

Capital Market Conference Call: 2023 FY Performance

February 2024



DISCLAIMER

This presentation may contain forward-looking statements on the financial position and results of the activities of Nigerian Breweries Plc. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the statements.

Many of these risks and uncertainties relate to factors that are beyond Nigerian Breweries' ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, changes in consumer preferences, costs of raw materials, interest rate and foreign exchange fluctuations, change in tax rates, changes in law, changes in pension costs, the actions of government regulators and weather conditions.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Nigerian Breweries does not undertake any obligation to publicly release any revision to any forward-looking statement to reflect events or circumstances thereafter.

Market share estimates contained in this presentation are based on outside sources in combination with management estimates.

Capital Market Conference Call: 2023 FY Performance

2023 Full Year Review

Nigerian Breweries at a Glance
Operating Environment
Our Strategy to Win

2023 Full Year Financial Performance Review

Financial Results
Summary

2024 Outlook

Fundamentals for transformational growth

Q&A



2023 Full Year Review



Hans Essaadi

Managing Director

Nigerian Breweries at a Glance



#1 in Lager, #1 in Malt, #2 in Stout

12 Sales regions

with National Coverage

₦599.5bn

Net revenue

₦44.5bn

Operating profit

9 Breweries

1 Malting Plant

₦213.3bn

Net assets

7.5x

Net debt/EBITDA

21 Depots

2,438

Employees

Market Capitalisation
(Naira)

₦ 370bn

Market Capitalisation
(US Dollar)

