GUINNESS NIGERIA PLC

F16 FULL YEAR RESULTS

21 September 2016
F16 FULL YEAR RESULTS BRIEFING

Commercial Performance Highlights
Peter Ndegwa, MD/CEO

Financial Performance Review
Ronald C. Plumridge, Finance & Strategy Director

Performance Priorities
Peter Ndegwa, MD/CEO

Questions & Answers
Sesan Sobowale, Corporate Relations Director
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Sesan Sobowale, Corporate Relations Director
OUR AMBITION

To be the best performing, most trusted and respected Consumer Products Company in Nigeria

OUR VALUES

- Freedom to succeed
- Proud of what we do
- Be the best
- Passionate about customer and consumer
- Value each other

OUR MUST DOs

- Winning with a total beverage portfolio
- Strengthen and accelerate our premium core brands
- Win in value and mainstream
- Innovate at scale to meet new customer need
- Build and constantly extend our advantage in route to consumer
- Drive out cost to constantly invest in growth
- Guarantee our plan with the right people and capabilities
GDP Decline has impacted disposable income
Consumers under pressure
Scarcity of FX
High inflation

Source: National Bureau of Statistics, FDC
Market performance and relative segment growth

- Overall market in decline
- Consumers downtrading and lower mainstream/value segment in significant growth
- Mid to premium segments under pressure
F16 FY PERFORMANCE – Year affected by lapping strong Orijin comparables & one off costs

<table>
<thead>
<tr>
<th></th>
<th>Naira ‘b’</th>
<th>vs LY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>102.0</td>
<td>-14%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(60.2)</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>4.4</td>
<td>-72%</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>(2.0)</td>
<td>-126%</td>
</tr>
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</table>

Market under pressure with consumers downtrading
Our topline affected by lapping high Orijin numbers.
Illiquid FX market resulted in FX loss
Huge cost agenda including restructuring one off cost
...HOWEVER WE CONTINUE TO MAKE PROGRESS WITH

• Our premium core brands of Guinness and Malta Guinness back in growth
• Increased participation in value with Satzenbrau (participating in a growing value segment)
• Expansion of our portfolio with International Premium Spirits (IPS) and USL brand distribution
• An improving Route to Consumer
• Leading in innovation
• Significant focus on driving out costs
OUR FOCUS IN F17

• Continue to expand our portfolio through innovation
• Continue to integrate spirits and invest in new local production capacity for spirits
• Continue to improve our route to consumer
• Huge focus on cost management
• Price as a lever where appropriate to mitigate cost increases
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## F16 FULL YEAR INCOME STATEMENT

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<tr>
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<th>F16 FY Naira ‘b’</th>
<th>F15 FY Naira ‘b’</th>
<th>vs LY</th>
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<tbody>
<tr>
<td>Net Sales</td>
<td>102.0</td>
<td>118.5</td>
<td>-14%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(60.2)</td>
<td>(63.6)</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>4.4</td>
<td>15.7</td>
<td>-72%</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>(2.0)</td>
<td>7.8</td>
<td>-126%</td>
</tr>
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NSV -14%

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Core Brands, Guinness & Malta in growth
Decline in Orijin
Premium Spirits and USL brands contributed 6% to total H2 NSV
Expanding our share in value through Satzenbrau
COST OF SALES (COGS) & GROSS PROFIT (GP)

COGS  -5%

GP   -24%

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<tr>
<td>Cost of Sales</td>
<td>(60.2)</td>
<td>(63.6)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>41.8</td>
<td>54.9</td>
</tr>
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</table>

FX and local inflation adversely impacted COGS

Focus on efficiencies and waste management

LRM used to mitigate FX impact

GP impacted by mix
# MARKETING, DISTRIBUTION, ADMIN & ONE-OFF COSTS

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<tr>
<td>Marketing &amp; Distribution</td>
<td>(24.9)</td>
<td>(27.1)</td>
</tr>
<tr>
<td>Admin Expenses</td>
<td>(13.0)</td>
<td>(12.8)</td>
</tr>
<tr>
<td>One-off Cost</td>
<td>(2.0)</td>
<td>(1.1)</td>
</tr>
</tbody>
</table>

- **Marketing & Distribution** decreased by 8%.
- **Admin Expenses** increased by 2%.

Controlled cost in a higher inflation environment.

One-off costs in F16 relate to organizational review.
FINANCE COST & TAXATION

Finance Cost +39%

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<tr>
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<th>F15 FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Finance Cost</td>
<td>(6.8)</td>
<td>(4.9)</td>
</tr>
<tr>
<td>Taxation</td>
<td>0.3</td>
<td>(3.0)</td>
</tr>
</tbody>
</table>

Increase in finance costs attributable to unrealized FX of N3.3bn.

