



華潤啤酒(控股)有限公司

China Resources Beer (Holdings) Company Limited

FY 2023 Results Announcement

*Investor Presentation
March 2024*



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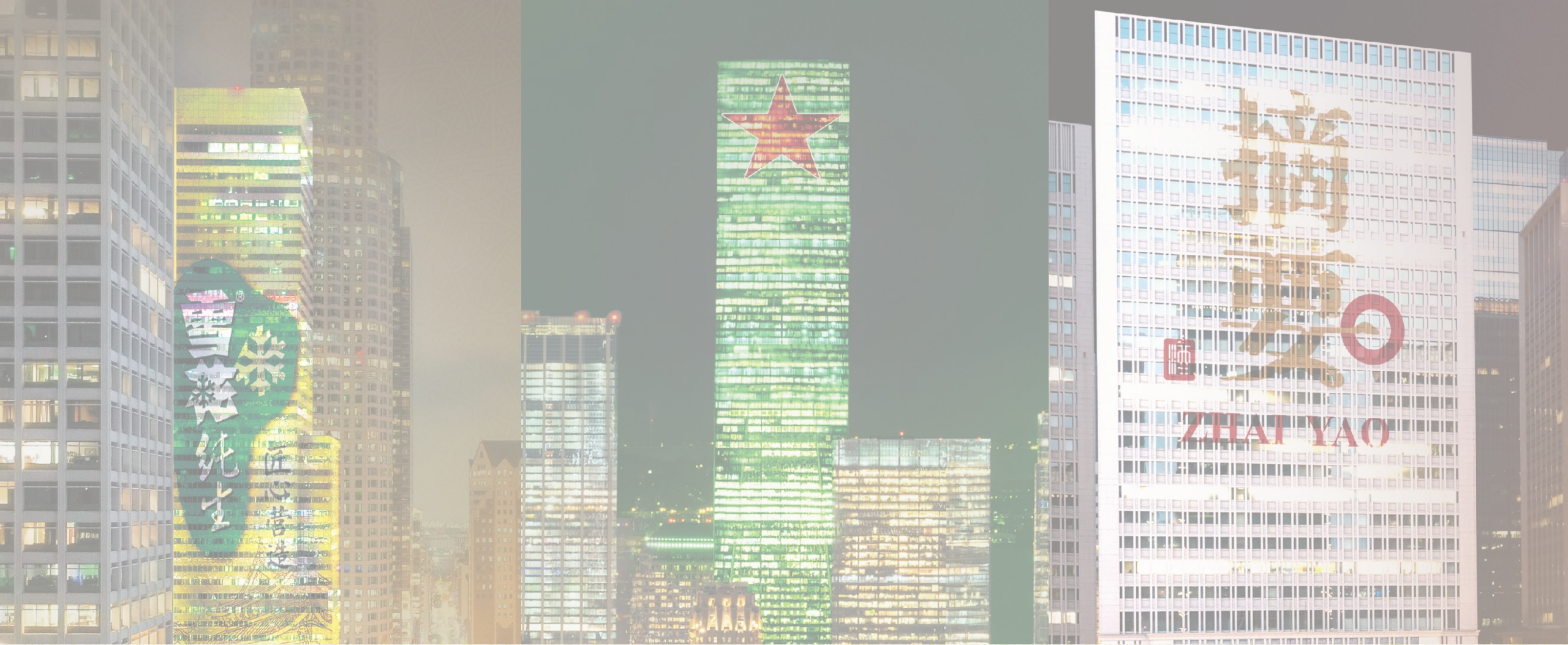
Results Overview

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Development Strategy - Beer

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Development Strategy - Baijiu



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Market Recognition

Dual Growth in Sales and Market Share



Overall Results Summary

	2H 2023	2H 2022	Change	2023	2022	Change
	RMB m	RMB m		RMB m	RMB m	
Turnover *	15,061	14,250	+6%	38,932	35,263	+10%
EBIT *	716	68	+953%	6,961	5,227	+33%
EBIT (excl. special items**)	763	303	+152%	7,102	5,462	+30%
Profit attributable to shareholders (PAS)	504	542	-7%	5,153	4,344	+19%
Basic EPS (RMB)				1.59	1.34	+19%
DPS (RMB)				0.936	0.536	+75%
- Special				0.300	-	+100%
- Final				0.349	0.302	+16%
- Interim				0.287	0.234	+23%
Dividend payout ratio (Proposed dividend/PAS)				59%	40%	+19 pct
ROE ***				18.0%	16.9%	+1.1pct
Additions to non-current assets ****				21,142	2,150	+883%
Net assets				34,174	27,077	+26%
Net cash				426	9,129	-95%
Cash ratio				1.2%	33.7%	-32.5 pct

Notes:

* Turnover from Baijiu business in 2023 and 2H 2023 were RMB2,067m and RMB1,090m, respectively. EBIT from Baijiu business in 2023 and 2H 2023 were RMB130m and RMB59m, respectively. The EBIT were after deduction of RMB667m in 2023 and RMB343m in 2H 2023 on amortization of intangible assets arising from acquisition of Guizhou Jinsha

** Total special items in 2023: (i) one-off employee compensation and settlement expenses and impairment loss on fixed assets about plant closure of RMB141m (2022: RMB235m)

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

*** Additions to non-current assets included fixed assets, right-of-use assets, goodwill and other intangible assets. For the year ended 31 December 2023, the additions included RMB17,599 million arising from the acquisition of Guizhou Jinsha (2022: Nil)



