

PRESENTATION TO ANALYSTS

F24 Results

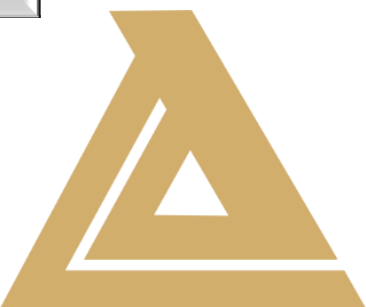
15 May 2024 @ Mandel Training Centre

Sable Brewery upon its completion in 1950.
Belmont Industrial Area.

CHEERS
to the Memories

PRESENTATION ROADMAP

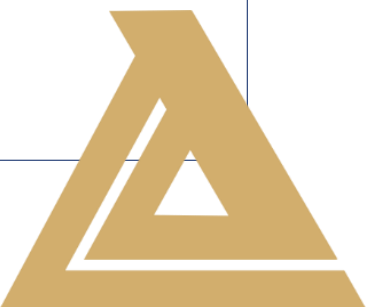
1. Overview & Volume Outturn	Chief Executive Officer	M M Valela
2. Financials	Chief Finance Officer	A Makamure
3. Question & Answer Session	All	



F24 OPERATING ENVIRONMENT

1. Overview

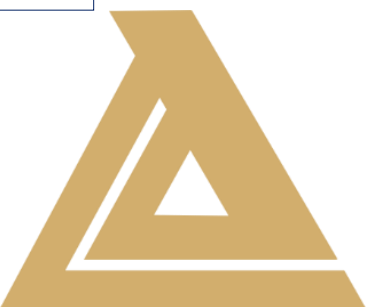
- Currency volatility and elevated inflation across the region.
- Harmonised Presidential, Parliamentary and Local Government elections held in Zimbabwe, largely peaceful. Subsequently, periodic by-elections held due to recalls.
- Impact of Russia - Ukraine and Israel - Palestine conflicts on supply chains and commodity prices.
- Utility challenges across the region e.g. electricity & water.



F24 OPERATING ENVIRONMENT

2. Zimbabwe

- Rising inflation - varied inflation measurements.
- Unstable currency. Restrictions on pricing exchange rate (SI 118A / 23).
- Sustained consumer demand driven by:
 - Funding of infrastructure projects.
 - Marketing of commercial crops.
 - Increased use of foreign currency across the economy.
 - Diaspora remittances.
 - Election season – relatively subdued political activity and spending.
 - Increased mining activity.



F24 OPERATING ENVIRONMENT

3. Trading Environment Remains Challenging:

- Disruptions arising from route to market policies in fourth quarter.
- Significant depreciation of local currency during the year.
- Tight liquidity in both foreign currency and ZW\$.
- Constraints in distribution due to poor road infrastructure in rural areas and congestion in urban centres.
- Electricity and water supply disruptions.
- Pricing distortions impacting formal trade channels.
- Growth of informal sector; requires revision of route to consumer strategies.
- Supply gaps due to management of counter-party credit risk with retail and supply chain partners.
- Legislative changes impacting regional competitiveness e.g. sugar tax & excise duty differentials



F24 OPERATING ENVIRONMENT

4. South Africa

- Depressed disposable income due to elevated unemployment levels.
- Weakening of the Rand; outlook on elections and market confidence, etc.
- Noticeable demand aligned with social grants.
- Power outages and disruptions to rail and shipping.

5. Zambia

- Kwacha depreciation resulting in increased import costs.
- Spike in maize prices due to limited supply and removal of subsidies.
- Disposable incomes remain depressed.
- Elevated inflation due to Kwacha depreciation and removal of subsidies.
- Utility shortages especially power supply.



VOLUME PERFORMANCE SUMMARY YEAR TO MARCH 2024

Category	March 2024	March 2023	% Change on Prior Year
1. BEVERAGES (Hls '000)	F24	F23	
Lager Beer			
1.1 Clear Beer	2 463	2 175	13
Sorghum Beer			
1.2 Sorghum Beer – Zimbabwe*	4 196	4 072	3
1.3 Sorghum Beer –Zambia	1 160	875	33
1.4 Sorghum Beer -South Africa	1 509	1 468	3
Soft Drinks			
1.5 Sparkling Beverages	2 053	1 590	29
1.6 Alternative Beverages	98	83	18
Total Delta Beverages	11 479	10 263	12
Wines and Spirits			
1.7 African Distillers	161	159	1
	11 640	10 422	12
Total Sales to 3rd Parties	11 302	10 290	10
Associates			
1.8 Schweppes Zimbabwe Limited	892	800	11
Total Beverages incl Associates	12 532	11 222	12



*Volume includes exports to UNB / National Breweries of 338 000HL (2023: 132 000Hl)

