



Growth Platform _ Continuing Momentum

EABL

H1 - Financial Year F08

Nairobi Serena Hotel - - 3rd March 2008

Agenda

Business Review

Gerald Mahinda - GMD

Financial Review

Chris Caldwell - GCD

Q & A

GMD & GCD



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Regional Economies ...

Economies sustained the strong growth trajectory *but* Kenya challenging

GDP
2007

- ❑ Kenya **+7.1%**, Uganda **+6.0%**, Tanzania **+6.2%**.

Key Growth
Sectors

- ❑ Kenya – tourism, agriculture, telecomms, services.
- ❑ Uganda – services, agriculture.
- ❑ Tanzania – agriculture, mining, tourism.

Inflation
Annual avg. at HY end.

- ❑ Kenya **12.5%**, Uganda **5.7%**, Tanzania **7.3%[&]**.

Developmental
Needs

- ❑ Infrastructure, energy.

Outlook

- ❑ All Economies forecast to grow **+6%**, *Kenya +3%-5%**.
- ❑ Annual inflation targeted at single digit.
- ❑ Growing investment attractiveness: oil, regional integration, etc.

[&] November month end annual inflation rate
^{*} Economist Intelligence Unit Forecasts



H1 Highlights

- > Continuing strong top-line performance *with* good leverage.
- > Execution - - improved but some challenges in Uganda.
... softened domestic demand, few challenging environmental elements.
- > Key Challenges.
talent, supply¹, competition², infrastructure, fiscal and regulatory/legislative³ environment.
- > FY Opportunities.
growing economies, regionalisation especially GLR⁴, changing consumer/retail landscape.

¹ especially in Uganda, Great Lakes Region and Tanzania

² Region attracting many new players

³ impending re-introduction of breathalysers in Kenya

⁴ Great Lakes Region



Financial Summary

	versus H1 F07	
Volumes - EUs	19%	↑
Net Sales Value [NSV]	27%	↑
Gross Profit	23%	↑
Advertising & Promotions	21%	↑
Profit Before Tax [PBT]	22%	↑
Earnings Per Share [EPS]	28%	↑



Our Markets

Strong performance posted in the Half Year in all markets **except Uganda** that was **soft ...**

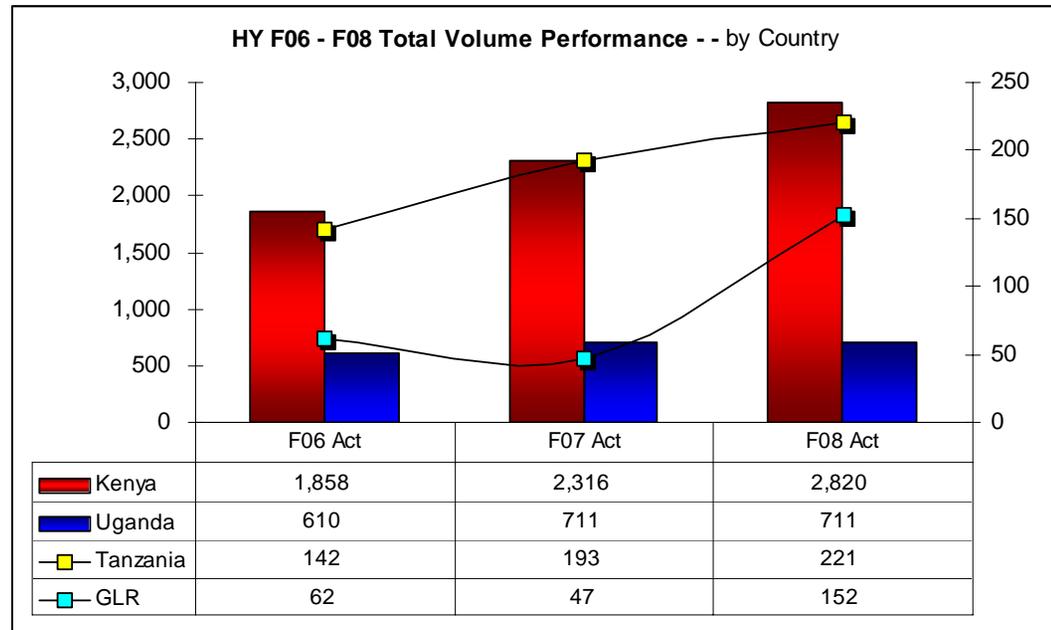
> Kenya **+22%**.

> Uganda **0%** - - flat on PY.

> Tanzania **+15%** and Exports **+221%**.

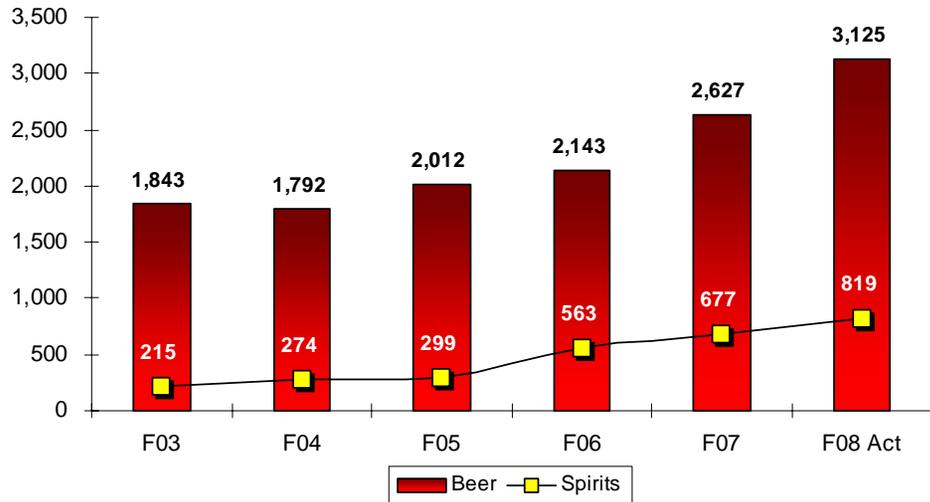
Immense growth potential in Exports and Tanzania.

