



Nigerian Breweries Plc

Unaudited Condensed Interim Financial Statements
For the Three Months Ended 31st March, 2020

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Nigerian Breweries Plc
Unaudited Condensed Interim Financial Statements
For the Three Months Ended 31st March, 2020

Condensed interim income statement

	Notes	31st March 2020 Group ₦'000	31st March 2020 Company ₦'000	31st March 2019 Group ₦'000	31st March 2019 Company ₦'000
Net Revenue		83,204,327	83,200,623	83,277,639	83,277,639
Cost of Sales	5	<u>(48,334,963)</u>	<u>(48,334,963)</u>	<u>(48,223,202)</u>	<u>(48,223,202)</u>
Gross Profit		34,869,364	34,865,660	35,054,437	35,054,437
Other Income		181,362	181,362	157,096	157,096
Marketing and Distribution Expenses	5	<u>(18,796,759)</u>	<u>(18,796,759)</u>	<u>(16,554,842)</u>	<u>(16,554,842)</u>
Administrative Expenses	5	<u>(5,339,407)</u>	<u>(5,291,311)</u>	<u>(4,599,537)</u>	<u>(4,598,037)</u>
Results from operating activities		<u>10,914,560</u>	<u>10,958,952</u>	<u>14,057,154</u>	<u>14,058,654</u>
Finance income	6a	7,944	7,944	9,432	9,432
Finance costs	6b	<u>(2,646,641)</u>	<u>(2,666,243)</u>	<u>(2,608,640)</u>	<u>(2,625,755)</u>
Net Finance costs		<u>(2,638,697)</u>	<u>(2,658,299)</u>	<u>(2,599,208)</u>	<u>(2,616,323)</u>
Profit before tax		8,275,863	8,300,653	11,457,946	11,442,331
Income tax expenses	7	<u>(2,770,311)</u>	<u>(2,764,118)</u>	<u>(3,432,313)</u>	<u>(3,426,916)</u>
Profit after tax		<u>5,505,552</u>	<u>5,536,535</u>	<u>8,025,633</u>	<u>8,015,415</u>
Profit for the year attributable to:					
Owners of the Company		5,504,278	5,536,536	8,024,540	8,015,415
Non-controlling interest		<u>1,274</u>	<u>-</u>	<u>1,093</u>	<u>-</u>
Profit for the period		<u>5,505,552</u>	<u>5,536,536</u>	<u>8,025,633</u>	<u>8,015,415</u>
Earnings per share					
Basic Earnings per share (kobo)		69	69	100	100
Diluted earnings per share (kobo)		69	69	100	100

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Condensed interim statement of other comprehensive income

	31st March 2020 Group N'000	31st March 2020 Company N'000	31st March 2019 Group N'000	31st March 2019 Company N'000
Profit for the period	5,505,552	5,536,536	8,025,633	8,015,415
Other comprehensive income, net of tax				
Total comprehensive income for the period	5,505,552	5,536,536	8,025,633	8,015,415
Total comprehensive income for the year attributable to:				
Owners of the Company	5,504,278	5,536,536	8,024,540	8,015,415
Total comprehensive income for the period	5,505,552	5,536,536	8,025,633	8,015,415

The notes on pages 11 to 15 are an integral part of these interim financial statements

Nigerian Breweries Plc
Unaudited Condensed Interim Financial Statements
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Condensed interim statement of financial position

As at:

	Notes	31st March 2020		31st December 2019	
		Group N'000	Company N'000	Group N'000	Company N'000
ASSETS					
Property, plant and equipment	8	202,928,242	202,301,099	201,907,332	201,362,280
Intangible assets and goodwill		96,164,878	96,164,878	96,465,642	96,465,642
Right of Use of Assets (ROUA)		23,540,105	23,540,105	11,073,782	10,992,267
Investments		150,000	929,625	150,000	929,625
Other receivables		639,555	639,555	651,781	651,781
		323,422,780	323,575,262	310,248,537	310,401,595
Non-current assets					
Inventories		40,885,215	40,844,862	38,520,328	38,492,789
Trade and other receivables		28,608,692	28,093,996	21,307,218	20,910,443
Prepayments		12,191,127	12,122,319	3,500,168	3,500,168
Deposit for imports		1,719,195	1,719,195	2,840,214	2,840,214
Cash and cash equivalents		24,579,969	24,574,311	6,361,057	6,358,606
		107,984,198	107,354,683	72,528,985	72,102,220
Current assets					
Total assets		431,406,978	430,929,945	382,777,522	382,503,815
EQUITY					
Share capital		3,998,451	3,998,451	3,998,451	3,998,451
Share premium		73,770,356	73,770,356	73,770,356	73,770,356
Share based payment reserve		549,201	549,201	501,557	501,557
Retained earnings		94,886,644	94,830,734	89,382,366	89,294,198
Equity attributable to owners of the Company	11	173,204,652	173,148,742	167,652,730	167,564,562
Non-controlling interest		98,523	-	97,249	-
Total Equity		173,303,175	173,148,742	167,749,979	167,564,562
LIABILITIES					
Loans and borrowings		20,427,129	20,427,129	38,893,313	38,893,313
Employee benefits		13,420,355	13,420,355	13,434,272	13,434,272
Deferred tax liabilities		23,171,027	23,171,027	23,171,027	23,171,027
		57,018,511	57,018,511	75,498,612	75,498,612
Non-current liabilities					
Loans and borrowings		78,060,412	78,060,412	16,826,218	16,826,218
Current tax liabilities		15,569,313	15,539,605	12,799,004	12,775,488
Dividend payable		5,742,085	5,742,085	5,742,085	5,742,085
Trade and other payables		100,334,419	100,041,527	102,782,561	102,717,787
Provisions		1,379,063	1,379,063	1,379,063	1,379,063
		201,085,292	200,762,692	139,528,931	139,440,641
Current liabilities					
Total liabilities		258,103,803	257,781,203	215,027,543	214,939,253
Total equity and liabilities		431,406,978	430,929,945	382,777,522	382,503,815

Approved by the Board of Directors on 22nd April, 2020 and signed on its behalf by:



Mr. Jordi Borrut Bel
 (Managing Director/CEO)
 FRC/2018/IODN/00000018359



Mr. Rob Kleinjan
 (Finance Director)
 FRC/2014/MULTI/00000009921

The notes on pages 11 to 15 are an integral part of these interim financial statements

Condensed interim statement of changes in equity

Group

	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total	Non- Controlling Interest	Total Equity
Notes	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 st January 2020	3,998,451	73,770,356	501,557	89,382,366	167,652,730	97,249	167,749,979
Profit for the year	-	-	-	5,504,278	5,504,278	1,274	5,505,552
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,504,278	23,749,044	1,274	5,505,552
Transaction with owners, recorded directly in equity							
<i>Contributions and distributions</i>							
Issue of ordinary shares	-	-	-	-	-	-	-
Share based payment charge	-	-	47,644	-	47,644	-	47,644
Share based payment recharge	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Unclaimed dividends written back	-	-	-	-	-	-	-
Total contributions and distributions	-	-	47,644	-	47,644	-	47,644
Changes in ownership interest							
Total transactions with owners of the company	-	-	47,644	-	47,644	-	47,644
Balance as at 31st March, 2020	3,998,451	73,770,356	549,201	94,886,644	191,449,418	98,523	173,303,175

Condensed interim statement of changes in equity

Company

	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total Equity
Notes	N'000	N'000	N'000	N'000	N'000
Balance at 1 st January 2020	3,998,451	73,770,356	501,557	89,294,198	167,564,562
Profit for the year	-	-	-	5,536,536	5,536,536
Other comprehensive income for the year	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	5,536,536	5,536,536
Transaction with owners, recorded directly in equity					
<i>Contributions and distributions</i>					
Issue of ordinary shares	-	-	-	-	-
Share based payment charge	-	-	47,644	-	47,644
Share based payment recharge	-	-	-	-	-
Dividends	-	-	-	-	-
Unclaimed dividends written back	-	-	-	-	-
Total contributions and distributions	-	-	47,644	-	47,644
Changes in ownership interest					
Total transactions with owners of the company	-	-	47,644	-	47,644
Balance as at 31st March, 2020	3,998,451	73,770,356	549,201	94,830,734	173,148,742

The notes on pages 11 to 15 are an integral part of these interim financial statements

