



PURE ENJOYMENT
GOODNESS



FRASER & NEAVE HOLDINGS BHD

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58th Annual General Meeting

20 January 2020 at 10.00 a.m.

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F&NHB GROUP FINANCIAL PERFORMANCE FY2019





F&NHB GROUP FINANCIAL PERFORMANCE FY2019

Dear Shareholders and Stakeholders,

Our FY2019 performance reflected the speed and agility gained from our transformation initiatives, our strong research and development capabilities, and the benefits of our push for geographical diversity beyond Malaysia.

Lim Yew Hoe

Chief Executive Officer

Revenue

(RM'mil)

RM4,077.1

▲ 5.3%

Operating profit

(RM'mil)

RM520.4

▲ 23.4%

Profit before tax

(RM'mil)

RM533.0

▲ 25.7%

Profit after tax

(RM'mil)

RM410.2

▲ 6.1%

Earnings per share (basic)

(sen)

111.9 sen

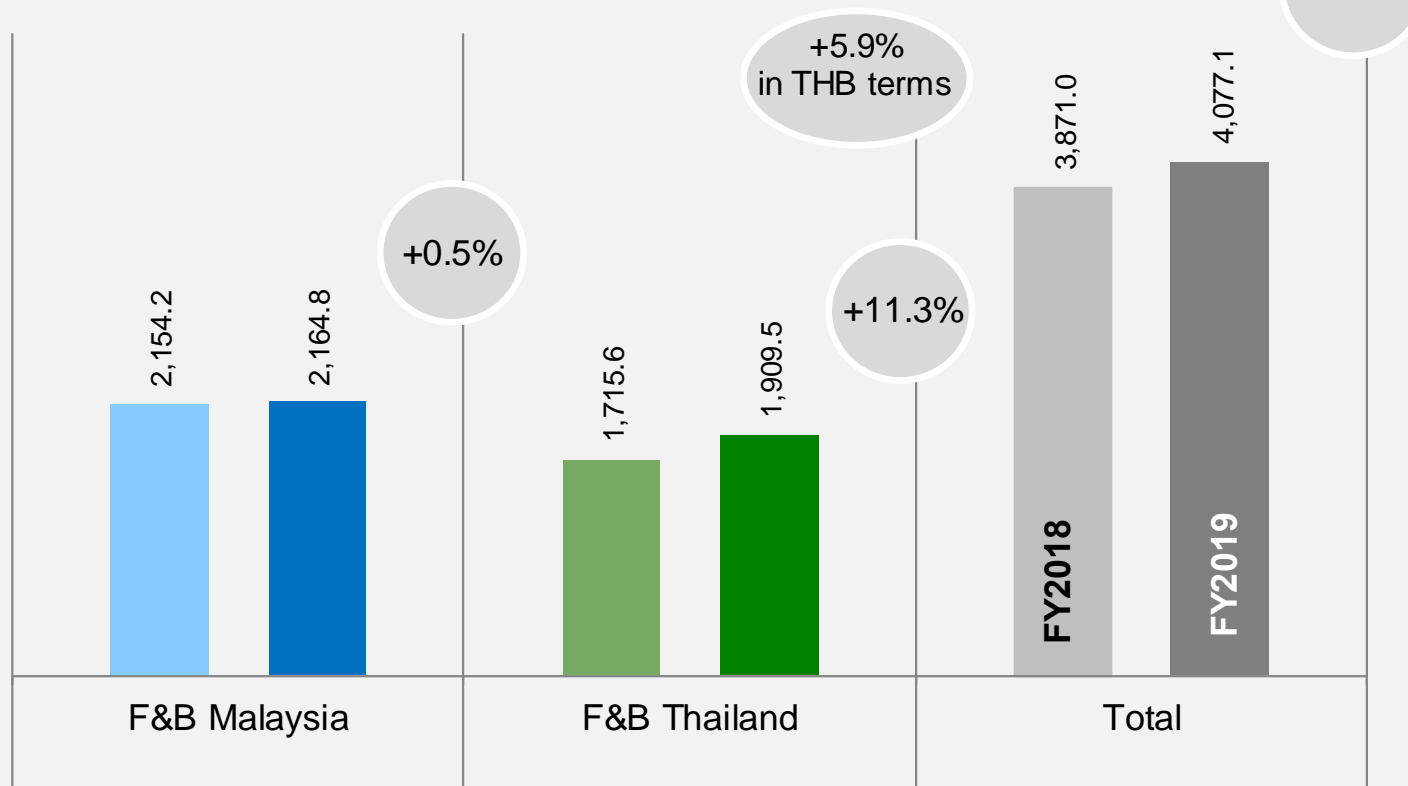
▲ 6.6 sen

F&NHB FY2019 profit before tax rose by 25.7% to RM533.0m. Achieved highest ever Group profit before tax from operations.

