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## Full Year Net Profit up 7.9% and New Dividend Policy

Strong cash flow growth of 36.1%, Solid performance in Malaysia and good recovery in Sri Lanka offset by trade offer adjustments in Singapore

Shah Alam, February 14, 2018 – Carlsberg Brewery Malaysia Berhad (The Group) posted a net profit growth of 7.9% to RM 221.2 million for the year ended 31 December 2017 versus the same period in 2016. Revenue for the 12 months in 2017 grew 5.3% to RM1.77 billion from RM1.68 billion in 2016. The results were mainly driven by higher sales and premiumisation in the Malaysia operations, good cost control via Fund the Journey initiatives as well as improved results in Lion Brewery (Ceylon) PLC (LBCP) offset by trade offer adjustments in Carlsberg Singapore Pte. Ltd (CSPL).

In the year under review, the cash flow of the Group improved significantly by 36.1% to RM305.3 million due to the strong underlying performance and better working capital management. Earnings per share was 72.34 sen compared with 67.04 sen year-on-year.

Net profit for the quarter ended 31 December 2017 (Q4FY17) increased by 6.2% to RM 50.0 million despite a marginal drop in revenue by 1.1% to RM 430.0 million versus the corresponding strong quarter in 2016, which benefitted from the earlier 2017 Chinese New Year festive sales. The higher net profit for Q4FY17 was a result of recovery of the Group's associate company in Sri Lanka LBCP, absence of tax adjustments in Q4FY17 offset by higher commercial investments during the last quarter of 2017.

In Q4FY17, revenue of the Malaysia operations grew 5.4% to RM 290.9 million whilst profit from operations declined by 12.1% to RM 53.4 million due to higher commercial investments. The domestic operations continued its growth momentum, which was mainly contributed by Carlsberg Smooth Draught as well as the premium brands Somersby Cider, Kronenbourg 1664 Blanc and Connor's Stout Porter.

In Q4FY17, the Singapore operations reported a 49.2% drop in profit from operations to RM 12.6 million on the back of a reported revenue decline of 12.3% to RM 139.0 million in Q4FY17 vs the same quarter in 2016. The lower revenue and operating profits were mainly due to additional trade offer adjustments of RM 13.8 million in Q4FY17, of which RM 8.2 million related to prior years. The adjustments have no impact on cash flow.

The Group's associate company in Sri Lanka LBCP reported a share of profit of RM 2.7 million in Q4FY17 as compared to a share of loss of RM 3.2 million in Q4FY16 driven by improved operational performance and higher sales following a change in excise duty structure in Sri Lanka.

"2017 was a satisfactory year for Carlsberg Malaysia Group despite the regrettable RM 17.2 million trade offer adjustments in CSPL related to prior years. Our solid performance is the result of our employees' successful execution of our SAIL'22 strategy, which combines growth from product innovations with cost efficiencies", Carlsberg Malaysia Managing Director Lars Lehmann commented.

Lehmann added: "We are committed to deliver value for shareholders via organic growth in operating profit as well as a high and stable dividend yield, as outlined in our SAIL'22 strategy".

"On behalf of the Board, I am pleased to announce a dividend policy for the Group, where we target a 100% payout of the Group's consolidated net profit, subject to business prospects, capital requirements, expansion strategy and other factors considered relevant by the Board. It is also our intent to declare interim dividends on quarterly basis, where the target payout is at least 75% of the Group's quarterly consolidated net profit with the remaining dividend declared in the last quarter. The Board may also consider a special dividend in the event of surplus cash after considering the future cash requirements of the Group", he elaborated.

The Group proposes a final dividend of 66.0 sen per ordinary share and a special single tier dividend of 11.0 sen per ordinary share. Together with the interim dividend of 10.0 sen per ordinary share paid on 6 October 2017, the total declared and proposed dividends for the financial year 2017 is 87.0 sen per ordinary share, which is equivalent to a 114.5% payout of the Group's consolidated net profit of 2017.

On a separate matter, the Group welcomed Mr. Lim Chee Keat, a Malaysian aged 46, as Chief Financial Officer (CFO) and Company Secretary of CBMB effective 12 February 2018 and Mr. Olivier Dubost, a French aged 44, as General Manager of CSPL effective 6 February 2018.

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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.