

CARLSBERG BREWERY MALAYSIA BERHAD



51st ANNUAL GENERAL MEETING

14 April 2021



SUSTAINING
TODAY
FOR A BETTER
TOMORROW



Consolidated Questions REAL TIME from SHAREHOLDERS

Live streaming AGM at <https://tiah.online> Wednesday, 14 April 2021

Q&A FROM SHAREHOLDERS - 14

How about the Adopt A Keg promotion this year?

TH Lee

Answer: The Carlsberg's Adopt A Keg campaign ran from May to July 2020, and was subsequently extended to Carlsberg x Liverpool FC's Adopt A Keg version from Aug to Sep which received overwhelming responses from our consumers and customers.

Adopt A Keg, launched during the Conditional Movement Control Order (CMCO) was our gesture of thanking consumers who purchased our products from off-trade for home consumption and our way of helping our customers by driving footfall to on-trade outlets when dine-in restrictions were lifted.

To date, with dine-in allowed at on-trade in compliance with SOP, we do not plan to activate Adopt A Keg this year.

Q&A FROM SHAREHOLDERS - 15

Alcohol-free brews

- a) How is the sales performance of low alcohol or zero alcohol beverage? TH Lee
- b) Are non-alcoholic brews halal? KJ Yap

Answer:

a) It is rather early to comment on the sales performance of the Carlsberg Alcohol-Free Pilsner and Carlsberg Alcohol-Free Wheat launched in Singapore as both the brands were made available in less than a year. Alcohol-free brew is a positive alternative for those seeking a refreshing beverage across different enjoyment moments in their different lifestyles. It is one of the fastest-growing categories globally and we are positive of its growth potential in Singapore.

b) The Carlsberg Alcohol-Free Pilsner and Carlsberg Alcohol-Free Wheat sold in Singapore are not halal-certified.

Q&A FROM SHAREHOLDERS - 16

Annual General Meeting

a) How much does the company spend on this virtual AGM? What is the cost saving of a physical vs virtual AGM?

PT Teh/ AC Chea/ PS Wong/ XL Low

Answer: The total cost of conducting the 51st virtual AGM this year is approximately RM50,000. This cost is roughly 75% lower than the physical AGM conducted in 2019.

Q&A FROM SHAREHOLDERS - 17

Door Gift/ e-vouchers

Is there any door gift/ product/e-voucher to shareholders for this year's AGM?

PT Teh/ SK Lim/ AC Chun/ Uma Maniam/ LY Chan/ TF Loo/ MS Lee/ LH Wong/ TF Lee/ YK Siew/ CK Ooi/ YH Keh/ NF Chan/ YW Yeow/ CS Liew/ NF Chan/ SK Tan/ LF Chong/ TM Stephen Lye/ CM Teo/ PC Lee/ Shirley Tan/ WK Koh/ CW Goh/ SL Kok/ PK Lum/ OP Yeoh/ CC Chia/ SH Ng/ SK Ng/ YF Lai/ MY Chiew/ AC Lee/ YY Hoh/ MY Hoh/ Popravi Pillay/ R Poravi/ Mono Kari/YL Kuan/ Annie Kee SK/ CS Lee/ SL Choo/ Johnny Lee YK/ SS Ng/ CS Chua/ YM Loo/ CY Lum/ EF Lee/ Reevanash P/ BJ Chan/ PS Tai/ LM Chow/ YF Lai/ YY Ng/ CH Tan/ CC/ AM Chan/ DW Toh/ SH Lim/ PK Lum

Answer: We decided not to distribute any door gift/e-voucher to our respected shareholders who registered and attended this year's AGM due to the complexity and challenges in its implementation as encountered at the last AGM. We thank you for your support and kind understanding.

We will certainly consider and explore other avenues to address this matter in future AGMs.

Q&A FROM SHAREHOLDERS - 18

Any new product launches?

KJ Yap/ YD Pang/ CM Lee/SV Chong/

Answer: In addition to our replies to question no.2c from MSWG, please note that both our Malaysia and Singapore operations do placed great emphasis in product innovation and category expansion. Consumer demographics, culture and lifestyle, alcohol trends and operating environments in Malaysia and Singapore are key factors in determining new product launches.

We invite shareholders to visit our corporate websites www.carlsbergmalaysia.com.my and www.carlsbergsingapore.com.sg to get the latest update of our new product launches.

Q&A FROM SHAREHOLDERS - 19

What is the difference between bottled and canned beers. Which one gives the company more profit?

SK Lim

Answer: Bottled and canned packaging are required to cater for the needs of the different channels i.e. off-trade, on-trade and drinking occasions, subject to customers' demand and consumers' preference.

We do not disclose profitability by packaging types in bottle, can or keg.

Q&A FROM SHAREHOLDERS - 20

How will the company integrate the marketing strategy of Asahi in Malaysia?

KJ Yap

Answer: Yes, we do have a robust integrated marketing plans for Asahi Super Dry in both Malaysia and Singapore, which are aligned with the Asahi brand's global strategic direction. Asahi Super Dry is part of our key brands to drive premiumisation, whilst Asahi seasonal variants were launched in Singapore to create excitement and drive consumption.

For competitive reasons, we are unable to disclose these details. We invite you to follow our website and Asahi Facebook page to view the latest Asahi news and happenings.

Q&A FROM SHAREHOLDERS - 21

Contraband has been a lingering issue, what are the efforts to address this issue?

KJ Yap

Answer: We, a founding member of the Confederation of Malaysia Brewers Berhad (CMBB), welcomed the Finance Ministry's decision in strengthening the Multi-Agency Task Force (MATF) to combat contraband tobacco and alcohol during the 2021 Budget announcement last November.

Through CMBB, the industry have had several engagements with MATF and are pleased with the progress made thus far, which was endorsed by the Ministry of Finance, led by the Royal Malaysian Customs Department and supported by other government agencies.

We are grateful for the Government's efforts in curbing contraband through various programmes, especially nationwide raids by authorities throughout MCO since March last year.

Q&A FROM SHAREHOLDERS - 22

The board of directors' commitment in 20% fee cut is commendable. When will cost control be relaxed? What will be the right time to ramp up sales and marketing spending such that it could provide optimal return?

YC Ee

Answer: Fund the Journey, one of our strategic priorities, is a continuous process that was implemented since 2016. We have always been prudent in our investment and disciplined in cost-control in order to deliver cost efficiencies for re-investments to drive growth.

For 2021, we have increased our A&P spending versus last year in anticipation of slow but promising recovery this year. We will continue to monitor the situation closely and remain agile in adapting to changes and review our marketing spend effectiveness accordingly.

Q&A FROM SHAREHOLDERS - 23

What are the challenges Carlsberg foresees in the present and years ahead? / What are the prospects of the company in future? / What are the percentages of future growth of Carlsberg in the next three years.

Benedict Lopez/XL Low/ SP Lim/ SH Kiang/ LH Wong

Answer: As per the MD's presentation: The outlook remains cautious as the Company faces persevering effects of COVID-19 and government regulations that will likely cause on-trade sales and consumer sentiment to remain depressed.

On prospects, in view of uncertainties in macroeconomics, we are committed to being even more agile and disciplined in implementing our SAIL'22 priorities, especially Fund the Journey and Defend our License to Operate, which you can read more in our 2020 Annual Report on pages 29 to 39.

Our SAIL'22 corporate strategy remains unchanged as we 'Navigate The Storm' and 'Emerge At Full Sail'. This will guide us to deliver sustainable growth in the present and years ahead.

Q&A FROM SHAREHOLDERS - 24

How do you improve the performance of the Company in the near future? /
What efforts taken by board to intensify sales of products?

SP Lim / CM Lee

Answer: Guided by our SAIL'22 strategy, we will continue to focus on the priorities and enablers to drive growth and value for shareholders. Some of these efforts include to 'Grow In Mainstream' with Carlsberg Danish Pilsner and Carlsberg Smooth Draught; and to 'Go Big In Premium' with our winning premium brands such as 1664 Blanc, Connor's, Somersby, Asahi and Brooklyn. In addition, we continue to be guided by our Fund the Journey initiatives.

