

EABL's performance hampered by tough regional macro-environment and steep excise tax impact in Kenya

- *Net sales growth at 4 percent to Kshs 57.3 billion, dampened by steep excise-led price increases in Kenya*
- *Group's profit flat at Kshs 8.7 billion, due to high cost of goods inflation*
- *Capital expenditure of Kshs 6.7 billion during period under review, to leverage future growth*
- *Recommended interim dividend at Kshs 3.75 per share, similar to same period last year*

Nairobi, Kenya: January 26, 2023: East African Breweries PLC (EABL) has reported Kshs 57.3 billion in net sales for the half year ended 31 December 2022, representing a 4 percent growth compared to the same period last year.

During this period, Group volumes declined by 4 percent year-on-year, as price increases impacted consumer purchasing patterns, mainly in mainstream and value segments.

EABL Group Managing Director & CEO, Ms. Jane Karuku said: *"EABL faced an exceptionally challenging time related to macro-economic volatility and drought situation across East Africa, global inflation, and geo-political disruptions related to the Russia/Ukraine war. This was further compounded by excise-related price increases in Kenya, effected in July and October, which significantly affected consumption of our brands."*

In July 2022, Kenya's excise tax for beer and spirits came to effect following the 2022/23 Budget, increasing by 10 percent and 20 percent, respectively. In October 2022, beer and spirits consumers were hit by a further 6.3 percent excise tax increase in the form of annual inflationary adjustment. These increases came on the back of an annual upward excise adjustment in 2021, leading to a compounded annual excise tax increase of 23 percent for beer and 34 percent for spirits. Consequently, beer volumes were down 13 percent in Kenya, with performance further undermined by a re-emergence of illicit alcohol during the period under review.

As a result, EABL's net sales growth regressed by 1 percent in Kenya, its largest market, while Uganda and Tanzania grew by 19 percent and 11 percent, respectively. The Group's slower top-line growth resulted to Kshs 8.7 billion in profit, which was flat compared to the same period last year. The EABL Board has recommended an interim dividend of Kshs 3.75 per share, similar to the same period last year.

Ms. Karuku said: *"We will continue executing our strategy to navigate the prevailing macroeconomic volatility, leveraging our portfolio of extraordinary brands, smart investment, fuelled by our culture of everyday efficiency. We are also staying close to our consumers, taking advantage of our commercial capabilities and digital tools to enable us rapidly understand trends and execute with precision."*

During the period under review, the business continued to invest smartly behind brands, digital capabilities and consumer experiences. EABL also invested Kshs 6.7 billion in capital expenditure to extend production capacity and Environmental, Social and Governance (ESG) initiatives.

The ESG investment has led to 99 percent renewable energy use in half of EABL's six sites across East Africa, a significant progress on the company's environmental agenda to accelerate its low-carbon journey.

Ms. Karuku added: *"As we turn a new page into EABL's next 100 years, I am proud of the execution of our ESG strategy focussing on building a sustainable supply chain, protecting the environment and the natural resources we all rely on. We are forging ahead with plans aimed at supporting skills development, inclusion and diversity and promoting responsible drinking."*

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About EABL PLC

East African Breweries PLC (EABL) is a regional leader in beverage alcohol with an exceptional collection of brands across beer and spirits. Although our business is concentrated on three core markets of Kenya, Uganda and Tanzania, our products are sold in more than 10 countries across Africa and beyond.

Our brands are an outstanding combination of local jewels and international premium spirits. These include among others Tusker, Guinness, Bell Lager, Serengeti Lager, Kenya Cane, Chrome Vodka, Johnnie Walker, Captain Morgan and Smirnoff.

Our performance ambition is to be one of the best performing, most trusted and respected consumer products companies in Africa. We are proud of the brands we make and the enjoyment they give to millions. We are passionate about alcohol playing a positive role in society as part of a balanced lifestyle.