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THIRD PARTY MARKET SHARE READINGS - ZIMBABWE

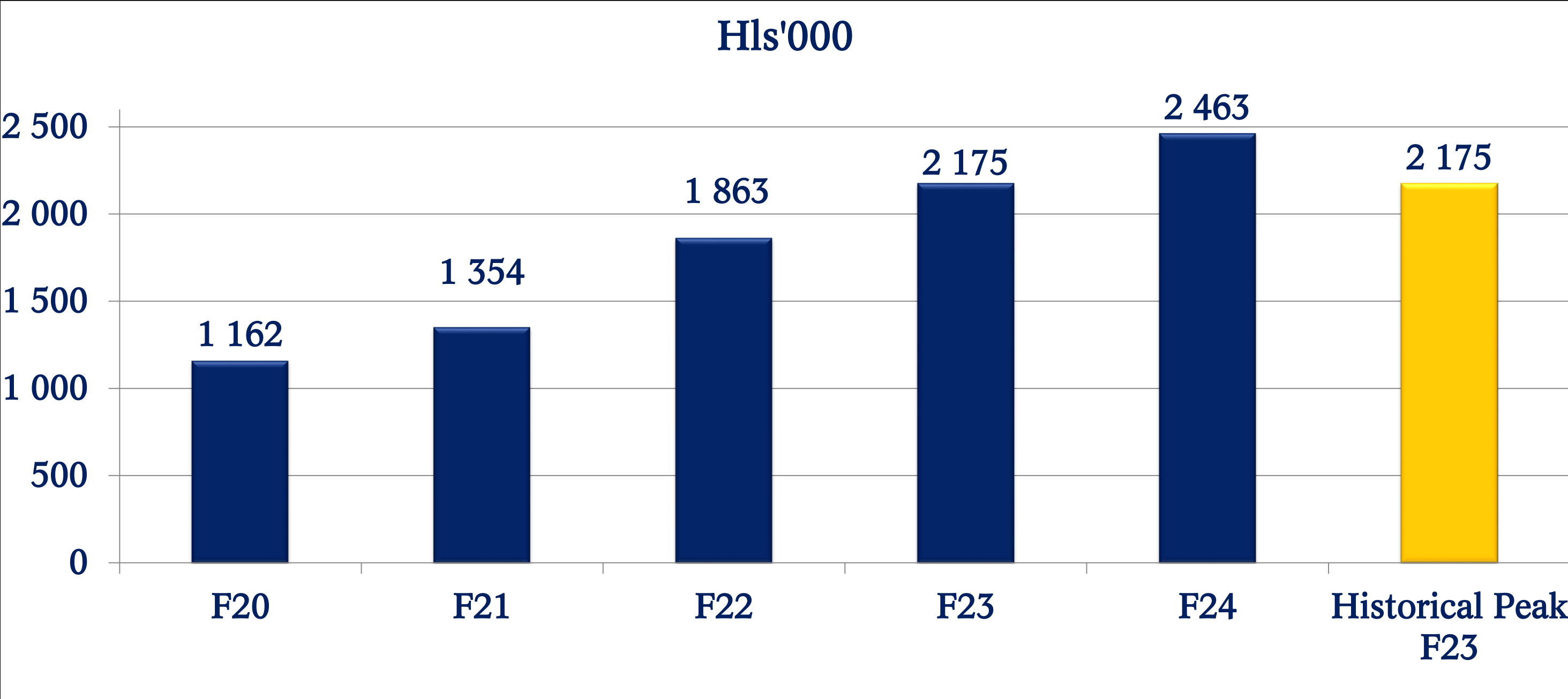
	May 2022	March 2023	Sept 2023	March 2024
Sparkling Beverages	65%	61%	65%	67%
Lagers	95%	96%	96%	96%
Chibuku	84%	92%	93%	91%



Exchange rate driven pricing distortions in modern trade



LAGER BEER 5 YEAR VOLUME TREND



Benefit from improved product supply and strong demand

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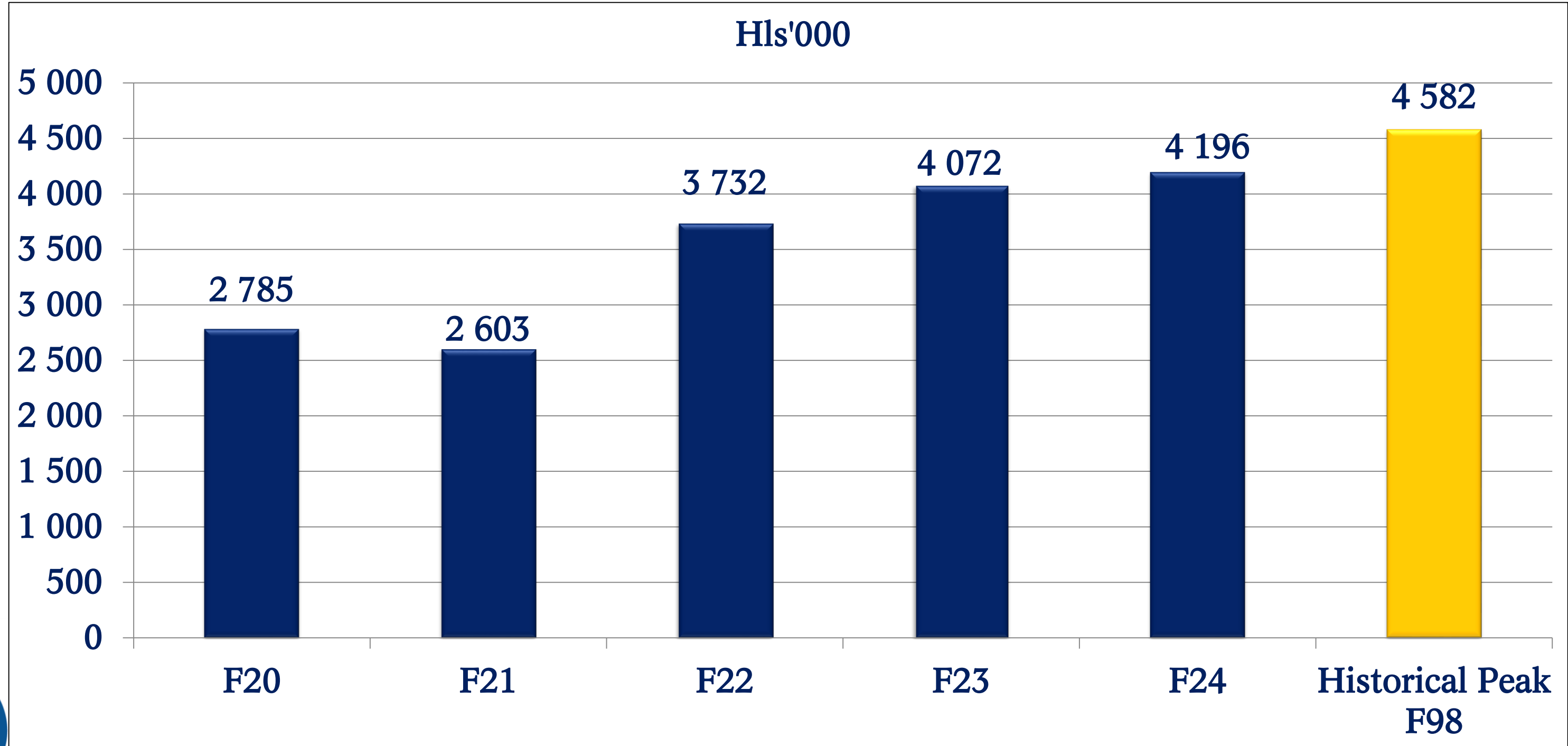
LAGER BEER

Volume driven by:

- Improved product supply following the commissioning of the new packaging line in July 2023.
- Competitive and stable pricing in foreign currency.
- Continued injection of new glass bottles and improved glass circulation.
- Record monthly run rates achieved during peak season.
- Carling Black Label achieved 1 million hectolitres.
- To increase supply of Global brands.



