

General Announcement for PLC (v13)

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MAIN	
Type	Announcement
Subject	OTHERS
Description	News release: F&NHB Recorded Resilient Growth for FY2023
Shareholder Approval	No

Announcement Details/Table Section	
<p>We attach herewith a news release dated 7 November 2023 entitled "F&NHB Recorded Resilient Growth for FY2023".</p>	
<p>Please refer to the attachment below.</p>	

Attachment	No	File Name	Size
	1	FNHB-FY2023 Financial Results Press Release.pdf	232.4KB

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FRASER & NEAVE HOLDINGS BHD

(Company No: 196101000155 (4205-V))

NEWS RELEASE 7 NOVEMBER 2023

F&NHB RECORDED RESILIENT GROWTH FOR FY2023

*Proposed final dividend of 33 sen and special dividend of 17 sen
in conjunction with 140th Anniversary*

- Group revenue for the year grew by 11.9% to RM5 billion, underpinned by a positive recovery across all markets, effective price and channel management strategies and contribution from Cocoland. Group export revenue also crossed the RM1 billion mark. Profit before tax rose 37.6% to RM624.7 million.
- Strong performance in Q4 2023 driven by margin recovery in Food & Beverages Thailand (F&B Thailand), sustained sales momentum in Food & Beverages Malaysia (F&B Malaysia) including contribution from Cocoland, and aided by a favourable THB to MYR translation.
- F&B Malaysia's revenue for the year increased 17.9% to RM2.85 billion, attributed to festive sales and out-of-home consumption, supported by Cocoland's contribution and a robust recovery in exports to Africa, ASEAN and Greater China regions. Adjusted operating profit for F&B Malaysia (excluding one-off non-operating items) rose 22.9% to RM229.1 million.
- F&B Thailand grew its full-year revenue by 4.8% to RM2.15 billion while adjusted operating profit (excluding one-off non-operating items) grew stronger by 37.1% (33.0% in Thai Baht) to RM378.3 million, driven by operational efficiencies and better margin management in both Thailand and Indochina markets.
- Groundbreaking ceremony of the Ladang Permai Damai in Gemas, Negeri Sembilan completed on 15 June 2023. The Group is on track to meet its Phase 1 target by early 2025.
- Recommending a 50 sen per share dividend, comprising a final single-tier dividend of 33.0 sen per share (2022: 33.0 sen per share), and an additional 17.0 sen special dividend per share to commemorate the Group's 140th anniversary.

FOURTH QUARTER FY2023 PERFORMANCE

Financial Highlights	Q4 FY 2023	Q4 FY 2022	Change
Revenue (RM million)	1,244.4	1,137.7	+9.4%
Operating profit (RM million)	166.2	119.4	+39.1%
Adjusted operating profit (RM million) *	163.4	117.9	+38.5%
Profit before tax (RM million)	161.8	119.5	+35.4%
Adjusted profit before tax (RM million) *	159.0	118.0	+34.7%
Profit after tax (RM million)	139.0	98.0	+41.8%
Adjusted profit after tax (RM million) *	136.0	99.6	+36.5%
Basic earnings per share (sen)	37.5	27.0	+10.5 sen

* Adjusted to exclude one-off non-operating items

Fraser & Neave Holdings Bhd ('F&NHB' or 'the Group') recorded a revenue of RM1.24 billion for its fourth quarter ended 30 September 2023 (Q4 FY2023), representing a 9.4% growth from the same quarter last year driven by sustained sales momentum in F&B Malaysia including contribution from Cocoaland.

Group's operating profit for Q4 FY2023 grew by 39.1% to RM166.2 million. This was attributed to improved margins and cost management strategies, complemented by the contribution from Cocoaland. Excluding one-off non-operating items, the Group adjusted operating profit for Q4 FY2023 grew by 38.5%.

Group profit before tax for Q4 2023 rose to RM161.8 million. Excluding one-off non-operating items, Group adjusted profit after tax increased by 36.5% to RM136.0 million despite notably higher interest costs.

F&B Malaysia (F&B Malaysia) increased its revenue for the quarter by 13.5% to RM681.8 million, driven by higher domestic and export sales, efficient price management strategies and Cocoaland contribution. Operating profit for F&B Malaysia in Q4 FY2023 grew by 18.6% to RM59.0 million inclusive of a RM3.0 million insurance claim related to business interruption and other one-off non-operating items.

Excluding one-off non-operating items, F&B Malaysia's adjusted operating profit improved by 9.3% to RM52.8 million.

F&B Thailand recorded RM561.7 million in revenue for Q4 FY2023. Revenue in Thai Baht declined slightly by 1.2%, primarily due to trade inventory management for the domestic market, partially mitigated by higher exports to Indochina and other countries.

