



**UMS**  
UNIVERSITI MALAYSIA SABAH

**FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTANCY**

**BT12503 BUSINESS FINANCE ( SECTION 2)**

**SEMESTER 1, 2023/2024**

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**COMPANY NAME : FRASER AND NEAVE HOLDINGS BHD**

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## 1.0 BACKGROUND AND NATURE OF BUSINESS



Fraser and Neave Holdings BHD is a company that operates in the business type of industrial products and service. It was founded by John Fraser and David Chalmers Neave in 1883. F&NHB Group is a Syariah-compliant company listed on Bursa Malaysia's Main Board with an annual turnover of RM 5 Billion from its core business in the manufacture, sale and marketing of beverages and dairy products. Fraser & Neave Holdings Bhd (F&NHB) is one of the oldest and most established food and beverage companies in this region where it can be seen that the brand is recognized as a market leader and household name in many categories. Fraser and Neave Holdings Bhd also has its own vision and mission where the company's vision is to be a stable and sustainable Food & Beverage leader in the ASEAN region. Meanwhile the company's mission is to be ASEAN's leading owner and provider of quality and innovative products that consumers choose and trust.

The company business operation is organized according to products and services, namely Food & Beverages Malaysia (F&B Malaysia) which encompasses both Soft Drinks and Dairies Malaysia business, Property, Food and Beverage Thailand (F&B Thailand) and others. The F&N brand is a high quality and halal compliant product that is trusted by generations. F&N company has leading brands such as 100PLUS, F&N SEASONS, OYOSHI and so on and is one of the largest beverage manufacturers and distribution in the region.

The F&N company will continue to provide their products the best quality and food safety by always maintaining their consumers' best interest at heart and they will also strive to remain relevant in an environment that has seen significant changes in consumer demand altogether with increasing regulation to protect consumers' rights. Today, F&N company has become one of the most recognised and successful businesses in Singapore and Malaysia with core expertise and leadership in the Food & Beverage, Property and Publishing & Printing sectors.

## 2.0 FINANCIAL RATIOS CALCULATION

LIQUIDITY					
YEAR	CURRENT RATIO	ACID- TEST RATIO	AVERAGE COLLECTION PERIOD	ACCOUNT RECEIVABLE TURNOVER	INVENTORY TURNOVER
	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{\text{Current Assets}-\text{Inventory}}{\text{Current Liabilities}}$	$\frac{\text{Account Receivable}}{\text{Annual Credit Sales}/365 \text{ days}}$	$\frac{\text{Annual Credit Sales}}{\text{Account Receivable}}$	$\frac{\text{Cost of Good Sold}}{\text{Inventory}}$
2018	$\frac{1,649,509}{848,742} = 1.94$	$\frac{1,649,509-497,165}{848,742} = 1.36$	$\frac{604,644}{537,092/365} = 410.91$	$\frac{537,092}{604,644} = 0.89$	$\frac{2,727,681}{497,165} = 5.49$
2019	$\frac{1,755,692}{795,008} = 2.21$	$\frac{1,755,692-578,404}{795,008} = 1.48$	$\frac{599,996}{569,719/365} = 384.40$	$\frac{569,719}{599,996} = 0.95$	$\frac{2,810,372}{578,404} = 4.86$
2020	$\frac{1,739,461}{719,459} = 2.42$	$\frac{1,739,461-655,981}{719,459} = 1.51$	$\frac{589,661}{493,615/365} = 436.02$	$\frac{493,615}{589,661} = 0.84$	$\frac{2,758,139}{655,981} = 4.20$
2021	$\frac{1,764,827}{655,878} = 2.69$	$\frac{1,764,827-659,745}{655,878} = 1.68$	$\frac{545,932}{555,380/365} = 358.79$	$\frac{555,380}{545,932} = 1.02$	$\frac{2,936,714}{659,745} = 4.45$
2022	$\frac{2,229,721}{833,344} = 2.68$	$\frac{2,229,721-901,377}{833,344} = 1.59$	$\frac{866,369}{461,887/365} = 684.64$	$\frac{461,887}{866,369} = 0.53$	$\frac{3,296,071}{901,377} = 3.66$

CAPITAL STRUCTURE		
YEAR	DEBT RATIO	TIMES INTEREST EARNED
	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	$\frac{\text{Net Operating Income Or EBIT}}{\text{Interest expenses}}$
2018	$\frac{1,032,787}{3,345,258} = 30.9$	$\frac{420,240}{15,571} = 26.99$
2019	$\frac{974,422}{3,503,845} = 27.8$	$\frac{520,444}{4,555} = 114.26$
2020	$\frac{829,621}{3,520,061} = 23.6$	$\frac{515,160}{4,858} = 106.04$
2021	$\frac{812,976}{3,631,746} = 22.4$	$\frac{472,286}{3,179} = 148.56$
2022	$\frac{1,206,241}{4,190,630} = 28.8$	$\frac{447,941}{5,803} = 77.19$

ASSET MANAGEMENT EFFICIENCY RATIOS		
YEAR	TOTAL ASSETS TURNOVER	FIXED ASSETS TURNOVER
2018	$\frac{\text{Sales}}{\text{Total Assets}} = \frac{4109859}{3345258} = 1.23$	$\frac{\text{Sales}}{\text{Net Plant and Equipment}} = \frac{4109859}{1281679} = 3.21$
2019	$\frac{4077138}{3503845} = 1.16$	$\frac{4077138}{1339180} = 3.04$
2020	$\frac{3988507}{3520061} = 1.13$	$\frac{3988507}{1359893} = 2.93$
2021	$\frac{4130872}{3631746} = 1.14$	$\frac{4130872}{1372249} = 3.01$
2022	$\frac{4470163}{4190630} = 1.07$	$\frac{4470163}{1458344} = 3.07$

PROFITABILITY RATIOS					
YEAR	GROSS PROFIT MARGIN	OPERATING PROFIT MARGIN	NET PROFIT MARGIN	OPERATING RETURN ON ASSETS	RETURN ON EQUITY
2018	$\frac{\text{Gross profit}}{\text{Sales}} = \frac{1382178}{4109859} = 33.63$	$\frac{\text{Net Operating Income or EBIT}}{\text{Sales}} = \frac{420240}{4109859} = 10.23$	$\frac{\text{Net Income}}{\text{Sales}} = \frac{385096}{4109859} = 9.37$	$\frac{\text{Net Operating Income}}{\text{Total Assets}} = \frac{420240}{3345258} = 12.56$	$\frac{\text{Net Income}}{\text{Common Equity}} = \frac{385096}{2312471} = 16.65$
2019	$\frac{1266766}{4077138} = 31.07$	$\frac{520444}{4077138} = 12.76$	$\frac{410224}{4077138} = 10.06$	$\frac{520444}{3503845} = 14.56$	$\frac{410224}{2529423} = 16.22$
2020	$\frac{1230368}{3988507} = 30.85$	$\frac{515160}{3988507} = 12.92$	$\frac{410124}{3988507} = 10.28$	$\frac{515160}{3520061} = 14.63$	$\frac{410124}{2690440} = 15.24$
2021	$\frac{1194158}{4130872} = 28.91$	$\frac{472286}{4130872} = 11.43$	$\frac{395130}{4130872} = 9.57$	$\frac{472286}{3631746} = 13.00$	$\frac{395130}{2818770} = 14.02$
2022	$\frac{1174092}{4470163} = 26.27$	$\frac{447941}{4470163} = 10.02$	$\frac{382269}{4470163} = 8.55$	$\frac{447941}{4190630} = 11.00$	$\frac{382269}{2984389} = 12.81$

