Carlsberg Malaysia

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Press Statement 30/2020
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Operations recovery lifts Carlsberg earnings in Q3FY20

Net profit and revenue improved to RM41 million and RM435 million respectively as lockdowns eased in Malaysia, Singapore and Sri Lanka

SHAH ALAM, 12 Nov 2020 – Carlsberg Brewery Malaysia Berhad (the Group) posted commendable earnings for the quarter ended 30 September 2020 (3QFY20) versus the preceding quarter (2QFY20) as its production, sales and distribution in Malaysia and Singapore transitioned to the "new normal" amid the COVID-19 pandemic. Net profit nearly tripled by 281.7% to RM40.6 million on the back of a revenue growth of 51.5% to RM435.3 million quarter-on-quarter. These improvements were the result of slow but promising recovery in the on-trade sector plus several cost control measures as the Group reset its businesses.

Comparing the quarter under review with the corresponding quarter in the previous year, the Group posted a lower revenue and net profit by 19.7% and 41.3% respectively. These were mainly due to lower sales but mitigated by lower marketing spend and reduction in operating expenses. The Group also registered a higher share of profits of RM5.8 million from its associate company Lion Brewery (Ceylon) PLC (LBCP), an increase of 8.3% versus the same quarter last year, following the lifting of lockdown and curfew measures in Sri Lanka in end-June.

For the first nine months ended 30 September 2020 (9MFY20), the Group recorded a revenue of RM1.31 billion, a 22.0% decline, whilst profit from operations dropped 45.5% to RM153.8 million amid a challenging operating environment due to the pandemic.

In Malaysia, revenue for 9MFY20 slipped by 23.6% to RM942.0 million and profit from operations declined by 46.7% to RM113.0 million. On the comparable basis of Q3FY20 vs Q3FY19, revenue dropped 26.2% to RM288.5 million and profit from operations declined by 57.2% to RM26.8 million, attributable to lower sales which were partially offset by lower marketing and operating expenses.

Revenue of the Singapore operations for 9MFY20 was down by 17.6% to RM370.5 million whilst profit from operations dropped 41.5% to RM40.8 million compared to the same period last year. For the quarter under review, revenue declined by 3.1% to RM146.8 million whilst profit from operations slipped by 13.2% to RM21.6 million against the same quarter last year.

Group earnings per share for the quarter was 13.29 sen, lower by 41.3% as compared with 22.63 sen for the corresponding quarter last year.

The Board's decision to suspend quarterly dividend payments for the financial year ending 31 December 2020 remains for Q3FY20.

Commenting on the Group's improved performance, Managing Director Stefano Clini said, "Our diligence in implementing our business continuity roadmap, reprioritisation of costs, processes and structures, as well as a disciplined approach to our 'Fund the Journey' initiatives have paid off with a turnaround in performance for Q3FY20, especially with a refocusing on off-trade and e-commerce sales resulting in increased sales in these channels, boosted by the Carlsberg Liverpool FC Champions promotion."

"As the Group enters the fourth quarter, the recent spike in COVID-19 cases and the subsequent stricter lockdown measures imposed in most states in Malaysia have taken another toll on on-trade consumption which had been on the path toward fragile recovery in the third quarter. In these uncertain times, we will continue to focus on our strategic priorities while working closely with our business partners and distributors to be highly agile and adaptable within a volatile operating environment. Economic and business recovery will be slow under the threat of the ongoing pandemic and we remain focused on the health and safety of our employees and customers while ensuring the sustainability of our operations in the short and long terms," Clini explained.

"We reiterate our shared stance as part of the Confederation of Malaysian Brewers Berhad on the potential losses to government tax revenue resulting from contraband beer. As such, we applaud the Malaysian government for not increasing excise duties on beer during the recent Budget 2021 announcement as we believe any increase will further incentivise illicit trade while making legitimate beer less affordable for consumers, especially in a time where local retailers and F&B operators are struggling to stay afloat," he added.

"I am especially grateful to our consumers and customers for their patronage and loyalty, as well as our employees for going the extra mile in this extraordinary time, which have helped the Group weather the storm and continue our contribution to the economy and the community, such as through the completion of our Safer Together initiatives for Malaysian F&B businesses and vernacular schools," 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.