Upturn of Uganda in H2.



Our Markets

Group 6Yr Volume Trends - - EUs 000



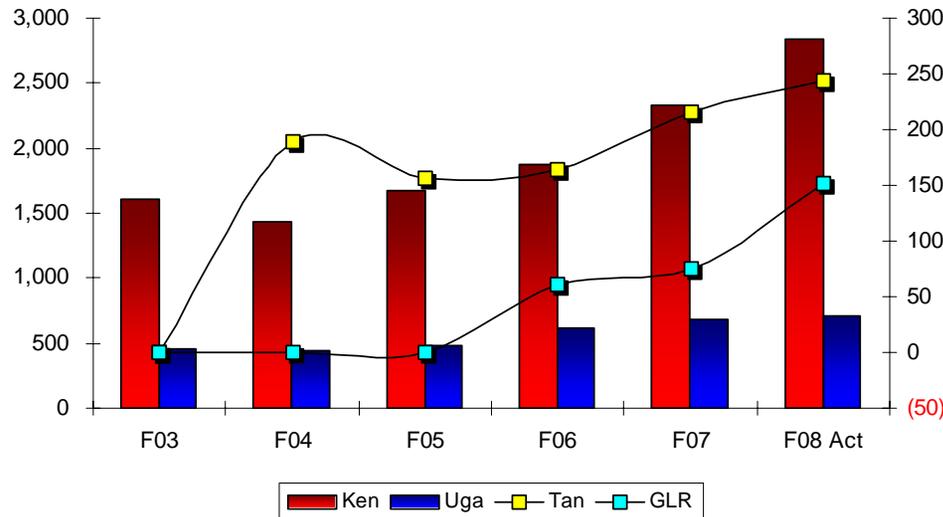
Our **Beer** and **Spirits** have sustained the **strong growth**.

Overall 5Yr CAGR = 14%.

Category performance:

Beer	11%
Spirits	31%

6Yr Volume Trends - - EUs 000s by Market



Market Performance – 5Y CAGR

Kenya **12%**.

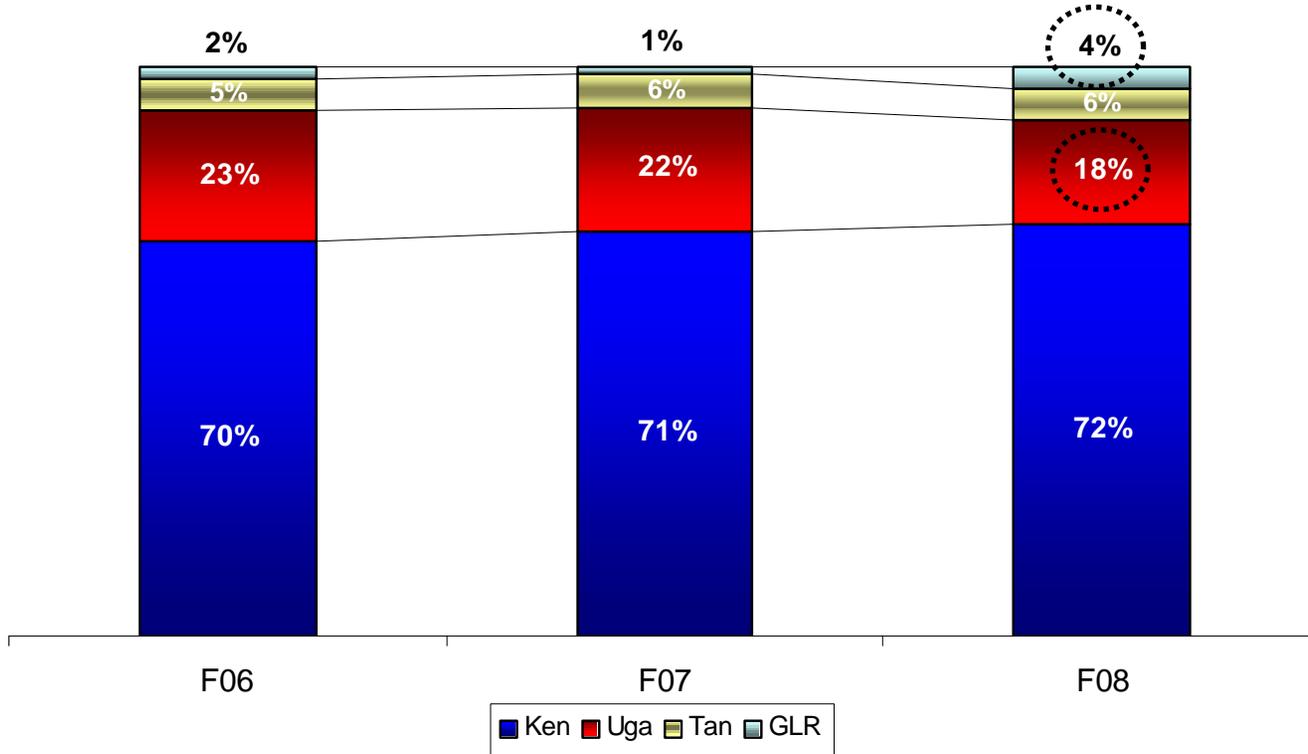
Uganda **9%**.

