



Our Brands, Our Future

PRESENTATION TO ANALYSTS F25 HALF YEAR RESULTS

6 November 2024 @ Mandel Training Centre

PRESENTATION ROADMAP

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



F25 OPERATING ENVIRONMENT OVERVIEW

Zimbabwe

- **Consumer Spending:** Consistent consumer spending driven by mining activities, cash crops diaspora remittances and government infrastructure projects.
- **Currency Volatility:** The introduction of Zimbabwe Gold (ZiG) initially stabilized the exchange rate which later devalued, creating disparities between official and parallel exchange rates and resultant pricing in either currency.
- **Multi-Currency Pricing Distortions:** Pricing distortions in the formal sector have constrained foreign currency inflows to formal FMCG operators amid limited foreign currency availability from banking channels.
- **Utility Challenges:** Persistent electricity and water supply disruptions exacerbated by the drought, hence disrupting productivity across sectors.
- **Regulatory Interventions and Policy Measures** (e.g. taxation) need careful management.



F25 OPERATING ENVIRONMENT OVERVIEW

Cont...

Zimbabwe

- **Route-to-Market Policies:** New route-to-market policies and taxes arising from the 2024 National Budget have disrupted formal sector trading and increased operational complexity.
- **Grey Imports:** The sugar content surtax has led to price hikes in beverages, encouraging grey imports from regional markets and impacting formal sector sales.
- **Impact of Drought:** El Niño-induced drought has significantly reduced agricultural output leading to higher grain prices affecting food security and rural disposable incomes.
- **Erosion of Working Capital / Monetary Assets:** The devaluation of Zimbabwe Gold (ZiG) balances due to exchange rate depreciation has led to contraction of monetary assets and loss of capital.
- **Constrained Market Access:** Road upgrades ahead of the SADC summit in August 2024 resulted in traffic congestion, limiting market accessibility. The infrastructure projects drives consumer spending and supports long term growth. There is need to address road infrastructure country wide.



F25 OPERATING ENVIRONMENT OVERVIEW

South Africa

- **Formation of Government of National Unity:** The general elections in May 2024 led to the establishment of a Government of National Unity; market sentiment is positive although political views are varied.
- **Currency Stability:** Following the formation of the new government, the Rand has appreciated from approximately ZAR19:US\$1 to ZAR17.5:US\$1.
- **Reduced Electricity Disruptions:** There has been a considerable decrease in electricity supply disruptions, to both businesses and households.
- **Depressed Disposable Incomes:** High unemployment and inflation rates continue to suppress disposable incomes, affecting consumer spending. This drives labour militancy.
- **Water Supply Challenges:** Key urban areas, such as Gauteng and Western Cape, are experiencing water supply disruptions.



Zambia

- **Impact of Drought and Economic Challenges:** The drought, declining copper prices, and currency volatility are presenting significant economic difficulties.
- **Power Supply Disruptions:** Reduced hydro-electricity generation has worsened power shortages, which also impacts water supply.
- **Kwacha Depreciation:** The currency's devaluation has increased import costs, adding pressure on the economy.
- **Rising Maize Prices:** Limited supply of maize and subsidy removals have led to a spike in maize prices, impacting food affordability.
- **Depressed Disposable Incomes:** Economic pressures continue to suppress disposable incomes.
- **Elevated Inflation:** The combined effects of Kwacha depreciation and subsidy removals have resulted in high inflation rates.



VOLUME PERFORMANCE SUMMARY FOR 6 MONTHS TO SEPTEMBER 2024

Category	September 2024	September 2023	% Change on Prior Year
1. BEVERAGES (HLs 000)	F25	F24	F24
Lager Beer			
1.1 Clear Beer	1 275	1 171	9
Sorghum Beer			
1.2 Sorghum Beer – Zimbabwe	1 942	2 173	(11)
1.3 Sorghum Beer –Zambia	517	647	(20)
1.4 Sorghum Beer -South Africa	719	779	(8)
Soft Drinks			
1.5 Sparkling Beverages	919	832	10
1.6 Alternative Beverages	36	40	(10)
Total Delta Beverages	5 408	5 642	(4)
Wines and Spirits			
1.7 African Distillers	85	77	9
Total excluding Associates	5 493	5 719	(4)
Associates			
1.8 Schweppes Zimbabwe Limited	358	395	(9)
Total Beverages incl Associates	5 851	6 114	(4)



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THIRD PARTY MARKET SHARE READINGS - ZIMBABABWE

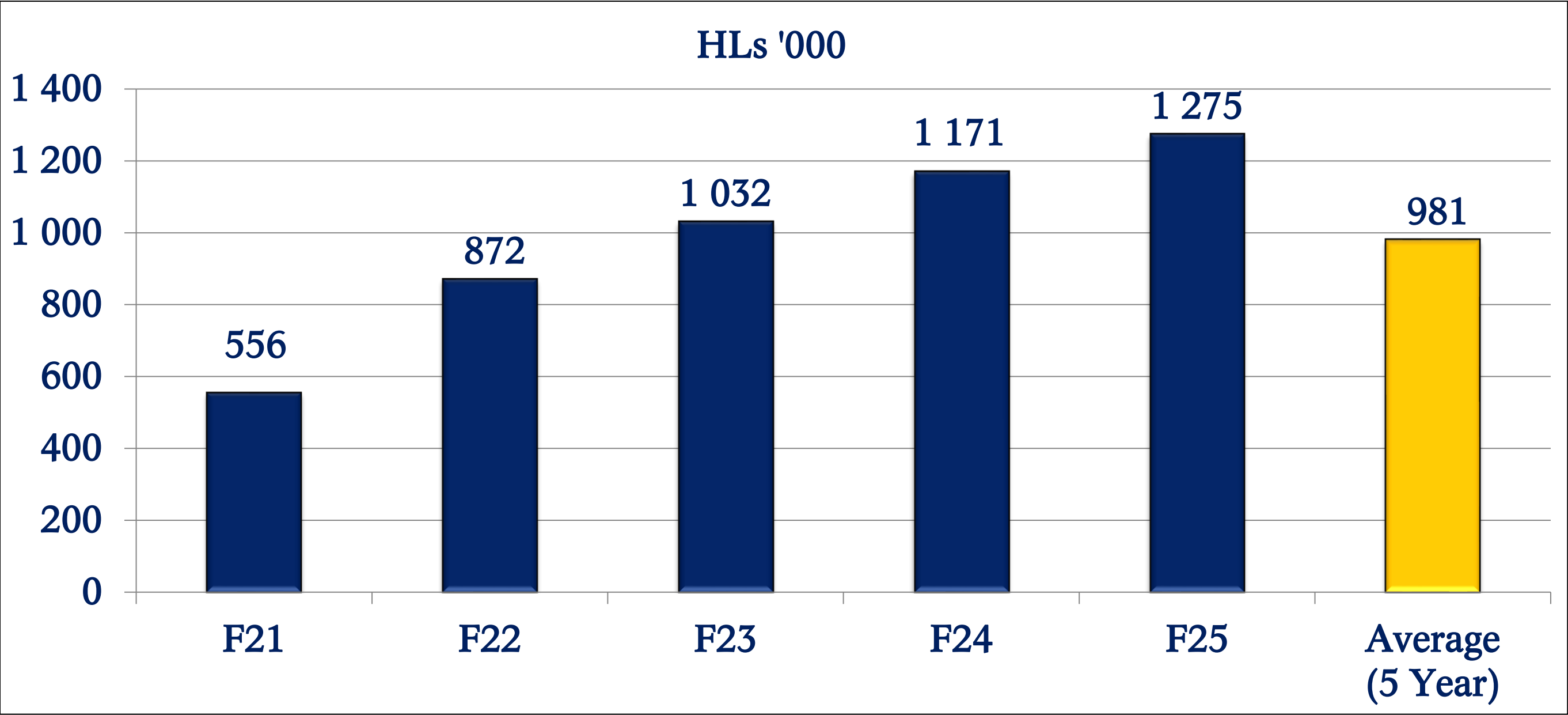
	March 2023	September 2023	March 2024	September 2024
Sparkling Beverages	61%	65%	64%	64%
Lagers	96%	96%	96%	96%
Chibuku	92%	93%	91%	87%



