

EAST AFRICAN BREWERIES LIMITED

F'11 Full Year Results

Investor Briefing

Seni Adetu – Group Managing Director & CEO

Peter Ndegwa – Group Finance Director



26th August 2011



Our vision

EABL is the most celebrated business in every market in Eastern Africa

Our Intent...

- ✓ Employer of choice
- ✓ Delivering superior total shareholder returns
- ✓ Force for good in every market in East Africa

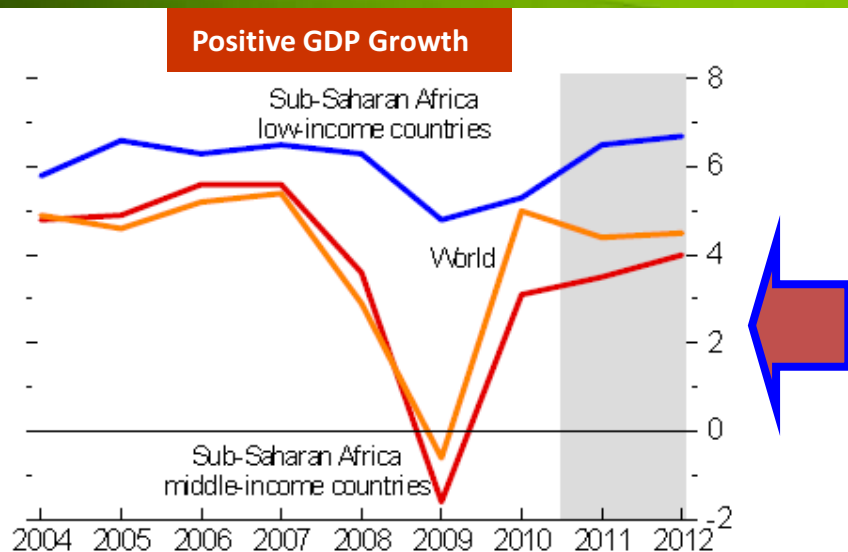


Business Update

Group MD and CEO

Mr. Seni Adetu

Macroeconomic and political environment showed mixed fortunes in F'11



Source: IMF, World economic outlook, IMF & Africa development database

Upside

- > Positive economic growth across East Africa but, sluggish in H'2
- > Increased infrastructural development
- > Increased FDI in the region
- > Emerging middle class population
- > Increased investor confidence
- > Successful elections in Tanzania, Uganda and cessation of S. Sudan

Downside

- > Poor rainfall and drought across East Africa
- > High Inflation, currency depreciation, energy crisis and rising interest rates
- > Slow EAC regional integration process
- > Increased legislation & regulation in Kenya & Uganda
- > Intense political environment across East Africa due new or forthcoming elections
- > Competitor play on all fronts

Consumer Price Inflation	
Region / Country Percentage	2011
World	3.1
US	1.7
Eurozone	2.8
UK	3.3
Japan	1.3
Emerging markets and developing countries	6.0
Developing Asia	4.2
China	6.3
India	6.9
East Africa	9.2
Sub-Saharan Africa	7.9
South Africa ³	4.9

1. GDP projections: IMF World Economic Outlook

F'11 Operating environment... we faced other challenges across the region

- ➡ ADCA* last November in Kenya and loss of sachets in Uganda
- ➡ Pricing in Kenya to recover excise tax impact, in spite of depressed consumer disposable income
- ➡ Intense competition in Uganda, Tanzania and S. Sudan
- ➡ Forex scarcity in S. Sudan
- ➡ Operating cost increases on fuel, electricity and high cost of raw materials

ADCA*- Alcohol Drinks Control Act

Notwithstanding, our business is stronger today as shown by our organic business results...

M KES	F'11	% vs PY	Headlines
Sales Volume	7,698 kEus	+8%	<ul style="list-style-type: none"> > Expanded volume in the Beer and spirits categories > NSV growth largely driven by price and brand mix > Reinforced our focus on generating growth through investment behind our brands (including renovation and customer partnering) > We strengthened the business for the future through Capex investment in manufacturing assets and governance > We upgraded our talent capability and employee engagement > Sustained our strong cash position
Net Sale Value	40,918	+6%	
Marketing Spend	2,952	+15%	
COGs	19,997	+2%	
Operating Profit	12,946	+17%	
PBIT	12,946	+6%	
Net Cash generated from Operating activities*	KES 14.9 bn	13%	

On an inorganic basis (results consolidating SBL)...