SORGHUM BEER – ZIMBABWE YEAR VOLUME TREND

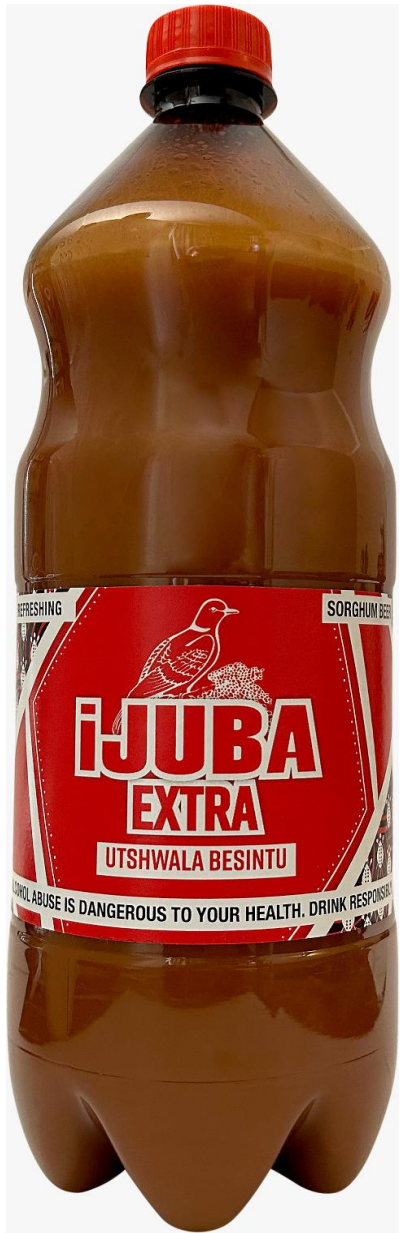
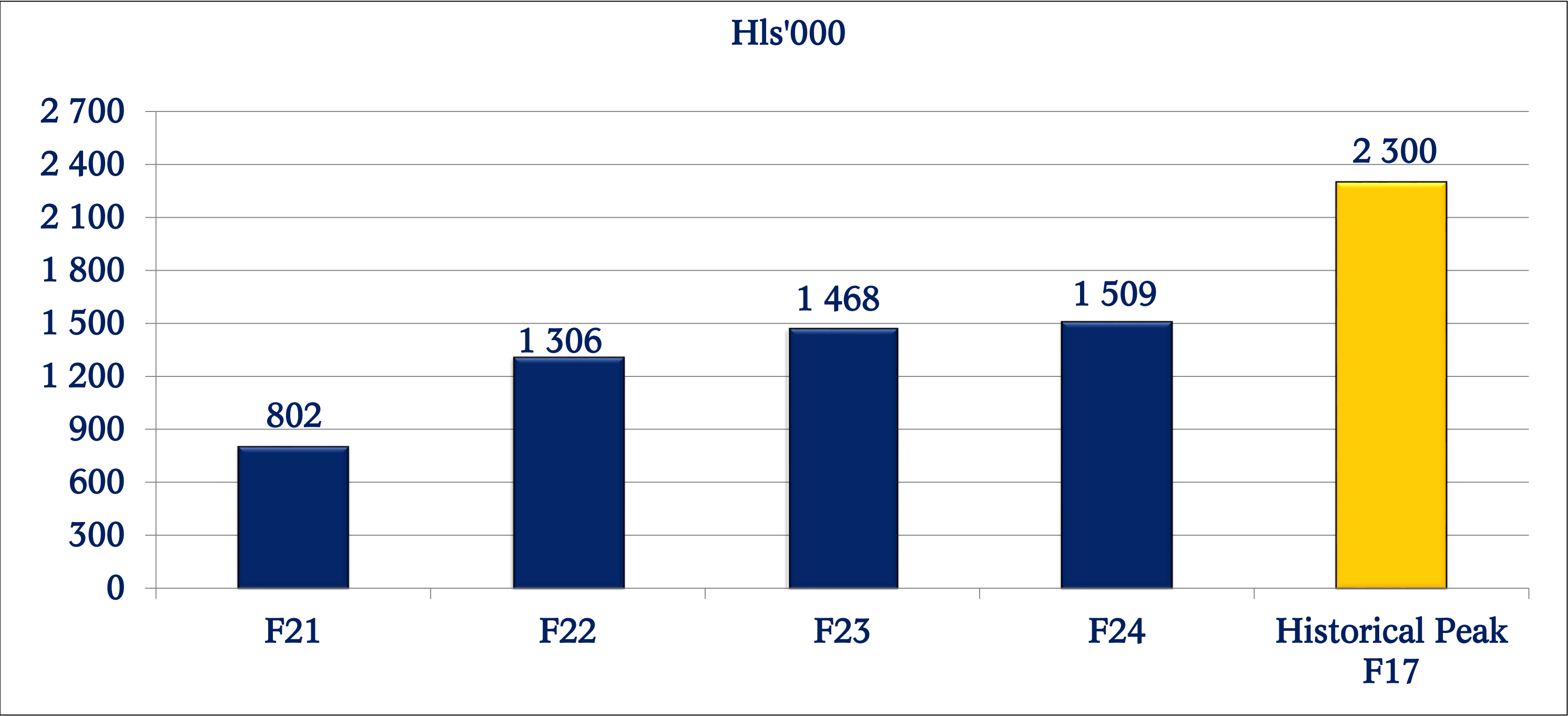


