



FRASER & NEAVE HOLDINGS BHD

1H FY2022 FINANCIAL RESULTS BRIEFING

**PRESENTATION BY
CHIEF EXECUTIVE OFFICER**



**1H FY2022
F&NHB GROUP
FINANCIAL
PERFORMANCE**

F&NHB Records Higher 1H Revenue On Continued Momentum



“ **As a Group, our results demonstrate our resilience** in the face of tremendous pressures on multiple fronts. **Positive momentum from the recovery of economic activities** in Malaysia moderated the flood impact in Malaysia and weaker demand in Thailand affected by the Omicron outbreak. ”

REVENUE

RM2,214.3 mil

▲ 1.8%



OPERATING PROFIT

RM216.7 mil

▼ 26.5%



ADJUSTED OPERATING PROFIT*

RM240.7 mil

▼ 18.7%



PROFIT BEFORE TAX ("PBT")

RM220.1 mil

▼ 26.2%



ADJUSTED PBT*

RM244.1 mil

▼ 18.5%



ADJUSTED PBT MARGIN*

11.0%

▼ 2.7 p.p



PROFIT AFTER TAX

RM186.8 mil

▼ 22.3%



EARNINGS PER SHARE (BASIC)

50.9 sen

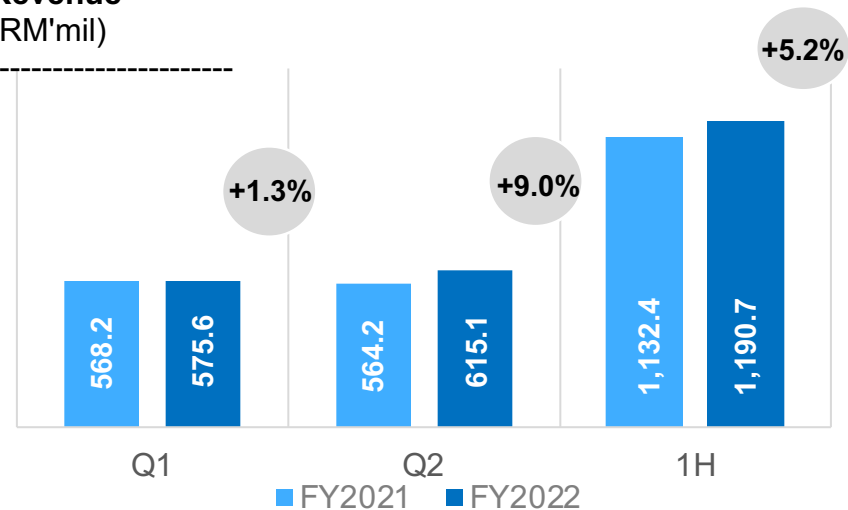
▼ 14.6 sen



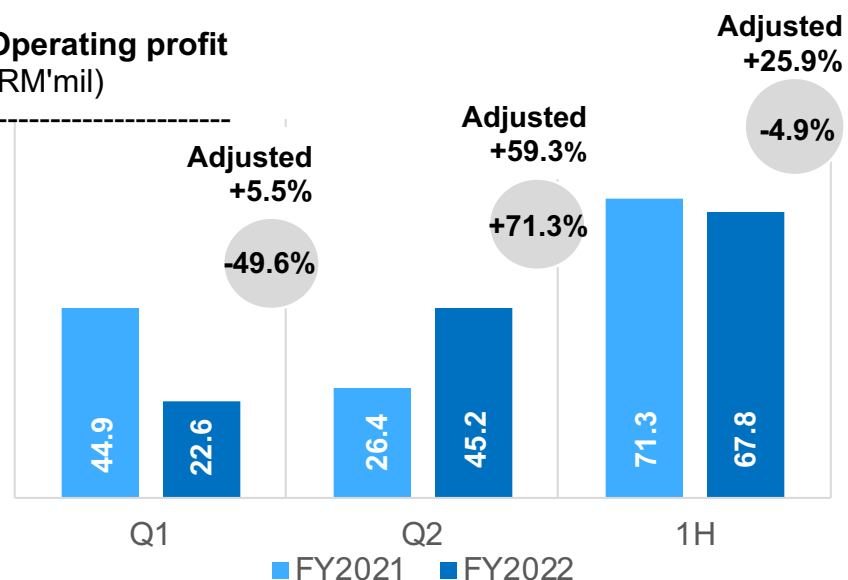
* Excluding one-off non-operating items i.e. flood related expenses, insurance claim receivable and restructuring costs

F&B Malaysia

Revenue
(RM'mil)



