

FOR IMMEDIATE RELEASE

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Page 1 of 3

Solid Q-o-Q Growth in Q1FY21, with Revenue up circa 13% and Net Profit up 75%

SHAH ALAM, 18 May 2021 – Carlsberg Brewery Malaysia Berhad (the Group) reported a net profit of RM66.5 million, an increase of 75.1% on the back of revenue growth of 12.6% to RM532.0 million for the quarter ended 31 March 2021 (Q1FY21) against the preceding quarter ended 31 December 2020 (Q4FY20). This solid quarter-on-quarter (Q-o-Q) growth was mainly driven by the Chinese New Year (CNY) sales and business recovery in both Malaysia and Singapore with the easing of COVID-19 pandemic control measures.

The Group's profit from operations increased by 79.5% to RM83.0 million for Q1FY21 versus Q4FY20 due to higher revenues in both operations, the absence of one-off restructuring costs of RM9.9 million as well as lower marketing spend and administration expenditures.

Against the same quarter last year (Q1FY20), the Group's revenue was lower by 9.8% whilst net profit was down 8.9%. In Q1FY21, the Movement Control Order (MCO) imposed in several states in Malaysia from 13 January to 18 February (MCO 2.0) impacted the on-trade consumption, consumer-facing promotional activities and sampling events causing weaker CNY sales. Comparatively, in 2020, with MCO 1.0 imposed from 18th March 2020, the Group managed to sell significant stock ahead of the lockdown hence the impact on its Q1FY20 performance was relatively minimal.

On the other hand, the Group's Singapore operations improved its sales and profitability with higher CNY sales and the continued growth of premium brands in off-trade and e-commerce as the country transitioned to Phase 3 of the nation's 'reopening' plans with over 1 million COVID-19 vaccine doses administered.

For the quarter under review, the Group's profit from operations declined by 9.8% to RM83.0 million against the same quarter last year due to lower sales in Malaysia partially mitigated by higher sales in Singapore and lower operational costs.

The Malaysian operations saw a decline in revenue by 19.9% to RM356.5 million and a lower profit from operations of 16.4% to RM62.1 million for Q1FY21 versus Q1FY20 due to the aforementioned impacts of the imposition of MCO 2.0. In the same comparable period, the Singapore operations grew revenue by 21.4% to RM175.5 million whilst its profit from operations increased by 18.0% to RM20.9 million, driven by higher sales through CNY and premiumisation.

In Sri Lanka, the Group registered a lower share of profit of RM4.0 million for Q1FY21 compared to a share of profit of RM5.1 million in Q1FY20 from its associated company Lion Brewery



(Ceylon) PLC (LBCP). The lower profit was due to the impairment of LBCP's Miller brands amounting to RM2.3 million.

The Group's earnings per share for Q1FY21 was 21.73 sen, a decline of 8.9% compared with 23.86 sen for Q1FY20.

Managing Director Stefano Clini commented, "Our Q1FY21 performance, although a significant improvement Q-o-Q, was impacted by MCO 2.0 in Malaysia. As in 2020, our top priorities remain the health and wellbeing of our employees, supporting our customers to the best of our ability and safeguarding the financial health of the business."

"Innovation and digitalisation continue to be key growth drivers while we remain disciplined in implementing our 'Fund the Journey' initiatives as we navigate through the pandemic. We launched two brands, Tuborg Strong in Singapore and Somersby Watermelon cider in Malaysia, in February and March respectively," Clini said.

He shared: "Our premium draught stout Connor's, was made available in cans with double-dosed nitrogen before canning to maintain its iconic smooth head and fine cascading effect when freshly poured, is a brand-new innovation in the stout category. This will enable the brand to penetrate the off-trade sector and e-commerce, which have both recorded significant growth amid pandemic movement control measures. Carlsberg Smooth Draught has been relaunched with a refreshed look and feel in packaging and with pull-off "Fresh Cap" for its bottles to keep beers fresher for longer. As of May, Carlsberg Smooth Draught is also available on tap for a better drinking experience. In addition, we also launched our first-of-its-kind Harvest Festival limited-edition cans across a two-month consumer promotion to add to the festive spirit of Sabahan and Sarawakian consumers amid the pandemic".

Expressing reservations over the outlook, Clini said, "Uncertainty remains high. This is evident with the resurgence of COVID-19 cases that led to re-imposition of lockdowns in both Malaysia and Singapore with tightened safety measures, no dining-in for on-trade sector and work-from-home arrangements resumed for non-essential employees. While we are pleased of the progress of COVID-19 vaccination programs in both countries, we are cautious over the uncertainties relating to the pandemic, further government actions, and other macroeconomic developments."

Under the current circumstances where the business outlook has deteriorated following the lockdowns, the Board will continue to suspend its review of a dividend policy for 2021 until later in the year when hopefully these uncertainties will ease, and the conditions become clearer. As communicated in the Company's 51st Annual General Meeting last month, the Board aims to prioritise business sustainability, to strike a balance of preserving cash and liquidity while still delivering shareholder value.

"We also hope that the Malaysian authorities will continue to extend support to the beer industry in combating contraband. We would like to appeal to the Government to expedite the COVID-19 immunisation plan for the manufacturing and related services as it would help to flatten the curve and support the government's goals in achieving herd immunity," concluded Clini.



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About Carlsberg Malaysia

Carlsberg Brewery Malaysia Berhad was incorporated in December 1969. We are a dynamic brewer with operations in Malaysia and Singapore, with stakes in a brewery in Sri Lanka. We also have a regional presence via exports to Thailand, Taiwan, Hong Kong and Laos.

Our international portfolio of brands features Probably The Best Beer In The World – Carlsberg, Probably The Smoothest Beer In The World – Carlsberg Smooth Draught and Probably The Best Strong Beer – Carlsberg Special Brew. This Carlsberg trio is complemented by international premium brews including France's premium wheat beer 1664 Blanc, Japan's No.1 premium beer Asahi Super Dry, European cider Somersby, British-inspired Connor's Stout Porter draught, US award-winning craft beer Brooklyn Brewery as well as Corona Extra, the imported premium Mexican beer brand. Our local brands include SKOL, Royal Stout, Jolly Shandy and Nutrimalt.