



華潤啤酒(控股)有限公司

China Resources Beer (Holdings) Company Limited



FY 2022 Results Announcement

*Investor Presentation
March 2023*

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Results Overview

Overall Results Summary

	2H 2022 RMB m	2H 2021 RMB m	Change	2022 RMB m	2021 RMB m	Change
Turnover	14,250	13,753	+4%	35,263	33,387	+6%
EBIT	68	78	-13%	5,227	5,991	-13%
EBIT (excl. special items*)	303	249	+22%	5,462	4,652	+17%
Profit attributable to shareholders (PAS)	542	296	+83%	4,344	4,587	-5%
Basic EPS (RMB)				1.34	1.41	-5%
DPS (RMB)				0.536	0.566	-5%
- Final				0.302	0.302	-
- Interim				0.234	0.264	-11%
Dividend payout ratio (Proposed dividend/PAS)				40%	40%	-
ROE **				16.9%	20.1%	-3.2 pct
Additions to non-current assets and investment cost in joint ventures/an associate				2,150	3,573	-40%
Net assets				27,077	24,489	+11%
Net cash				9,129	5,396	+69%
Cash ratio				33.7%	22.0%	+11.7 pct

Notes:

* Total special items in 2022: (i) one-off employee compensation and settlement expenses and impairment loss on fixed assets about plant closure of RMB235m (2021: RMB387m); and (ii) profit on disposal of interests in leasehold land: nil (2021: RMB1,726m)

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

Effective Premiumization Strategy with Continuous Upgrade on Product Mix

	2H 2022	2H 2021	Change	2022	2021	Change
	<u>RMB m</u>	<u>RMB m</u>		<u>RMB m</u>	<u>RMB m</u>	
Sales volume (million kl)	4.801	4.719	+1.7%	11.096	11.056	+0.4%
ASP (in RMB/kl)	2,968	2,914	+1.9%	3,178	3,020	+5.2%
Turnover	14,250	13,753	+4%	35,263	33,387	+6%
Gross profit	4,683	4,769	-2%	13,561	13,074	+4%
EBIT	68	78	-13%	5,227	5,991	-13%
EBIT (excl. special items*)	303	249	+22%	5,462	4,652	+17%
PAS (excl. special items*)	718	424	+69%	4,520	3,583	+26%
<i>GP margin</i>	32.9%	34.7%	-1.8 pct	38.5%	39.2%	-0.7 pct
<i>EBIT margin</i> (excl. special items*)	2.1%	1.8%	+0.3 pct	15.5%	13.9%	+1.6 pct
<i>PAS margin</i> (excl. special items*)	5.0%	3.1%	+1.9 pct	12.8%	10.7%	+2.1 pct

The increases in ASP and turnover were driven by the premiumization strategy and modest adjustment to the prices of certain products. The improvement in profit was mainly driven by the continuous premiumization development and improvement on efficiency of costs and expenses.

Effective Premiumization Strategy with Continuous Upgrade on Product Mix

2022 vs 2021

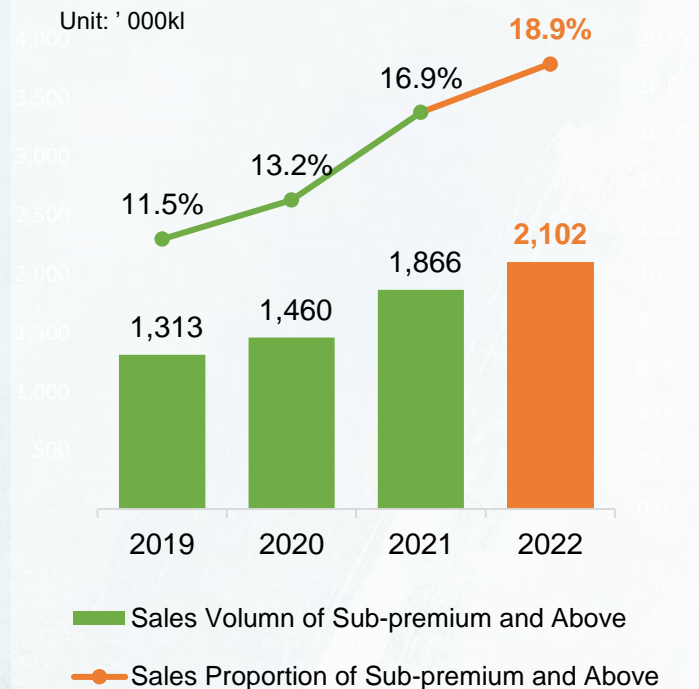
Sales volume of sub-premium and above
+12.6%

