DIAGEO

GUINNESS GHANA BREWERIES LIMITED

F16 HALF YEAR RESULTS INVESTOR BRIEFING

9th MARCH 2016
OUTLINE OF THE HALF YEAR RESULTS BRIEFING

- F16 Half Year Review
  Francis Agbonlahor

- Financial Performance
  Stephen Nirenstein

- Summary
  Francis Agbonlahor

- Q&A
  Moderator
DIAGEO

GUINNESS GHANA BREWINERIES LIMITED

F16 Half Year Review

Francis Agbonlahor
Managing Director
GGBL has a stretching vision...

To be the **most vibrant** and **iconic** business in Ghana

- Market leadership in beer and adult premium non alcoholic drinks
- Transform spirits
- Innovation
- Breakthrough value initiatives
Economic context and key challenges...

- GDP growth slowed - 4.0%* in 2014 to 3.5%*** in 2015, deteriorating consumer environment
- Inflation (CPI) remains high - 17.0%* (F15 HY1) to 17.7%* (F16 HY1)
- Rising interest rates - From 21%** (F15 HY1) to 26%** (F16 H1)
- Volatility of the Ghana Cedi and liquidity in the market - relative stability in Q2
- Availability and cost of utilities
- IMF program been running for almost a year - targets being met
- Near term economic prospects for Ghana remain uncertain but medium to long term view still remain positive

* Ghana Statistical Service
** Bank of Ghana
*** IMF estimate
Net Sales growth of 28% and tripled Operating Profit...

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<td><strong>Net Sales</strong></td>
<td>278,445</td>
<td>+28%</td>
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<td><strong>Cost of Sales</strong></td>
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<td>+17%</td>
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SOURCE: GGBL STATUTORY ACCOUNTS F16 HY1 vs F15 HY1
How are we doing versus our 6 performance drivers?

Strengthen and accelerate our Premium Core

5% Growth in Net Sales

Win in Reserve

108% Growth in Net Sales

Innovate at Scale

Strong growth ahead of phased plan
How are we doing versus our 6 performance drivers?....cont’d

➢ **Managing costs to reinvest in growth** - Cost of Goods Sold increased by 17% as the business benefitted operationally from the investment made in the Perfect Plant Management System which helped deliver improvement in operational KPI’s (Waste, Overall Equipment Efficiency, utility usage). Local Raw Material usage approaching 50%.

➢ **Route to consumer** - leveraged increased sales force headcount, expanded outlet coverage including Micro KD’s, improved execution, implemented Sales Force Automation.

➢ **Guarantee our plans with the right people** - significant focus on capability building for the Commercial teams. Supply function more agile and leveraging Perfect Plant Management System.
Thank You

Please Hold the questions till the end
GUINNESS GHANA BREWERIES LIMITED

Financial Performance

Stephen Nirenstein
Finance Director
GGBL Profit from operations grew by 199%...

<table>
<thead>
<tr>
<th></th>
<th>F15 H1 Operating Profit</th>
<th>F16 H1 Operating Profit</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>61.3</td>
<td>19.4</td>
</tr>
<tr>
<td>Cost Of Goods Sold</td>
<td>29.5</td>
<td>13.3</td>
</tr>
<tr>
<td>Advertisement and Promotion</td>
<td>4.1</td>
<td>1.6</td>
</tr>
<tr>
<td>Admin and other expenses</td>
<td>1.6</td>
<td></td>
</tr>
<tr>
<td>Other income and expenditure</td>
<td>19.4</td>
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SOURCE: GGBL STATUTORY ACCOUNTS F16 HY1 vs F15 HY1; GHS ‘m
Solid revenue growth continues...

Financial Report HY 31st December 15
GGBL Income Statement

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<td>(170,239)</td>
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<td><strong>Gross Profit</strong></td>
<td>78,749</td>
<td>46,930</td>
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<td>Advertising and Marketing Expenses</td>
<td>(20,705)</td>
<td>(16,626)</td>
<td>25 %</td>
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<td>Administrative and Other Expenses</td>
<td>(37,208)</td>
<td>(35,643)</td>
<td>4 %</td>
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<td>Other Income</td>
<td>(1,464)</td>
<td>11,816</td>
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Net Sales grew +28%. Key brand highlights are:
- Grew Premium Core by 5% versus LY
- Good performance of our Innovation brands - Smirnoff Double Black Ice, RUUT Extra, Top Malt, Star Lite, Orijin Bitters and Orijin RTD.
- Reserve spirits portfolio grew 108% versus LY.

