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<b>Shareholder Approval</b>	No

<b>Announcement Details/Table Section</b>	
We attach herewith a news release dated 8 November 2022 entitled F&NHB Records Higher Revenue for FY2022.	
Please refer to the attachment.	

<b>Attachment</b>	<b>No</b>	<b>File Name</b>	<b>Size</b>

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## FRASER & NEAVE HOLDINGS BHD

(Company No: 196101000155 (4205-V))

### NEWS RELEASE 8 NOVEMBER 2022

#### **F&NHB RECORDS HIGHER REVENUE FOR FY2022**

*Group cost management strategy proven successful in weathering challenging environment*

- Solid growth recorded in Q4 2022 reflects stable recovery of economic activities, business returning to pre-pandemic levels and successful cost management strategy. Group revenue increased by 26.9% to RM1.14 billion and profit before tax rose to RM119.5 million.
- Group revenue for the year grew by 8.2% to RM4.47 billion driven by a revival in domestic demand and price adjustment strategy, as well as the growing contribution from Food business.
- F&N continues to strengthen its halal packaged food pillar with the acquisition of Cocoland, an established Malaysian confectionery and snack brand which will also serve as a platform to expand into more halal food segments.
- Acquisition of Ladang Permai Damai completed. The Group resumed the realisation of its strategy to enter the upstream fresh milk business in order to benefit downstream production and distribution of fresh milk.
- Food & Beverages Malaysia grew its revenue for the year by 13.5% to RM2.42 billion. Significant growth in operating profit, up by 71.9% to RM168.0 million attributed to higher revenue, improved margins and operational savings realised from completed projects.
- Food & Beverages Thailand revenue rose 2.7% (7.6% in Thai Baht). Bottom-line performance was impacted by significant increase in commodity cost and unfavourable MYR/THB forex translation.
- Recommending a final single tier dividend of 33.0 sen per share (2021: 33.0 sen per share).

## FOURTH QUARTER FY2022 PERFORMANCE

Financial Highlights	Q4 FY 2022	Q4 FY 2021	Change
Revenue (RM million)	1,137.6	896.3	+26.9%
Profit before tax (RM million)	119.5	61.9	+92.9%
Adjusted profit before tax (RM million) *	118.0	72.7	+62.4%
Profit after tax (RM million)	98.0	58.7	+67.0%
Basic earnings per share (sen)	27.0	16.0	+11.0 sen

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

Fraser & Neave Holdings Bhd ('F&NHB' or 'the Group') recorded revenue of RM1.14 billion for its fourth quarter ended 30 September 2022 (Q4 2022), representing a 26.9% growth from the same quarter last year, which underwent movement and travel restrictions in Malaysia and Thailand. The improvement was driven by the positive momentum from the recovery of economic activities, Out-of-Home (OOH) consumption and trade restocking, reflecting business returning to pre-pandemic levels.

Group profit before tax for Q4 2022 increased to RM119.5 million from RM61.9 million in Q4 2021. Strong demand and margin recovery from price adjustments have largely offset the adverse commodity price impact. Excluding one-off non-operating items, Group profit before tax for the quarter grew from RM72.7 million to RM118.0 million.

Food & Beverages Malaysia ("F&B Malaysia") increased its revenue for the quarter by 31.1% to RM600.6 million on the back of double-digit volume growth in beverages and improved sales of dairy products from successful market activations and recovery of OOH consumption in the domestic market despite higher selling prices.

Excluding one-off non-operating items, F&B Malaysia operating profit improved from RM19.4 million to RM48.3 million during the quarter under review, further contributed by savings realised from the partial utilisation of the integrated Automatic Storage & Retrieval System (ASRS) warehouse in Shah Alam.

In Thailand, new product innovations, effective loyalty programmes and expansion of distribution coverage led to double-digit growth in sales for both evaporated and sweetened condensed milk categories. Food & Beverages Thailand ("F&B Thailand") grew its revenue for the quarter by 22.8% (25.7% in Thai Baht) to RM535.8 million, boosted by the progressive recovery in tourism industry and OOH consumption.

