

Full Year 2018 Presentation

21 February 2019



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.



Agenda

-  • Nigerian Breweries
 - Market overview
 - Our strategy to win
 - FY 2018 performance



Our New Management Team



Jordi Borrut Bel
Managing Director/CEO
(Board Member)
1 year/21 years

Rob Kleinjan
Finance Director
(Board Member)
6 months/22 years



Emmanuel Oriakhi
Marketing Director
6 months/15 years



Grace Omo-Lamai
Human Resource Director
1 year/1 year



Martin Kochl
Supply Chain Director
7 months/18 years



Sade Morgan
Corporate Affairs Director
1 month/1 month



Uche Unigwe
Sales Director
1 year/29 years



Chidum Ayeni
Business Transformation Manager
6 months/23 years



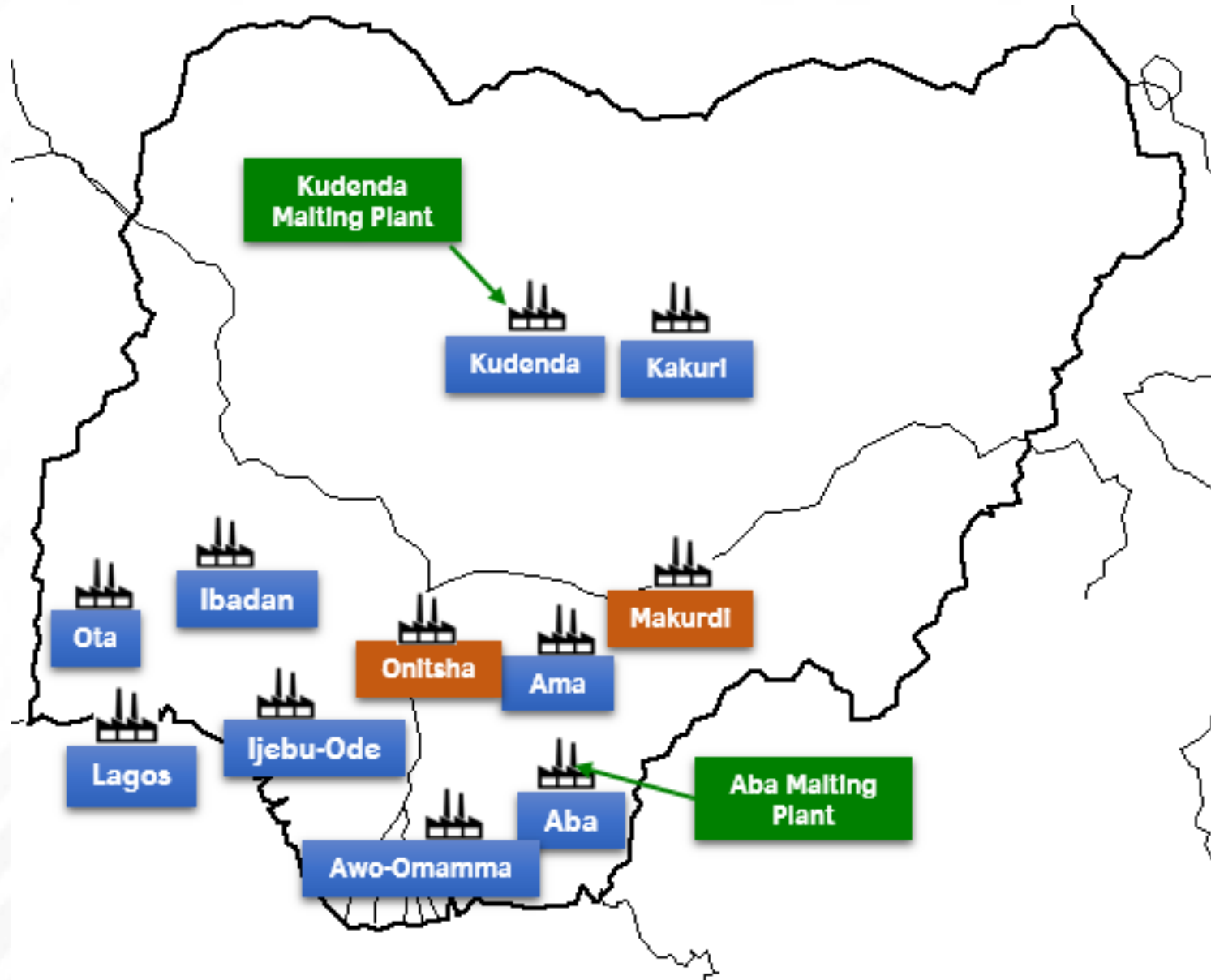
Uaboi Agbebaku
Company Secretary/Legal Director
10 years/15 years



