

EABL F13 Full Year Results Investor Briefing

23rd August 2013





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- Financial Performance Tracey Barnes
- Summary and Outlook Charles Ireland
- Q&A

F'13 Full Year Review

Charles Ireland
Group Managing Director & CEO



EABL's Ambition

To create the best performing, most trusted and respected consumer products company in East Africa



- Market-leading brands in beer and spirits
- History in this region since 1922
- Strategy of investing for future growth
 - Strong values
 - Global best practice

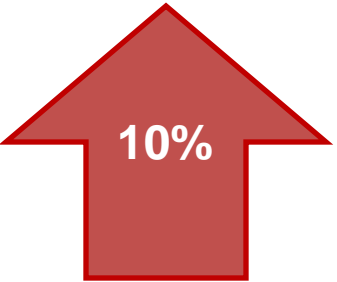


Our Organic Net Sales performance was robust, but held back in Uganda...



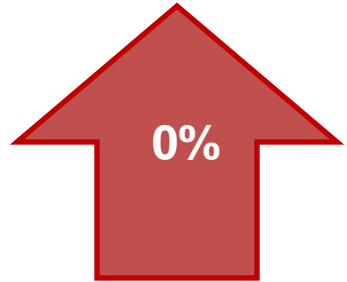
Kenya

▪ 67% of NSV



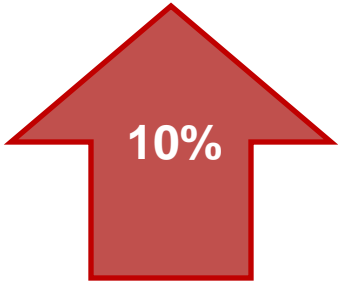
Uganda

▪ 16% of NSV



Tanzania

▪ 12% of NSV



EABLi

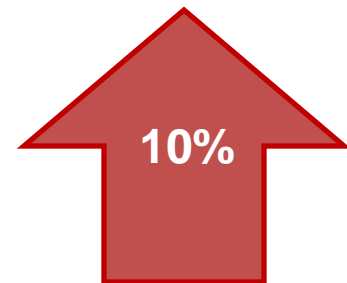
▪ 5% of NSV







- Premium beer growth driven by **Guinness** and **White Cap**
- Mainstream beer performance led by **Tusker** with launch of “It’s Our Time” campaign
- **Senator** and **Balози** led growth of Emerging Beer
- Launch of full **Reserve** portfolio
- Continued strong performance of **premium spirits** due to increased focus
- **Jebel Special** drove Emerging Spirits growth

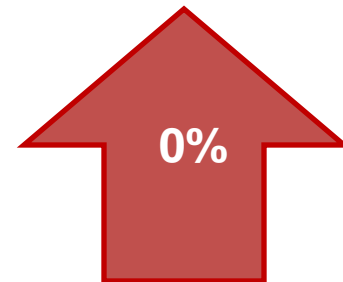




Uganda market highlights: Tusker Malt Lager and premium spirits performed well for us in a tough market...



- Strong performance of **Tusker** portfolio led by **Tusker Malt Lager** with the Tusker Malt Lager 100 Club
- Launch of “**Bell Nation**”
- Quality awards won for **Tusker, Tusker Malt Lager** and **Tusker Lite**
- Increased focus on **Johnnie Walker** drove strong growth in premium spirits
- Improved price mix

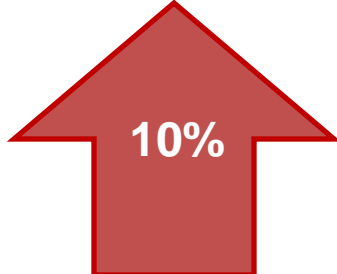




Tanzania market highlights: growth led by the success of the premium sector and regional innovations...



- “Made of More” campaign drove **Guinness** performance
- Launch of **Tusker Lite** brand at the premium end
- Quality awards won on **Serengeti Premium Lager**, supported by Under the Cap promotion
- Strong regional positions established through Innovation with **Kibo Gold** and **Senator**
- Sales focus led to strong growth on **Baileys**

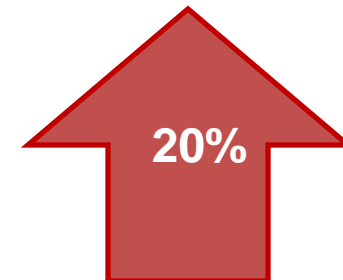




EABLi market highlights: continued strong growth in our export markets...