M KES	F'11	% vs PY	Headlines
Sales Volume	8,263 kEus	↑ +15%	> Includes SBL performance for last 8 months
Net Sale Value	44,895	↑ 16%	> Significant spend in SBL on
Marketing Spend	3,491	↑ +36%	↪ Integration
COGs	22,831	↑ +17%	↪ Governance and Compliance
Operating Profit	12,412	↑ 10%	↪ Capex : New Moshi Brewery
PBIT	12,245	↑ 0%	↪ A&P to protect share
Net Cash generated from Operating activities*	KES 14.9 bn	↑ 13%	❖ SBL will be a key driver of our future growth

With SBL – EABL well poised to consolidate its position...

- ➔ EABL acquired 51% equity stake in SBL in November 2010
- ➔ SBL is clearly a future driver of growth
 - ⊕ 2nd largest beverage alcohol company in Tanzania
 - ⊕ Expanded, popular and adored portfolio brands (PSL, Tusker, Guinness etc.)
 - ⊕ 3 Functioning breweries in Dar es Salaam, Mwanza and Moshi
- ➔ SBL contribution to EABL performance in F'11
 - ⊕ Volume contribution of 7% to the Group
 - ⊕ NSV contribution of 9% to the Group
- ➔ EABL has invested significantly in integrating the business to EABL/ Diageo standards
 - ⊕ Systems & Processes (including financial reporting)
 - ⊕ IT infrastructure
 - ⊕ Talent and Culture
 - ⊕ Health & Safety
 - ⊕ Supply (including the new Moshi Plant)
 - ⊕ Brands to protect share
- ➔ The one-off integration and Capex costs in F'11 affected SBL's profitability
- ➔ SBL remains an accretive acquisition and is expected to deliver incremental sales and profit growth for EABL in the future



All our core brands grew over LY on impactful commercial interventions



+5%



+3%

- >Tusker Project fame 4 & Tusker All Stars
- >Tusker CECAFA East Africa football challenge
- >Brand Mentorships & consumer experience for Johnnie Walker
- >Smirnoff cocktails experience & outdoor campaigns
- >Senator Keg footprint expansion
- >Brand renovations – Tusker & Bell new look



+18%



+9%



+158%



+18%



+18%



+35%

Pegged on great sales
& marketing initiatives
platform

The commercial interventions...

Baileys & friends
Let's do this again

DRINK RESPONSIBLY 18+

TUSKER
TRIPLE QUALITY LAGER

STAND TALL

Refresh your Roots

EXCESSIVE CONSUMPTION OF ALCOHOL IS HARMFUL TO YOUR HEALTH. STRICTLY NOT FOR SALE TO PERSONS UNDER 18 YEARS. PLEASE DRINK RESPONSIBLY

HE USED TO RUN TO CLASS. NOW HE RUNS FOR GOLD.
HOW FAR WILL YOU GO?
KEEP WALKING.

JOHNNIE WALKER

STRICTLY NOT FOR SALE TO PERSONS UNDER THE AGE OF 18. PLEASE DRINK RESPONSIBLY. EXCESSIVE CONSUMPTION OF ALCOHOL IS HARMFUL TO YOUR HEALTH.

REACH FOR GREATNESS

GUINNESS

GUINNESS TV
MADE FOR LAGERBOTS

THE SMIRNOFF EXPERIENCE
DISCOVER UGANDA'S NIGHTLIFE
DON'T WISH YOU WERE THERE.

BE THERE

EXCESSIVE CONSUMPTION OF ALCOHOL IS HARMFUL TO YOUR HEALTH. STRICTLY NOT FOR SALE TO PERSONS UNDER 18 YEARS. PLEASE DRINK RESPONSIBLY

COME CELEBRATE WITH UGANDA'S NO.1 LAGER, BELL

VENUE: Biz Bar & Grill
DATE: 5th March - 2011
TIME: 7pm

Cindy
Bebe Cool
DJ Michael
Coco Pinger
Haki Dora
DJ Shiro
Toolman
Vampire

Pilsner MEALME!
The King Moves The Crowd

COME CHOOSE THE KING
2nd July - 3rd September 2011

IMARA KAMA SIMBA

Supported by strategic CAPEX investment & cost-value management



Supply Chain Excellence



Sorghum Agenda



New Moshi Brewery



New Line 4 - Uganda

Cost-value Management

- > Supply chain optimisation – Logistics and warehousing outsourced
- > Sorghum agenda – rolled out large-scale production after successful pilot runs
- > Rigorous price hedging for sugar and cereals
- > Great focus on operational efficiencies

