



GUINNESS GHANA
BREWERIES LIMITED

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GUINNESS GHANA BREWERIES LIMITED

F18 HALF YEAR RESULTS INVESTOR BRIEFING

DATE: 30TH JANUARY 2018
TIME: 11AM – 12NOON





Gavin Pike
Managing Director



Teye Mkushi
Finance Director



Gabriel Opoku-Asare
Corporate Relations
Director

- **F18 Half Year Review** **Gavin Pike – Managing Director**
- **Financial Performance** **Teye Mkushi – Finance Director**
- **Summary** **Gavin Pike**
- **Q&A** **Moderator**



To create the best performing, most trusted and respected consumer products company in Ghana

- Strengthen and accelerate our premium core brands
- Win in Reserve
- Innovate at scale to meet new consumer needs
- Build and then constantly extend our advantage in route to consumer
- Drive out costs to invest in growth
- Guarantee our plans with the right people and capabilities



- GDP growth has accelerated from 3.7%¹ (2016) to 7.9%² (2017).
Forecast Growth 8.3% 2018
- Inflation (CPI) continues to decline - 15.4%¹ (2016) to 11.8%¹ (2017).
- Business and consumer confidence is high.
- Monetary policy rate has been on steady decline. From 25.5%² (Dec '16) to 20%² (Dec '17).
- GHS:USD exchange rate has been relatively stable, albeit with some volatility pre-budget announcement in Nov 2017.
- IMF program still running with a fourth successful review

1 Ghana Statistical Service

2 Ministry of Finance

3 Bank of Ghana

We are well placed to take advantage of this attractive market

- Breadth of portfolio spanning alcoholic and non alcoholic beverages, both attractive growth sectors.
- Optimized funding structure has enabled a cash generative business with significantly reduced financing costs.
- Readiness to invest for future growth, evidenced by ongoing investment in our two brewery sites and format extension to PET.





Net Sales growth of 9% and a 54% reduction in Finance Charges

Net Sales	+9%
Gross Profit	+2%
Advertising, Overheads and Other Expenses	+16%
Finance Charges	-54%
Profit before tax	+20%

Strengthen and accelerate our Premium Core



Win in Reserve



Innovate at Scale



Drive out cost to invest in growth

Driving Productivity through operational efficiencies and sustained focus on improved cost management



Route to consumer (RTC)

Distributor Gold Standard Program
 – Focus on KD Capability, Capacity and Capital Management



Guarantee our plans with the right people and capabilities

Investing in;
 - Our people,
 - Capability
 - Working tools



Creating a positive role for alcohol in society.



Enriching Lives, Empowering Communities



Our Journey Towards Most Trusted and Respected...



- CSR Company of the year
- CSR Manufacturing company of the year



**Best Practices in
Sustainable Manufacturing**



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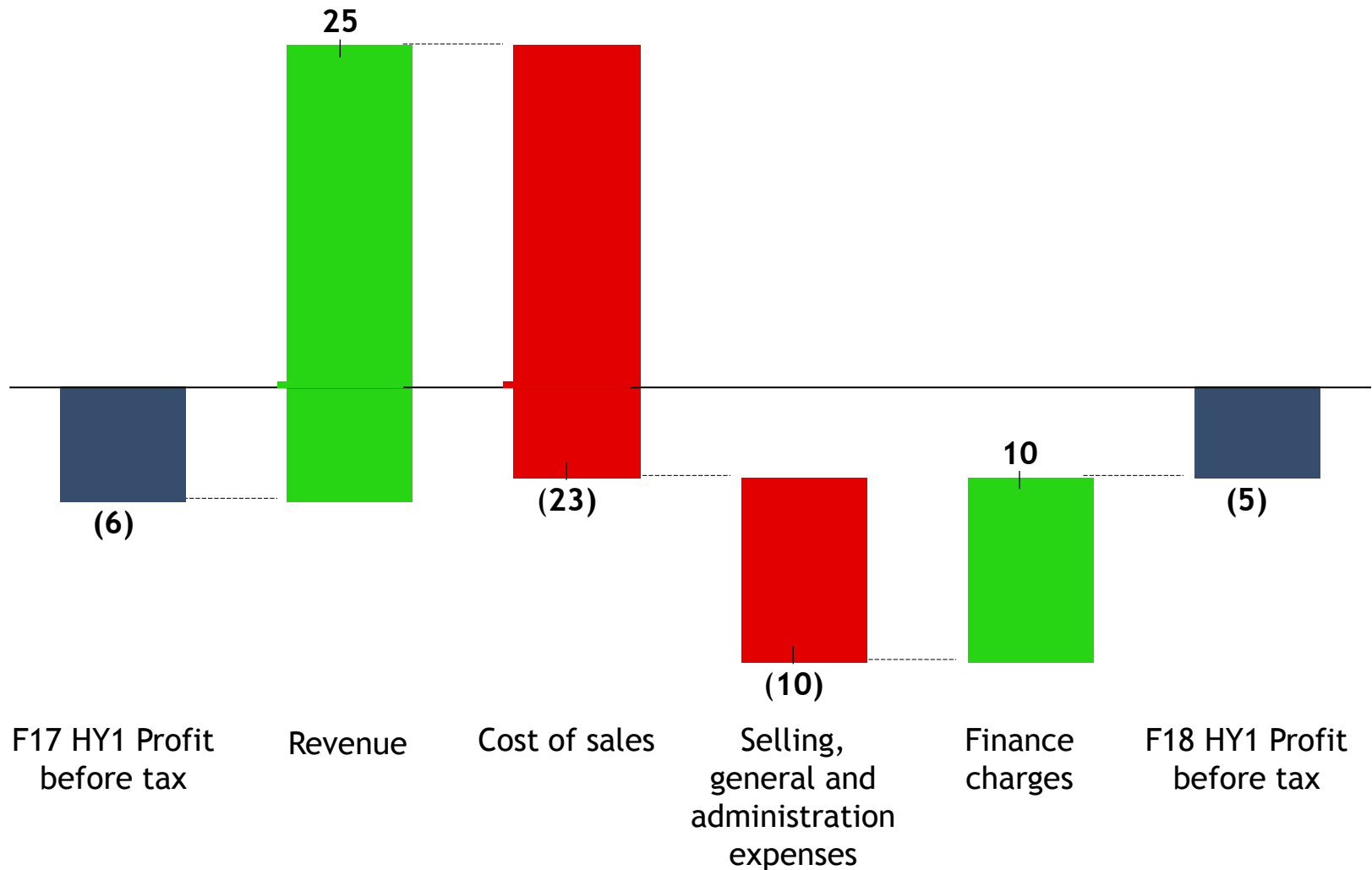
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Financial Performance