Varied performance of formal retail and wholesale channels due to pricing distortions and poor account management.



LAGER BEER FIRST HALF 5 YEAR VOLUME TREND



Benefit from improved product supply and fair pricing

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LAGER BEER

Volume driven by:

Strong Demand and Consistent Supply: Firm demand supported by a reliable supply of brands and packs.

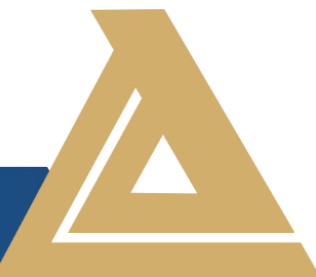
Competitive Pricing: Competitive pricing in stable currency enhances market appeal.

Enhanced Glass Bottle Circulation: Ongoing investment in new glass bottles and improved circulation has supported supply efficiency.

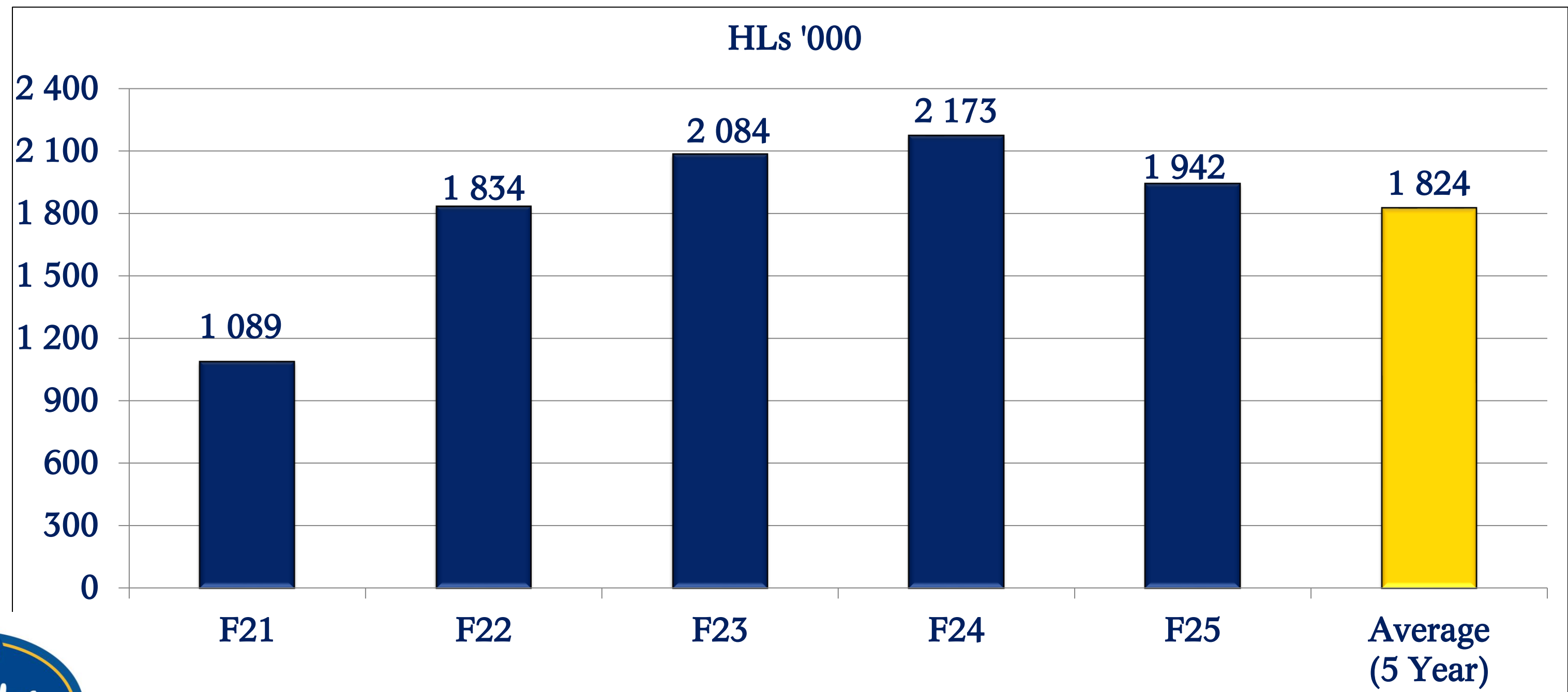
Active Brand Visibility: Increased brand presence through sponsorship of sports, arts, and consumer engagement initiatives.

Utility Outages: Supply disruptions due to increased water and power outages.

Maintenance Shutdown: Some supply outages during scheduled maintenance.



