

GAB delivered a very respectable performance for the financial year ended 30 June 2009. Recording our eighth successive year of volume, revenue and profit growth, we outperformed our nearest competitor and further extended our leadership of the malt liquor market (MLM).

We captured 57% of the MLM volume and 69% of the industry profit pool. This performance, achieved in an extremely challenging operating environment, bears proof that our unwavering focus and strategic investment in the areas of People, Brands and Performance is continuing to pay off.

#### **INSPIRED TO EXCEL**

GAB has its sights firmly set on becoming a world-class business and a world-class employer. We continue to be guided by our long-term Vision of becoming an icon in business, respected the world over for delivering exceptional growth in People, Brands and Performance. It is this Vision and our Values of having a passion for winning, valuing and respecting each other, showing integrity in all that we do, and providing enjoyment, that are inspiring the GAB team to deliver exceptional performance. Together with our key enablers of Focus,

Delivery, Improvement and Teamwork, our people are time and time again being stirred to lift GAB's gains to higher levels.

#### **TOGETHER, WE BREWED SUCCESS**

The year saw everyone in every department within GAB make their full contribution towards our performance. Our teams knew what they wanted to do and how they wanted to do it. Marketing and Sales conceptualised, developed and executed bigger and better programmes to help us deliver results. Consequently, all of our brands grew and we reaped the rewards of earlier efficiency enhancing projects. Our Supply Chain team successfully delivered against the challenges of increased demand and maintained quality to win the Guinness League of Excellence for the third year in a row.

# Managing Director's Review



## MANAGING DIRECTOR'S REVIEW

Our Corporate Relations and Legal team successfully led the way in presenting the views of the Industry. Through regular engagement and feedback sessions, they helped us to forge working relationships with the Government and the various other stakeholders. They also took our corporate responsibility efforts up several notches with the launch of the GAB Foundation. Human Resources continued to steer us towards becoming an Employer of Choice through their implementation of GAB's Seven HR Pillars.

Our Finance team enhanced their support to all departments and successfully transitioned our accounting and budgeting systems from the old pricing and discount system to a new nett pricing system; and our Information Systems & Technology team successfully migrated us to our own independent technology network.

While there is much more to recount, Team GAB stepped up to the plate to deliver exceptional performance. Winning Diageo's Asia Pacific Market of the Year Award, which recognises a business that has displayed continuous improvement in every aspect of the business, encapsulates the efforts and contribution of the people in GAB. Together, we truly brewed success.

A big contributor of GAB's success is our investment in our portfolio of premium international brands, particularly our four pillar brands, Tiger, Guinness, Heineken and Anchor. Our efforts this year did much to reinforce their position with consumers and our trade partners and as a result, every single one of these pillar brands grew.

We also introduced three new imported brands to the market – SOL (the original Mexican beer since 1899), Strongbow (the world's best selling cider), and Paulaner (the world's no. 1 German wheat beer). Whilst we expect that imported beers will continue to be a small segment in the MLM, they underscore our objective of providing the market with a diverse portfolio of brands, with a distinct positioning, for different drinking occasions.

We also continued to invest in portfolio development, innovation activities and high quality programmes to help our trade partners grow. These included the rejuvenation of Guinness Foreign Extra Stout (FES) and the expansion of distribution for Guinness Draught and Kilkenny Draught. We made significant investments in advertising and promotions, up-weighted successful music properties and undertook various other activities including commissioning internationally acclaimed Asian artistes to design limited edition Tiger Beer bottles.

2009 marks the 250th anniversary of Guinness and to kick start celebrations in Malaysia, we launched the G250 promotion, hailed as the largest and most impactful consumer promotion in the last 30 years. The year-long global celebrations came to a peak on "Arthur's Day" on 25 September 2009 when celebrations were held in five destinations across the world, Dublin, New York, Lagos, Yaounde and our very own, Kuala Lumpur. Malaysia was hand-picked as the Asian destination because of the fact that we brew the best Guinness in the world, outside of Ireland, and because Malaysia is one of the biggest Guinness markets in the world.

As always, brand promotions centering on Deepavali, Christmas, Chinese New Year and St. Patrick's Day played a huge part in driving GAB's volume and growing our market share. Our Dragon Mission FY2009 fund raising campaign over Chinese New Year led by our four pillar brands once again garnered immense support from coffee shops, supermarkets and hypermarkets. Launched on an even bigger scale this year, Dragon Mission FY2009 raised a staggering RM2.8 million for Chinese education in just seven weeks.

