

SENS ANNOUNCEMENT
(the “Notice” or “Announcement”)

ISSUER



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

SPONSOR



STOCKBROKERS ZAMBIA LIMITED

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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APPROVAL

The captioned Notice or Announcement has been approved by:

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

RISK WARNING

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.

ISSUED: 01 December 2020



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("Natbrew" or "the Company")

INTERIM FINANCIAL RESULTS

The Directors of National Breweries PLC ("Natbrew") present the interim unaudited financial results for the period ended 30 September 2020.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the 6 months ended 30 September 2020

	Half Year-Ended 30 September 2020 K'000	Half Year-Ended 30 September 2019 K'000
Total products volumes sold (HL'000)	496	460
Revenue	167,803	131,304
Cost of Sales	(123,316)	(85,667)
Gross Profit	44,487	45,637
Distribution costs	(14,093)	(9,644)
Administrative expenses	(69,528)	(53,709)
Operating loss	(39,134)	(17,716)
Finance income	-	30
Net exchange losses	(26,943)	(955)
Finance costs	(10,876)	(10,257)
Loss before tax	(76,952)	(28,898)
Taxation	-	-
Loss after tax	(76,952)	(28,898)
Total comprehensive loss	(76,952)	(28,898)
Basic and diluted loss per share (Kwacha)	(1.22)	(0.46)

STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	As at 30 September 2020	As at 30 September 2019
	K'000	K'000
ASSETS		
Non-current assets		
Property, plant and equipment	229,230	239,770
Intangible assets	1,101	1,582
Deferred tax asset	-	3,344
	<u>230,331</u>	<u>244,696</u>
Current assets		
Inventories	25,858	26,394
Trade and other receivables	9,653	11,487
Other assets	8,064	4,113
Current tax asset	10,352	10,352
Cash and cash equivalents	8,174	3,733
Total Current Assets	<u>62,101</u>	<u>56,079</u>
Total assets	<u>292,432</u>	<u>300,775</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	630	630
Accumulated loss/Retained earnings	<u>(70,423)</u>	<u>91,800</u>
Total equity	<u>(69,793)</u>	<u>92,430</u>
Non-current liabilities		
Long term borrowings	<u>22,152</u>	<u>23,200</u>
	<u>22,152</u>	<u>23,200</u>
Current liabilities		
Bank overdraft	48,920	66,485
Trade and other payables	190,090	105,429
Amounts due to related parties	101,063	13,231
	<u>340,073</u>	<u>185,145</u>
Total liabilities	<u>362,225</u>	<u>208,345</u>
Total Equity and liabilities	<u>292,432</u>	<u>300,775</u>

STATEMENT OF CASH FLOWS

for the 6 months ended 30 September 2020

	Half Year-Ended 30 September 2020 K'000	Half Year-Ended 30 September 2019 K'000
Cash flows utilised in operating activities		
Cash utilised in operating activities	(29,634)	(8,457)
Decrease in working capital	81,790	16,918
Finance Costs	<u>(37,819)</u>	<u>(11,182)</u>
Net cash flow from/ (outflows to) operating activities	14,337	(2,721)
Cash utilised in investing activities		
Purchase of property, plant & equipment to maintain operations	(2,316)	(7,780)
Proceeds from disposal of property, plant and equipment	-	1,084
Net movement in containers	-	908
Net cash utilised in investing activities	(2,316)	(5,788)
Net cash flows from/ (utilised in) financing activities		
Increase/ (Decrease) in short term borrowings	(7,911)	6,697
(Decrease) in long term borrowings - Non Group	<u>(1,820)</u>	<u>(1,800)</u>
Net cash flows from/ (utilised in) from financing activities	(9,731)	4,897
Movement in cash and cash equivalents		
Increase /(Decrease) in cash and cash equivalents	2,290	(3,612)
Cash and cash equivalents at the beginning of the period	<u>5,884</u>	<u>7,345</u>
Cash and cash equivalents at the end of the period	8,174	3,733

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2020

Kwacha'000

	Share Capital	Retained earnings	Total
Balance at 31 March 2019	630	120,698	121,328
Total comprehensive loss for the 6 months ended 25 September 2019	-	(28,898)	(28,898)
Balance at 30 September 2019	630	91,800	92,430
Total comprehensive loss for October 2019 to March 2020	-	(85,270)	(85,270)
Balance at 31 March 2020	630	6,529	7,159
Total comprehensive loss for the 6 months ended 25 September 2020	-	(76,952)	(76,952)
Balance at 30 September 2020	630	(70,423)	(69,793)

COMMENTARY FOR HALF YEAR ENDED 30 SEPTEMBER 2020

Overview

The company posted a 28% growth in revenue in a very difficult macro-economic environment disrupted by the Covid-19 pandemic. This growth was achieved on the back of a modest product price increase and improved volume performance compared to the previous year. Whilst the volume recovery is expected to hold during the remainder of the year, the pressures arising from the exchange rate depreciation will affect trading operating margins.

On the downside, packaging material costs increased due to the depreciation of the Kwacha against major foreign currencies and this negatively affected the company's margins. The margins also remained under significant pressure resulting from the continued unabated competition from the illegal trading in bulk beer.

As a result, the company posted an interim operating loss of K39m against an operating loss of K18m for the six months ended 30 September 2019.

The depreciation of the Kwacha above also resulted in a significant exchange loss which negatively impacted the company's Loss After Tax and Loss Per Share.

Corporate governance

National Breweries Plc. remains committed to regulatory compliance with a strict corporate governance culture. The company achieved nil breaches of corporate governance and anti-bribery codes in the interim financial period.

Prospects

The company will intensify efforts to drive volume growth by offering quality and competitively priced products to its consumers and adopting appropriate route to market strategies in order to improve product availability around the country. The elimination of waste, improvement of production efficiencies and strict cost management remain areas of key focus.

The supply of key raw materials is expected to remain normal in view of the bumper harvest in the 2019/20 farming season. However, maize prices have risen recently, and this trend is expected to continue to the end of the financial year.

In the short term we are focused on formulating strategies to keep the business going forward in the face of competition and a difficult economic environment severely impacted by the Covid-19 pandemic.

By Order of the Board

Vongai Chiwaridzo
Company Secretary

Issued in Lusaka, Zambia on 01 December 2020

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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 01 December 2020