SORGHUM BEER ZIMBABWE FIRST HALF 5 YEAR VOLUME TREND

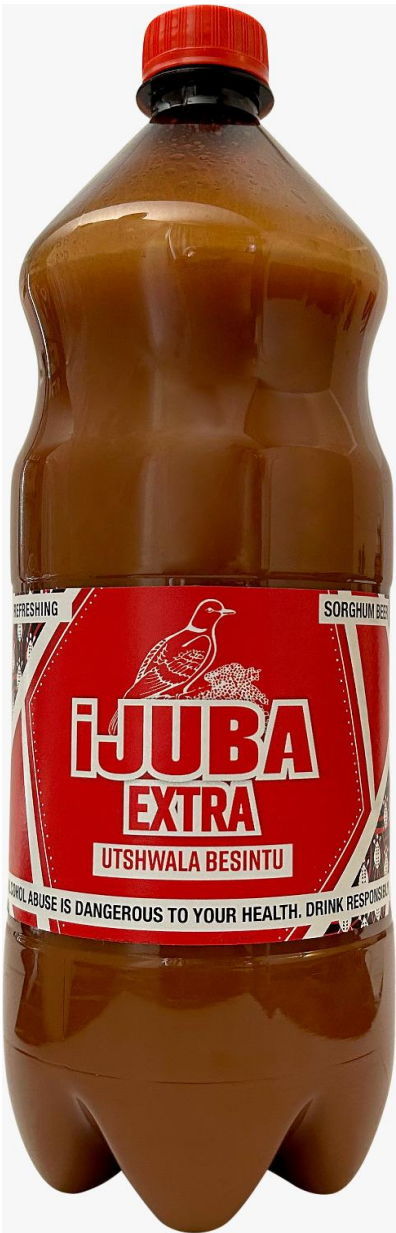
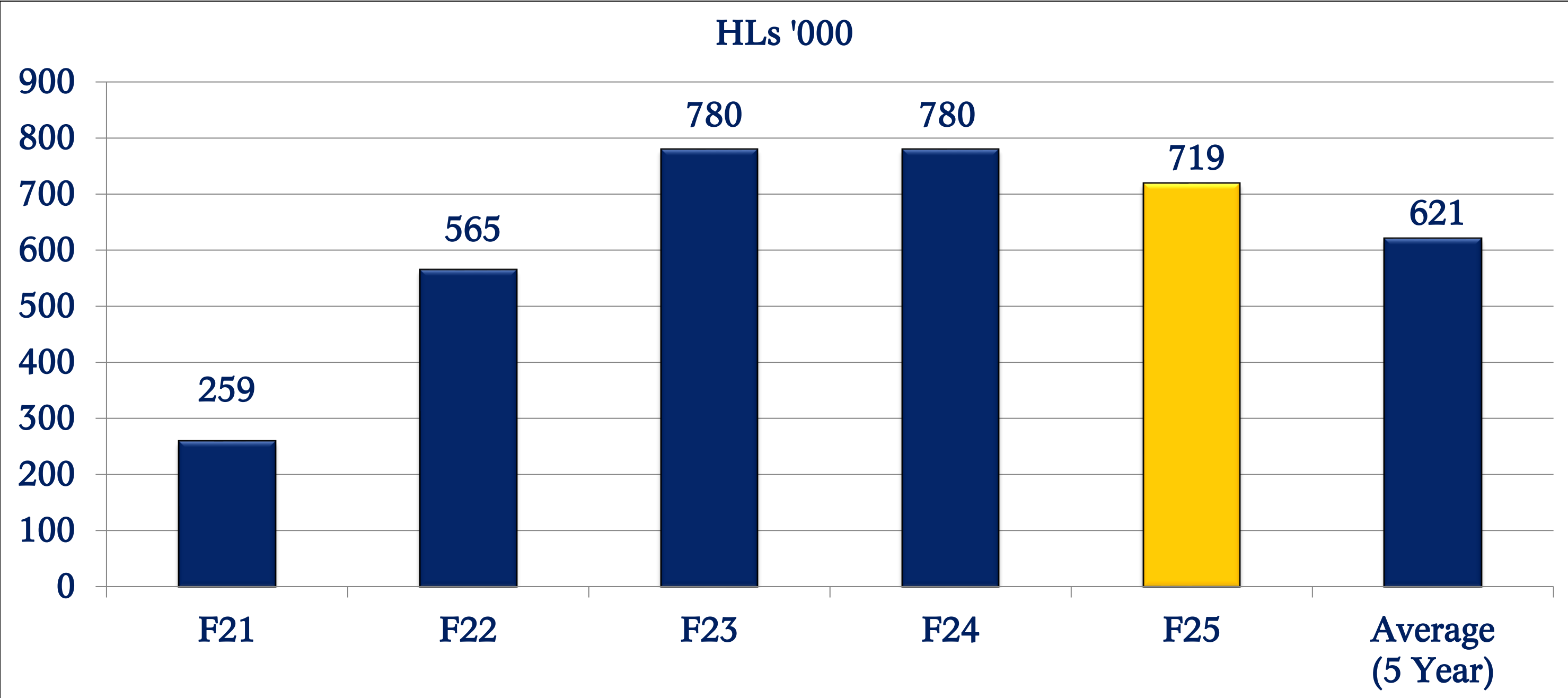


Steady domestic market performance. No exports in F25.

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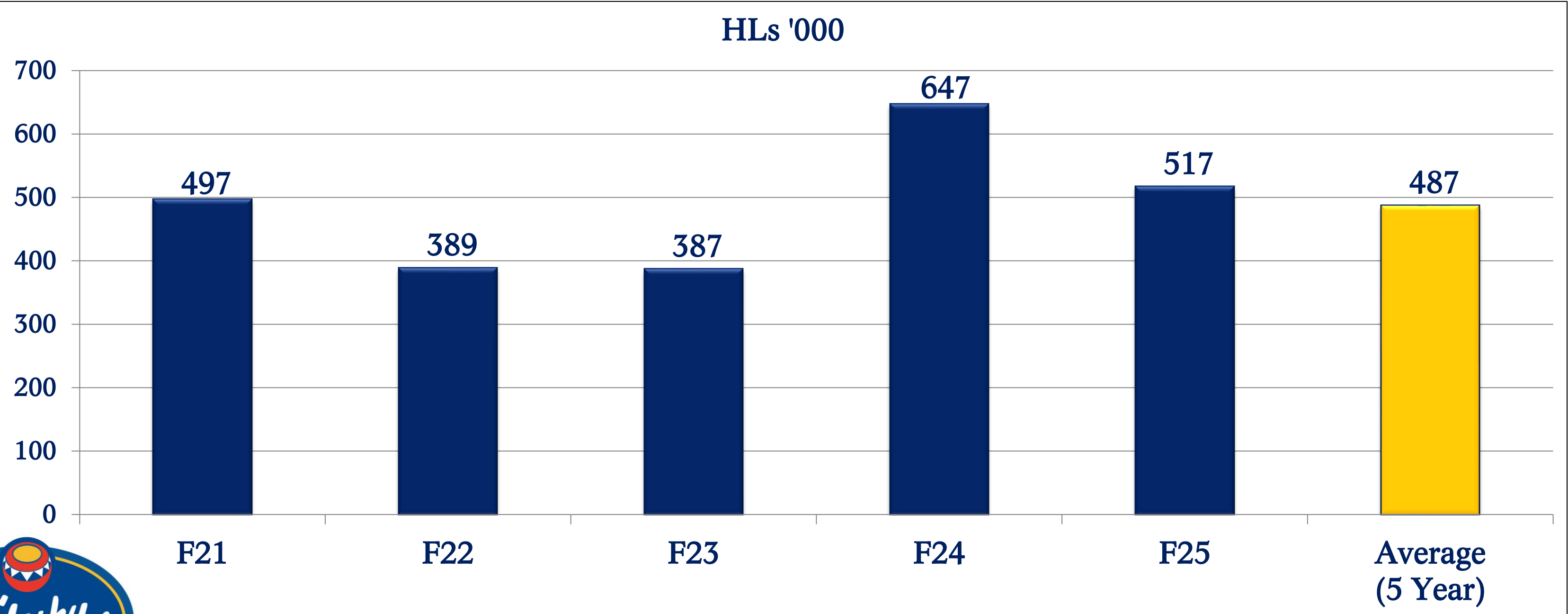
SORGHUM BEER SOUTH AFRICA FIRST HALF 5 YEAR VOLUME TREND



Encouraging uptake of Chibuku Super. Impact of prolonged job action.