CAPEX investments

- > Commissioning of Moshi brewery in Tanzania
- > Installation of new packaging line in Uganda
- > Increased water storage facilities & new 66 KV power sub-station in Kenya
- > New mash filter in progress for Uganda

Bolstered by an engaged and capable workforce and improved organisational effectiveness



All Staff Conference forum



Team –building Sessions

Key People Initiatives

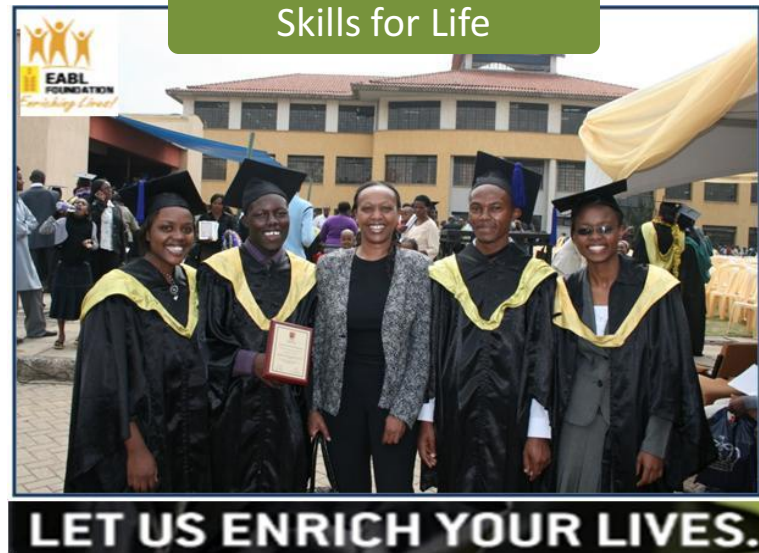
- ⊕ Restructured organization – simpler, faster, better service delivery
- ⊕ All Staff conference – Tanzania team joining for the first time
- ⊕ Increasing employee engagement as shown in value survey results
- ⊕ Step changed safety levels in all our subsidiary companies
- ⊕ Dialed up Compliance agenda across the patch
- ⊕ Additional early & mid career joiners, effective retention and reward policies

and we reinforced our “force for good” positioning in the community...

Environment



Skills for Life



- > **Water of life program** - Provided for over 690,000 people this year alone
- > **Environment** – E green team eg. save the Mau, Karura forest campaigns
- > **Skills for life initiative** – Scholarships
- > **Responsible drinking** campaign in the region

Responsible Drinking



Summary for F'11 achievements...

- Delivered positive growths in volume (+8%), NSV (+6%) and OP (+17%) on our organic business.
- Spirits portfolio grew at +56% Group wide, with all businesses showing different levels of growth in this category.
- We have seen a turnaround in Uganda with strong volume, share and profit performances.
- We implemented a number of operational tools to enable us sustain performances into the future : In-touch, P2C etc.
- We have materially improved the culture and employee engagement within the organization, as manifested in our annual value surveys
- We completed the SBL acquisition last November, advanced the integration processes, involving employees, assets, systems & operations.
- Became the number 1 company by market capitalization on the NSE*

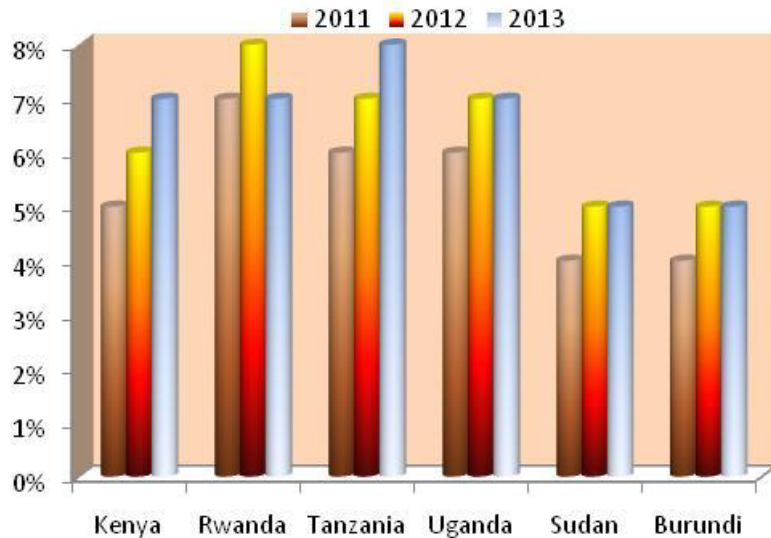
*NSE-Nairobi Stock Exchange



Forging ahead

The future remains strongly positive given economic outlook in Sub-Saharan Africa and our strong company fundamentals

