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<b>MAIN</b>	
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<b>Shareholder Approval</b>	No

<b>Announcement Details/Table Section</b>			
We attach herewith a news release dated 3 November 2021 entitled F&NHB Recorded Revenue Growth For FY2021 Amidst Covid-19 Disruptions.			
Please refer attachment.			
<b>Attachment</b>	<b>No</b>	<b>File Name</b>	<b>Size</b>

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## FRASER & NEAVE HOLDINGS BHD

(Company No. 004205-V)

**IMMEDIATE RELEASE**  
**3 NOVEMBER 2021**

### **F&NHB RECORDED REVENUE GROWTH FOR FY2021 AMIDST COVID-19 DISRUPTIONS**

<b>Financial Highlights</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>Change</b>
Revenue (RM billion)	4.13	3.99	3.6%
Profit before tax (RM million)	479.4	522.9	-8.3%
Profit after tax (RM million)	395.1	410.1	-3.7%
Basic earnings per share (sen)	107.8	111.9	-3.7%

- Group revenue for FY2021 grew by 3.6% to RM4.1 billion driven by Exports and Thailand operations as well as the maiden contribution from Food business.
- Higher sales captured in the first nine months helped cushion adverse impact of lockdown in Thailand and Malaysia during Q4 2021.
- Group profit before tax for FY2021 declined 8.3% to RM479.4 million, weighed down by significantly higher commodity prices and other input costs.
- Food & Beverages Malaysia grew its revenue for the year by 4.4% to RM2.13 billion supported by higher exports, sustained demand on dairies segment and nine months of contribution from Food business.
- Food & Beverages Thailand delivered positive top and bottom-line performance, driven by resilient domestic demand and growth in Exports but negated by unfavourable MYR/THB forex translation.
- Group Exports growth remained strong, driven by ASEAN, the Middle East, Africa and Greater China markets. Profit margin was impacted by rising commodity costs, higher freight and warehousing charges due to worldwide container shortage.
- Recommending a final single tier dividend of 33.0 sen per share (2020: 33.0 sen per share) in spite of the tough operating environment.

## **FOURTH QUARTER FY2021 PERFORMANCE**

Fraser & Neave Holdings Bhd ('F&NHB' or 'the Group') recorded a revenue of RM896.3 million for its fourth quarter ended 30 September 2021 (Q4 2021), reflecting a 6% decline from last year against a backdrop of COVID-19 lockdown in both Malaysia and Thailand.

In Malaysia, out-of-home consumption was adversely affected by the dining-in prohibition at Food and Beverages outlets and restricted operating hours for convenience stores. F&B Malaysia revenue for the quarter declined by 7.5% to RM457.9 million (Q4 FY2020: RM495.1 million), partially offset by higher exports and contribution from Food business.

While the lockdown in Thailand also impacted domestic sales, F&B Thailand was able to sustain marginal growth of 0.6% in revenue (in Thai Baht terms), contributed by high double-digit growth in exports due to new customers and higher orders. However, unfavourable MYR/THB translation led to lower revenue in MYR terms, which declined by 4.8% to RM436.2 million (Q4 FY2020: RM458.0 million).

Group profit before tax for the quarter contracted to RM61.9 million from RM108.3 million last year mainly due to a sharp rise in commodity prices, particularly sugar, palm oil and milk-based commodities, restructuring expenses and partially mitigated by improvement in margins for the export business. Excluding one-off/non-operating items in both periods, Group profit before tax decreased by 29.5%.

The combination of unfavourable input cost and higher expenses, including COVID-19 safety measures, led to lower operating profit for F&B Malaysia and F&B Thailand at RM9.3 million and RM49.1 million, respectively in Q4 2021 (Q4 FY2020: RM41.6 million and RM73.0 million, respectively).

## **FY2021 FULL YEAR PERFORMANCE**

Group revenue for the year ended 30 September 2021 (FY2021) grew 3.6% to RM4.13 billion (FY2020: RM3.99 billion), driven by strong export performance by both F&B Malaysia and F&B Thailand, as well as nine months of contribution from Food business.

For FY2021, the Group recorded profit before tax of RM479.4 million (FY2020: RM522.9 million). The contraction is attributed to higher commodity prices, lower export margins, restructuring and COVID-related expenses, and a lower share of profit from an associate. Excluding one-off/non-operating items in both years, which include a RM7.8 million gain on the disposal of "TEAPOT" brand last year, Group profit before tax declined by 3.9%.

The 3.7% decline in Group profit for the year to RM395.1 million (FY2020: RM410.1 million) was partially mitigated by investment tax incentives at F&B Thailand and deferred tax assets recognised for F&B Malaysia.

F&NHB Chief Executive Officer, Lim Yew Hoe said, "FY2021 was undoubtedly difficult in both demand and cost aspects. However, we remained steadfast in our long-term priorities and launched a fourth business pillar – Halal Packaged Food – with the acquisition of Sri Nona Companies. During the year, we also aligned our business needs with opportunities presented by Covid-19 and digital technology while placing the well-being of our people and community above all else."

He added that contributions from diversified product and geographical presence was key to the Group's resilient performance for the year. Prudent cost management partially mitigated higher commodity prices and higher freight and warehouse costs. Cognisant of the economic constraints on households spending, there was also a delay and phasing of price increase for its dairy products in Malaysia.

Group Export business (from both F&B Malaysia and F&B Thailand) continued its growth momentum and contributed RM896 million to Group revenue this year, fuelled by significant progress and expansion in ASEAN, Greater China, the Middle East and Africa. This is through efforts to promote and expand usage of its products via new applications for Food Services and Industrial Channels; as well as closer collaborations with key OEM customers which resulted in new products and additional regions.

