

PRESENTATION TO ANALYSTS ON RESULTS FOR THE HALF YEAR TO 30 SEPTEMBER 2018

7 November 2018
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 HALF YEAR
TO
30 SEPTEMBER 2018**



VOLUME BEVERAGE CATEGORY

LAGER BEER

- Grew by 54%

SOFT DRINKS

- SBs grew by 3%
- Maheu declined by 19%

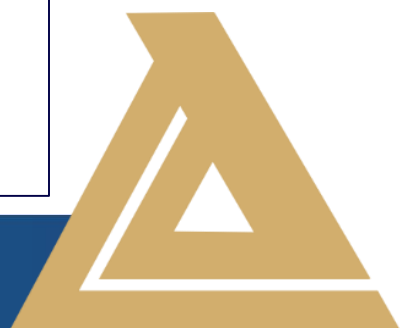
SORGHUM BEER

- Overall volume grew by 2%
- Chibuku Super grew by 41%



TRADING ENVIRONMENT

- **Bouyant consumer spending and aggregate demand spurred by:-**
 - ✓ Election related activity and civil servants pay increase.
 - ✓ Improved economic performance in agriculture and mining.
 - ✓ Expansionary fiscal and monetary policies.
 - ✓ Forex premiums earned on the parallel market.
- **All forex used accessed from formal channels**
- **Constraints in meeting demand due to:-**
 - ✓ Outages of imported raw materials arising from limited access to hard currency.
 - ✓ Stable pricing; perception of affordable offerings in an environment of escalating prices.
 - ✓ Constrained capacity in lager beer and Chibuku Super.
- **Market disruptions since October 2018:- business confidence undermined by conflicting statements from authorities.**
 - ✓ Spike in demand; panic buying.
 - ✓ Disruption to delivery schedules due to fuel supply outages.
 - ✓ Distorted value perceptions; multi tier pricing – hurting consumers.

