



華潤啤酒(控股)有限公司

China Resources Beer (Holdings) Company Limited

決戰  
高端  
質量  
發展

Quality  
Development

for Success in  
Premium Segment

**FY 2020**

**Financial and  
Operational Review**

**Investor  
Presentation**

*22 March 2021*



# Part I

## *Performance Review*



# Overall Results Summary



	H2 2020	H2 2019	change	FY 2020	FY 2019	Change
	RMB m	RMB m		RMB m	RMB m	
Turnover	14,040	14,365	-2%	31,448	33,190	-5%
EBIT	289	(469)	+162%	3,079	2,163	+42%
EBIT excl. special items *	873	621	+41%	3,952	3,689	+7%
Profit attributable to shareholders (PAS)	15	(559)	+103%	2,094	1,312	+60%
EPS (RMB)				0.65	0.40	+63%
DPS (RMB)				0.259	0.165	+57%
- Final				0.131	0.045	+191%
- Interim				0.128	0.120	+7%
Dividend payout ratio (Total dividend/PAS)				40%	41%	-1% point
ROE **				10.2%	6.8%	+3.4% point
Additions to non-current assets				1,011	3,928 <sub>(restated)</sub>	-74%
Net assets				21,274	19,727	+8%
Net cash				4,614	1,897	+143%
<b>Cash ratio</b>				<b>21.7%</b>	<b>9.6%</b>	<b>+12.1% point</b>

Notes:

\* Total special items amounted to RMB873m (FY19: RMB1,526m), including (i) impairment loss on fixed assets of RMB574m (FY19: RMB700m); and (ii) compensation and one-off recognized employee compensation and settlement expenses of RMB299m (FY19: RMB826m).

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

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# Beer



## Development Premium Segment, Improving Quality and Increasing Efficiency

	H2 2020 RMB m	H2 2019 RMB m	change	FY 2020 RMB m	FY 2019 RMB m	change
Sales volume (million kl)	5.063	5.059	-	11.102	11.434	-2.9%
ASP (in RMB/kl)	2,773	2,839	-2.3%	2,833	2,903	-2.4%
Turnover	14,040	14,365	-2%	31,448	33,190	-5%
Gross profit	5,045	5,101	-1%	12,075	12,226	-1%
EBIT	289	(469)	+162%	3,079	2,163	+42%
EBIT excl. special items*	873	621	+41%	3,952	3,689	+7%
<b>GP margin</b>	<b>35.9%</b>	<b>35.5%</b>	+0.4% point	<b>38.4%</b>	<b>36.8%</b>	+1.6% point
<b>EBIT margin</b>	<b>2.1%</b>	<b>(3.3)%</b>	+5.4% point	<b>9.8%</b>	<b>6.5%</b>	+3.3% point
<b>EBIT margin (excl. special items*)</b>	<b>6.2%</b>	<b>4.2%</b>	+2.0% point	<b>12.6%</b>	<b>11.1%</b>	+1.5% point

Decline in turnover was mainly attributable to lower sales volume with the impact of COVID-19. Profitability improvement was mainly driven by continuous improvement on premiumization, cost and expenses efficiency as well as increase in bottle usage income.



