華潤啤酒(控股)有限公司
China Resources Beer (Holdings) Company Limited

FY 2021 Results Announcement

Investor Presentation

24 March 2022

Content

華潤啤酒
CR BEER

01

RESULTS OVERVIEW

Overall Results Summary

	2H 2021 RMB m	2H 2020 RMB m	*Change*	2021 RMB m	2020 RMB m	*Change*
Turnover	**13,753**	**14,040**	***-2%***	**33,387**	**31,448**	***+6%***
EBIT	**78**	**289**	***-73%***	**5,991**	**3,079**	***+95%***
EBIT (excl. special items*)	**249**	**752**	***-67%***	**4,652**	**3,828**	***+22%***
Profit attributable to shareholders (PAS)	**296**	**15**	***+1873%***	**4,587**	**2,094**	***+119%***
Basic EPS (RMB)				1.41	0.65	*+117%*
DPS (RMB)				0.566	0.259	*+119%*
- Final				0.302	0.131	*+131%*
- Interim				0.264	0.128	*+106%*
Dividend payout ratio (Proposed dividend/PAS)				40%	40%	-
ROE **				20.1%	10.2%	*+9.9 pct*
Additions to non-current assets and investment cost in joint ventures/an associate				3,573	1,011	*+253%*
Net assets				24,489	21,274	*+15%*
Net cash				5,396	4,614	*+17%*
Cash ratio				**22.0%**	**21.7%**	***+0.3 pct***

Notes:

* Total special items: (i) impairment loss on fixed assets and one-off employee compensation and settlement expenses about plant closure of RMB387m (2020: RMB749m); (ii) profit on disposal of interests in leasehold land of RMB1,726m (RMB1,755m – RMB29m)

** ROE = PAS / Average of equity attributable to shareholders of the Company

Achievement on Premiumization with Continuous Products Mix Upgrade

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	2H 2021 RMB m	2H 2020 RMB m	*Change*	2021 RMB m	2020 RMB m	*Change*
Sales volume (million kl)	**4.719**	**5.063**	*-6.8%*	**11.056**	**11.102**	*-0.4%*
ASP (in RMB/kl)	**2,914**	**2,773**	*+5.1%*	**3,020**	**2,833**	*+6.6%*
Turnover	**13,753**	**14,040**	*-2%*	**33,387**	**31,448**	*+6%*
Gross profit	**4,769**	**5,045**	*-5%*	**13,074**	**12,075**	*+8%*
EBIT	**78**	**289**	*-73%*	**5,991**	**3,079**	*+95%*
EBIT (excl. special items*)	**249**	**752**	*-67%*	**4,652**	**3,828**	*+22%*
PAS (excl. special items*)	**424**	**362**	*+17%*	**3,583**	**2,656**	*+35%*
GP margin	***34.7%***	***35.9%***	*-1.2 pct*	***39.2%***	***38.4%***	*+0.8 pct*
EBIT margin (excl. special items*)	***1.8%***	***5.4%***	*-3.6 pct*	***13.9%***	***12.2%***	*+1.7 pct*
PAS margin (excl. special items*)	***3.1%***	***2.6%***	*+0.5 pct*	***10.7%***	***8.4%***	*+2.3 pct*

Increase in ASP and gross profit were mainly driven by rapid development of premiumization.

Profitability improvement was mainly driven by continuous improvement on premiumization, cost and expenses efficiency as well as initial compensation gain on transfer of a land.

* Please refer to page 4 for details of the special items, standard tax rate of 25% applicable to those special items

Achievement on Premiumization with Continuous Products Mix Upgrade

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2021 vs 2020

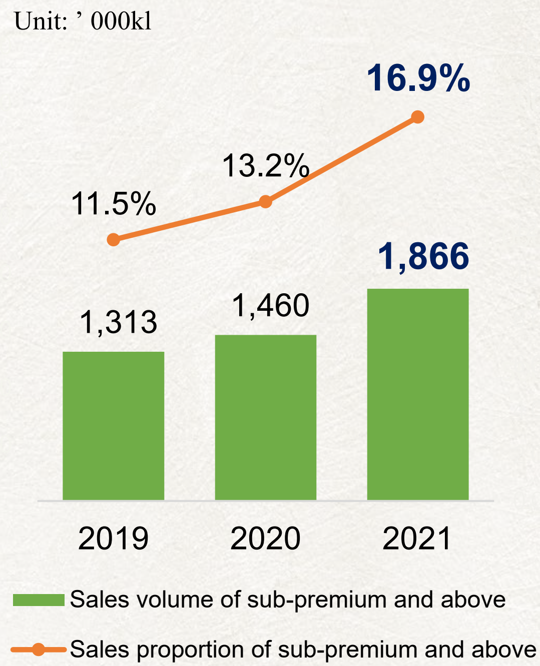
Sales volume of sub-premium and above
+27.8%