Condensed interim statement of changes in equity

Group

	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total	Non- Controlling Interest	Total Equity
Notes	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 st January 2019	3,998,451	73,770,356	750,534	88,216,674	166,736,015	92,437	166,828,452
Profit for the year	-	-	-	8,024,540	8,024,540	1,093	8,025,633
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	8,024,540	23,749,044	1,093	8,025,633
Transaction with owners, recorded directly in equity							
<i>Contributions and distributions</i>							
Issue of ordinary shares	-	-	-	-	-	-	-
Share based payment charge	-	-	66,000	-	66,000	-	66,000
Share based payment recharge	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Unclaimed dividends written back	-	-	-	-	-	-	-
Total contributions and distributions	-	-	66,000	-	66,000	-	66,000
Changes in ownership interest							
Total transactions with owners of the company	-	-	66,000	-	66,000	-	66,000
Balance as at 31st March, 2019	3,998,451	73,770,356	816,534	96,241,214	190,551,059	93,530	174,920,085

Condensed interim statement of changes in equity

Company

	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total Equity
Notes	N'000	N'000	N'000	N'000	N'000
Balance at 1 st January 2019	3,998,451	73,770,356	750,534	88,124,843	166,644,184
Profit for the year	-	-	-	8,015,415	8,015,415
Other comprehensive income for the year	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	8,015,415	8,015,415
Transaction with owners, recorded directly in equity					
<i>Contributions and distributions</i>					
Issue of ordinary shares	-	-	-	-	-
Share based payment charge	-	-	66,000	-	66,000
Share based payment recharge	-	-	-	-	-
Dividends	-	-	-	-	-
Unclaimed dividends written back	-	-	-	-	-
Total contributions and distributions	-	-	66,000	-	66,000
Changes in ownership interest					
Total transactions with owners of the company	-	-	66,000	-	66,000
Balance as at 31st March, 2019	3,998,451	73,770,356	816,534	96,140,258	174,725,599

The notes on pages 11 to 15 are an integral part of these interim financial statements

Nigerian Breweries Plc
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Condensed interim statement of cash flows

	Group 2020 ₦'000	Company 2020 ₦'000	Group 2019 ₦'000	Company 2019 ₦'000
Notes				
Profit for the year	5,505,552	5,536,536	8,025,633	8,015,415
Adjustments for:				
Depreciation	8,540,985	8,518,322	7,623,262	7,622,012
Amortization of intangible assets	341,418	341,418	331,755	331,755
Finance income	(7,944)	(7,944)	(9,432)	(9,432)
Interest expenses	1,922,557	1,942,159	1,621,162	1,638,277
Gratuity, employee benefit and share based payment charges	697,846	697,846	685,110	685,110
Loss/(Gain) on sale of property, plant and equipment	(593)	(593)	12,537	12,537
Income tax expense	2,770,310	2,764,117	3,432,313	3,426,915
Other non-cash items	90,600	90,600	-	-
	19,860,731	19,882,461	21,722,340	21,722,589
Changes in:				
Inventories	(2,364,887)	(2,352,073)	(2,311,296)	(2,311,296)
Trade and other receivables	(7,289,249)	(7,171,327)	(108,377)	(108,377)
Prepayments	(8,622,151)	(8,622,151)	14,829	14,829
Trade and other payables	1,726,700	1,498,582	(9,169,339)	(9,152,473)
Provisions	-	-	(25,432.00)	(25,432.00)
Deposit for imports	1,121,019	1,121,019	1,524,716	1,524,716
	4,432,163	4,356,511	11,647,441	11,664,556
Cash generated from operating activities				
Income tax paid	-	-	-	-
Gratuity paid	(246,378)	(246,378)	(169,947)	(169,947)
Other long term employee benefits paid	(417,740)	(417,740)	(262,496)	(262,496)
VAT paid*	(4,935,142)	(4,935,142)	(3,980,690)	(3,980,690)
Net cash from operating activities	(1,167,097)	(1,242,749)	7,234,308	7,251,423
Cash flows from investing activities				
Finance income	7,944	7,944	9,432	9,432
Proceeds from sale of property, plant and equipment	2,194	2,194	4,047	4,047
Investment in Subsidiary	-	-	(10,000.00)	(10,000.00)
Acquisition of property, plant and equipment	(8,879,695)	(8,787,648)	(7,459,273)	(7,459,273)
Acquisition of intangible assets	(40,656)	(40,656)	-	-
Net cash used in investing activities	(8,910,213)	(8,818,166)	(7,455,794)	(7,455,794)
Cash flows from financing activities				
Proceeds from loans and borrowings	61,234,194	61,234,194	29,504,442	29,504,442
Repayment of loans and borrowings	(30,951,229)	(30,951,229)	(25,726,593)	(25,726,593)
Interest paid	(1,635,685)	(1,655,287)	(803,480)	(820,595)
Payment of Lease Liability	(351,058)	(351,058)	-	-
Dividends paid	-	-	(1,842,691)	(1,842,691)
Net cash used in financing activities	28,296,222	28,276,620	1,131,678	1,114,563
Net increase/(decrease) in cash and cash equivalents	18,218,912	18,215,705	910,192	910,192
Cash and cash equivalents at 1 st January	6,361,057	6,358,606	13,323,456	13,322,278
Cash and cash equivalents at 31st March	24,579,969	24,574,311	14,233,648	14,232,470
Represented by:				
Cash balance	24,579,969	24,574,311	14,233,648	14,232,470
	24,579,969	24,574,311	14,233,648	14,232,470