GDP Closer Home--Sub Saharan



Source:EIU- GDP Growth figures—011-13

Inflation, Population forecast

Market	2011		2012	
	Inflation	Population	Inflation	Population
Kenya	15%	40m	10%	41m
Uganda	16%	33m	12%	35m
Tanzania	14%	43m	11%	44m
Sudan	11%	44m	12%	45m
Ethiopia	15%	76m	10%	77m
Rwanda	9%	10m	8%	10m
Burundi	13%	8m	11%	8m

Increased EAC population base of 6m

Source:EIU- GDP Growth figures—011-12

The Economy – reasons to believe

- ↻ GDP growth
- ↻ Investor confidence in Sub-Saharan Africa remains high
- ↻ Heightened EAC Integration process
- ↻ FDI' s increase & improving infrastructure
- ↻ Growing middle class and increasing consumer affluence
- ↻ Better rains forecast

Our Fundamentals

- > Strong brands and established RTM footprint
- > Strong balance sheet and cash position
- > Capable and engaged talent
- > Leveraging on Diageo expertise
- > Belief in governance – Compliance
- > Dedication to our community

We are positioned to continue delivering superior shareholder value...

By Leveraging on

&

Overcoming

- ↗ **Growing economies**
- ↗ Increasing population, growing middle class & affluence
- ↗ **Increased integration (EAC)**
- ↗ Strong brands & good reputation
- ↗ **Significant Spirits opportunity**
- ↗ Technological advancement
- ↗ **Headroom growth in new markets**

- ↗ **Regulatory concerns** (Excise Tax/ Alcohol Act/ Anti-Trust laws)
- ↗ Fiscal pressures in our markets
- ↗ **Growing competition**
- ↗ Political uncertainties across the region
- ↗ Complexities of new Market entry
- ↗ **Cost inflationary pressures**
- ↗ Growth of illicit/ Parallels/ Counterfeits

In order to win in every market, and become the Most Celebrated Business in Eastern Africa

Our vision and consistently dynamic strategic imperatives will provide the impetus for future growth

Purpose

Celebrating life everyday, everywhere

Vision

The Most Celebrated Business in Every Market in Eastern Africa

Strategic Focus Areas

Amazing Relationships
Bringing Out the Best

Great Times,
Great Experiences

Enriched Communities

Outcomes

[Talent/People/Safety]



[Amazing Customer partnerships]



[Supply/Cost Leadership]



[Geographic Expansion]



[World Class RTM]



[Total Adult Beverage]



[Responsible enjoyment of alcohol]



[Supporting Local Talent]



[Environment (Water/E-green)]





Financial Update
Group FD – Peter Ndegwa

Sustained Performance in a tough environment...



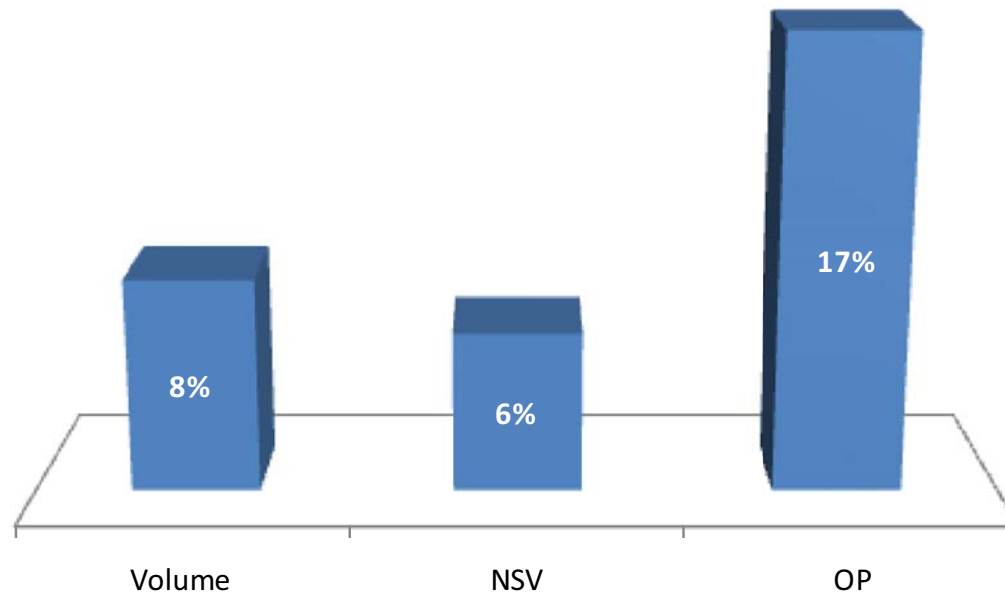
- > **Solid Spirits performance in Kenya**
- > **Rebound of Uganda business in H2**
- > **Enhanced Cost management**
- > **Acquisition of SBL**
- > **Good management of working capital**