<b>MARKET VALUE RATIOS</b>		
<b>YEAR</b>	<b>PRICE-EARNING RATIO</b>	<b>MARKET-TO-BOOK RATIO</b>
<b>2018</b>	$\frac{\textit{Market Price Per Share}}{\textit{Earning Per Share}}$ $\frac{37.72}{104.9} = 0.36$	$\frac{\textit{Market Price Per Share}}{\textit{Book Value Per Share}}$ $\frac{37.72}{6.31} = 5.98$
<b>2019</b>	$\frac{35.00}{111.9} = 0.31$	$\frac{35.00}{6.90} = 5.07$
<b>2020</b>	$\frac{32.90}{111.9} = 0.29$	$\frac{32.90}{7.34} = 4.48$
<b>2021</b>	$\frac{26.64}{107.8} = 0.25$	$\frac{26.64}{7.69} = 3.46$
<b>2022</b>	$\frac{21.50}{104.5} = 0.21$	$\frac{21.50}{8.13} = 2.64$

### 3.0 FINANCIAL RATIO ANALYSIS

Financial ratio analysis is a technique used to assess a company's financial performance. We are able to access a company and evaluate its financial performance by analyzing its financial data. As well as assisting investors to make a better investment decision.

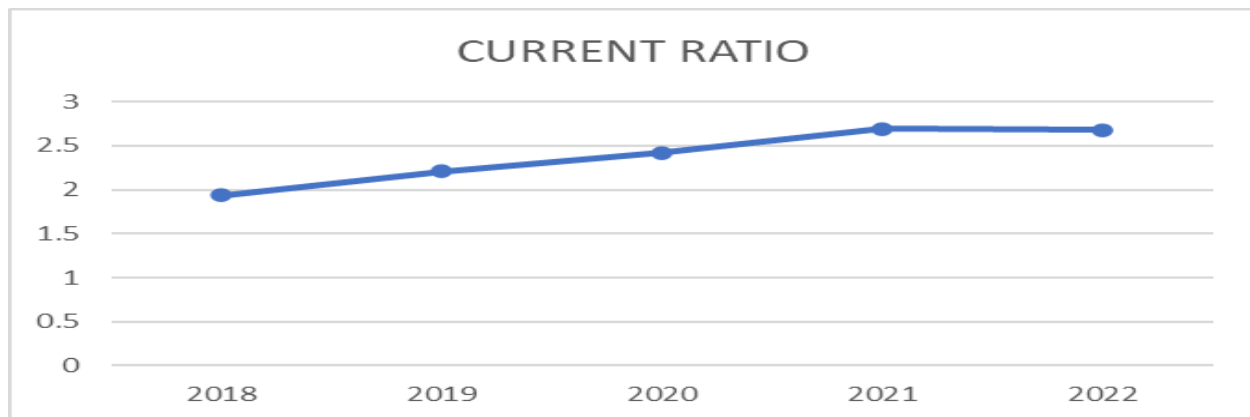
### 3.1 LIQUIDITY RATIOS

#### 3.1.1 CURRENT RATIO

Current Ratio compares a firm's current (liquid) assets to its current (short-term) liabilities.

Year	2018	2019	2020	2021	2022
Current Ratio (times)	1.93	2.21	2.42	2.69	2.68

( Table 3.1.1: Calculation of Current Ratio for F&N Holding Berhad from 2018 to 2022 )



Graph 3.1.1

The current ratio for F&N Holding Berhad has been unstable from 2018 to 2021, which is 1.94 times increased to 2.69 times. However current ratio for this company started to decrease only 1% by the year of 2022, which is 2.69 times in 2021 and 2.68 times for 2022. It's mean F&N Holding Berhad current assets have been increased from 2018 to 2021 and decrease again in 2022.

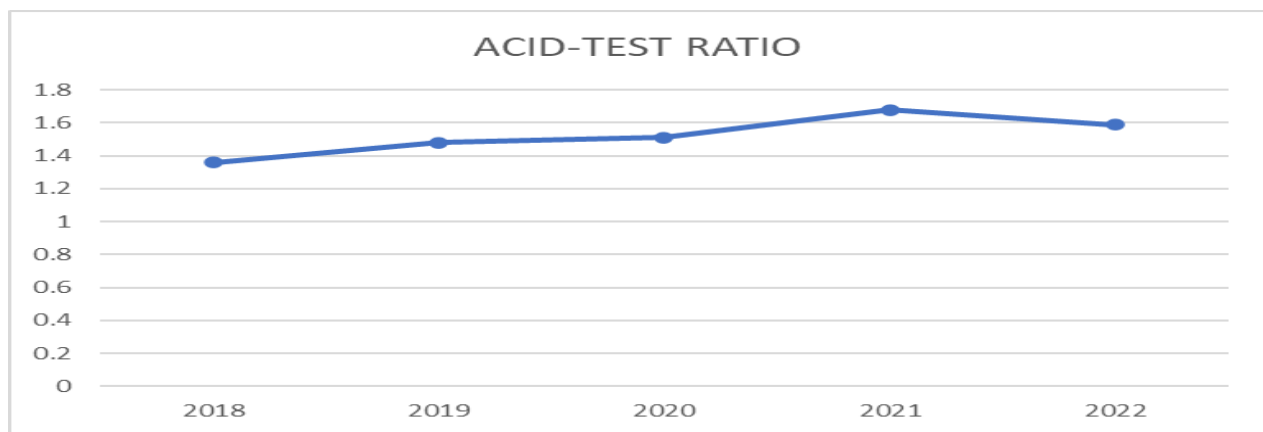


### 3.1.2 ACID-TEST RATIO

Acid-Test (Quick) Ratio excludes the inventory from current assets as inventory may not be very liquid.

