1HFY18 Financial Results
Media & Analyst Briefing

Tuesday, 28 August 2018

1HFY2018

2018 Began with a Positive Outlook

World Bank upgrades global growth forecasts

WASHINGTON: For the first time in many years, the World Bank's outlook for the global economy is better than expected rather than worse, with all regions seeing improved growth, according to its latest forecast released Tuesday.

However, the bank warns that countries must make investments to improve their growth prospects, and the time to do that is before the next economic crisis hits, as it inevitably will.

"The big story is a good story. Global growth stronger than what we expected," World Bank economist Ayhan Kose told AFP, noting that all the forecasts are better than those in the June edition of the Global Economic Prospects report.

Kose, who heads the World Bank's Development Prospects Group -- which twice a year prepares the global economic forecasts -- notes that the world is seeing "highly synchronised" economic expansion across regions.

That includes solid growth in the "big three" advanced economies -- the United States, the eurozone and Japan -- and improvements in the important emerging market economies.

In addition, large commodity exporting economies like Russia and Brazil -- that were struggling and saw their economies contract in 2016 -- recovered last year.

Since the last forecast in June, the World Bank has upgraded nearly all of its forecasts, with global economic growth now expected to rise to 3.0 per cent for 2017, three-tenths of a point higher than the prior estimate.

Growth is expected to hit 3.1 per cent this year, and 3.0 per cent in 2019.

The biggest gains are in advanced economies, which were revised up four-tenths for 2017 and 2018, to 2.3 per cent and 2.2 per cent, respectively.

But for 2019 and 2020, those economies are seen slowing to 1.9 per cent and 1.7 per cent, the report said.

Euro area growth was revised up 0.7 points to 2.4 per cent in 2017, and another 0.6 points to 2.1 per cent for 2018.

The United States saw a smaller upgrade to 2.3 per cent last year and 2.2 per cent this year, while Japan rebounded to 1.7 per cent in 2017 and an expected 1.3 per cent this year.

The report raised its forecast for China in 2017 by three-tenths to 6.8 per cent, and sees 6.4 per cent GDP expansion this year.

The efforts by central banks to keep interest rates low has helped stabilise the global economy and fuelled the recovery, Kose said in an interview.

However, "downside risks continue dominating the outlook," he cautioned.

He warned that "history will repeat itself," and like all recoveries, "this expansion will end at some point."

Risks include rising debt levels, which are more concerning given that central banks are beginning to raise interest rates and could do so more quickly if the recovery starts to ignite inflation, Kose said.

Another risk are the "escalating trade restrictions."

While Kose did not specifically name the United States, President Donald Trump has taken a very aggressive stance on trade policy.

The Republican has targeted China, hitting Beijing with numerous trade complaints, and sought to renegotiate free trade agreements, including the NAFTA pact with Canada and Mexico.

The World Bank said its report was "a clarion call for public action" to prevent growth from slowing.

Kose said increasing the ability of countries to grow faster is "the single most important issue for the global economy."

The World Bank recommends a combination of improvements in education and health systems; high-quality investment; and labour and business reforms that together "could yield substantial long-run growth dividends and thus contribute to poverty reduction."

Removing obstacles to getting women into the workforce is a key component for many countries, Kose said.

Potential growth was 2.5 per cent from 2013 to 2017, 0.6 percentage points below its average a decade ago, with an even steeper decline in emerging market and developing countries, the bank said.

That decline is expected to widen further without investment.

"To arrest and possibly reverse this decline in potential growth, emerging market and developing economies need to accelerate investment in both physical and human capital," the World Bank said.

"Today, the costs of neglecting these principles have gone sky-high." - AFP

Minister: Positive outlook seen for year

KUALA LUMPUR — The overall outlook for Malaysia in 2018 seems positive with its gross domestic product (GDP) growth expected to moderate at 5 to 5.5 per cent following a stellar economic recovery last year, said Second Finance Minister Datuk Seri Johari Abdul Ghani.

