

Bringing  
*Smiles*



**RESPONSE TO  
INQUIRIES**



FRASER & NEAVE HOLDINGS BHD

**59<sup>th</sup> ANNUAL  
GENERAL  
MEETING**



**QUESTIONS  
ANSWERED LIVE  
DURING AGM**



## QUESTION

1. Hi, May I know any plan to intensify e-commerce portal and distribution channel?

LEE MUN HOE

*Answer:*

*For our e-commerce portal, F&N Life, we are exploring different order fulfilment options that cater to varied needs. We have recently opened a fulfilment centre in Kuala Lumpur, which provides more choices to consumers such as self-pickup option and express next day deliveries for our F&N Life shoppers. In the future, we aim to set up more fulfilment centres across Malaysia. We also have greater plans to expand F&N Life into a lifestyle app.*

*The e-commerce app is only a part of our comprehensive e-commerce strategy. We have been working even closer together with e-commerce merchants, who are vital partners in our e-commerce business, in Malaysia, Thailand and overseas markets like China to expand our products' reach to a broader audience.*



## QUESTION

2. What are the reasons our company unable to obtain approval from Ministry of Economic Affairs in respect of the purchase of Ladang Chuping by F&N AgriValley from MSM Perlis? Can the board kindly explain in detail.

Why MSM Perlis not granted any extension of time for the satisfaction of conditions precedent under the SPA?  
Is it due to conflict in negotiation?

*TAN ZI HOW*

*Answer in next slide*

## QUESTION

2. Why was the acquisition of the dairy farm business not successful? (Cont'd)

RUSMIN

*Answer:*

*The Ladang Chuping land is leased by the Perlis state to MSM Malaysia Holdings Bhd (MSM). We had planned to purchase the leased land from MSM, a state-owned company that FGV Holdings Bhd has a stake in. The Federal Land Development Authority (FELDA) in turn is the majority shareholder of FGV. For an acquisition of such large parcel agricultural land owned by state owned machineries, the transaction process can become complex and lengthy.*

*We could not complete the process within the stipulated timeline for Fraser & Neave Holdings Bhd's (F&NHB) wholly-owned F&N AgriValley Sdn Bhd to obtain the required approvals. While there is a clause for both parties to extend the contract period, the vendor exercised their rights to rescind the sale and purchase agreement.*

*Regardless of that outcome, F&NHB remains confident that the dairy sector offers great opportunities. We see it as an opportunity to think outside the box to explore new approaches to realise our ambition of becoming a leading player in the fresh milk industry.*



## QUESTION

3. Any new products for the health conscious?

LAI YEN FOON

*Answer:*

*In our effort to transform our portfolio towards healthier choice, we offer consumers beverage options with reduced or low sugar to no sugar, and healthier dairy options that contain less fat or sugar. Today, 90% of our Ready-to-drink (RTD) products sold are below 5 grams of sugar per 100ml.*

*Healthier options launched in FY2020 in Malaysia included Sunkist Pure Juice Drink, 100PLUS Zero, F&N Ice Mountain Sparkling Water and OYOSHI Gold No Sugar Premium Japanese Green Tea. In Thailand, we introduced CARNATION Plus Sweetened Condensed Milk with 0% Fat and 25% Reduced Sugar, and F&N Magnolia Milkies tablets made from 100% New Zealand milk.*

*We now have a healthier option in every product category we are in except for Energy segment and 47 products that carry the Healthier Choice Logo (HCL) endorsed by the Malaysian Ministry of Health or Thailand's Ministry of Public Health.*

*Our latest healthier choice addition in FY2021 endorsed with HCL in Malaysia is a new range of F&N Sparkling beverage, which comes in 3 flavours – Apple Barley, Espresso and Honey Lemon.*





**OTHER QUESTIONS  
NOT ANSWERED  
DURING AGM**



## QUESTION

1. In the past 10 years, the group's total revenue has been stagnant at around RM4 billion, does management see saturation of demand in our core markets? Thank you.

CHUA SONG YUN

*Answer:*

*Over the past 10 years, we have seen development such as parting ways with Coca Cola & Red Bull, implementation of sugar tax, trading down by consumers, etc. Nevertheless, we believe there are further room for growth in our core markets and we hope to capture them through new products and other reimagine initiatives.*



## QUESTION

2. What percentage of exports are coming from F&B Malaysia and what percentage from F&B Thailand?

VEIVEN GOON

*Answer:*

*F&B Malaysia and F&B Thailand contribute quite equally to our total Export sales.*

## QUESTION

3. Is there any plan for the old factory site in Section 13, Petaling Jaya?

*JUN HIENG KIAT*

*Answer:*

*The redevelopment of F&N's Section 13 property is a long term and strategic one and we are exploring options to optimize the value of the land. In view of the current environment, we will keep in view our plans.*



## QUESTION

4. What is your KPI for year 2021? Is it projected to be more than 2x than 2019 or 2020?

LOO YEO MING

*Answer:*

*With the current landscape, it is difficult to provide projections or a target. Our priority is to maintain business continuity as efficiently as possible in a fluid operating environment while taking care of our people and the community.*

*We remain committed to delivering resilient results by maximising opportunities to fuel growth and increase cost efficiency; driven by our three strategic priorities- Innovation, Cost Competitiveness and Excellence in Execution.*

## QUESTION

5. Will other parties develop the Ladang Chuping land into a dairy farm? Any concern on data and information leakage during this sale and purchase agreement?