Year	2018	2019	2020	2021	2022
Acid-Test Ratio (times)	1.36	1.48	1.51	1.68	1.59

( Table 3.1.2: Calculation of Acid Test Ratio for F&N Holding Berhad from 2018 to 2022 )



Graph 3.1.2

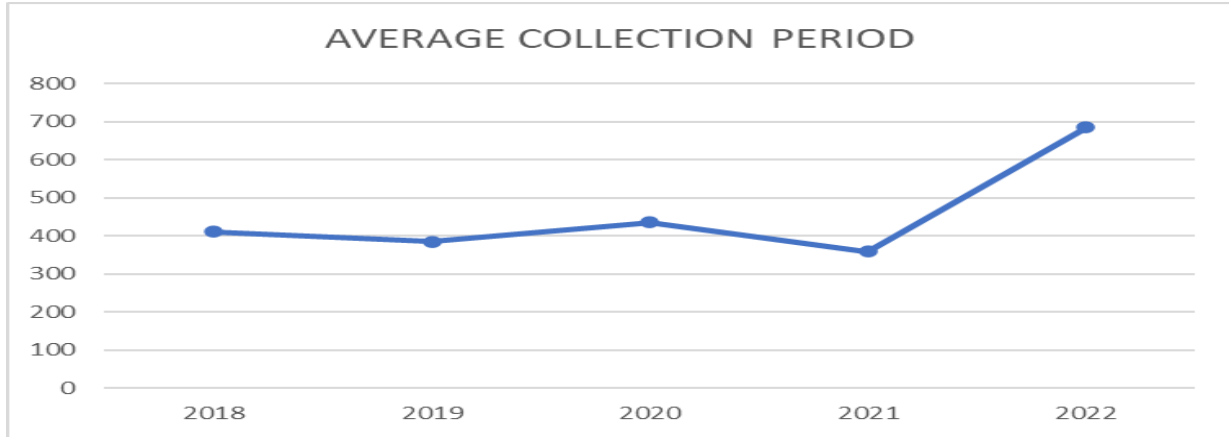
From Table X we can see the Acid Test Ratio for F&N Holdings Berhad from the previous five years. From the table X the Acid Test Ratio for this company always increased from 2018 to 2021 and decreased in year 2022. F&N Holding Berhad Acid Test Ratio starts increased from 1.36 times on 2018 to 1.68 times on 2021 and 1.59 times on 2022. This situation make sure this company having good performance for four years and suddenly drop in year five.

### 3.1.3 AVERAGE COLLECTION PERIOD

Average Collection Period measures the number of days it takes the firm to collect its receivables.

Year	2018	2019	2020	2021	2022
Average Collection Period (days)	410.91	384.40	436.02	358.79	684.64

( Table 3.1.3: Calculation of Average Collection Period for F&N Holdings Berhad )



Graph 3.1.3

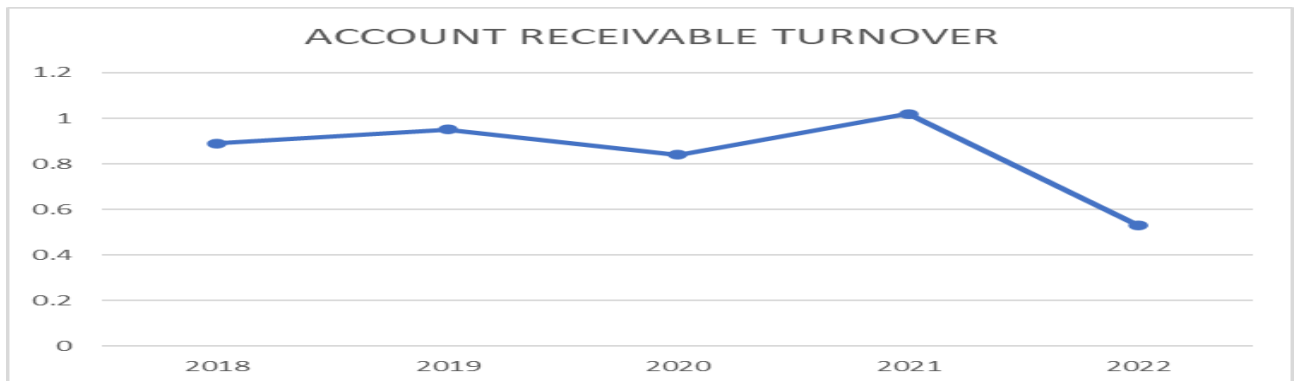
Average Collection Period for F&N Holding Berhad having situation. Firstly, this company increased on 2018 to 2019, which is 410.91 days to 384.40 days. However, this company made a surprise on 2020 because it increased again from 384.40 days to 436.02 days but decreased again for the next year, from 436.02 days to 359 days / 358.79 days. The last situation of Average collection for company F&N Holding Berhad is increased again on 2022 and made the large amount in five years performance, which is 684.64 days.

### 3.1.4 ACCOUNT RECEIVABLE TURNOVER

Accounts Receivable Turnover Ratio measures how many times receivables are “rolled over” during a year.

Year	2018	2019	2020	2021	2022
Account Receivable Turnover (times)	0.89	0.95	0.84	1.02	0.53

( Table 3.1.4: Calculation of Accounts Receivable Turnover Ratio for F&N Holding Berhad )



Graph 3.1.4

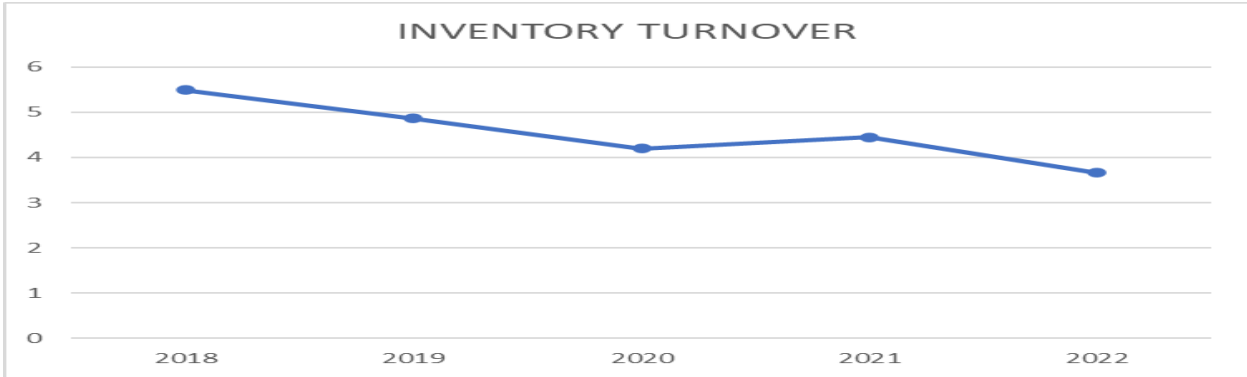
The financial analysis of the accounts receivable turnover ratio for F&N Holding Berhad for five recent consecutive years, from 2018 to 2022, is shown in the table above. For the first and second year the Accounts Receivable Turnover for this company is increased from 0.89 times to 0.95 times, but decreased in third years from 0.89 times to 0.84 times, which is a drop of 4%. However, in 2021 it's increased again and made the large amount between five years performance. Which is, 1.02 times. But for the last years of five, the Accounts Receivable Turnover for F&N Holding Berhad is decreased again from the large amount to the smallest amount, which is from 1.02 times to 0.53 times.

