



Delta Corporation

L I M I T E D

**PRESENTATION TO
ANALYSTS
ON
RESULTS FOR THE
FULL YEAR TO
31 MARCH 2018**

**9 May 2018
Mandel Training Centre**

AGENDA

1. WELCOME AND TRADING REVIEW	PEARSON GOWERO
3. FINANCIAL PERFORMANCE	MATTS VALELA
4. DISCUSSION/QUESTIONS	ALL
5. REFRESHMENTS	ALL



Delta Corporation – Brighter Together

**TRADING REVIEW FOR
THE FULL YEAR
TO
31 MARCH 2018**



Delta Corporation – Brighter Together

VOLUME BEVERAGE CATEGORY

LAGER BEER

- Up 27%

SORGHUM BEER

- Increased by 9%
- Chibuku Super contribution at 71%

SOFT DRINKS

- SBs grew 15%
- Maheu grew 19%



TRADING REVIEW

1. Tale of two halves with a very strong second half volume outturn and the ushering in of the second Republic.
2. Evidence of buoyant consumer demand driven by improved disposable income:-
 - command agriculture; highly subsidised pricing.
 - mining improved output.
 - leveraged diaspora remittances.
 - generally positive socio-political environment.
3. Market supply gaps due to extensive delays in foreign remittances. (Import requirement of \$60-\$75m per year).
4. Value chain partners also affected by the forex situation – packaging supplies not prioritised.
5. Well accepted electronic payment platforms facilitating ease of transactions.
6. Invested \$45m in RBZ savings bonds to support on lending to exporting businesses.
 - Total taxes paid \$141m excluding import duties.

