

FOR IMMEDIATE RELEASE

Press Statement 15/2020

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COVID-19 impact: Q1FY20 revenue drops 10.6% and net profit down by 16.7%

Consumption, production and distribution impacted by COVID-19 in both Malaysia and Singapore. Quarterly dividend payment suspended to be prudent on cash and liquidity.

SHAH ALAM, 29 May 2020 – Carlsberg Brewery Malaysia Berhad (the Group) posted a 10.6% decline in revenue to RM589.9 million whilst net profit slipped 16.7% to RM73.0 million for the quarter ended 31 March 2020 (Q1FY20) as compared to the same period last year. Both revenues and net profit were impacted by the COVID-19 and Movement Control Order (MCO) as operations were suspended and on-trade sales were affected in both Malaysia and Singapore.

In Malaysia, revenue was down by 11.3% to RM445.4 million and profit from operations dropped by 18.3% to RM74.2 million in Q1FY20 against the corresponding quarter last year. This is mainly due to an earlier Chinese New Year (CNY) trade loading in December 2019, the absence of trade loading in March this year and lower sales following the MCO that commenced on 18 March 2020.

Carlsberg Singapore Pte. Ltd. (CSPL) also recorded lower revenue by 8.6% to RM144.5 million and lower profit from operations by 14.4% to RM17.7 million for Q1FY20 as compared to same quarter last year due to the slowdown caused by the COVID-19 “circuit breaker” (CB).

Earnings per share was 23.9 sen, lower by 16.7% compared with 28.7 sen for the corresponding quarter last year.

Given the unprecedented impact and levels of uncertainty and volatility globally stemming from the COVID-19 pandemic, the Board of Directors of the Group (Board) has decided to suspend the quarterly dividend payments for the financial year ending 31 December 2020 to ensure a more prudent focus on preserving cash and liquidity, and with the intent to strike a balance between the long-term health of the organisation and dividends to shareholders.

Managing Director Stefano Clini commented, “The impact of COVID-19 in Malaysia and Singapore has generated a high degree of volatility and uncertainty. Hence, we believe it is a sound and timely call to suspend the quarterly dividend payments to ensure the Group is financially and commercially healthy. The Board has previously stated the Group’s dividend policy is dependent on business prospects, capital requirements, expansion strategy and other relevant factors. We will revisit the policy later in the year when the landscape becomes clearer.”

“COVID-19 has severely impacted our operations in Malaysia and Singapore, as well as our investment in Sri Lanka. It will inevitably have an adverse impact on our business and financial performance in 2020. This unprecedented crisis has brought immense challenges for people, regulators, and businesses; it’s changing the way we live and work. In these uncertain times, our top priority has been and remains the health and safety of our people. All our full-time employees are on full salary throughout the MCO period in Malaysia and Singapore’s ‘circuit breaker’ that commenced on 7 April 2020,” said Clini.

Clini added, “I’m very pleased that our colleagues who have been working under very difficult and challenging circumstances at our brewery, in sales or from home, and are safe with zero positive cases reported. Employees morale remains high while employee engagement is even higher during this time of enormous uncertainty.”

Commenting on the outlook, Clini said, “Our SAIL’22 corporate strategy remains unchanged. Additionally, during this crisis we are guided by the Carlsberg Group’s COVID-19 leadership triangle that balances between ‘Situational Leadership’, ‘Defend Operating Profit and Cash’ and ‘Prepare for the Rebound’. In anticipation of uncertainties in macroeconomics and socio-politics, we are committed to be even more agile and disciplined in implementing our SAIL’22 priorities, especially Fund the Journey initiatives, with an ever-increased focus on cost control.”

“The regulations set during the Conditional MCO in Malaysia and CB in Singapore took a heavy toll on on-trade sales and consumer sentiment. Though many eateries and restaurants have reopened with dine-in whilst observing social distancing and other health and safety guidelines, we anticipate a slow recovery in on-trade due to reduced capacity and shorter operating hours thus affecting consumer consumption in the coming months and deteriorating macroeconomic conditions,” Clini explained.

In support of business recovery, especially for the on-trade customers, the Group pledged a RM3.5 million solidarity fund towards the Malaysia Singapore Coffee Shop Proprietors General Association (MSCSPGA) by subsidising utilities payments for 1,000 small and medium-sized coffeeshop operators nationwide and activated a Carlsberg Smooth Draught promotion that enables participating coffee shops to regain footfall. In addition, it also launched the Adopt a Keg campaign meant to drive consumer traffic back to on-trade F&B outlets, helping bars and restaurants in Malaysia and Singapore to kickstart their business recovery when the MCO and CB are lifted.

On the community front, the Group also launched “Safer Schools” campaign on 2 April 2020 aimed at benefitting 1,500 Chinese and Tamil vernacular schools in Malaysia with donations of infrared thermometers and disinfection services to provide a safe and infection-free learning environments for over one million schoolchildren when classes resume after the MCO.

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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.