

GROUP OPERATIONAL AND FINANCIAL REVIEW

The Board is pleased to report on the Group's financial results for the period ended 31 December 2017.

Performance overview

The Group maintained its strong market position despite a strained local economy, challenges in export markets and declining consumer spend. Namibian, South African and export volumes decreased by 1.8%, 22.9% and 1.8% respectively. This resulted in the overall beer volumes and revenue decreasing by 7.7% and 3.0%. Operating profit was 5.8% higher than the comparative period.

The Group relaunched the *Camelthorn* beer brand thereby accessing the growing craft beer segment in both South Africa and Namibia. Innovation in this category is specifically aimed at growing the craft beer segment, and responding to consumers' ever-changing needs.

The Group also launched the *Strongbow* cider brand in Namibia, thereby entering the cider market and further diversifying its product portfolio.

King Lager, launched in 2016, remains at the core of the Group's commitment to grow the Namibian barley industry and to stimulate job creation in the northern region of Namibia.

South Africa

South Africa delivered an exceptional performance, with growth in volume and operating profit for the period. The original transfer pricing agreement, which has governed the intercompany pricing since inception of the original DHN drinks joint venture, comes to an end on 1 April 2018. The new pricing agreement has been agreed with Heineken South Africa on a reduced margin for the Group, which will see operating profit for the Group diluted. It is estimated that the new pricing agreement will have an impact of between 1% and 3% on the forecasted operating profits for the year ended 30 June 2018.

Exports

Total beer volumes sold to export markets decreased by 1.9% and exported carbonated soft drinks increased by 72%, compared to the prior period.

Tanzania experienced good growth, whereas sales in Zambia and Botswana had declined in comparison with the prior period.

Prospects

With the changing operating environment, it is continually becoming more important to diversify our business, product and brand portfolio in an effort to remain competitive, while at the same time remaining focused on our core business.

The Group will continue to focus on expanding its product portfolio, which includes the craft beer, soft drinks and non-alcoholic beverages portfolios that appeal to a wider consumer base in Namibia, South Africa and beyond.

The Group continues to focus on optimising its route to market in export countries, with sea freight and alternative ports as key considerations.

The Group expects to maintain the solid performance in Namibia despite the challenging operating environment. Specific focus will be to drive operational efficiencies in order to maintain sustainable

growth and retain healthy margins in the local market. The Group will continue to further explore investment opportunities in promising markets and believes that our investment in South Africa will increase our overall profit derived from that market.

Dividend policy

The Board continues to balance the interests of the business, its stakeholders and its shareholders in dividend distribution decisions. The Board has adopted a progressive dividend policy, which intends to maintain or grow the dividend each year.

Dividend declaration

The Board of Directors has declared an interim dividend of 46 cents per ordinary share (2017: 42 cents), representing 9.5% growth on the previous period. Payment to shareholders of ordinary shares registered in the books of the Company will be put into effect at the close of the business on 6 April 2017 and will be paid on 11 May 2018.

Directors

S Thieme (Chairman), H van der Westhuizen (Managing Director), G Hanke (alternate to S Thieme), G Mouton (Finance Director), E Ender¹, H-B Gerdes, P Grüttemeyer, C-L List, LV McLeod-Katjirua, SL Siemer², R Pirmez³ and L van der Borgh³ (alternate to R Pirmez)

¹ German ² Dutch ³ Belgian

Secretaries

Ohlthaver & List Centre (Proprietary) Limited
Alexander Forbes House
23 - 33 Fidel Castro Street
PO Box 16, Windhoek, Namibia

Auditors

Deloitte & Touche
PO Box 47, Windhoek, Namibia

Attorneys

Engling, Stritter & Partners
PO Box 43, Windhoek, Namibia

Windhoek, 9 March 2018

Sponsor to Namibia Breweries Limited

PSG Wealth Management (Namibia) (Proprietary) Limited
Member of the Namibian Stock Exchange

The interim summarised consolidated results of the Group were approved by the Board of Directors.

G Mouton

Finance Director

H van der Westhuizen

Managing Director



HIGHLIGHTS

Namibian beer volumes

≡ 1.8%

Operating profit for the period

≡ 5.8%

Basic earnings per ordinary share

≡ 150.2%

Headline earnings per ordinary share

≡ 8.5%

Interim dividend per ordinary share

≡ 9.5%



Namibia Breweries Limited

CREATING A FUTURE,
ENHANCING LIFE

INTERIM SUMMARISED CONSOLIDATED
FINANCIAL STATEMENTS



WWW.NAMBREW.COM

