

CARLSBERG BREWERY MALAYSIA BERHAD

Carlsberg
Malaysia

53rd ANNUAL GENERAL MEETING



19 April 2023



Consolidated Questions

Real Time questions submitted by Shareholders via <https://tiah.online/> at 53rd AGM on Wednesday, 19 April 2023.

Q&A FROM SHAREHOLDERS - 14

What is Carlsberg's dividend policy?

*Chan Boon Jieh / Te Seng Whatt @ Tay Seng Whatt /
Yong Yang Har / Haw Chong Yan*

Answer: We are committed to creating shareholder value for all of you dear shareholders, which includes dividend payout. Apart from dividend payout, the management believes that cash should be put to good use to create value via investments into innovation and brewery transformation.

For the year of 2022, our dividend payout ratio was 85% of the Group's FY22 net profit.

Q&A FROM SHAREHOLDERS - 15

- a) Debt tripled to 121 million in 2022. What are the reasons for this huge jump in debt?
- b) What are the expected capex requirements for 2023? What will the capex be used for?
- c) Prior to the pandemic dividend payout ratios were >100%. Payout ratios declined to 85% in 2022. Will the Board consider raising the dividend payout ratio for future dividends?
- d) Can the Board provide more details on SAIL'27? What are the differences between SAIL'27 and SAIL'22?

Veiven Goon / Teoh Kensen

Answer:

(a) Our borrowing is used to support our trade working capital need. As at December 2023, due to the early Chinese New Year in 2023, we were carrying higher inventory and trade receivable for the high festive sales towards year end and expected sales in early January 2023. The debt level is well within the Company's capacity.

(b) On CapEx requirements for 2023, we are unable to disclose. We will continue to ensure that appropriate level of Capex investment to support our SAIL' 27 strategy.

(c) On the dividend question, refer to Q14.

(d) The difference between SAIL'22 and SAIL'27 is that SAIL'27 is an evolution rather than a revolution. The new strategy builds upon the previous one with changes in the portfolio, capabilities, and ambitions. Premium beer is growing faster globally, and the focus on premium brands like 1664 and Connor's will continue. Beyond beer segments like alcohol-free and Somersby will be an important part of the portfolio strategy. The strength of core beer remains fundamental. The big change from SAIL'22 to SAIL'27 is the digitalisation of the company, including data and systems, consumer engagement via digital marketing, and e-commerce sales channels. The company's ambition has expanded to include diversity, equity, and inclusion, with high targets set for 2040.

Q&A FROM SHAREHOLDERS - 16

Why market share for Carlsberg is losing to HEIM. What is the future development plan for the company?

Leow Kim Mun / Andrew Seah Meng Oun

Answer: There is no official source for market share data across all channels in Malaysia. Therefore, we do not disclose market share based on internal estimate as it could be misleading.

Based on unverified data and internal estimates, we did not lose but gained share in selected channels. We are steadfast in executing our strategies, which have been proven successful in delivering growth in both revenue and profitability.

Q&A FROM SHAREHOLDERS - 17

- a) Do you think beer business will be affected if the upcoming state election in June 2023, is won by Perikatan Nasional?
- b) What is the percentage of profit contribution between Carlsberg Malaysia and Carlsberg Singapore operation?
- c) Does beer business become better as we have more foreigners visiting Malaysia?

Chiang Lai Kiew

Answer: As a Company, we maintain apolitical stance and adhere to our policy of refraining from discussing political matters. While we appreciate your interest, we seek your understanding on our position.

Our Malaysia operations contributes about 70% of the Group's total net profit, 20% comes from Singapore and about 10% is contributed from our associate company LBCP (Lion Brewery Ceylon PLC)'s share of profit. With the lifting of travel bans, we have observed an influx of tourists, and we anticipate that this (trend) to contribute a little to our business. We remain focused on our strategies and plans are targeted towards our local consumers. Nevertheless, we welcome contribution from tourists, even if they are relatively small. We hope to see the number of tourists continue to increase in the coming months and years.

Q&A FROM SHAREHOLDERS - 18

Understand that our company had adjusted the price of our products:

(a) Please share in what percentage range is the price adjustment?

(b) After the price adjustment, how are our product prices level if compared with our competitor's product price?

(c) So far, are there any impact to sales volume after the price adjustment?

Thank you.

Chua Song Yun / Gan Wei Fong

Answer: In adherence with the Competition Act 2010 (Act 712) that prohibits any anti-competitive agreements, we refrain from making statements relating to pricing. Therefore, giving indication on the percentage range would be inappropriate. Our approach to protecting margin and driving sales is not solely driven by pricing, but driven by cost controls, value management, and premiumisation.

Q&A FROM SHAREHOLDERS - 19

Any plans to grow the overseas market to increase revenue?

Andrew Seah Meng Oun

Answer: We remain committed to grow volumes in both domestic and export markets, especially our Singapore operations. We export to markets within the Carlsberg Group i.e. Hong Kong, Laos and Cambodia. We also export to third parties in countries like Maldives, Thailand, Papua New Guinea.

