

PRESENTATION TO ANALYSTS ON RESULTS FOR THE YEAR TO 31 MARCH 2019

15 May 2019
Mandel Training Centre

AGENDA

1. WELCOME AND INTRODUCTION	PEARSON GOWERO
2. TRADING REVIEW	PEARSON GOWERO
3. FINANCIALS	MATTS VALELA
4. DISCUSSION/QUESTIONS	ALL
5. REFRESHMENTS	ALL



**TRADING REVIEW FOR
THE YEAR
TO
31 MARCH 2019**



VOLUME BEVERAGE CATEGORY

LAGER BEER

- Grew by 31%

SOFT DRINKS

- Declined by 44%

SORGHUM BEER

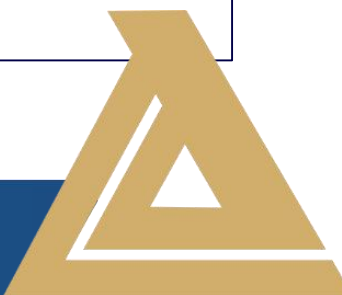
- Overall volume grew by 5%
- Chibuku Super grew by 24%



TRADING ENVIRONMENT

NINE MONTHS OF STABLE PRICING

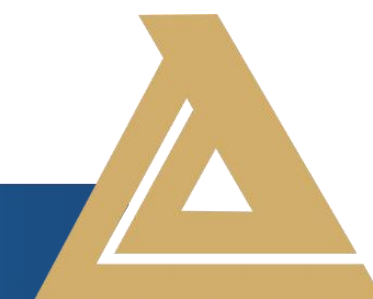
- ✓ Visible election related spending.
- ✓ Agriculture and mining drove disposable incomes.
- ✓ Liberal fiscal and monetary policies provided liquidity and encouraged consumption.
- ✓ Foreign currency was accessed from formal banking channels and credit facilities.
- ✓ The benefit derived from sourcing currency from formal channels ensured stable pricing and affordability.
- ✓ Strong demand on the back of affordable prices.
- ✓ Product supply depended on access to foreign currency which became severely constrained from October onwards.



TRADING ENVIRONMENT

SECOND HALF OF THE YEAR

- ✓ Tighter fiscal spending and the introduction of the 2% IMT tax.
- ✓ Initial separation of RTGS and USD balances followed by formal devaluation of the RTGS balances.
- ✓ Loss of consumer purchasing power by operation of the law, RTGS balances and wages not converted at the new exchange rate.
- ✓ Increased foreign currency shortages and related cost escalations. Upward adjustment of RTGS prices in sympathy with exchange rates since February.