GP/kl
+3.4%

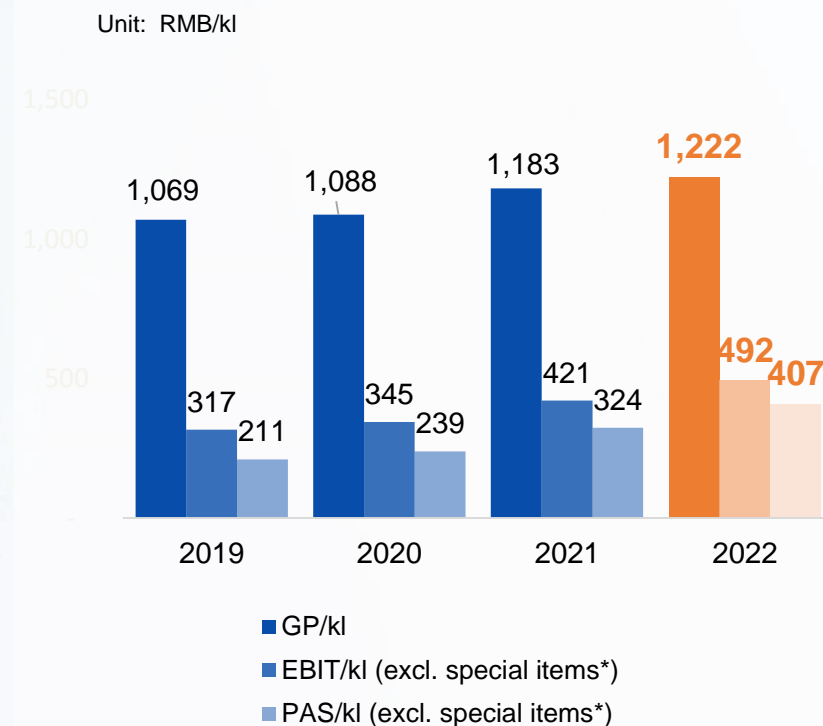
EBIT/kl (excl. special items*)
+17.0%

PAS/kl (excl. special items*)
+25.7%

Increasing Sales Volume Prop. of Sub-premium and Above



Improving Profitability with Premiumization Strategy





Development Strategy

A Leading Enterprise in China's Beer Industry



About us

- CRB, an alcoholic beverage listed subsidiary company (stock code: 291.HK) of China Resources (Holdings) Company Limited, is one of the constituent stocks of the Hang Seng Index. The Group focuses on the manufacturing, sales and distribution of alcoholic beverage 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 remodeling, and informatization upgrades. The company is determined to improve product quality and operational efficiency, as well as to make a leapfrog growth in profitability.



Mission

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

Vision

- The Company will focus on “product premiumization, brand diversification and internationalization” in the future, striving to build up as a leading internationalized brewing enterprise that our customers trust and our staff are proud of.



