

Growth in extraordinary times

East Africa Breweries Limited
2009 Half Year Results





The past 6 months have seen...

- **Challenging environment** - - Slow down in economies, cost inflationary pressures, continued impact of PEV.
- **Taxation** - - Excise duty on spirits in Kenya (up 300% in December), two tax increases on barley beers translating to 70% increase in six months
- **Evolving landscape** - - growing consumer class, changing consumer trends, transforming retail landscape, growing population, technology.
- **Heightened legislation/regulation** - - anti alcohol lobbyists, stricter advertising laws, etc.
- **Competition** - - new entrants, increased investment by existing players, competition from other industries/sectors, etc.



In spite of the difficult times we are operating in...

EABL continues to have major strengths based on:

- Strong Regional presence
- Broad range across brand categories
- Strong route to market
- Great marketing capabilities
- Deep understanding of consumer trends

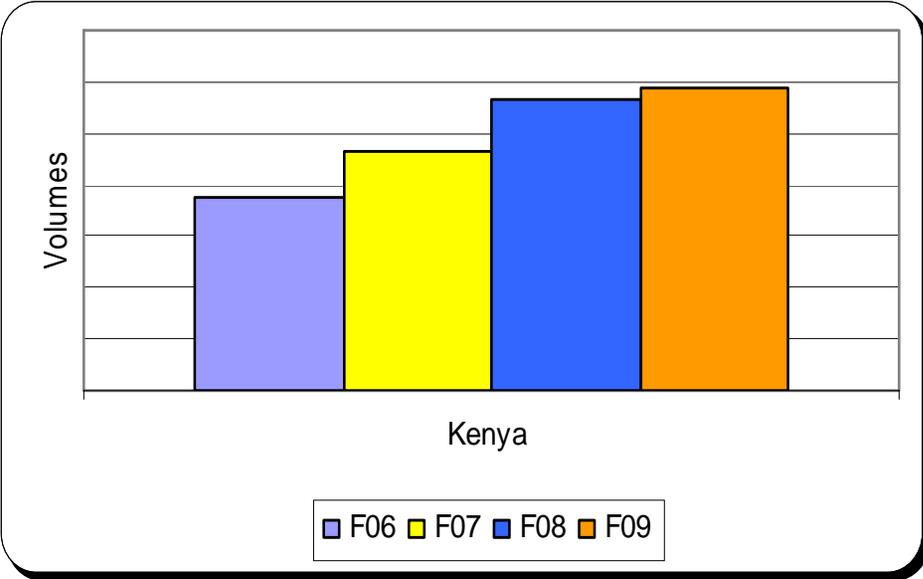


Continued growth across key financial measures

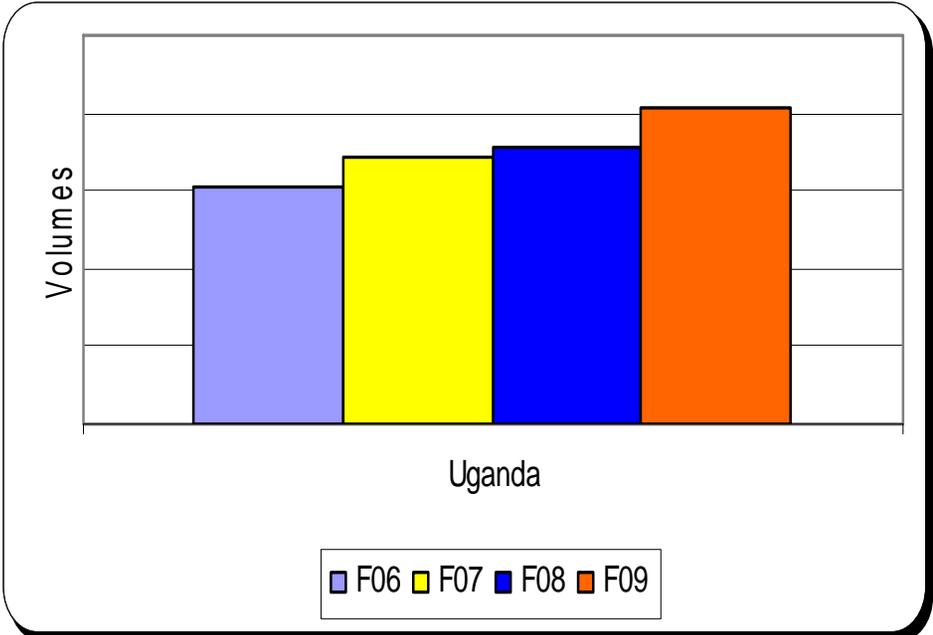
	versus H1 F08	
Volume	8%	↑
Net Sales Value [NSV]	12%	↑
Gross Profit	4%	↑
Profit Before Tax [PBT]	5%	↑
Earnings Per Share [EPS]	5%	↑



Our markets... Positive performance in all regions



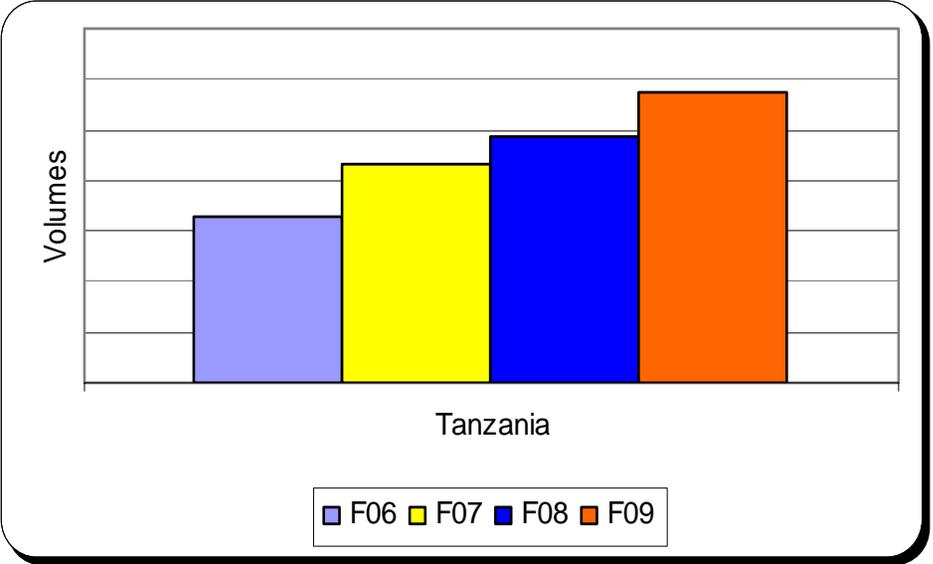
← Kenya +4%



Uganda + 20% →

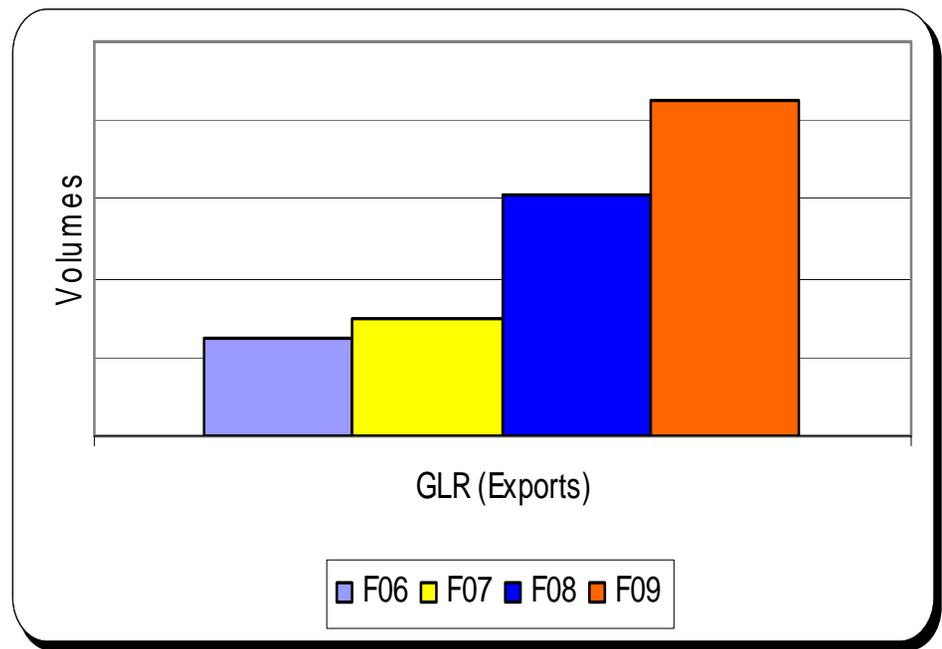


Our markets... Positive performance in all regions



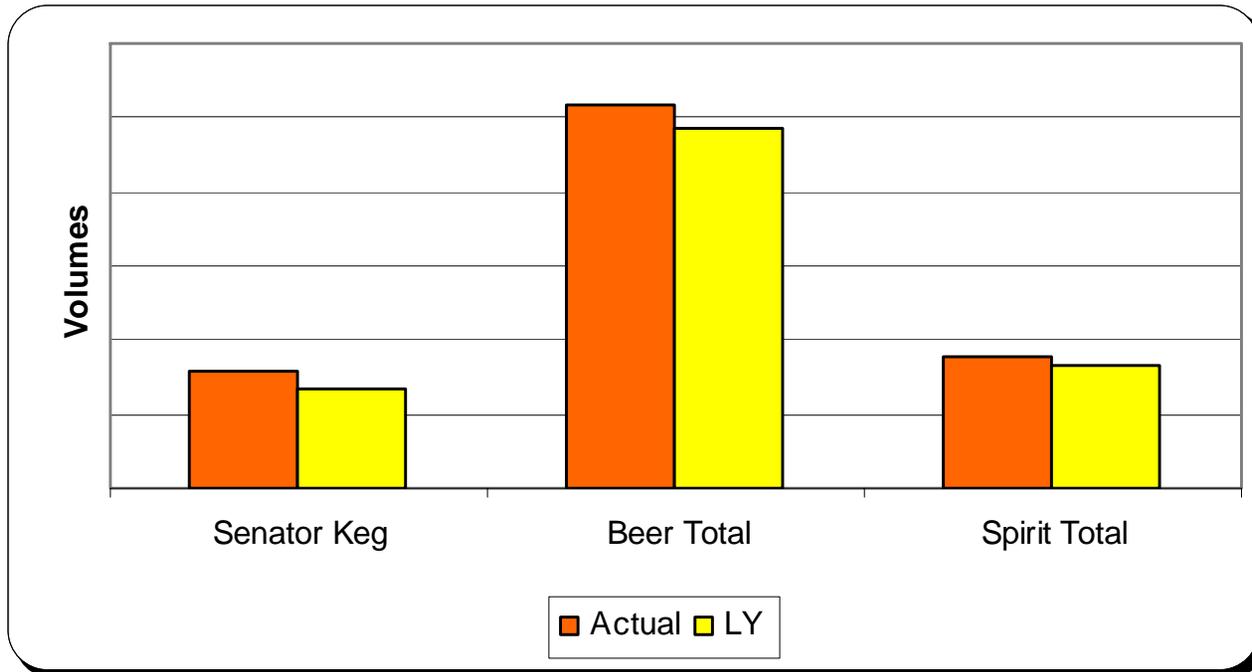
← Tanzania +17%

GLR + 39% →





Category performance



Senator keg
Vs. LY = +18%

Beer
Vs. LY = +7%

Spirits
Vs. LY = +9%



First half performance highlighted EABL's strengths...

- Geographic reach
- Brand range
- Experienced regional management team
- Ability to drive value from brand additions
- Financial strength

Supported by an exceptional portfolio of brands...