Steady performance

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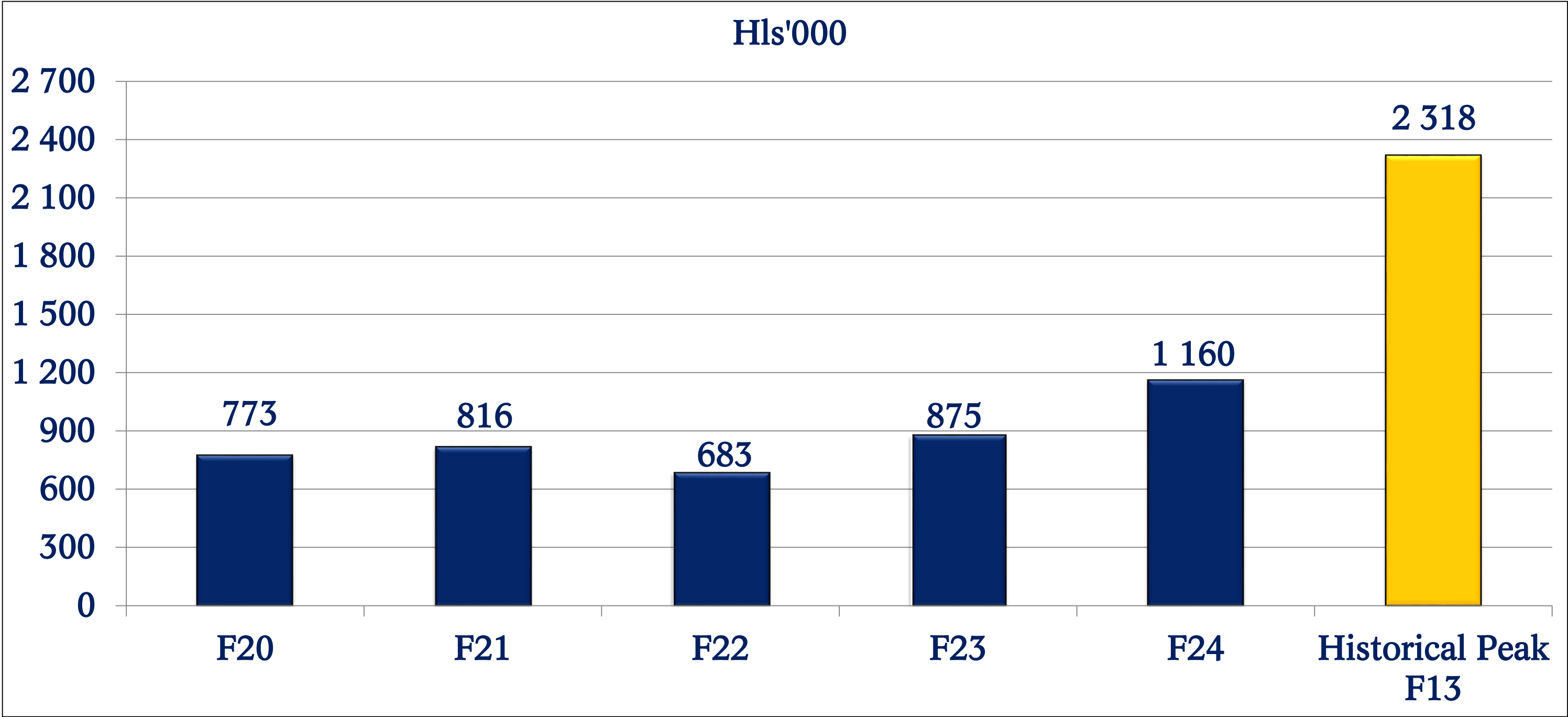
SORGHUM BEER – SOUTH AFRICA VOLUME TREND



Encouraging uptake of Chibuku Super



SORGHUM BEER - ZAMBIA 5 YEAR VOLUME TREND



Volume recovery momentum maintained

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SORGHUM BEER

Zimbabwe

- Volume includes exports; Domestic volume decline of 2%.
- Volume driven by:
 - ✓ Steady demand for both Scud and Chibuku Super.
 - ✓ Political activities leading up to elections and post elections.
 - ✓ Improved product supply following commissioning of Harare Brewery plant in November 2023.
- Challenges included:
 - ✓ Delay in commissioning new plant resulting in supply gaps.
 - ✓ Intermittent supply in formal outlets due to account management issues.
- Sector under pressure from other alcohol categories (Lagers and Spirits) and increased competition.
- Launch of new flavours, Ginger and Pineapple; promising uptake.



