

**General Announcement for PLC (v13)****SUBMITTED**

Reference No. GA1-26042022-00107

Created by FRASER &amp; NEAVE HOLDINGS BHD on 26 Apr 2022 at 9:08:37 PM

Submitted by FRASER &amp; NEAVE HOLDINGS BHD on 27 Apr 2022 at 6:11:59 PM

COMPANY INFORMATION SECTION			
Announcement Type	<input checked="" type="radio"/> New Announcement <input type="radio"/> Amended Announcement		
Company Name	FRASER & NEAVE HOLDINGS BHD		
Stock Name	F&N		
Stock Code	3689		
Board	Main Market		

CONTACT DETAIL			
Contact Person	Designation	Contact No	Email Address
FRASER & NEAVE HOLDINGS BHD		012-2337664	timothy.ooi@fn.com.my

MAIN	
Type	Announcement
Subject	OTHERS
Description	News release: F&NHB Records Higher Q2 Revenue on Continued Momentum
Shareholder Approval	No

Announcement Details/Table Section			
We attach herewith a news release dated 27 April 2022 entitled F&NHB Records Higher Q2 Revenue on Continued Momentum.			
Please refer to the attachment.			
Attachment	No	File Name	Size

1

[FNHB-1H FY2022 News Release.pdf](#)

203.5KB

Copyright © 2015 Bursa Malaysia Berhad 13.1.3.0. All rights reserved.  
[Terms & Conditions of Use, Disclaimer and Linking Policy](#)



## **FRASER & NEAVE HOLDINGS BHD**

(Company No. 004205-V)

### **NEWS RELEASE 27 APRIL 2022**

## **F&NHB RECORDS HIGHER Q2 REVENUE ON CONTINUED MOMENTUM**

*Positive momentum from the recovery of economic activities in Malaysia and on track to complete several CAPEX projects to deliver long-term cost savings and environmental objectives*

- Group revenue increased by 1.5% to RM1,107.7 million for Q2 FY2022, supported by F&B Malaysia's improved performance.
- F&B Malaysia accelerated revenue growth at 9.0% in Q2 FY2022 to RM615.1 million, driven by successful CNY activations and recovery of economic activities.
- F&B Thailand market dampened by Omicron outbreak in Q2 FY2022 and registered 1.0% revenue decline [in Thai Baht ("THB) terms)]. However, a strong Q1 performance led to overall 4.6% revenue growth (in THB terms) for the first half year.
- Group revenue for 1H FY2022 up by 1.8% to RM2,214.3 million from RM2,175.0 in 1H FY2021.
- RM200 million cost of goods sold ("COGS") impact in 1H FY2022 from the rise in commodity prices largely mitigated through cost management measures and price adjustments. Group profit before tax for the first half, excluding one-off non-operating items, declined by RM55.4 million to RM244.1 million.
- New RM148 million CAPEX investment into Liquid Milk & Plant-Based Beverages capability in Malaysia and Thailand.
- Interim single tier dividend of 27.0 sen per share (2021: 27.0 sen per share) amounting to RM99.0 million to be paid on 31 May 2022.

## **SECOND QUARTER FY2022 PERFORMANCE**

<b>Financial Highlights</b>	<b>Q2 FY2022</b>	<b>Q2 FY2021</b>	<b>Change</b>
Revenue (RM million)	1,107.7	1,091.8	+1.5%
Profit before tax (RM million)	112.0	139.3	-19.6%
Adjusted profit before tax (RM million) *	110.8	140.6	-21.2%
Profit after tax (RM million)	93.9	103.5	-9.3
Basic earnings per share (sen)	25.6	28.2	-2.6

\* Adjusted to exclude one-off non-operating items due to flood and restructuring costs

Fraser & Neave Holdings Bhd ('F&NHB' or 'the Group') recorded 1.5% revenue growth for its second quarter ended 31 March 2022 (Q2 FY2022) to RM1,107.7 million from RM1,091.8 million in the same quarter last year. Positive momentum from the recovery of economic activities in Malaysia moderated the stifled demand in Thailand affected by the Omicron outbreak.

F&B Malaysia's revenue for the quarter soared 9.0% to RM615.1 million (FY2021: RM564.2 million) on the back of higher sales from the Chinese New Year (CNY) festivities, driven by the easing of COVID-19 restrictions and effective on-ground activation and promotions.

Beverage sales surged double-digit for the quarter, supported by greater out-of-home consumption and improvement in sales to the HORECA channel. Revenue for food products grew by double-digit from early sell-in for Hari Raya Puasa festive season and successful CNY promotion for its oyster sauce category. Dairies sales registered improved revenue despite a volume decline following price adjustments undertaken in October 2021.

The price increase also impacted exports volume in some price-sensitive markets. Improvement in margin and customer/country mix contributed to higher operating profit for exports despite lower revenue versus last year. Exports from Malaysia also faced challenges from shipping disruption due to port congestion and limited shipping vessels to certain regions, and lower volume from Greater China amidst strict COVID-19 lockdown measures.

F&B Thailand revenue in THB terms for the quarter declined marginally by 1.0%, whilst revenue in RM terms was more adversely impacted (-6.5%) due to unfavourable foreign exchange translation. F&B Thailand sustained growth for the domestic sales of sweetened condensed and evaporated milk through effective promotions and loyalty programs in Q2 FY2022 despite battling one of the country's highest COVID-19 infection rates to date. Higher export revenue from price adjustments as well as new orders and expansion into new market helped mitigate weaker domestic demand.

Higher sales, improved margins from price adjustment and prudent cost management led to higher operating profit for F&B Malaysia in Q2 FY2022. F&B Malaysia's operating profit excluding one-off non-operating items (flood and restructuring costs) surged +59.3% to RM43.9 million.

