



**EABL F20
FULL YEAR RESULTS**



FULL YEAR RESULTS BRIEFING

F20 Commercial Review

Andrew Cowan

F20 Financial Performance

Risper Ohaga

F21 Priorities

Andrew Cowan

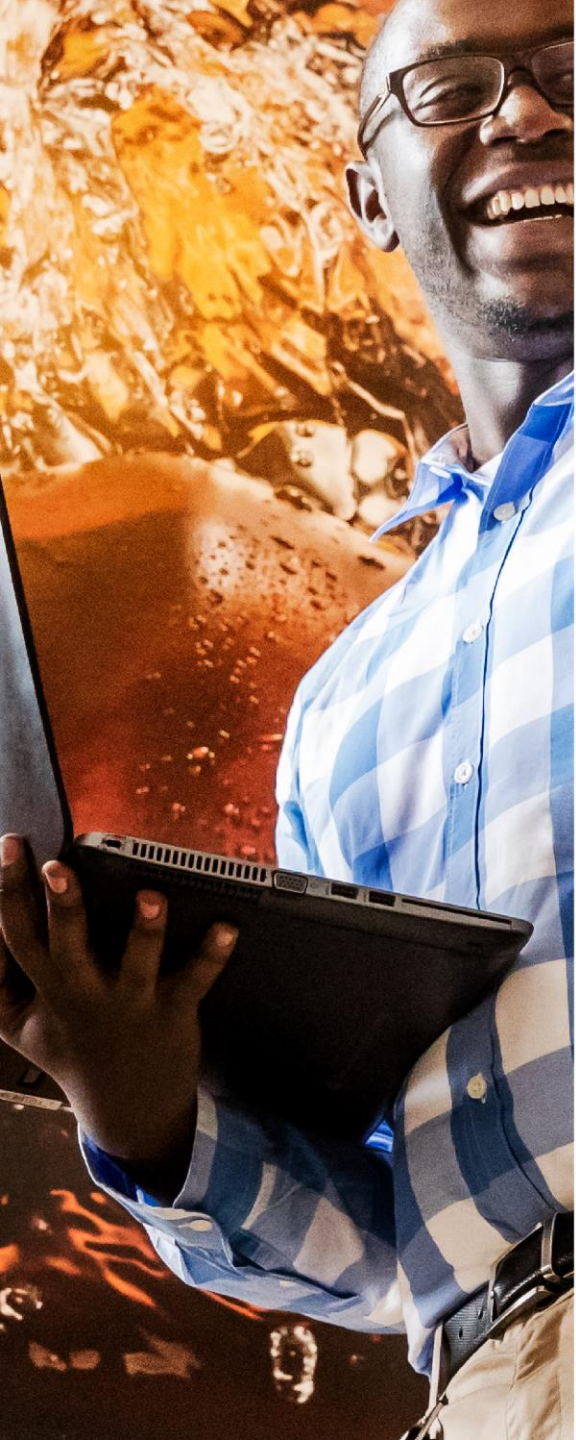
Q&A

F20 COMMERCIAL OVERVIEW



Andrew Cowan

Group Managing Director



AGENDA

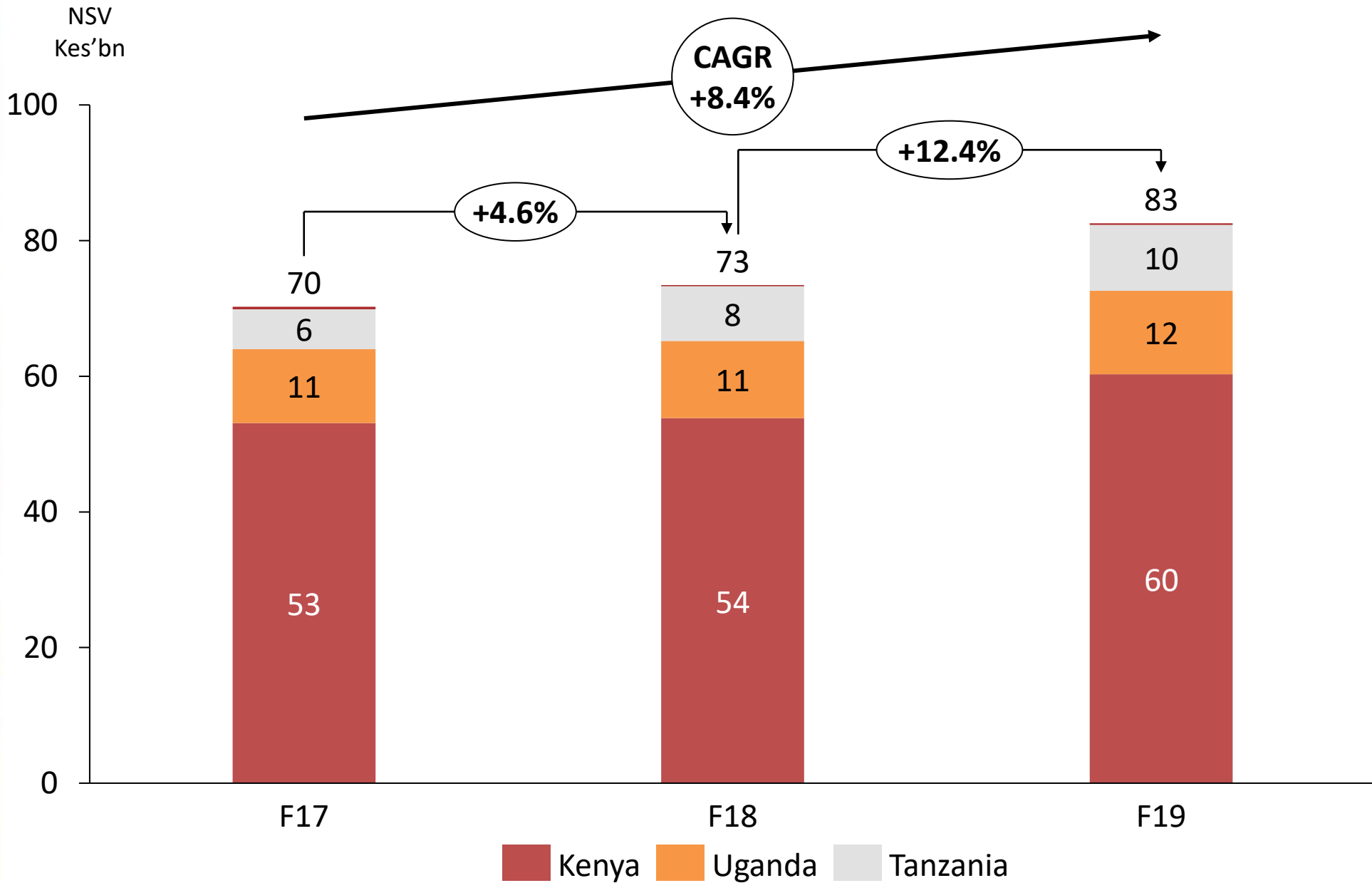
- Business Update
- F20 Financial highlights
- Sustainability and responsibility

