Carlsberg Brewery Malaysia Berhad
55 Persiaran Selangor,
Seksyen 15,
40200 Shah Alam,
Selangor Darul Ehsan,
Malaysia.

Tel +603 5522 6688
Fax + 603 5519 1931
mygroupcomm@carlsberg.asia
facebook.com/CarlsbergMalaysia
twitter.com/CarlsbergMY

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FY19 Revenue up 13.8%, Net Profit grew 5.0%; Earnings per share up 5.0%

Q4FY19 revenue growth of 9.2% while profit from operations grew by 10.5% mainly driven by higher sales in Malaysia and Singapore. Net profit grew by 2.3% due to lower profits contribution from Sri Lanka.

Shah Alam, 21 February 2020 – Carlsberg Brewery Malaysia Berhad (the Group) reported a strong full-year result, thus declaring and proposing a total dividend payment of 100.0 sen per ordinary share for the year ended 31 December 2019 (FY19). Net profit of the Group increased by 5.0% to RM291.0 million on a solid revenue growth of 13.8% to RM2.26 billion year-on-year. Profit from operations increased by 8.0% to RM374.9 million.

Adjusting for the impact of the Sales and Services Tax ("SST") regime, which came into effect on 1 September 2018, the Group's organic revenue for FY19 grew by 10.2%. Net profit increased organically by 6.8% after excluding a non-recurring insurance compensation from its associate company Lion Brewery (Ceylon) PLC ("LBCP") in last year's results.

In Malaysia, organic revenue increased by 10.8% after adjustment for SST impact as compared to the reported growth of 15.9% to RM1.64 billion for FY19 versus FY18. Profit from operations rose 8.0% to RM274.3 million year-on-year. Carlsberg Singapore Pte. Ltd (CSPL) saw higher revenue growth of 8.6% to RM618.1 million and improved profit from operations by 8.3% to RM100.5 million.

The Group registered a lower share of profits from LBCP by 22.3% to RM16.3 million in FY19 despite better performance due to the mentioned insurance compensation received in Q1FY18 and non-cash impairment losses of RM 3.0 million on its Miller Brewery Limited brands in Q4FY19.

Earnings per share was 95.18 sen, up 5.0% compared with 90.65 sen year-on-year.

For the quarter ended 31 December 2019 (Q4FY19), the Group sustained its growth momentum with the 8th consecutive corresponding quarter-on-quarter growth in top and bottom-line.

Revenue of the Group for Q4FY19 improved by 9.2% to RM573.9 million while profit from operations increased by 10.5% driven by premiumisation and higher trade loading in December 2019 as a result of the earlier timing of CNY festive sales this year. Net profit increased by 2.3% to RM 69.0 million due to lower share of profits from LBCP.

The Malaysia operations grew revenue by 7.2% to RM405.5 million whilst profit from operations improved by 13.0% to RM62.2 million for Q4FY19 versus Q4FY18. Revenue of the Singapore operations grew by 14.1% to RM168.4 million, whilst profit from operations increased by 5.8% to RM30.7 million for Q4FY19 as compared to Q4FY18.

The Group has declared a FOURTH quarter single tier interim dividend of 17.0 sen per ordinary share. In addition to the FOURTH quarter single tier interim dividends, the Group has also proposed a FINAL single tier dividend of 23.6 sen per ordinary share plus a SPECIAL single tier dividend of 4.8 sen per ordinary share. The proposed FINAL and SPECIAL dividends are subject to the shareholders' approval at the forthcoming 50th Annual General Meeting.

Together with the interim single tier dividends declared for the first nine months of FY19 amounting to 54.6 sen, the total declared and proposed dividends for FY19 is 100.0 sen per ordinary share. This is equivalent to a 105.1% payment of the Group's FY19 net profit.

This is in line with the Group's dividend policy to declare interim dividends on quarterly basis, where the target payout is at least 75% of the Group's quarterly net profit with the remaining dividend declared in the last quarter.

Managing Director Stefano Clini commented: "We are proud to sustain top- and bottom-line growth every quarter in 2019 thus continuing to deliver sustainable shareholder value. The rigorous implementation of our SAIL'22 corporate strategy delivered strong results behind premiumisation in both Malaysia and Singapore".

"Q1FY20 sales will be impacted by the trade loading in December last year in view of the timing of CNY this year. We have a cautious view on 2020's outlook in response to the lower gross domestic product (GDP) growth forecast for Malaysia and Singapore to 4.5% and 0.9% respectively; another important variable will be the impact of COVID-19 on the macroeconomy and consumer sentiment, which is difficult to fully anticipate at this moment," said Clini.

Clini added: "I'm pleased to mention that the Board has approved the continuation of our dividend policy targeting a 100% payout of the Group's consolidated net profit, subject to business prospects, capital requirements, expansion strategy and other factors that the Board considers relevant."

The Group has strengthened its business in Malaysia and Singapore considerably through innovations around Carlsberg Danish Pilsner and Carlsberg Smooth Draught as well as premiumisation initiatives on Somersby cider and Kronenbourg 1664 Blanc. "We will continue to execute our SAIL'22 priorities and intensify our Fund the Journey cost optimisation initiatives to deliver efficiencies and reinvest in our brands," Clini concluded.

Contacts

Investor Relations:	Lim Chee Keat	+603-55226 422	cheekeat.lim@carlsberg.asia
Media Relations:	Pearl Lai	+603-55226 408	pearl.lai@carlsberg.asia