Going forward, we will ensure that our brands continue to work in harmony to drive GAB's overall business growth.

### TRADE TIES IMPROVED

As market leader, we are constantly looking for ways to add value to our trade partners so that they may derive greater benefits from working with us. In line with this, we launched Project SEAT, a new product order system that improves the way we serve and deliver goods to our distributors while enabling them to better manage their warehouse utilisation. GAB products now reach customer outlets faster and our distributors are now better able to manage their cash flow. We also initiated a series of nationwide distributor and trade engagement activities that have gone a long way to ensure open and honest dialogue and stronger ties with our distributors and the trade.

In the year under review, we started the GAB Academy, a dedicated trade engagement programme designed to equip our key F&B partners with creative business solutions and, product and customer training. GAB Academy consists of two parts, the VIP Programme and the HERO Programme. The VIP Programme, a partner development initiative targeted at owners and senior managers, focuses on actionable business ideas that add value, while the HERO Programme provides frontline bar and restaurant staff with product knowledge and skills training.

These initiatives together with all our other efforts over the years have done much to bolster our market leadership position and convince the retail trade to make a clear shift towards GAB in this market downturn. As a result, more and more of the retail trade have chosen to partner with GAB because of our strong performance, superior portfolio of brands, quality programmes and good returns on investment. In fact, the past year saw us signing up over 70% of new contracts and renewals in the market. Going forward, we aim to work closely with all our trade partners to ensure we all keep performing during these challenging times.

**TOTAL PRODUCTIVITY ENHANCED**

GAB's respectable performance also comes on the back of continued successful implementation of our Total Productive Management (TPM) zero loss programme. Currently into its fifth year of implementation, our TPM programme has certainly enhanced our total productivity and our standing as a world class brewery.

We once again attained international recognition during the year. For the third consecutive year, GAB won the coveted Guinness League of Excellence Award for the best quality Guinness brewed outside of Ireland. This feat is all the more impressive given the fact that this has never before been achieved by any other brewery anywhere in the world.

**HUMAN CAPITAL STRENGTHENED**

GAB is committed to creating a world class organisation of highly motivated, well trained and capable individuals operating as a team. What is evident within our Company is the sense of loyalty and continuity of service that our people display. Our management and leadership teams too have had the opportunity to work together over several years which has provided continuity and stability. As part of our commitment to growing our people, a significant portion of GAB's staff were promoted or moved to new roles to further their development, some were also seconded to positions in other markets within our global network in the past year.

As we aspire to become the Malaysian Employer of Choice, we continue to invest in creating the best possible working environment for our staff as well as inculcating a culture of excellence among them. In line with our commitment to skill and competency development as well as employee empowerment, in the past year, we increased our investment in training and development by some 25%. Today, GAB retains a highly skilled and performance-oriented team with a staff attrition rate that is significantly below the Malaysian average.

In the year under review, we also concluded our Collective Agreement within six weeks of starting negotiations, a testament to GAB's strong employer-employee relationship.

**MOVING FORWARD CONFIDENTLY**

Moving forward into the financial year ending 30 June 2010, we anticipate little to no growth in the MLM due to the unfavourable economy. GAB will however make every effort to tackle the challenges on hand and deliver another strong performance.

We envisage that GAB's growth will come from refining and enhancing the approach which has made us successful thus far. We will look for opportunities to excite consumers, drive innovation across the portfolio, and partner with the best distributors and trade partners to unleash the power of our sales teams.

We will also work on expanding and defending our leadership positions across all channels, undertake prudent CAPEX investments to ensure efficiency, continuity and quality of supply, plus escalate our efforts to become an Employer of Choice to retain and attract the best talent.

GAB will also leverage on brand activities to drive growth. Our trade partners and consumers can look forward to GAB carrying out some exciting and powerful trade activities in the coming year.

Even as we brace ourselves for more tough times, we take confidence in the fact that we have learnt valuable lessons from the current market challenges and are better prepared to fight it out. Going forward, GAB expects to deliver another stable year and brew greater success as we continue to bring our winning blend of People, Brands and Performance into play.

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