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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

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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…

	GHS '000	
Net Sales	278,445	+28%
Cost of Sales		+17%
Gross Profit		+68%
Operating Profit	19,371	+199%

SOURCE: GGBL STATUTORY ACCOUNTS F16 HY1 vs F15 HY1

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How are we doing versus our 6 performance drivers?

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Strengthen and accelerate our Premium Core

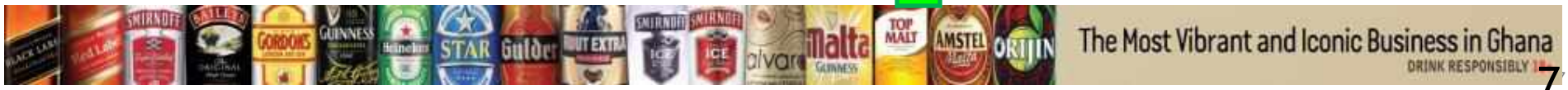
5% Growth in Net Sales

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

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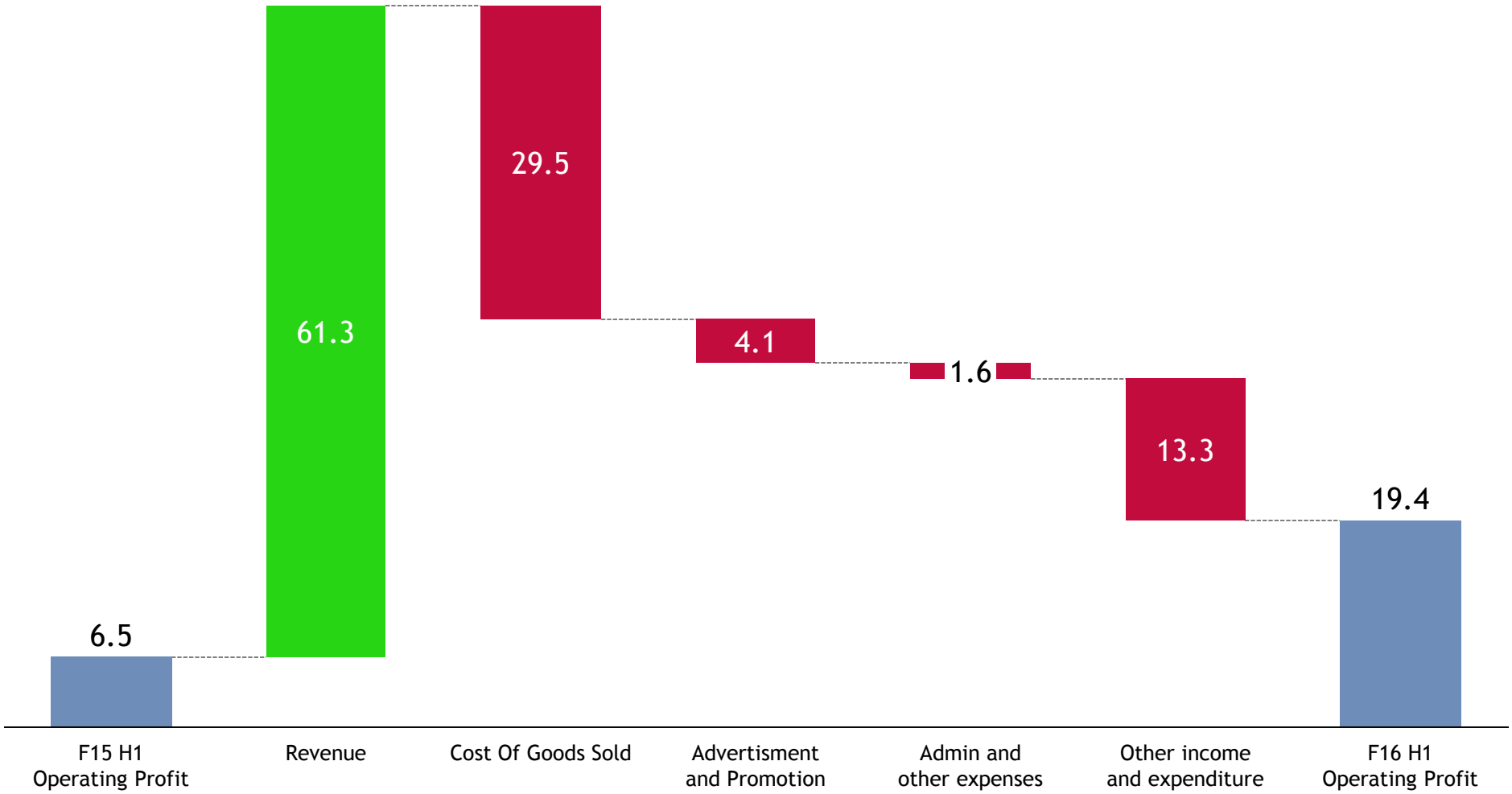
Financial Performance

Stephen Nirenstein
Finance Director

GGBL Profit from operations grew by 199%…



SOURCE: GGBL STATUTORY ACCOUNTS F16 HY1 vs F15 HY1; GHS 'm

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Solid revenue growth continues…

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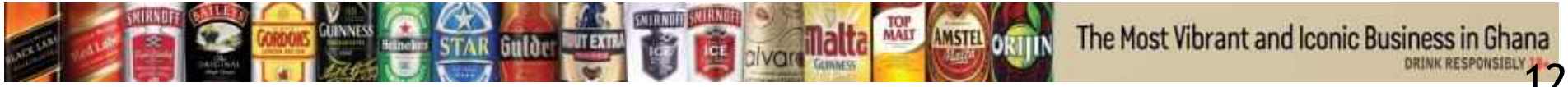
Financial Report HY 31st December 15 GGBL Income Statement	31/12/2015 GHS '000	31/12/2014 GHS '000	Growth %
Net Revenue	**278,445**	**217,169**	**28 %**
Cost of Sales	(199,697)	(170,239)	17 %
Gross Profit	**78,749**	**46,930**	**68 %**
Advertising and Marketing Expenses	(20,705)	(16,626)	25 %
Administrative and Other Expenses	(37,208)	(35,643)	4 %
Other Income	(1,464)	11,816	
Operating Profit	**19,371**	**6,477**	**199 %**

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



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Cost of sales increase below revenue growth…

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- 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.

SOURCE: GGBL STATUTORY ACCOUNTS F16 HY1 vs F15 HY1; GHS '000

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Continued investment in Advertising and Marketing…

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Operating Profit	**19,371**	**6,477**	**199 %**

- 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

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Increased finance costs …

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Administrative and Other expenses	(37,208)	(35,643)	4 %
Other Income	(1,464)	11,816	
Operating Profit	**19,371**	**6,477**	**199 %**
Net Finance income/ (costs)	(36,473)	(24,894)	47 %
Profit before taxation	**(17,101)**	**(18,416)**	**(7)%**

- 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

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Summary

Francis Agbonlahor
Managing Director

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In summary, a strong topline growth for the business and a return to operational profitability before interest…

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- 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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- GGBL or Diageo's ability to complete existing or future business combinations, restructuring programmes, acquisitions and disposals;
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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;
- 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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