

# East African Breweries Limited



## AUDITED RESULTS

For the year ended 30 June 2020

Net Sales  
**Ksh 74.9bn**  
-9%

Total Costs  
**Ksh 22.4bn**  
-10%

Profit After Tax  
**Ksh 7.0bn**  
-39%

### Condensed consolidated statement of profit or loss

	Year ended 30 June	
	2020 Kshs 'M	2019 Kshs 'M
Revenue	74,916	82,543
Cost of sales	(41,896)	(44,426)
<b>Gross profit</b>	<b>33,020</b>	<b>38,117</b>
Total costs	(22,365)	(20,302)
<b>Profit before income tax</b>	<b>10,655</b>	<b>17,815</b>
Income tax expense	(3,634)	(6,300)
<b>Profit for the year</b>	<b>7,021</b>	<b>11,515</b>
<b>Basic earnings per share</b>	<b>5.2</b>	<b>11.2</b>

### Condensed consolidated statement of financial position

	Year ended 30 June	
	2020 Kshs 'M	2019 Kshs 'M
Total Equity	13,993	16,155
Non-current liabilities	43,621	37,251
<b>Total equity and non-current liabilities</b>	<b>57,614</b>	<b>53,406</b>
<b>Non-current assets</b>	<b>62,690</b>	<b>57,463</b>
<b>Working capital</b>		
Current assets	25,986	29,602
Current liabilities	(31,044)	(33,695)
	<b>57,614</b>	<b>53,406</b>

### Condensed consolidated statement of changes in equity

Year ended 30 June 2020	Share capital & Share premium Kshs 'M	Other reserves Kshs 'M	Retained earnings Kshs 'M	Non-controlling interests Kshs 'M	Total equity Kshs 'M
<b>At 1 July 2018</b>	<b>3,273</b>	<b>(3,875)</b>	<b>6,282</b>	<b>5,971</b>	<b>11,651</b>
Total comprehensive income	-	576	8,804	2,673	12,053
Shared based payments	-	(90)	-	-	(90)
Dividends					
- Interim 2019	-	-	(1,977)	(56)	(2,033)
- Final 2018	-	-	(4,349)	(1,077)	(5,426)
<b>At 30 June 2019</b>	<b>3,273</b>	<b>(3,389)</b>	<b>8,760</b>	<b>7,511</b>	<b>16,155</b>
Total comprehensive income for the year	-	531	4,086	3,061	7,678
Transactions with non-controlling interests	-	-	140	(448)	(308)
Share based payments	-	36	-	-	36
Dividends					
- Interim for 2020	-	-	(2,372)	(892)	(3,201)
- Final for 2019	-	-	(4,745)	(1,622)	(6,367)
<b>At 30 June 2020</b>	<b>3,273</b>	<b>(2,822)</b>	<b>5,869</b>	<b>7,673</b>	<b>13,993</b>

### Condensed consolidated statement of cash flows

	Year ended 30 June	
	2020 Kshs 'M	2019 Kshs 'M
Cash generated from operations	13,636	28,491
Net interest paid	(3,805)	(3,604)
Tax paid	(6,485)	(2,321)
<b>Net cash generated from operating activities</b>	<b>3,346</b>	<b>22,566</b>
Net cash used in investing activities	(8,330)	(11,546)
Net cash used in financing activities	(5,358)	(1,724)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(10,342)</b>	<b>9,296</b>
At start of year	12,469	3,187
Foreign exchange impact of translation	(398)	(14)
Net (decrease)/increase in cash and cash equivalents	(10,342)	9,296
<b>Cash and cash equivalents at end of year</b>	<b>1,729</b>	<b>12,469</b>

The Board of Directors of East African Breweries Limited is pleased to announce its full year results for the year ended 30<sup>th</sup> June 2020.

#### Operating Environment:

The first half of the year was characterized by a stable operating environment which resulted in EABL reporting volume growth of 5%, sales growth of 10% and operating profit growth of 9% versus the prior period. This trend was sustained through to February 2020. In March 2020, as the Covid-19 pandemic spread globally, the first cases were reported in East Africa, leading the respective Governments to put in place measures to contain the spread of the virus. As a result, there was a significant decline in sales following the closure of outlets and restrictions on movement primarily in Kenya and Uganda. We responded by remodelling our business to provide our consumers with a variety of options including convenience stores, supermarkets and home deliveries. However, this commercial effort could not make up for lost sales, the largest share of which comes from the traditional retail outlets. Consequently, the Group embarked on costs and profitability preservation measures geared towards ensuring that the Group emerges stronger from this crisis once the measures are eased across our markets.

#### Financial Highlights:

- The Group's volume and net revenue declined 11% and 9% respectively with net revenue reported of Ksh 74.9 billion. The first half sales growth of 10% was offset by 29% decline in the second half, due to the Covid-19 impact.
- At country level, Kenya and Uganda revenues declined 14% and 5% respectively while Tanzania grew 14%.
- Cost of sales declined 6% while selling and distribution costs and administrative expenses declined 9% respectively as a result of cost management initiatives aimed at protecting profitability and conserving cash.
- Profit after tax declined 39% resulting from the slow down in business in the last quarter following the closure of retail outlets.
- While the Group curtailed capital expenditure in the last quarter to conserve cash, the Group invested Ksh 8.1 billion in capital projects during the year compared to Ksh 11.7 billion in the prior year. Investments during the year largely related to capacity expansion programmes across the markets and investments in environmental projects aimed at delivering biomass power and water recovery processes.

#### Dividend

In recognition of the uncertainty in the external environment in the face of the Covid-19 pandemic and the need to conserve cash to support the business, the Directors do not recommend a final dividend. As such, the interim dividend of Kshs 3.00 per share paid in April 2020 will be the full and final dividend for the year.

By order of the Board

Kathryne Maundu

#### Group Company Secretary

Date: 30<sup>th</sup> July 2020