

# ONE ICONIC PORTFOLIO

Annual Report **2012**



# One Iconic Portfolio

GAB has achieved 11 consecutive years of growth, with revenue exceeding RM1.6 billion in the financial year under review. The Company's magic formula is its portfolio of iconic brands, the ability to perfect the quality of brew and the ability to throw events of epic proportions. The ever-growing popularity of GAB's award-winning brands, is one of the main drivers that has helped us to deliver yet again another record-breaking year.

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# Our Brand Portfolio

Brand	<b>TIGER</b>	<b>GUINNESS</b>
Category	Beer	Stout
Description	<p>Asia's fastest growing beer</p> <ul style="list-style-type: none"> <li>• Truly international Asian beer brand</li> <li>• The largest beer brand in Malaysia by sales volume</li> <li>• Won 40 awards all over the world for its quality</li> </ul>	<p>The number 1 stout in Malaysia and in the world</p> <ul style="list-style-type: none"> <li>• Available in over 150 countries and selling over 10 million pints daily</li> <li>• Over 250 years of brewing experience through innovation, passion and belief</li> <li>• Malaysia is the only market globally to win the Guinness League of Excellence Award 5 times in a row</li> <li>• Distinctive and iconic, instantly recognisable by its packaging, colour and deeply satisfying flavour</li> </ul>
Volume movement in FY12	<p>↑ high single digit</p>	<p>↑↑ double digit, below 15%</p>



## HEINEKEN

Beer

The number 1 international premium beer in Malaysia and in the world

- Heineken is enjoyed in more than 176 countries worldwide
- Now available in a new bottle, with a thumb groove for a firmer grip and a longer neck to add distinction
- Heineken is synonymous with cutting edge music events

## ANCHOR SMOOTH

Beer

Malaysia's local brew

- Brewed since 1933 in the European-German pilsner tradition
- A local favourite enjoyed by generations of Malaysians
- Anchor Smooth was awarded Gold at the Monde Selection for 3 consecutive years, 2010 – 2012

## ANCHOR STRONG

Strong Beer

A leading strong brew

- The bolder version of Anchor
- A brew that is strong yet refreshing, Anchor Strong is surprisingly smooth for a strong beer
- It's brewed longer and cold filtered to remove all excess yeast resulting in an easy-to-drink beer that is fuller and stronger in taste



↑ mid single digit

+/- achieved planned performance

+/- achieved planned performance



## OUR BRAND PORTFOLIO

Brand	<b>KILKENNY</b>	<b>STRONGBOW</b>
Category	Ale	Cider
Description	<p>The top super premium beer brand in Malaysia</p> <ul style="list-style-type: none"> <li>• The Cream of Irish Beers originated from the St Francis Brewery, the oldest operating brewery in Ireland</li> <li>• Available in more than 350 outlets nationwide</li> <li>• 70,000 Malaysians 'liked' Kilkenney on Facebook – a testament of Kilkenney's growing pool of discerning drinkers</li> </ul>	<p>The world's leading cider</p> <ul style="list-style-type: none"> <li>• UK's number 1 selling cider</li> <li>• Using the perfect blend and only the best of 50 different varieties of apples, Strongbow guarantees great taste</li> <li>• Its clear and golden appearance, its naturally light carbonation and its characteristic clean and crisp flavour make the brand the perfect choice for consumers looking for a new drinking experience in the premium segment</li> </ul>
Volume movement in FY12	 <p>double digit, slightly below 20%</p>	 <p>double digit, more than 70%</p>



## PAULANER

Wheat Beer

The number 1 German wheat beer in Malaysia

- Brewed according to the strictest and oldest regulations of brewing set out in "The German Purity Law"
- Brewed from only the purest water, malted wheat and barley, hops and yeast in state of the art facilities, Paulaner guarantees highest quality, purity and best taste
- Paulaner is one of the official beers at the world-famous Oktoberfest, which is held in Munich every year

## MALTA

Non-alcoholic malt drink

Malaysia's number 1 non-alcoholic malt drink

- A refreshing non-alcoholic malt beverage that's full of goodness
- High in Vitamins B1, B3 and B6
- Ideal for people with active lifestyles

## ANGLIA SHANDY

Shandy

The number 1 shandy in Malaysia

- A unique and refreshing blend of beer and lemonade
- Anglia, the "Real Shandy" is a popular Malaysian favourite, especially during festive celebrations
- In recent years, Anglia introduced its limited edition festive variants, giving fans of Anglia more reason to celebrate



close to 40%



mid single digit



achieved  
planned  
performance





# Our Achievements

### MDBC Sustainability Awards 2011

GAB won the inaugural Malaysian Dutch Business Council Sustainability Awards for its corporate sustainability practices in the area of Human Resources and Community Development.