He said Malaysia's economic conditions should remain conducive to support a more robust macroeconomic performance despite fiscal deficit, which was set to be reduced to 2.8 per cent in 2018 from three in 2017.

"The GDP growth in 2018 shall continue to be driven by private consumption and investment, growth in exports and higher government spending in infrastructure projects — the East Coast Rail Link, High-Speed Rail, Mass Rapid Transit line two (MRT2) and Light Rail Transit line three (LRT3)," he said in his keynote address at CIMB Group Holdings Bhd's 10th Annual Malaysia Corporate Day here yesterday.

Johari said while the overall outlook seemed positive, the government was mindful of external challenges globally.

He said the anticipated slowdown in China's economic growth and rising geopolitical tensions in the Middle East, North Asia, as well as the current US foreign policies were likely to present a risk to the global economy as a whole, which would directly have a bearing on Malaysia as an open economy.

Moving forward, to ensure that Malaysia's economy is more resilient against emerging mega-trends, he said, the country needs to seriously embrace digital economy as one of the new core pillars to support the existing economic pillars that it had successfully built over the years.

"It is an open secret now that Malaysia seeks to become a prominent player in this new economy. We are taking this stance not because all other nations are shifting their focus to new technology and the 4th industrial revolution, instead because we can see the merits in embracing the digital economy to further unleash our potential growth," he said.

"For example, in recent times, our digital economy has grown many-fold and its contribution to our GDP is approaching the 20 per cent target for 2020."

On digital currency, Johari applauded Bank Negara Malaysia's move to include digital currency exchanges within the ambit of anti-money laundering as a mean to manage the risk of digital currencies, as opposed to imposing a blanket ban on digital currencies trading.

"I find this move rather refreshing. It demonstrates our ability to strike the right balance in our regulations, between promoting innovation and managing the associated risk to our financial system," he said.

During a conversation session with CIMB Group chairman Datuk Seri Nazir Razak, the minister said the government would continue its pro-business policy, complete the public infrastructure projects, and promote the National Transformation 2050 aspiration, as a moderate government, in a continuous mandate after the upcoming 14th general election. — Bernama

EMERGING GREEN SHOOTS

GDP

Economy Regained Momentum

Growing Incomes

IN A CHALLENGING ENVIRONMENT

Inflationary Pressures

Rising Costs of Living

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Significant Shift in Political Landscape


Malaysia election: Opposition scores historic victory

3 hours ago

Share

Mr Mahathir said he hoped a swearing-in cere

Former Malaysian Prime Minister Mah
victory in the country's general electi


New House, full Cabinet

It has taken more than a month but Malaysia will finally get to see a full Cabinet on July 2 which will make its mark on diversity and women representation. A record number of new MPs will make their debut in Parliament next month. The august House held an orientation session for them. > **See reports on Pages 2 and 3**