3.1.5 INVENTORY TURNOVER

Inventory turnover ratio measures how many times the company turns over its inventory during the year.

Year	2018	2019	2020	2021	2022
Inventory Turnover (times)	5.49	4.86	4.20	4.45	3.66

( Table 3.1.5: Calculation of Inventory Turnover Ratio for Fraser & Neave Holding Berhad )



Graph 3.1.5

Inventory Turnover Ratio for five years is decreased from 2018 to 2019. Which is, from 5.49 times to 4.86 times. After that, in years 2019 to 2020 the Inventory Turnover Ratio for this company also decreased from 4.86 times to 4.20 times. However they increased again with 15% increase for the year 2021 from 4.20 times to 4.45 times. But in one year it's decreased again and this amount is the smallest amount above five years calculation. The amount for that year is 3.66 times.

### 3.2 CAPITAL STRUCTURE RATIOS

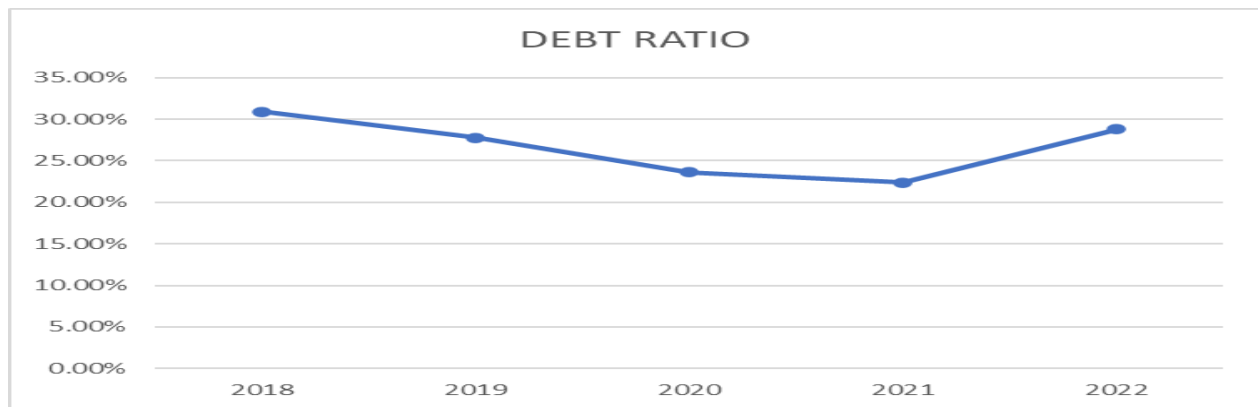
A company's debt to equity ratio indicates how it finances its assets. The capital structure ratio evaluates the means by which the business financed the purchase of its assets. There are two distinct forms of capital structure ratios: the debt ratio and the time interest rate.

#### 3.2.1 DEBT RATIO

Debt ratio determines what proportion of its assets were financed by its current and long-term liabilities. It is determined by dividing total liabilities by total assets. The debt ratio is calculated using the formula below.

Year	2018	2019	2020	2021	2022
Debt Ratio (%)	30.9	27.8	23.6	22.4	28.8

( Table 3.2.1: Calculation of Debt Ratio of Fraser Neave Holding Berhad )



Graph 3.2.1

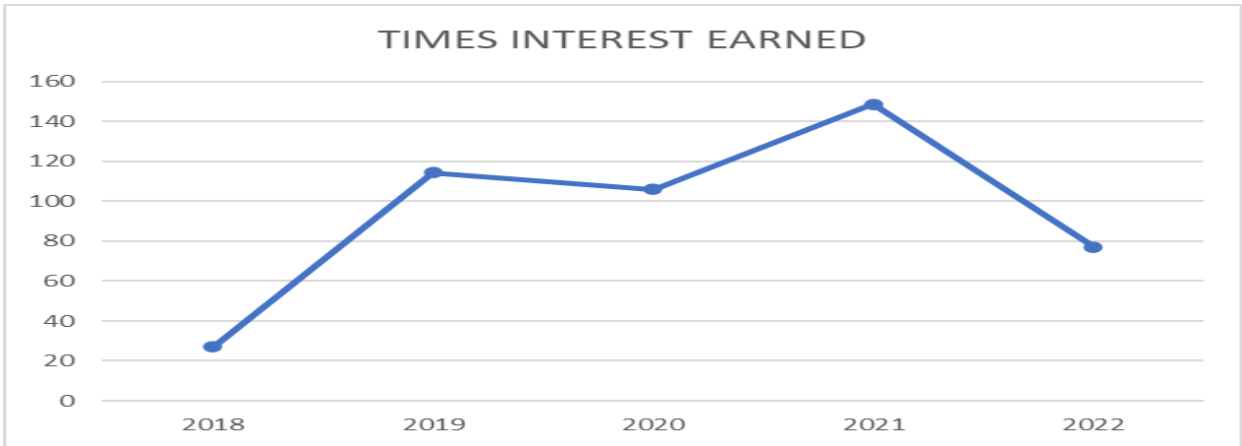
Based on table above, it shows that the debt ratio for Fraser Neave Holding Berhad in five years operation. In years 2018 to 2019 the debt Ratio for this company is decreased from 30.9% to 27.8%. Then in year 2020 to 2021 the debt Ratio decreased again from 23.6% to 22.4% and the smallest amount is in year 2021. After that, for the last years the debt Ratio for Fraser Neave Holding Berhad increased again with 28.8%.

**3.2.2 TIMES INTEREST EARNED**

The evaluation of time interest generated determines if a business can settle its debts and accrued interest. Interest expense divided by net operating income is the formula used to calculate time interest earned.

Year	2018	2019	2020	2021	2022
Time Interest Earned (times)	26.99	114.26	106.04	148.56	77.19

( Table 3.2.2: Calculation of Debt Ratio of Fraser Neave Holding Berhad )



Graph 3.2.2

Based on the table above, it shows that the time interest earned for Fraser Neave Holding Berhad for five years operation. For first year to second year the amount of the interest earned is increased from 26.99 times to 114.26 times in 2018 to 2019. For the year 2020 also decreased from 114.26 times to 106.04 times. Then in 2021 the amount interest earned increased again with 148.56 times but for the next year the amount decreased again with the smallest amount interest earned between for five years.