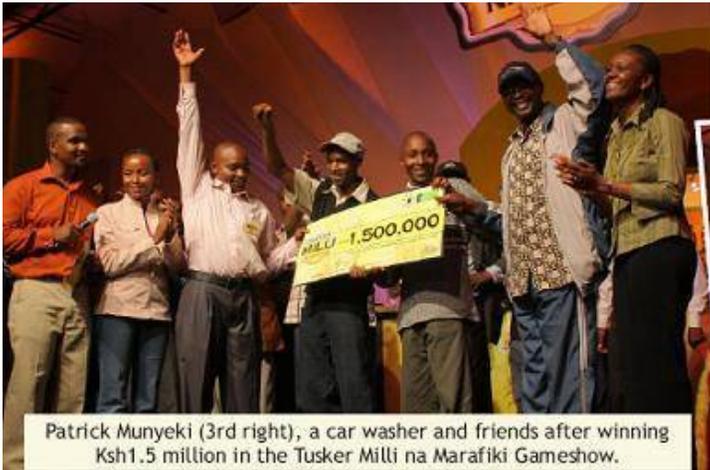


Understanding consumer trends

...continued demand for affordable drinks

- Continuous focus around our brands
- Ensure our marketing resonates with the consumer in today's environment
- Our deep understanding of all consumer categories
- Continued focus on sales execution
- Route to market capability –differentiated execution

Kenyan scene...



Patrick Munyeki (3rd right); a car washer and friends after winning Ksh1.5 million in the Tusker Milli na Marafiki Gameshow.

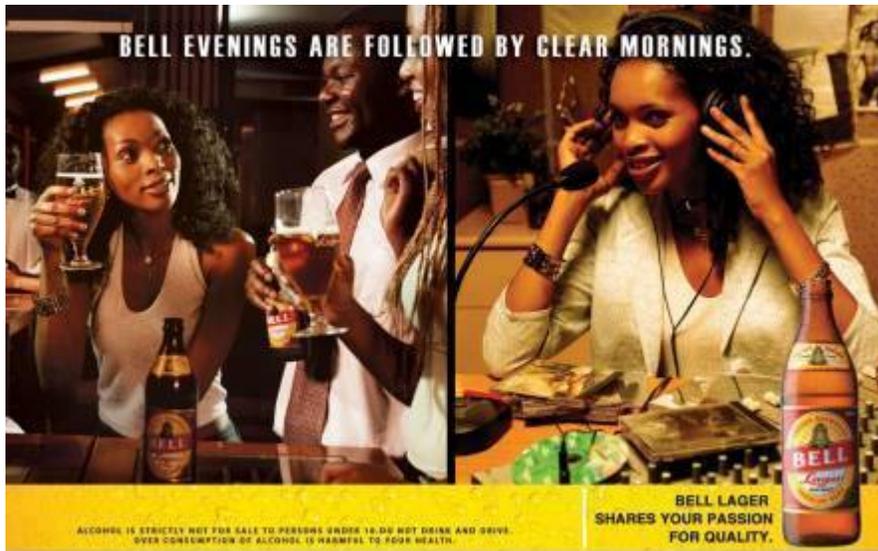


Optimizing consumer experience through different initiatives.

