

FY16 Financial Results Briefing

Wednesday, 15 Feb 2017

FY16 Overview

Pressure on consumer sentiment due to economic uncertainties



Global Oil
Prices



Currency
Volatility



Rising
Cost of Living



Soft Consumer
Sentiment

FY16 Overview

Challenging environment persists



Excise Duty
Increase



Regulatory
Risks



Contraband



Slowdown in
Tourism

Key Initiatives

Overview of Initiatives

Delivering a solid FY16 performance amid challenging conditions

Winning in
Premium

Integrating with
HEINEKEN
International

Growing an
Iconic Portfolio

Unlocking
Efficiencies

Engaging with
Authorities

Focusing in Off-
Trade Growth



Project BREAKOUT

Optimising efficiencies in the entire value chain

Outlet Contract Management

Trade Promotion Management

Sales Force Automation

Distributor Management System



Innovation

Penetration driven by a consumer-inspired approach



Tiger

ENJOY RESPONSIBLY

IT'S TIME FOR A CHANGE

IT'S TIME FOR A SMOOTHER SIP.
IT'S TIME FOR A DISTINCT AROMA.
IT'S TIME FOR A FLAVOURFUL FINISH.
IT'S TIME FOR WHEAT BEER.

A NEW BREED OF BEER IS HERE.
#UncageAsianWheatBeer

TIGER WHITE.
ASIA'S WHEAT BEER.

Heineken Marketing Malaysia Sdn Bhd. (formerly Guinness Anchor Marketing Sdn Bhd) 11, Persiaran May Berseaya 1 of 1155, Pusat 5, Seksyen 10, Kuala Lumpur, 50450 Kuala Lumpur, Malaysia. © 2013



Tiger

KENJI CHAI X TONICK

DONALD ABRAHAM X THE SAM WILLOWS

FLEX X DARREN ASHLEY

SPECIAL EDITION BOTTLES

×

Tiger Beer brings you 3 Special Edition Bottles designed through collaboration by Tiger Jams visual artists and acclaimed musical acts.

Grab these one-of-a-kind bottles at selected Tiger Beer outlets for a limited time only and while stocks last.

#UNCAGEMUSIC TIGERJAMS.COM ENJOY RESPONSIBLY

Innovation

Penetration driven by a consumer-inspired approach

**EVERY SIP,
A BALANCE OF
DAY AND NIGHT**

**THE NEW STRONGBOW
APPLE CIDERS DARK FRUIT**

LIGHT UP YOUR SENSES WITH A REMIX OF CRISP APPLES
AND FRUITY BLACKCURRANT NOTES

NEW

STRONGBOW APPLE CIDERS

Dark Fruit
4.4% alc/vol

Elderflower
Gold Apple
Honey

STRONGBOW APPLE CIDERS

www.strongbow.com | fb.com/strongbow.my
@instagram.com/strongbow_my

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ANCHOR
Smooth
Draught

Now Fresh In A Bottle

A refreshing lager with a smooth blend of aromatic hops, brewed perfectly into each bottle of Anchor Smooth Draught.

The smooth taste of draught beer. The passion of local craftsmanship.

EUROPEAN TRADITION
TRADEMARK
ANCHOR
Smooth
Draught
PILSENER BEER
SINCE 1933
INTERNATIONAL PREMIUM QUALITY

Contraband

Support authorities in anti-contraband efforts



Labuan police chief Supt Adzhar Othman (right) with his officers after showing the seized contraband booze and cigarettes to media yesterday. - Bernama photo

RM124,598 contraband fags, liquors seized in Labuan

LABUAN: The Marine Police here foiled a bid by two suspected smugglers following the seizure of a speedboat with its outboard engine and a consignment of cigarettes and liquors on Friday.

Labuan Police Chief Supt Adzhar Othman yesterday said the value of the speedboat and its outboard engine, and the suspected contraband goods were worth about RM124,598.

He said a police boat on patrol beats spotted a speedboat heading into the open sea from Sungai Kinabenua on Feb 10, around 12.15am.

