



RE-ENERGISED



FRASER & NEAVE HOLDINGS BHD

61st Annual General Meeting

**Chief Executive Officer's
Presentation**



1

FY2022

- Financial Highlights
- Our Global Presence
- Dividend
- Flood Mitigation Plans

2

**FY2023
AND
BEYOND**

- Re-energised for Growth
- Re-energising Our Brands

3

**SUSTAINABILITY IS
ALWAYS AT THE TOP
OF OUR MIND**

4

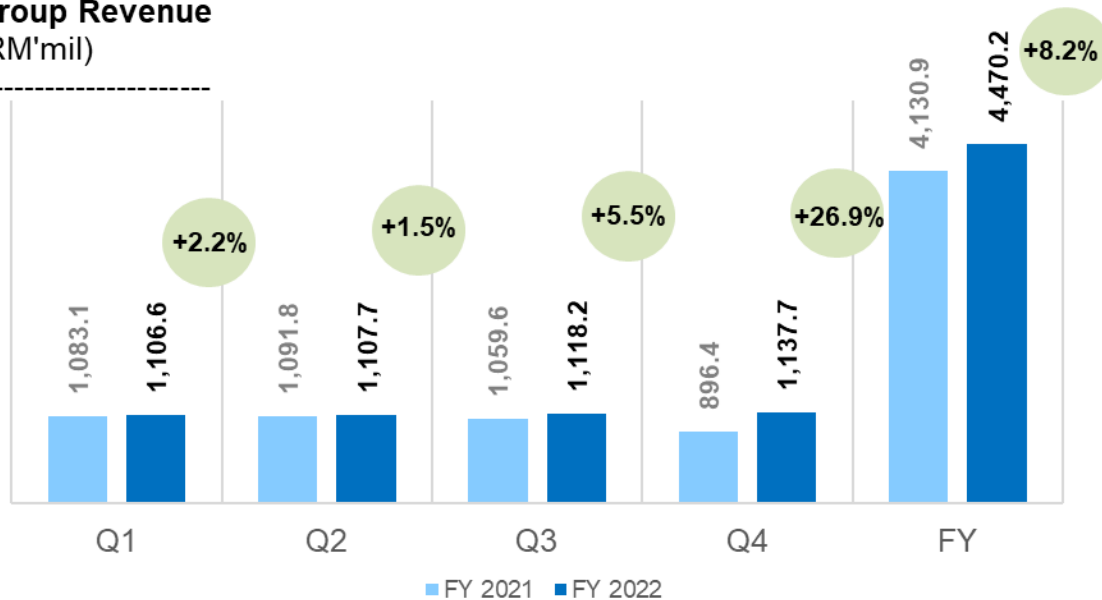
CLOSING REMARKS

FY2022 F&NHB Group Financial Performance

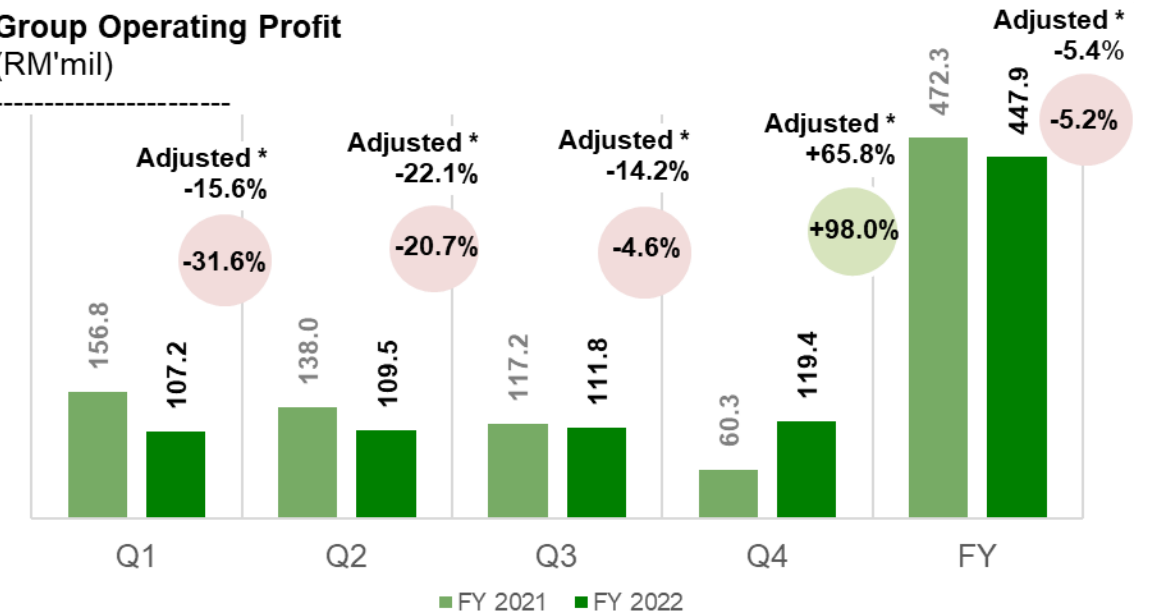


“ The **first half** of the year was tough due to **rising commodity prices** and **the impact of the floods on our Shah Alam operations**. While our overall bottom-line was impacted, it has been **greatly mitigated by the effective strategies** we had put in place to manage market risk and exposure. Most importantly, **our strategies enabled the Group to re-establish ourselves on a stronger footing during the second half**. ”

Group Revenue (RM'mil)



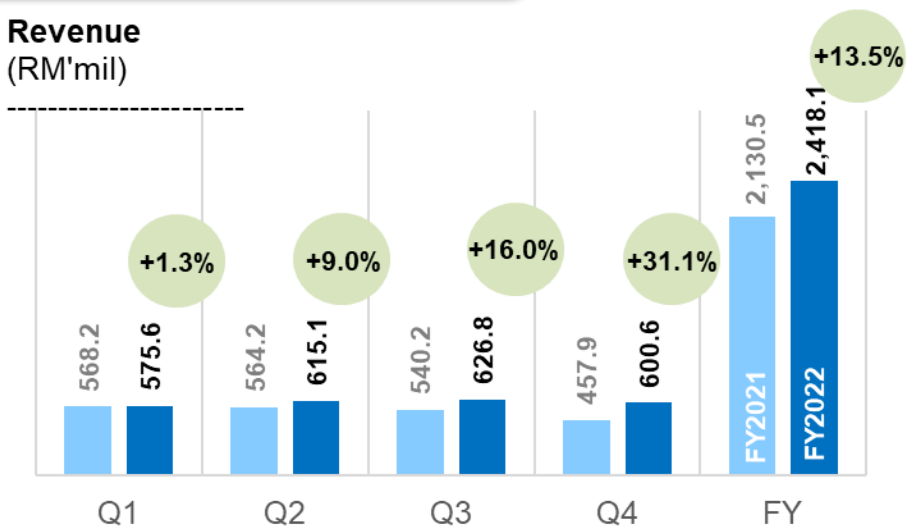
Group Operating Profit (RM'mil)



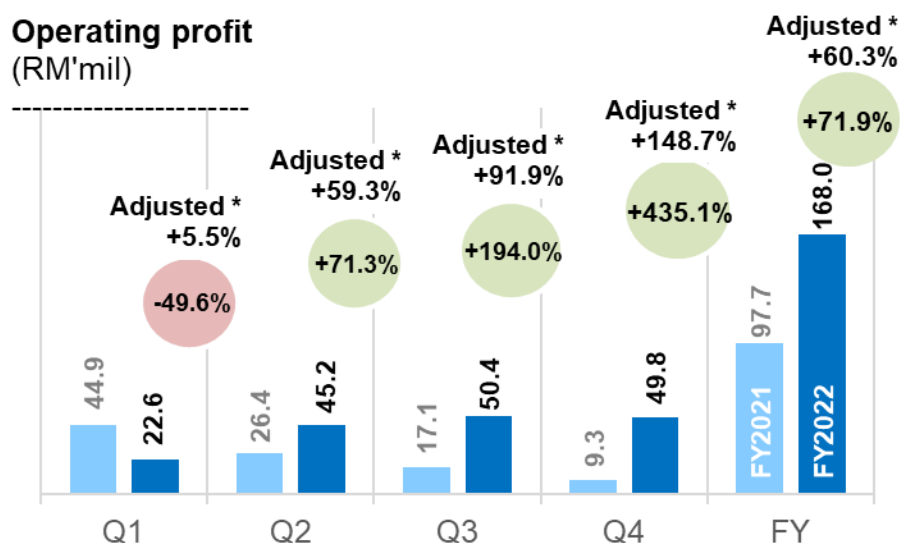
* Excluding one-off non-operating items i.e. flood related expenses, insurance claim receivable and restructuring costs



Revenue
(RM'mil)



Operating profit
(RM'mil)



* Adjusted for one-off non-operating items (flood impact and restructuring costs)

- Strong double digit growth in revenue and profits driven by economic recovery, higher sales, improved margins and operational savings from completed projects.
- First full-year contribution from Food Pillar.