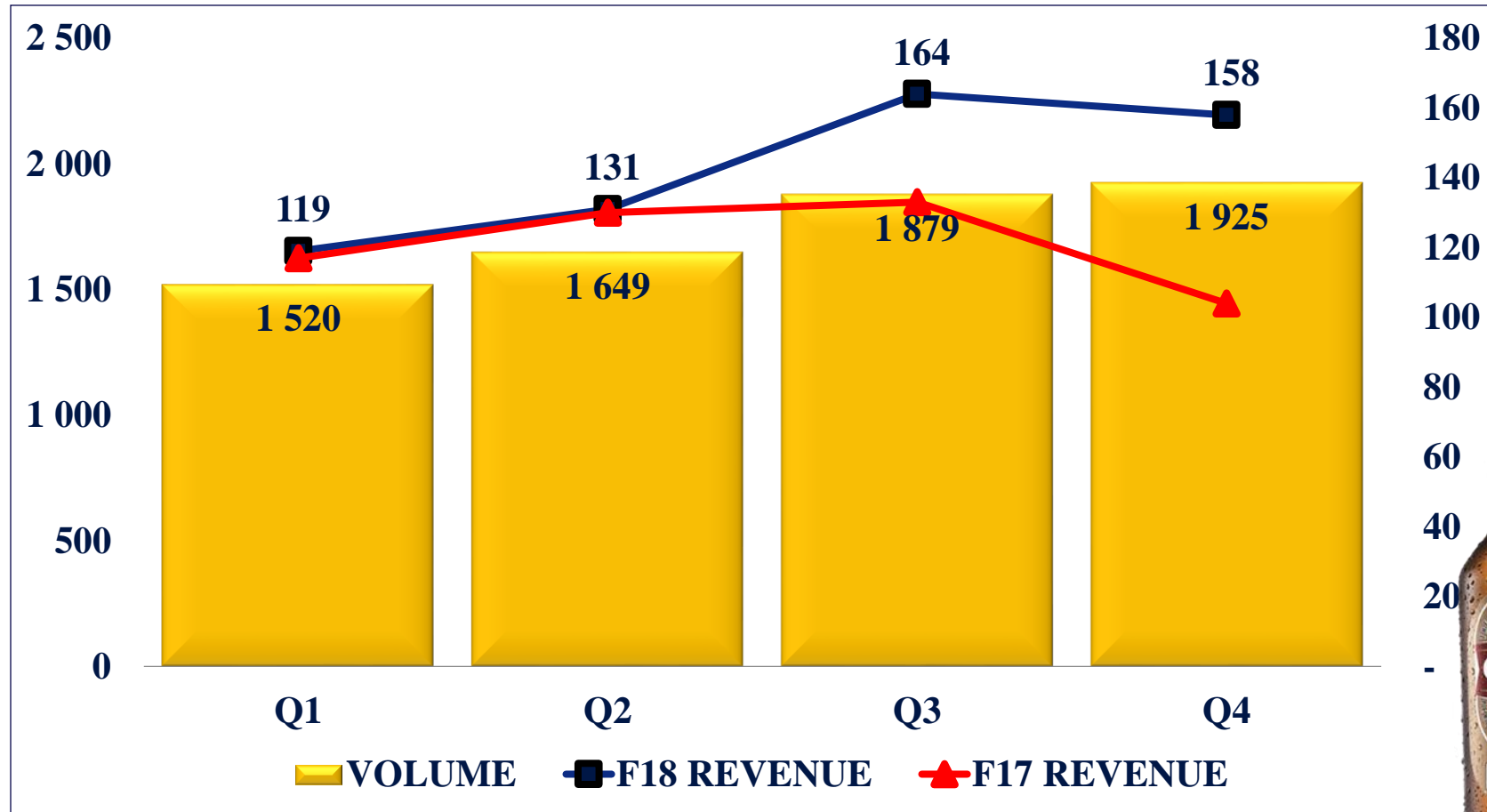


VOLUME PERFORMANCE SUMMARY

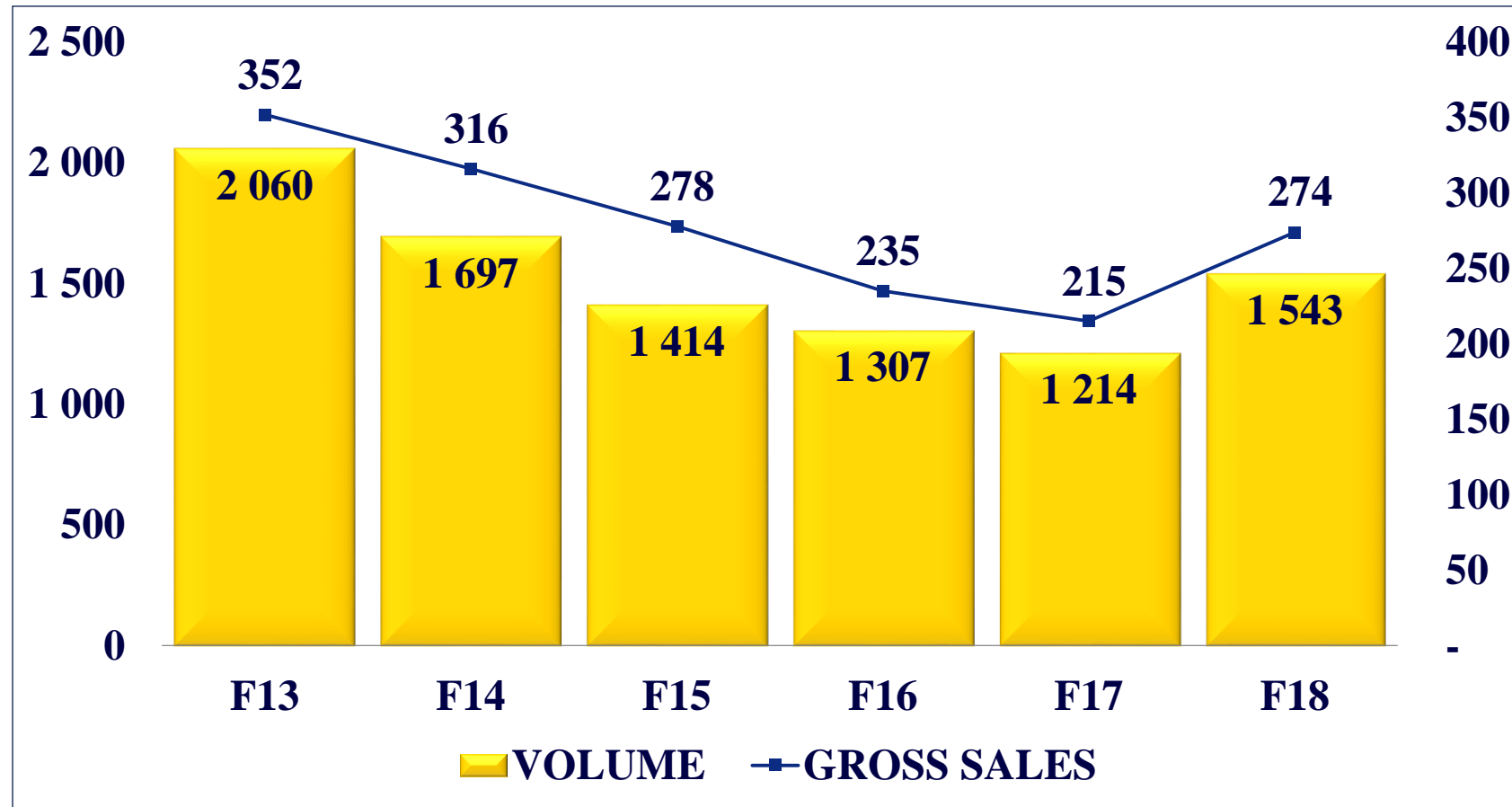
Category	Actual Volume 000hl	% Change on Prior Year
1. BEVERAGES (HLS 000)		
1.1 Clear Beer	1 543	27
1.2 Sorghum Beer	3 819	9
1.3 Sparkling Beverages	1 420	15
1.4 Alternative Beverages	191	19
Total Excluding Associates	6 973	14
2. Malt Tonnage (Barley & Sorghum)	25 904	(6)



QUARTERLY REVENUE AND VOLUME PERFORMANCE

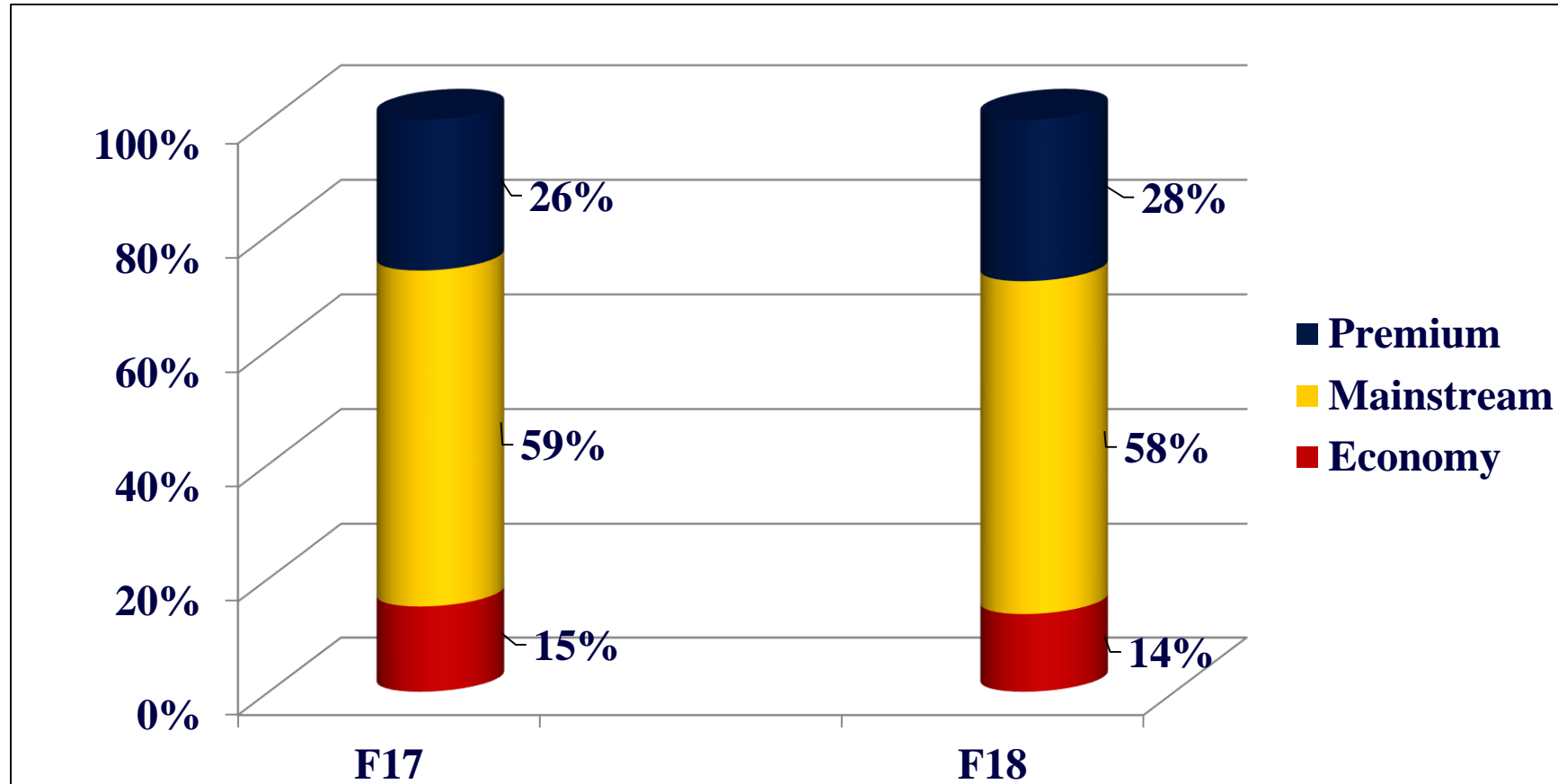


LAGER BEER FULL YEAR VOLUME PERFORMANCE F13 TO F18



TRADING REVIEW- LAGER BEER MIX

HLs '000



VOLUME BY PROVINCE - LAGERS

	Lager Beer			
	F18	F17	Contribution	Var F17
Harare	711	550	46%	29%
Manicaland	175	138	11%	26%
Midlands Province	159	128	10%	24%
Bulawayo	156	128	10%	22%
Mashonaland West	143	114	9%	26%
Masvingo Province	114	86	7%	32%
Matabeleland North	26	21	2%	27%
Mashonaland East	24	22	2%	10%
Matabeleland South	17	14	1%	27%
Mashonaland Central	17	13	1%	35%
Grand Total	1 543	1 214	100%	27%