SORGHUM BEER ZAMBIA FIRST HALF 5 YEAR VOLUME TREND



Volume recovery momentum disrupted by utility outages.

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SORGHUM BEER

Zimbabwe Overview

Volume Decline: Overall volume including exports, decreased by 11% while the domestic market declined by 3%.

Reduced Disposable Incomes: Lower disposable incomes in rural markets due to drought.

Cost Pressures: Rising costs of key cereals such as maize and sorghum, putting pressure on pricing and operating margins.

Route-to-Market Disruptions: Significant challenges due to recent policy changes affecting distribution and market access.



SORGHUM BEER

Zimbabwe Overview

Inconsistent Account Management: Variability in practices among retail and wholesale partners affects sales performance and competitive pricing.

Increased Competition: The sector faces growing pressure from other alcohol categories, notably hard spirits and lager beer. Category has attracted new players.

Steady Demand: Strong consumer demand across our complimentary packs.

Brand Engagement: Positive association with sports, arts, and cultural events which build brand loyalty.



SORGHUM BEER



Natbrew Overview

- **Power Supply Disruptions:** Increased load shedding by ZESCO has significantly impacted product supply.
- **Alternative Power and Stabilization Efforts:** Installation of diesel generators and boreholes has provided some stability to the manufacturing platform.
- **Cost Pressures:** Increased maize prices and reliance on alternative power sources have increased operating costs. Weaker currency driving cost of imported materials.



SORGHUM BEER

UNB South Africa Overview

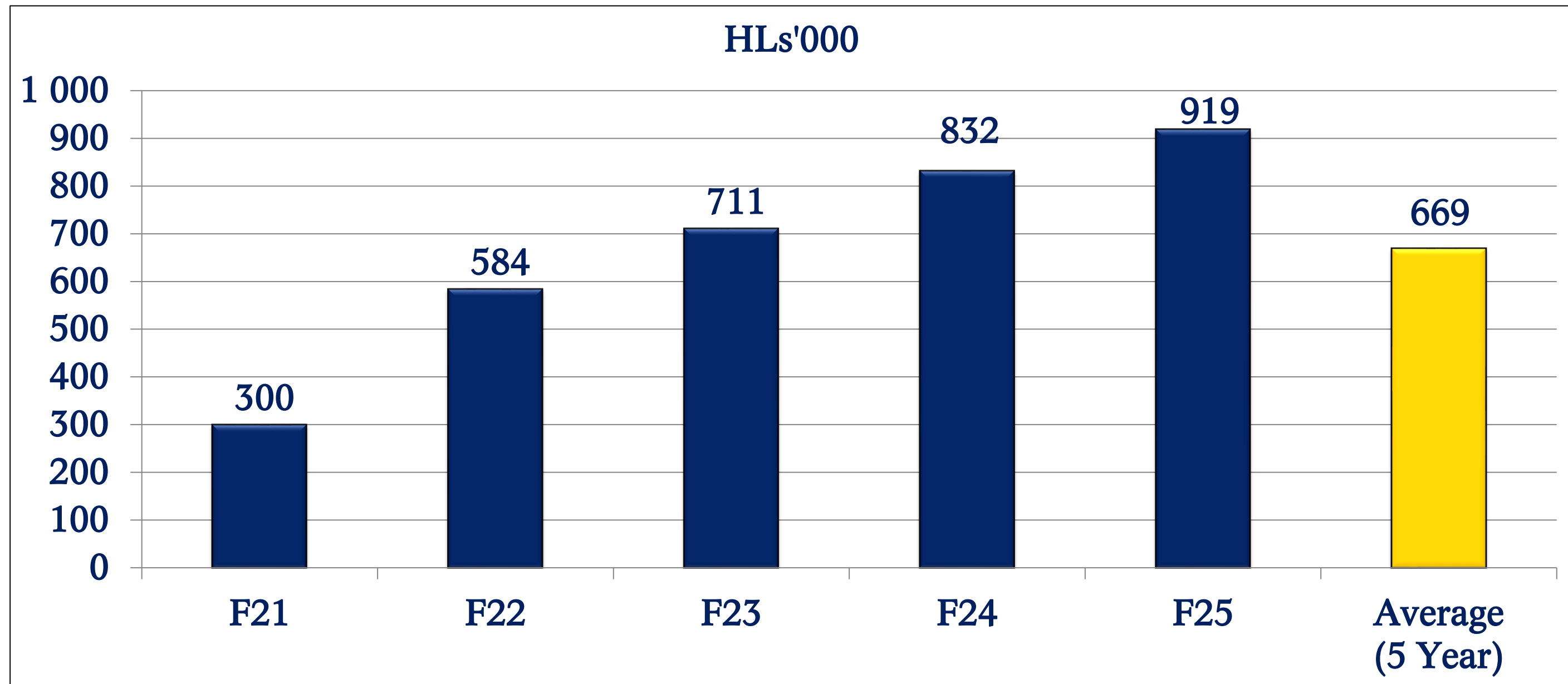
New Chibuku Super Plant: The commissioning of the Chibuku Super Plant at Phelindaba brewery in May 2024 has enabled a shift toward self-reliance in Chibuku Super. New regional variations launched.

Supply Disruptions: Prolonged illegal job action at Phelindaba Brewery affected product supply, negatively impacting sales momentum.

Market penetration: Focus on expanding Chibuku Super's presence in new trade channels and attracting new consumers.



SPARKLING BEVERAGES FIRST HALF 5 YEAR VOLUME TREND



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Steady recovery in volume and market share. Dented by sugar tax induced price increases.

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SPARKLING BEVERAGES

- **Volume Recovery and Market Share:** There has been a sustained recovery in volume and defending market share gains.
- **Sugar Tax Impact:** Unavoidable price increases arising from sugar tax, which dented volume growth. Ongoing strategies on pricing, product reformulations and pack size alignments.
- **Challenges in Formal Trade Channels:** Pricing distortions, credit risk management and changes in route-to-market policies have impacted formal trade channels.
- **Marketing and Pricing Strategy:** Intensive marketing campaigns and moderated pricing have supported demand, mitigating impact of the sugar tax.
- **Competitive Pressure from Grey Imports:** Competitiveness has been affected by grey imports, driven by sugar tax-related price increases and currency developments.