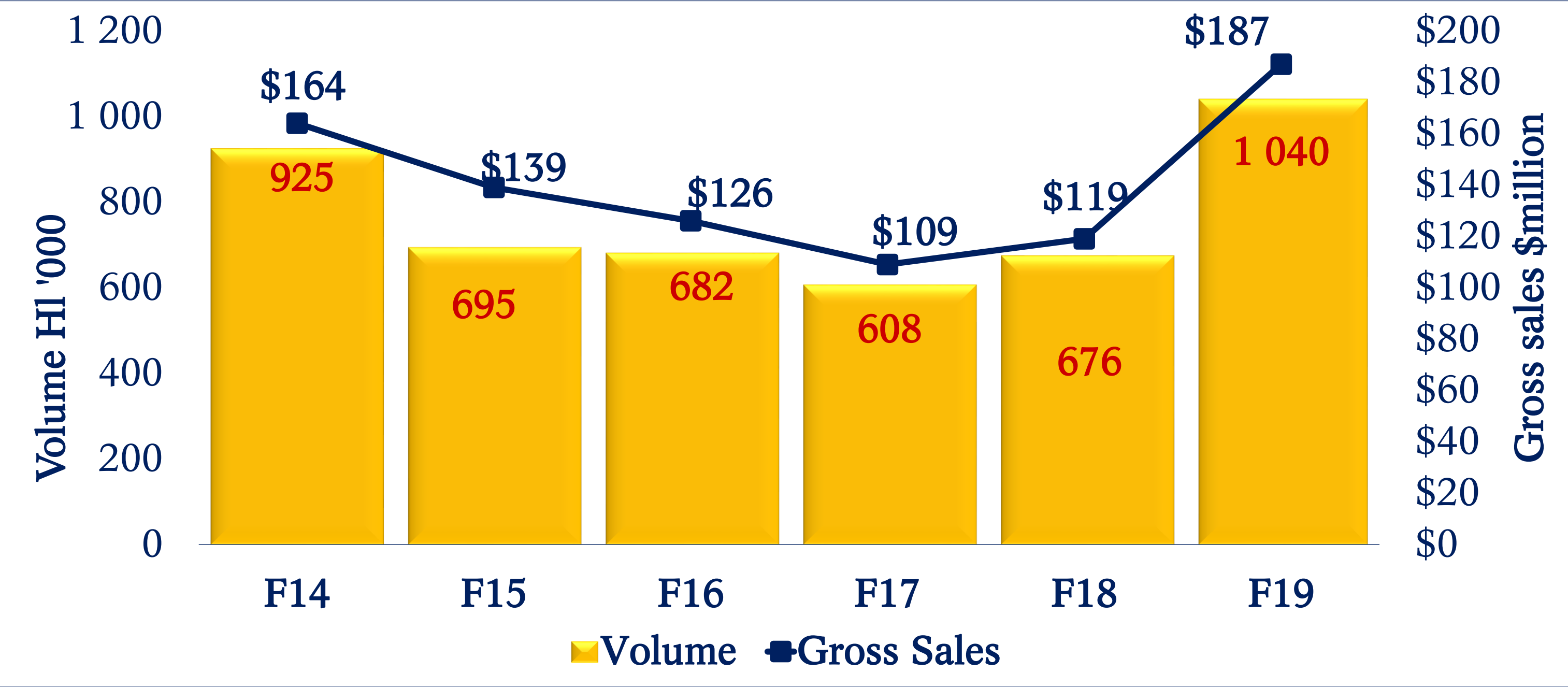


VOLUME PERFORMANCE SUMMARY

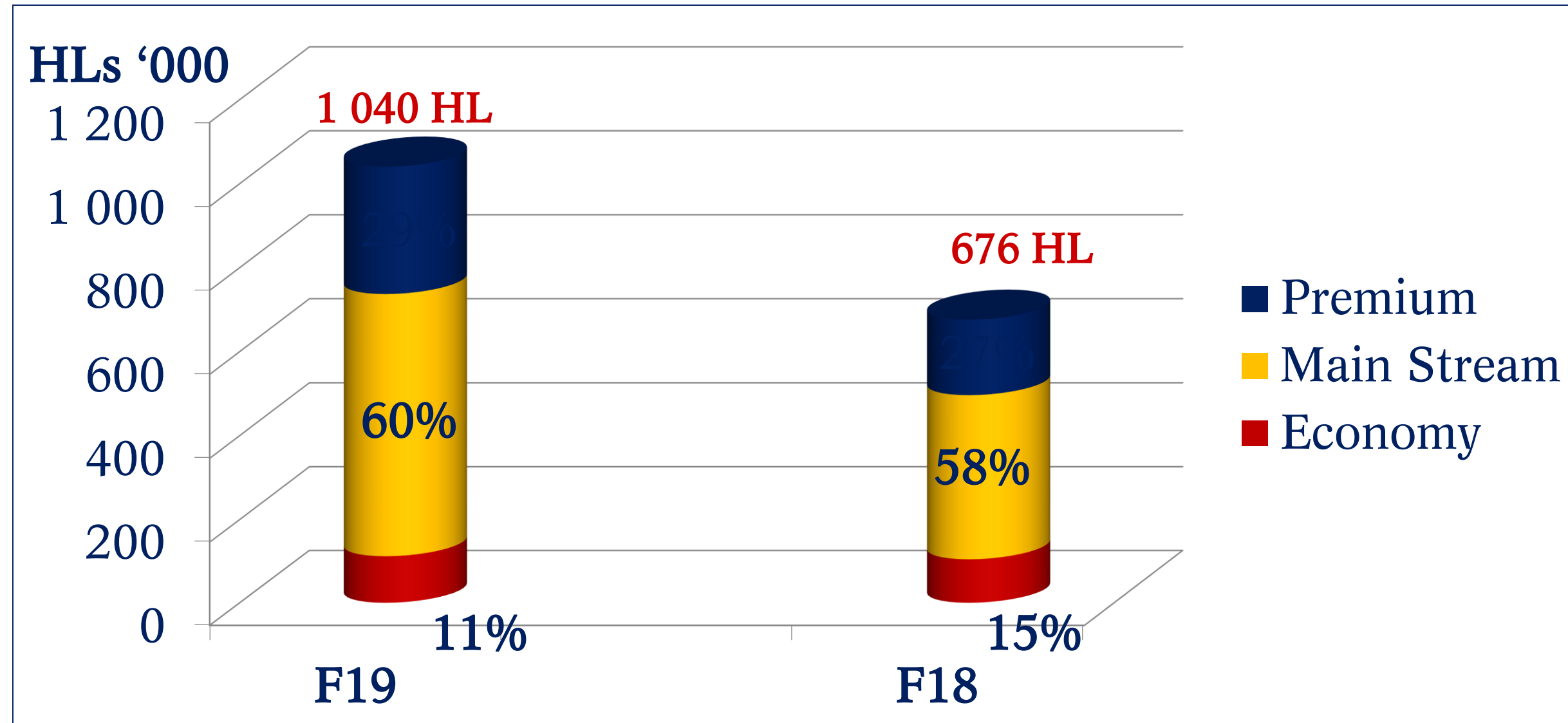
Category	Actual Volume 000hl	% Change on Prior Year
1. BEVERAGES (HLS 000)		
1 ,1 Clear Beer	1 040	54
1 ,2 Sorghum Beer	1 867	2
1 ,3 Sparkling Beverages	602	3
1 ,4 Alternative Beverages	65	(19)
Total Excluding Zambia	3 574	13
1 ,5 National Breweries	576	-
	4 150	31
2. Malt Tonnage	13 869	83



