



Rights Issue: Investors / Analysts Engagement Session



September 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.



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NB & Operating Environment



Hans ESSAADI
Managing Director/CEO



1

Overview of the Company



Key Milestones

1946 - 1949



UAC and HEINEKEN signed a contract for the incorporation of Nigerian Brewery Ltd

On 2 June 1949, the first brewed bottle of Star lager beer rolled off the bottling line in Iganmu, Lagos

1954 - 1960



Reached a milestone of one million cartons produced

Aba Brewery birthed.

Name changed to Nigerian Breweries Ltd

Production of new brands- Schweppes Heineken, and Rose

1964 - 1976



Kaduna Brewery commissioned.

Celebrated 30th Anniversary

Gulder brand launched

Became the first local producer of a malt drink (Maltina)

Became listed on the Nigerian Stock Exchange (now NGX)

1982 - 2000



Ibadan Brewery becomes the fourth brewery.

Name changed to Nigerian Breweries Plc

Legend Extra Stout and Amstel Malta launched

HEINEKEN acquires shares of Unilever and became majority owner

2003- 2014



Ama Brewery commissioned

Resumption of local production of Heineken

Expansion via acquisitions/mergers (Sona Systems & Life Breweries) and merger (Consolidated Breweries)

New brands added: Fayrouz, Climax, Life, Goldberg, 33 Export, Turbo Kings, Williams, Malta Gold, Maltex

2015 - Present



Brand expansion: Ace, Tiger, Star Radler, Desperados, Zagg, Goldberg Black, Legend Twist

Expansion beyond beer: Acquisition of Distell Wines and Spirits

Wine/spirits brands: Chamdor, 4th Street, Nederburg, Amarula, Bain's Drostdy Hof, Hunters Dry, Savannah



Why invest in the Right Issue



Market Leader

- Market leader in the beer sector- value share ≈60% of the beer market in Nigeria¹

Experienced and Diversified Board and Management

- Extensive experience within the sector and across markets

Wide Portfolio of Products

- A wide portfolio that includes famous alcoholic and non-alcoholic brands

Longevity and Experience

- Nearly 78 years of doing business in Nigeria
- Listed on the NGX since 1973.

Support from Parent Company

- HEINEKEN views Nigeria as one of its fastest growing markets and is committed to further reinvestments

High Liquid Stock

- One of the most liquid stocks on the NGX

Competitive Positioning

- A leading player in the Nigerian food and beverage sector (assets and revenues) with the capacity to capture future market growth.
- National Footprint – Production and Sales

Source:

1. BMI, Nigeria Food & Drink Report – 2024



Strong Board and Management Team

Board of Directors



Mr. Sijbe "Siep" Hiemstra
(Interim Non-Executive Chairman)
• Joined the Board in 2011.
• 46 years+ FMCG experience.



Mr. Hans Essaadi
(Managing Director/CEO)
• Joined the Board in 2021.
• Joined HEINEKEN in 1991; 33 years+ FMCG experience.



Mrs. Juliet Anammah
(Independent Non-Executive Director)
• Appointed to the NB Board in 2022.
• 30 years+ experience in FMCG, consulting and technology..



Mrs. Adeyinka Aroyewun
(Independent Non-Executive Director)
• Joined the Board in 2019.
• Close to 40 years experience in business and legal practice.



Mrs. Stella Ojekwe-Onyejeli
(Independent Non-Executive Director)
• Joined the Board in 2024
• 30 years+ experience in finance, control, and risk management



Mrs. Ifueko Omoigui Okauru
(Non-Executive Director)
• Joined the Board in 2013.
• 40 years+ experience, in audit, tax, consulting and business.



Mr. Jaap Overmars
(Non-Executive Director)
• Joined the Board in 2023.
• 21 years+ FMCG experience.



Mr. Roland Pirmez
(Non-Executive Director)
• Joined the Board in 2015
• Joined HEINEKEN in 1995.
• About 40 years business experience..



Mr. Ibrahim Puri
(Non-Executive Director)
• Joined the Board in 2022.
• 35+ years banking and business experience.



Mr. Ben Wessels Boer
(Executive Director)
• Joined the Board in 2022.
• Joined HEINEKEN in 2004; 20 years FMCG experience.



Uaboi Agbebaku, Esq
(Company Secretary)
• Appointed Secretary to the Board in 2008
• Joined the Company in 2003; close to 30 years legal/business experience.

Other Management Team Members



Mr. Federico Agressi
(Supply Chain Director)
• Appointed in 2022.
• Joined HEINEKEN in 2008.



Mrs. Philomena Aneke
(Digital & Technology Director)
• Appointed in 2020.
• Joined NB in 1990; 30 years+ experience in finance, procurement and technology.



Mr. Ayodele Lawal
(Sales Director)
• Appointed in 2023.
• Joined NB in 1991; 30 years+ commercial experience.



Mrs. Sade Morgan
(Corporate Affairs Director)
• Appointed in 2018.
• 30+ years experience in law and FMCG..



Mrs. Grace Omo-Lamai
(Human Resource Director)
• Appointed in 2017.
• 35 years+ experience in banking, telecoms and FMCG.



Mr. Emmanuel Oriakhi
(Marketing Director)
• Appointed in 2018.
• Joined NB in 2003; 20+ experience in banking and FMCG..