AFRICAN DISTILLERS FIRST HALF 5 YEAR VOLUME PERFORMANCE

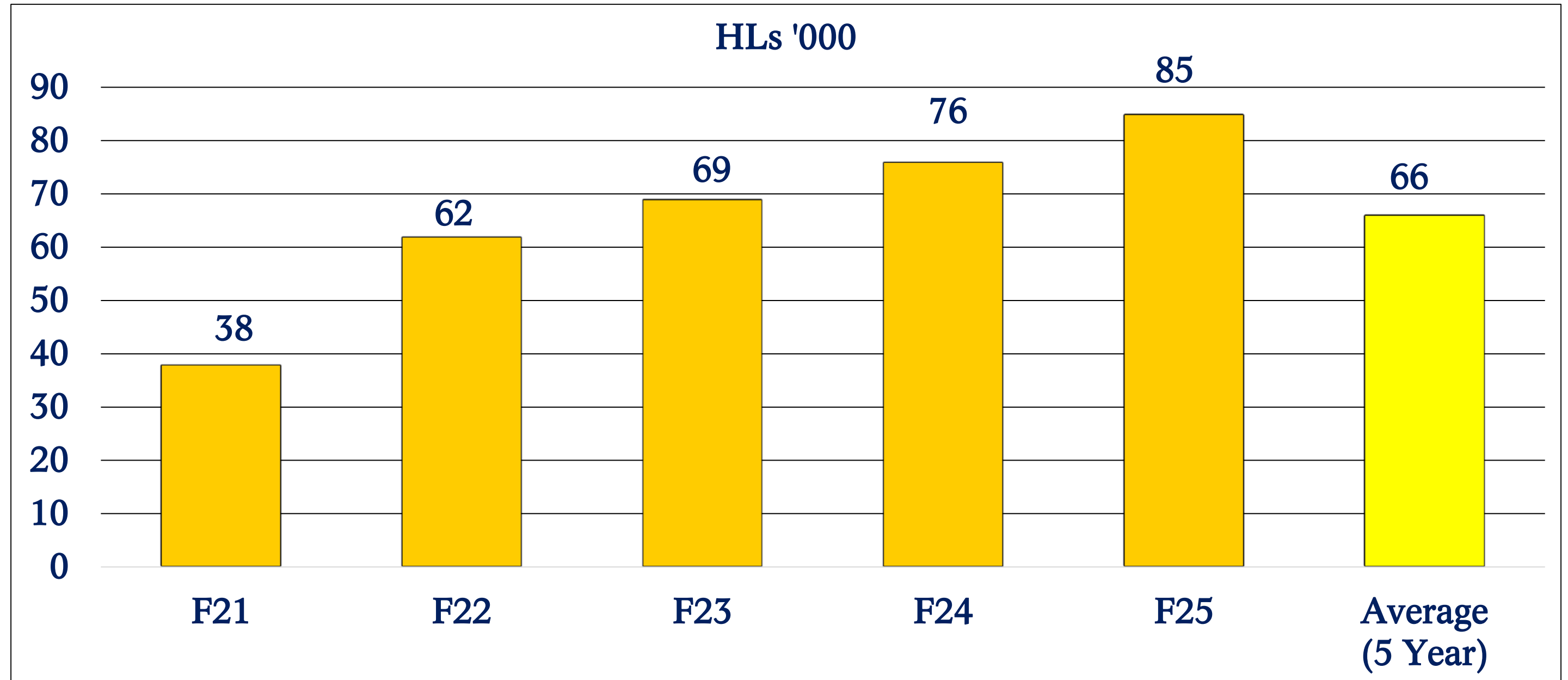


	Actual Volume litres	Prior Year Actual Volume litres	% Change on Prior Year
1. BEVERAGES (Litres 000)			
1.1 Spirits	35 604	35 647	0
1.2 Wines	4 394	3 878	13
1.3 Ciders	44 906	36 795	22
Total	84 904	76 320	11

- Strong sales promotions and the successful launch of NightSky Gin & Tonic. Leveraging on the ready to drink offerings.
- Expanded direct distribution to increase market access.
- The prevalence of cheaper and illicit spirits remains a concern for market stability.



AFDIS FIRST HALF 5 YEAR VOLUME TRENDS



Steady growth in ciders.

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UPDATE ON ASSOCIATES

1. Schweppes Holdings Africa

- Increased availability of Minute Maid and other products after a new plant was commissioned in October 2023.
- Price hikes driven by the sugar tax, leading to a surge in imports of Mazoe Orange Crush from regional markets.
- Route-to-market disruptions due to new fiscal regulations.
- Adjustments to disruption channels to reduce influence of modern trade.



2. Nampak Zimbabwe

- Steady volume in line with performance of key customers categories.
- Focus on expanding capacity in growth sectors and mitigating losses in the PET packaging market.
- Announcement of pending change in main shareholder.



FINANCIALS



POINTS TO NOTE

1. FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024 IS UNAUDITED.
2. RESTATEMENT OF UNAUDITED PRIOR YEAR Condensed Group Statements of Profit or Loss and Other Comprehensive Income, Cashflows and Changes in Shareholders' Equity inline with the change in presentation currency to US\$.
3. Standard disclaimers on forward looking information.



CONVERSION TO US\$ REPORTING

- Conversion of inflation-adjusted prior half-year financial performance to US\$ using the closing estimated exchange rate.
- Distortions in comparative financial information due to the impacts of hyperinflation, and the fluctuations and disparities in exchange rates.
- As a result, prior year's financial information may not be reflective of the underlying performance.



