

EABL F08

Investor Group Briefing

“outperforming in a challenging environment ...”

Gerald Mahinda -
Group Managing Director

Peter Ndegwa -
Group Finance Director

29 August 2008, 16h00



Agenda



> Business Review

Gerald Mahinda

> Financial Review

Peter Ndegwa

> Q & A

All

Introductions



Peter Ndegwa
Group Finance Director

career background

- > 2004 Joined EABL – Group Head of Strategy
- > 2006 Sales Director EABL Kenya Demand
- > 2008 Group Finance Director

Business Review — Gerald Mahinda



Overview



- > Strong head-line performance with good leverage.
- > Great execution across all business units.
- > Continued strong innovation.
- > Despite some key challenges.
 - talent, supply security, regulation & legislation, water, inflationary pressure.
- > Outlook for F09 – very promising.
 - economic restoration – Kenya, accelerating regional economic growth,
 - changing consumer – shopper and retail landscape.

Robust performance posted vs. LY



Volume*
+15%

Revenue**
+26%

PBT#
+16%

* includes soft drinks – all reported in equivalent units

** excludes associate company revenues - tanzania

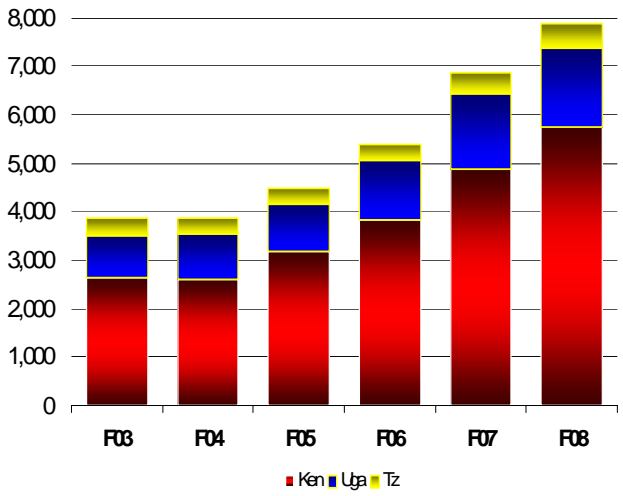
includes share of associate income - tanzania

Continuing Strong Delivery Trend



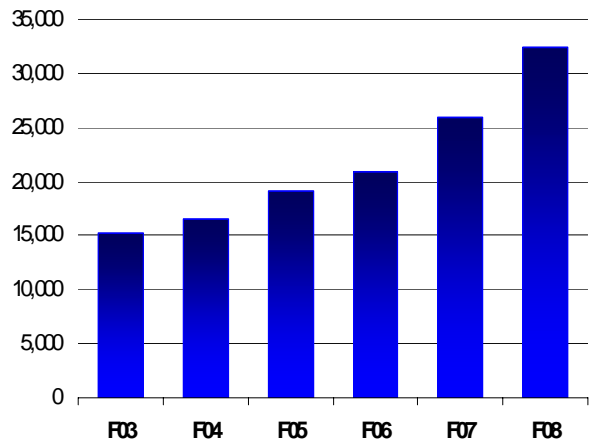
Volumes 000EUs

5Y CAGR +15%



Revenues Mns

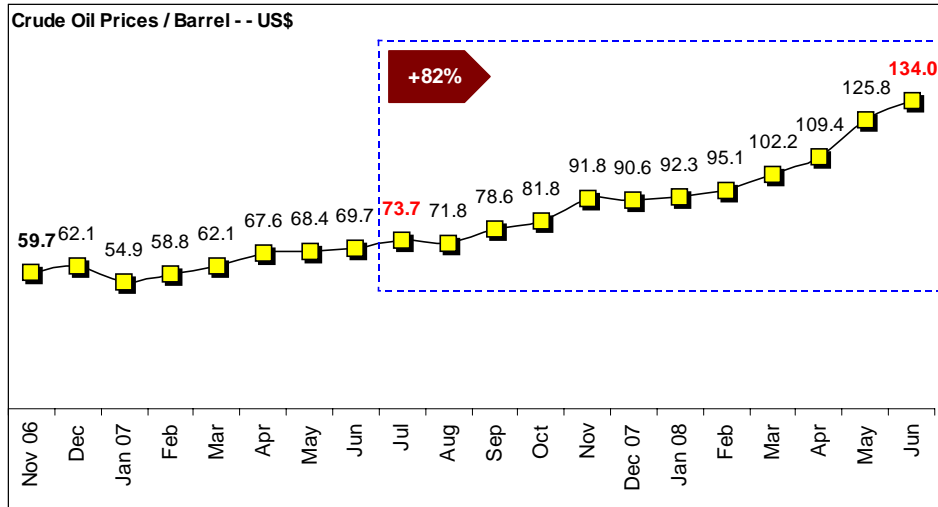
5Y CAGR +16%



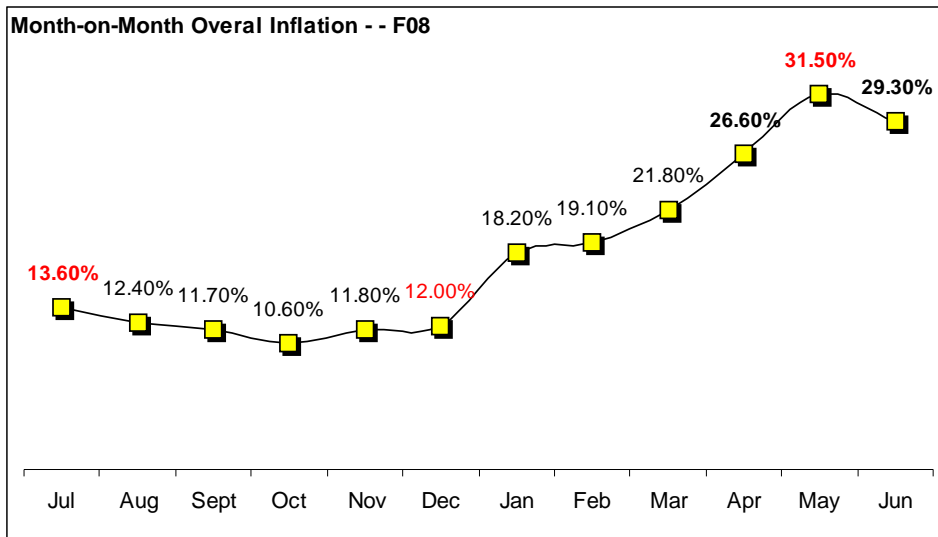
However margins under inflationary pressure

CAGR compounded average growth rate

Cost pressures



world Oil prices have increased 82% in the last 12 months [F08]!



overall inflation in Kenya hit a 15yr high in May - - 31.50%! +255% on Jan 07.

