



PRESENTATION

2020 Full Year Results

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.

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Nigerian Breweries Plc. at a glance

WEST

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

EAST

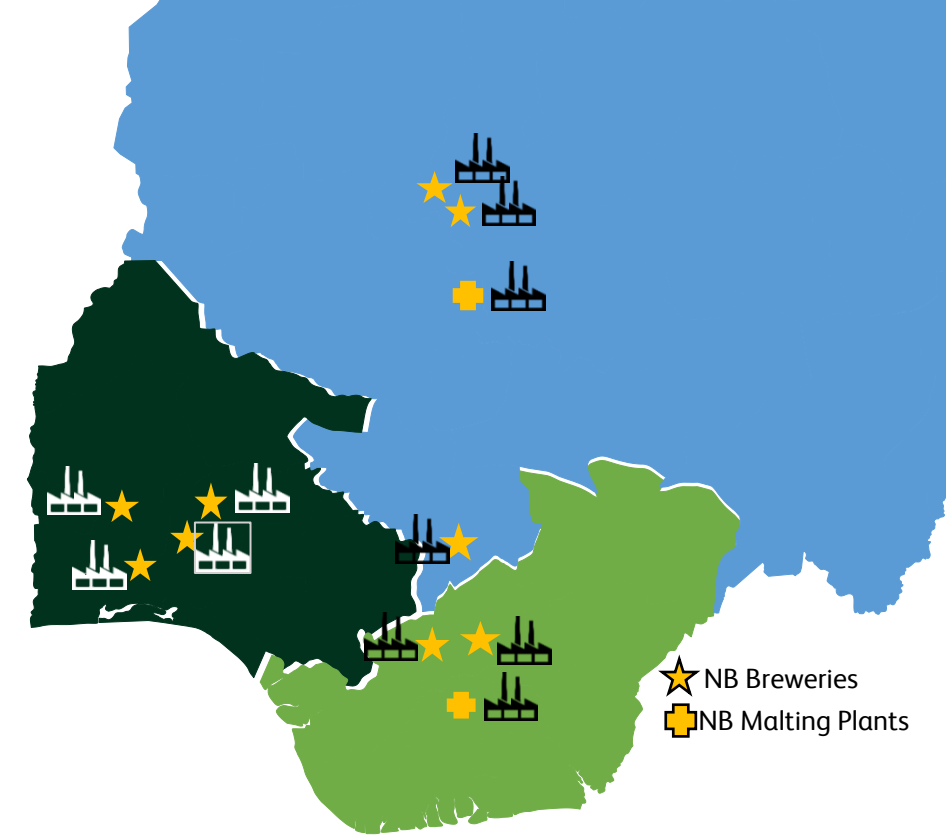
#1 in Malt, #2 in Lager and Stout

NORTH

#1 Lager, Stout and Malt

18 Sales regions

With National Coverage



₦337.0bn

Net revenue

₦161.2bn

Net assets

₦29.8bn

Operating profit

2.0x

Net debt/EBITDA

c. 2,990

Employees

Market Capitalisation

₦448bn

Market Capitalisation

\$1.2bn

Number of Shareholders

111,390

Heineken N.V.
Shareholding

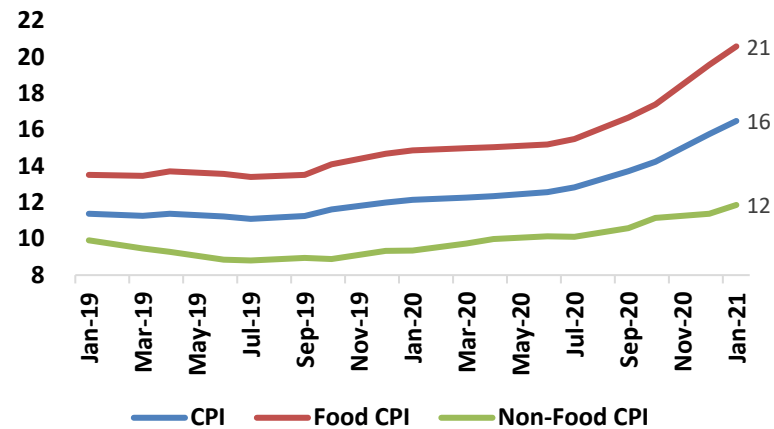
56%



Nigeria, an attractive market, not without its challenges

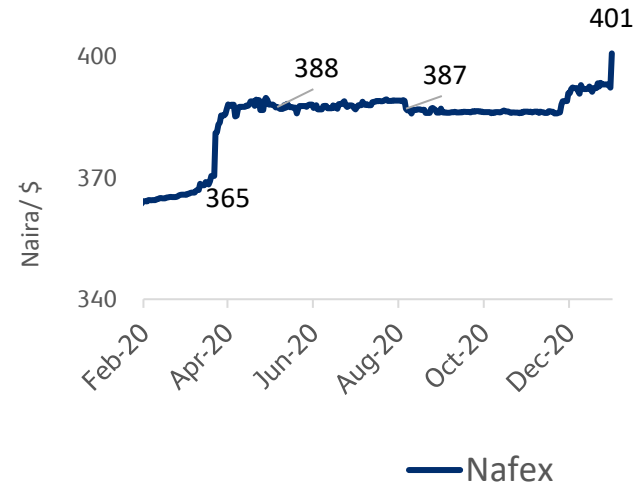
Annual headline inflation

(y-o-y Percent)



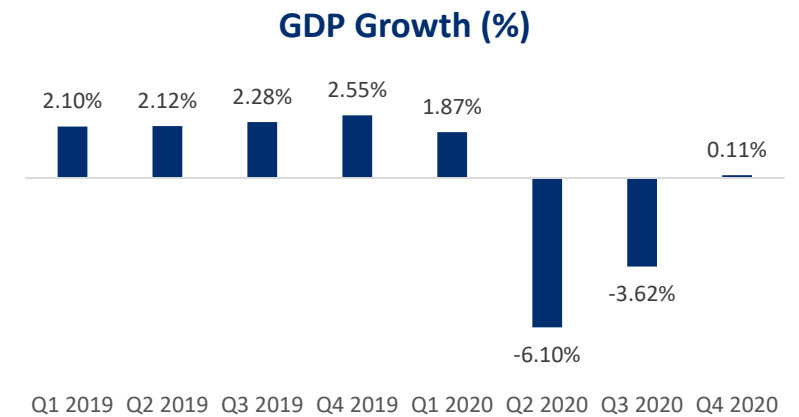
Naira vs dollar devaluation in 2020

(Naira per 1 dollar)



Nigerian Real GDP growth rate

(q-o-q Percent)



High unemployment rate and population growth

Severe foreign currency scarcity

Nigeria officially out of recession



Driving Growth Sustainably in the midst of a Pandemic

Our Priorities to keep *Winning with Nigeria*



CREATE A WINNING CULTURE

- Stay safe; stay strong
- Workplace flexibility & adaptability
- No redundancy



COMMERCIAL AGILITY

- Leverage our strong digital strategy
- Optimised commercial spend
- Customer centric Route-to-Market



POSITION FOR GROWTH

- Drive Value growth
- Grow Premium segment
- Strengthen the core
- Innovate to penetrate
- Sustainability



COST EFFICIENCIES

- Deliver cost reduction across all departments
- Reduce direct and indirect cost / hl
- Optimising efficiency



OUR COMMUNITY

- Relief Aid to the community
- Donations to health workers
- Sustainable business

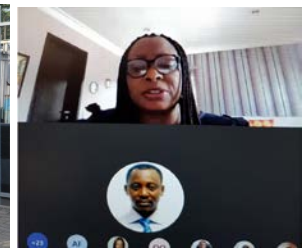
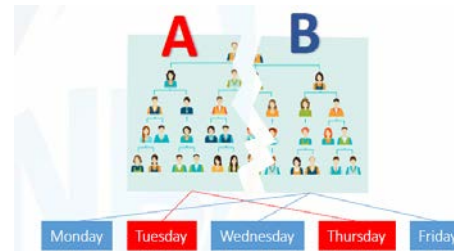
A year of profound impact and transition

People at the heart of our response

Supporting communities



Flexibility & Adaptability



Courage & Passion



Our strategy in action in 2020...



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



STAY STRONG!

