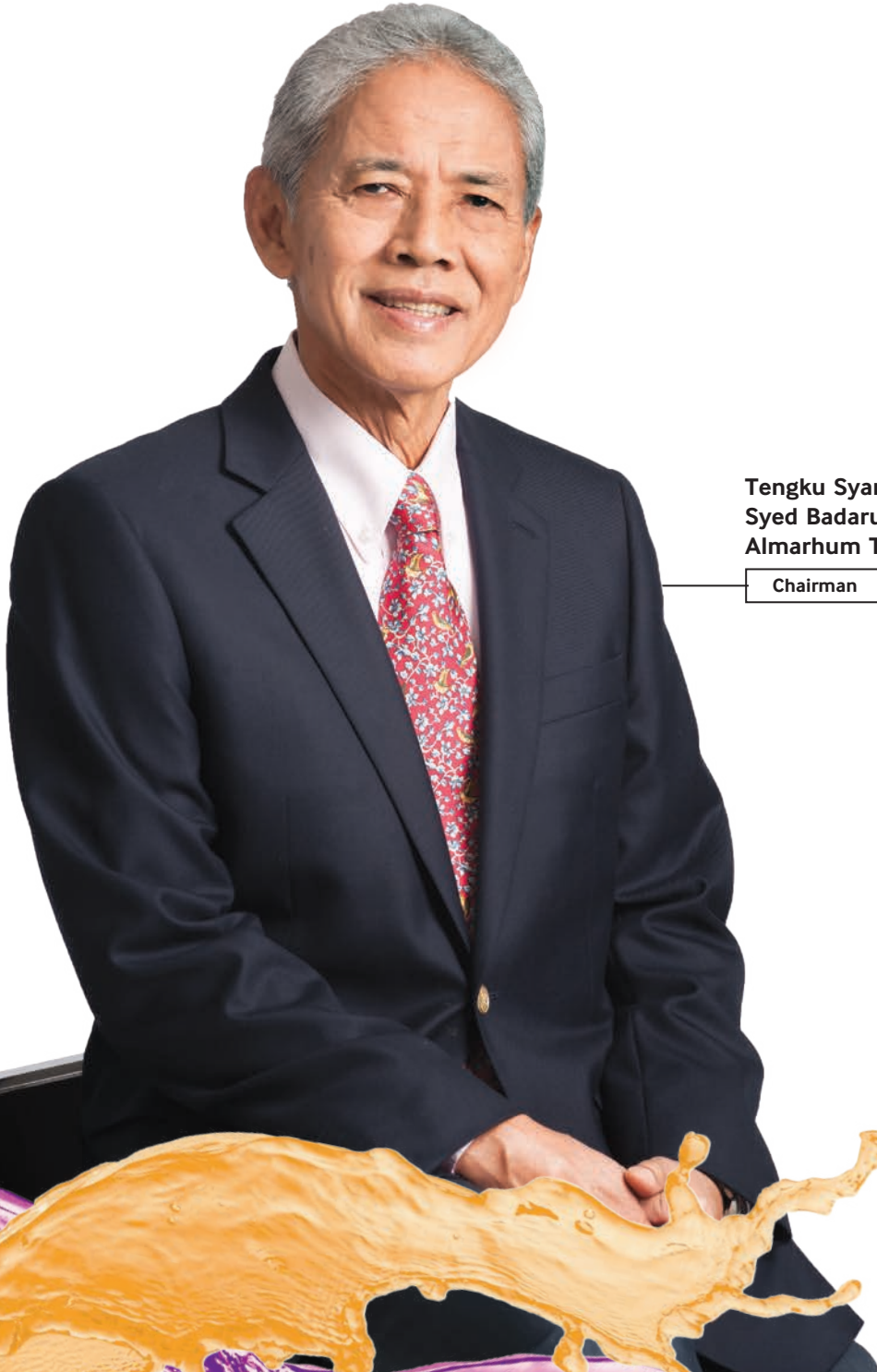


## CHAIRMAN'S MESSAGE



Tengku Syarif Bendahara Perlis  
Syed Badarudin Jamalullail Ibni  
Almarhum Tuanku Syed Putra Jamalullail

Chairman

**Dear Shareholders and Stakeholders,**

**F**n behalf of the Board, it gives me great pleasure to present an overview of our performance for the financial year ended 30 September 2019 (FY2019). Although the implementation of excise duty on sweetened beverages in Malaysia and volatile export environment resulted in some reprioritisation of initiatives, Fraser & Neave Holdings Bhd (F&NHB or the Group) has once again proved our resilience.

## Overview

Over the decades, we have developed an agility to adapt to ever-changing conditions. This, together with a diverse product portfolio, balanced geographical footprint and strategies outlined for our three business pillars – Food & Beverages Malaysia (F&B Malaysia), Food & Beverages Thailand (F&B Thailand) and Exports – enabled us to deliver another solid financial scorecard for FY2019.