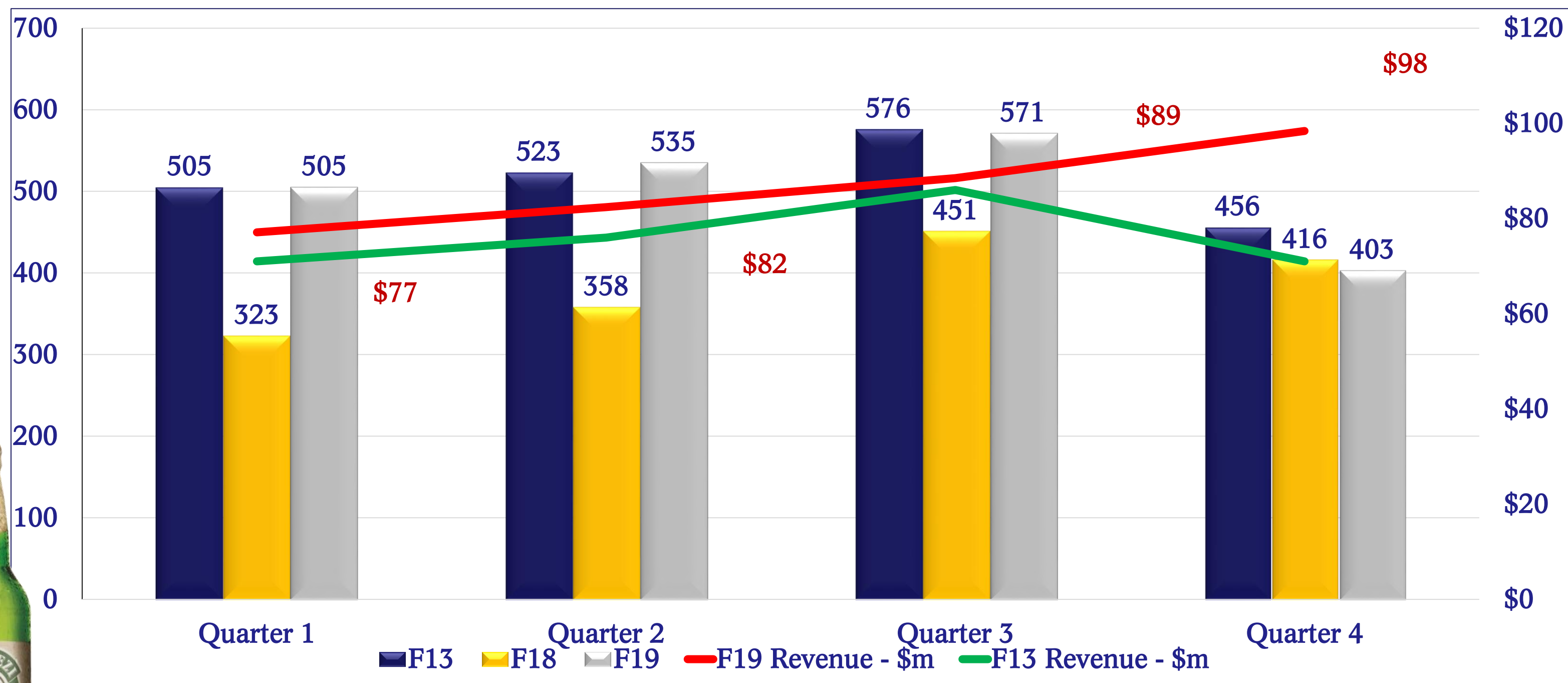


VOLUME PERFORMANCE SUMMARY

Category	Actual Volume 000hl	% Change on Prior Year
1. BEVERAGES (HLS 000)		
1.1 Clear Beer	2 014	31
1.2 Sorghum Beer	3 722	5
1.3 Sparkling Beverages	797	(44)
1.4 Alternative Beverages	112	(41)
