HALF YEAR RESULTS 2015

13TH FEBRUARY

OUTLINE OF THE HALF YEAR RESULTS BRIEFING

F15 Half Year Review
Charles Ireland

Financial Performance
Tracey Barnes

Summary & Outlook
Charles Ireland

Q&A

HALF YEAR RESULTS 2015

F15 HALF YEAR REVIEW

Charles Ireland

Group Managing Director

GREAT

PEOPLE | BRANDS | PERFORMANCE

EABL has a stretching ambition and is well- positioned to achieve it

Since 1922…

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

We achieved Net Sales growth of 9%

	KES b'n	vs LY
Net Sales	34.8	+9%
Cost of Sales		+9%
Gross Profit		+9%
Profit Before Tax	6.8	+12%

All markets delivered robust NSV growth

	Contribution to Overall EABL	HY Growth	Key Brands
KENYA	61%	+3%	Tusker, Guinness, Smirnoff, White Cap, Jebel Gold
UGANDA	18%	+7%	Bell, Uganda Waragi, Guinness, Baileys
TANZANIA	12%	+17%	Serengeti, Guinness, Kibo Gold, Keep Walking Johnnie Walker
EABLi	9%	+118%	Tusker, Guinness, Smirnoff, Uganda Waragi
Total EABL	100%	+9%	

Good growth in all product segments (except emerging beer)

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Emerging Beer

-12%

Excl Senator +15%

Mainstream Beer

+8%

RTDs

+59%

Premium Beer

+18%

Emerging Spirits

+28%

Mainstream Spirits

+7%

Premium Spirits

+32%

Reserve Spirits

+67%

NET SALES GROWTH F15 vs. F14; Excludes ANAD's @ 0.4% contribution

Senator is now of marginal importance

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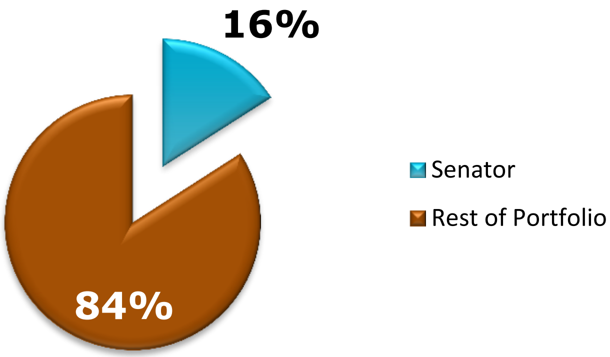
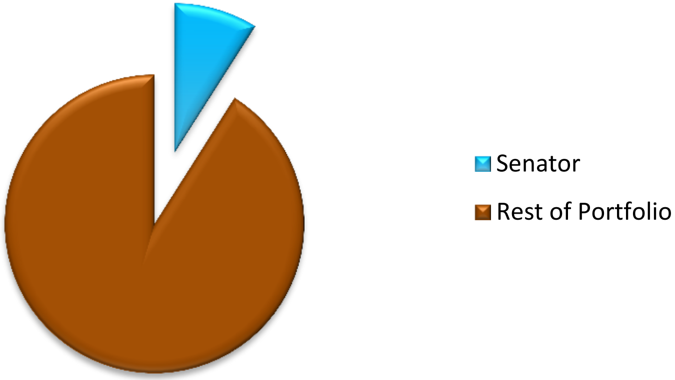
H1 F13 Pre-duty increase

Share of NSV:

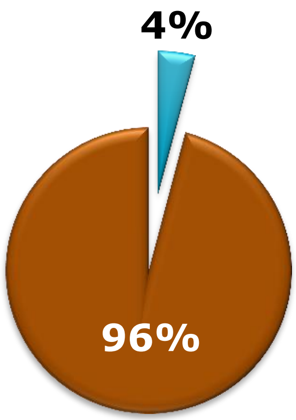


Gross Contribution:



H1 F15- Post duty increase

Share of NSV:



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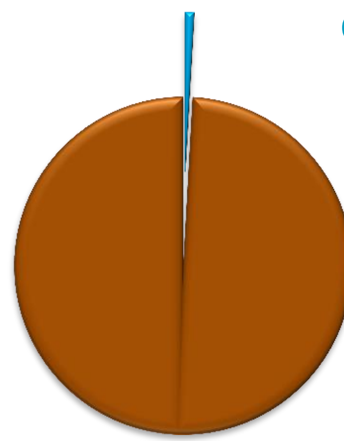


Kenya:+3%

Very strong Q2

- Premium beer net sales grew by **13%** mainly due to the strong Guinness performance

- Strong growth in emerging spirits category **(+82% NSV)** due to Jebel innovation and Kane Extra

- **Smirnoff Guarana** drove growth in RTD category

- However mainstream beer is behind last year by **4%**

Excluding Senator Kenya net sales

+11%

The New Smirnoff Ice Guarana and New Tusker Lite pack well received

Reserve brands on a healthy growth trajectory

Uganda: +7%

Uganda delivered good performance, despite FX challenges

HALF YEAR RESULTS 2015

- **Uganda Waragi** drove overall spirits volume growth
- Improving performance on **Bell**
- Strengthening of the US dollar against the Uganda shilling resulted in negative FX impact

Innovation driven by the new **Senator Stout**

Waragi volumes up **32%**

Bell Lager introduced new consumer campaign – **Welcome to the Bell Nation**

Tanzania: +17%

Emerging beer supported double digit net sales growth

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

- Successful launch of **Jebel Coconut**

- **Serengeti Platinum** gaining momentum

- **Reserve and International Premium Spirits** growing rapidly

Kibo Gold volumes up

+++

Jebel Coconut successful innovation

Reserve brands rapid growth

EABLi:+ 118%

Premiumisation, success of can formats and good mix

- Strong mix in H1 driven by **premium beer and premium spirits**
- The **move to cans** and **local presence in Juba** have boosted growth
- Very strong performance in **South Sudan** constrained by availability of dollars
- Slower progress in Rwanda and Burundi
- **Currency challenges** may continue to impact in H2

Currency challenges in H1

$

We continue to invest in our future growth

CAPEX

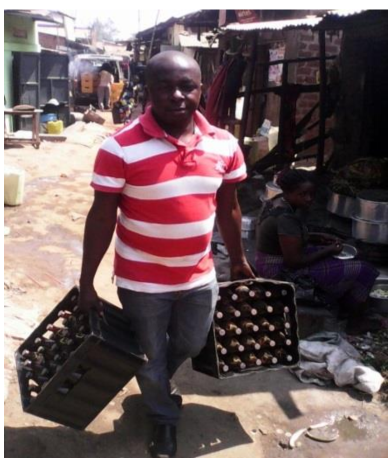
- ❑ CGI Furnace rebuild at a cost of ˜KES 1bn
- ❑ KBL standby generators, ˜ KES 0.5bn
- ❑ In Uganda, effluent treatment plant upgrade ˜ KES 0.4bn

Drive out Costs

- ❑ Embedded organisation change
- ❑ Procurement savings
- ❑ Ownership mindset

Optimizing our Route to Consumer

DIAGEO ROUTE to CONSUMER



Build & Constantly Extend

- ❑ Expand number of outlets called directly
- ❑ Drive availability and influence in directly called outlets
- ❑ Build sustainable distributor partners (EABL)

- ❑ 150 motorbikes selling to 4800 outlets (Kenya)
- ❑ Sales force automation (EABL)
- ❑ Spirits vans for distributors fleet(Kenya/Uganda)
- ❑ Recruited 583 unlicensed outlets (Kenya)
- ❑ RTC diagnosis and design (EABLi)

Our investment in People and Communities underpins our business objectives

- **Multi-year talent programme** linked to our performance ambition
- **Amazing line manager programme** for our top people managers
- Investing in programs that are close to our **farming communities**
- Investment in nationwide community initiatives such as **Beyond Zero**
- **Alcohol in society** activities around peak season

400+

EABL employees on accelerated development programmes at entry, mid career & senior leadership levels

Award-winning Responsible Drinking initiatives

Clean and safe water for **80,000+** residents of Mkamba, Temeke District, Tanzania

We are working hard to improve the performance of our core beer brands

Areas requiring further development

- ❑ Core beer brands growth
- ❑ Improve our planning processes
- ❑ Impact of excise on Senator performance
- ❑ Weakening East Africa currencies

Turnaround of our Tanzania business is a H1 highlight for EABL

H1 Highlights

- ❑ Innovations: Smirnoff Ice Guarana, Senator Stout, Liberty, Platinum Serengeti Lager, Jebel Special, Jebel Gold and Jebel Coconut…
- ❑ Continued momentum in spirits:+35%
- ❑ Implementation of the initiatives to improve route to consumer: Kaskazi, Gold Trial, Sortie, Seals…
- ❑ Roll out of Amazing Line Manager Programme now adopted by Diageo as a global initiative
- ❑ Improved performance in Tanzania

Thank You

Please hold the questions to the end

FINANCIAL PERFORMANCE

Tracey Barnes
Group Finance
Director

EABL Profit After Tax grew by 11%

	KES b'n	vs LY
Net Sales	34.8	+9%
Cost of Sales		+9%
Gross Profit		+9%
Profit After Tax	4.6	+11%

Growth in revenues from all markets and all product categories except value beer

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- Kenya bottled beer grew by 5% mainly driven by **Guinness.**
- **Uganda spirits** grew by 28%
- Substantial growth of **Kibo Gold** in Tanzania.

Financial Report Half Ended 31st December 2014			
EABL Consolidated Income Statement	**31-Dec-14**	**31-Dec-13**	**Growth %**
	KES M	**KES M**	
Net Revenue	**34,768**	**31,858**	**9%**
Cost of Sales	(17,657)	(16,127)	9%
Gross Profit	**17,111**	**15,731**	**9%**
Selling and Distribution costs	(3,188)	(3,047)	5%
Administrative expenses	(4,397)	(4,507)	-2%
Other operating income / (expense)	(536)	(50)	980%
Operating Profit	**8,990**	**8,127**	**11%**
Net Finance income / (costs)	(2,187)	(2,043)	7%
Profit before taxation	**6,803**	**6,084**	**12%**

KES 1.3 bn savings delivered in cost of sales

HALF YEAR RESULTS 2015

- Savings from the drive out costs include:-
  - Improved raw materials usage
  - Increased use of **local raw materials**
  - Low heavy fuel **oil prices**
  - Improvement on waste levels, utility usage and product quality
- The higher proportion of bottled beer is driving the increase in cost of sales.

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Continued investment in Selling & Distribution and good management of overheads supporting H1 growth

HALF YEAR RESULTS 2015

- Selling and Distribution costs are 5% above last year as we continue to invest ahead

- Administrative expenses **improved by 2%** benefitting from last year's reorganisation

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Increased finance costs driven by higher borrowings

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- Total group borrowings increased by KES 5.5b in H1 to fund operations and capital expenditure.

- **Net reduction** in average interest costs by 7%

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Effective tax rate flat against last year

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Profit before taxation	**6,803**	**6,084**	**12%**
Income tax expense	(2,181)	(1,923)	13%
Profit after taxation	**4,622**	**4,161**	**11%**
Non Controlling interest	(479)	(212)	126%
Profit attributable to Equity holders	**4,143**	**3,949**	**5%**

Proposed dividends

Proposed Dividends	KES/Share
Interim Dividend	**1.50**

SUMMARY & OUTLOOK

Charles Ireland

Group Managing Director

Summary: In H1 we delivered a solid performance

- Q1 was strong, Q2 stronger
- All markets are in growth with Tanzania moving into profitability
- All product sectors (ex value beer) are in growth
- Senator is now of only marginal importance
- We are confident we have a winning strategy which we will pursue with even greater determination in H2 and beyond

Q & A Session


PREMIUM
ICE
FRONTIER
JEBEL
GOLD
TUSKER
FINEST
STORM
SINGLE MALT
SCOTCH WHISKY

- END -


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