

# 2018 HY Results Press Release



29 August 2018



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This presentation contains forward looking statements with regard to the financial position and results of Bralirwa's 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 Bralirwa's ability to control or estimate precisely, such as future market and economic conditions, the behavior 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. Those and other risk factors are detailed in Bralirwa's publicly filed annual reports.

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# 2018 Rwanda Macroeconomic context<sup>1</sup>

- Sub-Saharan Africa GDP growth is projected to rise to 3.4% in 2018, with growth aided by stronger global growth, higher commodity prices and improved capital market access
- Rwanda continues to perform reasonably well:
  - GDP growth expected of 7.2% in 2018
  - Inflation at 3.6% HY 2018
  - Trade deficit reduced by 1.4% HY 2018
  - Rwandan Franc (Rwf) continued to be under pressure (+0.4% vs. EUR, -1.8% vs. USD)



<sup>1</sup> Sources: World Bank, IMF and BNR

# Rwanda: beer market overview

- In 2018 market remains challenging and competitive
- Consumer spending power still constrained
- Currency depreciation continued to impact the business through higher costs
- Pricing taken to compensate for increased costs from operations



# Bralirwa - brand developments

- Particularly strong performance from Mützig, strengthening its position in the market
- Primus continued successful activation with its music platform Primus Guma Guma
- Introduction of Amstel 100% Pure Malt



# 2018 HY Key Highlights

- Top line growth in a challenging operational environment:
  - Volume up by 11.5% mainly due to market recovery and accelerated brand investments
  - Revenue increased by 9.7% driven by favourable mix and strong volume growth
  - One-off excise tax correction of Rwf 0.4b adversely impacted revenue
- Cost of sales 12.1% higher due to higher volume and input costs
- Flat results from operating activities vs. HY 2017 due to accelerated brand investments (+21.1%) and higher input costs despite our cost management programme
- Capital expenditure as planned, including new waste water treatment plant completion
- Debt repayment continued to further reduce our debt position



# Statement of Profit or Loss and other comprehensive income

<b>Key Financials</b>	<b>HY 2018</b>	<b>HY 2017</b>	<b>Total Change (%)</b>
In '000hl and Rwf millions or Loss			
<b>Sales Volume</b>	<b>837</b>	751	11.5
<b>Revenue</b>	<b>45,369</b>	41,341	9.7
<b>Gross Profit</b>	<b>14,188</b>	13,519	4.9
Results from operating activities	<b>6,987</b>	7,025	(0.5)
Net finance cost	<b>(3,959)</b>	(4,115)	3.8
<b>Profit before income tax</b>	<b>3,028</b>	2,910	4.1
Income tax expense	<b>(908)</b>	(826)	(9.9)
<b>Profit and total comprehensive income for the period</b>	<b>2,120</b>	2,084	1.7
Earnings per share (basic and diluted) (EPS)	<b>2.06</b>	2.03	1.7

# 2018 Full Year Outlook

- In the second half of 2018 Bralirwa expects volume trends to improve further. Whilst the market environment in Rwanda is expected to remain competitive and constrained by consumer spending power, the overall beverage market is expected to be broadly positive.
- Further top line improvement is expected during 2018 driven by revenue and mix management initiatives, whilst cost pressures may challenge the bottom line.
- Strict cost management, innovations, new product introductions in the markets as well as reduction of our debt continue to be top priorities for Bralirwa for the remainder of 2018 in order to improve margins.



**THANK YOU**