SOURCE: GGBL STATUTORY ACCOUNTS F16 HY1 vs F15 HY1; GHS ‘000
Cost of sales increase below revenue growth...

Benefits from the investment made in the Perfect Plant Management System helped deliver improvements in operational KPI’s (Waste, Overall Equipment Efficiency, utility usage).

This is despite high levels of inflation impacting local costs, plus increases in utility cost and availability.

Relative improvements in Fx volatility and availability

Positive mix impact due to lower cost per unit of Orijin bitters.

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**Financial Report HY 31st December 15**

**GGBL Income Statement**

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SOURCE: GGBL STATUTORY ACCOUNTS F16 HY1 vs F15 HY1; GHS ‘000
Continued investment in Advertising and Marketing...

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• Advertising and Marketing spend increased 25% as we continued to investment behind our brands, including our innovation brands. Excluding new launches Advertising and Marketing spend increased 11%.
• Administrative and other expenses increased 4% year-on-year as the business focused on cost control, supported by head count gaps.
• Other income, for last year, was as a result of a property sale.

SOURCE: GGBL STATUTORY ACCOUNTS F16 HY1 vs F15 HY1; GHS ‘000
Increased finance costs ...

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<td>Net Finance income/ (costs)</td>
<td>(36,473)</td>
<td>(24,894)</td>
<td>47 %</td>
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<td><strong>Profit before taxation</strong></td>
<td>(17,101)</td>
<td>(18,416)</td>
<td>(7)%</td>
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- The increase versus last year was primarily due to the servicing of a larger inter-company loan as interest was capitalised.

SOURCE: GGBL STATUTORY ACCOUNTS F16 HY1 vs F15 HY1; GHS '000
GUINNESS GHANA BREWERIES LIMITED

Summary

Francis Agbonlahor
Managing Director
In summary, a strong topline growth for the business and a return to operational profitability before interest...

- GGBL delivered strong profitable topline growth in HY1 by focusing on our performance drivers.

- In the first half, the business delivered 28% gross margin. We will continue to drive profitable growth for the business through:
  - **Continue to Grow topline** - strengthen our leadership by growing market share.
  - **Route to Consumer** - Leverage the momentum from our Route To Consumer model to deliver sustained profitability for GGBL and our partners.
  - **Drive down cost** - Embed a productivity mindset across the organisation. Further develop our raw material supply chain.
  - **Innovation** - Focus on innovation as a key growth driver through new launches - Malta PET.
  - Continued focus on building capability.

- Rights issue to be completed by end June

- Near term economic prospects for Ghana remain uncertain but medium to long term view still remain positive.
Q & A Session
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This presentation contains "forward-looking" statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability or cost of financing to GGBL or Diageo, anticipated cost savings or synergies, the completion of GGBL or Diageo’s strategic transactions and restructuring programmes, anticipated tax rates, expected cash payments, outcomes of litigation, anticipated deficit reductions in relation to pension schemes, general economic conditions and all statements on the slide "outlook statements". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside GGBL or Diageo's control.

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- legal and regulatory developments, including changes in regulations regarding production, product liability, distribution, importation, labeling, packaging, consumption or advertising; changes in tax law, rates or requirements (including with respect to the impact of excise tax increases) or accounting standards; and changes in environmental laws, health regulations and the laws governing labour and pensions;
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- changes in the cost or supply of raw materials, labour, energy and/or water;
- changes in political or economic conditions in countries and markets in which GGBL or Diageo operates, including changes in levels of consumer spending, failure of customer, supplier and financial counterparties or imposition of import, investment or currency restrictions;
- levels of marketing, promotional and innovation expenditure by Diageo and its competitors;
- renewal of supply, distribution, manufacturing or licence agreements (or related rights) and licenses on favourable terms when they expire;
- termination of existing distribution or licence manufacturing rights on agency brands;
- disruption to production facilities or business service centres, and systems change programmes, existing or future, and the ability to derive expected benefits from such programmes; and
- technological developments that may affect the distribution of products or impede GGBL or Diageo’s ability to protect its intellectual property rights; and
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