

FOR IMMEDIATE RELEASE

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HEINEKEN MALAYSIA BERHAD: SATISFACTORY 1QFY17 PERFORMANCE DESPITE A CHALLENGING MARKET

Heineken Malaysia Berhad (formerly Guinness Anchor Berhad) announced its financial results for the first quarter of the 2017 financial year, reporting satisfactory performance despite challenging market conditions compounded by economic pressures.

Revenue in the first quarter declined 12.5% to RM401 million from RM458 million in the quarter ended 31 March 2016. Financial performance was impacted by soft consumer sentiment, as reflected in the Consumer Sentiments Index reported by Malaysian Institute of Economic Research (MIER) which fell to 69.8 in the from 78.5 in the second quarter of 2016. The decline was also due to the year-end festive season and the earlier sell-in for the 2017 Chinese New Year, which mainly took place in the quarter ended 31 December 2016.

Net profit in the first quarter declined marginally by 3.7% to RM48 million from RM50 million in the corresponding period in 2016, demonstrating HEINEKEN Malaysia's continued focus on prioritising strategic investment in commercial spend to maximise returns. Additionally, increased cost efficiencies across the supply chain from global procurement and other cost saving initiatives helped to partially offset the impact of the lower revenue.

Commenting on the 1QFY17 performance, Hans Essaadi, Managing Director of HEINEKEN Malaysia said, "Global economic uncertainties combined with currency volatility continue to exert pressure on the market, adversely impacting consumer sentiment. The earlier sell-in for the 2017 Chinese New Year, which mainly took place in the previous quarter, also contributed to the lower revenue in this quarter. HEINEKEN Malaysia's commendable results is due to improved operating efficiencies leveraging on HEINEKEN's global best practices to deliver sustainable value."

Local consumers have been negatively impacted by global factors including increasing protectionist sentiment in developed economies, Brexit and the economic slowdown of the nation's major trade partners including China and Japan. These factors have held back the national economy's growth, and increased consumer focus on value.

In relation to concerns regarding contraband, Hans Essaadi said, “Outside the general economic considerations, contraband remains a major concern for the industry. Contraband products continue to enter the country representing a significant revenue loss to both the industry and the government as a whole.”

“We commend the Royal Malaysian Customs Department for their efforts in addressing this issue, particularly in East Malaysia. Contraband products are a real threat to the economic growth of the country and HEINEKEN Malaysia fully supports all government initiatives that curb the influx of contraband,” he added.

In line with the global HEINEKEN Group and its strategy of Brewing a Better World, HEINEKEN Malaysia engages in targeted community outreach programmes and invests in efforts placing sustainability at the core across the entire value chain. This not only mitigates the impact of environmental and social risks but also creates sustainable value for the Company’s shareholders.

On HEINEKEN Malaysia’s strategy, Hans Essaadi said, “To address changing consumer demand, HEINEKEN Malaysia is focused on investing in innovation to continue to deliver the highest quality products to meet changing consumer preferences. With an iconic portfolio of brands and access to the best practices and expertise of the world’s most international brewer, we are confident that HEINEKEN Malaysia will continue to lead the market.”

– ENDS –

About Heineken Malaysia Berhad (formerly Guinness Anchor Berhad)

HEINEKEN Malaysia with its portfolio of iconic international brands is the leading brewer in the country. The Company brews, markets and distributes:

- The World’s No. 1 international premium beer **Heineken®** ;
- The World-acclaimed iconic Asian beer **Tiger Beer**, and its doubly refreshing variant **Tiger Radler**; and its other innovative brew **Tiger White** – Asia’s Wheat Beer;
- The World’s No. 1 stout **Guinness**;
- The all-time local favourite **Anchor Smooth** and its strong beer variant **Anchor Strong**;
- The premium Irish ale **Kilkenny**;
- The real shandy **Anglia**

HEINEKEN Malaysia also produces the wholesome, premium quality non-alcoholic **Malta**. HEINEKEN Malaysia’s brand portfolio also includes the World’s No. 1 cider **Strongbow**, the No. 1 German wheat beer **Paulaner**, Japan’s No. 1 100% malt beer **Kirin Ichiban** and the World’s No. 1 ready-to-drink alcoholic beverage **Smirnoff Ice**. The Company continues to lead the responsible drinking agenda through its Drink Sensibly campaign.



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Listed on the Main Market of Bursa Malaysia, HEINEKEN Malaysia's principal shareholder is GAPL Pte Ltd based in Singapore. GAPL Pte Ltd is 100% owned by Heineken N.V.

Heineken Malaysia Berhad officially changed its name on 21 April 2016 following Heineken N.V.'s acquisition of GAPL Pte Ltd on 7 October in 2015.

For more information please visit: www.heinekenmalaysia.com

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