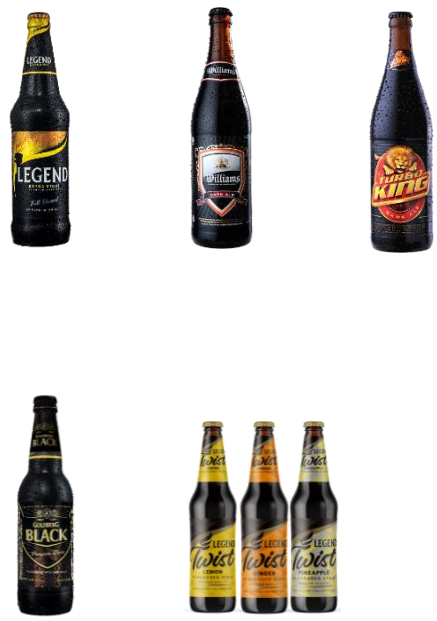
Nigerian Breweries' Extensive Portfolio



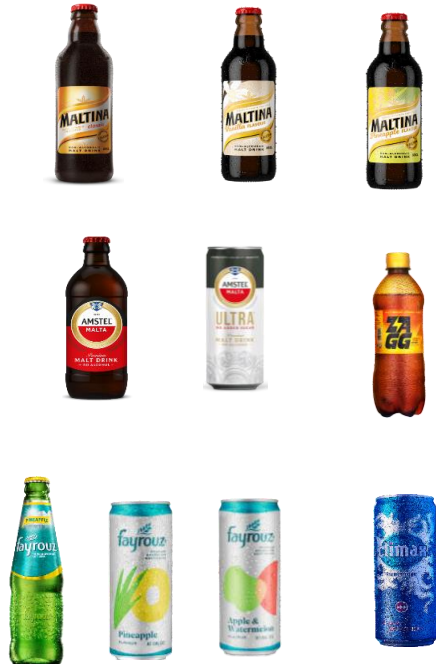
Lager



Stout/Dark Beer



Non-Alcoholic



Wines/Spirits/RTD



Core Portfolio

Expansion



Key Strengths – NB is tested and trusted



One of the Leading Beverage Companies

- Market leader in the beer sector- value share ≈60% of the beer market in Nigeria¹
- Broad portfolio of popular and high-quality brands
- Market leader in premium category
- Easily accessible and aligned with long-term consumer trends



Strong Support from Core Shareholder

- Benefits from strong backing of its core shareholder, Heineken N.V. (“HEINEKEN”)
- Significant investment in Africa and Nigeria as HEINEKEN strongly believes in potential
- Strong safety net and access to capital
- Leverages HEINEKEN’s international experience
- Forefront of brewing technology, innovation, compliance and sustainability



Strong Production and Distribution Footprint

- 7 strategic brewery locations pan-Nigeria (+2 temporary suspended), 21 depots and 12 Sales area.
- Strategic positioned to ensure products are consistently available
- Robust network of distributors, customers and retailers
- Installed capacity available to capture future market growth



Experienced Management Team

- Extensive experience in the Nigerian brewing industry
- Deep understanding of market landscape
- Familiar with customer preferences, competitor activity and operating environment



Source:

1. BMI, Nigeria Food & Drink Report



Strategic Priorities

1

Business Recovery

- Return to long term profitability and sustainable value creation for shareholders
- Reduce foreign exchange pressures through local sourcing and export operation development

2

Sustain Market Share

- Continue to invest in our premium market leadership with higher margin
- Being customer centric, focus on affordability in devaluation crisis next to innovations based on latest consumer trends

3

Reduce Debt

- Rights Issue proceeds to be utilized to reduce debt
- Eliminate overdue foreign exchange debt and revaluation losses

4

Improve Product mix, Pricing and Savings

- Employ assertive pricing, improved product mix and continued savings initiatives to restore margins
- Adjust fixed costs in line with market realities via cost savings and temporary suspension of two breweries. Keep installed overcapacity well maintained and available to capture market recovery



Sustainability and Compliance is at the heart of our Business



We continue to raise the bar on our Brew a Better World agenda with focus on our 3 pillars

Raising the bar on climate action

Accelerating our social sustainability agenda through community impact

Addressing the harmful use of alcohol

Environmental



> ₦5bn

Investment in Decarbonisation of our production facilities

270,000

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

7/7

Operational breweries equipped with functional waste-water treatment plant

Social



> ₦100m

Invested in ongoing community impact projects in Kaduna and Imo states

10th

Edition of Maltina Teacher of the Year in 2024

100%

Fair Living and Working Standards for our Own- and Third-party Employees

Responsible



₦78m

Planned spend on addressing harmful use of alcohol by commercial drivers

10%

Heineken Media Spend invested in Responsible Consumption Campaign

+50,000

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



We have modernized our footprint and increased our installed capacity to capture future market growth



Key Highlights

- Ama expansion is operational and online
- Kudenda expansion in progress. Planned completion end 2024

Main objectives:

- Replacement of older equipment
- Key enabler to drive our Premium agenda
- Increase capacity ahead of future market growth

Impact:

- Improving economic activities to the states (Enugu and Kaduna)

Major Highlights:

- Ama expansion.
- Line rightsizing
- Brewery optimization



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

518k Outlets Directly Covered



B2B Platform



Front Line Sales



Customer Service
/ Telesales



Enablers



MyJara



Net Promoter Score



NPS = % of Promoters – Detractors

NPS = 84 (Sustained vs LY)



NPS % of Revenue = 65%



Transforming our Operations through Digitization

CONNECTED WORKER



- ✓ One2Improve deployed to drive efficiency and improvements.



- ✓ Swipe Guide for Standards and Procedures



- ✓ XM Reality deployment



- ✓ 3D printing capability

SMART BREWERY



- ✓ IoT (Internet of Things) Platform deployed to our breweries.



- ✓ Interactive Dashboards used for Meetings across our breweries.



