

FOR IMMEDIATE RELEASE

Press Statement 05/2017

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## Full Year Net Profit down 5.1% to RM205 million

High Dividend of 72.0 sen per share maintained

Shah Alam, February 21, 2016 – Carlsberg Brewery Malaysia Berhad (The Group) reported a net profit of RM 204.9 million, a 5% decline for the financial year ended 31 December 2016 against the same period last year. Adjusted for the share of loss from associated company Lion Brewery (Ceylon) PLC (LBCP), which was out of production for 7 months due to floods in Sri Lanka, the Group's underlying net profit grew 5.1% to RM210 million. (2015: RM199.8 million after adjusting for share of profit from LBCP). This was achieved on the back of an organic revenue growth of 5.7% for the Group, coupled with effective cost management.

Reported revenue of the Group grew by 1.2% to RM1.68 billion year-on-year mainly driven by higher export sales and a price increase in domestic market last year despite lower sales in Carlsberg Singapore Pte. Ltd. (CSPL).

As reported, profit before tax (PBT) was flat at RM283.8 million as higher profit from operations was offset by a share of loss from LBCP in Sri Lanka compared to a share of profit in 2015 due to the abovementioned floods. Nevertheless, the Group posted a lower profit after tax (PAT) by RM9.6 million or 4.3% to RM210.7 million due to one-off tax adjustments relating to prior periods and a higher deferred tax expense. Consequently, earnings per share (EPS) declined to 67.04 sen from RM 70.62 sen.

Revenue for the quarter ended 31 December 2016 increased by 2.9% compared to the corresponding quarter last year. This was mainly contributed by higher export sales and also domestic sales as a result of the earlier timing of Chinese New Year. PBT reduced by RM14.5 million or 15.2% due to the abovementioned share of loss from LBCP whilst PAT was further impacted by the abovementioned one-off tax adjustments and deferred tax expense.

Despite the drop in reported net profits, the Group remains confident about the strong underlying profitability of the business. Hence, it proposed a final and special single tier dividend of 67.0 sen per ordinary share. Together with an interim dividend of 5 sen per ordinary share paid on 7 October 2016, total declared and proposed dividends for the 12 months ended 31 December 2016 amounted to 72.0 sen per ordinary share. This maintains the dividend payment for 2015 and represents 104% of 2016 PAT.

Carlsberg Malaysia Managing Director Lars Lehmann commented: “2016 was a difficult year for the Group. Our results were severely impacted by the floods in Sri Lanka and the decline of our strong beer after the excise duties increase in Malaysia. As well as lower sales in CSPL and a one-off gain from brand incentive received last year. On the positive front, we are proud of the strong growth of Carlsberg Smooth Draught as well as our premium brands Somersby cider, Kronenbourg 1664 Blanc, Asahi Super Dry and Connor’s Stout Porter”.

“Against the challenging conditions, we are pleased to achieve a modest organic growth for the Group and continue to deliver shareholder returns with a total declared and proposed dividend payment of 72.0 sen per ordinary share for year 2016”, Lehmann explained.

Our Fund the Journey program delivered higher supply chain efficiencies for the year and lower operating expenses at the organic level. However, the substantial increase in excise duties in March 2016 adversely affected the sales and profitability of our strong beers. Over 9 months in 2016, we saw a 22% decline in sales of our strong beers,” Lehmann elaborated on the domestic performance.

“We registered a loss of RM 5 million from our associate company LBCP in Sri Lanka attributed to the floods disruption versus a profit of RM 16 million in 2015. The LBCP brewery resumed production end of last year and is gradually recovering the lost business”, he added.

In 2017, the Group is committed to deliver the strategic priorities underpinned by its new corporate strategy – SAIL’22. Lehmann shared: “We are reinvesting savings from our Fund the Journey program behind our great brand portfolios and consumer engagement activities to address the soft consumer sentiment and to deliver long term shareholder value”.

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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.