HISTORIC GE-14

- Change of Government
- People-Friendly, Business-Friendly

KEY DECISIONS

- GST — Zerorisation Of GST
- 10% — Reintroduction of SST

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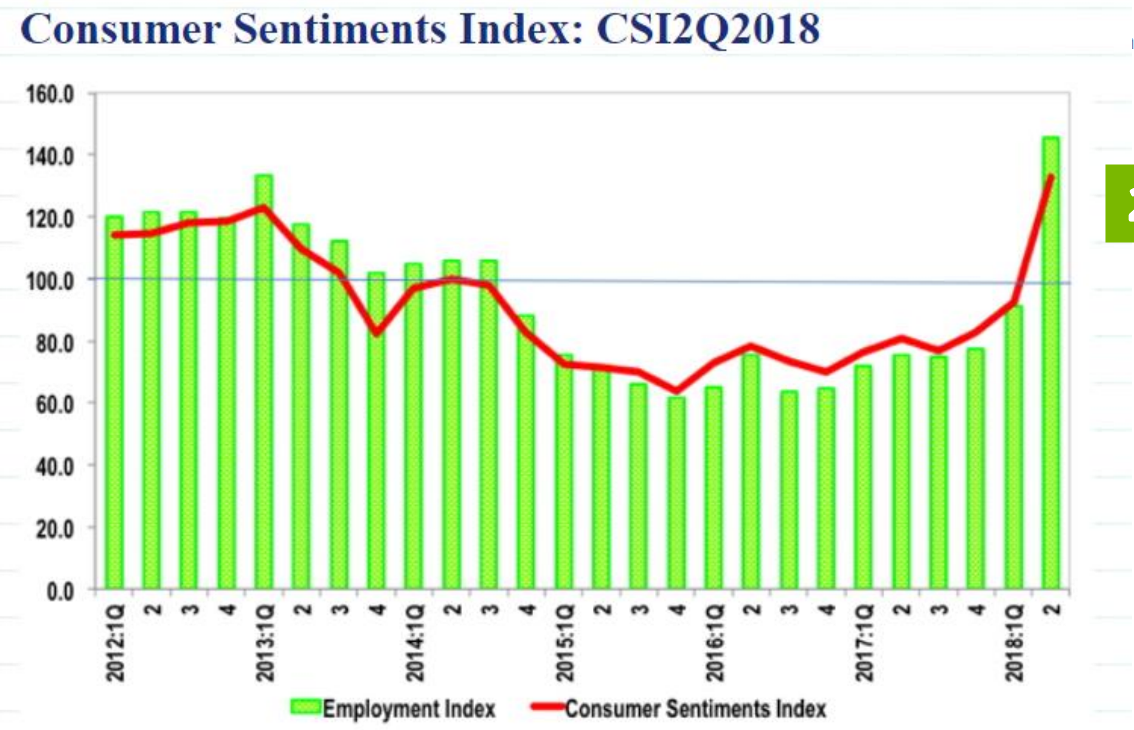
Surge in Consumer Sentiment

Consumer confidence in Q2 hits 21-year high: MIER

Posted on 19 July 2018 - 11:22pm
Wan Ilaika Mohd Zakaria
sunbiz@thesundaily.com

KUALA LUMPUR: Malaysian consumer confidence jumped to its highest level in 21 years in the second quarter of 2018 (Q2 