Despite lower revenue, F&B Thailand's Q4 FY2023 operating profit increased by 60.9% (52.1% in Thai Baht) to RM120.7 million, driven by margin improvements and net favourable commodity prices, except for sugar. This was partially offset by unfavourable foreign exchange impact from the US Dollar and increased spending on marketing campaigns and brand investment activities.

FY2023 FULL YEAR PERFORMANCE

Financial Highlights	FY 2023	FY 2022	Change
Revenue (RM million)	5,001.4	4,470.2	+11.9%
Operating profit (RM million)	642.9	447.9	+43.5%
Adjusted operating profit (RM million) *	592.1	466.8	+26.8%
Profit before tax (RM million)	624.7	454.1	+37.6%
Adjusted profit before tax (RM million) *	573.9	472.9	+21.3%
Profit after tax (RM million)	542.0	382.3	+41.8%
Adjusted profit after tax (RM million) *	489.7	399.9	+22.4%
Basic earnings per share (sen)	146.5	104.5	+42.0 sen

* Adjusted to exclude one-off non-operating items

For the full year ended 30 September 2023 (FY2023), Group revenue grew by 11.9% to RM5 billion as markets recovered and the price management strategies implemented since last year took effect. Group export revenue crossed the RM1 billion mark (FY2022: RM0.8 billion). Further, the Group also benefited from an expanded revenue stream following the acquisition of Cocoaland Holdings Berhad on 4 November 2022.

Group operating profit for FY2023 rose to RM642.9 million on the back of higher revenue and one-off non-operating items (mainly the remeasurement gain of the 27.62% equity interest previously held in Cocoaland prior to the privatisation exercise and other one-off items). Excluding one-off non-operating items, the adjusted Group operating profit grew by 26.8% to RM592.1 million underpinned by a concerted focus on margin improvement, operational excellence, supply chain management, and sustainability initiatives. These efforts mitigated the impact of higher input costs and rising energy expenses, contributing to the overall profitability of the Group.

Consequently, despite RM29.9 million higher interest costs to finance the recent strategic acquisitions, the Group adjusted profit after tax excluding one-off items for FY2023 grew by 22.4% to RM489.7 million.

For F&B Malaysia, revenue grew by 17.9% to RM2,851.5 million for FY2023, fuelled by festive sales and out-of-home consumption. Throughout the year, F&B Malaysia refined its portfolio and strengthened its route-to-market, channel management and marketing strategies. These efforts included refreshing the packaging of the F&N carbonated soft drinks (CSD) portfolio and Borneo Mineral Water, alongside bolstering sales excellence across various channels.

In addition to Cocoaland's contribution, F&B Malaysia's revenue growth was further supported by a robust recovery in exports to Africa, ASEAN and Greater China regions and expansion in B2B channels. Partially offset by higher advertising and promotional spending, the adjusted operating profit for F&B Malaysia (excluding one-off non-operating items) rose 22.9% to RM229.1 million.

F&B Thailand's revenue for FY2023 increased by 4.8% (1.7% in Thai Baht) to RM2,146.2 million, aided by favourable foreign exchange translation from a stronger Baht.

F&B Thailand maintained market leadership in the sweetened condensed milk and evaporated milk categories in Thailand through focused route-to-market strategies and in-store execution, along with consistency in brand building and consumer engagement. Similarly, F&B Thailand continued to lead the Condensed Milk market in Cambodia and Laos through brand awareness and Hawker's loyalty programs.

F&B Thailand's adjusted operating profit (excluding one-off non-operating items) for FY2023 grew by 37.1% (33.0% in Thai Baht) to RM378.3 million, driven by operational efficiencies and better margin management, partly offset by elevated input and packaging costs (sugar, milk and tin can) and higher investment on brand activities.

As F&N celebrates its 140th anniversary this year with the theme "Kisah Kita... Selamanya", the Group continues to strengthen its connection with Malaysians with a commitment to deliver "Pure Enjoyment, Pure Goodness" through its diverse portfolio of brands. The year saw intensified consumer engagement as well as brand investment activities, such as the F&N CSD 'Kini Lebih Gempak', the restage of F&N Magnolia and F&N SEASONS, 100PLUS Zero Cuba Try Taste & World Hydration Day, the F&N Teh Tarik 'Biar Ori, Baru Sempoi', Nona Dapur Tempur, amongst others. New products were also introduced during the year – 100PLUS Pro, Nona Ketupat Wangi Haruman Pandan, Lot 100 Kurma Gummy, and new packaging formats – Teapot Evaporated Creamer UHT 1L, amongst others.

The Group is also gearing up to celebrate TEAPOT's 15th anniversary in Thailand, Cambodia, and Laos starting October 2023. Today, TEAPOT has become the No. 1 condensed milk in Cambodia and Laos and the second-largest brand in the evaporated milk category in Thailand.