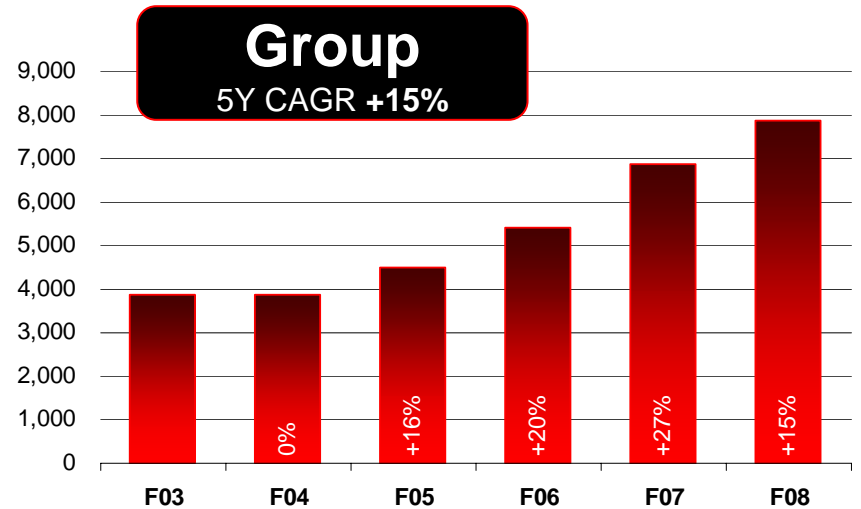
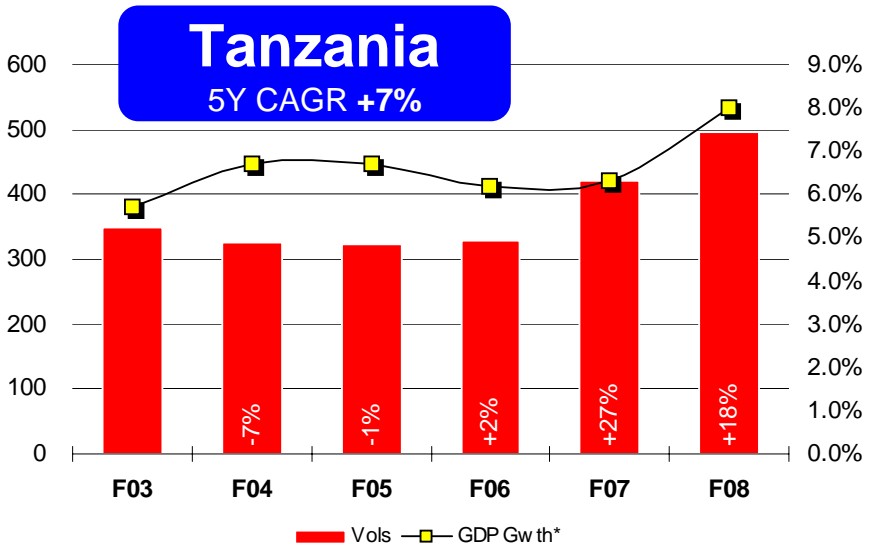
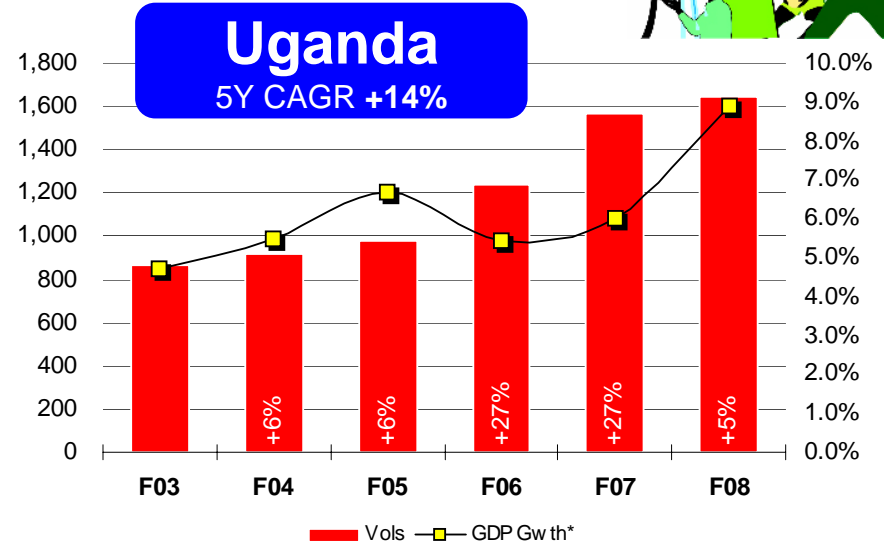
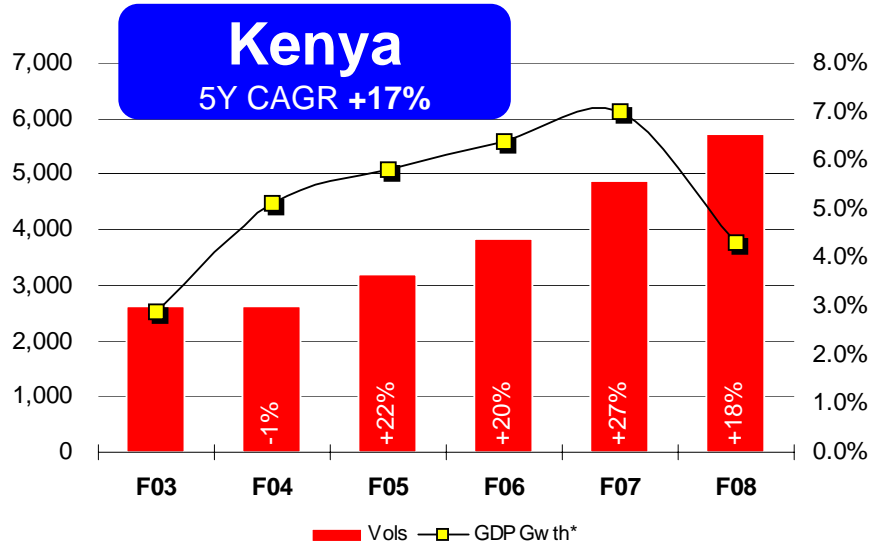
Despite challenging environment



	Kenya	Uganda	Tanzania
Real GDP Growth [2008]	4.50%	8.90%	8.00%
Headline Inflation	29.30%	12.40%	9.10%

source: AIG June 2008 Report

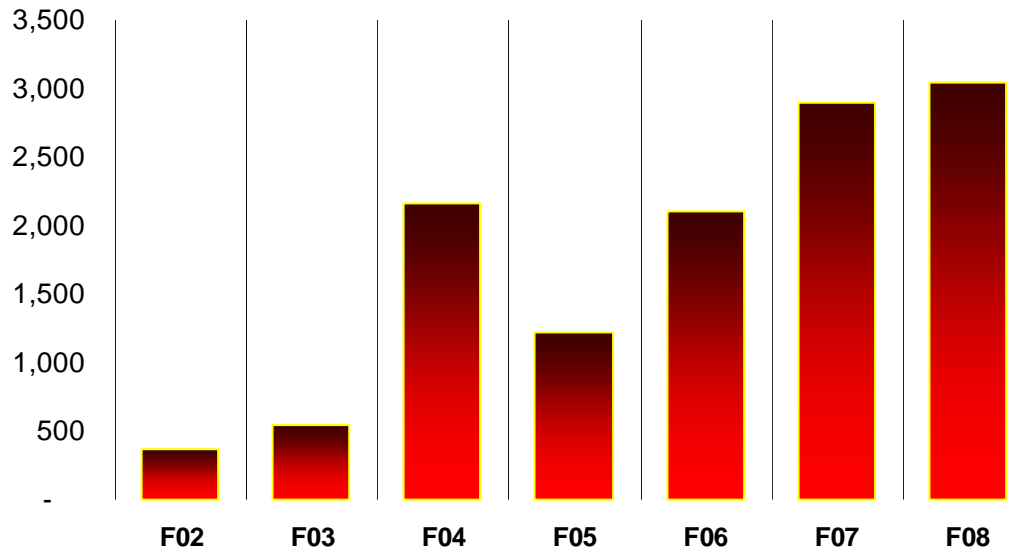
All markets have Outperformed



Supported by solid investment



CAPEX Kes Mns



Kes. 3,050Mn spend in F08.

- > Capacity
- > Capability
- > Quality
- > Safety

We plan to spend another kshs 5bn

And increased marketing spend



Advertising & Promotion costs



Kes. 2,165Mn spend in F08.

- > New to world campaigns: TPF
- > Trade support
- > Innovation & renovation
- > Equity building

Amidst Changing Consumer landscape



> New players.

local spirits, imported beers and spirits.

> Expansion of existing players

supply capacity, marketing investments, RTM

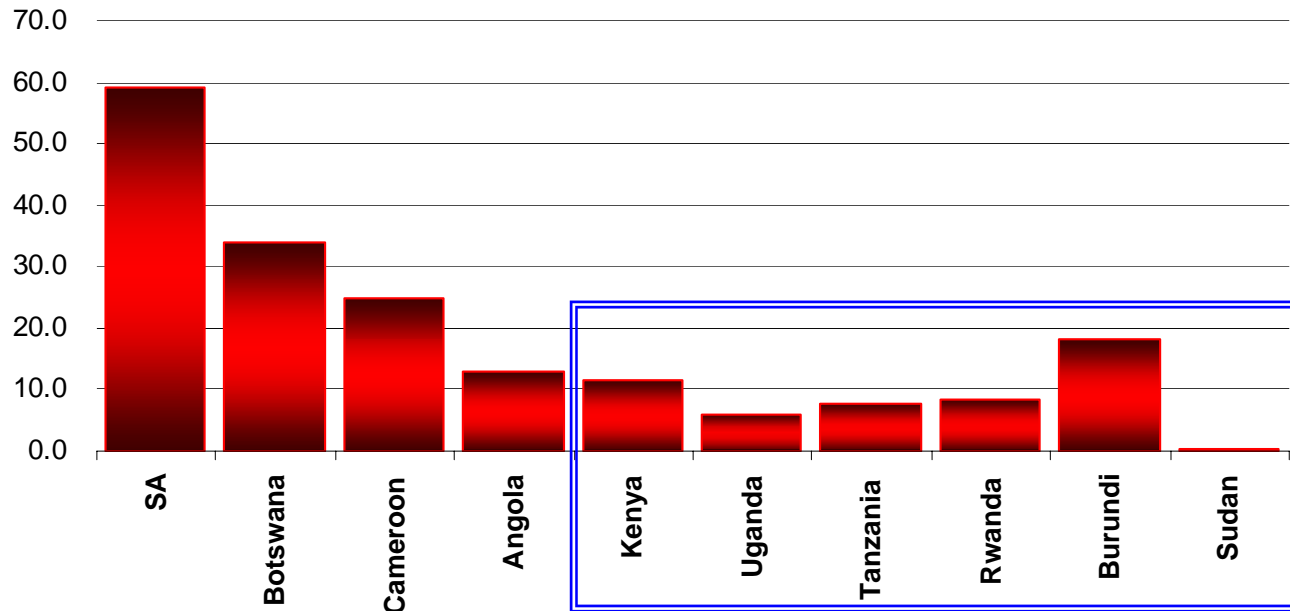
> Other sectors.

telecoms, financial.

But growth prospects abound ...



at South Africa's PCC* of 59Litres the total Eastern Africa market would be 39Mn HI versus 11Mn today.