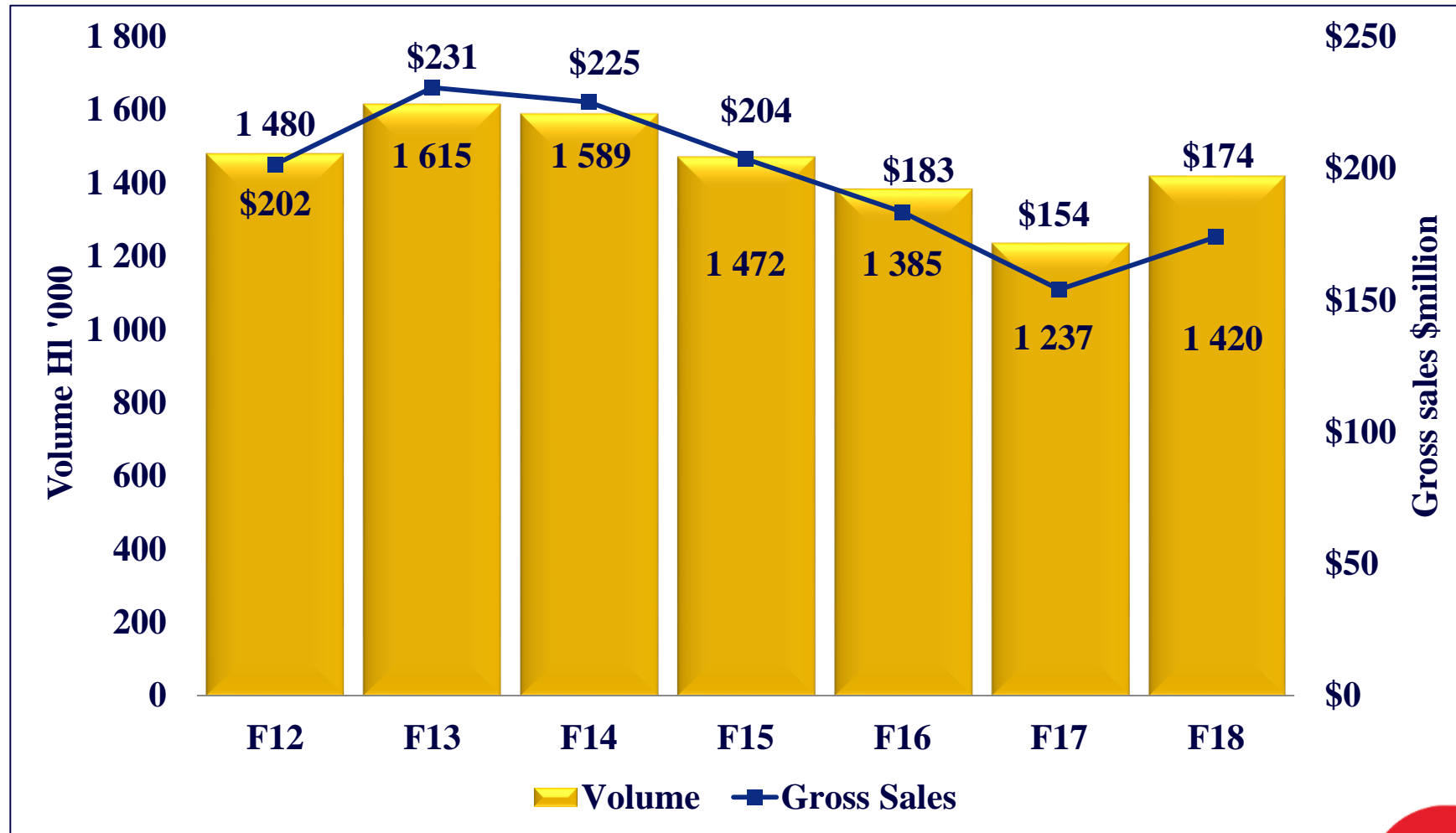


LAGER BEER

- Very firm demand across the brand portfolio.
 - Mainstream driven by Castle and Carling Black Label.
 - Market share gains in premium segment driven by Zambezi and Castle Lite.
- Market supply remains stable despite foreign currency constraints.
- Responded well to the surge in demand on the back of sufficient installed capacity.



