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FRASER AND NEAVE, LIMITED

Company Registration No. 189800001R
Incorporated in Singapore

Strong 2H2022 Performance Drives F&N's Full-Year Results

- **2H2022 revenue rose 12 per cent; FY2022 revenue increased 7 per cent to \$2,003.2 million, on higher F&B volumes and stronger prices**
- **Significant recovery in performance in 2H2022, with improved margins, following pandemic-induced impact and flood disruption in 1H2022**
 - **Escalating raw material and energy costs continued to impact earnings**
 - **2H2022 profit after taxation increased 8 per cent, cushioning the soft performance in 1H2022; full-year after tax profit decreased 9 per cent to \$176.9 million**
- **Final dividend of 3.5 cents per share proposed, same as last year**

Financial Highlights (S\$ 'million)	6 months to 30 Sep 2022	6 months to 30 Sep 2021	Full-Year Ended 30 Sep 2022	Full-Year Ended 30 Sep 2021
Revenue	993.2	890.6	2,003.2	1,879.2
PBIT ¹	106.3	108.5	233.4	261.7
Profit After Taxation	84.1	77.7	176.9	195.5
Attributable Profit ²	60.8	61.8	129.4	145.2
Earnings Per Share (basic)(cents) ²	4.2	4.3	8.9	10.0
Net Asset Value Per Share			\$2.11	\$2.08

¹ PBIT denotes profit before interest, taxation, fair value adjustment and exceptional items

² Before fair value adjustment and exceptional items



SINGAPORE, 10 November 2022 – Fraser and Neave, Limited (“**F&N**” or the “**Group**”) today announced financial results for the second half-year (“**2H2022**”) and fiscal year ended 30 September 2022 (“**FY2022**”).

FULL-YEAR ENDED 30 SEPTEMBER 2022

Boosted by a strong 2H2022 performance, the Group’s revenue for FY2022 rose 7 per cent over the prior year (“**FY2021**”) to \$2,003.2 million. Significant recovery in the 2H2022, particularly in the quarter 4 of FY2022, where robust demand, combined with stronger selling prices supported revenue growth. As the Ukraine war and supply chain bottlenecks continued to weigh on input costs, in addition to adverse foreign currency translation impact, Group profit before interest and taxation (“**PBIT**”) fell 11 per cent (at -9 per cent on a constant currency basis) to \$233.4 million, down from \$261.7 million in FY2021. The Group took an \$7.4-million exceptional charge largely on the impairment of inventories and property, plant and equipment in connection with the flash floods in Malaysia earlier in the year. Profit after tax fell 9 per cent (at -8 per cent on a constant currency basis) to \$176.9 million.

All F&B segments bolstered the Group’s 7-per-cent revenue growth. Despite disruptions from the COVID-19 pandemic in the first-half of the year (“**1H2022**”), F&B grew top line by 8 per cent, to \$1,767.9 million from \$1,642.8 million in the prior year. Robust demand and price increases supported F&B growth. In particular, Beverages (comprises beer and soft drinks) saw top line grow 26 per cent to \$568.9 million in FY2022, from \$452.7 million in FY2021, lifted by strong 2H2022 performance. Its strong growth was buoyed by higher selling prices, as well as higher beer and soft drinks volumes coming from successful execution of promotion campaigns and new product launches.



Dairies sales rebounded in 2H2022 on easing of lockdown measures, price adjustments, effective promotions and loyalty programs, cushioning the adverse impact of unfavourable foreign currency translation and a weaker 1H2022. In Thailand, despite lower export volume, strong domestic and Indochina canned milk demand and increased selling prices drove revenue growth in FY2022. In Dairies Malaysia, higher revenue was supported by price increases. Consequently, Dairies FY2022 revenue increased 1 per cent to \$1,199.1 million, from \$1,190.0 million in the previous year.

Revenue recovery for Publishing and Printing (“**P&P**”) in FY2022 remained uneven. While its 1H2022 performance was adversely impacted by COVID-19 pandemic movement restriction measures, 2H2022 saw strong performance from Education with its non-print digital and education services segment performing strongly, and Distribution recording strong book sales. Despite a better 2H2022 performance, P&P revenue fell 3 per cent, to \$214.6 million.

Amid challenging market conditions and sustained input costs pressures, F&N continued to exercise cost discipline and implement measures to further drive operational efficiency. Despite strong F&B sales in the 2H2022 and numerous cost reduction measures, the Group FY2022 PBIT fell 11 per cent (at -9 per cent on a constant currency basis) to \$233.4 million, from \$261.7 million in the prior year.