Tanzania **5%** [4Yr] and Exports **>55%** [2Yr CAGR].



Shape of Our Business ...

HY F08 Volumes - - Contribution by Market

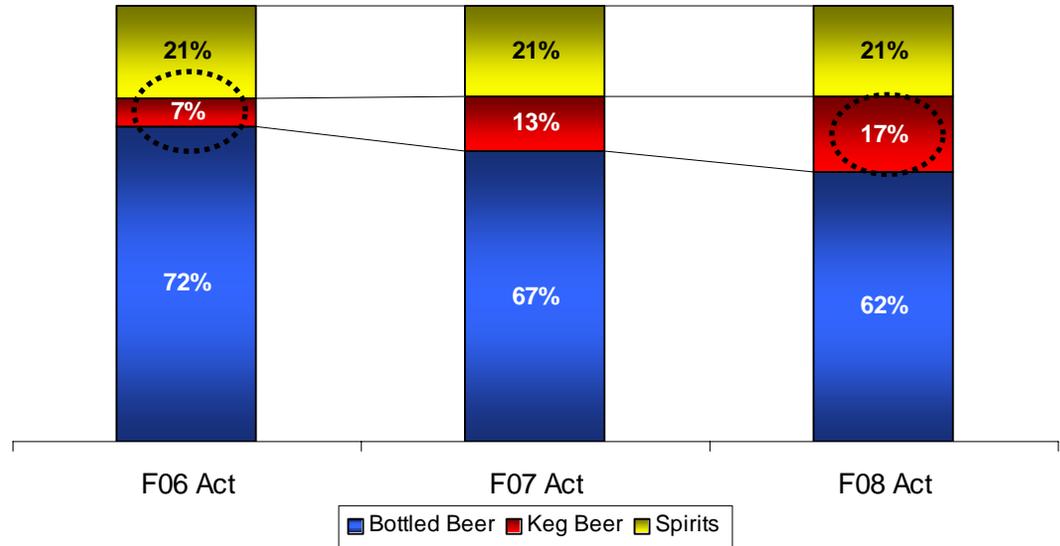


- > Kenya still dominant market
- > Softness in Uganda ...
- > Significant increase in Exports share
- > Overall, growing share of Kenya and Exports business



Shape of the Portfolio ...

Volumes in EUs - - Contribution by Category/Format

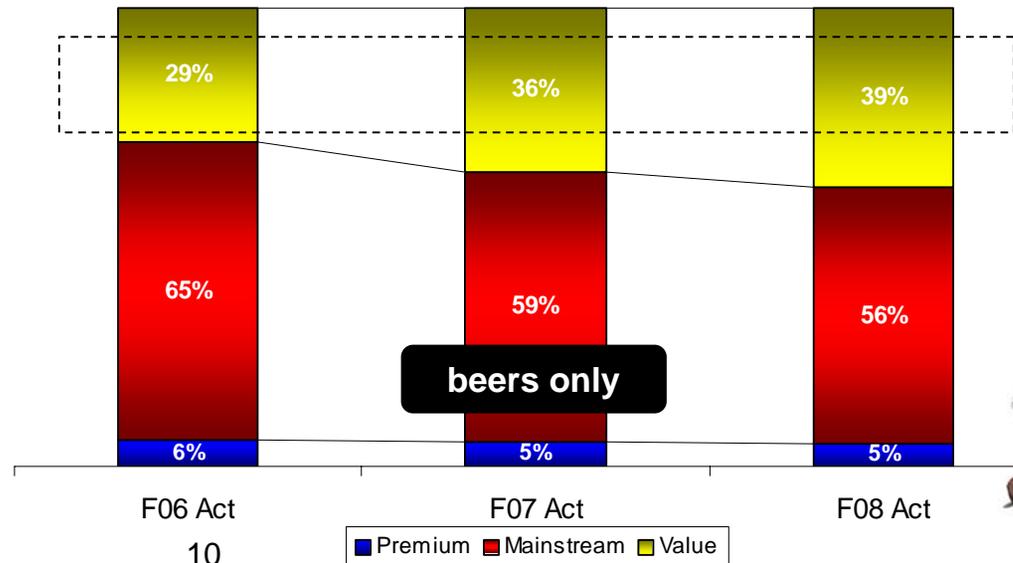


- > Increase in share of **Senator Keg**: +10%
- > Spirits share holding
- > Overall, growth led by **premium & emerging** segments
- > Mainstream segment showing 'real' absolute growth despite reducing portfolio share

2Year beer CAGR [F06 – F08]

Emerging Keg = 97%
 Emerging Bottled = 19%
 Mainstream = 7%
 Premium = 14%

Volumes in EUs - - Contribution by Segment



Brands – Kenya



sustained strong Brand initiatives

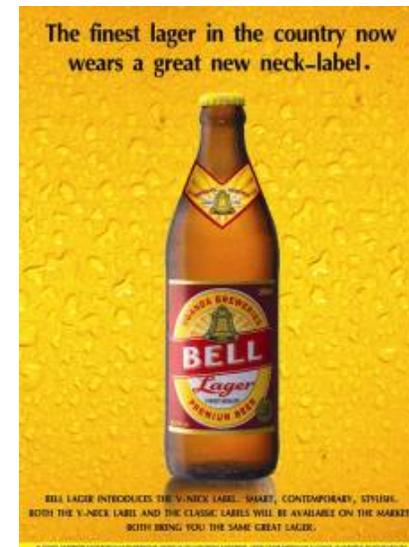
- ❑ *Tusker na Chapaa, Chapaa na Tusker + Tusker Safe and Happy Holidays* - led to **+10%** growth.
- ❑ Guinness was **+23%** on back of strong Football campaign and in-bar activations.
- ❑ Richot **[+8%]** re-energised through a pack renovation and intensified focus.
- ❑ Senator Keg was **+62%** on strong distribution drive.



Brands - Uganda

soft demand plus in-market issues impacted H1 performance despite maintaining pole market position

- ❑ Bell up 3%.
- ❑ UG Waragi +17% on back of strongly resonating consumer campaign.
- ❑ Guinness +63% on sound Football activations.
- ❑ Tusker Malt up 18% albeit supply gaps.
- ❑ ...but Pilsner and Senator impacted results down 10% and 14% respectively.



Brands - Tanzania



Strong growth momentum sustained [+13% on PY] despite major supply challenges ...

❑ **Tusker** sustained the growth at +33% _ *refreshed new imagery in long neck bottle.*

but ...

❑ **Guinness and Pilsner** down off major product outages.

❑ **Malta** was +3% constrained by capacity and availability.



Tusker Academy launched ...



Building towards **amazing relationships** with key partners and enabling drive **Distributor and Retailer execution excellence.**



Strategic Initiatives

❑ **Distributor Financing Scheme [DFS]** - - improved to enhance support to our partners

❑ **New Horizon*** - - 13 project streams underway including:

- > Supply chain organisation and capability development,
- > Glass and crates management,
- > Inventory management, and
- > Sales and Operations Planning [S&OP] process management

❑ **One Company One Culture** - - 22 weeks company-wide brand engagement roll-out underway. Will culminate in external stakeholders engagement.

❑ **Glass and Maltings** - - planned expansion in F09

* Supply Chain excellence project



Investing for Growth ...

We spent **KES. 0.5Bn** on building the **growth platform**.

> In **KENYA** we spent **KES. 0.4Bn** on inter alia:

- 2nd Mash filter and 2 DPVs.
- Beer filters and deaeration plant.
- New 80,000Bph* line ordered [to cost KES. 3Bn straddling F08 & F09]

> In **UGANDA** spend amounted to **KES. 0.1Bn** on:

- 2nd Line.
- Installation of 4DPVs and mashing vessels.

* Bottles Per Hour

Our FY 08 Plan - to invest **KES. 2.8Bn**.



Our Communities

Our **enriching lives** agenda continued ...

- Computers** given out to:
 - > Police force
 - > Kenya Institute of the Deaf
 - > AISEC
- E-Green** planted **40,000 trees**.
- 20 additional scholarships** awarded
- 130,000** lives touched by our **water of life** program
- KES. 4Mn** donated to Red Cross Kenya



Our Responsibilities ...

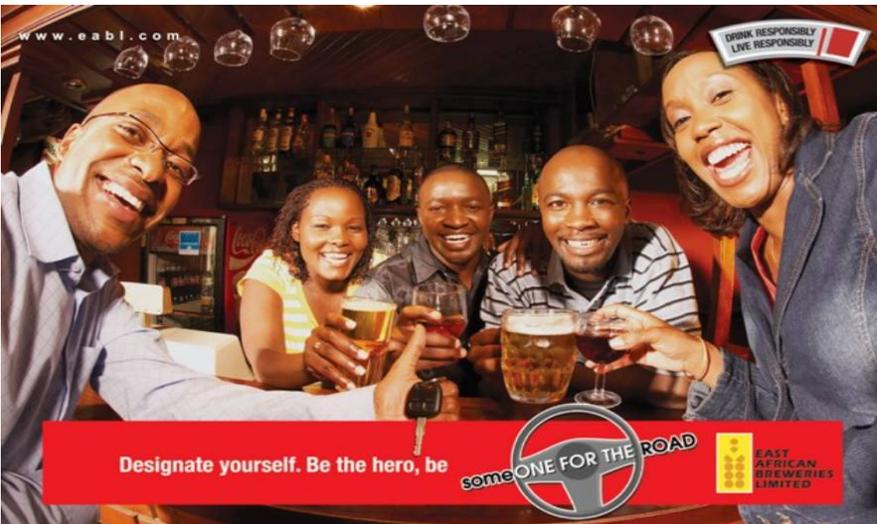


Our RD cadence taking shape ...

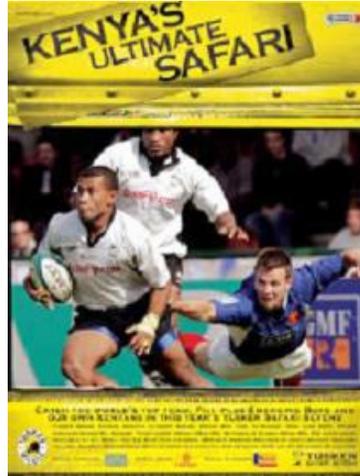
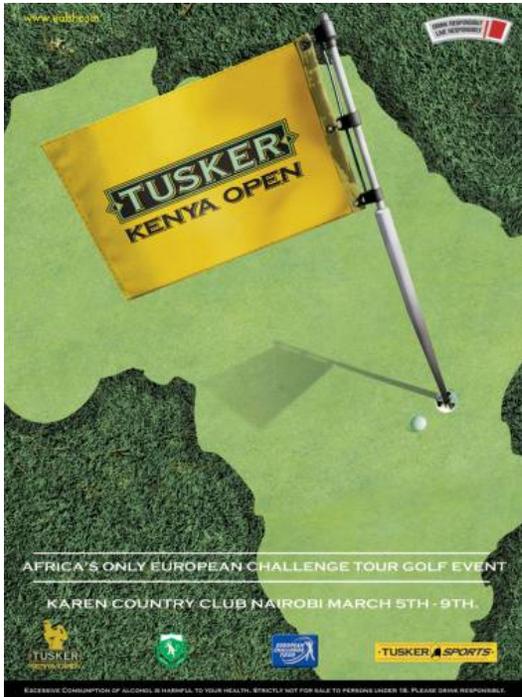
- 5% of total **Group A&P** set aside
- We ID**: 200 bars activated. 100 planned for BOY.
- 'Someone for the road' campaign initiated.



