



Group Revenue

**RM2.80  
billion**

**Martijn Rene  
van Keulen**  
Managing Director

Group Profit Before Tax

**RM584  
million**

Group Net Profit

**RM467  
million**

# ***Management Discussion & Analysis***

As we reflect on the past year, I am proud of HEINEKEN Malaysia's achievements. In 2024, we navigated a dynamic environment marked by political and economic shifts, including geopolitical tensions, currency fluctuations and illicit alcohol issues. Despite these challenges, we made significant strides in the areas of people, planet and performance. This success is made possible by the dedication of our employees, business partners, customers and consumers. Their unwavering support and trust have been integral to our journey, and we extend our deepest gratitude."

## Management Discussion & Analysis

**HEINEKEN Malaysia delivered strong financial results in 2024, showing significant progress from the previous year, fueled by strategic marketing efforts and the successful launch of innovation products that resonated well with consumers.**

### BUSINESS AND OPERATIONS

At HEINEKEN Malaysia, we are guided by our purpose, 'Brew the Joy of True Togetherness to Inspire a Better World', creating memorable experiences that bring people together and foster a sense of community. We have remained resilient amidst challenges by aligning our initiatives with our growth strategy, EverGreen, to future-proof our business. A key aspect of this strategy is to drive superior growth by investing in our brands and diversifying our offerings to cater to evolving consumer preferences, ensuring we meet market demands. This approach, coupled with a cost and value optimisation mindset to fund our growth, has enabled us to achieve financial growth despite external pressures. We continue to invest in becoming the best-connected brewer, raising the bar on sustainability and responsibility and unlocking the potential of our people to be in a strong position to seize future opportunities.

Looking ahead, we aim to continue advancing our journey of learning and growth through our EverGreen strategy and continue to deliver balanced growth. The following is a review of our financial performance, operational progress, sustainability and responsibility efforts and our outlook for 2025.

### OUR PERFORMANCE

In 2024, our Company demonstrated strong financial performance, marking a significant improvement over the previous year. HEINEKEN Malaysia Group achieved a total revenue of RM2.80 billion, marking a 6% increase from the previous year's RM2.64 billion. The Group also recorded a 21% rise in net profit, growing from RM387 million in FY2023 to RM467 million in FY2024. This growth was driven by strategic commercial initiatives, including targeted marketing campaigns and the successful launch of innovation products that resonated well with consumers. At the same time, effective cost management allowed HEINEKEN Malaysia to enhance operational efficiency and reduce expenses. A strong rebound in consumer confidence also played a key role, as spending patterns returned to pre-pandemic levels with increased demand for premium and good quality beverages. In addition, the Group benefited from the recognition of deferred tax income relating to reinvestment allowance, resulting in a lower effective tax rate, which further supported net profit growth.

**Earnings per share (EPS)** rose from RM1.28 to RM1.55, reflecting the Group's strong financial performance. This increase in EPS is a positive indicator for shareholders, demonstrating the Group's ability to generate higher profits per share. However, **Net Cash from Operating Activities** declined by 12% to RM513 million, primarily due to working capital movements, reflecting the normalisation of FY2023's one-off positive impact from the factoring arrangement, which had significantly improved capital efficiency. This created a high base for comparison in FY2024.

**Net Assets** for FY2024 were recorded at RM539 million, an increase of 18% compared to FY2023. This growth is mainly due to improved business performance during the year. The increase in Net Assets signifies a stronger balance sheet and enhanced financial stability, which is beneficial for long-term growth.

**Capital Expenditure** for FY2024 was approximately RM90 million, a decrease of 37% compared to the previous year. This reduction is primarily due to lower spending following the completion of the brewery upgrade in 2023. The decrease in capital expenditure suggests that the Group was focused on optimising its existing assets and improving operational efficiency rather than pursuing new investment in FY2024.

The Group paid a total of RM1.45 billion in **Excise, Customs Duties and Sales Tax** for the year, representing 52% of the Group's revenue. This significant contribution to Government revenues underscores the Group's role as a major taxpayer. Additionally, the Group incurred RM118 million in income taxes, translating into an effective tax rate of 20%. This lower effective tax rate is due to the recognition of deferred tax income relating to reinvestment allowance, which highlights the Company's strategic tax planning and utilisation of available tax incentives.

Overall, HEINEKEN Malaysia's financial performance in FY2024 reflects a balance between growth and efficiency. The increase in EPS and Net Assets indicates strong profitability and financial health, while the decrease in capital expenditure and strategic tax planning demonstrates prudent management of resources. The Group's substantial contribution to taxes and duties further emphasises its responsibility to regulatory compliance and social responsibility.