Lastly, we adjusted our route to market towards off-trade which has seen better activity amid the pandemic. Therefore, we increased our products and visibilities at supermarkets, hypermarkets and convenient stores for our brand's campaign launches and promotions. We also intensified our innovation where we learned new ways such as hosting brand launches virtually to keep our consumers engaged.

Q&A FROM SHAREHOLDERS - 25

Any channels / sales for delivery towards individual households' addresses? / Does the company have a website to cater to beer delivery to consumers?

SH Lim/ Kenny Wong VK/ YH Ee/ SH Lim/ SH Kiang/ SV Chong

Answer: We have official stores on Shopee and Lazada e-commerce platforms. Consumer can purchase Carlsberg Malaysia's products online at their convenience and have them delivered to their doorstep. We also offer exclusive promotions and prizes to consumers on these platforms to create excitement and generate trials and sales across various brands and months.

We are also supporting local e-retailers such as Potboy, Pandamart, GrabMart (via myNEWS.com), MyGroser, PrestoMall, Whisky.my, Hungry app, and Jaya Grocer Online. As a result, our e-commerce volume recorded an exponential increase of 2.5x in FY2020 vs FY2019.

Q&A FROM SHAREHOLDERS - 26

Does the company intend to implement a 100% payout ratio for dividend?/
What will be the dividend for this year?

KP Ong/ CB Poh/ PC Lee/ Walter Goon/ KS Huen/
Stephen Lye TM/

Answer: Same as per question #3 from MSWG.

We suspended the Company's dividend policy in FY2020 due to the uncertainty caused by COVID-19. The Board will take earnest consideration of above factors in deciding the dividend payout for 2021.

Q&A FROM SHAREHOLDERS - 27

The senior management composition of the company does not reflect the mosaic and diversity of nation's populace and skewed towards one group. Can the company be more open and cast a wider net for talents?

Uma Maniam

Answer: We view Diversity in general as a strength and hence it is a part of our corporate strategy. However, our recruitment process is hire based on merit as we aimed to recruit the right talent with potential. As for Gender diversity, 63% of our management team are female and 32% are in managerial positions. People development is a part of our strategic agenda, and we continue to look at all aspects of diversity in our Malaysia and Singapore operations.

Q&A FROM SHAREHOLDERS - 28

Any bonus issues to be declared.

TF Loo

Answer: We do not have any plan for share buyback nor bonus issues.

Q&A FROM SHAREHOLDERS - 29

- a) Assuming the various types of MCO remain as what it is as of today, what's the management view of the impact of profit compare to pre-pandemic level, i.e. FY 2018/2019?
- b) How long would it take to rebuild the business?

WL Wong/ YC Ee

Answer: The scale of the pandemic was unprecedented; we were impacted like many other businesses and industries. We are cautiously optimistic of the slow but promising business recovery for as long as the pandemic is under control.

It is not the Company's practice to speculate or provide forecast on profitability based on the mentioned hypothesis nor can we provide indication on how long it will take for us to rebuild our business to the pre-pandemic level in view of the tremendous uncertainties we face.

Q&A FROM SHAREHOLDERS - 30

Is Lion Brewery an important part of CBMB? Is there a plan to divest it if it's a non-core unit?

CM Teo

Could we have some updates on business in Sri Lanka through Lion Brewery?
How much revenue is it contributing percentage wise?

Steven Patrick

Answer: We have a 25% stake in Lion Brewery (Ceylon) PLC (LBCP), and hence it will remain an important part of the Company business. We do not have any plan to divest this investment.

We registered a lower share of profit of RM14.9 mil from LBCP in 2020 vs. RM16.3 in 2019, due to dampened consumption during the pandemic. Sri Lanka was equally affected by the pandemic, and with a spike in cases from end-2020, we continue to take a cautious outlook.

Q&A FROM SHAREHOLDERS - 31

Will Carlsberg allow playback for this live AGM?/ Will the company answer every single shareholders' question raised on AGM?

KP Ong/ CM Lee

Answer: Regrets that the virtual AGM will not be available for playback.

However, shareholders can access the MD presentation, minutes and outcome of the meeting, as well as our answers to MSWG and shareholders' questions on our corporate website at www.carlsbergmalaysia.com.my.

Yes, every questions raised before and during the AGM will be answered and the Q&A will be posted on our corporate website as well.

Q&A FROM SHAREHOLDERS - 32

Carlsberg Malaysia has more than RM120 million of loans at December 2020. Do these loans carry covenant that limit the maximum gearing level?

YK Choong

Answer: We increased our short term borrowing in 2020 to meet the trade working capital need. The Company has a strong balance sheet and sufficient access to borrowing facilities where necessary. There is no covenant that limits the maximum gearing level.

Q&A FROM SHAREHOLDERS - 33

As a result of 2021 MCO2.0 has there been any inventory write-off. Similarly are there cases of “missed revenue” due to low stock policy.

CM Teo

Answer: Of the RM2.56m provision for inventories written down, RM1.2m is mainly related to packaging which was bought in early 2020 in preparation for the 2020 football championship campaign in Q2 2020. However due to the pandemic, the promotion was regrettably cancelled, which led to the write-off provision of packaging materials (cartons, labels and cans).

On the write-off of finished goods of RM5.98m, RM4.2m write-off was mainly due to market returns of stocks close to best before date due to COVID-19.

We are unable to comment on 2021 MCO 2.0 status at this moment due to the uncertainties. Nonetheless, we have taken learning from prior MCO, and will continue to improve on our inventory management in close collaboration with our distributors and retailers.

Q&A FROM SHAREHOLDERS – 34

How does the current sales performance compare to pre-Covid?

SV Chong

Answer: We are still navigating the storm as COVID-19 is still a threat and full of uncertainties. Our sales in FY2020 were impacted when our production and distribution was essentially suspended for seven weeks of the first MCO, early loading in Dec'19 and late loading in Jan'21 of our CNY2020 sales, restrictions to our outlets, ban of traveling/tourism, amongst others.

With the rollout of the vaccine and ease in certain restrictions, we hope to see an improvement in our business. We are cautiously optimistic for the coming months.

Q&A FROM SHAREHOLDERS - 35

Any plans to expand the Carlsberg business to other countries aside from Singapore?/ Any acquisition plans or export products to other regional countries?

CK Thoo/ YS Tan

Answer: We currently manufacture and export our products to Hong Kong, Laos, Cambodia, Thailand, Maldives and Papua New Guinea.

There is no acquisition plan and we will assess should opportunities arise.

Q&A FROM SHAREHOLDERS - 36

Given the surplus cash n operations are cash flow positive, will the company consider return of share capital in addition to dividend distribution. / Does the BOD consider any share buy-back program?

Uma Maniam / KP Ong

Answer: The operational cash flow is intended to be used to fund our working capital and CAPEX purchases. Any surplus will be returned to shareholders via dividend. We have no plans for a share buyback (return of share capital) programme at the moment.

Q&A FROM SHAREHOLDERS - 37

Can you advice on your share price being lower than competitor.

LH Wong

Answer: Share price movements are a function of earnings, yields, etc as well many other factors relating to market sentiment that are beyond our control. We are honoured for the support and trust that our shareholders, investors and business partners continue to have in us.

Q&A FROM SHAREHOLDERS – 38

Excise & Custom Duties have been stable at 47.1% to 47.4% of group revenue from 2017 to 2019. However, they have increased to 50.2% in 2020. What are the reasons for the increase, which is greater than the RM6.4 million settlement with RMC?

YC Ee

Answer: The percentage of excise and custom duty is higher for 2020 compared to previous year due to the mentioned one-off RM6.4m settlement with RMC and change in segment mix whereby during the pandemic, the percentage of duty paid sales is higher as duty free and export were lower, revenue were impacted.

This resulted in higher percentage of the excise & custom duties over gross revenue.

Q&A FROM SHAREHOLDERS - 39

Does the company intend to negotiate with the Customs or LHDN to request for waiver or reduce in taxes given that these uncertain times? If yes, what is the progress?

SV Chong

Answer: We are not in any negotiation on tax reduction with LHDN but we, with the Confederation of Malaysian Brewers Berhad (CMBB), do engage with the Finance Ministry and the Royal Malaysian Customs Department on the hefty excise duties on beer.

