Corporate Update

Fraser & Neave Holdings Berhad

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

SHARIAH Compliant

ESG 4 Stars

4QFY26 Results Review

Strategic Investments Weigh

Upgrade to BUY with revised TP of RM23.28. F&N's FY26 results were broadly within our expectations despite continued weakness in Indochina and Agrivalley operations still weighing on costs. Following the incorporation of FY26 actuals, we cut our FY27F/FY28F earnings forecasts by -9%/-3%, mainly to reflect slower earnings recovery from F&B Malaysia and continued start-up costs from AgriValley and the Cambodia plant. We revise our **TP to RM23.28** (from RM25.71), based on an unchanged 20x PER pegged to a revised FY27F EPS of 116.4 sen. The multiple remains below F&N's 10-year historical mean 12M forward PER of ~22x. Following the recent share-price weakness, we upgrade the stock to **BUY**. At current levels, we believe the risk-reward has turned more favourable, with valuation now offering sufficient upside despite a slower near-term earnings recovery.

Within expectations. F&N's FY26 results were broadly within our expectations, with core PATANCI of RM378.9m (-26.5%yoy) accounting for 94.4% of our full-year forecast, but below consensus at 90%. 4QFY26 core PATANCI declined -47.9%yoy and -32.8%qoq to RM62.4m. Reported PATAMI was higher at RM135.0m in 4QFY26 due mainly to the RM90.5m pre-tax gain on the disposal of F&N's 50% stake in Vacaron. FY26 revenue declined -5.3%yoy to RM4.92b, while reported PATAMI fell -14.0%yoy to RM437.1m. The Board recommended a final dividend of 30.0 sen/share, bringing FY26 DPS to 60.0 sen/share, compared with 65.0 sen/share in FY25.

Revenue declined on weaker Indochina contribution. 4QFY26 revenue fell -3.1%yoy and -0.8%qoq to RM1.19b. F&B Malaysia revenue grew +0.9%yoy to RM737.8m, supported by favourable product mix, promotional activities and wider distribution across modern trade, traditional trade and HORECA channels. F&B Indochina revenue declined -8.9%yoy to RM450.5m, mainly due to continued border disruptions affecting Cambodia sales and unfavourable translation from the weaker Thai Baht. For FY26, group revenue declined -5.3%yoy to RM4.92b, as F&B Malaysia growth of +3.3%yoy was more than offset by a -16.6%yoy decline in F&B Indochina. Malaysia benefited from stronger domestic sales across beverages, water and dairy, wider distribution and higher export volumes, while Indochina remained affected by Cambodia border disruptions, softer economic and tourism activity in Thailand and adverse FX translation.

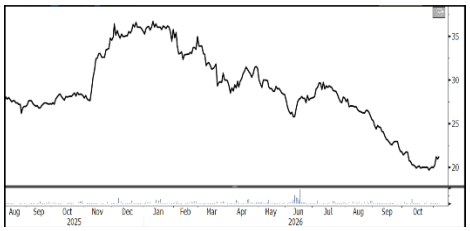
Earnings were weighed by higher strategic investment costs and weaker Indochina profitability. 4QFY26 core PATANCI fell -47.9%yoy to RM62.4m, with gross margin narrowing -4.6ppts yoy to 28.0% and core PATANCI margin falling to 5.3% from 9.8%. F&B Malaysia operating profit declined -80.2%yoy to RM15.8m, mainly due to higher operating costs at F&N AgriValley as the business continued to scale. F&B Indochina operating profit fell -26.4%yoy to RM78.5m, reflecting higher trade spending, freight and distribution costs, start-up costs from the new Cambodia dairy plant and adverse FX translation. For FY26, group operating profit declined -13.6%yoy to RM644.2m, with weaker contributions from both core F&B segments and higher costs from strategic investments more than offsetting the gain on disposal of Vacaron at the reported level.

Upgrade to BUY
(from NEUTRAL)

Revised Target Price **RM23.28**
(from RM25.71)

RETURN STATISTICS	
Price @ 5th Nov 2026 (RM)	21.22
Expected share price return (%)	+9.7
Expected dividend yield (%)	+2.8
Expected total return (%)	+12.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.5	-2.6
3 months	-2.4	-16.3
12 months	-23.7	-24.5

INVESTMENT STATISTICS

FYE SEPT (RM'm)	2026A	2027F	2028F
Revenue	4,923.8	5,151.3	5,392.7
EBITDA	817.3	693.6	1,007.2
PBT	625.4	628.8	942.4
Core PATANCI	378.9	427.6	640.9
Core EPS (sen)	103.1	116.4	174.4
DPS (sen)	60.0	60.0	85.0
Dividend Yield (%)	2.8	2.8	4.0