2018), as households were upbeat about the labour market and their future incomes, according to Malaysian Institute of Economic Research (MIER).

The think-tank said its Consumer Sentiments Index (CSI) survey, which involved 1,020 households rebounded above the 100-point optimism threshold to soar to 132.9 points e highest level since Q2 1997.



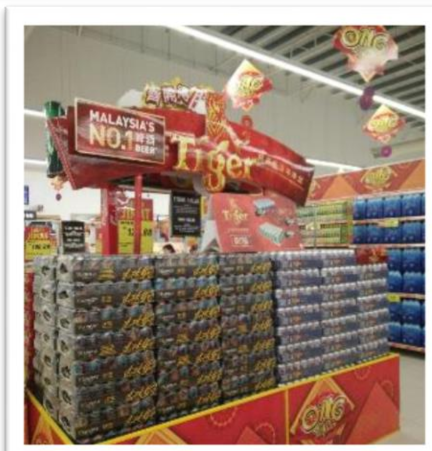
21-year High: 132.9 Points

Key Initiatives

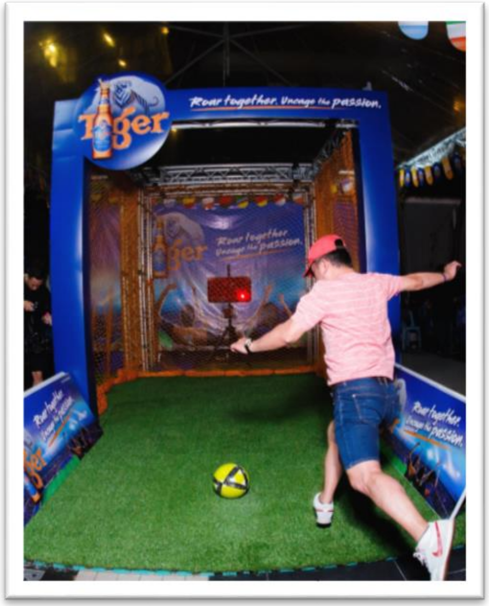
CNY: Overflowing with Prosperity & Togetherness