'Someone for the Road' campaign



Our Sports Agenda ...



KES. 390Mn committed to Sports

- Football
- Rugby
- Athletics, and
- Golf



H2 Outlook

H2 Outlook

- ❑ **Positive.** Focused execution across all markets.
- ❑ Expand **business footprint** – grow **exports**.
- ❑ Diligent **category management** – value extraction.

We will continue to focus on ...

People

Innovation

Geographic Expansion

Portfolio

Supply Chain Mngt

Social Responsibility



Focus Areas in H2

- ❑ Execution - - strong **sales** and **marketing** initiatives e.g. Tusker Project Fame II [TPF II].
- ❑ COGS - - managing continuing input **cost pressures**.
- ❑ Competition - - increasing our **share of wallet**.
- ❑ Stakeholder relationships and **business environment**.



The image is a promotional poster for the 'Tusker Project Fame 2008' event. It features a vibrant background with a woman singing into a microphone, her hands raised in the air, and a crowd of people with their hands raised. The text is bold and yellow, set against a dark background. The top left corner has the 'Tusker Project Fame' logo. The main text reads 'FAME IS BACK' and 'ARE U READY FOR IT?'. Below that, it says 'WELCOME TO THE LAUNCH OF TUSKER PROJECT FAME 2008'. The event details are listed: DATE: 1ST FEB 08, TIME: 6PM, VENUE: EABL CORPORATE CAR PARK, DRESS CODE: WHITE. At the bottom, it lists the names of the celebrities: Valerie, Wyre, Jua Cali, Redsan, Prezzo, Nameless, Wahu, Mr. Lenny, DNG, Nikki. There is also a small logo in the bottom right corner that says 'LIVE THE DREAM' and 'MILELE'.

www.eabl.com

TUSKER
Project
Fame

FAME IS BACK

**ARE U
READY
FOR IT?**

**WELCOME TO THE
LAUNCH OF TUSKER
PROJECT FAME 2008**

DATE: 1ST FEB 08
TIME: 6PM
VENUE: EABL CORPORATE CAR PARK
DRESS CODE: WHITE

*Mingle with Kenya's finest Celebrities:
Valerie, Wyre, Jua Cali, Redsan, Prezzo,
Nameless, Wahu, Mr. Lenny, DNG, Nikki.*

LIVE THE DREAM
MILELE



A 4 Minute Clip of Our Initiatives ...



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Continued growth across Key Metrics

Net sales increased by **27%**

EPS growth of **28%**

Marketing spend increased by **21%**

Generating free cash flow of **7.2Bn KES**

Delivering profit before tax growth of **22%**

Returning cash to shareholders of **5.2Bn KES**

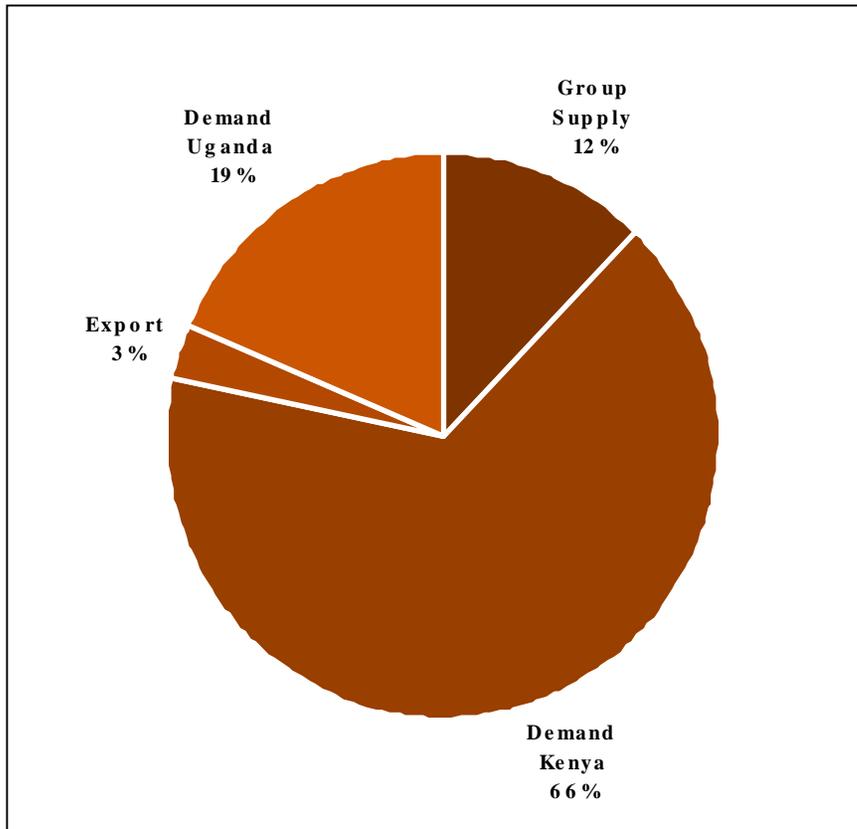
Continued Growth in Interim dividends **34%**