LAGER BEER HALF-YEAR VOLUME PERFORMANCE F14 TO F19

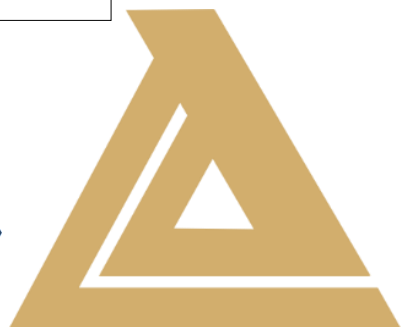


TRADING REVIEW - LAGER BEER MIX

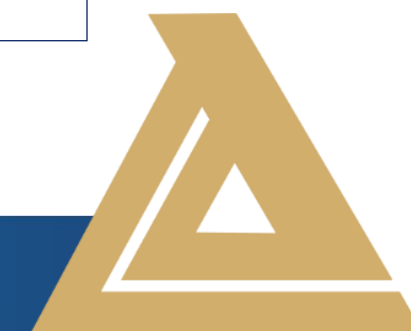
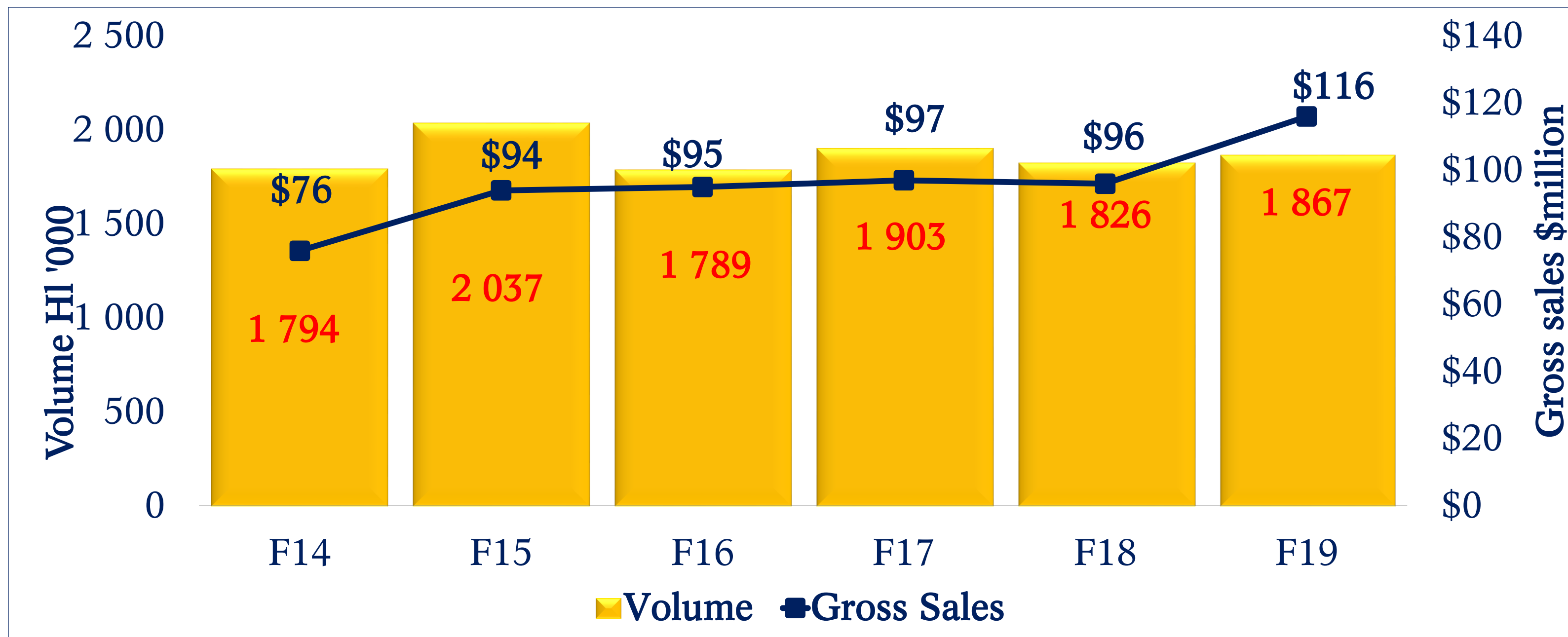


