Corporate Update

Fraser & Neave Holdings Berhad

(3689 | FNH MK) Main | Consumer Products & Services

SHARIAH Compliant

ESG 4 Stars

4QFY25 Results Review
Resilient Amidst External Headwinds

Maintain **BUY**

Unchanged Target Price **RM32.08**

Maintain BUY with unchanged TP of RM32.08. F&N ended FY25 on a firm footing, sustaining profitability amid a volatile external environment. Earnings came broadly within our expectations, supported by cost efficiency gains, easing input prices, and stable core operations. We leave our forecasts unchanged and maintain our **BUY** call with an unchanged **TP of RM32.08**, based on an unchanged 20x PER applied to FY26F EPS of 160.4 sen.

Within expectations. F&N recorded 4QFY25 revenue of RM1.23b (-5.1% qoq; -5.0% yoy) and core PATANCI of RM119.7m (+21.0% qoq; +10.5% yoy), bringing 12MFY25 core PATANCI to RM515.7m (-8.6% yoy). This came in broadly within expectations, accounting for 94% of our full-year forecast and 89% of consensus. The group declared a final dividend of 35.0 sen per share (FY24: 33.0 sen), bringing the full-year payout to 65.0 sen per share.

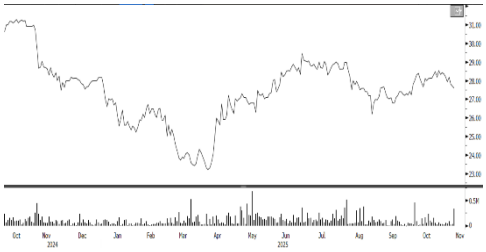
Resilient finish despite external headwinds. F&N reported 4QFY25 revenue of RM1.23b (-5.1%qoq; -5.0%yoy), bringing full-year revenue to RM5.20b (-0.9%yoy). The marginal decline was mainly due to softer contributions from F&B Indochina (-2.6%yoy), where tourism slowdown, flooding in northern Thailand, and export disruptions to Cambodia and Myanmar weighed on sales. This was partially offset by stronger performance in F&B Malaysia (+0.4%yoy), driven by resilient domestic demand, well-executed trade and marketing activities, and solid export momentum. Overall, the Group's diversified portfolio, operational discipline, and effective cost management helped sustain topline stability through a volatile operating environment.

Margins weighed by higher tax burden. 4QFY25 operating profit rose +45.0%yoy to RM173.8m, supported by lower input costs, improved operational efficiencies, and disciplined cost control. On a full-year basis, operating profit and PBT grew +5.1% and +4.8%yoy, respectively, aided by improved profitability in Indochina, which helped offset start-up costs from the Gemas integrated dairy farm. However, core PATANCI fell -8.6%yoy to RM515.7m, primarily due to a higher effective tax rate of 29.6% (FY24: 21.9%), following the expiry of tax privileges at a Thai subsidiary and non-recognition of deferred tax assets for the dairy farm. Consequently, margins were held back by these one-off tax effects, though underlying profitability improved operationally.

Outlook. We maintain a constructive view on F&N's medium-term trajectory, supported by its resilient fundamentals, diversified brand portfolio, and expanding export base. Management guided that 1QFY26 will see commercialisation of the Gemas integrated dairy farm, which is expected to strengthen vertical integration and reduce reliance on imported dairy inputs over time. In the near term, steady domestic demand, aided by fiscal support measures such as STR and SARA cash handouts, and a favourable input cost environment should sustain earnings momentum. Operational efficiency gains and the gradual contribution from its dairy operations are expected to underpin earnings visibility moving into FY26.

RETURN STATISTICS	
Price @ 7 Nov 2025 (RM)	27.60
Expected share price return (%)	+16.2
Expected dividend yield (%)	+2.4
Expected total return (%)	+18.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.8	-1.6
3 months	1.3	-3.5
12 months	-3.7	-3.6

INVESTMENT STATISTICS FYE SEPT (RM'm)	2026F	2027F	2028F
Revenue	5,755.7	6,043.4	6,353.2
EBITDA	910.0	944.7	1,266.6
PBT	818.5	853.1	1,174.7
Core PATANCI	589.3	614.2	845.8
Core EPS (sen)	160.4	167.2	230.2
DPS (sen)	65.0	65.0	85.0
Dividend Yield (%)	2.3	2.3	3.0

