



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 Records Robust Organic Growth For Q3 2007

- **Attributable net profit before exceptional items grows organically by 60.9% or S\$11.0 million to S\$28.9 million**
- **Group profit before interest and tax achieves organic growth of 22.3% or S\$10.7 million to S\$58.8 million**

Singapore, 10 August 2007 – Asia Pacific Breweries Ltd (APB) today announced its unaudited results for the third quarter ended 30 June 2007.

3Q 2007

Quarter-on-quarter, **attributable net profit before exceptionals (APBE) grew organically by S\$11.0 million to S\$28.9 million or 60.9% over last year.** After taking into account translation difference, gestation losses and non-recurring items*, APBE was up by S\$1.2 million or nearly 4% to S\$31.8 million.

Organically, group profit before interest and tax (PBIT) increased by S\$10.7 million to S\$58.8 million or 22.3% over last year. Due to translation difference, gestation losses and non-recurring items*, PBIT declined S\$3.8 million or 5.9% to S\$61.3 million.

Mr Koh Poh Tiong, Chief Executive Officer, APB said, *“This dilution in earnings was not unexpected and partly due to the gestation losses from our recent investments and new start-up breweries. Nevertheless, we expect our earnings rates to improve when we consider the potential of these regional investments, as was the case with our first phase of regionalisation which began over a decade ago. Fundamentally, our business remains sound and we have continued to deliver stronger organic growth rates, driven mainly by our overseas operations. In fact, IndoChina has continued to generate strong sales with an outstanding volume gain of 36% as compared to the same period last year. Likewise, New Zealand fared better than last year with a 52% increase in PBIT and an 18% growth in volume.”*



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Singapore, the home of world-acclaimed *Tiger*, also performed strongly with a 19% gain in PBIT which grew on the back of a 6% volume growth.

Versus the same period last year, Papua New Guinea's PBIT grew 8% as a result of a 12% rise in volume and improved margins from price increase.

In China, volume rose by 19%, signifying a stronger demand for APB's beer brands there. Meanwhile, Malaysia reported a 2% volume increase as compared to the same period last year.

YTD (9months)

Organically, APBE in the 9-months stood at S\$112.4 million, an increase of S\$16.6 million or 17% over the same period last year. Due to translation difference, gestation losses and non-recurring items*, APBE grew S\$2.5 million or 2% to S\$110.9 million.

PBIT grew organically by S\$30.2 million to S\$216.7 million, representing a 16% gain over the same period last year. After taking into account translation difference, gestation losses and non-recurring items*, PBIT improved by 3% or S\$6.4 million to S\$210.0 million.

"Our deliberate strategy to pursue regionalisation over the past 18 years has created a significantly larger earnings base for APB; and correspondingly, reduced our dependence on the relatively small Singapore market, which accounted for about 70% of our Group PBIT in 1990. Today, the situation is the reverse, with our overseas operations contributing more than 80% of our earnings. This broad diversification of our earnings base is a major strength which provides both stability and further growth potential, as we continue to work towards increasing our share of the profit pool in existing and new markets in the Asia Pacific region in the coming years," added Mr Koh.



MILESTONES

1) Archipelago Brewery Turns One

Archipelago Brewery (Archipelago) which celebrated the first anniversary on 24 July 2007 not only celebrated a year of excellence in craft beer but also success in making household names of its three regular variants - *Archipelago Traveller's Wheat*, *Archipelago Straits Pale* and *Archipelago Trader's Brown Ale* - in the past 12 months.

To provide more choice to its consumers, the business had introduced various special edition brews such as *Archipelago Ming* and *Archipelago Java* amongst others during the year. To toast to the occasion, an exclusive birthday variant, *Archipelago Samui* which is brewed with calamansi lime and pandan leaves was unveiled that day.

Taking craft beer beyond its flagship outlet situated along Circular Road, the craft brews of *Archipelago* have also been introduced at a second outlet located at 31 Pekin Street late last year. To cultivate Singaporean's tastes for craft beers and enlarge the pool of craft beer drinkers here, the three regular variants of *Archipelago* have been launched in pint bottles recently and are now available at leading premium outlets and city supermarkets in Singapore.

2) APB Introduces Locally-Brewed Tiger In Mongolia

On 19 June 2007, APB commissioned the brewery of MCS-Asia Pacific Brewery LLC (MCS-APB) in Mongolia and started brewing *Tiger* there. Located in Mongolia's capital city, Ulaanbaatar, the brewery sits on a site of 5 hectares and is currently equipped with an annual production capacity of 120,000 hectolitres.

Mongolia now joins the ranks of Singapore, Malaysia, Thailand, Vietnam, Cambodia and China to become the eighth country brewing *Tiger*. Although Mongolian-brewed *Tiger* was only recently introduced, the brand has been known as a premium import brand there in the last 15 years. In fact, *Tiger's* volume in Mongolia grew 500% in the first year of the



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inception of MCS-APB which was established in 2005. Today, the brand has built a substantial presence in over 700 bars, pubs, restaurants and retail outlets amongst others in Ulaanbaatar.

OUTLOOK

Today, APB has interests in 32 operational breweries in 11 countries. APB's footprint is expected to extend further to 35 breweries in 12 countries by first quarter of 2008 as greenfield breweries come on stream in Foshan in Guangdong (China), Vientiane (Laos) and Hyderabad (India). Although gestation losses from the new start-up breweries are and will be incurred, we expect APBE for the current year to be maintained at about the same level as last year. APB must continue to be an expansionist company and invest in new markets to position the company for further sustainable growth in the coming years.

**Last year's Q3 results contained a one time royalty adjustment in Vietnam which improved PBIT by \$17.1 million and APBE by \$12.6 million which are not repeated this year. This quarter's results contain a reinvestment credit which added \$4 million to PBIT and APBE.*



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Operations Review (3Q 2007)

New Zealand

PBIT jumped 52% due to higher volume and lower commercial expenses. Volume grew 18%.

Singapore

PBIT increased by 19%. Overall volume grew 6% with export, contract brew and domestic sales outperforming last year.

Papua New Guinea

PBIT grew 8% on the back of improved margins from price increases and volume growth of 12% partially offset by translation loss from a weaker Kina.

Indochina

The region continued its solid momentum in volume which grew 36%. Excluding the effects of one time royalty adjustment and reinvestment credit, PBIT fell by 6% due to gestation losses incurred by start-up operations in Laos.

Malaysia

Volume grew 2%. However, PBIT fell by 14% due mainly to higher commercial spending and overheads.

China

The group continued to report strong volume growth of 19%. However, PBIT fell by 34% as a result of higher marketing expenditure and operating expenses.

Thailand

Volume fell by 7% as a result of intensifying competition, economic uncertainties and regulations restricting the consumption and advertising of alcoholic products. PBIT declined 3%.

South Asia and Mongolia

Losses incurred by new and start-up ventures in Sri Lanka, Mongolia and India stood at \$2.5 million.

Corporate Office

Corporate expenses incurred were lower mainly due to the timing of marketing expenditure and the royalty adjustment last year.

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