The Board has proposed a single tier final dividend of 115 sen per stock unit for FY2024, subject to approval at the 61<sup>st</sup> Annual General Meeting. The single tier final dividend will be paid on 23 July 2025 to shareholders registered at the close of business on 25 June 2025. Upon approval, the total dividend for the year amounts to 155 sen per stock unit, comprising:

- A single tier interim dividend of 40 sen per unit, paid on 30 October 2024; and
- A proposed single tier final dividend of 115 sen per stock unit, payable on 23 July 2025.

The dividend payout ratio for the year is approximately 100%.

## Management Discussion & Analysis

### HIGHLIGHTS

#### Group Financial Performance for FY2024

Revenue

**RM2.80 billion**

Profit Before Tax

**RM584 million**

Net Profit

**RM467 million**

### DRIVE SUPERIOR GROWTH

Consumers and customers are at the core of our business. In this ever-evolving landscape, agility is essential. We have strategically invested in our core brands, Heineken®, Tiger and Guinness to maintain our competitive edge. Additionally, we have expanded our innovation portfolio with Tiger Soju Flavoured Lager, Edelweiss Peach and Guinness Draught in a Can to cater to evolving tastes and preferences.

## Heineken®

In 2024, Heineken® celebrated Chinese New Year (CNY) with a tech-savvy twist by launching the GONG HEI filter on Instagram, turning the "HEI" on Heineken® cans into festive greetings. This playful filter resonated with the tech-savvy generation, adding joy to the celebration. To add to the fun, Heineken® collaborated with Leo Burnett Malaysia to integrate the "Hei" logo into CNY greetings on delivery trucks, travelling over 36,000 km nationwide. This creative approach kept Heineken® part of the festivities while in compliance with local law. The creative activation earned multiple accolades, including Bronze for the Cannes Lion International Festival of Creativity and Kancil Awards.

We continued to innovate with Heineken® Refresh – a unique music discovery platform enhancing social experiences. The "Refresh Your Music, Refresh Your Nights," initiative encourages fans to explore new sounds and discover fresh tracks. The Heineken® Fresh List on Spotify offers an exhilarating digital experience, powered by the Heineken® Refreshing Algorithm, which introduced tracks outside common preferences. We successfully brought together 18,000 fans at the finale of Heineken® Refresh event to discover new music together for an unforgettable experience.

Recognising the surge in online gaming, especially simulator racing, we introduced Heineken® Player 0.0, an innovative mobile

simulator racing competition promoting responsible consumption through engaging digital experiences. This connected with digitally savvy audiences by blending the excitement of gaming with our no alcohol offering – Heineken® 0.0. The campaign also featured a partnership with F1 Champion Max Verstappen, underlining our efforts to promote responsible drinking.



Tiger Beer, synonymous with courage and ambition, launched the "Cheers to a Bolder Tomorrow" CNY in celebration of the Year of the Dragon. This celebration aimed to inspire Malaysians to reflect on their achievements and set bolder ambitions for the year ahead. With nationwide activations and immersive experiences in Kuala Lumpur, George Town and Ipoh, the campaign became a key driver of the Group's performance.

Building on this momentum, Tiger Beer extended its bold spirit to the world of football. Much like the brand, football ignites passion and brings people together across cultures and communities. Driven by this shared dynamic energy, Tiger Beer partnered with Manchester United, becoming the Official Beer Partner for one of the most iconic football clubs in the world.

As part of our Tiger Crystal campaign, we introduced the Tiger Crystal Food Festival – a vibrant celebration of Malaysia's rich culinary culture, perfectly paired with Tiger Crystal Beer, a brew that is Refreshingly Light, Perfect with Every Bite. This festival brought together some of the nation's favourite food vendors, creating an unforgettable dining experience where guests could savour their meals alongside the crisp and refreshing taste of Tiger Crystal. Beyond the food zones, guests were also treated to exciting food-themed games with exclusive Tiger Crystal merchandise up for grabs, making every moment a true celebration of food and friendship – with Tiger Crystal at the heart of it all.

Riding on the wave of innovation, we launched Tiger Soju Flavoured Lager, embracing modern consumers' preference for premium and unique offerings. Inspired by the global phenomenon of Korean pop (K-Pop) – with its record-breaking artists and rapidly expanding international fanbase – this bold innovation fuses the iconic Tiger lager with the smooth sweetness of soju, creating a refreshingly unique taste. This product offers a distinct drinking experience that aligns with evolving global trends.