KEY STATISTICS	
FBM KLCI	1,619.13
Issued shares (m)	366.78
Estimated free float (%)	31.96
Market Capitalisation (RM'm)	10,123.09
52-wk price range	RM22.4 - RM29.8
3-mth average daily volume (m)	0.09
3-mth average daily value (RM'm)	2.50
Top Shareholders (%)	
Fraser and Neave Ltd	55.48
Employees Provident Fund Board	12.95
Amanah Saham Nasional Bhd	7.95

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Fraser & Neave Holdings: 3QFY25 Results Summary

FYE SEPT (RM'm)	Quarterly results							
	4QFY25	3QFY25	4QFY24	YoY (%)	QoQ (%)	12MFY25	12MFY24	YoY (%)
Revenue	**1,227.0**	**1,245.8**	**1,256.2**	**(2.3)**	**(1.5)**	**5,196.6**	**5,245.6**	**(0.9)**
Cost of Sales	(826.8)	(871.5)	(870.7)	(5.0)	(5.1)	(3,539.1)	(3,594.7)	(1.5)
Gross Profit	**400.2**	**374.3**	**385.5**	**3.8**	**6.9**	**1,657.5**	**1,651.0**	**0.4**
Other income	0.2	5.7	18.1	(98.9)	(96.5)	41.8	45.2	(7.6)
Operating expenses	(227.9)	(240.2)	(285.0)	(20.0)	(5.1)	(952.3)	(985.0)	(3.3)
Other expenses	1.3	(2.8)	1.3	5.0	(147.2)	(1.5)	(1.7)	(11.9)
Operating profit (EBIT)	**173.8**	**137.0**	**119.9**	**45.0**	**26.9**	**745.5**	**709.5**	**5.1**
Net finance income/(cost)	(4.7)	(5.5)	(2.2)	109.5	(13.7)	(14.8)	(11.3)	31.7
Profit before tax (PBT)	**169.1**	**131.5**	**116.5**	**45.1**	**28.6**	**730.7**	**697.0**	**4.8**
Profit After tax (PAT)	118.0	86.3	84.7	39.3	36.8	514.6	544.3	(5.4)
PATANCI	114.3	84.8	85.0	34.5	34.8	508.4	542.8	(6.3)
Core PATANCI	**119.7**	**98.9**	**108.4**	**10.5**	**21.0**	**515.7**	**564.1**	**(8.6)**
Core EPS (sen)	32.7	27.0	29.6	10.5	21.0	140.8	154.0	(8.6)
DPS (sen)	35.0	0.0	33.0	6.1	n.m.	65.0	63.0	3.2
Margin (%)				**+/(-) ppts**	**+/(-) ppts**			**+/(-) ppts**
Gross Profit Margin	32.6	30.0	30.7	1.9	2.6	31.9	31.5	0.4
Operating Profit Margin	14.2	11.0	9.5	4.6	3.2	14.3	13.5	0.8
Core PATANCI Margin	9.8	7.9	8.6	1.1	1.8	9.9	10.8	(0.8)
Ratios & Valuation				**+/(-) ppts**	**+/(-) ppts**			**+/(-) ppts**
Effective tax rate (%)	30.2	34.4	27.3	2.9	(4.2)	29.6	21.9	7.7

Source: Company, MBSBR

Fraser & Neave Holdings: Breakdown by operating segment

FYE SEPT (RM'm)	Quarterly results							
	4QFY25	3QFY25	4QFY24	YoY (%)	QoQ (%)	12MFY25	12MFY24	YoY (%)
Revenue (RM'm):								
F&B Malaysia	731.6	679.1	670.5	9.1	7.7	2,961.7	2,950.8	0.4
F&B Thailand	494.6	565.7	584.9	(15.4)	(12.6)	2,231.5	2,291.0	(2.6)
Property	0.2	0.2	0.2	16.5	2.9	0.8	0.8	4.7
Others	0.7	0.7	0.7	(0.6)	0.7	2.7	3.0	(10.4)
Total	**1,227.0**	**1,245.8**	**1,256.2**	**(2.3)**	**(1.5)**	**5,196.6**	**5,245.6**	**(0.9)**
Operating Profit (RM'm):								
F&B Malaysia	79.9	25.6	55.8	43.2	211.7	275.8	305.4	(9.7)
F&B Thailand	106.6	114.4	102.0	4.5	(6.8)	474.6	449.9	5.5
Property	(1.6)	(1.2)	(2.4)	(30.5)	34.0	(3.2)	(3.9)	(18.1)
Others	(11.1)	(1.9)	(35.6)	(68.7)	486.1	(1.7)	(41.9)	(95.9)
Total	**173.8**	**137.0**	**119.9**	**45.0**	**26.9**	**745.5**	**709.5**	**5.1**
Operating profit margin (%):								
F&B Malaysia	10.9	3.8	8.3	2.6	7.2	9.3	10.3	(1.0)
F&B Thailand	21.6	20.2	17.4	4.1	1.3	21.3	19.6	1.6
Property	(771.2)	(592.2)	(1,291.8)	520.5	(179.0)	(391.5)	(500.0)	108.5
Others	(1,637.6)	(281.5)	(5,204.2)	3,566.6	(1,356.2)	(64.2)	(1,400.6)	1,336.4
Total	14.2	11.0	9.5	4.6	3.2	14.3	13.5	0.8

