



FRASER AND NEAVE, LIMITED

Company Registration No. 189800001R
Incorporated in Singapore

438 Alexandra Road
#20-00 Alexandra Point
Singapore 119958

T : (65) 6318 9393
W: www.fraserandneave.com

F&N Half-Year FY2023 Profit Rose 19 Per Cent to \$110.9 million

- **1H2023 revenue increased 3 per cent to \$1,045.3 million**
 - **Impacted by unfavourable forex; excluding forex impact, revenue grew 9 per cent, driven by growth in all business segments**
- **Higher brand investment, unfavourable forex, higher input costs squeezed margins; 1H2023 PBIT¹ decreased 17 per cent to \$105.8 million**
- **Profit after taxation increased 19 per cent to \$110.9 million, largely arose from the effect of change of interest in an associated company**
- **Interim dividend of 1.5 cents per share declared, equal to last year**

Financial Highlights (\$\$ 'million)	Six months to 31 March 2023	Six months to 31 March 2022
Revenue	1,045.3	1,010.0
PBIT ¹	105.8	127.0
Profit After Taxation	110.9	92.8
Attributable Profit ²	55.0	68.5
Earnings Per Share (basic)(cents) ²	3.8	4.7
Net Asset Value Per Share	\$2.01	\$2.11 (30 Sep 2022)

¹ PBIT denotes profit before interest, taxation and exceptional items

² Before exceptional items

SINGAPORE, 5 MAY 2023 – Fraser and Neave, Limited (“F&N” or the “Group”) today announced financial results for the half-year ended 31 March 2023 (“1H2023”).

The Group posted 1H2023 revenue of \$1,045.3 million, up 3 per cent from \$1,010.0 million over the same corresponding period of FY2022 (“**1H2022**”). Group profit before interest and taxation (“**PBIT**”) fell 17 per cent to \$105.8 million, down from \$127.0 million in 1H2022. The net exceptional gain of \$28.5 million, arising largely from fair value gain upon remeasurement of the Group’s investment in Cocoland Holding Bhd (“**Cocoland**”), lifted profit after tax, by 19 per cent to \$110.9 million, from \$92.8 million a year earlier.

F&N’s 1H2023 revenue saw a 3 per cent increase, with both Food & Beverage (“**F&B**”) and Publishing & Printing (“**P&P**”) divisions contributing to the growth. F&B’s top line grew marginally, impacted by unfavourable foreign currency translation. In constant currency, however, F&B revenue grew by 6 per cent, supported by increased selling prices, higher beer and soft drinks volumes on successful execution of festive campaigns and new product launches, as well as improved canned milk sales in Malaysia and Thailand. P&P division’s 1H2023 revenue also rose, by 5 per cent to \$112.9 million, attributed to strong book distribution and retail sales despite weaker performance from Education.

Faced with inflationary pressures and a challenging market environment, F&N maintained strict cost management practices while implementing targeted measures to optimize operational efficiency. Despite effective cost management measures and increased sales, the Group’s 1H2023 PBIT fell 17 per cent to \$105.8 million, from \$127.0 million in the same period last year. In addition to margin pressure brought on by higher input cost, the Group was impacted by unfavourable foreign exchange effects from overseas operations. In constant currency, Group 1H2023 PBIT fell 11 per cent.

Dairies, the largest contributor to the Group's earnings, saw its 1H2023 earnings fall by \$15.0 million (or -15 per cent), to \$86.7 million. This was largely due to weaker performance from Vietnam Dairy Products Joint Stock Company ("Vinamilk"), cushioned partially by the 28-per-cent profit increase from Dairies Malaysia. Impacted also by high input costs and unfavourable foreign currency translation, the Group's 1H2023 share of profit from Vinamilk declined 22 per cent, to \$38.7 million from \$49.3 million a year ago.

Beverages earnings was also impacted by unfavourable foreign currency effects, as well as higher brand investment. 1H2023 PBIT declined 32 per cent (-27 per cent in constant currency), to \$18.4 million from \$27.2 million, despite strong top line growth.

Supported by strong sales and effective cost management measures, P&P narrowed its losses from last year, to \$8.0 million in 1H2023 from \$11.6 million in the corresponding period last year.

Mr Hui Choon Kit, Chief Executive Officer said, "The Group achieved a commendable growth of 9 per cent in 1H2023 adjusted revenue, which excludes the impact of forex volatility, despite the challenging market conditions. This achievement demonstrates the strength of our brands and distribution network, as well as the quality of our people. However, we continue to face margin pressure due to cost inflation. In response, we are taking proactive measures to navigate this volatile and inflationary environment and take deliberate steps to further enhance our resiliency."

“F&N takes great pride in celebrating a significant milestone this year – its 140th anniversary, which stands as a testament to its enduring legacy and unwavering commitment to excellence. Over the years, F&N's ability to drive innovation and enhance operational efficiency throughout its value chain has been pivotal in navigating through various challenges and crises. With a rich history of success spanning 140 years, F&N is strongly positioned to continue its legacy of achievements in a fiercely competitive market. The company's diverse portfolio of brands, robust distribution network, exceptional team of talents, and steadfast commitment to innovation, efficiency, and sustainability will continue to be the cornerstones of its ongoing success,” he added.

Interim Dividend

Directors have declared an interim dividend of 1.5 cents per share, unchanged from the interim dividend declared a year ago. The dividend will be paid on 5 June 2023.

Capital Resources

The Group diligently manages its financial position to ensure access to sufficient financing and capital. As of 1H2023, the Group's net borrowings increased to \$766.6 million, resulting in a gearing ratio of 0.23 times. Notably, 84 per cent of the borrowings were in fixed rates, with an average tenor of 2.8 years. The increase in borrowings was primarily to finance the acquisition of the entire equity interest in Cocoland, as well as land acquisition to initiate the RM1 billion integrated dairy farming project in Malaysia. The Group remains steadfast in its focus on prudent financial management and utilizing resources strategically to support its growth initiatives.

Corporate Development

F&N Secures Rights for Nestlé's Bear Brand Sterilised Milk in Cambodia

F&N has further consolidated its presence in the Indochina market by securing extended rights from Société des Produits Nestlé S.A. and Nestec S.A. as the exclusive manufacturer and distributor of BEAR BRAND sterilised milk in Cambodia.

Under this new arrangement, through its subsidiary, Fraser & Neave Holdings Berhad ("**F&NHB**"), the Group will be responsible for manufacturing, distributing, and marketing BEAR BRAND sterilised milk products, effective from 1 March 2023 until 2027. Drawing on its strong market position in the canned milk category and expertise in the liquid milk segment, F&N is confident in its ability to provide high-quality products to consumers in Indochina.

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For clarification and further enquiries, please contact:

Mr Christopher LEONG
Senior Director, Group Finance
DID: 6318 9381
Email: chris.leong@fngroup.com.sg

Ms Jennifer YU
Director, Investor Relations
DID: 6318 9231
Email: jenniferyu@fngroup.com.sg