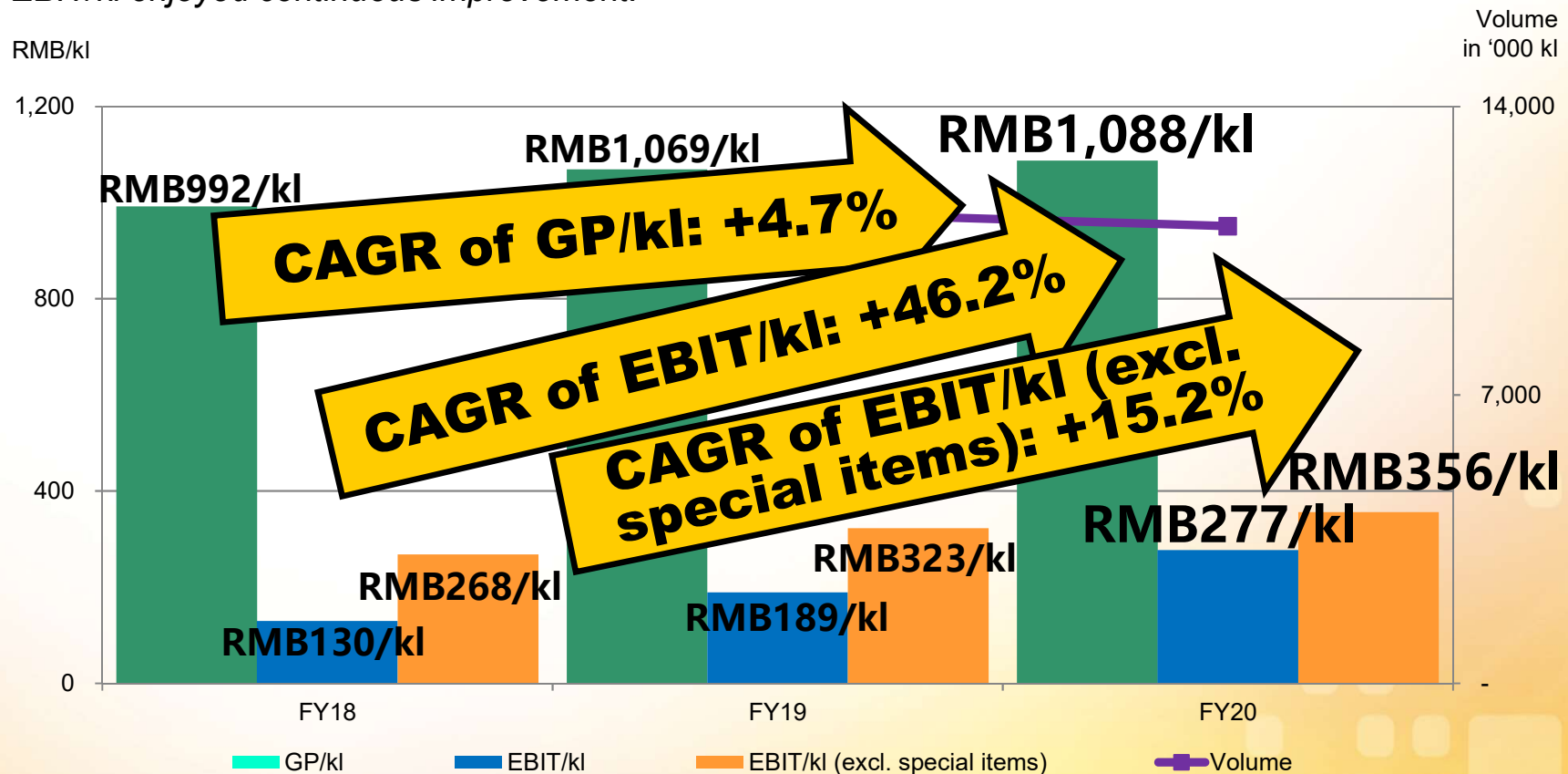
\* please refer to page 3 for details of the special items

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# Improvement in GP/kl and EBIT/kl

With the impact of COVID-19, sales volume can be maintained in the past 3 years whereas GP/kl and EBIT/kl enjoyed continuous improvement.



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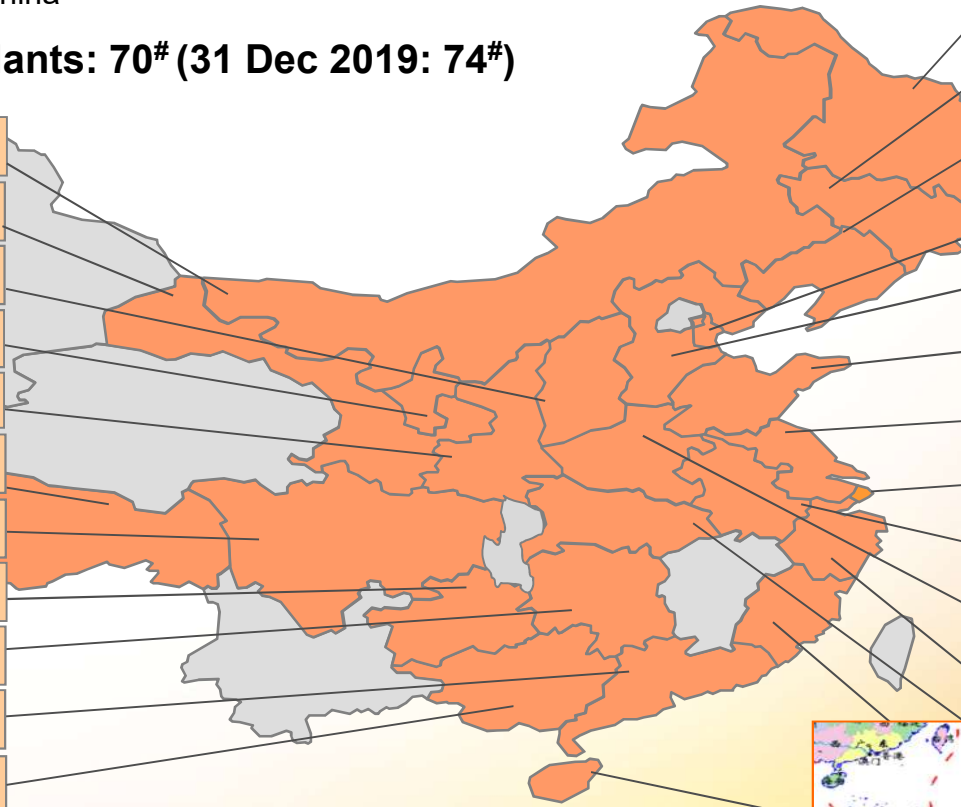
# Nationwide Geographcial Footprints



Having presence in 25 out of 34 regions/cities (incl., autonomous regions, municipalities and SAR) in China

**Number of brewery plants: 70<sup>#</sup> (31 Dec 2019: 74<sup>#</sup>)**

2(0.3mkl)[-]	Inner Mongolia
1(0.3mkl)[-]	Gansu
1(0.4mkl)[-1]	Shanxi
1(0.2mkl)[-]	Ningxia
1(0.2mkl)[-]	Shaanxi
1(-)[-]	Tibet
9(2.2mkl)[-]	Sichuan
3(0.8mkl)[-]	Guizhou
2(0.2mkl)[-1]	Hunan
4(1.1mkl)[-]	Guangdong
1(0.1mkl)[-]	Guangxi



3(1.1mkl)[-]	Heilongjiang
1(0.4mkl)[-1]	Jilin
9(1.9mkl)[-]	Liaoning
1(0.3mkl)[-]	Tianjin
2(1.2mkl)[-]	Hebei
3(0.7mkl)[-]	Shandong
5(1.2mkl)[-]	Jiangsu
1(0.4mkl)[-]	Shanghai
6(1.3mkl)[-]	Anhui
3(1.0mkl)[-]	Henan
5(1.9mkl)[-1]	Zhejiang
3(1.2mkl)[-]	Hubei
1(0.2mkl)[-]	Fujian
1(0.1mkl)[-]	Hainan

Notation: **No. of breweries**(production capacity)[no. of breweries change in past 12 months] Region