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	5,245.6	5,196.6	5,755.7	6,043.4	6,353.2
Gross Profit	1,651.0	1,657.5	1,837.4	1,925.4	2,257.9
EBITDA	847.8	896.0	910.0	944.7	1,266.6
EBIT	709.5	745.5	839.7	874.3	1,195.9
PBT	697.0	730.7	818.5	853.1	1,174.7
Taxation	(152.7)	(216.1)	(229.2)	(238.9)	(328.9)
PATANCI	542.8	508.5	589.3	614.2	845.8
Core PATANCI	542.5	515.7	589.3	614.2	845.8
Core EPS (sen)	147.7	140.4	160.4	167.2	230.2
PER (x)	19.4	20.5	17.9	17.2	12.5
DPS (sen)	63.0	65.0	65.0	65.0	85.0
Dividend Yield (%)	2.2	2.3	2.3	2.3	3.0

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	697.0	730.7	818.5	853.1	1,174.7
Operating cash flow	732.7	111.1	810.6	569.2	654.8
Investing cash flow	(253.7)	(231.1)	(263.3)	(272.2)	(281.7)
Financing cash flow	(365.5)	(397.3)	(155.4)	(267.5)	(341.5)
Net cash flow	113.6	(517.4)	391.8	29.5	31.7
Beginning cash flow	1,031.5	1,134.9	625.9	1,017.7	1,047.2
Ending cash flow	1,134.9	625.9	1,017.7	1,047.2	1,078.9

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth (%)	4.9	(0.9)	10.8	5.0	5.1
Gross Profit Growth (%)	15.1	0.4	10.9	4.8	17.3
EBITDA Growth (%)	7.2	5.7	1.6	3.8	34.1
Core PATANCI Growth (%)	(6.1)	(4.9)	14.3	4.2	37.7

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin (%)	31.5	31.9	31.9	31.9	35.5
EBITDA Margin (%)	16.2	17.2	15.8	15.6	19.9
EBIT Margin (%)	13.5	14.3	14.6	14.5	18.8
Core PATANCI Margin (%)	10.3	9.9	10.2	10.2	13.3

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
Property, plant, and equipment	1,727.7	2,220.8	2,027.2	2,178.7	2,336.6
Intangible assets	430.3	423.8	500.7	525.8	552.7
Total non-current assets	2,741.5	3,301.2	3,282.0	3,524.7	3,779.2
Inventories	745.0	744.1	920.5	967.5	962.1
ST - Trade and other receivables	852.9	899.0	914.5	960.2	1,009.4
Cash and cash equivalents	1,134.9	625.9	1,017.7	1,047.2	1,078.9
Total current assets	2,733.0	2,270.7	2,852.8	2,974.9	3,050.5
Total Assets	5,474.5	5,571.8	6,134.8	6,499.6	6,829.7
Total Equity	3,586.9	3,879.1	4,040.1	4,321.0	4,756.7
LT Loans and borrowings	592.0	338.0	595.4	601.3	607.3
Total non-current liabilities	777.9	561.9	805.6	820.3	835.6
ST Trade and other payables	825.9	763.0	789.1	829.3	824.7
ST Loans and borrowings	114.0	254.0	114.6	115.8	117.0
Total Current Liabilities	1,109.7	1,130.8	1,289.1	1,358.4	1,237.3
Total Liabilities	1,887.6	1,692.7	2,094.7	2,178.6	2,073.0

Source: Bloomberg, MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology