



Heineken Malaysia Berhad Financial Results (1H 2022)

Media & Analyst Briefing | 12 August 2022
5.30pm-6.30pm

Speakers:

Roland Bala, Managing Director
Karsten Folkerts, Finance Director



1H 2022: Accelerating Recovery

Transition to endemic phase: Malaysia enters next episode post- Covid-19



Patrons eat at the Ipoh night market March 9, 2022, as Malaysia gears up to transition to the endemic phase on April 1.
— Picture by Farhan Najib

Emerging from the Storm

From 1 Apr 2022, Malaysia began transitioning to the endemic phase.

Gradual reopening of international borders and revival of tourism aiding recovery of Food & Beverage sector.

Government's Negative List abolished, enabling entertainment outlets to resume operations from 15 May 2022 onwards.

Continued threat from global supply chain constraints and rising input costs.

Consumer Sentiments Index Q2, 2022

Source: Malaysian Institute of Economic Research



Slightly Below Optimism Threshold

After rebounding to 108.9 in Q1 2022, the Consumer Sentiments Index fell below the optimism threshold again in Q2, reducing by 23 points q-o-q to 85

- Inflationary pressure
- Fear of global recession
- Weakening ringgit
- Geopolitical tensions

Heineken® - the World's No. 1 International Premium Beer



Key campaigns in 1H 2022

Star Quality Experience

- Immersive consumer experience to learn Heineken's Star Brewing Principles.
- Crowning of Star Academy National Champion 2022.

When You Drive, Never Drink

- Over 3,000 consumers pledged to never drink and drive.

Launch of Heineken® in BLADE

- Revolutionary 'Plug and Pour' system making draught beer possible anywhere and everywhere. Available for rent via Drinkies.my.

Tiger Beer – Malaysia's No. 1 Beer



Key campaigns in 1H 2022

The Year We ROAR Together

- Exciting CNY festive promotions with an exciting campaign across all channels, bridging physical and digital.

Tiger Crystal Fire Starter

- Empowered fans with the confidence to discover their inner fire by picking up new passions and unlocking their potential and skills.
- Partnered with experienced mentors who coached fans in five new passions – rollerblading, jump rope, dancing, bouldering, and football.

Guinness – The World's No. 1 Stout



Key campaigns in 1H 2022

Guinness St. Patrick's Festival

- After two years of missed celebrations, Guinness rewarded fans who get the gang back together with exciting activities in conjunction with the St. Patrick's celebration.

Launch of Guinness Draught in a Can

- Guinness lovers can now enjoy their favourite draught at home with Guinness Draught in a Can.
- The revolutionary Guinness widget uses an ingenious nitrogen filled capsule that surges with bubbles when the can is opened, creating a smooth and creamy beer that is unmistakably Guinness.

Edelweiss – the Premium Wheat Beer Born in the Alps



Key campaigns in 1H 2022

Chalet Edelweiss

- A unique experience that transports guests from the heat of the tropics to the sweeping horizons of the alps, right here in Malaysia.
- Consumers immersed themselves in the true nature of Edelweiss and were transported to see the golden wheat fields, hear the howling wind, smell the fresh alpine air and feel the cool breeze — all while tasting a refreshing glass of Edelweiss at a crisp Alpine temperature.

Every Hour is Happy Hour with Star Bar, a new feature on Drinkies



Drinkies

STAR BAR

ENJOY HAPPY HOUR DEALS ANYTIME, ANYWHERE

Participating Brands

Heineken GUINNESS Tiger Tiger CRYSTAL Edelweiss

ENJOY RESPONSIBLY.

HEINEKEN Malaysia Star Bar

- With over 90 outlets available as HEINEKEN Malaysia Star Bar partners, consumers can purchase vouchers via Star Bar on the Drinkies app and redeem their favourite beers at any Star Bar outlet of their choice.
- Consumers not only get to enjoy amazing Happy Hour rates on beers all day long, but also get to earn Drinkies coins to redeem even more beers and exclusive merchandise.

