

# East African Breweries PLC

RESULTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023 (AUDITED)



The Board of Directors of East African Breweries PLC (EABL) is pleased to announce its audited results for the year ended 30<sup>th</sup> June 2023.



“ We have delivered these results in a period deeply impacted by high cost inflation, multiple excise tax increases and currency depreciation in Kenya. Despite the continued headwinds, we managed to hold revenues flat against the prior year.

Profit after tax however declined 21%. Nevertheless, the EABL Board has declared a final dividend of Kshs 1.75 per share, bringing the total dividend to Kshs 5.50, which in the circumstances, we believe the shareholders will appreciate.

While we acknowledge a more challenging operating environment, our underlying business is resilient and we continue to execute our strategy relentlessly.

Dr. Martin Oduor-Otieno - Group Chairman



“ The business remained resilient on the back of a challenging operating environment. We are responding with agility and efficiency to changing market conditions, whilst leveraging our geographical footprint and advantaged portfolio to unlock new opportunities.

Data led consumer insights kept us attuned to consumers' needs which led to curated consumer experiences and the launch of exciting innovations, further reinforcing our brands' connection with our consumers.

To drive operational efficiency, we have embraced lean principles to streamline processes, eliminate waste and manage our costs. These actions have enabled the partial mitigation of the high inflationary environment.

We continue to execute on our strategy and are confident that our business is strongly positioned for a recovery in consumer demand and to deliver long term growth.

Ms. Jane Karuku – Group MD & CEO

Net Sales  
**Kshs 109.6bn**  
+0.2%

Profit After Tax  
**Kshs 12.3bn**  
-21%

Dividend Per Share  
**Kshs 5.50**  
F22: Kshs 11.00

## Condensed consolidated statement of comprehensive income for the year ended:

	30 June 2023 Kshs 'M	30 June 2022 Kshs 'M
Gross sales	197,611	193,850
Indirect taxes	(87,962)	(84,441)
<b>Net revenue</b>	<b>109,649</b>	<b>109,409</b>
Cost of sales	(62,249)	(56,553)
<b>Gross profit</b>	<b>47,400</b>	<b>52,856</b>
Operating costs	(23,206)	(24,604)
Net finance costs	(5,485)	(4,236)
<b>Profit before income tax</b>	<b>18,709</b>	<b>24,016</b>
Income tax expense	(6,386)	(8,442)
<b>Profit for the year</b>	<b>12,323</b>	<b>15,574</b>
Other comprehensive income	4,237	1,272
<b>Total comprehensive income</b>	<b>16,560</b>	<b>16,846</b>
Basic earnings per share	12.47	15.00

## Condensed consolidated statement of financial position as at:

	30 June 2023 Kshs 'M	30 June 2022 Kshs 'M
Share capital and share premium	3,273	3,273
Retained earnings	14,186	8,678
Other reserves	2,569	(1,470)
Proposed dividend	1,384	5,733
Non-controlling interests	10,332	10,200
<b>Total equity</b>	<b>31,744</b>	<b>26,414</b>
Borrowings	51,017	36,161
Other non-current liabilities	7,941	6,013
<b>Non-current liabilities</b>	<b>58,958</b>	<b>42,174</b>
<b>Total equity and non-current liabilities</b>	<b>90,702</b>	<b>68,588</b>
Property, plant and equipment	81,477	68,585
Other non-current assets	7,678	6,431
<b>Non-current assets</b>	<b>89,155</b>	<b>75,016</b>
Inventories	15,608	13,272
Trade and other receivables	12,250	11,793
Cash and bank balances	10,253	9,942
Other current assets	5,327	404
<b>Current assets</b>	<b>43,438</b>	<b>35,411</b>
Trade and other payables	30,527	32,210
Borrowings	8,401	6,634
Bank overdraft	1,210	1,875
Other current liabilities	1,753	1,120
<b>Current liabilities</b>	<b>41,891</b>	<b>41,839</b>
<b>Net current assets/(liabilities)</b>	<b>1,547</b>	<b>(6,428)</b>
	<b>90,702</b>	<b>68,588</b>