KEY STATISTICS

FBM KLCI	1,635.86
Issued shares (m)	366.78
Estimated free float (%)	33.74
Market Capitalisation (RM'm)	7,783.04
52-wk price range	RM19.4 - RM36.8
3-mth average daily volume (m)	0.10
3-mth average daily value (RM'm)	2.28
Top Shareholders (%)	
Fraser and Neave Ltd	55.48
Employees Provident Fund Board	16.54
Amanah Saham Nasional Bhd	6.46

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Outlook. Near-term earnings recovery should remain gradual as AgriValley continues to scale and the Cambodia manufacturing plant enters commercial production. F&B Malaysia should remain supported by domestic beverage, water and dairy demand, wider distribution and higher contribution from fresh milk, while Thailand continues to face softer tourism and economic conditions. We expect Cambodia localisation to gradually improve the cost base once utilisation builds, though start-up costs will remain a drag initially. Following the recent de-rating, valuation has become more attractive, with our 20x FY27F PER below F&N's long-term historical mean. We upgrade to **BUY** with revised **TP of RM23.28**.

Fraser & Neave Holdings: 4QFY26 Results Summary

FYE SEPT (RM'm)	Quarterly results							
	4QFY26	3QFY26	4QFY25	YoY (%)	QoQ (%)	12MFY26	12MFY25	YoY (%)
Revenue	1,189.1	1,198.8	1,227.0	(3.1)	(0.8)	**4,923.8**	**5,196.6**	**(5.3)**
Cost of Sales	(856.0)	(833.3)	(826.8)	3.5	2.7	**(3,423.7)**	**(3,539.1)**	**(3.3)**
Gross Profit	**333.1**	**365.5**	**400.2**	**(16.8)**	**(8.9)**	**1,500.0**	**1,657.5**	**(9.5)**
Other income	98.9	3.8	0.2	49,346.5	2,476.0	**115.6**	**41.8**	**176.7**
Operating expenses	(258.5)	(230.0)	(227.9)	13.4	12.4	**(971.3)**	**(952.3)**	**2.0**
Other expenses	0.2	(0.0)	1.3	(84.5)	(5,275.0)	**(0.1)**	**(1.5)**	**(95.5)**
Operating profit (EBIT)	**173.7**	**139.4**	**173.8**	**(0.0)**	**24.7**	**644.2**	**745.5**	**(13.6)**
Net finance income/(cost)	(4.3)	(4.9)	(4.7)	(8.1)	(12.3)	**(18.8)**	**(14.8)**	**26.7**
Profit before tax (PBT)	**169.4**	**134.5**	**169.1**	**0.2**	**26.0**	**625.4**	**730.7**	**(14.4)**
Profit After tax (PAT)	137.3	96.2	118.0	16.3	42.7	**440.4**	**514.6**	**(14.4)**
PATANCI	135.0	93.6	114.3	18.2	44.3	**437.1**	**508.4**	**(14.0)**
Core PATANCI	**62.4**	**92.9**	**119.7**	**(47.9)**	**(32.8)**	**378.9**	**515.6**	**(26.5)**
Core EPS (sen)	17.0	25.4	32.7	(47.9)	(32.8)	**103.4**	**140.8**	**(26.5)**
DPS (sen)	30.0	0.0	35.0	(14.3)	n.m.	**60.0**	**65.0**	**(7.7)**
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			***+/(-) ppts***
Gross Profit Margin	28.0	30.5	32.6	(4.6)	(2.5)	**30.5**	**31.9**	**(1.4)**
Operating Profit Margin	14.6	11.6	14.2	0.4	3.0	**13.1**	**14.3**	**(1.3)**
Core PATANCI Margin	5.3	7.8	9.8	(4.5)	(2.5)	**7.7**	**9.9**	**(2.2)**
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			***+/(-) ppts***
Effective tax rate (%)	19.0	28.5	30.2	(11.2)	(9.5)	**29.6**	**29.6**	**0.0**