Brew A Better World



1H 2022 Sustainability Updates

Net Zero Carbon Emissions

- CO₂ emissions in 1H 2022 reduced by 19% vs 2018 baseline.
- Transitioned to renewable electricity via the Malaysian Renewable Electricity Certificate (mREC) programme since March 2022.
- Accounting for period before March 2022, we estimate that 75% of electricity consumption in 2022 will be from renewable sources.
- On-site renewable electricity generation (Solar PV) installation is underway with target completion in Q1 2023.

Healthy Watersheds

- Marginally higher water consumption in 1H 2022 (3.69 hl/hl) vs 2021 (3.65 hl/hl) due to temporary reduced efficiency as a result of ongoing upgrading works at the brewery.

Advocating Responsible Consumption

- Heineken® When You Drive, Never Drink campaign in April 2022 garnered 3,000 consumer pledges against drink driving and more than 100 outlets pledged support towards promoting responsible consumption

1H 2022 Financial Highlights

Revenue

Net Profit

**Q2 2022 vs
Q2 2021**
(3 months ended 30 Jun)

+ 84%
from RM349 million
to RM645 million

+ 241%
from RM25 million
to RM86 million

**1H 2022 vs
1H 2021**
(6 months ended 30 Jun)

+ 50%
from RM897 million
to RM1.3 billion

+ 102%
From RM99 million
to RM199 million

Improved performance Q2 2022 mainly due to weaker comparison due to brewery lockdown in June 2021.

Robust sales performance during the festive period in the first quarter due to pent up demand.

Steady recovery for on-trade business in Q2 with reopening of borders, tourism and entertainment outlets

Continued focus on driving our EverGreen strategy to deliver sustainable growth.

Comparison against pre-pandemic levels

Revenue

Net Profit

**1H 2022 vs
1H 2019**
(6 months ended 30 Jun)

+ 29%
from RM1.04 billion
to RM1.34 billion

+ 68%
From RM119 million
to RM199 million

The Group's 1H 2022 Revenue and PBT has accelerated above 2019 levels – an encouraging result!

The Group remains cautious due to:

- Ongoing supply disruptions
- Inflationary pressures impacting disposable incomes
- Fear of global recessions; and
- Ongoing geopolitical tensions

Proposed Dividend

**Single Tier
Interim Dividend**
(Payable in November 2022)

40 sen
per stock unit

Comparison: 1H 2021
15 sen per stock unit

Dividend Payout
representing

60.6%

of 1H 2022
Profit After Tax

Outlook

Malaysia's headline and food inflation trend (January 2011 to May 2022)



Source: Statistics Department



Global economic growth + Add to myFT

IMF slashes global growth forecast and raises inflation projections

Risks to economic outlook are 'overwhelmingly tilted to the downside', fund warns

New Covid-19 cases up 13.5%, deaths nearly double

FMT Reporters July 25, 2022 11:58 AM

186 Shares 90 49 43



The global recession drum beat is getting louder



China's economic growth slumps sharply after Covid lockdowns

Shutdown of cities takes its toll, while property market remains in crisis and global outlook darkens

China: Millions in lockdown after COVID ...

Ukraine war: battling with supply chain disruption

Encouraging 1H results showing recovery to pre-pandemic period.

However, challenging operating environment with uncertain economic outlook, supply disruptions and increasing inflationary pressure on consumer purchasing power.

Focus on our EverGreen Strategy to deliver sustainable growth.



DRIVE SUPERIOR GROWTH

With consumer centricity, shape & lead premium category. Continue investing behind our brands.

FUND THE GROWTH

Cost & Value to drive efficiency, enabling reinvestments into our brands and business.

RAISE THE BAR ON SUSTAINABILITY & RESPONSIBILITY

Deliver on our ambition to become net zero carbon in production by 2030 and the full value chain by 2040.

BECOME THE BEST CONNECTED BREWER

Accelerate digital & technology to create a Unified Customer Ecosystem with a customer & consumer-first approach.

UNLOCK THE FULL POTENTIAL OF OUR PEOPLE

Promote a high-performance culture that boosts our strategic capabilities.