Tenure in NB/ Tenure in HEINEKEN



Nationwide Brewery Footprint



Unparalleled access to consumers across Nigeria

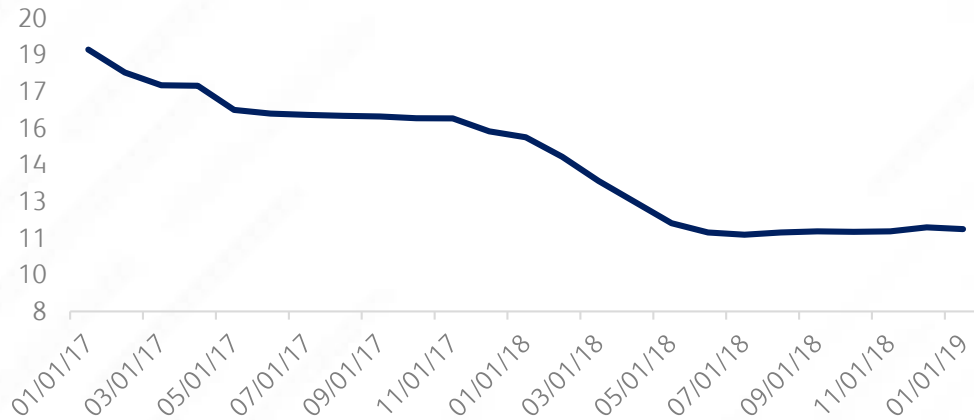


Leading Brand Portfolio



Challenging Environment Gradually Improving

Inflation (%)



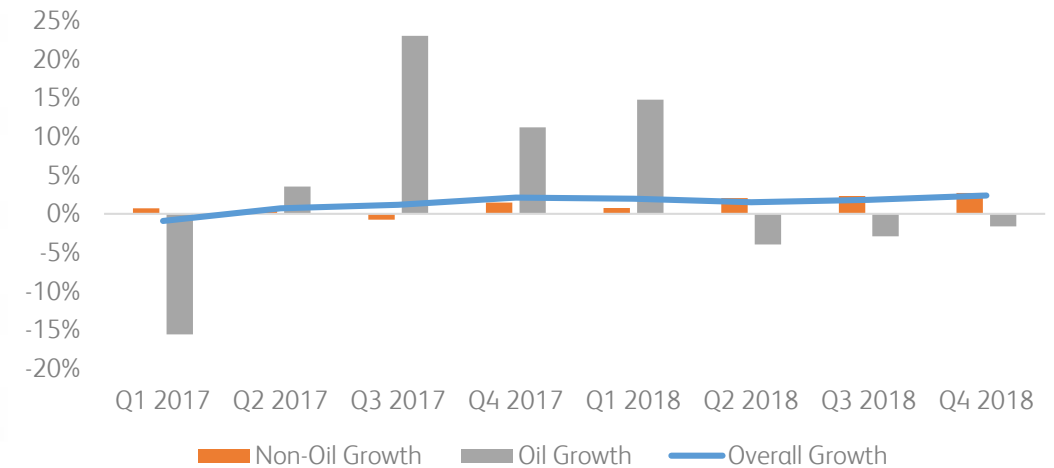
Exchange Rate (Naira/\$)



Brent crude (USD/bl)



GDP Growth (%)

