



FRASER AND NEAVE, LIMITED

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F&N Achieves Strong Full-Year Earnings Growth Amid Unfavourable Forex Impact

After-tax profit rises 16 per cent to \$205.1 million

- ***FY2023 revenue increased 5 per cent to \$2,099.1 million***
 - *At constant currency rates, Group revenue grew 10 per cent, driven by all business segments*
- ***FY2023 PBIT¹ rose 6 per cent to \$248.5 million; at constant currency rates, PBIT increased 12 per cent***
 - *Dairies segment earnings grew 9 per cent (+14 per cent at constant currency rates), driven by improved volume and higher selling prices, despite unfavourable forex translation*
 - *Beverages PBIT declined 2 per cent (+5 per cent at constant currency) on higher brand investment and unfavourable foreign currency rates*
- ***To mark the Company's 140th anniversary, Directors proposed a final dividend of 4.0 cents per share, bringing the total full-year dividend to 5.5 cents, up from the previous year's 5.0 cents***

Financial Highlights (S\$ 'million)	Full-year ended 30 Sep 2023	Full-year ended 30 Sep 2022
Revenue	\$2,099.1	\$2,003.2
PBIT ¹	\$248.5	\$233.4
Profit After Taxation	\$205.1	\$176.9
Attributable Profit ²	\$133.3	\$129.4
Earnings Per Share (basic)(cents) ²	9.2	8.9
Net Asset Value Per Share	\$2.03	\$2.11

¹ PBIT denotes profit before interest, taxation and exceptional items

² Before fair value adjustment and exceptional items

SINGAPORE, 09 November 2023 – Fraser and Neave, Limited (“**F&N**” or the “**Group**”) today reported robust results for the fiscal year ended 30 September 2023 (“**FY2023**”). Despite the adverse impact of unfavourable foreign exchange (“**forex**”) translation rates, the Group delivered a solid performance across its diverse business segments.

Underpinned by a strong performance from the Food & Beverage (“**F&B**”) segment, the Group achieved 5 per cent revenue growth, reaching \$2,099.1 million in FY2023, up from \$2,003.2 million in FY2022. In constant currency terms, the Group revenue recorded a notable 10 per cent increase. Profit before interest and taxation (“**PBIT**”) also recorded strong growth, at 12 per cent, in constant currency. Accounting for the negative forex translation, PBIT rose 6 per cent, to \$248.5 million from \$233.4 million in the prior year. Despite increased interest expenses due to higher borrowings, profit after taxation grew 16 per cent, to \$205.1 million, up from \$176.9 million in the prior year. The net exceptional gain of \$6.9 million, arising largely from fair value gain resulting from the remeasurement of the Group’s investment in Cocoland Holding Bhd (“**Cocoland**”), significantly lifted the profit.

Both F&B and Publishing & Printing (“**P&P**”) segments contributed to Group’s top line growth. F&B’s top line grew 2 per cent only, impacted by unfavourable foreign currency translation. At constant currency rates, F&B revenue grew 7 per cent, supported by increased selling prices, higher soft drinks and beer volumes, as well as improved canned milk sales to export markets. P&P division’s FY2023 revenue also rose, up 3 per cent to \$221.4 million, attributed to strong book distribution and retail sales despite weaker performance from Education.

In the face of inflationary pressures and a challenging market environment, F&N diligently adopted stringent cost management practices while implementing measures to enhance operational efficiency. Bolstered by these effective cost management initiatives and increased sales, the Group PBIT for FY2023, in constant currency rates, recorded a notable 12 per cent growth. Including unfavourable forex translation impact, PBIT grew 6 per cent to reach \$248.5 million, compared with \$233.4 million in the previous year.

Within the Group's diversified portfolio, the Dairies segment, which stands as the largest contributor to the Group's earnings, posted a strong increase in FY2023 earnings, of \$17.9 million or 9 per cent growth, amounting to \$213.1 million. In constant currency rates, Dairies FY2023 earnings grew 14 per cent. This robust performance, achieved despite a reduced profit share from the Group's associated company, Vietnam Dairy Products Joint Stock Company, as well as the impact of unfavourable forex translation and higher input costs, was largely attributed to a 44-per cent (53 per cent in constant currency) growth in Dairies Malaysia and a 29-per cent (33 per cent in constant currency) growth in Dairies Thailand. These strong growth numbers were primarily driven by increased selling prices.