GP/kl
+8.7%

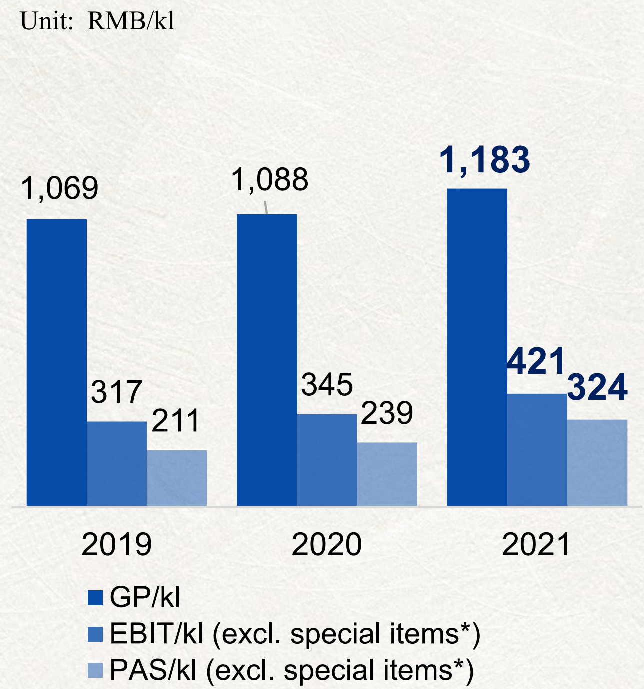
EBIT/kl
(excl. special items*)
+22.0%

PAS/kl
(excl. special items*)
+35.5%

Increasing volume prop. of sub-premium and above



Improving Profitability with Premiumization Strategy



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02

DEVELOPMENT STRATERGY

A Leading Enterprise in China Beer Industry

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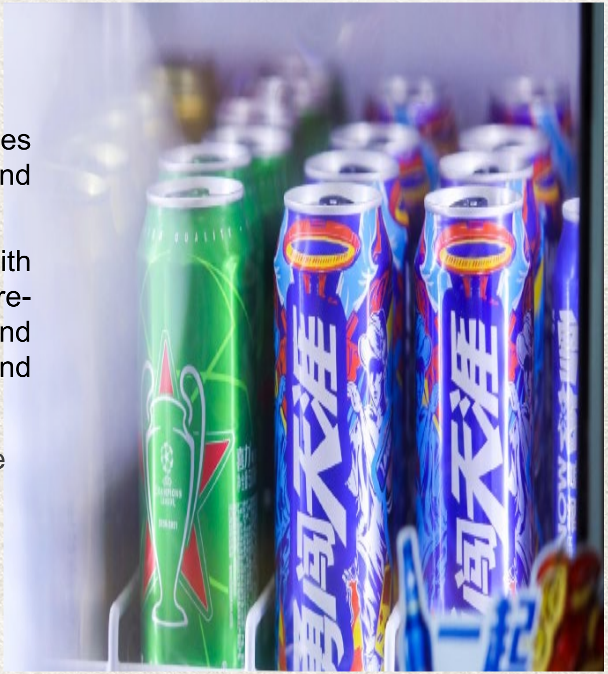
About us

- CRB is a beer listed subsidiary company (stock code: 291.HK) of China Resources (Holdings) Company Limited. The Group focuses on the manufacturing, sales and distribution of beer products.
- Since 2017, the Group has implemented the "3+3+3" strategic roadmap, following with major initiatives such as brand remodeling, capacity optimization, organizational re-engineering, operational transformation, corporate culture re-modeling, and informatization upgrades. The company is determined to improve product quality and operational efficiency and make a leapfrog growth in profitability.