## Condensed consolidated statement of changes in equity

	Share capital & share premium Kshs 'M	Other reserves Kshs 'M	Retained earnings Kshs 'M	Proposed dividends Kshs 'M	Non controlling interest Kshs 'M	Total Kshs 'M
<b>At 30 June 2021</b>	<b>3,273</b>	<b>(2,607)</b>	<b>5,519</b>	-	<b>8,667</b>	<b>14,852</b>
Comprehensive income	-	1,229	11,857	-	3,760	16,846
Employees share based ownership plan	-	(92)	-	-	-	(92)
Dividends	-	-	(8,698)	5,733	(2,227)	(5,192)
<b>At 30 June 2022</b>	<b>3,273</b>	<b>(1,470)</b>	<b>8,678</b>	<b>5,733</b>	<b>10,200</b>	<b>26,414</b>
Comprehensive income	-	4,124	9,857	-	2,579	16,560
Employees share based ownership plan	-	(85)	-	-	-	(85)
Dividends:						
-Final for 2022	-	-	-	(5,733)	(2,447)	(8,180)
-Total for 2023	-	-	(4,349)	1,384	-	(2,965)
<b>At 30 June 2023</b>	<b>3,273</b>	<b>2,569</b>	<b>14,186</b>	<b>1,384</b>	<b>10,332</b>	<b>31,744</b>

## Condensed consolidated statement of cash flows for the year ended:

	30 June 2023 Kshs 'M	30 June 2022 Kshs 'M
<b>Cash generated from operations</b>	<b>26,145</b>	<b>35,330</b>
Net interest paid	(5,485)	(4,048)
Income tax paid	(9,606)	(5,376)
<b>Net cash generated from operating activities</b>	<b>11,054</b>	<b>25,906</b>
Purchase of property, plant and equipment	(12,926)	(13,007)
Other investing activities	(100)	(165)
<b>Net cash used in investing activities</b>	<b>(13,026)</b>	<b>(13,172)</b>
Dividends paid	(10,852)	(5,225)
Proceeds from borrowings	37,962	19,519
Repayment of borrowings	(23,563)	(22,926)
Other financing activities	(883)	(766)
<b>Net cash generated from financing activities</b>	<b>2,664</b>	<b>(9,398)</b>
<b>Net increase in cash and cash equivalents</b>	<b>692</b>	<b>3,336</b>
At start of the year	8,067	4,421
Foreign exchange impact of translation	284	310
Net increase in cash and cash equivalents	692	3,336
<b>Cash and cash equivalents at the end of the year</b>	<b>9,043</b>	<b>8,067</b>

### Operating Environment

Over the past year, our business has navigated an increasingly complex operating landscape characterised by a host of macro-economic headwinds. Specifically, regional economic slowdown and inflationary pressure not only impacted consumers' disposable incomes but also significantly increased the cost of doing business. Further, currency deterioration, higher taxes and rising interest rates particularly in Kenya further impacted our business performance. With reduced disposable incomes, we witnessed volume contraction as consumers adjusted their purchasing behaviour. The economic conditions have also led to a resurgence in illicit trade as consumers move to cheaper unregulated products.

### Business Review

- The Group generated net sales of Kshs 109.6 billion, flat compared to the prior year. Pricing and improved product mix benefits were offset by a 7% decline in volumes, particularly in the mainstream beer category. Uganda and Tanzania delivered growth at 17% and 1% respectively, while Kenya declined by 4%.
- Profit after tax at Kshs 12.3 billion, declined 21% vs prior year, as the impact of excise increases, inflationary pressures and currency depreciation could not be fully offset by increased prices and cost management initiatives.
- We invested a further Kshs 12.9 billion in capital expenditure as we completed investments to support long term growth.

### Looking Ahead

Despite the operating environment headwinds, the Board of Directors of EABL affirms its confidence in our strategy and our commitment to delivering sustainable growth. We will continue to serve our consumers with focus on commercial execution excellence, to invest behind our strong brands and manage cost and investments effectively. We remain deeply committed to environmental stewardship, social responsibility, and governance practices that align with our values and guarantee long-term sustainability.

### Dividend

An interim dividend of Kshs 3.75 was paid during the year (2022: Kshs 3.75). The Board of Directors has recommended a final dividend of Kshs 1.75 per share (2022: Kshs 7.25) subject to withholding tax, to be paid on or about 27<sup>th</sup> October 2023 to shareholders registered at the close of business on 15<sup>th</sup> September 2023. This will bring the total dividend for the year to Kshs 5.50 per share (2022: Kshs 11.00).

By order of the Board  
Kathryne Maundu  
Group Company Secretary  
Date: 27 July 2023