



PART OF THE  COMPANY

‘Bralirwa Plc reports 2019 full year results

Kigali, 27 March 2020 – Bralirwa Plc (“Bralirwa”) announces today its financial results for the calendar year 2019. Highlights from the results include:

- Total volume increased by 5.4%:
 - *Beer volume increased high single digit mainly driven by strong performance of Primus, Mutzig and Amstel*
 - *Soft drink volume decreased mid-single digit due to the price increase on RGB 30cl and 50cl in 2018*
- Revenue increased 1.8% with the higher volumes partly offset by adverse mix, driven by Primus and locally produced Heineken® as well as the prior year tax adjustment on excise duty in the first half of the year
- Results from operating activities decreased by -42.2%, with the positive Top Line and Gross Profit results fully offset by one-off expenses, including prior year tax adjustments and several provisions, as well as an impairment on our loan to Bramin.

Merid Demissie, