



華潤啤酒(控股)有限公司

China Resources Beer (Holdings) Company Limited

# 1H 2022 Results Announcement

Investor  
Presentation  
17 August 2022



# Content



RESULTS  
OVERVIEW



DEVELOPMENT  
STRATEGY



MARKET  
RECOGNITION



01

RESULTS  
OVERVIEW





# Overall Interim Results Summary

	1H 2022	1H 2021	Change
	RMB m	RMB m	
<b>Turnover</b>	<b>21,013</b>	<b>19,634</b>	<b>+7%</b>
<b>EBIT</b>	<b>5,159</b>	<b>5,913</b>	<b>-13%</b>
<b>EBIT (excl. special items*)</b>	<b>5,159</b>	<b>4,403</b>	<b>+17%</b>
<b>Profit attributable to shareholders (PAS)</b>	<b>3,802</b>	<b>4,291</b>	<b>-11%</b>
Basic EPS (RMB)	1.17	1.32	-11%
DPS (RMB)	0.234	0.264	-11%
Dividend payout ratio (Proposed dividend/PAS)	20%	20%	-
ROE **	14.7%	18.5%	-3.8 pct
Additions to non-current assets	871	421	+107%
Net assets	27,404	25,149	+9%
Net cash	13,628	11,815	+15%
<b>Cash ratio</b>	<b>49.7%</b>	<b>47.0%</b>	<b>+2.7 pct</b>

Notes:

\* Total special items: (i) impairment loss on fixed assets and one-off employee compensation and settlement expenses about plant closure: nil (1H 2021: RMB245m); (ii) profit on disposal of interests in leasehold land: nil (1H 2021: RMB1,755m)

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



# Achievement on Premiumization with Continuous Product Mix Upgrade

	1H 2022	1H 2021	Change
	RMB m	RMB m	
<b>Sales volume (million kl)</b>	<b>6.295</b>	<b>6.337</b>	<b>-0.7%</b>
<b>ASP (in RMB/kl)</b>	<b>3,338</b>	<b>3,098</b>	<b>+7.7%</b>
<b>Turnover</b>	<b>21,013</b>	<b>19,634</b>	<b>+7%</b>
<b>Gross profit</b>	<b>8,878</b>	<b>8,305</b>	<b>+7%</b>
<b>EBIT</b>	<b>5,159</b>	<b>5,913</b>	<b>-13%</b>
<b>EBIT (excl. special items*)</b>	<b>5,159</b>	<b>4,403</b>	<b>+17%</b>
<b>PAS (excl. special items*)</b>	<b>3,802</b>	<b>3,159</b>	<b>+20%</b>
<b>GP margin</b>	<b>42.3%</b>	<b>42.3%</b>	<b>-</b>
<b>EBIT margin (excl. special items*)</b>	<b>24.6%</b>	<b>22.4%</b>	<b>+2.2 pct</b>
<b>PAS margin (excl. special items*)</b>	<b>18.1%</b>	<b>16.1%</b>	<b>+2.0 pct</b>

Increase in ASP and gross profit were mainly driven by premiumization and price adjustment on certain products in certain regions. Profitability improvement was mainly driven by continuous improvement on premiumization as well as cost and expenses efficiency.

\* 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 Product Mix Upgrade

## 1H22 vs 1H21

Sales volume of sub-premium and above

**+10.0%**

GP/kl

**+7.6%**

EBIT/kl

(excl. special items\*)

**+18.0%**

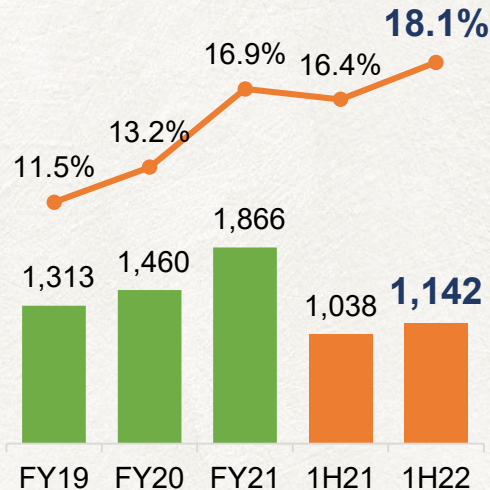
PAS/kl

(excl. special items\*)