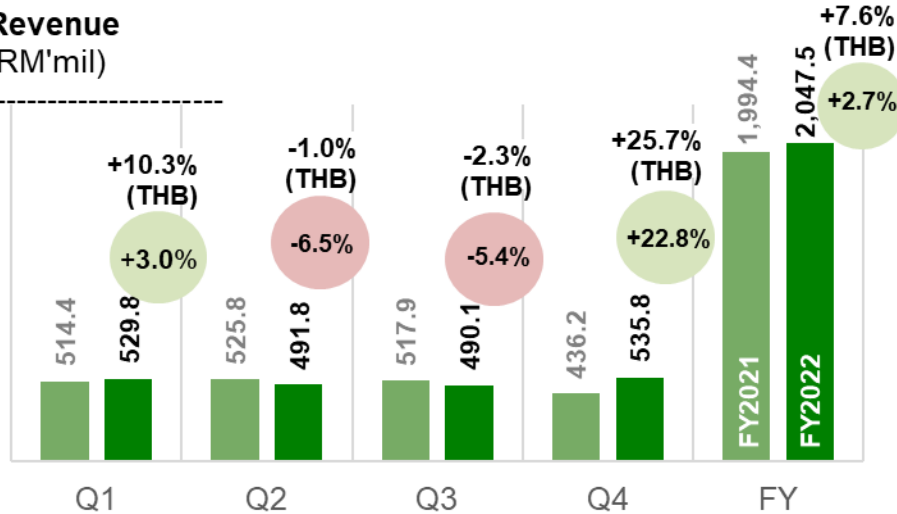
FY2022 v FY2021

- **Revenue +13.5%:**
 - Out-of-home (OOH) consumption rose progressively – lifting of movement control restrictions
 - Double digit volume growth for beverages
 - Successful trade execution and price adjustment exercise
 - First full-year contribution from Food Pillar.
 - Offset by lower export revenue (Greater China affected by lockdowns, lower sales to price-sensitive markets, and delay in shipping schedules)
 - Flood in Q1 and resulting out-of-stock situations.
- **Operating profit +71.9% (Adjusted operating profit +60.3%*):**
 - Improved margins from **price adjustment exercise** - mitigated the significantly higher commodity costs impact
 - **Improved contribution from Exports** – better region/product mix
 - Operational savings from completed projects:
 - Partial utilisation of **ASRS warehouse** in Shah Alam
 - **New in-sourced transportation service** in Malaysia with 5 new delivery trucks
 - **Solar PV systems** at 3 plants

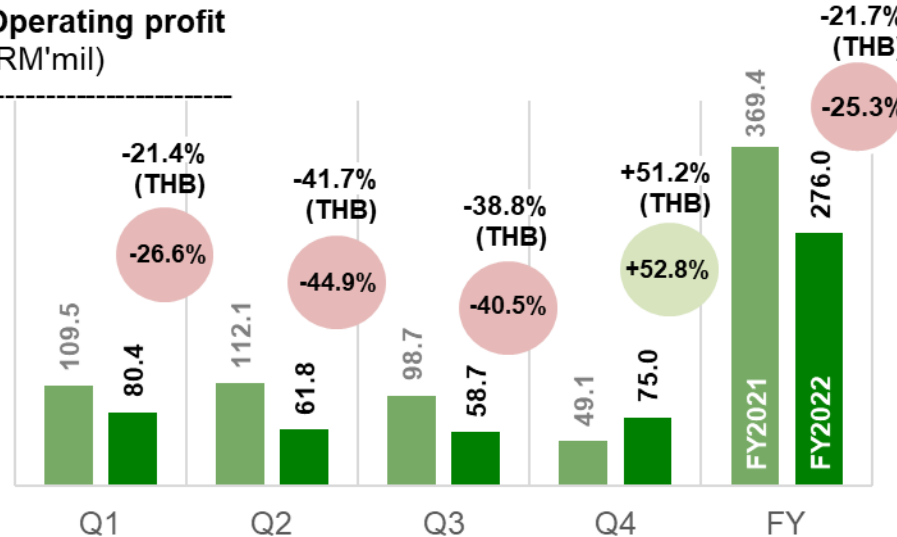




Revenue
(RM'mil)



Operating profit
(RM'mil)



- Recovery in OOH channels
- New product innovations
- Sustained growth through effective promotions and loyalty program
- Launched F&N Nom Aroi – e-Commerce platform
- Capex completion

FY2022 v FY2021

- **Revenue +2.7%** (+7.6% in Thai Baht):
 - Recovery in OOH channels and progressive improvement in tourism
 - **Price adjustments** (led to improved Q4 performance)
 - New product innovations
 - Unfavourable forex translation loss from weaker Thai Baht
- **Operating profit -25.3%** (-21.7% in Thai Baht):
 - Significantly higher commodity costs (especially tin cans, milk and palm oil) and forex impact from strong US Dollar
- Completion of the **Regional Distribution Centre** in Rojana, Thailand equipped with ASRS technology
- Completion of the **new factory and solar PV system** in Wang Muang

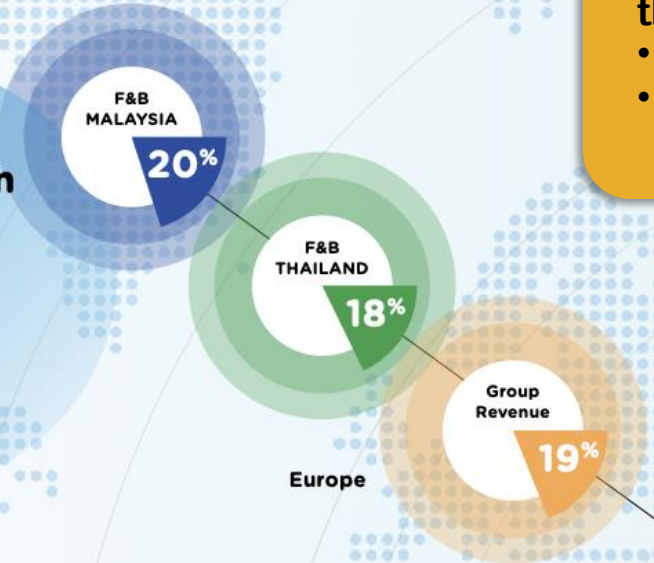


Our Global Presence

Despite lower Export revenue and higher COGS, margins improved through price increase

- Price increase impacted demand in price-sensitive regions
- Challenges faced: Shipping disruption/delays, limited vessels, higher freight costs, strict lockdown in Greater China

Contribution of Export Revenue to Segment Revenue FY2022



89

EXPORT MARKET

COUNTRIES WORLDWIDE

TOP EXPORTED PRODUCTS

Condensed and evaporated milk



4
NEW EXPORT COUNTRIES

- in FY2022
- Palestine
 - Bhutan
 - Suriname
 - Guyana

Canada
United States

Central America

South America

Europe

Africa

Middle East

Central Asia

South Asia

East Asia

South East Asia

Oceania

Final Dividend Maintained at 33 sen/share (2021: 33 sen/share)



	30 Sept 2022	30 Sep 2021	Change
Total equity ¹ (RMmil)	2,982.5	2,819.0	▲ 5.8%
Total assets (RMmil)	4,190.6	3,631.7	▲ 15.4%
Total debt ^{2 & 5} (RMmil)	310.1	65.0	▲ 376.8%
Cash & cash equivalents ³ (RMmil)	461.9	555.4	▼ -16.8%
Net assets per share (RM)	8.13	7.69	▲ 0.45
Gearing ratio ^{4 & 5} (%)	10.4%	2.3%	▲ 8.1%

- Directors recommend a final single tier dividend of **33.0 sen per share for approval by shareholders at the forthcoming Annual General Meeting.**
 - Entitlement date: 20 January 2023
 - Date of payment: 10 February 2023
- If approved by shareholders, total dividends for the year would amount to 60 sen (2021: 60 sen per share).
- Takes into account the Group's capital position, working capital requirements and capital expenditure investments.

1 Equity attributable to owners of the Company

2 Consist of loans and borrowings and lease liabilities

3 Lower cash and cash equivalents due to payment of final dividend, working capital requirements and capital expenditure

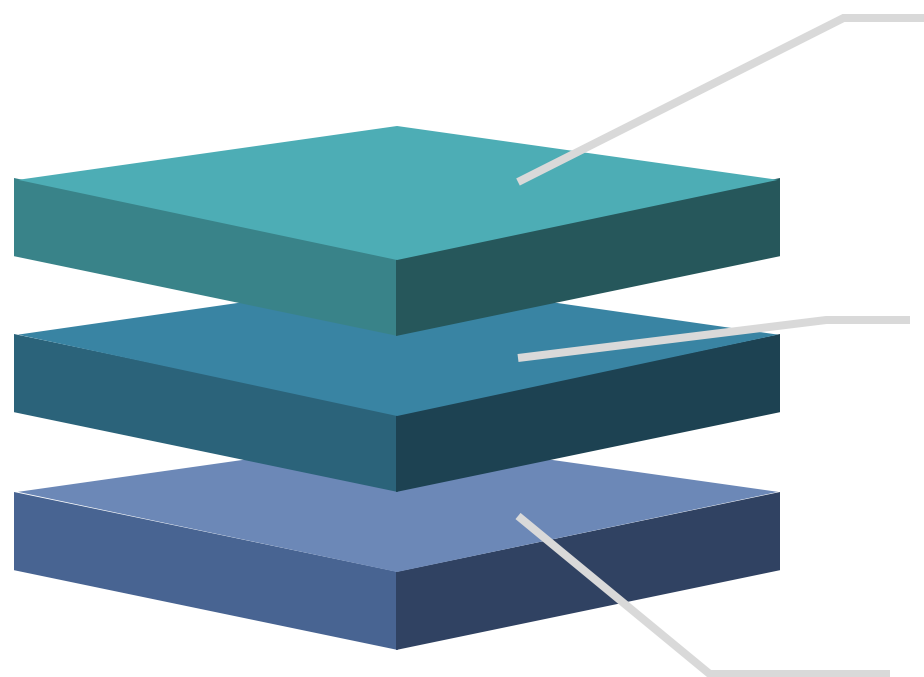
4 Total debt / Total equity

5 With the drawdown of RM500 mil IMTN on 5 October 2022, the gearing ratio increased from 10.4% to 27.1%

Since the Dec 2021 Flood, What have We Done to Mitigate Future Flood Events?