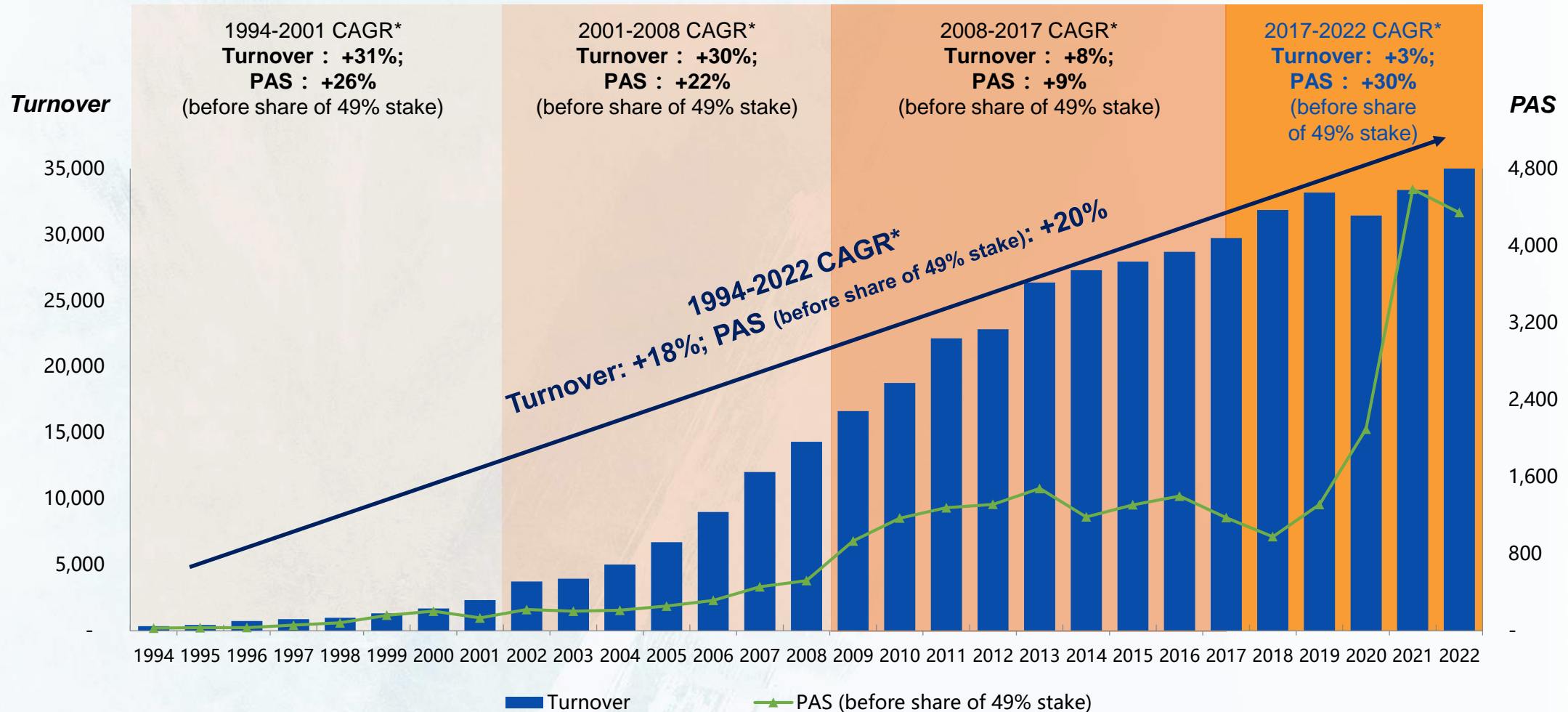
Sub-premium Products



Premium and Super-premium Products

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

Unit: RMB Million



* CAGR: Compound Annual Growth Rate

Join Hands to Expand China's Premium Market

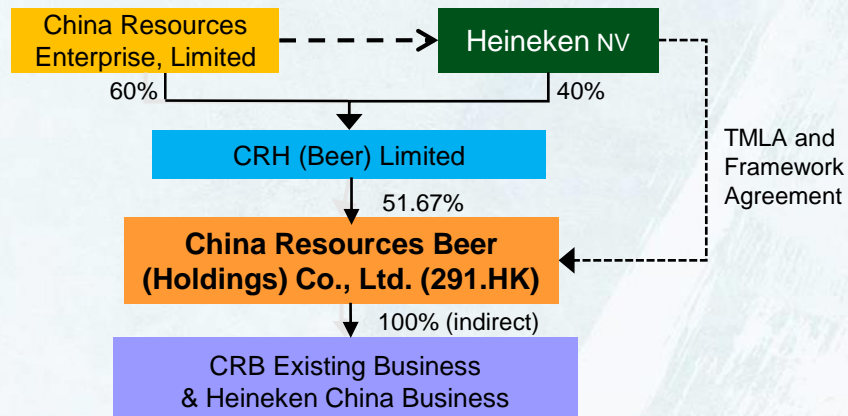


- China's leading beer enterprise
- Comprehensive brand portfolio covering various age groups and price segments
- Successful experience in creating large single brand
- Beer production capacity covers the nation with the best distribution network
- Deep understanding of China's beer market
- Strong 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
- The 2nd largest brewer in the world that distributes products to over 190 countries
- Extensive brewing experience in premium beer and cider
- Long-term investment in brand building with a brand image deeply tied to various sport events
- Exclusively owns the only brewery in Hainan Province

Structure



Targets



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

The Leader of the New World of the Beer Industry

It's a new era of:

- 1 High Product Quality**
Production equipment, technology and craftsmanship and product quality have reached international standards
- 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-existence of various Chinese brands and international brands; more renowned brands and large single products emerge with increasing brand value
- 5 Premiumization**
Gradual increase in price gradient and category value returns, and breakthrough in price ceiling
- 6 Product Diversification**
Expand into other alcoholic beverage categories while deeply cultivating beer business
- 7 CR5 Competition**
Stable competitive landscape with high concentration of 92% market share in the hands of the 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



Enrich Product Portfolio to Drive the Sales of Premium Products

Industry Trend

- Rise of middle class and improved residents' spending power
- Personalized and diversified customers' needs
- With consumption upgrade, the market share of premium beer in China is expected to increase rapidly

Undertaking Measures

- ✓ Offer beers with different alcohol concentration, flavors and price range through our "Domestic Brands + International Brands" portfolio
- ✓ Meet the needs of customers of different age groups in various consumption scenarios
- ✓ Invest in brand building that exceed the industry average level, with a focus on the young generation