**+21.2%**

## Increasing Volume Prop. of Sub-premium and Above

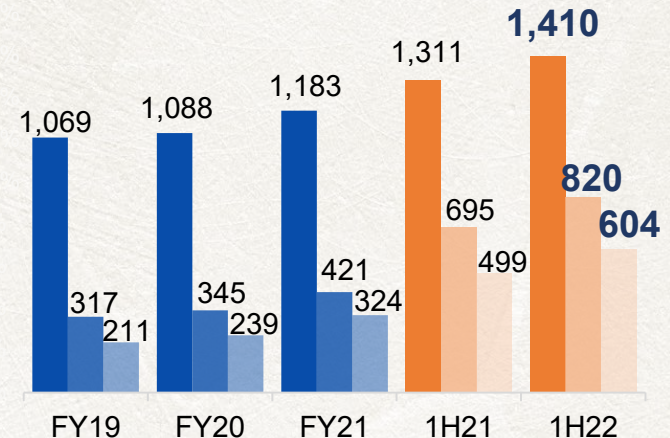
Unit: '000kl



■ Sales Volume of Sub-premium and Above  
 — Sales proportion of Sub-premium and Above

## Improving Profitability with Premiumization Strategy

Unit: RMB/kl



■ GP/kl  
 ■ EBIT/kl (excl. special items\*)  
 ■ PAS/kl (excl. special items\*)

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



# 02

## DEVELOPMENT STRATEGY





# A Leading Enterprise in China Beer Industry

## 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 transformation, operational reforms, corporate culture re-modeling, and upgrading informatization. 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

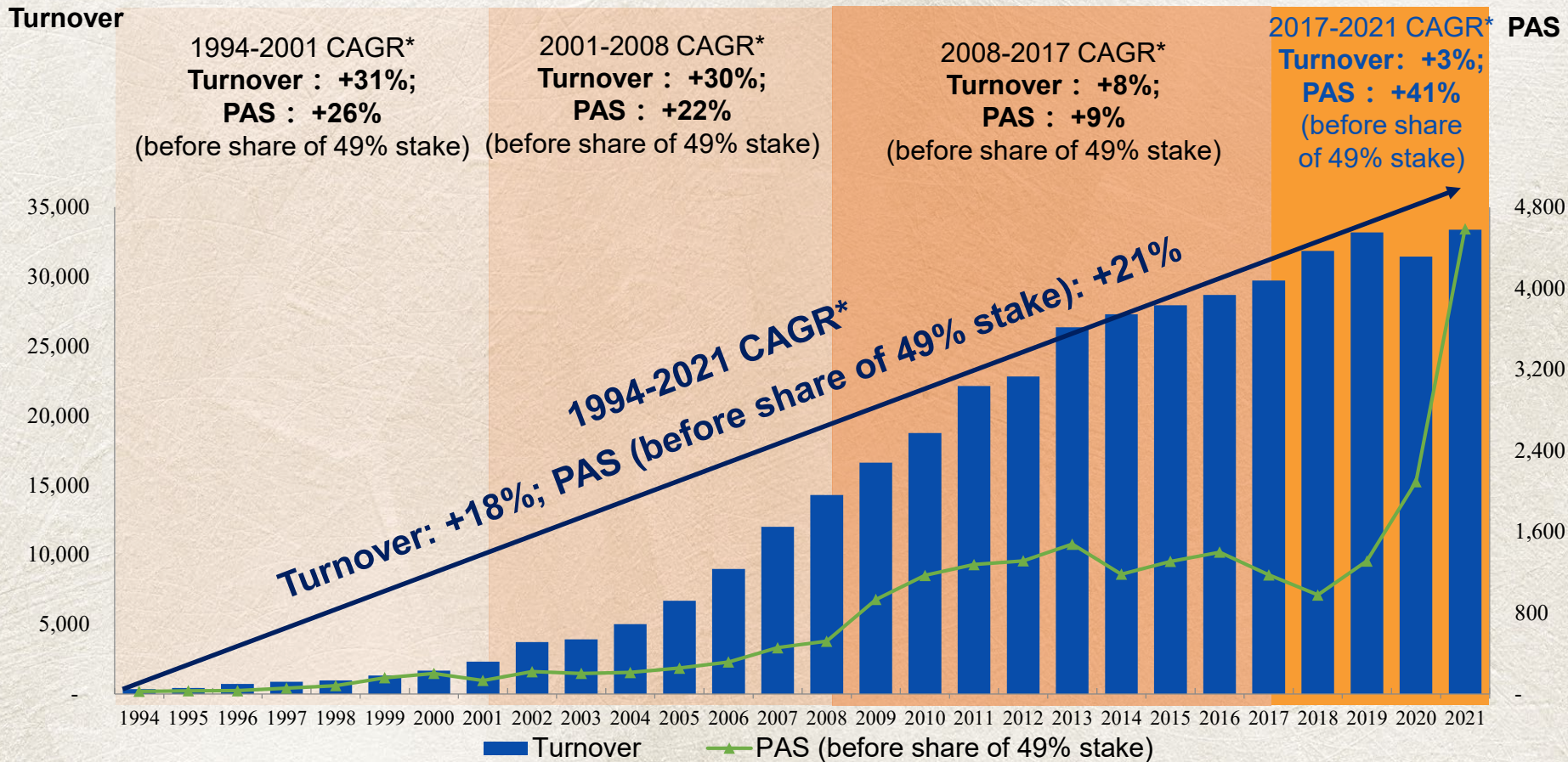


Premium and Super Premium products



# Proven Growth Track Records with “3+3+3” Strategic Roadmap

Unit: RMB Million



Note: CAGR: Compound Annual Growth Rate



# Joining Hands to Expand Premium Beer Market in China

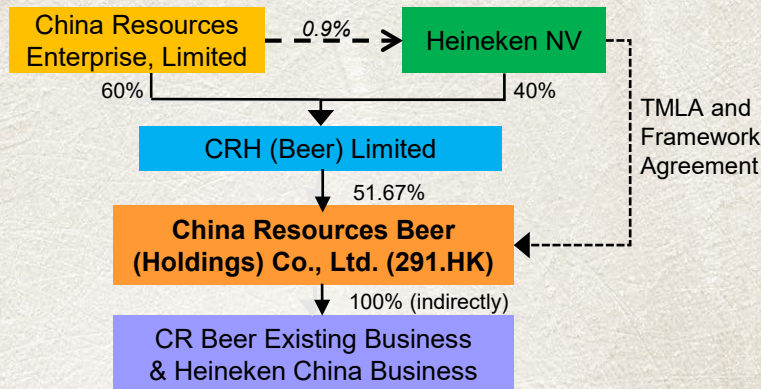


- China's leading beer enterprise
- Comprehensive brand portfolio covering various age groups and price segments
- Successful experience in creating large single brand
- Beer production capacity covers nationally with the best distribution network
- Deep understanding of China's beer market
- Strong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



- Established in 1864, famous brand with a long history
- Heineken® is one of the most recognized international beer brands in China
- Ranked as 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



- ✓ To establish premium attributes of international brands in China
- ✓ To gain an influential position for Heineken® in the market segment of RMB12-15
- ✓ Portfolio of “Domestic Brands + International Brands” to achieve a relatively high market share in the overall premium beer market in China



# New Era of Prosperity and High Quality on Upgrade of China Beer Industry

## 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 renown brands & large single products emerges 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 beer 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.





# Five Major Development Strategies



**Brand  
Portfolio**



**Key  
Customer  
Platform**



**Capacity  
Optimization**



**Cost  
Management**



**Headquarter  
& Beer Town**

**Convergence to Strengthen and  
Achieve Success in Premiumization**



# Enrich Product Portfolio to Drive Premium Sales



禮  
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, flavors and price range by “Domestic Brands + International Brands” portfolio
- ✓ Serve consumers of different age groups by penetrating various consumption scenarios
- ✓ Invest in brands building that exceed the industry average level, with a focus on young generation

## New Products

- ① “Löwen Fruit Beer” (#703 Cherry) was launched
- ② Two new flavors of the carbonated beverage “Snow Xiao Pi Qi” were launched
- ③ “Snow Draft Pure Malt Beer” to be launched
- ④ Alcohol-free “Heineken®0.0” to be launched





# Construct Key Customer Platform to Obtain Critical Resources in Sales Channels

## Preparation

- Obtaining more high-quality customer resources from the market
- Securing the “fine second batch of wholesalers”

## Empowerment

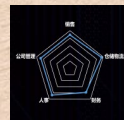
- Preparing joint business plans
- Carrying out “Fire Pistol” training programs
- Enhancing capabilities of operational and POS management of key customers