The notes on pages 11 to 15 are an integral part of these interim financial statements

* Value Added Tax (VAT) paid shown separately above has been adjusted for in deriving the change in trade and other payables

Notes to the condensed interim financial statements

1. REPORTING ENTITY

Nigerian Breweries Plc, a public Company quoted on The Nigerian Stock Exchange, was incorporated in Nigeria on the 16th November 1946, under the name, Nigerian Brewery Limited. The name was changed on 7th January 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act of that year came into effect. The Company is a subsidiary of Heineken N.V. a company domiciled in the Netherlands, the latter having approximately 56% interest in the equity of Nigerian Breweries Plc. The address of the Company's registered office is 1, Abebe Village Road, Iganmu, Lagos. The condensed interim financial statements of the Company as at and for the three-months period ended 31st March 2019 comprise the Company and its subsidiaries.

The financial statements of Nigerian Breweries Plc as at and for the year ended 31st December 2019 are available on the Company's registered website www.nbplc.com/investor-relations.html

2. BASIS OF PREPARATION

a. Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of Nigerian Breweries Plc as at and for the year ended 31st December 2019.

b. Functional and presentation currency

These condensed interim financial statement are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand unless stated otherwise.

c. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31st December 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

a. General

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31st December 2019.

b. Income tax

Income tax expenses are recognised based on management’s best estimation of the weighted average expected full year income tax rate.

4. SEASONALITY

The performance of the Company is subject to seasonal fluctuations as a result of weather conditions and festivities. The Company’s full year results and volumes are dependent on the performance in the peak-selling season, typically resulting in higher revenue and profitability in the last quarter of the year. The impact from this seasonality is also noticeable in several working capital related items such as inventory, trade receivables and payables.

5. ANALYSIS OF EXPENSES BY NATURE

For the Three -month period ended 31st March

	Group 2020 ₦'000	Company 2020 ₦'000	Group 2019 ₦'000	Company 2019 ₦'000
Raw materials and consumables	30,210,050	30,210,050	30,842,182	30,842,182
Advertising and sales expenses	6,306,524	6,306,524	4,237,835	4,237,835
Depreciation	8,540,985	8,518,322	7,623,262	7,622,012
Amortization	341,418	341,418	331,755	331,755
Employee benefits	10,990,710	10,990,710	9,716,433	9,716,433
Distribution	6,032,662	6,032,662	7,569,650	7,569,650
Repairs and Maintenance	3,622,758	3,622,758	3,951,066	3,951,066
Royalty and technical service fees	1,832,817	1,832,817	2,120,422	2,120,422
Others	4,593,205	4,567,772	2,984,977	2,984,727
Total cost of sales, marketing & distribution and administration expenses	72,471,129	72,423,033	69,377,581	69,376,081

6. INTEREST INCOME, INTEREST EXPENSES AND OTHER NET FINANCE EXPENSES

Net finance income and expenses for the three-month period ended 31st March 2020 amounted to ₦2.7 billion (Three-month period ended 31st March 2019: ₦2.6 billion).

a. Finance income

Interest income for the three-month period ended 31st March 2020 amounted to ₦7.9 million (Three-month period ended 31st March 2019: ₦9.4 million).

b. Finance expense

Interest expenses for the three-month period ended 31st March 2020 amounted to ₦1.9 billion (three-month ended 31st March 2019: ₦1.6 billion expenses).