LAGER BEER

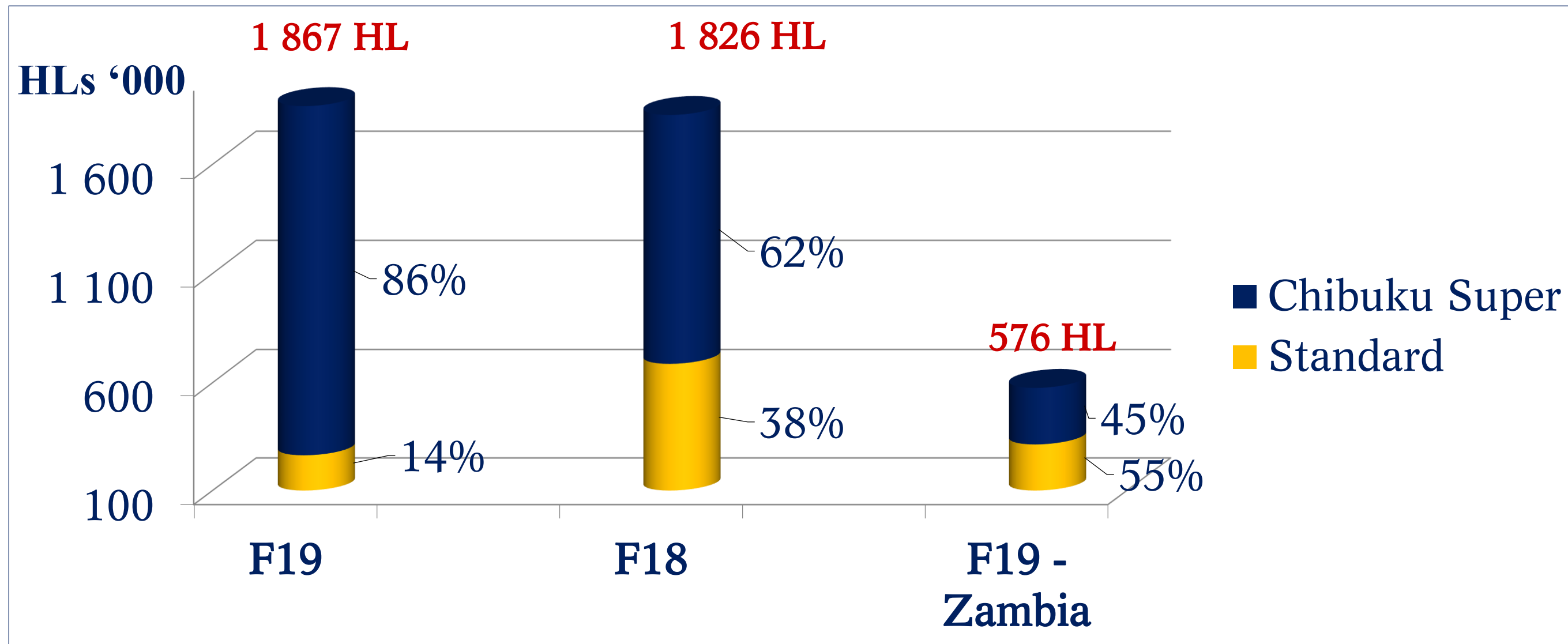
- Firm demand – surpassing historical peak volumes (F2012/13).
- Packaging capacity stretched – Prioritisation of bulk packs.
- Barley supply – improved 2018 intake.
- Growth in premium brands (Zambezi/Castle Lite) and one way packs.
- ABI has been supportive in securing imported materials.