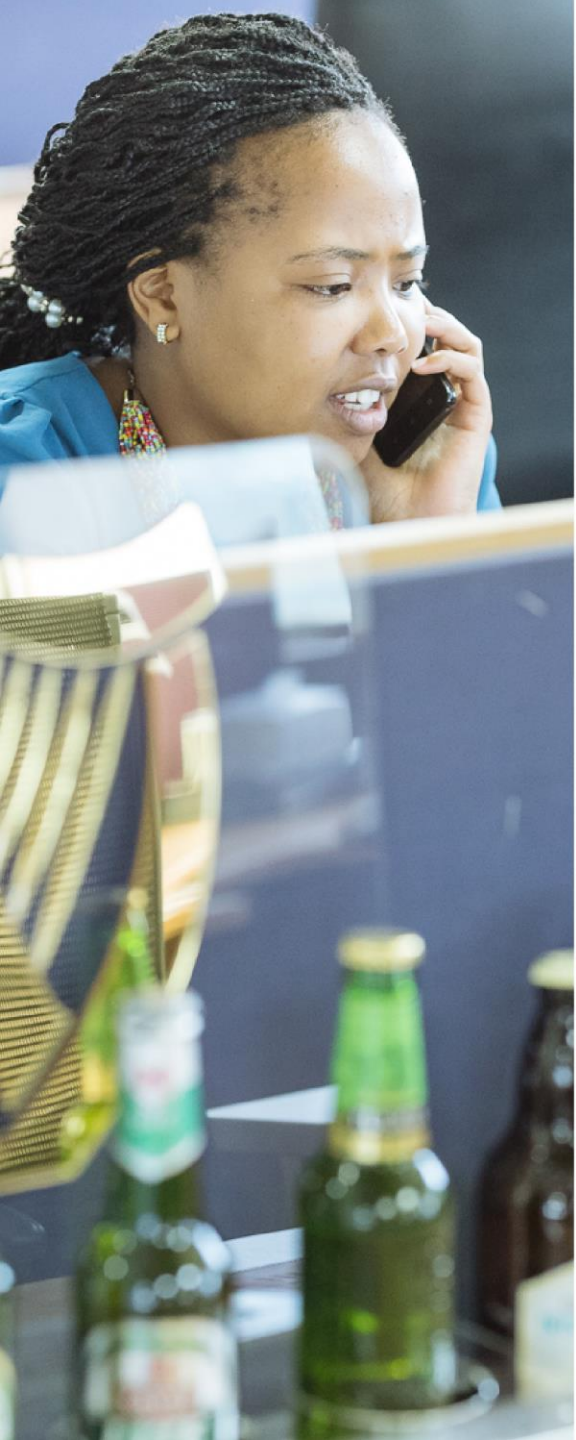


BUSINESS UPDATE



DELIVERED SOLID NSV GROWTH SINCE F17





STARTED F20 STRONG – 3RD CONSECUTIVE HALF OF DOUBLE DIGIT NSV GROWTH

	H1	H2	FY
F17	-0.1%	+0.1%	0%
F18	+0.2%	+8.9%	+4.6%
F19	+13.2%	+11.6%	+12.4%
F20	+10.0%		

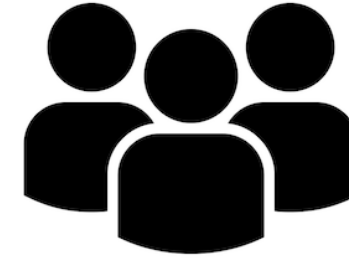
C19 PANDEMIC HAS LED TO EMERGENCE OF SPECIFIC ECONOMIC, CONSUMER AND TBA TRENDS



Shrinking Economies



Massive Job Loss



Growth in lower income groups



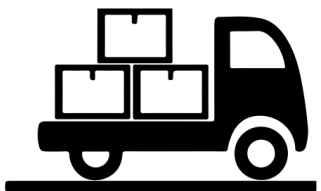
Consumer downtrading



Preference for Spirits



Bulk buying convenience packs



Distribution & On-trade disruption



Growth of off trade & e-channels



Rise in illicit

...AND WE HAVE ADAPTED TO THE NEW NORMAL

SAFE OPERATING ENVIRONMENT

- Staff provided with personal protective equipment



- Employees encouraged to work from home



- Partnering on hygiene



WINNING IN NEW CHANNELS

- Adapting to E-Commerce



- Enhancing presence in off-trade



- Online brand advocacy



BUSINESS SUSTAINABILITY

- Protecting cash and liquidity



- Supporting our communities



- Emerging Stronger

WIN QUALITY
MARKET SHARE

+

STRONG 'LOOK
BACK' REPUTATION

SUPPORTING OUR PEOPLE, PARTNERS & COMMUNITIES THROUGH THE CRISIS



Hand sanitizer donations across all markets



Kes 50m donation to the Kenya Covid Emergency fund



Support to vulnerable communities



Hygiene awareness campaign



PPE



















F20 FY FINANCIAL HIGHLIGHTS



STRONG H1 TRAJECTORY OFFSET BY COVID-19

	H1	H2	FY
Volume	+5%	-28%	-11%
Net sales	+10%	-29%	-9%
Gross profit	+14%	-41%	-13%
Profit after tax	+9%	-104%	-39%

ROBUST H1 PERFORMANCE SCALED DOWN BY MANDATORY OUTLET CLOSURE IN KENYA AND UGANDA

	Contribution to overall EABL	H1	H2	FY	Key brands			
KENYA	69%	+8%	-37%	-14%		 GUINNESS MADE OF MORE		