SPARKLING BEVERAGES VOLUME & REVENUE PERFORMANCE

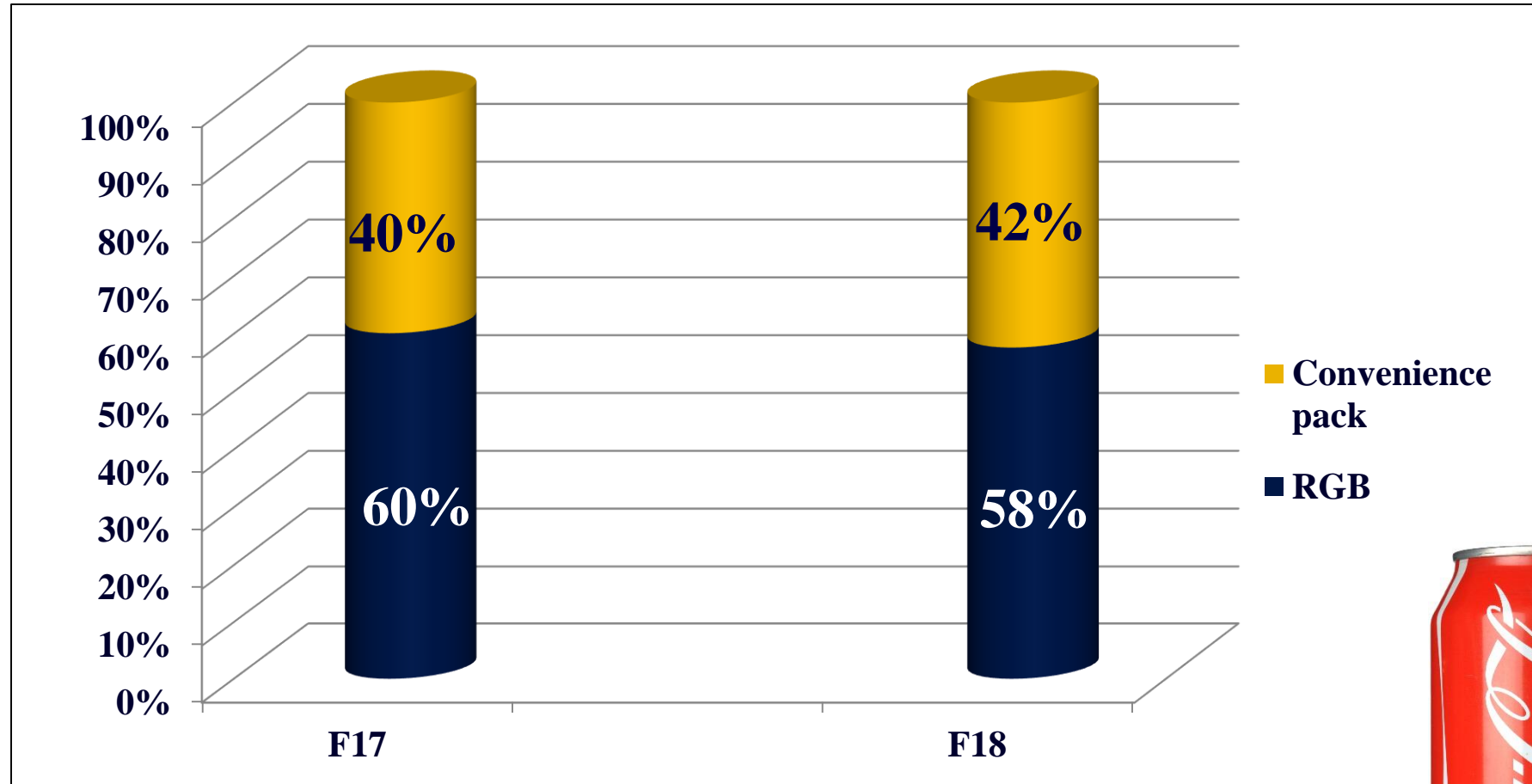


OFFICIAL PARTNER



TRADING REVIEW- SPARKLING BEVERAGES MIX

HLs '000



VOLUME BY PROVINCE – SPARKLING BEVERAGES

	Soft Drinks			
	F18	F17	Contribution	Var F17
Harare	738	656	46%	13%
Bulawayo	216	186	13%	16%
Midlands Province	197	166	12%	19%
Mashonaland West	155	137	10%	13%
Masvingo Province	115	95	7%	20%
Manicaland	57	45	4%	27%
Matabeleland South	43	33	3%	30%
Matabeleland North	40	35	2%	14%
Mashonaland Central	28	25	2%	12%
Mashonaland East	22	21	1%	5%
Grand Total	1 611	1 398	100%	15%

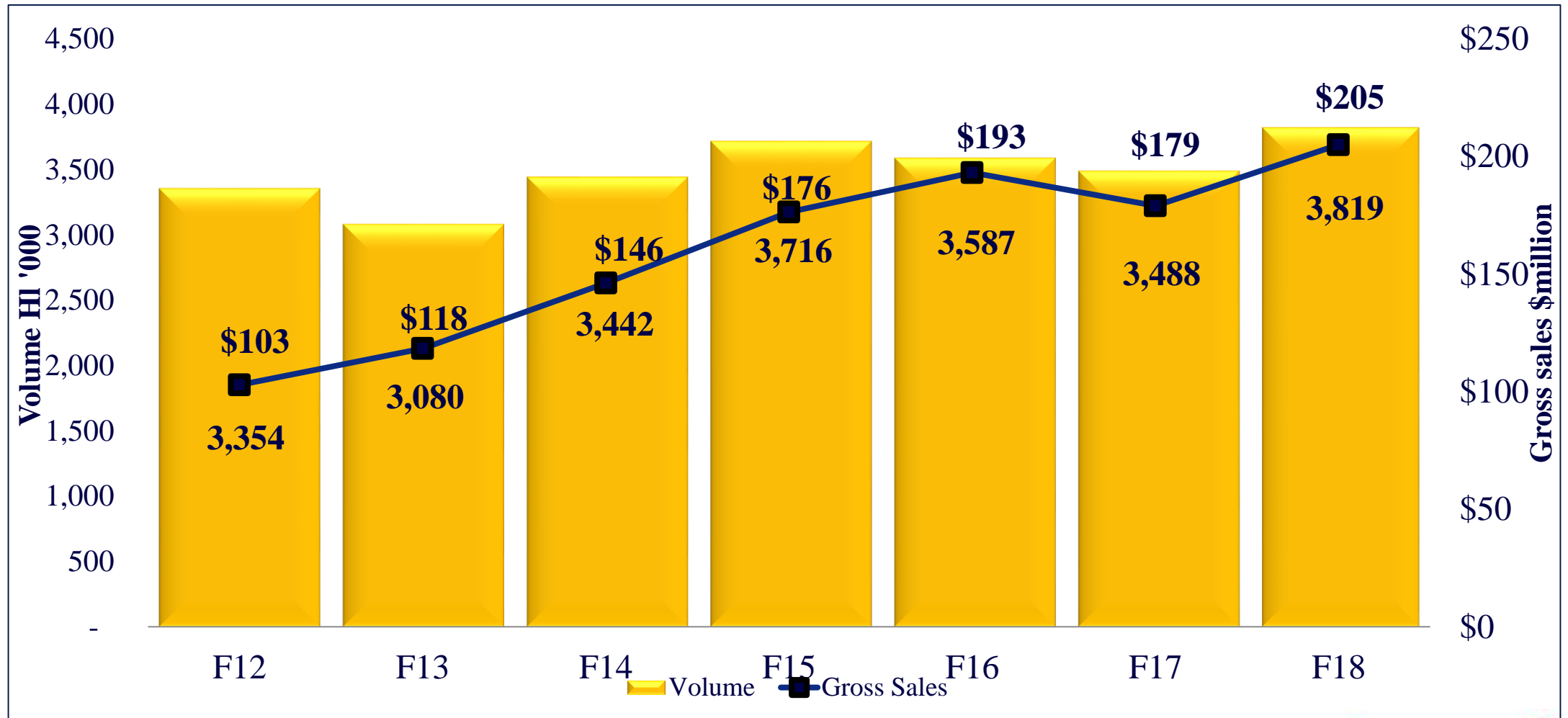


SPARKLING BEVERAGES

- Strong demand across the brands; particularly for value and convenience packs.
- Supply limitations on account of imported inputs shortage.
- Increased competitor activity but stable market share.
- Stable supply and pricing of Maheu but acute shortage of packaging.