- Premium beer driven by investment on **Tusker Malt Lager**
- Strong performance of **Tusker** following cans launch
- Strong growth of **Senator** due to increased Route to Market
- Strong performance of premium and mainstream spirits





We have made significant investments in Supply Chain and Route to Market...



- 6bn Kshs net capital expenditure
- Salesforce headcount increased by 20%
- Direct outlet coverage increased by 30%
- 88% of our distributors in Kenya have signed up to 'M-PESA Distributor Cashless Solution'



We have made good progress with our local raw materials sourcing programme...



- 26,000 local partners across the value chain
- 10,000 metric tonnes of sorghum sourced in Kenya



- Two new varieties of high-yielding barley seed launched



Investing in our People and Communities continues to be a priority...



- 108 employees on Diageo Africa accelerated development programmes
- ‘Best Place to Work’ award for EABL Kenya
- Redeploying business resources closer to the markets
- 1 million people impacted by our Water of Life initiatives
- Total tax contribution of Kshs 43bn*



F13 FY P&L vs F12

Kshs m

Net Sales	59,062	+6%
Cost of Sales		+10%
Gross Profit		+2%
Selling & Distribution Costs		+11%
Operating Profit	14,999	+0.2%

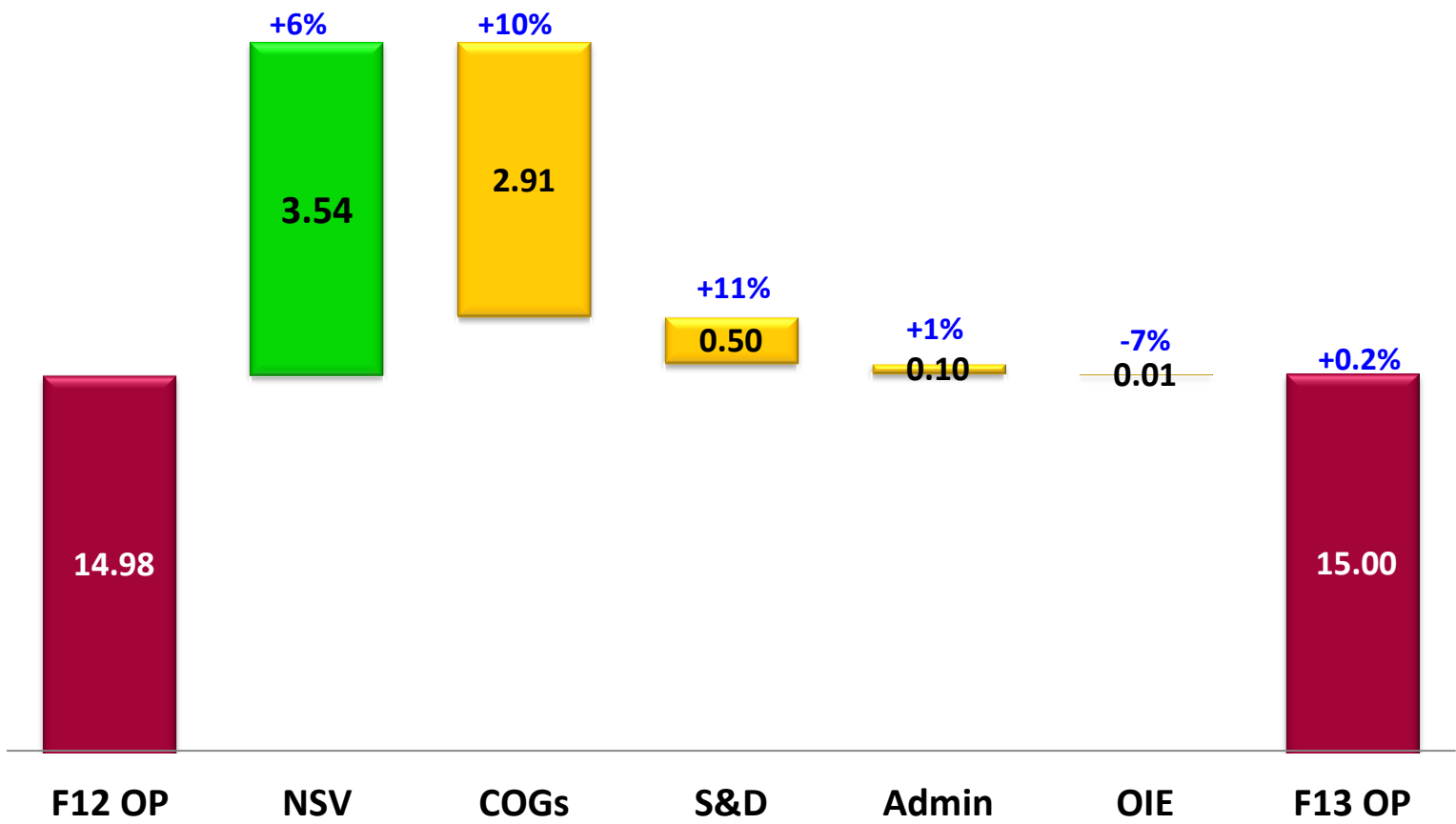
F'13 Full Year Financial Update

Tracey Barnes,
Group Finance Director





Operating Profit Causal for F13



Financial Report for the year ended 30th June 2013

EABL Consolidated Income Statement

	30-Jun-13	30-Jun-12	
	<u>Kshs M</u>	<u>Kshs M</u>	Growth %
Net Revenue	59,062	55,522	6%
Cost of Sales	<u>(31,563)</u>	<u>(28,657)</u>	10%
Gross Profit	27,499	26,865	2%
Selling and Distribution costs	(5,085)	(4,589)	11%
Administrative expenses	(7,555)	(7,450)	1%
Other operating income / (expense)	<u>141</u>	<u>151</u>	-7%
Operating Profit	14,999	14,977	0.2%

Net Sales grew +6%

- Strong growth in Kenya and EABLi markets
- Market softness in Uganda and Tanzania
- Forex impact in Uganda, Tanzania and South Sudan

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Cost of Sales grew +10%

- Raw materials costs per EU remained constant
- High prices of utilities, energy costs, warehousing and distribution costs, depreciation, increased import charges in Tanzania

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- Selling and distribution costs rose 11% as we invested ahead on our brands and route to market
- Administrative expenses flat to LY
- Impact of fx seen in other Operating Income

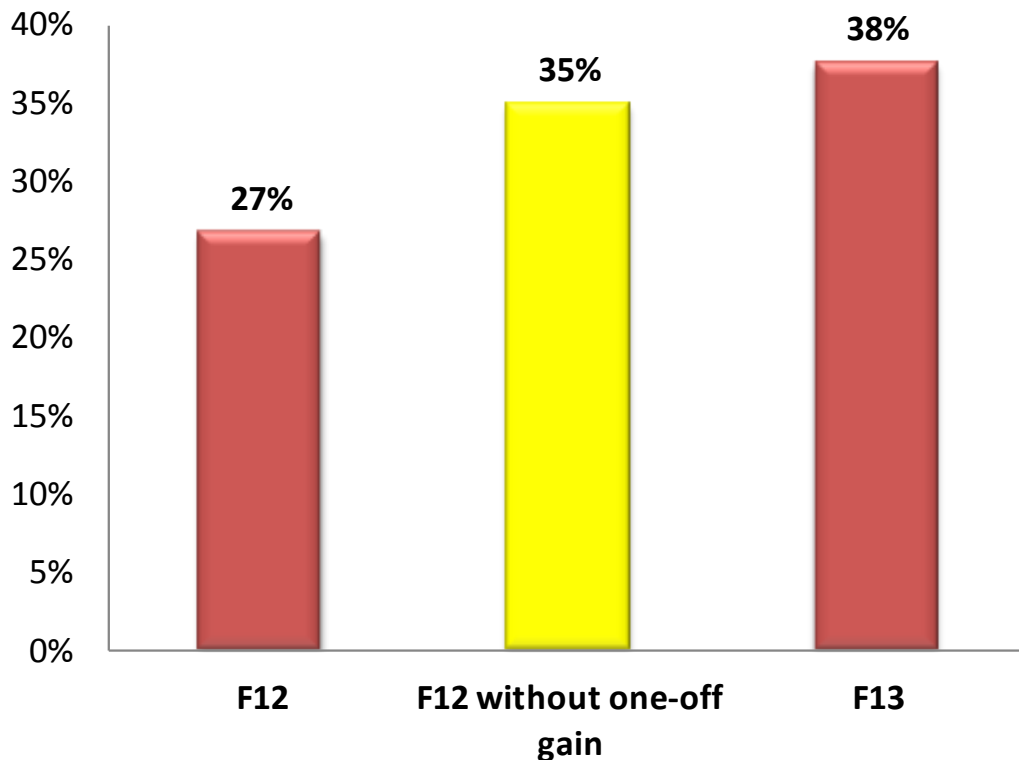
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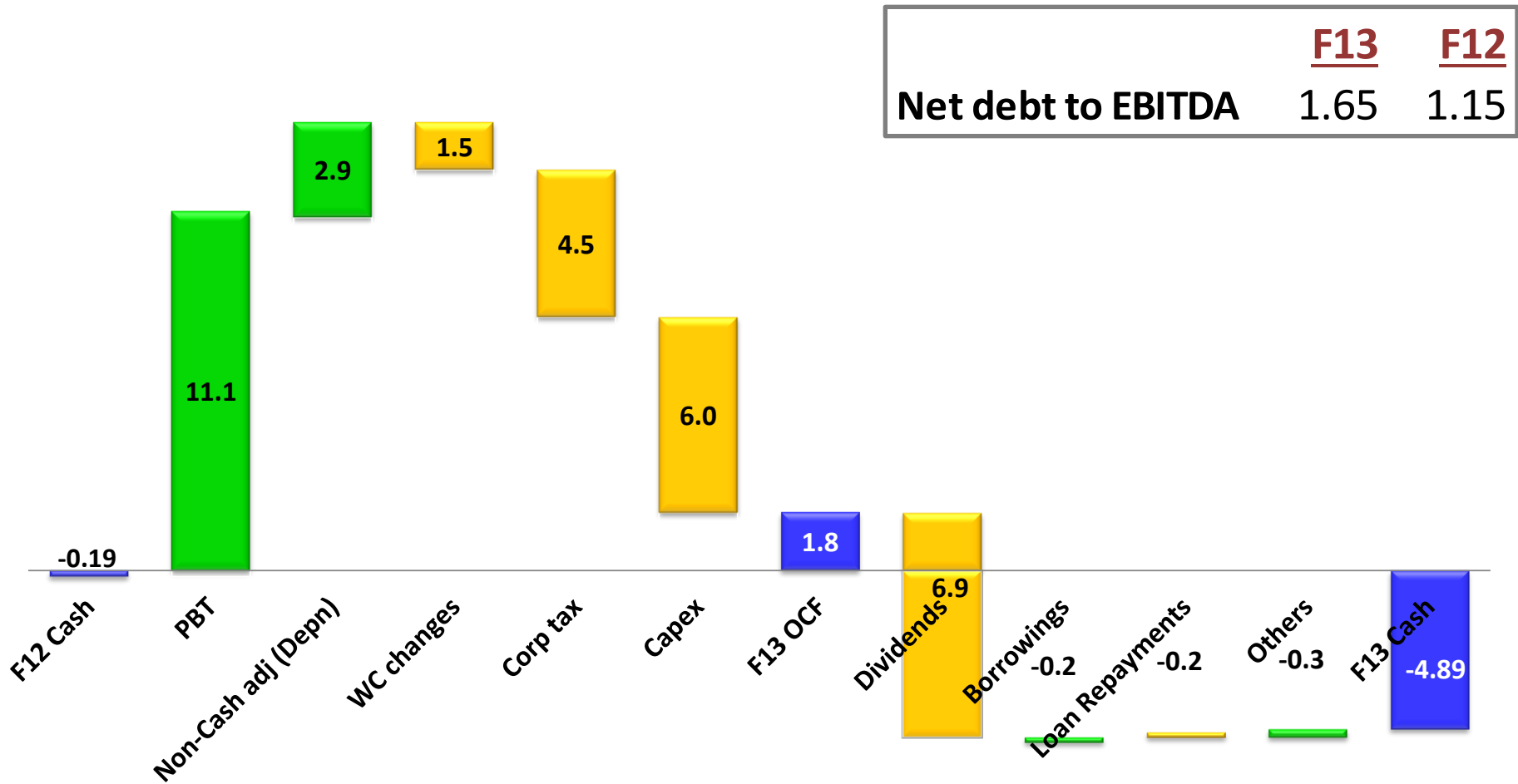
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Operating Profit	14,999	14,977	0.2%
Net Finance income / (costs)	<u>(3,885)</u>	<u>(3,370)</u>	15%
Profit before exceptional items	11,115	11,607	-4%
Other Income - TBL Share gain	<u>-</u>	<u>3,646</u>	-100%
Profit before taxation	11,115	15,253	-27%
Income tax expense	<u>(4,170)</u>	<u>(4,067)</u>	3%
Profit after taxation	6,945	11,186	-38%
Non Controlling interest	<u>34</u>	<u>(543)</u>	-106%
Profit attributable to Equity holders	<u>6,979</u>	<u>10,644</u>	-34%

