

East African Breweries PLC

RESULTS FOR THE HALF-YEAR ENDED 31ST DECEMBER 2022 (UNAUDITED)



The Board of Directors of East African Breweries PLC (EABL) is pleased to announce its unaudited results for the half-year ended 31st December 2022.



“ We are pleased with these results delivered in a period deeply impacted by strong cost inflation as well as multiple excise tax increases in Kenya. Despite the continued significant headwinds, our team continued to delight our consumers and created value for our shareholders and communities.

While we acknowledge a more challenging operating environment, our underlying business is resilient and we continue to execute our strategy, remaining focused on investing in areas that will drive future growth including our strong portfolio of brands, supply chain and Society 2030; our ESG strategy.

Dr. Martin Oduor-Otieno - Group Chairman



“ EABL faced an exceptionally tough time related to macro-economic volatility across East Africa, global inflation, and geo-political disruptions related to the Russia/Ukraine war. This was further compounded by excise-related price increases in Kenya, which significantly affected consumption of our brands.

Despite these challenges, I am pleased that the actions we have taken over the last number of years to build a more agile, efficient and effective business are enabling us to navigate the ongoing volatility. We will continue executing our strategy, staying close to our consumers, leveraging our portfolio of extraordinary brands and investing smartly, fuelled by our culture of everyday efficiency. Further, we are forging ahead with plans aimed at supporting skills development, inclusion and diversity and promoting responsible drinking around the world.

Ms. Jane Karuku - Group MD & CEO

Net Sales
Kshs 57.3bn

Profit After Tax
Kshs 8.7bn

Earnings Per Share (EPS)*
Kshs 17.26
*Annualised

Interim Dividend Per Share
Kshs 3.75

Condensed consolidated statement of comprehensive income for the six months ended:

	31 December 2022 Kshs 'M	31 December 2021 Kshs 'M
Gross sales	104,659	96,836
Indirect taxes	(47,398)	(41,937)
Net revenue	57,261	54,899
Cost of sales	(30,703)	(28,429)
Gross profit	26,558	26,470
Operating costs	(11,315)	(11,376)
Net finance costs	(2,389)	(2,217)
Profit before income tax	12,854	12,877
Income tax expense	(4,151)	(4,140)
Profit for the period	8,703	8,737
Other comprehensive income	1,124	1,026
Total comprehensive income	9,827	9,763
Total comprehensive income for the period attributable to:		
Equity holders of the company	7,946	7,648
Non-controlling interests	1,881	2,115
Total comprehensive income for the period	9,827	9,763
Basic earnings per share – annualised	17.26	16.90

Condensed consolidated statement of financial position as at:

	31 December 2022 Kshs 'M	30 June 2022 Kshs 'M
Share capital and share premium	3,273	3,273
Retained earnings	12,535	8,678
Other reserves	(346)	(1,470)
Proposed dividend	2,965	5,733
	18,427	16,214
Non-controlling interests	9,637	10,200
Total equity	28,064	26,414
Borrowings	35,114	35,162
Other non-current liabilities	7,347	7,012
Non-current liabilities	42,461	42,174
Total equity and non-current liabilities	70,525	68,588
Property, plant and equipment	74,104	68,585
Other non-current assets	6,079	6,431
Non-current assets	80,183	75,016
Inventories	17,634	13,272
Trade and other receivables	15,513	11,793
Cash and bank balances	7,460	9,942
Current income tax	4,771	404
Current assets	45,378	35,411
Trade and other payables	37,364	32,210
Borrowings	13,314	6,634
Bank overdraft	3,257	1,875
Other current liabilities	1,101	1,120
Current liabilities	55,036	41,839
Net current liabilities	(9,658)	(6,428)
	70,525	68,588

Condensed consolidated statement of changes in equity

	Share capital & share premium Kshs 'M	Other reserves Kshs 'M	Retained earnings Kshs 'M	Proposed dividends Kshs 'M	Non controlling interest Kshs 'M	Total Kshs 'M
At 30 June 2021 & 1 July 2021	3,273	(2,607)	5,519	-	8,667	14,852
Total comprehensive income	-	1,229	11,857	-	3,760	16,846
Employees share based ownership plan	-	(92)	-	-	-	(92)
Dividends:						
-Interim for 2022	-	-	(2,965)	-	(2,147)	(5,112)
-Proposed for 2022	-	-	(5,733)	5,733	-	-
-Final for 2021	-	-	-	-	(80)	(80)
At 30 June 2022 & 1 July 2022	3,273	(1,470)	8,678	5,733	10,200	26,414
Total comprehensive income	-	1,124	6,822	-	1,881	9,827
Dividends:						
-Interim for 2023	-	-	(2,965)	2,965	-	-
-Final for 2022	-	-	-	(5,733)	(2,444)	(8,177)
At 31 December 2022	3,273	(346)	12,535	2,965	9,637	28,064

Condensed consolidated statement of cash flows for the six months ended:

	31 December 2022 Kshs 'M	31 December 2021 Kshs 'M
Cash generated from operations	15,135	17,631
Net interest paid	(2,321)	(1,994)
Tax paid	(8,010)	(3,019)
Net cash generated from operating activities	4,804	12,618
Purchase of property, plant and equipment	(6,712)	(6,199)
Other investing activities	(6)	(135)
Net cash used in investing activities	(6,718)	(6,334)
Dividends paid	(8,241)	(1,54)
Net movement in borrowings	6,010	(3,533)
Net cash used in financing activities	(2,231)	(3,687)
Net (decrease)/increase in cash and cash equivalents	(4,145)	2,597
At start of the period	8,067	4,421
Foreign exchange impact of translation	280	195
Net decrease/(increase) in cash and cash equivalents	(4,145)	2,597
Cash and cash equivalents at end of the period	4,202	7,213

Operating Environment

We have witnessed a slowdown in economic growth across the region, with steep excise tax increases in Kenya adding to the heightened inflationary pressures. As a result, consumer spending power is depressed and operating costs have increased significantly. Multiple excise tax increases in Kenya over the past 15 months have exacerbated consumer prices and have particularly impacted price-sensitive consumers in mainstream and value segments. The adverse impact on volumes denies government potential revenues and has a compounded effect on the livelihood of farmers and the small businesses that support our value chain.

H1 Business Review

- Net revenue grew 4% to Kshs 57.3 billion primarily driven by improved brand mix and pricing to counter the impact of excise and inflation, partly offset by volume declines. At country level, Uganda and Tanzania continued their strong growth momentum reporting +19%, and +11% respectively, while Kenya revenues declined -1% as volumes dropped following multiple excise increases.
- Profit after tax closed flat as revenue gains were offset by increases in cost of sales largely due to significant inflationary pressures on the cost of inputs.
- Profit attributable to equity holders grew 2% resulting in an improvement in earnings per share (annualised) to Kshs 17.26 from Kshs 16.90.

Looking Ahead

While near-term volatility is expected to persist, we remain focused on executing against our strategy and delivering long-term sustainable growth.

Dividend

The Board of Directors has recommended an interim dividend of Kshs 3.75 per share subject to withholding tax, to be paid on or about 28th April 2023 to shareholders registered at the close of business on 16th February 2023.

By order of the Board
Kathryne Maundu
Group Company Secretary
Date: 26 January 2023