Key Principles: Adhering to the principle of "Precise, Lean and Streamlined", we expanded to all channels and scenarios, created a new metaverse-empowered and consumer-oriented marketing model, and created an new era of high-end brand portfolio of "Heineken® + superX + Snow Draft Beer, and other products", with an aim to stabilize the mid-end segment and consolidate the business foundation



Construct Key Customer Platform to Obtain Critical Resources in Sales Channels

Preparation

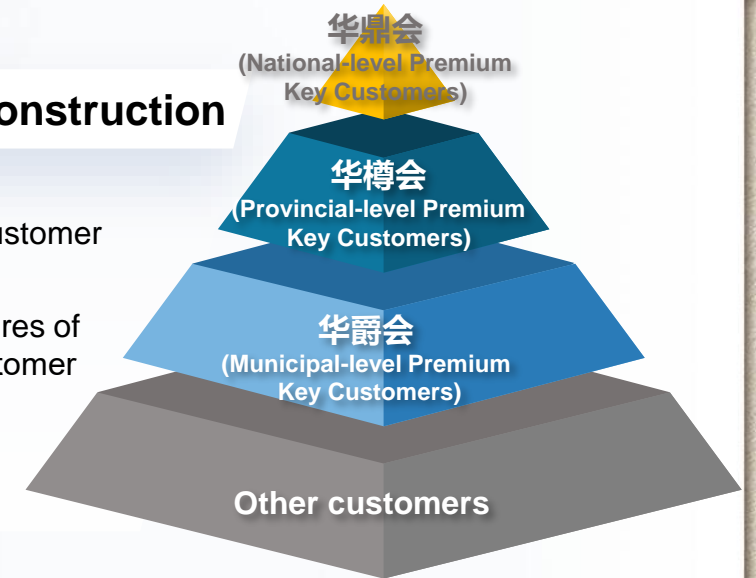
- Obtain more high-quality customer resources from the market
- Secure the “fine second batch of wholesalers”

Empowerment

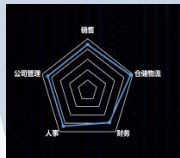
- Prepare joint business plans
- Carry out “Fire Pistol” training programs
- Enhance capabilities of operational and POS management of key customers

Platform Construction

- Operate Key Customer Platform
- Distinctive features of Snow’s key customer platform



Operational Empowerment



Provide customized solution to tackle weaknesses by evaluating through a Five-dimensional Model



Productivity Empowerment

Offer more comprehensive hardware upgrade options to dealers through a unified discussion channel with suppliers



Professionalism Empowerment

Track new industry trends and obtain more channel resources for the distribution venues of different segments

Joy Brew Flagship and Local Stores

Develop innovative business models and build bistros with distinctive features, enabling in-depth communications between brands and customers

