



HEINEKEN MALAYSIA BERHAD

61st ANNUAL GENERAL MEETING

7 May 2025

QUESTIONS RAISED BY MINORITY SHAREHOLDERS WATCH GROUP

OPERATIONAL & FINANCIAL MATTERS

1. HEINEKEN achieved a 6% increase in revenue to RM2.80 billion in FY2024 while net profit rose 21% to RM467 million. This growth was driven by strategic commercial initiatives, including targeted marketing campaigns and the successful launch of innovation products that resonated well with consumers. (page 23 of Annual Report (AR) 2024).
 - (a) What portion of the 6% revenue growth in FY2024 resulted from price increases versus volume growth? Did the newly launched products contribute more to volume expansion or premium pricing?

HMB's response

- The 6% revenue growth in FY2024 is attributable to a combination of both volume and price growth. Unfortunately, we are unable to disclose the specific breakdown of the growth. The growth was driven by strategic commercial initiatives, including a premiumization strategy that enhanced the value proposition of our products.
 - Our strategic efforts aimed to drive topline growth through effective communication and execution. This included targeted marketing campaigns and the successful launch of innovation products that resonated well with consumers. These new products contributed not only to volume growth but also supported premium pricing, reflecting the Group's ability to meet consumer demand and capitalize on opportunities for innovation.
 - Additionally, the revenue growth was supported by a longer festive selling period in 2024 and strong year-end sales ahead of early Chinese New Year preparations in 2025.
- (b) Which specific brands (e.g. Heineken, Tiger, Edelweiss) recorded the strongest growth over the past three years? What factors drove their success?

HMB's response

- Heineken brand has shown strongest growth, consistently growing Y-o-Y over the past 3 years, driven by our focus on premiumization and supported by strategic marketing campaigns, including campaigns like "Celebrate Boring" which encouraged consumers to disconnect from their screens and engage in real-life interactions.
- Tiger portfolio also grew in 2024 driven by the Tiger Beer original which demonstrated strong performance in Chinese New Year, supported by our innovation product, Tiger Soju, driving brand power performance and traction with younger consumers.

OPERATIONAL & FINANCIAL MATTERS

- (c) What percentage of future R&D or marketing budgets will be allocated to premium versus non-premium brands?

HMB's response

- We are unable to disclose our marketing budgets as they are commercially sensitive.
- We will continue to invest in our core brands as well as innovation as part of our marketing strategy to ensure we remain relevant with consumers across our brands and products whilst enhancing commercial execution and route to market effectiveness.

2. One of HEINEKEN's EverGreen priorities is to deliver superior growth. The Group will drive premiumisation, extending beer into non-alcoholic, flavoured and less bitter variants and moving beyond beer, for example with ciders and hard seltzers.

- (a) What is the Group's medium-term revenue growth target for premium products? And how does this align with its broader EverGreen priority of driving superior growth?

HMB's response

- HEINEKEN Malaysia's premiumisation strategy is an integral part of our broader EverGreen strategy, aimed at delivering superior growth. Our innovations products such as Tiger Soju Flavoured Lager, Edelweiss Peach, and Guinness Draught in a Can demonstrate our commitment to enhancing the value proposition of our brands and capturing evolving consumer preferences.
- We continue to invest strategically in our core brands focusing on impactful marketing campaigns and digital transformation initiatives, including platforms like eazle, which deepen consumer engagement and drive long-term growth.
- Our commitment to talent development is also evident through our Star Academy program, which offers bartenders a platform to refine their skills and expand their product knowledge. This initiative aims to improve the service standards of the local hospitality industry and strengthen our brand experience.
- The performance in FY2024 reflects the success of this approach, supported by a recovery in consumer confidence, effective commercial execution, and disciplined cost management. Looking ahead, we remain focused on sustaining growth momentum by sharpening our commercial execution, innovating our portfolio, and staying agile in a dynamic market environment.

OPERATIONAL & FINANCIAL MATTERS

- (b) How does HEINEKEN plan to differentiate its premium non-alcoholic, flavoured, and less bitter beer variants in markets where similar products already exist – or is differentiation not a key priority?

HMB's response

We will continue to invest behind building meaningful and differentiated propositions across our portfolio, including non-alcoholic, flavoured and less bitter variants.

- ✓ We have pioneered non-alcoholic with Heineken 0.0 in Malaysia since launch in 2019, providing consumers a great tasting beverage when they choose not to drink alcohol, aligning with the growing trend of moderate alcohol consumption and a balanced lifestyle.
- ✓ In 2024, we launched Tiger Soju – a soju flavoured beer, and Edelweiss Peach a popular choice with consumers looking for a sweeter and flavourful proposition. Both innovations have been seen to be unique, driving the mother brand's to be seen as different.
- ✓ Our Tiger Crystal taste profile, refreshingly light is well accepted in food occasions which we will continue to invest.

SUSTAINABILITY MATTERS

3. Since FY2022, the Group has tracked fuel consumption of company-owned vehicles, including petrol and diesel. Compared to FY2023, fuel consumption decreased by 28%. (Page 67 of AR 2024).

- (a) What were the reasons for significantly lower fuel consumption despite higher sales in FY2024? Did the company adopt hybrids or electric vehicles during this period?

HMB's response

The significant reduction in fuel consumption, despite higher sales in FY2024 was attributed to the following key factors:

- We have transitioned to newer vehicles. In FY2024, 71% of our sales vehicles were upgraded to newer models. These newer vehicles are more fuel-efficient, leading to reduction in overall fuel consumption.
- The safety of our people remains our top priority. We have revised the permissible driving time for sales personnel, reducing time spent on the road. This policy enhances sales personnel well-being and supports our broader goal of operational efficiency.

We will evaluate the feasibility of transitioning to hybrids or electric vehicles in the future.

SUSTAINABILITY MATTERS

4. The 3,500 mono-perc solar panels installed on the Sungei Way Brewery roof, with a total capacity of 2,600 MWh further reduced 736 tCO₂e from the period of July 2024 till December 2024. The mono-perc solar panels are fully operational since July 2024 which accounts for 7% of the total electricity consumption of the brewery. (Page 69 of AR 2024)

(a) What was the total cost of the installation, and what is the projected payback period?

HMB's response

- The solar panels were installed under a solar power production agreement with a third-party vendor, to accelerate our journey to net zero carbon emission. Under the agreement, the vendor is responsible to build and maintain the panels for a period of 10 years.
- We anticipate some savings from this initiative. We will be able to ascertain the full impact upon completion of a 12-month period.

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