- Tusker Milli Na Marafiki promotion driving visibility and consumption
- Pilsner Mfalme Campaign
- Guinness on the back of the premier league activation
- White cap – focus on quality



Ugandan scene...



Growth in a very competitive landscape

- Bell – focus on quality
- UG Waragi – up 7% off a strong consumer campaign
- Guinness **+29%** on sound Football activations.
- Tusker Malt **up 7%**
- Pilsner up **+28%** riding on Pasa Pasa promotion

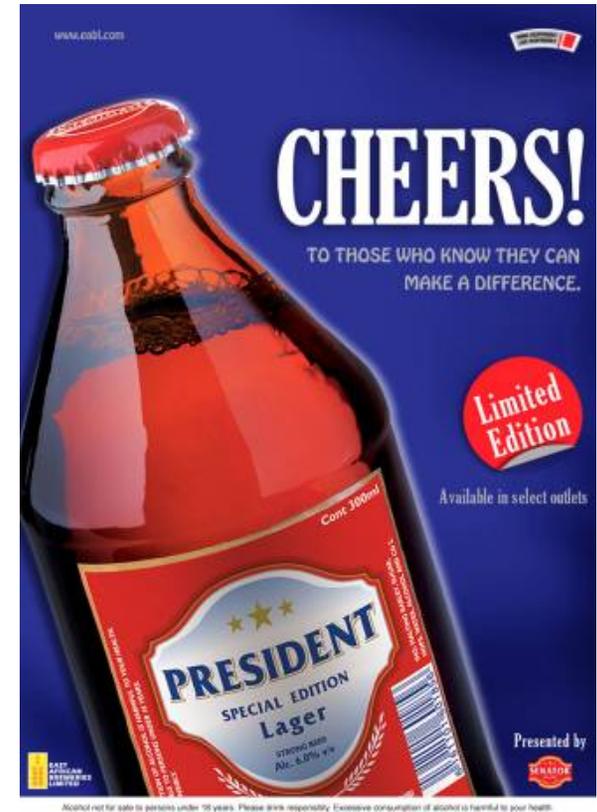
Tanzania scene...



Strong growth momentum sustained...

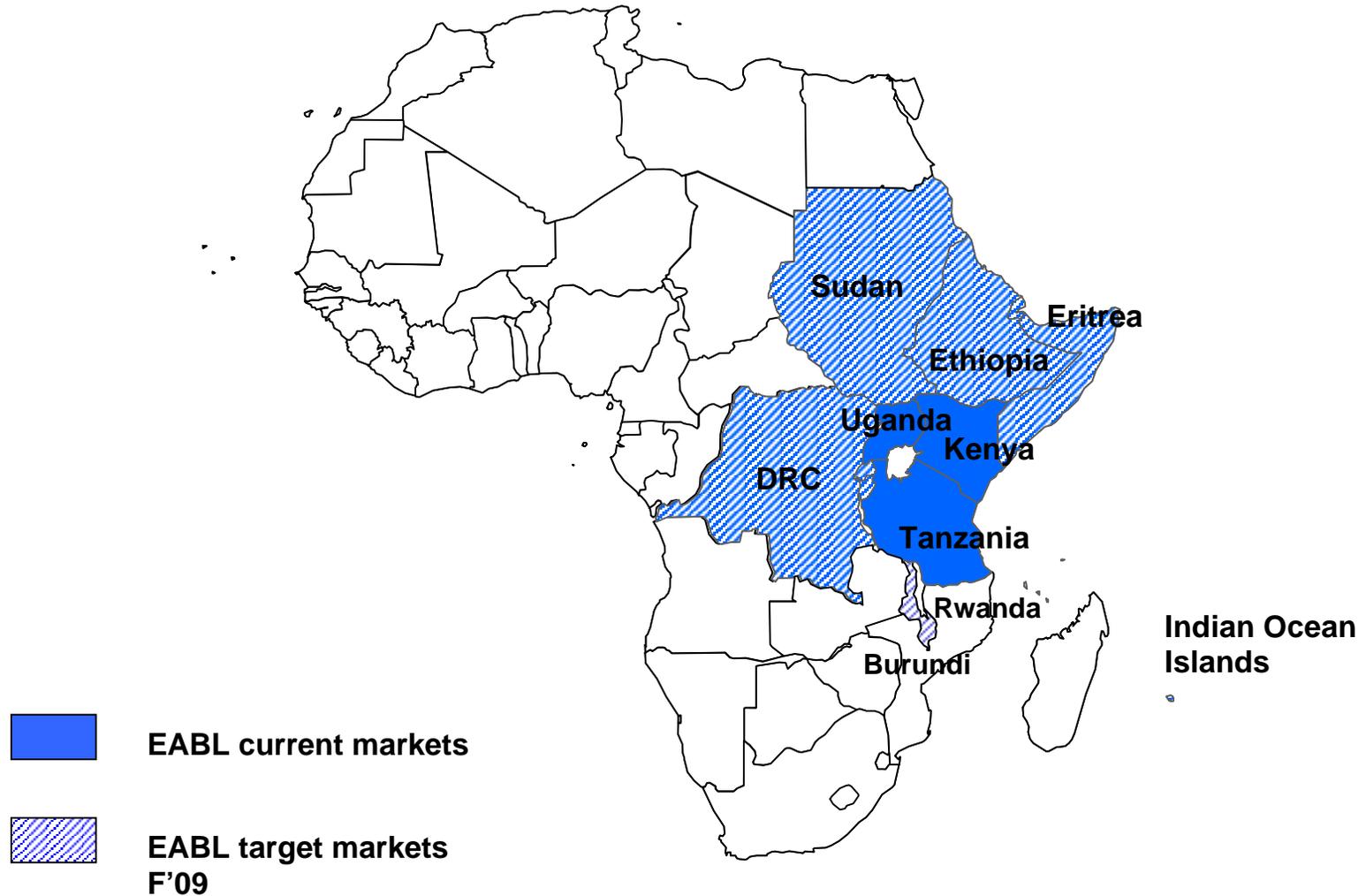
- Tusker was up **+12%**
- Guinness did exceptionally well at **+126%**
- **Malta** was **+67%**.
- But Pilsner was down **-51%**