1.9Bn KES
34%

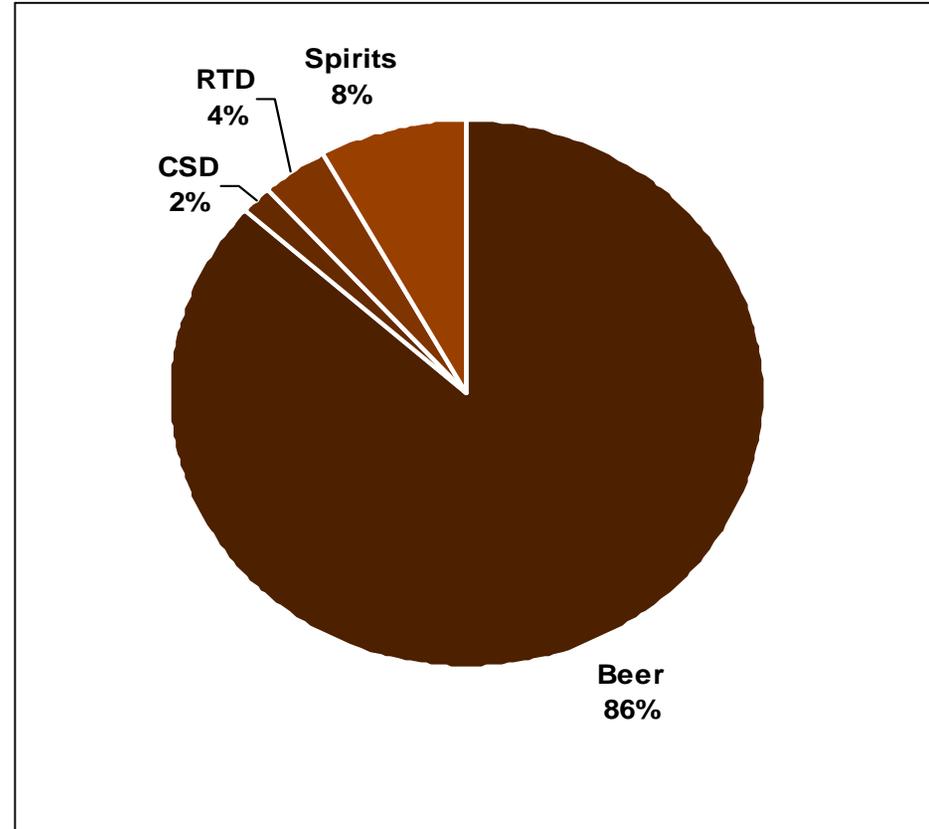


Delivering broad based NSV Growth

By Business Unit



By Category



Driven by our key Brands ...



Volume ▲ 15%
Net sales ▲ 22%



Volume ▲ 16%
Net sales ▲ 28%



Volume ▲ 7%
Net sales ▲ 9%



Volume ▲ 3%
Net sales ▲ 11%



Volume ▲ 23%
Net sales ▲ 29%



Volume ▲ 13%
Net sales ▲ 28%



Volume ▲ 0%
Net sales ▲ 7%



Volume ▲ 29%
Net sales ▲ 29%



Kenya ...

Growth based on superior execution

- ❑ Sales growth based on superior execution in market behind core brands e.g. Tusker, Guinness, Smirnoff & Richot
- ❑ Focus on premium and mainstream brand sales ensured good leverage
- ❑ Impact of Kenya's unrest felt in Jan & Feb
- ❑ Driving equity and core sales drivers is key and launch of Tusker Academy shows commitment to capability building



Volume growth	22%
Net sales growth	29%
Marketing spend	26%
Operating profit	25%



Uganda ...

Challenging H1 in wake of environmental issues

- ❑ Floods in the North of the country impacted H1 performance exacerbated by inaccessible West that affected on-trade consumption
- ❑ Despite this we still saw strong growth and more importantly share gains
- ❑ Continued focus on driving brand equity and executional excellence paid off and will benefit H2
- ❑ Impact of Kenya's unrest felt in Jan & Feb



Volume growth

0%

Net sales growth

16%

Marketing spend

11%

Operating profit

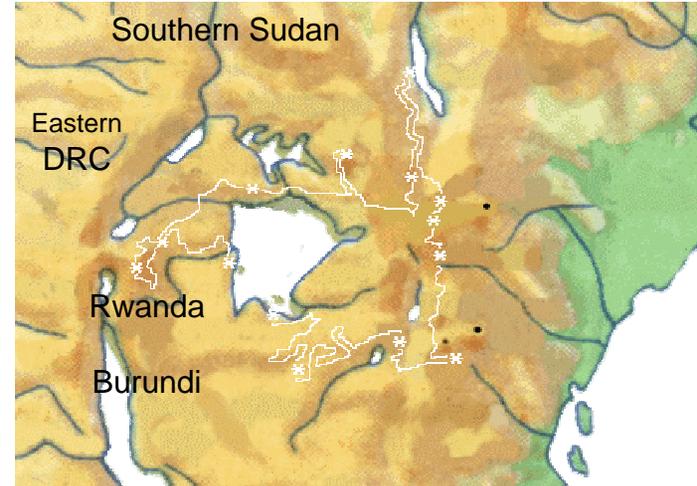
9%



Exports & Great Lakes ...