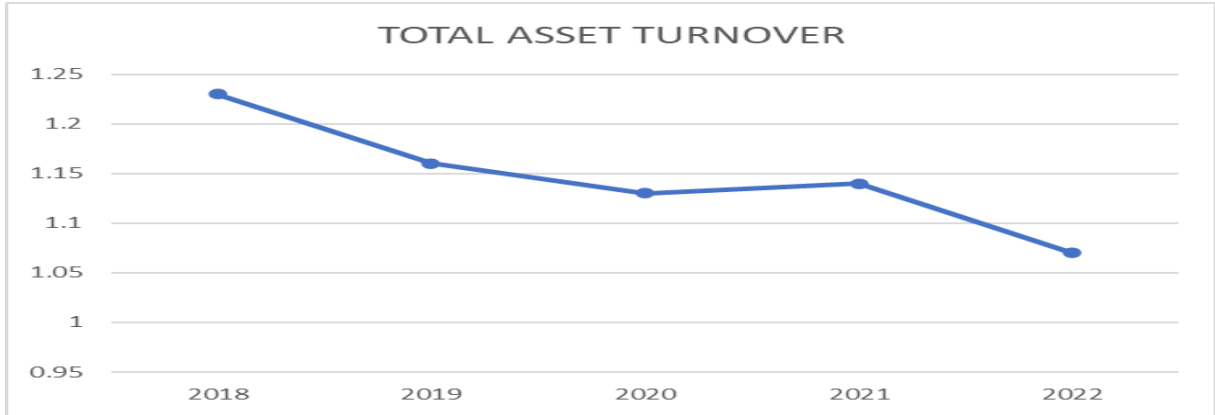
**3.3 ASSET MANAGEMENT EFFICIENCY RATIOS**

**3.3.1 TOTAL ASSET TURNOVER**

Total assets turnover ratio represents as a measurement how effectively a company uses its assets to generate their sales or revenue.

Year	2018	2019	2020	2021	2022
Total Asset Turnover (times)	1.23	1.16	1.13	1.14	1.07

( Table 3.3.1: Calculation of Total Assets Turnover Ratio for Fraser Neave Holding Berhad )



Graph 3.3.1

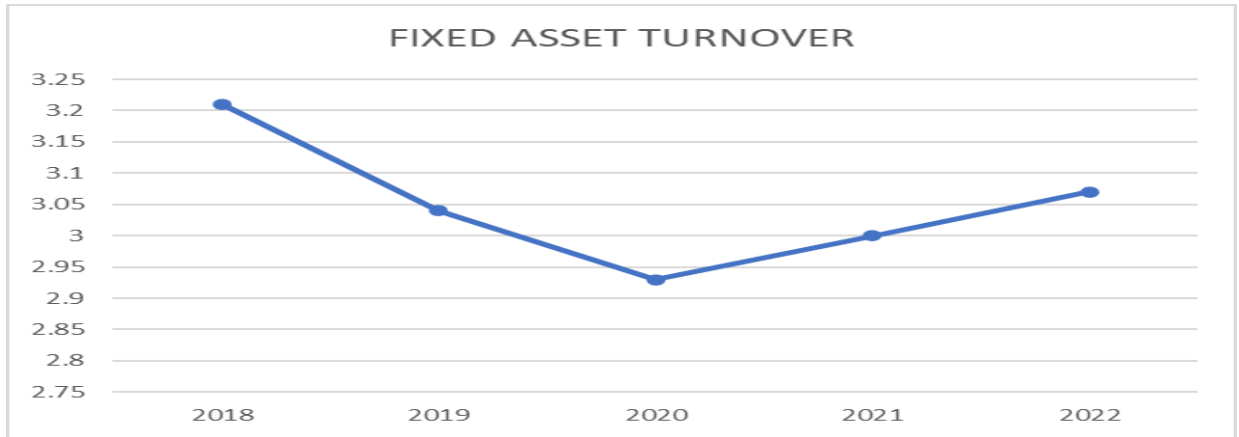
Previous five years (2018-2022) total assets turnover ratio for Fraser & Neave Holding Berhad. The total assets turnover ratio of Fraser & Neave Holdings Bhd has been gradually decreased where the year of 2018 was 1.23 times slowly decreasing to 1.16 times by the year of 2019 and decreased to 1.13 times by the year of 2020. Then, increased again to 1.14 times by the year of 2021 eventually resulted to 1.07 times by the year of 2022. The number of increases has represented the amount of sales generated per RM invested in the firm's assets.

3.3.2 FIXED ASSET TURNOVER

Fixed asset turnover ratio represents as measurement how efficiently a company is using its fixed assets to generate revenue.

Year	2018	2019	2020	2021	2022
Fixed Asset Turnover (times)	3.21	3.04	2.93	3.0	3.07

( Table 3.3.2: Calculation of Fixed Assets Turnover Ratio for Fraser Neave Holding Berhad )



Graph 3.3.2

Shown in the table above, it indicated fixed assets turnover ratio of Fraser & Neave Holdings Bhd by group in 5 years (2018-2022). From 2018 to 2019, the fixed asset turnover ratio was decreased from 3.21 times to 3.04 times. For the year 2020 it's also decreased 2.93 times, but it increased back after one year, where the year of 2021 with 3.0 times. Even though the corporation is experiencing trouble managing its investments in real estate, plants, and equipment, this show company is managing its fixed assets well. Therefore, the fixed asset turnover ratio for 2022 is still increased with 3.07 times. This means that for this period, for every RM of fixed asset Fraser & Neave Holding Berhad owned, it generated more and more fixed asset turnover ratio. According to our current understanding, the year 2022 had the higher fixed asset turnover ratio, which was 3.07 times. Alternatively, the 2020 year's lower fixed asset turnover ratio was 2.93 times.

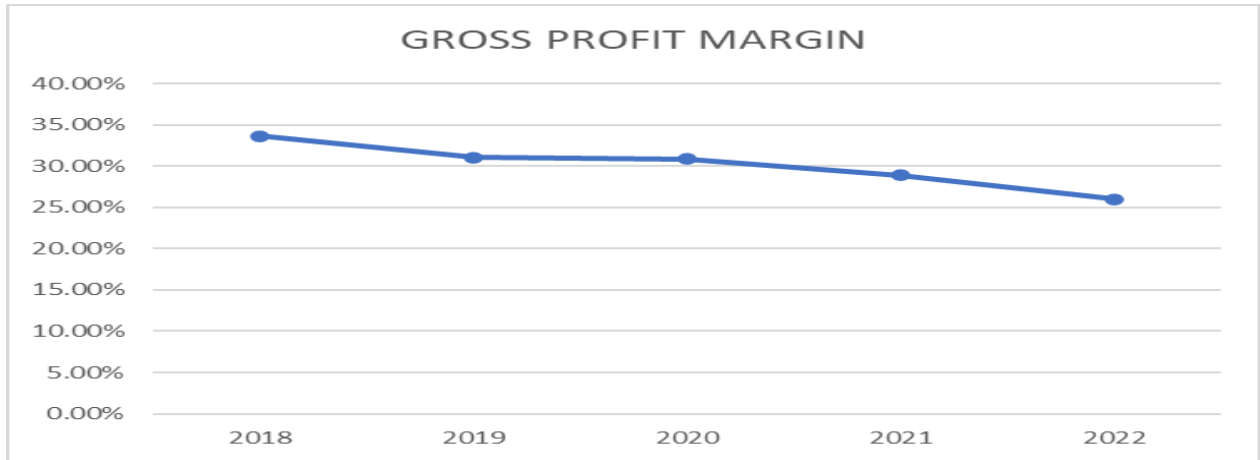
### 3.4 PROFITABILITY RATIOS

These ratios provide the analyst with information on the profitability and Return On Investment (ROI) of a company. These statistics could provide analysts and investors insight into the company's cost management practices and asset utilization efficiency.