Operating profit
(RM'mil)



* Adjusted for one-off non-operating items (flood impact and restructuring costs)

- Successful CNY activations and recovery of economic activities/relaxed CNY SOPs
- Greater out-of-home consumption and traffic at HORECA channel
- Q1 momentum disrupted by flood quick turnaround

2Q FY2022 v 2Q 2021

- **Revenue +9.0%** :
 - Successful CNY campaign and on ground activations – higher beverages sales
 - Price/trade discount adjustments for dairies and beverages
 - Lower export revenue – price sensitive markets, shipping disruption due to port congestion and limited vessels, strict lockdown in Greater China
- **Operating profit +71.3%** (Adjusted operating profit +59.3%*):
 - Higher domestic revenue, improvement in export margin and customer/country mix partially offset higher input costs.

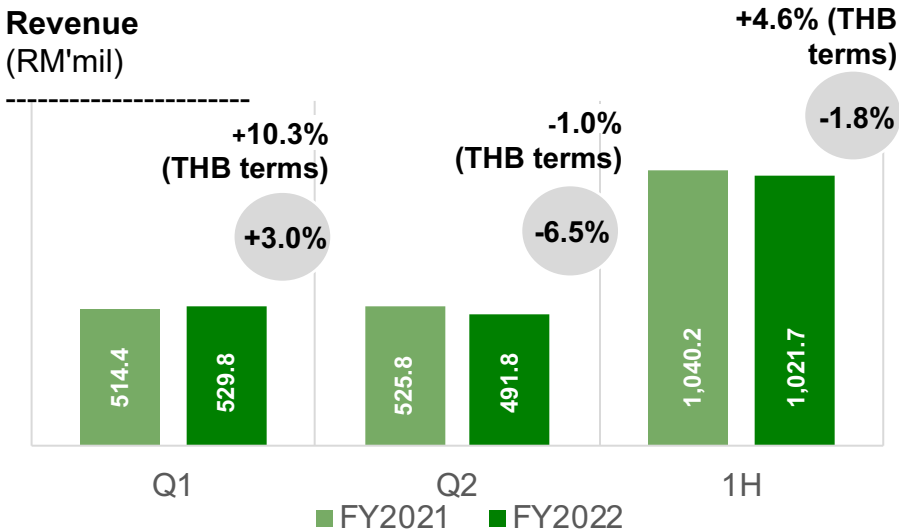
1H FY2022 v 1H FY2021

- **Revenue +5.2%** :
 - Driven by strong Q2 performance and positive momentum from lifting of movement restrictions
 - Additional one quarter revenue from food pillar
 - Dampened by lower export revenue, flood in Q1 and resulting out-of-stock situations
- **Operating profit -4.9%** (Adjusted operating profit +25.9%*):
 - Same as Q2 above

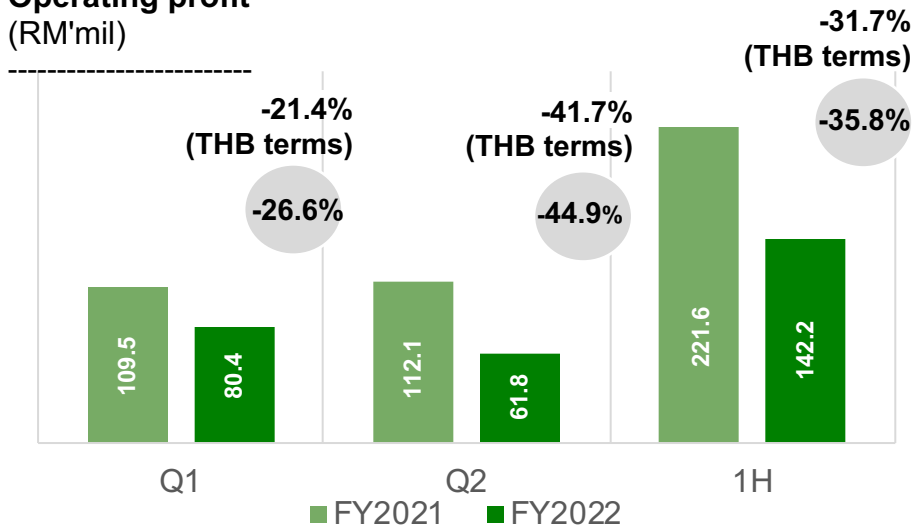


F&B Thailand

Revenue
(RM'mil)



Operating profit
(RM'mil)



- Market share grew ahead of overall market despite weaker demand due to Covid Omicron variant
- Sustained growth through effective promotions and loyalty program

2Q FY2022 v 2Q 2021

- **Revenue** -6.5% (-1.0% in THB terms):
 - Lower Liquid Milk Sales – lower tourist arrivals and traffic at HORECA
 - Growth in Sweetened Condensed/Evaporated Milk – through effective promotions and loyalty program and new product introductions
 - Higher OEM exports whilst sales to Indochina affected by pandemic
- **Operating profit** -44.9% (-41.7% in THB terms):
 - significantly higher input costs
 - difficulty in passing on the higher input costs to customers - products are on the Thai government's price watch list. Managed to increase in March 2022.