Overall Results Summary

	2H 2023	2H 2022	Change	2023	2022	Change
	<u>RMB m</u>	<u>RMB m</u>		<u>RMB m</u>	<u>RMB m</u>	
Turnover	15,061	14,250	+6%	38,932	35,263	+10%
- Beer business	13,971	14,250	-2%	36,865	35,263	+5%
- Baijiu business	1,090	N/A	N/A	2,067	N/A	N/A
EBIT (reported) *	716	68	+953%	6,961	5,227	+33%
- Beer business (reported)	687	107	+542%	6,889	5,276	+31%
- Beer business (excl. special items**)	734	342	+115%	7,030	5,511	+28%
- Baijiu business (reported)	59	N/A	N/A	130	N/A	N/A
EBIT margin (reported) *	4.8%	0.5%	+4.3 pct	17.9%	14.8%	+3.1 pct
- Beer business (reported)	4.9%	0.8%	+4.1 pct	18.7%	15.0%	+3.7 pct
- Beer business (excl. special items**)	5.3%	2.4%	+2.9 pct	19.1%	15.6%	+3.5 pct
- Baijiu business (reported)	5.4%	N/A	N/A	6.3%	N/A	N/A

Improvement in EBIT was mainly contributed by beer business.

Since the completion of the acquisition of Guizhou Jinsha in January 2023, the Company promoted the Baijiu business's post-investment integration, empowerment and improvement. Excluding the impact of the amortization of intangible assets arising from the acquisition of Guizhou Jinsha amounting to RMB667m, the earnings before interest and taxation of Baijiu business was RMB797m, and the EBIT margin was 38.6%.

* Included the net corporate expenses in 2023 and 2H 2023 of RMB58m (2022: RMB49m) and RMB30m (2H 2022:RMB39m)

** Please refer to page 4 for details of the special items



Beer business: Effective Premiumization Strategy

	2023	2022	Change
	<u>RMB m</u>	<u>RMB m</u>	
Sales volume (million kl)	11.151	11.096	+0.5%
ASP (RMB/kl)	3,306	3,178	+4.0%
Turnover	36,865	35,263	+5%
Gross profit	14,802	13,561	+9%
EBIT	6,889	5,276	+31%
EBIT (excl. special items*)	7,030	5,511	+28%
PAT (excl. special items*)	5,245	4,564	+15%
<i>GP margin</i>	40.2%	38.5%	+1.7 pct
<i>EBIT margin</i> (excl. special items*)	19.1%	15.6%	+3.5 pct
<i>PAT margin</i> (excl. special items*)	14.2%	12.9%	+1.3 pct

The increases in ASP and turnover were driven by the premiumization strategy.

The improvement in profitability was mainly driven by continuous premiumization development, decline in costs of certain packaging materials and improvement on efficiency of costs and expenses.

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



Beer business: Effective Premiumization Strategy

2023 vs 2022

Sales volume of sub-premium and above

+18.9% y-o-y

Gross profit/kl

+8.6% y-o-y

EBIT/kl

(excl. special items*)

+26.8% y-o-y

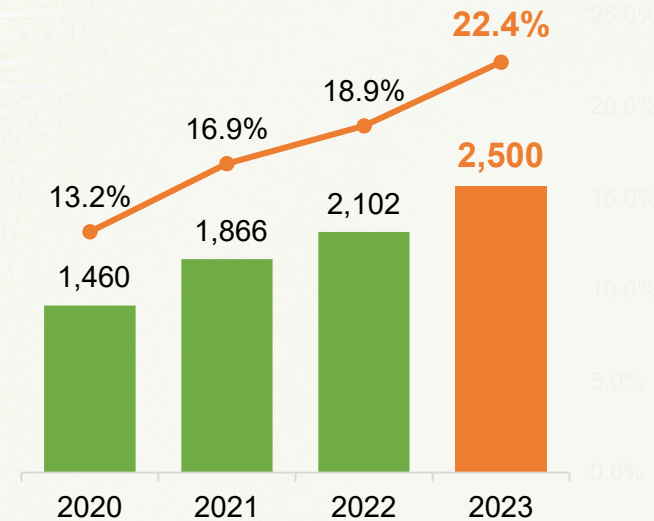
Profit after tax/kl

(excl. special items*)

+14.4%

Increasing sales volume prop. of sub-premium and above

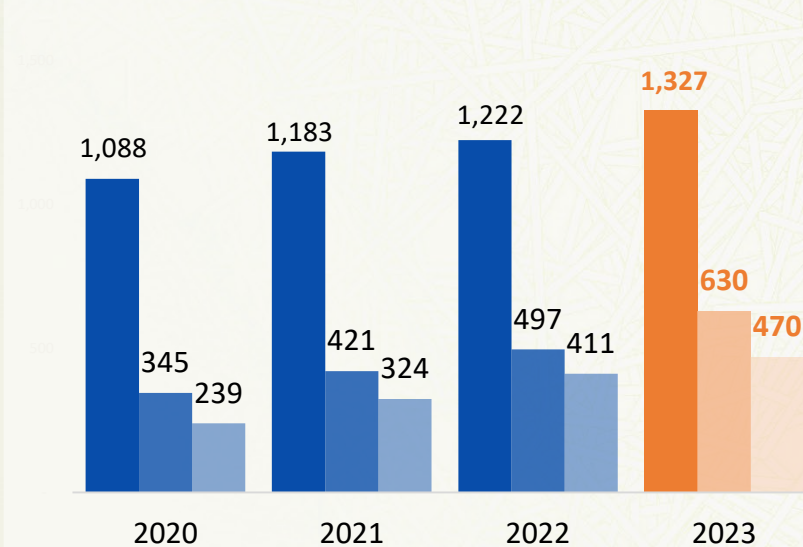
Unit: '000kl



■ 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*)
 ■ PAT/kl (excl. special items*)