#### 3.4.1 GROSS PROFIT MARGIN

Year	2018	2019	2020	2021	2022
Gross Profit Margin (%)	33.63	31.07	30.85	28.91	26

(Table 3.4.1: Calculation of Gross Profit Margin for Fraser & Neave Holding Berhad )



Graph 3.4.1

It shows that the gross profit margin for Fraser & Neave Holding Berhad above five year operation. For two years operation, gross profit margin this company is decreased from 33.63% to 31.07% from 2018 to 2019. Then, for the next year the gross profit margin for this company still decreased but not to much, it decrease from 31.07% to 30.85% in 2020. But after that the, we can see the gross profit for this company still decreased for two years operation. They decreased from 28.91% in 2021 to 26% in 2022. Such a sharp drawdown is mainly due to the Coronavirus pandemic that is affecting the economic global industry. Therefore, the gross profit margin in 2022 is the lowest compared to the past five years operation.

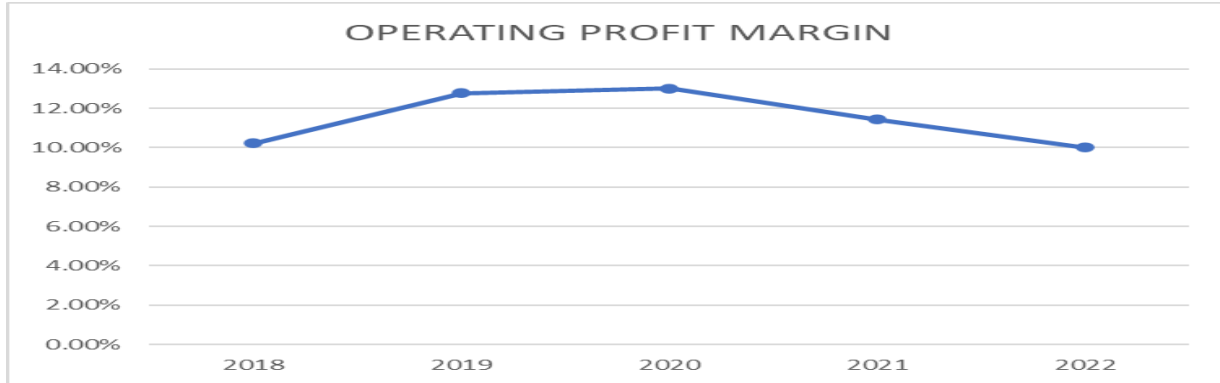
### 3.4.2 OPERATING PROFIT MARGIN

The operating profit margin, which is a gauge of profitability, reflects how much of total sales come from operating income. Put another way, the operating margin ratio shows how much income is left over after all variable or running costs have been paid. This ratio displays the portion of income that may be used to pay for expenses other than operational costs, such as interest.

Year	2018	2019	2020	2021	2022
Operating Profit Margin (%)	10.23	12.76	12.92	11.43	10

(Table 3.4.2: Calculation of Operating Profit Margin for Fraser & Neave Holding Berhad )





Graph 3.4.2

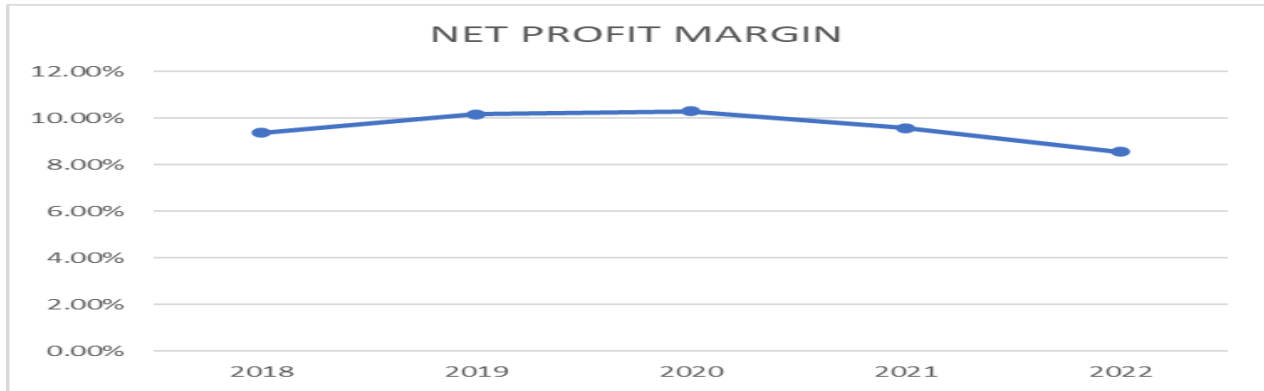
Below the table x information we can see the calculation of operation profit margin for Fraser & Neave Holding Berhad above Five years operation from 2018 to 2022. Such the information on the table x the operating profit margin increased from 10.23% in 2018 to 12.76% in 2019. For the next year, they still increasing with 12.92%, which is the performance still better. The last two years from five years operation the progress starts drop. Which as the operating profit margin decreased from 11.43% in 2021 to 10% in 2022.

### 3.4.3 NET PROFIT MARGIN

The net profit margin ratio, also referred to as net margin, is a profitability indicator that shows how much of each dollar a business makes over the course of the year is transformed into profit. In other words, it shows the amount of net income a business generates for every dollar of sales.

Year	2018	2019	2020	2021	2022
Net Profit Margin (%)	9.37	10.06	10.28	9.57	8.55

( Table 3.4.3 : Calculation of Net Profit Margin for Fraser & Neave Holding Berhad )