UGANDA	16%	+10%	-21%	-5%		 GUINNESS MADE OF MORE		 UGANDA WARAGI
TANZANIA	15%	+19%	+10%	+14%				
TOTAL EABL	100%	+10%	-29%	-9%		 GUINNESS MADE OF MORE	 JOHNNIE WALKER Keep Walking	

STRONG RESILIENCE IN MAINSTREAM SPIRITS THROUGH THE CRISIS

VIBRANT MAINSTREAM BEER	EXPLODE MAINSTREAM SPIRITS	WIN IN PREMIUM	SHAPE NEW FRONTIERS
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H1	+10%	+13%	+9%	+10%
H2	-22%	-17%	-36%	-41%
FY	-6%	-1%	-13%	-16%



Kenya
-14%*

SPIRITS MORE RESILIENT DURING THE CRISIS

Bottled beer **-23%**



Mainstream Spirits
+2%



Scotch **-1%**



Senator **-13%**



* Net sales FY growth



Uganda
-5%*

GROWTH OF PREMIUM BEER AND SPIRITS CUSHIONED IMPACT OF LOCKDOWN



Premium beer
+5%



Premium spirits
+15%



Black & White
Innovation **+37%**



Pilsner
+24%



Mainstream spirits
-20%



* Net sales FY growth



Tanzania
+14%*

SUSTAINED GROWTH OF SERENGETI FAMILY



Serengeti Family
+19%



Pilsner **+22%**



Guinness **+34%**



Mainstream spirits
+33%



* Net sales FY growth



SUSTAINABILITY & RESPONSIBILITY

POSITIVELY IMPACTING OUR COMMUNITIES



Responsible Drinking Initiatives



Blood donation drives



Over 100,000 tree seedlings planted

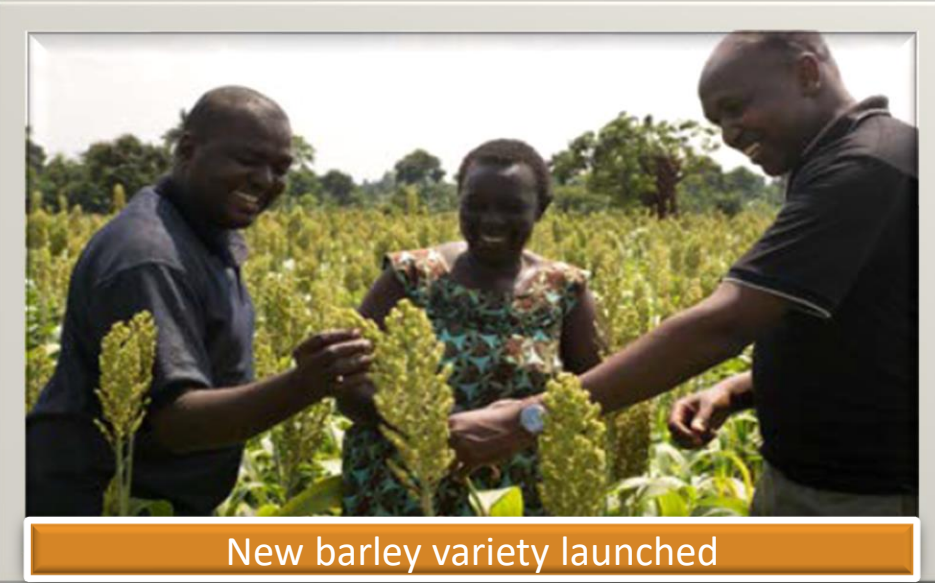


Water projects

ADDING VALUE TO OUR COMMUNITIES



Project Heshima



New barley variety launched



Staff participation in environmental conservation



Mtama ni Mali programme

A close-up, shallow depth-of-field photograph of a tray filled with numerous green glass beer bottles. The bottles are arranged in neat rows on a metallic bar tray. The focus is sharp on the bottles in the foreground, showing their labels and silver caps. The background is softly blurred, creating a bokeh effect with light spots. A red rectangular box is superimposed over the center of the image, containing white text.