Extended Tiger's Position As Malaysia's No. 1 Beer

Grew Share In Off-Trade



Tiger: Roar Together, Uncage the Passion for Football



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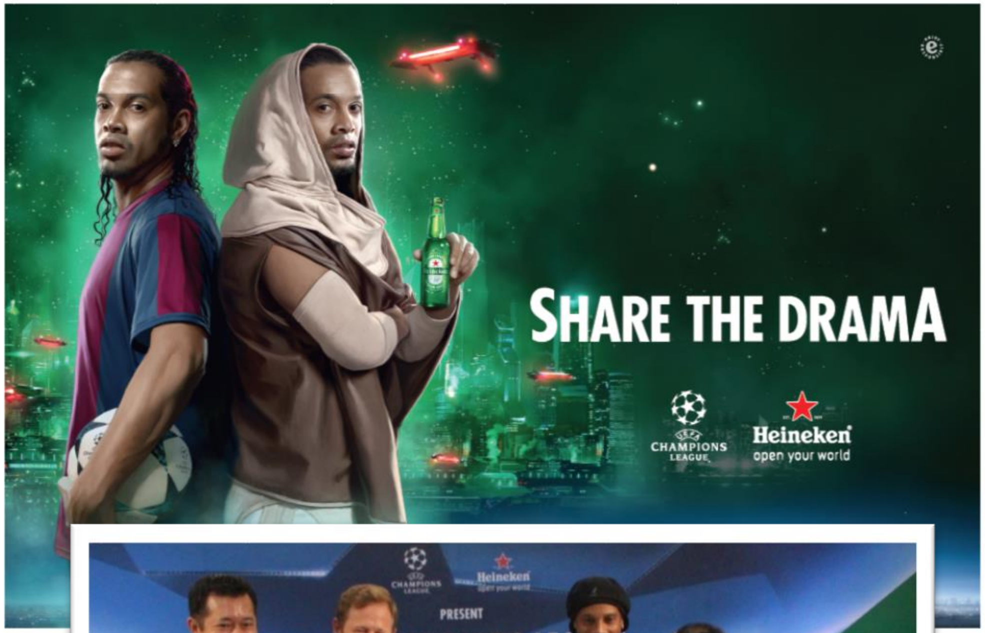
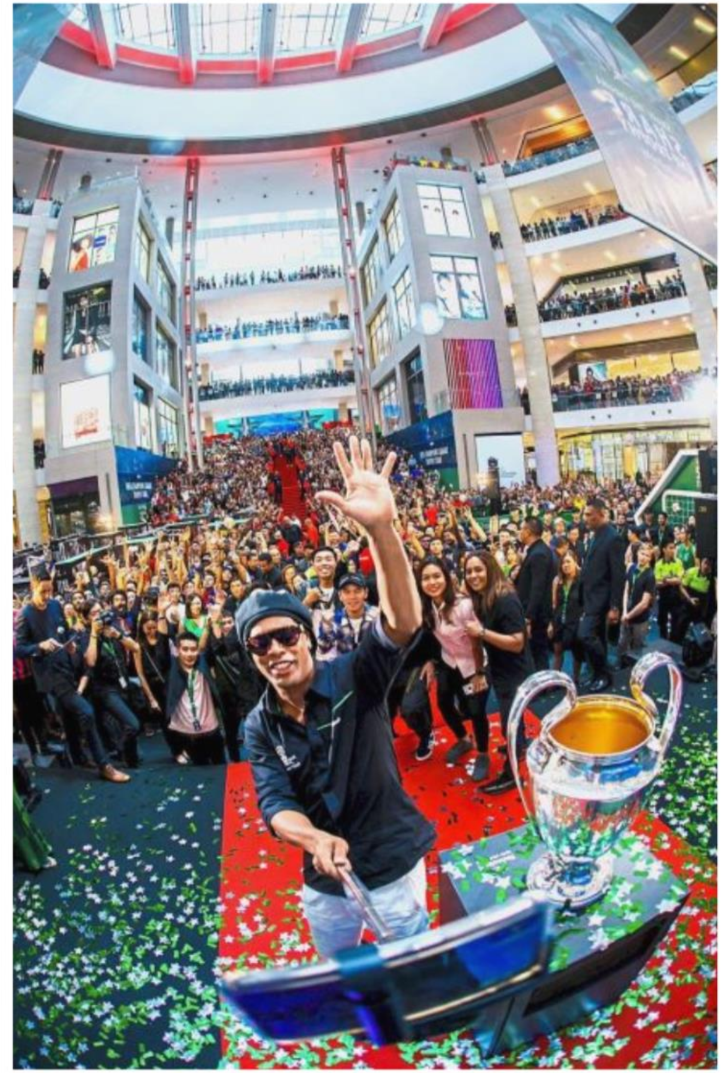
Heineken®: Share the Drama feat. Ronaldinho