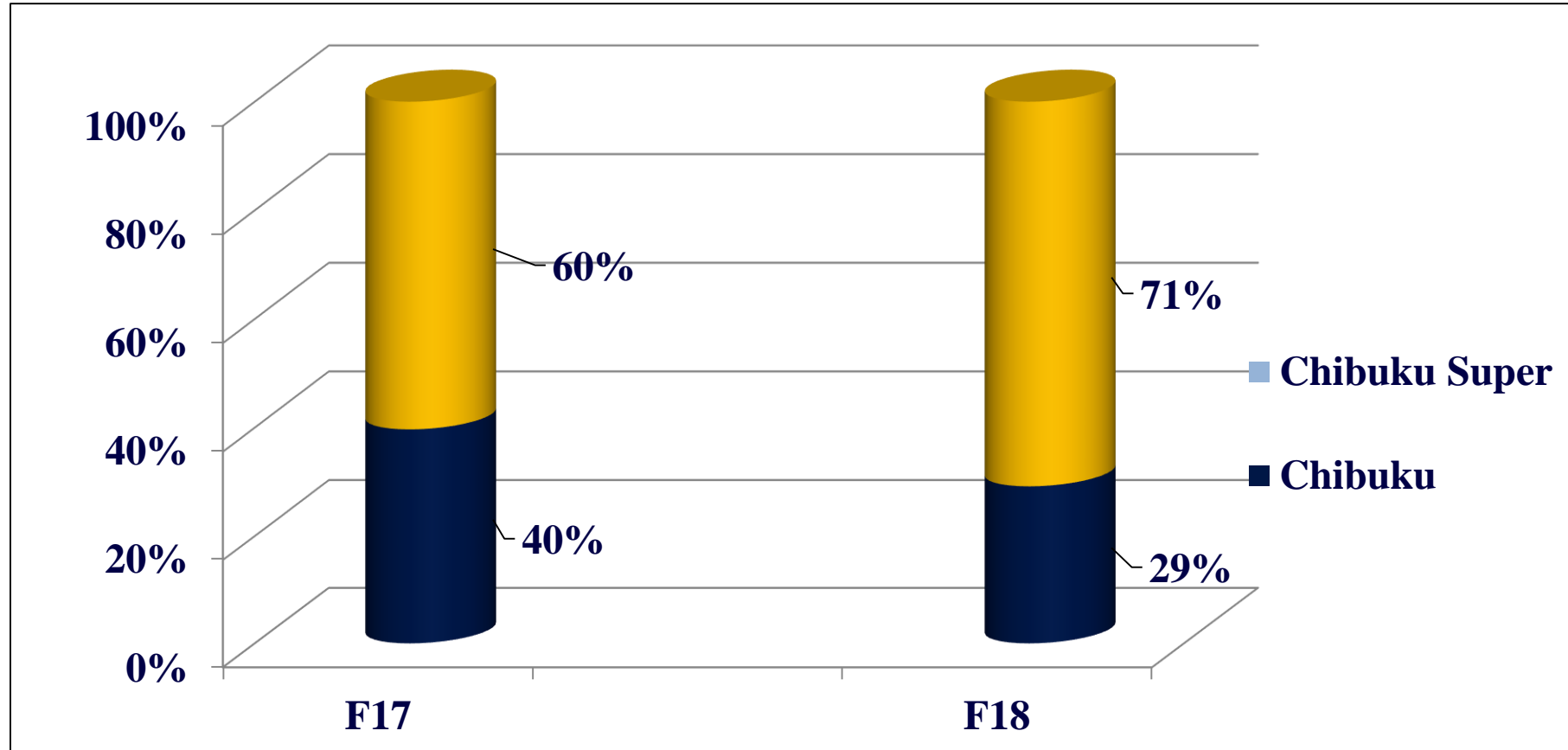


SORGHUM BEER VOLUME & REVENUE PERFORMANCE



TRADING REVIEW- SORGHUM BEER MIX

HLs '000



VOLUME BY PROVINCE – SORGHUM BEER

	Sorghum Beer			
	F18	F17	Contribution	Var F17
Harare	1 198	1 140	34%	5%
Midlands Province	587	417	17%	41%
Mashonaland West	424	547	12%	-23%
Masvingo Province	421	388	12%	9%
Manicaland	387	416	11%	-7%
Bulawayo	292	336	8%	-13%
Matabeleland South	92	74	3%	24%
Mashonaland Central	77	85	2%	-9%
Matabeleland North	57	50	2%	15%
Mashonaland East	24	36	1%	-34%
Grand Total	3 560	3 488	100%	2%



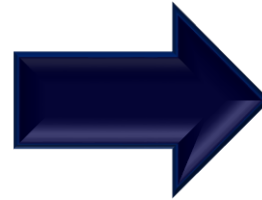
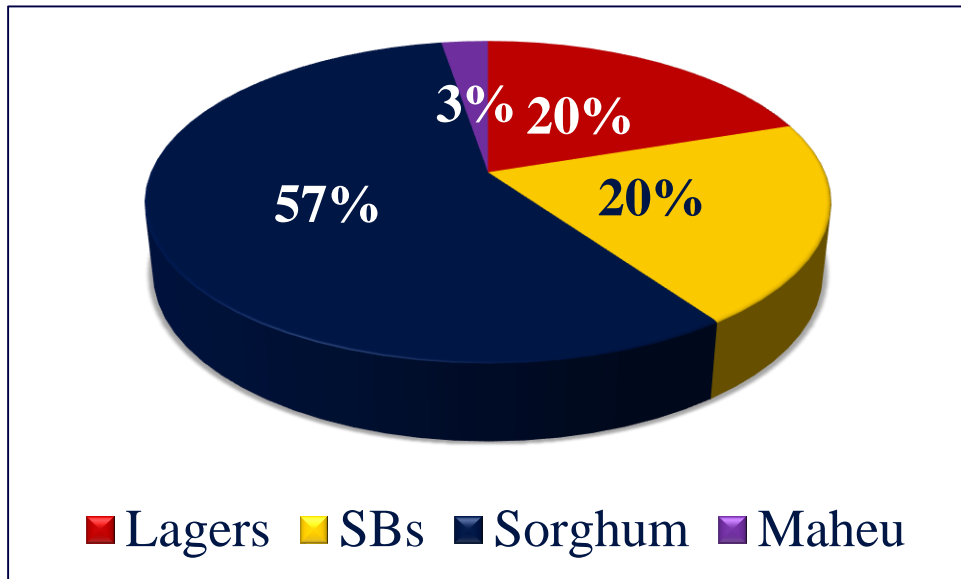
SORGHUM BEER

- Chibuku Super continued to grow to become the dominant offering.
- New Scud taking root with improved aesthetics and an accessible price point.
- Packaging induced supply constraints in the second half due to inability to import raw materials.
- Adequate supplies of cereals though pricing could be better.
- Natbrew Zambia - firm quarter - volumes up 21%.
 - still some way to go to reach required levels of scale.

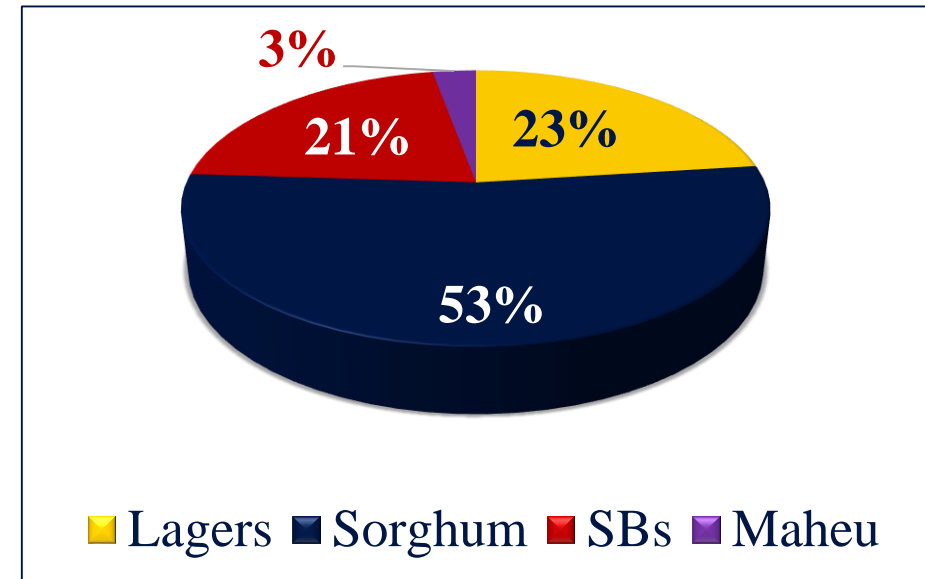
The Chibuku logo is written in a stylized, cursive font. The word "Chibuku" is in blue with a red outline. A registered trademark symbol (®) is located at the top right of the logo.