Mission

- Dedicated to leading the business progress and building a better life

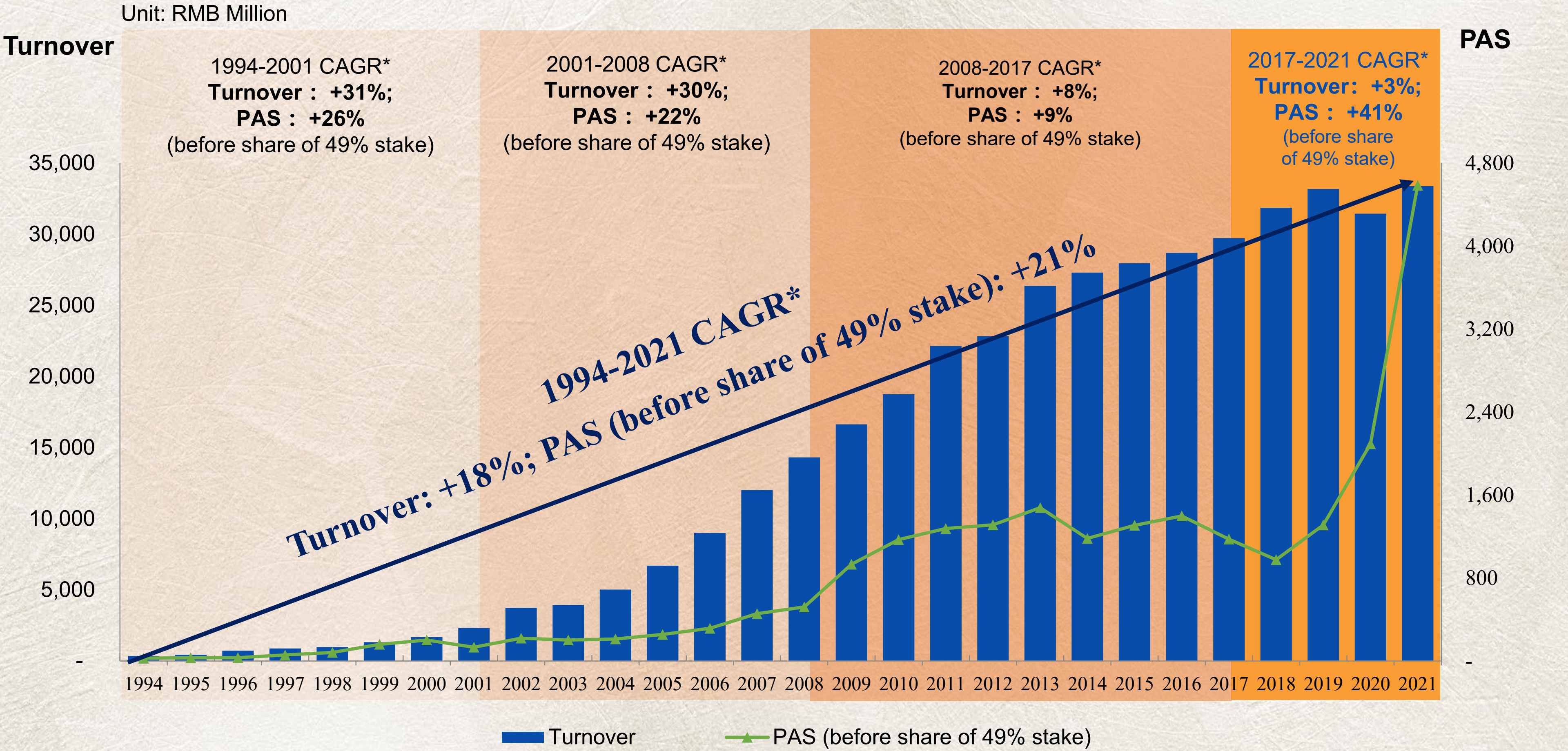
Vision

- The Company will focus on “products premiumization, brands diversification and internationalization” in future development, devote to build up as an international industry leading brewing enterprise that the customers are reliable and our staff are proud of.