- ✓ Application of Data Analytics and Power BI in reporting across all breweries



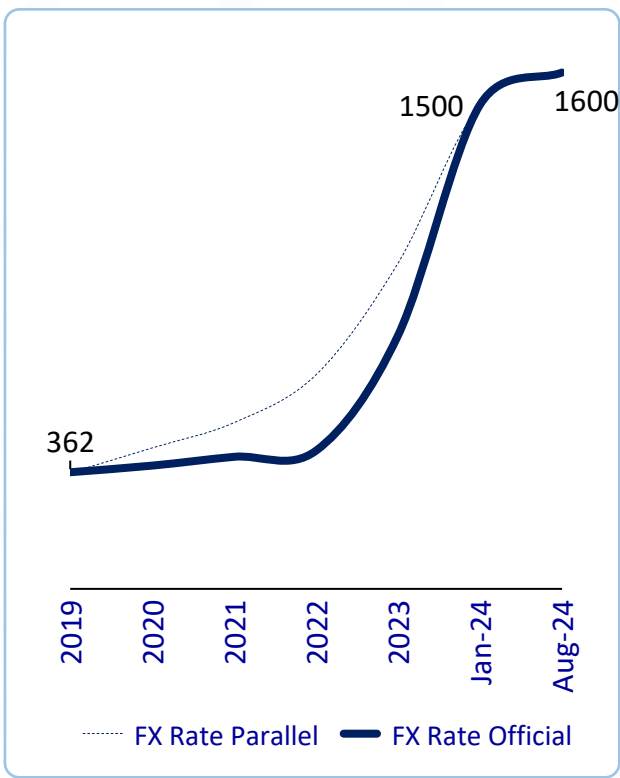
2

Operating Environment Review

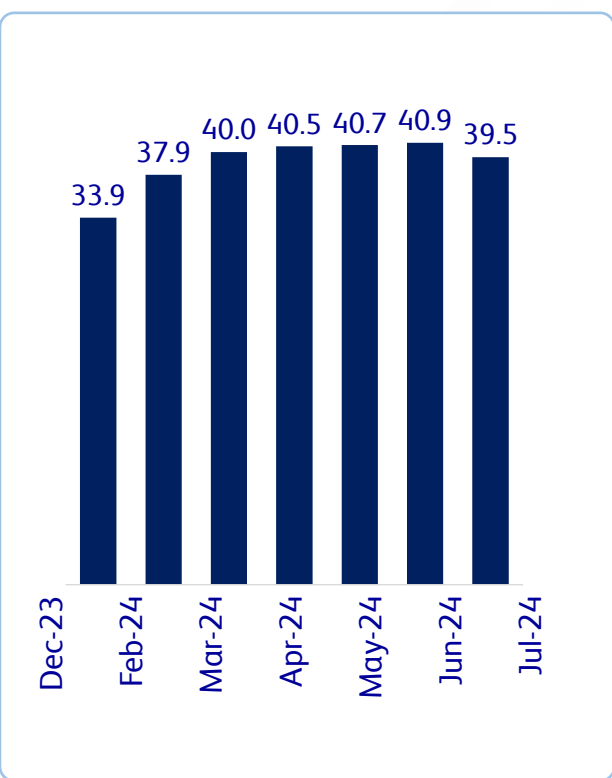


FX, Fuel and Food are impacting consumer disposable income at an accelerated rate. 2024 shows early signs of stabilization

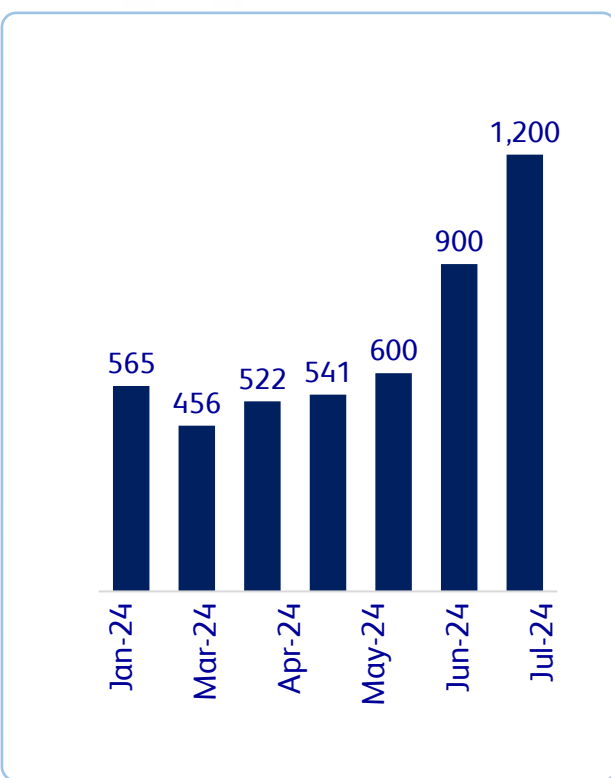
Official vs Parallel rate (USD)



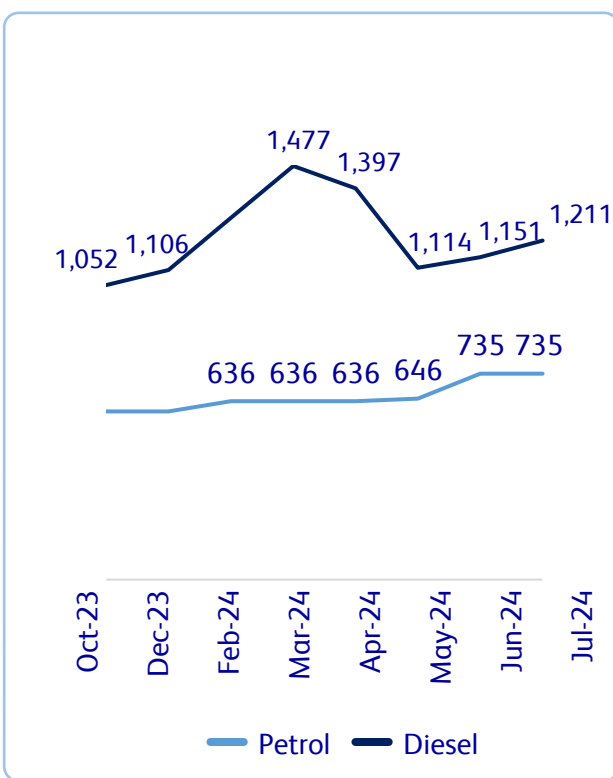
Food Inflation (YoY) Change (%)



Sorghum Price(₦)