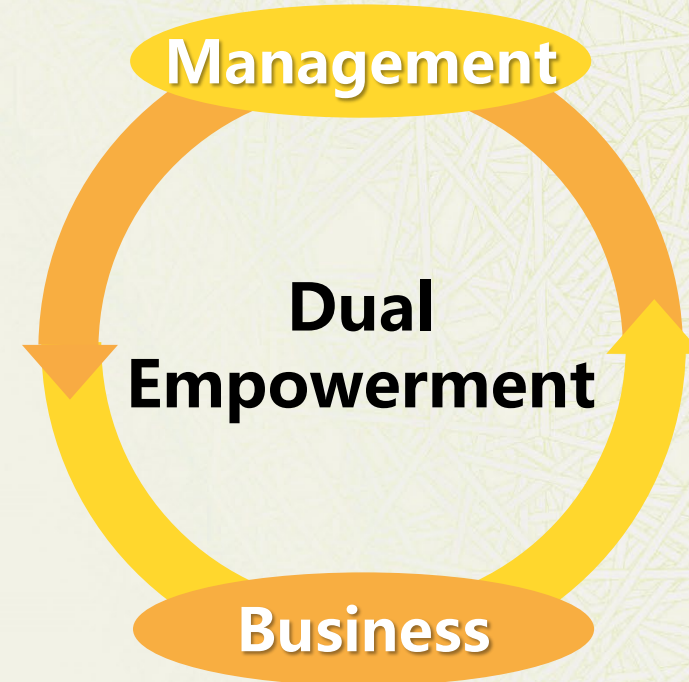


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Dual Empowerment Model of “Baijiu + Beer” Businesses

4 main advantages and 3-pronged driving force

- Leverage of the 4 main advantages established CR Beer: **development experience**, **resources**, **management mechanisms**, and **listed platforms**
- Utilize the respective strengths of **CR Beer**, **China Resources Snow**, and **China Resources Wine** to form a 3-pronged driving force
- To achieve mutual empowerment and synergies across several areas, cultivating **new core competitive advantages**



Dedication to High-quality Development



To Become the Leader of the New World of the Beer Industry

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 core 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

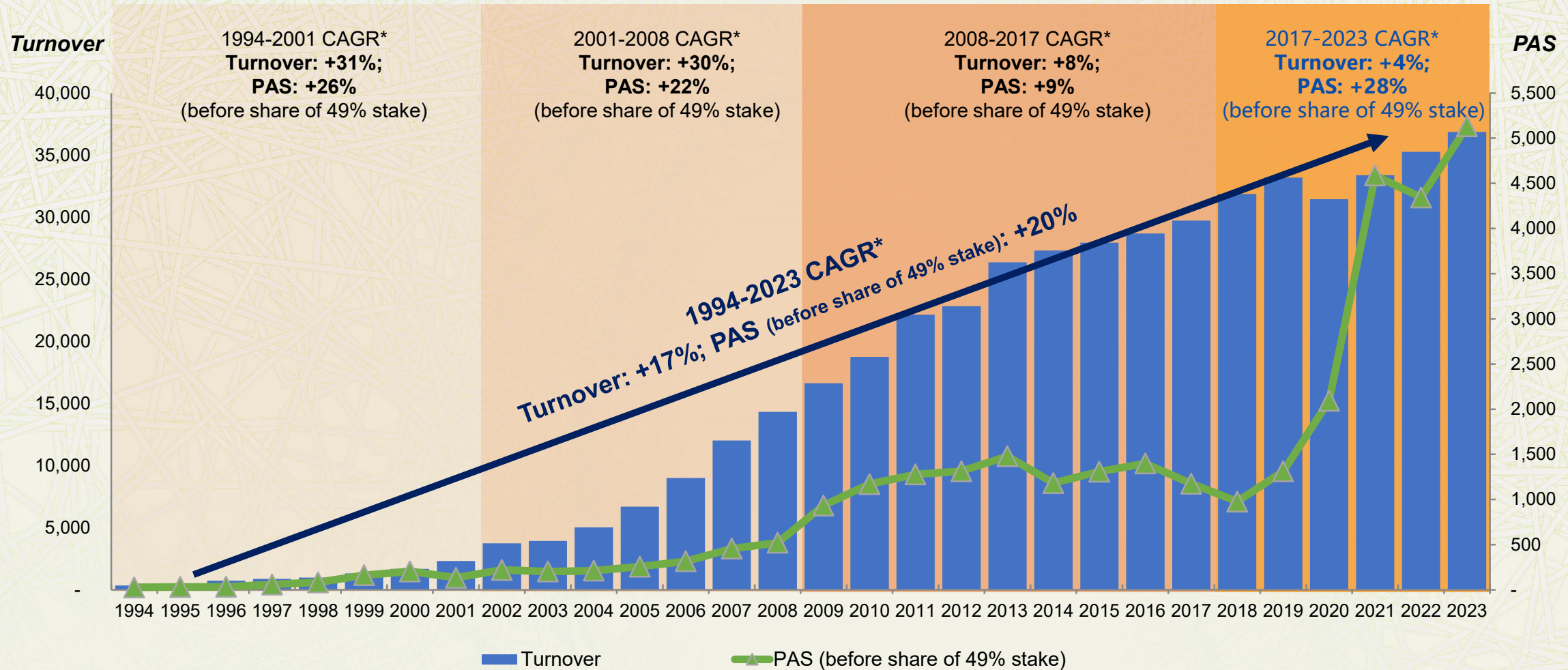
All parties across the industry chain shall work together to achieve mutual benefit and develop a sustainable industry order with shared prosperity



