

FOR IMMEDIATE RELEASE

Press Statement 36/2017

30 November 2017

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Q3 Organic Net Profit up 19.8%

Solid performance in Malaysia; Adjustment of provisions for trade offers in Singapore operations; Overall robust cash flow up 24.2%

Shah Alam, November 30, 2017 – Carlsberg Brewery Malaysia Berhad's (the Group) reported net profit fell 1.8% to RM42.8 million for the third quarter (Q3) ended 30 September 2017 from RM43.6 million as compared to the same period last year. After excluding trade offer adjustments by its subsidiary Carlsberg Singapore Pte. Ltd. (CSPL), organic net profit of the Group grew 19.8% to RM54.7 million driven by strong performance in Malaysia operations. Cash flow improved significantly by 24.2% to RM269.5 million contributed by Fund the Journey initiatives and operational efficiencies.

Reported revenue of the Group for Q3 increased by 7.7% to RM423.5 million whilst profit after tax (PAT) was flat at RM45.0 million due to the above-mentioned trade offer adjustments in the Singapore operations. These relate to provisions for trade offers amounting to RM18.2 million made in this quarter, of which RM14.2 million relates to prior years.

In the quarter under review, the Malaysia operations delivered a very strong performance of 17.9% growth in revenue of RM286.9 million from RM243.3 million in the same quarter last year. The Malaysia operations' PAT grew by 77.0% to RM41.8 million mainly contributed by higher sales of the Group's flagship brand Carlsberg and especially its product innovation Carlsberg Smooth Draught. The premium brands like Kronenbourg 1664 Blanc, Somersby Cider and Connor's Stout Porter continued to record double-digit growth in sales.

Our associate company in Sri Lanka, Lion Brewery (Ceylon) PLC (LBCP) reported a share of profit of RM0.6 million in Q3 this year as compared to share of losses of RM1.7 million in Q3 last year due to the impact of floods that halted its production from May to November 2016. Profit improved by RM2.3 million mainly due to the recovery in LBCP's operational performance.

For the first nine months ended 30 September 2017, revenue of the Group grew by 7.5% to RM1.34 billion, while net profit increased by 8.4% to RM171.2 million driven by higher sales and premiumisation, but off-set by the trade offer adjustments in the Singapore operations. Earnings per share was 55.98 sen compared with 51.65 sen year-on-year.

Managing Director Lars Lehmann says: “The Group’s Q3 result was significantly impacted by the trade offer adjustment in CSPL, though it has no cash flow impact. Despite the adjustment, we are pleased to register solid organic growth in top and bottom-line for the first nine months this year. Our team have been very diligent in executing our SAIL’22 strategy. It has enabled our flagship brands Carlsberg and Carlsberg Smooth Draught to grow in mainstream, our premium brands to deliver higher profitability and ‘Fund the Journey’ to deliver greater efficiencies”.

“We are optimistic about the remaining quarter in Malaysia, where the launch of Carlsberg Smooth Draught in 325ml pint bottle has increased the availability of the popular brand. We celebrate Carlsberg’s 25 years of sponsorship of Liverpool FC and launch Somersby Sparkling Rose as limited-edition cider for the festive season. We will also import and sell a famous US craft beer from December onwards”.

“We applaud the Government’s decision to maintain the excise duties in the 2018 National Budget announced in October. It was a very sensible move as any excise duties increase will lead to more influx of contraband beers, which will directly impact the tax revenue of the country”, Lehmann added.

On a separate matter, the Group welcomed Michelle Tanya Achuthan, a Malaysian aged 46, to the Board as an Independent Non-Executive Director effective 30 November 2017. She is a 27-year advertising veteran and is currently the Managing Director of MEC Malaysia, a GroupM agency. Her years of experience includes having worked at various international agencies and with multiple business categories.

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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 its brews are carried out by its subsidiaries Carlsberg Marketing Sdn. Bhd. in Malaysia, Carlsberg Singapore Pte. Ltd. in Singapore, 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 Blackberry 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.