Backed by an aggressive innovation agenda





And growing strong presence within E.A





Key indicators

- Good history of GDP for most markets
- Large pool of purchasing power
- Strong population growth Y-o-Y
- Further regional integration
- Relatively decent GDP forecast despite global downturn



Our communities - Kenya



Project Mazingira - rehabilitation and sustainable development (Ruaraka)



Blocks of H2Ope : 18 facilities across Kenya worth 16m



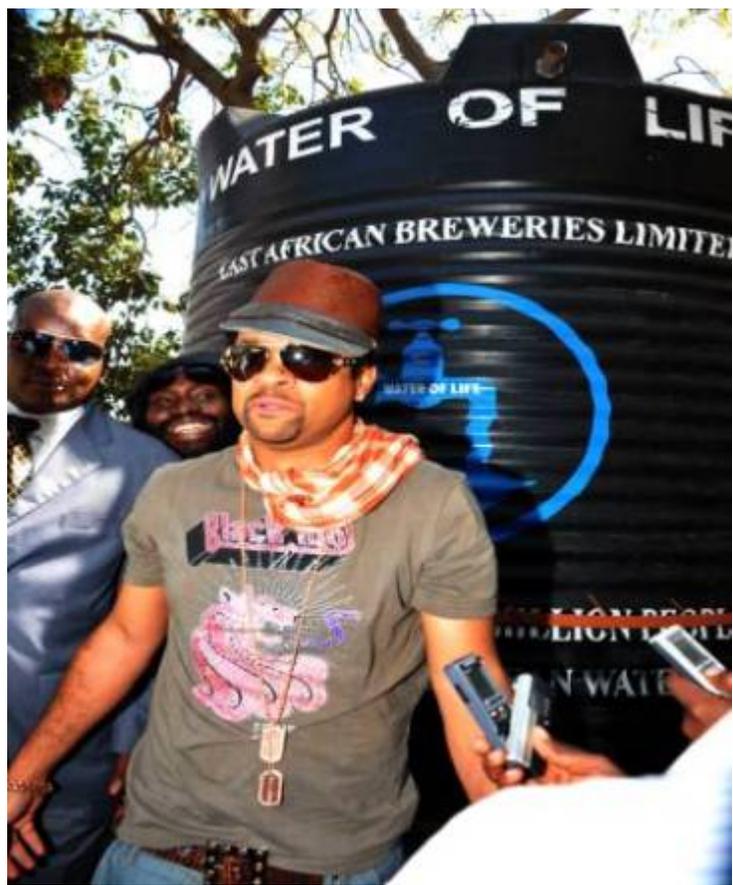
Water of life



Recycling aluminum cans



Our communities - Uganda



Shaggy - Kampala Dispensary water project



E-GREEN tree planting (Kasubi)



Responsible Drinking



Phase 2 launched, coast & western Kenya; Uganda rolling out soon



140 taxis branded



A Caltex-EABL partnership



A chance to make a difference...

SENATOR
EXTRA LAGER

Jisimamie

Na
Sh50million

In an effort to promote entrepreneurship in Kenya, EABL in conjunction with KCB and the Government will set up the Senator Jisimamie Fund.