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

Profit of beer business exceeded RMB5 billion

Unit: RMB Million



* CAGR: Compound Annual Growth Rate

Join Hands to Expand China's Premium Market

Sales volume of Heineken® exceeded 600,000 kilolitres

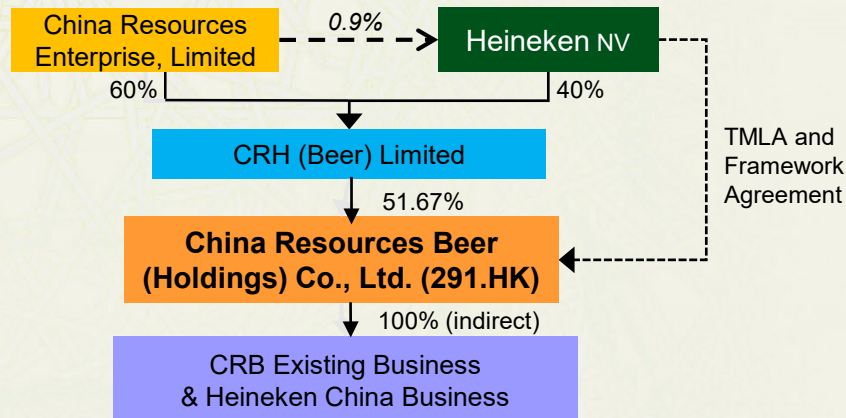


- China's leading beer enterprise
- Comprehensive brand portfolio covering various age groups and price segments
- Successful experience in creating large single brand
- Beer production capacity covers the nation with the best distribution network
- Deep understanding of China's beer market
- Strong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



Enrich Product Portfolio to Drive the Sales of Premium Products

Focus on key segments and major product categories



Snow Draft Beer

Expand coverage

- Achieve a significant increase in the sales volume of Snow Draft Beer
- Accurate coverage of both ready-to-drink and non-ready-to-drink segments
- Actively promote sales of large bottles and cans



Heineken®

Initiate the second five-year strategic plan

- Leverage momentum to unleash the potential of the Heineken® brand
- Consolidate and enhance the leading position of the RMB12-15 segment



Super X

Upgrade and replacement

- Optimize coverage plan
- Focusing on extreme sports, esports, and street culture
- Stay firm and unwavering with goals



Light cavalry products

- Build into "rising stars"
- Developing towards trendy drinks, health, and low calorie options



Deepen the Development of Key Customer Management

Continuously deepen the key customer model

Integrated construction of the key customer platform

- Headquarters continues to expand, strengthen, and optimize national-level premium key customers; various business units build provincial-level premium key customers and municipal-level premium key customers and carry out supporting operation activities;
- Achieve organic coordination among the headquarters, sales business units, and sales regions at all three levels.

Liberate customer productivity, clarify division of rights and responsibilities

- Determine common market and terminal goals with customers, and clarify the division of rights and responsibilities between both parties;
- Select a group of excellent key customers and carry out comprehensive management of terminal expenses, gradually exploring successful models and replicate them.



Deepen the construction of the empowerment system for major clients and leverage their advantages

- Screen and empower potential baijiu distributors;
- Select outstanding external beer software suppliers to digitally empower and upgrade selected key customers;
- Continuously conduct training activities, then visit and extract best practices from selected excellent distributors.