SORGHUM BEER

Zambia

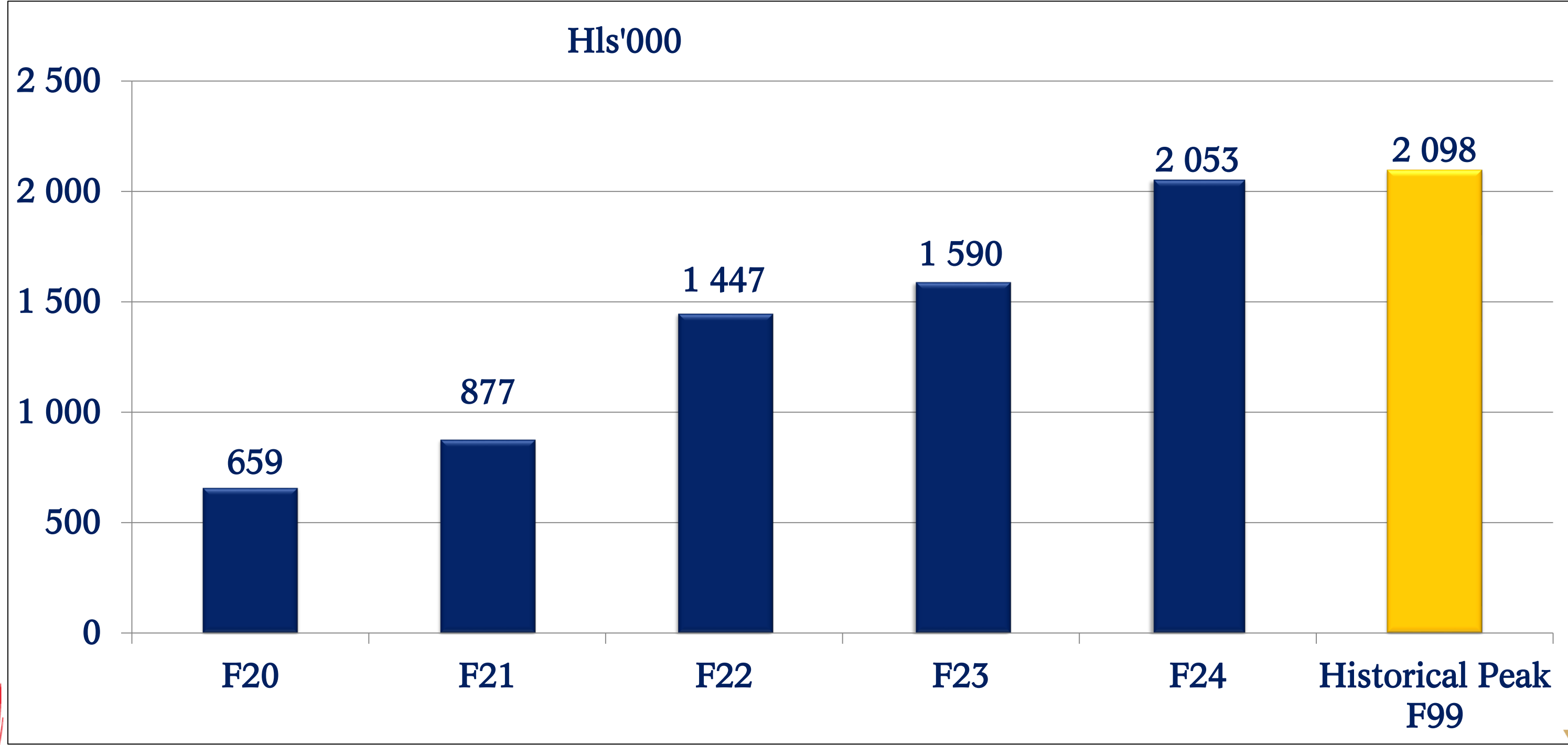
- Penetration into new markets coupled with increase in retail footprint.
- Positive trends for new products offerings (Super & Scud).
- Impact of higher maize cost on margins.
- Decline in demand following cost induced price increase in October 2023.
- Supply chain challenges.
- Competitive alternative alcohol price points.

South Africa

- Continued penetration into more trade channels using Chibuku Super.
- Delayed Chibuku Super plant installation. Finally commissioned in May 2024.



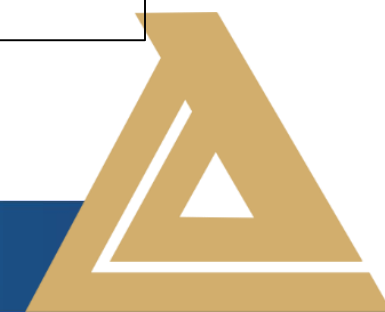
SPARKLING BEVERAGES 5 YEAR VOLUME TREND



Real Magic™

Steady recovery in volume and market share

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SPARKLING BEVERAGES

- Sustained volume recovery and market share gains.
- Formal trade channels impacted by pricing distortions, credit risk management and route to market policy changes.
- Improved supply and range of PET packs following the commissioning of new plant in the 1st quarter.
- Execution of price moderation and uprated market campaigns.
- Ongoing injection of new glass.
- Relaunch of Sprite and ZERO SUGAR range.
- Sugar tax induced price increases.