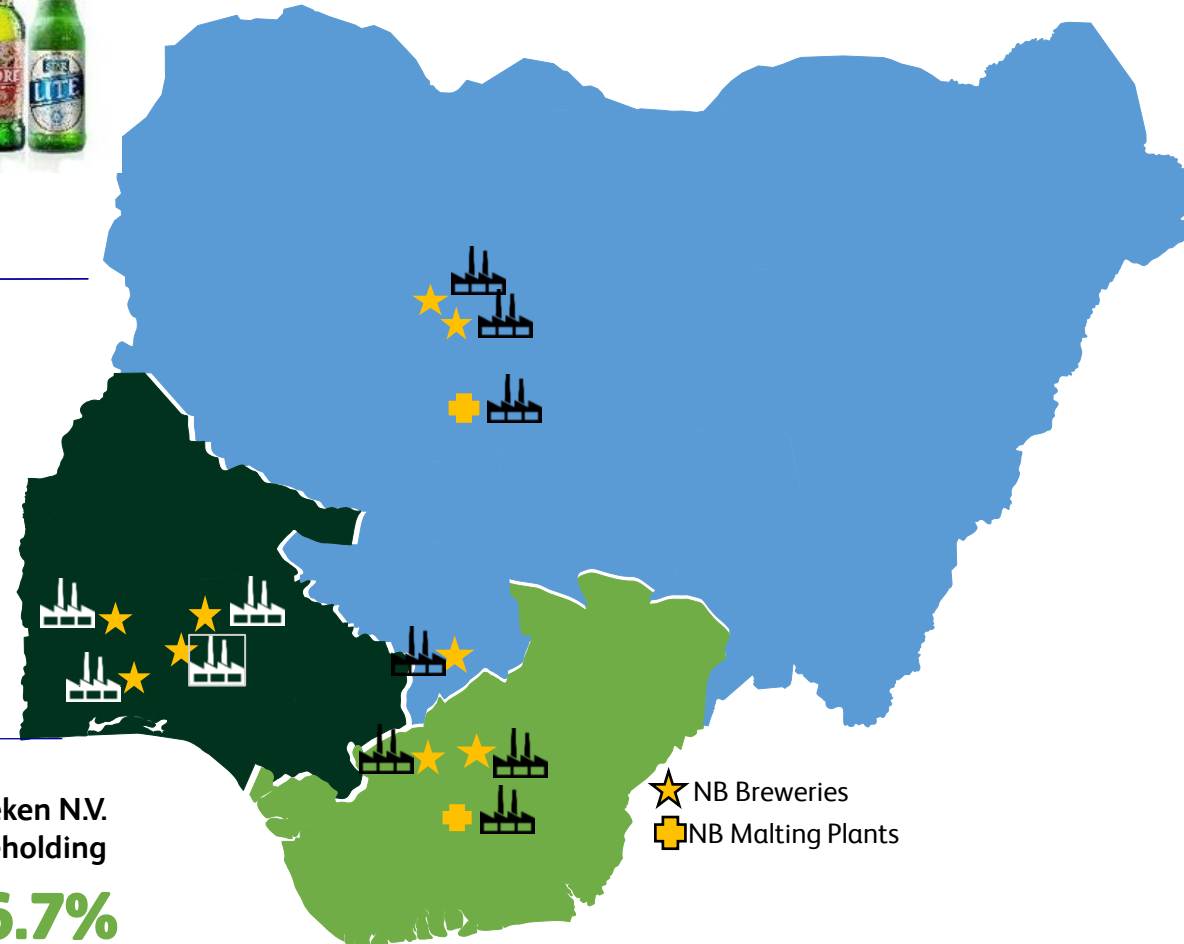
\$ 388mln

Number of Shareholders

112,901

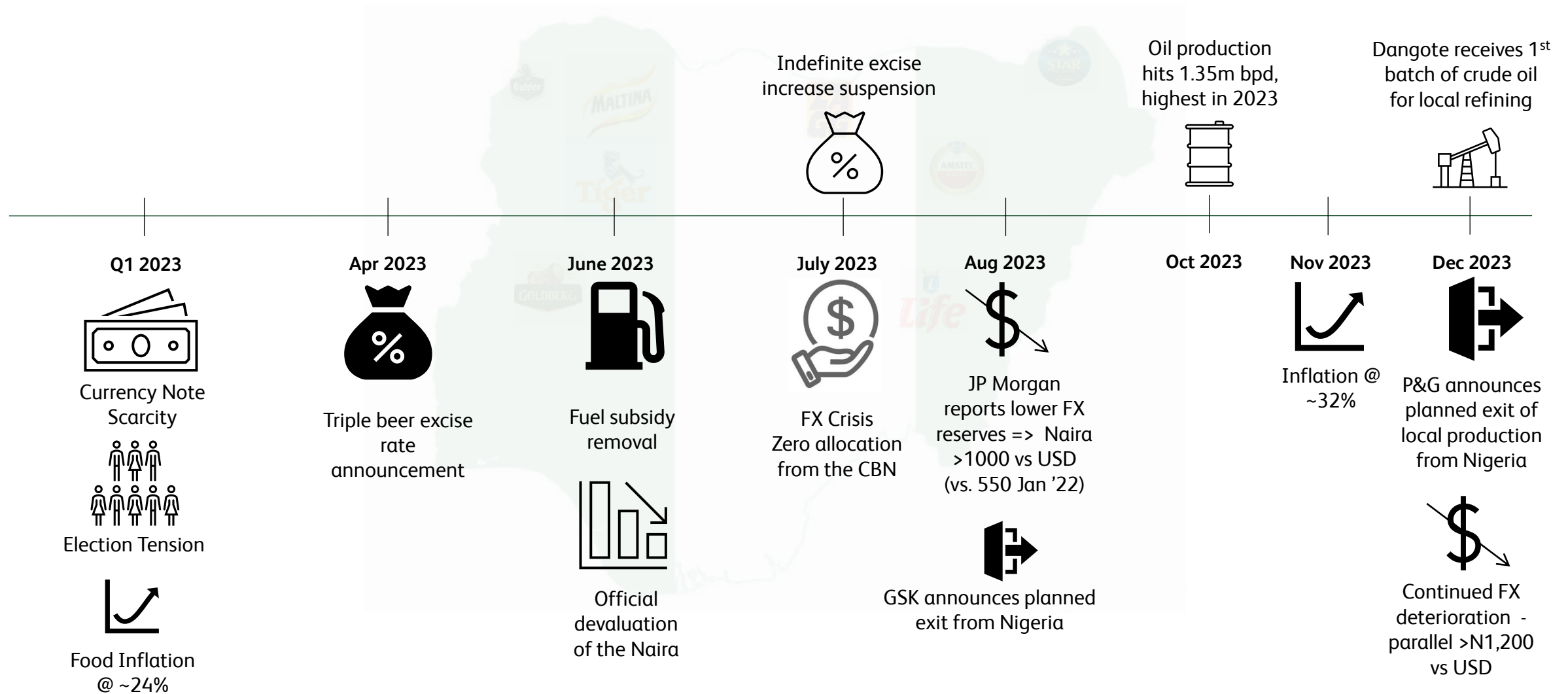
Heineken N.V.
Shareholding

56.7%

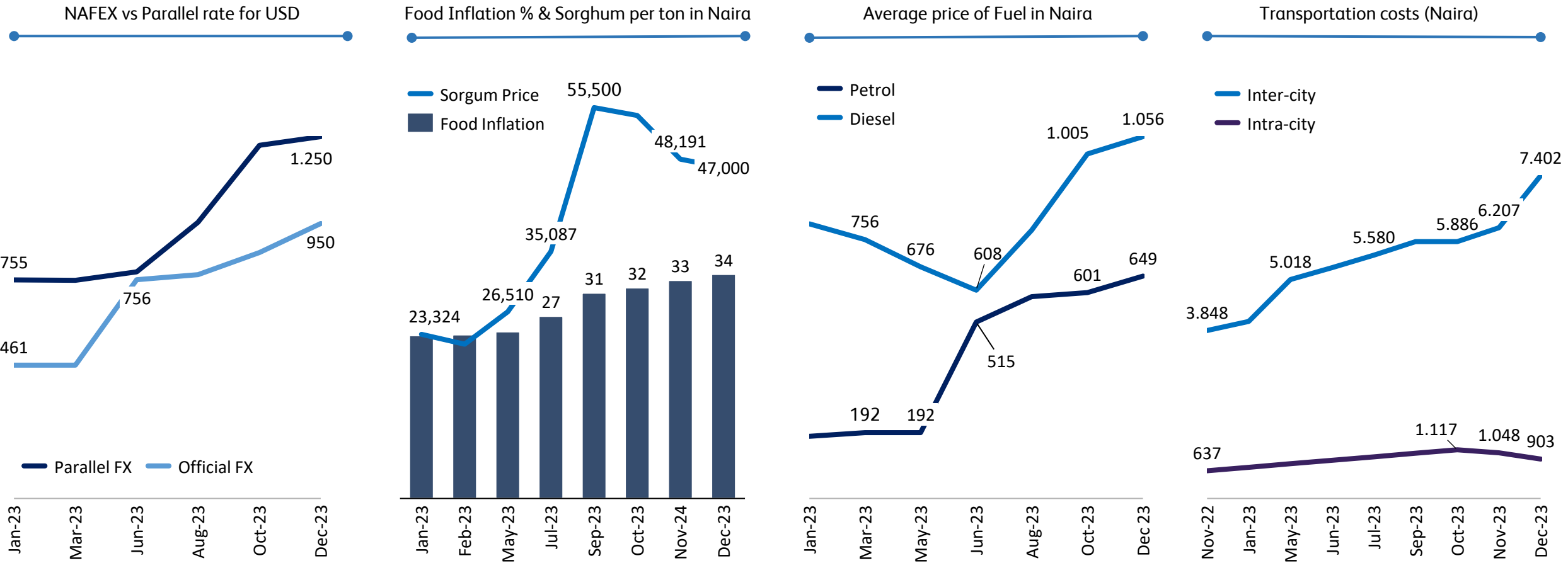


Figures as at December 2023

2023 External Environment | A tale of headwinds, a few tailwinds, and more headwinds



Increases in input costs, driven by fuel hike and FX, impacting consumer disposable income at an accelerated rate





Our strategy to win

**Lead and Accelerate Premium
led by Heineken®, Tiger, and Legend**

Grow Value and Protect Volume in Mainstream Lager

Grow value with our Premium Malt brands

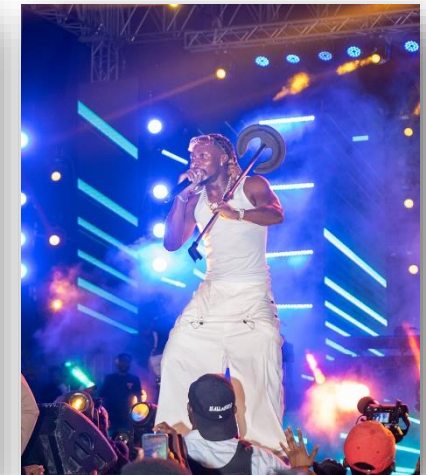
Unapologetically Expand Beyond Beer with Desperados and Zagg

**Leverage Route To Consumer whilst improving
Customer Experience**

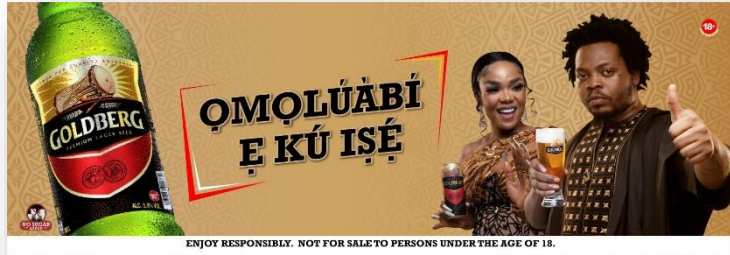
Lead and Accelerate Premium led by Heineken®, Tiger, and Legend



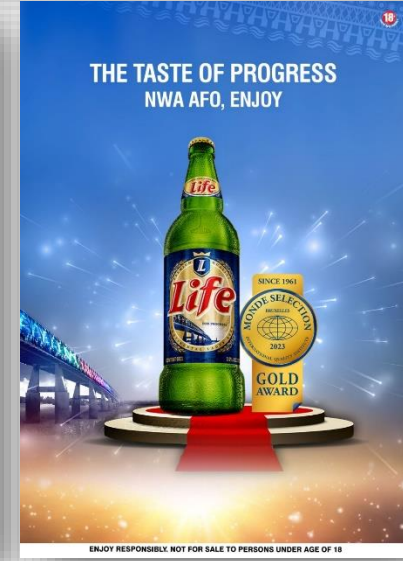
Driving meaningfulness and exciting consumers through the Heineken @ 150 and Lagos Fashion week experiences



Grow value and protect volume in Mainstream Lager leveraging our strong national and regional assets



Nation Football Team Sponsorship



Grow value with our Premium Malt brands driving cultural relevance by dialing up religious and lifestyle cues



Driving high quality consumer experiences and partnerships through relevant sponsorships

Creating a sense of community and belonging by providing consumers with opportunities to connect with others



Our flavoured beer brands continue to offer unique and engaging experiences that tap into new consumer interests and passions



We continue to target underserved consumer groups with our beyond beer portfolio



Driving Zagg brand awareness while energizing consumers through meaningful associations as the Official Energy Drink of the Super Eagles and as the Headline Sponsor of the AMVCA



We expanded our portfolio with value for money propositions to adjust to current economic realities and pressure on disposable income



