



## 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 Announces Results for First Quarter FY2006/07

9 February 2007 - Asia Pacific Breweries (APB) today announces its unaudited results for the first quarter ended 31 December 2006.

	Quarter 1		Change		Organic Growth	
	This Year	Last Year				
	S\$' m	S\$' m	S\$' m	%	S\$' m	%
Revenue	476.2	453.1	23.2	5.1%	33.3	7.3%
PBIT	76.2	75.5	0.7	1.0%	10.3	13.6%
Attributable Net Profit Before EI	40.5	39.4	1.1	2.7%	7.6	19.2%

#### Q1 2006/07

APB had a strong start to the current financial year, with almost all markets contributing to a positive overall Group performance.

**Attributable net profit before exceptional items achieved robust organic growth of 19.2% or \$7.6 million versus the same period last year.** Including gestation losses and related costs, attributable profit before exceptional items gained 2.7% or \$1.1 million to \$40.5 million.

**PBIT grew organically by \$10.3 million or 13.6% as compared to the first quarter of the previous year.** However, taking into account gestation losses and related costs, PBIT rose 1.0% or \$0.7 million from \$75.5 million to \$76.2 million.



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Mr Koh Poh Tiong, Chief Executive Officer, APB said, ***“The healthy organic profit growth demonstrated the benefits of establishing a regional footprint for APB and the firm platform that has been laid. Amongst the best performing markets this first quarter was Papua New Guinea which recorded an impressive 31% increase in PBIT due to improved margins from beer price increases and volume growth of 14%. IndoChina too achieved volume gains of 26% while New Zealand and China registered volume growth of 12% and 11% respectively.”***

While APB’s regional markets continued to contribute significantly to its bottomline, the Group also maintained its positive growth back home in Singapore with a PBIT gain of 6% owing to a volume growth of 8% which grew on the back of strong export and contract brew volumes.

### **Key Developments**

During the first quarter of 2006/07, APB continued to invest to ensure that the company thrives and create value for its shareholders. APB extended its footprint in Vietnam with a stake in a brewery in Quang Nam Province, Central Vietnam; reinforced *Tiger’s* brand equity by opening TigerLIVE in Singapore and widened *Tiger’s* presence in the USA.

#### **1) APB Adds Fifth brewery in Vietnam**

In keeping with its expansion in Vietnam, one of its best performing markets, APB through its brewery in the South acquired an 80% stake in VBL (Quang Nam) Ltd (VBLQN) in January 2007.

Located in the Dien Ban district of Quang Nam Province, the brewery of VBLQN is equipped with an annual production capacity of 250,000 hectolitres. Given its close proximity to APB’s Da Nang brewery, which is already operating at close to full capacity producing *Biere Larue*, the new investment makes an immediate additional source of production for *Biere Larue* - a popular mainstream brand which has seen rising demands in Central Vietnam.



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In addition, VBLQN will also be involved in the production, marketing and distribution of another local brand *Larger*, to enlarge its share of the mainstream market which currently commands 90% of the total beer market in Central Vietnam.

With five breweries strategically located in Southern, Central and Northern Vietnam today, APB is now better placed to serve the growing number of beer drinkers more efficiently and effectively and poised to achieve the next level of growth in Vietnam.

### **2) APB and Anheuser-Busch reaffirm commitment to forge a binding relationship ahead**

Since the appointment of Anheuser-Busch as *Tiger's* sole and exclusive US importer/distributor, *Tiger* has significantly widened its distribution in the USA. With more than 500 wholesalers currently behind the brand and providing an unparalleled countrywide network of support to bring *Tiger* to new bars, restaurants, convenience stores and supermarkets, *Tiger* has swiftly entered 48 of 50 states there. Since the distributorship commenced in May 2006, the volume of *Tiger* shipped to the USA has shown healthy progress.

The imported beer segment is the fastest growing segment in the US beer industry, making up 12% of the market and expanding at an annual rate of 7 to 8 percent. Such positive market conditions, coupled with the strong support provided by Anheuser-Busch, will enable *Tiger* to grow more robustly into a leading Asian imported beer there in the near future.

### **3) *Tiger* Launches TigerLIVE - Southeast Asia's premier multi-sensory brand entertainment centre**

Last December, home grown *Tiger* added on to its list of milestones the launch of TigerLIVE, Southeast Asia's first multi-sensory brand entertainment centre.

The S\$10 million investment is a permanent showcase of the brand's legacy and achievements, offering the 'ultimate *Tiger* experience' by leveraging on state-of-the-art and innovative multi-media technologies. Housed within the revamped St James Power Station and occupying an area



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of 14,000 square feet, TigerLIVE entertains and features *Tiger's* origin, brewing processes and evolution from a local brand to become one of Singapore's most recognised icons globally.

This milestone pitches our flagship brand in the same league as other internationally-renowned beer brands with similar initiatives and reinforces *Tiger's* world-acclaimed status.

### **OUTLOOK**

Today, APB has 29 operational breweries in 10 countries. APB's footprint is expected to extend further to 35 breweries in 12 countries by 2007/08, as greenfield breweries come on stream in China, Mongolia, Laos and India. It is recognised that these new start-up breweries will result in a temporary dilution of net earnings for the current financial year. Nevertheless, it is imperative that APB continues to invest in new emerging markets to prime the company for further growth in the coming years.

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

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### **Operations Review**

#### **Papua New Guinea**

PBIT gained 31% due to improved margins from price increases and volume growth of 14%.

#### **Singapore**

Volume grew by 8% on the back of strong export and contract brew sales. PBIT grew by 6%.

#### **Indochina**

Volume for the region registered a robust 26% increase following the acquisition of Foster's Vietnam completed in September 2006. However, due to the weaker Vietnamese Dong exchange rate, higher marketing investments and the calendar shift in New Year promotional sales in Vietnam, PBIT fell by 3%.

#### **New Zealand**

Volume grew by 12%. However, due mainly to the weaker NZ dollar exchange rate and reduction in gross margin due to price competition, PBIT declined by 12%.

#### **China**

Sales volume grew by 11%. Overall losses narrowed by 1% due mainly to timing of marketing expenses.

#### **Thailand**

PBIT more than doubled compared to the same period last year due to lower marketing investments for *Cheers* which was launched in October 2005. Volume fell by 10% as a result of local anti-alcohol campaign.

#### **Malaysia**

Volume fell by 13% due mainly to the calendar shift in Chinese New Year promotional sales relative to last year. The lower volume, coupled with higher marketing investments, resulted in a 22% decline in PBIT.

#### **New Markets**

Gestation losses incurred by new and start-up ventures in Sri Lanka, Mongolia and India was at \$1.6 million for the quarter.

#### **Corporate Office**

Corporate expenses incurred were lower due mainly to higher royalty income and lower marketing investments.