- > **Tough Regulatory Landscape**
- > **Higher excise taxes on beer in Kenya**
- > **Depressed Economic landscape in Q'4 – emerging risks (Fx, inflation, cereal shortage)**
- > **Impact of one off integration cost in SBL**

Solid organic operating profit delivery...

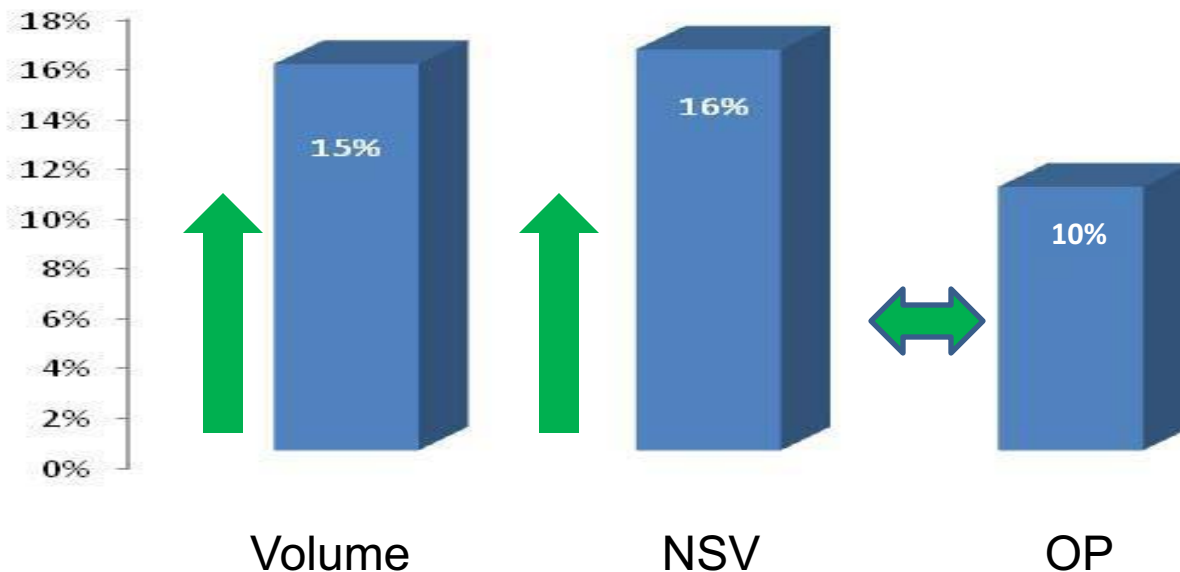
Key KPI performance vs. LY



- > Volume growth driven by spirits and turnaround in UBL
- > NSV increase on the backdrop of selective pricing & mix
- > Improved gross margins with aggressive COGS focus
- > SOA in TBL not recognised in F11

Inorganic results...Including SOA & SBL

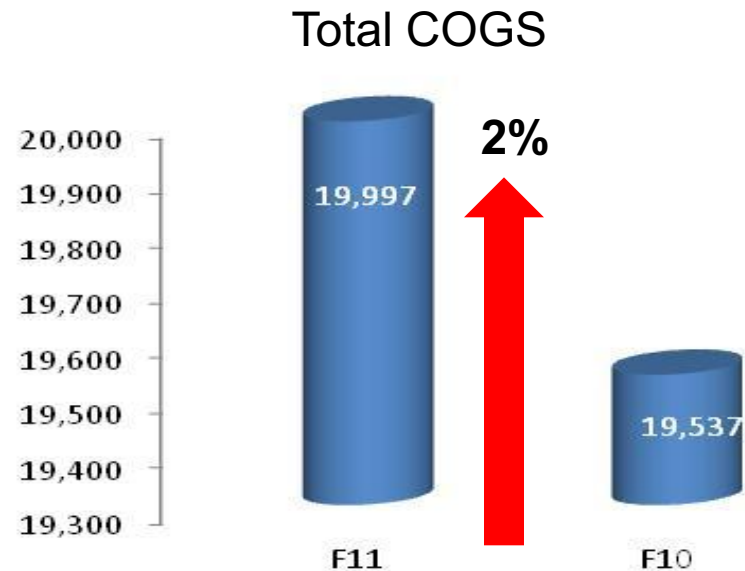
Key KPI performance including SBL vs. LY



