

12 August 2005

**APB's Group PBIT Surges 25% in 3Q2005 -
fuelled by strong volume growth in almost all markets**

- ***Group PBIT surges 25% to S\$47.3 million***
- ***Attributable Net profit (before exceptional items) increases 11% to S\$21.6 million***
- ***Regional Headquarters in Shanghai established***
- ***Distribution channels for Tiger brand in US and UK extended***

Financial Data

Asia Pacific Breweries (APB) continued the positive momentum established in 1H2005 with yet another set of strong results in its third quarter ended 30 June 2005.

YTD (9 months)

Group PBIT rose 14% or \$21.3 million to \$175.5 million. Attributable net profit (before exceptional items) also increased by 11% or \$9.4 million to \$92.8 million.

Mr Koh Poh Tiong, Chief Executive Officer, APB, said, *“The strong performance of the Group is driven mainly by operations outside Singapore. Our breweries continued to show strong volume growth especially in China, Indochina, New Zealand, Papua New Guinea and Thailand. Today, more than 80% of our earnings come from overseas markets, thereby widening our earnings base. The results attest to the strength of our brands in the beer industry.”*

3Q2005

Group profit before interest, taxation and exceptional items (PBIT) **rose 25%** from S\$38.0 million to **S\$47.3 million**. Attributable profit (before exceptional items) also **increased by 11% or S\$2.1 million to S\$21.6 million**.

“All markets, except Singapore, registered gains in volume. China reported the largest volume growth of over 50%. Overall, China turned in a profit for this quarter instead of a loss recorded in the same quarter last year. The positive performance was attributed to the profit contributions from the Shanghai and Hainan operations as well as investments in Kingway Brewery Holdings Limited and maiden contribution from Jiangsu DaFuHao Breweries Co, Ltd,” said Mr Koh.

Indochina, the traditional stronghold of APB, registered the highest growth rate of 65% in PBIT and a 26% growth in volume. New Zealand is second with a PBIT growth of 51% due mainly to improved sales mix, price increases and a stronger New Zealand dollar. Coming in third is Papua New Guinea with a growth of 46% in PBIT and 17% in volume, fuelled by strong consumer demand.

In Thailand, *Heineken* beer continued to dominate the premium segment of the beer market while *Tiger Beer*, which started production locally in July 2004, contributed to sales volumes. These two factors resulted in a 8% increase in volume for Thailand.

China Regional Headquarters

To facilitate APB’s future progression in China, Heineken-APB (China) Pte Ltd (HAPBC) established **Heineken-APB (China) Management Services, Co., Ltd** in June 2005 as its Regional Headquarters (RHQ) to manage and oversee all APB’s operations and investments in the People’s Republic of China.

Currently, HAPBC (a Singapore-registered company jointly owned by APB and Asia Pacific Investment Pte Ltd) comprises six China companies including:

- 100% of Heineken-APB (China) Management Services, Co., Ltd
- 97% of Shanghai Asia Pacific Brewery Co., Ltd
- 100% of Hainan Asia Pacific Brewery Co., Ltd
- 100% of Heineken Trading (Shanghai) Co., Ltd
- 21% of Kingway Brewery Holdings Limited
- 40% of Jiangsu DaFuHao Breweries Co, Ltd

With its RHQ status, APB and its related companies as well as its foreign employees in China will enjoy preferential tax incentives and benefits granted by the Chinese authorities.

On the RHQ, Mr Koh said, *“We have always recognised the tremendous growth potential of China. We believe that our new RHQ status will place us in good stead to operate more efficiently; gather greater momentum for our expansion in China and reduce overheads to accelerate our return to profitability for our China operations.”*

Export

Making further inroads into the European beer market, APB has set up Tiger Beer UK Ltd (TUK) to spearhead the marketing, sales and distribution of *Tiger Beer* in the United Kingdom (UK). TUK will be a wholly-owned subsidiary of Tiger Export Pte Ltd (TEPL), a subsidiary of APB that oversees all of the latter’s export activities. TUK will assume all marketing and sales responsibilities for the brand on 30 September 2005.

