East African Breweries Limited

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HALF YEAR RESULTS

Interim Financial Report for the six months period ended 31 December 2013 (UNAUDITED)

- **Net Sales grew by 4% to Kshs 31.9bn**
- **Investment behind our brands rose by 20%**
- **Operating Profit grew by 3% to Kshs 8.1bn**
- **Profit attributable to shareholders grew by 5% to Kshs 3.9bn**

East African Breweries Limited Consolidated Profit & Loss Account (Unaudited)

	Six Months to 31-Dec-2013 Kshs M	Six Months to 31-Dec-2012 Kshs M	Growth %
Net Revenue	31,858	30,633	4%
Cost of Sales	(16,127)	(16,234)	-1%
Gross profit	**15,731**	**14,399**	**9%**
Selling and distribution costs	(3,047)	(2,541)	20%
Administrative expenses	(4,507)	(3,564)	26%
Other operating income/(expense)	(50)	(436)	-89%
Profit from operations	**8,127**	**7,858**	**3%**
Net finance income / (costs)	(2,043)	(2,061)	-1%
Profit before taxation	**6,084**	**5,797**	**5%**
Income tax expense	(1,923)	(1,815)	6%
Profit after taxation	**4,161**	**3,982**	**4%**
Non-controlling interest	(212)	(227)	-7%
Net profit	**3,949**	**3,755**	**5%**
Basic earnings per share	4.99	4.75	5%
Diluted earnings per share	4.99	4.75	5%
Interim dividend per share paid	1.50	1.50	

The Board of Directors of East African Breweries Limited (EABL) is pleased to announce its half-year results for the six months ending 31st December 2013. EABL delivered net revenue growth of 4% and profit after tax growth of 4% in spite of significant challenges in the period.

In Kenya, the business experienced a strong first quarter but the implementation of excise duty on Senator Keg on 1st October led to a significant volume reduction on that brand during the second quarter. Management are reviewing its position in the emerging beer category to ensure sustainability. Strong performance of Tusker, Guinness and spirits partly mitigated that impact, with overall net revenue growing by 6%.

Performance in Uganda was robust, despite a weak consumer economy. Net revenue in Uganda grew by 17% due to improved availability, mix and pricing initiatives.

In Tanzania, net revenue of Serengeti Breweries Limited declined by 11% due to the short-term impact of route to consumer initiatives which led to destocking by the wholesaler channel as we moved to an exclusive distribution model. We continue to invest in our business and brands and are confident that this new model is the optimal platform for future growth.

Our international exports business was impacted by political instability in South Sudan in the second quarter but despite this grew net revenue by 6%.

Across the region, we experienced good double digit net sales growth in our premium and mainstream beer and spirits categories. Emerging beer net sales declined by 24% primarily due to the impact of the reduction of the duty remission on Senator in Kenya. However, this was partly offset by strong growth in emerging spirits.

Our cost of sales declined by 1% due to a reduction in raw material costs and the implementation of initiatives to optimise production processes.

We continued our strategy of investing ahead of growth in our brands, increasing our selling and distribution costs by 20% compared to last year. Our brand portfolio was supported by a number of marketing campaigns including Tusker Project Fame 6, "Be the Manager" campaign for Guinness, "Welcome to the Bell Nation" campaign for Bell Lager and the Serengeti Premium Lager Fiesta events. Spirits campaigns included Johnnie Walker Red Label's "Step Up" campaign which was enhanced by the inaugural "Love Whisky Festival" in Kenya.

Administrative expenses grew by 26%, with underlying growth of 13%, as a result of the impact of one-off costs related to the recent organisational restructuring, as well as incremental investments to streamline back office processes in Tanzania.

During the period net financing costs remained broadly flat. Profit attributable to shareholders improved by 5% to Kshs 3.9bn.

The Board is satisfied with this positive performance in spite of the challenges faced, and expects similar performance to continue in the short term, as the business continues to invest in longer term growth.

DIVIDEND

The Directors are pleased to recommend an interim dividend of Kshs 1.50 per share.

The records date for qualification for the dividends is 14th March 2014. The register of members shall remain closed until close of business on 14th March 2014 for purposes of preparing dividend warrants. The dividends shall be paid on or about 11th April 2014.

Ruth Ngobi
Group Company Secretary

Kenya Breweries Limited Ltd
Central Glass Industries Ltd
EABL International Ltd
Uganda Breweries Ltd
UDV (Kenya) Ltd
Serengerti Breweries Ltd
East African Maltings Ltd
International Distillers Uganda Ltd
East African Beverages (Southern Sudan) Ltd

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