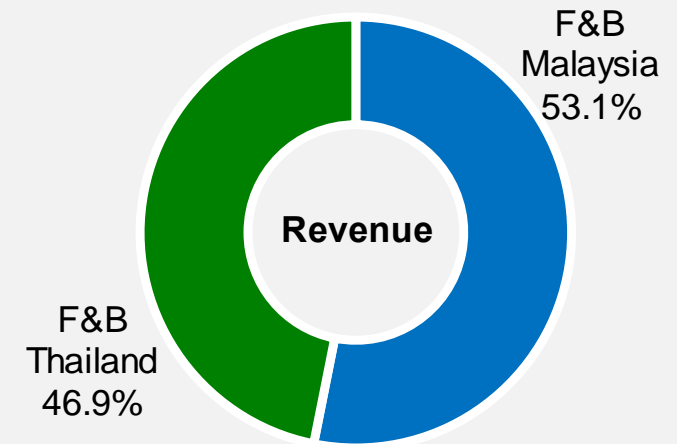
Revenue grew +5.3% to RM4,077.1 million
 Uplifted largely by strong growth in revenue from F&B Thailand



Revenue FY2019
 by Business Segment (RM'mil)



Revenue
 F&B Malaysia : F&B Thailand (%)



nm - not material

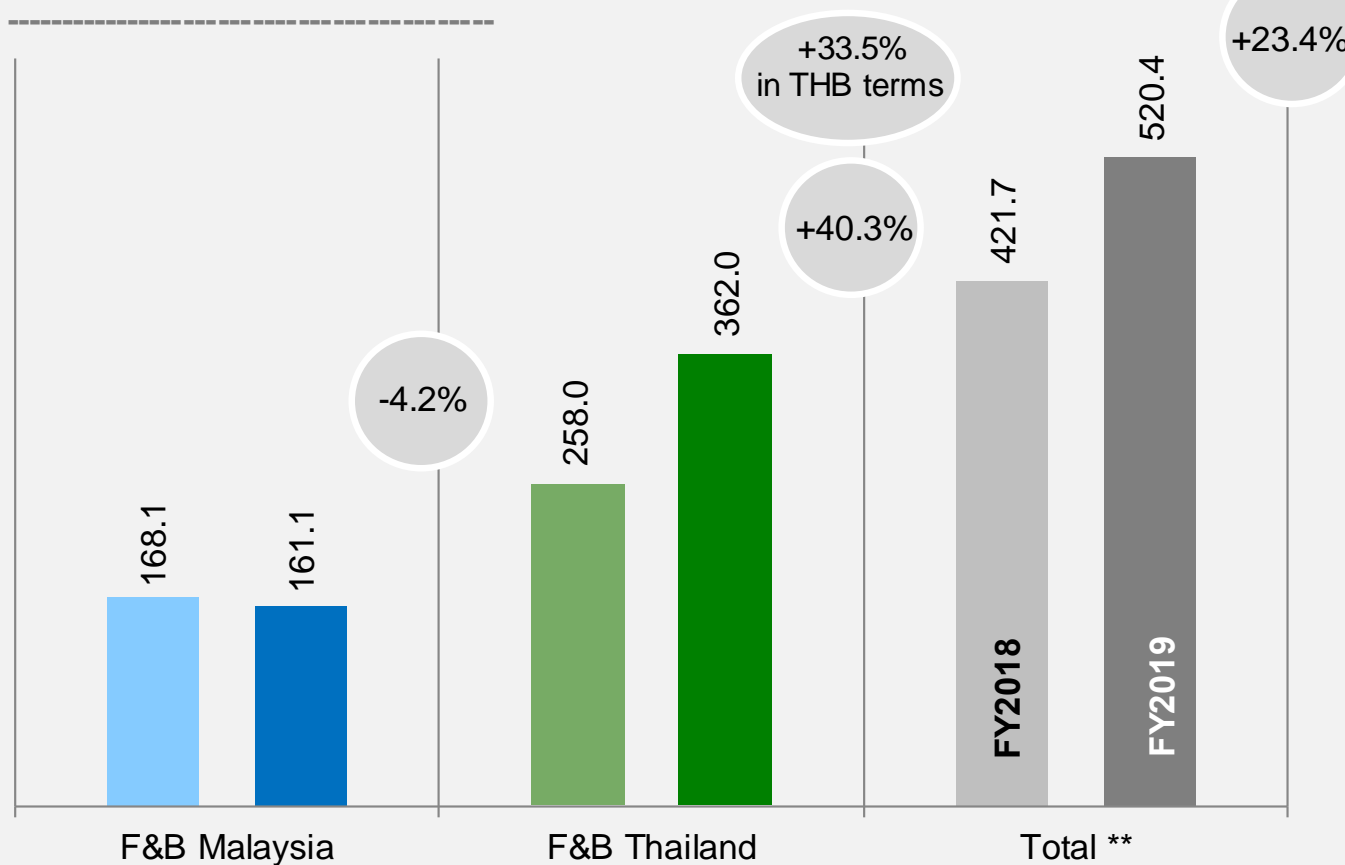
The comparatives have been restated in respect of adjustments for MFRS 15 *Revenue from Contracts with Customers*.