## 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



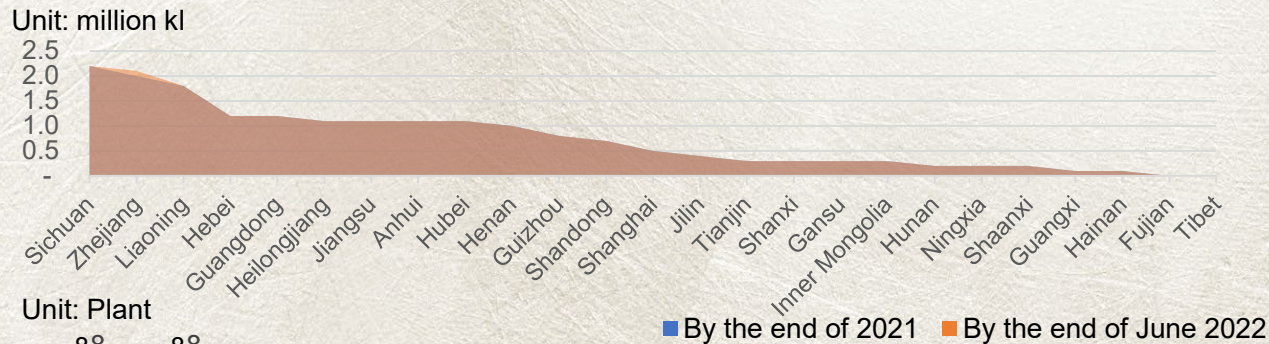
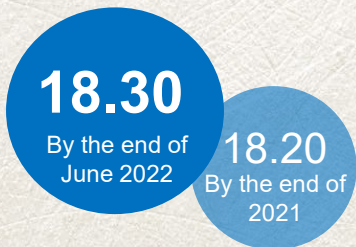
## Professional Empowerment

- Tracking the new industry trends and obtaining more channel resources through finetuned distribution venues

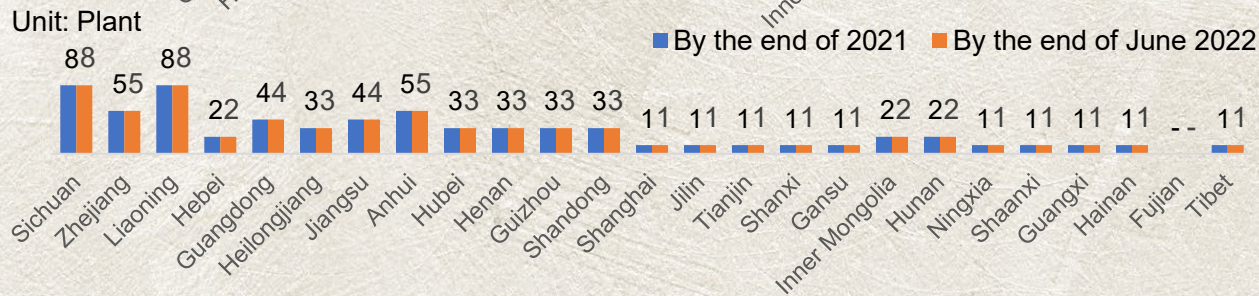
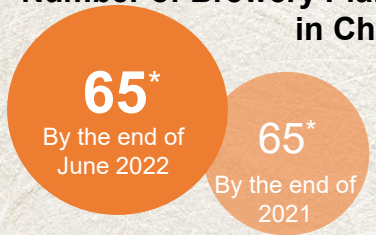