Similarly, the Beverages segment felt the impact of adverse foreign currency translation and increased beer and soft drinks brand investment spending. Consequently, Beverages FY2023 PBIT decreased 2 per cent (+5 per cent in constant currency), reaching \$37.0 million, down from \$37.8 million in the previous year, despite robust top-line growth.

The Group's P&P segment, although backed by higher sales and efficient cost management measures, managed to narrow its losses marginally from the

previous year. This year, the segment reported losses of (\$9.8 million), compared to (\$10.8 million) in the previous year. This was primarily due to one-off items, specifically the prudent write-off of provisions for certain royalty income, totalling \$4.9 million. Excluding these one-off items, P&P would have nearly halved this year's losses. The restructuring exercises conducted in 2023 for three loss-making business entities are expected to result in a substantial reduction of losses for P&P in 2024.

Mr Hui Choon Kit, Chief Executive Officer said, “2023 has been a year marked by challenges, requiring the Group to demonstrate the resilience of its business and strength of its brands. In the face of a dynamic market landscape and persistent inflationary pressures, F&N continued to adapt and thrive. We take pride in reporting that we've continued to capture market share again, drive volume, sales and profit growth, and we enter FY2024 with strong momentum.

The past couple of challenging years have revealed the underlying strength of our business, characterized by a robust, diversified model that has withstood supply chain disruptions, inflation, and the evolving challenges of a pandemic-ridden world. While we remain proactive in navigating this complex and inflationary environment, we are doubling down on strategies that have consistently delivered results.

Building on the robust momentum of the fourth quarter, our focus remains on driving productivity improvements to fund growth investments, tackle input cost challenges, and maintain balanced growth across the top and bottom lines. We firmly believe that the strength of our diversified business model, coupled with our commitment to innovation, will continue to be our guiding principles for success in the fiercely competitive market. As we look ahead, the team at

F&N is well-prepared to meet the evolving challenges and opportunities that lie on our path to continued growth."

Proposed Final Dividend of 4.0 Cents Per Share

In celebration of the Company's 140th anniversary, despite expected working capital needs in the coming year, the Directors propose a final dividend of 4.0 cents per share. With the 1.5 cents interim dividend paid in June 2023, the total dividend amounts to 5.5 cents, an increase from the previous year's 5.0 cents. This reflects a total dividend payout ratio of 60 per cent, higher than the Group's dividend policy, which aims to distribute approximately 50 per cent of attributable earnings (before exceptional items) to shareholders. Pending approval at the upcoming annual meeting on 24 January 2024, the final dividend will be paid on 16 February 2024.

Capital Resources

The Group adopts a vigilant approach to managing its financial resources to ensure continued access to adequate financing and capital to support its growth initiatives. As of FY2023, the Group's net borrowings increased to \$701.8 million, resulting in a gearing ratio of 0.2 times. Notably, approximately 81 per cent of these borrowings were structured at fixed rates, with an average tenor of 2.0 years. The higher borrowings primarily supported the acquisition of the entire equity interest in Cocoland, and the expansion of the Group's brewery in Myanmar.

Corporate Development

(A) Groundbreaking of F&N's Integrated Dairy Farm

The Group, through its subsidiary, Fraser & Neave Holdings Bhd ("F&NHB"), has achieved a pivotal milestone with the groundbreaking ceremony of its integrated dairy farm in Gemas, Negeri Sembilan. This transformative step signified F&N's strategic entry into the upstream fresh milk business, positioning the Group to become a major milk producer in Malaysia. Spanning 2,726 hectares, the farm will accommodate 20,000 milking cows, with an expected annual production of 200 million liters of fresh milk. This RM1 billion (approximately \$290 million) investment underscores F&N's commitment to providing affordable, high-quality fresh milk to Malaysian consumers, while stimulating the local agricultural industry and generating job opportunities. The project also highlights the Group's dedication to sustainability and its alignment with local government objectives for agricultural self-sufficiency.

(B) 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 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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