Sub-premium products

Premium and Super Premium products

Proven Growth Track Records with "3+3+3" Strategic Roadmap



Note: CAGR: Compound Annual Growth Rate

Joining Hands to Expand China's Premium Market

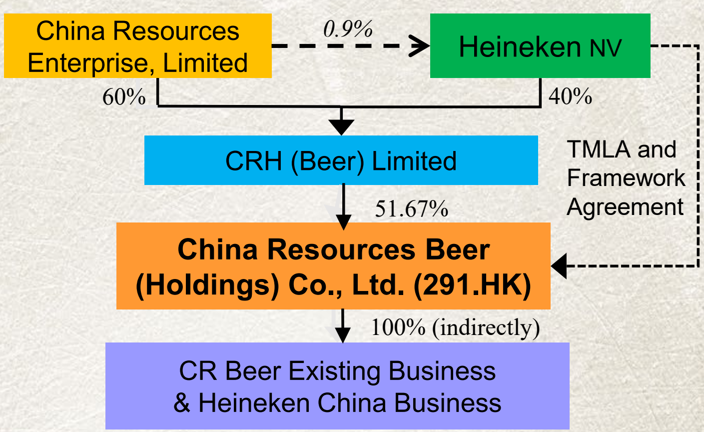
CR BEER

- China's leading beer enterprise
- Comprehensive brand portfolio covering various age groups and price segments
- Successful experience in creating large single brand
- Beer production capacity covers nationally with the best distribution network
- Deep understanding of China's beer market
- Strong supports from China Resources Group

HEINEKEN

- Established in 1864, famous brand with a long history
- Heineken® is one of the most recognized international beer brands in China
- No. 2 brewer in the world with distribution in over 190 countries
- Extensive brewing experience in premium beer and cider
- Committed investment in brand building with a brand image deeply tied to various sport events
- Exclusively owns the only brewery in Hainan Province

Structure



Target

- ✓ Establish premium attributes of international brands in China
- ✓ Strive to achieve an important position for Heineken® in the market segment of RMB12-15
- ✓ Portfolio of "Chinese Brands + International Brands" to achieve a high market share in the overall China's premium beer market

New Era of Prosperity and High Quality on Upgrade of Chinese Beer Industry

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It's a New Era of

① **High Product Quality**:
Product quality has reached the international advanced level with more sophisticated equipment, technology, R&D, etc.

② **High Standard Production Process**:
First-class equipment, modern logistics, exploration of digital factory, etc.

③ **High Income**:
A track of high speed and quality growth on industry revenue, profit, ROE, and enterprise value.

④ **Good Brand**:
Co-exist of various Chinese brands and international brands. More recognized brands and large single products exists with increasing brand value.

⑤ **Industry Premiumization**:
Gradual increase of price gradient, category value returns, and the price ceiling continues to break through.

⑥ **Product Diversification:**
Expanding into other alcohol categories while deeply cultivating the main business.

⑦ **CR5 Competition:**
Stable competitive landscape with high concentration of 92% market share in the hands of top 5 players.

⑧ **Together we Build a Community with Shared Interest:**
All parties across the industry chain shall work together to achieve mutual benefit and develop a sustainable industry order with shared prosperity.

"14th Five-Year Plan"
Beer Industry Development Goals estimated by China Alcoholic Drink Association

Premium and Super Premium Beer
Proportion of beer consumption **30%**

Industry Revenue RMB240 billion
vs. the end of 13th Five-Year Plan **+63.4%**

Industry Profit RMB30 billion
vs. the end of 13th Five-Year Plan **+124.0%**

Five Major Development Strategies

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Brand Portfolio

Key Customer Platform

Capacity Optimization

Cost Management

Headquarter & Beer Town

Convergence to Strengthen and Achieve Success in Premiumization

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Enrich Product Portfolio to Drive Premium Sales

醴

顶部传承，打造中国顶级啤酒杰作

悠世Edelweiss

引进超高端白啤，打造中国市场最高档的白啤品牌

红爵Amstel

纯正欧洲品质，丰富普高品牌组合

小啤汽

上市全国统一推广饮料

黑狮玫瑰红

丰富黑狮白啤口味

勇闯天涯

Industry Trend

- The rise of middle class and the improvement of resident consumption capacity
- Diversified and personalized customers' needs
- With consumption upgrade, the proportion of premium beer in China is expected to increase rapidly

Undertaking Measures

- ✓ **Offer beers with different alcohol degrees, tastes and price range by "Chinese brand + International brand" portfolio**
- ✓ **Serve consumers of different age groups by penetrating various consumption scenarios**
- ✓ **Invest in brands building over the industry average level, with focus on young generation**

