

FOR IMMEDIATE RELEASE

Press Statement 31/2019

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IHFY19 Revenue up 18.3% and Net Profit grew by 5.6%

Q2 revenue improved by 15.7% whilst net profit grew by 2.1% driven by higher sales in Malaysia and Singapore offsetting lower contribution from Sri Lanka; Second quarter interim dividends of 16.1 sen declared

Shah Alam, 15 August, 2019 – Carlsberg Brewery Malaysia Berhad (“the Group”) reported a solid growth in both revenue by 18.3% to RM1.14 billion and net profit by 5.6% to RM152.9 million for the first half year ended 30 June 2019 (“IHFY19”) as compared to the same period last year.

On a comparable basis in IHFY19, recognising the changes from the Goods and Services Tax (“GST”) to a Sales and Services Tax (“SST”) regime, the Group’s organic revenue grew by 13.1% whilst organic net profit grew by 9.1%, when excluding the RM4.7 million one-off income from its share of the final insurance compensation of its associate company Lion Brewery (Ceylon) PLC (“LBCP”) in Q1FY18 related to the 2016 flooding of the brewery in Sri Lanka.

For the quarter ended 30 June 2019 (“Q2FY19”), the Group’s net profit grew by 2.1% to RM65.3 million, while revenue increased by 15.7% to RM480.5 million. The organic revenue for Q2FY19 grew by 11.2%, excluding the impact from SST.

This 6th consecutive quarter-on-quarter growth in top and bottom line was mainly contributed by higher sales in both Malaysia and Singapore.

Revenue of the Malaysia operations for IHFY19 grew by 23.0% to RM842.2 million and profit from operations increased by 7.2% to RM149.6 million versus the same period last year. Reported revenue for Q2FY19 improved by 22.1% to RM340.4 million, while profit from operations was up 3.0% to RM58.7 million against the same quarter last year.

The organic revenue growth for IHFY19 and Q2FY19 were 15.7% and 15.4% respectively, if excluding the SST impacts. The solid performance was driven by higher sales across all major product segments fuelled by continuous marketing investments on consumer-facing activities.

In IHFY19, the Singapore operations reported a 6.8% growth in revenue to RM298.2 million whilst profit from operations grew by 11.4% to RM45.0 million versus the same period last year. Revenue for Q2FY19 increased by 2.6% to RM140.2 million whilst profit from operations was up 7.5% to RM24.3 million. This improved performance was a result of higher sales and better cost management.

In the quarter under review, associate company LBCP reported a lower share of profits of RM4.6 million versus a share of profits of RM5.3 million in the corresponding quarter last year.

Earnings per share for 1HFY19 was 49.99 sen as compared to 47.34 sen for the same period last year. EPS for Q2FY19 was 21.34 sen versus 20.90 sen for the corresponding quarter last year.

The Board declared a SECOND quarter single tier interim dividend of 16.1 sen per ordinary share. Together with the FIRST quarter interim dividend declared in respect of Q1FY19 of 21.5 sen per ordinary share, the total 1HFY19 interim dividends stand at 37.6 sen per ordinary share, which represents a pay-out ratio of 75.1% of the Group's net profit for 1HFY19.

Managing Director Ted Akiskalos said: "We are pleased to continue delivering growth in top and bottom line across Malaysia and Singapore. Our consistent focus on product innovation and quality execution, supported by targeted investments, boosted the growth of our mainstream brands Carlsberg and Carlsberg Smooth Draught as well as premium brands Kronenbourg 1664 Blanc, Somersby cider, Connor's Stout Porter and Asahi.

"We are investing in the launch of the new Danish-inspired identity for our flagship brand Carlsberg, applied across products, packaging, visibilities and amenities in Malaysia and Singapore. In its progressive pursuit of *Just Keeps Getting Better*, Carlsberg pilsner now delivers practical improvements that sees a new Fresh Cap on its bottles, its same great brew served in premium-looking stem glasses, and 320ml cans that come in Easy-to-Open packs," Akiskalos commented.

"Building on the overwhelming response of Carlsberg Red Barley, we have imported additional cartons of the limited-edition brew into Malaysia to celebrate the new season of the Premier League with local Liverpool FC fans in September. Consumers can also expect consumer promotions by our premium brands Kronenbourg 1664 Blanc and Connor's Stout Porter in the coming months," he added.

"Outlook for the second half of the year is challenging in anticipation of softer market. We are confident that our focus in executing the SAIL'22 strategy will enable us to continue delivering growth," he explained.

The Group is hopeful that the Government will not impose any further increase on excise duties in the upcoming Federal Budget announcement on 11th October 2019 as any increase will lead to an influx of contraband beers and losses to government tax revenue.

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Carlsberg Brewery Malaysia Berhad was incorporated in December 1969.

We are a dynamic brewer with operations in Malaysia and Singapore, with stakes in a brewery in Sri Lanka. We also have a regional presence via exports to Thailand, Taiwan, Hong Kong and Laos.

Our international portfolio of brands features Probably The Best Beer In The World – Carlsberg, Probably The Smoothest Beer In The World – Carlsberg Smooth Draught and Probably The Best Strong Beer – Carlsberg Special Brew. This Carlsberg trio is complemented by international premium brews including France's premium wheat beer Kronenbourg 1664 Blanc, Japan's No.1 premium beer Asahi Super Dry, European cider Somersby, British-inspired Connor's Stout Porter draught, US award-winning craft beer Brooklyn Brewery as well as Corona Extra, the imported premium Mexican beer brand. Our local brands include SKOL, Royal Stout, Jolly Shandy and Nutrimalt.