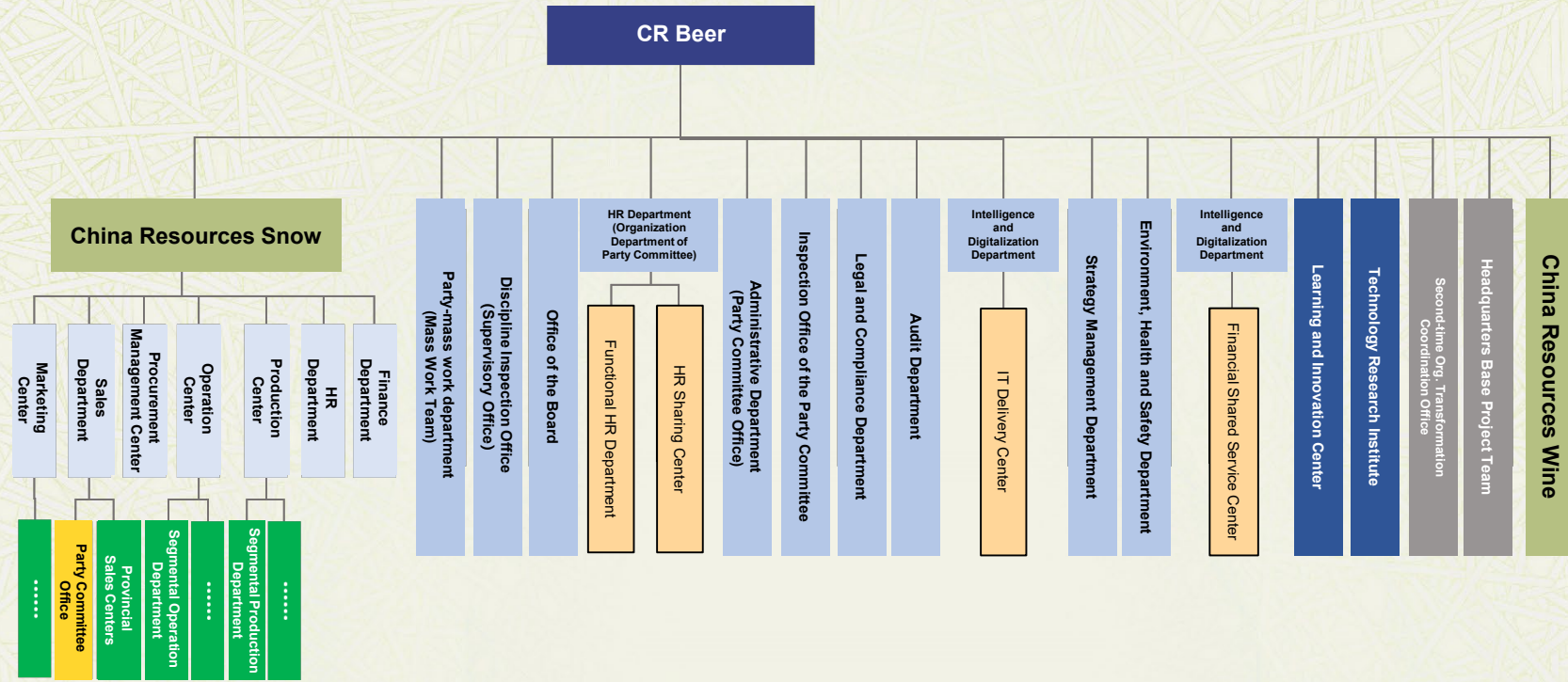
Deeply operate the key customer platform

- Deeply operate the Sanhuahui Key Customer Platform;
- Collaborate with high-end baijiu brands to organize high-end tasting events, helping key customers better engage with end consumers.



Second-time Organizational Transformation

Completed organizational restructuring and the second-time organizational transformation to promote a more modern organizational governance



Established 2 business units under the the listed company's organizational structure, with all the back-office functions are managed by the listed company



Completed the acceptance and summarization of the first batch of departments of the second-time transformation, and launched the transformation of the second batch



Officially switched to a new operation structure. Currently, 9 sales departments, 6+1 segmental operation departments and 6+1 segmental production departments have been established under the CR Snow business unit, realizing the organizational model of separation of production and sales operations



To promote in-depth development of the second-time organizational transformation, comprehensively reviewing the process experience, and summarizing the management experience under the new organizational model



Digital Upgrade

Reduce costs and increase efficiency, and explore new growth drivers of businesses by data empowerment

Construct a procurement mall, synchronize the control of procurement and financial management, and assist business decision-making through digital tools

Smart Procurement

Deepen the construction of operation digitalization system to realize the digital management of supply chain business execution; promote the digitalized closed-loop management of the supply chain business from planning to execution

Supply chains control tower

Deepen the financial sharing operation, strengthen the ability to analyze and apply financial and human resources business data, and enhance the management level and efficiency by empowering the business management through data, as well as empowering the baijiu project company through the shared ability

Shared Operation

Intelligent Manufacturing

Accelerate the landing of blueprint of intelligent manufacturing, construct intelligent factory, and build a production operation command center; promote the synergy between the environmental safety monitoring system and the industrial internet platform, and improve the equipment, spare parts management and system connectivity

Digital Marketing

Optimize and enhance the CRM system to support terminal stores to be "always new"; optimize the marketing expense management system to set up an expense early warning and evaluation system; optimize the applet, data analysis and consumer data platform to assist marketing activities and brand premiumization

Baijiu +

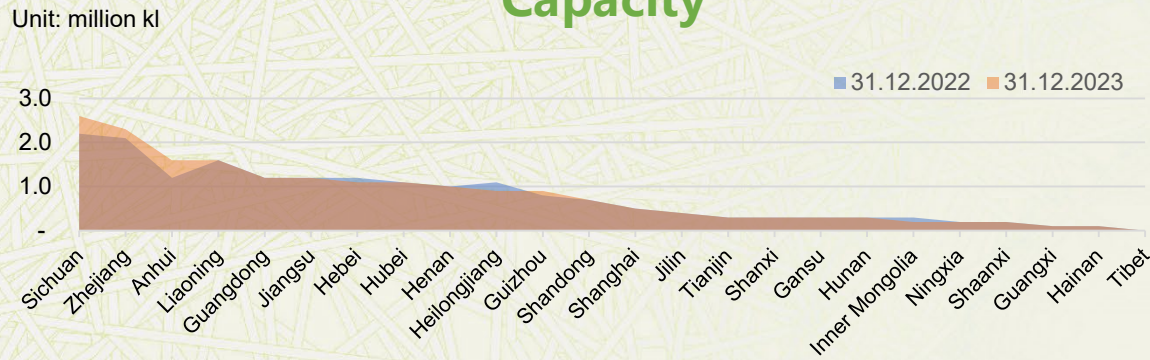
Taking into account the current situation of the project company and the experience in beer business, the strategy is to first establish functional management capabilities and the digitalization of business foundations, and then combine it with the development strategy and gradually improve the front-office business applications. Focus on production and functional areas to accelerate empowerment and improve system coverage, implement the establishment of supply chain finance, code and middle platform system