As a responsible corporate citizen, we pay our taxes and duties dutifully to the Malaysia and Singapore government. We are grateful that there were no increase to beer excise at National Budget 2021 for Malaysia and Singapore as both countries are already tied in 2nd place for the highest excise duties on beer in the world (2nd behind Norway). We believe increasing already-high excise duties will lead to higher contraband volume.

Q&A FROM SHAREHOLDERS - 40

Will there be any investment towards industry 4.0 or AR technology to help Carlsberg in achieving economies of scales? If Yes, what is the annual capex?

SV Chong

Answer: We continue to invest in driving higher efficiencies at our brewing and logistic operations; any headway towards Industry 4.0 e.g. smart manufacturing, machine learning, big data usage etc. is a continuous journey for us.

Part of the Company's 2021's CAPEX is already allocated to improving our production capability and efficiencies. In addition, we hope to intensify our focus on automation implementation.

It is not the Company's practice to share our CAPEX budget.

Q&A FROM SHAREHOLDERS - 41

What are your thoughts on the political uncertainty in Malaysia which might lead to:

CH Wong

a) stricter control of alcohol sales

b) higher sin tax since the government is looking for additional revenue to fund their mega stimulus plan

Answer:

a) We are supportive towards the government measures for responsible consumption, but at a reasonable level that do not deprive the rights of non-Muslim consumers and accessibility to beer products. We will continue engaging authorities at all levels regularly through CMBB.

b) As an industry, brewing generated an estimated RM3.7 billion in taxes, profits and salaries to Malaysia in 2019, which is equal to 0.3% of Malaysian GDP and provides direct and indirect employment to an estimated 61,000 Malaysians [Source: Confederation of Malaysian Brewers Berhad website – cmbb.com.my] There will be an ongoing dialogue with the government via CMBB as outlined in our SAIL'22 strategy of 'Defend our License to Operate.

Q&A FROM SHAREHOLDERS – 42

Would you consider more restructuring undertakings and staff cost reductions if the business continues to be affected by Covid related disruptions this year.

Venkatachalam A

Answer: To help us navigate through the storm caused by the pandemic in FY2020, the company has made tough decisions in resetting our business for a post-Covid environment, taking into account consumer trends and channel shifts, but with no compromise on the quality and innovation of our products and campaigns.

We believe the restructuring we have undertaken is robust enough and do not see the need to undertake similar exercises in 2021.

Q&A FROM SHAREHOLDERS - 43

Where does Carlsberg get its water for its products? Is groundwater also being used?

PS Khor

Answer: Our water supply are sourced from Air Selangor (Syabas) and our own tube well water which goes through a treatment process by a water treatment plant. This dual sourcing strategy is a part of our risk management to ensure security of water supply.

Q&A FROM SHAREHOLDERS - 44

Does our company has any Whistleblower Policy? Any whistleblower reports any wrongdoings in Year 2020? Any legal action taken against those wrongdoers?

PS Khor

Answer: Yes, we do have a robust whistleblower policy which can be found on our website at <https://carlsbergmalaysia.com.my/who-we-are/corporate-governance/whistleblower-system/>

We do have reports during the year and these cases are managed through proper channels and process; and cases are managed at company level or channeled to our headquarters in Copenhagen. However, we are unable to disclose the details of those cases reported.

Rest assured that these reports are handled in accordance with our policy and processes with integrity across our ecosystem - customers, suppliers, agencies, our people etc.

Q&A FROM SHAREHOLDERS - 45

Refer Note 6 of Annual Report (page 148). Please explain why the "management fees charged from related companies" has increased from RM7.7 million to RM10.5 million despite decline in revenue and profit.

YC Ee

Answer: The management fee is a cost allocation from Carlsberg Group and regional office in HK in providing broad based shared services covering HR, Communications, Sales and Marketing, Internal Audit, Legal, etc. In 2020, during the COVID-19 crisis, we have received supports from the Group and Region to navigate through the storms. Some of these supports were Adopt A Keg initiative, Liverpool activation, restructuring & benchmarking guidance, support for contingency sourcing for Singapore due to shutdown in Malaysia.