1H FY2022 v 1H FY2021

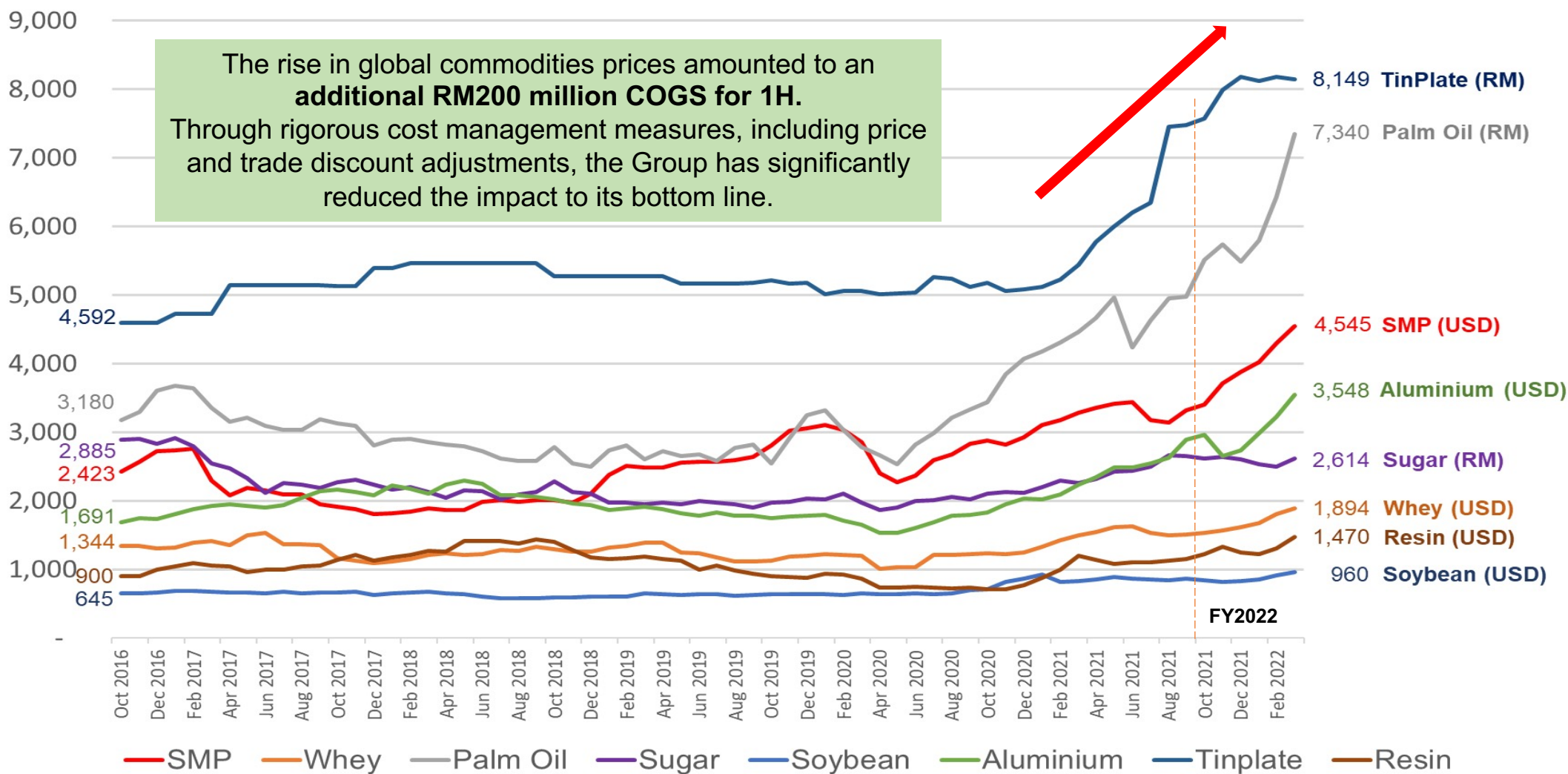
- **Revenue** -1.8% (+4.6% in THB terms):
 - Driven by strong growth in Q1
- **Operating profit** -35.8% (-31.7% in THB terms):
 - Same as Q2 above