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

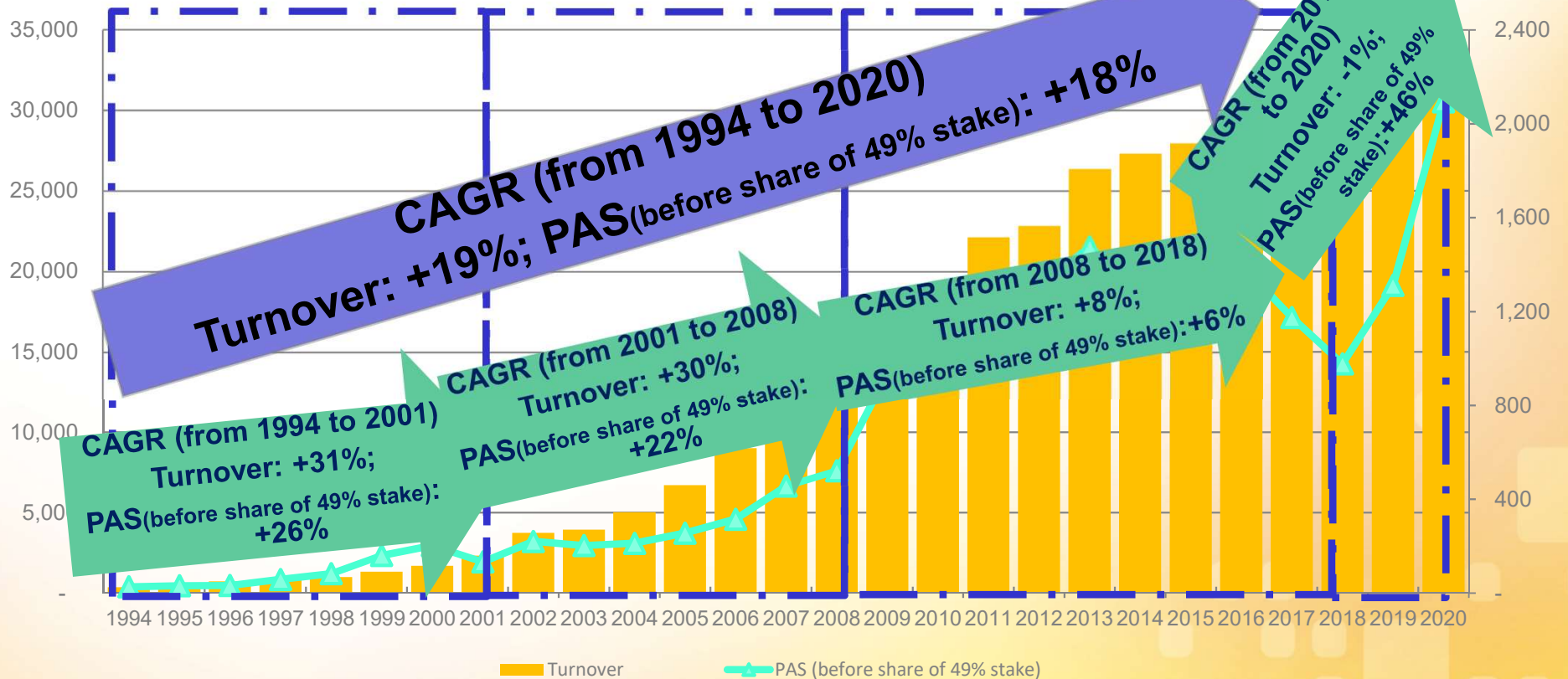
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# Proven Growth Track Records