- The Dec 2021 flood was a bad experience, with various adverse implications to our business operations.
- On the positive side, it was a good test to our team. We reacted quickly to the crisis, and have put in place the following mitigating measures since then:



1st Line of Defence

To protect the entire compound of the Shah Alam plant through the construction of an outer wall and flap gates.

2nd Line of Defence

To protect the manufacturing building, where we have built flood barriers and flood barrier panels to prevent water from seeping into the building.

3rd Line of Defence

To protect the machinery through raised control panels and brick walls around them.

3 Lines of Defence Flood Mitigating Plans



1st Line of Defence (Work In Progress)



Top: To construct outer bund wall
Bottom row: To install flap gates

2nd Line of Defence



Top: Flood barriers (for illustration purpose)
Bottom: Flood barrier panels (for illustration purpose)

3rd Line of Defence



Top row: Raised control panels
Bottom row: Brick walls built around the equipment

Here is a video that summarised
the happening year at Fraser & Neave Holdings Bhd.
See how F&NHB is now 'RE-ENERGISED' for future growth.



Click [HERE](#) to watch the video



RE-ENERGISED

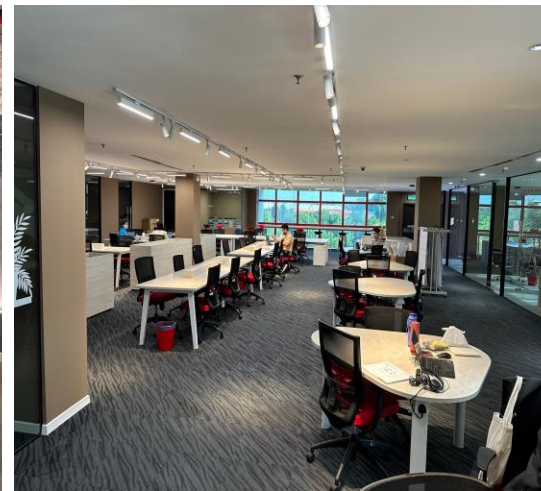
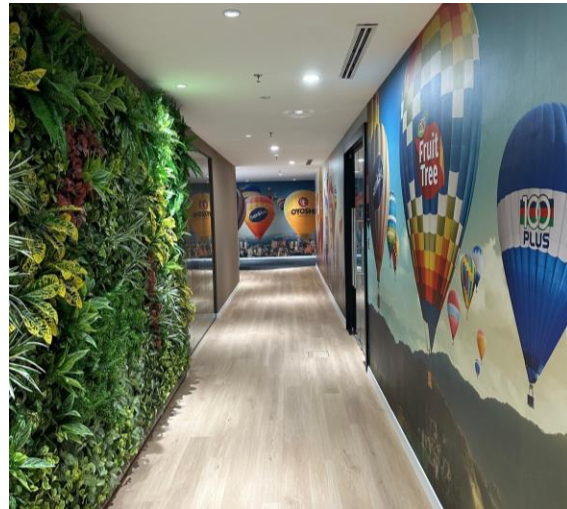