### MCG Index Awards 2011

GAB was awarded the Distinction Award for scoring A+ in the overall Malaysian Corporate Governance (CG) Scores. This is the second time GAB has received the award after winning the Distinction Award and Most Improved Company Award in 2010. The award was introduced by the Minority Shareholder Watchdog Group (MSWG) that aims to provide shareholders with information on the best corporate governance practices among public-listed companies.

### The Edge Billion Ringgit Club Top 10 CSR Companies 2011

In 2011, GAB was one of the top 5 most profitable companies with the highest return on equity in the consumer products sector and one of the top 10 CSR companies. The Edge Billion Ringgit Club inducts companies listed on Bursa Malaysia with a market capitalisation or turnover of at least RM1 billion and presents awards in recognition of profitability and shareholder wealth creation.

### Putra Brand Awards 2012

GAB received the most number of awards at the ceremony, with 4 wins in the Beverage (Alcoholic) category, scoring Gold for Tiger and Heineken, Silver for Anchor and Bronze for Guinness. The awards recognise consumer preferences of public-listed companies, local brands and SMEs.

### Malaysia HR Awards 2012

GAB received the Bronze Recognition for the Employer of Choice Award by the Malaysian Institute of Human Resource Management (MIHRM) for attracting and retaining employees through excellent HR practices and systems, in addition to demonstrating how these have helped the Company achieve its business KPIs.



## Our Vision:

GAB is an Icon in Business.  
Respected the world over for  
delivering exceptional growth  
in People, Brands and Performance.



## Our Values:

### We have a passion for winning

We are winners, driven by a passion to be the best in everything we do.

### We value and respect each other

Our people and society are diverse and different, and we value and celebrate all our differences. We respect our environment and are committed to protect it. We value the community in which we operate and strive to enrich it. We aim for our people to have balance in their work and their personal lives.

### We show integrity in all that we do

We are responsible, trustworthy and honest in everything we say and do and in the way we manage our business.

### We provide enjoyment

We create an environment where our people enjoy their work, our partners enjoy working with us and our consumers enjoy our products.

### We are 5 Star

We deliver "5 Star Service", consistently meeting and exceeding our customers' and stakeholders' needs. We continuously seek better and innovative ways to provide delightful experiences for our customers and stakeholders.

A large crowd of people is gathered at night for a festival. In the background, a large, ornate building with a dome and arched windows is illuminated. The crowd is dense and diverse, with many people looking towards the camera or the festival area. The scene is lit with warm, yellow lights from the building and the festival, creating a vibrant atmosphere.

# A Roaring Success

Nearly 40,000 people joined in the Tiger Asian Music Festival 2012. This festival showcased the best-of-the-best urban Asian artists, completing Tiger's edgy brand positioning.



Tiger



GUINNESS  
**St. Patrick's**  
2012

SMART  
Drink Sensibly  
kru.com.my

NCS



# Great Guinness Moments

A Brand fast becoming known for its Iconic events, Guinness created yet another great Guinness moment with its St Patrick's Day Celebration 2012. 15,000 people flocked to the street to join in Asia's largest celebration.

# The Star of the Night

A record-breaking 25,000 festival-goers were treated to a night of electric visuals, pyrotechnics and fireworks, a world that could only have been created by Heineken. Heineken Thirst 2011, was Malaysia's biggest dance music event of the year.

