganisation. Exports from Malaysia continue the year-on-year double-digit growth in FY2018, on track to surpass RM500 million goal in 2020.
- Food & Beverage Thailand overcome tough domestic market and intensified competition to deliver positive revenue through successful product innovations and brand activations.
- Recommending a final single tier dividend of 30.5 sen per share (2017: 30.5 sen per share).

FOURTH QUARTER 2017/2018 PERFORMANCE

Financial Highlights	Q4 2017/2018	Q4 2016/2017	Change (%)
Revenue (RM million)	996.6	976.3	2.1
Profit before tax (RM million)	99.6	19.4	413.9
Profit after tax (RM million)	81.2	19.6	313.7
Basic earnings per share (sen)	22.2	5.4	311.1

Fraser & Neave Holdings Bhd (F&NHB or the Group) posted a higher revenue of RM996.6 million for its fourth quarter ended 30 September 2018, up 2.1 per cent with a significant improvement in the Group's bottom line compared to same quarter in 2017.

For the Group's segmental performance, Food & Beverage Malaysia (F&B Malaysia) recorded positive revenue gain for the third consecutive quarter, growing 1.9 per cent to RM545.4 million in its fourth quarter ended 30 September 2018 driven by improved local trade execution and higher exports sales, marking a return to stability post-reorganisation.

Operating profit for F&B Malaysia soared 418.7 per cent to RM36.5 million in the fourth quarter of FY2018 compared to the corresponding period last year on the back of higher revenue, operational cost savings and lower overheads, lower sugar prices which was partly offset by higher packaging material costs, lower advertising and promotions (A&P) spend and restructuring expenses incurred last year. Excluding restructuring costs and other one-off items, operating profit grew by 78.4 per cent.

Food & Beverage Thailand (F&B Thailand) increased its revenue by 2.3 per cent to RM450.9 million for the fourth quarter ended 30 September 2018. Domestic growth was driven by successful promotional activities and brand loyalty campaigns alongside with higher export sales from market expansion and execution of loyalty campaigns across Cambodia and Laos.

With higher revenue and favourable input costs, operating profit for F&B Thailand was up 94.9 per cent to RM61.7 million in its fourth quarter, compared to the corresponding quarter last year.

FULL YEAR 2017/2018 PERFORMANCE

Financial Highlights	FY 2017/2018	FY 2016/2017	Change (%)
Revenue (RM billion)	4.11	4.10	0.2
Profit before tax (RM million)	422.7	353.7	19.5
Profit after tax (RM million)	385.1	323.3	19.1
Basic earnings per share (sen)	104.9	88.3	18.8

The Group concluded its financial year ended 30 September 2018 with a marginally higher revenue at RM4.11 billion compared to the same period last year underpinned by effective festive promotions and exports sales.

Cost synergies and lower overheads in its Malaysia operations, favourable input cost, higher export revenue and lower restructuring costs and other one-off items incurred compared to the year before contributed to the double-digit profit growth in FY2018.

Commenting on the Group's results, F&NHB Chairman Tengku Syed Badarudin Jamalullail said that the results were driven by strong fundamentals and clear focus on long-term growth, which exemplified F&NHB's resilience amid various head winds.

"Moving forward, we will continue to sharpen our focus on ensuring continuous and sustainable growth in our three pillars – F&B Malaysia, F&B Thailand and Exports," said Tengku Syed Badarudin.

The financial year ended 30 September 2018 saw a turnaround for F&B Malaysia. While revenue increased marginally to RM2.322 billion from RM2.319 billion in the same period last year, operating profit was higher by 38.1 per cent to RM166.7 million from RM120.7 million last year.

The strong profit performance is attributed to positive effect of cost initiatives, favourable input cost for sugar, net favourable foreign currency impact from Ringgit Malaysia/US Dollar movements and lower restructuring costs incurred compared to last year, which was offset by higher costs for other dairy-based inputs, packaging costs and higher marketing spend. Excluding restructuring costs and other one-off items, operating profit of F&B Malaysia eased by 4.5 per cent.

