



# Financial Market Forum

November/2021

# DISCLAIMER

This presentation contains forward-looking statements with regard to the financial position and results of Nigerian Breweries activities. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements.

Many of these risks and uncertainties relate to factors that are beyond Nigerian Breweries ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, changes in consumer preferences, costs of raw materials, interest rate and foreign exchange fluctuations, change in tax rates, changes in law, changes in pension costs, the actions of government regulators and weather conditions.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Nigerian Breweries does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

Market share estimates contained in this presentation are based on outside sources in combination with management estimates.

# CONTENT

1. Nigerian Breweries Plc at a glance
2. Market overview
3. Our strategy to win
4. Financial Results



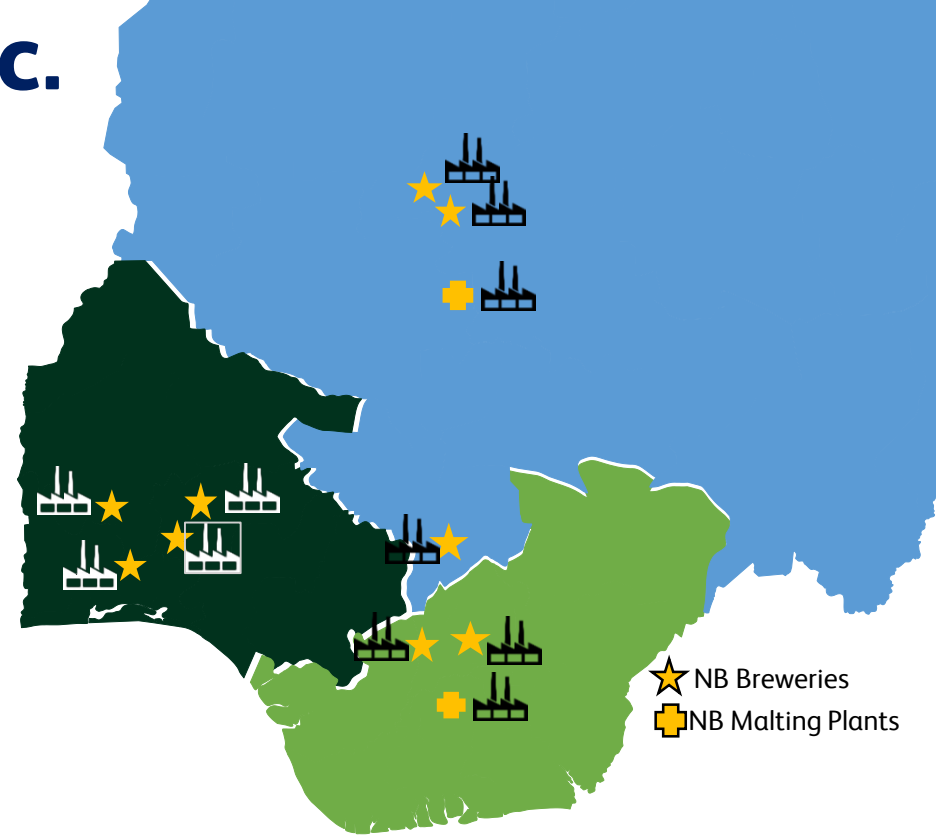
NB



# Nigerian Breweries Plc. at a glance

**18 Sales regions**  
with National Coverage

#1 in Lager, #1 in Malt, #2 in Stout



★ NB Breweries  
■ NB Malting Plants

**₦309.2bn**  
Net revenue

**₦167.7bn**  
Net assets

**₦25.0bn**  
Operating profit

**1.2x**  
Net debt/EBITDA

**c. 2,990**  
Employees



Market Capitalisation  
(Naira)  
**₦395.8bn**

Market Capitalisation  
(US Dollar)  
**\$953m**

Number of Shareholders  
**110,897**

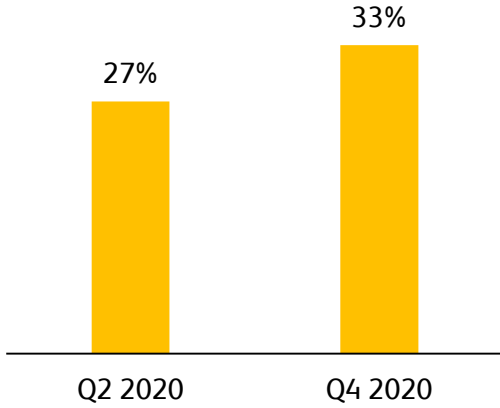
Heineken N.V.  
Shareholding  
**56.33%**