Reality : Commodity Prices Are Still Trending High



Key Commodity Spot Price Chart (Oct 2016 - Mar 2022)



Despite lower Export revenue and higher COGS, margins sustained through price increase

- Price increase impacted demand in price-sensitive regions
- Challenges faced: Shipping disruption, limited vessels, higher freight costs, strict lockdown in Greater China

CONTRIBUTION OF EXPORT REVENUE TO SEGMENT 1H REVENUE FY2022



20%

F&B MALAYSIA



17%

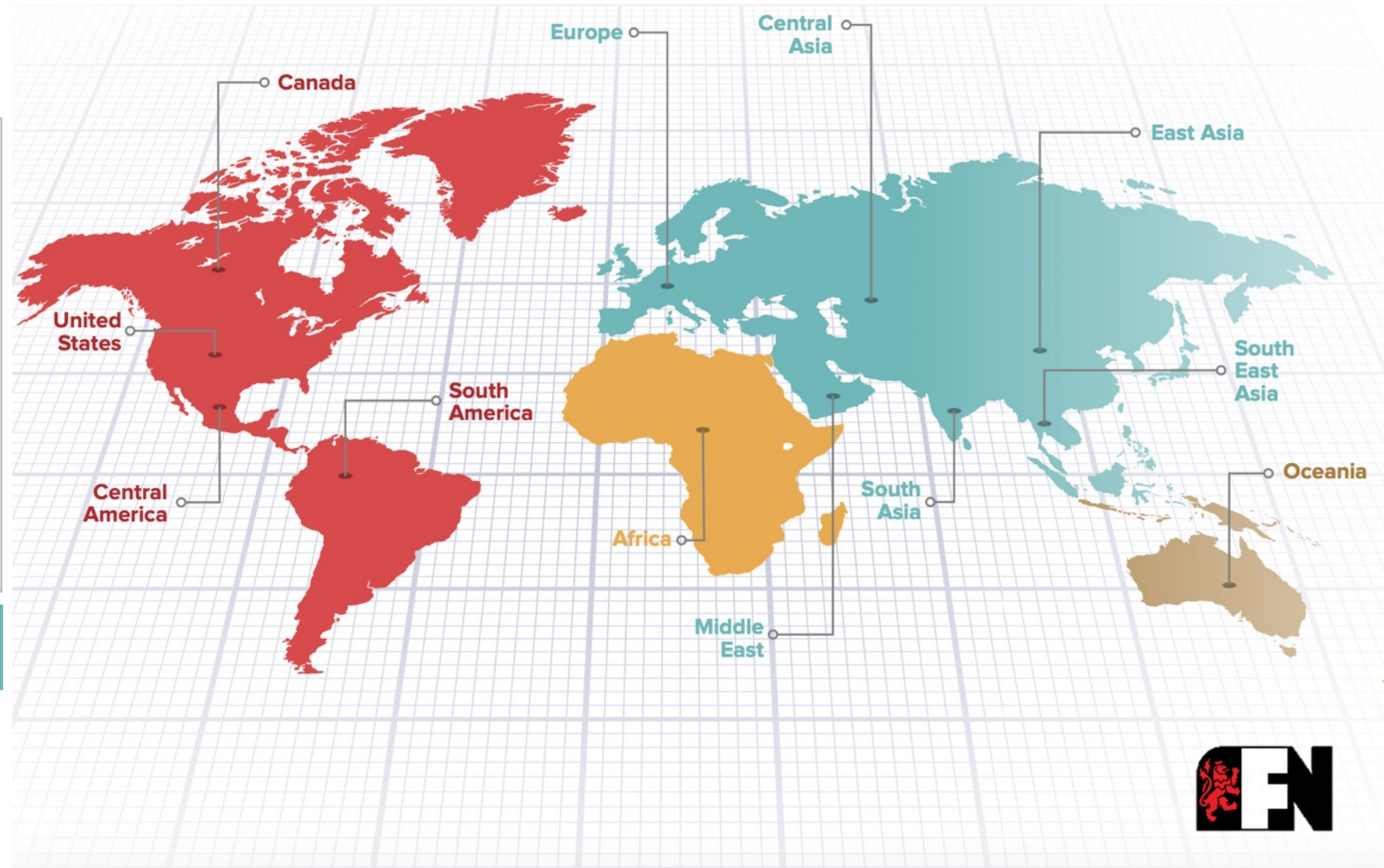
F&B THAILAND

CONTRIBUTION TO GROUP 1H REVENUE FY2022

20%

GROUP REVENUE

- Export to 86 countries worldwide
- 1 new export country in 1H FY2022



Interim dividend Maintained at 27 sen/share (2021: 27 sen/share)