**Affordable Malt
Proposition**



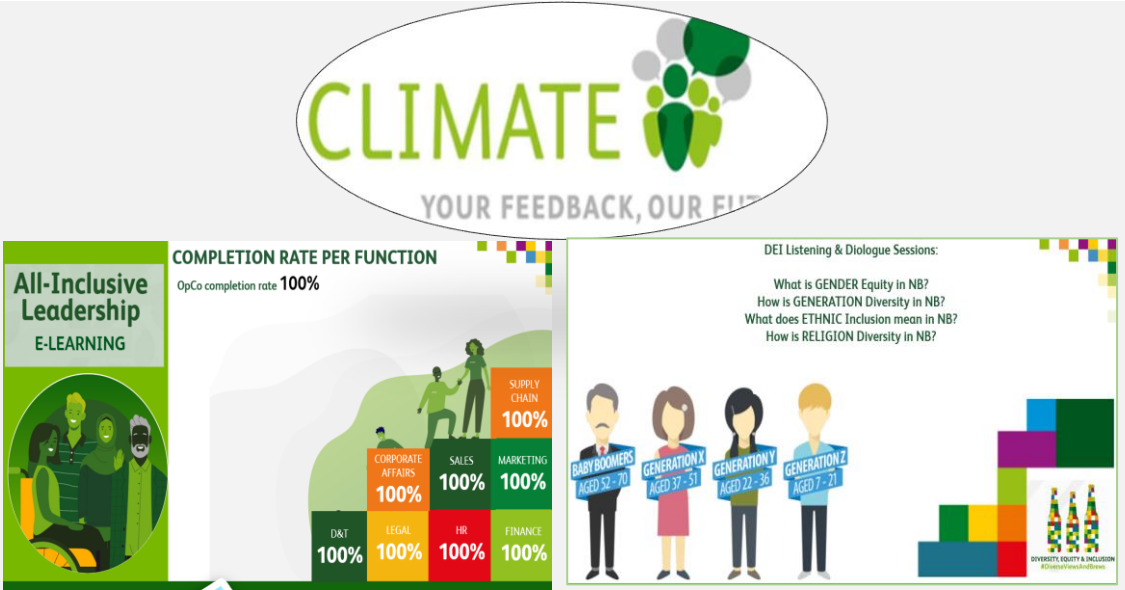
**45cl RGB to drive
affordability**



**Relaunch of 100%
Sorghum beer**



We continue to engage, equip and motivate our employees



NB WEBINARS

HR REWARDS ROADSHOW

Join us as we discuss and answer your questions on NB Compensation & Benefits

Why a Rewards Show?

- Increase awareness about rewards offerings in NB
- Educate and inform the audience
- Engage and exchange feedback

4th January 2024 | 10:00am & 12:00pm

Eric Olatoye, Head, Rewards NB
Facilitator

We focused on fostering a conducive, safe and caring work culture/environment

We ensured our Talent & Female retention despite the rising “Japa” syndrome and we focused on developing the skills and competencies of our workforce to stay resilient in a challenging market

Rising Stars Annual Conference
Theme: Unlocking the full potential of our rising stars

Tuesday | 28 November 2023 | 11:00AM - 12:30pm

2023 SEE HER EMPOWERED (SHE) CONFERENCE
Theme: Balancing Professional & Personal in today's world

WED 20 | 02:30 pm - 04:00 pm | **MS TEAMS**

Panel Discussion:

- Dr. Aisha Bello
- Dr. Aisha Bello
- Dr. Aisha Bello
- Dr. Aisha Bello
- Dr. Aisha Bello
- Dr. Aisha Bello

We strived to alleviate the economic hardship on our employees occasioned by inflation

NB WEBINARS

PAY IT FORWARD

The Value Mindset

25th May, 2023 | 2pm - 3pm

Speakers:

- Lola Adeyemo, Revenue & Margin Growth Analyst
- Omotayo Ajibade, Revenue & Margin Growth Analyst
- Efe Orikpete, P&L Analyst
- Ogechi Amonu, P&L Analyst

NB WEBINARS

PERSONAL SECURITY AWARENESS DURING THE HOLIDAYS

Thursday 21st December 2023.
2:00pm to 3:30pm

Steve Akhagbosu
Facilitator

Supported by **Prosper Uozie**

We continue to drive our omni channel coverage and improve transaction capture

509k Outlets Covered



B2B Platform

137K
(*27%)



Front Line Sales

201K
(*40%)



Customer Service
/ Telesales

171K
(*34%)

* % of Covered Outlet Universe

Enablers



MyJara



Net Promoter Score



NPS = % of Promoters – Detractors
NPS = 85 (+6 vs LY)



NPS % of Revenue = 58%



Sustainability is at the Heart of our Business



We continue to raise the bar on our Brew a Better World agenda with focus on our three pillars:

- Raising the bar on **climate action**
- Accelerating our **social sustainability agenda** through community impact
- Addressing the **harmful use** of alcohol

Environmental



>N3.6 billion

Investment in Decarbonisation of our Footprints

237,289

Total number of Tress Planted at Olokomeji Forest Reserve to Restore Healthy Watersheds

