



## 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)

FOR IMMEDIATE RELEASE

### **Asia Pacific Breweries reports 15% Organic growth in Attributable Net Profit for FY2006**

- ***PBIT up 16% to S\$254.7 million***
- ***Attributable net profit before exceptional items increases 15% to S\$131.6 million***
- ***China reports first full year maiden profit***
- ***Directors recommend final net dividend of 16 cents per share***

SINGAPORE, 10 November 2006 – Main board listed Asia Pacific Breweries Limited (APB) today reported record high revenue, profit before interest and taxation (PBIT) and attributable net profit before exceptional items for the full year ended 30 September 2006.

**Group profit before interest and tax (PBIT) grew 16% or S\$35.4 million to S\$254.7 million.** Excluding the one-off adjustment on royalties of S\$20.7 million, translation losses, gestation losses from new businesses and business development related costs, PBIT grew organically by S\$29 million or 13% as compared to the previous year.

**Attributable net profit before exceptional items achieved growth of 15% or S\$17.2 million to S\$131.6 million.** Without taking into account the one-off adjustment on royalties of S\$16.5 million, translation losses, gestation losses from new businesses and business development related costs, group attributable profit before exceptional items also grew **15%** organically or S\$16.9 million.



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During the year, its operations in Vietnam reached an agreement on royalty rates payable for the past years. This has resulted in a one-time cancellation of royalties previously charged to the operations for prior years for an amount of S\$31.6million.

A sum of S\$10.9 million of this benefit which relates to inter-company royalties has been eliminated on consolidation at Corporate Office level. The remaining S\$20.7 million has been treated as a reduction in marketing expenses with a corresponding increase in PBIT.

Group revenue for the year increased by 6.3% to S\$1,526.3 million.

The earnings per share (before exceptional items) amounted to 51.2 cents compared with 44.7 cents in the previous year.

Directors have recommended a final net dividend of 16 cents per share which will be paid to shareholders on 12 Feb 2007.

Commenting on the FY2006 results, Mr Koh Poh Tiong, Chief Executive Officer, APB, said, ***“Indochina continues to be APB’s highest PBIT contributor, accounting for 46% of APB’s total PBIT (excluding one-off royalty adjustment). Riding on the back of a robust 15% growth in volume, PBIT for the region gained 6% over last year. Both Tiger and Heineken continue to command a good following in Vietnam while all our beers and stout in Cambodia witnessed improved sales. On 12 September, we completed the acquisition of 2 Foster’s breweries in Danang, Central Vietnam and Tien Giang, located southwest of Ho Chi Minh City and on the North of the Mekong Delta. These breweries are expected to further bolster volume growth in the new financial year onwards.”***



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Next in the line-up are Singapore and Papua New Guinea which contributed 17.4% and 15.3% of APB's PBIT respectively. Versus last year, Singapore saw its volume rise by 7% mainly attributable to the higher export and contract brew volume. Higher marketing investments in the UK which partially offset the higher earnings from domestic market caused PBIT for Singapore to only grow marginally at 1%.

Papua New Guinea registered an impressive 28% gain in PBIT over last year as a result of a 13% volume growth and marginal price increases.

Another noteworthy achievement is the full-year maiden profit turned in by China. The market delivered a PBIT of about S\$200,000, an increase of 106% compared to a year ago. Mr Koh remarked, ***"After many years of losses and commitment to this market, I am particularly pleased that we have finally turned the corner and posted a positive contribution at the PBIT level. This is a significant milestone for APB as it validates our tenacity and fortitude to build a firm platform for profitable growth in the world's largest beer market today. By 2007/08, our footprint in China, where we currently have interests in 12 operating breweries in Hainan, Shanghai, Guangdong, Jiangsu and Tianjin, would be extended to Chengdu and Xi'an as well as Foshan in Guangdong (through our investment in Kingway Breweries) when the 3 greenfield breweries there are commissioned."***

In Thailand, volume grew 6% mainly driven by its new brand *Cheers* while *Heineken* continued to dominate the premium segment of the beer market. During the year, *Tiger* maintained its focus on brand-building and increasing penetration for a larger presence in the Thai beer market.

