

East African Breweries Limited



HALF-YEAR RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020 (UNAUDITED)

RESILIENT RECOVERY IN A CHALLENGING ENVIRONMENT

Net Sales
Kshs 44.5bn
-3%

Gross profit
Kshs 19.3bn
-11%

Profit After Tax
Kshs 3.8bn
-47%

Condensed consolidated income statement for the six months ended

	31 December 2020 Kshs 'M	30 June 2020 Kshs 'M	31 December 2019 Kshs 'M
Net revenue	44,460	29,060	45,856
Cost of sales	(25,127)	(17,883)	(24,013)
Gross profit	19,333	11,177	21,843
Selling and distribution costs	(3,878)	(2,707)	(3,883)
Administrative expenses	(4,258)	(4,023)	(4,542)
Other costs and expenses	(5,361)	(4,394)	(2,816)
Profit before tax	5,836	53	10,602
Income tax expense	(2,044)	(241)	(3,393)
Profit after tax for the period	3,792	(188)	7,209
Other comprehensive income / (loss)	489	886	(229)
Total comprehensive income	4,281	698	6,980
Basic earnings per share	2.71	(1.83)	7.00

Condensed consolidated statement of financial position as at

	31 December 2020 Kshs 'M	30 June 2020 Kshs 'M	31 December 2019 Kshs 'M
Total equity	11,993	13,993	17,924
Non-current liabilities	43,442	43,621	38,527
	55,435	57,614	56,451
Non-current assets	65,337	62,690	60,756
Working capital			
Current assets	31,520	25,968	32,612
Current liabilities	(41,422)	(31,044)	(36,917)
	55,435	57,614	56,451

Condensed consolidated statement of cash flows for the six months ended

	31 December 2020 Kshs 'M	30 June 2020 Kshs 'M	31 December 2019 Kshs 'M
Cash generated from operations	17,889	(1,522)	15,158
Net interest paid	(1,915)	(1,964)	(1,841)
Tax paid	(1,973)	(2,095)	(4,390)
Net cash generated from operating activities	14,001	(5,581)	8,927
Net cash used in investing activities	(8,995)	(3,678)	(4,652)
Net cash used in financing activities	(3,719)	(644)	(4,714)
Net increase/(decrease) in cash and cash equivalents	1,287	(9,903)	(439)
At start of period	1,729	12,092	12,469
Foreign exchange impact of translation	(485)	(460)	62
Net increase / (decrease) in cash and cash equivalents	1,287	(9,903)	(439)
Cash and cash equivalents at end of the period	2,531	1,729	12,092

Condensed consolidated statement of changes in equity

	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 2019	3,273	(3,389)	8,760	7,511	16,155
Comprehensive income	-	(211)	5,536	1,655	6,980
Transactions with non-controlling interests	-	-	140	(448)	(308)
Dividends	-	-	(4,745)	(158)	(4,903)
At 31 December 2019 & 1 January 2020	3,273	(3,600)	9,691	8,560	17,924
Comprehensive income	-	742	(1,450)	1,406	698
Share based payments	-	36	-	-	36
Dividends	-	-	(2,372)	(2,293)	(4,665)
At 30 June 2020 & 1 July 2020	3,273	(2,822)	5,869	7,673	13,993
Comprehensive income	-	392	2,143	1,746	4,281
Transactions with non-controlling interests	-	-	(4,705)	(1,567)	(6,272)
Dividends	-	-	-	(9)	(9)
At 31 December 2020	3,273	(2,430)	3,307	7,843	11,993

The Board of Directors of East African Breweries Limited (EABL) is pleased to announce its unaudited half year results for the six months ended 31 December 2020.

Operating Environment

EABL's half-year performance was delivered against the background of a challenging global and local macro-economic environment arising from the Covid-19 pandemic. This was characterised by the partial reopening of bars in the first quarter and further easing of restrictions in the second quarter. The impact has been a gradual recovery in volume with sales showing sequential improvement against the previous half (January to June 2020) and almost level with the same period last year. The performance in the half-year ended December 2020 is testament to the resilience of EABL's employees, brands, and business strategy.

Financial Highlights

- The Group's volume and net sales declined 5% and 3% respectively compared to the same period last year, with net revenue reported of Kshs 44.5 billion. The first half sales improved 53% compared to the previous half (January to June 2020).
- At country level, Tanzania and Uganda net sales grew 17% and 13% respectively compared to the same period last year, while Kenya declined 10% albeit growing 53% against the previous half (January to June 2020).
- Gross margin showed strong recovery at 43% compared to 38% in the period January to June 2020, but below the same period last year gross margin of 48%.
- Administrative expenses reduced 6% compared to the same period last year, driven by savings in discretionary spend.
- Profit-after-tax declined 47% compared to the same period last year, driven by foreign

exchange losses, increase in cost of sales and a one-off tax provision.

- The Group's half-year profit of Kshs 3.8 billion is a significant improvement compared to the Kshs 0.2 billion loss recorded in the second half of financial year 2020 (January to June 2020).
- The Group's capital expenditure stood at Kshs 4.1 billion with investments in capacity expansion projects and environmental projects to support our long-term growth and sustainability agenda.

Dividend

In recognition of the uncertainty in the external environment and the need to conserve cash to enable the business to continue on a recovery trajectory, the Board does not recommend an interim dividend for the half-year ended 31 December 2020.

By order of the Board

Kathryne Maundu
Group Company Secretary

Date: 28 January 2021