Continuing our innovation streak and expanding new experiences for our consumers, we introduced Edelweiss Peach, a vibrant new take on the classic wheat beer, to cater to the growing demand for flavoured brews. This premium variant blends the smooth, refreshing qualities of wheat beer with the delicate sweetness of peach, delivering a crisp, fruity refreshment with every sip. With its subtly sweet notes and bright, refreshing finish, Edelweiss Peach brings a touch of fun to everyday moments, offering a flavour experience that enhances life's lighter, more enjoyable side.

## Management Discussion & Analysis



We continue to offer distinctive experiences through our existing brands. Since October 2024, we started brewing Guinness Draught in a Can locally, allowing consumers to enjoy the smooth and creamy texture of a pub-poured pint from the comfort of their own homes. This enhances accessibility while maintaining the same quality that consumers enjoy.

Our connection with football fans was further strengthened through a four-year global partnership between Guinness and the Premier League, making Guinness the Official Beer of the league. Embracing the passion for the game, Guinness set out to boost the football-viewing experience with immersive activations and fan-centric experiences as part of the "Lovely Game for a Guinness" campaign. This campaign came to life with local viewing parties, exclusive giveaways and engaging activities at top pubs and bars nationwide, embodying the camaraderie of football while rewarding fans with unforgettable moments and dream rewards, including all-expenses-paid trips to live matches.



In 2024, Anchor continued to strengthen its market presence in Malaysia, building on its deep roots as a widely enjoyed beer. The brand focused on targeted consumer promotions and activations to drive engagement. Notable initiatives included efforts to raise visibility and a strategic approach to create more value for our consumers. These efforts helped reinforce Anchor's position in Malaysia.



In addition to investing in our brands, we collaborate with our customers to support the service industry, especially with bartenders as they are crucial touchpoints with consumers. A key milestone in this effort was Jason Dennis D'Cruz, a graduate of HEINEKEN Malaysia's Star Academy, who made history as the second Malaysian to win the Heineken® Global Draught Championship in Amsterdam after claiming the title of National Champion in Malaysia. Our Star Academy programme goes beyond training; it's an empowering journey for our partners and bartenders. By enriching their knowledge and refining their skills, we enhance the experience for our consumers. The comprehensive training programme equips bartenders with the essentials of mastering the perfect pour – focusing on technical precision, responsible serving and exceptional customer engagement.

### BRAND ACCOLADES

Our brands continued their winning momentum at the Putra Brand Awards 2024 and Putra Aria Awards 2024, reinforcing our dedication to excellence and brand leadership in Malaysia,



### HIGHLIGHTS

**HEINEKEN Malaysia celebrated remarkable achievements at the Putra Brand Awards 2024 and Putra Aria Brand Awards 2024, securing four prestigious accolades**

**Heineken®, Tiger Beer and Guinness each clinched Gold, while Edelweiss earned Bronze for the second consecutive year since its launch in Malaysia.**

bringing the Group's total award tally to an impressive 47. In addition to the above, we were honoured at the Effie Awards, MAD Stars Awards 2024 and the Media Specialists Association Awards, highlighting our brands' excellence in creating campaigns that deeply resonate with our audiences. This success is driven by our strategic use of digital platforms, cultural insights, innovative technology and data applications.

### BECOME THE BEST-CONNECTED BREWER

We continue to strengthen our position as the best-connected brewer, one of the key pillars of our EverGreen strategy. We launched **eazle**, an innovative eCommerce platform to improve order management for independent shops, restaurants and bars. The user-friendly interface and robust features have driven customer satisfaction and loyalty, laying a strong foundation for future growth. We are confident that **eazle** will play a crucial role in our long-term strategy, delivering sustained value to our customers. Our Drinkies Direct-to-Consumer (D2C) platform also triumphed at the Asian Experience Awards 2024 for its user-friendly features and personalised recommendations, setting a new benchmark for digital interaction in the beverage industry. Drinkies has enhanced customer satisfaction, fostered brand loyalty and expanded our consumer base.



## Management Discussion & Analysis



**Our people are at the heart of everything we do. We foster a diverse, inclusive and empowering workplace where every individual can thrive.**

### UNLOCK THE FULL POTENTIAL OF OUR PEOPLE

Our priority is the wellbeing of our employees while focusing on enhancing gender balance, promoting inclusive leadership and supporting professional growth. With women making up 43% of our Board and 38% of our Management Team, we exceeded the Government's target for gender representation at Senior Management. These accomplishments reflect our goals to creating opportunities for everyone to thrive. To cultivate a robust talent pipeline, we offer diverse training and development programmes, short-term international assignments and our HEINEKEN Global Graduate Programme, which provides comprehensive exposure across the business over 18 months.