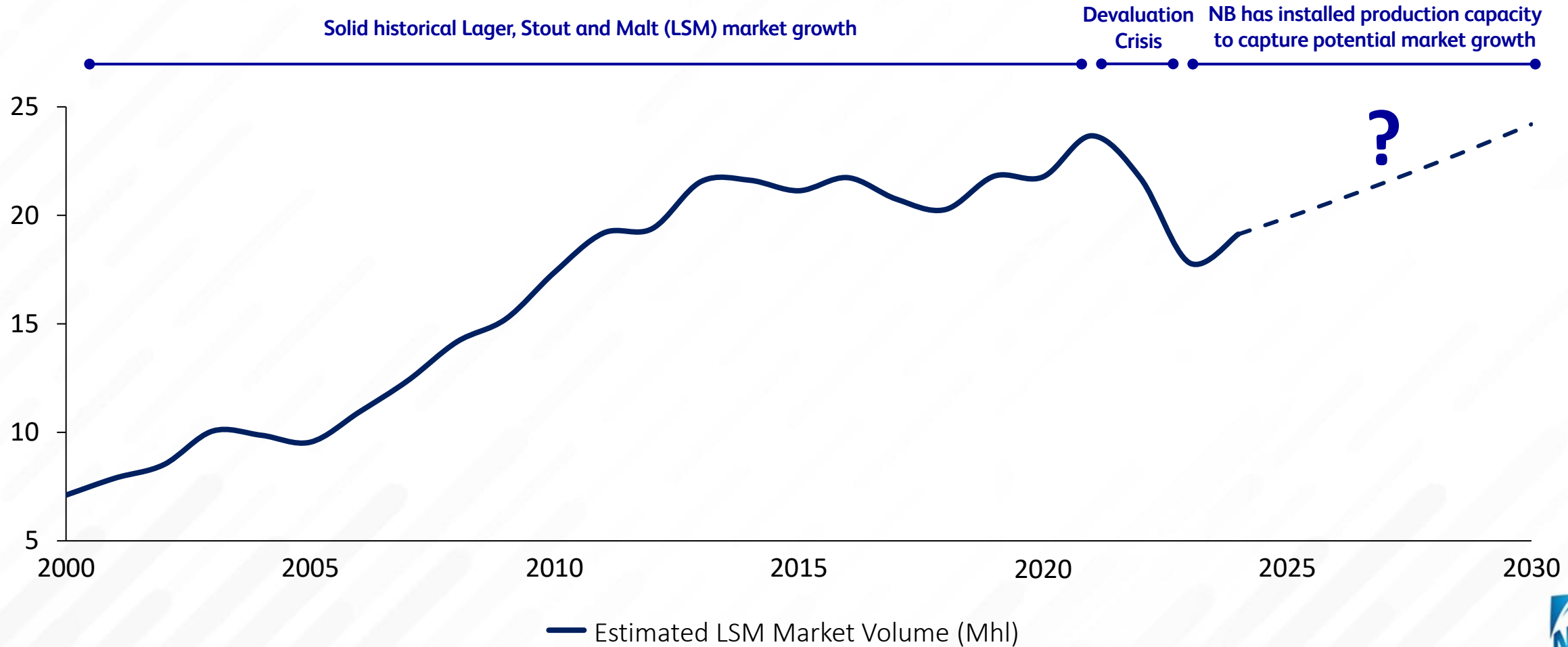
Petrol & Diesel (₦)



Source : National Bureau of Statistics, Nigeria Data Portal 2024



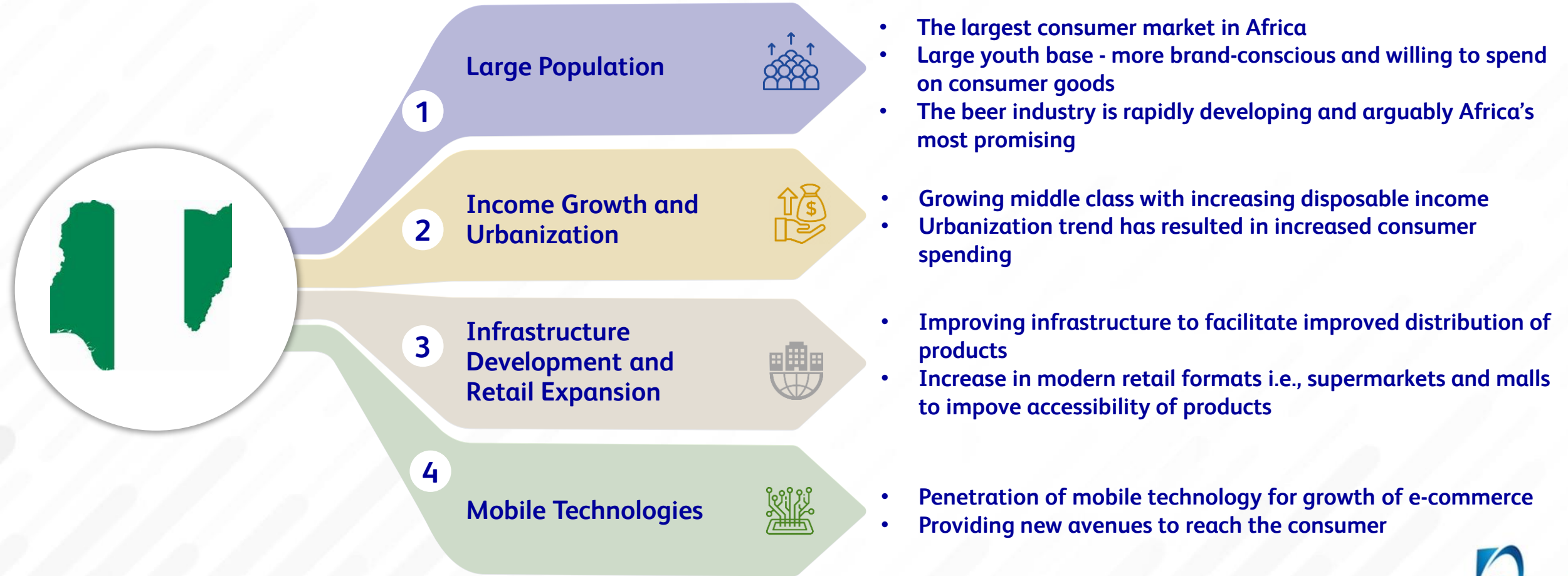
The Lager, Stout and Malt market has historically shown solid growth. NB has installed capacity to capture future market growth