Operating profit grew +23.4% to RM520.4 million Driven by strong contribution from F&B Thailand



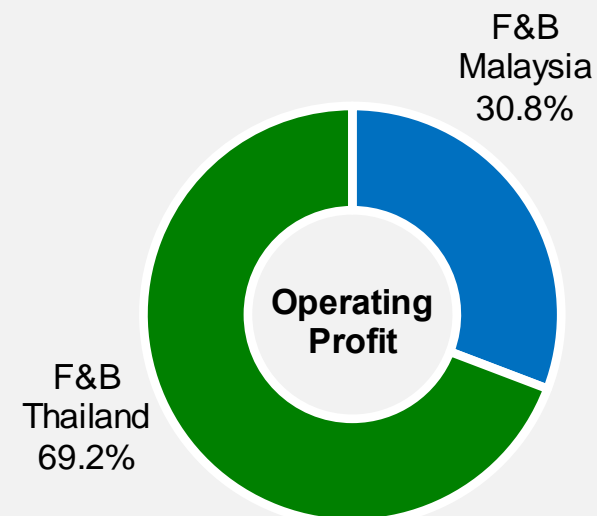
Operating Profit FY2019

by Business Segment (RM'mil)



Operating Profit

F&B Malaysia : F&B Thailand (%)



nm - not material

*** Adjustments and eliminations are not shown in the chart*

FOOD & BEVERAGES
MALAYSIA

“We believe the combination of operational excellence and the ease of doing business for our trade partners and customers have contributed to F&B Malaysia recording growth across multiple categories and across all regions in FY2019.”