Notwithstanding input cost increases, Beverages FY2022 earnings grew 89 per cent, to \$37.8 million from \$20.0 million a year ago, on higher sales and lower operating expenses. Unlike Beverages, Dairies profitability was more heavily impacted by higher input costs. Despite improved profitability from Dairies Malaysia, Dairies FY2022 earnings fell 18 per cent from last year, to \$195.1 million from \$238.1 million. This was largely attributed to Dairies Thailand, where earnings were weighed down by higher milk powder price, packaging costs, and unfavourable foreign currency translation. Coupled with delays in passing on such



cost increases, as selling price adjustments for selected products were subject to local regulatory approvals, Dairies Thailand earnings fell 27 per cent. In addition, lower share of profit from the Group's associate company in Vietnam, Vietnam Dairy Products Joint Stock Company ("**Vinamilk**") also contributed to overall decline in Dairies' profitability. Impacted by higher input costs and unfavourable foreign exchange translation, the Group's FY2022 share of profit from Vinamilk fell by \$14.3 million, to \$97.4 million.

P&P's profitability was also impacted by higher input costs and freight charges, despite continued cost discipline. Coupled with lower revenue, P&P's FY2022 losses widened to \$10.8 million, from \$2.5 million in the previous year.

SECOND HALF-YEAR ENDED 30 SEPTEMBER 2022

F&N's performance in the 2H2022 rebounded strongly, following the easing of COVID-19 movement restrictions and recovery in economic activities. As F&B's pricing caught up with input cost inflation, and supported by strong pent-up demand, 2H2022 revenue grew 12 per cent, to \$993.2 million from \$890.6 million in the corresponding period last year ("**2H2021**"). All F&B segments recorded strong double-digit growth in the quarter 4 of FY2022, contributing to the strong 2H2022 performance.

2H2022 PBIT fell 2 per cent from 2H2021, to \$106.3 million from \$108.5 million, softening the pandemic-induced impacts and flood disruption in 1H2022. The strong 2H2022 performance was mainly due to the strong quarter 4 2022 performance where F&B and P&P recorded strong double-digit growth despite sustained high input costs and unfavourable foreign currency translation, as well as lower share of profit from Vinamilk.



Mr Hui Choon Kit, Chief Executive Officer said, “2022 has been a year of rising up to meet a confluence of several challenges. Amidst supply chain problems, high inflation and new, highly transmissible variants of the COVID-19, F&N continued to adapt and adjust. We are very proud to continue to capture market shares, grow volumes and sales, and we believe we have strong momentum as we kick off FY2023.”

“Our performances in the past couple of years have demonstrated the resiliency of our business and the strength of our diversified business model. While we continue to act proactively to navigate this inflationary environment, and take deliberate steps to further enhance our resiliency, we're doubling down on the strategies that have been working well and delivering results. Building on the strong Q4 momentum, we'll continue to drive productivity improvements to fund growth investments, mitigate input cost challenges and to maintain balanced top-and bottom-line growth,” he added.

Proposed Final Dividend of 3.5 Cents Per Share

The Group remains committed to a sustainable dividend policy of returning approximately 50 per cent of attributable earnings (before exceptional items) to shareholders. For FY2022, the Board is recommending a final dividend of 3.5 cents per share. Together with the interim dividend of 1.5 cents per share paid on 6 June 2022, this brings the total full-year dividend to 5.0 cents per share, which is the same as last year. This represents a payout ratio of 56 per cent of the Group's attributable profit (before exceptional items). If approved by shareholders at the Annual General Meeting on 18 January 2023, the final dividend will be paid on 10 February 2023.



Corporate Development

(A) Acquisition of Ladang Permai Damai Sdn Bhd for RM215.6 million

In October, Dagang Sejahtera Sdn Bhd, a 65-per-cent held subsidiary of Fraser & Neave Holdings Bhd (“**F&NHB**”), successfully acquired Ladang Permai Damai Sdn Bhd for a cash consideration of RM215.6 million (\$66.6 million) (“**Acquisition**”). The Group holds a stake of about 55.5 per cent in F&NHB, which is listed on Bursa Malaysia.

This Acquisition presents an opportunity for the Group to embark on the upstream dairy business so as to meet the demand for high quality fresh milk, and further advancing our push into this fast-growing segment in Malaysia.

(B) Expanding into the Packaged Food Segment with Acquisition of Cocoaland

F&N, through F&NHB, successfully acquired 72.4% equity interest in Cocoaland Holdings Berhad (“**Cocoaland**”) by way of members’ scheme of arrangement for a total cash consideration of approximately RM489.2 million (\$151.0 million). Cocoaland is a leading manufacturer of sugar confectionery products, such as fruit gummies, candies, chocolate, wafers and snacks. Its products are exported to SEA, the Middle East, East Asia, North America and Europe. The acquisition adds established Malaysian confectionery and snack brands to F&NHB’s portfolio of renowned brands, and serves as a platform to build on and expand into other packaged food segments.

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For clarification, please contact:

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