



#20-00 Alexandra Point
438 Alexandra Road
Singapore 119958

Tel : (65) 6318 9393
Fax : (65) 6271 0811
Website: www.fraserandneave.com

FRASER AND NEAVE, LIMITED

Company Registration No. 189800001R
Incorporated in the Republic of Singapore

F&N Reports Half-Year FY2022 Financial Results

- **1H2022 revenue increased 2 per cent to \$1,010.0 million, driven by higher Beverages volumes and price increases**
- **Escalating raw material and energy costs impacted profit; 1H2022 PBIT¹ decreased 17 per cent to \$127.0 million**
 - **Dairies profit fell due to high input costs, currency translation and challenging supply chain environment**
 - **Publishing & Printing impacted by higher input and utility costs**
 - **Offset partly by Beverages' double-digit profit growth due to higher sales and effective cost management measures**
- **Profit after taxation decreased 21 per cent to \$92.8 million**
- **Interim dividend of 1.5 cents per share declared, equal to last year**

Financial Highlights (S\$ 'million)	Six months to 31 March 2022	Six months to 31 March 2021
Revenue	1,010.0	988.6
PBIT ¹	127.0	153.3
Profit After Taxation	92.8	117.7
Attributable Profit ²	68.5	83.4
Earnings Per Share (basic)(cents) ²	4.7	5.8
Net Asset Value Per Share	\$2.09	\$2.08 (30 Sep 2021)

¹ PBIT denotes profit before interest, taxation and exceptional items

² Before exceptional items

SINGAPORE, 6 MAY 2022 – Fraser and Neave, Limited (“F&N” or the “Group”) today announced financial results for the half-year ended 31 March 2022 (“1H2022”).



The Group posted 1H2022 revenue of \$1,010.0 million, up 2 per cent from \$988.6 million over the same corresponding period of FY2021 (“**1H2021**”). Group profit before interest and taxation (“**PBIT**”) fell 17 per cent to \$127.0 million, down from \$153.3 million in 1H2021. An exceptional charge of \$7.8 million, arising largely from the impairment of inventories and property, plant and equipment caused by flash floods in Malaysia earlier in this fiscal year, further eroded profits. As a result, profit after tax fell 21 per cent to \$92.8 million, from \$117.7 million a year earlier.

Food & Beverage (“**F&B**”) division bolstered the Group’s 2-per-cent revenue growth. Despite disruptions from the COVID-19 pandemic, F&B division grew top line by 3 per cent, to \$890.6 million from \$868.1 million in the corresponding period last year. Beverages (comprises beer and soft drinks) supported the growth, with revenue rising 15 per cent to \$288.5 million in 1H2022, from \$250.3 million in 1H2021. Its strong growth was buoyed by higher selling prices, as well as higher beer and soft drinks volumes coming from successful execution of festive campaigns, new product launches and export.

The strong performance from Beverages was partially negated by lower dairy volumes and unfavourable foreign currency translation, offset partly by higher selling prices. In Thailand, despite improved domestic and export sales, its revenue was impacted by unfavourable foreign currency translation. In Dairies Malaysia, lower revenue was due to reduced export orders from South America and the Africa region, impacted by shipping schedule disruptions and high freight costs. Consequently, Dairies 1H2022 revenue fell 3 per cent to \$602.1 million, from \$617.9 million in the same period last year.

The Group’s first-half performance was also impacted by lower revenue in Publishing & Printing (“**P&P**”). Softer textbook adoption, timing difference in international textbook sales, as well as lower print volumes from China printing



plant due to disruptions caused by the COVID-19 pandemic adversely impacted P&P's 1H2022 performance. Its 1H2022 revenue declined 7 per cent to \$107.7 million, from 115.4 million in the same period last year.

Amid challenging market conditions and sustained input costs pressures, F&N continued to exercise cost discipline and implement measures to further drive operational efficiency. Despite higher Beverages sales and effective cost reduction measures, the Group 1H2022 PBIT fell 17 per cent to \$127.0 million, from \$153.3 million in the same period last year.

Notwithstanding cost increases and the impact of foreign exchange differences on translation from overseas operations, Beverages 1H2022 earnings grew 24 per cent, to \$27.2 million from \$21.8 million a year ago, on higher sales and lower operating expenses. Unlike Beverages, Dairies profitability was more heavily impacted by high input costs. Despite improved profitability from Dairies Malaysia and the Group's associate company in Vietnam, the Vietnam Dairy Products Joint Stock Company (Vinamilk), Dairies 1H2022 earnings fell 21 per cent from the same period last year, to \$101.8 million from \$128.2 million. This was largely attributed to Dairies Thailand, where earnings were weighed down by higher milk powder price, packaging costs, and unfavourable foreign currency translation. Coupled with the difficulty in passing on such cost increases, as its products are on the Thai government's price watch list, Dairies Thailand earnings fell 37 per cent.

P&P's profitability was also impacted by higher input costs and freight charges, despite continued cost discipline. Coupled with lower revenue, P&P's 1H2022 losses widened to \$11.6 million, from \$2.8 million in the corresponding period last year.



Mr Hui Choon Kit, Chief Executive Officer said, “The soft start to FY2022 was not unexpected, given the challenges many industries are now facing worldwide. Raw material shortages, costs inflation, supply chain disruptions and rising energy prices have impacted our financial performance, with attributable profit declining 18 per cent. While uncertainty remains as to the direction of raw materials and energy prices, our performances in the past couple of years have demonstrated the resiliency of our business. F&N will continue to act proactively to navigate this volatile and inflationary environment, and take deliberate steps to further enhance our resiliency.”

“The outlook for the F&B industry remains bright. We believe the easing of the pandemic restrictions in Southeast Asia will pave the way for a revival of economic activity and release pent-up demand. We expect the F&B industry to enjoy a brighter outlook in the near future. At F&N, we will remain focused on accelerating innovation and driving operational efficiency, commercial excellence and fiscal discipline across our value chain. We will also continue to make investments in support of our strategic growth initiatives, including seeking bolt-on acquisitions to complement and strengthen our capabilities and market presence,” 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 6 June 2022.

Capital Resources

The Group manages its financial position prudently to ensure access to adequate financing and capital on favourable terms. As at 1H2022, the Group's borrowings fell, to \$833.8 million of which 92 per cent were in fixed rates, and an average tenor of 2.2 years.

The Group's net gearing ratio rose to 16.7 per cent, from 13.2 per cent as at 30 September 2021.

Corporate Development

Proposed acquisition of Ladang Permai Damai Sdn Bhd for RM215.6 million

In April, Dagang Sejahtera Sdn Bhd, a 65-per-cent held subsidiary of Fraser & Neave Holdings Bhd ("**F&NHB**"), has entered into a conditional share sale agreement to acquire Ladang Permai Damai Sdn Bhd for a cash consideration of RM215.6 million ("**Proposed Acquisition**"). The Group holds a stake of about 55.5 per cent in F&NHB, which is listed on Bursa Malaysia.

This Proposed Acquisition presents an opportunity for the Group to embark on the upstream dairy business so as to meet the demand for high quality fresh milk, and further advancing our push into this fast-growing segment in Malaysia.

The Proposed Acquisition is subject to the terms and conditions of the Share Sale Agreement, including the government approvals to be obtained as conditions precedent to completion.



For clarification and further enquiries, please contact:

Mr Christopher LEONG

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