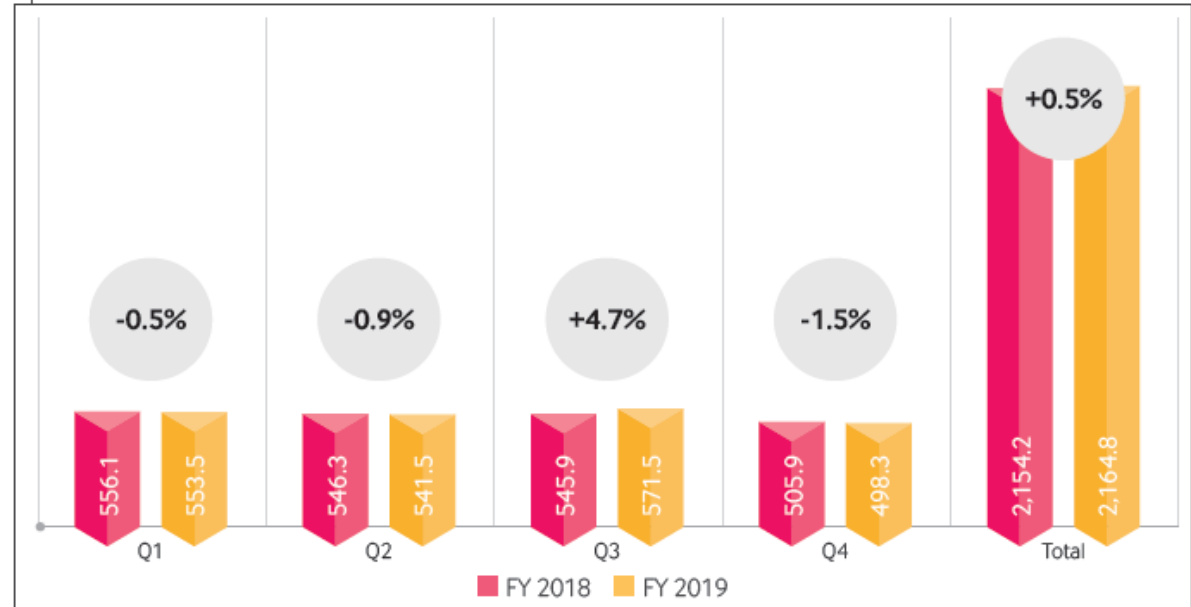
Bart Lim Siang Chin

Managing Director,
Domestic Commercial Operations
(Peninsular Malaysia)

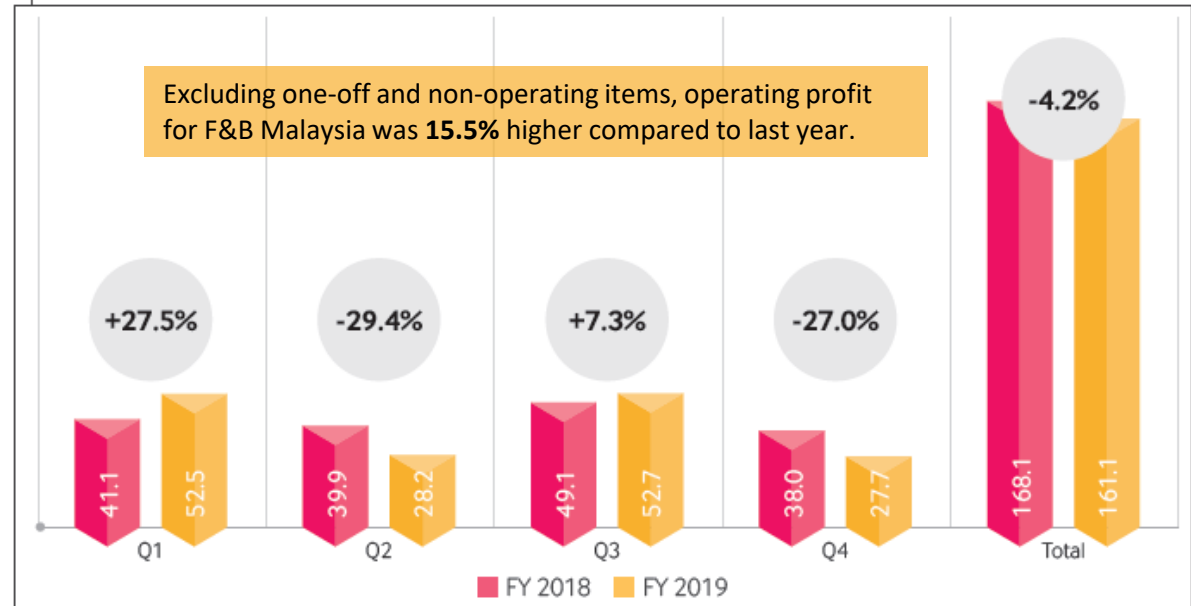
Bryan Lee Chee Kong

Director, Domestic
Commercial Operations
(East Malaysia & Brunei)

REVENUE (RM million)



OPERATING PROFIT (RM million)



Note: Actual FY 2018 has been restated for MFRS 15 Revenue from Contracts with Customers.



FOOD & BEVERAGES

THAILAND

“Supported by better-managed pricing and discounts, as well as capacity expansion, we successfully grew both our domestic business in Thailand and exports market in Cambodia and Laos (IndoChina) to achieve strong double-digit growth in revenue and operating profit.”