AFRICAN DISTILLERS FULL YEAR VOLUME PERFORMANCE

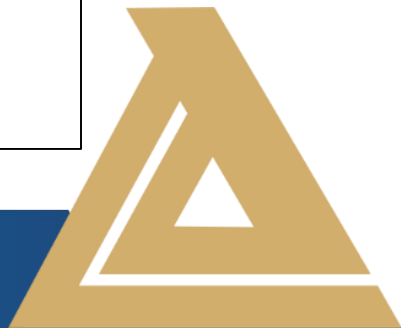
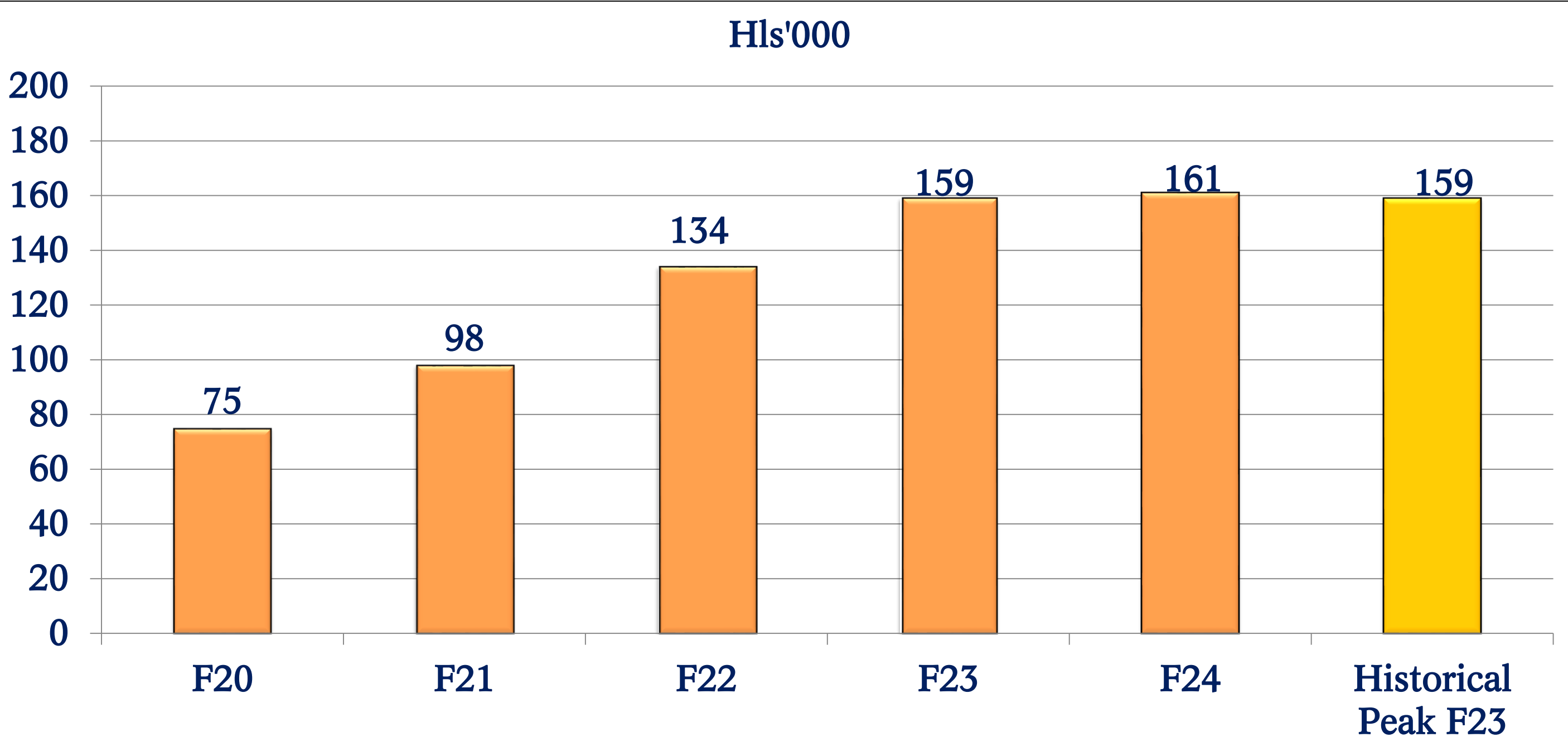


	Actual Volume Litres	Prior Year Actual Volume Litres	% Change on Prior Year
BEVERAGES (litres 000)			
1.1 Spirits	7 135	7 318	-2
1.2 Wines	817	817	0
1.3 Ciders	8 146	7 736	5
Total	16 098	15 871	1

- Concern about proliferation of illicit alcoholic spirits.
- Ongoing expansion of route to market to reach more consumers.



AFDIS 5 YEAR VOLUME TRENDS



UPDATE ON ASSOCIATES

1. Schweppes Holdings Africa

- Disruptions on route to market due to changes in tax laws.
- Improved availability of Minute Maid juice drink, water and syrups.
- High price increases following introduction of sugar tax.
- Changes on route to market to access more channels.
- New plant commissioned in October 2023.

2. Nampak Zimbabwe

- Lower than expected volume due to prolonged power cuts.
- Increased exports at Hunyani.



OUTLOOK AND KEY FOCUS AREAS F25

1. Key Environmental Considerations:

- Impact of El Nino induced drought on cereals pricing and availability.
- Currency change.
- Anticipated monetary and fiscal policy adjustments.
- Election season in South Africa.
- Uncertainty in tax matters.



OUTLOOK AND KEY FOCUS AREAS F25

2. Sustaining Top Line Growth by:

- Leveraging on recent capacity investments for optimum product supply.
- Adjusting the route to consumer for better customer service.
- Responsiveness to emerging policy environment.
- Maintain regional competitiveness.

3. Optimum Resource Allocation

- Absorbing and mitigating shocks from global supply disruptions.
- Securing cereal requirements across the regional markets.
- Working capital management for value preservation and supporting the capacity investments.



OUTLOOK AND KEY FOCUS AREAS F25

Cont....

4. Market Facing Activities

- Upscaling marketing activities - leveraging on brand properties.
- Improvements in sales services and distribution operations.
- Investment in informal market equipment, distribution capacity, glass and the cold chain.
- Sustainable growth initiatives.
 - Focus on alcohol responsibility programs.
 - Post consumer waste management activities.
 - Efficient utilisation of resources to reduce carbon footprint.

5. Capacity Investments

- Ongoing investments to close supply bottlenecks and support the growth agenda.
- Skills upgrades to ensure efficient utilisation and maintenance of manufacturing and distribution platforms.



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F24 FULL YEAR ESG KEY FIGURES



TAX CONTRIBUTION (Nominal figures)

Circa US\$142 Million

- Includes excise duty, VAT, Company Tax & PAYE
- Excludes imports taxes

CAPACITY INVESTMENTS +\$48m

- New Lager Beer returnable glass packaging line and fermentation tanks at Southerton Brewery
- Upgrade Chibuku Super plant at Harare Brewery.
- New PET line at Graniteside Harare.
- PET line at Schweppes, PET Line & Chillers at Afdis.
- Additional freight and DSD fleet.
- Enhance Asset Care in all businesses.
- PET line at Afdis.
- SZL – Water and juice packaging line.
- Upgrade to ERP.
- Chibuku Super plant at Phelindaba (Pretoria)

BRANDS INNOVATION

- New look Sprite launch (Zim)
- Transition of Coke No Sugar to Coke Zero Sugar
- Introduction of Chibuku Super Ginger- & Pineapple

SMART DRINKING

- Investment in social norms marketing.
- Our beer labels have Smart Drinking messages
- Drinking messages.
- Responsible drinking campaigns
- No to underage drinking campaigns

