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Strong Q1 Performance in Malaysia and Singapore

Revenue up by 10.3%, Organic Net Profit grew by 14.3%

Shah Alam, May 17, 2017 – Carlsberg Brewery Malaysia Berhad (the Group) reported a strong performance for its businesses in Malaysia and Singapore for the first quarter ended 31 March 2017. Revenue of the Group increased by 10.3% to RM 502.6 million from RM455.7 million contributed by solid Chinese New Year (CNY) festive sales and effective portfolio premiumisation.

The Group posted a higher net profit of 7.1% to RM67.4 million for the quarter as compared to the corresponding period last year. The satisfactory result was driven by higher sales and efficiencies in line with the Group's SAIL'22 strategy and despite a higher share of loss of RM5.9 million from its associate company Lion Brewery (Ceylon) PLC (LBCP) in Sri Lanka, primarily due to an impairment loss on one of its brands. Discounting the LBCP loss, the Group registered an organic growth in its net profit by 14.3%.

In the quarter under review, the Group's Malaysia operations posted a revenue growth of 7.6% to RM363.4 million whilst revenue from its Singapore operations improved to RM161.5 million, an increase of 18.7% versus same quarter last year.

The Group's profit from operations grew by 18.4% to RM95.2 million year-on-year. Free cash flow surged by 92.3% or RM80.4 million to RM167.4 million contributed by lower working capital. Earnings per share for the quarter was 22.0 sen as compared to 20.6 sen for the same period last year.

The Group registered a higher share of losses of RM5.9 million versus RM1.2 million in the corresponding quarter last year in its associate company LBCP. This was mainly due to impairment losses on the Miller Brewery Limited brands in Sri Lanka which was acquired by LBCP in 2014 and business losses as LBCP still recovers from the flood at its brewery in 2016. These negative factors were mitigated by higher deferred tax assets attributable to its business losses and write-back of fixed assets impacted by the flood.

Managing Director, Lars Lehmann says "We are pleased to deliver a solid growth in revenue and profit for our businesses in Malaysia and Singapore. It is a testament that we are on-track with the implementation of our SAIL'22 strategic priorities".

“Our CNY campaign themed *Probably the Best Year with Golden Opportunities* was a success in both Malaysia and Singapore and contributed to the growth of the Carlsberg brand. Our innovation, Carlsberg Smooth Draught, that delivers the smooth sensation of a freshly tapped draught beer, was very well-received by consumers especially for home consumption during the CNY festive period”, Lehmann elaborated.

“Our Somersby cider, with its winning fruity taste, continued its double-digit growth. We are also pleased to see high growth of our premium brand Kronenbourg 1664 as well as Connor’s Stout Porter in draught. The ‘Fund the Journey’ programme keeps delivering the targeted cost reductions and efficiencies improvement across the business”, he added.

Outlook of the Group remains challenging due to weak consumer sentiment in Malaysia and Singapore as well as the influx of contraband in Malaysia. Despite the unfavourable headwinds, the Group is committed to execute on the SAIL’22 strategic priorities in its Malaysia and Singapore operations that will enable it to deliver shareholder value.

On a separate matter, the Group welcomed Datuk Toh Ah Wah, a Malaysian aged 59, to the Board as an Independent Non-Executive Director effective 17 May 2017. Datuk Toh also sits on the Boards of PETRONAS Chemicals Group Berhad, Choice Foundation and CTBAT International Co. Limited based in Hong Kong.

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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.