Further strengthening of performance

- ❑ Dedicated resources & new infrastructure in place to streamline our route to market paying dividends and set us up well for H2
- ❑ Floods in Northern Uganda impaired distribution in H1 somewhat
- ❑ Logistics costs under severe pressure – a challenge going forward



Volume growth

221%

Net sales growth

238%

Marketing spend

1000%

Operating profit

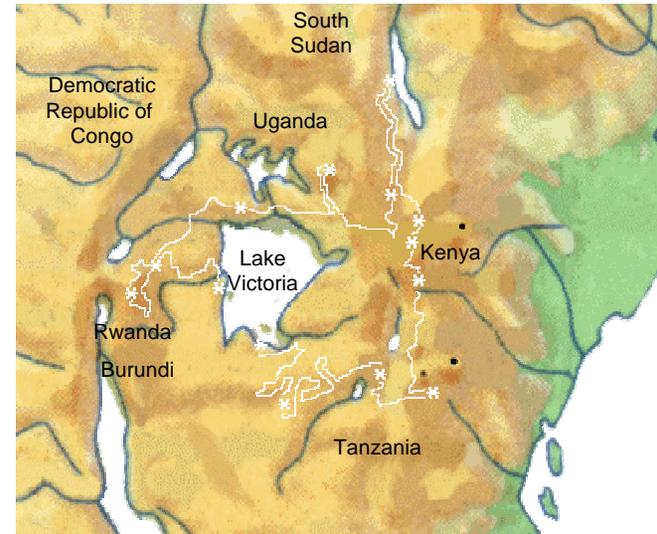
136%



Supply Operations ...

Changing footprint & increasing cost pressures

- ❑ New capacity on stream in Kenya & Uganda allows improved sourcing model
- ❑ Further significant capacity (beverages, glass & maltings) in the pipeline for H2 and next financial year
- ❑ Raw material cost pressures impact through Malt, Barley, Hops and other basic inputs
- ❑ Logistics challenges as a result of oil prices, Kenyan legislation & unrest continuing in H2
- ❑ Driving efficiencies & utilisation whilst minimising cost pressure a major focus

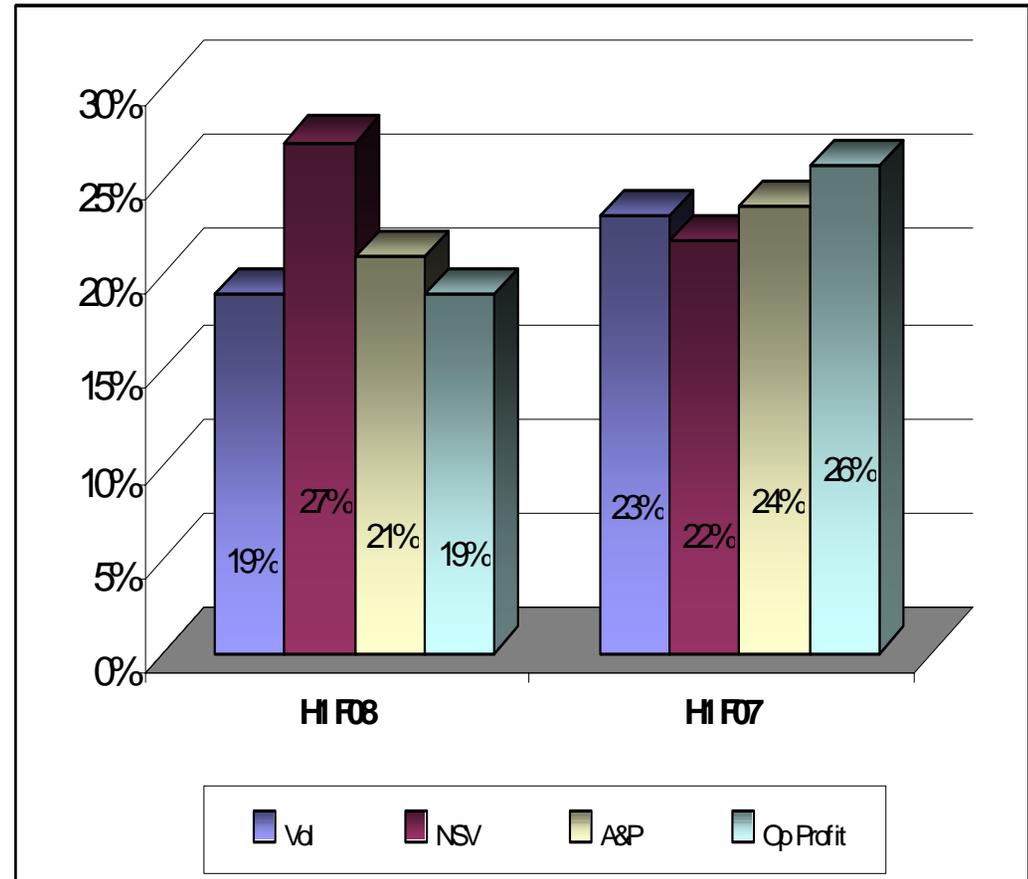


Input Costs	+22%
Efficiencies	+23%
Utilisation	+18%
Plant Capex Kshs	0.5Bn



P&L Leverage impacted by Costs ...

- ❑ Focus on mainstream & premium paying off in revenue growth vs. volume growth
- ❑ Continued marketing investment critical for future success
- ❑ Cost pressures (raw materials, utilities & fuel) a major challenge impacting leverage & likely to continue
- ❑ Infrastructure costs coming through ahead of planned savings (SAP)
- ❑ Impact of Kenya's unrest felt in Jan & Feb



6 months ended 31 December adjusted for acquisitions. Net sales is sales after deducting excise duties.



Income Statement in Mn KES.

