

LIST OF Q & A FROM MINORITY SHAREHOLDERS WATCHDOG GROUP
FOR CARLSBERG BREWERY MALAYSIA BERHAD'S 49th AGM on 10 April 2019

Strategic & Financial Matters

1. The robust demand towards flagship brands Carlsberg and Carlsberg Smooth Draught, along with the high growth in premium brands (page 34 of the Annual Report 2018) have contributed to the 14.6% growth in the Company's revenue in financial year ended 31 December 2018. What will be the key demand drivers this year in the Malaysia and Singapore market?

Traditionally, the Chinese New Year period is one key volume driver and our campaign for 2019 – Prosperity Begins with a POP – is no exception.

On the other hand, we have embarked on an ambitious distribution drive in East Malaysia to increase consumer touchpoints and fill the gap by greater enforcement on illicit beer.

Our continued product innovations and investment in marketing and consumer promotions will continue to drive demand for our portfolio of products in Malaysia and Singapore.

2. In 2018, the Company introduced the Brooklyn Lager and Brooklyn East IPA craft beers in Malaysia and new seasonal variants in Singapore (page 33 of AR 2018). What is the market response towards these new products and variants?

Craft beer is still a niche but growing segment following the trend from Europe & North America. We aim at leading in this segment.

For MY and SG combined, we saw a 178% growth in volume for 2018 although from a very small base. This was contributed by the introduction of draught availability in Malaysia and seasonal variants in Singapore. We look forward to further growth in 2019.

3. One of the Company's measures towards ZERO Irresponsible Drinking is to offer more non-alcoholic options by 2020 (page 52 of AR2018), as opposed to the current single option, Nutrimalt. What is the progress on the offering of more non alcoholic options?

While beers provide a quality low-alcohol choice, there are occasions when consumers look for options that do not contain alcohol. For this reason, we are looking to expand on non-alcoholic options beyond the current Nutrimalt. We look forward to announcing progress in this area via future product launches.

On the other hand, in line with our global initiative of “Together Towards ZERO Irresponsible Drinking”, we have undertaken activities like deployment of #CelebrateResponsibly campaign and collaborating with e-hailing service providers (details on pages 52 & 53 of the Annual Report FY 2018).

4. The Company's revenue from Singapore declined by 4.64% year-on-year (y-o-y) to RM569.5 mil in FY18 (page 164 of AR2018), and there is the expected implementation of EU-Singapore Free Trade Agreement in 2019 (page 29 of AR2018), what are the prospects in Singapore going forward?

Had the Group applied MFRS 15 in 2017, overall revenue for Singapore decreased marginally by -0.3% y-o-y. If both foreign exchange and one-off trade offer adjustment impacts were excluded, revenue in Singapore actually grew by +0.7% y-o-y.

The EUSFTA is being ratified by EU parliament and should be implemented by Q4 2019 in Singapore. It will increase competition in imports especially from European beers. Carlsberg Singapore is confident to mitigate this with its strong portfolio, quality brews and marketing activations.

Corporate Governance Matters

1. The Company has not complied with Practice 4.1 of the Malaysian Code on Corporate Governance which states that the board should comprise a majority of independent directors for Large Companies. Does the company intend to adopt the Practice? If so, what is the timeframe required to adopt this Practice?

The Company is supportive of objective and independent deliberation review and decision making. The three (3) Independent Directors which represent 43% of the Board, demonstrate independence of judgment and ensure board decisions are made objectively in the best interests of the Company.

The Board duly notes the recommendation under Practice 4.1 herein and considers that the current Board composition is a fair representation of the major shareholder, Carlsberg Breweries A/S who holds 51% of the shareholding and that of the minority shareholders. The three (3) Independent Directors has been delivering effective checks and balances on the Board and effectively safeguard the interest of the minority shareholders.