Final Year Results F15
3 July 2015
Johan de Kok - MD
Financial Summary

Gross Profit
-3.0%
F15: 830,152
F14: 855,960

Profit Before Tax
-5.8%
F15: 410,124
F14: 435,597

Turnover
+9.4%
F15: 2,036,531
F14: 1,861,571

Operating Profit
-4.1%
F15: 422,700
F14: 440,859

Total Dividends Declared
-1.0%
F15: 100 thebe/share
F14: 101 thebe/share

Profit After Tax
-8.1%
F15: 322,272
F14: 350,551

Summary represents consolidated group performance
Volume Trends

Clear Beer

<table>
<thead>
<tr>
<th>Year</th>
<th>Hectolitres</th>
</tr>
</thead>
<tbody>
<tr>
<td>F'09</td>
<td>400,000</td>
</tr>
<tr>
<td>F'10</td>
<td>650,000</td>
</tr>
<tr>
<td>F'11</td>
<td>670,000</td>
</tr>
<tr>
<td>F'12</td>
<td>690,000</td>
</tr>
<tr>
<td>F'13</td>
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<tr>
<td>F'14</td>
<td>730,000</td>
</tr>
<tr>
<td>F'15</td>
<td>750,000</td>
</tr>
</tbody>
</table>

Soft Sparkling Drinks (SSD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hectolitres</th>
</tr>
</thead>
<tbody>
<tr>
<td>F'09</td>
<td>550,000</td>
</tr>
<tr>
<td>F'10</td>
<td>570,000</td>
</tr>
<tr>
<td>F'11</td>
<td>590,000</td>
</tr>
<tr>
<td>F'12</td>
<td>610,000</td>
</tr>
<tr>
<td>F'13</td>
<td>630,000</td>
</tr>
<tr>
<td>F'14</td>
<td>650,000</td>
</tr>
<tr>
<td>F'15</td>
<td>670,000</td>
</tr>
</tbody>
</table>

Opaque

<table>
<thead>
<tr>
<th>Year</th>
<th>Hectolitres</th>
</tr>
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<tbody>
<tr>
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<td>1,250,000</td>
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<tr>
<td>F'10</td>
<td>1,200,000</td>
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<tr>
<td>F'11</td>
<td>1,180,000</td>
</tr>
<tr>
<td>F'12</td>
<td>1,150,000</td>
</tr>
<tr>
<td>F'13</td>
<td>1,100,000</td>
</tr>
<tr>
<td>F'14</td>
<td>750,000</td>
</tr>
<tr>
<td>F'15</td>
<td>850,000</td>
</tr>
</tbody>
</table>

KBL
Total volumes up 4.9% on Prior Year
Alcohol Levy

- 19 December 2014 – Levy increased by additional 5%, now at 55%.
- Alcohol Levy for the first time now higher than official excise cost.
- F15 Alcohol Levy at P183.3m.
- Another increase anticipated during the current financial year.
- Consultation and engagement with Government on-going.
- Opaque downsizing inevitable - impact on employment.
Volume Trends contd.

Non-Alcoholic Beverages (NAB)

Hectolitres

<table>
<thead>
<tr>
<th>Year</th>
<th>Hectolitres</th>
</tr>
</thead>
<tbody>
<tr>
<td>F'09</td>
<td>35,000</td>
</tr>
<tr>
<td>F'10</td>
<td>45,000</td>
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<tr>
<td>F'11</td>
<td>55,000</td>
</tr>
<tr>
<td>F'12</td>
<td>65,000</td>
</tr>
<tr>
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<tr>
<td>F'14</td>
<td>85,000</td>
</tr>
<tr>
<td>F'15</td>
<td>95,000</td>
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</table>

Alcoholic Fruit Beverages (AFB)

Hectolitres

<table>
<thead>
<tr>
<th>Year</th>
<th>Hectolitres</th>
</tr>
</thead>
<tbody>
<tr>
<td>F'09</td>
<td>0</td>
</tr>
<tr>
<td>F'10</td>
<td>10,000</td>
</tr>
<tr>
<td>F'11</td>
<td>20,000</td>
</tr>
<tr>
<td>F'12</td>
<td>30,000</td>
</tr>
<tr>
<td>F'13</td>
<td>40,000</td>
</tr>
<tr>
<td>F'14</td>
<td>50,000</td>
</tr>
<tr>
<td>F'15</td>
<td>60,000</td>
</tr>
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</table>
Alcoholic Beverage Performance

- Clear Beer – Total volumes up 4.8%
  - Carling Black Label’s dominance continued and the brand contributes over half of the category. Volumes up 22% on prior year.
  - St Louis lager declined by 1% indicating signs of stabilisation
  - Castle Lite declined 12% for the year
  - Global Brand Miller Genuine Draft grew 24% on Prior Year
  - The growth of the Returnable Bulk Packs at the expense of Cans and NRB’s had a negative impact on Margins

- AFB’s significant growth of 831% on growth and category expansion of Core, Redds and Flying Fish

- Opaque – Traditional beer declined by 4.3% due to impact of Traditional Beer Regulations and discontinuance of exports to South Africa
Non-Alcoholic Beverage Performance

- Sparkling Soft drinks finished 12.0% above prior year notwithstanding increased competition of B-Brands. Growth of 2L pack was biggest contributor in this category. Can volumes declined by 21.3% which impacted SSD Margins severely.

- Coke Brand up 20.0% on prior year.

