

East African Breweries Limited

HALF YEAR RESULTS

Interim financial information for the 6 month period ended 31 December 2017 (Unaudited)

+4%
Group Volumes

KES 5bn
Capital Expenditure

21%
Innovation Contribution
to Revenue

KES 2.00
Interim Dividend
per Share

Condensed consolidated income statement

	6 months ended 31 December	
	2017 Kshs' M	2016 Kshs' M
Net revenue	36,800	35,156
Cost of sales	(20,831)	(18,556)
Gross profit	15,969	16,600
Total costs	(8,686)	(8,567)
Profit before tax	7,283	8,033
Income tax expense	(2,331)	(2,448)
Profit after tax for the period	4,952	5,585
Basic earnings per share	5.21	6.28

Consolidated statement of cash flows

	6 months ended 31 December	
	2017 Kshs' M	2016 Kshs' M
Cash generated from operations	13,005	10,588
Net interest paid	(1,954)	(1,516)
Tax paid	(3,864)	(3,025)
Net cash from operating activities	7,187	6,047
Net cash used in investing activities	(5,002)	(1,738)
Net cash used in financing activities	(1,312)	(4,449)
Net decrease in cash & cash equivalents	873	(140)
At start of period	3,318	(3,954)
Foreign exchange impact of translation	394	727
Net increase / (decrease) in cash & cash equivalents	873	(140)
Cash and cash equivalents at end of the period	4,585	(3,367)

Condensed consolidated statement of financial position

	As at 31 December 2017 Kshs' M	As at 30 June 2016 Kshs' M
Total equity	12,682	11,988
Non-current liabilities	34,999	32,695
	47,681	44,683
Assets		
Non-current assets	47,119	44,532
Working capital		
Current assets	32,828	22,135
Current liabilities	(32,266)	(21,984)
Net assets	47,681	44,683

Condensed consolidated statement of changes in equity

6 months ended 31 December 2017	Share capital & share premium Kshs' M	Other reserves Kshs' M	Proposed dividends & retained earnings Kshs' M	Non-controlling interest Kshs' M	Total Kshs' M
At 1 July 2016	3,273	(1,927)	9,938	(417)	10,867
Comprehensive income	-	(644)	7,677	693	7,726
Dividends	-	-	(5,931)	(674)	(6,605)
At 30 June 2017	3,273	(2,571)	11,684	(398)	11,988
Comprehensive income	-	34	4,123	886	5,043
Impact of SBL restructuring	-	-	(5,517)	5,517	-
Dividends	-	-	(4,349)	-	(4,349)
At 31 December 2017	3,273	(2,537)	5,941	6,005	12,682

The Board of Directors of East African Breweries Limited (EABL) is pleased to announce the company's results for the half-year period ended 31st December, 2017. EABL's volumes grew by 4% and revenues for the period rose by 5% to Kshs 36.8 billion. However, net earnings were impacted by weakness in the Kenyan market, excise-tax changes in Uganda, increased investment in sales and advertising as well as accelerated capital investment to boost future capacity. Despite the difficult period, the Group registered Kshs. 4.95 billion in profit for the period.

Key Highlights:

- Group's volumes grew by 4% driven by bottled beer in Kenya and Tanzania and spirits growth across the business. Excise tax increases in Uganda on imported beer and the weakness in the consumer segment in Kenya, driven by election-related uncertainty continued to impact margins (especially on the value segment of the business) as EABL products became less affordable during the period.
- Group's capital expenditure stood at Kshs 5 billion or 14% of headline revenue. EABL deepened its capital investments to boost manufacturing capacity, in order to address rising demand in spirits and tap new opportunities presented by value beer.
- Innovation contribution went up to 21%, adding Kshs 7.6 billion to the total revenue across East Africa driven mainly by new brands such as Tusker Cider, Serengeti Lite, Uganda Waragi Coconut and Chrome Vodka.

Overall, EABL is encouraged by the performance in the half-year. The Board and Management have refreshed their focus around the Company's marketing strategy, expanding route to consumer to broaden products reach and innovating at scale.

DIVIDEND

The Board of Directors has recommended an interim dividend of Kshs. 2.00 per share in line with similar period last year. The dividend shall be paid, net of withholding tax, on or about 20th April, 2018.

By order of the Board

Joyce N. Munene
Group Company Secretary

25th January, 2018