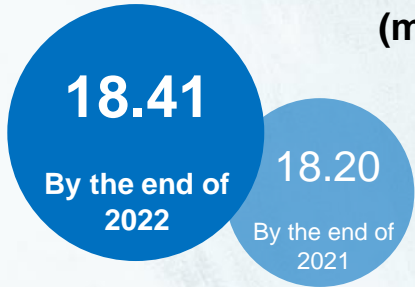


**Open New Joy Brew Stores Across the Nation:
Joy Brew Flagship Store + Joy Brew Local Stores**

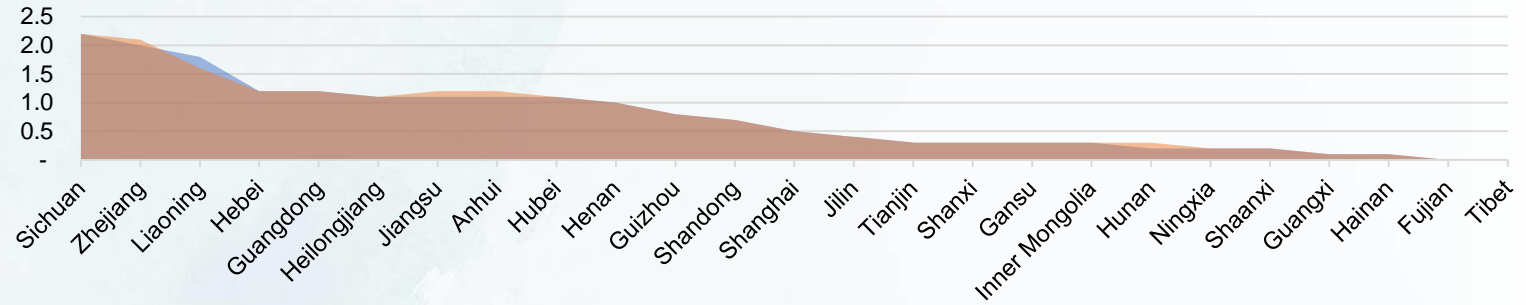


Optimize Capacity to Enhance Efficiency

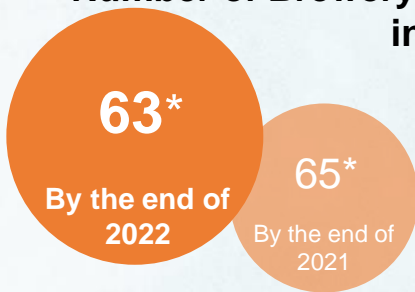
Annual Production Capacity (million kl)



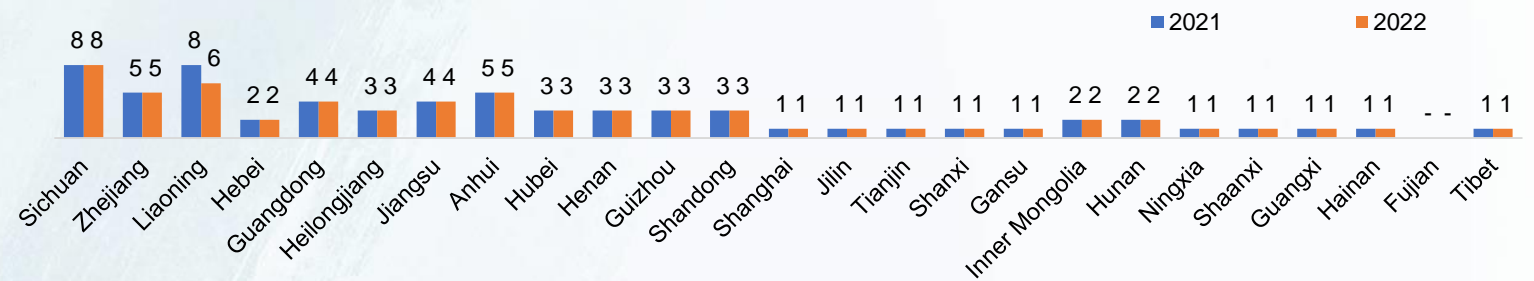
Unit: million kl



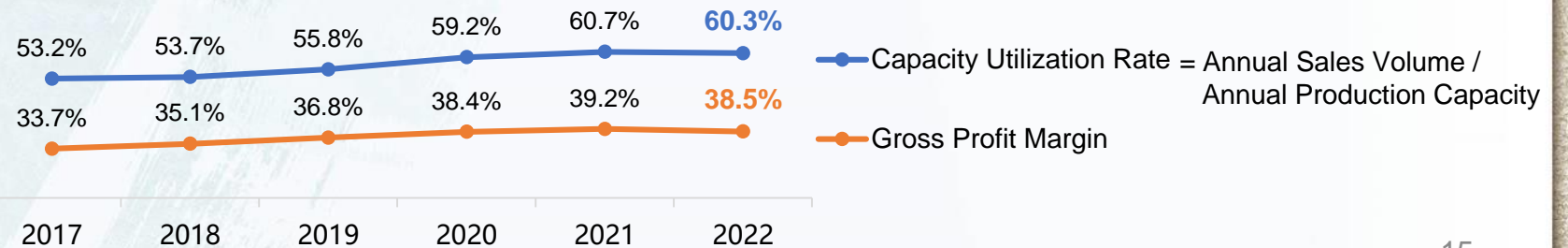
Number of Brewery Plants in China



Unit: Plant



Capacity Optimization Drives GPM Improvement



* Excluding the breweries that ceased operation and those that management decided to close

Flexible Global Procurement for Effective Cost Control

Industry Trend

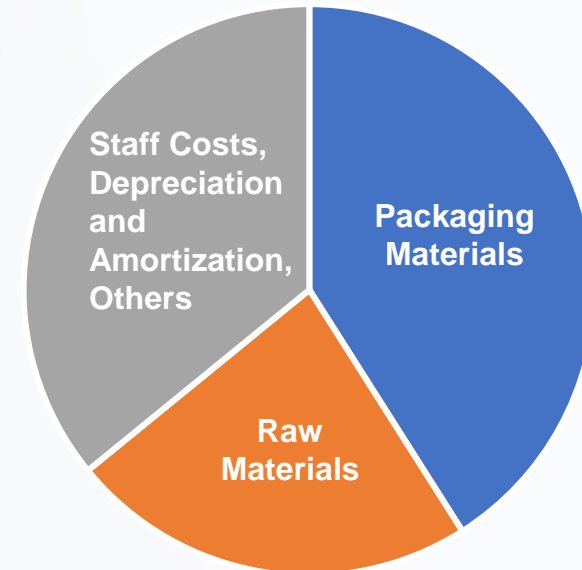
Rapidly rising material costs in 2022 drove the price adjustment on certain products