Source: Company, MBSBR

Fraser & Neave Holdings: Breakdown by operating segment

FYE SEPT (RM'm)	Quarterly results							
	4QFY26	3QFY26	4QFY25	YoY (%)	QoQ (%)	12MFY26	12MFY25	YoY (%)
Revenue (RM'm):								
F&B Malaysia	737.8	736.2	731.6	0.9	0.2	**3,059.9**	**2,961.7**	**3.3**
F&B Thailand	450.5	461.8	494.6	(8.9)	(2.4)	**1,860.7**	**2,231.5**	**(16.6)**
Property	0.2	0.2	0.2	(7.5)	(9.3)	**0.8**	**0.8**	**4.5**
Others	0.6	0.6	0.7	(12.2)	3.5	**2.4**	**2.7**	**(11.2)**
Total	**1,189.1**	**1,198.8**	**1,227.0**	**(3.1)**	**(0.8)**	**4,923.8**	**5,196.6**	**(5.3)**
Operating Profit (RM'm):								
F&B Malaysia	15.8	42.2	79.9	(80.2)	(62.5)	**200.9**	**275.8**	**(27.2)**
F&B Thailand	78.5	93.0	106.6	(26.4)	(15.6)	**355.0**	**442.7**	**(19.8)**
Property	(0.4)	(0.3)	(1.6)	(75.0)	21.0	**(1.3)**	**(3.2)**	**(59.9)**
Others	79.8	4.5	(11.1)	(817.0)	1,691.4	**89.6**	**(1.7)**	**(5,300.3)**
Total	**173.7**	**139.4**	**173.8**	**(0.0)**	**24.7**	**644.2**	**713.6**	**(9.7)**
Operating profit margin (%):								
F&B Malaysia	2.1	5.7	10.9	(8.8)	(3.6)	**6.6**	**9.3**	**(2.7)**
F&B Thailand	17.4	20.1	21.6	(4.1)	(2.7)	**19.1**	**19.8**	**(0.8)**
Property	(208.7)	(156.5)	(771.2)	562.6	(52.2)	**(150.1)**	**(391.5)**	**241.3**
Others	13,374.2	772.4	(1,637.6)	15,011.9	12,601.8	**3,760.1**	**(64.2)**	**3,824.3**
Total	**14.6**	**11.6**	**14.2**	**0.4**	**3.0**	**13.1**	**13.7**	**(0.6)**

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026A	2027F	2028F
Revenue	5,245.6	5,196.6	4,923.8	5,151.3	5,392.7
Gross Profit	1,651.0	1,657.5	1,500.0	1,641.2	1,916.5
EBITDA	847.8	896.0	817.3	693.6	1,007.2
EBIT	709.5	745.5	644.2	647.7	961.3
PBT	697.0	730.7	625.4	628.8	942.4
Taxation	(152.7)	(216.1)	(185.0)	(201.2)	(301.6)
PATANCI	542.8	508.5	437.1	427.6	640.9
Core PATANCI	542.5	515.7	378.9	427.6	640.9
Core EPS (sen)	147.7	140.4	103.1	116.4	174.4
PER (x)	14.3	15.1	17.7	18.2	12.2
DPS (sen)	63.0	65.0	60.0	60.0	85.0
Dividend Yield (%)	3.0	3.1	2.8	2.8	4.0

Cash Flow (RM'm)	2024A	2025A	2026A	2027F	2028F
PBT	697.0	730.7	625.4	628.8	942.4
Operating cash flow	732.7	604.0	818.0	494.4	595.3
Investing cash flow	(253.7)	(716.7)	(368.4)	(232.2)	(239.3)
Financing cash flow	(365.5)	(404.7)	(388.1)	(246.3)	(338.6)
Net cash flow	113.6	(517.4)	61.4	15.9	17.4
Beginning cash flow	1,031.5	1,134.9	625.9	656.5	672.4
Ending cash flow	1,134.9	625.9	656.5	672.4	689.8

Growth (%)	2024A	2025A	2026A	2027F	2028F
Revenue Growth (%)	4.9	(0.9)	(5.3)	4.6	4.7
Gross Profit Growth (%)	15.1	0.4	(9.5)	9.4	16.8
EBITDA Growth (%)	7.2	5.7	(8.8)	(15.1)	45.2
Core PATANCI Growth (%)	(6.1)	(4.9)	(26.5)	12.8	49.9

Profitability Ratios (%)	2024A	2025A	2026A	2027F	2028F
Gross Profit Margin	31.5	31.9	30.5	31.9	35.5
EBITDA Margin	16.2	17.2	16.6	13.5	18.7
EBIT Margin	13.5	14.3	13.1	12.6	17.8
Core PATANCI Margin	10.3	9.9	7.7	8.3	11.9

Balance Sheet (RM'm)	2024A	2025A	2026A	2027F	2028F
Property, plant, and equipment	1,727.7	2,220.8	2,418.2	2,561.4	2,709.5
Intangible assets	430.3	423.8	421.0	448.2	469.2
Total Non-current assets	2,741.5	3,343.1	3,562.5	3,785.9	4,010.6
Inventories	745.0	744.1	785.6	805.4	797.6
ST - Trade and other receivables	852.9	899.0	803.9	841.1	880.5
Cash and cash equivalents	1,134.9	625.9	655.8	672.4	689.8
Total current assets	2,733.0	2,270.7	2,245.3	2,318.9	2,368.0
Total Assets	5,474.5	5,613.8	5,807.8	6,104.8	6,378.6
Total Equity	3,586.9	3,879.1	4,046.2	4,172.8	4,418.4
LT Loans and borrowings	592.0	338.0	334.0	337.3	340.7
Total Non-current liabilities	777.9	561.9	550.4	533.0	543.6
ST Trade and other payables	825.9	763.0	890.2	912.6	903.8
ST Loans and borrowings	114.0	254.0	164.0	165.6	167.3
Total Current Liabilities	1,109.7	1,172.7	1,211.2	1,399.0	1,416.6
Total Liabilities	1,887.6	1,734.6	1,761.6	1,932.0	1,960.2

Source: Bloomberg, MBSBR

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X)

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

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MBSB 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