Thank You

Please hold the questions to the end

F20 FINANCIAL PERFORMANCE



Risper Ohaga
Chief Financial Officer

AGENDA

- Financial Highlights
- Topline Performance
- Profitability and cost management
- Cash Performance
- CAPEX
- Dividend



FINANCIAL HIGHLIGHTS



	H1	H2	F20	vs LY
Volume	+5%	-28%	12.4mEUs	-11%
Net sales	+10%	-29%	KES 74.9bn	-9%
EBIT	+9%	-79%	KES 14.5bn	-32%
Profit after tax	+9%	-104%	KES 7.0bn	-39%
Operating cash conversion	102%	-30%	68%	-43ppt

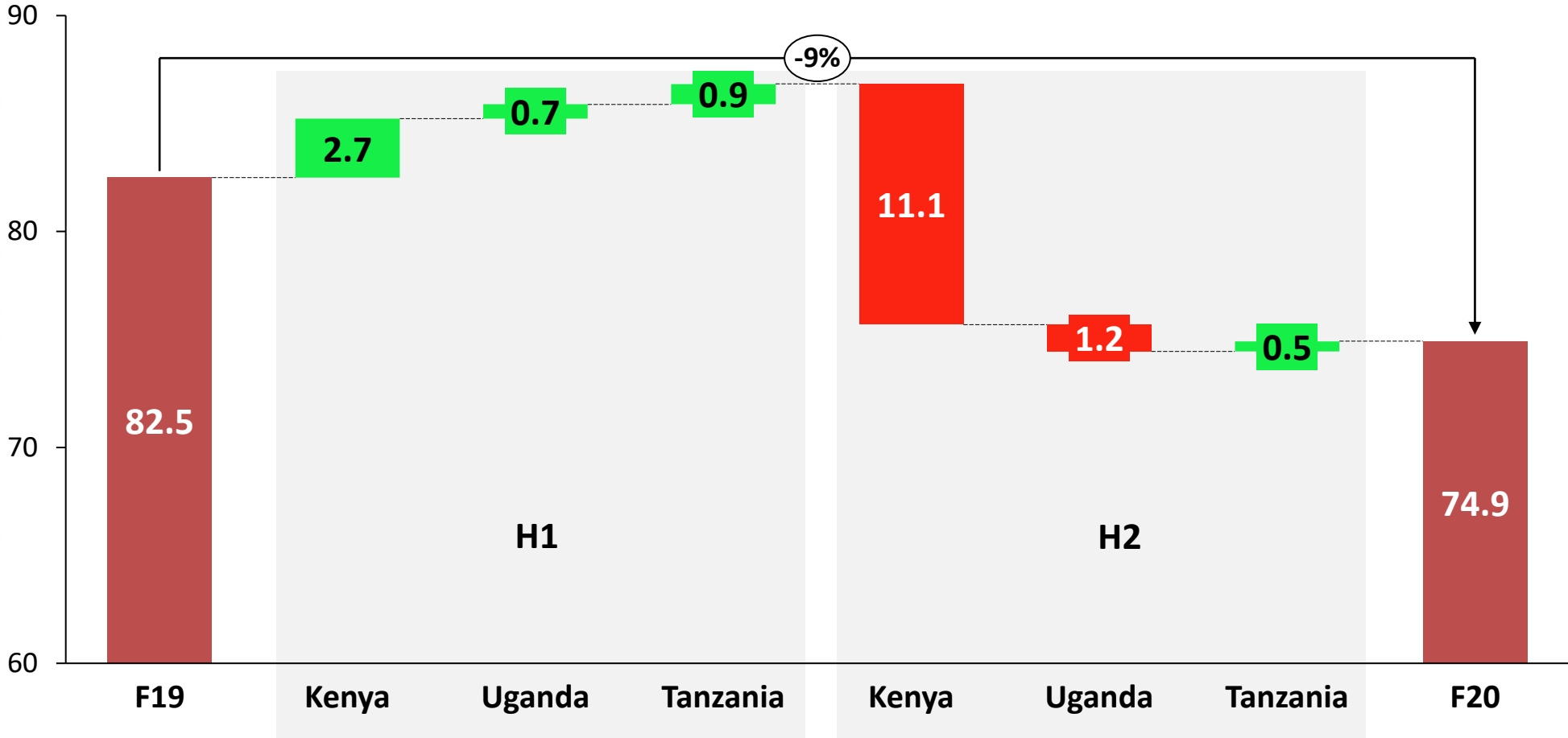


STRONG GROWTH TRAJECTORY IN H1 OFFSET BY CLOSURE OF OUTLETS IN H2

	H1	H2	F20 KES bn	vs LY
Volume (mEU)	+5%	-28%	12.4	-11%
Gross sales	+7%	-30%	133.4	-11%
Excise duties	-4%	+31%	<u>(58.4)</u>	+13%
Net sales	+10%	-29%	74.9	-9%

