



## FRASER & NEAVE HOLDINGS BHD

(Company No. 196101000155 (004205-V))

### IMMEDIATE RELEASE

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## F&NHB RECORDED RESILIENT FULL YEAR PERFORMANCE AMIDST COVID-19

- Maintains credible Full Year profit after tax of RM410 million despite higher commodity cost.
- Full Year Group revenue contracted minimally by 2.2% to RM3.99 billion amidst COVID-19 pandemic sustained by strong first quarter and fourth quarter domestic recovery; and robust exports.
- Food & Beverages Malaysia (F&B Malaysia) posted RM2.04 billion in revenue for FY2020 while Food & Beverages Thailand (F&B Thailand) remains resilient with RM1.94 billion in revenue during the period under review.
- Contribution of total Exports sales to Group Revenue increased to 20% including more than RM100 million from Halal markets.
- Recommending a final single tier dividend of 33.0 sen per share (2019: 33.0 sen per share).

### FOURTH QUARTER 2020 PERFORMANCE

| Financial Highlights           | Q4 2020 | Q4 2019 | Change          |
|--------------------------------|---------|---------|-----------------|
| Revenue (RM million)           | 953.7   | 975.1   | -2.2%           |
| Profit before tax (RM million) | 108.3   | 89.5    | 21.0%           |
| Profit after tax (RM million)  | 85.8    | 68.0    | 26.1%           |
| Basic earnings per share (sen) | 23.5    | 18.6    | 26.3% / 4.9 sen |

Amidst the prolonged COVID-19 containment measures and subdued outdoor activities, Fraser & Neave Holdings Bhd ('F&NHB' or 'the Group') posted commendable results for its fourth quarter ended 30 September 2020 (Q4) on the back of robust exports and stabilising domestic sales, with a small contraction in Group revenue to RM953.7 million.

Despite higher commodity cost, Group profit before tax grew 21.0% to RM108.3 million from prudent cost controls on overheads and lower advertising and promotions (A&P) spending. Excluding the gain on disposal of “TEAPOT” trademark amounting to RM7.8 million and COVID-19 related expenses recognised in the current quarter, and other one-off/non-operating items in both periods, profit before tax improved by 15.1%.

Revenue for F&B Malaysia at RM495.1 million was almost on par with the corresponding quarter last year, led by 2.4% growth in export sales in addition to some recovery of domestic sales during Recovery Movement Control Order period. Excluding the effects of one-off/non-operating items in both periods under review, operating profit for F&B Malaysia grew by 8.3%.

Meanwhile, higher trade stocks in the domestic Thai market carried forward from the third quarter this year, mitigated by growth in Indochina and export markets saw F&B Thailand’s revenue easing marginally to RM458.0 million. Operating profit surged 20.5% (26.7% in Thai Baht terms) to RM73.0 million.

## FULL YEAR 2020 PERFORMANCE

| Financial Highlights           | FY 2020 | FY 2019 | Change |
|--------------------------------|---------|---------|--------|
| Revenue (RM billion)           | 3.99    | 4.08    | -2.2%  |
| Profit before tax (RM million) | 522.9   | 533.0   | -1.9%  |
| Profit after tax (RM million)  | 410.1   | 410.2   | -      |
| Basic earnings per share (sen) | 111.9   | 111.9   | -      |

F&NHB concluded its financial year ended September 30, 2020 (‘FY2020’) with a resilient performance sustained by stronger performance in the first quarter and recovery in the fourth quarter; and robust exports. The Group recorded a revenue of RM3.99 billion for FY2020 while maintaining profit after tax at RM410.1 million despite COVID-19 pandemic and commodity price pressures.

Commenting on the Group’s latest results, Mr Lim Yew Hoe, Chief Executive Officer of F&NHB said, “Our performance this year is bolstered by continued efforts in delivering innovative products with effective operational execution to meet consumers’ expectations throughout the year despite challenging circumstances. While we prioritised the availability of our core products to the market, we continued to offer new healthier and better value products that resonated with our consumers.”

New products launched in FY2020 in Malaysia included Sunkist Pure Juice Drink, 100PLUS Zero, F&N Ice Mountain Sparkling Water, OYOSHI Gold No Sugar Premium Japanese Green Tea, F&N Ready-to-Drink Teh Tarik Ori, as well as three variants of TEAPOT Sweetened Condensed Milk (SCM) Squeeze Tube. F&B Thailand launched CARNATION Plus SCM with 0% Fat and 25% Reduced Sugar, TEAPOT SCM Squeeze Tube Matcha, and F&N Magnolia Milkies Milk tablets in Classic Malt, Hokkaido Milk and Strawberry Yogurt flavours.

