

EABL F13 Half Year Results Investor Briefing

15th February 2013





- Introduction Charles Muchene
- F13 Half Year Review Devlin Hainsworth
- Financial Performance Tracey Barnes
- Outlook and Summary Devlin Hainsworth
- Q&A

Introduction

Charles Muchene,
Chairman



F13 Half Year Business Review

Delivering growth and investing for the future

Devlin Hainsworth,
Group Managing Director & CEO



Kenya

- Overall growth in beverage alcohol market, with growth in beer but softness in spirits
- Growth in premium category both beer and spirits

Uganda

- Soft consumer economy led to decline in total beverage alcohol sector

Tanzania

- Decline in beverage alcohol sector due to increased excise duty

EABLi markets:

- Trading conditions mixed but overall positive





Net Sales Growth vs Last Year

Total EABL

+10%

Kenya

+12%

Uganda

+3%

Tanzania

+16%

EABLi

+28%

Beer

Spirits

Premium



+19%

Premium



+45%

Mainstream



+1%

Mainstream



+5%

Emerging



+22%

Emerging



-5%



We are consistent in our strategy focus



Strategic Objectives

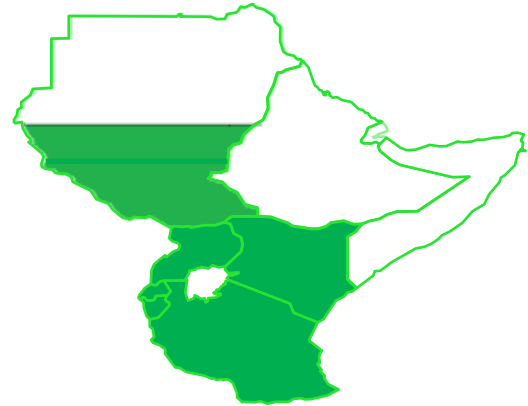
Winning in Beer



Spirits Transformation



Geographic Expansion



Enablers

Supply



Route to Market



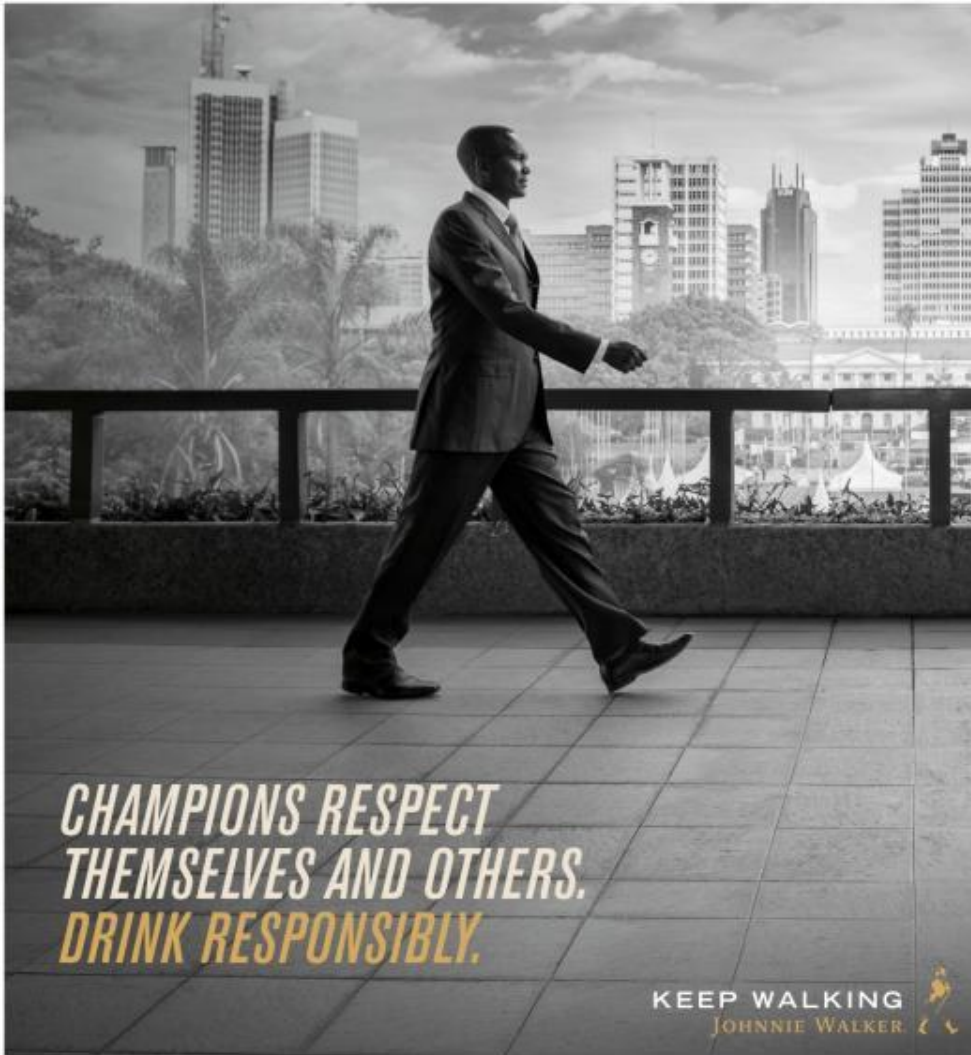
Winning Organisation





- £30m investment in capacity and process improvements for Kenya
- Governance capex across our sites
- Acquisition of Serengeti Breweries
- New plant at Moshi
- A new mash filter in Uganda
- Acquisition of KBL minority shareholding

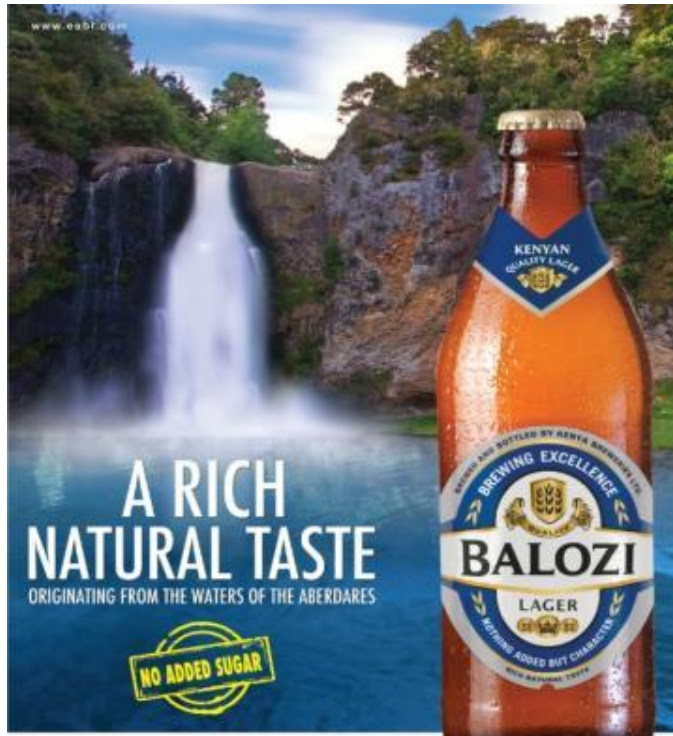




EXCESSIVE CONSUMPTION OF ALCOHOL IS HARMFUL TO YOUR HEALTH.
STRICTLY NOT FOR SALE TO PERSONS UNDER 18 YEARS.
ENJOY RESPONSIBLY.



Innovating to meet new consumer occasions



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





We are driving a Route to Market break through





- We work with over 26,000 farmers
- Over 110 sourcing agents for local raw materials
- Working in partnerships with governments and Agriculture sector development agents for sustainable agriculture development
- Investing in research and development – for high yielding seed varieties
- Supporting small holder farmers





- Investments in our people
 - Early Career Programme
 - Growing Leaders Programme
 - Diageo Leadership Performance Programme
- EABL Kenya won ‘The Best Company to Work For’ award

**RED CARD
DRUNK DRIVING.
YOU CAN'T AFFORD
THE PENALTY !**



F13 HY vs F12 HY

Net Sales

+10%

Gross Profit

+7%

Selling Costs (incl A&P)

+10%

Operating Profit

+7%

F13 Half Year Financial Update

Tracey Barnes,
Group Finance Director



Financial Report for the period ended 31 December 2012 (UNAUDITED)

EABL Consolidated Profit and Loss Account

	Six months to 31-Dec-12 <u>Kshs M</u>	Six months to 31-Dec-11 <u>Kshs M</u>	Growth %
Net Revenue	30,633	27,777	10%
Cost of Sales	(16,204)	(14,321)	13%
Gross profit	14,429	13,456	7%
Selling and distribution costs	(2,541)	(2,311)	10%
Administrative expenses	(3,594)	(3,699)	-3%
Other operating income/(expense)	(436)	(134)	226%
Operating Profit	7,858	7,312	7%

- Strong Net Sales performance seen in first half of F13
- Net Sales growth was driven mainly by strong beer growth in Kenya and growth of pan East African brands
- Beer Net Sales +11%
- Spirits Net Sales +9%

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- Cost of Sales (COGS) pressure was driven by higher input costs and mix.
- COGS mitigation initiatives
 - Local sourcing of sorghum
 - Local production of Guinness, Tusker Malt Lager and Senator in Tanzania
 - Manufacturing Excellence Programmes to drive efficiencies

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Operating Profit	7,858	7,312	7%
Net finance income / (costs)	(2,061)	(642)	221%
Profit before taxation	5,797	6,670	-13%
Income tax expense	(1,815)	(1,793)	1%
Profit after taxation	3,982	4,877	-18%
Non controlling interest	(227)	(488)	-53%
Net profit	3,755	4,389	-14%

Proposed Dividends - Kshs

Interim Dividend

1.50

Delivering growth and investing for the future

Devlin Hainsworth
Group Managing Director & CEO



EABL is well positioned to drive growth across East Africa

- Category leading brands
- Investment in marketing and innovation
- We continue to invest ahead in marketing and routes to market
- We invest ahead in capacity
- We have a motivated and committed team to execute our strategy



Q & A Session

Thank You



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This presentation contains 'forward-looking' statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability or cost of financing to EABL or Diageo, anticipated cost savings or synergies, the completion of EABL or Diageo's strategic transactions and restructuring programmes, anticipated tax rates, expected cash payments, outcomes of litigation, anticipated deficit reductions in relation to pension schemes, general economic conditions and all statements on the slide "outlook statements". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside EABL or Diageo's control.

These factors include, but are not limited to:

- 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
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