### BREW A BETTER WORLD

Sustainability and responsibility are embedded in our operations. Our Brew a Better World 2030 sustainability strategy guides our

efforts to reduce our environmental footprint, uplift communities and advocate responsible consumption.

With the 2024 updates to the European Commission's Corporate Sustainability Reporting Directive (CSRD) and the transition to Malaysia's National Sustainability Reporting Framework (NSRF), HEINEKEN Malaysia will aim to align with these comprehensive reporting requirements. We support these enhanced sustainability frameworks and uphold transparency in our disclosures.

The ESG Review section on pages 46 to 98 of this Annual Report offers a comprehensive overview of our sustainability efforts, progress, governance and disclosures, including a discussion on business and climate risks. An important update on our net zero journey, we have revised our carbon baseline from 2018 to 2022 to ensure a more accurate and comprehensive measurement of our progress towards net zero. This adjustment aims to provide a more relevant benchmark for tracking our journey towards achieving net zero emissions. The disclosures in the section align with Bursa Malaysia's enhanced reporting standards, Global Reporting Initiative (GRI) Standards and other relevant frameworks. We are guided by our Sustainability Policy, which is operationalised through our ESG Governance framework. Progress is reported quarterly to both the Board of Directors and the Management Team.

## Management Discussion & Analysis



### ENVIRONMENTAL SUSTAINABILITY

**36%**

reduction in Scope 1 and Scope 2 emissions in production vs FY2022 baseline

Installed

**3,500**

mono-perc solar panels, operational since July 2024

**100%**

renewable electricity since March 2022 through Green Electricity Tariff (GET) programme

**Fully recycled and upcycled**

our production waste since 2017

Reduced

**108 tonnes**

of plastic by switching secondary packaging from plastic to paper-based materials

**29%**

improvement in water consumption vs 2014 baseline, at 3.06hl/hl in 2024

Balanced

**209%**

water used in our products through initiatives to promote healthy watersheds

Advocacy efforts focused on ESG and corporate water stewardship were conducted

across **10** strategic platforms, including climate summits and workshops

Engaged

**36**

suppliers to kickstart ESG journey



### SOCIAL SUSTAINABILITY

**43%**

women in Board of Directors

**38%**

women in Management Team

**20,993 hours**

of training provided to employees, averaging 40 hours per employee

**ZERO**

fatal accidents and serious injuries

**RM19 million**

raised for nine institutions through the Tiger Sin Chew Chinese Education Charity Concert (Tiger Sin Chew CECC) in 2024, RM427 million raised since 1994

Allocated

**RM220,000**

to support four NGOs through HEINEKEN Cares programme

**100%**

of our suppliers adhered to the HEINEKEN Supplier Code

**ZERO**

substantiated labour or human rights violations reported

**TWO**

DEI-themed films were curated, "Breaking Labels" and "The Inner Voice", to challenge stereotypes and foster a sense of belonging



### RESPONSIBLE CONSUMPTION

**Launched**

series of awareness videos for employees on responsible consumption

**>10%**

of Heineken® media spend to promote responsible consumption and "When You Drive, Never Drink"

**>RM140,000**

worth of Grab e-hailing promo codes distributed to consumers



## Management Discussion & Analysis

### GOVERNANCE AND RISK MANAGEMENT

Our approach to risk management is outlined in our Statement on Risk Management and Internal Control on pages 115 to 121 with key risks related to climate and water discussed in the ESG Review section. The Group has established a robust risk management and internal control system based on the Enterprise Risk Management and Internal Control Reference model. As an integral part of HEINEKEN Business Framework, this system integrates the HEINEKEN Risk Management Framework, enabling us to identify and address risks during strategy development to ensure the achievement of our business objectives.

### RECOGNITIONS IN ESG

In 2024, HEINEKEN Malaysia celebrated several accolades for our sustainability and people agenda. Our achievements were recognised across prestigious platforms, reflecting our ambition for positive impact and responsible business.