COVID-19 CURTAILED OUR H1 GROWTH TRAJECTORY

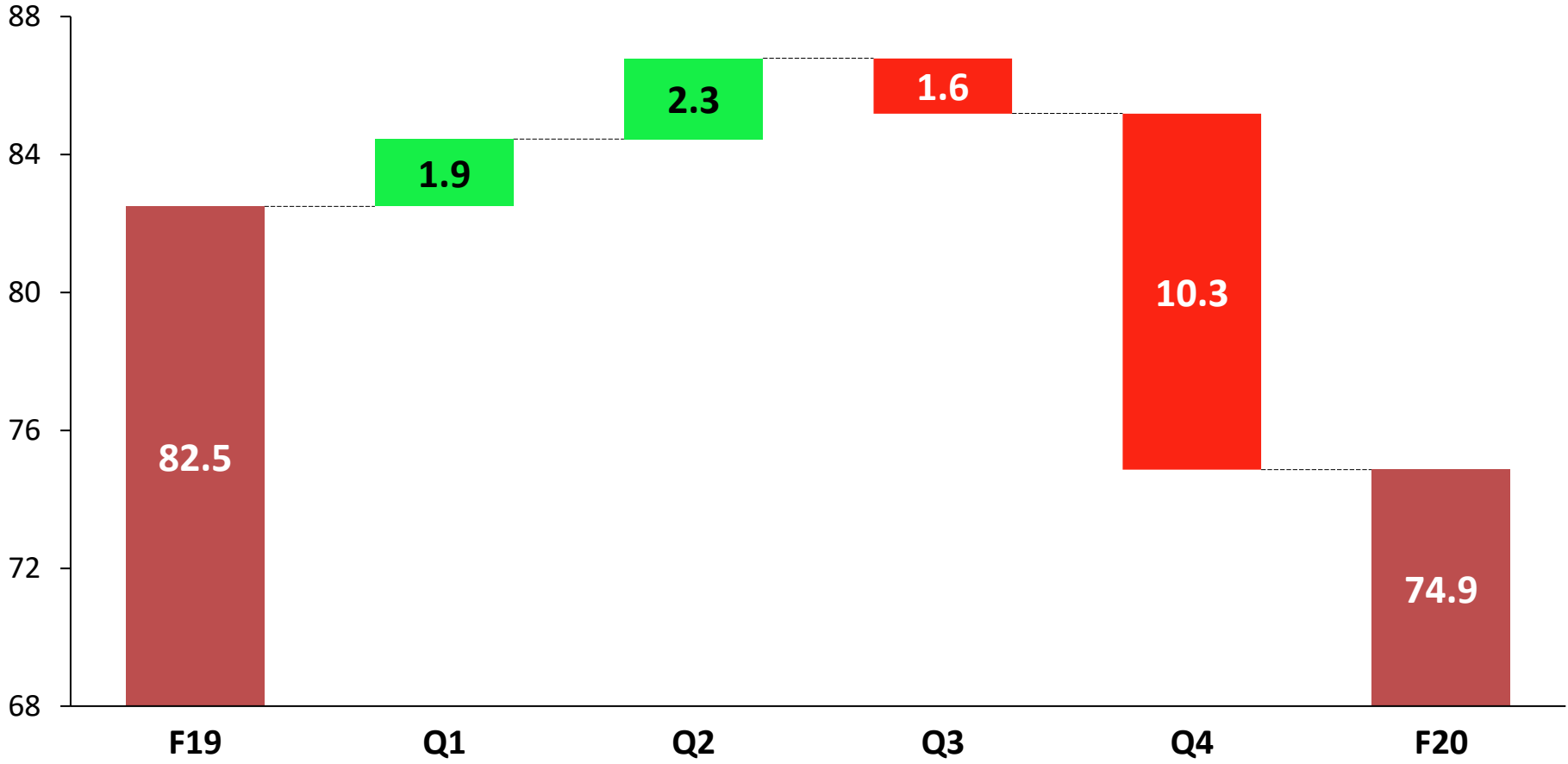
Movements in net sales (KES bn)





CLOSURE OF OUTLETS IN MARCH IMPACTED Q3 & Q4

Movements in net sales (KES bn)