Teye Mkushi
Finance Director



GGBL continues to grow Topline while also focused on reducing finance charges



SOURCE: GGBL STATUTORY ACCOUNTS F18 HY1 vs F17 HY1; GHS 'm

Financial Report HY 31st December 17

GGBL Income Statement

	31/12/2017	31/12/2016	
	<u>GHS '000</u>	<u>GHS '000</u>	Growth %
Net Revenue	315,176	290,452	9 %
Cost of Sales	(240,502)	(217,069)	11 %
Gross Profit	74,673	73,383	2 %
Advertising, Overheads and Other Expense	(71,285)	(61,361)	16 %
Operating Profit	3,388	12,022	(72)%
Finance Charges	(8,393)	(18,239)	(54)%
Profit before income tax	<u>(5,005)</u>	<u>(6,218)</u>	20 %

SOURCE: GGBL STATUTORY ACCOUNTS F18 HY1 vs F17 HY1; GHS '000

Cost of sales increase grew 11%, behind inflation at 11.8%...

Financial Report HY 31st December 17

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SOURCE: GGBL STATUTORY ACCOUNTS F18 HY1 vs F17 HY1; GHS '000

Investment in advertising, overheads and other expense grew ahead of inflation...

Financial Report HY 31st December 17

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SOURCE: GGBL STATUTORY ACCOUNTS F18 HY1 vs F17 HY1; GHS '000

Significant reduction in finance costs as a result of a strong operating cash position

Financial Report HY 31st December 17
GGBL Income Statement

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Net cash generated from operating activities

27,492

(1,769)

SOURCE: GGBL STATUTORY ACCOUNTS F18 HY1 vs F17 HY1; GHS '000



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Summary

Gavin Pike
Managing Director



GGBL delivered a positive topline growth in HY1 by focusing on our performance priorities

- Strengthen and accelerate our premium core brands
- Win in Reserve
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Q & A Session

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This presentation contains ‘forward-looking’ statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability or cost of financing to GGBL or Diageo, anticipated cost savings or synergies, the completion of GGBL or Diageo’s strategic transactions and restructuring programmes, anticipated tax rates, expected cash payments, outcomes of litigation, anticipated deficit reductions in relation to pension schemes, general economic conditions and all statements on the slide “outlook statements”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside GGBL or Diageo’s control.

These factors include, but are not limited to:

- global and regional economic downturns;
- increased competitive product and pricing pressures and unanticipated actions by competitors that could impact GGBL or Diageo’s market share, increase expenses and hinder growth potential;
- the effects of GGBL or Diageo’s strategic focus on premium drinks, the effects of business combinations, partnerships, acquisitions or disposals, existing or future, and the ability to realise expected synergies and/or costs savings;
- GGBL or Diageo’s ability to complete existing or future business combinations, restructuring programmes, acquisitions and disposals;
- legal and regulatory developments, including changes in regulations regarding production, product liability, distribution, importation, labeling, packaging, consumption or advertising; changes in tax law, rates or requirements (including with respect to the impact of excise tax increases) or accounting standards; and changes in environmental laws, health regulations and the laws governing labour and pensions;
- developments in any litigation or other similar proceedings (including with tax, customs and other regulatory authorities) directed at the drinks and spirits industry generally or at GGBL or Diageo in particular, or the impact of a product recall or product liability claim on GGBL or Diageo’s profitability or reputation;
- developments in the Colombian litigation, Korean customs dispute, thalidomide litigation or any similar proceedings to which Diageo is a party;
- changes in consumer preferences and tastes, demographic trends or perception about health related issues, or contamination, counterfeiting or other circumstances which could harm the integrity or sales of GGBL or Diageo’s brands;
- changes in the cost or supply of raw materials, labour, energy and/or water;
- changes in political or economic conditions in countries and markets in which GGBL or Diageo operates, including changes in levels of consumer spending, failure of customer, supplier and financial counterparties or imposition of import, investment or currency restrictions;
- levels of marketing, promotional and innovation expenditure by Diageo and its competitors;
- renewal of supply, distribution, manufacturing or licence agreements (or related rights) and licenses on favourable terms when they expire;
- termination of existing distribution or licence manufacturing rights on agency brands;
- disruption to production facilities or business service centres, and systems change programmes, existing or future, and the ability to derive expected benefits from such programmes;
- technological developments that may affect the distribution of products or impede GGBL or Diageo’s ability to protect its intellectual property rights; and
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