WASTE RECOVERY RATES

Waste Type (tons/ltrs)	F24 YTD Tons produced	YTD Tons recycled.	Recycled F24 YTD	Target F24 %	Benchmark % recovery
Alum cans	141,50	133,05	94,03%	90	65
Clear PET	113,48	111,40	98,17%	90	70
Brown PET	3093,80	1889,15	61,06%	65	65
Cullet	9918,48	9904,11	99,86%	70	75
HDPE	87,79	83,49	95,10%	90	50
Plastics	104,04	103,94	99,90%	95	75
Cardboard	75,80	75,30	99,34%	90	75
Batteries	738,79	738,79	100%	100	100
Tyres	11,44	11,44	100%	100	100
Scrap Metal	236,63	236,63	100%	100	100
Used oil (l)	4342,00	4342,00	100%	100	100

PEOPLE

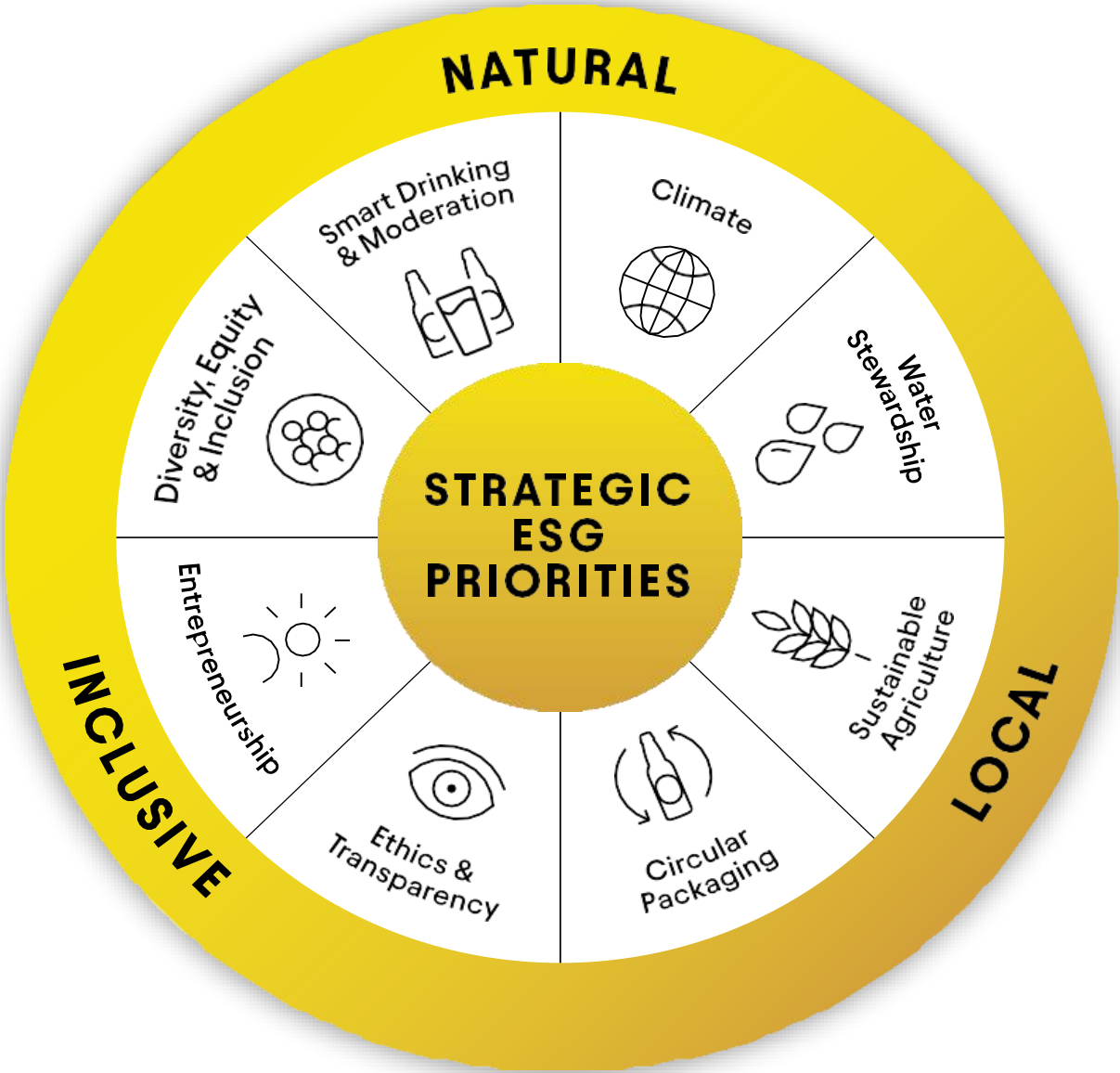
- ±7,000 direct employees
- Focus on increasing ratio of women
- 33% of management grades are women

COMMUNITY SUPPORT

- Standing support to humanitarian relief institutions.
- 100 bursary students being supported this year.
- 50 graduate trainees recruited this year.
- 71 apprentices recruited this year.
- 4 classroom blocks at Mudzingo and Senya Rural Primary Schools in Midlands and Mashonaland Province – to date 18 schools have benefited from this program in 10 provinces.
- Sally Mugabe Hospital physio therapy equipment.
- Water project at Bikita School and repair to classrooms.

F24 ESG KEY FIGURES

SUSTAINABILITY



ENTREPRENEURSHIP

- 11 500 sorghum farmers supported
- 7 000 hectares under barley contract scheme.
- 130 Point Of Sale professional trained in Responsible Beverage Service to date.
- 1 356 women business owners supported through the Coca-Cola Economic Empowerment scheme of vending trolley distribution.
- 14 stocking containers deployed to service informal sector in the soft drinks business.

SPORT & ARTS INVESTMENTS

We invest over US\$1.5million through our brands such as:

- Castle Premier Soccer League
- Chibuku Super Cup
- Castle Tankard
- Sable Rugby Men 15s and Zambezi Cheetah's Men 7s
- Carling Black Label Pool Tournament
- Coca-Cola 4 Mile during ZITF in Bulawayo.
- Sponsored University Games.