Graph 3.4.3

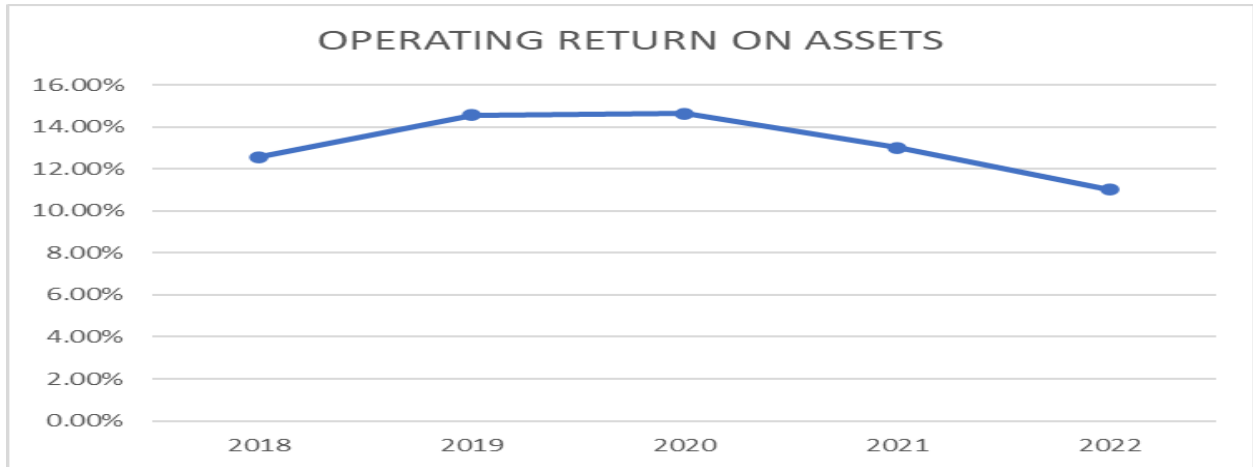
Based on the table x, the information is about calculation of Net profit margin for Fraser & Neave Holding Berhad in five years operation. The Net Profit Margin for the company is always increasing for three years. Which as, 9.37% for 2018, 10.06% for 2019, 10.28% for 2020. However, the performance starts to drop on year 2021 to 2022. The amount for those years is, 9.57% for 2021 and 8.55% for 2022. This situation happened because the company can't make the progress still better after, the covid-19 affected the global economic. Therefore, in 2022 is the lowest amount above five years operation.

#### 3.4.4 OPERATING RETURN ON ASSETS

Operating return on assets is used to show a company's operating income that is generated per dollar invested specifically in its assets that are used in its everyday business operations.

Year	2018	2019	2020	2021	2022
Operating return on assets (%)	12.56	14.56	14.63	13.00	11.00

( Table 3.4.4 : Calculation of Operating Return On Assets for Fraser & Neave Holding Berhad )



Graph 3.4.4

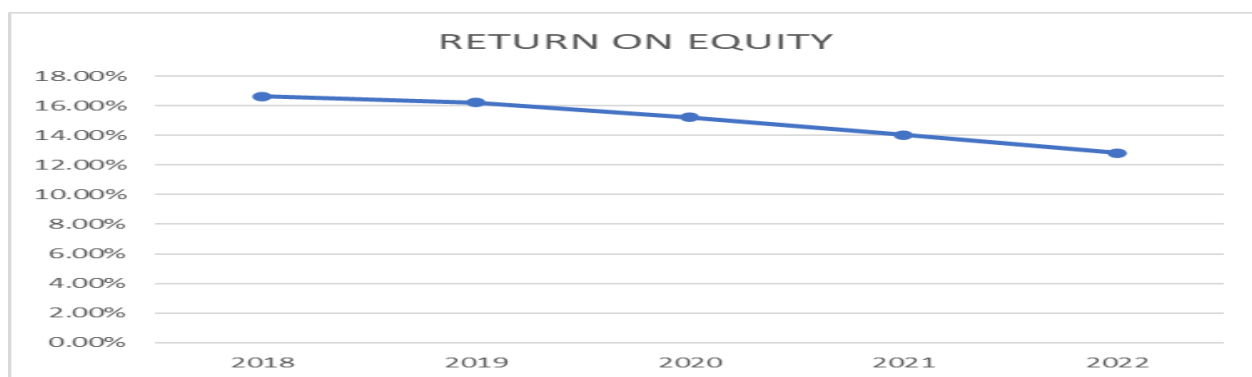
The table inform about calculation Operating Return On Assets for Fraser & Neave Holding Berhad in five years operation. In 2018 to 2019 the amount of operating Return On Assets for this company is increased from 12.56% to 14.85%. However for three years last the amount suddenly decreased. In 2020 the amount is 14.63% before decreased to 13.0% and still decreased to 11% in 2022. Therefore, the lowest amount above five years operation is in 2022 because the every per dollar invested can't return into the company income.

### 3.4.5 RETURN ON EQUITY

Return on equity is a measure of a company's financial performance that shows the relationship between a company's profit and the investor's return

Year	2018	2019	2020	2021	2022
Return On Equity (%)	16.65	16.22	15.24	14.02	12.81

( Table 3.4.5 : Calculation of Return On Equity for Fraser & Neave Holding Berhad )



Graph 3.4.5

The calculation based on the table x inform about the Return for Fraser & Neave Holding Berhad for year 2018 to 2022, which five years operation. Overall the Return On Equity for this company is always decreasing every years. In 2018 to 2019 the amount decreased from 16.65% to 16.22%. After that the amount still decreased from 15.24% in 2020 to 14.02% in 2021. Then the last calculation is for the year 2022 and the amount still decreased to 12.81%. Therefore, the Return On Equity for this company in the last five years operation is worsen by each years.

### 3.5 MARKET VALUE RATIOS

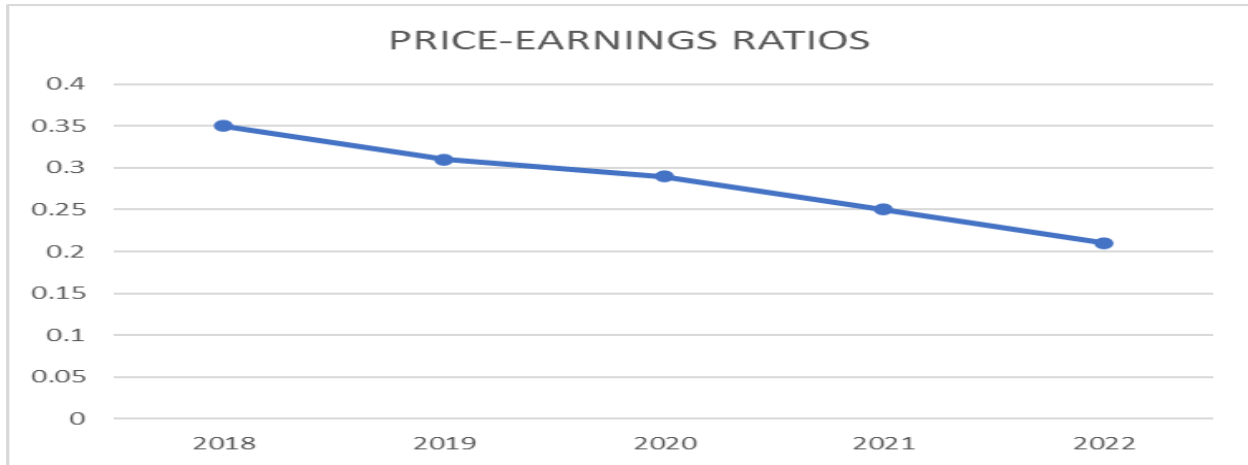
Market value ratios show the relative valuations of a company's stock market shares. The market-to-book ratio and the price-earnings ratio were among the ratios covered in this section

#### 3.5.1 PRICE-EARNINGS RATIOS

Price-Earnings ratio is a way to value a company by comparing the price of a stock to its earnings.