# Optimize Capacity to Enhance Efficiency

## Annual Production Capacity



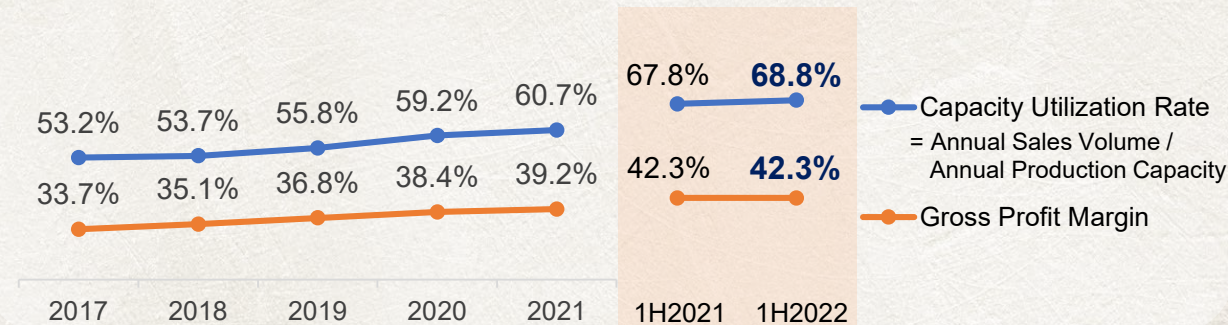
## Number of Brewery Plants in China



\* 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





# Global Procurement for Effective Cost Control

## Industry Trend

**Rapid rising material costs have driven the price adjustment on certain products.**

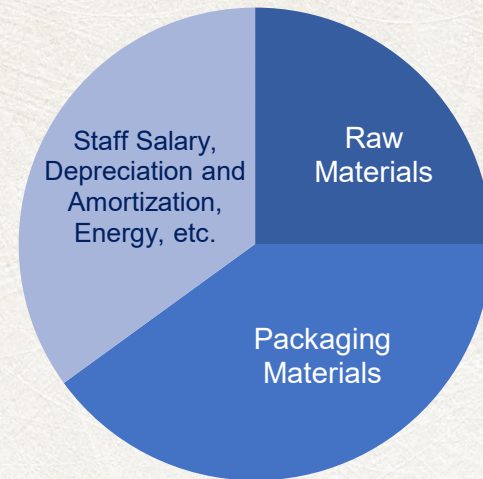
- ✓ Raw materials for production include barley, hops, yeast, rice, water, etc.
- ✓ Packaging materials such as aluminum cans, cartons, glass bottles, etc.

The pressure of rising prices of raw materials and packaging materials are expected to persist in the short to medium term.

## Undertaking Measures

- ① Establish a *Supplier Star System* to ensure stable quality of raw materials.
- ② Flexible price hikes to be implemented 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

<p>Institutional Investor</p>	<p>2012-2013/ 2016-2022</p>	<p><i>The All-Asia Executive Team Survey – Consumer / Staples Sector</i>  <i>One of Asia’s Most Honored Companies (2016-2022)</i>  <i>Best CEO: First Place Overall (2018-2022)</i>  <i>Best CFO: First Place Overall (2022)</i>  <i>Best Investor Relations Professional: First Place Overall (2020-2022)</i>  <i>Best Investor Relations Program: First Place Overall (2016/2018/2019/2021/2022), Third Place (2020)</i>  <i>Best Investor Relations Team: First Place Overall (2020-2022)</i>  <i>Best ESG: First Place (2018/2019/2021/2022), Second Place (2020)</i>  <i>Best Corporate Governance: First Place (2018/2019/2022),</i>  <i>Best IR Companies: First in Buy Side (2013) and Sell Side (2012/2013)</i>  <i>Best Analyst Days: First Place (2016/2018) and Best Website: First Place (2016)</i></p>
<p>HKIRA</p>	<p>2015-2021</p>	<p><i>Overall Best IR Company Awards – Large Cap (2021),</i>  <i>Grand ESG Award – Large Cap (2021),</i>  <i>Best IR company – Large Cap (2018-2021)/Mid-cap (2015-2017),</i>  <i>Best Investor Meeting – Large Cap (2018-2021),</i>  <i>Best Annual Report – Large Cap (2019/2020/2021),</i>  <i>Best ESG (E) – Large Cap (2020/2021), Best ESG (S) – Large Cap (2021),</i>  <i>Best ESG (G) – Large Cap (2021),</i>  <i>Best IR in Corporate Transaction – Large Cap (2019),</i>  <i>Best IR Team – Large Cap (2019/2021),</i>  <i>Best Investor Presentation Materials – Large Cap (2019/2021),</i>  <i>Best IR presentation collaterals – Mid-cap (2016/2017),</i>  <i>3 years IR Awards Winning Company (2017),</i>  <i>5 years IR Awards Winning Company - Large Cap (2021),</i>  <i>in HKIRA Investor Relations Awards</i></p>