FINANCIAL HIGHLIGHTS

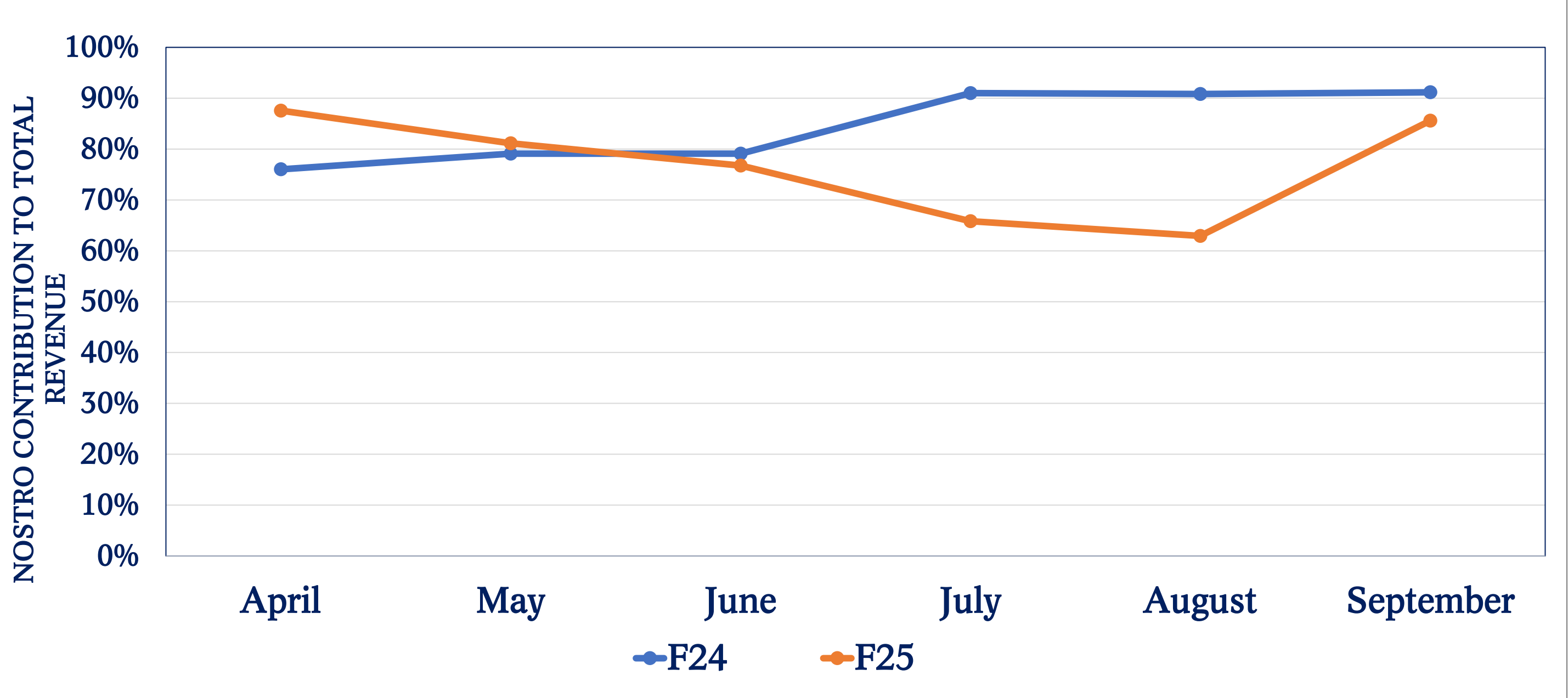
	2024	2023
	US\$ '000	US\$ '000
Revenue	389 124	350 601
Operating Income	64 839	73 487
Earnings Before Interest, Tax Depreciation and Amortisation	74 406	78 628
Profit Before Tax	55 777	34 161
Attributable Earnings Per Share (US Cents)	3.37	1.66
Headline Earnings Per Share (US Cents)	3.37	1.66
Dividend Per Share (US Cents)	1.0	1.0

Management tracking indicates US\$ revenue increase of 3%. US\$ revenue contribution for Delta Beverages at 77% for F25 compared to 88% for prior year.

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DELTA BEVERAGES - MONTH ON MONTH US\$ SALES % TREND



EXPLANATORY NOTES ON FINANCIALS

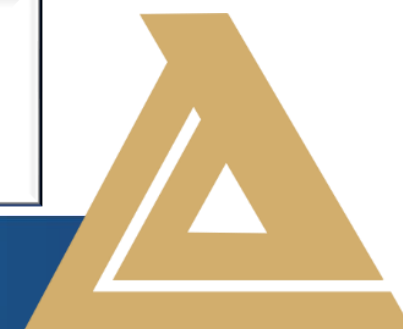
1. Drought-driven price increases on cereals ranged between 6% to 27% compared to the prior half year.
2. Introduction of sugar tax drove price increase (Maheu and soft drinks).
3. Price moderation in response to sugar tax and cost pressures on cereals.
4. Increase in utility costs due to re-rating in US\$. High cost of water from non-municipal suppliers. Fuel prices trending lower but high usage for generators.
5. The prior year financial information was highly impacted by inflationary stockholding gains and exchange losses in ZW\$ terms.



STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

	September 2024	September 2023
	US\$'000	
REVENUE	389 124	350 601
Operating income	64 839	73 487
Net finance costs	(11 903)	(33 924)
Net monetary adjustment	-	(8 995)
Share of profit of associates	2 841	3 593
PROFIT BEFORE TAX	55 777	34 161
Taxation	(14 724)	(12 027)
Profit for the period	41 053	22 134
Other comprehensive income	(6 120)	(86 770)
TOTAL COMPREHENSIVE INCOME	34 933	(64 636)

Distortions in inflation indices and exchange rate instability. Prior year includes currency translation losses in other comprehensive income (OCI).



EARNINGS PER SHARE

	September 2024	September 2023
	(US cents)	(US cents)
Headline Earnings Per Share	3.37	1.66
Basic Earnings Per Share	3.37	1.66
Interim Dividend	1.0	1.0

Apparent high dividend cover due to distorted prior year comparatives.



SEGMENT REVENUE US\$

	September 2024		September 2023		
	US\$'000		US\$'000		
	Revenue	Revenue Contribution %	Revenue	Revenue Contribution %	
Lager Beer	168 477	43.30	148 144	42.25	14
Sparkling Beverages	74 888	19.25	56 626	16.15	32
Sorghum Business	118 570	30.47	121 306	34.60	(2)
Wines and Spirits	26 169	6.73	24 364	6.95	7
Total Reportable Segments	388 104	99.74	350 440	99.95	11
All other segments	1 020	0.26	161	0.05	534
Total Revenue	389 124	100	350 601	100	11

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



SEGMENT REVENUE US\$

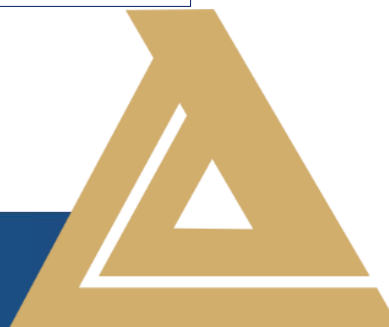
	September 2024	March 2024	September 2024/ March 2024 Change %	September 2024	September 2024/ September 2023 Change %
Market Exchange Rate – ZWG/US\$	22	9.6	129%	2.2	900%
Interbank rate – ZWG/US\$	13.99	8.38	67%	2.09	569%
South African Rand to US Dollar	17.26	18.99	-9%	18.81	-8%
Zambian Kwacha to US Dollar	26.47	26.65	-1%	20.99	26%
Average 6 months rate ZWG/US\$ - Market	15.39	-	-	1.16	1227%
Average 6 months rate ZWG/US\$ - Interbank	13.61	-	-	1.43	852%

Comparative ZiG exchange rates were rebased from ZW\$ exchange rates.



OTHER ISSUES OF INTEREST

- i. ZIMRA foreign currency tax assessments:
 - No credit given for amounts paid in ZW\$. ZIMRA positions ignore the fair economic value of prior payments.
 - The tax cases ongoing; there are significant legal and factual issues still to be addressed. Adverse supreme court judgement being challenged at Constitutional Court.
 - Extensive disclosure of tax matters in financials; not yet accrued.
- ii. Contractual dispute with foreign supplier:
 - Claim dismissed at arbitration.
 - Slow movement of new claims lodged in Zimbabwe courts.



