

FOR IMMEDIATE RELEASE

Press Statement 31/2016

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Q3 hit by soft market and Sri Lanka floods

Solid underlying performance with a robust cash flow despite business disruption in Sri Lanka and higher commercial expenditures

Shah Alam, November 28, 2016 – Carlsberg Brewery Malaysia Berhad's (Carlsberg Malaysia Group) net profit fell 30% to RM43.6 million for the third quarter ended 30th September 2016 from RM62.5 million in the same period last year. Profit after tax (PAT) of RM 45.1 million was adversely impacted by the loss of sales and write down of assets from associate company Lion Brewery (Ceylon) Ltd, Sri Lanka (LBCL) due to the disastrous floods in May and the divestment of Luen Heng F&B Sdn. Bhd. in August 2015.

Adjusted for the LHFB divestment, revenue for the quarter was relatively flat at RM393.3 million reflecting a softer market and lower sales of strong beers in Malaysia since the excise duty increase in March. Profit from operations declined by 21.7% to RM 61.2 million in the quarter under review due to higher commercial expenditure primarily on Carlsberg's sponsorship of UEFA EURO 2016 campaign in both Malaysia and Singapore.

Earnings per share (EPS) declined from 20.44 sen to RM 14.26 sen for the quarter under review.

Carlsberg Malaysia Group's Managing Director Lars Lehmann says: "The Group's 3rd quarter performance was negatively impacted by the floods in Sri Lanka. LBCL, which the Group owns 25%, had its production shut down since May and only resumed production on 23rd November 2016. Our Sri Lankan colleagues in LBCL have put in extraordinary efforts in getting the affected brewery operational again".

"Despite the lower performance recorded this quarter, the Group's net profit for the first 9 months increased by 11.7% to RM 157.9 million whilst profit from operations grew 15% to RM 208.5 million on the back of a flat revenue growth. Significantly, net cash generated from operating activities improved by RM 100.5 million from better management of working capital. This demonstrates our solid underlying performance, which was mainly delivered by cost efficiencies and growth of our premium brands", Lehmann commented.

"We anticipate the remaining quarter to be challenging, partly due to the continued business disruption in LBCL, Sri Lanka until November 23rd and weak Malaysian consumer sentiment.

We will continue to execute our cost efficiency and value management initiatives. Our premium brands especially Somersby cider and Kronenbourg 1664 Blanc as well as our major innovation Carlsberg Smooth Draught will carry on the positive momentum in both Malaysia and Singapore”, he added.

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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.