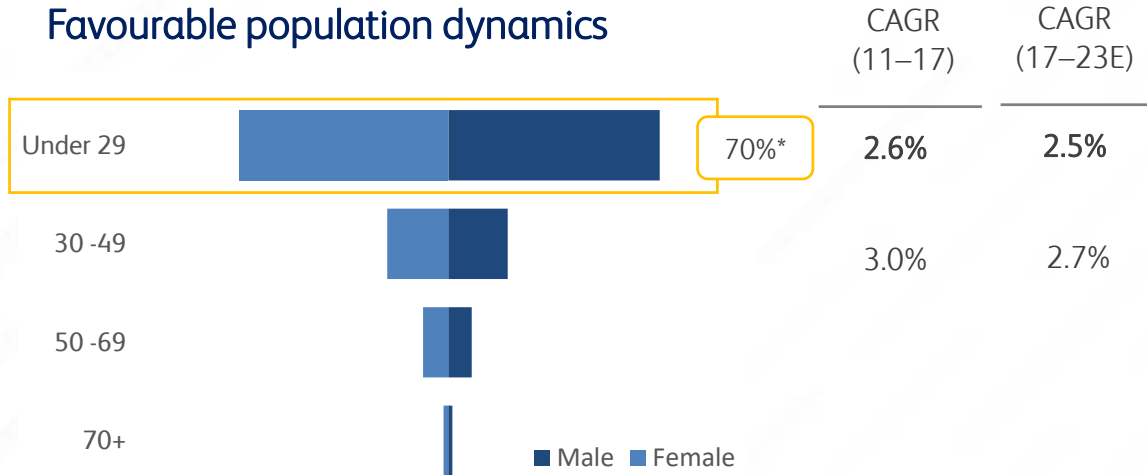


Sources: www.tradingeconomics.com, www.cbn.gov.ng, www.nigerianstat.gov.ng
<https://www.vanguardngr.com/2017/12/faac-fg-states-lgs-share-n609-95bn-november-revenue/>
 Source: NBS



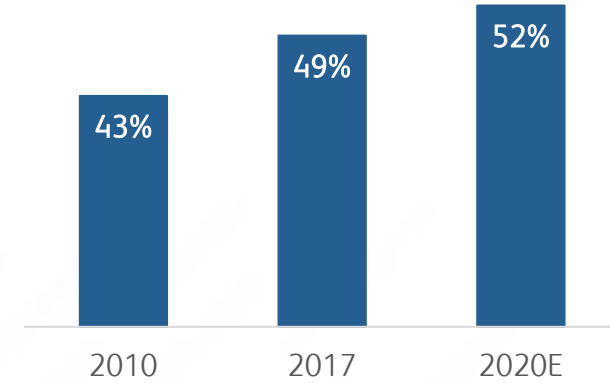
Nigeria Remains an Attractive Market

Favourable population dynamics

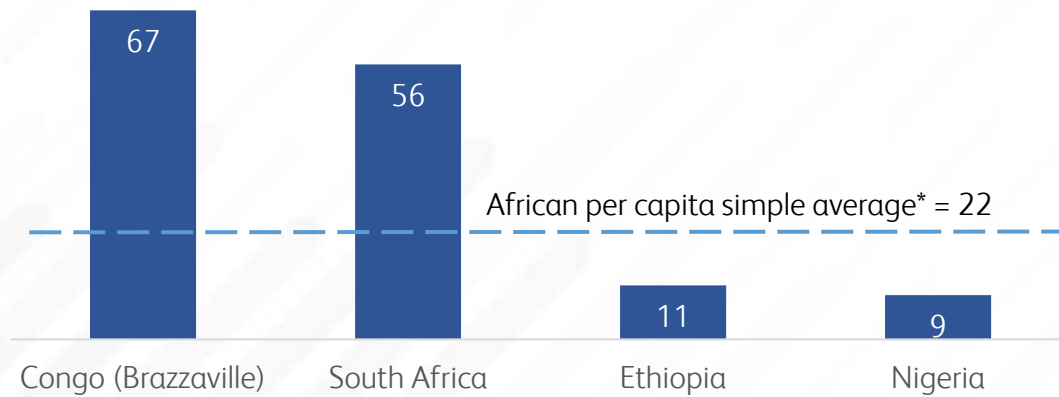


*Percentage of total population.