	31 Mar 2022	30 Sep 2021	Change
Total equity ¹ (RM'mil)	2,891.5	2,819.0	▲ 2.6%
Total assets (RM'mil)	3,807.3	3,631.7	▲ 4.8%
Total debt ² (RM'mil)	64.7	65.0	▼ -0.6%
Cash & cash equivalents ³ (RM'mil)	319.9	555.4	▼ -42.4%
Net assets per share (RM)	7.88	7.69	▲ 0.20
Gearing ratio ⁴ (%)	2.2%	2.3%	▲ 0.1%

¹ Includes non-controlling interest

² Consist of loans and borrowings and lease liabilities

³ Lower cash and cash equivalents due to payment of final dividend, working capital requirements and capital expenditure

⁴ Total debt / Total equity

- We have taken into consideration various factors including:
 - The level of our available cash and cash equivalents
 - Group's capital position
 - Working capital requirements
 - Projected levels of capital expenditure and other investment plans
- **Entitlement date : 17 May 2022**
- **Payment date : 31 May 2022**



A woman wearing a white hijab and a white long-sleeved shirt is smiling broadly and holding a glass of Teh Tarik Ori. The glass has a label with the FNN logo and the text 'TEH TARIK ORI'. The background is a solid blue color with a large, stylized, wavy graphic element in shades of blue and white on the left side.

FIRST HALF HIGHLIGHTS



Total Brand Packaging Uplift, Refreshed Look To Reengage With Our Consumers





What's New?

LIMITED EDITION

**F&N SEASONS
Soya Rose**

**F&N Sweetened
Creamer with
25% Reduced
Sugar**



**TEAPOT
Low Fat
Sweetened
Creamer with
25% Less
Sucrose**



**F&N
Magnolia
UHT Milk**



**F&N
Full Cream
Evaporated
Milk**



New offerings from Sri Nona



**Ketupat ala
Nasi Ayam**

**Ketupat ala
Nasi Lemak**



**Sup
Uncang**



**Nona
Kicap**

Brand campaigns to ramp up sales during Ramadan and Raya



Jalanan Kasih
Selera **NONA**

Melazatkan Sajian, Memesrakan Jalanan.

   www.srinona.com.my

RAMADAN SEMUA #DONE
DENGAN 100 PLUS

Kekal Hidrat dan Bertenaga

F&N

**Nikmati Keceriaan
Raikan Kekeluargaan**

✧ Selamat Hari Raya Aidilfitri ✧

Macam-macam Cipta Rasa
dengan **F&N**

Jom kita hidangkan menu kreatif dan viral dengan penuh keenakan di musim perayaan ini bersama F&N.

nikmat sebenar, sebakikan segan **F&N**



100PLUS #RAMADANSEMUAADONE PROGRAMME

Distribution of 100PLUS Active & Bubur Lambuk around Klang Valley during Ramadan month to keep fasting Muslims hydrated, focused & energised



Our Awards & Recognition



100PLUS

Putra Brand Awards 2021

6th Consecutive Gold
(Beverage: Non-alcoholic)



Fraser & Neave Holdings Bhd

NACRA 2021

Best Sustainability
Reporting - Platinum



F&N Dairies Thailand

**The Prime Minister's
Industry Award 2021**
Quality Management



Sustainability Yearbook

Member 2022

S&P Global

INCLUSION IN THE S&P GLOBAL SUSTAINABILITY YEARBOOK 2022

- ✓ F&NHB emerged as one of the top quintile companies in CSA, at the 86th percentile in the Beverages (BVG) Industry.
- ✓ We scored 69 (out of 100) and ranked among the top ten companies out of 46 companies assessed in the beverages industry.
- ✓ Notably, we achieved the third-highest score for the Social dimension.





KICKSTARTING THE F&N ANNUAL SCHOOL RECYCLING PROGRAMME



F&NHB joins hands with various local councils in Malaysia to inculcate 5Rs among students via annual inter-school competition.



Official launch of F&N – MBSA School Recycling Programme 2022





WHAT'S NEXT?

**A stream of
exciting new products
coming.....**

Teh Tarik 'ORI' NO.1!*

Sneak Peek

Malaysians' Favourite
Teh Tarik in Can

Comes in **Ori** and **Less Sweet**



"Have been waiting for local Teh Tarik my whole life. Can taste the tea flavour is stronger, which is good! Not too sweet, taste is balanced"

"Sedap teh tarik ni.. Rugi beli 4 botol je"





BRAND RESTAGE

Coming soon
in July 2022...





Introducing MORE innovative offerings in Thailand

TEAPOT
EXTRA Evap
in UHT Format



TEAPOT
SCM Tube
Sweet Potato



TEAPOT Evap
for Dessert &
Curry



F&N Magnolia
UHT Milk
(Blueberry
& Brown Sugar)



Outlook



- Environment for the industry to remain challenging for 2H of FY
 - high input prices, rising freight costs, and geopolitical uncertainties
 - rising inflationary pressures may dampen discretionary spending.
- Reopened borders and relaxation of quarantine requirements in Malaysia and Thailand are expected to spur economic activity and consumer spending.
- Regardless of the market environment, the Group remains resolute in its long-term strategies and foresees that these will result in payoffs in terms of further cost savings and new market opportunities soon.



Proposed acquisition of Ladang Permai Damai ("Proposed Acquisition")



- Enable us to embark on an **upstream fresh milk business** for downstream production and distribution of fresh milk.
- Will present incremental opportunities for our future growth prospects.
 - **lower the value chain cost per litre** and **reduced dependence on imported milk**
 - opportunities to **grow new/adjacent categories**
 - **promote local agricultural industry**
- The Proposed Acquisition is subject to the terms and conditions of the Share Sale Agreement, including the government approvals to be obtained as conditions precedent to completion.
- More details of the project will be announced once they are completed.
- The Proposed Acquisition is not expected to have any material effect on the earnings of the F&NHB Group for the financial year ending 30 September 2022.



**INVESTING FOR
THE FUTURE**

New Regional Distribution Centre (“RDC”)

📍 Rojana, Thailand

[Completed end of FY2021]



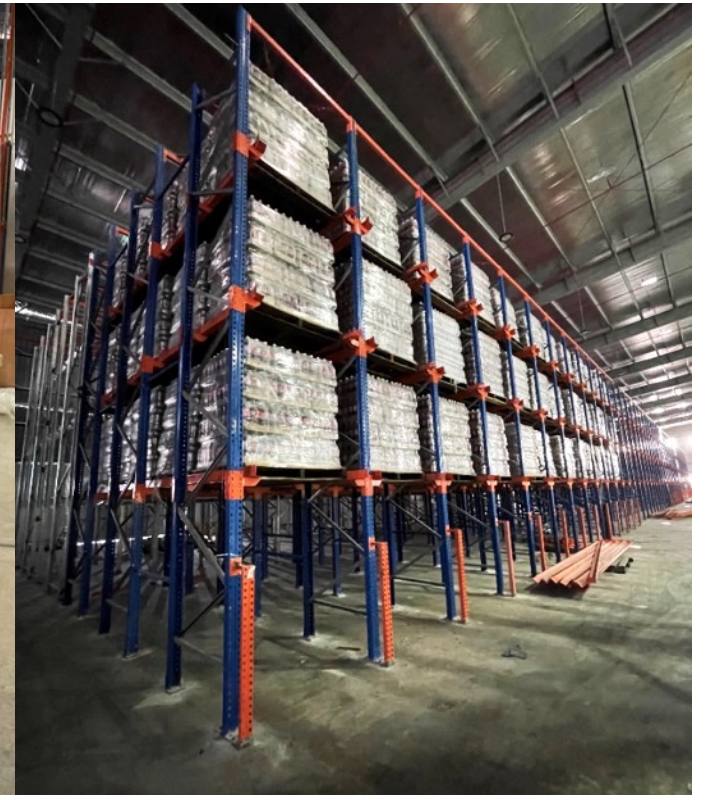
- ASRS-equipped RDC in Rojana, Thailand (RM52 million) with a capacity of 30,000 pallets – allows greater distribution and cost efficiencies.
- Fully integrated distribution centre with enterprise resource planning system and efficient information flow.
- Started new RDC operations in full since January 2022 with close monitoring on inbound/outbound performance.