Total Excluding Zambia	6 645	(1)
1.5 National Breweries	1 053	-
Total	7 741	11
2. Malt Tonnage	30 590	18



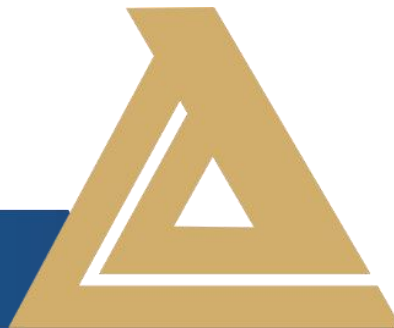
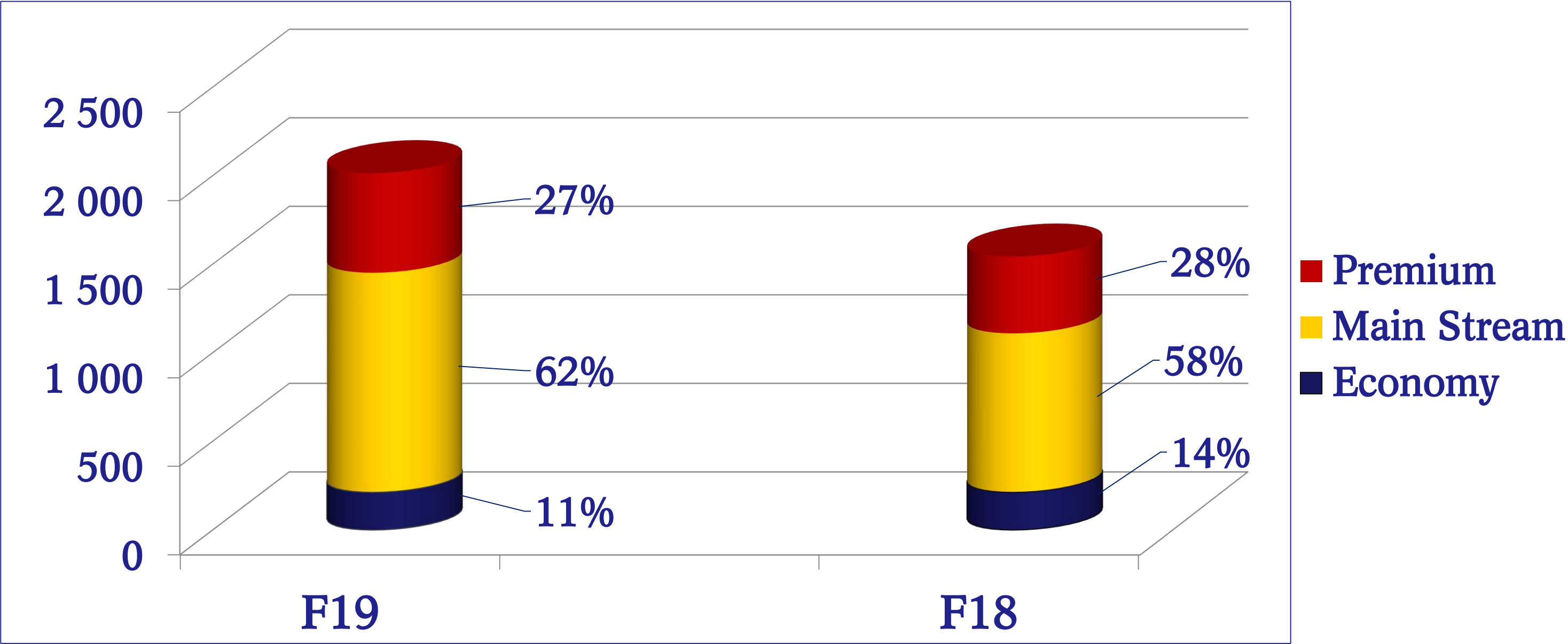
LAGER BEER VOLUME PERFORMANCE BY QUARTER