Figures as of September 2021

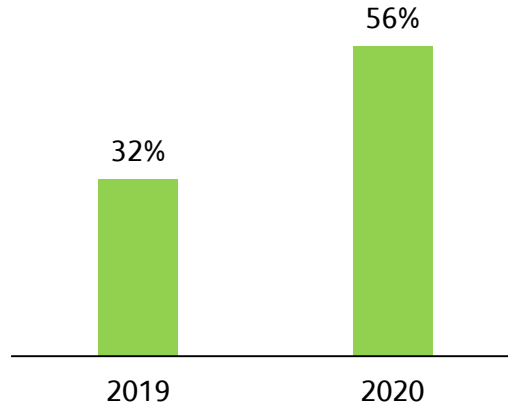


# Nigeria is a challenging business environment

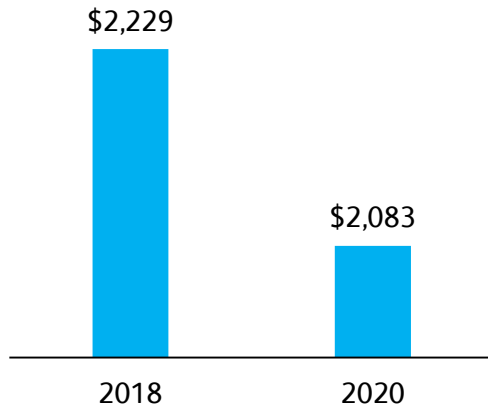
**Unemployment rate (2020)**  
(Percentage)



**Households Skipping meals (2019-2020)**  
(Percentage)



**GDP Per capita (2018, 2020)**  
(USD)



# Insecurity continues to affect economic activities

**PUNCH**

Home News Sports Metro Plus Entertainment Politics Business More ▾

Subscribe



Sections



## IPOB's sit-at-home order grounds Owerri again



**PREMIUM Times**

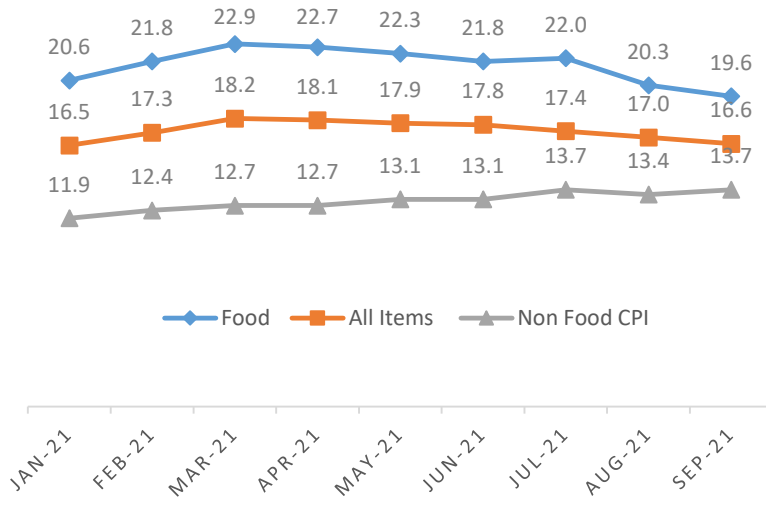
### Police place N5 million bounty on alleged kidnapping suspects

*Police say the alleged kidnappers now at large were mentioned as gang members by other arrested suspects currently in police custody.*