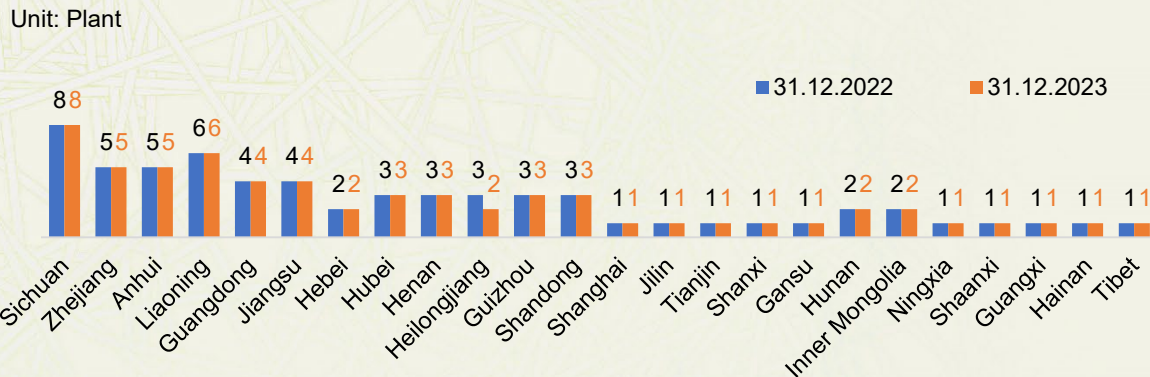
Improve Cost Efficiency via Various Measures

Concentrated capacity and advantageous procurement scale

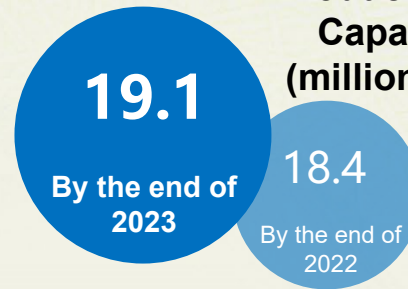
Capacity



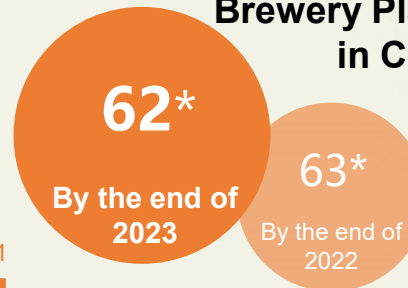
Number of plants



Annual Production Capacity (million kl)



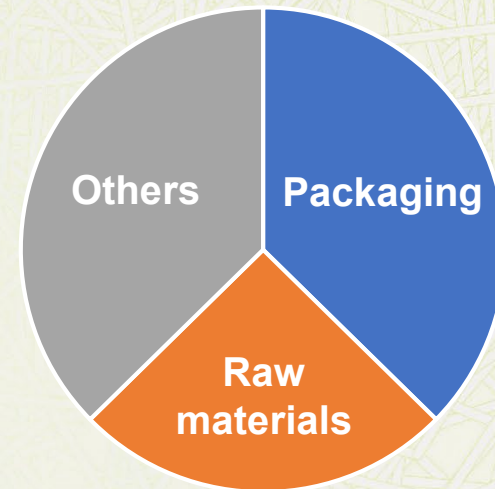
Number of Brewery Plants in China



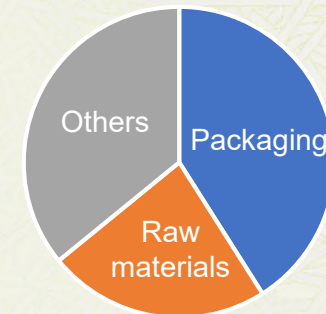
* Excluding the breweries that ceased operation and those that management decided to close

Production cost structure

2023



2022



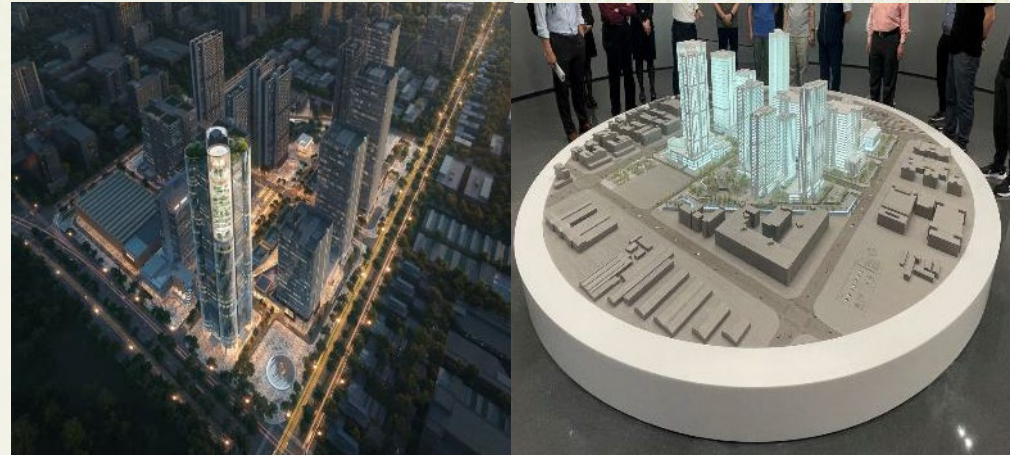
Construction of Headquarters Base and Beer Town

Celebrate the 30th anniversary together

CR Snow Shenzhen Headquarters Base Project

A localized, social, and diversified beer lifestyle experiential community that becomes an important part of the young culture in Shenzhen and its surrounding areas.