“In Malaysia, we fast-tracked our e-commerce strategies to help consumers have easier access to our products during the Movement Control Order. In Thailand, we harnessed opportunities to build loyalty and drive offtake from our large community of hawker customers in both the domestic Thai market, and in Cambodia and Laos,” Lim added.

Sustained demand for dairy products, boosted by in-home consumption moderated the contraction in F&B Malaysia’s performance this year. F&B Malaysia’s full year revenue declined by 5.7% to RM2.04 billion, while its operating profit decreased by 10.0% to RM144.9 million during the period under review.

Meanwhile, F&B Thailand delivered a resilient full year performance attributed to successful tactical strategies as well as recovery in Indochina and export markets, which compensated the temporary contraction in general trade and food service channels due to the emergency decree. In FY2020, F&B Thailand achieved revenue of RM1,943.8 million while operating profit improved 5.3% (2.0% in Thai Baht terms) to RM381.0 million.

Against a challenging backdrop, exports from Malaysia achieved close to 10% growth driven by more robust sales to the Middle East and Africa, and ASEAN markets. Indochina markets (managed by F&B Thailand) also performed strongly this year with Cambodia and Laos collectively contributing over RM200 million in revenue.

According to Lim, “Total exports from Malaysia and Thailand contributed RM796 million revenue to the Group this year, a noteworthy achievement in light of the pandemic. We would have overachieved our target Group export sales of RM800 million in FY2020 in normal circumstances.”

Fraser and Neave MENA DWC-LLC, a wholly-owned subsidiary was set up in Dubai this year to expedite the Group’s penetration and development of opportunities in the Middle East and North Africa regions, which together with Indonesia form the halal markets that contributed revenue exceeding RM100 million target.

## **GOING FORWARD**

Commenting on F&NHB’s outlook in the upcoming financial year, Lim said that the Group remains cautious amid the COVID-19 pandemic and local uncertainties as both local and global situations remain fluid and uncertain. While mindful of our operating environment, this pandemic has provided us an opportunity for reset and to ‘reimagine’ our business strategies to fuel growth and innovation.

“Maintaining business as efficiently as possible while safeguarding the wellbeing our employees and the community remains a top priority. We will continue to focus on process improvements and digitalisation, and relentlessly pursue opportunities to build a stronger and more sustainable business for the future through continued investments in CAPEX and our brands.”

The Group remains committed to its customers and consumers’ satisfaction by adopting innovative strategies to boost customer experience and engagement through F&N Life platform as well as through working closely with e-commerce partners in both Malaysia, Thailand and overseas markets.

F&NHB Chairman Tengku Syed Badarudin Jamalullail said, “Our performance this year reflect the solid foundation of the Group, which enabled F&NHB to deliver better results than anticipated under tough circumstances. The pandemic has delayed some of our longer-term strategic initiatives, but it has also given us more time to reassess these initiatives for the ‘new normal’”.

“We believe our strong fundamentals will see us through these challenging times and we can leverage on our strong balance sheet, bank facilities and low funding cost to support our operations and capitalise on opportunities that may arise,” he added.

In line with Group’s earnings for the financial year ended 30 September 2020, the Board is recommending a final single-tier dividend of 33.0 sen per share (2019: 33.0 sen per share) for approval by shareholders at the forthcoming Annual General Meeting. If approved by shareholders, the total dividend for the year would amount to 60.0 sen per share (2019: 60.0 sen per share).

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## **ABOUT FRASER & NEAVE HOLDINGS BHD**

Fraser & Neave Holdings Bhd (F&NHB) is a Malaysian-incorporated 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 137 years, positioning the company and brand as one that is trusted by generations.

A Syariah compliant company, F&NHB boasts a portfolio of 20 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, OYOSHI, Farmhouse, CARNATION and F&N Fruit Tree.

F&NHB is a constituent of FTSE4Good Bursa Malaysia (F4GBM) Index for its strong commitment to responsible business practices on environmental, social and governance (ESG) matters and also the first runner-up for Best Employer Brands in Graduates’ Choice Award 2019.

F&NHB employs 2,600 people across its operations in Malaysia, Brunei, Thailand and Indochina.

For more information, please visit [www.fn.com.my](http://www.fn.com.my).

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