



## ASIA PACIFIC BREWERIES LIMITED

438 Alexandra Road #16-01 Alexandra Point Singapore 119958 Tel: (65) 6276 3488 Fax: (65) 6276 4287  
Company Registration No.: 193100007K (Incorporated in the Republic of Singapore)

**Asia Pacific Breweries reports record FY2005 PBIT of \$220.4 million on sales of \$1.44 billion**

- ***Indochina continues to enjoy robust growth; losses in China down sharply***
- ***Singapore and other markets benefit from effective cost management and price increases***
- ***Directors declare final net dividend of 16 cents per share inclusive of 2 cents in commemoration of APB's forthcoming 75<sup>th</sup> anniversary***

SINGAPORE, 11 November 2005...Driven by stronger sales in almost all its markets, main board listed Asia Pacific Breweries Limited (APB) today reported record high in revenue, profit before interest and taxation (PBIT) and attributable net profit before exceptional items for the year ended 30 September 2005.

Attributable net profit before exceptional items grew by 10% or \$10.7 million above last year to hit \$115.5 million. Similarly, PBIT rose by the same margin or \$20.8 million to reach \$220.4 million on the back of a revenue of \$1.44 billion which grew 5% or \$65.7 million from \$1.37 billion previously..

Basic earnings per share (before exceptional items) based on the 12-month results amounted to 45.1 cents compared with 41.1 cents in the previous period.

Directors have declared a final net dividend of 16 cents per share which will be paid to shareholders on 15 Feb 06. This is inclusive of a 2-cent dividend accorded in commemoration of APB's 75<sup>th</sup> anniversary which falls on 14 April 2006.

Commenting on the FY2005 results, Mr Koh Poh Tiong, CEO of APB, said, "***Reflecting the success of the Group's international expansion strategy, our overseas investments contributed 80% of Group's PBIT. While Singapore continues to make a healthy***



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***contribution to Group's profit, IndoChina, New Zealand and Papua New Guinea have once again emerged as star performers that contribute strongly to the Group's earnings growth."***

China, a long-term growth market for the Group continued to show signs of improvement with stronger sales. ***"The robust volume growth in Shanghai and Hainan, coupled with profit contributions from our investments in Kingway Brewery Holdings Ltd and Jiangsu DaFuHao Breweries have reduced our losses by 63% to \$3.1 million against \$8.3 million in the previous year,"*** added Mr Koh.

### **Recent Developments**

#### ***Launch of Cheers***

In Thailand, *Heineken* beer continued to dominate the premium segment of the beer market while *Tiger Beer* continued to witness increase in sales volumes. These two factors resulted in an 11% increase in volume for Thailand. To capture a slice of the huge mainstream segment of the Thai Beer market, a new beer named *Cheers* was added to our existing portfolio of *Heineken* beer and *Tiger Beer*.

Designed to surpass the current standards in mainstream beers and satisfy an unquenched thirst for a brew with a medium degree of alcohol content that comes with an averaged priced proposition, *Cheers* will serve to delight its Thai drinkers with its alcohol content of 5.6% as well as its full flavour and smooth taste.

Mr Koh explained, ***"We have always believed that a strong portfolio is a key factor in winning market share. We have been successful with Heineken beer in the Thai market – Heineken beer has cornered 94% of the premium segment – and we started to locally brew Tiger Beer in July 2004 to cater to the standard segment. With Cheers joining the brand portfolio to capture yet another segment of the market and further strengthen our brand strategy for the competitive Thai market, we are on track to drive volume collectively."***



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### ***APB's Foray into South Asia***

As part of its strategy to achieve a wider footprint, APB acquired a 60% equity stake in United Brewery Lanka Limited (UBL) in Sri Lanka in September 2005. UBL operates a brewery with a designed annual production capacity of 120,000 hectolitres. The brewery which is located in Mawathagama, in central Sri Lanka, produces and markets local beer brands including *Bison XXtra, Kings Lager, Kings Pilsner* and *Kings Stout*.

Mr Koh elaborated, ***“APB’s stake in UBL is in keeping with our regional expansion strategy to acquire strategic interests in domestic breweries within selected markets to create defensible and profitable businesses. South Asia is one of the emerging markets which APB has identified for growth and we believe the rapid growth in the Sri Lanka market offers good potential for APB’s on-going international expansion.”***

***“UBL’s existing operations and beer brands which are available in the local marketplace will enable APB to jump-start the business in the country. The investment also creates opportunities for us to bring APB’s beer brands into the growing Sri Lanka beer market which I believe will offer good growth prospects,”*** added Mr Koh.



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### **APB To Brew *Tiger Beer* in Mongolia**

As part of APB's continuous search for new markets to brew *Tiger Beer*, APB has set up a joint-venture for a greenfield project to build a 300,000 hectolitre brewery in Mongolia. The joint-venture, MCS-Asia Pacific Brewery LLC (MCS-APB), is 55% owned by APB.

APB is keen on the Mongolia market as demand for beer is expected to grow in the next few years. The size of the beer market is about 250,000 hectolitres and its per capita consumption for its population of 2.6 million is low at 10 litres – allowing for future growth. Furthermore, in recent years, the market has witnessed a shift in demand from vodka to beer as consumers favour liquor with lower alcohol content. Also, a strong economic growth (10% in 2004) is expected to drive demand for beer upwards.

Upon completion of the brewery in 18 months' time, Mongolia will be the eighth country to brew *Tiger Beer*, joining the ranks of Singapore, Malaysia, Thailand, Vietnam, Myanmar, Cambodia and China.

### ***The New Tiger Beer***

In a move to up its equity quotient, *Tiger Beer* has put on a more contemporary and distinctive image and packaging designed to further enhance its appeal and connection with an ever-increasingly diverse scope of consumers. The new *Tiger Beer* logo and packaging which has been launched in Singapore in late October will be introduced to over 60 markets where *Tiger Beer* is currently available. In line with the makeover, *Tiger Beer* will build a more intimate rapport with its drinkers worldwide through football and lifestyle platforms such as music, entertainment, fashion, travel as well as design and technology.

***“Barring unforeseen circumstances, the Directors expect attributable profit before exceptional items for the new financial year to be higher than the year under review,”*** said Mr Koh.



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### **Operations Review**

During the year under review, all markets performed well due a combination of volume growth, effective cost management and in some markets, marginal price increases.

At home in **Singapore**, domestic volume grew by 1% but was offset by lower export and contract brew volume. PBIT increased marginally.

In **Malaysia**, despite a decline in volume of 5% due to continuing weak consumer sentiments, PBIT grew by 3% due to improved margins from price increases and effective cost management.

**Indochina** continues to be a key market with the region posting a significant 17% growth in volume, attributable mainly to rising level of disposable income in Cambodia and Vietnam. The region achieved a 20% increase in PBIT.

**New Zealand** recorded a 20% increase in PBIT even though volume increased by only 3%. This was due mainly to improved sales mix, price increases and the stronger NZ dollar which accounted for 6% of the increase in PBIT.

**Thailand** registered an 11% increase in volume achieved through continued *Heineken* growth coupled with the first full year volume for *Tiger Beer*. However, PBIT fell marginally due mainly to increased investment in the brand marketing expenses.

**China** achieved a 63% reduction in losses. Losses for China reduced by \$5.2m to \$3.1m from \$8.3m in the previous year. This is a result of healthy volume growth of 29% and 36% in Shanghai and Hainan respectively coupled with profit contribution from our investments in Kingway Brewery Holdings Ltd and Jiangsu DaFuHao Breweries.



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