

## **Guinness Anchor sets new track record; Delivers 12th consecutive year of profit growth**

Petaling Jaya (22 August 2013): Guinness Anchor Berhad (GAB) announced its 12<sup>th</sup> consecutive year of profit growth for the financial year ended 30 June 2013. Malaysia's leading brewery recorded a 4.9% increase in its profit after tax to RM217.6 million from RM207.4 million during the period.

Group revenue increased by 3.2% or RM52.7 million to RM1.7 billion compared to RM1.6 billion in the previous financial year. As for profit before tax, it grew by 4.2% to RM 288.7 million during the period under review reflecting the strengthening of GAB's premium positioning, improving product mix and better cost management.

As for the fourth quarter ended 30 June 2013, GAB recorded a profit after tax of RM33.5 million, a marginal decrease of 4.0% compared to RM34.8 million a year earlier. The drop is mainly due to the higher investment made on brand building activities.

"The results are in line with expectations and as the new MD; I am certainly delighted to be able to report such performance. One that is driven by our major brands Tiger, Guinness and Heineken. Tiger especially has grown phenomenally this year. We have also seen our premium segment contributing significantly to profitability, and this segment will remain our key focus area moving forward," said Managing Director, Hans Essaadi.

Earnings per share grew to 72.03 sen compared to 68.65 sen last year, while net assets per share attributable to shareholders stood at RM 1.21 as at 30 June 2013.

In view of the company's performance, the Board has proposed a final single tier dividend of 48.5 sen per 50 sen stock unit for the financial year ended 30 June 2013.

Subject to shareholders' approval at the forthcoming 49th Annual General Meeting the date of which will be announced later, the final single tier dividend will be paid on 27 December 2013. The entitlement date shall be on 6 December 2013.

This will bring the total dividend payment to 68.5 sen per 50 sen stock unit.

Hans also said, "Whilst there has been growth, the market was rather challenging. The growth in the mature duty paid market is modest, while there was a significant reduction in volume for duty free zones.

"Despite these challenges, we have set a new track record by growing consecutively for 12 years. This is a fantastic achievement and testament of consumer preference for our brands. This is certainly a wonderful lead up to the company's 50<sup>th</sup> anniversary celebration next year."

“Our success can also be attributed to the world class events that we host as well as the efforts we make to constantly bring new experiences to consumers. Last year, we invested close to RM40 million to launch the new Heineken bottle, and our efforts have paid off as consumer feedback has been very positive.”

“In addition, our events such as Heineken Thirst, Guinness St Patrick’s Day as well as Tiger Street Football have become icons in their own right on the local events calendar,” he added.

GAB received consumer endorsement once again when they won three prestigious awards at the recent Putra Brand Awards; gold for Heineken and Guinness, while Tiger won silver. The company has accepted a total of 13 Putra Brand Awards since the awards scheme’s inception four years ago.

Moving forward, in order for GAB to remain relevant to its consumers, it plans to innovate and according to Hans, the company has in place a strategy that will address the changing market climate. “Our consumer profile is increasingly urban and Gen-Y. They are more aspirational, selecting brands that complement their lifestyle and not necessarily loyal to any brand. They are also constantly connected and on the move, which requires us to engage them on a different level, especially via social media,” explained Hans.

To retain and win consumers, GAB intends to reinforce its premium beers such as Heineken and Guinness, whilst enhancing their presence in the super premium category with Kilkenny and Strongbow. The company is also looking to rejuvenate its mainstream beer, Tiger to make it relevant to the new generation of consumers.

During the briefing, Hans also highlighted the challenges the company faces in terms of alcohol taxation and contraband products. Malaysia’s excise duties for alcohol is the 2<sup>nd</sup> highest worldwide after Norway and highest in Asia, despite a relatively modest income per capita.

Hans explained, “As a result, beer products in Malaysia are not priced competitively for consumers. Consequently, contraband or duty not paid beer products have become an attractive option in the market as they are significantly cheaper.”

Hans adds that GAB is mitigating these challenges by actively engaging with the Government and other key stakeholders.

## **Outlook**

The Malaysian economy and domestic demand are expected to be resilient. However, the beer market is expected to experience relatively low growth barring no increase in excise duties. Other key challenges for the industry include rising input costs, contraband products in the market and the risk of higher excise duties.

However, GAB remains committed to maintaining its leading position in the industry through its new strategy of addressing the changing market climate, brand innovation, and growing the premium beer segment.

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### **About Guinness Anchor Berhad (GAB)**

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

- Asia's fastest growing beer TIGER;
- The world's No 1 stout GUINNESS;
- The world's No 1 international premium beer HEINEKEN;
- The all-time local favourite ANCHOR SMOOTH and its strong beer variant ANCHOR STRONG;
- The premium Irish ale KILKENNY;
- The real Shandy ANGLIA;

GAB also produces the wholesome, premium quality non-alcoholic MALTA. GAB's brand portfolio also includes the UK's bestselling cider STRONGBOW and the no.1 German wheat beer PAULANER.

Listed on the Main Market of Bursa Malaysia, GAB's principal shareholder is GAPL Pte Ltd based in Singapore. GAPL Pte Ltd is a joint venture company whose ultimate owners are Diageo PLC, a company incorporated in England and Wales, and Asia Pacific Breweries Ltd, a company incorporated in Singapore, which in turn is also subsidiary of Heineken NV. Guinness Anchor Marketing Sdn Bhd is a 100% owned subsidiary of GAB.

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