BEVERAGE VOLUME CATEGORY CONTRIBUTION

F17

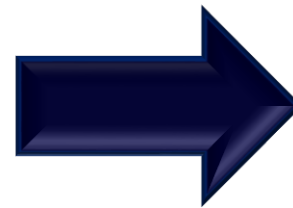
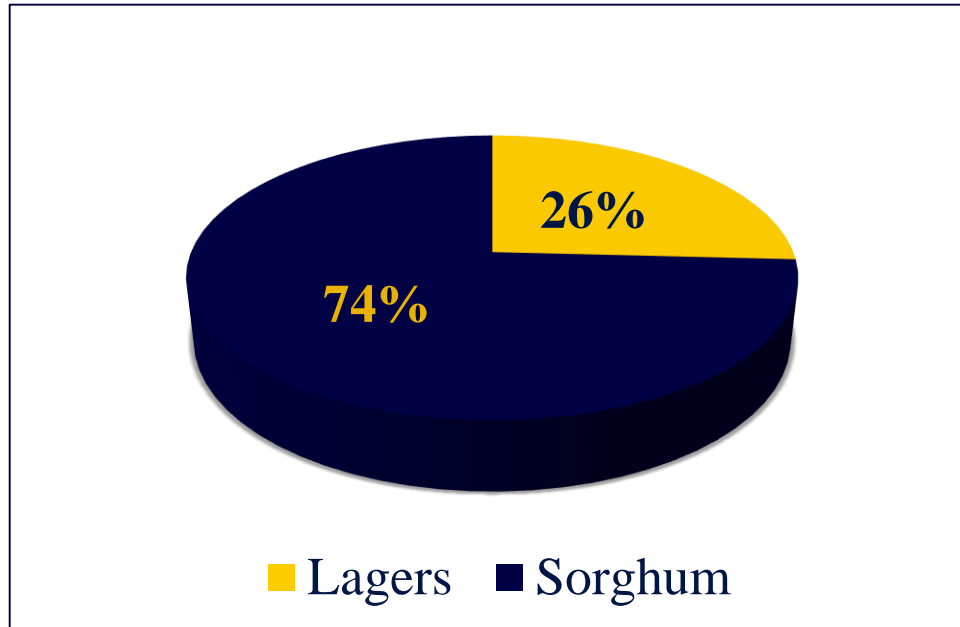


F18

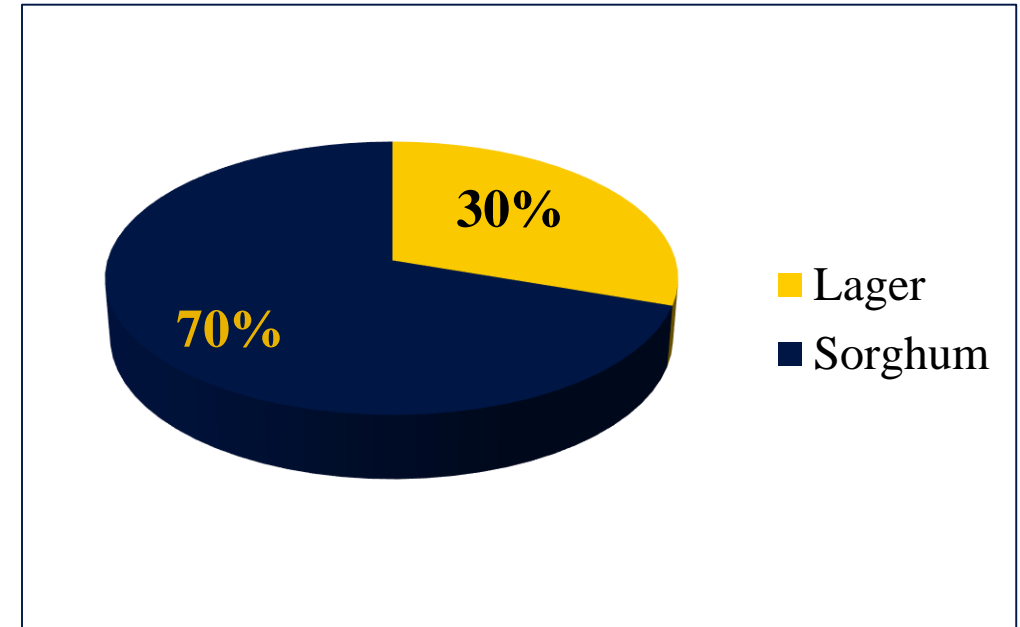


VOLUME CONTRIBUTION BEER SEGMENT

F17



F18



NEW SUBSIDIARY

NATIONAL BREWERIES PLC - ZAMBIA

- Acquisition of 70% interest in Natbrew Zambia – effective 1 January 2018.



ASSOCIATES

AFDIS

- Strong volume and revenue performance.
- Volume performance slowed down by delayed foreign payments resulting in shortage of packaging and raw materials.

SCHWEPPES ZIMBABWE LIMITED

- Strong volume performance.
- Performance constrained by the shortage of imported raw materials.
- The agri-processing units still to optimise their operations.

NAMPAK ZIMBABWE

- Expected to publish half year results in May 2018.
- Raw material supply challenges constraining strong demand.
- Expected to invest in additional packaging capacity.



OTHER DEVELOPMENTS

On 10 October, 2016 The Coca-Cola Company issued a notice of intention to terminate the Bottler Agreements with Delta and its associate SZL. Negotiations are underway with TCCC and AB InBev. Due to the nature of the discussions no further details can be shared at this stage.



LOOKING AHEAD

1. Demand expected to continue to be firm against:-
 - reasonable agricultural outturn.
 - continuing mining activity.
 - improving tourism.
 - election spend.
 - international re-engagement likely to spur business activity.
2. The country needs to optimise its foreign currency management system and recognise linkages in the economy.
3. Intermittent supply gaps are expected to continue barring the foreign currency resolution.
5. Well accepted electronic payment platforms facilitating ease of transactions.