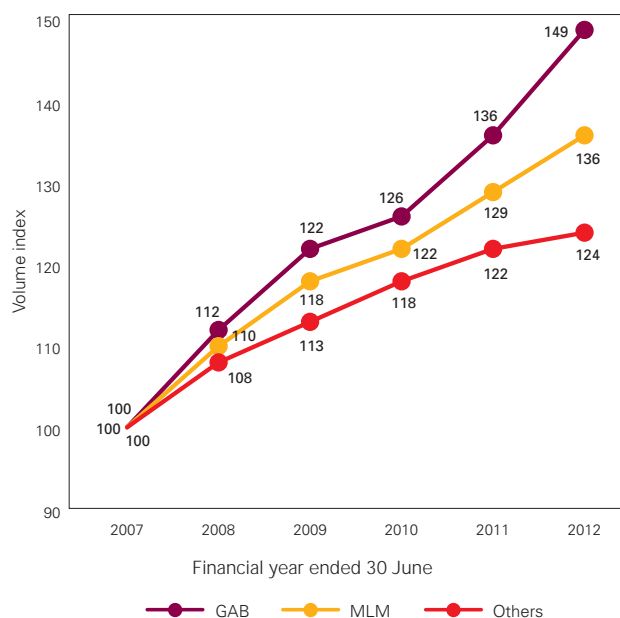




# Performance at a Glance

## Eleven Consecutive Years of Revenue, Profit and Market Share Growth

**Malt Liquor Market Volume - Index**



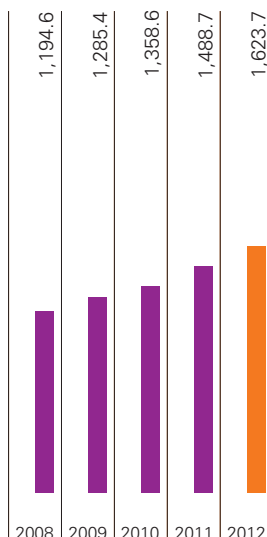
Source: GAB estimates

### Growing faster than industry and competitors

GAB has successfully grown profits and market share for 11 straight years despite operating in a Malt Liquor Market (MLM) that is impeded by the second-highest excise duties in the world. GAB grew MLM volumes at a compound annual growth rate (CAGR) of 8.3% between 2008 and 2012 - faster than the overall MLM (6.4% CAGR) in the same period.

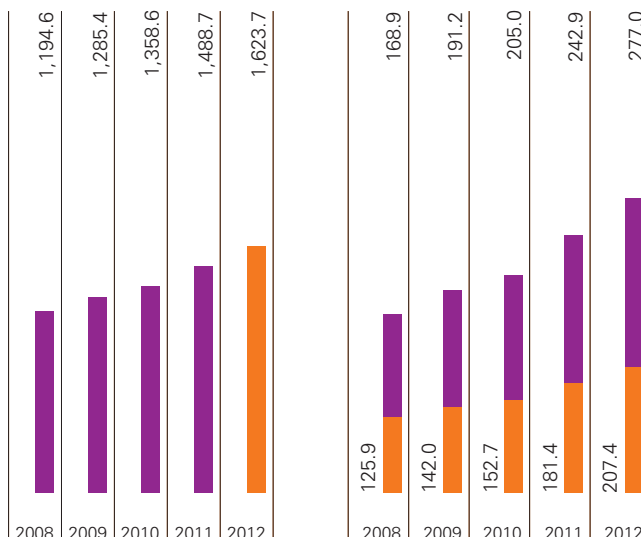
**Revenue**

(RM Million)



**Profit before tax & Profit after tax**

(RM Million)



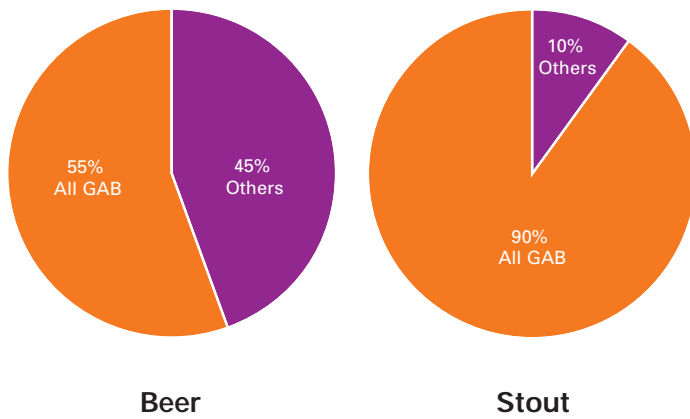
■ previous years  
■ latest year

■ Profit before tax  
■ Profit after tax

### GAB's profit growth is higher than revenue growth

GAB enjoyed a strong full-year revenue growth of 9.1% in FY12. By deciding to defocus on the non-duty paid segment, GAB was more able to focus on the more profitable duty paid segment, yielding better margins and results.