Brighter Together

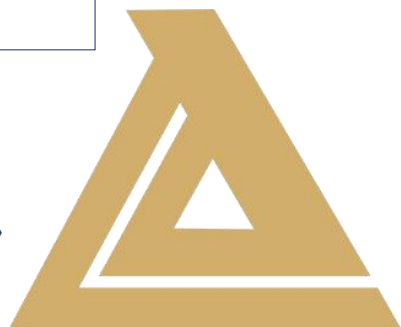


TRADING REVIEW - LAGER BEER MIX

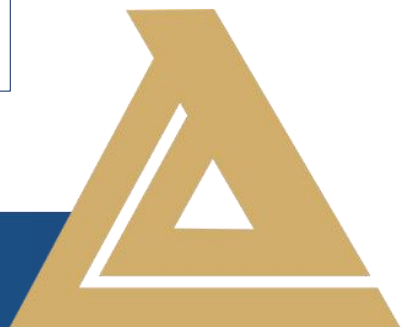
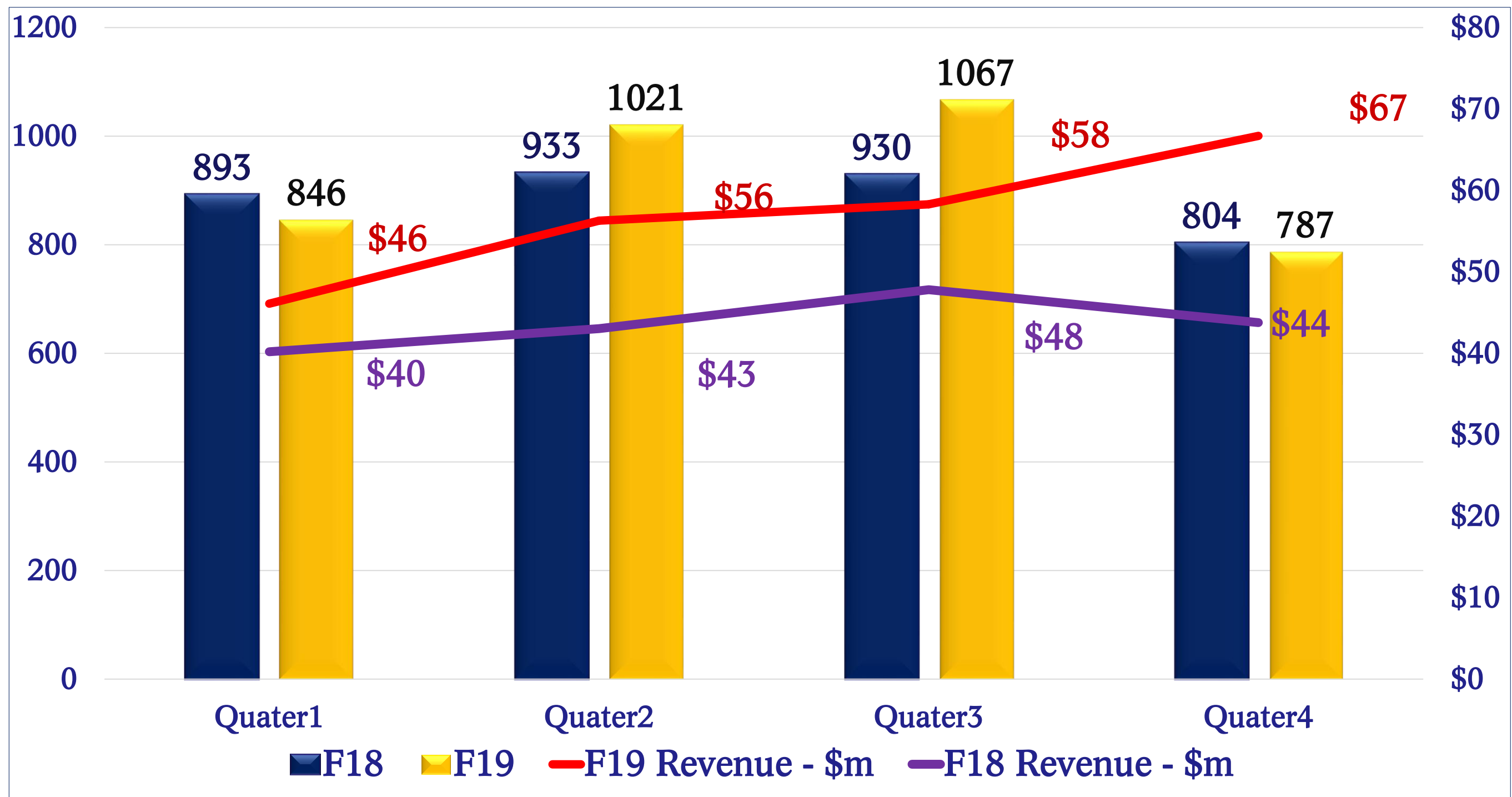