9/9

Breweries fully equipped with functional waste-water treatment plant

Social



N100million

Invested to empower 1000 youths and vulnerable women in 2023

9

Editions of Maltina Teacher of the Year

100%

Fair Living and Working Standards for Employees and Non-Employees

Responsible



N58million

Spent on addressing harmful use of alcohol by commercial drivers and pregnant women

10%

Media Spend invested in Responsible Consumption Campaigns

+50,000

Pregnant women reached via campaign to discourage alcohol consumption by pregnant in Abia, Rivers and Oyo States

Modernizing our footprint – Breweries upgrade to be finalized in 2024



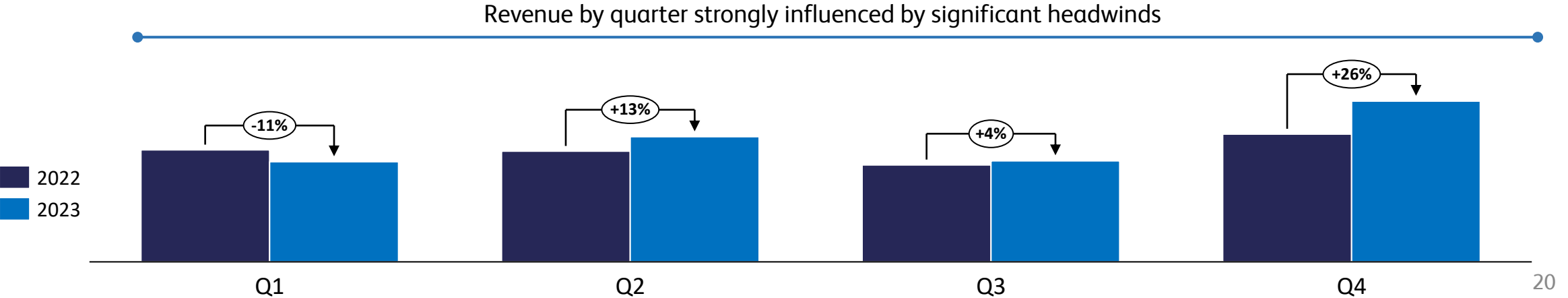
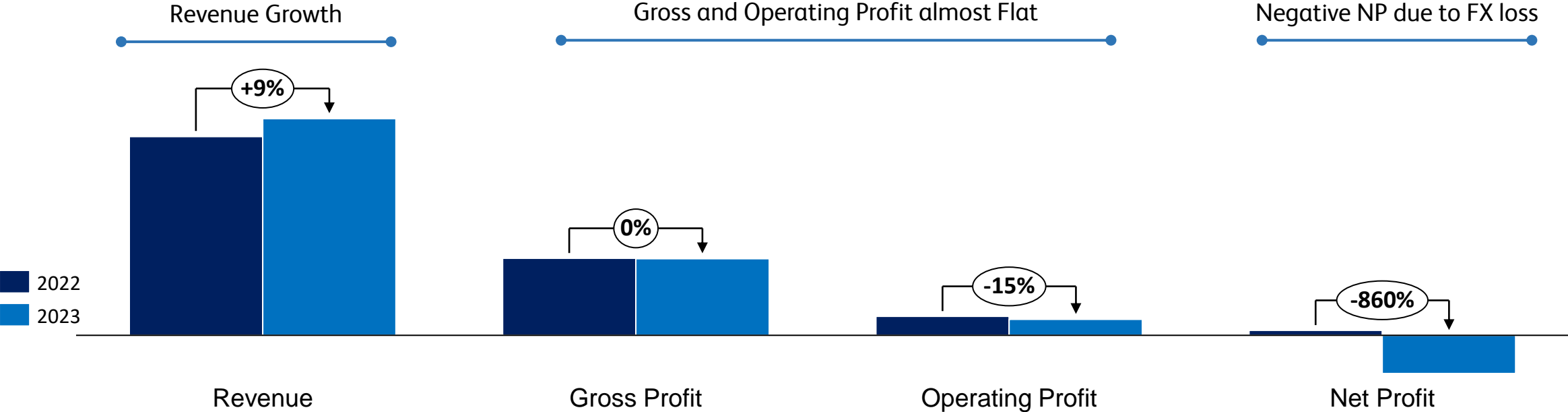
- Ama expansion is operational and online. Kudenda expansion operational in 2024
- Main objectives:
 - Replacement of older equipment
 - Key enabler to drive our Premium agenda
 - Increase capacity ahead of future market growth
- Improving economic activities to the states (Enugu and Kaduna)
- Expansion work is in full compliance with international safety standards to protect our environment and our people