To ensure the reasonableness of the management fee in line with the benefit received, we engaged KPMG to perform a review on the benefit documentation annually.

Q&A FROM SHAREHOLDERS – 46

PAS within Perikatan National (Current government) has stressed for few times for liquor and alcohol ban, what company view and strategy on this ?

MH Chuen

Answer: This year marks the 52nd year of Carlsberg's operations in Malaysia. Over the last five decades, Carlsberg Malaysia has evolved from a brewer to a corporate citizen that constantly brews for a better today and tomorrow.

As a Public Listed Company, we are here to stay as Malaysia is one of the top three performing countries in Asia. As outlined in the enabler of SAIL'22 strategy 'Defend our License to Operate', we are in active dialogue and engagement with key stakeholders regularly to not only safeguard our business but also to expand new ventures in different channels and categories.

Q&A FROM SHAREHOLDERS – 47

As an ESG conscious company, may I know how high is our glass and aluminum recollection and recycling rate, and if Carlsberg has any plan to further improve the rates by active buying back of glass bottles and aluminum cans, as an example?

ES Tan

Answer: We have a system that collects and recirculates reusable glass bottles, which achieve close to 87% efficiency last year. However, we are not able to buy back nor recycle our aluminium cans.

ZERO Carbon Footprint is one of our Together Towards ZERO (TTZ) pillars, and the spirit of a circular economy is what we are aiming for. We welcome suggestions from our consumers, potential partners and the wider industry to see how we can further improve recycling especially at the consumer level.

Q&A FROM SHAREHOLDERS – 48

What are the innovation introduced by Carlsberg Global in other parts of the world during the pandemic? Are there any successful practices that could be adopted locally?

YC Ee

Answer: New category innovation like Carlsberg Alcohol Free Pilsner, Carlsberg Alcohol Free Wheat and Somersby Hard Seltzer developed by the Carlsberg Group were launched in Singapore last year. In addition, the new variant innovation – Somersby Watermelon by the Carlsberg Group was also launched in Singapore last year and Malaysia just last month in March.

In addition, the Carlsberg's Adopt A Keg App-based idea was co-created by our teams at the Group level and in Malaysia. This idea was subsequently adapted and brought to live in Carlsberg Denmark - <https://www.campaignlive.co.uk/article/carlsberg-adoptakeg-grey-europe/1681242>, which we modified and launched the similar campaign in Malaysia and Singapore last year.

Q&A FROM SHAREHOLDERS – 49

How will the EU Singapore Free Trade Agreement affect the market share and margin in Singapore? How will the group respond to the increased competition?

YC Ee

Answer: EUFTA was implemented in Nov 2019. Since then, COVID-19 has impacted our market. At the moment, we have seen limited effect of EUFTA into the Singapore market. Nevertheless, we continue to monitor the competitive landscape in the market and have plan in place to address any negative sales impact caused by the EUFTA

Q&A FROM SHAREHOLDERS – 50

Thanks for the Safer School programme. However I have received feedback from many Tamil school HM's that there were requirements for photographs to be taken of the premises for CSR purposes. There is a need for careful handling of these sensitive situations and Carlsberg should be more concerned with helping these schools genuinely rather than seeking self promotion

It had been tough getting through to Tamil schools and this is breakthrough !
Keep engaging and work towards how to assist

Uma Maniam

Answer: We are indeed very pleased with our Safer School campaign. Sorry to hear of the miscommunication on the photography requirement. The photography did not involve students, but are needed as part of the "proof of delivery" done by the vendor during the disinfection process. Any photography used for publicity or awareness purposes was done/shared by the school authorities themselves, and their prior permission is obtained.

Thanks for your feedback, we do hope to continue similar community engagement efforts whenever possible and appropriate.

Q&A FROM SHAREHOLDERS – 51

Are you hiring new talents in year 2021?

TH Lee

Answer: We do recruit new talents from time to time to fill vacancies caused by resignation or new roles. Details of our current vacancies are available on our website at <https://carlsbergmalaysia.com.my/work-with-us/explore-vacancies/>

THANK

YOU

