



## HEINEKEN MALAYSIA BERHAD

### 59<sup>th</sup> ANNUAL GENERAL MEETING

12 May 2023

#### PRE-MEETING QUESTIONS FROM SHAREHOLDERS

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##### BUSINESS PERFORMANCE

1. What is your best estimate for CAGR in terms of net profit for the next 2 years?

What are the challenges HEIM sees in 2023 and the following years with regards to its operations and profitability? Does HEIM see dividends to shareholders increasing in 2023 and 2024?

*LH Wong / B. Lopez*

- Thank you for your question. We do not provide forecast on profit growth.
- First and foremost, we are a growth Company and this can be seen from our track records all these years.
- In 2022, following re-opening of the economy, we saw strong growth recovery of our business that surpassed 2019 pre-pandemic level.
- For 2023, few things:
  - Shorter CNY sell in period by 1 week.
  - Started with a higher base of 2022
  - Volatility and uncertainties in the macro-economics – recessionary pressures, inflationary pressure, currency fluctuations all are expected to impact consumer sentiments and purchasing power.
- We will continue to focus on delivering our EverGreen Strategy, investing behind our brands, drive cost efficiency and strengthening capabilities to future-proof our business.
- With regard to dividend, our target dividend payout is between 90% - 95% of net profit. The Group remains committed in distributing dividends to shareholders from earnings in excess of our business requirements to optimise shareholders returns. In deciding any dividend payment, the Board will take into consideration the overall financial performance including the operating cash flow, cash flow positions and the future expansion plans of the Group. For FY2022, the Group has declared a total dividend of 138 sen per stock unit (40 sen interim dividend, 98 sen final dividend) which is equivalent to about 101% of the Group net profit.

2. Which are the brands and products that have generated the most sales and growth for the Group in 2022?

*CM Teo*

- We are unable to share the sales performance by brand and products as this is commercially sensitive.
- I am sure you agree we do have very strong brand portfolio of Heineken, Tiger and Guinness that are now supported by pipelines of innovations such as Edelweiss, Tiger Crystal and Guinness Draught in Can.
- We will continue to invest behind our brands to grow our business and drive performance going forward.

**3. Kindly provide some insights into the alcohol free brew segment – performance and outlook.**

*CM Teo*

- Alcohol free beer is one of the fastest growing categories in most developed economies, so we have to keep abreast with the trend.
- As a responsible brewer, we believe we must give consumers the choice.
- This is a new category in Malaysia but we are pleased that we are the first to launch it.

**4. Understand the Company is unable to provide exact numbers for on-trade and off-trade, however can the Company provide some input on the off-trade and on-trade performance to date compared to pre-Covid?**

*CM Teo*

- During the Covid-19 pandemic, we see tremendous growth for the off-trade channels, especially the minimarts.
- Post Covid-19, we see an accelerated growth mainly in the on-trade channels.
- We are pleased that we are well positioned in both on-trade as well as off-trade to capitalize on the growth as we have a strong portfolio and strong route to market grip.

**5. After almost 1 year of introducing Heineken Blade, can the Company provide an update on the performance and its contribution relative to all the products of the Group i.e. how big of a contribution to revenue.**

*CM Teo*

- We are unable to share the sales / revenue performance by products as this is commercially sensitive.
- Heineken Blade has a few roles to play, one is to accelerate our distributions where draft beer cannot go and second, Blade is to increase visibility and talkability.
- We are therefore pleased with the progress and we hope you are one of those that have ordered Blade for your home parties – try it, its super cool!

**6. How would you project your market share for the next two years as compared with the competitor? Is your market share higher than your competitor, if yes, what is the percentage?**

*LH Wong*

- With our strong portfolio of beer and stout brands, we believe we are ahead in both market and profit share. This information is commercially sensitive and not available publicly but from the financial reports published by the industry players, you should be able to draw some conclusions.

## **E-COMMERCE**

**7. Can the Company provide an update on Star Bar. Is it considered as revenue generating or marketing activation?**

*CM Teo*

- Star Bar is a new feature embedded in our Drinkies Mobile App. It was launched in April 2022 to entice consumers with promotions in more than 250 connected bars.
- We have seen outstanding uptake in the market with close to 1 million glasses of our beer redeemed by over 50,000 consumers in year 2022 alone.
- Given the encouraging feedback, we will expand this service to cover more outlets with the objective to reach more consumers in 2023.
- In 2022, Drinkies net revenue increased by a high double digit versus 2021. Such growth was mainly attributed to the launch of Star Bar.

## FINANCIAL

8. **In Q4 analyst briefing, it was indicated that raw material cost has come down slightly from the peak but still higher than pre-Covid. Has the cost reduced further to date?** *CM Teo*
- We see rising in raw material, packaging and logistic costs as result of shortages and supply issues throughout the globe. The input costs have risen in line with the input costs increase that are faced by many companies over the world.
  - However, the Group is mitigating the impact through cost savings initiatives and other measures including more flexible supplier base, supply chain efficiency, etc. The Group is also benefiting from hedging and leveraging HEINEKEN Global procurement.

## BREWERY TOUR

9. **Any plant visit for shareholders? If yes, please inform via email / whatsapp. Please accommodate all shareholders who are interested to visit the plant and not limited to selected shareholders only.** *CM Teo / YM Loo*
- Thank you for your interest. Due to our on-going brewery upgrading projects, we have suspended our brewery tour for external visitors until further notice.
  - We will put up a notice on our website when the brewery is ready for external visitors in the near future.

## ANNUAL REPORT

10. **I looked at the photos of your annual report and noticed only certain level of staff are featured. Not a single photo to show ordinary HEIM staff like factory workers and other ordinary office staff at work. They too are an important segment of HEIM's operations and should be recognised. Look at United Plantations (UP) report where there are photos of ordinary workers of the company's in the annual report. UP is a model employer and HEIM should emulate this company.** *B. Lopez*
- At HEINEKEN Malaysia, we value every employee within the organisation. We embrace diversity and collectively foster an inclusive environment and creating equal opportunities in the working environment, driven by our inclusion and diversity strategy.
  - We featured our employees from all gender, race and functions including workers from supply chain, sales and other support functions. You may refer to pages 18, 23 and 78 of our Annual Report 2022.
11. **There is no signature imprinted on Page 169 - Statement by Directors and Statutory Declaration on the Financial Statements but there is signature on pages 173 and 175 (Statement of Confirmation from LimnoTech and Statement of External Assurance by Rapid Genesis).** *YM Loo*
- We take note of your observation. It is not a requirement to include the signature of the signatories on a public document.
  - We excluded the signatures mainly to protect the signatories against identity theft or forgery which is a serious concern in today's world.
  - The audited financial statements are available for inspection at our office in Sungei Way Brewery. You may contact our Company Secretary should you wish to sight the document.
  - We will ensure consistency in our future reporting.

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