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Guinness St. Patrick's 2018

Apple Fox: Find The Fox, #WhatTheFox

Financial Highlights

2Q & 1HFY18 Performance

FY18: 6 months ended 30 June 2018 compared to prior year same period

Revenue	Profit Before Tax
+ 8.4%	**- 5.4%**
from RM789 million	from RM145 million
to RM855 million	**to RM138 million**

Q2: 3 months ended 30 June 2018 compared to prior year same period

Revenue	Profit Before Tax
+ 6.4%	**- 9.2%**
from RM396 million	from RM81 million
to RM422 million	**to RM73 million**

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Proposed Dividend Pay Out

Interim Dividend declared for the six-month period ended 30 June FY18
(Payable in October 2018)

40 sen

Compared to Interim Dividend for the same period in FY17

40 sen

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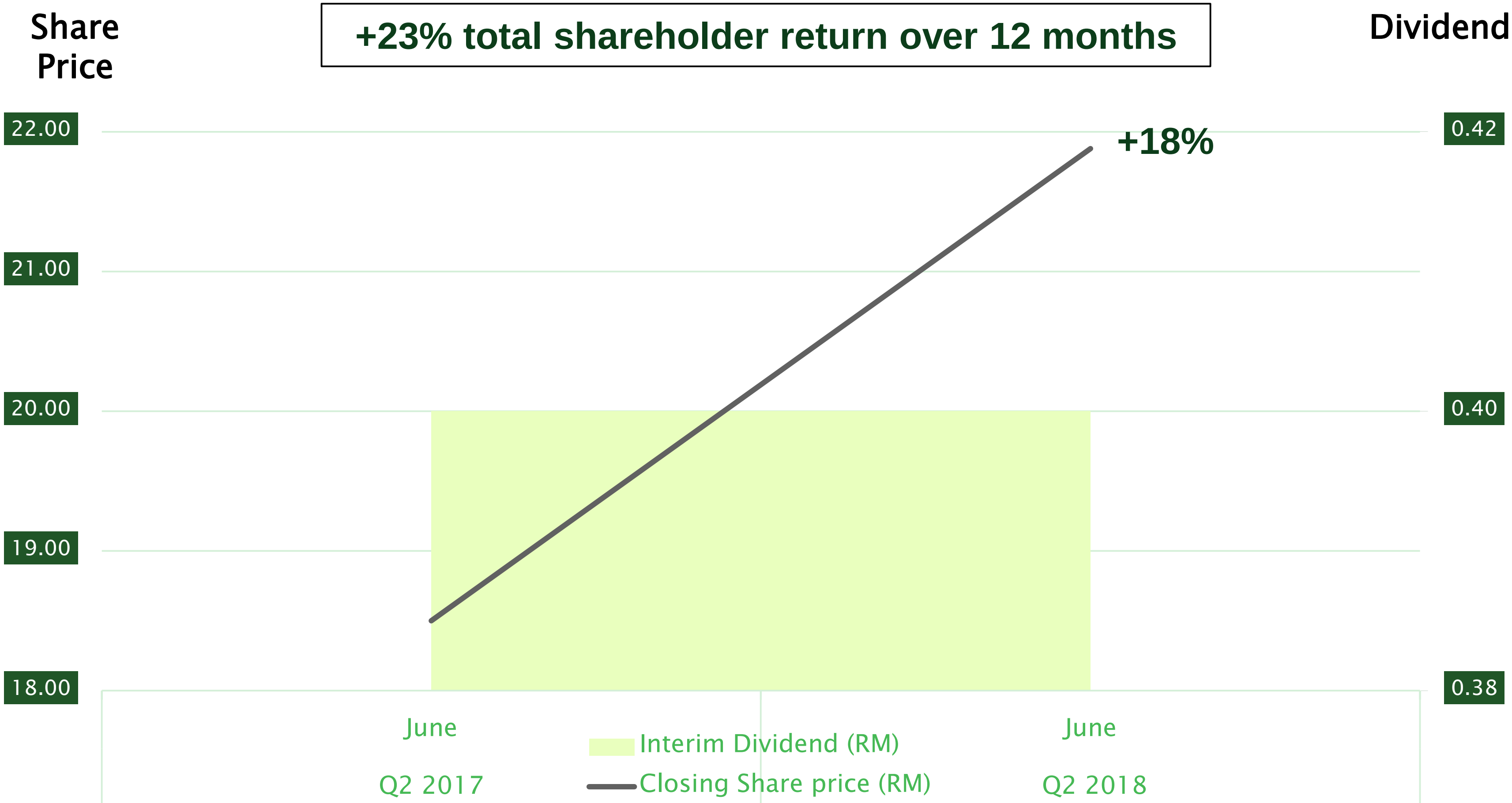
Growing Sustainable Shareholder Return



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Summary: 1HFY18

FINANCIALS

Revenue +8.4%	Profit Before Tax -5.4%	Interim Dividend 40 sen per stock unit

FACTORS

Volume Growth Driven By Consumer Sentiment	Strong Commercial Execution for Festive & Football Campaigns	Timing of Marketing & Promotional Costs