At the ESG Positive Impact Awards 2023, we won three Gold awards for Water Management and Efficiency, Innovative Partnership and Waste Management. We were also honoured at the UN Global Compact Network Malaysia and Brunei (UNGCMYB) Forward Faster Sustainability Awards 2024 for Water Resilience for the third consecutive year and SDG Reporting Disclosure. In addition, The Malaysian Dutch Business Council Innovation and Sustainability Awards 2024 awarded us Best Sustainable Built Environment, recognising our progress in embedding sustainability into our daily operations. Our leadership in sustainability earned us Company of the Year for ESG Leadership at the Sustainability & CSR Malaysia Awards 2024, celebrating our progress in environmental management and community initiatives like HEINEKEN Cares.

Beyond environmental management, we take pride in fostering a workplace for our people to thrive. At the HR Excellence Awards 2024, we secured Gold for Excellence in Retention Strategy and Excellence in Total Rewards Strategy, marking our dedication to creating a supportive and rewarding work environment for our employees. Similarly, our focus on employee wellbeing earned us Bronze for Best Employee Wellness Strategy at the Employee Experience Awards 2024 and we were officially certified as a Great Place to Work – a testament to our strong culture of engagement, inclusion and employee satisfaction.

These recognitions serve as a reflection of the collective efforts of our people, partners and stakeholders. As we move forward, we remain steadfast in our mission to deliver superior and sustainable growth while unlocking the full potential of our people, enhancing employee experiences and creating a positive impact in the communities we serve.



#### HIGHLIGHTS

**We won three Gold awards at the ESG Positive Impact Awards 2023 for our efforts in Water Management and Efficiency, Innovative Partnership and Waste Management. Additionally, our work was recognised at the UNGCMYB Forward Faster Sustainability Awards 2024 for Water Resilience for the third consecutive year and for SDG Reporting Disclosure**

### OUR OUTLOOK

As we look ahead to 2025, we anticipate lingering uncertainty in our operating environment due to ongoing geopolitical tensions, currency fluctuations, persistent inflationary pressures and the challenge of illicit alcohol. Despite these obstacles, we see opportunities emerging from recent macroeconomic stability, including improving consumer confidence and increased tourist arrivals. We remain cautiously optimistic about our ability to adapt and navigate this evolving market landscape, particularly in the face of economic volatility and a challenging consumer environment. By aligning our efforts with our EverGreen strategy, we aim to drive sustainable growth and strengthen our long-term resilience through cost optimisation and operational efficiency. Additionally, we welcome the Government's decision not to increase excise duties in Budget 2025, as any hike in excise rates would drive greater demand for illicit alcohol. The Group will continue to work closely with relevant authorities to address illicit alcohol concerns, ensuring a fair operating environment for key players through awareness campaigns. All in all, we will persist in staying One Step Ahead by continuously innovating and adapting to the ever-changing market landscape, ensuring we deliver exceptional value and experiences to our customers and consumers.

## Management Discussion & Analysis

### OUR PURPOSE AND STRATEGY



Our purpose is to  
**Brew the Joy of True Togetherness  
 to Inspire a Better World**



#### DRIVE SUPERIOR GROWTH

With consumer centricity, shape & lead premium category. Continue investing behind our brands.



#### FUND THE GROWTH

Cost & value to drive efficiency, enabling reinvestments into our brands and business.



#### RAISE THE BAR ON SUSTAINABILITY & RESPONSIBILITY

Deliver on our ambition to become net zero carbon in production by 2030 and the full value chain by 2040.



#### BECOME THE BEST CONNECTED BREWER

Accelerate digital & technology to create a Unified Customer Ecosystem with a customer & consumer-first approach.



#### UNLOCK THE FULL POTENTIAL OF OUR PEOPLE

Promote a high-performance culture that boosts our strategic capabilities.

### ACKNOWLEDGEMENTS

My deepest gratitude to our shareholders for their trust and continued confidence in HEINEKEN Malaysia. Your unwavering support enables us to invest in long-term growth and sustainability, and your belief in our strategy drives us to continuously strive towards delivering strong financial performance and creating long-lasting value.

We owe much of our success to our trade partners and distributors, whose expertise and reliability have been instrumental in expanding our reach and delivering exceptional experiences to our consumers. A special mention must go to our employees, whose hard work, dedication and valuable contributions fuel our success. Our remarkable achievements would not have been

possible without this incredible team. Let's continue to Brew the Joy of True Togetherness to Inspire a Better World.

As we reflect on our journey ahead, I would like to express my sincere appreciation for Roland Bala's exceptional leadership over the past six years. Under his guidance, HEINEKEN Malaysia successfully navigated challenges and delivered a strong performance during his tenure. His strategic direction has laid a solid foundation for the future, and we are committed to building on his legacy.

**Martijn Rene van Keulen**

Managing Director

11 March 2025