Both Profit Before Tax (PBT) and Profit After Tax (PAT) grew by over 14% during the year, in spite of increases in raw material prices. Improved pricing, MLM volume growth, favourable product and channel mix, and stringent cost management were the main contributors to this performance.



Source: GAB estimates

Operating margin (%)

Net profit margin (%)



Financial year ended 30 June

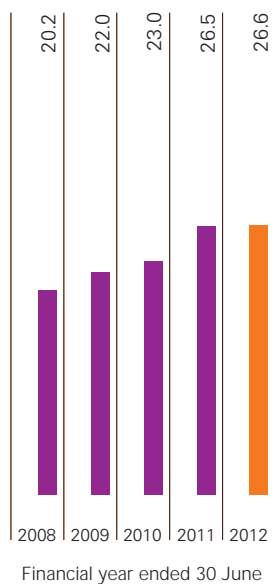
**GAB leads in both Beer and Stout categories**

Iconic events and the superior appeal of GAB's leading brands (Tiger, Guinness and Heineken) ensured a stellar performance in FY12. GAB further consolidated its leadership in both beer and stout.

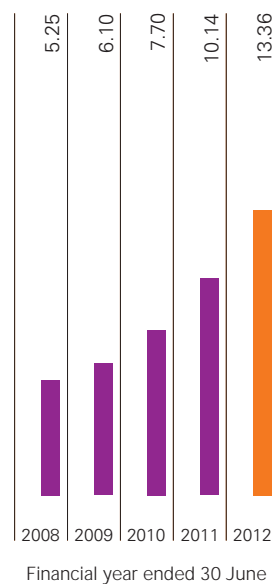
**Continued focus on efficiency reaps rewards**

GAB is benefiting from capital investments in brewery upgrades over the last 3 years. Initiatives such as our Total Productive Management (TPM) sustain and increase brewery efficiency, while the Operation Performance Index (OPI) successfully optimises resources and existing machinery. Better demand planning has enabled us to grow the business without the need for extra working capital.

**Return on assets (%)**



**Share price (RM)**

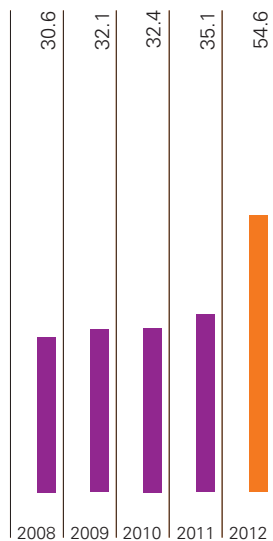
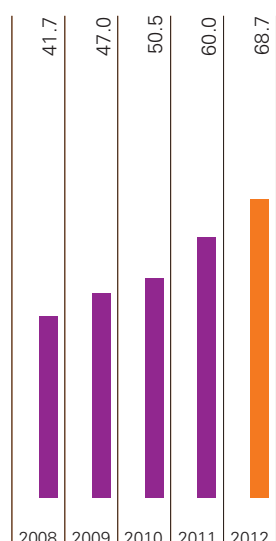
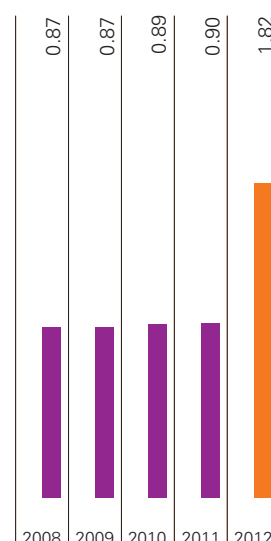


**Our assets continue to work hard for us**

GAB's return on assets has shown steady growth over the years. It was flat against last year, on par with capital investment growth.