KEY POSITIVES

Q2 Consumer Sentiment at 21-year High	Zerorisation of GST

WATCHOUTS

SST Implementation	Intensifying Competition	Contraband

The Past 5 Years In Review

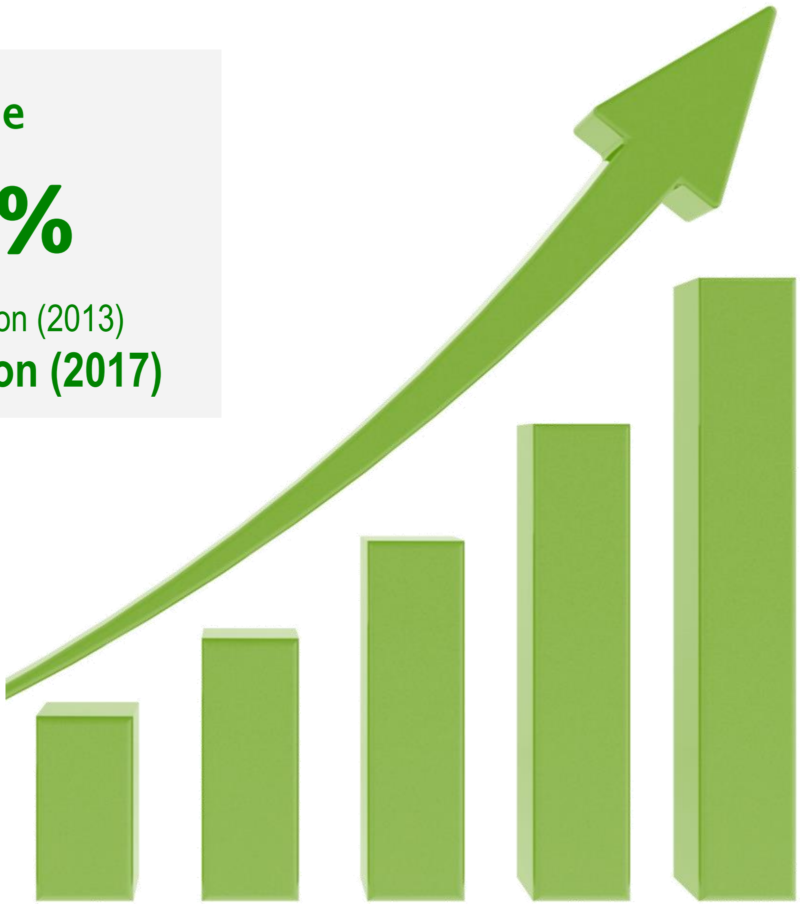
Revenue & Profit Growth (5 Years)

Revenue

+ 15%

from RM1.68 billion (2013)

to RM1.93 billion (2017)



Profit Before Tax

+ 24%

from RM292.7 million (2013)

to RM363.1 million (2017)

Innovation

2016: Strongbow Dark Fruit

2017: Anchor Smooth Draught

2017: Guinness Bright

2015: Tiger White

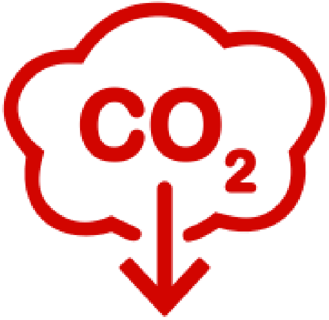
2017: Apple Fox Cider

2014: Smirnoff Ice

2013: Tiger Radler
2017: Tiger Radler 0.0%

2014: Kirin Ichiban

Sustainability Achievements



Water Consumption

- 16.2%

Since 2014

CO_2 Emissions

- 14.4%

Since 2014

ZERO

Waste to Landfill

Since 2017

BREWING A BETTER WORLD

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Our Vision for the Future

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HEINEKEN MALAYSIA VISION **2020**

TO BE THE **LEADING BREWER** OF **INSPIRATIONAL BRANDS**, ENJOYED **ANYTIME, ANYWHERE.**

Introducing the new Managing Director

Roland Bala

Managing Director, HEINEKEN Malaysia
(with effect from 1 September, 2018)

Experience within the HEINEKEN Group:

- Managing Director of Cambodia Brewery Ltd (CBL), HEINEKEN's operating company in Cambodia, from February 2012 to August 2018. In this role, he has led CBL to increase its market share by more than double. Thus, establishing CBL as the market leader in Cambodia.
- Appointed the General Manager for Danang in the central region of Vietnam from 2009 to February 2012.
- Joined Asia Pacific Brewery ("APB") as Special Assistant to the Regional Director from February 2008 until February 2009.

Previous Experience:

- Started his career with British Petroleum (BP) where he spent 16 years working in sales, logistics, operations and planning roles in retail, gas and lubes businesses. He was then appointed as the General Manager for BP Vietnam from 2003 to 2005 and subsequently as the Sales Director for the lubes business for Malaysia and Singapore from 2005 to 2007.

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