Operating profit for F&B Thailand declined by 44.9% (-41.7% in THB terms) to RM61.8 million during the quarter. This is mainly due to difficulty in passing on the significantly higher input costs to customers, as its products are on the Thai government's price watch list.

Group profit before tax for Q2 FY2022 excluding one-off non-operating items due to flood and restructuring costs contracted 21.2% to RM110.8 million compared to RM140.6 million last year.

## **HALF YEAR FY2022 PERFORMANCE**

<b>Financial Highlights</b>	<b>Half Year FY2022</b>	<b>Half Year FY2021</b>	<b>Change</b>
Revenue (RM million)	2,214.3	2,175.0	+1.8%
Profit before tax (RM million)	220.1	298.3	-26.2%
Adjusted profit before tax (RM million) *	244.1	299.5	-18.5%
Profit after tax (RM million)	186.8	240.3	-22.3%
Basic earnings per share (sen)	50.9	65.5	-14.6

\* Adjusted to exclude one-off non-operating items due to flood and restructuring costs

For the first half ended 31 March 2022 (1H FY2022), Group revenue increased 1.8% to RM2,214.3 million from RM2,175.0 million last year.

Despite higher revenue, the Group recorded lower profit before tax and profit after tax of RM220.1 million and RM186.8 million respectively in 1H FY2022 compared to the same period last year. This is mainly due to higher commodity prices, flood impact, and forex translation loss from a weaker THB.

F&B Malaysia's revenue grew by 5.2% to RM1,190.7 million for the first half-year (FY2021: RM1,132.4 million). This was driven by a stronger 2<sup>nd</sup> quarter performance, partly dampened by the impact of the floods on its Shah Alam operations and the resulting out of stock situations. Excluding one-off non-operating items, F&B Malaysia's operating profit grew by 25.9% to RM91.3 million, attributed to higher beverages sales, improved margin for dairy products, improvement in export customer/country mix and contribution from Food pillar (acquired in January 2021).

Meanwhile, strong double-digit growth in domestic and export sales in the first quarter contributed to F&B Thailand recording higher revenue in the first half year, which grew by 4.6% (in THB terms). However, unfavourable RM/THB translation led to lower revenue in RM terms, registering a 1.8% decline to RM1,021.7 million. F&B Thailand's operating profit declined to RM142.2 million due to significantly higher input costs, especially for tin cans and milk powder. Price increase was implemented in March 2022 to mitigate margin pressures.

Commenting on F&NHB's first-half financial results, F&NHB Chief Executive Officer, Lim Yew Hoe said, "As a Group, our results demonstrate our resilience in the face of tremendous pressures on multiple fronts."

He further explained that the rise in global commodities prices amounted to an additional RM200 million COGS for the first half year. Through rigorous cost management measures, including price and trade discount adjustments, the Group has significantly reduced the impact to its bottom line.

Excluding one-off non-operating items, Group profit before tax for 1H FY2022 declined by RM55.4 million to RM244.1 million from RM299.5 million last year.

## **GOING FORWARD**

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. Several of the Group's capital expenditure ("CAPEX") projects will be completed this year, such as the insourcing of warehousing in Shah Alam, which is expected to deliver savings of about RM1 million every month. The Solar Photovoltaic (PV) systems at three plants in Malaysia (Shah Alam, Pulau Indah and Bentong) that will come online this year will deliver an estimated electricity cost avoidance of RM3 – RM4 million annually, besides reducing an estimated 9,000 tonnes of CO<sub>2e</sub> emissions per year.

"For the longer term, we are on track for several other CAPEX projects that will enable the Group to capture value in new market segments. Our new RM20 million Drinking Water production plant and warehouse in Kota Kinabalu signal our confidence and commitment to grow the drinking water business in Sabah."

"Another significant CAPEX project is our new Liquid Milk & Plant-Based Beverages factory in Thailand, which is in the final stages of commissioning. Concurrently, we are also equipping our Pulau Indah plant with Plant-based beverages capability by the end of 2022. Both investments amounting to RM148 million, represent a strategic shift for F&NHB to reduce reliance on condensed milk and enable us to grow our brand in the liquid milk segment," said Lim.

On prospects, the Group anticipates the challenging environment for the industry to continue into the second half of the year, as high input prices, rising freight costs, and geopolitical uncertainties weigh on the Group's margin while rising inflationary pressures may dampen discretionary spending. However, the reopened borders and relaxation of quarantine requirements in Malaysia and Thailand are expected to spur economic activity and consumer spending.

"We will focus on accelerating the momentum built in the first half while keeping a tight rein on costs and adapting to the fluid environment. We are confident that the fruits of our strategic plans will enable us to come out on a stronger footing when the markets stabilise again," said Lim.

Commenting on F&NHB Group's proposed acquisition of Ladang Permai Damai Sdn Bhd (the "Proposed Acquisition"), Lim said the intention is for the Group to embark on the upstream fresh milk business for downstream production and distribution of fresh milk.

"We are confident that our latest investment will present incremental opportunities for our future growth prospects. 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," he added.

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.

"The latest investments also reflected the Group's confidence in the long-term potential of our markets and our ability to manage the risks of the current landscape while strategies are well placed to drive future growth," Lim concluded.

In line with the Group's performance and resilience, the Board declared an interim single-tier dividend of 27.0 sen per share (FY2021: 27.0 sen) for the financial year ending 30 September 2022. This dividend amounting to approximately RM99.0 million will be paid on 31 May 2022.

---

## **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).

### **For further information, please contact:**

**Karen Tan/ Jojo Ngo**  
karen.tan@fn.com.my  
jojo.ngo@fn.com.my

**Melisa Yim**  
Tel: 010-2217282  
[melisa.yim@perspective.com.my](mailto:melisa.yim@perspective.com.my)