SUGAT TAX- FISCAL CHANGES AND IMPACT ON BUSINESS

TAX IMPACT ON 2024 FINANCIAL HALF YEAR – US\$16.96 MILLION

- Carbonated Soft Drinks US\$7,8 million.
- Cordials/Juice US\$8.98 million.
- Alcoholic US\$0.18 million.

MITIGATIONS / REACTIONS

- Absorption of cost for price moderation.
- Product formulation.
- Pack size changes.
- Emphasis on low / No sugar offerings.
- Total of US\$20.5 million accrued for February to September 2024. Estimate for calendar fiscal year 2024 at US\$32 million.



OUTLOOK AND KEY FOCUS AREAS F25

- **Challenging Economic Environment:** Currency instability, inflation and policy risk. Sugar tax impacts competitiveness. Stakeholder engagement ongoing.
- **Consumer Spending to Remain Resilient :** Consumer spending to be supported by growth in mining, infrastructure and diaspora remittances. Cost pressure likely to dampen market pull.
- **Sustaining Top-Line Growth**
 - **Leveraging Capacity Investments:** Leverage recent capacity upgrades to meet product availability and support growing market demand.
 - **Improving Route-to-Market:** Optimize distribution channels to enhance customer service and accessibility. To navigate the policy changes.
 - **Policy Responsiveness:** Maintain agility in adapting to regulatory and policy changes.
 - **Regional Competitiveness:** Strengthen market position by tailoring strategies to meet local needs.



OUTLOOK AND KEY FOCUS AREAS F25

- **Market-Facing Activities**
 - **Increased Marketing Activities:** Upscale marketing efforts, leveraging strong brand properties to reinforce market positions.
 - **Sales and Distribution Enhancements:** Invest in improving sales services and distribution operations to ensure efficient and reliable product delivery.
 - **Investment in Infrastructure:** Focus on informal market equipment, cold chain expansion and distribution capacity, including glass and packaging solutions, to support product availability.
 - **Sustainable Growth Initiatives:** Implement programs for responsible alcohol consumption, post-consumer waste management and efficient resource utilisation to reduce the carbon footprint.



OUTLOOK AND KEY FOCUS AREAS F25

- **Optimum Resource Allocation**
 - **Mitigating Supply Disruptions:** Absorb and manage global supply chain shocks to ensure production stability. Situations in Mozambique and Middle East worrying.
 - **Securing Cereal Supply:** Lock in multi-year contracts to secure essential cereal inputs across regional markets.
 - **Working Capital Management:** Prioritise efficient capital allocation for value preservation and to support critical capacity investments.



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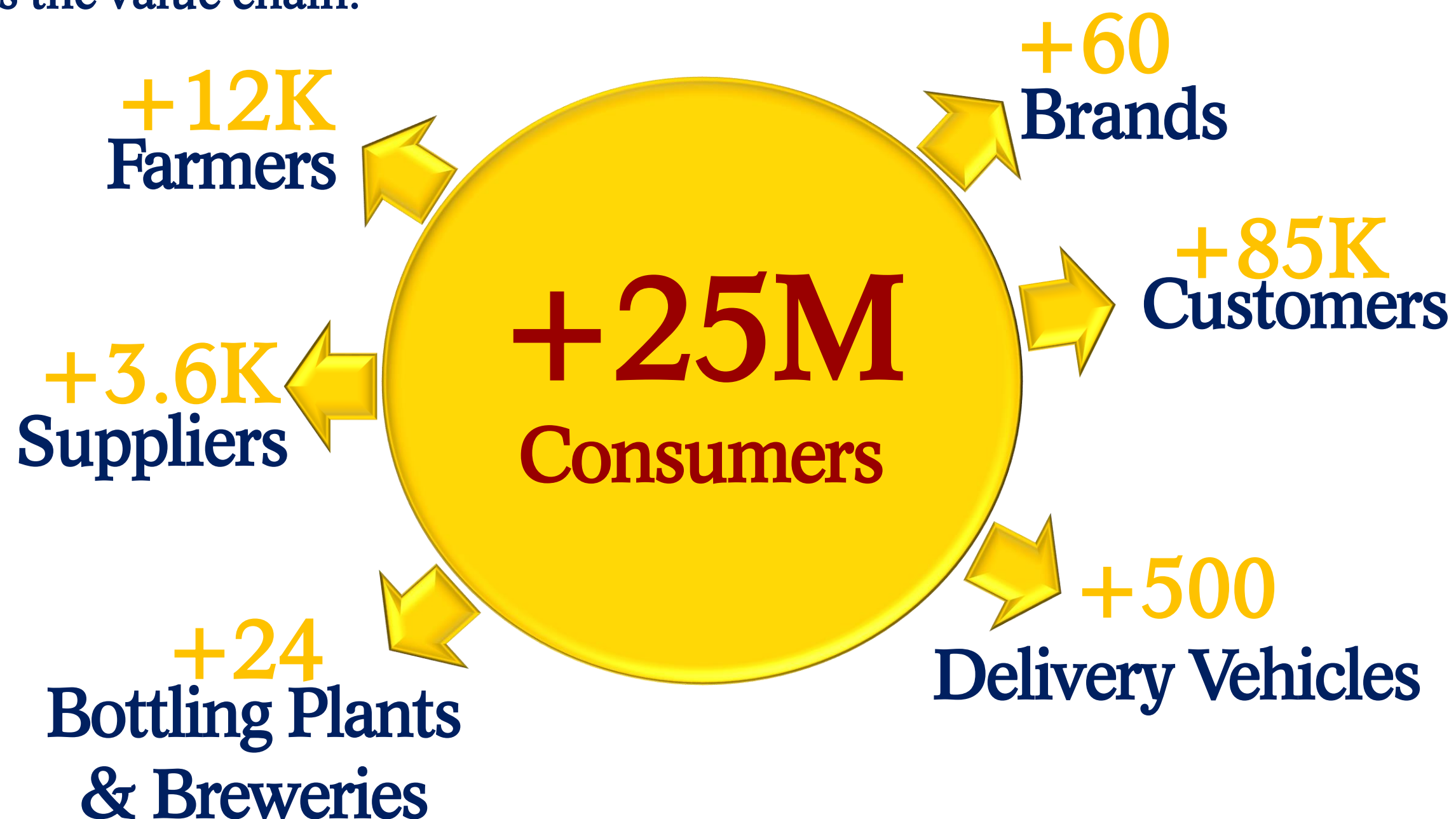
OUTLOOK AND KEY FOCUS AREAS F25

- **Regional Challenges:** Subsidiaries, especially in Zambia, face challenges from power outages and currency devaluation, impacting costs and margins. Driving regional volume growth remains a priority
- **Tax and Regulatory Uncertainty:** Disputes over tax liabilities and exchange rate policies introduce financial uncertainties. Continued engagement with authorities to achieve fair and sustainable solutions.
- **Balance Sheet Protection:** Strategic actions to mitigate exchange rate volatility safeguard cash flows, ensuring financial resilience and supporting long-term investments.
- **Capacity Investments:**
 - **Resolving Supply Bottlenecks:** Continue investing to address supply chain bottlenecks and support overall growth objectives.
 - **Skills Development:** Focus on skill upgrades to ensure effective utilization and maintenance of manufacturing and distribution infrastructure, enhancing operational efficiency.



