



eabl FULL YEAR
RESULTS 2015



FULL YEAR RESULTS BRIEFING

F15 Full Year Review

Charles Ireland

Financial Performance

Tracey Barnes

Q&A



F15 FULL YEAR REVIEW

Charles Ireland
Group Managing Director



Our ambition is clear



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

- Strengthen and accelerate our premium core brands
- Win in reserve in every market
- Innovate at scale to meet new consumer needs
- Build and then constantly extend our advantage in route to consumer
- Drive out cost to constantly invest in growth
- Guarantee our plans with the right people and capabilities

Since 1922...

















Good top line performance with strong profit growth

	KES 'm'	vs LY
Net Sales	64,420	+6%
Cost of Sales		+6%
Gross Profit		+6%
Profit After Tax	9,575	+40%
Underlying Profit growth		+16%







Underlying growth in all four markets

	Contribution to Overall EABL	FY Growth(KES)	FY Growth(Local currency)	Key Brands
KENYA	61%	+3%	+3%	   
UGANDA	18%	+4%	+7%	  
TANZANIA	11%	-2%	+2%	   
EABLi	10%	+53%	+48%	  
Total EABL	100%	+6%		

Growth in 6 out of 8 categories

	Premium	RTD's	Mainstream	Emerging
Beer & RTDs	+17%	+70%	-2%	-2%
				

	Reserve	Premium	Mainstream	Emerging
Spirits	+71%	+31%	+9%	+32%
				

Kenya
+3%

Strong growth across spirits, premium beer and RTD's



- ❑ Excluding Senator NSV **+6%**

- ❑ Premium beer NSV grew by **14%** mainly due to Guinness and Tusker Lite

- ❑ All Spirits categories recorded growth

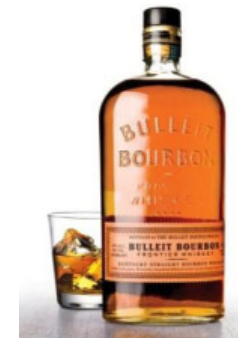
- ❑ Growth in RTD category at **98%** driven by Smirnoff Guarana



New Tusker
campaign
launched



New Tusker
Lite pack
well received



Reserve
brands
healthy
growth

Uganda
+4%

Building momentum

- ❑ NSV grew by **7%** in local currency.
- ❑ Double digits growth of **Premium beer**
- ❑ Strong **Waragi** performance
- ❑ Strong **Reserve** performance
- ❑ Improving H2 performance on **Bell**



Innovation driven by the **Waragi Sachet** and new **Senator Stout**

Growth based on local currency

+7%



Bell Lager introduced new consumer campaign – **'Bellistic' Friday**

Tanzania -2%

Gaining traction in a challenging market

- ❑ NSV grew by **2%** at local currency.

- ❑ Strong growth in emerging beer **driven by Kibo Gold Lager**

- ❑ Work required to **strengthen Serengeti Lager**

- ❑ Rapid growth in **Reserve and International Premium Spirits**

- ❑ Successful launch of **Jebel Coconut**



Kibo Gold volumes up



Growth based
on local
currency

+2%



**Reserve
brands
rapid growth**



EABLi
+53%

Progress in Rwanda, South Sudan is tough

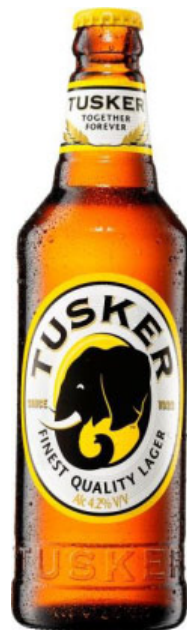
- ❑ Performance in South Sudan slowed in H2 **due to lack of US dollars**

- ❑ Political **instability** in Burundi

- ❑ Progress in Rwanda

- ❑ Strong performance of **spirits**

Currency challenges in H2



We continue to invest in our future growth



CAPEX

- ❑ Total F15 investment of KES 4.9bn
 - KBL stand by power
 - In Uganda, effluent treatment plant upgrade
 - Beer brewing efficiency

Drive out Costs

- ❑ Local sourcing
- ❑ Driving up OEE's
- ❑ Increasing productivity across all functions and investments

Route to Consumer delivering deeper brand availability



❑ 12,000 additional direct outlet calls

❑ Over 1000 newly licensed outlets in Kenya

❑ Distributor transformation in Kenya and Uganda

❑ Driving outlet standards through use of sales force automation

❑ Increased use of incentives and rewards



The EABL Distributor Guide

■ Standards and procedures for the EABL Distributor

UPDATED MARCH 2015 | DIAGEO



Our investment in people and communities underpins our business objectives

- ❑ **Diversity & Inclusiveness** at the heart of our business Values



#1

in Africa for number of women on the Board

- ❑ **Amazing Line Manager programme-** +400 participants

- ❑ **Water Conservation** initiatives



9,600

Retail staff trained on responsible retailing of alcohol beverages



- ❑ **Local Raw Material** sourcing



320,000

Additional Residents with clean and safe water across East Africa

- ❑ Tackling **under age drinking**

Many successes across the year

F15 Highlights

- ❑ Strong performance of Guinness
- ❑ Significant progress in Reserve and Premium spirits
- ❑ Many successful innovations: Smirnoff Ice Guarana, Senator Stout, Liberty, Platinum Serengeti Lager, Jebel Special, Jebel Gold, Jebel Coconut and Orijin.
- ❑ Culture transformation programme underway: Focus; Delivery; Improvement; Teamwork
- ❑ Route to consumer transformation progress





Opportunities for further growth

- Accelerate volume growth
- Strengthen our mainstream beer brands
- Drive productivity
- Hedging East Africa currencies
- Further improvements in Working capital management

Thank You

Please hold the questions to the end





FINANCIAL PERFORMANCE

Tracey Barnes
Group Finance
Director

Good top and bottom line performance in F15

	KES 'm'	vs LY
Net Sales	64,420	+6%
Cost of Sales		+6%
Gross Profit		+6%
Profit After Tax	9,575	+40%



Spirits growth is running faster than beer

- ❑ Spirits grew by **31%** across the region

- ❑ Beer grew by **4%** mainly driven by premium and value category.

- ❑ Growth in RTD at **70%**

	30-Jun-15 KES 'm'	30-Jun-14 KES 'm'	vs LY
Net Sales	64,420	60,749	+6%

Drive out costs helped to mitigate impact of inflation in cost of sales

- ❑ **Local sourcing** of raw and packaging materials
- ❑ Utilities **usage reduction**
- ❑ **Improvement** on waste levels, utility usage and product quality
- ❑ **Development** of local spirits suppliers

	30-Jun-15 KES 'm'	30-Jun-14 KES 'm'	vs LY
Cost of Sales	(32,389)	(30,587)	+6%

Investment in our brands and overheads management supported growth

- ❑ Selling and Distribution costs are **5% above last year**

- ❑ Administrative expenses **improved by 16%** benefitting from last year's re-organisation

- ❑ Other income/ expenses includes sale of land and FX losses

	30-Jun-15 KES 'm'	30-Jun-14 KES 'm'	vs LY
Selling and Distribution	(6,038)	(5,761)	+5%
Administrative expenses	(7,871)	(9,330)	-16%
Other income/ expenses	104	(422)	-125%

Decreased our finance cost and reduced the effective tax rate

- Total group borrowings decreased by KES 2.8bn.

- Issued medium term loan of KES 5bn

- Net reduction in average interest costs to **11.4%**

- Reduced effective tax rate to **32.6%**

	30-Jun-15 KES 'm'	30-Jun-14 KES 'm'	vs LY
Finance cost	(4,074)	(4,259)	-4%
Income tax expense	(4,616)	(3,541)	+30%

We are disposing Central Glass Industries to focus on our core business

	30-Jun-15 KES 'm'	30-Jun-14 KES 'm'	vs LY
Profit after Taxation	9,535	6,849	39%
Profit from discontinued operations	40	10	
Profit for the year	9,575	6,859	40%
Non Controlling interest	(623)	(360)	73%
Profit attributable to Equity holders	8,952	6,499	38%

Proposed dividends

Proposed Dividends	KES/Share
Final Dividend	6.0



Q & A Session



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- 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;
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- 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;
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- 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;
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