Our priority is on local consumers because this is where we can be more effective in applying strategies that drive demand. Overfocusing on export could create instability in our financials, as it is subject to external factors beyond our control.

As we move forward, we will continue to explore tactical opportunities to complement our growth strategy. Nevertheless, the core of our growth, focus and value creation remains with our operations in Malaysia and in Singapore.

Q&A FROM SHAREHOLDERS - 20

Mr Chairman, I'm a long time and loyal shareholder of the company . I would like to request that the BOD kindly give e- voucher to redeem the company' s beer as a token of appreciation for taking time to participate in today's RPV.

May I know how much does the company spend on this virtual AGM ?

I would like to request a printed hard copy of the company annual report

Teh Peng Tin / Woon Pitt Yoong / Ngee Geok Choo / Tan Kim Khuat / Chan Kim Joo @ Tay Kim Joo / Ooi Cheng Kooi / Ho Wing Seng / Ho Chun Kit / Tan Hock Beng / Lam Chiu Bin / Lee Zhen Tien / Lye Boon Kin / Teh Siew Peng

Answer: We will be giving away a set of 1664 artist edition cans and Connor's Stout Porter's limited-edition stainless-steel bottles as door gifts to all shareholders who attended this year's virtual AGM. The total amount spent on this year's AGM is approximately RM150,000, including the door gifts. Additionally, hard copy of our annual report will be delivered to shareholders, proxies and attendees, who have made the same request.

Q&A FROM SHAREHOLDERS - 21

Will the capex investment result in profit margin improvement? If yes, roughly by how much?

Se Chien Yiing

Answer: As part of our commitment to delivering shareholder value, we believe that increasing revenue and margins are not the only means to achieve this. We believe that any investment, including CapEx, can contribute to this objective.

Our capex investment in 2022 on the bottling line is a replacement of aged bottling lines. Any prolonged breakdown on the aged lines will have impaired our ability to produce and sell our product. At the same time, we ensure that the capex investment brings numerous benefits, such as improved efficiency, preserved margins, increased savings, enhanced innovation, and greater flexibility, resulting in more new launches. This, in turn, contributes to the improvement of both margin and revenue over time. Unfortunately, we are unable to discuss forward-looking statements.

Q&A FROM SHAREHOLDERS - 22

When are the company going to reward shareholder with bonus issue?

Teh Sue Wei

Answer: We do not have plans for a bonus share programme for shareholders at the moment as it is not part of our capital management strategy.

Q&A FROM SHAREHOLDERS - 23

Your 1664 Blanc is a good beer.

Lim San Kim

Answer: We are extremely proud of our 1664 Blanc brand. While it is a wheat beer, we see it more as a lifestyle brand that seeks to enhance drinking experience and lifestyle of consumers. 1664 Blanc has recorded very encouraging growth year-on-year, and recently won a Silver at the prestigious Putra Brand Awards.

We remain committed to investing in and activating the 1664 Blanc brand further. Your compliments encourage us to do even more, so we thank you for your kind words.

Q&A FROM SHAREHOLDERS - 24

- a) What is the different between TIN beer and BOTTLE beer ? Which one is cheaper in OVERHEAD cost. Which one TASTE better? Any different in EXPIRY date?
- b) Concentrate more on original beer that bring in profit, daily drinker more concern on the cost, only occasional drinker go for higher cost beer.
- c) At one time of the AGM, you let the shareholders to have beer at the BEER HOUSE around town, it is a good idea or else we did not know there are such well coming outlet around, I like the BREW HOUSE outlet at Pandan Indah. Can release pressure and tension after a few drink.
- d) Which area in town contribute the higher profit.

Lim San Kim

Answer: Bottled and canned beers are catered to the different channels i.e. off-trade and on-trade, depending on the shopper and consumer trend. Our beers, both in bottles and cans, tastes good and have the same liquids. Regrettably, we do not disclose cost structures of our SKU neither profitability breakdown by towns or states. Shelf life for cans is 12 months and 9 months for bottled-beers.

We thank you for your support as shareholder and consumer. Brew House is one of our key outlets where consumers can enjoy our portfolio of beers, stouts and ciders.

Q&A FROM SHAREHOLDERS - 25

Sir. After MCO, my tenant closed his business and left behind some beer bottles. I would like to find out does Carlsberg has recycle policy for empty beer bottles. May I know where to return these empty bottles to our distributors. Thank you.

Lim Tan Yeow Kuan

Answer: Thank you for notifying us. We are pleased to share that we do have a distributor return scheme (DRS) for empty Carlsberg bottles for our distributors. However, empty bottles from consumers may be sent to any recycling centres. In Klang Valley, some popular drop-off centres include IKEA, One Utama and MBPJ Eco Recycling Plaza.