F&B Thailand sustained its growth and market leadership during the year under review through successful introduction of new products and packaging formats, supported by effective branding and consumer trade campaigns, despite a difficult domestic market environment and encountering the loss of UHT milk revenue caused by inventory shortage resulting from a co-manufacturer's plant that was damaged by fire in November 2017. Revenue for F&B Thailand grew 2.2 per cent in local currency terms but gained marginally by 0.3 per cent to RM1.787 billion from the corresponding period in 2017 due to the strengthening of the Ringgit against Thai Baht.

F&B Thailand's operating profit for the financial year ended 30 September 2018 rose 13.1 per cent to RM258.0 million compared to the same period last year on the back of higher export revenue, favourable input costs and lower overheads. The gains were partly offset by higher A&P spend for new product introductions and brand building activities.

"Despite the challenging first half of 2018, we remained focused on capacity and capability building, cost optimisation and extraction of synergies, leveraging consumer-focused innovations to deliver new and unique product offerings, and expanding the reach of our export business. This has allowed us to pull together a healthy set of results and delivery of our financial objectives within volatile domestic markets and commodity prices during the year." said F&NHB Chief Executive Officer, Lim Yew Hoe.

Lim added that innovation and reinvention will be the Group's overarching strategy to stimulate growth and demand while delivering on its promise of "Pure Enjoyment, Pure Goodness" in meeting consumer's increasing demand for more affordable, tastier and healthier offerings.

During the year under review, F&B Malaysia introduced a broader portfolio of healthier choice products in support of the Government's call for lower sugar content in beverages. 100PLUS Reduced Sugar was introduced as the lowest sugar carbonated isotonic drink in the industry and the entire 100PLUS range has been reformulated and now carries the Healthier Choice logo. 100PLUS ACTIVE in powder sachets was also introduced to meet increasing consumer demand for greater convenience and flexibility, particularly for people on the go.

The new Cold-Aseptic Filling Polyethylene Terephthalate (PET) line at the Shah Alam plant that uses 40 per cent less PET resin packaging has commenced production. This line is currently producing 100PLUS ACTIVE, OYOSHI and F&N SEASONS range of products and will spearhead F&NHB's expansion into new product offerings.

Commenting on prospects for the current financial year ending 30 September 2019, Lim expected the domestic markets in Malaysia and Thailand to remain challenging amidst continuing competitive price pressures and intensifying competition as well as effects from the volatility in foreign currency movements and commodity prices.

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

“In Malaysia, we will assess and closely monitor the impact of the imposition of excise duty at 40 cents per litre on ready-to-drink beverages that contain sugar exceeding 5 grams per 100 millilitres, starting 1 April 2019 as announced during the recent tabling of the Budget 2019, including taking appropriate actions as necessary. In Thailand, we will begin to pay corporate taxes next year following the full utilisation of promotional incentives granted by the Board of Investment and carried forward losses from non-promoted businesses.” Lim added.

In line with the Group’s performance, the Board is recommending a final single tier dividend of 30.5 sen per share (2017: 30.5 sen per share) for approval by shareholders at the forthcoming Annual General Meeting. If approved by shareholders, the total dividends for the year would amount to 57.5 sen per share (2017: 57.5 sen per share).

ooOoo

About Fraser & Neave Holdings Bhd

Fraser & Neave Holdings Bhd (F&NHB) is a Malaysian company listed on the Main Market of Bursa Malaysia Securities Berhad with expertise and a prominent standing in the food and beverage business. F&NHB has a rich history spanning 135 years, positioning the Company and its brand as one that is trusted by generations. The Company boast a portfolio of 20 well-loved brands which are leaders in many segments namely 100PLUS, F&N Fun Flavours, F&N SEASONS, OYOSHI, F&N Condensed and Evaporated Milk, F&N Magnolia, Farmhouse, CARNATION and F&N Fruit Tree. F&NHB has 2,800 employees and is Malaysia's Top 5 Best Employer Brands in Graduates’ Choice Award 2018. F&NHB operates in Malaysia, Brunei, Thailand and Indochina, and is a subsidiary of Fraser and Neave, Limited, a company listed on the Singapore Exchange. www.fn.com.my

For further information, please contact:

Karen Tan

Tel: 03-9235 2339

Fax: 03-9222 7878

E-mail: karen.tan@fn.com.my

Azizul Khair or Ida Fazila Ismail

Tel: 03-2161 7144

Fax: 03-2161 8209

E-mail: azizul.khair@epapr.com.my

ida@epapr.com.my