FY2023 AND BEYOND

Our New Integrated Office in Shah Alam



Open concept offices | Collaboration space | Hybrid working environment



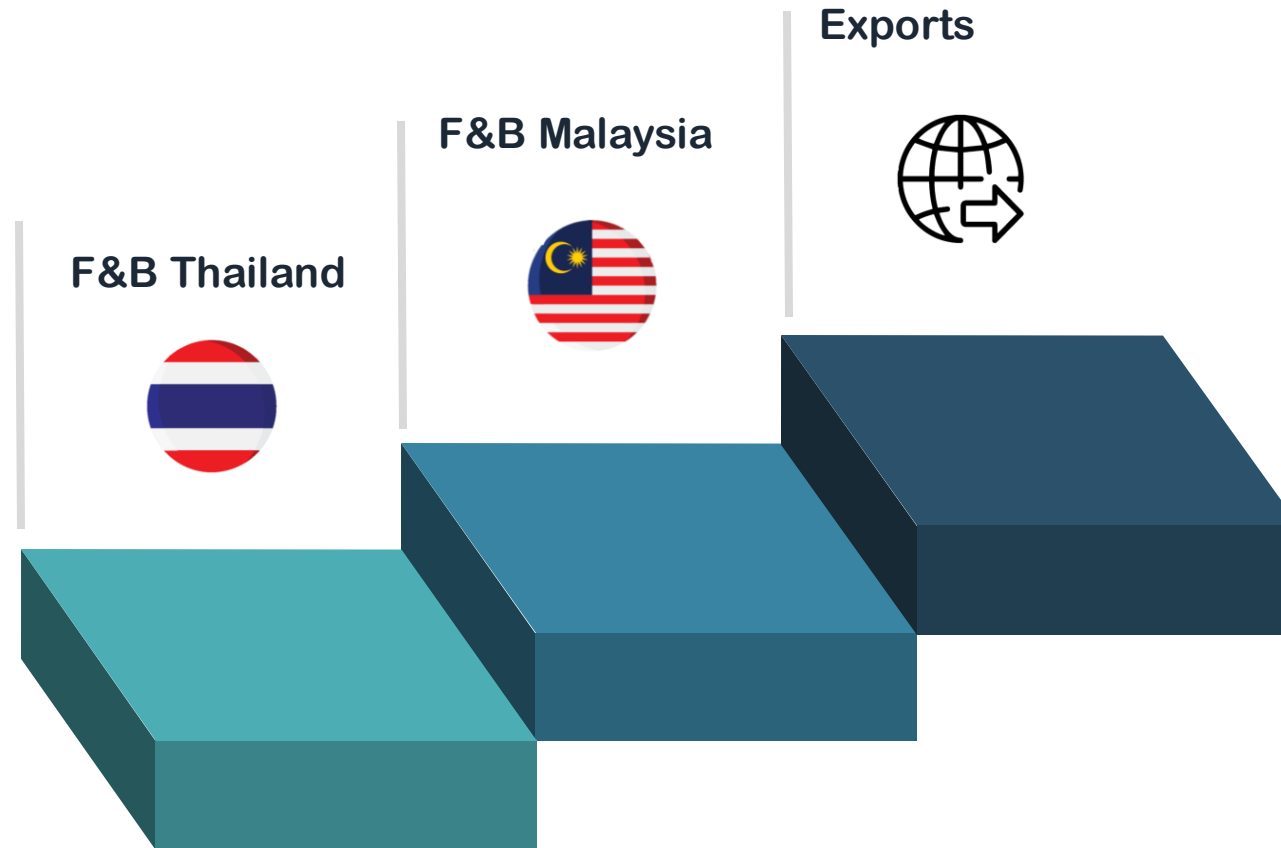


RE-ENERGISED



**RE-ENERGISED
FOR GROWTH**

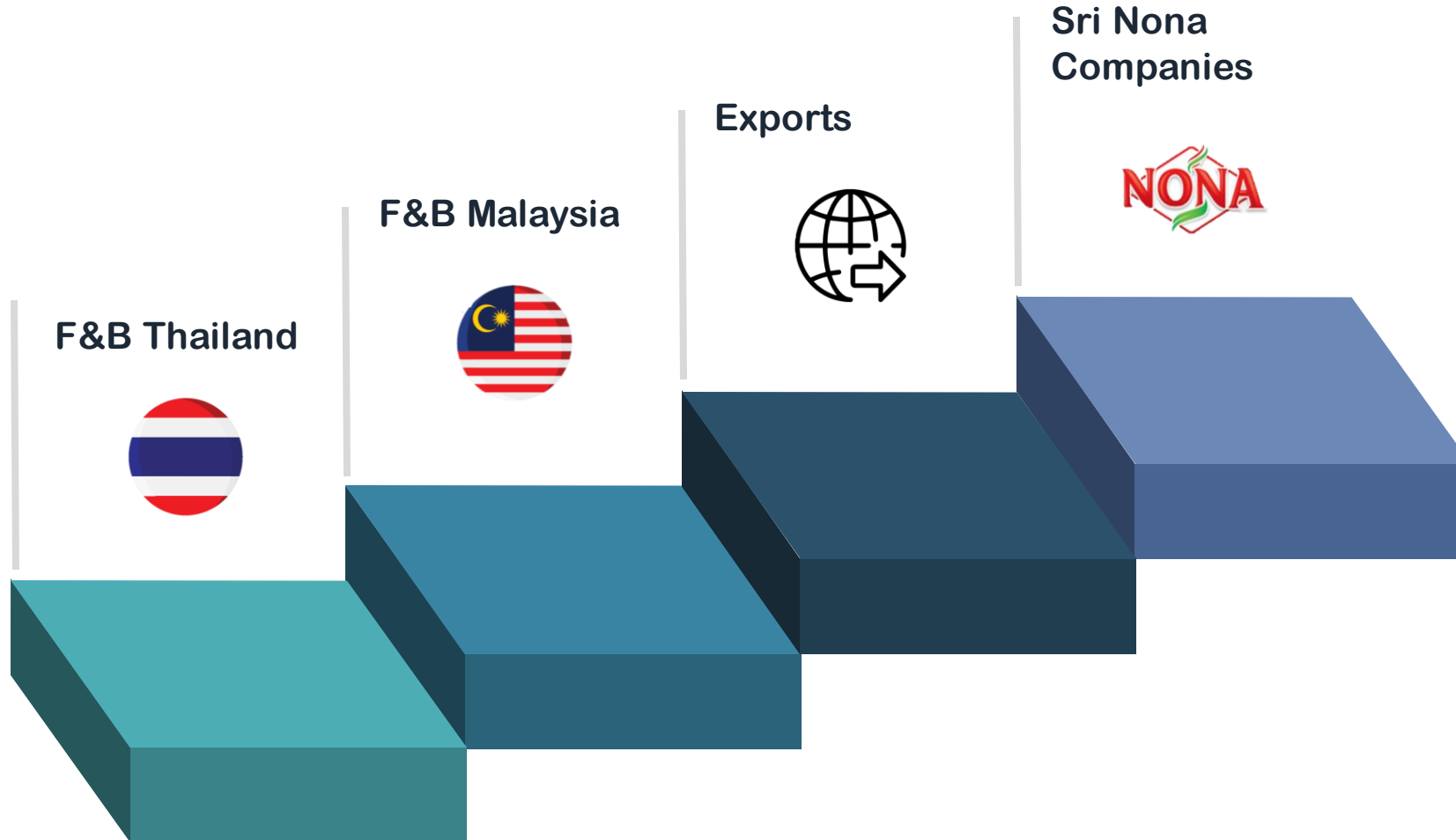
F&NHB's Existing Core Businesses are in Beverages & Dairies



We Acquired Sri Nona in 2021 in Support of Company's Growth Aspiration



Expanding into new categories to achieve PASSION 2025 Goals

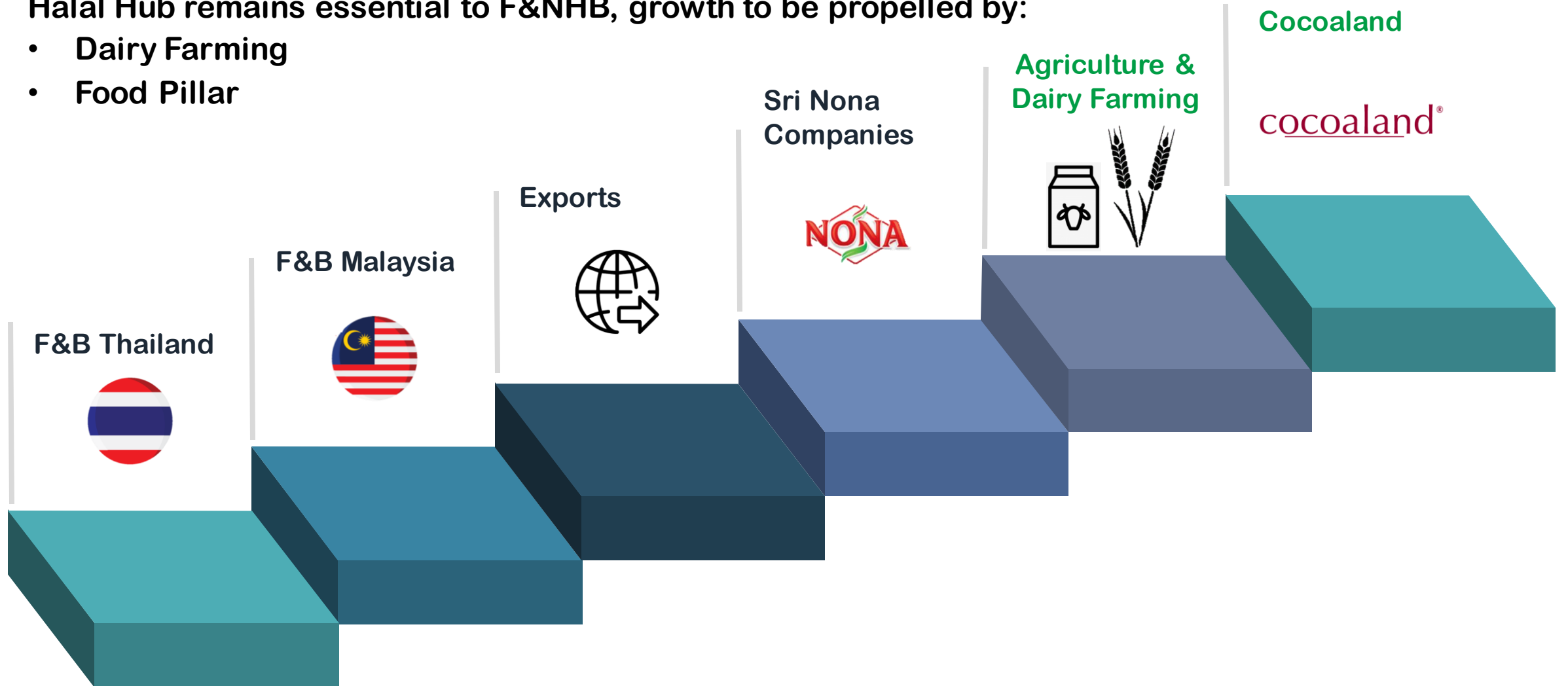


F&NHB's New Growth Pillar: Halal Food, Agriculture & Dairy Farming



Halal Hub remains essential to F&NHB, growth to be propelled by:

- Dairy Farming
- Food Pillar



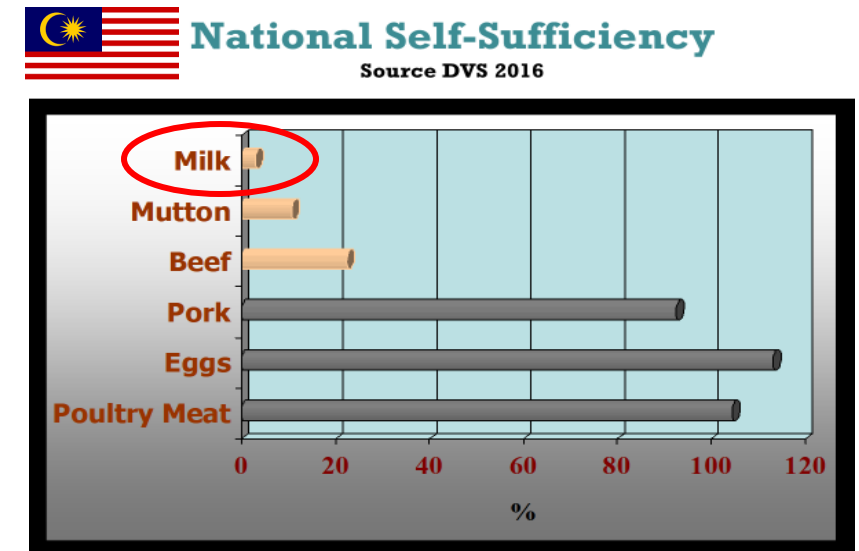
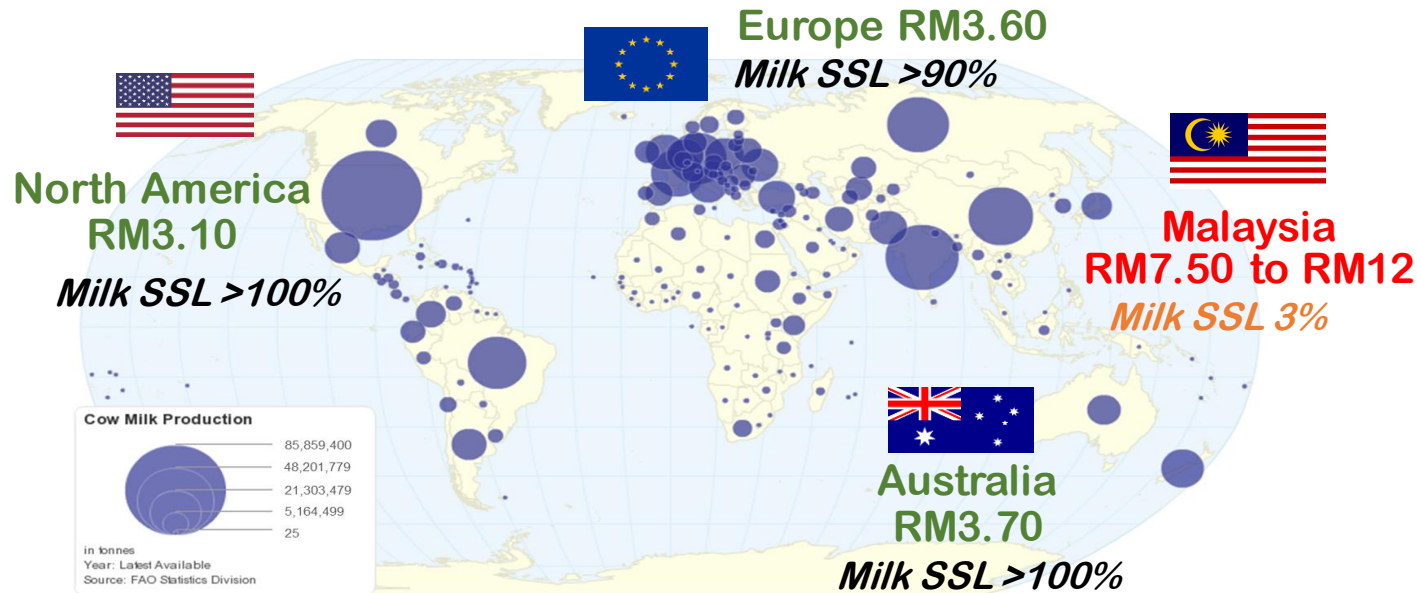
Driving Growth & Value with Dairy Farming

A long, modern dairy barn with rows of cows in stalls, viewed from a central aisle. The barn has a high, vaulted metal roof with skylights. The floor is concrete and appears wet. The stalls are made of metal and wood, and the cows are of various breeds, including black and white and brown and white. The text "Driving Growth & Value with Dairy Farming" is overlaid in white on a dark semi-transparent background.