LAGER BEER

- Firm demand allowing the division to leverage scale.
- Both factories operated at capacity till December.
- Sufficient barley intake to cover domestic volumes.
- Growth in premium brands (Zambezi/Castle Lite) and one way packs.
- Intermittent production stoppages on account of imported raw materials particularly between October to December.

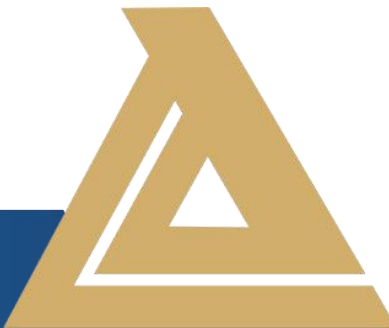
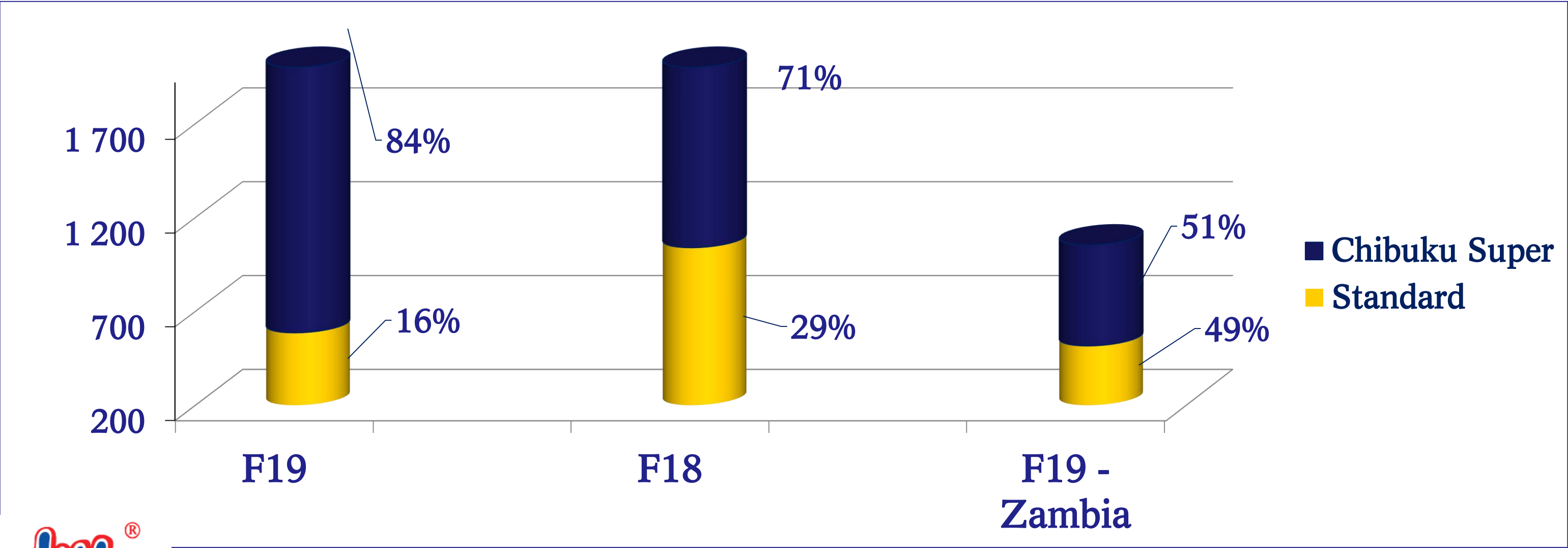