New Products

① "Snow Draft Pure Malt Beer" with pure malt brewing and pure taste

② Alcohol-free "Heineken®0.0" to be launched. Low calorie, no burden

③ "Löwen Fruit Beer" (#703 Cherry) with natural fruity aroma, super A super SLAY

Construct Key Customer Platform to Obtain Critical Resources in Sales Channels

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Preparation

- Getting more high-quality customer resources from the market
- Securing the "fine second batch of wholesalers"

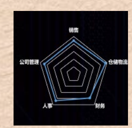
Empowerment

- Preparing joint business plans
- Carrying out "Fire Pistol" training programs
- Enhancing capabilities of operational and POS management of key customers

Platform

- Operating Key Customer Platform

Operational Empowerment



- Providing customized solution to tackle weaknesses with the help of Five-dimensional Model Evaluation

Productive Empowerment

- Offering more comprehensive hardware upgrade options to dealers through the unified discussion with suppliers

Professional Empowerment

- Tracking the new industry trends an getting more channel resources through finetuned distribution venues

Optimize Capacity to Enhance Efficiency

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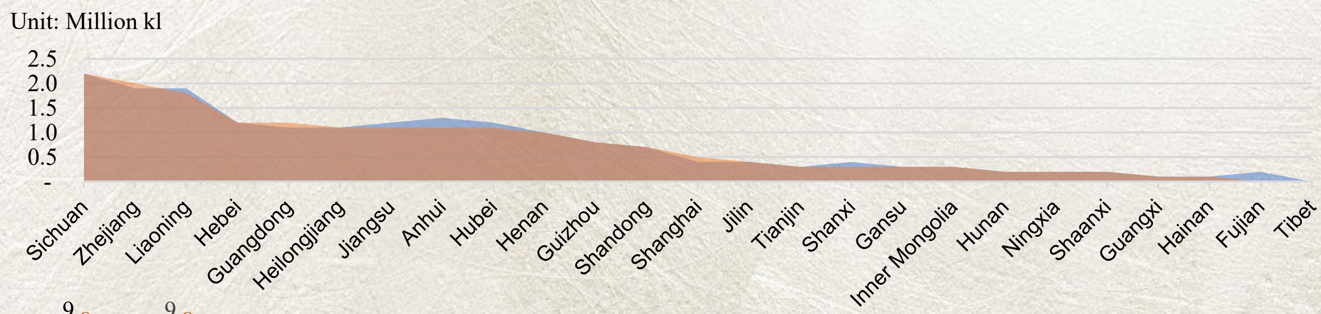
Annual Production Capacity
(Unit: million kl)

18.20 By the end of 2021

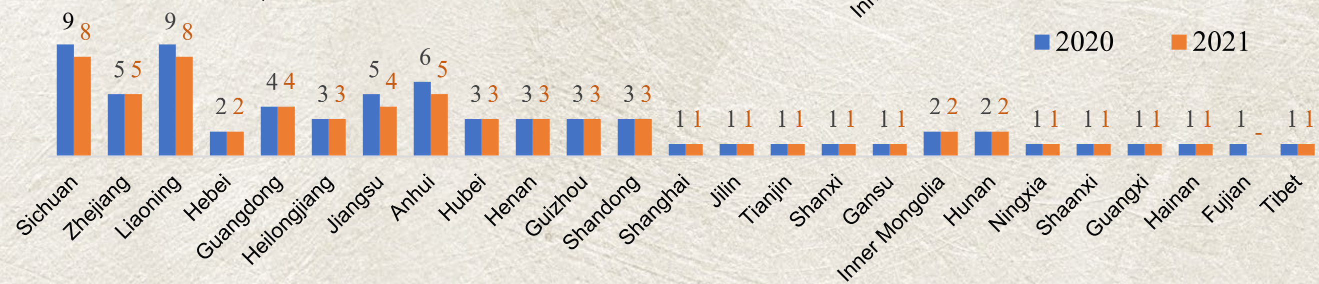
18.75 By the end of 2020



Number of Brewery Plants in China

65* By the end of 2021

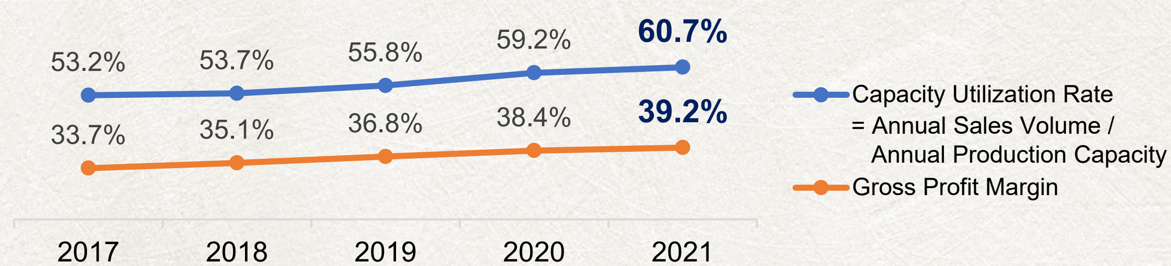
70 By the end of 2020



* Excluding those breweries ceased operation and determined by management to be closed

A specialized project team was established to improve the sustainability of production capacity plans which can reduce cost and enhance efficiency.

Capacity Optimization Drives GPM Improvement



Procure Globally for Effective Cost Control

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Industry Trend

Rapid rise in the price of raw materials in 2021 has driven the overall price hikes in the beer industry

- ✓ Raw materials for production include barley, hops, yeast, rice, water, etc.
- ✓ Packaging materials such as aluminum cans, cartons, glass bottles, etc.

Huge material costs pressure will be expected to continue in 2022

Undertaking Measures

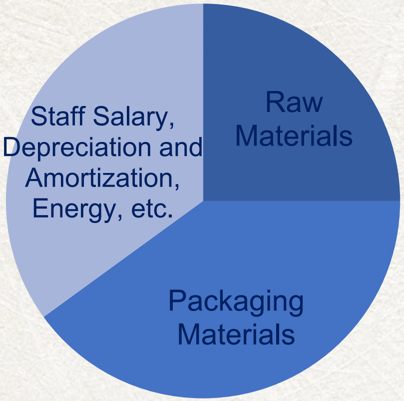
① Establishing a *Supplier Star System* to ensure stable quality of raw materials

② Flexible price hikes to be put by stages and regions to cover cost pressures

③ Profit improvement through product mix upgrade

④ Increase source of barley procurement and support domestic barley cultivation

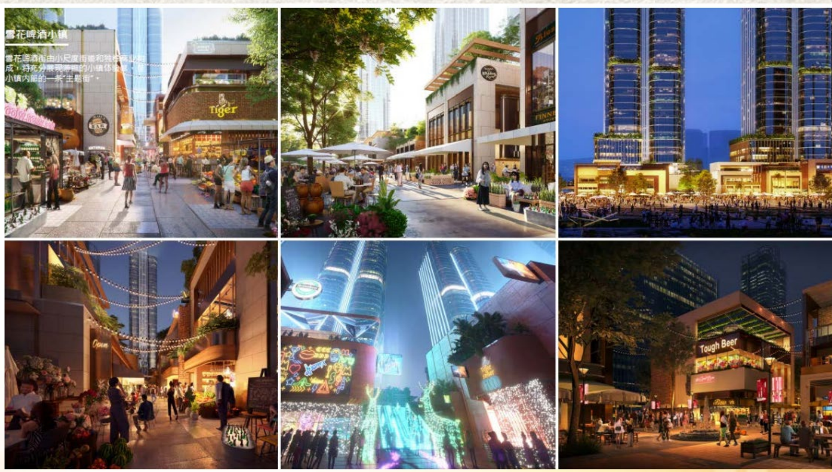
Breakdown of COGS



Construct Headquarter and Beer Town

➢ Shenzhen Headquarters Project

- High level of integration of headquarters, R&D centre, beer museum, craft brewery, beer village, beer leisure square etc.,
- A local, social, diverse beer lifestyle community which will become an important component of young culture in Shenzhen and surrounding areas



➢ Snow Beer Town Project

- “Lean, smart and green” as design concept
- Constructing a young generation-oriented, attractive, pioneering beer-themed check-in point
- Creating an eye-catching brand image with innovative consumption scenarios to drive premium beer sales

03

MARKET RECOGNITION

Major Awards

Institutional Investor	2012-2013/ 2016-2021	Consumer staple *Best Investor Relations Program: First place (2016/2018/2019/2021), Third place (2020),* *Best Investor Relations Team: First place (2020/2021),* *Best ESG SRI Metrics: First place (2018/2019/2021), Second place (2020),* *Best Corporate Governance: First place (2018/2019),* *Best IR Companies: First in Buy Side (2013) and Sell Side (2012/2013),* *Best Analyst Days: First place (2016/2018) and Best Website: First place (2016),* *One of Asia's Most Honored Companies (2016-2021) in The All-Asia Executive Team Survey*
HKIRA	2015-2021	*Overall Best IR Company Awards – Large Cap (2021),* *Grand ESG Award – Large Cap (2021),* *Best IR company – Large Cap (2018-2021)/Mid-cap (2015-2017),* *Best Investor Meeting – Large Cap (2018-2021),* *Best Annual Report – Large Cap (2019/2020/2021),* *Best ESG (E) – Large Cap (2020/2021), Best ESG (S) – Large Cap (2021),* *Best ESG (G) – Large Cap (2021),* *Best IR in Corporate Transaction – Large Cap (2019),* *Best IR Team – Large Cap (2019/2021),* *Best Investor Presentation Materials – Large Cap (2019/2021),* *Best IR presentation collaterals – Mid-cap (2016/2017),* *3 years IR Awards Winning Company (2017),* *5 years IR Awards Winning Company - Large Cap (2021),* *in HKIRA Investor Relations Awards*

Major Awards (Cont'd)

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Corporate Governance Asia	2010/2013-2021	*Best Investor Relations Company (2013-2021), Asia's Best Corporate Social Responsibility (2013-2016) and Best Environmental Responsibility (2010, 2013-2015,2021)*
	2019, 2021	*ESG influencer*
	2010-2019, 2021	*Asian Corporate Directors*
	2006-2014, 2017-2019, 2021	*Asia's Best Companies for Corporate Governance (2006-2010), The Best of Asia (China) (2012, 2013)*
	2013-2014	*Asian Company Secretary of the Year*
IR Magazine	2012-2014, 2018-2021	*Best in Sector – Consumer Goods & Services, Investor Relations by a Hong Kong Company* (2012, 2013)
	2013-2014	*Global Top Mid-Cap* (2013) and ranked 19th in *Global Top 50 Gold* (2013), *Global Top 50 Silver* (2014)
	2017, 2021	*Best overall investor relations, Best in sector – Consumer staples, Best in country – Hong Kong, Best IR by sector management team (large cap)*
	2018	*Best corporate governance & disclosure*
Oxfam	2017	*Oxfam Corporate Donor Award in Corporate Donor Programme 2016-17*
Hong Kong Institute of Directors	2006/2010/2012/2014/2016	Honored as one of the awardees in the *Board Category for "Listed Companies (SEHK-Hang Seng Index Constituents)"* in "Directors Of The Year Awards"
Tsinghua SEM China Business Research Center and National Business Daily	2018-2021 2020	Top 100 in Chinese Listed Companies By Brand Value Ranked 4th in TOP30 and Ranked 1st in beer industry in 2020 Brand Value of China Listed Liquor Companies Top 30

Major Awards (Cont'd)

MerComm, Inc.	2010-2019	**Total 73 awards received** *12 Gold Awards:* covering Traditional Format ("TF"), Interior design ("ID"), Printing & Production ("PP"), Cover Photo/Design ("CP/D), Overall Presentation ("OP"), Illustrations in Beer/Wine/Spirits, Food and Supermarket Category (2013-2017, 2019) *15 Silver Awards:* covering Traditional Annual Report ("TAR"), Annual Report Overall Presentation ("AROP"), TF, CP/D, PP, Annual Report (AR), AR – Print, ID in Beer/Wine/Spirits,Manufacturing & Distributing, Food and Retail Category (2010-2017, 2019) *25 Bronze Awards:* covering CP/D, TF, PP, Other and General, Non-Traditional Annual Report ("NTAR"), AROP, TAR, ID, Cover Design, Annual Report – Print ("ARP"), OP (Traditional Format) in Beer Manufacturing, Sales & Distribution, Beer/Wine/Spirits, Manufacturing & Distributing, Tobacco, Food & Beverage, Food, Supermarket and Convenience Stores Category (2011-2019); *19 Honors Awards:* covering Infographics, ID, Printing, TF, TAR, AROP, Annual Reports Covers (Special Treatment), NTAR, Annual Report (Unique Presentation), Overall presentation and Cover Design, ARP in Food/Packaged Goods, Manufacturing & Distributing, Beer/Wine/Spirits, Beverage, Multi-Industry, Food, Supermarket, Consumer Goods Category: (2011, 2013-2018)
	2020	Design – Covers: Annual Reports – Places/Products – Bronze Annual Reports – Print: Food/Packaged Good - Honors
League of American Communications Professionals LLC (LACP)	2013-2020	*Platinum: Consumer Staples; Consumer –Food/Beverages/Tobacco category (2018/2019/2020); Gold: Consumer Staples; Consumer –Food/Beverages/Tobacco category (2013-2015/2017); Retailing – Multi-line Retail category (2013); Silver: Consumer Consumables category (2016), Retailing – Multi-line Retail category (2014); Retailing – Food and Specialty category (2013/2014); Ranked 45th/49th/50th in Top100 Winners Report – Worldwide (2018/2019/2020), Ranked 65th/44th/22th/20th/23rd in Top 40/50/80 Winners Reports – Asia Pacific Region (2016-2020); Top 80/60/40/50 Chinese Reports (2016-2020), Best Report Financials - Silver Award (Asia-Pacific Region) (2020), Special Achievement Award – Asia Pacifica Region (2019), Most Creative Report in Asia-Pacific Region (2018) and Technical Achievement Award (2018) in Vision Awards Annual Report Competition (Annual Report and ESG report for 2017 awards)*