**MARCH 2018
FULL YEAR
FINANCIALS**



AGENDA

1. FINANCIAL HIGHLIGHTS

2. FINANCIAL STATEMENTS



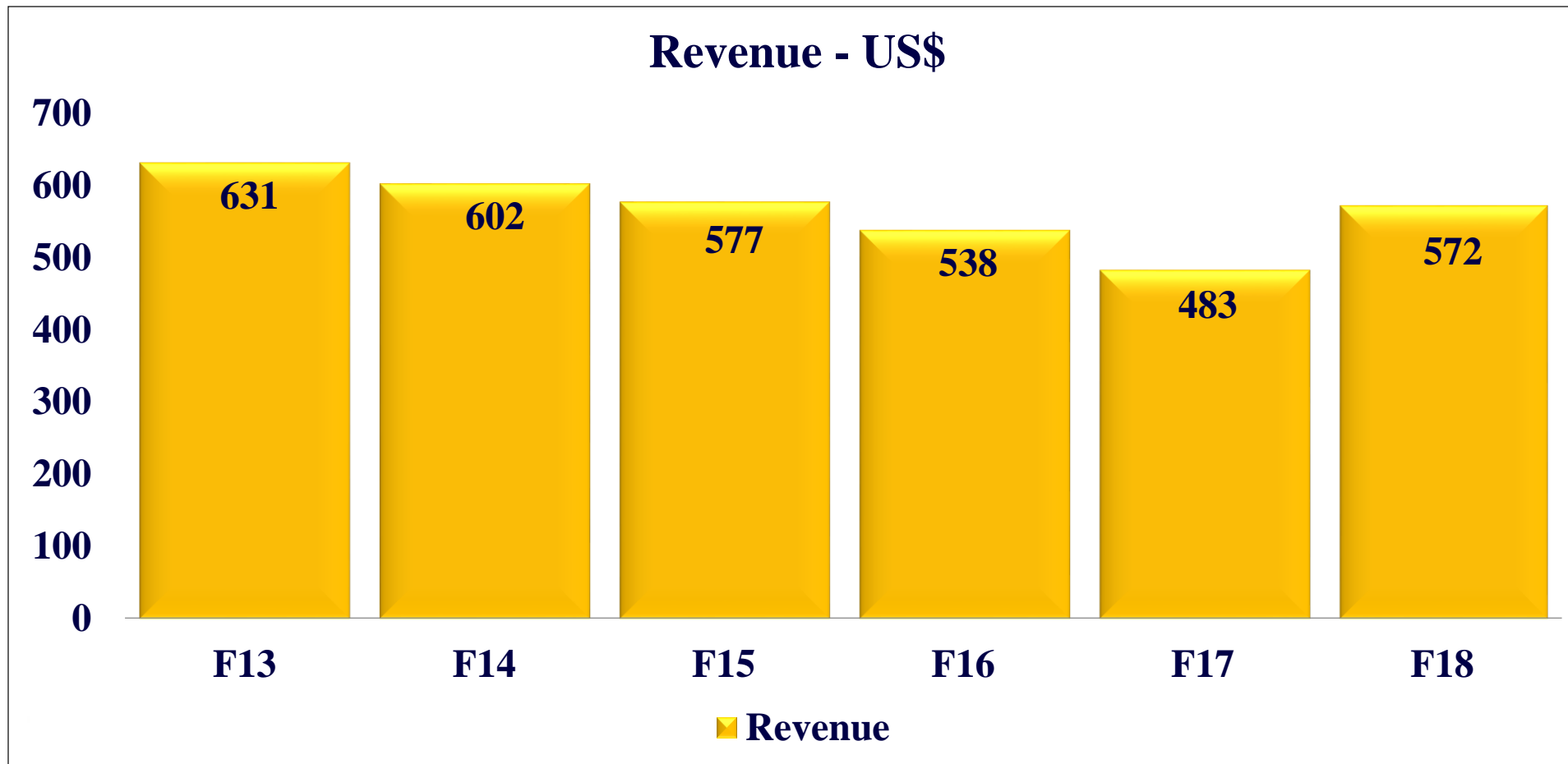
VOLUME & REVENUE PERFORMANCE ENDING 31 MARCH 2018

	<u>% CHANGE VS PR. YR</u>	
	<u>VOLUME</u>	<u>REVENUE</u>
<u>Volumes (000hls)</u>		
• Lager Beer	27	27
• Sorghum Beer	9	15
• Soft Drinks	15	13
Total	14	18

REVENUE PERFORMANCE

Revenue (Gross Sales \$667,5m)