SORGHUM BEER VOLUME PERFORMANCE BY QUARTER



TRADING REVIEW - SORGHUM BEER MIX

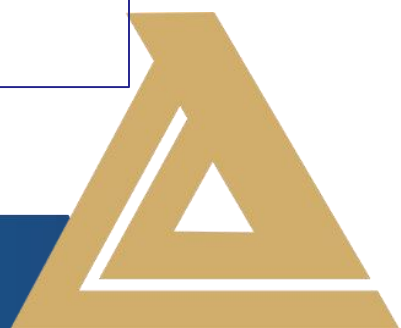
HLs '000



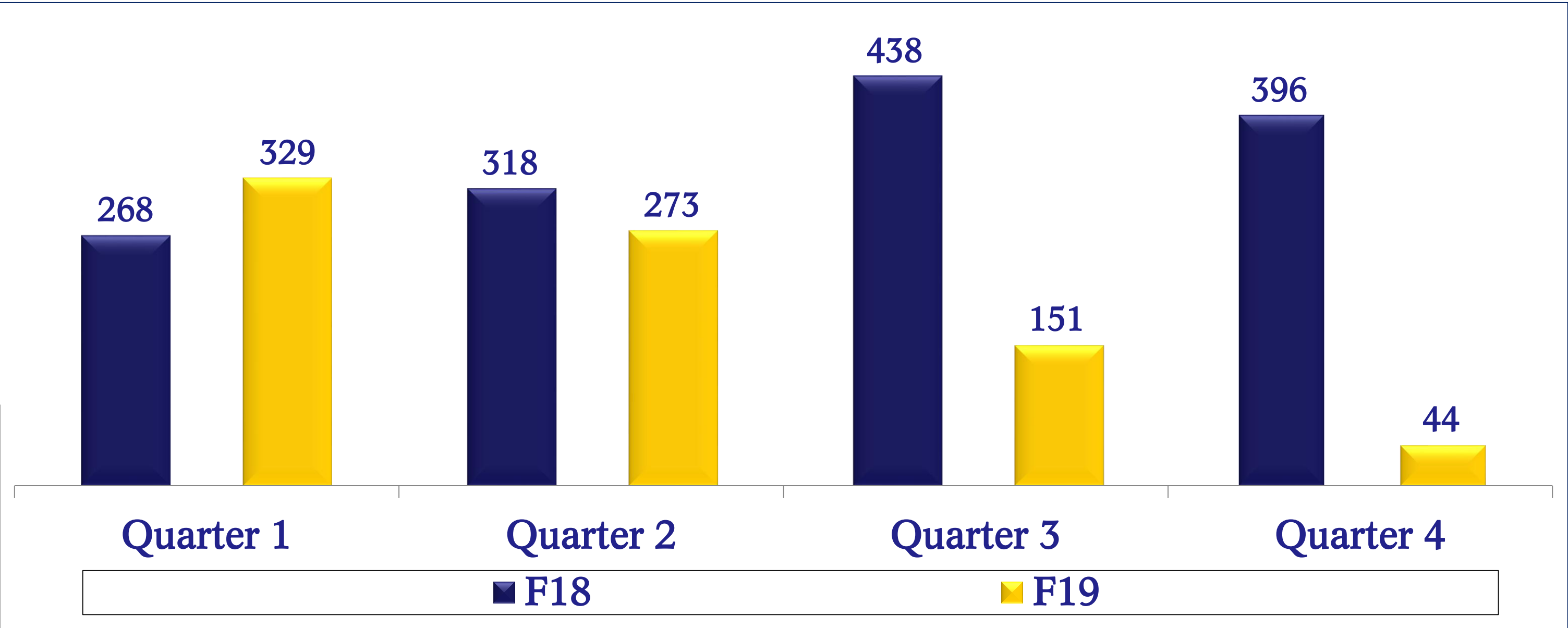
SORGHUM BEER

- Strong demand during the second and third quarter.
- Satisfactory performance of the relaunched 1.5l Scud – affordable offering complementing capacity constraint on Chibuku Super.
- Supply bottle-necks on packaging materials (PET and HDPE Material) due to foreign currency availability.
- Chibuku Super capacity fully extended and plans are afoot to break ground on a new brewery in Rusape.

Zambia - volume swing to Chibuku Super. Focus on strategies to differentiate product from cluttered competitor offerings.