Targetted at Small and Medium Enterprises (SMEs) the Jisimamie Fund will disburse up to Sh50,000 to each business with viable business plans.

All are invited to participate in this chance of a lifetime.

EABL is dedicated to promoting wealth creation

Log on to jisimamiesenator@eabl.com for details

Senator Fund launch in March 2009



Our focus for Half 2 will be.....

- Continued focus on beer, adult soft drinks and spirits
- Expanding Brand Footprint - - Regional, African, Global
- Continuous Innovation
- An aggressive cost management agenda
- Further improving our route to market
- Building capacity, capability & relationships with our Distributors
through offering support
- Engaging with the government on tax issues



Our focus for Half 2 will be.....



So despite challenging times

- Strong business
- Delivering growth and value in all the markets
- Building and investing behind brands and markets
- Innovating
- Capex investments
- Seeking out new opportunities.e.g.entry into the duty free market



EABL

... to ensure EABL
emerges from this
slowdown as a stronger
business.....



Financial Report



natural.
unique.
alvaro.™

Make a statement without saying a word.

By a crisp, cool Alvaro™. The non-alcoholic, natural malt drink with the refreshing taste of pure PEAR or PINEAPPLE.

After all, who wants to blend in?



The Alvaro™ name and associated logo are trademarks.

The non-alcoholic, natural alternative.



Growth of our financials under adverse macro's

Net sales increased by **12%**

EPS growth of **5%**

Marketing spend increased by **5%**

Operating cash flow of **5.7Bn Ksh**

Delivering profit before tax growth of **5%**

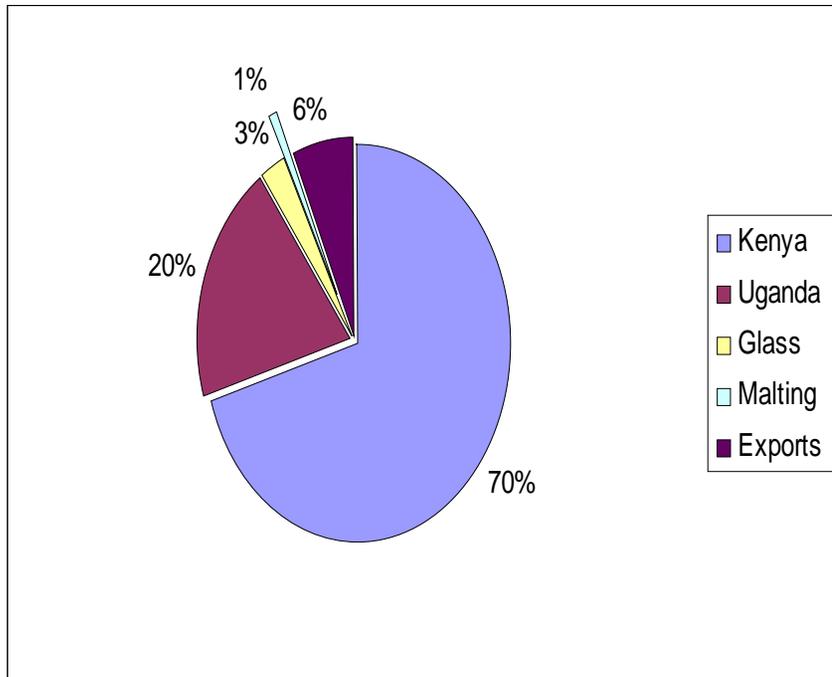
Returning cash to shareholders of **4.4Bn Ksh**



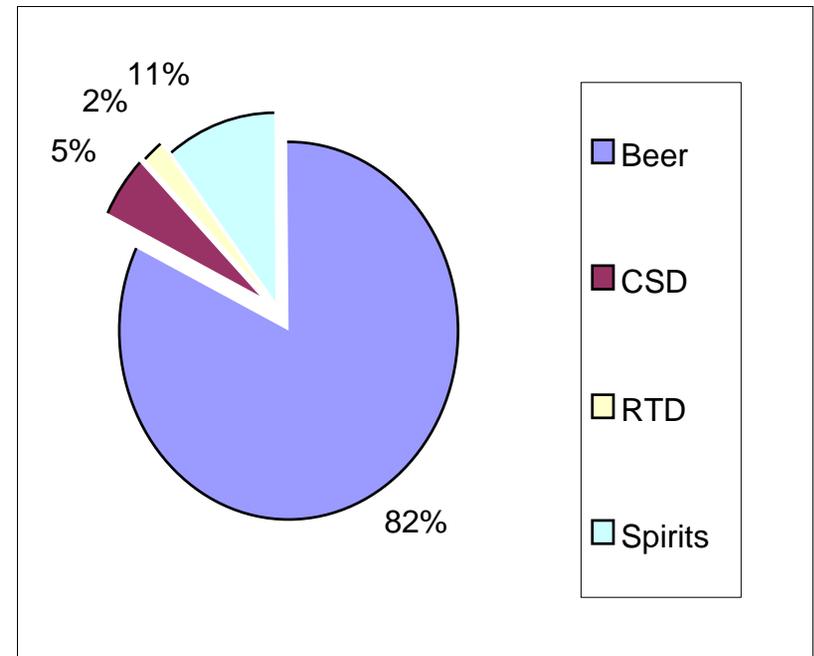
Delivering a broadly spread net sales growth