In Malaysia, sustained demand for dairy products boosted by food business and in-home consumption and higher Exports moderated the dip in the beverages segment. F&B Malaysia grew its revenue for the year by 4.4% to RM2.13 billion. However, F&B Malaysia's operating profit decreased to RM97.7 million due to higher input costs and restructuring expenses. Excluding one-off/non-operating items in both years, operating profit for F&B Malaysia declined by 15.0%.

Meanwhile, domestic demand remains resilient in Thailand. F&B Thailand increased its share in all core segments despite the overall market decline. Supported by higher sales to Indochina with double-digit growth in Cambodia, as well as higher OEM exports, F&B Thailand grew its revenue for the year by 2.6% (5.6% increase in Thai Baht terms) to RM1.99 billion. This was achieved through effective loyalty and promotion programmes and continuous efforts to expand distribution coverage. F&B Thailand operating profit was flat in THB terms, due to higher commodity costs and royalty expenses. However, unfavourable MYR/THB translation led to lower operating profit in MYR terms at RM369.4 million (FY2020: RM381.0 million).

Despite lower consumer activity, F&NHB maintained its market leadership in all key categories for the year and launched 13 new products, including F&N Sparkling, F&N Bandung and est Cola Brown Sugar in Malaysia, as well as BEAR BRAND GOLD Acerola Cherry and a 50% lower-sugar, low-fat F&N Magnolia Choc Malt Milk in Thailand. With this, the Group also increased the number of products endorsed with the Healthier Choice logo in its portfolio to 69.

According to Lim, another key focus area for the Group this year has been to hasten the nation's recovery from the pandemic by supporting the Government's efforts in vaccinating the country.

"We encouraged our employees and those of our trade partners to be vaccinated through our employees' vaccination programmes. At the same time, one million bottles of 100PLUS were also distributed at major vaccination centres via #HidratkanDiriSihatkanBadan campaign. This was our way of promoting the immunisation programme while ensuring people maintain optimal hydration throughout the critical period," he said.

## GOING FORWARD

The Group remains cautious given the challenging market conditions and ongoing global uncertainties due to the pandemic. It foresees that the environment will remain challenging moving forward. Given that this is the new normal, the Group does not expect the market to return to pre-pandemic conditions in the short term. Innovation will be key to continued performance.

“We are prepared to ride on the encouraging return of economic activities in Malaysia and Thailand to drive sales, particularly for our beverages and ready to drink dairy business, and out-of-home channels. We will continue to offer products that meet consumers evolving needs and refine our product pricing to cushion our businesses against cost pressures including further increase in commodity prices and other input materials.” Lim said.

Exports will continue to be a key focus moving forward for both F&B Malaysia and F&B Thailand. We will not shy away from investing in capability to tap into new opportunities, be it for our own branded exports or key OEM customers.

The Group will also focus on building its new halal packaged food pillar. Lim believes that the full potential for the Sri Nona brand is yet to be realised, and the Group is currently looking into expanding its product range.

“We are leveraging on partnerships within our Group to expand route-to-market coverage and supply chain synergies. We are also expanding our production capacity to support this segment,” he added.

The Group targets to achieve further operational and cost efficiencies, and carbon footprint reduction with the completion of several capex investment projects in 2022, such as the integrated warehouse in Shah Alam, drinking water line in Kota Kinabalu, Regional Distribution Center in Rojana, Thailand and the installation of solar photovoltaic systems with renewable energy capacity of 10MWp in Malaysia.

As Malaysia enters the recovery phase of the pandemic, F&NHB Chairman Tengku Syed Badarudin Jamalullail said, “Safeguarding the health and well-being of our people remains a top priority. At the same time, we remain unwavering in our commitment to support the communities most impacted by the pandemic. We will continue to help as they gradually regain their livelihoods.”

Throughout FY2021, F&NHB distributed over two million products to various beneficiaries nationwide, including food banks and non-governmental organisations (NGOs). In Thailand, F&N products were offered to the 20,000 hawkers’ community members at no cost as an encouragement.

“Overall, our ability to sustain value creation for our stakeholders amidst a highly uncertain environment is evidence that our strategies are sound and able to manage the multiple risks of the current environment. Moving forward, we remain focused on implementing our mid and longer-term strategies initiatives that will enable us to respond to challenges and opportunities with confidence and conviction.” he concluded.

In line with Group’s earnings for the financial year ended 30 September 2021, the Board recommends a final single-tier dividend of 33.0 sen per share (2020: 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 (2020: 60.0 sen per share).

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

Fraser & Neave Holdings Bhd (F&NHB) is a Malaysian-incorporated and Shariah compliant company listed on Bursa Malaysia's Main Board. The Group has an annual turnover of RM4 billion from its core businesses in the manufacture, sales and marketing of beverage, dairy and food products. With a rich heritage spanning 138 years, F&NHB is today synonymous with quality and halal products that are trusted by generations.

F&NHB boasts a portfolio of 22 brands which are leaders in many segments such as; 100PLUS, F&N Fun Flavours, F&N SEASONS, OYOSHI, F&N Magnolia, FARMHOUSE, F&N ICE MOUNTAIN; Condensed and Evaporated Milk under F&N, TEAPOT, Gold Coin, Cap Junjung, IDEAL and CARNATION brands; as well as NONA brand of ketupat and sauces.

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. The Group employs over 2,500 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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