Source: Internal Estimates based on NB sales data and market share research



Key Industry Growth Drivers



Financial Performance Review



Ben WESSELS BOER
Finance Director



3

Financial Highlights



Summary

H1 performance

₦479b

Net Revenue
OG +73%

₦160b

Gross profit
OG +47.4b

₦38.3b

Operating Profit
OG +9.7b

- ₦84.3b

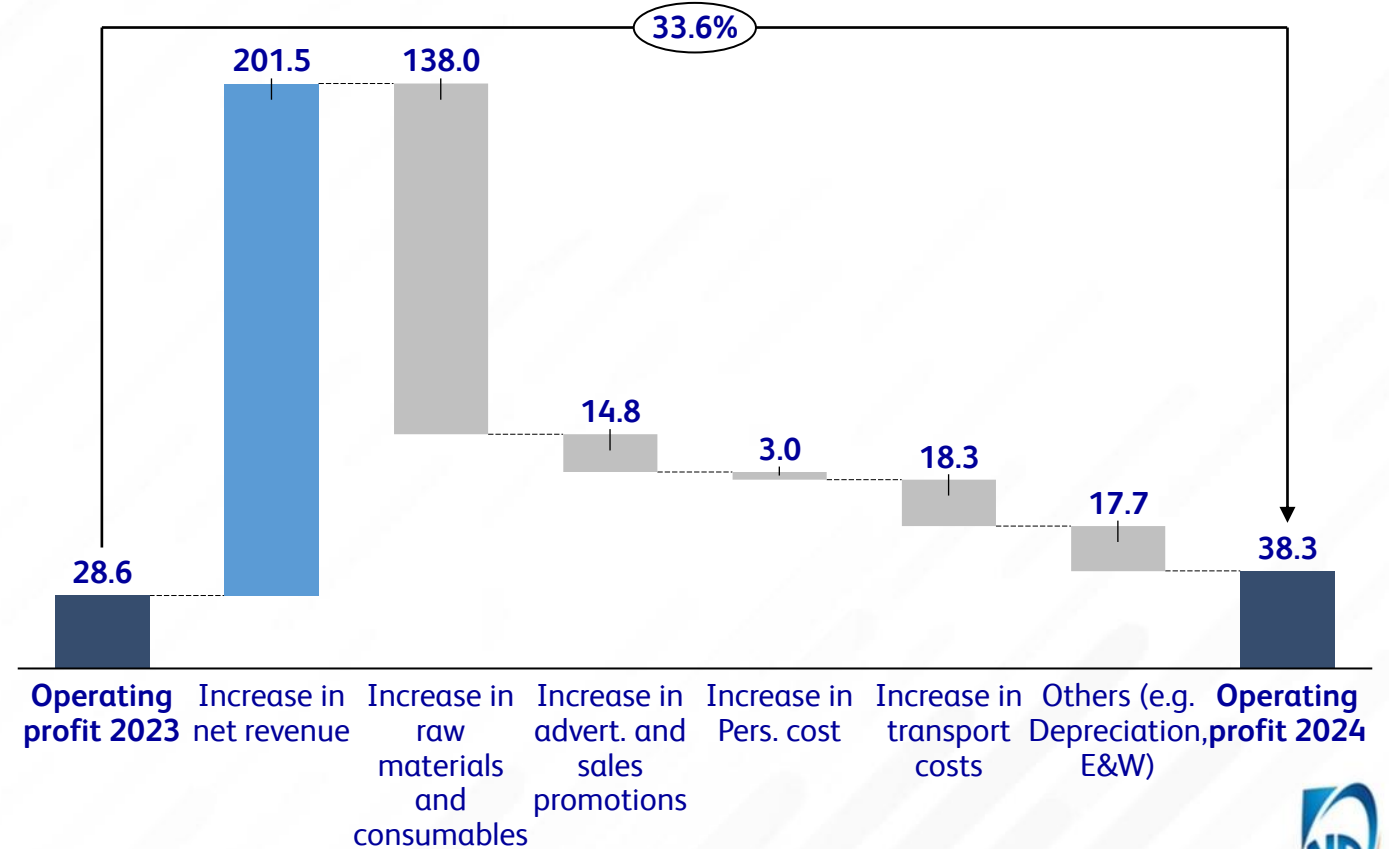
Net Profit
OG -37b

● Above LY

● Below LY

HY1 2024 Operating Performance

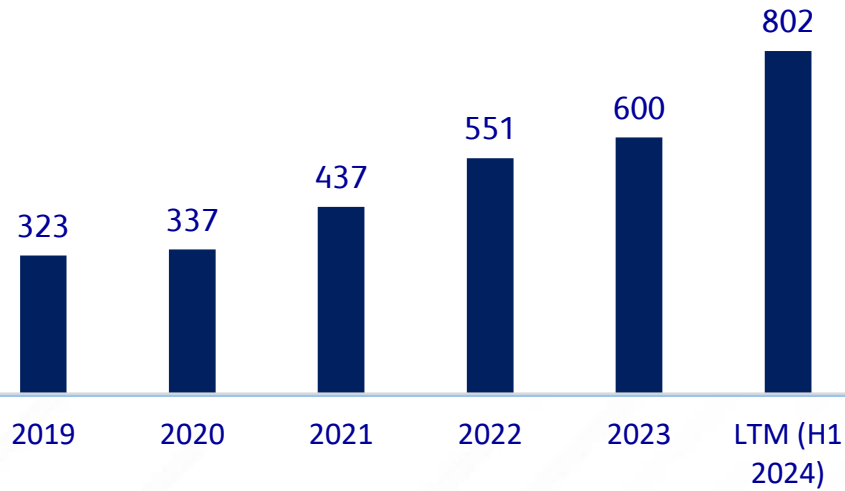
Operating profit bridge (₦ billion)



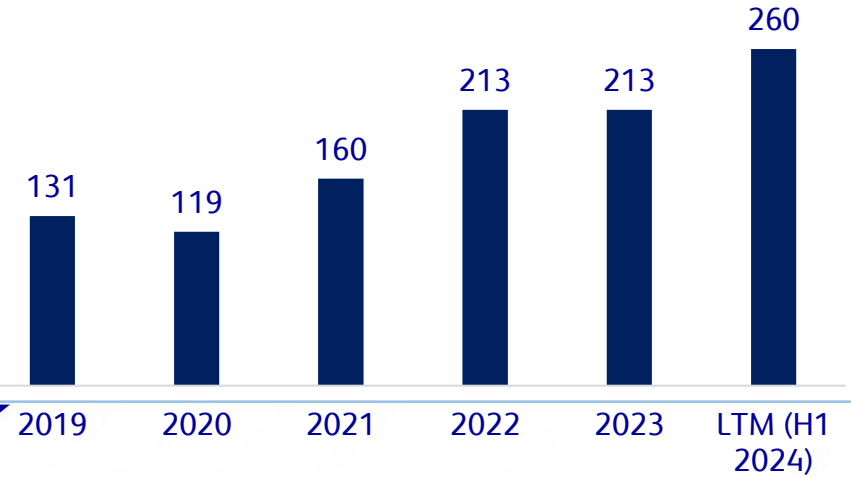
Strong Operating Performance (2019 – H1'2024)



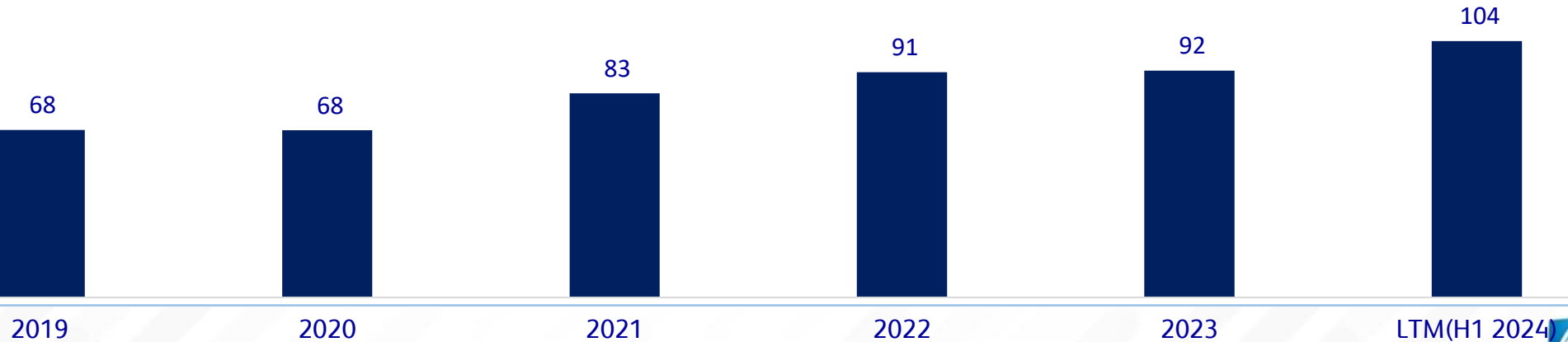
Revenue
(₦'bn)



Gross Profit
(₦'bn)



EBITDA
(₦'bn)



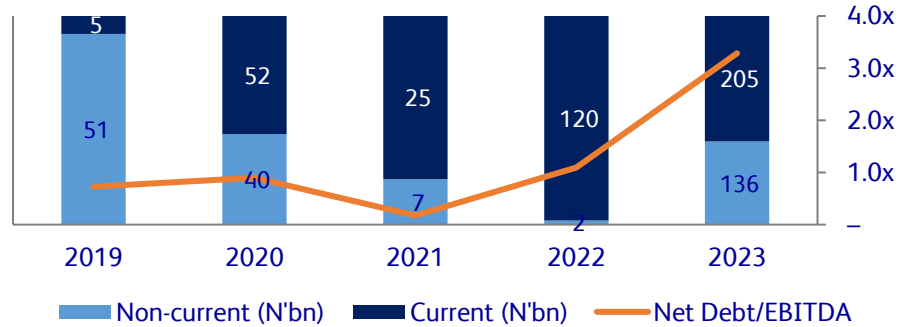
LTM = Last twelve months (H1 '24 + H2 '23)



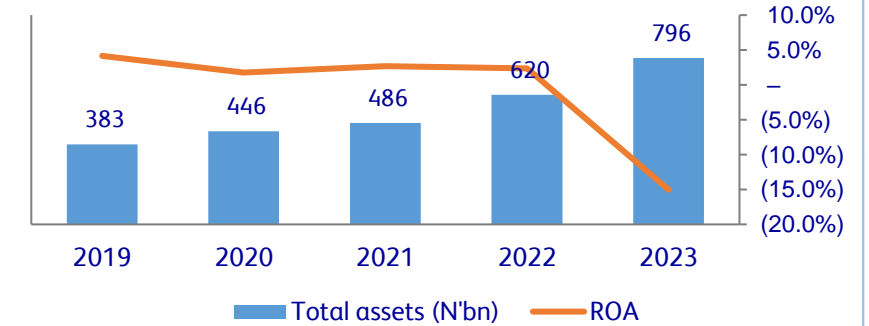
... but Key Ratios Impacted by Devaluation (2019 – 2023)