Year	2018	2019	2020	2021	2022
Price -Earnings Ratio (times)	0.35	0.31	0.29	0.25	0.21

( Table 3.5.1: Calculation of Price Earning Ratio for Fraser & Neave Holding Berhad )



Graph 3.5.1

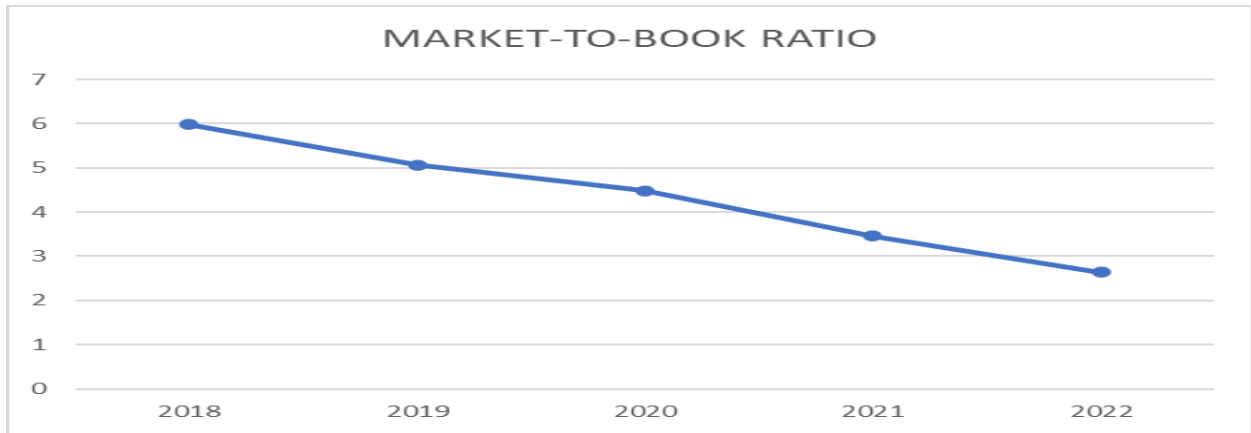
Below the calculation table x,the information is about Price Earning Ratio for Fraser & Neave Holding Berhad in five years operation.Based on that the price Earning Ratio for two years operation is decreased from 0.35 times in 2018 to 0.31 times in 2019.Then for the last three years operation is still with same result.Which is,the the amount still decreased from 0.29 times in 2020 to 0.25 times in 2021 and 0.21 times in 2022. Overall the progress for this company in the last five years of operation has worsened.

### 3.5.2 MARKET-TO-BOOK RATIO

A valuation tool called the market-to-book ratio is used to contrast a stock's market value with its book value.

Year	2018	2019	2020	2021	2022
market -To-Book Ratio (times)	5.98	5.07	4.48	3.46	2.64

(Table 3.5.2: Calculation of Market To Book Ratio for Fraser & Neave Holding Berhad )



Graph3.5.2

The table shown that the calculation of market-to-book ratio in five years for Fraser & Neave Holding Berhad was decreased every years. Which as, the amount 5.98 times in 2018 decreased to 5.07 times in 2019. After that, they still decreased from 4.48 times in 2020 to 3.46 times in 2021. Then the for the last above five years operation is 2.64 times and make the lowest amount. Therefore, the investor may view this evidence that the market has less faith in the company's capacity to grow or turn a profit going forward.

## **4.0 FINANCIAL ANALYSIS SUMMARY AND RECOMMENDATIONS**

### **4.1 SUMMARY**

In summary, Fraser & Neave Holdings Bhd (F&N Holding Bhd), has a strong financial sheet, and gives a dividend to shareholders. The longer average collection period of the year can affect a company to collect its account receivable. For example, the longer time is in 2022. This can indicate a problem with cash flow or a problem getting clients to pay. However, the escalation of other liquidity like current ratio and acid-test ratio can make a great impact. A greater current ratio is generally regarded as a good indicator because it shows that the company has more current assets than current liabilities. F&N Holding Bhd as seen by the debt ratio remaining stable. This can mean the business hasn't taken on any new debt or that existing debt has been handled. In addition, related payment interest F&N Holding Bhd in stable state from 2019 until 2021 but after 2022 the times interest earned decreases. Next, the company is effectively using its total asset turnover and fixed asset turnover but with the following year these two indications cause concern. Lower sales or a rise in total assets may be to blame for this. F&N Holding Bhd receives less income from its sales after deducting the cost of goods sold, as evidenced by the declining gross profit margin. After subtracting all expenditures, including operating expenses and taxes, F&N Holding Bhd profitability has reduced, as seen by the decline in both the net profit margin and operating profit margin from 2020 until 2022. Furthermore, return on equity is also decreasing and will be affected on profitability's company because relation to its assets and shareholder's equity has declined. These five measures on profitability ratios will make lower income or growth in asset or equity depending on the value. Last but not least, the market value ratio also both decreased from 2018 until 2022 its price earning ratio and market-to-book ratio. Overall, these modifications to the financial ratios point to a decline in the company's financial performance.

## 4.2 RECOMMENDATIONS

1. Based on the information provided about Fraser & Neave Holdings Bhd (F&N Holding Bhd) which indicates a decrease in profitability or poor performance of the company, it is important for the company to take steps to improve their financial performance. This is an effective step that Fraser & Neave Holdings Bhd needs to take to repair the decline in its profitability ratio such as gross profit margin, operating profit margin, net profit margin, return on assets and return on equity. The first step that can help is that Fraser & Neave Holdings Bhd needs to control its expenses in order to determine a better gross profit margin. The Manager should take precautions when performing duties to ensure that every cost management such as the cost of goods for sale and operating expenses of the company is done properly and efficiently. F&N also needs to look for opportunities to get better deals on materials, services, and equipment from the supplier. The next step that can be done to repair the company's profits is to increase sales volume. This can be achieved through effective marketing and sales strategies, product or entering new markets. Third, F&N Holdings Bhd needs to optimize pricing by analyzing company costs and competitors to ensure the prices are competitive while maintaining healthy margins.
  
2. Based on analysis, Fraser & Neave Holdings Bhd (F&N Holding Bhd) faces the overvalued P/E ratio, that is a current price that is not justified by its earnings outlook, known as profit projections, or its price-earnings (P/E) ratio. So, with the relevant factor, we would suggest that investment in research and development from that showcase a commitment to innovation through sustained investment in research and development. Highlight any patents or intellectual property that adds significant value. In addition, innovative products and services that introduce innovative products or services that differentiate the company in the market and also communicate a strong value proposition to investors.



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