- 12 months of loan repayments compared with 7 in previous year
- One-off gain in F12 from sale of 20% share of Tanzania Breweries Ltd
- Income tax expense rose by 3%

Effective Tax Rate F12-F13



- Non-recurrence of impact of one-off gain on sale of EABL shares in TBL
- Timing differences on tax deductions on capital expenditure
- Increase in disallowable expenditure



	<u>F13</u>	<u>F12</u>
Net debt to EBITDA	1.65	1.15



	Interim Dividend	Final Dividend	Total Dividend
Dividend per share	Kshs 1.50	Kshs 4.00	Kshs 5.50
Total dividend payout	Kshs 4.3bn		
% of PAT	63%		

Summary & Outlook

Charles Ireland
Group Managing Director & CEO



- EABL has a proven strategy which is to win in beer and transform spirits across East Africa
- Our F13 performance was robust at the topline in spite of market softness in Tanzania, Uganda and South Sudan
- We have continued to invest for future growth:
 - Investment behind our brands rose +11%
 - Increased Salesforce and RTM investment
 - Net capex of 6bn Kshs



- The outlook for consumer economies in East Africa is positive
- We have priorities around:
 - Accelerating our Local Raw Material sourcing
 - Spirits Transformation
 - Talent Development
- We will continue to invest in:
 - Brand development
 - Supply Chain
 - Route to Market
 - Our communities

Q & A Session





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- global and regional economic downturns;
- increased competitive product and pricing pressures and unanticipated actions by competitors that could impact EABL or Diageo's market share, increase expenses and hinder growth potential;
- the effects of EABL or Diageo's strategic focus on premium drinks, the effects of business combinations, partnerships, acquisitions or disposals, existing or future, and the ability to realise expected synergies and/or costs savings;
- EABL or Diageo's ability to complete existing or future business combinations, restructuring programmes, acquisitions and disposals;
- legal and regulatory developments, including changes in regulations regarding production, product liability, distribution, importation, labeling, packaging, consumption or advertising; changes in tax law, rates or requirements (including with respect to the impact of excise tax increases) or accounting standards; and changes in environmental laws, health regulations and the laws governing labour and pensions;
- developments in any litigation or other similar proceedings (including with tax, customs and other regulatory authorities) directed at the drinks and spirits industry generally or at EABL or Diageo in particular, or the impact of a product recall or product liability claim on EABL or Diageo's profitability or reputation;
- developments in the Colombian litigation, Korean customs dispute, thalidomide litigation or any similar proceedings to which Diageo is a party;
- changes in consumer preferences and tastes, demographic trends or perception about health related issues, or contamination, counterfeiting or other circumstances which could harm the integrity or sales of EABL or Diageo's brands;
- changes in the cost or supply of raw materials, labour, energy and/or water;
- changes in political or economic conditions in countries and markets in which EABL or Diageo operates, including changes in levels of consumer spending, failure of customer, supplier and financial counterparties or imposition of import, investment or currency restrictions;
- levels of marketing, promotional and innovation expenditure by Diageo and its competitors;
- renewal of supply, distribution, manufacturing or licence agreements (or related rights) and licenses on favourable terms when they expire;
- termination of existing distribution or licence manufacturing rights on agency brands;
- disruption to production facilities or business service centres, and systems change programmes, existing or future, and the ability to derive expected benefits from such programmes;
- technological developments that may affect the distribution of products or impede EABL or Diageo's ability to protect its intellectual property rights; and
- changes in financial and equity markets, including significant interest rate and foreign currency exchange rate fluctuations and changes in the cost of capital, which may reduce or eliminate EABL or Diageo's access to or increase the cost of financing or which may affect EABL or Diageo's financial results and movements to the value of EABL or Diageo's pensions funds.

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