Production Plant for Drinking Water & Warehouse 📍 Kota Kinabalu Industrial Park, Malaysia

[Building and installation completed, commercial run in Q3, FY2022]



KKIP Manufacturing Plant

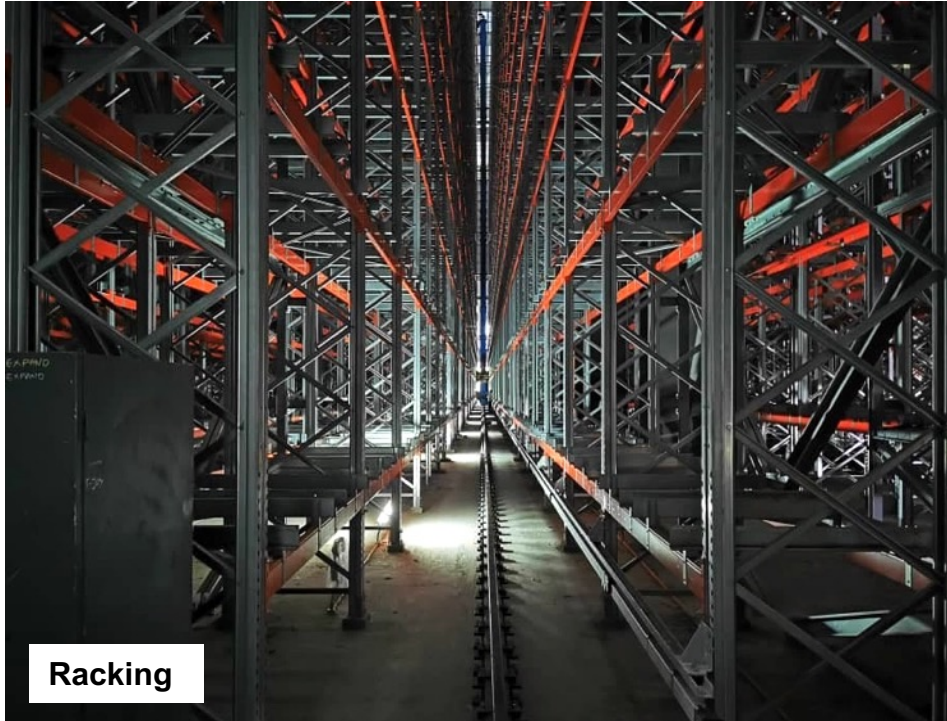


- The investment signals our entry into drinking water business in Sabah
- Cost savings by in-sourcing of warehousing needs in Kota Kinabalu