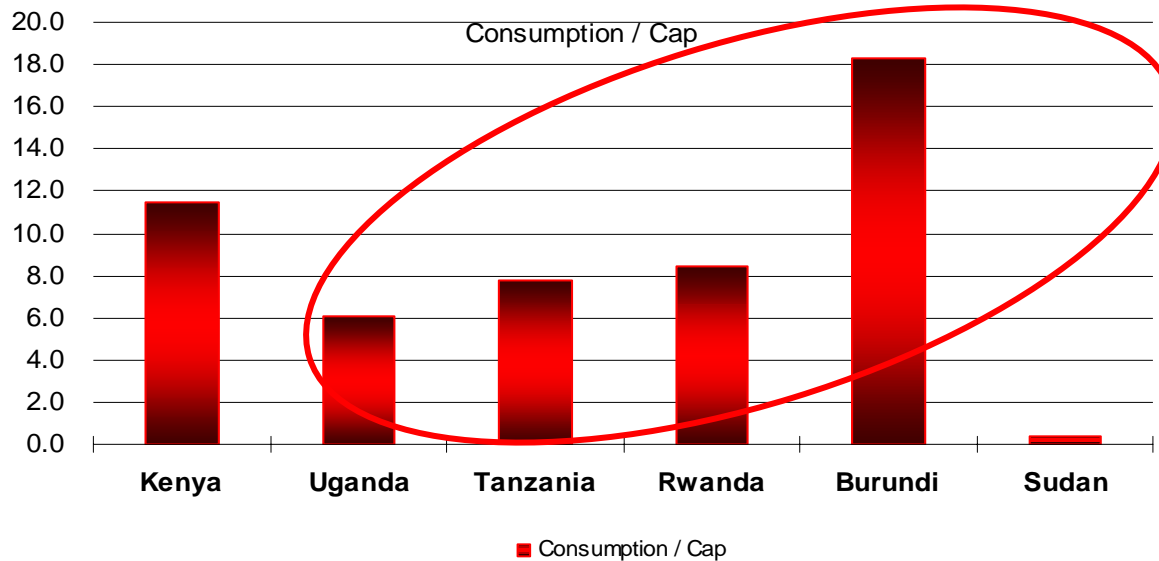
source: plato logic, eiu, eabl

*Per Capita Consumption
sudan – state of southern sudan

In our core and non-core markets



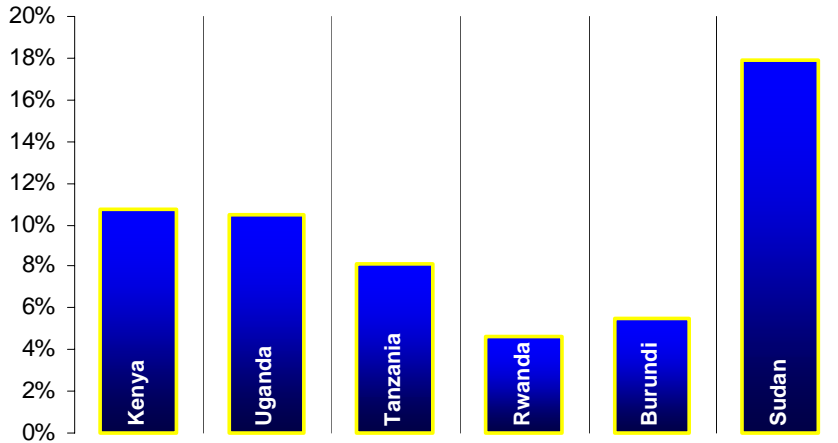
massive opportunity to grow PCC in all six markets
increasing incidence of transactions and recruiting new consumers



Supported by positive fundamentals

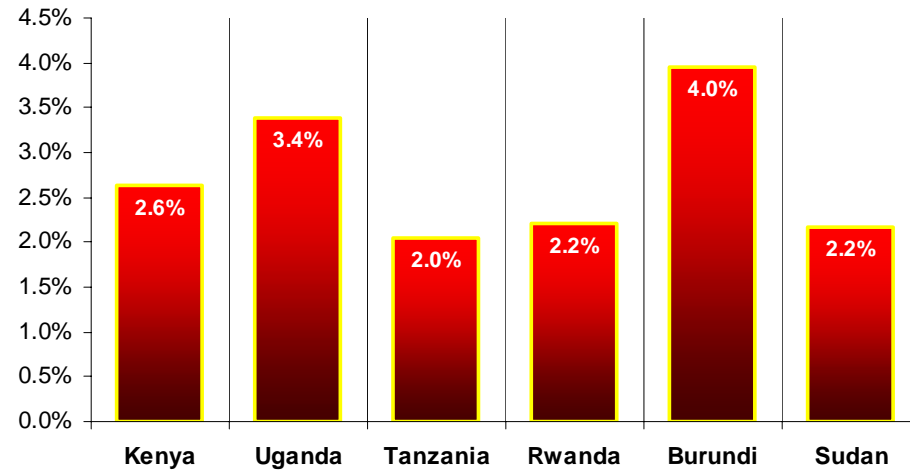


GDP at PPP/Cap [US\$] growth 2008/09



source: economist intelligence unit [eiu]

Population growth 2008/09



source: eiu

The Group at a Glance



Kenya



Number of plants **1**

Total volumes **5.7M EUs**

Total serves* in F08 **1,255Mn**

Share of Group's volume **71%**

Top selling brands:

- > Senator, Tusker, Guinness
- > Kane Extra, Richot, Smirnoff

Uganda



Number of plants **1**

Total volumes **1.4M EUs**

Total serves* in F08 **310Mn**

Share of Group's volume **18%**

Top selling brands:

- > Bell, Senator, Pilsner
- > UG Waragi, Liberty, V&A

* equivalent to one 500Mls pack

The Group at a Glance



Tanzania



Number of plants **0**

Total volumes **0.5M EUs**

Total serves* in F08 **110Mn**

Share of Group's volume **6%**

Top selling brands:

- > Tusker, Guinness, Malta Guinness
- > No EABL Spirit

Great Lakes Region



Number of plants **0**

Total volumes **0.4M EUs**

Total serves* in F08 **1,255Mn**

Share of Group's volume **5%**

Top selling brands:

- > Pilsner, Bell, Tusker
- > UG Waragi

* equivalent to one 500Mls pack



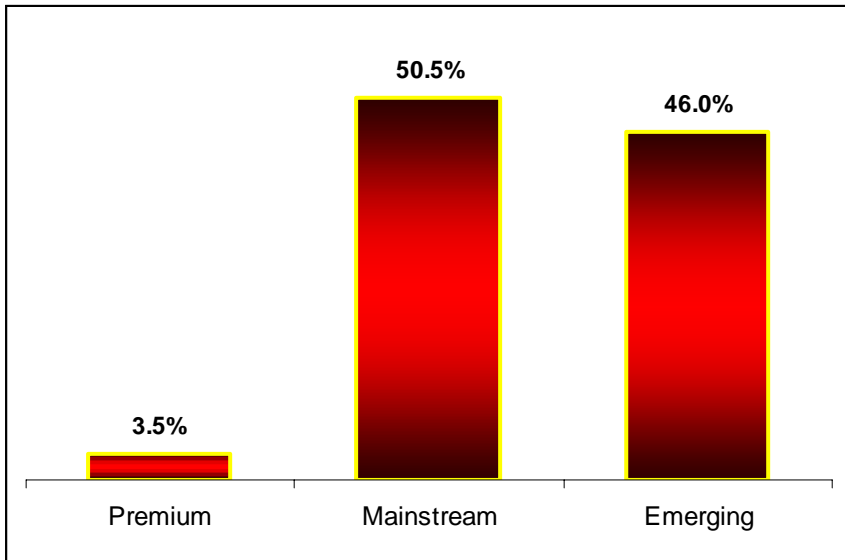




Strong brand portfolio performance



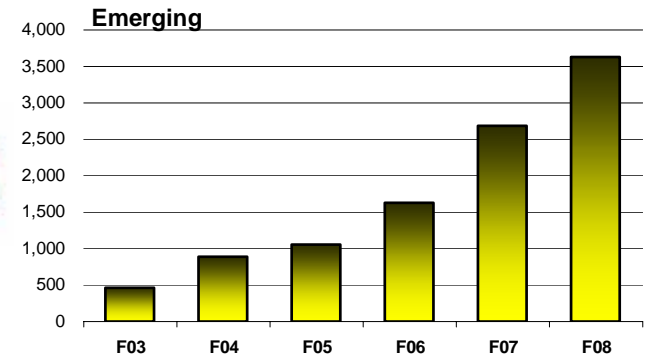
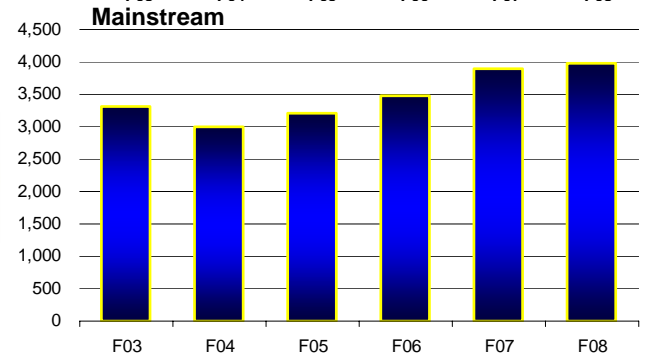
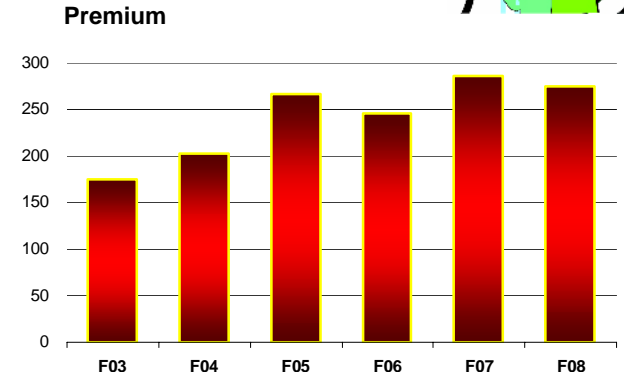
Portfolio Shape



**5Y CAGR
+9%**

**5Y CAGR
+4%**

**5Y CAGR
+50%**



Performance was anchored on



> Strong renovation and innovation

> Refreshed graphics

> Equity building

Renovation of Mainstream



> Strengthening / New consumer appeal

> Refreshed graphics

> Brand communication



Tusker Renovation

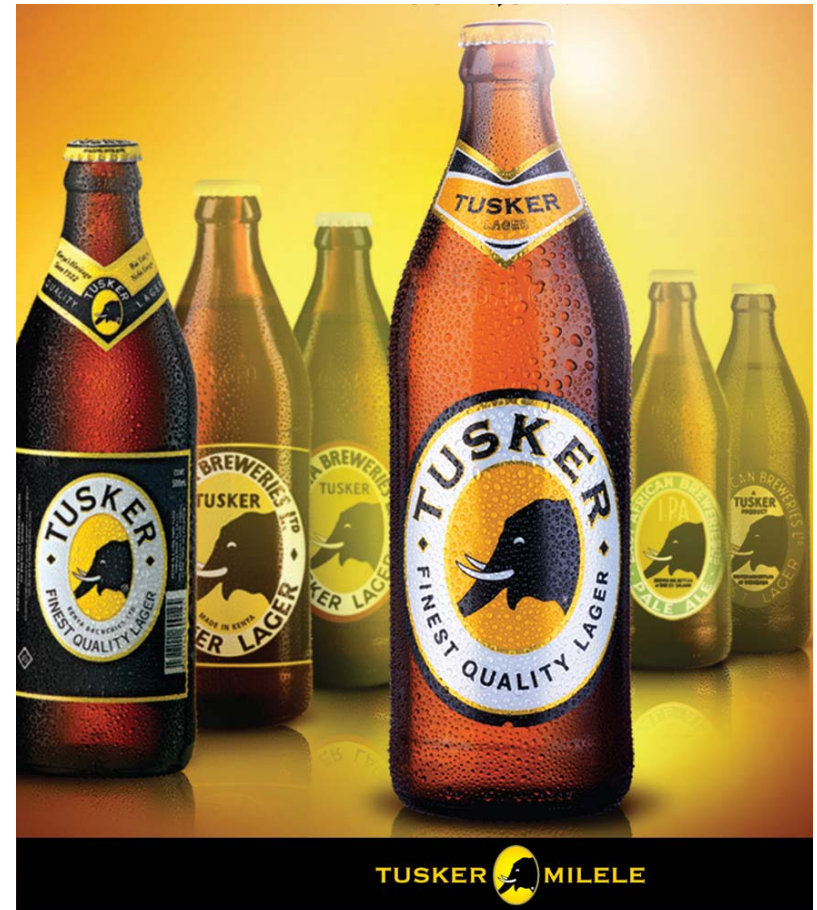


> Strengthening consumer appeal

> Refreshed graphics

> Building equity

> Reinforcing quality



Pilsner Re-launched



> New consumer appeal

> Refreshed graphics

> New Brand communication



As well as Emerging



> Strengthening consumer appeal

> Refreshed graphics

> Reinforcing quality credentials



Innovation into new market spaces



Mainstream cream liqueur



Adult soft drink

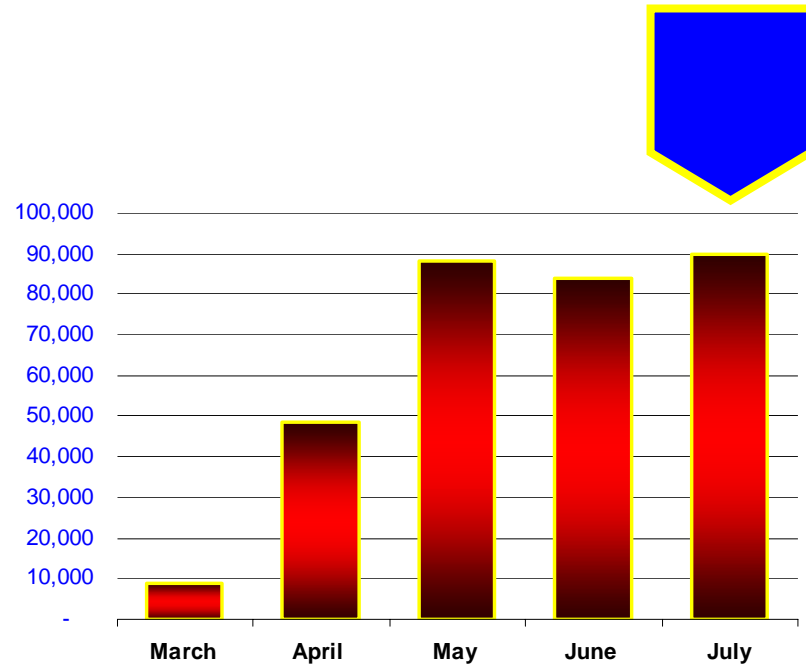


Emerging sharing / large Pack

Alvaro has shown great growth



- > **March 2008** - - launch
- > **Strong** consumer appeal and demand
- > **Test market** - - strong demand
- > **8Mn** bottles [320K cases] sold in 4months!



Enriching the lives of our communities



we touched ...

