

1H FY19 Financial Results Media & Analyst Briefing

Tuesday, 20 August 2019

1HFY19

A Challenging External Environment

Cautious outlook for Malaysian economy despite stronger Q2 growth

EE ANN NEE / 18 AUG 2019 / 20:33 H.



Nor Shamsiah speaking at a press conference on Malaysia's second-quarter economic performance in Kuala Lumpur on Friday. - AMIRUL SYAFIQ MOHD DIN/THE SUN



KUALA LUMPUR: Malaysia's gross domestic product (GDP) growth in 2019, which may be lower by 0.1 percentage point (ppt) if there is a further escalation in the US-China trade war, will still be "manageable", said Socio-Economic Research Centre (SERC) executive director Lee Heng Guie.

UPDATE 1-Fitch raises Malaysia 2019 GDP growth forecast to 4.6% on solid H1

2 MIN READ



(Adds quotes from rating agency, background)

KUALA LUMPUR, Aug 19 (Reuters) - Fitch Ratings on Monday revised its 2019 growth forecast for Malaysia to 4.6%, from 4.2%, after the country reported stronger-than-expected growth in the first half.

7 minute read

Escalated China-US trade war add more risks to Malaysia's economy



The escalation of the US-China trade war could add more risks to the global economy, including Malaysia, due to supply chain factor, say analysts.

KUALA LUMPUR: The escalation of the US-China trade war could add more risks to the global economy, including Malaysia, due to supply chain factor, said analysts.

Abrupt decisions by the US president Donald Trump recently include imposing a 10 per cent tariff on a further US\$300 billion worth of imports from China. This means that all US\$550 billion of US imports from China are subjected to new taxes.

External Environment Observations

Stronger than expected GDP growth in 1H
China-US Trade War risky for export reliant economies

1HFY19

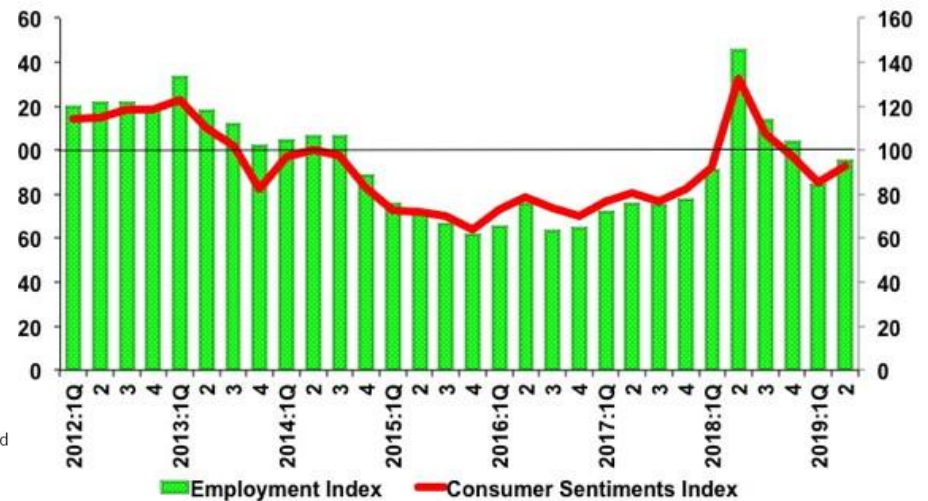
Improved consumer sentiment in Q2, albeit below optimal levels

Consumer sentiment improves

AMIR IMRAN HUSAIN SAFRI / 30 JUL 2019 / 20:16 H.



KUALA LUMPUR: Malaysian Institute of Economic Research (MIER) reported an improvement in its Consumer Sentiment Index (CSI) with 93 points for the second quarter of the year (2Q19) from 85.6 points recorded in the previous quarter.