#Omoluabi

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



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



...with exciting innovations



CVE/Business sustainability:
Introduction of eco friendly labels for NAD brands

Lead market/category penetration with premium propositions



Excite the Malt category with the introduction of flavoured range for Maltina



Packaging design changes to refresh existing brands and deepen consumer affinity



Line Extensions

Introduction of new pack formats and SKU extensions



Winning in a fragmented Retail Landscape, enabled with digital

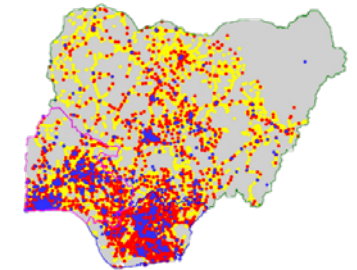
B2B

Presale

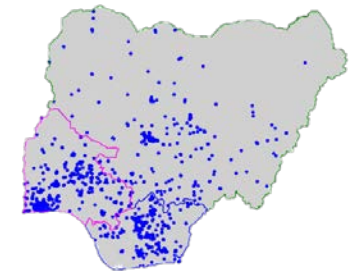


Customer Service and availability

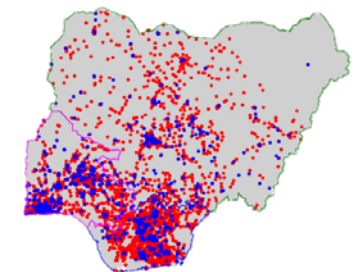
Tele-Sales



● Retail Outlets
(828,802 Points)



● Distributors
(1,876 Points)



● Sub-Distributor
(29,498 Points)

Cost leadership agenda mitigating the pressure on margins

Revenue Management

- Promotion optimisation
- Discount and trade terms
- Brand portfolio and mix management

Consumer Value Engineering

- Packaging optimisation
- Trade Marketing / POS rationalisation

Cost Optimisation

- Raw material strategy and local sourcing
- Brewery footprint and fleet management
- Financing / funding strategy
- ICT cost license and infrastructure

Brewing A Better World

Milestones Recorded in 2020



Water Balancing Project

Commenced planting of 600,000 trees in Olokomeji, Ogun State by 2030.



Brewing from the Sun

1680 solar panels installed in our Ibadan brewery, powering capacity of 663.6kwp



Community Empowerment & Health

- 300 women and youths empowered with entrepreneurial skills and tools
- 500 handwashing facilities installed pan Nigeria (Heineken Africa Foundation, partner: WaterAid Nigeria)



Circular plastics

Over 5700 MT of plastic waste recovered in partnership with Food and Beverage Recycling Alliance (FBRA).





Financial results

Financial Overview FY 2020

Key financials	FY 2020 (₹ billion)	FY 2019 (₹ billion)	Change (%)
Revenue	337.0	323.0	4.3
Cost of Goods Sold	218.4	191.8	-13.9
Gross Profit	118.7	131.2	-9.6
Result from Operating activities	29.8	35.3	-15.4
Operating Profit Margin	8.8%	10.9%	-207bps
Net Finance Expenses	18.1	11.9	-51.8
Net Profit	7.5	16.1	-53.3
EPS (kobo)	94	201	-53.2

Financial Overview Q4 2020

Key financials	Q4 2020 (¥ billion)	Q4 2019 (¥ billion)	Change (%)
Revenue	103.0	87.3	17.9
Cost of Goods Sold	74.3	52.3	-42.1
Gross Profit	28.7	35.1	-18.1
Result from Operating activities	7.2	10.1	-28.8
Operating Profit Margin	7.0%	11.5%	-458bps
Net Finance Expenses	6.5	3.9	-66.7
Net Profit	0.5	3.9	-87.8

Cost increase partially mitigated

Operating profit bridge	(¥ billion)
Operating profit 2019	35.3
Increase in net revenue	14.0
Increase in cost of sales	-26.6
Decrease in marketing & distribution expenses	7.0
Decrease in administrative expenses	0.3
Net decrease in others	-0.2
Operating profit 2020	29.8

Optimised interest costs, offset by lower operating profit

Net profit bridge	(¥ billion)
Net profit 2019	16.1
Decrease in operating profit	-5.4
Decrease in income tax expense	3.0
Increase in interest and fx losses	-1.9
Shift from variable expense to interest (IFRS 16)	-4.2
Other	-0.1
Net profit 2020	7.5