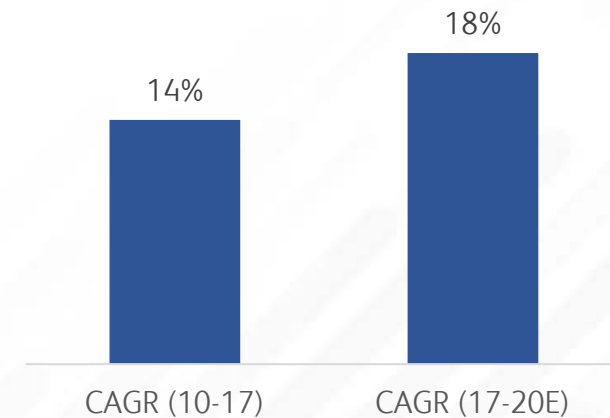
Increasing urbanization



Per Capita Consumption in Africa



Final consumption expenditure



Source: World Bank. * Note: simple average based on per capita consumption presented in 2018 FMC.

Source: statista.com/statistics



Strategy to Winning with Nigeria!

Must Win Priorities

Expand Leadership in Premium

Accelerate Heineken® expansion
Continue Tiger rollout

Build Scale in Mainstream

Re-boost leadership in Core Lager
Grow share of Stout

Drive Malt Growth

Drive profitability by leveraging on innovation

Winning RTM

Leadership in PoS execution

Improve end2end productivity

Sustainability at the heart of our Company

Build high performing teams



Exciting Activations in 2018 Across the Portfolio



Premium, led by Heineken®, up double-digit



Sustainability at the Heart of our Company



Sustainability: Our 2018 Scorecard



Advocating Responsible Consumption

- When you drive, Never Drink
- 4 mega city rallies were held in 2018 to promote message
- Impacting over 20,000 drivers since inception of the campaign in 2008.



Winning with Nigeria through Education

- Maltina Teacher of the Year award to celebrate teachers
- Total of 641 entries with 26 State champions
- Jury Interview of first 11 finalists
- Winner- Mr. Olasunkanmi Samuel Opeifa