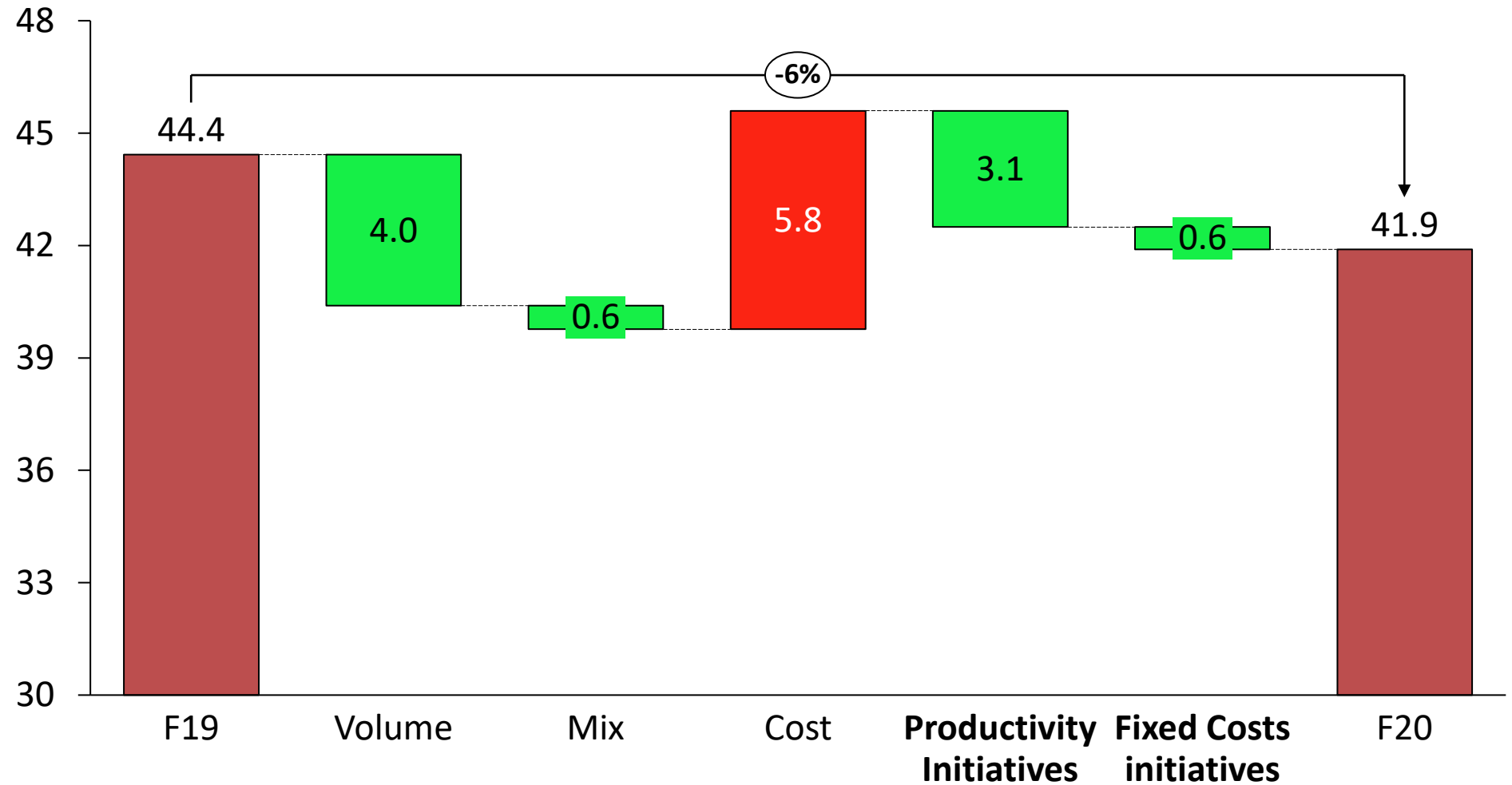


PRUDENT COST MANAGEMENT PROTECTING GROSS MARGIN

	H1	H2	F20 KES bn	vs LY
Volume (mEU)	+5%	-28%	12.4	-11%
Gross sales	+7%	-30%	133.4	-11%
Excise duties	-4%	+31%	<u>(58.4)</u>	+13%
Net sales	+10%	-29%	74.9	-9%
Cost of sales	-7%	+19%	(41.9)	+6%
Gross profit	+14%	-41%	33.0	-13%

COST SAVINGS INITIATIVES PROTECTING BOTTOM LINE

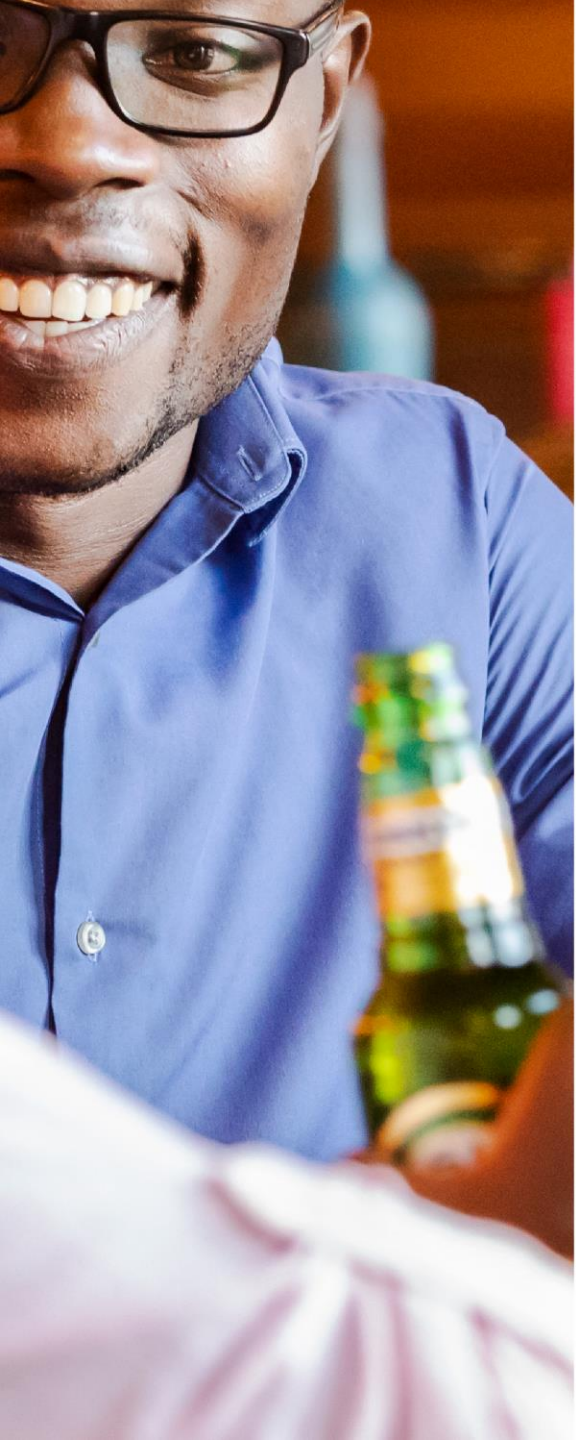
Cost of Sales
Kes'bn





CLINICAL FOCUS ON COST REDUCTION

	H1	H2	F20 KES bn	vs LY
Gross profit	+14%	-41%	33.0	-13%
Selling & distribution	-7%	+24%	(6.6)	+9%
Administrative costs	-9%	+23%	(8.6)	+9%
FX gains, net	-114%	-117%	(0.2)	-115%
Other charges, net	-50%	-128%	<u>(3.2)</u>	-99%
EBIT	+9%	-79%	14.5	-32%