Other net finance expenses for the three-months period ended 31st March 2020 amounted to ₦725 million (three-months ended 31st March 2019: ₦988 billion expenses). The interest expenses on the net pension liability for the period ended 31st March 2020 amounted to ₦473 million (three-month period ended 31st March 2019: ₦482 million).

Notes to the condensed interim financial statements

7. INCOME TAX EXPENSES

The Company's effective tax rate in respect of continuing operations for the three-months period ended 31st March 2020 was 32 per cent (for the three-months period ended 31st March 2019: 32.2 per cent).

8. PROPERTY PLANT AND EQUIPMENT

Acquisitions

During the three-months period ended 31st March 2020 the Company acquired, plant and equipment with a cost of ₦8.8 billion (three-month period ended 31st March 2019: ₦7.5 billion).

Capital commitments

As at 31st March 2020, the Company's capital expenditure commitments for property, plant and equipment amounted to ₦68 billion (31st March 2019: ₦33.4 billion).

9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management

The aspect of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31st December 2019.

10. EQUITY

Reserves

The reserves consist of share premium, share-based payment, equity contribution reserves and retained earnings.

Weighted average number of shares (basic and diluted)

For the three-months period ended 31st March
 In shares

	2019	2019
1 st January		
Weighted average number of shares	7,996,902,051	7,996,902,051
<hr/>		
31 st March		
Weighted average number of shares	7,996,902,051	7,996,902,051
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Notes to the condensed interim financial statements

11. NET CASH COVERAGE /INTEREST BEARING DEBT POSITION

	Group 31st March 2020 ₦'000	Company 31st March 2020 ₦'000	Group 31st December 2019 ₦'000	Company 31st December 2019 ₦'000
Loans and Borrowings	27,001,882	27,001,882	16,826,218	16,826,218
Commercial papers	51,058,530	51,058,530	-	-
Cash, cash equivalents and current	(24,579,969)	(24,574,311)	(6,361,057)	(6,358,606)
(Net cash coverage position)/Interest bearing debt position	53,480,443	53,486,101	10,465,161	10,467,612

The company has revolving credit facilities with five Nigerian banks to finance its working capital. The approved limit of the loan with each of the banks range from ₦6 billion to ₦15 billion (total of ₦83 billion). ₦22 billion was utilized as at 31st March, 2020 (2019: ₦29 billion).

12. CONTINGENCIES

No material updates in comparison with 2019 year-end reporting were identified that need to be reported.

13. REGULATIONS FOR DEALING IN SHARES

In compliance with The Nigerian Stock Exchange's Rules, Nigerian Breweries Plc has in place Regulations to guide the Board, employees and other persons classified as insiders when effecting transactions in the Company's shares and securities. The Company's Regulations for Dealing in Shares and other Securities provide amongst others, the period when transactions are not allowed to be effected on the Company's shares and securities ("Closed Period") as well as disclosure requirements when effecting such transactions. All concerned are obliged to observe the provisions of the Regulations when dealing in the Company's shares and securities. The Company has made inquiries of all affected persons and is not aware of any infringement of the policy during the period.

14. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its parent company, Heineken N.V. and Heineken group entities. These transactions are conducted on terms comparable to transactions with third parties. The related party transactions in the first three-month period ended 31st March 2020 do not, in substance deviate from the transactions as reflected in the financial statements as at and for the year 31st December 2019.

15. SUBSEQUENT EVENTS

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 31st March 2020 that have not been adequately provided for or disclosed in these condensed interim financial statements.

Coronavirus (Covid-19) Pandemic

The Covid-19 crisis continues to impact all businesses, with the effect expected to be more pronounced in the future. The priority for us is to protect the health, safety and welfare of our employees, customers, and partners, as well as support the Government and its agencies as they work to reduce the impact of the outbreak. At this stage, it is not possible to determine the financial impact of Covid-19 on our Company given the lack of visibility on the end date of the pandemic or on how long it would continue to impact the Nigerian economy. The Company has a strong Balance Sheet and the Board and Management are focusing on efforts to mitigate the impact on our business.