In Thailand, the introduction of TEAPOT Extra Evaporated Milk, packaged in a 1L UHT Prisma design with a cap, garnered strong interest among F&B operators due to its enhanced convenience and value. Additionally, TEAPOT Tube Sweetened Condensed Milk "Nom Yen" was also introduced this year, further expanding F&B Thailand's product offerings.

F&NHB Chief Executive Officer, Lim Yew Hoe said, "Through brand investment and effective execution, we regained momentum as festive sales and out-of-home consumptions rebounded. Despite challenges in the market, such as high commodity prices for items like sugar, we were able to overcome them with effective pricing and portfolio strategies and long-term investments that bolstered our supply chain and risk management, resulting in consistent quarter-by-quarter improvement in our performance."

KEY CORPORATE DEVELOPMENTS

The Group continues its focus on building up Halal packaged food as a core pillar of the business. Sri Nona and the newly acquired Cocoaland have already begun contributing to the Group's revenue.

Lim stated, "Further plans are in place to maximise the synergies these two businesses have with each other and the Group. Cocoaland's factory in Rawang, for example, will be established as our food manufacturing hub in line with our plans to consolidate the manufacturing of our entire food business. The goal is to increase production capacity while reducing complexity."

With the recent groundbreaking of the Group's dairy farm in Ladang Permai Damai on 15 June 2023, F&NHB is also on track to meet its Phase 1 completion by early 2025, when the first milking is expected to begin. Managed by agriculture arm F&N AgriValley, the farm will reduce the Group's reliance on imported milk, foster the growth of the local agricultural industry, and contribute to food security in Malaysia.

“Our integrated farm will feature a milk processing facility capable of producing 100 million litres of fresh milk yearly for local and international markets. Post the groundbreaking ceremony, we have begun our social impact study and will soon commence actual land development,” shared Lim.

Apart from renewable energy initiatives, F&NHB is committed to using 100% RSPO Certified Sustainable Palm Oil by 2025 and enhancing the circularity of its product packaging. For 2023, the Group used 60% Certified Sustainable Palm Oil and the remaining 40% with RSPO credits. Meanwhile, 25% of its beverage and dairy packaging is sourced from recycled material. F&N is also a long-time champion of raising awareness on recycling among school children through the F&N School Recycling Programme, involving 1,300 schools nationwide in 2023.

“Our robust ESG platform has consistently earned us a place as a constituent of the FTSE4Good Bursa Malaysia Index (F4GBM). In the most recent review conducted in June 2023, F&NHB is at the Top 1% within our global FTSE Industry Classification Benchmark Supersector, reflecting our commitment and performance in these critical areas,” he added.

GOING FORWARD

Lim explained that over the past years, the Group has laid a strong foundation to enhance resiliency through the implementation of mid and long-term sustainability strategies.

“While challenges like commodity price fluctuations and inflationary pressures on consumer demand remain present, we are confident that our agile decision-making framework, focus on channel management, and commitment to innovation and excellence will help us adapt quickly and protect our margins. We will remain vigilant in this uncertain environment, leveraging our diversified brand portfolio, businesses and geographical presence to proactively navigate these challenges,” he added.

F&NHB Chairman Y.A.M. Tengku Syed Badarudin Jamalullail said, “I am pleased to share that in line with the Group’s positive performance in FY2023, the Board is recommending a final single-tier dividend of 33.0 sen per share (2022: 33.0 sen per share) and an additional special dividend of 17.0 sen per share to commemorate the Group’s 140th anniversary.”

Subject to shareholders’ approval at the forthcoming Annual General Meeting, the total dividend for the year would amount to 77.0 sen per share (2022: 60.0 sen per share), bringing the total dividend payout for FY2023 to RM282.4 million (2022: RM220.1 million), which is 28.3% higher than FY2022.

Tengku Syed added, “The enduring success of F&NHB over the past 140 years bears testimony not only to the strategic acumen of our leadership but also to the strength of the partnerships we have built with countless stakeholders. This milestone not only celebrates our company’s ability to grow, evolve and adapt to changing market conditions but also a tribute to our employees and business partners who are integral to our success.”

“Building on this rich legacy, we anticipate new opportunities and look forward to advancing our halal food pillar and supporting our nation’s food security agenda with our dairy farm. These are but a few of the exciting developments ahead as we continue to pursue excellence as a sustainable food and beverage company,” he concluded.

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 140 years, F&NHB is today synonymous with quality and halal products that are trusted by generations.

F&NHB boasts a portfolio of 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. The Group's subsidiary, Cocoland, is also the largest gummy candy producer in Malaysia with its flagship Lot 100 brand.

F&NHB is a constituent of FTSE4Good Bursa Malaysia (F4GBM) and F4GBM Shariah Index. The Group employs about 4,000 people across its operations in Malaysia, Brunei, Thailand and Indonesia.

For more information, please visit www.fn.com.my.

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