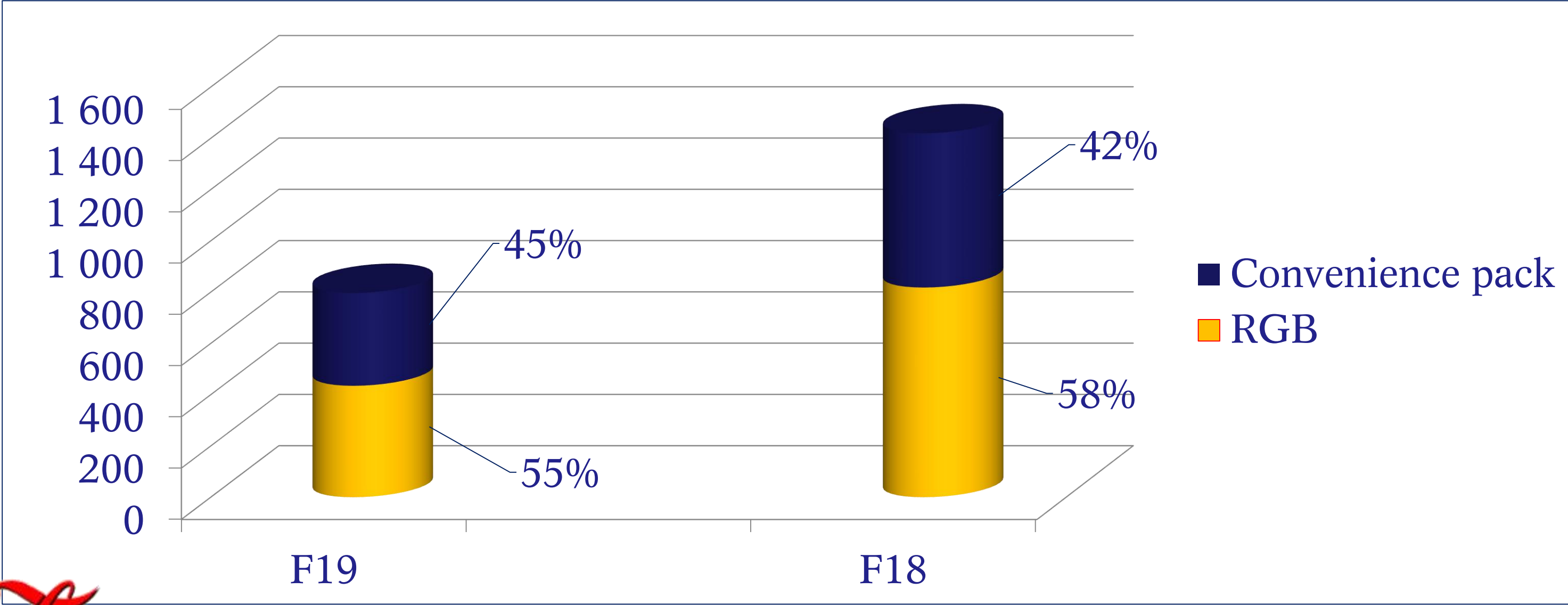


SPARKLING BEVERAGES VOLUME PERFORMANCE BY QUARTER



TRADING REVIEW- SPARKLING BEVERAGES MIX

HLs '000



SPARKLING BEVERAGES

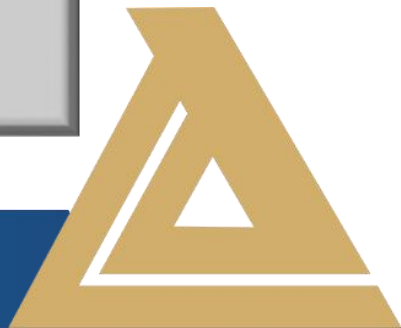
- Experienced severe product shortages due to foreign currency challenges in the second half resulting in 3 months shut down.
- Performance not reflective of business potential.
- A new trading framework introduced in May 2019 in collaboration with TCCC to address foreign currency and affordability challenges.



AFDIS – FULL YEAR VOLUME PERFORMANCE



Category	Actual Volume 000litres	% Change on Prior Year
1. BEVERAGES (Litres 000)		
1,1 Spirits	3 321	22
1,2 Wines	518	(2)
1,3 Ciders	3 856	41
Total	7 695	28
<ul style="list-style-type: none">• Support from partner Distell in accessing raw materials• Pricing distortions impacting on sales		



ASSOCIATES

1. Schweppes Zimbabwe Limited

- 12 months volume decreased by 5%.
- Current volume performance impacted by affordability issues.
- Improved performance of agri-processing businesses.
- Pursuing exports into the region.

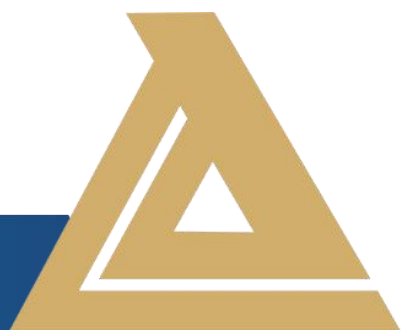


2. Nampak Zimbabwe

- Due to publish half year results to March 2019.

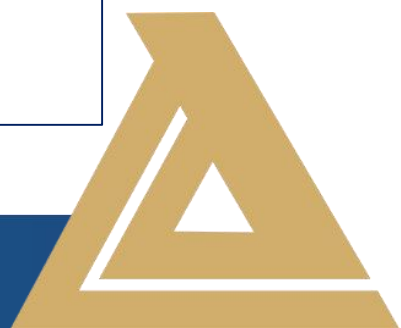


MARCH 2019
FULL YEAR FINANCIALS



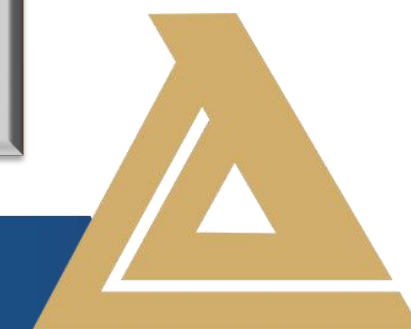
CONTEXT OF THE FINANCIAL RESULTS

- To comply with SI33/19, we have not adjusted for currency changes in the Income Statement.
- 75% of revenue was recorded in the first nine months of the year.
- The Company urges users to be cautious in interpreting the Income Statement on account of non compliance to IAS21.
- The Balance Sheet has been translated to RTGS\$ to enable compliance with IFRS's into the future.
- A generic adverse opinion on the financial statements for non compliance to IAS21 issued by the Auditors.



VOLUME & GROSS SALES PERFORMANCE FOR THE YEAR ENDING 31 MARCH 2019 - ZIMBABWE

	<u>VOLUME (HL '000)</u>		<u>GROSS SALES (RTGS\$m)</u>	
		% Change		% Change
Lager Beer	2 014	31%	404	47%
Sorghum beer	3 722	5%	256	29%
Soft Drinks	909	(44)	118	(37)



FINANCIAL HIGHLIGHTS

REVENUE

Increased by 26% to RTGS\$ 722,4 million (Turnover – RTGS \$841,5m)

