



Namibia Breweries Limited

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Media Release

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NBL FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

PERFORMANCE HIGHLIGHTS

- **Net revenue N\$3 021 million, up by 14.1%**
- **Operating profit N\$667 million, up by 8.9%**
- **Profit after tax N\$540 million, up by 42.8%**
- **Basic earnings per share 262,5 cents, up by 45.3%**

Business Performance

Namibia Breweries Limited's (NBL) – a subsidiary of the Ohlthaver & List (O&L) Group – overall sales volumes increased by 12% from the prior financial year. This growth is attributed to a large extend due to an increase in volume growth and demand from South Africa, specifically for the Windhoek brand. Namibian beer volumes declined by 1.5% as inflationary pressure across all sectors of the Namibian economy continued to stretch consumers' disposable income. COVID-19-related restrictions between July 2021 to December 2021 further impacted volumes in Namibia negatively. The easing of COVID-19-related restrictions early in 2022 allowed NBL to return to a more normalised trading environment. South African beer volumes recovered well during the financial year, with volume growth accelerating towards the end of NBL's financial year. The growth in South Africa was driven by lively demand for *Windhoek* and *Heineken* in the premium segment; this resulted in volumes to South Africa increasing by 60.6% year-on-year. Beyond South Africa, Tanzania remains NBL's largest export market, although, as with most export markets, significant logistics cost increases negatively impacted export profitability compared to the prior financial year.

Net revenue increased by 14.1% to N\$ 3.021 billion. This growth was predominately a result of the growth in volumes to South Africa, a 35% increase in royalty income from Heineken SA, as well as price increases taken in the local market. The price increases in Namibia were necessitated by extraordinary raw material, packaging material and various other cost increases during the 2022 financial year.



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NBL's share of associate loss from the prior financial year turned positive, as Heineken SA was able to trade without any significant COVID-19-related restrictions, delivering N\$54 million equity income for the period. Due to the ongoing proposed transaction relating to amongst other NBL disposing of its 25% interest in Heineken South Africa, the profits and/or losses from the investment in Heineken SA are classified as discontinued operations for the financial years ended 30 June 2022.

No final dividend was declared, which is in accordance with the conditions of the potential Heineken SA disposal transaction. In the event that the proposed transaction would not proceed, the Board would revisit this decision.

NBL Managing Director (MD), Marco Wenk: "Considering the impact on consumer's disposable income, a shift in certain consumer trends, as well as cross-category consumption trends, NBL has shown exceptional resilience and an overall great operational and financial performance during its 2022 financial year. While overall volumes for NBL increased by 12%, beer volumes in Namibia decreased by 1.5% against 2021, while volumes to South Africa increased by 60.6% compared to the prior financial year. This resulted in operating profit increasing by 8.9% to the prior year. Excellent volume growth, for specifically the Windhoek brand produced at NBL and exported to South Africa, together with sound cost management, delivered strong results for NBL, despite a decline in Namibian beer volumes. Our Windhoek Draught brand continues to show exceptional growth within Namibia's mainstream beer category.

Unfortunately, Namibian consumers, as well as our industry, continued to be impacted by the COVID-19 pandemic and relevant restrictions during our 2022 financial year. These restrictions occurred predominately during the 1st half of the financial year and included restricted trading hours, curfews as well as limited opportunities for on-consumption activations and events. This resulted in noticeable shifts in consumer behaviours, consumption habits, and general consumer trends and expectations. Heineken South Africa's beer volumes returned to pre-COVID levels, with the high demand for volumes in South Africa supporting NBL's overall volume growth. Although COVID-19 did impact our export markets, favourable exchange rates allowed us to absorb this impact.



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Given our strong and diverse brand portfolio, strong route to market, as well as world-class execution and management of costs in a time of global uncertainty, NBL's market share remained stable, with NBL being well positioned to defend and further grow its share of the market while capitalising on any future volume growth opportunities.

Brands

Windhoek Draught maintained its strong #1 position as Namibia's leading beer brand, showing continued demand and growth, while *Heineken* delivered good growth in the Namibian premium beer segment.

Tafel Lager remains a strong contender in the mainstream segment, inter alia anchored by its sponsorship of the national soccer team, The *Tafel Lager Brave Warriors*.

Hansa Draught managed to capture market share via its popular on-tap offering following the post-pandemic opening of the on-consumption channels.

AquaSplash and *Fruitree* moved sideways in terms of volume growth but remain important in terms of portfolio diversification.

Awards

Windhoek Lager, *Windhoek Draught* and *Tafel Lager* received gold awards at the 2022 international Deutsche Landwirtschafts Gesellschaft (DLG) Quality Evaluation while *Windhoek Non-Alcoholic* was awarded a silver award.

Camelthorn Urbock received a bronze medal in the category for Amber Malty European Lager at the 2022 African Beer Cup competition.

Our *Windhoek* trademark won gold in two categories at the 2022 Brand Africa Awards –

- most Admired Alcohol Beverage Brand in Namibia; and
- most Admired Namibian Brand in the Alcohol Beverage category.



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Financial Performance

NBL Finance Director Waldemar von Lieres: “NBL’s performance for the 2022 financial year period was very encouraging despite a challenging operating environment. Beer volumes in Namibia declined due to COVID-19 restrictions early in the financial year and changes in consumers’ behaviour during the year. Overall margin percentages were lower due to the significant increase in South African volumes, which affected the mix of products sold, as well as the extraordinary cost increases that have impacted businesses worldwide. Heineken South Africa volumes for the year were very encouraging, which resulted in royalties for NBL increasing by 35% to N\$147 million, while the equity loss from associate turned positive, delivering N\$57 million equity income for the period.”

Outlook

Wenk concluded: “NBL continues to be well-positioned to meet a volatile demand curve in production volumes to South Africa, where our *Windhoek* brand has significant opportunity for growth. NBL will continue to focus on further growing our brands both locally and beyond our borders while innovating into new liquids based on consumer preferences and demand. Trade execution, cost management and operational efficiencies will remain a core focus for the future. The next year will see significant investment in upgrading and expanding our production facilities to be ready for future growth and demand.

We will continue future-proofing our business by upskilling our people and staying ahead of the curve by driving digital transformation in all aspects of the business. This includes further expanding our online storefront to expose customers to a wider variety of products and promotions.

Although local trading conditions and global events will continue to impact our business in F23, NBL continues to be resilient, and we remain committed to finding every growth opportunity possible while appreciating our role as an industry leader towards responsible and safe behaviour.



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About Namibia Breweries

Namibia Breweries Limited employs 760 permanent employees. The company is listed on the Namibian Stock Exchange (NSX). The Ohlthaver & List (O&L) Group is the largest investor in NBL. The company's brand portfolio includes leading brands such as *Windhoek Lager*, *Windhoek Draught*, *Windhoek Light*, *Windhoek Non-Alcoholic*, *Tafel Lager*, *Tafel Radler*, *Tafel Lite*, *King Lager*, *Camelthorn*, *McKane*, *Horizon* and *AquaSplash*, amongst others.

Link to NBL Website



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