Why Dairy Farming?



Fresh Milk Price in Malaysia is One of the Highest in the World!

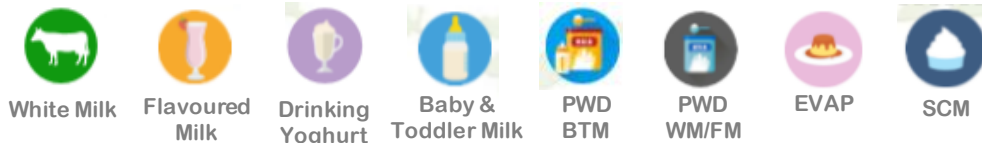


1. In 2021, officials claimed that Malaysia's Fresh Milk sufficiency is approximately 56%.
 - But that is only a fraction of the big picture.
 - Fresh milk is only a fraction of the total dairy products we import into Malaysia.
 - F&N alone imports 30,000 tonnes of milk and whey powder. That translates into 200 mil litres of milk.
 - Dairy self-sufficiency in Malaysia is **no more than 5%**.
2. Related to this is low beef self-sufficiency at 19%, which results in high beef prices and shortages during Korban.

Making Fresh Milk Affordable in Malaysia & A Healthier Nation



China and Vietnam consume far higher fresh milk thanks to increasing local supply



All values are in Mio L (except for China in Bio L)

	White Milk	Flavoured Milk	Drinking Yoghurt	Baby & Toddler Milk	PWD BTM	PWD WM/FM	EVAP	SCM
China	11.1	2.7	4.7	0.2	9.3	2.1	0.0	0.1
Vietnam	1,106	511	169	232	464	113	-	169
Thailand	745	379	452	62	370	340	48	113
Indonesia	246	760	41	-	1223	1019	-	480
Malaysia	185	163	26	2.2	323	767	84	151
Philippines	137	117	59	-	417	852	96	47
Australia	137	117	59	-	417	852	5	7
Singapore	92	2	16	0.3	25	117	5	7
Myanmar	31	19	10	1.8	40	64	19	151

- In Vietnam, for every 1L of Fresh Milk consumed, Vietnamese consumes only 0.1L of powdered milk (1,106 vs. 113 mil litres).
- However, in Malaysia, it is the reverse. For every 1L of Fresh Milk, Malaysian consumes 8L of powdered milk (185 vs. 767 mil litres).
- Vietnam (and China) have replaced imported milk powder with local fresh milk successfully over the last 20 years with mega dairy farms!
- We can play a role in making fresh milk affordable and contribute towards food security in Malaysia.
- Malaysia also ranks high for Type-2 diabetes, high blood pressure. We want to play our part to change that.

GROWTH

- Demand for dairy products are sizeable and rising. Fresh milk has the capability of helping us to expand further.

SUSTAINABILITY

- Our dairy farm investment is a form of **IMPORT SUBSTITUTION**.
- If we are able to produce fresh milk at the price of milk powder, Malaysians would be able to consume Fresh Milk instead of powdered milk at much affordable price with secured supply.

RISK MANAGEMENT

- Learning from countries such as China, Vietnam and Qatar, we believe that this dairy farming investment would be contributing **POSITIVELY** to the Group in the long term. Rest assured the investment has cleared our own internal CAPEX threshold.



Key Milestone of Dairy Farming – First Milking Expected in Dec 2024



2022

2023

Dec 2024



**Plan Finalisation
and Approvals**

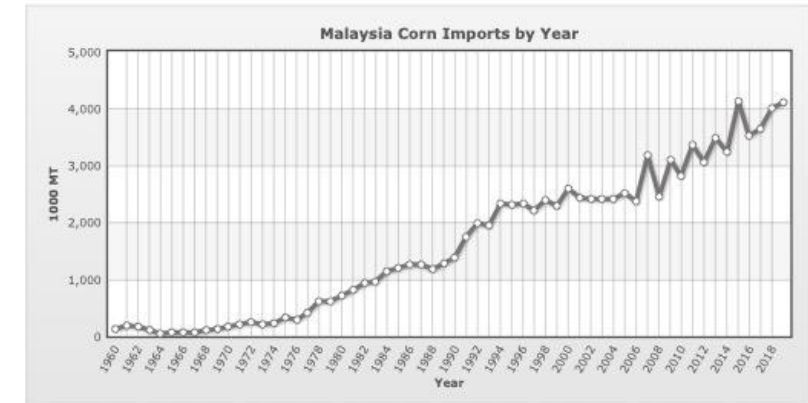
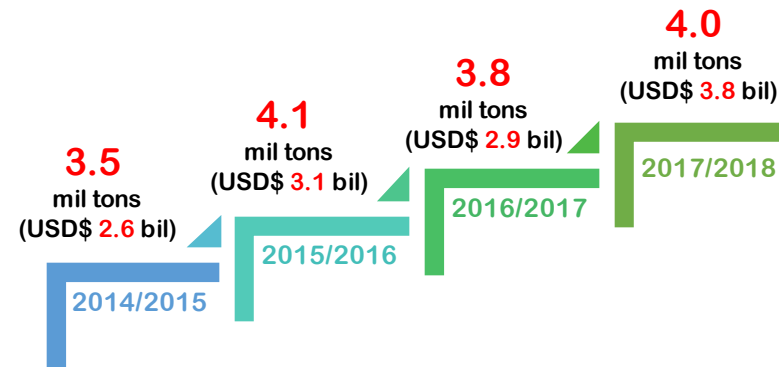
**Commencement
of Site Preparation
(incl. land clearance)**

Where We
Are Now

**First
Milking**

- Land acquisition was completed on 11 October 2022 for RM215.6m, financed through a mixture of internal funds and bank borrowings.
- Lead Advisors are being appointed to coordinate with local consultants in the areas of dairy operations, crop operations and turnkey solution provider.

Long-Term Crop Farming Ambition to Support Agriculture Roadmap



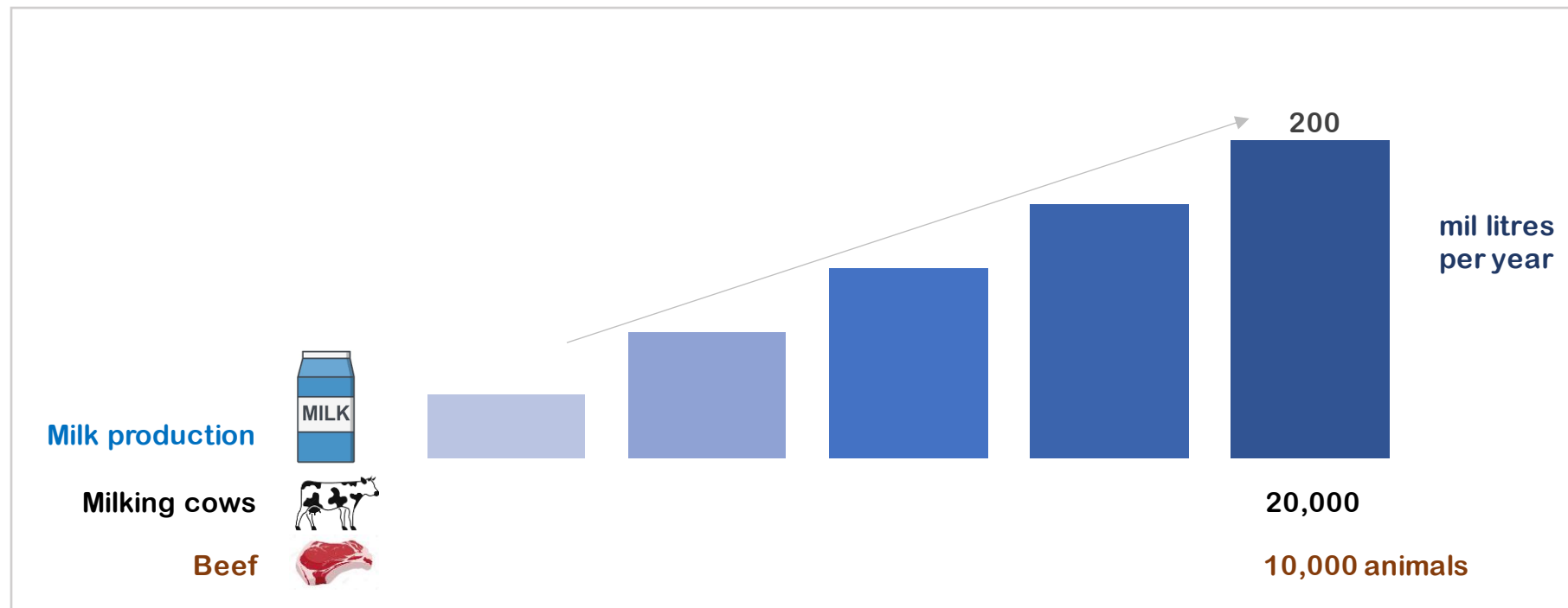
- Malaysia imports >4mil tonnes of corn grains annually (from Argentina, Brazil, US...) as feed for chicken, cattle, goat and fish. Neighbouring countries e.g. Thailand, Indonesia are growing corn as their 2nd food crop after rice.
- Government's aim is to reduce dependency by at least 50%. A mammoth task surely.
- **In line with the Government's ambition, F&N plans to get into crop farming once dairy farming stabilises.**
 - Other than supplying the dairy farm, excess corn grains will be supplied to the local market.
 - F&N will work with relevant stakeholders and land owners for short-term leases of unutilised land parcels for corn farming. Win-win for all.
- F&N also aims to develop a local program in crop farming practices, whereby farmers can work for the farm and/or supply crops from their own farm to F&N.
- Feed business is another by-product of this initiative. This will greatly reduce our dependence on import.