Focus on our growth drivers of Innovation, Cost Competitiveness and Excellence in Execution has led to an overall improvement in sales performance for the Group. F&NHB's revenue for the year increased by 5.3 per cent to RM4.08 billion. Supported by favourable commodity prices and internal efficiencies, Group profit before tax rose 25.7 per cent, crossing the half billion Ringgit mark for the first time (excluding divestment gains) to reach RM533.0 million.

## VALUE CREATION FOR OUR STAKEHOLDERS

We are driven to perform well to support our business objectives as well as to create sustainable value for our key stakeholders including our shareholders, consumers, customers, trade partners, employees and the communities where we operate in.

I am pleased to share that, for FY2019, we are declaring a total dividend of 60.0 sen per share (2018: 57.5 sen per share). This comprises an interim single tier dividend of 27.0 sen per share amounting to approximately RM99.0 million, which was paid on 13 June 2019; and a final dividend of 33.0 sen per share, if approved at our Annual General Meeting. Our share price, meanwhile, has continued to perform steadily.

We exist for our consumers and place the highest priority on delighting them with our products as we stay true to our brand promise of 'Pure Enjoyment, Pure Goodness'. This year, we focused more intently on catering to demand for healthier choices and successfully reformulated a large portion of our ready-to-drink (RTD) beverages to below 5g sugar per 100ml, representing 90 per cent of the ready-to-drink beverages volume we sold today. The key achievement is maintaining the great taste that our consumers love.

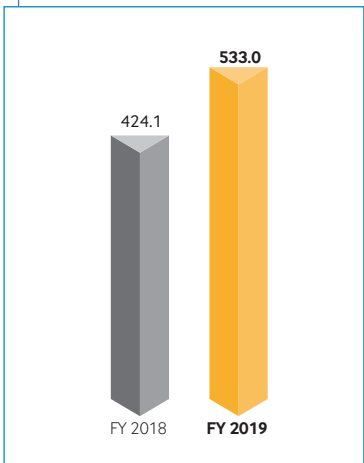
Our trade partners are important to our success, serving as a conduit to our consumers. Striving to be a partner of choice, we made a conscious decision to deal with more customers directly to ensure the best quality service and build loyalty along with strengthened relationships. Many of our distributors and customers have been serving F&NHB for generations. We truly cherish these business partners and seek to ensure their continuous growth with the Group.

The Board and management are in complete unison when we say that our people are the most important driver of the company's growth. To become the leading total beverages player in the region, we rely on the capabilities, creativity and collaboration of our people. Accordingly, we nurture our talent and provide development opportunities that support their professional ambition.

Placing top priority on our employees' well-being, F&NHB enhanced our health, safety and environment (HSE) framework this year by setting up Safety and Health Committees at all our administrative and sales offices. We have also incorporated HSE indicators as shared key performance indicators (KPIs) for all executives to further reinforce the HSE culture in our organisation.

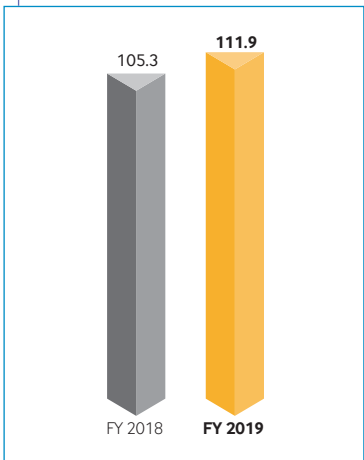
Profit Before Tax  
(RM million)

**+25.7%**



Basic Earnings  
per Share (Sen)

**+6.3%**



**DIVIDEND  
FOR THE YEAR**

**60 sen  
per share**

## CHAIRMAN'S MESSAGE

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RM198,300 was awarded to children of employees who attained excellent academic and co-curricular achievements this year through F&N Chairman's Award.

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As a measure of appreciation to our employees, whom we consider as extended family, since 2003 F&NHB has been presenting the Chairman's Award to their children to motivate them to excel. A total of RM198,300 was awarded to 106 children who attained excellent academic and co-curricular achievements this year.

We also continue to undertake programmes which serve to create greater social equity through strengthening of vulnerable communities to reduce inequalities of opportunities; and promoting a healthy nation through sports development and advocating an active lifestyle.

## SUSTAINABILITY AT THE CORE

The values we create for our stakeholders form one component of good environmental, social and governance (ESG) practices which investors look for today. More importantly, our strategic decisions are guided by ESG principles because they safeguard our long-term sustainability. We had set clear 2020 Sustainability Goals, and I am pleased to share that we are making good headway in achieving our targets.

A healthy environment is critical because it affects the quality of our life. We are playing our part in this regard through our school recycling programme and efforts to minimise our carbon footprint across our value chain. This year, the number of schools in the programme has more than doubled the previous number, with 756 participation nationwide while the volume of recyclable waste collected more than quadrupled. Through this programme, we are nurturing a future generation of environmental conscious consumers who realise that the way we live and the choices we make have a strong bearing on the preservation of our planet.