As the patrol boat was approaching the speedboat with the purpose of inspection, the speedboat with two men onboard sped off towards the beach at Ranca-Ranca, where both suspects jumped into the water to escape.

The patrol boat then approached the speedboat and upon inspection the police team found from the speedboat's cargo

compartment loaded with a consignment of goods.

Adzhar said the speedboat and its outboard engine were worth RM10,000 and RM55,000.

The suspected contraband cigarettes, namely 12 boxes of Kretek Mild worth RM46,000 and 50 packs of Paradox Mint (RM3,250) as well as liquors such as 46 cartons of Carlsberg worth RM3,128 and 10 cartons of can Skoll Beer (RM550); two cartons Tiger Beer (RM210); four cartons of Asahi Beer (RM240); eight boxes of Mainof Vodca (RM1,520); 10 boxes of Hardy (RM1,900) and 14 boxes of Hoegaarden (RM2,800).

He said initial investigations showed the two suspects wanted to smuggle the goods to mainland Sabah.

The case is being investigated under section 135(1)(e) of the Customs Act 1967.

GOF cripples syndicate smuggling cigarettes, beer into rural areas

MIRI: The General Operations Force (GOF) believes it has crippled a syndicate smuggling beer and cigarettes into rural areas by foiling an attempt to smuggle 180 cartons of contraband beer and 1,018 packets of cigarettes worth RM68,000.

The seizure on Wednesday afternoon followed surveillance by a team of personnel from PGA Headquarters in Kuching and PGA Miri at Niah riverbank under the bridge towards Sepupok Village.

Commanding officer of PGA 12th Battalion, Miri, Superintendent Tan Hap Seng when contacted confirmed the case but said no arrest has been made so far.

"Our men, tipped off by members of the public, arrived at

the scene at 2pm to find 180 cartons of contraband beer and 15 large boxes containing contraband cigarettes, both of various brands, placed underneath the bridge.

"When no suspect showed up after two hours of surveillance, our men confiscated the goods," he said.

According to Tan, custom duties had not been paid on the beer and cigarettes brought from outside Sarawak for the rural market.

He believed the smugglers had used roads to transport the contraband, but upon sensing their actions were known by the authorities, changed to river transport.

He said the case and the smuggled items had been handed to the Customs Department for further action.



Sarawak Customs director Ahmad Jil (seated, centre) with the seized contraband cigarettes and beer at the Sarawak Customs storage in Kuching yesterday. Pic by Hafiz Buhari

Contraband beer, cigarettes seized

KUCHING: Contraband cigarettes and beer worth RM70,840, with a tax charge of RM8.2 million, were seized by the Sarawak Customs Department in an operation at the Sentia Port here.

State Customs director Ahmad Jil said 1,018 cartons of cigarettes and 5,800 crates of beer of different brands were seized from three containers on Wednesday, adding that the items were declared as "clothing and jewellery".

"Based on a public tip-off and investigations by the department, the attempt to smuggle in the items was thwarted.

"Investigations revealed that the containers, which arrived from Singapore, have no permit or duty rates.

"The items were being delivered to a company here," he said at the de-

partment's enforcement storage at Jalan Dernaik Laut here yesterday.

Ahmad said all items would be confiscated under section 114 of the Customs Act 1967.

He said no arrests had been made so far, and that the case was being investigated for smuggling under section 185 (1) (a) of the Customs Act 1967.

"Offenders would be fined between 10 and 20 times more than the imposed customs duties or sentenced to a three-year jail term, or both.

Ahmad said subsequent offenders would be fined between 20 and 40 times more than the imposed customs duties or jailed not more than five years, or both.

A total of 238 individuals have been convicted under the Op Outlet campaign throughout the state as of last month.



GOF personnel with the confiscated items taken from banks of Niah River

A New Era

Ownership Structure

We became part of the HEINEKEN International Group

Formerly Guinness Anchor Berhad (a HEINEKEN & Diageo JV), we became HEINEKEN Malaysia following HEINEKEN N.V.'s acquisition of Diageo's shares in GAB on 7 October 2015.