- > **336,000** lives through **Water of Life**
- > **100** scholarships to date in our **Skills for Life**
- > Launch of **Green Goals: 55,000** trees planted, **62Km** long cans 'waste' **recycled**, biggest glass recycling and all effluent treated

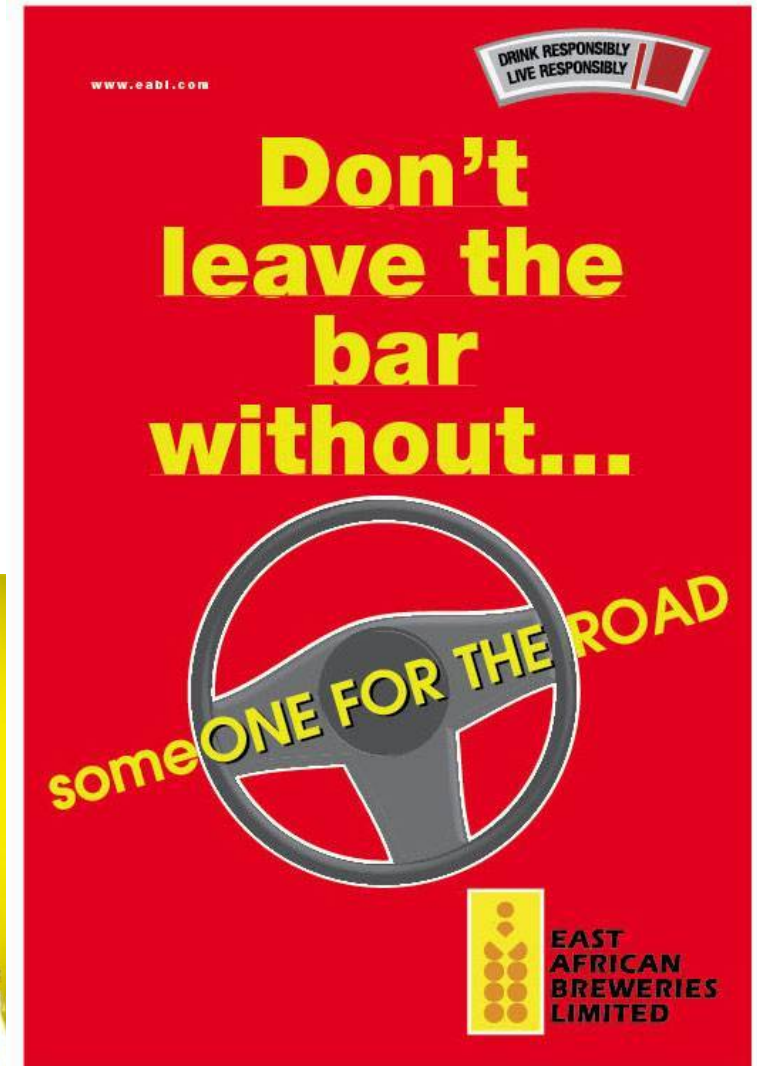


and strong RD Campaign



we intensified our execution through we 'ID'!

- > 500 bars recruited and activated
- > 2,500 waiters trained
- > Modules and CD training manuals provided



In summary our sources of growth ..



Innovation,
Renovation
& Brand
Building

Commercial
Capabilities

Super
Engaged
Talent

Horizontal
Expansion

Geographic
Expansion

Financial Performance

Peter Ndegwa

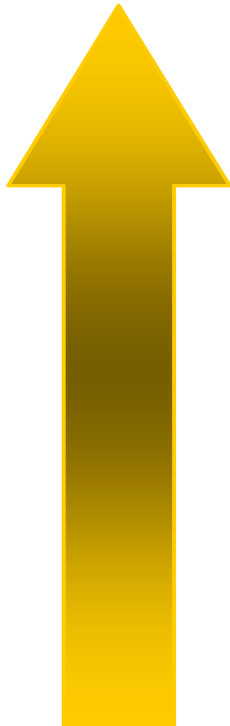
Group FD



A Solid Performance



	Growth
Volume	15%
Net Revenue	26%
Gross Margin	22%
Marketing Spend	37%
Profit before Tax	16%
Earnings per share	23%



Our brands grow profitably



Volume 11% ↑
Gross Margin 26%



Volume -4% ↑
Gross Margin 11%



Volume -16% ↑
Gross Margin 10%



Volume 69% ↑
Gross Margin 15%



Volume 19% ↑
Gross Margin 10%



Volume 4% ↑
Gross Margin 35%



Volume 17% ↑
Gross Margin 24%



Volume 1% ↑
Gross Margin 13%



Volume 42% ↑
Gross Margin 31%





Volume 14% ↑
Gross Margin 3%



Strong performance across the Region





Kenya

Net Sales	26.2bn		28%
Profit Before Tax	9.7bn		17%



Uganda

Net Sales	6.6bn		17%
Profit Before Tax	1.2bn		12%

Tanzania

Volumes (eus)	553k		32%
Share of Associate	0.79bn		10%

Exports

Volumes	389k		105%
Net Sales	1.5bn		50%

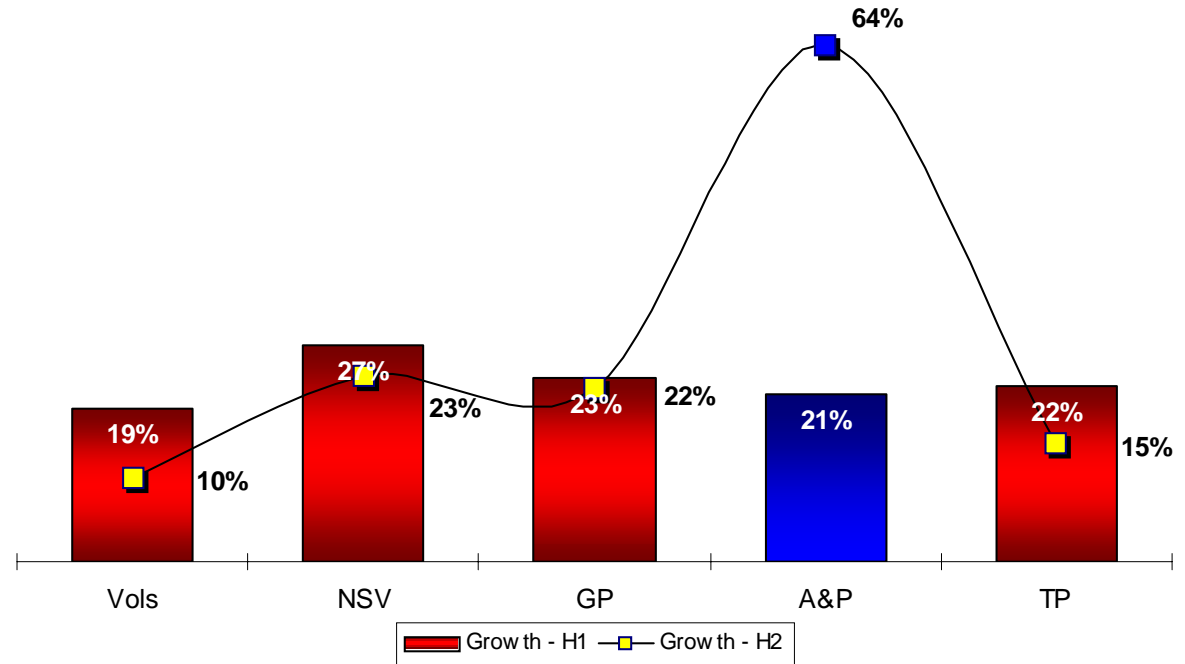
But clearly, a 'tale of two-halves'...