Strong Balance Sheet

Key balance sheet items	FY 2020 (N' billion)	FY 2019 (N' billion)	Change (%)
Property, Plant & Equipment	212.4	201.4	5.5
Right of Use Assets	42.8	11.0	289.7
Inventories	36.0	38.5	-6.5
Accounts Receivable	11.4	21.6	-47.3
Cash	30.3	6.4	377.3
Other Assets	111.5	103.7	7.5
TOTAL ASSETS	444.4	382.5	16.2
Non-Current Liabilities	34.6	36.6	-5.5
Borrowings	91.4	55.7	64.1
Trade and Other Payables	137.9	102.7	34.2
Other Liabilities	19.4	19.9	-2.5
Equity	161.2	167.6	3.8
TOTAL EQUITY AND LIABILITIES	444.4	382.5	16.2

Statement of cash flow

(N' billion unless otherwise stated)	2020	2019	Change (%)
Cash flow from operations (before changes in working capital)	65.1	67.6	-2.5
Cash generated from operating activities	117.9	66.0	51.9
Net cash from operating activities	82.7	38.6	44.1
Net cash used in investing activities	-36.6	-29.8	-6.8
Net cash used in financing activities	-22.2	-15.8	-6.3
Net increase in cash and cash equivalents	24.0	-7.0	31.0
Cash and cash equivalents @ 1 st January	6.4	13.2	-6.9
Cash and cash equivalents @ 31 st December	30.3	6.3	24.1
Net debt / EBITDA ratio*	2.0x	1.4x	
Interest coverage ratio**	1.6x	3.0x	

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

Proposed Dividends*

- 100% payout ratio (cash or shares)
- Total dividend N7.5bn (2019: N16.1bn)
- Interim dividend paid @ N0.25 per share (N1.9bn)
- Proposed final dividend @ N0.69 per share (N5.5bn)
- Total proposed dividend N0.94 per share (2019: N2.01)
- Earnings per share is N0.94 for 2020
- Shareholders will have a choice of receiving dividends in shares or cash
- Reference share price for scrip dividends will be based on average market price of 10 days shortly before scrip/cash election period

*The Board of Directors propose a final dividend of 69 kobo per share subject to approval by the shareholders at the Annual General Meeting fixed for 22nd April, 2021.



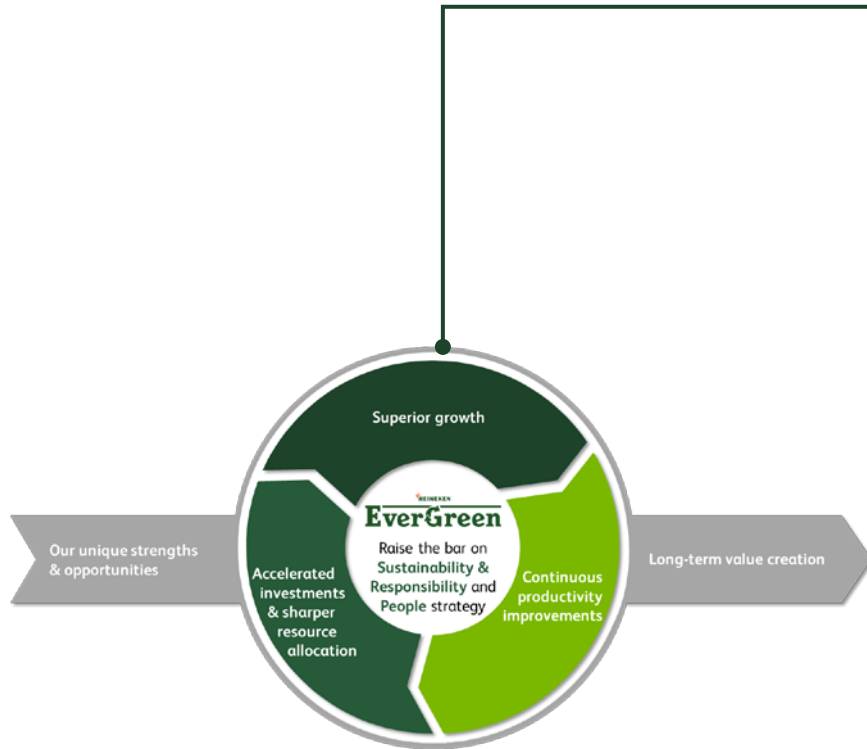
HEINEKEN

EverGreen

EverGreen growth algorithm



Growth algorithm @ NB



Revenue growth ahead of the market, as in 2020

Leadership in **PREMIUM**, with Heineken®, Tiger and Desperados

Better **MIX IMPACT** with our innovations

CONSUMER CENTRIC Route-to-Market

Growth algorithm @ NB



EVERY NAIRA COUNTS - review of all cost lines and deliver gross savings

CONSUMER VALUE ENGINEERING to mitigate impact of raw and packaging material increases