**Enabling us to gain shareholder confidence**

GAB's share price surged 31.8% to RM13.36 in FY12, leading market capitalisation to expand to over RM4 billion, as the market recognised our strong profit performance.

**Return on equity (%)****Earnings per 50 sen stock unit (sen)****Net dividend / Profit after tax (Ratio)**

Financial year ended 30 June

**GAB maximises shareholder returns**

The Company declared a total net dividend of 125 sen over the course of the year, the Company's highest-ever payout. This brought our total dividend yield to 9.4%, making it amongst the highest dividend yield declared by companies on Bursa Malaysia.

GAB's return on equity also improved by 55.6% from the previous year due to our dividend payout.

**GAB's dividend payout exceeds the previous period's payout again**

Earnings per share rose 14.5% to 68.7 sen on a total of 302 million issued shares, enabling a record dividend of RM377 million. This is the seventh-straight year GAB exceeded the previous period's payout.

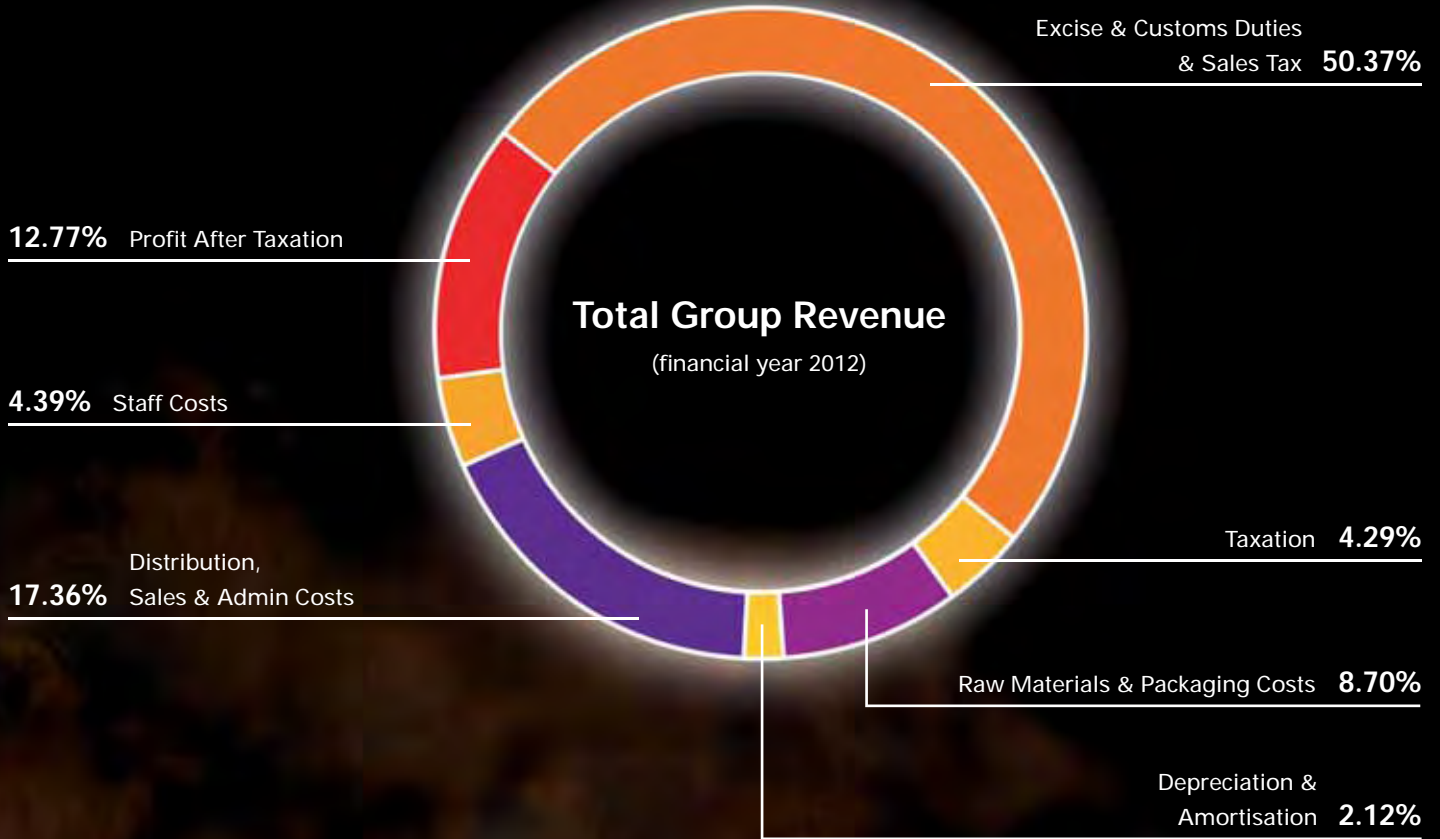
# Group Financial Highlights

FINANCIAL YEAR ENDED 30 JUNE

## 10 Years Financial Track Record

	Financial year ended 30 June									
	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Revenue	796,595	886,208	952,113	976,013	1,072,112	1,194,602	1,285,423	1,358,633	1,488,720	<b>1,623,687</b>
Profit before tax	107,363	129,254	140,519	142,211	152,159	168,898	191,178	204,991	242,883	<b>276,981</b>
Tax expense	(29,357)	(30,835)	(32,551)	(14,014)	(39,598)	(43,041)	(49,190)	(52,300)	(61,505)	<b>(69,582)</b>
Profit after tax	78,006	98,419	107,968	128,197	112,561	125,857	141,988	152,691	181,378	<b>207,399</b>
Dividends	84,831*	91,837*	90,871	91,354	99,239	109,873	123,860	135,944	163,133	<b>377,623*</b>
Net Dividend per 50 sen stock unit (sen)	28.1*	30.4*	30.1	30.2	32.8	36.4	41.0	45.0	54.0	<b>125.0*</b>
