

For Immediate Release

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HEINEKEN MALAYSIA: SOLID REVENUE GROWTH IN Q2 AMIDST CHALLENGING MARKET CONDITIONS

- 2QFY18 revenue gained by 6.4% at RM421 million (2QFY17: RM396 million)
- Profit before tax declined by 9.2% to RM73 million (2QFY17: RM81 million)
- Net profit decreased by 11% to RM55 million (2QFY17: RM62 million)

Heineken Malaysia Berhad (HEINEKEN Malaysia) today announced its results for the second quarter ended 30 June 2018, reporting solid revenue growth in the quarter on the back of a successful football campaign by Tiger Beer, Malaysia's No. 1 Beer.

For the first half of 2018, HEINEKEN Malaysia reported an 8.4% top-line growth to RM855 million (2017 HY: RM789 million) following strong performance during the Chinese New Year festive campaign in Q1 and Tiger's "Roar Together: Uncage the Passion" football campaign in Q2. However, profit before tax (PBT) for the six-month period declined by 5.4% to RM138 million (2017 HY: RM145 million), largely due to higher marketing and promotional expenses around the football campaign which did not occur in the previous year. The increase in costs was only partially offset by lower operational overheads.

The Group has declared an interim dividend of 40 sen per stock unit for the financial year ending 31 December 2018, payable on 25 October 2018.

Commenting on the results, Hans Essaadi, Managing Director (MD) of HEINEKEN Malaysia said, "These results demonstrate effective commercial execution in growing our topline, leveraging on the leading position of Tiger Beer to deliver an exciting football-inspired campaign to consumers. However, profit before tax declined on last year due to higher commercial spend and the timing of marketing expenses on these activations."

This is the last set of results released under the stewardship of Essaadi who has been HEINEKEN Malaysia's MD since 2013. He will be taking up the position of MD of HEINEKEN Egypt effective 1 September.

Under Essaadi's leadership over the last five years, HEINEKEN Malaysia's revenue has grown

15% to RM1.93 billion while operating profit significantly increased by 24% to RM363 million in FY 2017. This sustained growth has been supported by innovation expanding HEINEKEN Malaysia's portfolio, including new brands as well as extensions and variants to existing brands. Over the past five years, among the new products introduced include Tiger White, Tiger Radler, Guinness Bright, Anchor Smooth Draught, Kirin Ichiban and Smirnoff Ice. Furthermore, the introduction of Apple Fox Cider in 2017 to complement the existing premium proposition of Strongbow Apple Ciders has enabled the Group to gain leadership in the cider category.

Notably, Essaadi steered the Group to commendable growth throughout a period filled with challenges in the external environment, compounded by political and economic uncertainties both globally and domestically. With rising costs of living pressuring consumer sentiment, which remained significantly below the optimal threshold in the past few years, the Group had to also cope with the impact of the introduction of the Goods and Services Tax (GST) in 2015 and an increase in excise duties on beer and stout in 2016.

Essaadi also played a crucial role throughout the integration with the HEINEKEN Global Group in 2015–2016, including the corporate rebranding exercise from Guinness Anchor Berhad to HEINEKEN Malaysia. Today, as an operating company of HEINEKEN, the Group is able to leverage on greater operational efficiencies gained through the adoption of global systems and processes as well as have a sharper focus on developing the talents of its employees.

Furthermore, Essaadi introduced a stronger commitment towards local sustainability efforts guided by the HEINEKEN's global sustainability strategy of 'Brewing a Better World'. Key achievements include a reduction of water consumption by 16.2% and CO₂ emissions by 14.4% since 2014. Since 2017, the Group's operations at the Sungei Way Brewery has also achieved zero waste to landfills through a 100% recycling practice. Other initiatives via SPARK Foundation, which is HEINEKEN Malaysia's corporate responsibility arm, include water-balancing initiatives as part of its water stewardship agenda moving forward.

Speaking to media and analysts in a briefing session, Essaadi said, "In 2017, we launched HEINEKEN Malaysia's *Vision 2020 : To be the leading brewer of inspirational brands, enjoyed anytime, anywhere*. This means we lead not only in our financial performance but also to lead in a holistic manner by growing sustainably with our stakeholders. With the foundation already in place, I believe the incoming MD Roland Bala will continue steering the company towards this vision."

On outlook, HEINEKEN Malaysia expects market conditions to remain challenging with

intensifying competition and the continued threat from contraband beer. The Group will continue to pursue sustainable growth opportunities and drive efficiencies by strengthening its commercial strategies and execution whilst it remains cautious in managing changes in the external environment, including the impending reintroduction of the Sales and Services Tax on 1 September 2018.

Also present during the media and analyst briefing session was the incoming Managing Director Roland Bala, whose most recent position was Managing Director of Cambodia Brewery Ltd (CBL), HEINEKEN's operating company in Cambodia. Born and bred in Malaysia, Bala will be the first Malaysian to lead HEINEKEN Malaysia.

"It is an honour for me to come home to Malaysia and build on this Company's great legacy. For now, my immediate priority will be to understand how I can support the current team and extend HEINEKEN Malaysia's market leadership."

– ENDS –

Heineken Malaysia 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**, its doubly refreshing variant **Tiger Radler**; and its other innovative brew **Tiger White** – Asia's Wheat Beer;
- ▯ The World's No. 1 stout **Guinness**, and the unique smooth and fresh stout **Guinness Bright**;
- ▯ The World's No. 1 cider **Strongbow Apple Ciders**
- ▯ The New Zealand inspired cider **Apple Fox Cider**
- ▯ The all-time local favourite **Anchor Smooth**, its latest variant **Anchor Smooth Draught** 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 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.

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.

For more information please visit: www.heinekenmalaysia.com



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