Reduce **COMPLEXITY**

Further efficiencies in **PERSONNEL COST**

Growth algorithm @ NB

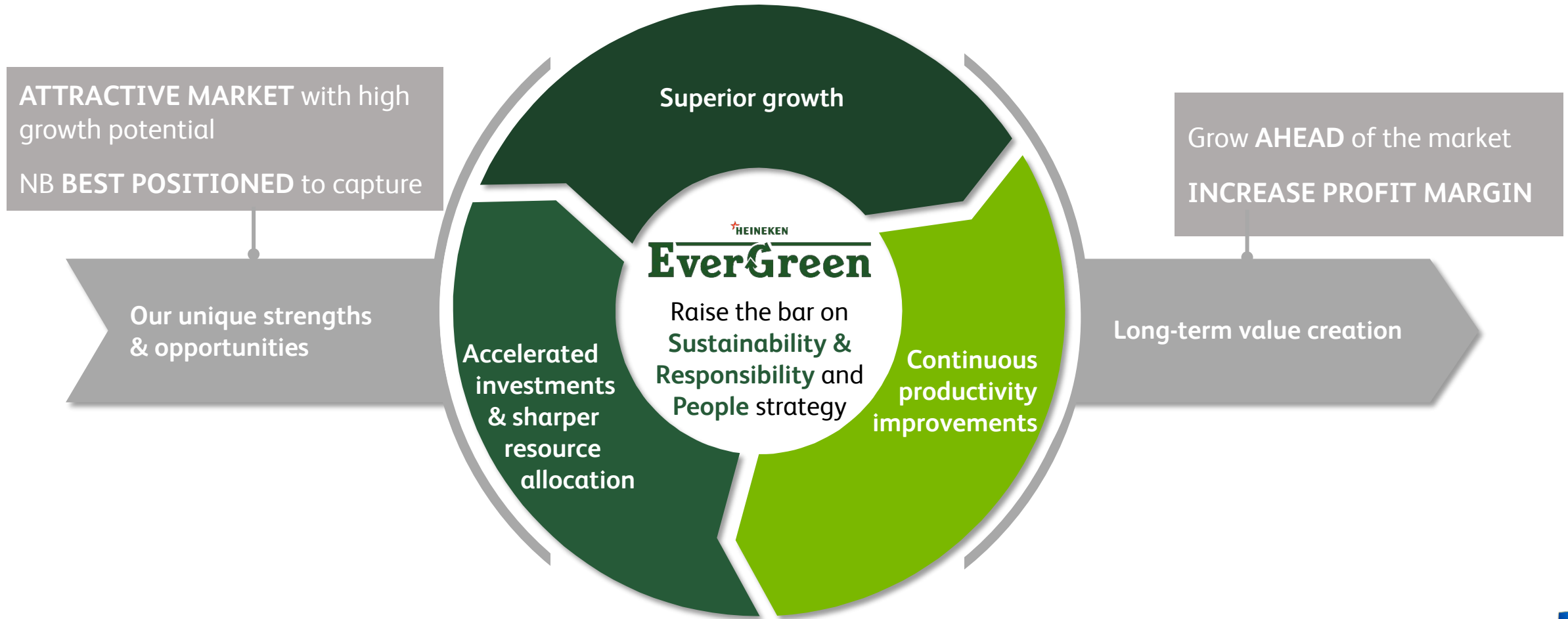


Optimised and focused **BRANDS**

Disproportionate prioritisation of **KEY REGIONS**

Stretched **CAPEX** prioritisation

Growth algorithm @ NB



Outlook for 2021

In 2020, the results of Nigerian Breweries, were adversely impacted by COVID, VAT increase, FX devaluation and scarcity of foreign exchange. Our position in the market enabled us to mitigate this impact in H2 with growth versus last year

For 2021, we will strive to sustain the performance of the 2nd half of 2020, driving premiumisation and growth, however we still expect to have a challenging operating environment with devaluation, fx scarcity, inflation and affordability.

The capabilities of our people, focus on our consumers combined with a commercial agility and position for growth gives us confidence to continue to Winning with Nigeria

Q & A