TAN ZHI HOW

*Answer:*

*We did not complete the acquisition and therefore unable to comment on Ladang Chuping.*

*Parties to the Sale and Purchase Agreement are bound by confidentiality obligations contained in the Non-Disclosure Agreement that was signed prior to the Sale and Purchase Agreement. These confidentiality obligations are repeated in the Sale & Purchase Agreement. F&N officers and advisers involved in this transaction are also subject to confidentiality obligations in their own respective letters of appointment or letters of engagement.*

## QUESTION

6. Can the board kindly share a brief strategy on the fully integrated dairy farm?

Is there any other opportunities arise in other area?

TAN ZI HOW

*Answer:*

*The integrated dairy farm will enable Fraser & Neave Holdings Bhd (F&NHB or the Group) to explore the upstream insourcing of fresh milk to support existing downstream production and distribution of fresh milk products.*

*This will also allow F&NHB to deepen and widen our equity in the liquid milk business, growing the organic and inorganic aspect of our business and propel the Group's ambition in the health and wellness segment.*

*F&NHB is constantly exploring ways to 'reimagine' our business to create sustainable growth, just like how we are now developing Halal food as our fourth growth pillar.*



## QUESTION

7. Regarding the intention to venture into integrated dairy farming business, could you please elaborate on the considerations when choosing the location? Also, could you please elaborate if Malaysia is a better location for this project vis-a-vis Thailand?\*

*EN AHMAD ADIB BIN MUKHTAR OR YM TENGKU AISHA FATEHA BINTI TENKU AHMAD BADRUL SHAH*

*Answer:*

*We are open to opportunities that can offer us a large parcel of agricultural land in any state in Peninsular Malaysia.*

*The upstream insourcing of fresh milk is mainly intended for the Malaysian market. We want to increase the local supply as importation of fresh milk is highly restricted by quota and country policies.*

## QUESTION

8. Page 14 of Annual report stated that we are number 1 in Isotonic category, Carbonated Soft Drink category, Evaporated Milk category and Sweetened Condensed Milk category in Malaysia, and number 1 in Evaporated Milk and Sweetened Condensed Milk category in Thailand and Cambodia.
- a) What is our market shares for each of the category in the above mentioned market? Has it been growing or shrinking in respective market?

CHUA SONG YUN

*Answer:*

*We do not share category details for competitive reasons.*

*Importantly, we have either maintained or progressed our leadership position\* in these categories through successful product and marketing innovation, as well as strong operational execution targeted at meeting new norms in the marketplace. This indicates strengthened brand value among our customers and consumers despite unfavourable environment.*

\*Based on Retail Index Service for the 12 months ending July 2020 in Total Malaysia. (Copyright © 2020, The Nielsen Company (M) Sdn Bhd)

F&N Dairies (Thailand) Limited ranked first as a manufacturer in both value share and volume share in total Condensed Milk Market since 1 August 2016 to 30

September 2020. The Nielsen retail index report covers Supermarkets, Hypermarkets, Convenience Stores and Traditional Trades.

Cambodia market data is based on internal market research. (Cambodia market is not covered by Nielsen)



## QUESTION

8. Page 14 of Annual report stated that we are number 1 in Isotonic category, Carbonated Soft Drink category, Evaporated Milk category and Sweetened Condensed Milk category in Malaysia, and number 1 in Evaporated Milk and Sweetened Condensed Milk category in Thailand and Cambodia.
- b) What is the past years demand growth rate and demand outlook for each of the above mentioned market?

CHUA SONG YUN

*Answer:*

*Generally, beverages consumption experienced double-digit decline last year due to a significant dip in out-of-home consumption from the effects of COVID-19. Meanwhile, the impact on dairy segment is moderated by an uptake on in-home consumption.*

*The development of the pandemic is still fluid. We expect demand to normalise in line with the economic recovery that will drive higher consumption upon the COVID vaccination program's roll-out in the respective countries.*

Volume Category % Change vs Year Ago		
Malaysia	Carbonated Soft Drink/Isotonic	-19.10%
	Sweetened Condensed Milk	-10%
	Evaporated Milk	-5%
Thailand	Sweetened Condensed Milk	-1%
	Evaporated Milk	-3%

Source: Nielsen, September 2020





## QUESTION

9. Any possibility of a bonus share issue or share split to enable more people to become shareholders? Definitely our Company is well managed. No question about it.
10. Any Bonus issue?
11. Will there be a bonus issue ?

