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HEINEKEN MALAYSIA REPORTS SATISFACTORY RESULTS IN SECOND QUARTER FY17

Heineken Malaysia Berhad (HEINEKEN Malaysia) has today reported satisfactory results in the second quarter ended 30 June 2017, reporting an increase of 2% in Profit Before Tax to RM80.9 million from RM79.6 million despite a 12% decline in revenue to RM406.5 million from RM459.5 million compared to the corresponding quarter ended 30 June 2016.

With the soft market sentiment weighing down the Group's sales performance, the quarter's results was buffered by revenue growth for premium brands, driven by commendable performance in Strongbow Apple Ciders as well as the launch of Guinness Bright in May 2017.

Despite the decrease in revenue, Group Profit Before Tax grew by 2% as a result of effective cost management derived from the implementation of a procurement process that synergises with HEINEKEN Global Procurement systems and increased productivity as a result of automation in route to market.

Compared to the preceding quarter ended 31 March 2017, HEINEKEN Malaysia improved results with marginal growth in revenue by 1% to RM406.6 million from RM401.1 million, and profit before tax up 26% to RM80.9 million from RM64.5 million due to lower commercial compared to the preceding quarter where peak promotional spend was made for the Chinese New Year festive period.

Cumulatively, the 6-month period ended 30 June 2017 reported profit before tax marginally lower by 3% due to the decline in revenue attributed to the earlier sell-in timing for Chinese New Year in 2017, as well as relatively higher sales in June 2016 due to the anticipated price increase from 1 July 2016.

HEINEKEN Malaysia has declared an interim dividend of 40 sen per stock unit for the financial year ending 31 December 2017, payable on 9 October 2017.

Commenting on the performance, Hans Essaadi, Managing Director of HEINEKEN Malaysia said, “Performance in the second quarter was commendable and demonstrated resilience despite challenging market conditions. Our focus on growing the cider category is showing encouraging results, delivering double-digit growth in the first half. We are also proud of our latest innovation, Guinness Bright, which strengthens our winning portfolio and makes it even more exciting. Our continued focus on effective execution of key strategies whilst optimising our costs and commercial spend has enabled HEINEKEN Malaysia to grow and improve results from the previous quarter.”

Contraband remains a key industry concern with the continued influx, notably an increase in Peninsular Malaysia, representing a significant revenue loss to both the industry and the Government. The growing demand for contraband is a result of the large price gap between duty-paid and contraband products due to Malaysia’s excise structure, which ranks second highest in the world behind Norway and alongside Singapore.

Commenting on the situation, Essaadi said, “HEINEKEN Malaysia remains committed to supporting the Government’s anti-contraband initiatives. We remain concerned about the longer-term detrimental impact contraband can have on the economy and fully support the Government in a concerted way to stamp out contraband.”

On the market outlook, Essaadi said, “Whilst we expect the market to remain challenging due to cautious consumer spending amidst worries of rising costs of living and economic uncertainties, we will continue to leverage on our portfolio of iconic brands as well as robust execution of commercial strategies to deliver stronger performance for the remaining period of the year.”

“Sustainability is a business imperative and HEINEKEN Malaysia is committed to Brewing a Better World by mitigating environmental and social risks while looking at ways to create genuine economic opportunities and long term value for the company, our key stakeholders and local communities. Our recent win at the CSR Malaysia Awards 2017 is proof of how we have successfully embedded sustainability across our value chain as we continue growing our business for the future,” he added.

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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 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.

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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