

East African Breweries PLC

RESULTS FOR THE YEAR ENDED 30TH JUNE 2022 (AUDITED)



The Board of Directors of East African Breweries PLC (EABL) is pleased to announce its audited results for the year ended 30th June 2022



“ The financial year has seen the East African economies recover following the initial impact of the COVID-19 pandemic.

Nevertheless, the second half of the year brought new challenges in the form of runaway inflation, foreign currency fluctuation, and reduced consumer purchasing power. As such, businesses have faced mixed fortunes across East Africa.

Against this background, we are proud of the results we announce today. The Board has therefore proposed a final dividend of Kshs 7.25 per share bringing the total dividend to Kshs 11 per share.

The Board and management team are committed to delivering long-term value to all our stakeholders. As we celebrate 100 years of EABL's operations, we will continue to strive to be the best performing, most trusted, and respected company in Africa. ”

Dr. Martin Oduor-Otieno - Group Chairman



“ EABL is delighted to deliver another set of strong results, with robust growth in sales and a resounding triple-digit growth in profits. These results reflect the rigorous execution of our strategy, the strength of our portfolio, and our agility in responding to emerging trends and insights. We are also making good progress on our 10-year sustainability plan to make a positive contribution to the communities where we live, work, source and sell.

While our business has performed strongly this year, we expect near-term volatility to persist. We remain sharply focused on executing against our strategic priorities supported by an external focus, data-led insights, and a culture of everyday efficiency. We expect to deliver continued growth, sustained profitability, and consistent cash flow generation.

I am deeply grateful to my team for their continued dedication and resilience in delivering such strong results. I remain optimistic about the growth prospects for our industry and believe EABL is well positioned for the future. ”

Ms. Jane Karuku - Group MD & CEO

Net Sales
Kshs 109.4bn
+27%

Profit After Tax
Kshs 15.6bn
+124%

Dividend Per Share
Kshs 11.00
F21: Nil

Total Taxes
Kshs 87.7 bn*
+18%

Condensed consolidated statement of comprehensive income for the year ended

	30th June 2022 Kshs 'M	30th June 2021 Kshs 'M
Gross Sales	193,850	152,572
Indirect Taxes	(84,441)	(66,610)
Net Revenue	109,409	85,962
Cost of sales	(56,553)	(48,548)
Gross profit	52,856	37,414
Selling and distribution costs	(9,734)	(7,362)
Administrative expenses	(10,842)	(9,320)
Other expenses	(4,028)	(5,925)
Net finance costs	(4,236)	(3,949)
Profit before income tax	24,016	10,858
Income tax expense	(8,442)	(3,896)
Profit for the year	15,574	6,962
Other comprehensive income	1,272	210
Total comprehensive income	16,846	7,172
Basic earnings Per Share	15.00	5.51

Condensed consolidated statement of cash flows for the year ended

	30th June 2022 Kshs 'M	30th June 2021 Kshs 'M
Cash generated from operations	35,330	21,524
Net interest paid	(4,048)	(3,140)
Tax paid	(5,376)	(3,772)
Net cash generated from operating activities	25,906	14,612
Purchase of property, plant and equipment	(13,007)	(7,745)
Other investing activities	(165)	(6,453)
Net cash used in investing activities	(13,172)	(14,198)
Dividends paid	(5,225)	(201)
Proceeds from borrowings	19,519	23,552
Repayment of borrowings	(22,926)	(19,398)
Other financing activities	(766)	(489)
Net cash used in financing activities	(9,398)	3,464
Net increase / (decrease) in cash and cash equivalents	3,336	3,878
At start of period	4,421	1,729
Foreign exchange impact of translation	310	(1,186)
Net increase / (decrease) in cash & cash equivalents	3,336	3,878
Cash and cash equivalents at end of the period	8,067	4,421

Condensed consolidated statement of financial position as at:

	30th June 2022 Kshs 'M	30th June 2021 Kshs 'M
Share capital and share premium	3,273	3,273
Retained earnings	8,678	5,519
Other reserves	(1,470)	(2,607)
Proposed dividends	5,733	-
Non-controlling interests	10,200	8,667
Total equity	26,414	14,852
Borrowings	36,161	39,323
Other non-current liabilities	6,013	6,239
Non-current liabilities	42,174	45,562
Total equity and non-current liabilities	68,588	60,414
Property, plant & equipment	68,585	59,747
Other non-current Assets	6,431	6,277
Non-current assets	75,016	66,024
Inventory	13,272	11,688
Trade and other receivables	12,197	16,792
Cash and bank balances	9,942	5,612
Current Assets	35,411	34,092
Trade and other payables	32,894	31,217
Borrowings	6,634	6,900
Bank overdraft	1,875	1,191
Other non-current liabilities	436	394
Current Liabilities	41,839	39,702
Net current liabilities	(6,428)	(5,610)
	68,588	60,414