- Headquarters (topping-out completed)
- R&D center (topping-out completed)
- Beer museum
- Craft brewery
- Beer culture village
- Beer leisure square, etc



Snow Beer Town Project

- Lean, smart, green and environmentally friendly
- 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

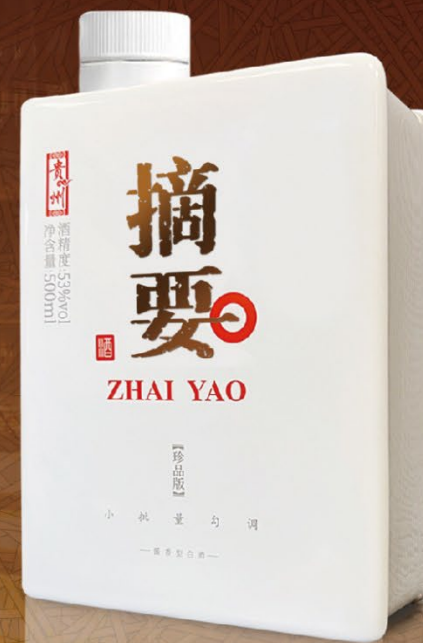


摘要



ZHAI YAO

Industry Leader with Outperforming Results



To Become an Explorer of the New World of the Baijiu Industry

Successfully entered phase 2 - "Development"

Phase 1 "Exploration"

- Manage and enter the industry, explore and learn
- Conclude and enhance capabilities
- Resolve legacy issues

Phase 2 "Development"

- Prices begin to stabilize
- Sales begin to grow
- Optimize processes and systems
- Various management experiences are being implemented and applied
- Conducting sustainable business
- Operating with a positive and ethical business approach
- Producing products that are safe, ethical, and of high quality

Phase 3 "Enhancement"

- Fully revitalize the vitality of each system
- Achieve outstanding results and experiences
- Form baijiu business' own development model



Build valuable brands

- "Each to their own beauty, sharing this beauty together". Based on the characteristics of each brand, draw out the value of each brand, and meet diverse needs.
- Evaluate baijiu brand resources and determine baijiu brand portfolio and positioning planning.
- Develop a national promotional strategies.
- Promote baijiu brand remodeling, optimize product packaging and quality upgrading.



Establish a working mechanism

- Establish a working mechanism for baijiu business, where the headquarters can promote, integrate, learn from experiences, and facilitate knowledge sharing. For key projects, project teams should be formed to conduct joint research and drive progress.
- Regularly hold business work meetings to review major business activities, summarize and share experiences, and establish a review mechanism to enhance business capabilities.



Enhance business management

- Standardize the business management system and process of baijiu, including sales management, brand promotion and product management.
- Explore general methods, manuals, tools, etc. for Baijiu sales and promotion.



Implement dual empowerment in business

- Deeply implement the "dual empowerment model for beer and baijiu businesses" and optimize its operation model, methods, process, tools and guidelines, enhancing the professionalism and effectiveness of implementation.



Explore group buying business

- Establish and improve a group buying resource database and promote the follow-up and implementation of group buying resources.



Build a Strategy for Creating a Matrix of Flagship Products

Continuously enriching the "1+1+N" brand matrix

Create a "1" premium and leading baijiu brand nationwide



Create a "1" brand in the national mid-low range



Create "N" valuable regional brands



Establish a Marketing System in the New World of the Baijiu Industry

Continuously improve and jointly create value

Price Management

Research methods for formulating and adjusting price systems, **establish a price system management mechanism, and conduct price inspections**, to ensure healthy and stable product prices

Inventory Management

Implementation and optimization of inventory management for distributors in the project company, frontend promotion of point-of-sale inventory management, **continuous optimization and improvement of the inventory management mechanism, ensuring a good market order**



Lean Sales

Take the project system as the starting point, promote the implementation of lean projects, **promote the separation of price promotion, and establish a lean sales management system** for the new world of the baijiu industry

Point-of-sale Management

Conduct in-depth research on point-of-sale and point-of-sale management, **select real big stores, promote real big store signing**, and establish a point-of-sale-oriented sales business management system



Build and Optimize the Key Customer Platform

Initiate channel empowerment and operations

Co-create a new world of baijiu

Establish a distinctive key customer operation and management model for China Resources Wine

Customer development and communication

Customer capability development

Customer informatization

Channel partners of China Resources Wine



Continuously improve ESG levels

The “14th Five-Year Plan” goals for the Group’s EHS management, with most of the indicators have been achieved ahead of schedule:

	Unit	2025 Targets	2023 Progress	2020年 Baseline	2023 vs 2020
Environment (8 items)					
Consolidated Energy consumption intensity per unit	Tonnes of standard coal / kilolitre output	0.019	0.019	0.021	-7.9%
Water consumption intensity per unit	Cubic metres / kilolitre output	2.68	2.77	2.69	+3.0%
Total greenhouse gas emissions	1,000 tonnes CO2 equivalent	825	806	914	-11.9%
Greenhouse gas emissions intensity per unit	Tonnes of CO2 equivalent / kilolitre output	0.075	0.075	0.084	-10.5%
Sulphur dioxide (SO ₂)	Tonnes	20	8	23	-63.8%
Nitrogen oxides (NO _x)	Tonnes	100	60	117	-48.8%
Recycling rate of dried distiller’s grains	%	100%	100%	100%	-
Recycling rate of dried waste yeast	%	100%	100%	100%	-
Social (4 items)					
Average training hours for each full-time employee in full year	Hours	36.1	35.5	29.3	+21.2%
Total training hours for full-time employee	Thousand hours	866	966	779	+24.0%
Average training cost for each full-time employee	RMB	426	890	341	+161.0%
Number of work related fatalities	People	0	0	0	-

Advancing various projects, including the construction of carbon neutral factories and green factories, revitalization of the domestic barley industry, red sorghum planting project, carbon neutral R&D center, intelligent manufacturing, and recycling of water resources.



Major Awards

Organizer	Awards	Details
China Association of Quality	The 20 th China Quality Award	<ul style="list-style-type: none"> China Resources Snow is the first beer enterprise to receive this award in nearly past two decades 
Ministry of Commerce, People's Republic of China	The third batch of the "China Time-honoured Brand" list	<ul style="list-style-type: none"> The brands "Snow" and "Guizhou Jinsha" were both named on the "China Time-honoured Brand" list 
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) 
The Hong Kong Institute of Directors	Directors Of The Year Awards 2023	<ul style="list-style-type: none"> Listed Companies Boards  

Major Awards (Cont'd)

Organizer	Awards	Details
Hong Kong Investor Relations Association	HKIRA 9th Investor Relations Awards	<ul style="list-style-type: none"> Overall Best IR Company Awards - Large Cap Grand ESG Award - Large Cap Best IR by Chairman/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
《IR Magazine》	IR Magazine Awards - Greater China 2023	<ul style="list-style-type: none"> Best Overall Investor Relations (Large Cap) Best Investor Relations Officer (Large Cap) Best in Sector: Consumer Staples Best IR during a Corporate Transaction
Zhitong Caijing	The 8th Zhitong Caijing Listed Company Awards	<ul style="list-style-type: none"> Most Valuable Consumer Goods Company Awards
am730, PR Asia and IFENG HK STOCKS	Listed Company Excellence Awards 2023	<ul style="list-style-type: none"> Listed Company Excellence Awards



Major Awards (Cont'd)

Organizer	Awards	Details
Corporate Governance Asia	Asian Excellence Award 2023	<ul style="list-style-type: none"> Asia's Best CEO (Investor Relations) Asia's Best CFO (Investor Relations) Best Investor Relations Company Best Environmental Responsibility Best Investor Relations Professional 
Fortune China	Fortune China 500	<ul style="list-style-type: none"> Ranked 362nd
Forbes China	2023 Forbes China ESG Innovative Enterprise Selection	<ul style="list-style-type: none"> 2023 Forbes China ESG Innovative Enterprise
Forbes	Global 2000	<ul style="list-style-type: none"> Ranked 1482nd
Asiamoney	Asia's Outstanding Companies Poll 2023	<ul style="list-style-type: none"> Most Outstanding Company in Hong Kong – Consumer Staples Sector 
Capital	Environmental Social and Governance Awards 2023	<ul style="list-style-type: none"> Environmental Social and Governance Awards
Yazhou Zhoukan	35rd Anniversary and Awards Presentation Ceremony	<ul style="list-style-type: none"> 2022 Asia Excellence Brand Award 2021-2022 ESG Award
The Hong Kong Institute of Financial Analysts and Professional Commentators Limited	Outstanding Listed Companies Award 2023	<ul style="list-style-type: none"> Outstanding Listed Companies Award
National Business Daily and Tsinghua SEM China Business Research Center	2023 Brand Value List of Chinese Listed Companies - Top 100 List	<ul style="list-style-type: none"> Ranked 76th



Major Awards (Cont'd)

Organizer	Awards	Details
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 
MerComm, Inc.	2023 ARC Awards International	<p>The 2022 Annual Report is recognized with below awards:</p> <ul style="list-style-type: none"> GOLD - Financial Data: Manufacturing & Distributing SILVER - Financial Data: Beverage & Food Manufacturer BRONZE - Interior Design: Beverage & Food Manufacturer BRONZE - Printing & Production: Beverage & Food Manufacturer HONORS - Printing & Production: Manufacturing & Distributing HONORS - Cover Photo/Design: Manufacturing & Distributing 
League of American Communications Professionals LLC (LACP)	2022 Vision Awards Annual Report Competition	<ul style="list-style-type: none"> Ranked 37th in Worldwide Top 100 Ranking Ranked 9th in Regional Top 80 Ranking (Asia Pacific Region) Regional Special Achievement Award – Most Engaging Report: Silver Top 50 Chinese Reports of 2022: Honors Excellence within industry: Platinum Excellence within industry: Gold Technical Achievement Award 



what's
next...

2024

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篇章...



摘要

Heineken



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