Consumer Sentiments Index

Improvement in Q2 vs Q1
Consumer sentiment remains below optimism threshold
Weighed down by concerns over rising costs of living

Key Initiatives

Tiger: Uncaging Growth in Mainstream Category



TIGER: Malaysia's No. 1 Beer

Key Initiatives:

Tiger Festive Chinese New Year

Tiger ROAR Project

Tiger Street Football



Heineken®: World Class Experiences



HEINEKEN®: World's No. 1 International Premium Beer

Key Initiatives:

“Unmissable” UEFA Champions League Campaign

Heineken® Live Your Music Events



Guinness: Made of More

GUINNESS: No. 1 Stout in Malaysia and the World Over

Key Initiatives:

Guinness St Patrick's – largest Slainte in Malaysia

Guinness Perfect Pour Finale 2019



Apple Fox: Wayyy More Apples



APPLE FOX: New Zealand Inspired Cider

Key Initiatives:

Malaysia Book of Records for Art Installation

Celebrating more apples with each bottle containing the juice from more than one apple

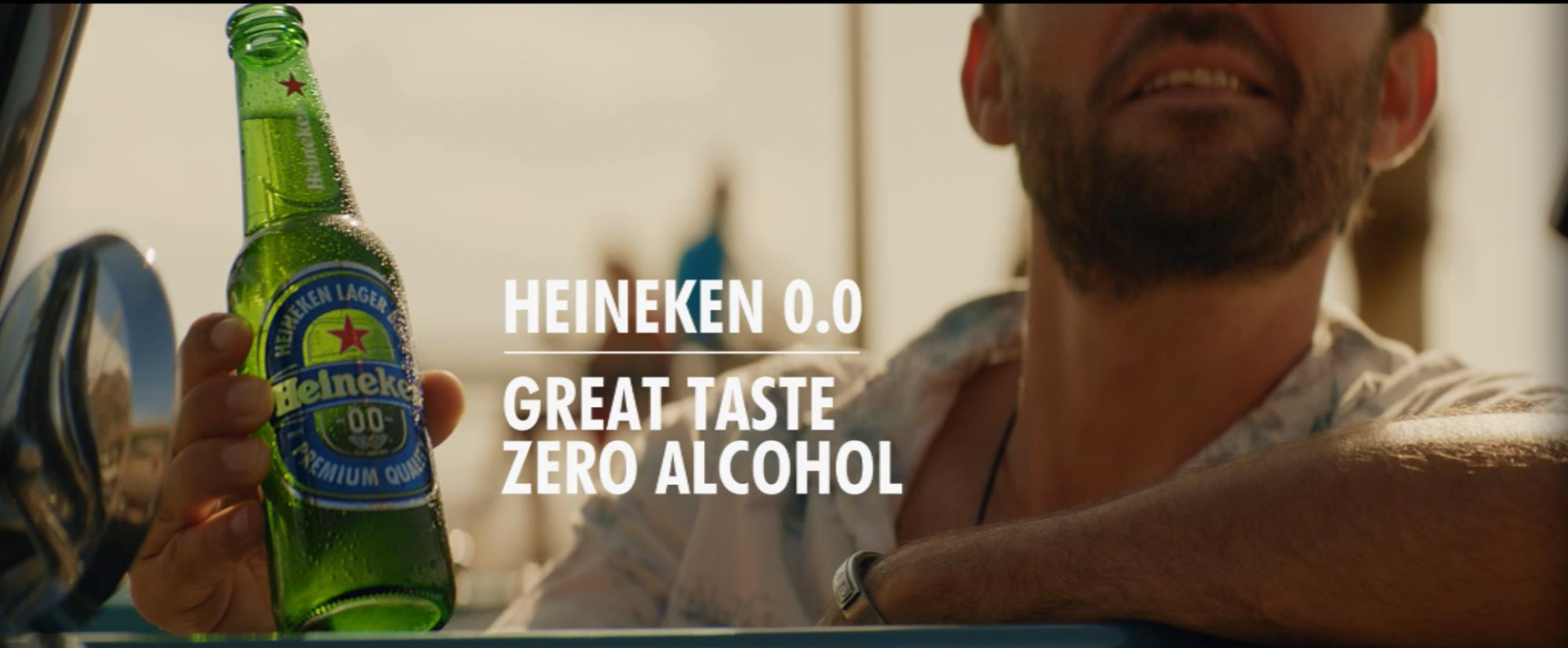
New Launches

Heineken® 0.0



HEINEKEN® 0.0: Great Taste, Zero Alcohol

For non-Muslims aged 21+

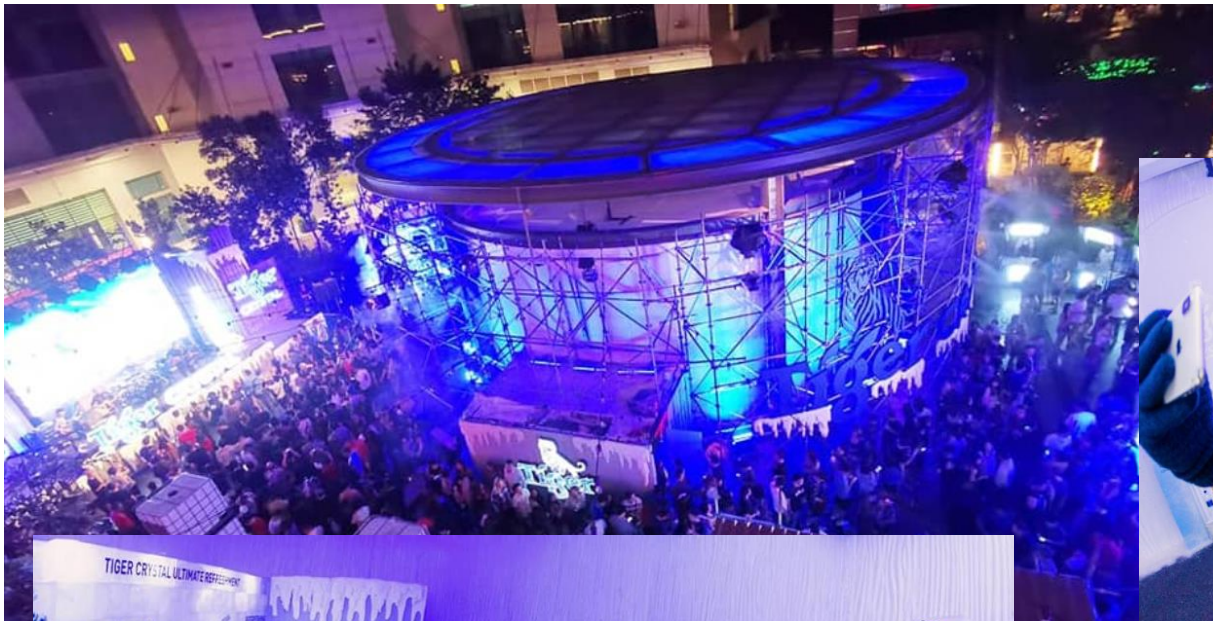


HEINEKEN 0.0

**GREAT TASTE
ZERO ALCOHOL**

New Launches

Tiger Crystal



Tiger Crystal: Ultimate Refreshment

Crystal Cold Filtered at -1°C
4.2% ABV
Less Bitter
Easy-to-drink



Financial Highlights

Q2 & Half Year 2019 Performance

Q2 2019 vs Q2 2018