Q&A FROM SHAREHOLDERS - 26

Is the upgrading of facilities mainly for output to Malaysia and Singapore markets? Does the company consider other markets as well as the output has increased. What is the % of capacity usage?

Hong Keh Wai

Answer: The upgrading of facilities is to support our business in Malaysia and Singapore. Any excess capacity will be used to support export volume (subject to demand) for greater economy of scale.

The newly upgraded bottling line has doubled our current production capacity as compared to the old one.

Q&A FROM SHAREHOLDERS - 27

The 2023 quarter sales is lesser compare 2022 ? What could company do boost sales ?

Kow Lih Shi

Answer: We are now in closed period and unable to comment on our 2023 performance. Our Q1FY23 results will be released on 9th May. We will continue to implement SAIL'27 strategies to grow our top line and bottom line.

Q&A FROM SHAREHOLDERS - 28

FY2022 Q4 reported lower profit from operations, despite higher revenue. Management attribute the reasons to the one-off costs of dismantling an old bottling line and investing in higher marketing spend (page 15). Can management please provide the amount of these two items?

Law Kung Hoo

Answer: We are unable to provide the breakdown other than those disclosed in the Integrated Annual Report and Interim Financial Statement. The higher marketing spend was incurred to support the Chinese New Year (CNY) 2023 campaign. Due to the early 2023 CNY, most of the spends have been incurred in the final quarter of 2022.

Q&A FROM SHAREHOLDERS - 29

Good day, as technology is advancing as we move into post pandemic era, will Carlsberg enhance efficiency by having B2B platform in the future?

Lee Khar Kiat

Answer: We are currently on B2C (Business-to-consumers) with local e-retailers such as Shopee, Potboy, Pandamart, GrabMart, PrestoMall, Jaya Grocer Online in Malaysia and Lazada Redmart and Shopee Supermarket in Singapore.

In Malaysia, we are currently exploring options for a B2B (Business-to-Business) platform that would complement our existing route-to-market strategy.

Q&A FROM SHAREHOLDERS - 30

Any fake Carlsberg products in the Malaysia market? If yes, how can we recognise fake Carlsberg products from genuine ones?

Yeoh Geok Bee

Answer: We maintain constant vigilance in monitoring the market for any counterfeit Carlsberg products. As of now, we have not identified any instances of fake products. Please reach out to us at mycorpaffairs@carlsberg.asia should you have any concerns regarding the authenticity of a Carlsberg product, and we will assist you accordingly.

Q&A FROM SHAREHOLDERS - 31

Are we the shareholders are going to have the honor to attend a real live AGM again or do we have to go virtual forever

*Timothy Gan Cheng Hui / Chea Ah Chun / Lim San Kim / Ee Yih Chin
/ Liew Chee Seng / Wong Yin Pheng / Andrew Seah Meng Oun*

Answer: We wish to highlight that virtual AGMs offer several advantages i.e. time efficiency and more inclusive for shareholders from outside Klang Valley. To note, this is in line with market practice as most PLCs are still hosting virtual AGMs this year.

Q&A FROM SHAREHOLDERS - 32

Any doorgift?

Lye Boon Kin / Yeow Siew Chong / Tai Phoo Siew @ Thay Phoo Siew / Tan Sian Hoo / Tan Chai Heng / Ronald Danker / Tan Eng Theng / Daberah Ann Danker / Wong Lean Huat / Tan Boon Aik / Lee Teck Hong / Tan Mei Teng / Tan Lee Seng / Tan Eng Waun / Tan Boon Lye / Tan Kim Sing / Tee Que Eng / Leong Wai Leng / Leong Fook Sen@francis Leong / Wong Lean Huat / Teh Sue Leng / Teh Sue Wei / Lai Yin Fong / Andrew Seah Meng Oun / Lim San Kim / Teh Peng Tin / Tan Yi-wan / Teo Yew How / Lim See Kiat / Chan Chang Yang

Answer: The Board is pleased to inform that we will be distributing a set of 1664 artist edition cans and Connor's Stout Porter's limited-edition stainless-steel bottles as door gifts to our Shareholders or proxies who attend the AGM. We thank you for your loyalty and support in Carlsberg Malaysia.



Q&A FROM SHAREHOLDERS - 33

Good morning, sorry that I failed to scan QR code for upgraded brewery tour, please help to give me a link to register please, thank you.

Loo Yeo Ming / Stephen Lye Tuck Meng / Tan Yi-wan / Andrew Seah Meng Oun / Hor Kah Hing / Chew Bok Yu / Yap Koon Fah / Ng Yit Khuang / Foo Jia Yung / Tan Chew Boon

Answer: We deeply regret to inform shareholders, who were unable to register for our upgraded brewery tour on the stipulated dates of June 22, July 13, and August 17, that we are unable to accommodate any additional brewery tours.

However, we look forward to hosting you in the remaining of the year or next year, when opportunity arises. We seek your kind understanding on the limitations. Thank you.

THANK

YOU