- > Increased volume contribution
- > Positive contribution by SBL to NSV (9% contribution)
- > SBL Integration costs - impact on operating profit

Great COGS delivery, resulting in +2points growth in operating margins

2% COGS growth versus 8% volume growth

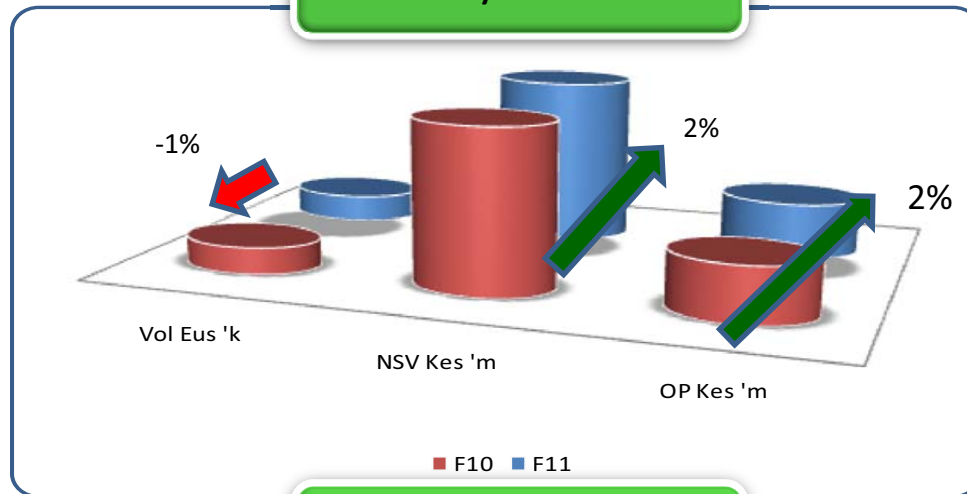


Key COGS Drivers

- > Local cereals availability in market
- > Improved operating line efficiencies
- > Hedging key input materials (sugar, fuel oil)
- > Reduced waste through better operational controls

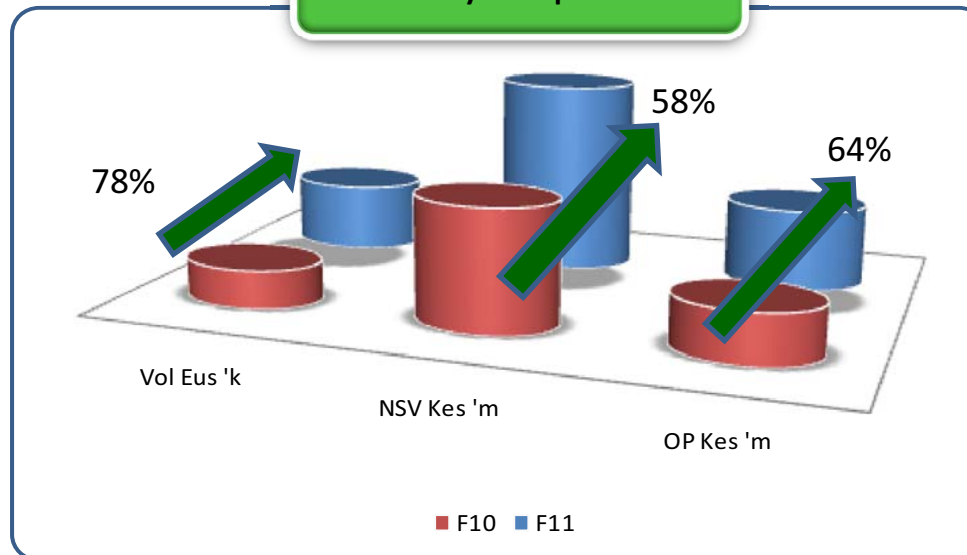
Kenya: Solid spirits performance, flat beer out-turn