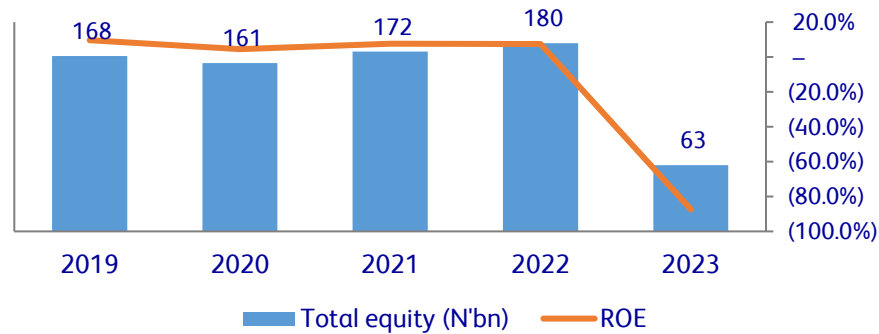
Total debt and leverage ratios



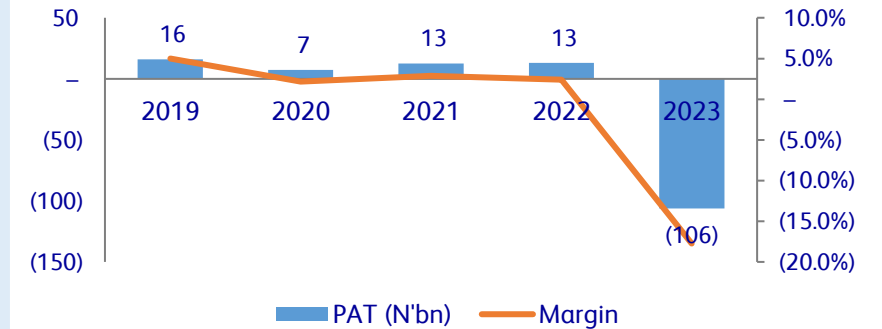
Total Assets and ROA



Total Equity and ROE



PAT and PAT Margin



Rights Issue



Uaboi AGBEBAKU
Company Secretary/Legal Director



4

Rights Issue Terms



Key Issue Terms | Rights Issue Overview

Amount

₦599.1 billion to be raised via Rights Issue offer to existing shareholders

Offer Price

₦26.50/share

Number of New Shares

22.61 billion new ordinary shares to be issued

Offer Ratio

11 new shares for every 5 ordinary shares held as of the qualification date on 12th July 2024

Purpose of Rights Issue

Improve balance sheet through elimination of overdue FX payables and reduce local debts

Offer Period

28 Working Days: 2nd September 2024 – 11th October 2024



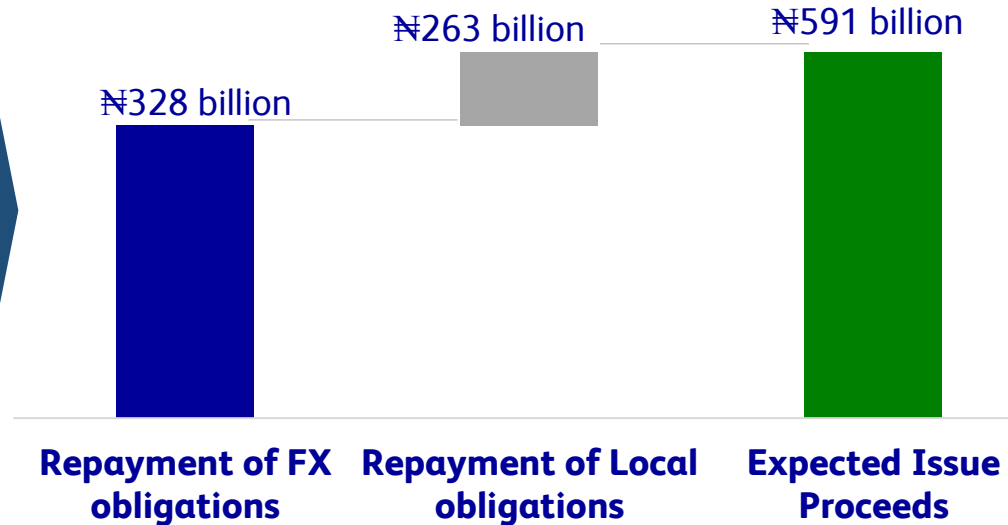
Rationale and Impact of Rights Issue

Rationale for Rights Issue



- Deleverage Balance Sheet
- Eliminate Overdue FX loans and payables
- Reduce Naira loans

Use of Proceeds



Impact of Rights Issue



- Reduced interest burden
- Lower leverage ratios
- Strengthened Balance Sheet



Summary



Hans ESSAADI
Managing Director/CEO



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Experienced and Diversified Board and Management

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Wide Portfolio of Products

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Longevity and Experience

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- Listed on the NGX since 1973.

Support from Parent Company

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High Liquid Stock

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Competitive Positioning

- A leading player in the Nigerian food and beverage sector (assets and revenues) with the capacity to capture future market growth.
- National Footprint – Production and Sales

Source:

1. BMI, Nigeria Food & Drink Report – 2024



Q&A



Olutade Olaegbe

Vetiva Advisory Services Limited



Appendix



Statement of Financial Position (1/2)

₦millions	2019	2020	2021	2022	2023
Assets					
Non-Current Assets					
Property, plant and equipment	201,907	213,412	257,217	358,968	441,433
Right of Use Asset	11,074	42,916	12,520	9,902	8,945
Intangible assets and goodwill	96,466	95,272	94,334	93,425	91,914
Investments	150	150	150	150	150
Other receivables	652	911	1,134	2,022	2,152
Prepayments	-	-	-	0	23,710
Total Non-Current Assets	310,249	352,661	365,355	464,467	568,304
Current Assets					
Inventories	38,520	36,087	62,192	83,517	122,036
Trade and other receivables	21,307	11,417	26,501	40,710	46,789
Prepayments	3,500	3,745	2,852	1,958	2,270
Deposits for imports	2,840	11,576	11,891	6,898	16,206
Cash and Cash equivalent	6,361	30,370	16,730	22,181	39,566
Asset held for Sale				158	
Total Current Assets	72,529	93,195	120,166	155,422	226,867
Total Assets	382,778	445,856	485,521	619,889	795,171
Equity					
Share Capital	3,998	3,998	4,038	5,138	5,138
Share Premium	73,770	73,770	77,500	82,944	82,944
Share based payment reverse	501	215	170	944	1,470
Retained earnings	89,382	83,093	90,095	90,773	-26,267
Equity attributed to owners of the Company	167,653	161,076	171,803	179,799	63,285
Non-controlling interest	97	103	109	113	0
Total Equity	167,750	161,179	171,912	179,912	63,285



Statement of Financial Position (2/2)

