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HEINEKEN Malaysia Reports 1QFY2022 Results

A Strong Start for HEINEKEN Malaysia in 2022 with the Easing of the COVID-19 Restrictions

1QFY22 Results:

- Revenue increased by 27% to RM698.3 million (1QFY21: RM547.7 million)
- Profit Before Tax (PBT) increased by 60% to RM155.1 million (1QFY21: RM96.7 million)
- Net profit increased by 54% to RM113.4 million (1QFY21: RM73.5 million)

Heineken Malaysia Berhad (HEINEKEN Malaysia) announced its financial results for the first quarter ended 31 March 2022 (1QFY22), reporting improved performance as cost and value initiatives delivered greater efficiencies amidst a gradually improving external environment.

Group revenue grew by 27% as compared to the same quarter in 2021, mainly due to higher sales driven by easing of Covid-19 restrictions and effective commercial execution during Chinese New Year. Revenue margin growth initiatives implemented by the Group such as price adjustments for certain products in the fourth quarter of 2021 and promotional spend optimisation have also contributed to the overall revenue growth in the quarter ended March 2022.

Despite pressure in input cost and increased investment in sustainable brand growth, Group PBT grew 60% to RM155 million. The growth is principally driven by revenue growth as highlighted above as well as effective cost management.

The Group's performance in 1QFY22 improved against pre-pandemic levels as well, with Group revenue growing by 33% (1QFY19 Revenue: RM525.1 million) and Group PBT improving by 120% (1QFY19 PBT: RM70.4 million) indicating a significant recovery attributed to the easing of social restrictions as well as the effectiveness of the Group's commercial strategies.

Commenting on the results, Roland Bala, Managing Director of HEINEKEN Malaysia, said, "Despite the challenging external environment, we have delivered a commendable performance for the quarter. Our cost and value initiatives are bearing fruit, whilst we continued investing behind our brands with a consumer-first approach. We thank our employees, and business partners for their resilience and commitment as we support Malaysia's accelerated economic recovery from the COVID-19 pandemic."

"We stepped up commercial activations during the quarter and delivered a successful Chinese New Year festive campaign led by Tiger Beer, launched Heineken® in BLADE, a revolutionary 'Plug and Pour' professional draught system that serves freshly poured pints of Heineken® beer anywhere and everywhere, and organised an exciting Guinness St. Patrick's festival which rewarded consumers for bringing their friends and family back together. Effective commercial execution enabled top line growth whilst efficient investments helped deliver an improved bottom line," added Roland.

Since 1 April 2022, Malaysia has transitioned to the endemic phase. With the gradual reopening of international borders and revival of international tourism, the hospitality and food and beverages sector is expected to further recover after two challenging years. In addition, the National Security Council's negative list which prohibited certain businesses during the Covid-19 pandemic will be abolished and all industries including entertainment outlets are allowed to operate from 15 May 2022 onwards. This is expected to further accelerate business recovery.

On the outlook, Roland commented, "We are mindful of the volatile and uncertain situation externally and have learned to be agile and highly adaptable to change. Whilst we are encouraged by the gradual improvement in the external environment, we remain focused on our EverGreen strategy, which is our multi-year strategy allowing us to adapt to a fast-changing world and grow stronger, by adapting to the new external dynamics, ensuring the safety of our people, keeping a tight rein on costs and accelerating our business recovery to emerge stronger from the Covid-19 crisis."

HEINEKEN Malaysia's key EverGreen priorities include:

- **Drive superior growth** – With consumer centricity, we shape and lead the premium category and continue investing behind our brands.
- **Fund the growth** – Cost and value to drive efficiency to enable reinvestments into our brands and business.
- **Raise the bar on sustainability and responsibility** – Full commitment to deliver on our ambition to become net zero carbon in our productions by 2030 and the full value chain by 2040.
- **Become the best connected brewer** – Accelerate digital and technology to create a Unified Customer Ecosystem with a customer and consumer-first approach.
- **Unlock the full potential of our people** – Promote a high-performance culture that boosts our strategic capabilities, nurture the best talents, and foster an organisation where people thrive.

The Group also expects continued pressure from global supply chain disruptions and rising input cost given the price volatility of raw and packaging materials. The Group will take appropriate measures to mitigate the impact, when necessary. The Group welcomes the stance taken by the Government not to increase excise duties on beers in its Budget 2022, as any hike in excise rates will drive greater demand for illicit alcohol. The Group will remain committed to support the Government to stamp out illicit trade through holistic efforts including strengthening enforcement and raising greater awareness in the market.

For more information on HEINEKEN Malaysia and its initiatives, please visit www.heinekenmalaysia.com.

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