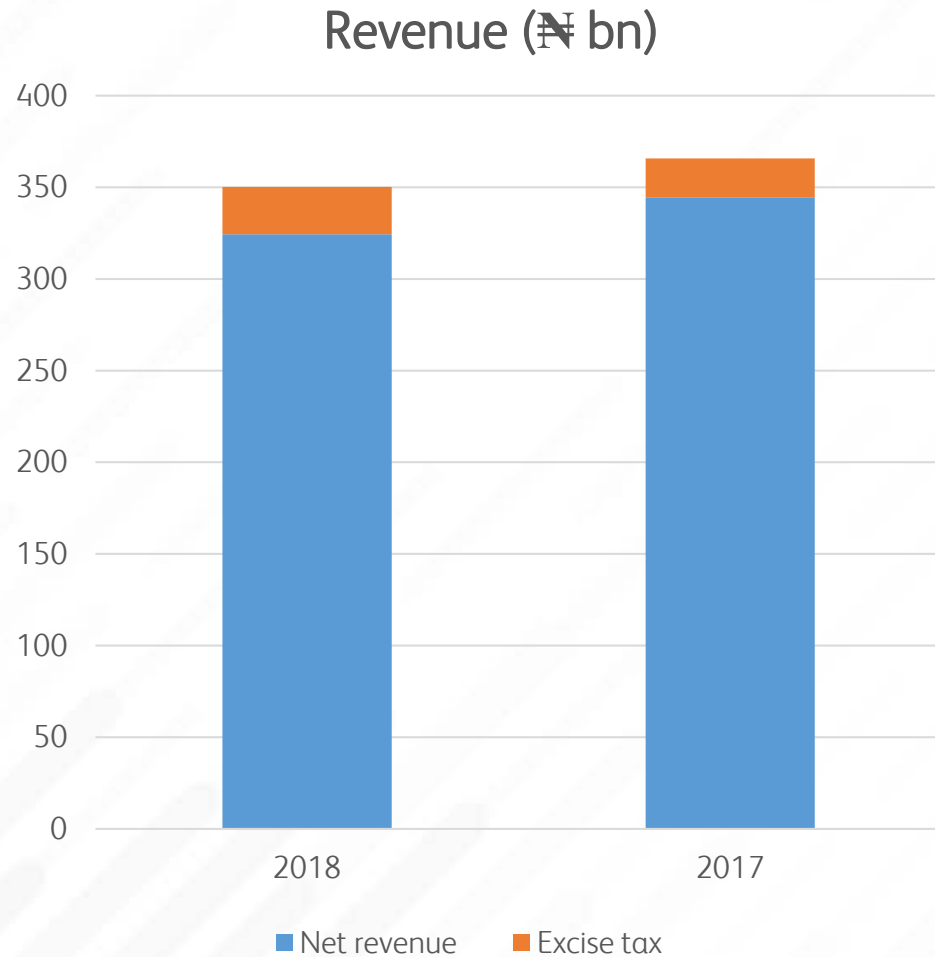


Financial Overview FY 2018

P&L Key financials	FY 2018 (N' billion)	FY 2017 (N' billion)	Change (%)
Revenue	324.4	344.5	-5.8
Cost of Goods Sold	197.5	201.0	-1.8
Gross Profit	126.9	143.5	-11.6
Result from Operating activities	37.0	57.1	-35.3
Operating Profit Margin	11.4%	16.6%	-519bps
Net Finance Expenses	7.6	10.5	-28.0
Net Profit	19.4	33.0	-41.2
EPS (kobo)	243	413	-41.2



Declining Revenue, Moderating in Q4



Net revenue declined 5.8%, impacted by:

- Increased excise duty paid, now 7.5% of gross revenue(+150bps), (+150bps),reflecting 7 months of higher excise,
- Mid single digit volume decline, with an improvement in Q4,
- Challenging pricing environment, with price increase in June 2018 adjusted to remain competitive .



Efficiencies Partially Offset Down-trading Impact

Operating profit bridge	(N' billion)
Operating profit 2017	57.1
Decrease in gross profit	-16.6
Increase in marketing & distribution expenses	-3.2
Decrease in administrative expenses	0.9
Decrease in other income	-1.3
Operating profit 2018	36.9



Finance & Tax Partially Offset Non-recurring Items

Net profit bridge	(N' billion)
Net profit 2017	33.0
Increase in expenses from rightsizing exercise	-1.6
Non-recurring one-offs in 2017	-3.0
Increase in excise tax in 2018	-4.6
Decrease in net finance expense	2.9
Decrease in income tax expense	3.6
Other	-10.9
Net profit 2018	19.4



Despite Reduced Cash Flow, Balance Sheet is Strong

(N' billion unless otherwise stated)	FY 2018	FY 2017	Change
Cash flow from operations (before changes in working capital)	68.3	88.0	-19.7
Changes in Inventories	10.2	-11.5	21.7
Changes in Accounts Receivable	-14.9	-0.3	-14.6
Changes in Accounts Payable	-7.3	27.3	-34.6
Changes in Working Capital	-12.0	15.5	-27.5
Capital expenditure	-30.2	-32.1	-1.9
Free operating cash flow	0.5	40.0	-39.5
Net debt / EBITDA ratio*	0.4x	n/a	
Interest coverage ratio**	4.8x	5.4x	

* Note: during 2017, Nigerian Breweries was net cash, so net debt / EBITDA is not applicable. ** Note: interest coverage is calculated as operating profit over interest expense.



Another Year with 100% Payout

Proposed Dividend for 2018:

- 100% payout ratio, cash only
- Total dividend ~~₦~~19.4 bn (2017: ~~₦~~33.0bn)
- Interim dividend paid: ~~₦~~0.60 per share (~~₦~~4.7bn)
- Proposed final dividend: ~~₦~~1.83 per share (~~₦~~14.6bn)
- Total proposed dividend: ~~₦~~2.43 per share (2017: ~~₦~~4.13)
- Earnings per share: ~~₦~~2.43 for 2018 (2017: ~~₦~~4.13)
- AGM date for approval: 17 May 2019
- Payout date if approved: 20 May 2019



Outlook for 2019

In 2018, the results of Nigerian Breweries were adversely impacted by the increased excise duty rates which came into effect during the year coupled with a challenging operating environment.

For 2019 we expect a continued challenging operating environment.

The changes we have in the Company give us the confidence that we are fit to fight and win in Nigeria.