2023 Full Year Financial Performance Review



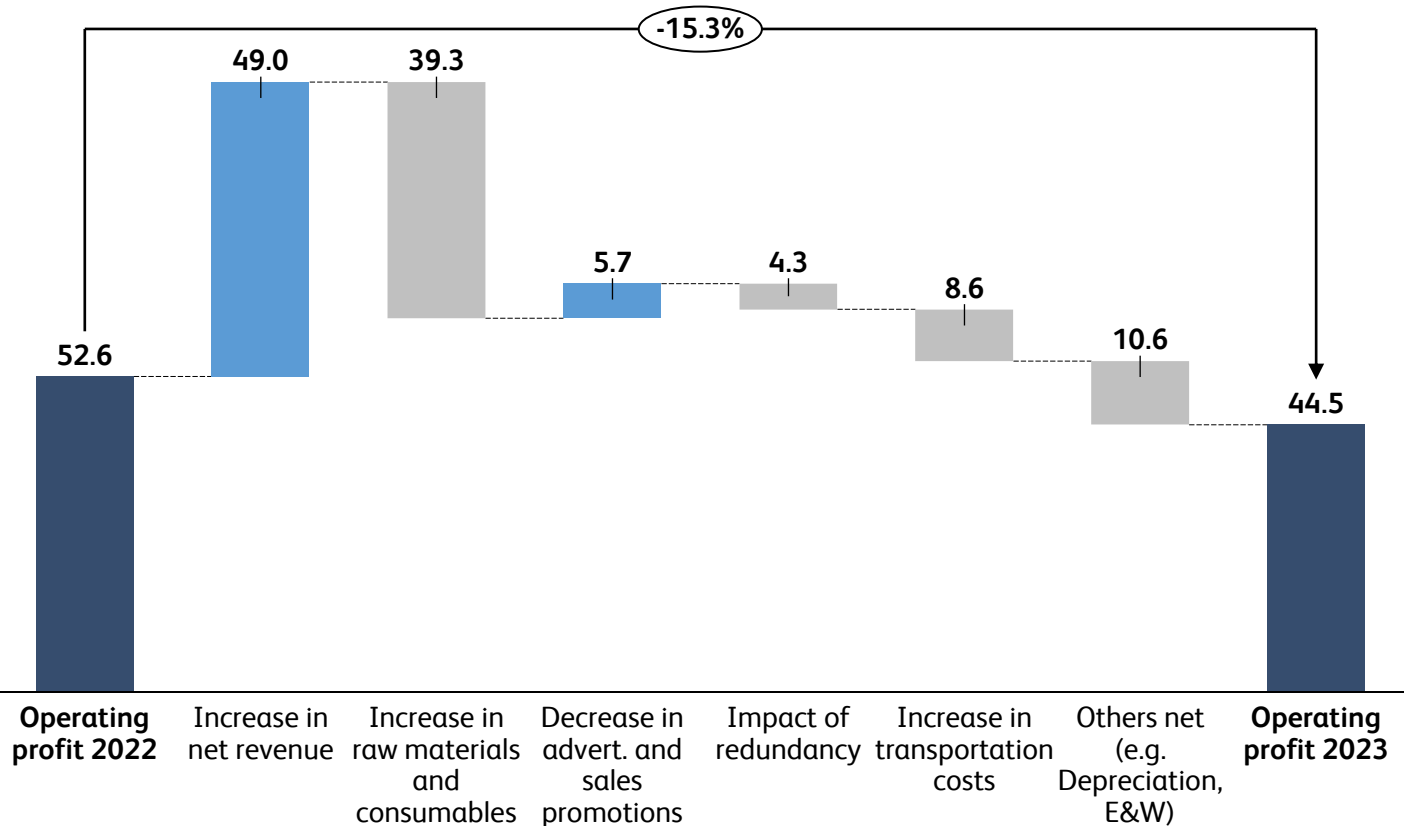
Ben Wessels Boer
Finance Director

Operating Profit strong taking into account significant headwinds. Negative net profit driven by FX debt revaluation



Revenue growth impacted by lower volume does not fully compensate higher input costs and redundancy one-off

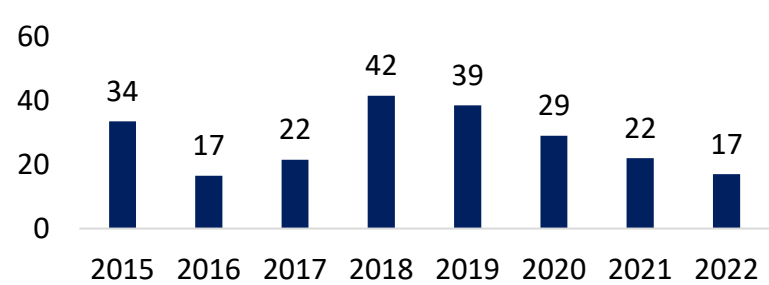
Operating profit bridge (₹ billion)



Summary of Profit or Loss (₹ Billions)	2023	2022	Change %
Revenue	599.5	550.5	9
Cost of Sales	(387.0)	(337.3)	(15)
Gross Profit	212.5	213.2	0
Operating Profit	44.5	52.6	(15)
Net loss on foreign exchange transactions	(153.3)	(26.3)	(482)
Net financing expense	(35.9)	(8.1)	(342)
Profit Before Tax	(144.7)	18.1	(900)
Taxation	39.5	(4.2)	1049
Results after Tax	(105.2)	13.9	(855)
EBITDA	92.0	91.6	0
Operating Profit Margin %	7.4%	9.5%	(212) bps