Condensed consolidated statement of changes in equity

	Share capital & Share premium Kshs 'M	Other reserves Kshs 'M	Retained earnings Kshs 'M	Proposed dividends	Non-controlling Interest Kshs 'M	Total Kshs 'M
At 30 June 2020 & 1 July 2020	3,273	(2,821)	5,869	-	7,672	13,993
Comprehensive income	-	195	4,355	-	2,622	7,172
Share based payments	-	25	-	-	-	25
Employee share ownership plan	-	(6)	-	-	-	(6)
Transactions with non-controlling interests	-	-	(4,705)	-	(1,566)	(6,271)
Dividends	-	-	-	-	(61)	(61)
At 30 June 2021 & 1 July 2021	3,273	(2,607)	5,519	-	8,667	14,852
Comprehensive income	-	1,229	11,857	-	3,760	16,846
Share based payments	-	30	-	-	-	30
Employee share ownership plan	-	(122)	-	-	-	(122)
Dividends	-	-	(8,698)	5,733	(2,227)	(5,192)
At 30 June 2022	3,273	(1,470)	8,678	5,733	10,200	26,414

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Operating Environment

The financial year saw the respective East African governments make significant strides in vaccine administration against Covid-19 leading to the easing of Covid-19 related restrictions that had been in place for the better part of the last two years. This easing contributed to an improved operating environment as outlets reopened and consumer activities picked up. We supported the hospitality industry through our \$5m Raise The Bar fund. Soon after the re-opening, the global economy was impacted by the Russia-Ukraine war that has led to accelerated inflation, increased operating costs and reduced consumer disposable income.

Performance Review

Net sales grew 27% to Kshs 109.4 billion as both beer and spirits recovered. At country level, Kenya, Uganda, and Tanzania's revenues grew 30%, 24%, and 21% driven by volume recovery coupled with investment behind brands and continued channel innovation in response to consumer behaviour shifts. Strategic price increases following excise adjustments in Kenya and Uganda also contributed to net sales growth.

Profit after tax grew 124% to Kshs 15.6 billion driven by the increase in net revenue and effective cost management.

Net cash from operating activities (Kshs 25.9 billion) grew 77% and free cash flow increased by Kshs 12.3 billion to close at Kshs 12.7 billion as at 30 June 2022, driven by growth in operating profit and working capital management. This increase in cashflows saw a reduction in net debt from Kshs 41.8 billion to Kshs 34.7 billion.

Contribution to Government revenue

The Group continues to be a major contributor to the revenues of Governments in the region, paying taxes of Kshs 87.7 billion during the year (F21: Kshs 74.3 billion). However, the region has some of the highest alcohol excise tax rates in Sub Saharan Africa, with the excise regime in Kenya becoming increasingly aggressive and unpredictable, creating uncertainty for businesses like ours.

The significant tax increases impact affordability of quality alcohol and aid the uptake of illicit unsafe brews and contraband liquor, reversing the gains made in combating unregulated alcohol. Over time, these options are harmful to consumers and as volumes are impacted, government revenues will also reduce. We continue to raise our concerns with the relevant stakeholders on the importance of reasonable tax increases to protect the well being of consumers and government and industry revenues

Looking Ahead

As we step into the future with the heritage and foundation we have built over the last 100 years, our commitment remains to grow our business in a consistent and sustainable way. We are confident in our long term strategy, the strength of our brands and the extraordinary character and talent of our people. With these we are well placed to successfully manage the challenges and capture opportunities that will continue to drive sustainable growth across East Africa, and live our purpose to celebrate life everyday, everywhere.

Dividend

An interim dividend of KShs 3.75 per share was paid during the year (2021: nil). The Board of Directors has recommended a final dividend of KShs 7.25 per share (2021: nil) to be paid on or about 30th October 2022 to shareholders registered at the close of business on 15th September 2022, subject to withholding tax. This together with the interim dividend brings the total dividend for the year to Kshs 11.00 per share.

By order of the Board

Kathryne Maundu
Group Company Secretary
Date: 27 July 2022

*Taxes paid are for operations across East Africa.



EABL IS 100!

From one brand, Tusker, to over 100 brands across East Africa.

Savoured across the region and beyond.

Supporting over 60,000 farmers, 200,000 retailers and millions in our communities.

A diverse team of talented people driving innovation with creativity, boldness and a sense of purpose.

Celebrating life every day, everywhere!

The advertisement features two hands holding bottles of Tusker beer against a vibrant yellow background with light rays. The bottle on the left is labeled 'TUSKER SINCE 1922' and 'FINEST KENYAN LAGER'. The bottle on the right is labeled 'TUSKER SINCE 1922' and 'FINEST KENYAN LAGER'. The Tusker logo, featuring an elephant, is prominent on both bottles.