₦'millions	2019	2020	2021	2022	2023
Liabilities					
<i>Non-current Liabilities</i>					
Loan and borrowing	38,893	39,637	6,831	2,426	136,284
Lease liabilities	-	-	-	15	1
Employee benefits	13,434	16,720	10,964	11,422	11,838
Deferred tax liabilities	23,171	17,854	23,282	18,407	
Total Non-current liabilities	75,499	74,211	41,077	32,270	148,123
<i>Current Liabilities</i>					
Loans and borrowings	16,826	51,811	24,542	119,845	205,318
Lease Liabilities				17	30
Current tax liabilities	12,799	11,713	10,624	13,003	6,716
Dividend payable	5,742	7,707	10,438	9,007	14,621
Trade and other payable	102,783	139,201	226,418	264,070	355,289
Provisions	1,379	35	511	1,763	2,490
Total Current Liabilities	139,529	210,467	272,533	407,705	584,464
Total Liabilities	215,028	284,678	313,610	439,975	732,587
Total Equity and Liabilities	382,778	445,856	485,521	619,889	795,171



Income Statement

(₦ millions)	2019	2020	2021	2022	2023
Revenue	323,007	337,046	437,285	550,628	599,643
Cost of sales	(191,757)	(218,355)	(276,872)	(337,310)	(387,032)
Gross profit	131,251	118,691	160,413	213,328	212,610
EBIT	35,206	29,605	41,494	51,756	43,963
Net finance costs	(11,853)	(18,028)	(17,793)	(34,415)	(189,188)
Profit before tax	23,352	11,577	23,701	17,341	(145,224)
Income tax credit/ (expense)	(7,246)	(4,208)	(11,029)	(4,153)	38,917
Profit after tax	16,106	7,363	12,672	13,188	(106,308)
Profit for the year	16,106	7,363	12,672	13,188	(106,308)
<i>Earnings per share (kobo)</i>					
Basic (kobo)	201	92	157	158	(1,280)
Diluted (kobo)	201	92	157	158	(1,280)



Statement of Cashflow (1/2)

₦million	2019	2020	2021	2022	2023
Profit for the year	16,106	7,368	12,672	13,187	(106,307)
Adjustments for:					
Depreciation	31,402	36,830	39,777	38,033	46,392
Amortization of intangible assets	1,328	1,439	1,522	1,567	1,639
Finance income	(261)	(246)	(314)	(349)	(513)
Interest expenses	8,311	11,494	11,065	8,422	36,368
Gratuity	3,457	3,928	-	-	-
(Gains)/Loss on Sal of Property Plant and equipment	(17)	(10)	(2,982)	(693)	(117)
Income tax expenses	7,246	4,208	11,029	4,154	(38,917)
Employee benefit charge	-	-	298	1,662	1,003
Share base payment	-	-	(43)	1,307	664
Gain/Loss on foreign exchange transaction	-	-	46	(122)	5,557
Change in provision	-	-	475	1,252	727
Other non-cash item from disposal of subsidy	-	-	-	-	(381)
Gain on Sale of Subsidiary	-	-	-	-	(330)
	67,572	65,011	73,545	68,420	(54,215)
Changes in:					
Inventories	(6,014)	2,433	(26,104)	(21,326)	(38,518)
Trade and other receivables	13,856	9,630	(15,306)	(15,097)	(6,209)
Prepayments	(2,004)	(245)	893	895	(1,012)
Trade and other payables	(6,758)	50,309	96,539	21,854	80,354
Deposit for imports	(366)	(8,735)	(316)	4,993	(9,308)
Cash generated from operating activities	66,286	118,403	129,251	59,739	-28,908
Changes in Provisions	(183)	(1,343)	-	-	-
Income tax paid	(11,740)	(10,307)	(8,142)	(6,675)	(9,322)



Statement of Cashflow (2/2)

₦million	2019	2020	2021	2022	2023
Gratuity Paid	(776)	(800)	(824)	(930)	(1,087)
Other Long term employee benefits paid	(711)	(775)	(695)	(1,380)	(1,302)
Share Based Payment	(407)	(304)	-	(534)	(138)
VAT Paid	(13,574)	(21,600)	(27,975)	(27,691)	(33,909)
Net Cash from operating activities	38,895	83,274	91,615	22,529	(74,666)
Cash flows from investing activities					
Finance Income	261	246	314	349	513
Proceeds from sale of property, plant and equipment	188	19	55	435	312
Acquisition of property, plant and equipment	(29,916)	(37,215)	(59,407)	(97,861)	(98,742)
Acquisition Right Issue	-	-	(1,390)	(1,524)	(401)
Investment in Subsidiary	-	-	-	0	-
Acquisition of Intangible assets	(658)	(246)	(584)	(658)	(127)
Net Cash used in investing activities	(30,125)	(37,196)	(61,012)	(99,259)	(98,445)
Cash flows from financing activities					
Proceeds from (Repayment of) loans and borrowing	14,592	35,728	(95,450)	(66,782)	(336,487)
Proceeds from loans and borrowings	-	-	67,602	161,048	533,947
Repayment of Lease liabilities	-	-	(8,638)	(113)	(16)
Interest paid	(7,411)	(10,531)	(5,461)	(4,648)	(18,778)
Cash Received from Registrars	-	-	2,731	141	1,551
ROUA additions	(2,685)	(36,223)	-	-	-
Change in deposit at registrars unclaimed dividends	(1,597)	3,030	-	-	-
Dividends paid	(18,633)	(14,075)	(4,979)	(7,587)	(6,068)
Net Cash used in Financing activities	(15,734)	(22,071)	44,195	82,089	174,149
Net increase in cash and cash equivalents	(6,962)	24,009	(13,593)	5,328	1,038
Effect of Foreign exchange rate changes on cash and cash	-	-	(46)	122	16,348
Cash and Cash equivalent at 1st January	13,323	6,361	30,370	16,730	22,181
Cash and Cash equivalent at 31 December	6,361	30,370	16,731	22,180	39,567





Rights Issue: Investors and Analysts Call



September 2024



Rights Issue: Investors and Analysts Call