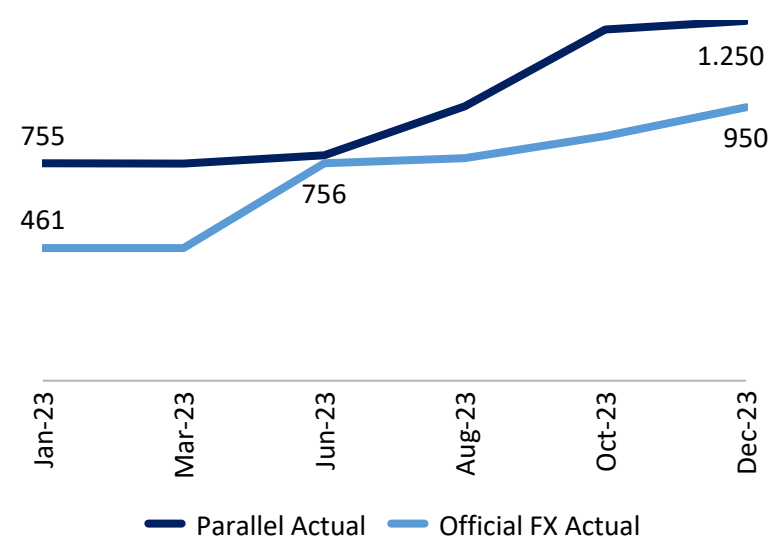
Nigerian Breweries FX debt and exposure to devaluation losses are driven by FX shortages in recent years

Yearly Central Bank FX Sales (USD bn)



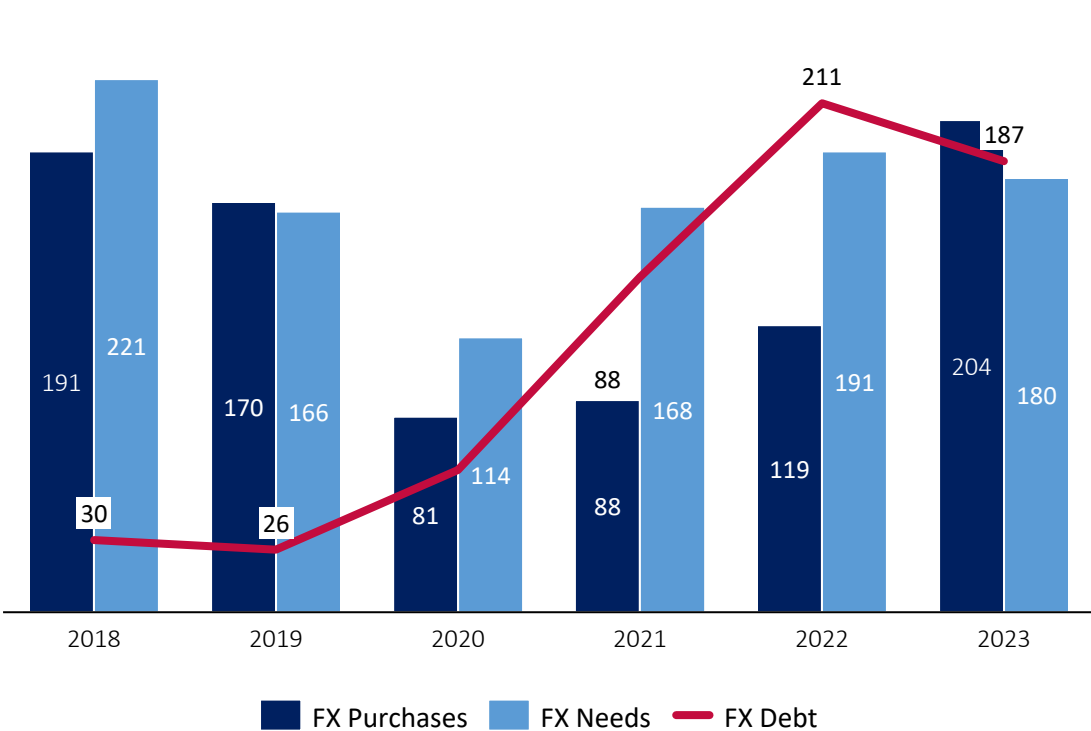
FX shortage in the official window has resulted in high FX debt for Nigerian companies