# Despite these challenges, the country remains resilient as ever

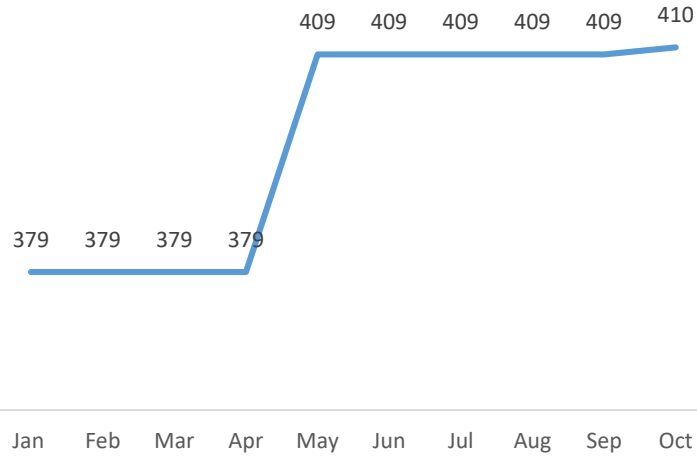
Monthly Headline Inflation

Percent



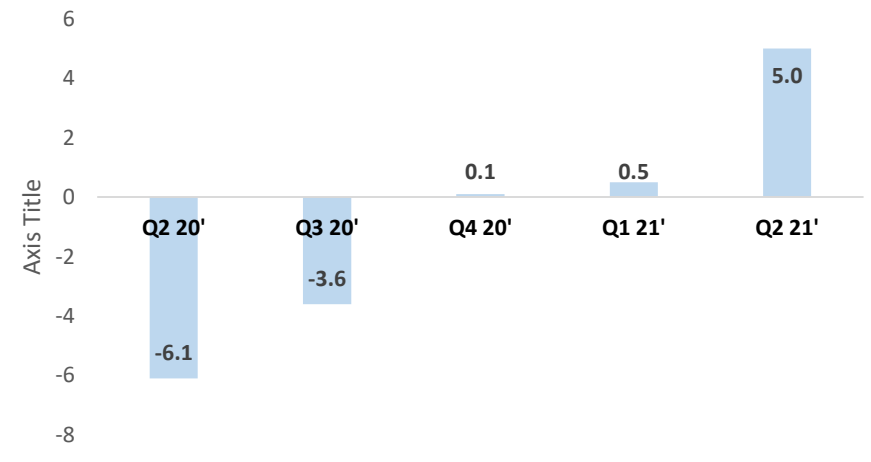
Naira vs Dollar exchange rate

Naira



Real GDP Growth rate

Quarter on quarter %



**All inflation indices on the decline**

**FX remains scarce**

**Country is out of a recession and in growth again**

Sources: CBN official rates, NBS Data portal,



# Recap on EverGreen





## OUR PURPOSE

**We brew the  
Joy of True Togetherness  
to inspire a better world**

We ignite the moments that bring us together,  
create bonds and are unforgettable.

They help make the world a little better...

One day, one beer, one cheers at a time!

# Our Values

Last year, HEINEKEN launched EverGreen to future proof the business, adapt to new external dynamics, and emerge stronger from the COVID-19 crisis.

This year, we launched EverGreen 2025, a bold and exciting strategy to deliver superior and balanced growth for our business.



**Passion**

for consumers & customers

**Courage**

to dream & pioneer

**Care**

for people & planet

**Enjoyment**

of life



# Our strategy to win

- 1. Drive premium growth** with Heineken and Tiger
- 2. Strengthen our foundation,** our mainstream brands
- 3. Innovate in beer and beyond** to drive penetration

# DRIVE PREMIUM LAGER VALUE GROWTH WITH HEINEKEN AND TIGER

1. Leverage global platforms to connect with young consumers
2. Develop relevant content as a means of engaging consumers
3. Drive penetration amongst Millennials & Gen Zs



# GLOBALLY RECOGNISED PLATFORMS

AS A MEANS OF CONNECTING WITH YOUNGER CONSUMERS



Double digit Brand Growth  
vs Last Year



**NO  
TIME  
TO  
DIE**<sup>007</sup>



# Accelerating Tiger Through Unique Occasions & Platforms

## Street Food Fest



## Easy Bites



## Tiger Outlet Mural



## Live Uncaged Campaign





## Strengthen the foundation

**1. Leverage regional strongholds** with our mainstream brands

**2. Rejuvenate Leading mainstream brands:** Life and Goldberg with stories that connect

# Deepening the Regional mainstream brands into the local culture.

- Dialling up our regionality, core cultural cues, and taking the story back to the cradle.

*Life is crowned 'Mmanya Oganiru of Igbo land' and Goldberg declares an annual Yoruba Day, Goldberg Omoluabi Day.*



ENJOY RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER THE AGE OF 18

DRINK RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER THE AGE OF 18.