PROFIT OF KES 7BN DELIVERED AGAINST A CHALLENGING OPERATING ENVIRONMENT

	H1	H2	F20 KES bn	F19 KES bn	vs LY
EBIT	+9%	-79%	14.5	21.2	-32%
Finance costs, net	-9%	-17%	<u>(3.8)</u>	<u>(3.4)</u>	-13%
Profit before tax	+9%	-99%	10.7	17.8	-40%
Income tax expense	-9%	+92%	<u>(3.6)</u>	<u>(6.3)</u>	+42%
Profit after tax	+9%	-104%	7.0	11.5	-39%
EPS (KES/share)	+7%	-139%	5.2	11.2	-54%



INCREASED BORROWINGS TO FUND OPERATIONS

	F20 KES bn	F19 KES bn	vs LY
Long term debt	36.9	31.1	+19%
Short term debt	8.0	5.2	+54%
Total debt	44.9	36.3	+24%
Finance costs, net	3.8	3.4	+13%

MAINTAINED POSITIVE OPERATING CASHFLOWS

	F20 KES bn	F19 KES bn	vs LY
Profit before tax	10.7	17.8	-7.2
Depreciation and amortization	5.5	4.4	-1.1
Interest expense	3.8	3.4	-0.4
Working capital movements	(6.3)	2.9	-9.2
Inventory	(3.4)	0.3	-3.7
Debtors	2.6	(0.4)	+3.0
Creditors	(5.5)	3.0	-8.5
Cash generated from operations	13.6	28.5	-14.9
Net interest paid	(3.8)	(3.6)	-0.2
Income tax paid	(6.5)	(2.3)	-4.2
Net cash from operations	3.3	22.6	-19.2
Operating cash conversion	68%	111%	-43ppt





Kisumu Breweries

CAPEX: Total F20 FY investment of KES 8.1bn (F19 KES 11.7bn)

- **Capacity expansions** - (Kes 2bn)
- Returnables and Coolers – Kes 1.1bn
- **Kisumu brewery** - Kes 939m
- New modern office (leased) - Kes 558m
- Brand innovation – Kes 450m



DPV's in Dar & Kampala

Environment

- Biomass in Kenya and Uganda – Kes 778m
- Water recovery in Kenya and Uganda – Kes 454m
- Water and energy efficiency improvements – Kes 372m