# Major Awards (Cont'd)

Corporate Governance Asia	2010/2013-2021 2019, 2021 2010-2019, 2021 2006-2014, 2017-2019, 2021  2013-2014	<i>Best Investor Relations Company (2013-2021), Asia's Best Corporate Social Responsibility (2013-2016) and Best Environmental Responsibility (2010, 2013-2015, 2021)</i> <i>ESG influencer</i> <i>Asian Corporate Directors</i> <i>Asia's Best Companies for Corporate Governance (2006-2010), The Best of Asia (China) (2012, 2013)</i> <i>Asian Company Secretary of the Year</i>
IR Magazine	2012-2014, 2018-2021  2013-2014  2017, 2021  2018	<i>Best in Sector – Consumer Goods &amp; Services, Investor Relations by a Hong Kong Company (2012, 2013)</i>  <i>Global Top Mid-Cap (2013) and ranked 19<sup>th</sup> in Global Top 50 Gold (2013), Global Top 50 Silver (2014)</i>  <i>Best overall investor relations, Best in sector – Consumer staples, Best in country – Hong Kong, Best IR by sector management team (large cap)</i>  <i>Best corporate governance &amp; disclosure</i>
Oxfam	2017	<i>Oxfam Corporate Donor Award in Corporate Donor Programme 2016-17</i>
The Hong Kong Council of Social Service	2022	<i>Caring Company Scheme 2021/22</i> <i>Certificate for the Caring Company Logo Award &amp; Caring Ambassador</i>
Hong Kong Institute of Directors	2006/2010/ 2012/2014/2016	<i>Honored as one of the awardees in the Board Category for "Listed Companies (SEHK-Hang Seng Index Constituents)" in "Directors Of The Year Awards"</i>
HKIFAPC	2013-2018	<i>Award for Outstanding Listed Company of the Year</i>



# Major Awards (Cont'd)

National Business Daily	2021	Listed company with the best return on investment Star Product – Snow Draft Beer Ingenuity in Craft
Tsinghua SEM China Business Research Center and National Business Daily	2018-2022	Brand Value List of Chinese Listed Companies - Top 100 List
	2020	Ranked 4th in TOP30 and Ranked 1st in beer industry in 2020 Brand Value of China Listed Liquor Companies Top 30
Securities Daily	2020	Listed company with the best craftsmanship spirit in Golden Horse Awards
Fortune China	2011-2022	Ranked number 39/46/37/40/38/194/222/252/274/295/330/368 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 Post	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



# Major Awards (Cont'd)

Economic Digest	2019/2020 2018 2005-2016 2021	<i>Outstanding Enterprise Award, Excellence Award</i> <i>Outstanding ESG Award</i> Named one of <i>Hong Kong Outstanding Enterprises</i> <i>Outstanding Beer Enterprise Award</i>
Yazhou Zhoukan	2010, 2012- 2016, 2018  2011	<i>“Outstanding Performance Award”</i> (2010,2012) , <i>“The Largest Conglomerates Company Award”</i> (2013-2015) , <i>“The Largest Food and Beverage Company Award”</i> (2016,2018) in <i>Global Chinese Business 1000</i> <i>“The Largest Capitalization Company Award”</i> in Mainland Enterprises Listed in Hong Kong Ranking
Forbes	2011-2016, 2020-2022	Ranked number 981/861/800/1067/1200/1628/1954/1865/1684 in <i>Global 2000</i>
The Asset	2009/ 2010/ 2012-2016	<i>Platinum award: 2009/2010/2016</i> <i>Gold award: 2012-2015 in The Asset Corporate Awards</i>
CAPITAL and CAPITAL Weekly	2011-2015 2019	<i>Corporate Social Responsibility Award</i> <i>Excellence Performance Award</i>
Metro Broadcast Corporation Limited	2022	<i>Outstanding Enterprise in Consumer and Retail Industry</i> <i>in HKSAR 25th Anniversary Enterprise Outstanding Contribution Awards</i>
Ta Kung Pao	2011/2014/ 2016	<i>Best Investor Relations Company</i> (2016), <i>Best Corporate Governance for Listed Companies, Best Information Disclosure for Listed Companies</i> (2014), <i>Best Management Team Award</i> (2011) in Golden Bauhinia Award
Snowball	2021	<i>TOP investment value ranking in 2021 Gold Enterprise Ranking</i>
Sina Finance	2020	<i>Entrepreneur with the best leadership in</i> <i>Golden Qilin Hong Kong Stocks Value List</i>



# Major Awards (Cont'd)

<p>MerComm, Inc.</p> <p>2010-2019</p> <p>2020</p>	<p><b>Total 74 awards received</b></p> <p><i>12 Gold Awards:</i> 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><i>15 Silver Awards:</i> 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><i>26 Bronze Awards:</i> 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><i>19 Honors Awards:</i> 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> <p>Design – Covers: Annual Reports – Places/Products – Bronze (2020)</p> <p>Annual Reports – Print: Food/Packaged Good – Honors (2020)</p>
<p>League of American Communications Professionals LLC (LACP)</p> <p>2013-2020</p>	<p><i>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)</i></p>



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