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

Undertaking Measures

- ✓ Establish a Supplier Star System to ensure stable quality of raw materials
- ✓ Flexible price hikes to be implemented by stages and regions to cover cost pressures
- ✓ Profit improvement through product mix upgrade
- ✓ Increase source of barley procurement and support domestic barley cultivation

Breakdown of COGS

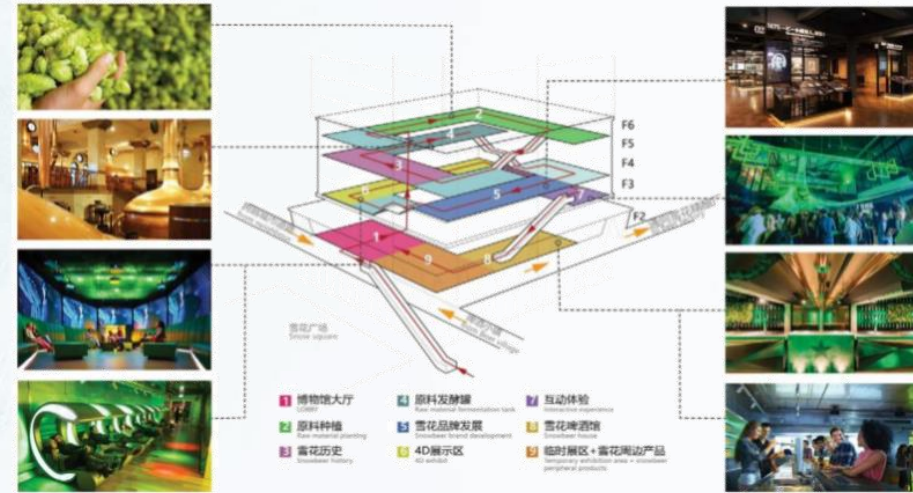


Construct Headquarters and Beer Town

Shenzhen Headquarters Project

A local, social, diverse beer lifestyle community which will become an important component of young culture in Shenzhen and its surrounding areas

- Headquarters
- R&D center
- Beer museum
- Craft brewery
- Beer village
- Beer leisure square etc.

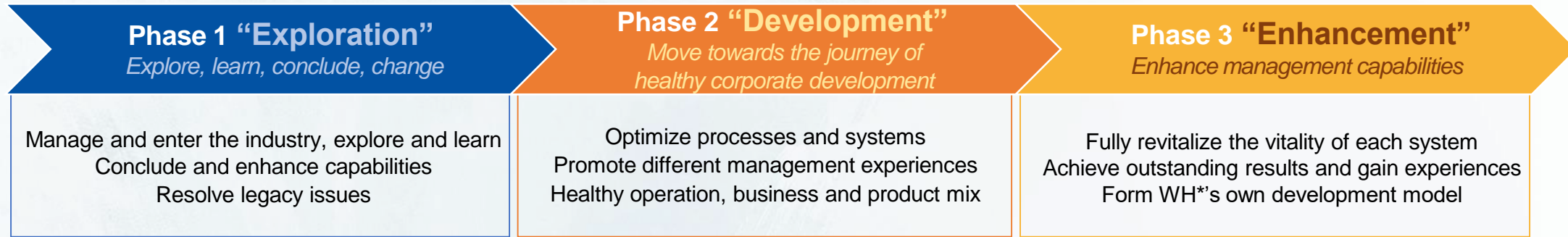


Snow Beer Town Project

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

An Explorer of the New World of Alcoholic Beverages

Through WH*, the Company has invested in high-quality baijiu assets, built valuable brands and expanded its baijiu business, becoming a leading enterprise in China's baijiu industry.



Build valuable brands

- Explore the value of each brand and across various brands according to their characteristics to meet diversified customer needs



Establish a working mechanism



Enhance business management



Carry out dual empowerment for businesses



Explore group buying business

Dual Empowerment Strategies for Beer and Baijiu Businesses

1. Dual empowerment model for beer and baijiu businesses



Dual empowerment model for beer and baijiu businesses to achieve 1+1>2

Building a dual empowerment model for beer and baijiu businesses to **ensure independent development of the non-beer business while realizing the uniqueness of Organization Connection, Talent Pooling, Channel Sharing, Point-of-sale Joint Expansion, Cost Splitting and Value Increment**, forming a “business model” that is 1+1 greater than 2.