F&B Thailand operating profit increased by 52.8% (51.2% in Thai Baht) to RM75.0 million compared to Q4 2021, supported by lower advertising and promotion expenses and price adjustments, and moderated by higher commodity costs.

## FY2022 FULL YEAR PERFORMANCE

Financial Highlights	FY 2022	FY 2021	Change
Revenue (RM billion)	4.47	4.13	+8.2%
Profit before tax (RM million)	454.1	479.4	-5.3%
Adjusted profit before tax (RM million) *	472.9	500.3	-5.5%
Profit after tax (RM million)	382.3	395.1	-3.3%
Basic earnings per share (sen)	104.5	107.8	-3.3 sen

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

For the full year ended 30 September 2022 (FY2022), Group revenue grew by 8.2% to RM4.47 billion (FY2021: RM4.13 billion), underpinned by strong domestic demand in Malaysia and Thailand, price adjustment strategy, and the first full-year contribution from the Group's Food business.

Improved revenue and cost management measures, including price and trade discount adjustments, had significantly mitigated the impact of higher commodity and freight costs, flood recovery expenses and foreign exchange translation loss from a weaker Thai Baht. The Group recorded RM454.1 million in profit before tax, at 5.3% below FY2021, and RM382.3 million in profit after tax, at 3.3% below FY2021.

In Malaysia, OOH consumption rose progressively with the end of the Movement Control Order. Successful trade execution and price adjustment exercise supported F&B Malaysia revenue growth, which increased by 13.5% to RM2.42 billion. Higher revenue, improved margins and operational savings realised from completed projects led to growth in F&B Malaysia operating profit, up by 71.9% to RM168.0 million (FY2021: RM97.7 million). This was also supported by contribution from Exports due to better region and product mix, as well as foreign exchange gain despite registering lower volume mainly to Greater China amidst COVID-19 restrictions, and price-sensitive markets this year. Excluding one-off non-operating items, F&B Malaysia operating profit grew to RM186.4 million (FY2021: RM116.3 million).

Recovery in OOH channels, new product innovations and double-digit growth in exports to Cambodia contributed to F&B Thailand recording 7.6% revenue growth in Thai Baht. Higher sales and price adjustments helped to partially mitigate the impact of significantly higher commodity prices, particularly for tin cans and milk powder. F&B Thailand recorded RM276.0 million operating profit for the year compared to RM369.4 million in FY2021.

F&NHB Chief Executive Officer, Lim Yew Hoe said, "Admittedly, the first half of the year was tough due to rising commodity prices and the impact of the floods on our Shah Alam operations. While our overall bottom-line was impacted, it has been greatly mitigated by the effective strategies we had put in place to manage market risk and exposure. Most importantly, our strategies enabled the Group to re-establish ourselves on a stronger footing during the second half."

"The Group is on track with its long-term strategies to raise cost efficiency and build up its fourth business pillar, Halal Packaged Food. The insight here is that the Group has much more potential to move forward and continue growing in the future," Lim added.

Lim said the improved profits for the Group were also due to the completion of several capex projects implemented, which is part of its effort to further strengthen its financial and operational footing by investing for the future through capacity building.

This includes the integrated warehouse in Shah Alam and the RM52 million regional distribution centre in Rojana, Thailand. Equipped with the latest technologies, including the ASRS, both began operations during the year. They are expected to deliver more than RM10 million annual savings in logistics cost, as well as shorten delivery lead-time to customers and reduce carbon footprint for the Group.

During the year, the Group also launched its new in-sourced transportation service in Malaysia with five new delivery trucks. ‘We are now in a position to better manage supply chain activities and have better control of the service quality and costs,’ Lim added.

The solar photovoltaic (PV) systems at three plants in Malaysia and a plant in Thailand have begun generating renewable energy progressively since August. Meanwhile, the Group’s new factory in Wang Muang, Thailand, which is fully operational since October 2022 will enable the Group to expand its presence in the liquid milk segment and build its brand in plant-based beverages segment in Thailand.