**+19% headline growth in H1
down to +10% in H2!**

- ❑ Impact of PEV effects during Jan - Mar ... *reduced distribution and consumption.*
- ❑ Intensified **cost pressures** -
- major inflation bust, global oil price rally ...
- ❑ A&P - - '**big bet**' - - TPF II, Pilsner repositioning, Bell.
- ❑ Overheads impacted by further spend to fund growth

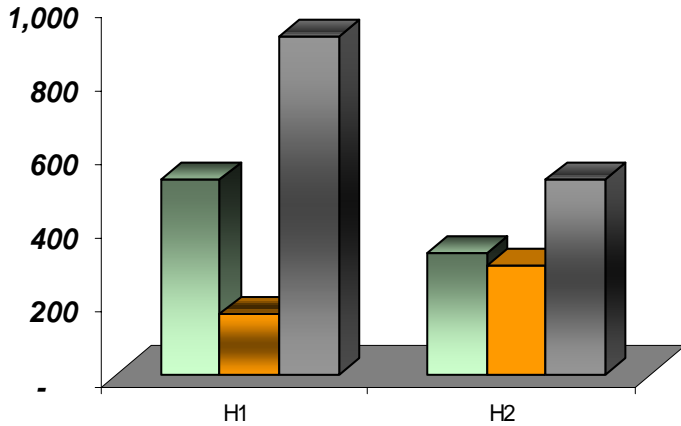
F08 Growth vs. LY - - HY Comparisons



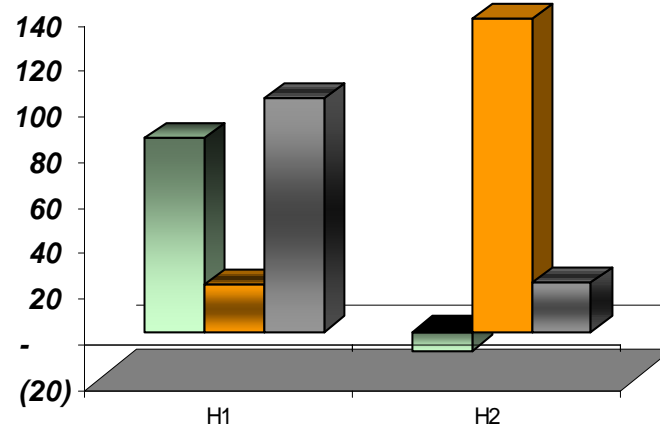
Despite a challenging second half



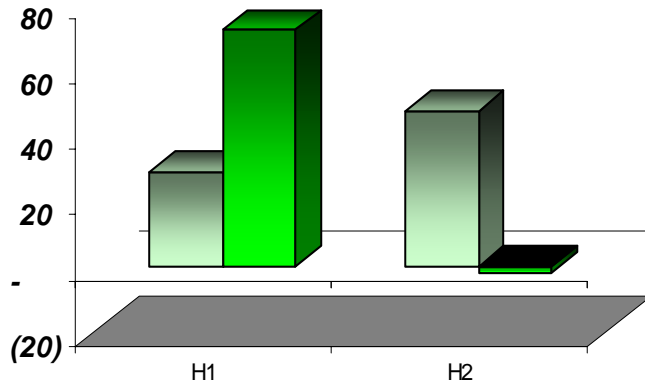
Kenya



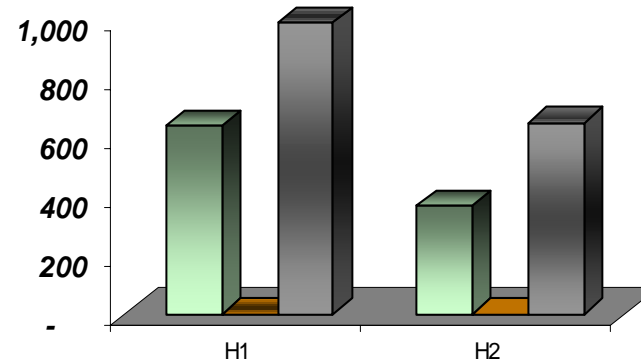
Uganda



Tanzania



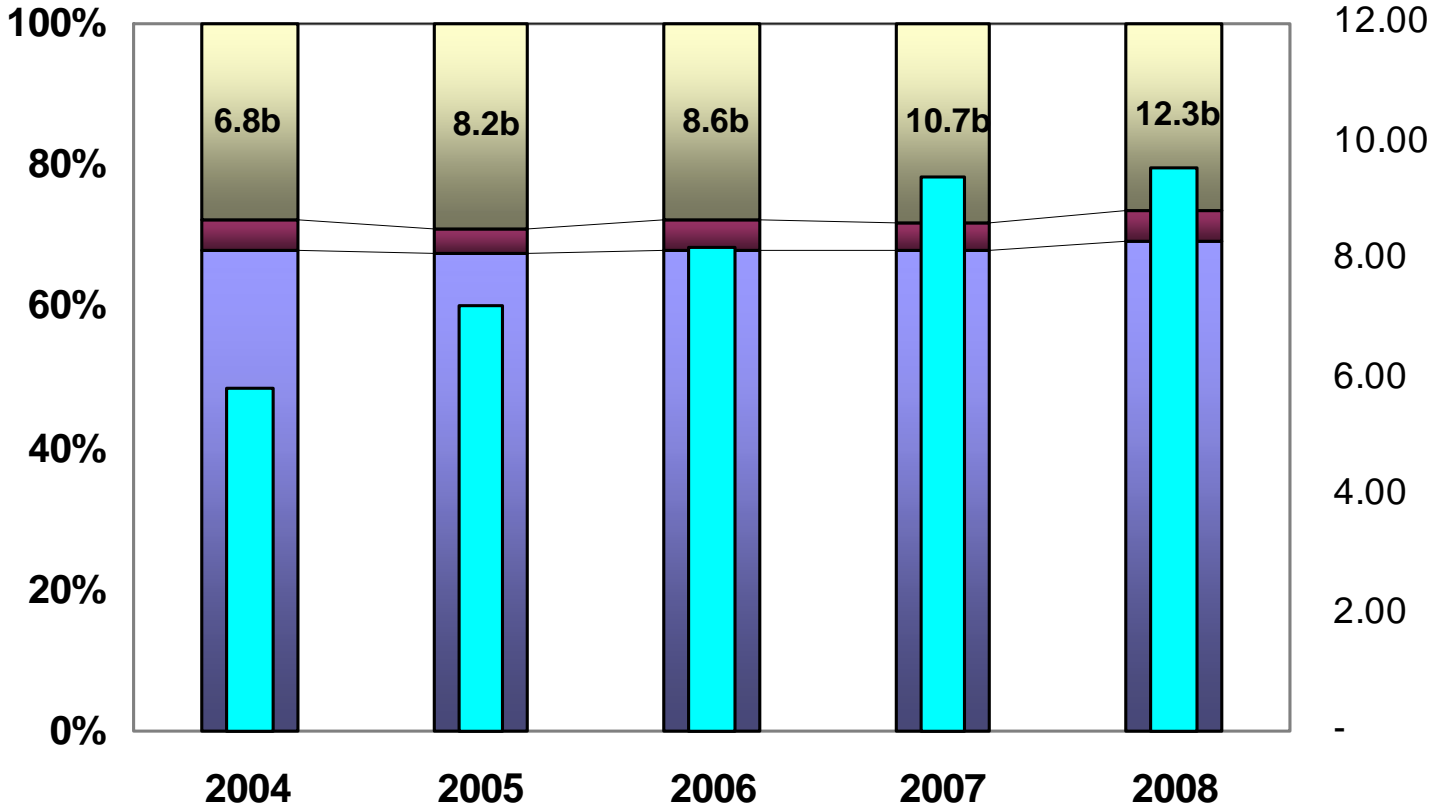
EABL Group



■ Share of Associate

■ Volumes ■ Advertising & Promotions ■ Trading Profit

Growing earnings



■ Net Revenue ■ Selling and distribution costs ■ Profit before taxation ■ Basic earnings per share

