

For immediate release

26 November 2020

HEINEKEN MALAYSIA REPORTS 3QFY20 FINANCIAL RESULTS

3QFY20 Results:

- Revenue decreased by 21.4% to RM473.7 million (3QFY19: RM602.5 million)
- Profit Before Tax (PBT) decreased by 40.9% to RM80.4 million (3QFY19: RM136 million)
- Net profit decreased by 40.7% to RM61.2 million (3QFY19: RM103.2 million)

Heineken Malaysia Berhad (HEINEKEN Malaysia) announced its financial results for the third quarter ended 30 September 2020 (3QFY20), reporting a decline in revenue and profit compared with the same quarter in 2019. Similarly, the results for the nine months ended 30 September 2020 (9MFY20) also recorded a decline.

Group revenue contracted by 21.4% as compared to the same quarter in 2019, mainly due to a decline of beer volume in the mid-teens as business was still in the recovery stage amidst subdued market conditions. Correspondingly, Group profit before tax (PBT) was 40.9% lower compared to the same quarter in 2019.

Versus the preceding second quarter (2QFY20), which was significantly impacted by the prolonged suspension of operations of the Sungei Way Brewery to comply with the Government's Movement Control Order (MCO), Group revenue for the quarter increased by 87%. The sequential improvement in sales resulted from a gradual recovery of the on-trade channel during the Recovery MCO period. The Group registered a PBT of RM80 million as opposed to a pre-tax loss of RM24 million in 2QFY20.

Despite the gradual recovery of economic activities, the Group's business performance particularly in the on-trade channel continued to be affected. Certain outlets with liquor licences, such as pubs and entertainment outlets that do not have restaurant licences, are still prohibited from operating whilst sales in on-trade outlets, such as restaurants and coffee shops, remained slow due to various restrictions and some consumers shifting towards in-home consumption.

Commenting on the results, Roland Bala, Managing Director of HEINEKEN Malaysia said, "Our improved performance in the third quarter followed the easing of MCO restrictions that enabled a gradual recovery of business. The implementation of the second lockdown or Conditional MCO due to spike in Covid-19 infections has impacted the recovery efforts going forward. The uncertainties caused by the pandemic continue to affect consumer confidence. We are very concerned about the impact of the CMCO on the survival of our trade partners and customers especially our On-Trade customers. Our priority remains the health and safety of our people, working with our trade partners to adapt to the new market realities and navigating the crisis while building a sustainable future. We take this opportunity to thank the



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Government for not increasing excise duties in the recent Budget 2021 as Malaysian Excise duties today is among the highest globally. Any increase in excise will only incentivise the illicit trade at the expense of legitimate trade. We applaud the Government's stand on strengthening enforcement against illicit trade as this will help to prevent significant revenue losses to both Government and Industry."

For the cumulative period of 9MFY20, Group revenue declined by 24% to RM1.24 billion whilst as compared to the same period last year, mainly due to lower beer volume, heavily disrupted by the prolonged suspension of our brewery operations. PBT for the nine months declined by 55% to RM131 million principally due to the same reasons mentioned above and the one-off settlement of Custom's bill of demand amounting to RM7.2 million in June 2020.

In view of the current economic conditions, the Group continued to adopt a prudent approach in respect of its dividend payment and hence, no interim dividend has been recommended for the quarter ended 30 September 2020 due to the uncertainty around the profit base for 2020 at this time.

On the outlook for the remainder of the year, Roland said, "Although the Group has observed a gradual recovery in the business in the third quarter, the Group remains cautious as the market is experiencing a slowdown given the economic uncertainties and challenging market environment. The re-imposition of more stringent measures to contain the resurgence of Covid-19 cases in most states across the Peninsula since October 2020 will impact the momentum of the market recovery in the fourth quarter, especially the on-trade business.

The Group will continue to proactively right-size its cost base to adapt to the new market realities, reinvest into profitable growth and strengthen its bottom line. Despite the challenges, we look forward to Malaysia coming out of this crisis stronger and we will be working closely with our customers to usher in the festive joy with our consumers in a responsible way. It has been a challenging year for our business, the Board would like to thank the employees for their remarkable resilience and to our customers and consumers for their strong support of our brands and business," he added.

Despite the challenges, HEINEKEN Malaysia continued to proactively reach out to support its stakeholders and communities that were impacted by the pandemic, investing close to RM3 million in such support programmes. In support of its business partners, HEINEKEN Malaysia launched the "Raise Our Bars" campaign by committing RM1 million in funds to alleviate the difficulties which local restaurants and bars faced during the pandemic. Meanwhile, Tiger Beer through its "Save Our Street Food" campaign, pledged RM1.5 million to support street food vendors, coffee shops, and food courts nationwide during the MCO. The company also donated more than RM250,000 to bring urgent food aid to B40 communities affected by loss of jobs as well as flood victims in Sabah.

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About 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 great taste of Heineken® with dealcoholised **Heineken® 0.0**
- The World-acclaimed iconic Asian beer **Tiger Beer**
- The crystal-cold filtered beer **Tiger Crystal**
- The World's No. 1 stout **Guinness**
- The World's No. 1 cider **Strongbow Apple Ciders**
- The New Zealand inspired cider **Apple Fox Cider**
- The all-time local favourite **Anchor Smooth**
- 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** and Japan's No. 1 100% malt beer **Kirin Ichiban**.

HEINEKEN Malaysia through its e-commerce platform, **Drinkies** now delivers chilled beers and ciders on demand, within 60 minutes or as scheduled. Drinkies also offers freshly tapped beer to cater for home parties and other events including weddings and corporate dinners. For enquiries, call 012-281 8888 or visit www.drinkies.my

The Company continues to lead the responsible drinking agenda through its Drink Sensibly campaign.

The corporate social responsibility arm of HEINEKEN Malaysia, **SPARK Foundation** was established in 2007 to grow with local communities in the areas of environmental conservation and education for a better tomorrow. Be the SPARK for change and visit www.sparkfoundation.com.my for more information.

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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