Up by 18% to US\$572,2m



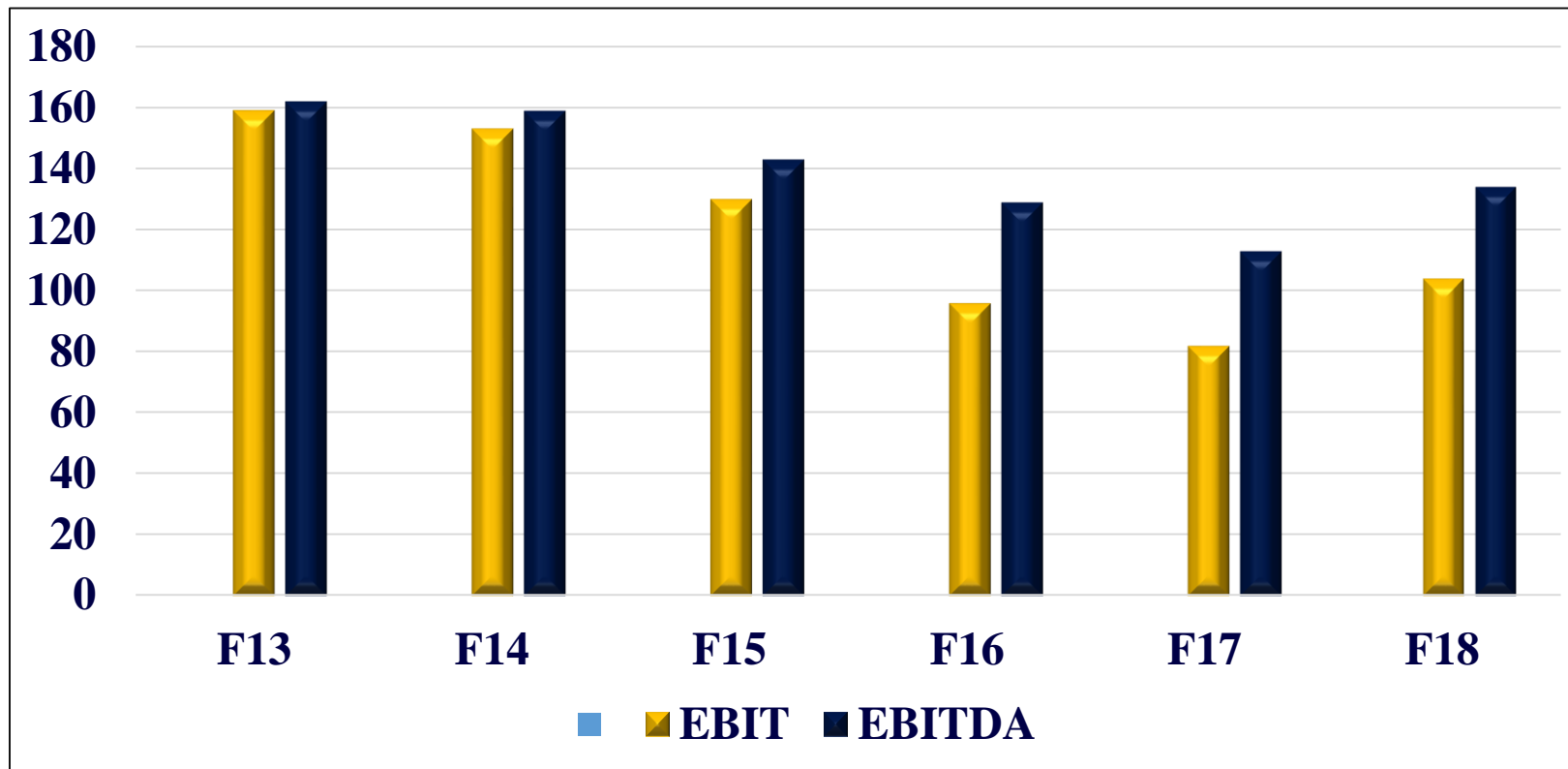
EBIT & EBITDA

EBIT

Up 28% to US\$104,7m

EBITDA

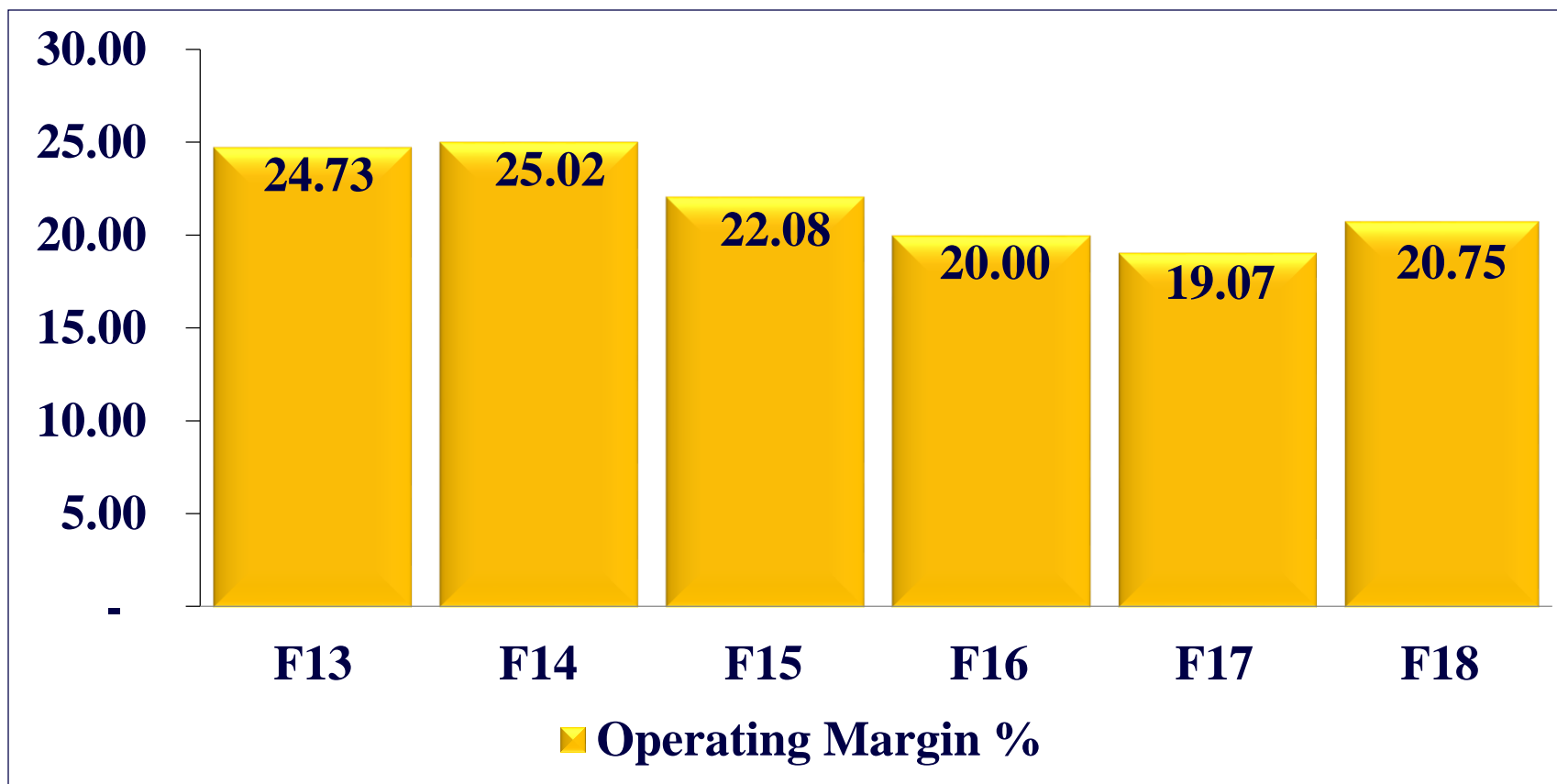
Up 19% to US\$134,1m



OPERATING MARGIN %

Operating Margin %

Up from 19,07% to 20,75%



FINANCIAL HIGHLIGHTS

Revenue (Gross Sales \$667,5m)

Up by 18% to US\$572,2m

EBIT

Up 28% to US\$104,7m

Operating Margin %

Up from 19,07% to 20,75%

EBIDTA

Up 19% to US\$134,1m

ATTRIBUTABLE INCOME

Up 27% to US\$88,8m

EPS

Up 27% to US7,22 cents

Total Dividend paid
Interim Dividend
Final Dividend

Up 32% to 7,20c
US4,50 cents
US2,70 cents



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

	MARCH 2018 US\$000's	MARCH 2017 US\$000's
REVENUE	572 227	482 968
Operating income	104 715	82 044
Net finance income	6 250	4 539
Share of associates profit	4 334	1 834
PROFIT BEFORE TAX	115 299	88 417
Taxation	(26 791)	(18 532)
PROFIT FOR THE YEAR- CONTINUING OPERATIONS	88 508	69 885
Profit for the year attributable to non controlling interest	321	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	88 829	69 885



EARNINGS PER SHARE

	MARCH 2018	MARCH 2017	% Change
Normal EPS – Cents	7,22	5,70	27
Fully Diluted EPS - Cents	7,20	5,69	27
Dividend per share - Cents	7,20	5,45	32



SEGMENT OPERATING INCOME

	MARCH 2018 US\$' 000	MARCH 2017 US\$' 000
LAGER BEER	40 177	22 866
SPARKLING BEVERAGES	20 414	14 295
SORGHUM BEER	36 477	34 986
TOTAL REPORTABLE SEGMENTS	97 068	72 147
ALL OTHER SEGMENTS	7 647	9 897
TOTAL OPERATING INCOME	104 715	82 044



STATEMENT OF FINANCIAL POSITION MARCH

<u>ASSETS</u>	2018 US\$000's	Restated 2017 US\$000's
Non-current assets		
Property, plant and equipment	366 857	354 947
Investments, loans and trademarks	73 435	56 124
TOTAL NON-CURRENT ASSETS	440 292	411 071
<u>CURRENT ASSETS</u>		
Inventories	66 007	77 753
Trade and other receivables	39 875	41 931
Cash and cash equivalents	291 226	173 334
TOTAL CURRENT ASSETS	397 108	293 018
TOTAL ASSETS	837 400	704 089



STATEMENT OF FINANCIAL POSITION MARCH

cont...

EQUITY AND LIABILITIES	2018 US\$000's	Restated 2017 US\$000's
Share Capital	12 361	12 222
Share Premium	44 976	32 044
Reserves	4 678	7 389
Retained Earnings	434 764	424 012
Shareholder's equity	496 779	475 667
Non-controlling interests	5 427	-
Shareholders equity	502 206	475 667
Long- term borrowings	42 746	-
Deferred taxation	55 639	50 022
	98 385	50 022
CURRENT LIABILITIES		
Short term borrowings	12 400	60 000
Interest free liabilities	164 966	90 205
Dividend payable	59 443	28 195
TOTAL CURRENT LIABILITIES	236 809	178 400
TOTAL EQUITY AND LIABILITES	837 400	704 089



CASH FLOW

	2018 US\$000's	2017 US\$000's
Cash flow from operating activities	204 378	108 343
Net cash invested	(26 785)	(40 460)
Net funding	236 080	113 334



SHARE CAPITAL MOVEMENTS

Shares in Issue as at 31 March 2017	1 243 451 049
Share Options Exercised/Allotment	21 029 760
Cancelled shares	(7 115 208)
Shares in Issue as at 31 March 2018	1 257 365 601
Shares held in treasury	16 534 406



CHEERS!