Turnover  
In RMB m

PAS (before share  
of 49% stake)  
In RMB m



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# Part II

*Others*



# Long Term Strategic Collaboration with Heineken



## ▪ Complementary Strengths to Win in the Premium Beer Segment



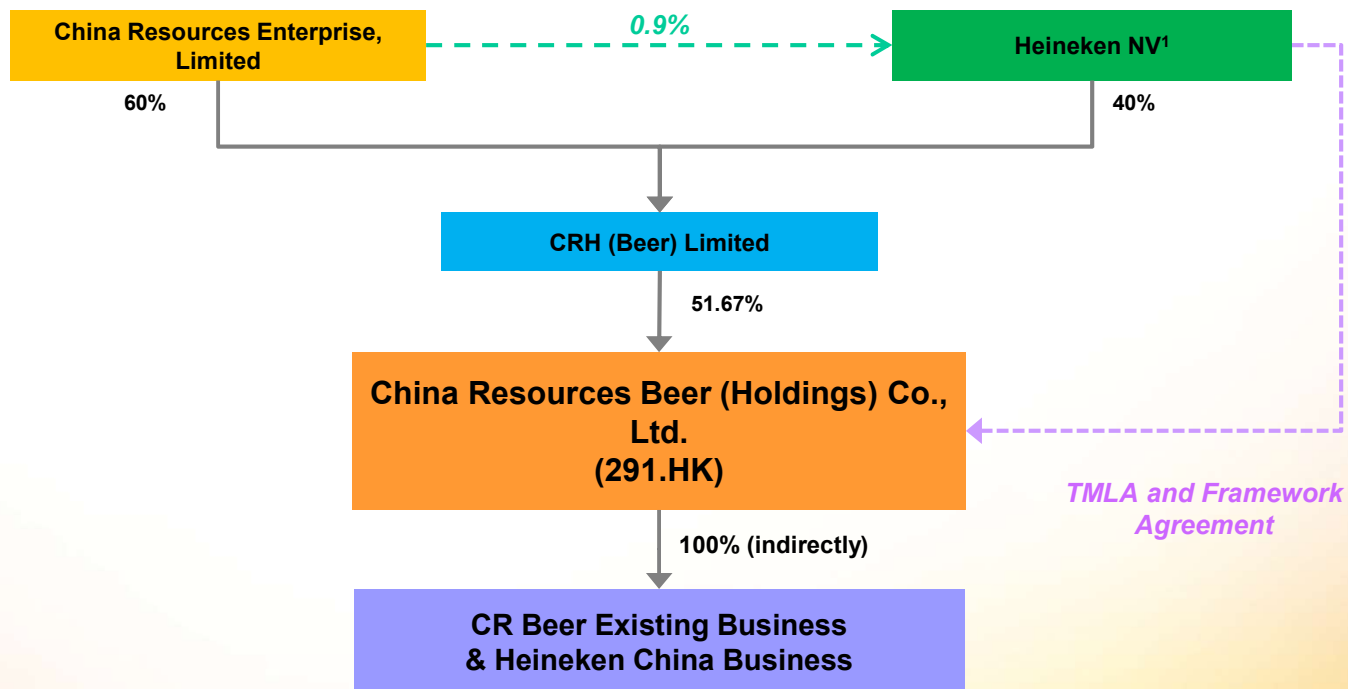
- Strong local team with extensive industry and domestic experience
- Market leading position and well-known product portfolio
- Best-in-class, nationwide distribution network
- Nationwide coverage best positioned for growth
- Deep understanding of China and strong supports from China Resources Group



- Established in 1864 by the Heineken family
- No. 2 brewer in the world with distribution in over 190 countries
- Leading developer and marketer of premium beer and cider brands
- Committed to innovation, long-term brand investment
- Currently owns the only brewery in Hainan Province

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# Long Term Strategic Collaboration with Heineken



Note:

1. As disclosed in the joint announcement at 3 August 2018, to the best of the directors' knowledge, information and belief having made all reasonable enquiry, the relevant Heineken Group entities and their ultimate beneficial owner(s) are third parties independent of CR Beer and its connected persons.