### **Ensuring Continued Growth**

In line with its growth strategy, APB commenced its second wave of regional expansion in 2003 while it continues to bolster its position in existing markets through operations and acquisitions.



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To fortify its stronghold position and enhance its earning streams from Indochina, APB recently extended its market coverage in Vietnam with the acquisition of Foster's breweries in Danang (Central Vietnam) and Tien Giang (Mekong Delta). It has also gained entry into Laos where its greenfield brewery in Ventiane will be operationally ready by end-2007. Together, these investments will further reinforce APB's overall market position in the Indochina beer market and boost its earnings.

To capitalize on the inherent growth potential of emerging economies in South Asia, APB ventured into Sri Lanka last year. The group recently entered India via an equity stake in Aurangabad Breweries Limited which owns a brewery in Aurangabad, Maharashtra; and incorporated Asia Pacific Breweries-Pearl Private Limited to build a greenfield brewery in Hyderabad, Andhra Pradesh. Given the thriving economy in this region, the outlook for these beer markets is good and bodes well for its future growth. The other new market for APB is Mongolia where its new brewery in Ulaan Bataar will be commissioned end-2007.

Through export, APB will continue to expand its worldwide network and identify new markets to build a bigger presence for *Tiger*. Today, the brand is available in more than 60 countries including Australia, Europe, the Russian Federation, United Kingdom and United States of America. Emphasis will be placed on building a bigger presence for *Tiger* in the UK where it has established itself as the No. 1 imported Asian beer brand (in terms of volume sold). Being named a UK Cool Brand Leader for three consecutive years from 2004 to 2006, *Tiger* is currently available in more than 8,000 restaurants, premium clubs and pubs in the major cities of UK.

In US, the imports of *Tiger* grew significantly by 142% versus a year ago. *Tiger's* volume has been escalating since APB's appointment of Anheuser-Busch as the US importer and distributor of *Tiger* in May 2006. The tie-up has given APB access to a strong network of 500 wholesalers and *Tiger* is currently traded in 48 of 50 states. Together with Anheuser-Busch, APB will focus on bringing *Tiger* to another level of growth in the U.S. market.



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***“Today, APB has 28 operational breweries in ten countries. APB’s footprint is expected to extend further to 34 breweries in 12 countries by 2007/08, as greenfield breweries come on stream in China, Mongolia, Laos and India. It is recognized that these new start-up breweries will result in a temporary dilution of net earnings for the current financial year. Notwithstanding this, we believe it is imperative that we remain a company that continues to invest in new emerging markets and prime the company for growth. APB must continue to be an expansionist company,” said Mr Koh.***

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### **Operations Review**

#### **Papua New Guinea**

PBIT grew strongly by 28% on the back of a 13% volume growth and marginal price increases.

#### **IndoChina**

The region saw robust 15% growth in volume. Included in Vietnam's PBIT was a one-off adjustment on royalties of S\$31.6 million, following resolution of royalty issues. Excluding this adjustment, the region's PBIT rose by 6%.

#### **Singapore**

Volume, gaining 7% with most of the growth coming from export and contract brew, contributed to the PBIT growth of 1%.

#### **China**

Volume grew strongly by 30%. A full-year maiden profit of S\$0.2 million, turning around from a loss of S\$3.2 million last year, was recorded.

#### **Thailand**

Volume rose by 6%. However, PBIT fell by 48% due to higher brand related expenses to build the *Cheers* brand equity.

#### **Malaysia**

Volume fell by 2% owing to weak consumer sentiments from successive excise duty increases in the past years. PBIT declined by 5% due to the weakened volume and higher marketing investments.

#### **New Zealand**

PBIT declined 10% due to a 2% decline in volume, aggressive price-based competition and the weaker NZ dollar.



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### **New Markets**

Gestation losses incurred by Sri Lanka, Mongolia and India stood at S\$3.5 million.

### **Corporate Office**

Corporate expenses incurred were higher mainly due to the one-off adjustment in royalties in Vietnam of S\$10.9 million offset by lower marketing investments.

### **For clarification and further enquiries, please contact:**

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