	2008	2007	Movement	
	<u>Kshs'M</u>	<u>Kshs'M</u>	<u>Kshs'M</u>	<u>Change %</u>
Net Revenue	16,089	12,654	3,435	27%
Cost of Sales	(6,153)	(4,536)	(1,617)	36%
Gross profit	9,936	8,117	1,818	22%
Other operating income (Expense)	85	107	(22)	-20%
Selling and distribution costs	(1,110)	(918)	(192)	21%
Administrative expenses	(3,235)	(2,556)	(679)	27%
Profit from operations	5,675	4,750	925	19%
Net finance income	323	171	152	89%
Income from associate	455	379	76	20%
Profit before taxation	6,453	5,300	1,153	22%



Key Measures of Success

Net revenue of 16.1Bn growing



27%

PBT of 6.5Bn growing



22%

ROIC of 29% growing



373bps

EPS of KES 5.87 growing



28%

DPS of KES 2.40 growing

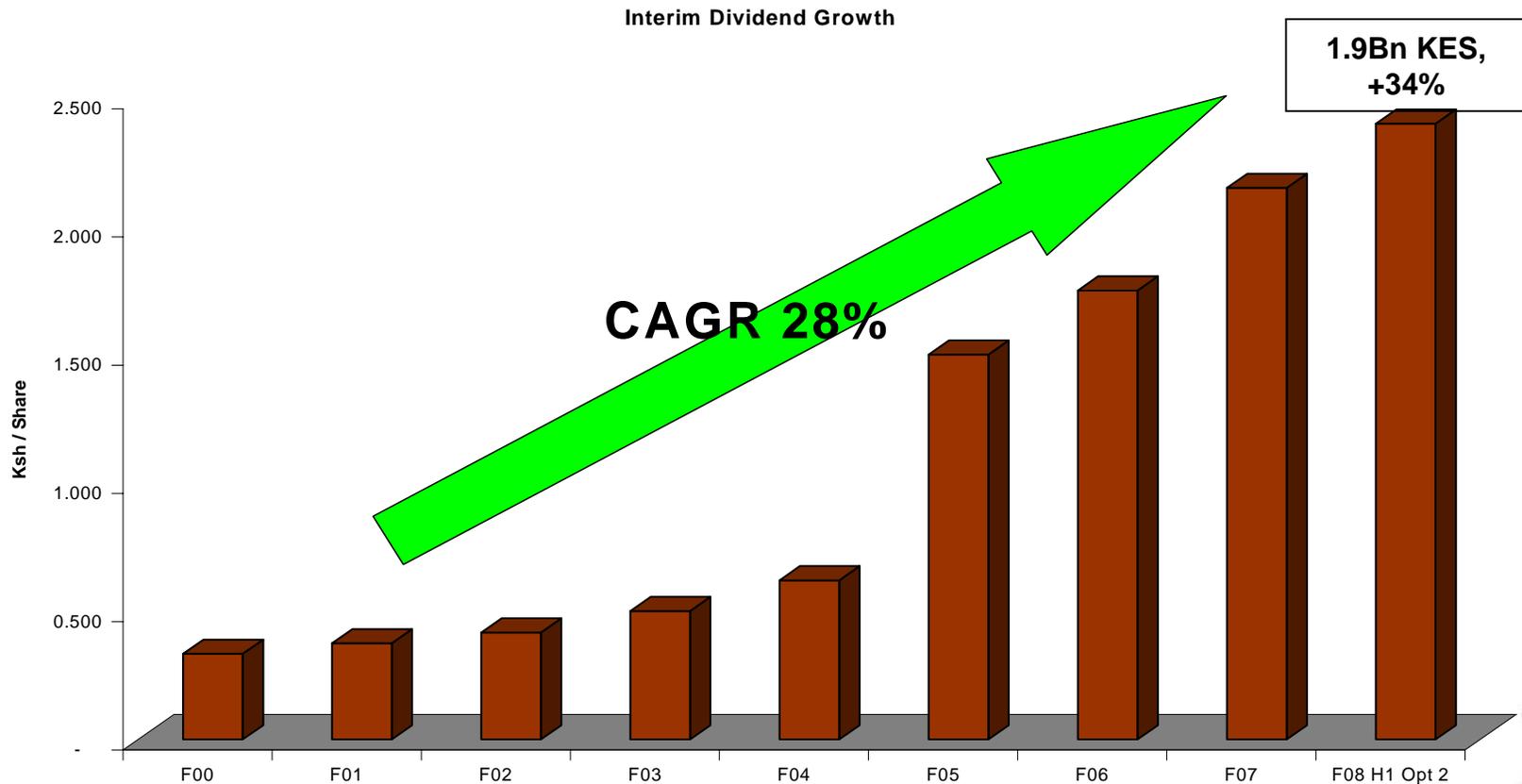


34%



Our Dividend Proposal

- > Interim dividend proposal of KES 2.40/share = +34%, in line with dividend policy
- > Cash dividend of 1.9Bn KES = +34%
- > DPS growth strong and paid on more shares following Bonus issue



Some Issues

- > Impact of Kenyan unrest felt across different areas of business in Jan & Feb:
 - Consumption – consumer confidence, destruction of bars, disposable income
 - Distribution – disrupted routes, higher insurance & security
 - Input materials & utilities – supply shortages & rapid inflation

- > Manufacturing cost base a key focus:
 - World raw material market shortages & high prices – fuel, hops, malt, glass...
 - Exacerbated by Kenyan unrest
 - Driving efficiencies & utilisation will help somewhat
 - Investments in CAPEX & maintenance must continue

- > Distribution costs:
 - Regional expansion driving expenditure upwards
 - World fuel continues to fluctuate with an upward trend
 - Legislative changes to loads will drive cost pressure



Outlook

Strong H1 Results but likely slower in early H2 with resumed momentum back end...

> Kenya

- The unrest in Kenya impacted growth in Jan & Feb but we expect strong momentum likely back end of FY post Political deal.

> Uganda

- Will recover from environmental impacts of H1 & continue to be the platform for the broader region
- Felt impact of Kenyan unrest in [short term] Jan & Feb.

> Great Lakes

- New route to market will benefit distribution
- Driving growth here to offset other risks is key

> International Exports

- Major supermarket listings a big win in UK



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Ask EABL ...





End

