GUINNESS GHANA BREWERIES LIMITED

F18 HALF YEAR RESULTS INVESTOR BRIEFING

DATE: 30TH JANUARY 2018
TIME: 11AM – 12NOON
INTRODUCTIONS

Gavin Pike
Managing Director

Teye Mkushi
Finance Director

Gabriel Opoku-Asare
Corporate Relations Director
<table>
<thead>
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<th>Outline</th>
<th>Presenter</th>
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<tr>
<td>F18 Half Year Review</td>
<td>Gavin Pike – Managing Director</td>
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<td>Financial Performance</td>
<td>Teye Mkushi – Finance Director</td>
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<td>Summary</td>
<td>Gavin Pike</td>
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<td>Moderator</td>
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Our Performance Ambition....

To create the **best performing, most trusted** and **respected** consumer products company in Ghana

- Strengthen and accelerate our premium core brands
- Win in Reserve
- Innovate at scale to meet new consumer needs
- Build and then constantly extend our advantage in route to consumer
- Drive out costs to invest in growth
- Guarantee our plans with the right people and capabilities
• GDP growth has accelerated from 3.7%\(^1\) (2016) to 7.9%\(^2\) (2017). *Forecast Growth 8.3% 2018*

• Inflation (CPI) continues to decline - 15.4%\(^1\) (2016) to 11.8%\(^1\) (2017).

• Business and consumer confidence is high.

• Monetary policy rate has been on steady decline. From 25.5%\(^2\) (Dec ‘16) to 20%\(^2\) (Dec ‘17).

• GHS:USD exchange rate has been relatively stable, albeit with some volatility pre-budget announcement in Nov 2017.

• IMF program still running with a fourth successful review
We are well placed to take advantage of this attractive market

• Breadth of portfolio spanning alcoholic and non alcoholic beverages, both attractive growth sectors.

• Optimized funding structure has enabled a cash generative business with significantly reduced financing costs.

• Readiness to invest for future growth, evidenced by ongoing investment in our two brewery sites and format extension to PET.
### Net Sales growth of 9% and a 54% reduction in Finance Charges

<table>
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<tr>
<th>Item</th>
<th>Percentage Change</th>
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<tr>
<td>Net Sales</td>
<td>+9%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>+2%</td>
</tr>
<tr>
<td>Advertising, Overheads and Other Expenses</td>
<td>+16%</td>
</tr>
<tr>
<td>Finance Charges</td>
<td>-54%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>+20%</td>
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**SOURCE:** GGBL STATUTORY ACCOUNTS F18 HY1 vs F17 HY1; GHS '000
H1 Performance Drivers

Strengthen and accelerate our Premium Core

Win in Reserve

Innovate at Scale
Drive out cost to invest in growth

Driving Productivity through operational efficiencies and sustained focus on improved cost management

Route to consumer (RTC)

Distributor Gold Standard Program – Focus on KD Capability, Capacity and Capital Management

Guarantee our plans with the right people and capabilities

Investing in:
- Our people,
- Capability
- Working tools
Creating a positive role for alcohol in society.
Creating Shared Value...

**WIN-WIN**
The GGBL LRM initiative directly supports government's planting for food and jobs programme and a great latch pad for one district one factory initiative.

**NEW COMPANIES**
Start up companies established to meet GGBL demands

**IMPROVED SUPPLY CHAIN**
As a guaranteed off-taker, GGBL offers a ready market for harvested farm produce, a prerequisite for sustainable supply chain development in Ghana.

- **Maize**
- **Cassava**

**Improved farming**
- 67.2% indicated they were owners of their houses.
- 73.8% have improved access to clean water

**Sorghum**

**25% increase in hired labour**

**17%**
Have access to improved toilet facility

**Improved sanitation**

*Data from a socio-economic impact assessment study conducted by the Bureau for Integrated Rural Development (BIRD) - KNUST*
Our Journey Towards Most Trusted and Respected...

- CSR Company of the year
- CSR Manufacturing company of the year

Best Practices in Sustainable Manufacturing
GUINNESS GHANA BREWERIES LIMITED

Financial Performance

Teye Mkushi
Finance Director
GGBL continues to grow Topline whiles also focused on reducing finance charges.

SOURCE: GGBL STATUTORY ACCOUNTS F18 HY1 vs F17 HY1; GHS ‘m
Net revenues grew 9%...

Financial Report HY 31st December 17
GGBL Income Statement

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<tr>
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<td><strong>Net Revenue</strong></td>
<td>315,176</td>
<td>290,452</td>
<td>9 %</td>
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<td>Cost of Sales</td>
<td>(240,502)</td>
<td>(217,069)</td>
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<td><strong>Gross Profit</strong></td>
<td>74,673</td>
<td>73,383</td>
<td>2 %</td>
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<td>Advertising, Overheads and Other Expense</td>
<td>(71,285)</td>
<td>(61,361)</td>
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<td><strong>Operating Profit</strong></td>
<td>3,388</td>
<td>12,022</td>
<td>(72)%</td>
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<td>(8,393)</td>
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<td><strong>Profit before income tax</strong></td>
<td>(5,005)</td>
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SOURCE: GGBL STATUTORY ACCOUNTS F18 HY1 vs F17 HY1; GHS ‘000
Investment in advertising, overheads and other expense grew ahead of inflation...

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**SOURCE:** GGBL STATUTORY ACCOUNTS F18 HY1 vs F17 HY1; GHS '000
Significant reduction in finance costs as a result of a strong operating cash position

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**Net cash generated from operating activities**

27,492 GHS '000  
(1,769) GHS '000

**SOURCE:** GGBL STATUTORY ACCOUNTS F18 HY1 vs F17 HY1; GHS ‘000
GUINNESS GHANA BREWERIES LIMITED

Summary

Gavin Pike
Managing Director
In Summary…

GGBL delivered a positive topline growth in HY1 by focusing on our performance priorities

- Strengthen and accelerate our premium core brands
- Win in Reserve
- Innovate at scale to meet new consumer needs
- Build and then constantly extend our advantage in route to consumer
- Drive out costs to invest in growth
- Guarantee our plans with the right people and capabilities
Q & A Session
GUINNESS GHANA BREWERIES LIMITED

- END -
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These factors include, but are not limited to:

- global and regional economic downturns;
- increased competitive product and pricing pressures and unanticipated actions by competitors that could impact GGBL or Diageo’s market share, increase expenses and hinder growth potential;
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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;
- developments in any litigation or other similar proceedings (including with tax, customs and other regulatory authorities) directed at the drinks and spirits industry generally or at GGBL or Diageo in particular, or the impact of a product recall or product liability claim on GGBL or Diageo’s profitability or reputation;
- developments in the Colombian litigation, Korean customs dispute, thalidomide litigation or any similar proceedings to which Diageo is a party;
- changes in consumer preferences and tastes, demographic trends or perception about health related issues, or contamination, counterfeiting or other circumstances which could harm the integrity or sales of GGBL or Diageo’s brands;
- 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
- changes in financial and equity markets, including significant interest rate and foreign currency exchange rate fluctuations and changes in the cost of capital, which may reduce or eliminate GGBL or Diageo’s access to or increase the cost of financing or which may affect GGBL or Diageo’s financial results and movements to the value of GGBL or Diageo’s pensions funds.

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