Earnings per 50 sen stock unit (sen)	25.8	32.6	35.7	42.4	37.3	41.7	47.0	50.5	60.0	<b>68.7</b>
Reserves	146,200	159,064	176,403	213,246	234,060	260,285	291,252	319,879	365,567	<b>228,654</b>
Total equity	297,249	310,113	327,452	364,295	385,109	411,334	442,301	470,928	516,616	<b>379,703</b>
Net assets per 50 sen stock unit (sen)	98.4	103.0	108.0	121.0	127.5	136.2	146.4	155.9	171.0	<b>126.0</b>

\* Includes special dividends



## GROUP FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 30 JUNE

### Statements of Comprehensive Income

Revenue in RM'000		EBITDA margin		PBIT in RM'000	
FY12: <b>1,623,687</b>	+9.1%	FY12: <b>19.2%</b>	+0.5%	FY12: <b>277,241</b>	+15.2%
FY11: <b>1,488,720</b>		FY11: <b>18.7%</b>		FY11: <b>240,598</b>	

### Statements of Financial Position

Total equity in RM'000		Market capitalisation in RM'000	
FY12: <b>379,703</b>	-26.5%	FY12: <b>4,036,029</b>	+31.8%
FY11: <b>516,616</b>		FY11: <b>3,063,274</b>	

### Dividend and earnings per share

Earnings per share		Net dividend per 50 sen stock unit		Dividend yield %	
FY12: <b>68.7 sen</b>	+14.5%	FY12: <b>125.0 sen *</b>	+131.5%	FY12: <b>9.4%</b>	+77.4%
FY11: <b>60.0 sen</b>		FY11: <b>54.0 sen</b>		FY11: <b>5.3%</b>	

### Statements of Cash Flows

Operating working capital % of revenue		Net cash from operating activities in RM'000		Capital expenditures in RM'000	
FY12: <b>11.7%</b>	+2.8%	FY12: <b>180,272</b>	-8.2%	FY12: <b>60,115</b>	+80%
FY11: <b>8.9%</b>		FY11: <b>196,345</b>		FY11: <b>33,392</b>	

### Financial Ratios

PBIT/Total equity		PAT/Revenue	
FY12: <b>73.0%</b>	+56.6%	FY12: <b>12.8%</b>	+4.9%
FY11: <b>46.6%</b>		FY11: <b>12.2%</b>	

\* include 60 sen of special dividend

EBITDA : Earnings before interest, tax, depreciation and amortisation

PBIT : Profit before interest and tax

PAT : Profit after tax