One Step towards the National Food Security Agenda for Dairy & Beef



F&N plans to set up the Integrated Dairy Farm in phases. Our contribution to food security comes in 2 forms:

- **Fresh Milk** : Ultimately reaching 200 million litres of fresh milk yearly with 20,000 milking cows.
- **Beef** : Each female / milking cow would be retired after 3 to 5 years. In addition, male calves will be raised. Both combined would supply up to 10,000 animals yearly.



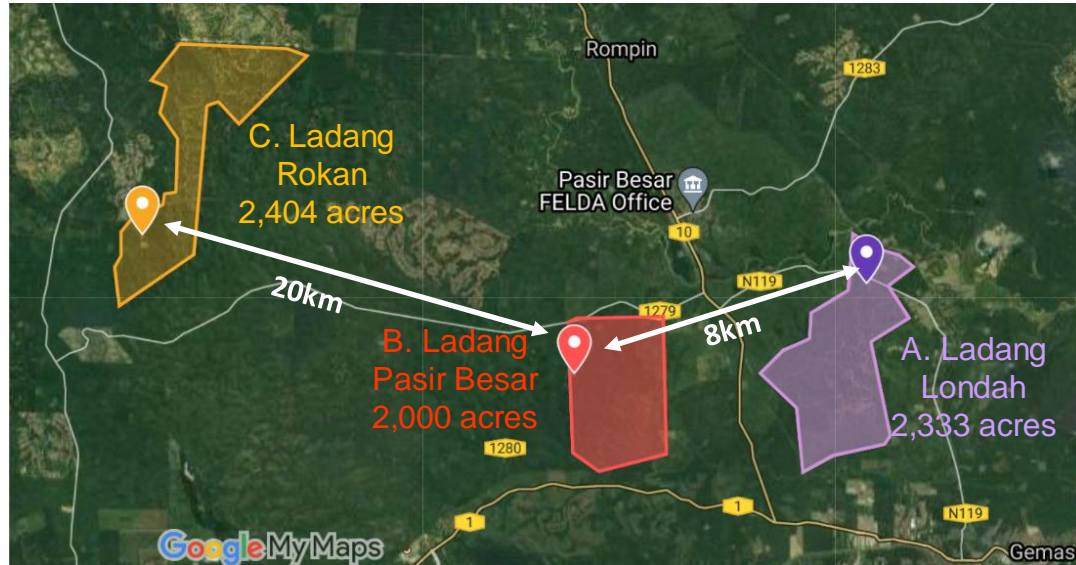
>RM1bil* CAPEX
**excluding land acquisition costs*

Total Investment for the Integrated Dairy Farm
(financed through a mixture of internal funds and bank borrowings)

What's Our Plan for the Dairy Farm?



Located At Mukim Gemas, Tampin District in NS, This 6,737 Acres Land is Situated Nearer to Our Pulau Indah Plant



- This land is an agriculture leasehold land.
- Tampin District, Negeri Sembilan.
- The land is 10km away from Gemas Town (12 min drive) with a population of 30k people.
- Access to the land is 60km away from Simpang Ampat toll (1 hr drive), passing through the Gemencheh Town.



Ladang Permai Damai is situated nearer to F&N Dairies plant in Pulau Indah:

- This Gemas land is located 207 km from F&N Dairies plant.
 - 3 route options via North South Express Way
 - Distance of 250 km to Singapore

Integrated Dairy Farm: Sustainable Farming and Circular Economy Model to Support National Food Security Agenda in Dairy & Beef



1 Herd Management



2 Lactating Cow Barns



3 Milking Parlour



3 Energy-efficient Dairy Equipment



6 Biodigester



7 Slurry Storage



8 Silo Bunker



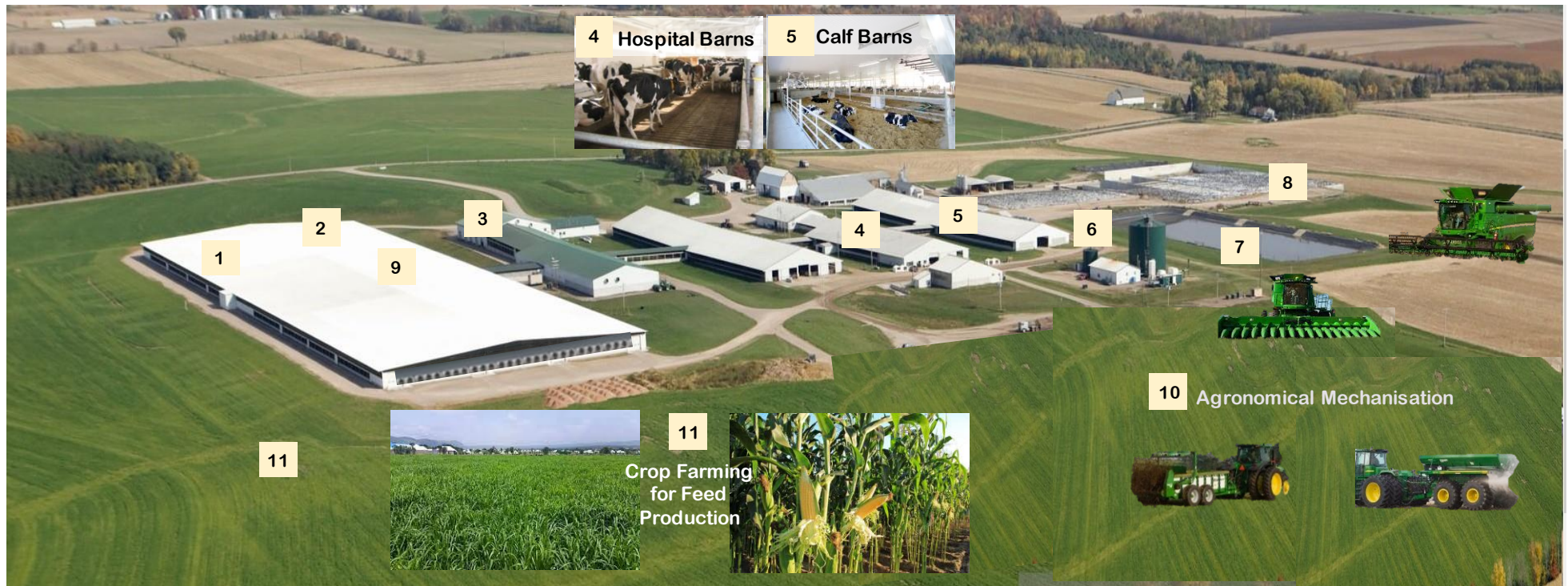
9 Tunnel Ventilation



4 Hospital Barns



5 Calf Barns



10 Agronomical Mechanisation



11

Crop Farming for Feed Production



Key Enabler #1: Investment in Land & Agronomical Mechanisation

– Essential to Produce Quality Crop at Lower Cost for the Dairy



- Growing crops on land ease cost of feed and could include supply from surrounding farmers.
- Grass, corns etc. are planted using fully mechanised planting equipment to reduce manpower requirement and focus on energy efficiency.
- Manure treatment systems or anerobic digester to process manure from barns, water piped to crops for fertilisation, biogas to convert into energy.