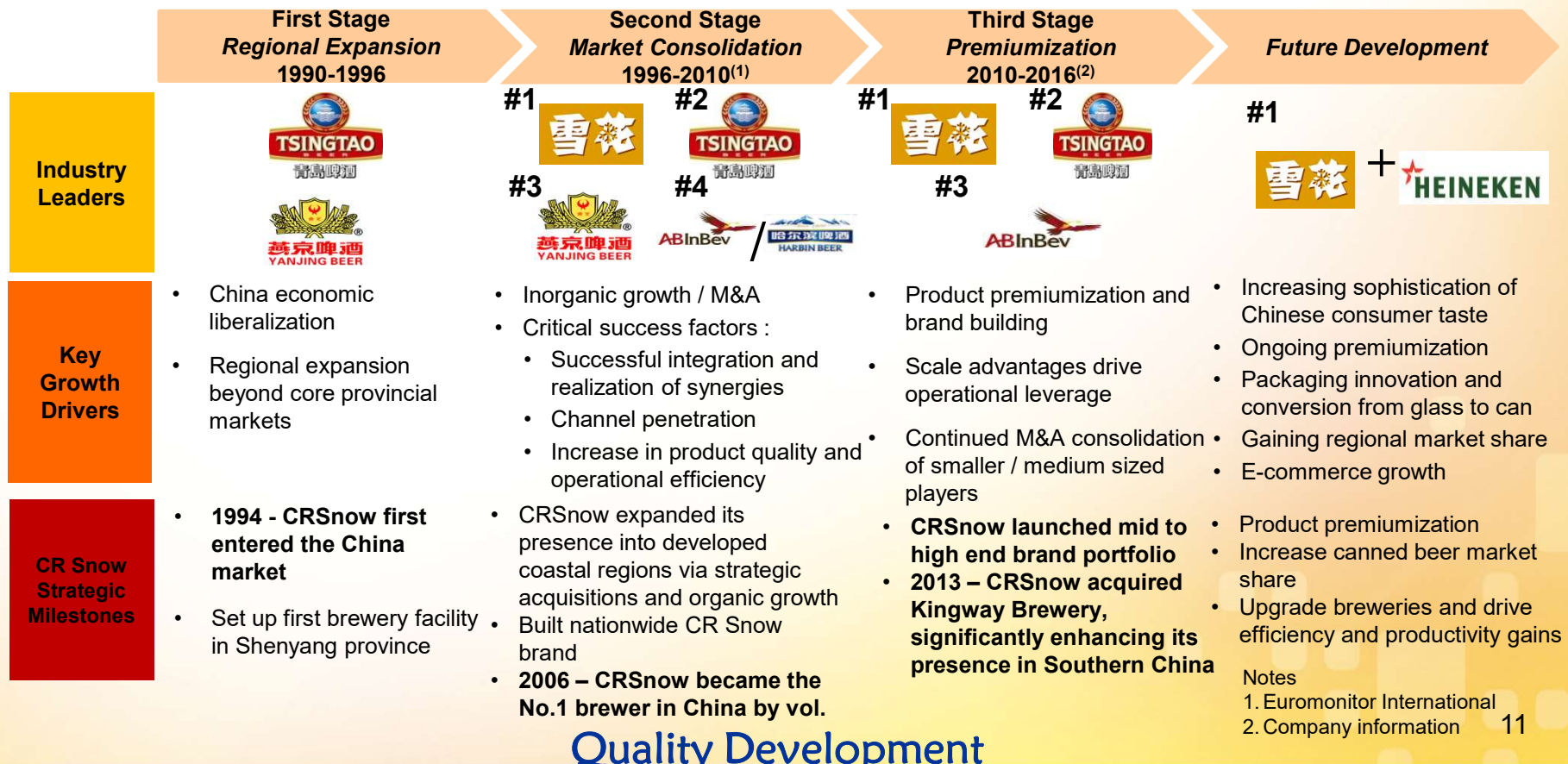
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# Evolution of China Beer Market



## ▪ Evolution of China Beer Market in the Past 3 Decades

*CR Snow has been at the forefront of evolution, effectively positioning itself to capture outsized growth*





# Competitive Advantage

## **The Undisputed Leader in World's Most Attractive Beer Market**

- 1
  - China is the largest<sup>1</sup> and most attractive beer market globally
  - Our sales volume achieved over 11 million kl since 2013

