

# East African Breweries Limited

## HALF YEAR RESULTS

Interim Financial Report for the six month period ended 31 December 2014 (UNAUDITED)

**+9%**  
Net Sales

**+9%**  
Gross Profit

**+12%**  
Profit Before  
Tax

**KES 1.3bn**  
savings from  
COGS efficiencies

**+5%**  
Selling and  
distribution  
costs

All markets in  
growth

All product  
segments (Excl.  
value beer) in  
growth

### Condensed Consolidated Income Statement

|                            | 6 months ended 31 December |                 |
|----------------------------|----------------------------|-----------------|
|                            | 2014<br>Kshs' M            | 2013<br>Kshs' M |
| Net revenue                | 34,768                     | 31,858          |
| Cost of Sales              | (17,657)                   | (16,127)        |
| <b>Gross Profit</b>        | <b>17,111</b>              | <b>15,731</b>   |
| Total Costs                | (10,308)                   | (9,647)         |
| <b>Profit before tax</b>   | <b>6,803</b>               | <b>6,084</b>    |
| Income tax expense         | (2,181)                    | (1,923)         |
| <b>Profit after tax</b>    | <b>4,622</b>               | <b>4,161</b>    |
| Basic earnings per share   | 5.24                       | 4.99            |
| Diluted earnings per share | 5.22                       | 4.99            |

### Consolidated Statement of Cash Flows

|   | 6 months ended 31 December |                 |
|---|----------------------------|-----------------|
|   | 2014<br>Kshs' M            | 2013<br>Kshs' M |
| Cash generated from operations                                  | 10,692                     | 9,748           |
| Net interest paid   | (1,801)                    | (1,941)         |
| Tax paid  | (1,321)                    | (3,003)         |
| Net cash from operating activities                              | <b>7,570</b>               | <b>4,804</b>    |
| Net cash used in investing activities                           | (1,097)                    | (4,507)         |
| Net cash generated from/(used) in financing activities          | (2,873)                    | 1,869           |
| <b>Net increase / (decrease) in cash &amp; cash equivalents</b> | <b>3,600</b>               | <b>2,166</b>    |
| At start of period  | (657)                      | (4,887)         |
| Net increase / (decrease) in cash & cash equivalents            | 3,600                      | 2,166           |
| <b>Cash and cash equivalents at end of the year</b>             | <b>2,943</b>               | <b>(2,721)</b>  |

### Condensed Consolidated Statement of Financial Position

|                            | As at 31 December |                 | As at 30 June   |                 |
|----------------------------|-------------------|-----------------|-----------------|-----------------|
|                            | 2014<br>Kshs' M   | 2013<br>Kshs' M | 2014<br>Kshs' M | 2013<br>Kshs' M |
| Total Equity               | 13,741            |                 | 9,101           |                 |
| <b>Shareholders' funds</b> | <b>26,201</b>     | <b>26,304</b>   | <b>26,304</b>   | <b>26,304</b>   |
| Non-current liabilities    | <b>39,942</b>     | <b>35,405</b>   | <b>35,405</b>   | <b>35,405</b>   |
| <b>Assets</b>              |                   |                 |                 |                 |
| Non-current assets         | 42,399            |                 | 43,059          |                 |
| <b>Working capital</b>     |                   |                 |                 |                 |
| Current assets             | 24,401            |                 | 19,807          |                 |
| Current liabilities        | (26,858)          |                 | (27,461)        |                 |
|                            | <b>39,942</b>     | <b>35,405</b>   | <b>35,405</b>   | <b>35,405</b>   |

### Condensed Consolidated Statement of Changes In Equity

|                             | Share capital &<br>Share Premium | Other Reserves  | Retained<br>Earnings | Non Controlling<br>Interest | Total         |
|-----------------------------|----------------------------------|-----------------|----------------------|-----------------------------|---------------|
|                             | Kshs' M                          | Kshs' M         | Kshs' M              | Kshs' M                     | Kshs' M       |
| At 1 July 2014              | 3,273                            | (16,756)        | 22,502               | 82                          | 9,101         |
| Restated as at 1 July 2014  | 3,273                            | (16,756)        | 22,502               | 82                          | 9,101         |
| <b>Comprehensive income</b> | -                                | 2               | 4,143                | 495                         | 4,640         |
| Dividends                   | -                                | -               | -                    | -                           | -             |
| At 31 December 2014         | <b>3,273</b>                     | <b>(16,754)</b> | <b>26,645</b>        | <b>577</b>                  | <b>13,741</b> |
| At 1 July 2013              | 3,273                            | (16,751)        | 20,779               | 1,134                       | 8,435         |
| Restated as at 1 July 2013  | 3,273                            | (16,751)        | 20,352               | 724                         | 7,598         |
| <b>Comprehensive income</b> | -                                | (11)            | 6,499                | 346                         | 6,834         |
| Dividends                   | -                                | 6               | (4,349)              | (988)                       | (5,331)       |
| At 30 June 2014             | <b>3,273</b>                     | <b>(16,756)</b> | <b>22,502</b>        | <b>82</b>                   | <b>9,101</b>  |

The Board of Directors of East African Breweries Limited is pleased to announce its half year results for the six month period to 31st December 2014.

EABL delivered net sales growth of 9% and Profit Before Tax growth of 12%. The results were buoyed by double digit growth in spirits, premium beer and RTD's ("Ready to Drink") and improved performance in Tanzania and the export markets.

Kenya's headline net sales growth was 3% and it was 11% excluding Senator Keg which was impacted by the reduction of the excise tax remission. The growth was driven by strong performance in spirits and RTD's. This was supported by successful launches of Smirnoff Double Black and Guarana and Jebel Coconut, demonstrating our ongoing commitment to a continual pipeline of innovation.

Net sales growth in Uganda was 7%, with strong growth in Uganda Waragi of 13% and an improving performance in Bell Lager, supported by a successful consumer marketing campaign.

Tanzania delivered robust net sales growth of 17% with particularly strong performance in the emerging beer category driven by Kibo Gold Lager. This was supported by an increasing focus on spirits and innovation, such as Jebel Coconut and Serengeti Platinum.

Our Export markets grew net sales by 118%, despite currency challenges, with strong growth across premium beer, especially in can format, and premium spirits. This has been supported by the establishment of the local depot in Juba.

The growth of 9% in gross profit was supported by the focus on driving out costs to contain the increase in cost of sales to 9%, with KES 1.3billion of savings from improved raw materials usage, low heavy oil fuel prices and greater production efficiencies.

Selling and Distribution is 5% above last year as we continue with our strategy to invest ahead to grow the market share of our brands.

Administrative expenses reduced by 2% year on year benefiting from last year's re-organization and continual focus on driving out costs to support growth.

Net capital expenditure for the 6 months was KES 2.3billion including the new furnace at Central Glass Industries Limited, the upgrade of the effluent treatment plant in Uganda and installation of cereal cookers in Tanzania

Total group borrowings increased by KES 5.5billion over the period to finance operations and capital expenditure, funded mostly by the Commercial paper. There was a net reduction in average interest costs by 7% year on year.

As a result of these items, EABL's profit before taxation improved by 12% to KES 6.8bn.

## DIVIDEND

The Board of Directors is pleased to recommend an interim dividend of KES 1.50 per share.

The records date for qualification for the interim dividends is 16th March 2015. The register of members shall remain closed on 16th March 2015 for purposes of preparing dividend warrants. The interim dividends shall be paid, net of Withholding Tax, on or before 14th April 2015.

By order of the Board

Ruth Ngobi  
Group Company Secretary