Investment in
Large Contiguous
Land



Soil Preparation



Seeding
(incl. fertiliser)



Harvesting



Post-harvest
Drying &
Storage

Key Enabler #2: Dairy Technological Setup Essential for Total Cow Comfort



1 | Confinement Dairy System & Freestall Barns System



2 | Milking Processing Technology

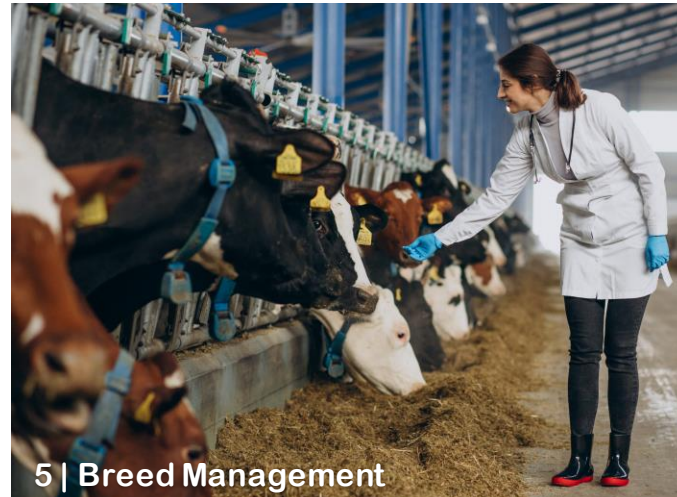


3 | Energy Efficient Design



4 | Heifer Management

4 | Heifers are isolated from cows for their smaller size and focused treatment



5 | Breed Management

5 | Breed determine output and lactation cycles



6 | Data Technology

6 | Neck Collar Technology RFID enabled

1 | Tunnel Ventilator System to reduce heat in barns and circulate out odor / gas emission from manure. Freestall barn allows cows to move in and out from bed to feed

2 | Rotary or procedural drift design for efficient milking

3 | Tunnel-Ventilated Barns to help remove cow's body heat and solar-powered roofing to generate power for the dairy utility

Key Enabler #3: Investment in Sustainable Farming



**SUSTAINABLE
FARMING
with Biodigester
System and
Solar Power**



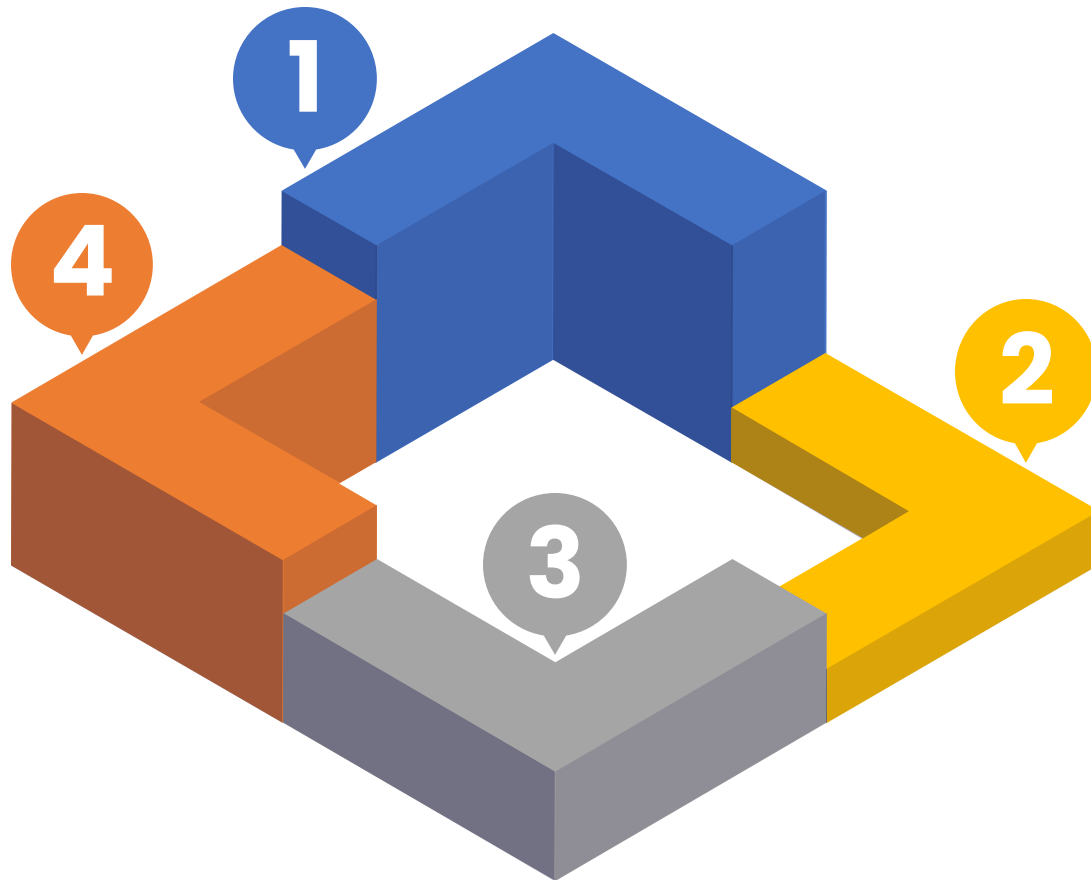
Cocoaland Brings Synergistic Value to the Group



What Does Cocoaland Bring to the Table?



- Acquisition of 72.38% interest in Cocoaland for RM489.2 million, was completed on 4 November 2022
- The acquisition brings a lot of synergies to the Group, and here's why...



- Expansion of Halal Food Pillar with wider product portfolio
- A sizeable packaged food category worth US\$1bil in Malaysia. More overseas.
- Identical Route-To-Market as our current beverages & dairies
- Identical consumption occasions as our current beverages and dairies

Cocoaland is Not All Not All Sugar and Sweets!



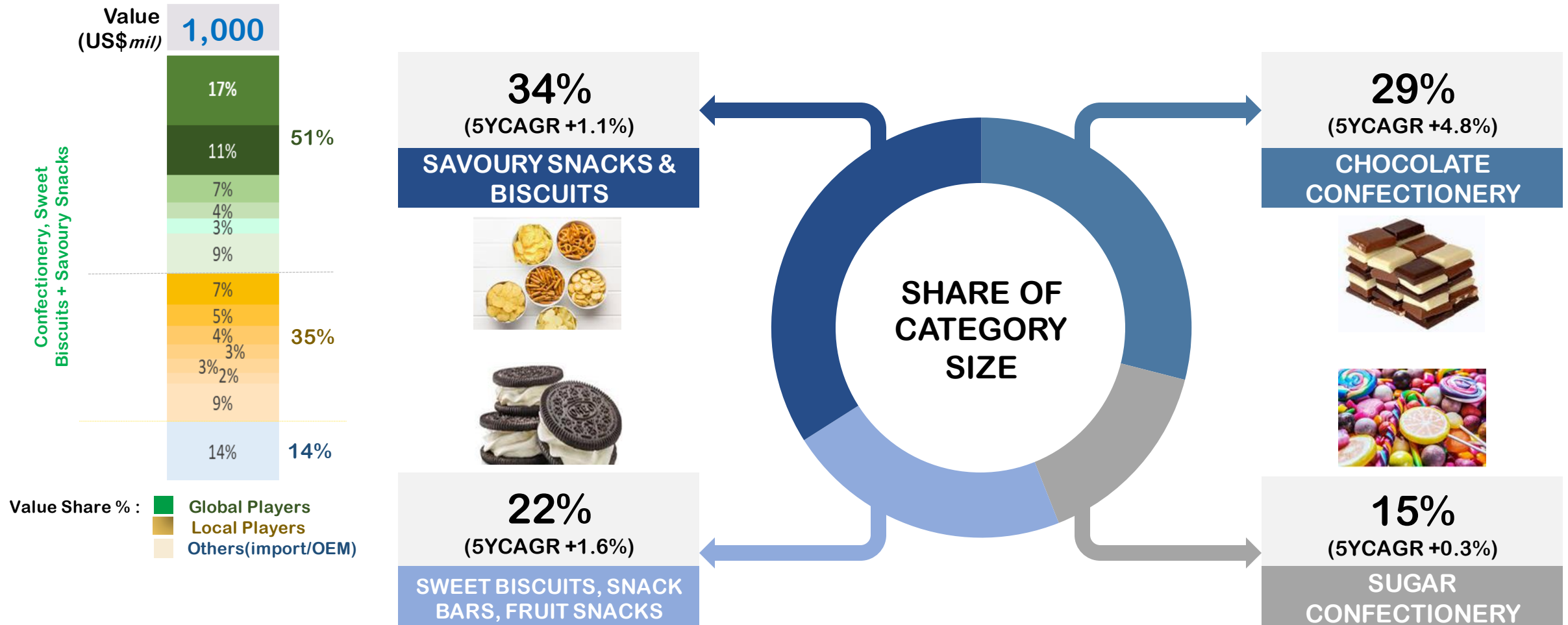
Cocoaland is an established local confectionery player in Malaysia offering a diverse range of products including chocolate confectionery, sweet biscuits and savoury snacks.



Huge Potential In Chocolate & Snacks Category with US\$1bil Opportunities in Malaysia



Cocoaland only has low single digit % market shares in all categories except sugar confectionery





What is healthy functional gummies?

Healthy functional gummies are gummies with essential nutritional aids which are beneficial to human body, such as those found in supplements. The growing awareness about gummy supplements and increasing health consciousness among people are the major drivers for the gummy supplements market.

Gummy supplements category	Multivitamins	Single vitamin	Immune health	Brain health
	Digestive health	Heart health	Men's/ Women's Health	Skin health
	Stress Management	Healthy aging	Sports nutrition	Others

Cocoaland produces some of the abovementioned gummy supplements categories for large and multi-national pharmaceutical companies.

“The investment lines up nicely with our expansion into more Halal food segments to create a fuller food and beverages portfolio and Halal packaged food in particular.

We are optimistic about capturing future opportunities for innovation and new product development in the pipeline, as well as expansion to other global and domestic markets.”