EBIT

Increased by 68% to RTGS\$ 175,5 million

OPERATING MARGIN %

Up from 20,75% to 28,34%



FINANCIAL HIGHLIGHTS

EBITDA

Increase by 58% to RTGS\$ 212,4 million

ATTRIBUTABLE INCOME

Increased by 58% to RTGS\$ 140,7 million

EARNINGS PER SHARE

Increased by 55% to RTGS 11,19 cents

DIVIDEND PER SHARE

Normal dividend paid - RTGS 9,50 cents

Special dividend paid - RTGS 4,50 cents

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STATEMENT OF PROFIT OR LOSS & COMPREHENSIVE INCOME FOR THE YEAR

	March 2019	March 2018
	RTGS\$'000	RTGS\$'000
REVENUE	722 384	572 227
Operating Income	175 488	104 715
Net finance (expense) / income	(4 753)	6 250
Share of associate profit	10 800	4 334
Non controlling interest	(2 573)	321
PROFIT BEFORE TAX	178 962	115 299
Taxation	(38 301)	(26 791)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	140 661	88 829



EARNINGS PER SHARE

	March	March	% Change
<u>RTGS Cents</u>	2019	2018	Prior Year
Normal EPS	11,19	7,22	55
Fully Diluted EPS	11,05	7,20	53
Normal dividend per share	9,50	7,20	32
Special dividend per share	4,50	-	100
Total dividend declared – RTGS\$ million	177,1	89,1	99



SEGMENT EARNINGS

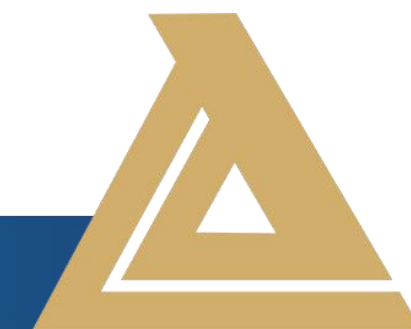
	March 2019			March 2018		
	EBIT	EBIT Contri.	Gross Sales Contri.	EBIT	EBIT Contri.	Gross Sales Contri.
	RTGS\$'000	%	%	RTGS\$'000	%	%
Lager Beer	94 943	54	48	40 177	38	41
Sparkling Beverages	(690)	-	14	20 414	19	28
Sorghum Beer	70 456	40	35	36 477	35	31
Wines and Spirits	9 507	5	3	-	-	-
Total Reportable Segments	174 216	99	100	97 068	93	100
All Other Segments	1 272	1	-	7 647	7	-
Total Operating Income	175 488	100	100	104 715	100	100

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STATEMENT OF FINANCIAL POSITION MARCH

	2019	2018
	RTGS\$'000	RTGS\$'000
ASSETS		
Non-current Assets		
Property, plant and equipment	787 037	366 857
Investment in associates	43 768	47 439
Intangible assets – Trademarks & Goodwill	61 849	17 514
Investments and loans	8 589	8 482
Total Non-current Assets	901 243	440 292
Current Assets		
Inventories	128 863	66 007
Trade and other receivables	46 940	33 727
Current tax asset	8 774	6 148
Cash and cash equivalents	264 091	291 226
Total Current Assets	448 668	397 108
Total Assets	1 349 911	837 400



STATEMENT OF FINANCIAL POSITION MARCH

cont....

	2019	2018
	RTGS\$'000	US\$'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	12 526	12 361
Share premium	83 170	44 976
Share options reserve	3 921	4 678
Change in functional currency reserve	297 748	-
Retained earnings	373 976	434 764
Equity attributed to equity of the parent	771 341	496 779
Non-controlling interest	31 656	5 427
Total Shareholders' Equity	802 997	502 206
<u>Non-current Liabilities</u>		
Long term borrowings	105 443	42 746
Deferred tax liabilities	57 761	55 639
Total Non-current Liabilities	163 204	98 385
<u>Current Liabilities</u>		
Short term borrowings	48 445	12 400
Trade and other payables	284 018	158 841
Dividend payable	44 407	59 443
Current tax liability	6 840	6 125
Total Current Liabilities	383 710	236 809
Total Equity and Liabilities	1 349 911	837 400

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CASH FLOW

	2019	2018
	RTGS\$'000	RTGS\$'000
Cash flow from operating activities	211 988	206 298
Net Funding	110 202	236 080



SHARE CAPITAL MOVEMENTS

	Shares In Issue
Shares in issue as at 31 March 2018	1 257 365 601
Share Options exercised	11 055 454
Share allotment - Transactions	24 183 065
Share cancellations	(18 799 559)
Shares in issue as 31 March 2019	1 273 795 989
Shares held in treasury	5 632 579



Thank You



We are Delta Corporation – Brighter Together

