

East African Breweries PLC

RESULTS FOR THE HALF-YEAR ENDED 31ST DECEMBER 2023 (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 2023.



EABL has delivered double digit revenue growth of 16%, in the face of a challenging operating environment characterised by a financially stressed consumer, inflation, currency devaluation and rising interest rates.

Operating profit grew 6%, however, profit after tax declined 22% impacted by foreign exchange losses and an increase in the cost of debt. Nevertheless, the EABL Board has declared an interim dividend of Kshs 1.00 per share.

Our volume and revenue growth gives confidence that the underlying business fundamentals remain strong and we are well positioned despite the challenging backdrop.

The Board would like to thank Management for their performance in the first half and will continue to support them to execute our strategy and deliver consistent, sustainable long-term growth.

Dr. Martin Oduor-Otieno - Group Chairman



We have achieved a resilient set of results in the half amid macro headwinds. Our great brand building, solid commercial execution and consumer insight led innovation has allowed us to sustain our revenue growth momentum. Our bottom line, however, has been impacted by increased cost of inputs, currency devaluation and rising interest rates.

Following the commissioning of our microbrewery, we have accelerated the launch of exciting beer and cider innovations addressing new consumer insights. In addition, we continued to deliver on our Environmental, Social and Governance (ESG) strategy, yielding positive results around water efficiency and carbon footprint.

Our priorities are clear for the second half: remaining consumer centric and executing brilliantly to keep up with the dynamism in the market, driving cost efficiency to grow margins and continuing to invest smartly in our brands and business. Further, we will continue to deliver against our ESG targets, whilst driving a high-performance culture and engagement of our people.

I extend my appreciation to the Board, our teams and stakeholders for their support as we gear up to deliver our H2 commitments.

Ms. Jane Karuku - Group MD & CEO

Net Sales
Kshs 66.5bn
+16% vs LY

Profit After Tax
Kshs 6.8bn
-22% vs LY

Interim Dividend Per Share
Kshs 1.0

Condensed consolidated statement of comprehensive income for the half year ended:

	31 December 2023 Kshs 'M	31 December 2022 Kshs 'M
Gross sales	119,080	104,659
Indirect taxes	(52,540)	(47,398)
Net Revenue	66,540	57,261
Cost of sales	(37,033)	(30,703)
Gross profit	29,507	26,558
Operating costs	(13,145)	(11,106)
Operating profit	16,362	15,452
Foreign exchange losses	(2,309)	(209)
Net Finance costs	(3,958)	(2,389)
Profit before income tax	10,095	12,854
Income tax expense	(3,315)	(4,151)
Profit for the period	6,780	8,703
Other comprehensive income	1,552	1,124
Total Comprehensive income	8,332	9,827
Total Comprehensive income for the period attributable to:		
Equity holders of the company	6,962	7,946
Non-controlling interests	1,370	1,881
Total Comprehensive income for the period	8,332	9,827
Basic earnings per share (annualized)	13.80	17.26

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 2022 & 1 July 2022	3,273	(1,470)	8,678	5,733	10,200	26,414
Comprehensive income	-	4,124	9,857	-	2,579	16,560
Employees share based ownership plan	-	(85)	-	-	-	(85)
Dividends:						
-Final for 2022	-	-	-	(5,733)	(2,447)	(8,180)
-Total for 2023	-	-	(4,349)	1,384	-	(2,965)
At 30 June 2023 & 1 July 2023	3,273	2,569	14,186	1,384	10,332	31,744
Comprehensive income	-	1,505	5,457	-	1,370	8,332
Dividends:						
-Final for 2023	-	-	-	(1,384)	-	(1,384)
-Interim for 2024	-	-	(791)	791	-	-
At 31 December 2023	3,273	4,074	18,852	791	11,702	38,692

Condensed consolidated statement of cash flows for the half year ended:

	31 December 2023 Kshs 'M	31 December 2022 Kshs 'M
Cash generated from operations	19,740	15,135
Net interest paid	(3,957)	(2,321)
Income tax paid	(2,232)	(8,010)
Net cash generated from operating activities	13,551	4,804
Purchase of property, plant and equipment	(4,307)	(6,712)
Other investing activities	(1)	(6)
Net cash used in investing activities	(4,308)	(6,718)
Dividends paid	(1,384)	(8,241)
Net movement in borrowings	(6,593)	6,010
Net cash used in financing activities	(7,977)	(2,231)
Net increase/(decrease) in cash and cash equivalents	1,266	(4,145)
At start of the period	9,043	8,067
Foreign exchange impact of translation	372	280
Net increase/(decrease) in cash and cash equivalents	1,266	(4,145)
Cash and cash equivalents at end of the period	10,681	4,202

Condensed consolidated statement of financial position as at:

	31 December 2023 Kshs 'M	30 June 2023 Kshs 'M
Share capital and Share premium	3,273	3,273
Retained earnings	18,852	14,186
Other reserves	4,074	2,569
Proposed dividend	791	1,384
Non-controlling interests	11,702	10,332
Total equity	38,692	31,744
Borrowings	49,350	51,017
Other non-current liabilities	7,833	7,941
Non-current liabilities	57,183	58,958
	95,875	90,702
Property, plant and equipment	85,144	81,477
Other non-current assets	7,781	7,678
Non-current assets	92,925	89,155
Inventories	15,155	15,608
Trade and other receivables	17,427	12,250
Cash and bank balances	13,514	10,253
Other current assets	4,040	5,327
Current assets	50,136	43,438
Trade and other payables	37,531	30,527
Borrowings	5,169	8,401
Bank overdraft	2,833	1,210
Other current liabilities	1,653	1,753
Current liabilities	47,186	41,891
Net current assets	2,950	1,547
	95,875	90,702

Operating Environment

The macro environment remains challenging with GDP growth outweighed by inflation, rising interest rates and currency depreciation across the region. As a result, consumer purchasing power has been impacted leading to shifts in their behaviour towards value seeking and spend reprioritisation. Further, the cost of doing business has significantly increased. Positively, Kenya and Uganda held excise duty rates on finished goods, while Tanzania maintained a predictable tax policy.

Business Review

- Net sales grew 16% to Kshs 66.5 billion while volume grew 2% against the same period last year. This was attributable to strategic pricing, a strong portfolio and solid commercial activities.
- Reported profit after tax of Kshs 6.8 billion was 22% below the same period last year. Input cost inflation, currency devaluation and rising interest rates impacted profitability, partly mitigated by pricing and cost management initiatives.
- Cash and cash equivalents increased by Kshs 6.5 billion at 31st Dec 2023 compared to 31st Dec 2022 driven by revenue growth.

Dividend

The Board of Directors has recommended the payment of an interim dividend of Kshs 1.00 per share subject to withholding tax, to be paid on or about 26th April 2024 to shareholders registered at the close of business on 16th February 2024.

By order of the Board
Ms. Angela Namwakira
Group Company Secretary
Date: 25th January 2024