- Total Non-Alcoholic Beverages ended 15.6% ahead of prior year attributed to strong growth of Source Water 23%, Mageu 9.5% and introduction of Mazoe during the year.
Sechaba [Company] Financial Performance

- Total volumes for the year up 4.9% on prior year
- Sechaba results directly related to the performance of KBL, being the sole associate
- Share of associate down by 3.7% to P204.2m
- Sechaba costs reduced by P432K to P2.5m
- Operating Profit reduced by 3.6% to P201.7m
- Profit After Tax down by 2.9% to P186.1m
- Total Comprehensive Income reduced by 0.05% to P190.3m
- Diluted EPS down from 144.2 thebe in F14 to 139.9 thebe in F15
# KBL Capex

<table>
<thead>
<tr>
<th>Category</th>
<th>F14 ‘000</th>
<th>F15 ‘000</th>
<th>F16 Budget ‘000</th>
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<tbody>
<tr>
<td>New Bottle Line</td>
<td>89,960</td>
<td>7,457</td>
<td>-</td>
</tr>
<tr>
<td>PET Line</td>
<td>55,815</td>
<td>3,853</td>
<td>-</td>
</tr>
<tr>
<td>Containers</td>
<td>46,300</td>
<td>46,451</td>
<td>38,875</td>
</tr>
<tr>
<td>Warehouse Extensions</td>
<td>30,480</td>
<td>19,675</td>
<td>36,167</td>
</tr>
<tr>
<td>Coolers &amp; Ice Boxes</td>
<td>12,990</td>
<td>4,912</td>
<td>8,015</td>
</tr>
<tr>
<td>Production/Technical Capex</td>
<td>40,870</td>
<td>47,069</td>
<td>46,018</td>
</tr>
<tr>
<td>Fleet replacement and expansion</td>
<td>6,415</td>
<td>10,388</td>
<td>20,270</td>
</tr>
<tr>
<td>Opaque outlet development</td>
<td>8,510</td>
<td>1,869</td>
<td>1,500</td>
</tr>
<tr>
<td>Other</td>
<td>1,797</td>
<td>13,793</td>
<td>10,314</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>P293 137</strong></td>
<td><strong>P155 467</strong></td>
<td><strong>P161 159</strong></td>
</tr>
</tbody>
</table>
Marketing and RTM Initiatives during F15

- St. Louis - New Look
- Share a Coke Promotion
- Mooka Mageu Trolley Dash
- Chibuku Road to Fame
- St. Louis Export Win a Salary
- Castle Lite
- Redds Chill Chamber
- Opaque Outlet Development
F15 Initiatives

- Improvement in TCM in Clear Beer and SSD
  - Improved by $2.38/Hl vs F14
- Focus on TCD
  - Flat despite increased cost due to pack swing to RGB
- Introduction of TCM and TCD in Opaque
- RTM change in Opaque – sales increase through wholesalers
  - March 2015 Wholesaler contribution at 22.3%
- Introduction of Beer Powder
  - Capture some of the informal trade
- Functional Integration of the Opaque business
  - Opaque now fully integrated into structures of KBL along functional lines
  - National Fleet Management introduced for all vehicles
  - Increase focus and measures drive improvement
## Licence to Trade - Initiatives

### Level 1:

**Enhanced KickStart programme**

[Grants ceiling increased from P100K to P250K]

**Alcohol Responsibility Programme**

[Ikgalemele]

**Return a Bottle Campaign**

[Key aspect in Responsible Retailer Training]

**Recycling of PET and NRB**

[Work in Progress]

**Environment Clean Up Campaign** – Gaborone, Shakawe, Kanye, Bobonong and Charles Hill

### Level 2:

**Malting and scaled up farming project**

[Project Thusanang – Business Case Dynamics – program facing challenges]

**Enterprise Development initiatives** –

[In Progress]

**Retailer Development Program (RDP)** –

[Pilot implemented in March 2015, now full roll-out with target at 250 for F16]

### Level 3:

**Consistently engaging with, and developing local talent and make SABMiller the employer of choice.**

**Embed Employee Alcohol Policy in our practices & communications [POCC]**

Ensure 100% of employees are trained in ABC – [Currently 75% - Refresher ongoing F15 target is 100%]

Develop a competitive and responsible S & M team - [AIQ & SMCC]

Engage Staff and develop them into alcohol responsibility activists ['Live Responsibly Campaign']

### Wellness Programs:

Supporting wellness programs, focusing on the prevention and management of HIV-AIDS & Malaria across the spectrum

### Communicate on Project Tshelang

[2 staff ambassadors & extensive peer network]
KickStart 2015

- KickStart attracts and selects aspiring youth entrepreneurs providing business skills training, seed capital and mentorship.
- Now in its 11th year of running.
- Award ceiling increased from 100k to 250k.
- 2015 delivered an unprecedented total grant of **P2,355,433** amongst Top 11 youth businesses.
- Through selection process, 50 entrepreneurs were trained.
F16 Risks and Opportunities

- Water and Electricity supply interruptions will require contingency measures and increased cost
- Continued growth in the Bulk offerings at the expense of Cans and NRB’s
- Negative impact of continued regulation on Opaque volumes
- Increase in the Alcohol Levy

- Product portfolio management
- Capex initiatives to reduce cost and increase capacity
  - Especially at Clear Beer and Opaque
- Continued focus on TCM and TCD
  - Clear Beer, SSD and Opaque
- Efficiencies, footprint and headcount reductions
- Possible exports
  - AFB’s [Redd’s]
  - Opaque to South Africa
Sechaba Shareholder Matters

- Cautionary lifted on November 2014
  - No further action planned
- Announcement of the formation of Coca-Cola Beverages Africa (CCBA)
  - Botswana is included in the transaction
  - Relates to Soft Drinks business only
  - Structure and timing unclear at this stage
- Shareholder commitment to Botswana
  - KBL/Sechaba still profitable
  - KBL employs 1,191 people
  - Continued Capex demonstrates continued belief in long term growth
Thank you