



PART OF THE **HEINEKEN** COMPANY

## PRESS RELEASE

### **Bralirwa Plc reports 2020 First Half Year Results**

**Kigali, 31 August 2020** – Bralirwa Plc. (“Bralirwa”) announces today its unaudited financial results for the period ended 30 June 2020. Highlights included:

- Volume and Revenue decreased respectively by -3.4% and -5.4% mainly driven by COVID-19 pandemic impact.

Results from operating activities mainly driven by:

- Decreased cost of sales (-6.3% vs. LY) mainly due to lower volume and discontinuation of imported Heineken;
- Increase of other income (+354.7% vs LY) mainly due to LY higher transportation costs and reclassification of negative net proceeds from services to admin expenses (CY Rwf 131m);
- Lower selling and distribution costs (-25.7% vs. LY) mainly due to lower level of activities resulting from COVID-19 impact and costs reduction (COVID-19 mitigating actions);
- Lower administrative expenses (-15.6% vs. LY) mainly due to reduced overhead expenses (resulting from COVID-19 mitigating actions) and lower IT applications expenses;
- Net finance costs decreased by -17.3% (despite local currency devaluation vs Euro and USD) mainly driven by a reduction of the external long term loan and lower level of business activities;
- Income tax expense increased by +43.2% mainly driven by higher Profit Before Tax vs Last Year.

Merid Demissie, Vice Chairman of the Board and Managing Director of Bralirwa commented:

“Due to a challenging COVID-19 situation, we were not able to deliver top line growth in the first half of the year. Both volume and revenue decreased respectively mainly driven by the impact of COVID-19 pandemic. The good performance HY 2020 is driven by better bottom line management. In order to drive further performance, Bralirwa will continue to invest in its brands and people.”

### **Operational review first half year 2020**

Revenue decreased by -5.4% to Rwf 44.6 billion in the first half year of 2020 (HY 2019: Rwf 47.1 billion). This was mainly due to the impact of COVID-19 pandemic. A slight decline in the Volume growth was due to a challenging market environment exacerbated by the effects of COVID-19 pandemic. Revenue was adversely impacted by volume decline and a negative product mix.

Bralirwa’s operating result increased to Rwf 8.9 billion (HY 2019: Rwf 7.4 billion) resulting from strict cost management in addition to COVID-19 mitigating actions. Profit and total comprehensive income for the first half year of 2020 grew by 70.6% to Rwf 3.9 billion (HY 2019: Rwf 2.3 billion).

### **Investments**

Total capital expenditures in the first half year of 2020 remained relatively low due to COVID-19 mitigating actions. More capital expenditures expected in the second half of the year.

### **Debt**

Debt repayment continued to further reduce our debt position. This combined with leveraging the improved financing terms and conditions resulting in a reduction of the net finance cost.



### **Outlook full year 2020**

In the second half of 2020, Bralirwa expects a volume decrease vs LY with following mitigation actions: optimization of route to market and incentivizing distributors.

Market expected to remain competitive but overall beverage market is likely to be impacted by COVID-19.

Continuous mitigating actions to reduce costs pressure coupled with a focus on debt reduction will continue to drive performance.

### **Investor Conference call details**

On 22 September 2020, Bralirwa Plc will host an investor conference call to discuss its unaudited first half year 2020 financial results. The call will be webcast 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 Plc is a Rwandan company producing and selling beers and soft drinks. The Company's beer brand portfolio includes Heineken, Primus, Mützig, Legend, Amstel and Turbo King produced in the Gisenyi Brewery. 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, Sprite, Krest, Tonic, Stoney, Pineapple and the Company's own brands Vital'O and Cheetah - energy drink.

The Company was founded in 1957 with the construction of a brewery located in Gisenyi. Since 1971, Bralirwa is a subsidiary of 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

| (Rwf '000 & hl)                                | Notes     | 2020               | 2019               | Change         |
|--|-----------|--------------------|--------------------|----------------|
|  |           | Rwf '000           | Rwf '000           | %              |
| Beer   |           | 674,767            | 650,202            | 3.8%           |
| Soft drinks                                    |           | 175,682            | 229,822            | (23.6%)        |
| <b>Sales volume</b>                            |           | <b>850,449</b>     | <b>880,024</b>     | <b>(3.4%)</b>  |
| <b>Revenue</b>                                 | <b>8</b>  | <b>44,609,793</b>  | <b>47,136,864</b>  | <b>(5.4%)</b>  |
| Cost of sales                                  |           | (29,434,663)       | (31,401,433)       | (6.3%)         |
| <b>Gross profit</b>                            |           | <b>15,175,130</b>  | <b>15,735,431</b>  | <b>(3.6%)</b>  |
| Other income                                   | 9         | 144,091            | (511,068)          | 354.7%         |
| Selling and distribution costs                 |           | (1,364,532)        | (1,836,279)        | (25.7%)        |
| Administrative expenses                        |           | (5,015,201)        | (5,940,436)        | (15.6%)        |
| Other operating expenses                       |           | (15,132)           | -                  | 0.0%           |
| <b>Total expenses</b>                          |           | <b>(6,250,774)</b> | <b>(8,287,783)</b> | <b>(24.6%)</b> |
| <b>Results from operating activities</b>       | <b>10</b> | <b>8,924,356</b>   | <b>7,447,648</b>   | <b>19.8%</b>   |
| Finance costs                                  |           | (3,240,558)        | (3,919,276)        | (17.3%)        |
| <b>Net finance cost</b>                        | <b>12</b> | <b>5,683,798</b>   | <b>3,528,372</b>   | <b>61.1%</b>   |
| <b>Profit before income tax</b>                |           | <b>5,683,798</b>   | <b>3,528,372</b>   | <b>61.1%</b>   |
| Income tax expense                             | 13        | (1,749,229)        | (1,221,442)        | 43.2%          |
| <b>Profit after tax</b>                        |           | <b>3,934,569</b>   | <b>2,306,930</b>   | <b>70.6%</b>   |
| <b>Other Comprehensive Income</b>              |           | -                  | -                  | 0.0%           |
| <b>Total comprehensive income for the year</b> |           | <b>3,934,569</b>   | <b>2,306,930</b>   | <b>70.6%</b>   |
| <b>Basic earnings per share – Rwf</b>          | <b>22</b> | <b>3.83</b>        | <b>2.24</b>        | <b>70.6%</b>   |

### Disclaimer

This press release 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 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. These and other risk factors are detailed in Bralirwa's publicly filed annual reports.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Bralirwa 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.