More directly, F&NHB is reducing as far as possible our usage of natural resources and energy. I am particularly delighted by the fact that we are gravitating towards a circular economy. This year, we invested in a solar roof at our plant in Thailand. Following its successful implementation, we will be installing similar systems in other facilities.

F&NHB is also one of the strongest corporate advocates of healthy lifestyles, encouraging Malaysians to take part in sports and be more physically active. Through 100PLUS, we continued to support no less than 1,000 sporting events during the year.

We believe that governance is a key component in strengthening the trust our stakeholders have in us. We continued to maintain a high level of corporate integrity as well as disclosure while adhering to the Malaysian Code on Corporate Governance 2017. We acknowledge the inherent value of diversity and will continue to leverage opportunities to further enhance our Board diversity in terms of skills, gender and experience. Meanwhile, we are happy to see the number of women in management increased to 44 per cent this year, from 41 per cent at the end of FY2018.

As a measure of our commitment to good governance, we were listed in the FTSE4Good Bursa Malaysia (F4GBM) Index for the first time this year. The F4GBM is the gold standard for overall compliance to ESG, and our inclusion in the index is something we are very proud of. F&NHB is also one of the companies under the Green Lane Policy of Bursa Malaysia Berhad which is a privilege awarded to selected companies with good corporate governance practices.



To read more about how we deliver value through Innovation, Human Capital Development and Social Collaboration, please refer to pages 032 to 065 in our Sustainability Report.



Equally encouraging is our ranking in the Minority Shareholder Watchdog Group (MSWG)'s Top 100 Companies for CG Disclosure, which improved from 67 in FY2018 to 51; and from 42 for Overall CG & Performance to 28.

#### AWARDS & RECOGNITION

### The quality of our products, our work culture and governance are reflected in the number of awards we continue to garner.

100PLUS once again did us proud by winning its eighth Gold for Non-alcoholic Beverages in the Putra Brand Awards 2019. In the meantime, F&N SEASONS was presented the International Innovation Awards (IIA) 2018 by Enterprise Asia.

Further reflecting our quality promise, F&NHB received the QUDAL – Quality Medal for Soft Drinks from the Internal Certification Association (ICERTIAS) while F&B Thailand won the FDA Quality Award from the Thailand Ministry of Public Health's Food and Drug Administration for the seventh consecutive year.

In terms of production, our manufacturing plant in Pulau Indah was recognised for Best Practices in Solid Waste Management 2018 by Solid Waste Corporation (SWCorp). At the same time, F&B Thailand won Gold and Silver Medals in the Thailand Kaizen Award 2019 for continuous improvement and innovative programmes.

Our human capital practices are also gaining greater industry recognition. We were the first runner-up in the Fast-Moving Consumer Goods category at the Malaysian Graduates' Choice Awards 2019. In addition, we were awarded Asia's Best Employer Brand and Malaysia's Best Employer Brand by the Employer Branding Institute.

It also gives me great pleasure to share that our efforts to build trust with stakeholders through transparency, quality and relevance of our disclosures has been rewarded with the 2019 NACRA Industry Excellence Award for the Consumer Products and Services category.



For more industry awards, refer to page 011 of our Annual Report.

### BUILDING A LEGACY FOR FUTURE GENERATION

**F**&NHB has stayed the course for more than a century due to the strategic direction of our succession of leaders, ensuring continued relevance. Today, we are once again entering a new era as we announced our plan to invest approximately RM650 million to establish an integrated dairy farm, subject to approval from relevant authorities on the proposed acquisition of Ladang Chuping, Perlis.

The integrated dairy farm will propel the Group's ambition of becoming a major player in the health and wellness segment, with fresh milk as our new pillar of growth. I am particularly excited about this initiative because of the immense value it will create not only for the Group but also to the nation and all Malaysians.

While enabling us to build a new business pillar for sustained growth, we will be greatly enhancing local production of affordable fresh milk, helping the country become self-sufficient in meeting Malaysians' nutritional needs. At the same time, we would be contributing to economic development by boosting the local agriculture sector. Through this venture we would once again be reinforcing the F&N brand as a trusted partner to our valued consumers and society more generally, supporting the multifarious needs of Malaysians.



### ACKNOWLEDGEMENTS

I would like to acknowledge our management for their foresight and boldness in initiating our new venture into dairy farming. At the same time, I would like to express my gratitude to all our employees for always giving their best, working as one strong team to deliver our goals.

To my colleagues on the Board, thank you for your time, commitment and wise counsel. To all other stakeholders, we highly value your contributions to the Group which underline our sustainability. We look forward to your continued support as we increase our emphasis on creating value for you.

**Tengku Syarif Bendahara Perlis**  
**Syed Badarudin Jamalullail Ibni**  
**Almarhum Tuanku Syed Putra Jamalullail**  
 Chairman