

PRESS RELEASE

Bralirwa Ltd reports 2017 full year results

Kigali, 23 April 2018 – Bralirwa Ltd (“Bralirwa”) announces today its financial results for the period ended 31 December 2017. Highlights from the results include:

- Results from operating activities increased by 21.3% driven by cost savings combined with operational efficiencies
- Total volume declined 12.4% due to the negative impact of pricing on both soft drinks and beer in what remains a competitive market
- Organic revenue declined 2.8% mainly due to the reduced volume which was partially offset by a favourable mix

Victor Madiela, Vice Chairman of the Board and Managing Director of Bralirwa commented: “In 2017, overall financial performance improved substantially compared to 2016, despite the challenging business environment. Revenue management combined with a focus on cost savings as well as operational efficiencies and the benefit of lower finance costs, positively impacted the results. Furthermore, we are committed to returning top-line growth, whilst improving our operating margin and reducing debt.”

Operational Review 2017

Top line, volume and revenue, remained under pressure. Revenue was 2.8% lower than last year at Rwf 86.4 billion (2016: Rwf 88.8 billion), due to lower volume which declined 12.4%. Volume was adversely impacted by price increases in both soft drinks and mainstream beer in August 2016 and January 2017 respectively. The market remains very competitive and consumer spending constrained.

Pricing was taken to compensate for increased fixed costs from operations, at a time when currency depreciation resulted in higher raw material and other costs. The 2017 mainstream beer price increase was the first in 6 years and the resulting lower volume was in line with expectations.

A continued focus on cost savings combined with operational efficiencies, as well as lower finance costs resulted in improved performance at the bottom line. Bralirwa’s results from operating activities increased by 21.3% to Rwf 14.7 billion (2016: Rwf 12.1 billion), and profit and total comprehensive income for the year 2017 increased by 263.3% to Rwf 5.1 billion (2016: Rwf 1.4 billion). This resulted in an improved earnings per share of Rwf 4.94 (2016: Rwf 1.36).

Investment

Capital expenditure in 2017 returned to more normalized levels relative to prior years. Including costs related to the replacement of returnable packaging materials and the new waste water treatment plant total capital expenditure in 2017 was Rwf 11.3 billion.

In line with the new Heineken policy on returnable packaging material, we reassessed the useful life of bottles and crates, reducing it from 7 to 6 years for bottles. This resulted in an accelerated depreciation charge of Rwf 1.7 billion, which was offset by an accompanying release of the deposit liability of Rwf 3.6 billion.

The Bramin farm joint venture commenced its fourth year of commercial farming. The drought, infestations and operational issues had a significant adverse impact on crop yields and consequently Bramin's results, despite our efforts to bring profitability to the farm. An impairment of RWF 2.4 billion was recorded in the Bralirwa financials on the Bramin long term loan. This charge, which has no impact on cash flows, reflects Bralirwa management's view of the lower future expected performance of Bramin. Despite the impairment, we continue to believe in the importance of the farm and the various positive contributions which this brings to the company. We remain focused on improving the yield of the existing crops and are testing promising new crops in order to bring profitability to the farm.

Outlook 2018

Ongoing uncertainties and resulting volatility in the global economy are expected to continue to impact African economies. In 2017, the Rwandan economy performed reasonably well, supported by improved agricultural performance. Growth in 2017 was still ahead of average growth rates in sub-Saharan Africa. We expect this trend to continue in 2018, excluding any significant unforeseen macroeconomic or political developments.

Consumer spending power is expected to remain constrained, however we expect to deliver top line growth in 2018, supported by our new product introductions in the market. Whilst cost pressures will continue to be challenging, further focus on cost management and reducing debt should enable margin improvement in 2018.

Dividend 2017

Payment of a cash dividend for 2017 of Rwf 3.75 per share (2016: Rwf 1.00) will be proposed to the annual general meeting of shareholders scheduled for 23 May 2018.

The proposed dividend, if approved, will be paid on 22 June 2018. The dividend represents 75.9% of the net profit of the year 2017.

Please note that the payment will be subject to a withholding tax. The book close date for Bralirwa shares will be 16 May 2018, such that the final dividend will be paid to all shareholders, whose names appear in the Register of Shareholders at the close of business on 16 May 2018.

Conference call details

On 26 April 2018, Bralirwa will host a conference call to discuss its full year 2017 financial results. The call will also be webcasted live via the investor relations section of the company's website: <http://www.bralirwa.com/cms/index.php/investors>. An audio replay service will also be made available after the conference call at the above web address.

About Bralirwa

Bralirwa is a Rwandan company producing and selling beers and soft drinks. The Company's beer brand portfolio includes Primus, Mützig, Legend, Amstel, Huza and Turbo King produced in the Gisenyi brewery and Heineken which is imported from Holland. Primus, the Company's largest selling beer brand has been available to consumers since 1959. Since 1974, the Company has been producing and selling soft drink brands under a licensing agreement with The Coca-Cola Company. These include Coca Cola, Fanta Orange, Fanta Citron, Fanta Fiesta, Sprite, Krest, Tonic, Stoney and the Company's own brand Vital' O.