Major Awards (Cont'd)

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National Business Daily	2021	*Listed company with the best return on investment* *Star Product – Snow Draft Beer Ingenuity in Craft*
Sina Finance	2020	*Entrepreneur with the best leadership in Golden Qilin Hong Kong Stocks Value List*
Securities Daily	2020	*Listed company with the best craftsmanship spirit in Golden Horse Awards*
Fortune China 500	2011-2021	Ranked number 39/46/37/40/38/194/222/252/274/295/330 in Fortune China 500
am730, PR Asia and IFENG HK STOCKS	2020-2021	*Listed Company Award of Excellence (Main Board – Large Market Capitalization)*
The Mirror Monthly Magazine	2012-2018, 2021	Received *Outstanding Corporate Social Responsibility Award*
Asiamoney	2010/2012	*Overall Best companies in Asia for Corporate Governance,* *Best awards in Asia region (ex-Japan) for disclosure and transparency, responsibilities of management and the board of directors, shareholders' rights and equitable treatment,* *Best for Investor Relations (2012)* *Best awards in Hong Kong region for overall corporate governance, disclosure and transparency, responsibilities of management and the board of directors, shareholders'rights and equitable treatment, investor relations and investor relations officer (2010)*
	2011	*Best awards: Investor relations,* *Ranked second: Best for overall for corporate governance, disclosure and transparency, responsibilities of management and the board of directors and shareholders' rights and equitable treatment in Hong Kong region*
	2021	*Most Outstanding Company in Hong Kong - Consumer Staples Sector*
Snowball	2021	*TOP investment value ranking* in 2021 Gold Enterprise Ranking

Major Awards (Cont'd)

Economic Digest	2019/2020 2018 2005-2016 2021	Outstanding Enterprise Award, Excellence Award Outstanding ESG Award Named one of *Hong Kong Outstanding Enterprises* Outstanding Beer Enterprise Award
Yazhou Zhoukan	2010, 2012-2016, 2018 2011	*"Outstanding Performance Award"* (2010,2012) ,*"The Largest Conglomerates Company Award"* (2013-2015) ,*"The Largest Food and Beverage Company Award"* (2016,2018) *in Global Chinese Business 1000* *"The Largest Capitalization Company Award"* in Mainland Enterprises Listed in Hong Kong Ranking
Forbes	2011-2016, 2020, 2021	Ranked number 981/861/800/1067/1200/1628/1954/1865 in Global 2000
The Asset	2009/ 2010/ 2012-2016	*Platinum award*: 2009/2010/2016 *Gold award*: 2012-2015 in The Asset Corporate Awards
CAPITAL and CAPITAL Weekly	2011-2015 2019	Awarded as one of the companies receiving the commendation in Corporate Social Responsibility Award Excellence Performance Award
HKIFAPC	2013-2018	Award for *Outstanding Listed Company of the Year*
Ta Kung Pao	2011/2014/ 2016	*Best Investor Relations Company* (2016), *Best Corporate Governance for Listed Companies, Best Information Disclosure for Listed Companies* (2014), *Best Management Team Award* (2011) in Golden Bauhinia Award

Please refer to our company website, www.crbeer.com.hk, for further details of others awards received.

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