Water Recovery

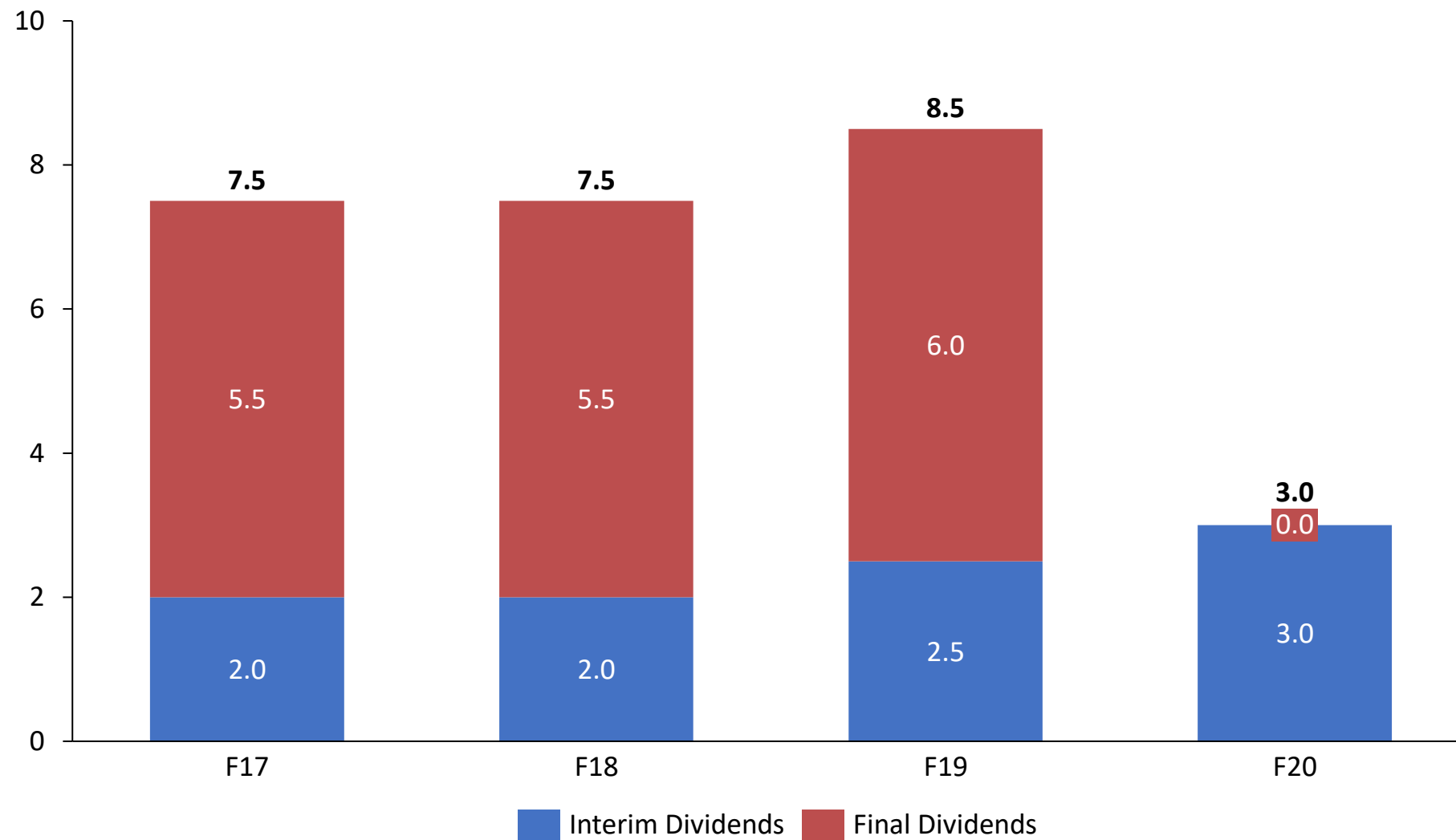
Health and Safety

- Safety & Governance in Tanzania– Kes 108m
- Integrated access control system in Kenya – Kes 73m



OUR LONG-TERM VALUE CREATION IMPACTED BY COVID 19

Dividends
KES/Share





OUR FINANCIAL STRATEGY IS FOCUSED ON...

- Rebuilding momentum in profitability

- Flexible planning and forecasting

- Data driven and accelerated decision-making

- Contingency based resource allocation



Thank You

Please hold the questions to the end

F21 PRIORITIES





We are clear on our ambition



Since 1922...

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

- Superior consumer insight
- Win quality market share
- Win in Scotch and Johnnie Walker
- Win in Beer and Guinness
- Speed and agility
- Rapidly reallocate resources/invest smartly
- Accelerate people growth/development
- Enhance Diageo's Reputation Everywhere



EMERGING STRONGER

WIN QUALITY
MARKET SHARE

+

STRONG 'LOOK
BACK' REPUTATION

A tray of green beer bottles, with one bottle in the foreground clearly labeled 'TUSKER LITE'. The bottles are arranged in rows, and the background is blurred. A red banner is overlaid on the image with the text 'Q & A Session' in white.

Q & A Session

Cautionary statement concerning forward-looking statements

This document contains ‘forward-looking’ statements. These 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, objectives and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of changes in interest or exchange rates, the availability or cost of financing to EABL, anticipated cost savings or synergies, expected investments, the completion of any strategic transactions and restructuring programmes, anticipated tax rates, changes in the international tax environment, expected cash payments, outcomes of litigation or regulatory enquiries, anticipated changes in the value of assets and liabilities related to pension schemes and general economic conditions. 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's control.

Factors that could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements include, but are not limited to:

- economic, political, social or other developments in countries and markets in which EABL operates, which may contribute to a reduction in demand for EABL's products, adverse impacts on EABL's customer, supplier and/or financial counterparties, or the imposition of import, investment or currency restrictions (including the potential impact of any global, regional or local trade disputes or any tariffs, duties or other restrictions or barriers imposed on the import or export of goods between territories);
- changes in consumer preferences and tastes, including as a result of changes in demographics, evolving social trends (including any shifts in consumer tastes towards small-batch craft alcohol, low or no alcohol, or other alternative products), changes in travel, vacation or leisure activity patterns, weather conditions, health concerns, pandemics and/or a downturn in economic conditions;
- any litigation or other similar proceedings (including with tax, customs, competition, environmental, anti-corruption or other regulatory authorities), including litigation directed at the beverage alcohol industry generally or at EABL in particular;
- changes in the domestic and international tax environment, leading to uncertainty around the application of existing and new tax laws and unexpected tax exposures;
- the effects of climate change, or legal, regulatory or market measures intended to address climate change, on EABL's business or operations, including on the cost and supply of water;
- changes in the cost of production, including as a result of increases in the cost of commodities, labour and/or energy or as a result of inflation;
- legal and regulatory developments, including changes in regulations relating to production, distribution, importation, marketing, advertising, sales, pricing, labelling, packaging, product liability, antitrust, labour, compliance and control systems, environmental issues and/or data privacy;
- the consequences of any failure by EABL or its associates to comply with anti-corruption, sanctions, trade restrictions or similar laws and regulations, or any failure of EABL's related internal policies and procedures to comply with applicable law or regulation;
- the consequences of any failure of internal controls, including those affecting compliance with existing or new accounting and/or disclosure requirements;
- EABL's ability to maintain its brand image and corporate reputation or to adapt to a changing media environment;
- contamination, counterfeiting or other circumstances which could harm the level of customer support for EABL's brands and adversely impact its sales;
- increased competitive product and pricing pressures, including as a result of actions by increasingly consolidated competitors or increased competition from regional and local companies, that could negatively impact EABL's market share, distribution network, costs and/or pricing;
- any disruption to production facilities, business service centres or information systems, including as a result of cyber-attacks;
- increased costs for, as well as shortages of, talent, as well as labour strikes or disputes;
- EABL's ability to derive the expected benefits from its business strategies, including in relation to expansion in emerging markets, acquisitions and/or disposals, cost savings and productivity initiatives or inventory forecasting;
- fluctuations in exchange rates and/or interest rates, which may impact the value of transactions and assets denominated in other currencies, increase EABL's cost of financing or otherwise adversely affect EABL's financial results;
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- any failure by EABL to protect its intellectual property rights.

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