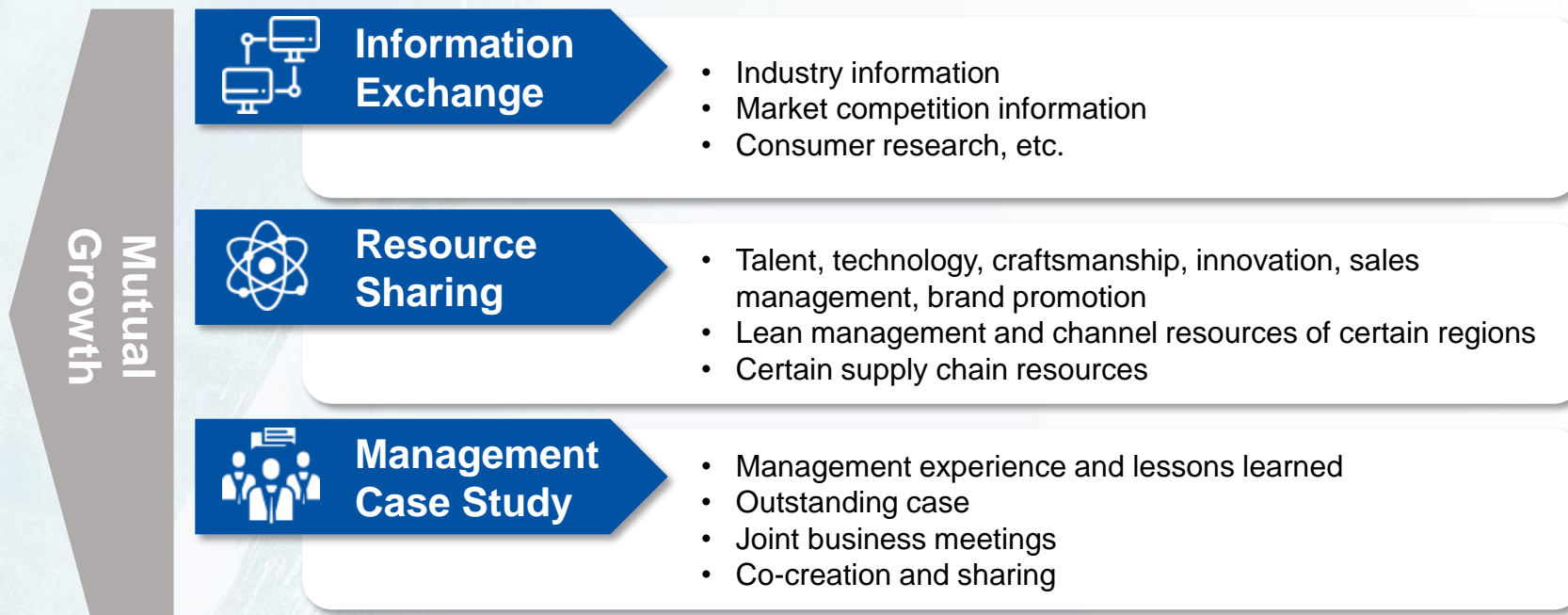
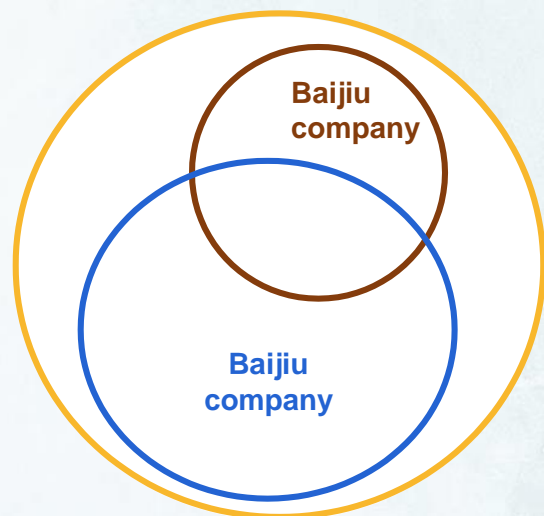
Dual Empowerment Strategies for Beer and Baijiu Businesses (cont'd)

2. Synergistic model of various baijiu companies

Strategic Collaborations, Each Has Their Own Duties, Independent Management, Market-oriented Mechanisms, Mutual Growth

- ✓ WH* conducts strategic planning and management for its project companies, so each project company can maintain a consistent strategic focus while having its own strategic positioning
- ✓ Each project company follows and serves its own strategic positioning, where each has their own duties and independency
- ✓ WH* promotes information exchange, resource sharing and management case studies among project companies, turning individual capabilities into mutual capabilities and forming comprehensive capabilities for baijiu business.