Commenting on the performance of F&NHB brands, he said the new identity of Sri Nona brand, which now has a more cosmopolitan Malay look and feel, has been well-received by consumers. He added that Sri Nona products continued to record strong double-digit growth this year. At the same time, F&NHB’s recent introductions, such as 100PLUS ZERO and F&N Teh Tarik in Malaysia, and TEAPOT Condensed and Evaporated Milk in paper carton format and F&N Magnolia UHT Milk in Thailand have performed above their expectations in its respective markets.

‘In keeping with digital lifestyles, this year we have continued to grow our e-commerce presence with the launch of F&N Nom Aroi, our own online platform in Thailand,’ he added.

## **KEY CORPORATE DEVELOPMENTS**

During the year under review, the Group strengthened its Halal packaged food pillar with the proposed acquisition of Cocoaland Holdings Bhd (“Cocoaland”). The acquisition was completed on 4 November 2022 and Cocoaland is today a wholly-owned subsidiary of the F&NHB Group.

This investment will not only add a range of established Malaysian confectionery and snack brands to the Group’s portfolio but will also serve as a platform to expand into more Halal food segments and to meet the rising demand for packaged food products.

With the completion of Ladang Permai Damai acquisition, the Group is also on track to resume its plans on the upstream fresh milk business for downstream production and distribution of fresh milk. ‘This will enable us to own a vertical integration business and operations based on locally grown crop for feed to F&N’s dairy farm, which in turn will lower the value chain cost per litre. The move will also help us be less dependent on imported milk and will help to promote the local agricultural industry,’ Lim added.

‘Our enhanced focus on sustainability has been met with increasing recognition. This year, our overall ESG score in the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index improved from 4.1 in 2021 to 4.4 out of 5.0, while our ranking catapulted from the 89<sup>th</sup> to the 97<sup>th</sup> percentile.’

“Further underlining our commitment to manage climate-related impacts on our business and staying accountable to our stakeholders, we will also embark on aligning climate-related disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in our Sustainability Report for FY2022,” Lim added.

In addition, the Group also gained recognition for contributing to the halal industry, winning the Best Halal Achievement Award at the recent MIHAS Awards 2022.

## **GOING FORWARD**

Despite continuing macro uncertainties, we have encouraging momentum of recovery in economic activity and tourism in Malaysia and Thailand. We will continue to drive sales for the coming festive seasons.

Whilst some commodity prices began to stabilise, prices of tin plate/cans, milk and palm oil are expected to stay elevated into 2023. Rising inflation and the weakening of Malaysian Ringgit and Thai Baht in the face of the strong US Dollar will further compound the cost pressure.

Exports remain a key focus for the Group, which also serve as a natural hedge to cushion the forex impact. The Group will continue to act proactively to navigate the volatile environment and take deliberate steps to enhance our resiliency through the forward purchase of key commodities and hedging strategy.

At the same time, we remain focused on accelerating innovation and driving operational efficiency, commercial excellence and fiscal discipline across our value chain.

F&NHB Chairman Tengku Syed Badarudin Jamalullail said, “As we approach our 140<sup>th</sup> anniversary, we have a lot to celebrate about the Company’s history. But more importantly, we want this to be a celebration of the future.”

“Both the upstream milk and halal food sectors hold great potential for further growth as people are becoming more health conscious and selective in what they consume. I have no doubt that the development of our two new business pillars will create many new and exciting opportunities for us, our customers and our employees. We remain focused on implementing our mid and longer-term strategies that will enable us to respond to challenges and opportunities with confidence and conviction,” he concluded.

In line with the Group’s earnings for the financial year ended 30 September 2022, the Board recommends a final single-tier dividend of 33.0 sen per share (2021: 33.0 sen per share) for approval by shareholders at the forthcoming Annual General Meeting. If approved, the total dividend for the year would amount to 60.0 sen per share (2021: 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 139 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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