EABL'S HALF-YEAR PRE-TAX PROFIT RISES 9% TO KSHS 10.6 BILLION

- **Net sales up 10% to Kshs 45.9 billion**
- **Profit after tax up by 9% to Kshs 7.2 billion**
- **Strong cash conversion of 102% and Kshs 4.4 billion capital expenditure**
- **Proposed interim dividend at Kshs 3 per share**

Nairobi, Kenya: January 31, 2020: East African Breweries Limited (EABL) has announced a pre-tax profit of Kshs 10.6 billion during the half-year ending 31 December 2019, representing a 9% increase compared to the same period last year. Profit after tax also grew at the same rate, reaching Kshs 7.2 billion during the period under review.

Net sales were up 10% to Kshs 45.9 billion, driven by higher volumes, up 5% across the Group and categories, and better price mix across all brands. East Africa's largest manufacturing company leveraged increased investment and operational efficiencies across markets and segments to expand, despite increases in alcoholic beverage taxes.

Net sales in EABL's largest market, Kenya, grew by 8%, with beer and spirits growing by 6% and 11%, respectively. The market registered an outstanding performance in Senator keg, with the iconic, low-priced beer growing by a fifth, with the new Kisumu investment driving growth. Mainstream spirits and Scotch whisky sales increased by 17% and 23% respectively, with remarkable performance of Black & White. The increase in excise duty drove bottled beer decline of -1%, despite successful brand campaigns such as *Tusker Na Nyama* and *Guinness Football*.

Uganda Breweries' premiumisation agenda delivered better mix and margins, helping lift net sales by 10%, driven by 15% growth in beer and 1% in spirits, the latter was also impacted by the ban of the sachet format. Marketing campaigns such as *Bell All-Star Tour* and *Tusker Lite Neon Experience* helped drive bottled beer growth by 15%. Launch of Black & White whisky helped lift Uganda's Scotch performance with net sales rising by 84% while the ready-to-drink category grew by 18%.

Serengeti Breweries in Tanzania, the Group's fastest growing business, expanded by 19%, lifted largely by a consistent performance in local executions to drive the Serengeti trademark.

EABL leveraged several innovation initiatives during the half year, with new brands contributing 28% of the net sales. Recently launched brands such as Hop House 13 Lager, Guinness Smooth, Sikera Cider, Black &White whisky and Triple Ace vodka contributed significantly to growth.

Commenting on the first half, EABL Group Managing Director and CEO, Andrew Cowan, said: "We are pleased by this performance. Although excise duty escalation on alcoholic beverages in Kenya's last budget impacted bottled beer, a more stable operating environment provided an opportunity to continue our growth momentum during the period. We remain cautiously optimistic about our second half of the year, although unpredicted tax and regulatory changes and challenges in our operating environment continue to present potential risks in the horizon."

He added: “We will continue to focus on the execution of our strategy across our businesses. We are confident there is ongoing potential for growth across our geographies and categories. At the premium end, people are trading up while at the price-sensitive end, we believe we can recruit more illicit alcohol consumption by offering safe, quality options.”

EABL will invest further during the financial year, to consolidate gains so far made in its production, commercial and sustainability capacities across the region. Having made a total investment of Kshs 14 billion in the Kisumu brewery in the previous years, the Group has invested a further Kshs 4.4 billion in production capacity improvements for existing and new brands.

As part of the recently announced Kshs 22 billion sustainability investment to be spent across East Africa, EABL has embarked on projects across East Africa to leverage renewable energy in biomass and solar as well as water recovery and treatment. These sustainability plans are geared towards reducing carbon emissions by 42,000 tonnes, save over a billion cubic litres of water annually and produce up to 10% EABL breweries’ power needs.

The Board of Directors has recommended an interim dividend of Kshs 3 per share for the half-year period. This represents a 20% increase from Kshs 2.50 compared to the same period last year.

Ends/…