# Driving broad appeal of the National Mainstream brands

- Connecting to key consumers' passion points





# A Profitable Proposition with Superior Value Delivery

## REIGNITE THE DISTINCTIVENESS OF GULDER

1. Refreshed iconic brand, geared to unlock growth
2. Enter and shape the craft & variety space with unique beer styles and taste
3. Drive incremental penetration and value with new pack extensions: 45cl RGB and 44cl Can
4. Drive affinity with the biggest brand owned platform in Nigeria - The Gulder Ultimate Search



Own the  
flavour



Strengthening our leadership  
in malt and future proofing the  
category



# Creating unique consumer engagements nationally with Maltina...



Ramadan is an essential platform to engage our Muslim Consumers and key into our brand essence of 'Sharing'



Entrenching our New Flavours with consumers with PR Launch events in the 3 Zones – Kano, Lagos & Enugu



The 2<sup>nd</sup> edition of Maltina School Games held between May/July 2021. Over 1,100 schools participated with 15,000+ Students competing across 4 states



Creating happy moments through Comedy With the 'LAFF Mattaz' platform in 5 locations across the West Zone



# Driving our Premium Malt positioning

Giving our consumers a reason to believe by connecting with them through emotional campaigns and unique partnerships

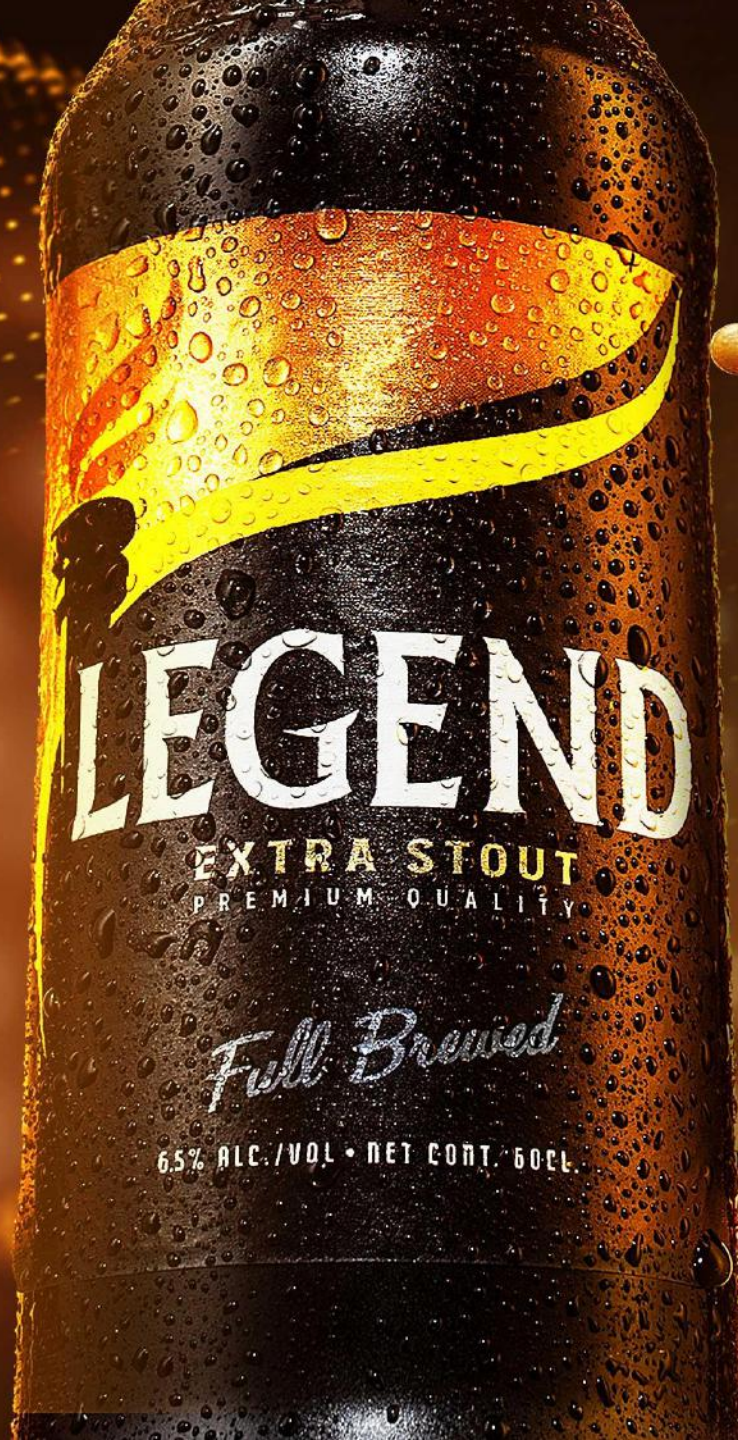


Using powerful story telling through the 'My Time Is Now' Campaign to encourage consumers that Amstel Malta supports them through the difficult quest of trying being their best and live their dreams.