YoY reduction in average funding rates

Taxation deferred credit offset by TET payments
### PROFIT AFTER TAX & DIVIDEND

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<tr>
<td></td>
<td>K/S</td>
<td>K/S</td>
</tr>
<tr>
<td>Dividend</td>
<td>50</td>
<td>320</td>
</tr>
</tbody>
</table>
# BALANCE SHEET FY F16

<table>
<thead>
<tr>
<th></th>
<th>30 Jun' 2016 N'bn</th>
<th>30 Jun' 2015 N'bn</th>
<th>Change N'bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td>89.1</td>
<td>88.7</td>
<td>0.4</td>
</tr>
<tr>
<td>Inventories</td>
<td>13.0</td>
<td>10.8</td>
<td>2.3</td>
</tr>
<tr>
<td>Receivables + Prepayments</td>
<td>29.0</td>
<td>17.0</td>
<td>12.0</td>
</tr>
<tr>
<td>Cash</td>
<td>5.8</td>
<td>5.8</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>137.0</strong></td>
<td><strong>122.2</strong></td>
<td><strong>14.7</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>41.7</td>
<td>48.3</td>
<td>(6.6)</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>28.2</td>
<td>27.8</td>
<td>0.4</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>67.1</td>
<td>46.1</td>
<td>21.0</td>
</tr>
<tr>
<td><strong>Total Equity &amp; Liabilities</strong></td>
<td><strong>137.0</strong></td>
<td><strong>122.2</strong></td>
<td><strong>14.7</strong></td>
</tr>
</tbody>
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Focus on inventory levels with forward buying where efficient

Tough liquidity conditions affecting vendor payments terms

No debt factoring exercise in 2016
Gearing +51 ppt

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<td>Gearing</td>
<td>94</td>
<td>43</td>
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</table>

Average borrowing for the year was N32bn vs N35bn in F15

Year end borrowing increased to N36bn from N19bn in F15

The first FMCG coy to issue a Commercial Paper (NGN11.3bn)

Diageo term loan
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Strengthen and accelerate our premium core brands

Win in value and mainstream

Innovate at scale to meet new customer need

Delivering results while adding value to our communities
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F16 SUMMARY

- Successful national consumer football promotion
  - #1 Brand associated with Football

- GUINNESS AFRICA SPECIAL:
  - Launched November 2015
  - Driving sampling and Awareness
Malta Guinness – we focused on driving mental and physical availability for the brand

• BASKET MOUTH as Brand Ambassador.
• Roll out of extensive influencer – driving social media penetration

Execution of the Malta Guinness Distribution drive to increase off-trade penetration
BRAND ORIJIN

Orijin remains the market leader in herbal RTDs! Competition has increased but the brand has strong equity.

Invested in Equity
- Asserted our right to win with African herbal roots.
- Drove an emotive campaign with Live Orijinal

Expanded Price Tiers with 45cl
- Launched 45cl RTD at N150
- Encouraging Price compliance across the value chain

Scaled up distribution and price programme on bitters via mainstream spirits route to consumer.
Driving Innovation with Brand Orijin

- Focus on distribution
- Sampling consumers
- ‘Rethink your soft drink’ campaign
TWO OBJECTIVES:

1. Grow the brand in all ladder prices (using our variants),
2. Increased and robust equity scores (brand awareness)
PERFORMANCE PRIORITIES

- Strengthen and accelerate our premium core brands
- Win in value and mainstream
- Innovate at scale to meet new customer need

Delivering results while adding value to our communities
Satzenbrau’s strategy in F16 leveraging on a growing value segment

**F16 Summary**
- Driving distribution
- Improving sales execution
Integrating the USL DBs into GN

1. Integrated USL brands into GN
2. Defined route to consumer
3. Continue to develop the brand
PERFORMANCE PRIORITIES

1. Strengthen and accelerate our premium core brands
2. Win in value and mainstream
3. Innovate at scale to meet new customer need

Delivering results while adding value to our communities
STRONG LEADERSHIP IN INNOVATION

- Strong Innovation pipeline
- GN continues to lead in innovation
- New formats, variants and SKUs to compliment new brand innovation
- 2 national launches in F’16 – Guinness Africa Special and Orijin Zero

Successful Innovation excluding pack upgrades and new SKUs
PERFORMANCE PRIORITIES

- Strengthen and accelerate our premium core brands
- Win in value and mainstream
- Innovate at scale to meet new customer need

Delivering results while adding value to our communities
ADDING VALUE TO OUR COMMUNITIES & STAKEHOLDERS

- World Water Day Symposium with LBS
- National Power Training Institute of Nigeria (NAPTIN) scholarship award
- Water Partnerships – Concern Universal Water Aid and Oxfam
- Guinness Eye Hospital Re-commissioning

- Global CR Leadership visits to Minister of Industry Trade and Investment and Minister of Health
- British High Commissioner Visit
- Irish Trade Minister's visit
- Customs visit to Ogba
LOOKING TO F17 AND BEYOND...

- Challenging economic environment
- We believe in our strategy and will continue to focus on it
- Continue to focus on our core brands
- Exciting innovations pipeline
- Incorporating Spirits in our business
- Local production investment for Spirits
- Driving out costs
- Building the business for the future
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