## **Irreplaceable Heritage Brands and Well-recognized international brand**

- 2
  - Strategic collaboration with the Heineken Group to expand into China's premium market
  - Nationwide presence operating 70 breweries in 25 out 34 provinces in China

## **Proven Track Record of Double-Digit Growth Through Premiumization and Innovation**

- 3
  - Turnover and PAS (before share of 49% stake) CAGR of 19% and 18%, respectively since inception in 1994
  - Increasing focus on premiumization of mid-end to high-end products

## **Proven Management Leadership**

- 4
  - Experienced management team members who works in CR Snow for many years
  - Sponsorship from one of the leading SOEs in China

## **Full ownership of the beer business with faster response**

- 5
  - Shareholders will enjoy full economic benefit of future earnings growth
  - Will enable faster responses to the dynamics of current beer market

## **Leading Platform for Industry Consolidation**

- 6
  - Leading market consolidator with successful acquisition and integration of domestic breweries in the past
  - Track record of M&A with 20+ acquisitions over previous years

Note

1.By volume according to CICC



# Sales Channel Strategy

## ▪ Differentiated Sales Channel Strategy with Unique on-the-ground Capabilities

*Distribution strategy focused on exclusivity, flatness, regionalized and professionalism*

### Urban markets

High end on-trade channel	<ul style="list-style-type: none"><li>□ <b>Specific sales force</b> to target on-trade customers such as high-end restaurants and night clubs to promote sales of mid to high-end products</li><li>□ Build and maintain a strong channel and customer relationship</li></ul>
Other on-trade channel and traditional retail channel	<ul style="list-style-type: none"><li>□ Established a <b>flat distributor network</b> by dividing targeted markets into smaller areas which eliminates layers of distributors</li><li>□ Allows for <b>higher profitability</b>, closer proximity to end customers and <b>better management</b> of distributors and retailers</li></ul>
Modern retail channel	<ul style="list-style-type: none"><li>□ <b>Sales team at headquarters</b> covers and negotiates with nationwide retailers directly</li><li>□ <b>Regional sales teams</b> coordinate negotiations with regional retailers and provide comprehensive sales support and monitor performance</li></ul>
E-commerce channel	<ul style="list-style-type: none"><li>□ Sales on <b>e-commerce platforms</b> such as T-mall</li><li>□ Flagship stores on platforms such as JD.com</li><li>□ Establishing own e-commerce platform to directly interact with end customers and consumers</li></ul>

### Regional markets<sup>1</sup>

- Maintain **long standing relationships** with local distributors to broaden coverage and penetration
- **Flat distribution model** through careful and finer division of regional markets
- Utilize **secondary distributors** to supply to rural areas

Regional markets in smaller towns and rural areas

Source: Company Filings, Company Information

# Part III

## *Appendix*



# Appendix I – Major Awards



## ▪ Highlights of Accolades Received

<i>Institutional Investor</i>	2012/2013/ 2016-2019, 2020	Consumer staple <i>Best Investor Relations Program</i> : First place (2016/2018/2019), Third place (2020), <i>Best Investor Relations Team</i> : First place (2020), <i>Best ESG SRI Metrics</i> : First place (2018/2019), Second place (2020), <i>Best Corporate Governance</i> : First place (2018/2019), <i>Best IR Companies</i> : First in Buy (2013) and Sell Side (2012/2013), <i>Best Analyst Days</i> : First place (2016/2018) and <i>Best Website</i> : First place (2016), One of Asia's Most Honored Companies (2016/2017/2018/2019/2020) in The All-Asia Executive Team Survey
<i>HKIRA</i>	2015-2020	<i>Best IR company – Large Cap</i> (2018-2020)/ <i>Mid-cap</i> (2015-2017), <i>Best Investor Meeting – Large Cap</i> (2018-2020), <i>Best Annual Report – Large Cap</i> (2019/2020), <i>Best ESG (E) – Large Cap</i> (2020), <i>Best IR in Corporate Transaction – Large Cap</i> (2019), <i>Best Investor Presentation Material – Large Cap</i> (2019), <i>Best IR Team – Large Cap</i> (2019), <i>Best IR presentation collaterals – Mid-cap</i> (2016/2017), <i>3 years IR Awards Winning Company</i> (2017) in HKIRA Investor Relations Awards
<i>Hong Kong Institute of Directors</i>	2006/2010/ 2012/2014/ 2016	Honored as one of the awardees in the <i>Board Category for "Listed Companies (SEHK-Hang Seng Index Constituents)"</i> in "Directors Of The Year Awards"

