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GUINNESS NIGERIA PLC DELIVERS SOLID PERFORMANCE WITH DOUBLE DIGIT NSV, OP PROFIT GROWTH

Highlights

- Revenue increased to N142.98bn up 14% in fiscal 2018.
- Marketing spend increased 18% demonstrating sustained investment behind Guinness Nigeria's brands.
- Operating profit increased by 31% to N13.4bn
- 54% reduction in finance costs following the rights issue.
- Profit after tax was up 249% in F18.

Guinness Nigeria Plc delivered a solid performance in the year ended 30 June 2018 as revenue increased by 14% from N125.92 billion in June 2017 to N142.98 billion. The results, which were released to the Nigerian Stock Exchange (NSE), also showed improved operating margin, as benefits from the company's productivity program more than offset sustained cost pressures.

Commenting on the results, Baker Magunda, Managing Director/CEO, Guinness Nigeria Plc, said: "Over the year ending 30 June 2018, despite continued challenges in the operating environment, Guinness Nigeria delivered a strong performance. Revenue increased by 14% as both beer and mainstream spirits' net sales grew double-digit. In beer, Guinness, our largest brand, saw strong growth as it benefitted from increased marketing activations around football. Mainstream spirits also delivered double-digit growth driven by innovation launches and new formats."

"During the year, gross margin was down 4% to 34% largely driven by inflationary pressure on our raw material costs. However, this was more than offset by reduced distribution and administration costs and resulted in operating margin improving 130bps. Marketing spend increased 18%, ahead of revenue growth, as we continue to invest behind our brands."

"Improved operating performance combined with lower finance charges have helped us deliver an overall PAT increase of 249% during year".

"The execution of our strategy is working as we delivered both top line growth and margin expansion while also increasing investment behind our brands. Looking forward, we will continue to focus on the three strategic pillars of productivity, expansion of our portfolio, as well as the execution of the commercial footprint initiatives to drive the business forward. Whilst we remain optimistic about the execution of our strategy, we note that the operating and competitive environment is likely to continue to be challenging in the 2019 financial year."

Mr. Babatunde Savage, Chairman of the Board of Guinness Nigeria Plc, said, "Guinness Nigeria has confidence in the Nigerian economy and will remain a major player in the country by continually investing, developing capacity and growing a portfolio that most suit the consumers' needs for celebration and relaxation. Our aim is to continue to add value to Nigeria not only through continued investments in local manufacturing and backward integration, but also

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through various Sustainable Development projects, enabling job opportunities and economic inclusion."

"As a Board, it is heartening to see the impact of the rights issue coming through in the profitability of the company. The Board is confident that we are making the right investments in the company to ensure our long term competitiveness, and continues to support the management in its efforts to build a business that aims to consistently deliver growth for all stakeholders."

For more information, visit www.guinness-nigeria.com

- **Ends** -

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Notes to editors/ About Guinness Nigeria

Guinness Nigeria Plc was established in 1950 and listed on The Nigerian Stock Exchange in 1965. With a shareholder base of over 75,000 shareholders, it is also one of the foremost quoted companies in Nigeria. The company built its first brewery in Ikeja in 1962, and currently has facilities in Ogba, Benin City and Aba. Included in its portfolio are such acclaimed brands - Guinness Foreign Extra Stout, Guinness Extra Smooth, Malta Guinness, Harp Lager beer, Smirnoff Ice, Satzenbrau Pilsner, Dubic Lager Beer, Smirnoff Intense Chocolate Vodka, Royal Challenge, McDowell's and Malta Guinness Herbs Lite. Guinness Nigeria is a subsidiary of Diageo Plc, a global leader in beverage alcohol with an outstanding collection of brands across spirits, beer and wine categories.

The company continues to be a champion for responsible drinking and community development. For the past 12 years, Guinness Nigeria has run its 'Ember Months' campaign in partnership with the Federal Road Safety Corps (FRSC) and the Ministry of Transportation, aimed at educating consumers on the dangers of drinking and driving. Also, via its flagship 'Water of Life' scheme, the company has delivered 35 water facilities across 24 states in Nigeria. These facilities have helped provide clean drinking water for over 1.5 million Nigerians. Guinness Nigeria also established the Lagos University Teaching Hospital Guinness Eye Centre in 1993, and Guinness Eye Centre Onitsha in 1984. Since the establishment of these eye centres, Guinness Nigeria has continued to support these institutions through the donation of eye equipment.

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