*PORAVI A/L S P SITHAMBARAM PILLAY*

*LOO YEO MING*

*LUM CHOONG YING*

*Answer:*

*The Company has no plans for a bonus issue or to split shares.*

## QUESTION

12. Can the dividends be increase more as your profit increased?

LOO YEO MING

*Answer:*

*Other than profits, there are other consideration in proposing dividends such as cash position, dividend sustainability, capex requirement and other projected usage of cash.*

## QUESTION

13. Any share buy back done recently after the notice of this AGM in Dec2020 & how many shares were purchased (if done) & at what average price was done?

LOO YEO MING

*Answer:*

*No shares were bought under the Share Buy-Back mandate in the period between the date of the Notice of AGM (21 December 2020) and the date of the AGM (19 January 2021).*

## QUESTION

14. Covid 19 cases increased, what precaution you take to prevent staff from being infected.

LOO YEO MING

*Answer:*

*Since the earliest stages of the pandemic, we have been conducting preventive and protective measures to safeguard our employees, and we continue to ensure strict compliance with all SOPs. Some of the measures in place included:*

- Daily sanitisation and cleaning after each work shift, and regular chemical dry sanitisation.*
- Implemented work-from-home or split team arrangement where applicable.*
- Daily contactless temperature screening, health-related declarations for all staff and safe distancing measures at all workplaces.*
- Provided masks, hand sanitisers and mask keepers for all employees.*

*Besides the safety measures above, employees who fall into categories of close contact undergo a rigorous contact tracing exercise, further testing where applicable and home-quarantine as per KKM guidelines.*

*At the same time, we ensured our foreign workers underwent COVID-19 screening tests and conducted an audit of their accommodation and amenities to minimise their risk of infection.*

## QUESTION

15. Good that F&N products are displayed on the table. Is the drink which the CEO drank after his speech from F&N? If not, suggest that BOD members do so in future public meeting.

*TAN LEE SIAM*

*Answer:*

*Glad that you noticed. Mr. Lim was having F&N Ice Mountain Mineral Water. You can order them online on F&N Life at [this link](#).*



## QUESTION

16. What is the rationale of the company's recent acquisition of the snacks and sauce businesses?

RUSMIN

*(Similar question as the Pre-AGM question submitted by MSWG – Question 4)*

*Answer:*

*Fraser & Neave Holdings Bhd is constantly exploring ways to 'reimagine' our business through organic growth and business synergies to create sustainable growth. Our recent acquisitions, while still small in scale, is already the market leader in ready to cook ketupat and vegetarian oyster sauce.*

*Just like how we have succeeded in making Exports a growth pillar, we are now developing Halal food as our fourth growth pillar. The acquisition is a small step but will serve as a platform to help us grow our halal food categories, complement our offerings, and introduce more innovative products in the long run.*

*As for the future plan of our Halal food segment, we will share the strategies when ready.*



## QUESTION

17. I notice that the operating profit margin for your Thailand's division has always been higher than the Malaysia's division, could you please elaborate the reasons behind this?

*EN AHMAD ADIB BIN MUKHTAR OR YM TENGKU AISHA FATEHA BINTI TENKU AHMAD BADRUL SHAH*

*(Similar question as the Pre-AGM question submitted by other shareholders – Question 4)*

*Answer:*

*There are two main reasons for this. Firstly, Malaysia and Thailand have different competitive landscape. In Malaysia, we face more intense competition, and there is also a trend to trade down.*

*Secondly, our Thailand operation is pure dairy-focused while the F&B Malaysia business includes beverages, a segment with lower profit margin compared to dairy.*

## QUESTION

18. Referring to selling Teapot Brand to parent company F&N Ltd

This is rather strange why needing to sell the brand to parent company, as F&N should have the capacity to promote the brand ourselves. Do all of our company's brand IP rights is held by the parent group?

CHUA SONG YUN

*(Similar question as Pre-AGM question submitted by other shareholders – Question 1)*

*Answer:*

*The rationale for the transfer is to centralise brand management role with Fraser and Neave Limited (F&NL) that has the brand management expertise and has successfully managed and grown many of Group's brands. This transfer will enable Fraser & Neave Holdings Bhd to focus on our core competencies, which are growing our distribution and sales in our key markets of Malaysia and Thailand, and our export markets.*

*TEAPOT brand is still very much a part of our portfolio like all other F&N brands, which are owned by the F&NL Group and licensed to us to enable the manufacturing, marketing, distribution and sale in markets that we operate in.*







**THANK YOU**