Contribution to net sales value

By business unit



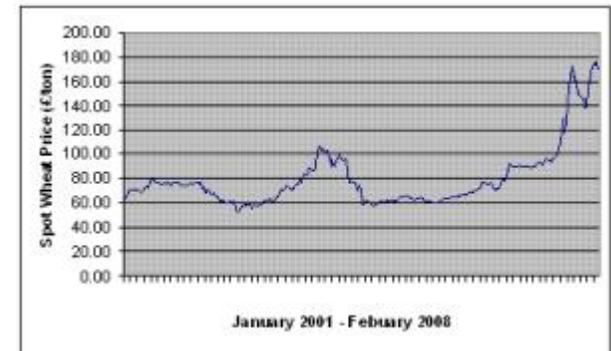
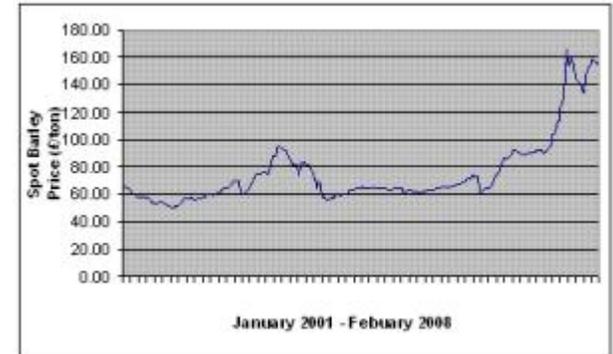
By category





The past 6 months have seen...

- Cost Of Inputs
 - Cereals, power, fuel
- Distributors management
 - Capability, financing
- Supply
 - S&OP
- Taxation
 - Excise on Beer & spirits





Kenya

Growth in a very soft market

- Sales growth driven by Senator Keg, Guinness and Whitecap
- Selective pricing review led to improved sales value to offset against rising costs
- Significant cost pressure mostly caused by higher raw material cost, energy & currency depreciation
- Driving premium & mainstream brands key for H2. Evaluating options to address the gap created by the tax increase on spirits



Volume growth

4%

Net sales value

7%

Marketing spend

6%

Operating profit

-10%



Uganda

Growth in a very competitive environment

- Heightened competitive activity
- Holding market share and growing volumes
- Impact of Kenya's economy down turn expected to slow growth.



Volume growth

20%

Net sales value

3%

Marketing spend

42%

Operating profit

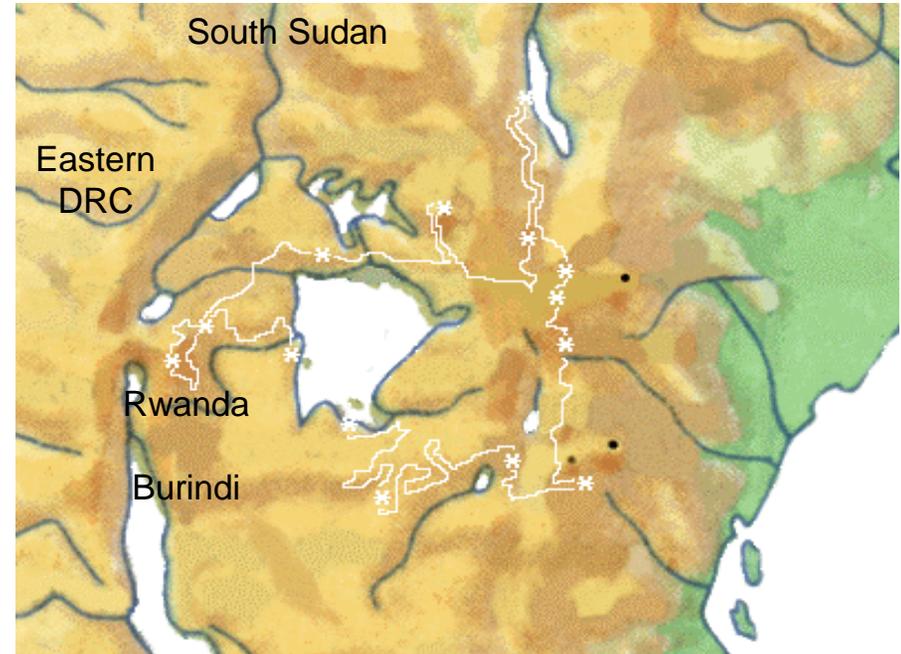
15%



Exports & Great Lakes

On track with our geographic expansion

- Enhanced product distribution
- Improved operating business model in place
- Building relationships with key customers in the new markets