SORGHUM BEER VOLUME & REVENUE PERFORMANCE



TRADING REVIEW - SORGHUM BEER MIX

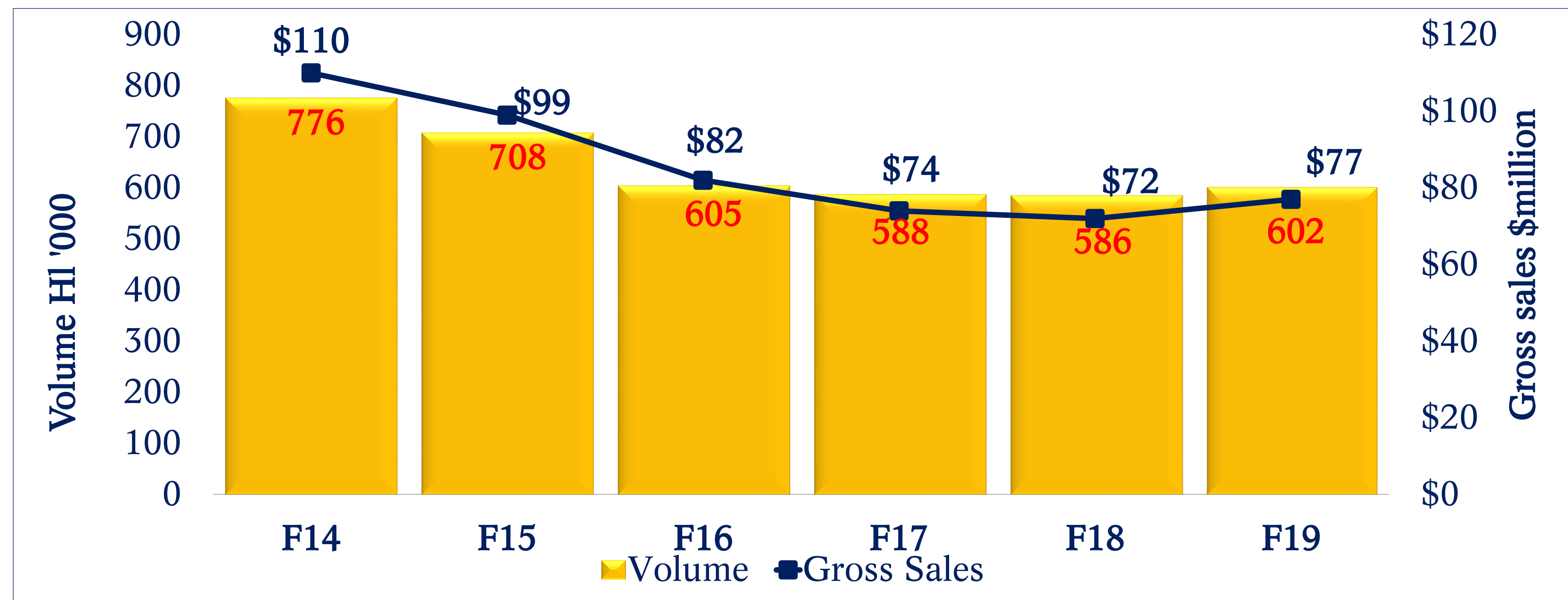


SORGHUM BEER

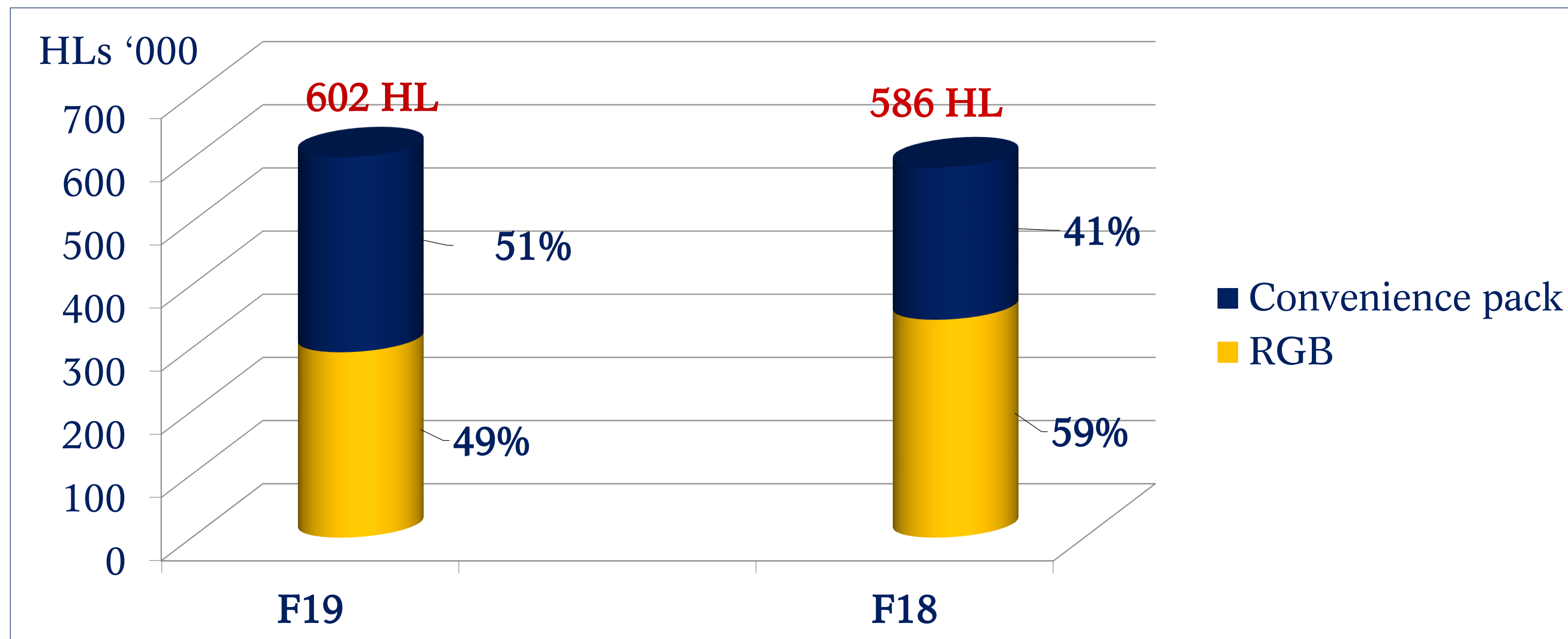
- Chibuku Super capacity fully extended.
- Capacity investment delayed due to forex issues.
- Supply bottle-necks on packaging materials (PET and HDPE material - forex and availability) - improvements in second quarter.
- Zambia
 - Growth in volume – up 13% driven by Shake Shake.
 - Efforts to swing mix to Chibuku Super.



SPARKLING BEVERAGES VOLUME & REVENUE PERFORMANCE

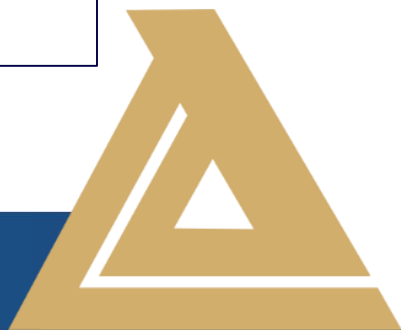


TRADING REVIEW- SPARKLING BEVERAGES MIX



SPARKLING BEVERAGES

- Disruptions to production – limited access to forex (concentrates and packaging materials).
- Firm demand – but limited supply frustrating consumers.
- Maheu production – affected by shortages of HDPE packaging material.
- TCCC has remained supportive by extending credit to the business.



ASSOCIATES

1. African Distillers Limited

- Satisfactory volume and financial performance.
- Constrained supply of imported materials – support from partner Distell.



2. Schweppes Zimbabwe Limited

- Volume growth despite periodic outages of imported raw materials.
- Both new and old formulation of Mazoe Orange Crush now in the market.
- Improved performance of agricultural ventures (BFP and BBJ).
- Pursuing exports into the region.



3. Nampak Zimbabwe

- Still to publish full year results to September 2018.
- Stable business performance.



FOCUS AREAS FOR BALANCE OF YEAR

- Addressing the product supply challenges in the context of the emerging trading environment.
- Optimal capital deployment and value preservation.
- Advancing discussion on the bottler agreements with TCCC and ABI.
- Exploring critical investment and regional growth opportunities.