FX Rate Development

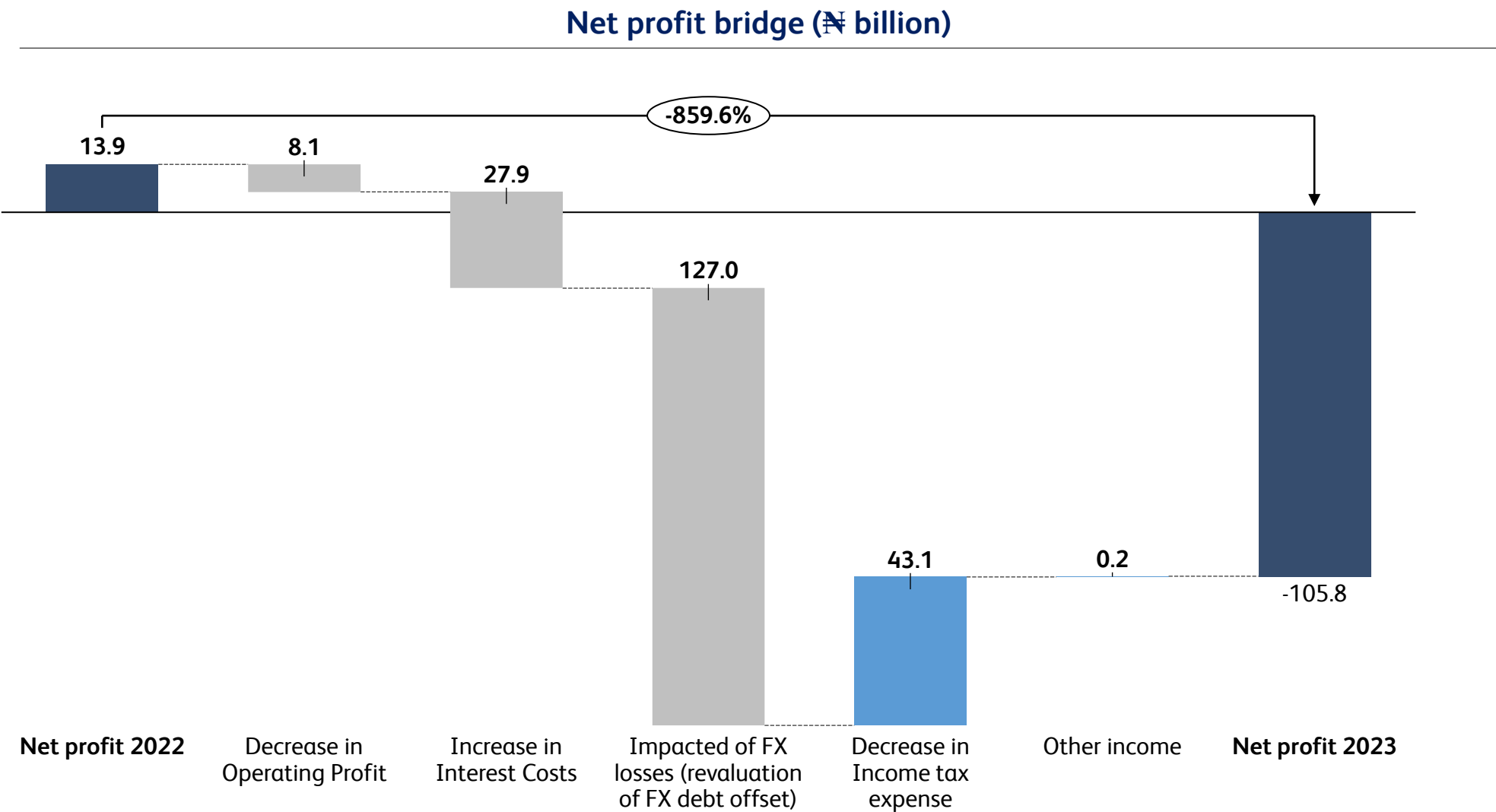


Strong devaluation within 1 year coupled with high FX debt has resulted in heavy FX losses for Nigerian Companies

NB FX Debt and WC Payables Development (EURm)



Impact of Naira devaluation pressuring Net Profit



Financial Position

Summary of Financial Position (₦'Billions)	Dec-23	Dec-22	Change in %
Property, Plant & Equipment	440.8	357.9	23
Inventories	121.9	83.3	46
Trade and Other Receivables	51.2	44.9	14
Cash	39.5	22.2	78
Other Assets	144.0	113.0	27
TOTAL ASSETS	797.3	621.3	28
Non Current Liabilities	11.8	29.8	(60)
Borrowings	341.6	122.3	179
Trade and Other Payables	354.9	264.6	34
Other Liabilities	23.9	23.8	0
Equity	65.2	180.9	(64)
TOTAL EQUITY AND LIABILITIES	797.3	621.3	28
PPE Turnover ratio	1.4	1.5	
Working Capital Turnover ratio	-1.7	-2.2	

2023 Financial Summary

- Lower disposable income and high input costs as a result of inflation and naira devaluation continue to put volumes and margins under pressure.
- Despite these significant headwinds we were able to grow our revenue by 9% compared to the previous year aided by positive price mix. Operating Profit performance was relative strong despite higher input- and one-off reorganisation cost due to aggressive cost savings and other efficiency measures.
- Net Profit was negative mostly due to the devaluation of the naira which resulted in N153 billion loss on foreign exchange transactions.
- Although recent policy reforms have severe impact on businesses and consumers, we are hopeful that they will ultimately, be beneficial to the long-term growth prospects of the country and the Company.
- The Nigerian business environment remains turbulent on the short term. However, long-term market fundamentals of Nigeria are still positive and we continue to invest in Nigeria. We have the history, footprint, brand portfolio, people and necessary capacity to capture the expected long term growth in Nigeria.

2024 Outlook



Hans Essaadi

Managing Director

2024: Fundamentals for transformational growth

Winning in the market leveraging our strong portfolio, exciting innovations & route to consumer

Continued strong cost management and further optimization of our operational footprint

Accelerate our Beyond Beer strategy with Distell

Fostering Employee Connection & Engagement



Q&A



Sade Morgan

Corporate Affairs Director

150 ★ YRS
Heineken®

Thank you!