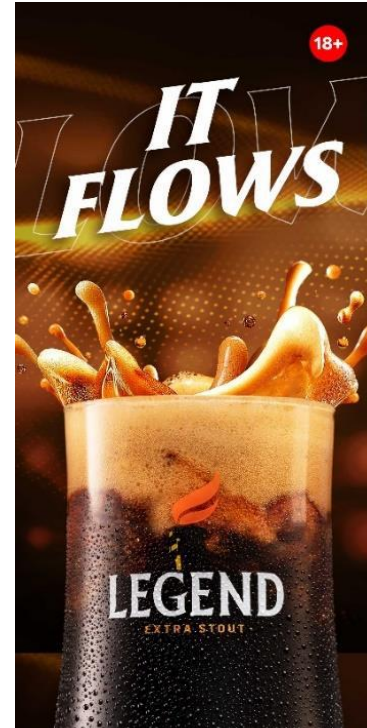
Leveraging global platforms like 2020 Olympics to entrench our Amstel Malta Ultra innovation as the No. 1 choice for fitness and health enthusiasts.



**Shape the Mainstream  
Stout Category and Future  
Proof Value Share**



# Driving incremental growth and broadening taste appeal

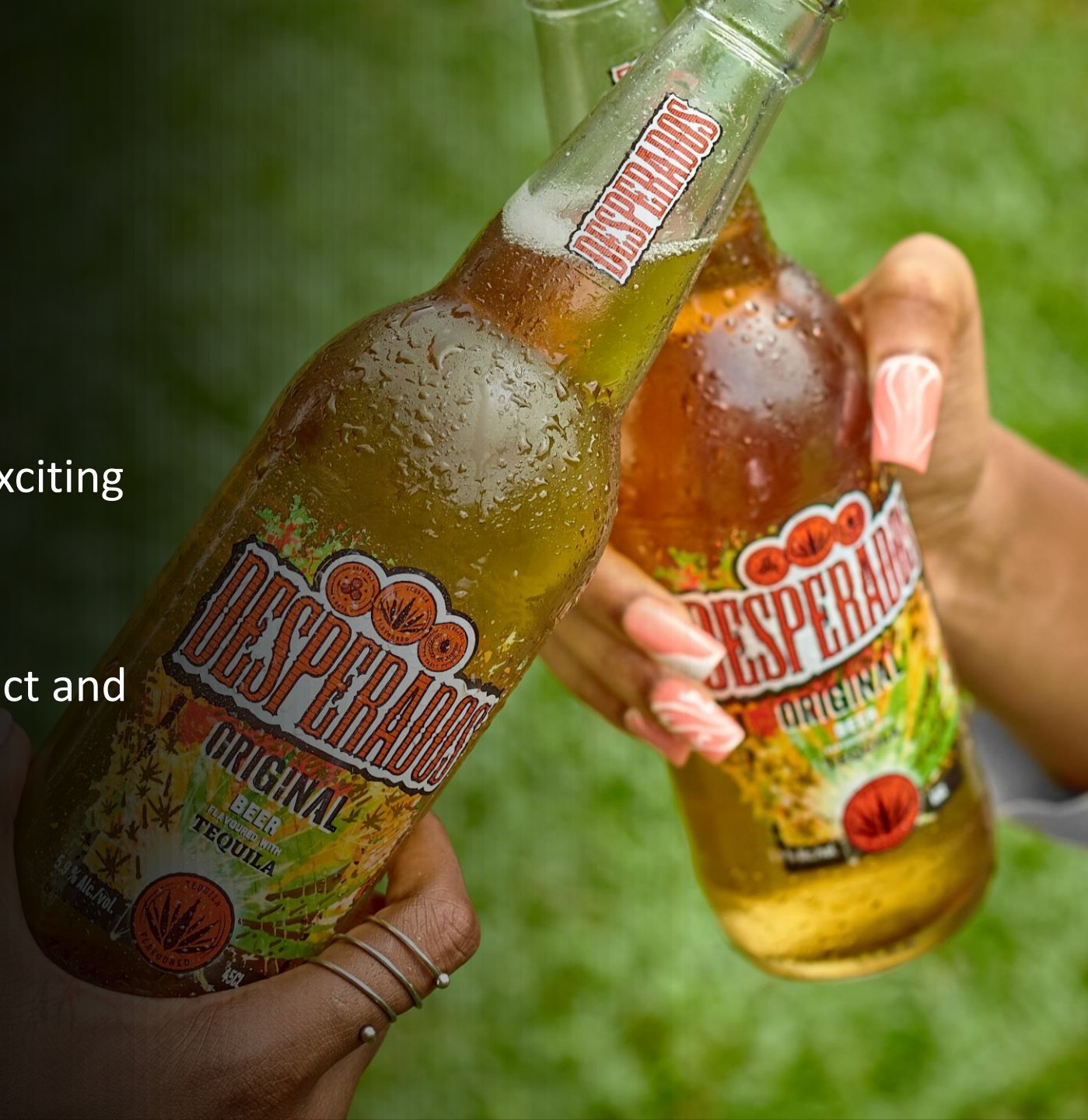




## EXCITE BEYOND BEER

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- Make beer cool again with flavours & exciting experiences.
- Leverage distinctive platforms to connect and build affinity at scale.





# Driving Incremental Penetration and Value with Flavoured Alcoholic Beverages

- Making beer cool again, addressing underserved consumer spaces - Gen Zs and Women – with flavours and innovation



Enjoy Responsibly. Not for Sale to Persons Under the Age of 18



ENJOY RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER THE AGE OF 18