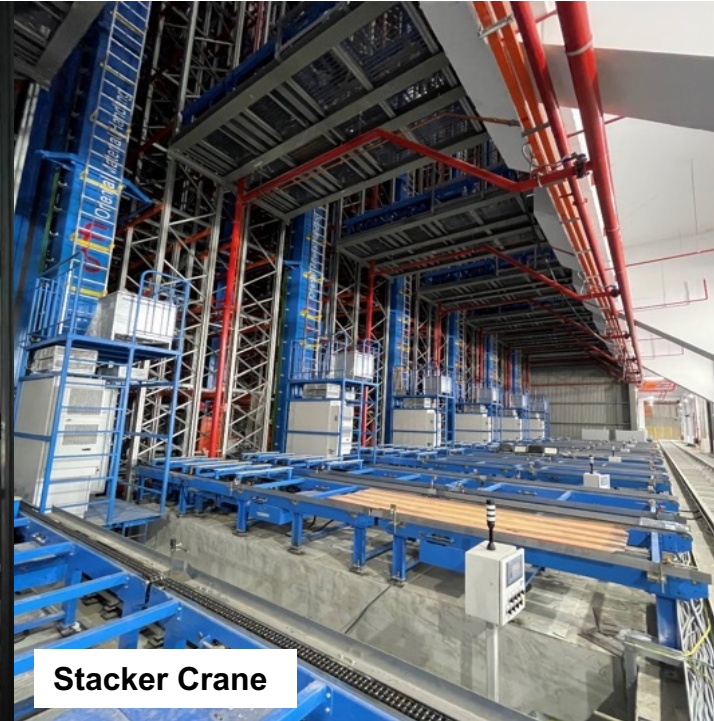
Integrated Warehouse

📍 Shah Alam Plant, Malaysia

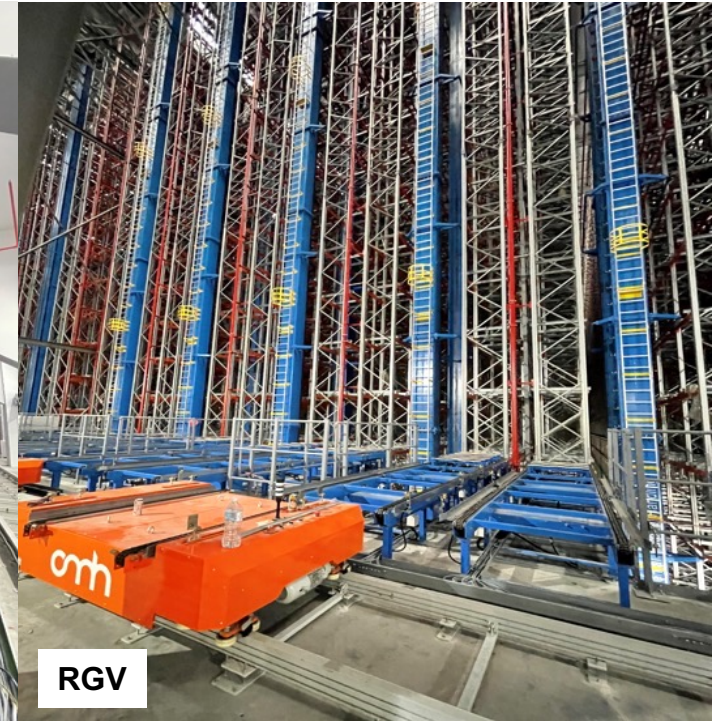
[Target Completion: Testing on-going, Target for commercial run by end of FY 2022 – delayed due to flood]



Racking



Stacker Crane



RGV

- Integrated warehouse building with Automatic Storage & Retrieval System (ASRS) with capacity to store over 50,000 pallets
- Able to maximise storage efficiency, reduce operational costs, shorten delivery lead time to customers and reduce carbon footprint
- Largely eliminated the use of forklifts – less fuel usage and emissions (**600 tonnes[^] of CO2e emission reduction annually**)

[^] estimated based on 8 hours of forklift operating hours

Solar Photovoltaic (PV) System

📍 3 plants in Malaysia (Shah Alam, Pulau Indah, Bentong)

[Target Completion: End of April FY 2022]



Shah Alam Manufacturing Plant



Pulau Indah Manufacturing Plant



Bentong Manufacturing Plant



- Part of RM30 mil commitment over two years into renewable energy programmes and projects that contribute to energy efficiency and carbon emission reduction
- The 10 MWp of total solar energy capacity, once completed, will generate enough clean energy to power the equivalent of 3,700 typical homes. This also translates to an estimated **9,000 tonnes of CO_{2e} emission reduction a year**, equivalent to 2,000 cars driven annually.
- Estimated annual electricity cost avoidance: RM3 – RM4 million

Plant-Based Beverages Capability in Thailand

📍 Wangmuang, Thailand

[Target Completion: Q3, FY2022]



**RM128 million investment in Wangmuang
(inclusive of land) in a
liquid milk & plant-based beverages factory**



**“A strategic shift for F&NHB
to reduce reliance on condensed milk and enable
us to grow our brand
in the liquid milk segment”**

Plant-Based Beverages Capability in Thailand

📍 Wangmuang, Thailand

[Target Completion: Q3, FY2022]



Solar rooftop 1MWP has been in use since Feb 2022, while first commercial production from the plant is expected to be in Q3 FY2022.

RM20 million investment in **plant-based beverages capability** in **Pulau Indah plant**, expect to be completed by end of 2022.



Special Report on Flood

Flash Floods in Q1

- Shah Alam factory was affected by the flood from 18 – 19 December 2021.
- Immediately isolated the factory main power supply and shut down substation power supply when water level started to rise.
- Crisis management teams was activated and the management's priority was to ensure the **continued safety of employees** and to **minimise disruptions to its customers**.
- Our plants in Pulau Indah and Bentong – not affected, access to the plant were affected for a few days.
- For our employees, we have distributed about RM400,000 in **crisis assistance funds to 224 employees** affected by the flood.



Recovery Post Flood and Current Status



- The biggest impact came from damaged finished goods, packaging and raw materials.
- Estimated impact to-date is approximately RM40 million and assessment is still on-going due to repairs underway and lead time for spare parts/raw materials.
- **We have in place a property all risk and business interruption insurance cover.** Therefore, the net impact is not expected to be significant.
- We are working with our insurers on claims for property damage and consequential loss.
 - RM18 million interim insurance claim receivable in respect of damaged inventories was recognised in 1H FY2022.
- Our manufacturing facilities in Shah Alam resumed operations in stages since mid-January. There are out-of-stock (“OOS”) situations for some products and is being managed.



Recovery Efforts and Quick Turnaround



Gratitude to Our F&N Heroes



Thanks to our **F&N HEROES**, our lines resumed operations in stages since mid January.



FLOOD RELIEF

in Peninsular Malaysia

Distributed
> 25,000
products



including 100PLUS,
F&N Ice Mountain
Drinking Water and
F&N Condensed Milk
to affected communities
directly or via NGOs.





Thank You