Kenya- Beer



- > Large tax increase in beer – rate for malt and non malt harmonised
- > Impact of ADCA
- > Tactical pricing to deliver NSV growth

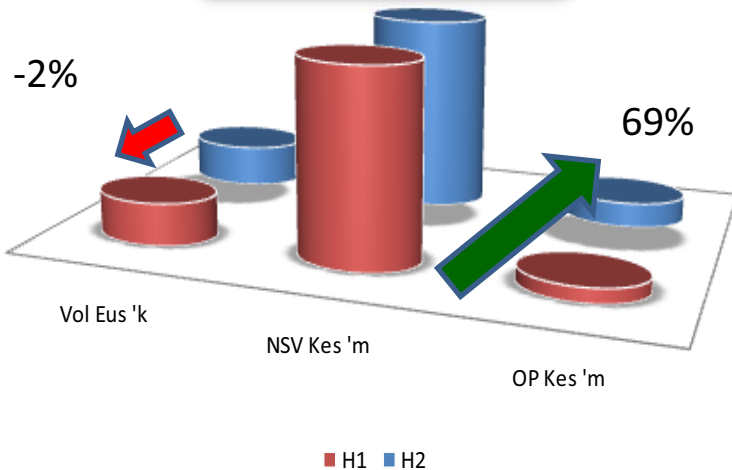
Kenya- Spirits



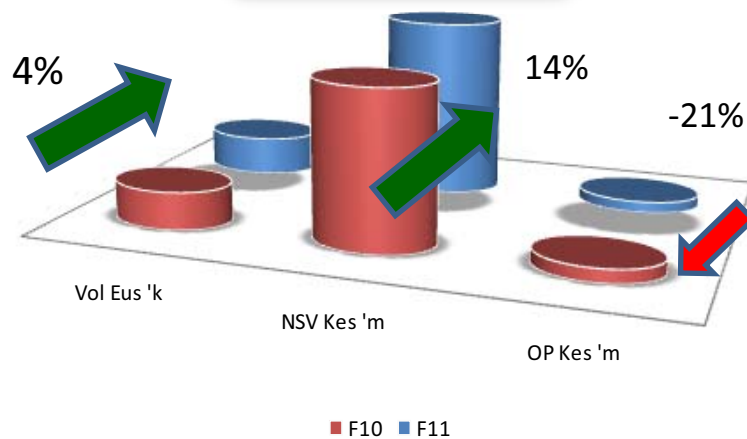
- > Stable tax regime in spirits category
- > Focus on distribution
- > Growth of premium and mainstream brands
- > Improved operating margin