SEPTEMBER 2018
HALF YEAR FINANCIALS



VOLUME & GROSS SALES PERFORMANCE FOR THE PERIOD ENDING 30 SEPTEMBER 2018

	<u>VOLUME (HL)</u>		<u>GROSS SALES (US\$m)</u>	
		% Change		% Change
• Lager Beer	1 040	54%	187	58%
• Sorghum beer	1 867	2%	116	21%
• Soft Drinks	667	-	81	5%



FINANCIAL HIGHLIGHTS

REVENUE

Increased by 37% to US\$341 million (Turnover - \$399m)

EBIT

Increased by 73% to US\$66 million

OPERATING MARGIN %

Up from 17,2% to 22,27%



FINANCIAL HIGHLIGHTS

EBITDA

Increase by 54% to US\$82 million

ATTRIBUTABLE INCOME

Increased by 79% to US\$58 million

EARNINGS PER SHARE

Increased by 75% to US4,63 cents

DIVIDEND PER SHARE

Up 100% on prior year

Interim dividend paid per share- US 4,50cents

Brighter Together



STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

	September 2018	September 2017
	US\$'000	US\$'000
REVENUE	341 417	250 066
Operating Income	65 597	38 024
Net finance income	6 648	3 429
Share of associate profit	3 573	1 552
Non controlling interest	750	-
PROFIT BEFORE TAX	76 568	43 005
Taxation	(18 603)	(10 674)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	57 215	32 331



EARNINGS PER SHARE

	September	September	% Change
	2018	2017	Prior Year
Normal EPS – US Cents	4,63	2,64	75
Fully Diluted EPS – US Cents	4,57	2,63	74
Dividend per share – US Cents	4,50	2,25	100



SEGMENT EARNINGS

	September 2018			September 2017		
	EBIT	EBIT Contri.	Gross Sales Contri.	EBIT	EBIT Contri.	Gross Sales Contri.
	US\$'000	%	%	US\$'000	%	%
Lager Beer	36 822	56	47	12 784	34	41
Sparkling Beverages	5 732	9	20	5 144	14	27
Sorghum Beer	24 849	38	33	16 823	44	33
Total Reportable Segments	67 403	103	101	34 751	91	100
All Other Segments	(1 806)	(3)	(1)	3 273	9	0
Total Operating Income	65 597	100	100	38 024	100	100



STATEMENT OF FINANCIAL POSITION SEPTEMBER

	2018	2017
	US\$'000	US\$'000
ASSETS		
Non-current Assets		
Property, plant and equipment	346 712	336 465
Investments in associates	51 012	44 939
Intangible assets - Trademarks	17 514	2 914
Investments and loans	8 319	9 071
Total Non-current Assets	423 557	393 389
Current Assets		
Inventories	53 418	68 307
Trade and other receivables	39 774	36 734
Current tax asset	6 148	6 148
Cash and cash equivalents	349 621	222 743
Total Current Assets	448 961	333 932
Total Assets	872 518	727 321



STATEMENT OF FINANCIAL POSITION SEPTEMBER

cont....

	2018	2017
	US\$'000	US\$'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	12 405	12 302
Share premium	61 585	37 979
Share options reserve	6 347	8 177
Retained earnings	443 410	424 556
Equity attributed to equity of the parent	523 747	483 014
Non-controlling interest	3 845	-
Total Shareholders' Equity	527 592	483 014
<u>Non-current Liabilities</u>		
Long term borrowings	34 774	-
Deferred tax liabilities	56 777	50 022
Total Non-current Liabilities	91 551	50 022
<u>Current Liabilities</u>		
Short term borrowings	12 400	39 800
Trade and other payables	180 377	110 414
Dividend payable	52 854	39 106
Current tax liability	7 744	4 965
Total Current Liabilities	253 375	194 285
Total Equity and Liabilities	872 518	727 321



CASH FLOW

	2018	2017
	US\$'000	US\$'000
Cash flow from operating activities	109 252	86 368
Net Cash Invested	(5 570)	(1 899)
Net Funding	302 447	182 943



SHARE CAPITAL MOVEMENTS

	Shares In Issue
Shares in issue as at 31 March 2018	1 257 365 601
Share Options exercised	4 417 704
Shares in issue as at 30 September 2018	1 261 783 305
Shares held in treasury	3 801 466





*Thank
you*

