

1 HFY20 Financial Results

Media & Analyst Briefing

14 August 2020

NAVIGATING COVID-19 – A CRISIS OF UNPRECEDENTED SCALE



MOVEMENT CONTROL ORDER (18 March to 3 May 2020)

46 DAYS

Fully Suspended
Production & Business
Operations

Key Priorities

1. Focus on the health and safety of our people
2. Adapting the business to the new landscape
3. Prudent cost control to preserve cash

1H 2020 PERFORMANCE UPDATE

1QFY20 vs 1QFY19
(3 months ended 31 Mar 2020)

Revenue

- 1.8%
from RM525 million
to **RM516 million**

Profit Before Tax

+ 6%
from RM70 million
to **RM75 million**

Commentary

1QFY20:
Strong CNY Performance in Jan & Feb mitigated impact of MCO that started 18 March 2020

2QFY20 vs 2QFY19
(3 months ended 30 Jun 2020)

- 51%
from RM513 million
to **RM254 million**

- 128%
from RM85 million
to **(RM24 million)**

2QFY20:
Prolonged suspension of operations from 18 March to 3 May 2020

Q2 Net Loss –RM18 million

1HFY20 vs 1HFY19
(6 months ended 30 Jun 2020)

- 26%
from RM1.04 billion
to **RM770 million**

- 67%
from RM156 million
to **RM51 million**

1HFY20:
Gradual recovery of business seen in May & June, however modern on-trade channel still affected

1H Net Profit RM38 million

IMPACT OF COVID-19 ON THE INDUSTRY

Business Operations

- 46 Days of MCO with Zero Revenue

Distributors

- Cash Flow pressures due to affected collections from customers

Traditional On-Trade

- Mostly closed during MCO
- Gradual recovery as lockdowns eased

Modern On-Trade

- Mostly closed during MCO
- Focussed on delivery/takeaway
- Gradual recovery as lockdowns eased
- 20% of outlets, those with liquor license (pubs/entertainment) remain closed

Off-Trade

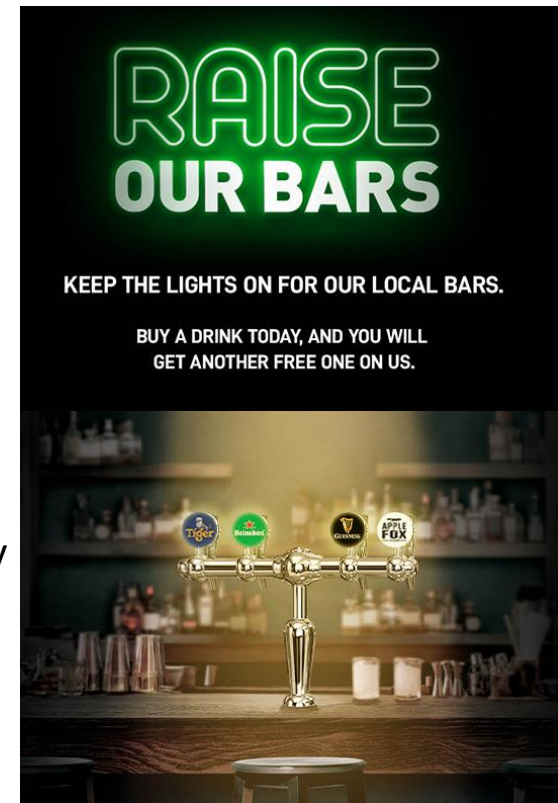
- Increase in demand, unable to distribute and replenish our products

E-Commerce

- Growth in demand for delivery to home

WHAT WE HAVE DONE

- Worked with distributors to provide access to adequate financing facilities
- Tiger Beer Save Our Street Food campaign – RM1.5 million fund
- Quart promo to drive traffics
- HEINEKEN Malaysia Raise Our Bars initiative – RM1 million fund
- Supported outlets in serving draught beer for delivery/takeaway
- 1 for 1 keg promo to drive traffic
- Working with trade association and government to re-open outlets
- Focus on stock replenishment – availability & visibility
- Focus on expanding direct distribution
- Drinkies.my available in 7 regions in Malaysia
- Launched an official store on Shopee



ON DIVIDEND

On Dividend

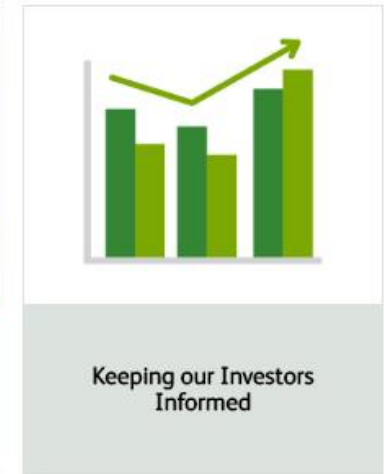
The Board of Directors does not recommend any dividend in respect of the quarter ended 30 June 2020.

In view of the current economic conditions, the Group has adopted a more prudent approach in respect of dividend payment and will re-evaluate the situation at the close of the financial year.

SUPPORTING OUR STAKEHOLDERS



We are HEINEKEN.
We are here with you.



OUTLOOK 2HFY20



Uncertainties

- COVID-19 Impact and Duration
- Global Economy
- Malaysian Economy & Consumer Sentiments
- Political Uncertainties

Key Priorities

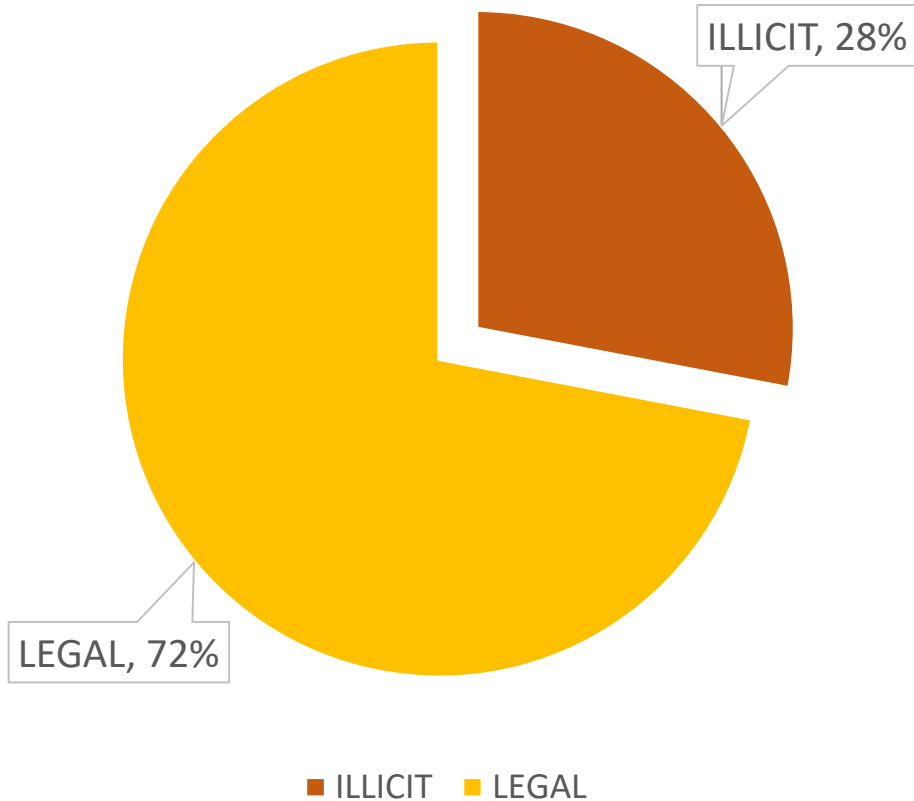
- Health & Safety of People
- Business Continuity & Adapting to New Landscape
- Prudent Cost Control to Preserve Cash

Key Positives

- Strong Portfolio of Brands - Beers & Stouts
- Strong Asian & Local Brands
- Strong Route to Market – Traditional & Digital
- Strong and Agile Team
- Renewal of Agreement to brew, market and distribute Diageo brands

ONGOING INDUSTRY ISSUES

BEER MARKET IN MALAYSIA



Illicit Trade

- Estimated 28% of beer market in Malaysia is illicit
- Estimated RM1.2 billion in taxes not paid every year due to illicit trade
- Sale of illicit beer on online and social media channels observed to be growing
- Industry continues to support Government in its efforts to address this issue - capability building & Awareness.
- We urge the Government to continue improving Enforcement through Multi Agency Task Force

ONGOING INDUSTRY ISSUES

Drink Driving

- Less than 1% of Road Fatalities are due to drunk driving – WHO 2018 report & Malaysia Govt Stat 19/3/2020
- Recent attention on the issue of drink driving leads to proposed new retail restrictions
- HEINEKEN Malaysia reaffirms its commitment to Advocating Responsible Consumption.
- Annually, the Heineken® brand spends 10% of its media budget on promoting responsible consumption
- Through the Heineken® brand's Global F1 partnership, we send a clear message to all consumers: “WHEN YOU DRIVE, NEVER DRINK.”

DRINK SENSIBLY
2010 – 2019



Over
15.7 million
engagements
(online & offline)



Engaged close to
700,000
consumers



Offered over
21,000
GRAB codes to
revellers



Partnered with
60 outlets
to educate consumers



NICO ROSBERG – Father & Son Video

Q&A Session

Please key in your questions in the Q&A box.