## Appendix I – Major Awards (Cont'd)



### ▪ Highlights of Accolades Received

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

# Appendix I – Major Awards (Cont'd)



## ▪ Highlights of Accolades Received

<i>MerComm, Inc.</i>	2010-2019	<p>Total 71 awards received</p> <p><b>12 Gold Awards:</b> covering Traditional Format (“TF”), Interior design (“ID”), Printing &amp; Production (“PP”), Cover Photo/Design (“CP/D”), Overall Presentation (“OP”), Illustrations in Beer/Wine/Spirits, Food and Supermarket Category (2013-2017, 2019)</p> <p><b>15 Silver Awards:</b> 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 &amp; Distributing, Food and Retail Category (2010-2017, 2019)</p> <p><b>25 Bronze Awards:</b> 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 &amp; Distribution, Beer/Wine/Spirits, Manufacturing &amp; Distributing, Tobacco, Food &amp; Beverage, Food, Supermarket and Convenience Stores Category (2011-2019);</p> <p><b>19 Honors Awards:</b> 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 &amp; Distributing, Beer/Wine/Spirits, Beverage, Multi-Industry, Food, Supermarket, Consumer Goods Category: (2011, 2013-2018)</p>
<i>League of American Communications Professionals LLC</i>	2013-2019	<p><b>Platinum:</b> Consumer Staples; Consumer –Food/Beverages/Tobacco category (2018/2019)</p> <p><b>Gold:</b> Consumer Staples; Consumer –Food/Beverages/Tobacco category (2013-2015/2017); Retailing – Multi-line Retail category (2013); <b>Silver:</b> Consumer Consumables category (2016), Retailing – Multi-line Retail category (2014); Retailing – Food and Specialty category (2013/2014)</p> <p>Ranked 45<sup>th</sup>/49<sup>th</sup> in Top100 Winners Report – Worldwide (2018/2019), Ranked 65<sup>th</sup>/44<sup>th</sup>/22<sup>th</sup>/20<sup>th</sup> in Top 40/50/80 Winners Reports – Asia Pacific Region (2016-2019); Top 80/60/40/50 Chinese Reports (2016-2019), 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)</p>

## Appendix I – Major Awards (Cont'd)



### ▪ Highlights of Accolades Received

<i>am730 and PR Asia</i>	2020	<i>Listed Company Award of Excellence (Main Board – Large Market Capitalization) in Listed Company Award of Excellence</i>
<i>Sina Finance</i>	2020	<i>Entrepreneur with the best leadership in Golden Qilin Hong Kong Stocks Value List</i>
<i>Securities Daily</i>	2020	<i>Listed company with the best craftsmanship spirit in Golden Horse Awards</i>
<i>Fortune China 500</i>	2011-2020	Ranked number 39/46/37/40/38/194/222/252/274/295
<i>HKIFAPC</i>	2013-2018	<i>Award for Outstanding Listed Company of the Year</i>
<i>The Mirror Monthly Magazine</i>	2012-2018	<i>Received Outstanding Corporate Social Responsibility Award</i>
<i>Asiamoney</i>	2010/2012	<i>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)</i>
	2011	<i>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</i>

## Appendix I – Major Awards (Cont'd)



### ▪ Highlights of Accolades Received

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

Please refer to our company website, [www.crbeer.com.hk](http://www.crbeer.com.hk), for further details of others awards received.

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