China Resources Wine Holdings Co., Ltd.



* WH: China Resources Wine Holdings Co., Ltd. (華潤酒業控股有限公司) ("WH")




Market Recognition

Major Awards

Organizer	Awards	Details
Corporate Governance Asia	Asian Excellence Award 2022	<ul style="list-style-type: none"> • Asia's Best CEO (Investor Relations) • Asia's Best CFO (Investor Relations) • Best Investor Relations Company • Best Investor Relations Professional 
IR Magazine	IR Magazine Awards - Greater China 2022	<ul style="list-style-type: none"> • Best Overall Investor Relations (Large Cap) • Best Investor Relations Officer (Large Cap) • Best in Sector: Consumer Staples 
The Hong Kong Institute of Directors	Directors Of The Year Awards 2022	<ul style="list-style-type: none"> • Listed Companies Boards 
Hong Kong Investor Relations Association	HKIRA 8th Investor Relations Awards	<ul style="list-style-type: none"> • Overall Best IR Company Awards - Large Cap • Grand ESG Award - Large Cap • Best IR by CEO - Large Cap • Best IR by CFO - Large Cap • Best IRO (Investor Relations Officer) - Large Cap • Best IR Company - Large Cap • Best IR Team - Large Cap • Best ESG (E) - Large Cap • Best ESG (S) - Large Cap • Best ESG (G) - Large Cap • Best Investor Meeting - Large Cap • Best Investor Presentation Material - Large Cap • Best Annual Report - Large Cap 

Major Awards (Cont'd)

Organizer	Awards	Details
Institutional Investor	2022 All-Asia Executive Team survey	<ul style="list-style-type: none"> • Most Honored Company (Consumer/Staples Sector) • Best CEO (First Place Overall in Consumer/Staples Sector) • Best CFO (First Place Overall in Consumer/Staples Sector) • Best Investor Relations Professional (First Place Overall in Consumer/Staples Sector) • Best Investor Relations Team (First Place Overall in Consumer/Staples Sector) • Best Investor Relations Program (First Place Overall in Consumer/Staples Sector) • Best ESG (First Place Overall in Consumer/Staples Sector) 
Metro Broadcast Corporation Limited	HKSAR 25th Anniversary Enterprise Outstanding Contribution Awards	<ul style="list-style-type: none"> • Outstanding Enterprise in Consumer and Retail Industry 
The Hong Kong Council of Social Service	Caring Company Scheme 2021/22	<ul style="list-style-type: none"> • Certificate for the Caring Company Logo Award • Certificate for Caring Ambassador 
Fortune China	Fortune China 500	<ul style="list-style-type: none"> • Ranked 368th
Forbes	Global 2000	<ul style="list-style-type: none"> • Ranked 1684th
am730, PR Asia and IFENG HK STOCKS	Listed Company Excellence Awards 2022	<ul style="list-style-type: none"> • Listed Company Excellence Awards 

Major Awards (Cont'd)

Organizer	Awards	Details
Capital	Environmental Social and Governance Awards 2022	<ul style="list-style-type: none"> Environmental Social and Governance Awards
Yazhou Zhoukan	Asia Excellence Brand Award 2021	<ul style="list-style-type: none"> Asia Excellence Brand
National Business Daily and Tsinghua SEM China Business Research Center	2022 Brand Value List of Chinese Listed Companies - Top 100 List	<ul style="list-style-type: none"> Ranked 71st
《每日经济新闻》	The 11th Reputation List of China Listed Companies 2021	<ul style="list-style-type: none"> Most Growing Overseas Listed Company
MerComm, Inc.	2022 ARC Awards International	<p>The 2021 Annual Report is recognized with below awards:</p> <ul style="list-style-type: none"> GOLD - Financial Data: Beer/Wine/Spirits GOLD - Printing & Production: Beverage & Food Manufacturer BRONZE - Traditional Annual Report: Beer/Wine/Spirits BRONZE - Printing & Production: Manufacturing & Distributing
MerComm, Inc.	MERCURY Excellence Awards 2021/2022	<ul style="list-style-type: none"> Annual Report 2020 - Overall Presentation: Consumer Goods - Bronze Winner
League of American Communications Professionals LLC (LACP)	2021 Vision Awards Annual Report Competition	<ul style="list-style-type: none"> Rank 93rd in Top 100 Worldwide Rank Ranked 23rd in Regional Top 80 Rank (Asia Pacific Region) Regional Special Achievement Reward – Best Agency Report: Bronze Award Top 50 Chinese Report Consumer Consumables – Food/Beverage/Tobacco Category: Platinum Award Technical Achievement Award

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