RE-ENERGISED



**RE-ENERGISING
OUR BRANDS**



100PLUS Brand Won
Platinum in
Non-Alcoholic Beverages
Category at the
Putra Brand Awards 2022

Re-energise Our Brands with 100PLUS PRO

Launching Soon!

**FUEL YOUR
PRE-WORKOUT**

100PLUS PRO BOOST

CAFFEINE 100MG
FOR MENTAL FOCUS

ISOMALTULOSE 50
FOR LONG-LASTING ENERGY



**100
PLUS
PRO**



**RECOVER
POST-WORKOUT**

100PLUS PRO RECOVERY

PROTEIN 10G
FOR MUSCLE SUPPORT

BCAA 2G
FOR MUSCLE RECOVERY



Usher a brand-new CNY, with a CLASSIC - Modern twist..

*F&N welcomes a brand-new year by giving you an ultimate indulgent treat
with classic yet modern twist of flavor that you could indulge yourself
together with your loved ones.*





GET READY
with the
refreshed look
of our CSD!



Celebrating our 140th anniversary...



ใหม่!
ลองเลย

คาร์เนชัน
ยอดขายอันดับ
1
5ปีซ้อน

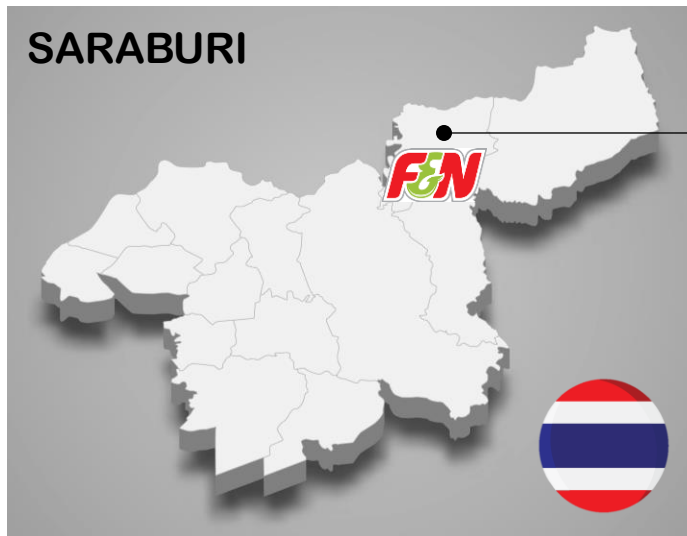


ใหม่
คาร์เนชัน เอ็กซ์ตรา
กล่อง 1 ลิตร
เปิดง่าย ใช้สะดวก



Introducing the new Carnation Evaporated Creamer
for Cooking & Bakery in UHT format

While We are Working on Dairy Farming Investment, We Did Not Forget about Plant-Based Beverages...



Located in Wangmuang District, Saraburi, the RM128 million investment (inclusive of land) is a liquid milk & plant-based beverages factory. It is a strategic shift for F&NHB to reduce reliance on condensed milk and enable us to grow our brand in the liquid milk segment.

Launching NPDs in 2023





RE-ENERGISED



**SUSTAINABILITY
IS ALWAYS
AT TOP OF OUR MIND**

OUR FOCUS ON CREATING VALUES FOR STAKEHOLDERS



By becoming a 'Better Business' and contributing to a 'Better Planet' and a 'Better Society'

BETTER BUSINESS

Responsible Business
Fundamentals



SUSTAINABLE PALM OIL

23% physical RSPO palm oil

77% RSPO credits



F&N Group is the **highest** scoring Asian company in WWF's Palm Oil Buyers Scorecard 2021



F&NHB bagged the **Halal Achievement Award** at the MIHAS Awards 2022

BETTER SOCIETY

Well-being of People &
Communities



58% of our products are in compliance with national nutritional guidelines

68 certified with Healthier Choice Symbol/ Logo



> 90% of RTD beverages sold are considered as healthier options with less sugar



85% of our employees underwent ESG-related training
> 19,300 hours

BETTER PLANET

Circularity &
Environmental Protection



Integrated Warehouse in Thailand & Malaysia



1,400 MT CO₂e in GHG emissions annually



25% recycled content in beverage & dairy packaging

> 99% of packaging is recyclable



Solar PV systems at 3 plants in Malaysia started to generate renewable energy progressively since August 2022



9,000 MT CO₂e in GHG emissions annually



Replacing at least 20% of total electricity requirement in Malaysia with clean energy

EXTERNAL VALIDATION & RECOGNITION

Recognising our efforts towards excellence in ESG practices



**BETTER
BUSINESS**



**BETTER
SOCIETY**



**BETTER
PLANET**



FTSE4Good

A Proud Constituent

- FTSE4Good Bursa Malaysia Index
- FTSE4Good Bursa Malaysia Shariah Index

**S&P Global
Ratings**

Top Decile Companies
in the S&P CSA 2022
Top 10 Companies
in the Beverages Industry
(Score date: 18 Nov 2022)



The Edge ESG Awards
➤ Top 3 Performers
in ASEAN
➤ Best Performing
Company in Consumer
Products & Services



Read more here:

<https://fn.com.my/investors/ar2022/>

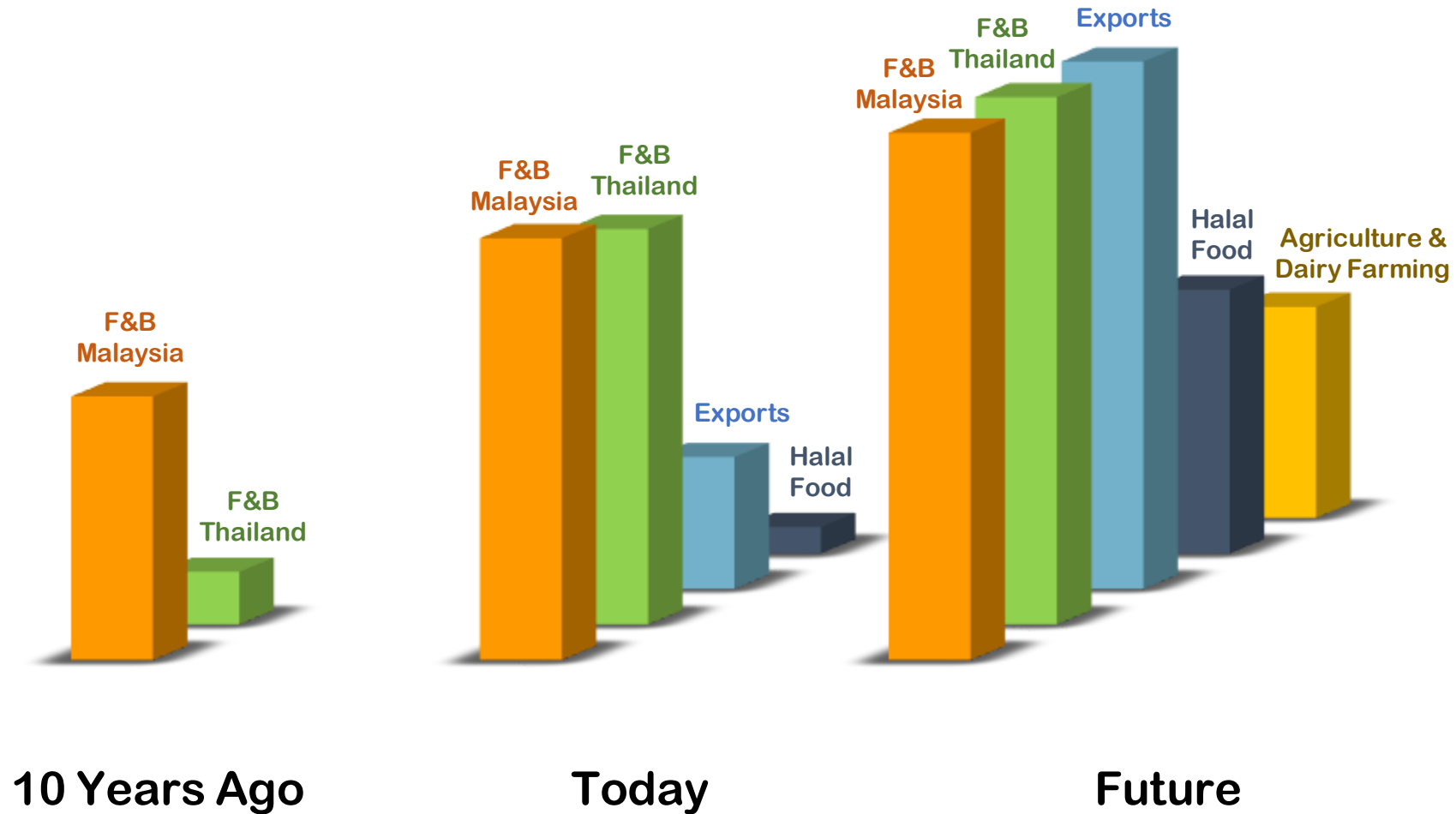


RE-ENERGISED



CLOSING REMARKS

Our Aspirations for the Exciting Future of F&NHB – Core + New Growth Pillars in Support of Long-Term Sustainability





We have re-energised, this is time for us to **CHANGE AND GROW** both our existing and new businesses to bring F&NHB to the **NEXT LEVEL**.

Our ultimate goal is to become the **LARGEST F&B COMPANY** in Malaysia and beyond.



RE-ENERGISED