ENJOY RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER THE AGE OF 18



# Driving value generating consumer excitement with in(re)novations

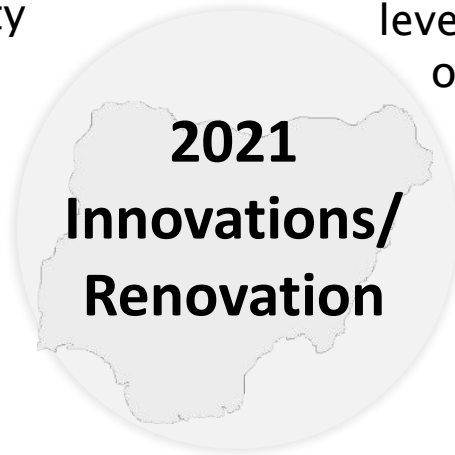


DSV/Business sustainability:  
Reducing cost via refreshed packaging, to improve brand profitability

Redefining craft beer in Nigeria, via repositioning of a credible brand at a higher price index, to leverage untapped opportunities



Excite consumers with limited edition packaging and football fans with UCL themed packaging designs, to further grow brand power



Expanding our portfolio footprint via exports, targeting Nigerians in diaspora

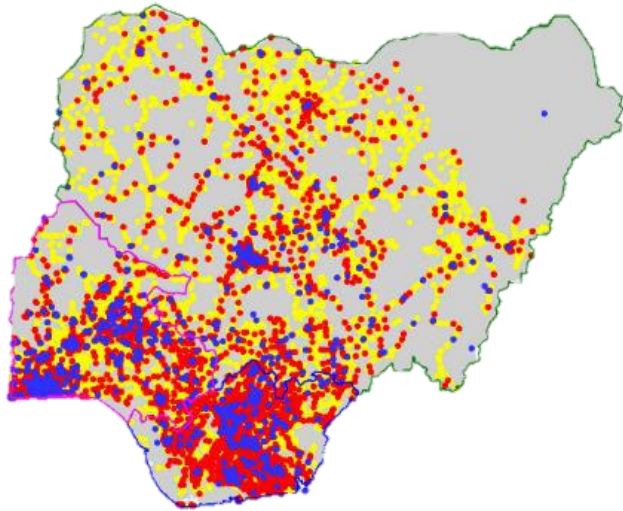
New packaging format introduction, to reignite brand appeal and reposition brand's price index



# Future fitting our Route To Consumer...



## Trade Census

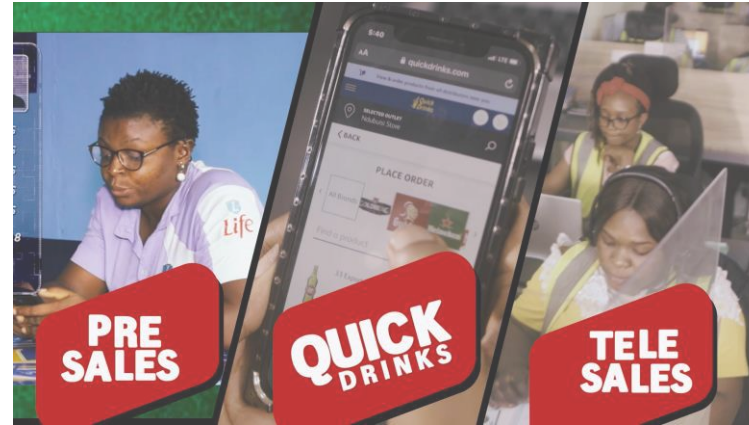


>500k

Outlets Enumerated across  
10 regions



## RTM 2.0



>40% Outlet Coverage)



B2B Platform



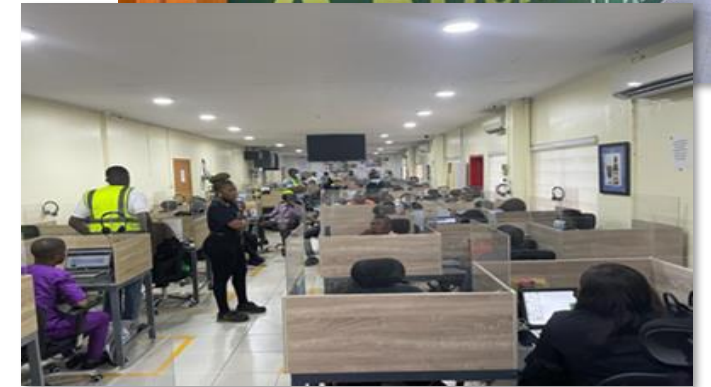
Front Line Sales



Customer Services  
/ Telesales



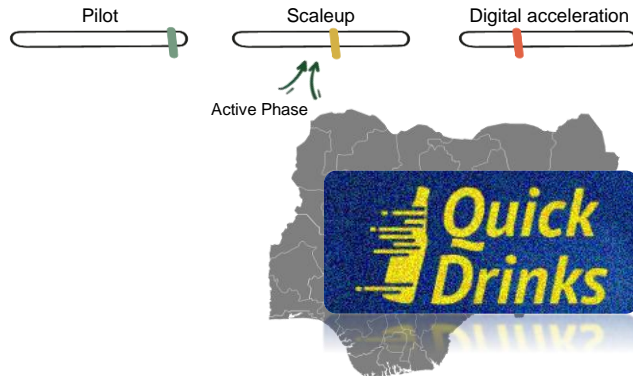
## CONTACT CENTER



- ✓ Lagos & Onitsha Contact Hub fully operational
- ✓ Makurdi goes live in Q4



# QUICKDRINKS NIGERIA



## Top customer features in June

1. Loyalty Reward Shop
2. Order History

## Coming soon...

App Launch + UX/UI overhaul

Order suggestion



# 47 077



## customers

CUMULATIVE REVENUE



# > 47 bIn

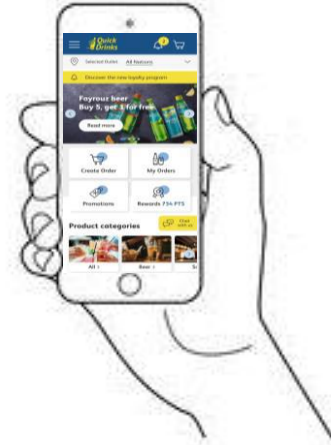
## revenue



# ₦48k



average Order value in 2021



# 3.6

average order frequency in 2021 (June)



**HEINEKEN**  
**DOT**  
DIGITAL ORDER TRANSFER

# Cost & Value agenda mitigating the pressure on margins

## Revenue Management

- Assertive pricing strategy to offset inflationary pressure
- Promotion optimisation
- Discount and trade terms
- Brand portfolio and mix management

## Design Sustainable Value

- Packaging optimisation
- Trade Marketing / POS rationalisation
- Raw and packaging material strategy and local sourcing

## Cost Optimisation

- Brewery footprint and fleet management
- Financing / funding strategy
- FX Management
- Capital Expenditure optimisation

# Brewing a Better World





Nigerian Breweries Plc  
REG. CO.



# Highlights of our Brew a Better World Commitments in 2021

We are raising the bar on our environmental, social and responsible actions through thought leadership and strategic collaborations- internally and externally. We are working with guided road maps and clear accountability frameworks to bridge gaps.



**Ibadan Solar Project -**  
We accelerated our Green Ambition with the installation of 663.6kW Solar Power System in Ibadan Brewery which was commissioned in May 2021.