A New Era

We changed our name to Heineken Malaysia Berhad



Chairman

Tan Sri Saw Choo Boon retired on 31 Dec 2016



Chairman

Dato' Sri Idris Jala appointed on 1 Jan 2017



Financial Review

Change in Financial Year

To coincide with the financial year of HEINEKEN N.V.



On 25th November 2015, following HEINEKEN's acquisition of Diageo's interest in GAPL Pte Ltd, the Company changed its financial year end from 30 June to 31 December. This is to coincide with the financial year of Heineken N.V.

As such, the Company's next audited financial statements will be for a period of 18 months, made up from 1 July 2015 to 31 December 2016.

18 months ended 31 Dec 2016

Revenue

+ 4.9%

from RM2,678 million
to RM2,810 million



Profit Before Tax

+ 11.1%

from RM495 million
to RM549 million



Operating Cash (Post-Capex)

+ 2.6%

from RM476 million
to RM489 million



3 months ended 31 Dec 2016

vs

**Corresponding
quarter in 2015**

Revenue

+ 10.1%

from RM524 million
to RM578 million

Profit Before Tax

+ 3.7%

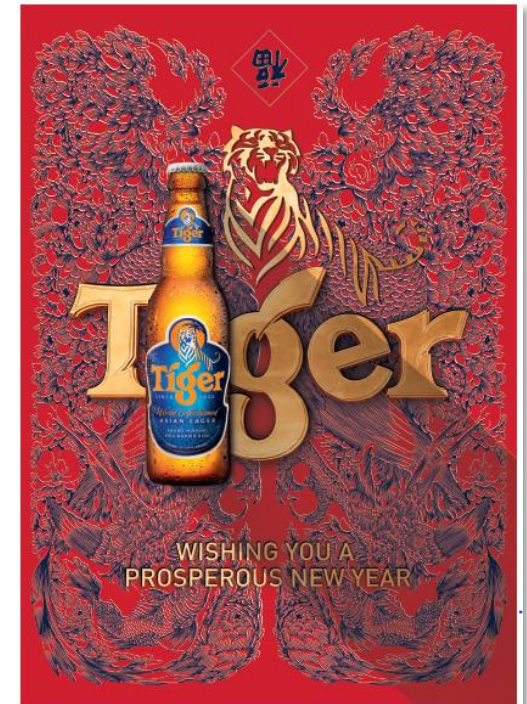
from RM118 million
to RM122 million

Strong portfolio performance with
growth in premium brands
Heineken® and Guinness

Effective sales execution and
growth in Modern Off-Trade

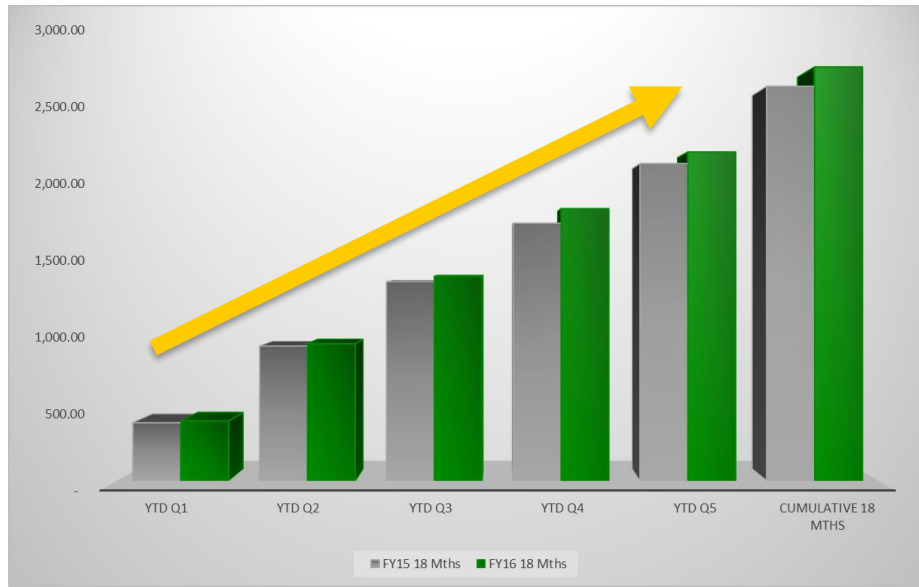
Cost efficiencies through
global procurement
initiatives