F25 HALF YEAR ESG AND SUSTAINABILITY KEY FIGURES

Our diversified footprint and regional reach guides our approach to implementing our sustainability priorities across the value chain.

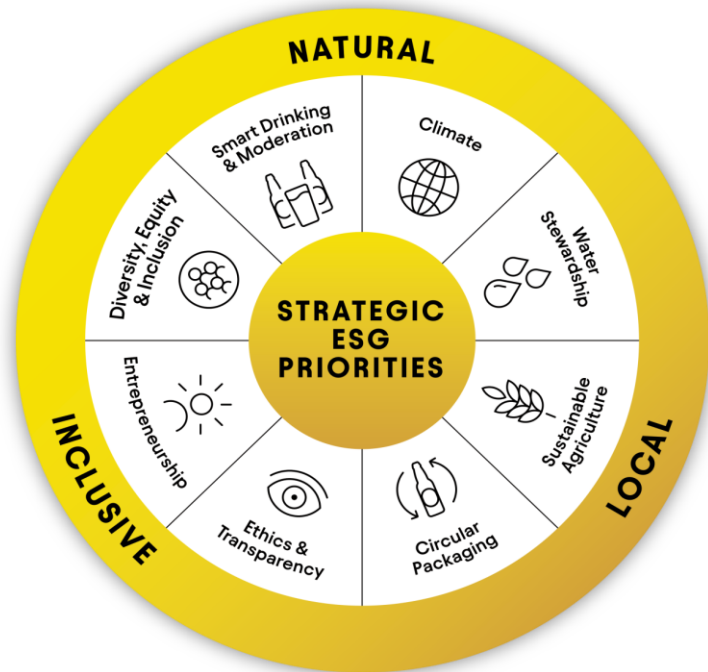


F25 HALF YEAR ESG AND SUSTAINABILITY KEY FIGURES

Cont...

STRATEGIC ESG PRIORITIES & THEMES

- A strong sustainability agenda is vital to long-term value creation.
- 8 Strategic priorities that enable our commercial vision.
- 3 Themes that help us create shared prosperity for our communities, the planet and our Company.



TAX CONTRIBUTION (Nominal figures)

- US\$106 Million
- Includes excise duty, sugar tax, VAT, Company Tax & PAYE.
 - Excludes imports taxes.

SUSTAINABLE AGRICULTURE

F25 Smart Agriculture Goal: 100% of our direct farmers will be Skilled, Connected and Financially Empowered by 2025.

- 12 811 direct sorghum farmers contracted.
- 60 direct commercial farmers contracted.
- 91% farmers skilled.
- 87% farmers connected.
- 87% financially empowered.
- 7 000 hectares under barley contract scheme.
- 9 600 hectares under maize contract scheme.
- 18, 300 hectares under malting sorghum.
- 39 hectares under grapes.
- We work to develop resilient varieties and advance regenerative agricultural practices while improving productivity

ENTREPRENEURSHIP

- Our Entrepreneurship initiatives aim to close the financial inclusion gaps among small- and medium-sized businesses including thousands of retailers in our value chain.
- 84 514 retailers across the region
- 1, 510 retailers trained.

CIRCULAR PACKAGING

F25 Circular Packaging Goal: 50% of our products will be in packaging that is returnable or made from majority recycled content

Share of Value	%
RGB	35
PET	15
NRB	1
Cans	2
Returnable Plastic	18
Non-Returnable Plastics	29

- We invest in local recycling systems to increase the availability of viable recycled content – PETRECOZIM.

WATER STEWARDSHIP

F25 Water Stewardship Goal: We aim to brew our beers and bottle our soft drinks at the highest level of water efficiency, and we continually challenge ourselves to do even more.

- 100% of sites analyzed local water challenges and identified potential solutions.

F25 HALF YEAR ESG AND SUSTAINABILITY KEY FIGURES

DIVERSITY, EQUITY AND INCLUSION

- We strive to further solidify ourselves as an inclusive and diverse workplace where everyone feels they belong.
 - + 7,000 direct employees.
 - 33% of management grades are women.
-

SMART DRINKING AND MODERATION

- As the world's leading brewer, we want every experience with beer to be a positive one, and we want to help consumers make smart choices while enjoying our products.
- Continued investment in social norms marketing Pledge 18 Designated Driver campaigns.
- 100% primary packaging included a guidance label.
- Our low alcohol beer goal established a threshold for low-alcohol beer of 4,8% ABV. 68% of our beer volume met this threshold. Golden Pilsener anchoring our lagers low alcohol beers for growth at 3.8% ABV and traditional African beer - Chibuku Super and Scud at 4.3% ABV.
- Low and zero sugar non-alcoholic contribution at 30% to total volumes.

ACCELERATOR PROGRAM

- We pursue sustainable innovation to capture opportunities for efficiencies and new value creation.
 - Supporting local universities innovation hubs through the Enactus World Cup Competition and Boost Fellowship Above the Influence program.
 - 15 universities benefited from the program.
 - US\$60k investment, 20 projects judged.
-

ETHICS AND TRANSPARENCY

- We are committed to promoting the highest standards of ethical behavior and transparency.
- 1,810 employees trained on our policies, our Code of Business Conduct, Ethics Policy, Anti-Bribery and Corruption policy, Social Media and What's App policies, including, Human Rights and Anti-Harassment and Anti-Discrimination policies.
- We conduct risk-based training plans that cover key Ethics & Compliance areas.

CLIMATE

- F25 Climate Action Goal: Is to work closely with government, non-governmental organisations, and environmental agencies to ensure we reduce our carbon emissions along the value chain.
 - In distribution, the focus was on increased fuel efficiency; light weighting of trailers, reduction of payloads through light-weighting of glass and other containers.
-

COMMUNITY SUPPORT

- Standing support to humanitarian relief institutions – USD100k investment.
- 100 bursary students being supported this year.
- 50 graduate trainees recruited this year.
- 71 apprentices recruited this year.
- 4 classroom blocks constructed at Mudzengi and Sanya Primary schools in Midlands and Mashonaland Central Province almost ready for commissioning.
- We invested over US\$1.5million through our brands in icon properties such as: Castle Premier Soccer League, Chibuku Super Cup, Castle Tankard, Sable Rugby Men 15s and Zambezi Cheetah's Men 7s, CBL Pool.



Cheers!



We are Delta Corporation – Brighter Together