**MTOTY 2021**  
The Malta Teacher of the Year Awards was held in October 2021 following over 1000 entries. 30 state champions emerged and Mr. Taiye Abanike from Delta state was announced our 2021



**Olokemeji Project -**  
Our reforestation project which is aimed at protecting watershed in four water-stressed areas kicked off recently and we have planted 30,500 trees so far.



**NB Recycles Project -**  
Working with the FBRA, we have been able to recover over 15700 MT of plastics in 2021. We are also complementing these efforts with NB Recycles, an internal plastic recovery project for employees. The Project has been launched in Lagos HQ and plans are underway to launch in Ota this year.



**SMASHED Campaign -**  
As part of our efforts to promote responsible consumption, we have sensitized 15,959 under 18 students through the SMASHED Campaign with the Beer Sectoral Group.



**NB Empowerment Programme**  
Over 400 women and Youths resident in our host communities have been empowered with entrepreneurial skills and resources to kickstart their own businesses and gain jobs.



# Q3 2021 Financial results



# Financial Overview Q3 2021 year-to-date

P&L Key financials	Q3 YTD 2021 (₦' billion)	Q3 YTD 2020 (₦' billion)	Change (%)
Revenue	309.2	234.0	32.1
Cost of Goods Sold	198.7	144.1	-37.9
Gross Profit	110.5	89.9	22.8
Result from Operating activities	25.0	22.6	10.6
Operating Profit Margin	8.1%	9.7%	-158bps
Net Finance Expenses	12.1	11.6	-4.3
Net Profit	8.5	7.1	20.1
EPS (kobo)	105	88	19.3

# Revenue growth offset by higher input cost increase

Operating profit bridge	(¥ billion)
Operating profit Q3 YTD 2020	22.6
Increase in net revenue	75.2
Increase in cost of sales	-54.0
Increase in marketing & distribution expenses	-15.4
Impact of redundancy	-3.3
Increase in other administrative expenses	-0.4
Net decrease in others	0.3
Operating profit Q3 YTD 20201	25.0

# Financial Overview September 2021

Key balance sheet items	Q3 2021 (N' billion)	Q3 2020 (N' billion)	Change (%)
Property, Plant & Equipment	213.2	198.7	7.3
Right of Use Assets	39.2	43.2	-9.2
Inventories	57.5	42.8	34.1
Accounts Receivables	23.3	24.2	-3.8
Cash	11.8	53.7	-78.1
Other Assets	111.9	103.9	7.7
<b>TOTAL ASSETS</b>	<b>456.8</b>	<b>466.5</b>	<b>-2.1</b>
Non Current Liabilities	33.4	32.7	2.2
Borrowings	78.6	133.5	-41.2
Trade and Other Payables	158.7	110.4	43.7
Other Liabilities	18.5	27.6	-33.1
Equity	167.7	162.2	3.4
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>456.8</b>	<b>466.5</b>	<b>-2.1</b>

# Cash Flow

(N' billion unless otherwise stated)	Sep 2021	Sep 2020	Change
Cash flow from operations (before changes in working capital)	53.8	49.1	4.8
Cash generated from operating activities	60.8	54.6	6.2
Net cash from operating activities	30.6	36.4	-5.8
Net cash used in investing activities	-25.2	-21.4	-3.7
Net cash used in financing activities	-24.0	32.3	-56.3
Net increase in cash and cash equivalents	18.6	47.3	-65.9
Cash and cash equivalents @ 1 <sup>st</sup> January	30.3	6.4	24.0
Cash and cash equivalents @ 30 <sup>th</sup> September	11.8	53.7	-41.9
Net debt / EBITDA ratio*	1.2x	1.6x	
Interest coverage ratio**	2.1x	2.0x	

\* Note: interest coverage is calculated as operating profit over interest expense.

# Key Messages

- The Nigerian beer market fundamentals remain strong with a high growth potential.
- Pricing strategy and Cost & Value agenda to maintain leadership in capturing the profit pool.
- Country volatility remains a high risk on macro-economic indicators, security and infrastructure.
- Nigerian Breweries has the history, footprint, brand portfolio and people to capture the expected growth in Nigeria.
- NB remains committed to long term value creation for its shareholder and have the right strategy to achieve this.

A large, light blue, stylized logo consisting of the letters 'NB' is positioned on the right side of the slide. The logo is partially obscured by a large, light blue circular graphic element that frames the text.

# Q & A