Earlier timing of
Chinese New Year

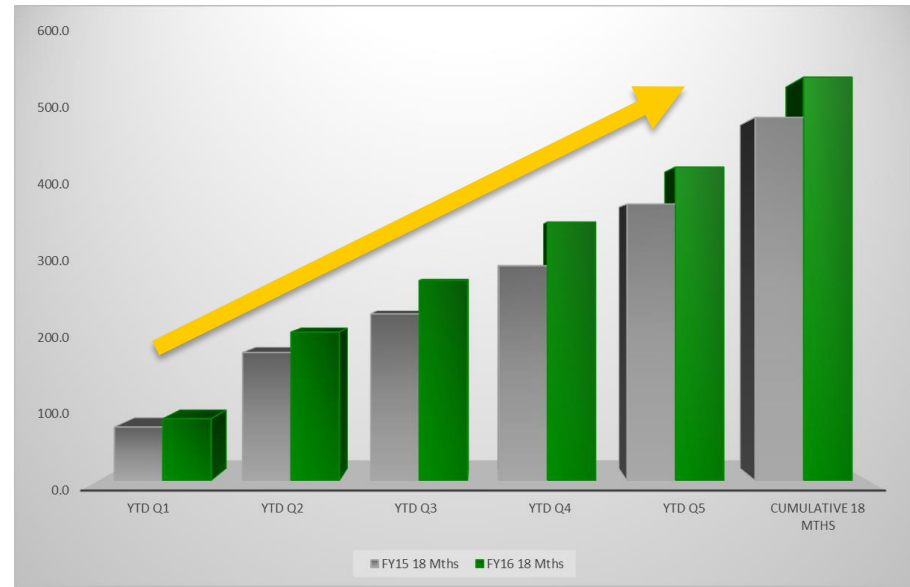


Solid Growth Trend

Consistent growth in Revenue and PBT across all quarters



Revenue



Profit Before Tax

Dividend Pay Out

INTERIM & SPECIAL DIVIDEND
(Paid in April 2016)

50 sen

2ND INTERIM DIVIDEND
(Paid in October 2016)

35 sen

FINAL DIVIDEND PROPOSED
(Payable in May 2017)

60 sen

TOTAL DIVIDEND IN FY16

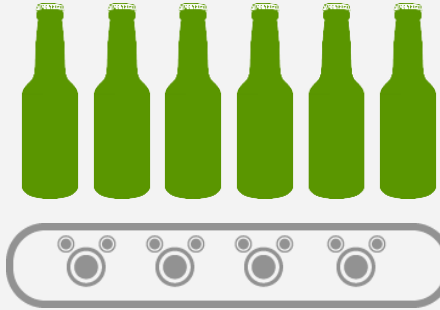
145 sen

Growth Drivers

Delivering solid performance in a challenging environment



**Strong Brand
Portfolio &
Effective Sales
Execution**



**Improved
Production
Planning &
Process**



**Robust
Commercial
Strategy**

Summing Up the Past 18 Months

FINANCIALS

Revenue
+4.9%

Profit Before Tax
+11.1%

Operating Cash
+2.6%

Total Dividend
145 sen

DRIVERS

Effective Commercial
Executions

Cost Efficiencies

Lower Incidence of
Contraband

KEY POSITIVES

Higher sales with
better brand mix

Higher ROI in commercial
investment & lower COGS

Focused Strategy

KEY WATCH OUT

Global economic uncertainty and soft consumer sentiment

FY17 Outlook

Next 12 Months

Environment expected to remain challenging in FY17



Global &
Domestic
Economic
Uncertainties



Cautious
Consumer
Spending



Increase in
Regulatory
Requirements



Rising Demand
for Contraband

Next 12 Months

HEINEKEN Malaysia will continue to grow sustainably



Leveraging on
an Integrated
Global
Supply Chain



Continue
Strengthening
our Iconic
Portfolio



Investing in
and
Developing
our People



HEINEKEN