(3 months ended 30 June 2019)

Revenue OG **+15%**

Revenue
+ 22%
from RM422 million
to RM513 million

Profit Before Tax
+ 16%
from RM73 million
to RM85 million

HY19 vs HY18
(6 months ended 30 June 2019)

Revenue OG **+14%**

Revenue
+ 21%
from RM855 million
to RM1.04 billion

Profit Before Tax
+ 13%
from RM138 million
to RM156 million

Proposed Dividend Pay Out



Single Tier Interim
Dividend declared
(Payable in October 2019)

42 sen

Compared to
Interim Dividend
for the same period
in FY18

40 sen



Summary: Bringing Things Together The Last 6 Months

FINANCIALS

Revenue
+21%

Profit Before Tax
+13%

Interim Dividend
42 sen per stock unit

DRIVERS

Strong Festive Period
Performance

Continued Growth
of Core Brands

Focus on Innovations
that have Scale

KEY POSITIVES

Consumer Sentiment
Improved in Q2

Strengthened Government
Commitment Against Illicit Alcohol

CHALLENGES

Intensified Competition

Rising Costs of Raw Materials
And Packaging

Illicit Alcohol

2HFY19 Outlook

- Business environment continues to be challenging – external & competitive factors
- Consumer sentiments impacted by rising cost of living
- Malaysia has 2nd highest excise on beer in the world, any increase will attract more illicit trade. We don't expect excise to increase further.
- We thank the Government for intensifying efforts to combat illicit trade





HEINEKEN