

FOR IMMEDIATE RELEASE

Press Statement 19/2021

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IHFY21 Net Profit up despite Flat Revenue due to Operational Suspension

SHAH ALAM, 20 August 2021 – Carlsberg Brewery Malaysia Berhad (the Group) posted a flat revenue (+0.5%) of RM881.2 million while net profit grew 23.9% to RM103.6 million for the first half ended 30 June 2021 (IHFY21) compared to the same period last year, reflecting different lockdown operating environments.

For the quarter ended 30 June 2021 (Q2FY21), the Group's net profit increased by 248.8% to RM37.1 million on the back of revenue growth of 21.6% to RM349.2 million versus the same quarter last year when the Group's operations were more acutely impacted by nationwide COVID-19 lockdowns in Malaysia and Singapore.

Revenue for Malaysia's operations for the half year fell 8.2% to RM600.2 million whilst profit from operations increased by 16.1% to RM100.1 million in IHFY21 versus the same period last year. Reported revenue for Q2FY21 improved by 17.1% to RM243.6 million whilst profit from operations was up 217.9% to RM38.0 million against the same quarter last year.

In Malaysia, the easing of restrictions in February 2021 during the Movement Control Order (MCO) 2.0 allowing dine-in F&B operations coupled with new product and packaging launches helped deliver growth for Q2FY21. However, the re-imposition of MCO 3.0 on 12 May 2021 suspending dine-in and the subsequent Full MCO (FMCO) on 1 June 2021 which resulted in the full suspension of brewery operations took a toll on revenue for the quarter, which was partially mitigated by the Group's cost controls. Profitability for Q2FY21 was enhanced by the continuous improvement in cost control and the absence of the one-off RM6.4 million bill-of-demand settlement paid last year to the Royal Malaysian Customs of Selangor.

The Group's Singapore operations saw a revenue growth of 25.6% to RM281.0 million whilst profit from operations increased by 50.9% to RM29.1 million for IHFY21 versus the same period last year. For Q2FY21, revenue rose by 33.3% to RM105.6 million whilst profit from operations increased by 433.1% to RM8.1 million against the same quarter last year due to higher off-trade and e-commerce sales as Singapore's lockdown duration and restrictions were less severe than last year, offsetting higher operating expenses to drive growth.

The Group's associated company Lion Brewery (Ceylon) PLC registered a higher share of profit of RM2.7 million in Q2FY21 compared to RM0.5 million in the previous year's corresponding quarter with a strong recovery in sales for this quarter which unfortunately also decelerated after COVID-19 curbs were re-imposed in May.



The Group's earnings per share for Q2FY21 was 12.15 sen and 33.88 sen for 1HFY21, an increase of 248.8% and 23.9% respectively.

Following the recent announcements to allow manufacturing sector companies with fully vaccinated employees to resume operation, the Group has re-commenced its Malaysia operations on 16 August. Nevertheless, the extended brewery suspension from 2 June until then, and the still ongoing dine-in restrictions in the on-trade sector, has and will continue to adversely impact the Group's revenue and profitability until more of the economy is open. Accordingly, the Board remains focused on preserving cash and liquidity in the near to medium term. Notwithstanding, as a result of a relatively reasonable performance for the second quarter and first half of 2021, the Board has decided to declare an interim dividend for the half year of 10 sen per share.

Managing Director Stefano Clini said, "The FMCO in June was the second time our brewery operations were suspended since national lockdowns began in March 2020. Last year, we faced a seven-week disruption and this time our operations were suspended for eleven weeks. This is unprecedented in the history of the Group with severe impacts to our business where the full effects were only partially evident in Q2FY21 as the suspension was imposed from the last month of the quarter."

"The prolonged suspension in Malaysia has constituted a major impediment to the ability of the Group to carry on its normal business operations since June, including not being able to adequately satisfy domestic market demand, maintain its regular supply to the Singapore market, as well as meet export demand from regional and other foreign markets. The Board and Management are however pleased to announce that with over 80% employees fully vaccinated, our production and logistics department have resumed work on 16 August 2021, and our operations are allowed to operate at 100% capacity in Phases 1 and 2 following the latest announcement on 15 August 2021 on the leeway permitted to the manufacturing sector with a highly vaccinated workforce," Clini explained.

"In our shared fight against the pandemic, the Group has already implemented all required SOPs and firmly believes it can conduct its business and operations in a safe and conducive manner. We continue to lead with care by prioritising the health and lives of our people with zero COVID-19 infection clusters at the workplace since the pandemic began. We are supportive of the government call for biweekly RTK antigen swab test, which is a self-imposed control measure we've started and sponsored to all employees nationwide including third-party contractors since January this year," Clini added.

The Group expresses concerns that the lockdown in Malaysia has led to the proliferation of the illicit beer trade which will result in further tax losses and serious public health risks, as well as severe impacts to its export revenue, associated taxes, and its position as an international investor if the Group's regional customers permanently switch to alternative sources from other countries.

Carlsberg Malaysia is also hopeful that the Government will not impose further increases on excise duties in the upcoming 2022 Budget to be tabled in October to lessen the burden of recovery on F&B businesses and retailers which rely on beer as an important source of income.



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About Carlsberg Malaysia

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 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.