To propel further growth in that market, Young & Rubicam has recently been appointed as the new creative agency to drive *Tiger Beer’s* next phase of communications in the UK. Since the mid 1990s, TEPL has rolled out a series of communications revolving around the one proposition of “Discover the Tiger” in the UK. This approach has aptly connected with leading edge consumers who not only discovered the qualities of this authentic premium Asian beer, but also endeared them to the brand’s appeal which evokes an aura of Far Eastern mystique coupled with that of a true modern Asian spirit. The strikingly emotive advertising campaign adopted in the UK has helped contribute to *Tiger Beer’s* growing popularity, where it was recognised as a Cool BrandLeader amongst ‘urbanites’ across Britain’s major cities. One of Young & Rubicam’s key responsibilities is to build on the brand’s success and reinvigorate it to one that is synonymous with “Asian Cool”.

"We have successfully grown *Tiger Beer* into a brand that is found in the trendy restaurants, cafes and bars in UK. Going beyond discovering the *Tiger* and intriguing consumers with its Far Eastern mystique, our next step is to realize our long-term aspiration of growing *Tiger Beer* into the leading Asian beer and the top premium packaged lager in the UK. To do so, we will be tapping on Young & Rubicam's expertise to create a strong and engaging advertising campaign to increase the desire and affinity of more UK consumers towards *Tiger Beer*," said Mr Bennett Neo, Managing Director, Tiger Beer UK Ltd.

Similarly, *Tiger Beer* through Tiger USA Inc, TEPL's subsidiary in the US, continues to make waves in the USA as a unique and contemporary beer from the Far East. The brand is currently available in 18 states including the key states/regions of California, New York, New England and Florida; and is found at many off-trade and on-trade venues such as the cutting-edge bars and restaurants. Stepping up its "close-to-market" promotional activities in the US, the brand heated up Brooklyn's Dumbo waterfront streets with the **Tiger Beer Singapore Chili Crab Festival**, an east-west culinary and cultural experience, on 7 August 2005. The event offered thousands of New Yorkers the opportunity to savour the local flavours from Singapore and Southeast Asia and of course, the award-winning *Tiger Beer*.

"The fundamentals of the Company remain sound. Barring any unforeseen circumstances, the Directors expect attributable net profit (before exceptional items) for this year to be higher than last year," Mr Koh added.

OPERATIONS REVIEW (3Q2005)

Singapore

Volume fell by 7% as a result of increased competition in the domestic market and decline in export sales. In spite of the lower volumes, PBIT improved by 7% due to effective cost management.

Malaysia

Volume grew by 2% despite weak consumer sentiments. PBIT increased by 19% due to price increases and effective cost management.

Papua New Guinea

Volume increased by 17% fuelled by strong consumer demand following a successful consumer promotion. PBIT jumped 46% as a result of the higher sales and marginal price increases.

New Zealand

Volume increased by 2%. PBIT rose by 51% due mainly to improved sales mix and price increases, helped by the stronger NZ dollar. Excluding the currency impact, PBIT increased 32%.

Indochina

Volume for the region grew significantly by 26%, reflecting the continued strong growth in Cambodia and Vietnam, and contributing to a solid 65% increase in PBIT.

China

Hainan and Shanghai reported volume growth of more than 30% giving a strong start to the summer peak season. As a result, both breweries turned in operating profits in this quarter instead of a loss recorded in the same quarter last year. In addition, contribution from investments in Jiangsu DaFuHao Breweries and Kingway Brewery helped China operations as a whole to record a profit for the quarter.

Thailand

Volume grew by 8% driven by *Heineken's* growth and the launch of *Tiger Beer* in July 2004. However, PBIT was impacted by 9% due to higher brand-related expenses, incurred to build the *Tiger Beer* brand equity and drive volume growth.

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喜力亚太酿酒 (中国) 私人
有限公司

Kingway Brewery Holdings Limited

金威啤酒集团有限公司

Jiangsu DaFuHao Breweries Co, Ltd

江苏大富豪啤酒有限公司

Tiger Export Pte Ltd

虎牌外销 私人 有限公司

Tiger Beer UK Ltd

虎牌啤酒 (英国) 有限公司



Supported by 21 breweries in eight countries, APB manages a portfolio of over 40 beer brands and brand variants, with award-winning *Tiger Beer* and *Heineken* as its flagship brands.



Enjoyed by millions around the world, *Tiger Beer's* stronghold markets include Singapore, Malaysia, Vietnam and Cambodia.