Uganda: A tale of two halves, significant turnaround in H2

F11- H2vs H1

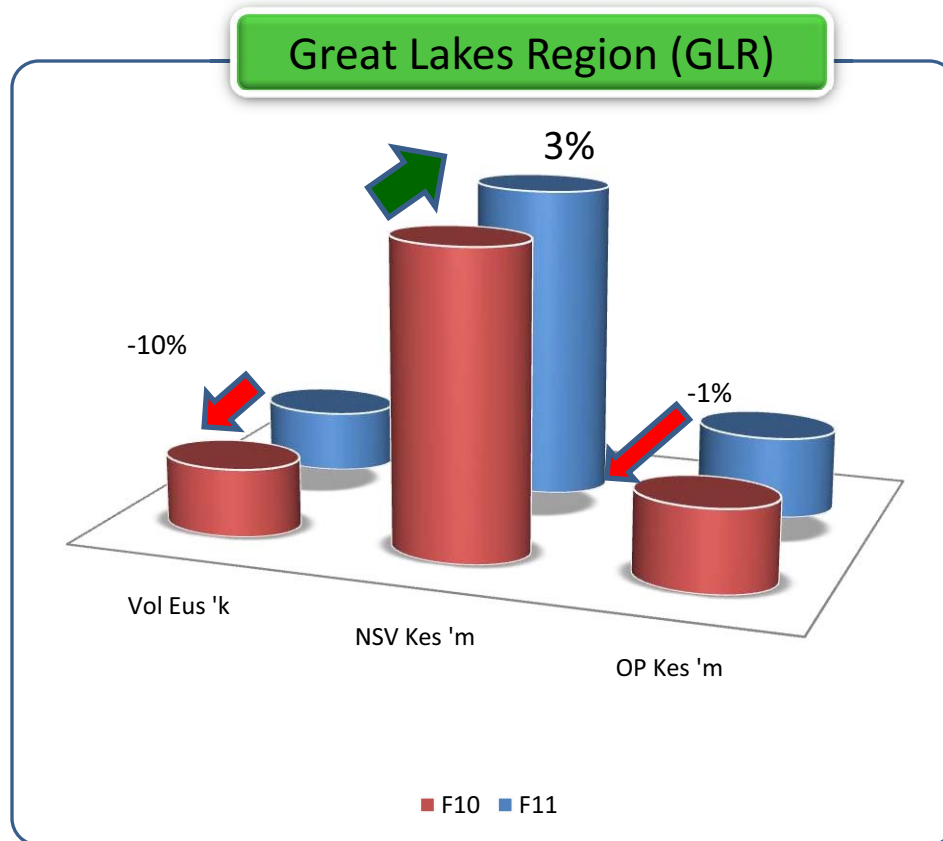


H1-F11 vs F'10



- > Investment in new packaging line resulted in improved product availability
- > Enhanced line efficiencies
- > Re-launched Bell in new pack
- > Better cost management (lower waste and increased controls)

EABLi: A challenging year but promising future



- > Impact of uncertainty over referendum
- > Scarcity of forex constraining trading
- > Improved performance in H2
- > New Nation in SoSS – future more optimistic

Tanzania: SOA excluded, SBL consolidated

- We have not recognised share of associates in F11 – reclassified as available for sale [2010: Kshs 1.1bn)
- Shareholding in TBL in the process of disposal through a public offer for sale – expected to complete by October
- Acquired 51% stake in SBL for Kshs 4.9bn on 1 November 2010 – mostly funded from internally generated funds
- Consolidated eight months of SBL into EABL - contributing Kshs 4bn in NSV
- During the year SBL reported net loss mostly driven by one-off integration costs of Kshs 300m and interest cost of Kshs 200m
- We have spent KShs 2bn in capital expenditure on completing Moshi plant and on additional crates and bottles required for SBL

Detailed results...

East African Breweries Limited			
Financial Report for the year ended 30 June 2011 (Audited)			
Consolidated Profit and Loss Account			
	Year ended 30-Jun-11 Kshs M	Year ended 30-Jun-10 Kshs M	Change %
Net Revenue	44,895	38,679	16%
Cost of Sales	(22,831)	(19,537)	17%
Gross profit	22,064	19,142	15%
Other operating income / (expense)	321	(474)	168%
Selling and distribution costs	(3,491)	(2,570)	36%
Administrative expenses	(6,481)	(4,842)	34%
Profit from operations	12,412	11,256	10%
Net finance (cost) / income	(163)	169	-196%
Income from associate	-	1,144	-100%
Profit before taxation	12,249	12,569	-3%
Income tax expense	(3,235)	(3,731)	-13%
Profit after taxation	9,014	8,838	2%
Minority interest	(1,661)	(1,659)	0%
Net profit	7,353	7,179	2%
Basic earnings per share	9.30	9.08	2%
Diluted earnings per share	9.30	9.08	2%

Our Proposed Dividends...

	F'11	F'10
	Kshs per share	Kshs per share
Interim Dividend	2.50	2.50
Final Dividend	6.25	6.25
Total Dividend	8.75	8.75

In summary

- **Strong financial performance in F11 with NSV, PBIT and cash growth vs LY:**
 - ❖ **On an organic basis:**
 - ↪ Volume = 8%
 - ↪ NSV = 6%
 - ↪ PBIT = 6% (Operating Profit of +17%, and PBIT of 6%)
- **This performance was driven by:**
 - ↪ Fantastic growth in our Brands
 - ↪ Increased investment in A&P and Capex
 - ↪ Continued focus on customer relationships and market development initiatives
 - ↪ Our quality talent in all Functions
 - ↪ Investment in SBL to position for future growth led to an increased cost input
- **Our public policy and CSR initiatives continue to inspire life in our communities**
- **Despite increasing macro-economic challenges, our future looks ever more promising**
 - ↪ Well laid out Strategy
 - ↪ Strong business fundamentals
 - ↪ SBL acquisition
 - ↪ Opportunity in Spirits and new geographies
 - ↪ The regional integration potential



EABL F'11 Full Year Results



Investor Briefing

Welcome
Q&A
Session



EABL F'11 Full Year Results

Investor Briefing

THANK YOU

26th August 2011