The Company was founded in 1957 with the construction of a brewery located in Gisenyi. Since 1971, Bralirwa is a subsidiary of the Heineken N.V., which holds 75% of the shares of Bralirwa with the remaining 25% listed on the Rwanda Stock Exchange. As a socially responsible company Bralirwa supports a variety of projects from Education to Health and Environment.

Statement of Profit or Loss and other comprehensive income

<i>(In '000hl and Rwf millions)</i>	2017	2016	% Change
Sales volume	1,562	1,784	-12.4%
Revenue	86,354	88,799	-2.8%
Cost of sales	(60,079)	(63,123)	-4.8%
Gross profit	26,275	25,676	2.3%
Other income	5,288	1,534	244.7%
Selling and distribution expenses	(4,089)	(4,389)	-6.8%
Administrative expenses	(10,405)	(10,692)	-2.7%
Other operating expenses	(2,363)	-	
Results from operating activities	14,706	12,129	21.3%
Finance income	1,555	1,638	-5.1%
Finance costs	(8,552)	(11,101)	-23.0%
Net finance cost	(6,997)	(9,463)	-26.1%
Profit before income tax	7,709	2,666	189.2%
Income tax expense	(2,630)	(1,268)	107.4%
Profit after tax	5,079	1,398	263.3%
Other Comprehensive income	-	-	0.0%
Profit and total comprehensive income for the year	5,079	1,398	263.3%
Earnings per share (basic and diluted) - Rwf	4.94	1.36	263.3%
Dividend per share - Rwf	3.75	1.00	275.0%
Net Debt	42,240	43,573	-3.1%
EBITDA	28,308	23,522	20.3%

Statement of Financial Position

<i>(In Rwf millions)</i>	2017	2016	% Change
Assets			
Non-current assets			
Property, plant and equipment	85,765	88,001	-2.5%
Intangible assets	131	254	-48.4%
Investments in associate	9	9	0.0%
Receivables from related parties - principal	1,637	1,490	9.9%
Receivables from related parties - unearned interest	-	2,510	-100.0%
Total non-current assets	87,542	92,264	-5.1%
Current assets			
Inventories	20,445	22,097	-7.5%
Receivable from related parties	2,575	2,608	-1.3%
Trade and other receivables	8,588	8,003	7.3%
Tax recoverable	1,270	3,713	-65.8%
Bank and cash balances	7,309	3,055	139.2%
Total current assets	40,187	39,476	1.8%
Total assets	127,729	131,740	-3.0%
Equity			
Share capital	5,143	5,143	0.0%
Share premium	85	85	0.0%
Other reserves	2,072	2,072	0.0%
Retained earnings	28,392	24,338	16.7%
Total equity	35,692	31,638	12.8%
Non-current liabilities			
Loans and borrowings	26,997	29,402	-8.2%
Deferred tax liability	7,745	7,582	2.1%
Total non-current liabilities	34,742	36,984	-6.1%
Current liabilities			
Loans and borrowings	22,551	17,227	30.9%
Payable to related parties	7,025	11,032	-36.3%
Trade and other payables	27,719	34,859	-20.5%
Total current liabilities	57,295	63,118	-9.2%
Total liabilities	92,037	100,102	-8.1%
Total equity and liabilities	127,729	131,740	-3.0%

Statement of Cash Flows

<i>(In Rwf millions)</i>	2017	2016	% Change
Cash flow from operating activities			
Profit before tax	7,709	2,666	189.2%
Adjustments for:			
Impairment of related party loan	2,363	-	
Interest expense	5,089	4,673	8.9%
Foreign exchange difference on loans	717	2,814	-74.5%
Depreciation	13,473	11,305	19.2%
Amortization of intangible assets	129	88	46.6%
Gain on sale of property, plant, and equipment	(95)	(26)	265.4%
Other non cash items in Equity	3	-	
	29,388	21,520	36.6%
Changes in working capital			
Increase/(decrease) in trade and other receivables	(585)	(872)	-32.9%
Increase/(decrease) in related party balances	(3,974)	4,976	-179.9%
Increase/(decrease) in inventories	1,652	(3,089)	-153.5%
Increase/(decrease) in trade and other payables	(7,140)	(2,305)	209.8%
Cash generated from operating activities	19,341	20,230	-4.4%
Income tax received/(paid)	(25)	568	-104.4%
Net cash flows generated from operating activities	19,316	20,798	-7.1%
Cash flow from investing activities			
Proceeds from sale of property, plant, and equipment	120	231	-48.1%
Purchase of property, plant and equipment	(11,262)	(14,911)	-24.5%
Purchase of intangible assets	(6)	(65)	-90.8%
Net cash flows used in investing activities	(11,148)	(14,745)	-24.4%
Cash flow financing activities			
Proceeds from loans and borrowings	-	7,651	-100.0%
Repayment of loans and borrowings	(1,476)	(1,295)	14.0%
Dividends paid	(1,029)	(5,143)	-80.0%
Interest expenses	(5,089)	(4,673)	8.9%
Net cash flows used in financing activities	(7,594)	(3,460)	119.5%
Net increase/(decrease) in cash and cash equivalents	574	2,593	-77.9%
Cash and cash equivalents at 1 January	(12,696)	(15,289)	-17.0%
Cash and cash equivalents as at 31 December	(12,122)	(12,696)	-4.5%