

**SENS ANNOUNCEMENT**  
(the "Notice" or "Announcement")

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**ISSUER**

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**NATIONAL BREWERIES PLC**

**NATIONAL BREWERIES PLC ("NATBREW")**  
[Incorporated in the Republic of Zambia]

Company registration number: 4999  
Share Code: NATBREW  
ISIN: ZM0000000086  
Authorised by: Vongai Chiwaridzo – Company Secretary

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**SPONSOR**

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**Stockbrokers Zambia Limited**

[Founder Member of the Lusaka Securities Exchange]  
[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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Contact Number: +260-211-232456  
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**APPROVAL**

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The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

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**RISK WARNING**

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The Notice or Announcement contained herein contains information that may be of a price-sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

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**ISSUED: 24 September 2018**



# NATIONAL BREWERIES PLC

## Unaudited Interim Results for the six months period ended 30 June 2018

The Board of Directors of National Breweries Plc, in compliance with the requirements of the Securities Act No.41 of 2016 and the Listing Requirements of the Lusaka Securities Exchange, is pleased to announce the unaudited results of the company for the six-month period ended 30 June 2018.

### Statement of profit or loss and other comprehensive income For the six months ended 30 June 2018

	30-Jun-18 K'000	30-Jun-17 K'000
Volumes (HL'000)	525	459
Revenue	151,376	142,937
Cost of Sales	<u>(108,170)</u>	<u>(97,300)</u>
Gross Profit	43,206	45,637
Other operating income/ (expenses)	1,593	(2,703)
Distribution costs	(9,427)	(9,753)
Administration costs	<u>(46,845)</u>	<u>(64,719)</u>
Operating loss	(11,473)	(31,538)
Finance income	150	10
Finance costs	<u>(12,813)</u>	<u>(4,757)</u>
Finance costs - net	(12,663)	(4,748)
Loss before tax	(24,136)	(36,286)
Income tax	<u>-</u>	<u>980</u>
Loss after tax	<u>(24,136)</u>	<u>(35,306)</u>
<b>Total comprehensive loss for the period</b>	<b><u>(24,136)</u></b>	<b><u>(35,306)</u></b>
<b>Loss per share attributable to the equity holders of the Company</b>		
-basic and diluted (Kwacha per share)	<u>(3.83)</u>	<u>(5.60)</u>

### Statement of Financial Position As at 30 June 2018

	30-Jun-18 K'000	30-Jun-17 K'000
<b>Capital and reserves attributable to the company's equity holders</b>		
Share Capital	630	630
Retained earnings	<u>93,977</u>	<u>112,220</u>
	<u>94,607</u>	<u>112,850</u>
<b>Non-current Liabilities</b>		
Deferred income tax	15,253	24,137
Borrowings	<u>119,843</u>	<u>179,998</u>
<b>Total Equity and Non Current Liabilities</b>	<b><u>229,703</u></b>	<b><u>316,986</u></b>
<b>Non current assets</b>		
Property, Plant and Equipment	252,391	282,457
Intangible assets	<u>1,180</u>	<u>23</u>
	<u>253,571</u>	<u>282,481</u>
<b>Current Assets</b>		
Inventory	20,135	18,120
Trade and other receivables	31,839	10,125
Current Income Tax	5,786	5,825
Cash at bank and in hand	<u>22,109</u>	<u>49,168</u>
	<u>79,869</u>	<u>83,239</u>
<b>Current Liabilities</b>		
Trade and other payables	<u>103,737</u>	<u>48,734</u>
<b>Net Current (Liabilities)/Assets</b>	<b><u>(23,868)</u></b>	<b><u>34,505</u></b>
	<b><u>229,703</u></b>	<b><u>316,986</u></b>

**Statement of Cashflows**  
**For the period ended 30th June 2018**

	Six months to 30-Jun-18 K'000	Six months to 30-Jun-17 K'000
<b>Cashflow from operating activities</b>		
Cash generated from operations	91,644	(9,197)
Interest paid on operating finance	<u>(12,663)</u>	<u>(4,748)</u>
Net cash generated from / (used in) operating activities	<u>78,980</u>	<u>(13,945)</u>
<b>Cashflow from investing activities</b>		
Purchase of property, plant and equipment	(1,512)	(729)
Proceeds from disposal of property, plant and equipment	<u>877</u>	<u>8,678</u>
Net cash (used in) generated from investing activities	<u>(634)</u>	<u>7,949</u>
<b>Cashflow from financing activities</b>		
(Decrease) / Increase in long term borrowings - Non Group	<u>(99,843)</u>	<u>32,706</u>
Net cash (used in) / generated from financing activities	<u>(99,843)</u>	<u>32,706</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(21,497)</u>	<u>26,710</u>
Movement in cash and cash equivalents		
Cash equivalents at the beginning of the period	43,606	22,459
(Decrease) / Increase in cash and cash equivalents	<u>(21,497)</u>	<u>26,710</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>22,109</u>	<u>49,168</u>

**Statement of Changes in Equity**  
**for the period ended 30 June 2018**

	Share Capital	Retained Earnings	Total
<b>Year ended 31 December 2017</b>			
At start of the year	630	109,047	109,677
<b>Comprehensive income</b>			
Loss for the year	-	9,066	9,066
Total comprehensive income for the year	<u>-</u>	<u>9,066</u>	<u>9,066</u>
At end of the year	<u>630</u>	<u>118,113</u>	<u>118,743</u>
<b>Period ended 30th June 2018</b>			
At start of the year	630	118,113	118,743
<b>Comprehensive income</b>			
Loss for the period	-	(24,136)	(24,136)
Total comprehensive loss for the period	<u>-</u>	<u>(24,136)</u>	<u>(24,136)</u>
At end of the period	<u>630</u>	<u>93,977</u>	<u>94,607</u>

## Performance Review

Despite the steady economic improvements during the period, conditions remained difficult for the business due to competition from forms of beer such as draught, affordable clear beer, cheap spirits and entry of new players in the packaged segment. The competitive environment meant that traditional beer prices remained depressed.

Total volumes were 14% up on prior year. Revenue was up 6% compared to the same period last year driven largely by the volume mix, i.e. increased sales of higher margin Chibuku Super from 39% in the prior year to 54% in the current year. A price rollback was taken on Shake Shake in the early part of the year to improve product competitiveness and grow volume. The company reopened the Ndola and Kabwe depots during the period.

The business made an operating loss of K24.1m for the period which was an improvement of 32% on prior year. The movement in profitability in the period is attributed to the increased contribution of Chibuku Super and cost-cutting initiatives. The prior year included payouts for the voluntary separation offer (VSO).

The increase in finance costs during the current year is attributed to the external borrowings outside the group.

**By Order of the Board**  
**Vongai Chiwaridzo**  
**COMPANY SECRETARY**

**Issued in Lusaka, Zambia on 24 September 2018**

Lusaka Securities Exchange Sponsoring Broker	
 <b>STOCKBROKERS ZAMBIA LIMITED</b>	<b>T</b>   +260-211-232456 <b>E</b>   <a href="mailto:advisory@sbz.com.zm">advisory@sbz.com.zm</a> <b>W</b>   <a href="http://www.sbz.com.zm">www.sbz.com.zm</a>  Stockbrokers Zambia Limited (SBZ) is a founder member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia

**First Issued on 24 September 2018**