In addition, the brands are the main sponsors of high-profile music and arts initiatives – Castle National Braai Day, Chibuku Neshamwari and Chibuku Road to Fame.



FINANCIALS WARNING

ADVERSE AUDIT OPINION ISSUED BY EXTERNAL AUDITORS WITH RESPECT TO:

1. CARRY OVER IMPACT OF ADVERSE REPORT ON PRIOR YEAR COMPARATIVES WITH RESPECT TO IAS 16 AND IAS 21.
2. USE OF INTERNALLY GENERATED EXCHANGE RATES IN THE F24 TRANSACTIONS IMPACTING INCOME STATEMENT & BALANCE SHEET – IFRS NOW PROVIDES FOR AN ESTIMATION PROCESS.
3. MARCH F24 CONVERTED IS BEST ESTIMATE OF US\$ STATEMENT OF FINANCIAL POSITION.



CONVERSION TO USD REPORTING

- Conversion of Inflation Adjusted Prior Year and H1 F24 figures to US\$.
- F24 is a combination of Inflation Adjusted numbers for H1 and US\$ historical for H2.
- As a result, both current and prior year not reflective of underlying performance.



FINANCIAL – KEY STATISTICS

	March 2024	March 2023	Annual Change %
Market Exchange Rate	24 000.00	1 000.00	2 400.00
Interbank rate	20 945.17	916.11	2 186.32
South African Rand to US Dollar	18.99	18.11	0.05
Zambian Kwacha to US Dollar	26.65	21.03	26.72
Average 12 months rate ZW\$/US\$	7 585.03	642.61	1 080.35



FINANCIAL HIGHLIGHTS – REPORTED DATA

	2024	2023
	\$'000	\$'000
Revenue	767 871	536 923
Operating Income	152 338	99 795
Earnings before interest, tax depreciation and amortisation	166 921	112 600
Profit after tax	100 538	63 143
Attributable earnings per share (US cents)	7.71	4.84
Headline Earnings per share (US cents)	7.72	4.84
Dividend per share (US cents)	3.0	3.0



INDICATIVE MANAGEMENT TRACKED US\$ FINANCIALS

Revenue

Increased by 10% to US\$782 million

EBIT up 17% to US\$165 million

Basic Earnings per share

EPS indicated at US9.29 cents

Dividend per share

Total dividend declared – US3 cents

WARNING: Results are based on best US\$ estimates.

Information impacted by inflationary stockholding gains, rapid inflation and estimated exchange rates.



EXPLANATORY NOTES ON FINANCIALS

1. Distortions in some cost structures.
2. Global inflation impacting on packaging, fuel costs.
3. Inflationary stockholding gains and exchange losses in ZW\$ terms.
4. Exchange loss on US\$ dividend due to exchange rate movements between declaration and payment dates.



STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

	March 2024	March 2023
	US\$ '000	US\$ '000
REVENUE	767 871	536 923
Operating income	152 338	99 795
Net finance costs	(41 412)	23 150
Movement in legacy debt		(1 227)
Monetary gain/(loss)	(8 995)	(34 841)
Share of profit of Associates	2 468	452
PROFIT BEFORE TAX	104 399	87 329
Taxation	(3 861)	(24 186)
Profit for the period	100 538	63 143
Other comprehensive income	(80 801)	(94 254)
TOTAL COMPREHENSIVE INCOME	19 737	(31 111)

Distortions in inflation indices and exchange rate instability

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EARNINGS PER SHARE

	March 2024	March 2023
	(US cents)	(US cents)
Diluted Earnings per share	7.58	4.78
Headline earnings per share	7.72	4.84
Basic earnings per share	7.71	4.84
Total Dividend	3.0	3.0
Interim Dividend	1.0	1.0
Final Dividend	2.0	2.0

- Low tax charge due to currency disparities.
- Moderation of dividend due to environmental factors.



SEGMENT REVENUE US\$

	March 2024		March 2023		% to Prior Year
	Revenue US\$ '000	Revenue Contribution %	Revenue US\$ '000	Revenue Contribution %	
Lager Beer	318 317	41.45	222 852	41.51	43
Sparkling Beverages	146 710	19.11	92 224	17.18	59
Sorghum Business	250 811	32.67	179 746	33.48	40
Wines and Spirits	51 772	6.74	41 006	7.64	26
Total Reportable Segments	767 610	99.97	535 828	99.81	43
All other segments	261	0.03	1 095	0.19	(76)
Total Revenue	767 871	100	536 923	100	43

- Steady contributions across segments.
- Sorghum beer category weighed down by regional operations.

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OTHER ISSUES OF INTEREST

- i) ZIMRA foreign currency tax assessments:
 - Dispute on formula used for splitting taxes into currency of payment.
 - No credit given for amounts paid in ZW\$.
 - Discussing fair economic value exchange considerations.
- ii) Contractual dispute with foreign supplier:
 - Claim dismissed at arbitration.
 - Slow movement of new claims lodged in Zimbabwe courts.



FISCAL CHANGES AND IMPACT ON BUSINESS

Product	Product Picture	Sugar Content	Tax	Price Before Sugar Tax	New price	Price Impact	TAX IMPACT ON 2024 FISCAL YEAR - US\$46,3 mil
		Grams	\$/Unit	\$/Unit	\$/Unit	%	
Mazoe 2 litre		720	0.72	2.94	4.00	36	<ul style="list-style-type: none"> Carbonated Soft Drinks US\$20,7 mil Cordials/Juice US\$25,3 mil Alcoholic US\$0.345
Coke 300 ml		31.8	0.032	0.25	0.33	32	MITIGATIONS / REACTIONS <ul style="list-style-type: none"> 1) Absorption of Cost for price moderation 2) Product formulation 3) Pack Size changes 4) Emphasis on Low / No Sugar Offerings







We are Delta Corporation – Brighter Together