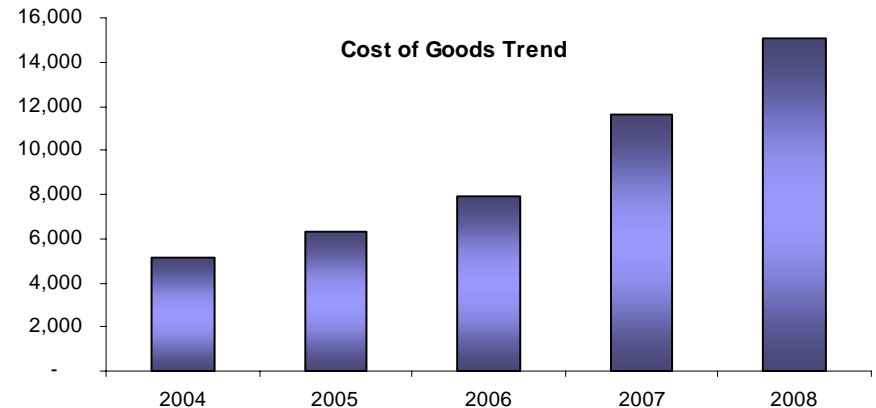
Cost pressures escalate



> Costs continue to rise driven by inflation, fuel and cereals costs

We have put measure to mitigate against these

- Consider source of raw material.
- Use of alternative raw materials



Performance along key measures



Net Revenue

Kshs	32.5 bn
Growth	26%

PBT

Kshs	12.3 bn
Growth	16%

Freecashflow

Kshs	9.3 bn
Growth	9%

ROIC

Rate	51%
Growth	10%

EPS

Kshs	9.55
Growth	23%

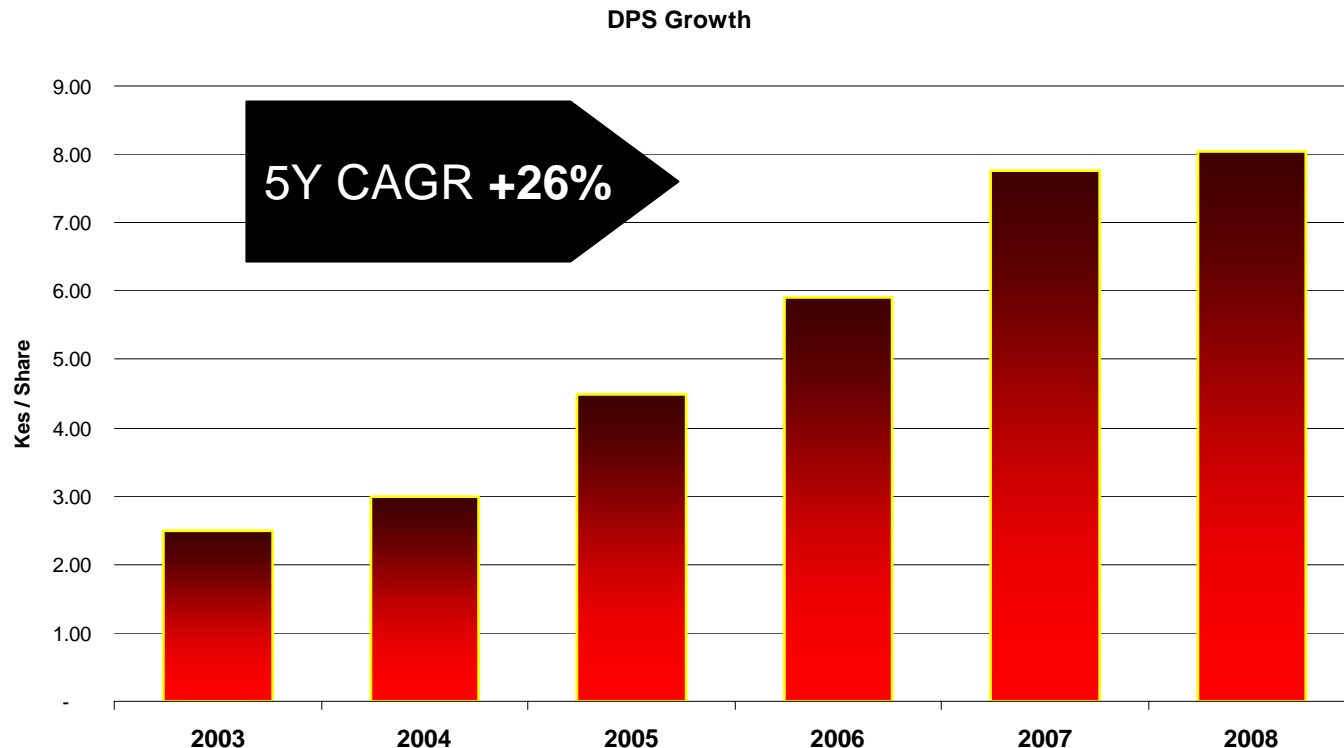
DPS

Kshs	8.05
Growth	10%

Our Dividend Proposal



- > Final dividend proposal of Kes 5.65/share
- > Final dividend payment of Kes 4.5Bn
- > Taking full year dividend to Kes 8.05/share = +10% growth on LY (7.76)
- > Full year dividend payment of Kes 6.4Bn (vs 5.8bn) or 85% Pay out



Q & A



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Investor Group Briefing

End