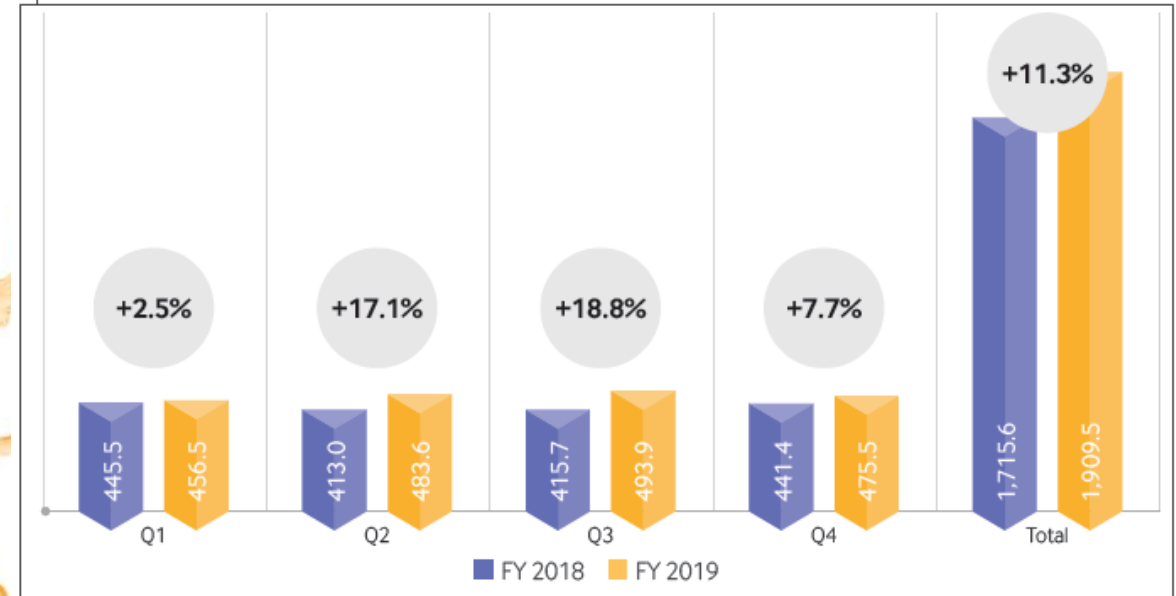


Suchit Riewcharoon

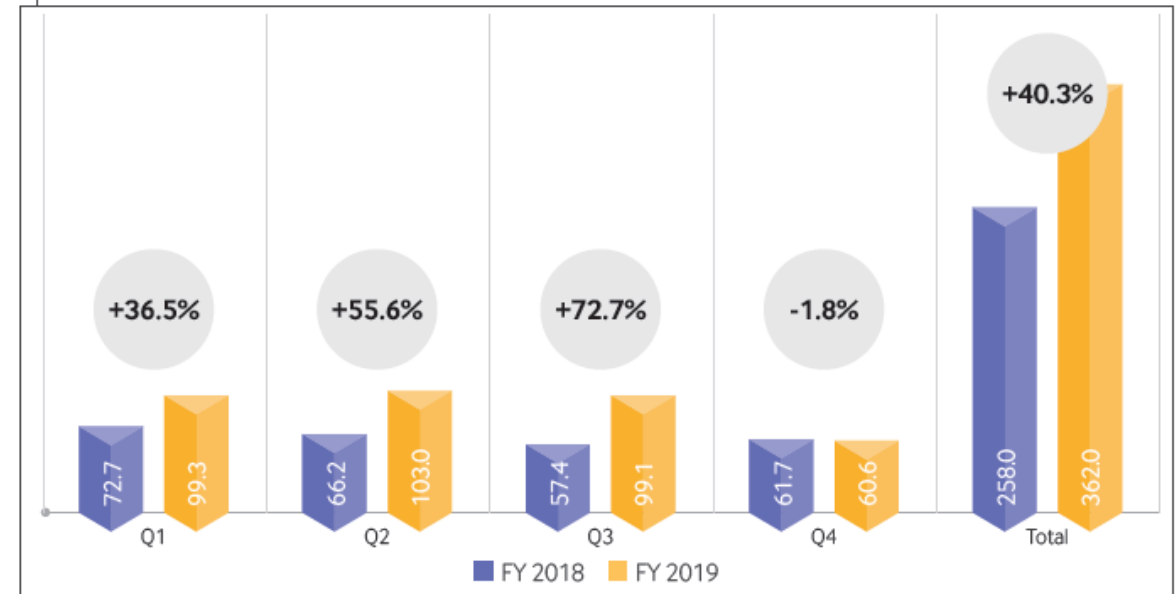
Managing Director,
F&N Dairies (Thailand) Limited

Profit after tax grew +13.6% despite the impact of corporate tax payment this year, following the full utilisation of the tax incentives granted by Thailand Board of Investment.