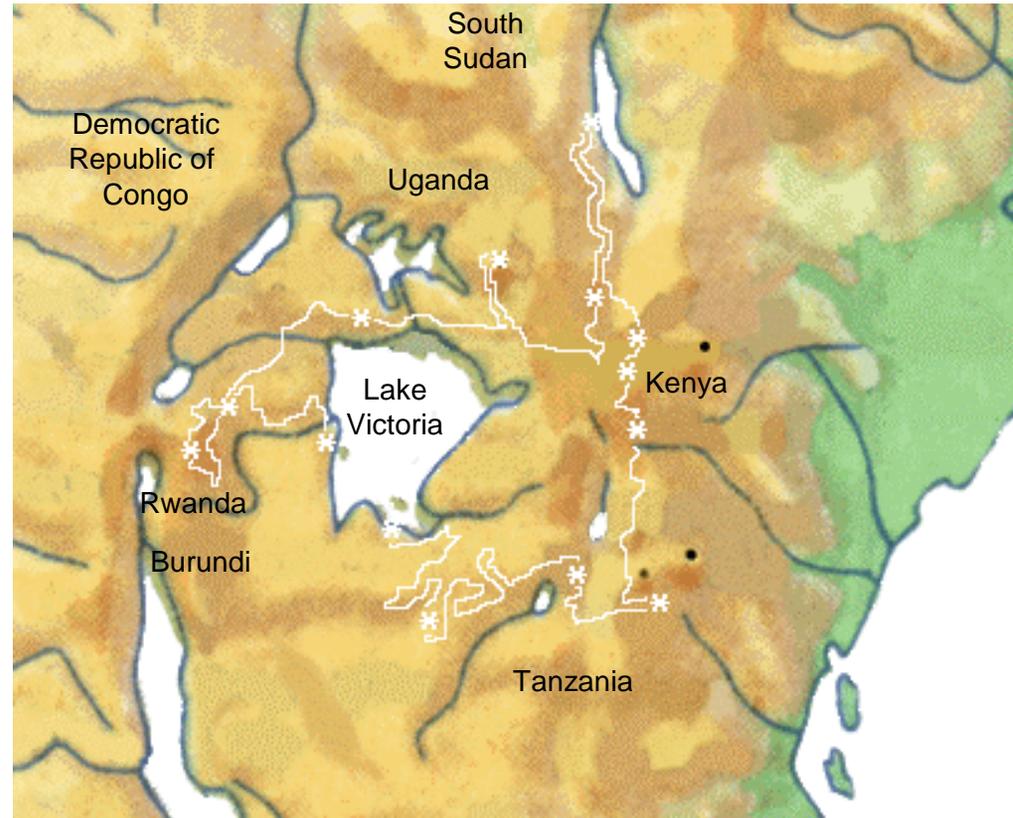
Volume growth	40%
Net sales value	70%
Marketing spend	100%
Operating profit	51%



Operations

Increasing cost pressures and inflation

- Raw material cost pressures(both local & imported) -Malt, Barley, Hops and utilities.
- Production process re-engineering to drive efficiencies & optimise utilisation.



Income statement Ksh (m)

East African Breweries Limited

Interim Financial Report for six months period ended 31 December 2008 (UNAUDITED)

Consolidated Profit and Loss Account

	Six months to 31-Dec-08 <u>Kshs M</u>	Six months to 31-Dec-07 <u>Kshs M</u>	<u>Change %</u>
Net Revenue	18,096	16,089	12%
Cost of Sales	(8,948)	(7,290)	23%
Gross profit	9,148	8,799	4%
Other operating expense	(53)	(92)	-42%
Selling and distribution costs	(1,162)	(1,107)	5%
Administrative expenses	(2,011)	(1,925)	4%
Profit from operations	5,922	5,675	4%
Net finance income	326	323	1%
Income from associate	517	455	14%
Profit before taxation	6,765	6,453	5%
Income tax expense	(1,863)	(1,720)	8%
Profit after taxation	4,902	4,733	4%
Minority interest	(849)	(864)	-2%
Net profit	4,053	3,869	5%
Basic earnings per share	5.13	4.89	5%
Diluted earnings per share	5.13	4.89	5%
Interim dividend per share paid	2.50	2.40	4%



Our growth trajectory...

Net revenue of 18.1Bn growing



12%

PBT of 6.8 Bn growing



5%

EPS of Ksh 5.13 growing



5%

DPS of Ksh 2.50 growing



4%



Our dividend proposal...

- Interim dividend proposal of Ksh 2.50 /share = +4% in line with our dividend policy
- Cash dividend of 2Bn Ksh = +4%



We will continue to
manage growth in these
challenging times...

...to ensure EABL
emerges from this
slowdown as a stronger
business

