

FOR IMMEDIATE RELEASE

Press Statement 23/2016

23 August 2016

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Q2 Profit After Tax: Solid Organic Growth of 13.6%

Effective value management led to organic revenue growth of 6.3%

Shah Alam, August 23, 2016 – Carlsberg Brewery Malaysia Berhad (Carlsberg Malaysia Group) recorded a profit after tax (PAT) of RM52.9 million for the quarter ended 30 June 2016, a reported growth of 64.8% and an organic growth of 13.6%. Reported PAT growth is adjusted for RM14.4 million in impairment and operating loss from the Luen Heng F&B Sdn. Bhd. (LHFB) divestment in the same quarter last year.

The Group achieved an organic revenue growth of 6.3% to RM395.8 million in the quarter under review. The top-line result was mainly driven by portfolio premiumisation and effective value management in both Malaysia and Singapore.

Reported profit from operations of the Group increased by 54.5% to RM66.8 million in the second quarter this year compared to the same period last year. Adjusted for LHFB divestment, the operating profit for the quarter grew by 16.3%. This was attributed to robust efficiency initiatives as part of the Carlsberg Group's *Funding the Journey*.

Earnings per share was 37.38 sen compared with 25.82 sen year-on-year. The Group announced a single tier interim dividend of 5 sen per ordinary share of 50 sen for the financial year ending 31 December 2016.

Commenting on the results, Managing Director Lars Lehmann says: "The Group has recorded a satisfactory and solid organic profit after tax, especially considering the substantial increase in excise duties."

"Both the Malaysia and Singapore operations continued to deliver organic growth in revenue. The nationwide roll-out of Carlsberg Smooth Draught, successful activation of the Carlsberg EURO 2016™ campaign and local production of Somersby Apple Cider have contributed positively to the bottom-line. We are also pleased to see our premium brands continue to grow and gain share in both Malaysia and Singapore" Lehmann added.

Taking over the helm of the Group on July 1st, Lehmann shared: "Mass sampling and trade incentives have successfully created consumer trials and repurchase of Carlsberg Smooth Draught well ahead of our expectations. This Carlsberg extension delivers the smooth, easy to-

drink experience of a freshly tapped beer in a bottle. The overwhelming response towards Carlsberg Smooth Draught in bottle has led to an earlier than planned launch of can to cater for the consumers, who prefer cans for in-home consumption. The brand was also launched in Singapore in July and has received similar positive response from consumers”.

The brewer took a hit on the sales of its strong beer and stout brands from the new excise duties structure. To ensure that these products remained affordable, the Group slightly adjusted the alcohol strength of Carlsberg Special Brew to 6.5%, Royal Stout to 6.8% and SKOL Super to 7.8% whilst keeping taste profile unchanged.

“It is very unfortunate that our investment in Lion Brewery (Ceylon) Ltd, Sri Lanka (LBCL) is negatively affected by the disastrous flooding of the brewery in May. Local production is expected to resume November this year. During this period, LBCL imports beers from other Carlsberg Group breweries to keep servicing their customers,” Lehmann shared.

“The aggressive excise tax increase on March 1st has dampened our outlook for the year. However, we will continue to strengthen the efficiency of our Malaysian and Singapore operations and reinvesting in our key brands”, he added.

The brewer urged the Government not to impose any increase on the excise duties at the forthcoming National Budget in October 2016. Further increase will lead to increased influx of contraband imported beers, which is already a huge problem today.

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Carlsberg Brewery Malaysia Berhad (Carlsberg Malaysia Group) was incorporated in December 1969.

Today, it manufactures beer, stout, cider and other malt related beverages. Sales and distribution of beer, stout, cider and other alcoholic beverages are carried out by its subsidiaries Carlsberg Marketing Sdn. Bhd. in Malaysia, Carlsberg Singapore Pte. Ltd., and associate company, Lion Brewery (Ceylon) PLC in Sri Lanka.

Our flagship brand Carlsberg is growing from strength to strength with Carlsberg Smooth Draught and Carlsberg Special Brew as product extension. Our portfolio of leading and premium brands that features Kronenbourg 1664 and Kronenbourg 1664 Blanc, Somersby Apple and Pear Cider, Asahi Super Dry, Connor’s Stout Porter, Danish Royal Stout, SKOL, Corona Extra, Jolly Shandy and non-alcoholic beverage Nutrimalt are the favourite brews in its segments and staying in tune with the dynamics of the local beer market landscape.