REVENUE (RM million)



OPERATING PROFIT (RM million)



Note: Actual FY 2018 has been restated for MFRS 15 Revenue from Contracts with Customers.



Our Global Presence



EXPORT MARKET

75
COUNTRIES
WORLDWIDE


“Within ASEAN, we have laid the groundwork to achieve bigger growth while in the Middle East, we are making good progress and currently in preparation to establish a new subsidiary in United Arab Emirates. In FY2020, the International Market Development (IMD) team will remain focused on growing sales in existing markets while expanding to new markets and collaborating with suitable overseas partners to expand our Export sales channel”






Soh Swee Hock
Managing Director,
International Markets
Development


EXPORT HIGHLIGHTS:


TOP EXPORTED PRODUCTS:

-  Condensed Milk and Evaporated Milk

DIFFERENTIATION IN PACKAGING FORMAT CATERING TO THE DIFFERENT NEEDS OF OUR CONSUMERS:

-  Stick pack
-  2.5kg pouch
-  20kg bag-in-box (BIB)

-  7 new export countries in FY2019

-  Remain committed to achieving target Group export sales of RM800 million by 2020



OUR HIGHLIGHTS

Enjoyment





OUR NEW MILESTONE

Our Plans to Venture into Integrated Dairy Farming & Milk Production

- Purchase of 4,454 hectares of leasehold land in Chuping, Perlis ('Ladang Chuping') through a conditional sale and purchase agreement with MSM Perlis Sdn Bhd
- Proposed of Ladang Chuping to establish the country's first integrated dairy and crop farm is a significant step forward in the agricultural and dairy industry
- Multi-pronged investment of RM650 million (including the cost of purchasing Ladang Chuping)

OUR AWARDS & RECOGNITION

ENVIRONMENTAL



CSR-DIW Continuous Award 2019
from Ministry of Industry, Thailand
(9th consecutive years)

Thailand Kaizan Award 2019: Gold & Silver Medal
from Technology Promotion Association (Thailand-Japan)

3Rs+ Award 2019
from Department of Industrial Works, Thailand



Best Practices on Solid Waste Management 2018
from Solid Waste Corporation, Malaysia

MARKETPLACE



FDA Quality Award 2019
from Thai Food & Drug Administration
(7th consecutive years)



National Corporate Report Award 2019
Industry Excellence Award
(Consumer Products & Services)

Superbrands Malaysia 2019

WORKPLACE



Graduates' Choice Award 2019
1st runner up - Most Attractive Employer in FMCG

Malaysia Best Employer Brand Awards 2019
from Employer Branding Institute

Asia Best Employer Brand Awards 2019
from Employer Branding Institute



National Occupational Health & Safety Award
from Ministry of Labour, Thailand



PUTRA BRAND AWARD 2019
Gold in Non-alcoholic Beverage (8th Gold Award)



INTERNATIONAL INNOVATION AWARDS 2019
Product, Service & Solution and Organisation & Culture

CAPEX: SETTING UP FOR THE FUTURE

Goodness



Integrated Warehouse

@ Shah Alam



This new integrated warehouse with Automated Storage Retrieval System (ASRS) has a capacity of over 50,000 pallet space. To be completed in FY 2021, this CAPEX is expected to increase operational efficiency, provide savings as well as reduce the carbon footprint of our warehouse operations.

Chilled and UHT Production Capacity @ Pulau Indah



Construction of Chilled and UHT Production lines to increase product offerings (fresh milk and juices), improvement in product freshness and operational cost reduction.
The new lines are expected to be completed in FY2020

Drinking Water Line and Finished Goods Warehouse @ Kota Kinabalu Industrial Park (KKIP)



Artist Impression

We started construction work on our first drinking water line in Sabah. The plant, which also houses a finished goods warehouse for products shipped from our Peninsular Malaysia plants, is expected to be completed in FY2020.

New Steriliser and Slim Can Line

@ Rojana, Thailand



This CAPEX is to increase capacity of batch steriliser as well as to support the new product slim case pack.
Completed in FY2019

New line for SBC & SCM

@ Rojana, Thailand



The commissioning of new processing lines is to increase existing capacity and to meet the demand for beverage creamer (SBC) and sweetened condensed milk (SCM) market.

