



INTERIM SUMMARISED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018



Namibia Breweries Limited

HIGHLIGHTS



Namibian volumes
(In line with 2017.)



South African production volumes (2017: +3.3%)



Operating profit for the period (2017: +13%)



Revenue
(2017: -3.0%)



Basic earnings per ordinary share (2017: +13%)



Interim dividend per ordinary share (2017: +5%)

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF NAMIBIA DOLLARS

	6 months ended 31 Dec 2018 Unaudited	6 months ended 31 Dec 2017 Unaudited
Revenue	1 637 283	1 439 258
Operating expenses	(1 266 446)	(1 094 730)
Operating profit	370 837	344 528
Finance income	14 778	15 323
Finance costs	(19 897)	(21 285)
Equity loss from associate	78 272	(13 838)
Profit before taxation	443 990	324 728
Income tax expense	(77 291)	(84 540)
Profit for the period	366 699	240 188
Other comprehensive income	(38)	(229)
Total comprehensive income attributable to ordinary shareholders	366 661	239 959

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	6 months ended 31 Dec 2018 Unaudited	6 months ended 31 Dec 2017 Unaudited
Property, plant and equipment	1 015 101	991 382
Investment in associate	483 096	424 427
Other non-current assets	35 032	39 963
Current assets	1 087 756	1 155 834
Non-current assets held for sale	-	10 017
Total assets	2 620 985	2 621 623
Issued capital	1 024	1 024
Non-distributable reserves	(135)	(69)
Retained earnings	1 492 484	1 558 547
Ordinary shareholders' equity	1 493 373	1 559 502
Interest-bearing loans and borrowings (non-current)	310 439	310 826
Other non-current liabilities	215 207	225 151
Current liabilities	601 966	526 144
Total equity and liabilities	2 620 985	2 621 623

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31 Dec 2018 Unaudited	6 months ended 31 Dec 2017 Unaudited
Cash flows from operating activities	(266 435)	133 811
Cash receipts from customers	1 459 244	1 212 183
Cash paid to suppliers and employees	(1 148 509)	(905 756)
Dividends paid on ordinary shares	(495 009)	(86 742)
Taxation paid	(82 161)	(85 874)
Cash flows from investing activities	(50 404)	(54 524)
Finance income	14 778	15 323
Acquisition of property, plant and equipment	(67 119)	(70 980)
Acquisition of other intangible assets	(159)	(1 007)
Disposal of property, plant and equipment	2 096	2 140
Cash flows from financing activities	(2 047)	(103 079)
Proceeds from medium-term financing	100 000	-
Repayment of interest-bearing loans and borrowings	(82 150)	(81 794)
Finance costs	(19 897)	(21 285)
Total cash and cash equivalents movement for the year	(318 886)	(23 792)
Cash and cash equivalents at beginning of the year	424 010	352 789
Total cash and cash equivalents at the end of the year	105 124	328 997

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OPERATIONAL AND FINANCIAL REVIEW

The Group delivered healthy results bolstered by strong growth in the South African market. Volumes in Namibia remained under pressure in line with the market due to persistent economic challenges and the effect on consumers' disposable income. Namibian volumes are in line with prior year and export volumes decreased by 35.1% whereas South African production volumes increased by 51.2%. Overall volumes increased by 11.7% with revenue increasing by 13.8%.

Higher volumes and an increase in share of profits from our associate, as well as further cost savings and efficiencies including the negotiation of reduced transport fees and the implementation of an electronic management system, contributed to a 52.7% increase in profit before tax.

Tafel Radler (a fusion) is the first offering for the brand in the flavoured, low alcohol segment and was launched in September 2018. Consumer uptake exceeded all expectations, requiring special arrangements for additional packaging to meet demand. The *McKane* range of premium mixers was expanded to include cranberry, grapefruit and ginger ale options.

As a result of limited pack size options, *Vigo* and *Code* were not able to achieve sustainable volumes and thus the soft drinks portfolio was trimmed with both brands being discontinued.

South Africa

The South African business delivered exceptional results with the turnaround in the previous year accelerating to deliver a N\$64.1 million royalty income contribution to profit. Heineken South Africa has been successful in gaining market share in South Africa, which resulted in increased volumes.

Exports

Distribution in the Group's core Botswana market was transferred to Heineken exports to achieve economies of scale and leverage the successful partnership in South Africa. Total volumes sold to export markets decreased by 35.1%.

Awards

Windhoek Draught received a bronze medal at the annual 2018 European Beer Star Award in

the category for European-style mild lager. This is one of the most challenging competitions worldwide as beers are evaluated purely on sensory criteria. A total of 2 344 beers from 51 countries entered the competition.

Prospects

The consumer shift towards flavoured and low alcohol beverages continues, with a commensurate increase in demand for products such as *Tafel Radler*. This trend is expected to continue.

In anticipation of the Group's 100-year celebration in the next financial year, a new vision and strategic cycle is in development. 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 expects to maintain the solid performance in Namibia and momentum in South Africa despite challenging operating environments. The drive to explore investment opportunities in promising export markets continues.

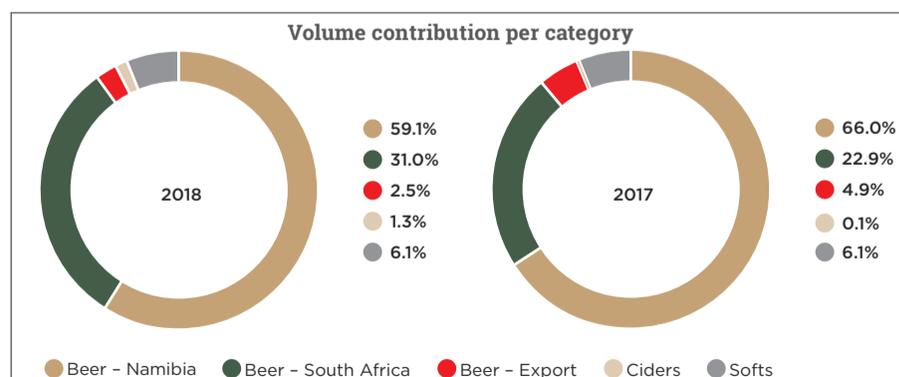
Dividend

The Board endeavours 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.

The Board declared an interim dividend of 50 cents per ordinary share (2018: 46 cents), representing 8.7% 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 26 April 2019 and will be paid on 17 May 2019.

Signed on behalf of the Board

G Mouton
Finance Director
H van der Westhuizen
Managing Director
25 February 2019



The interim summarised consolidated results of the Group were approved by the Board of Directors on 25 February 2019. These interim summarised consolidated financial statements for the period ended 31 December 2018 are the responsibility of the Directors, have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and have been extracted from the interim condensed consolidated financial statements prepared in compliance with IFRS. The accounting policies used in the preparation of these results are in accordance with IFRS and are consistent in all material respects with those used in the audited annual financial statements for the year ended 30 June 2018.

Directors: S Thieme (Chairperson), H van der Westhuizen (Managing Director), G Hanke (alternate to S Thieme), G Mouton (Finance Director), H-B Gerdes, P Grüttemeyer, C-L List, LV McLeod-Katjira, SL Siemer¹, R Pirmez² and L van der Borgh² (alternate to R Pirmez)

¹ Dutch ² Belgian

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Secretaries: Ohlthaver & List Centre (Proprietary) Limited, PO Box 16, Windhoek

Sponsor to Namibia Breweries Limited: PSG Wealth Management (Namibia) (Proprietary) Limited

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