Completed in FY2019

FINAL DIVIDEND

Energised



Higher Final Dividend 33.0 sen/share (2018: 30.5 sen/share)



	FY 2019	Change ³	
Total equity ¹ (RMmil)	2,529.4	▲	9.7%
Total assets (RMmil)	3,503.8	▲	4.7%
Net cash (RMmil)	446.4	▲	121.5%
Net assets per share (RM)	6.90	▲	9.7%
Gearing ratio ² (%)	4.9%	▼	9.7 p.p.

1 Includes non-controlling interest

2 Total debt / Total equity

3 Comparison against 30 September 2018 (restated)

- In line with higher Group earnings for the financial year ended 30 September 2019, the Board of Directors recommend a **higher final single tier dividend of 33.0 sen per share** (2018: 30.5 sen per share), for approval by shareholders at the forthcoming Annual General Meeting.
- If approved by shareholders, the **total dividends** for the year would amount to **60.0 sen per share** (2018: 57.5 sen per share).
- Takes into account Group's capital position, working capital requirements and capital expenditure investments.

OUTLOOK

Enjoyment



▪ F&B Malaysia

- Overall domestic market for F&B Malaysia to **remain challenging** amidst continuous competitive pressures in the canned milk and the ready-to-drink beverage segments.
- Continue our relentless focus on Excellence in Execution in **route-to-market initiatives** to ensure we capture opportunities in every market and every channel.
- **More new product offerings to increase our presence in healthier categories**, such as juices, water and milk, as well as to further underline our leadership in the isotonic, carbonated soft drinks, tea, soya and canned milk categories.
- Within the first quarter of FY2020, we have launched **a number of exciting new products**:
 - **Sunkist Pure Orange juice which contains at least six oranges per litre;**
 - **F&N Sparkling Water** in its pure form and in two refreshing flavours (grapefruit and lemon);
 - **TEAPOT Squeeze** in Regular flavour, Gula Melaka and Pandan;
 - **Classic recipes** such as F&N Sarsi and F&N Orange in portion controlled 200ml cans. These had been introduced during CNY and proved so popular that they will become a permanent feature in our portfolio.

▪ F&B Thailand

- Although the Thai economy is projected to grow at a slightly higher rate of 3% in 2020 vs current year, external and domestic headwinds remain.
- As of October 2019, the Thai Government has further increased the sugar tax on beverages.
- Our outlook on our operations in Thailand remain positive given the **strong brand equity and product portfolio**, supported by our **pipeline of innovations**.
- We believe the strong foundation that we have laid in the past and the investment in brand spending and new product launches in the 4Q of FY2019 will continue to drive our growth in F&B Thailand.
- In terms of **coverage**, we seek to collaborate more closely with the ThaiBev Group to distribute our products more extensively across the length and breadth of the country.
- Meanwhile, we will strengthen our engagement with the **food service channel in Cambodia and Laos** through a loyalty programme and further expand our sales coverage to more regions upcountry.
- FY2020 is set to be a year of exciting new product offerings for Thailand. Products launched in the first quarter of FY2020:
 - **TEAPOT and CARNATION evaporated milk in 1kg pouch**
 - A new variant for **TEAPOT Tube – Matcha flavour**

▪ Exports

- The ongoing **US-China trade war and geo-political tension in Middle East** have created uncertainties in our operating environment.
 - The **stronger Thai Baht** has also affected F&B Thailand export competitiveness.
 - Remain committed to continue to build **Exports as our third business pillar** and achieve target Group export revenue of RM800 million by 2020.
 - In preparation to establish a **new subsidiary in Dubai** to increase and deepen our presence in Middle East and North Africa region.
 - Collaborating with overseas **e-commerce** companies to expand our Export sales channel
- ## ▪ Raw and packaging material prices expected to remain volatile.
- Certain dairies input prices have remained high.
 - We have hedged a portion of our requirements ahead for the new financial year.
 - Continue to closely monitor the raw material prices and take necessary measures to mitigate the impact.



PURE ENJOYMENT
GOODNESS

FOOD & BEVERAGES

MALAYSIA

FY2019 Achievements





PURE ENJOYMENT
GOODNESS

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THAILAND
FY2019 Achievements





FRASER & NEAVE HOLDINGS BHD



A member of the FRASER AND NEAVE Group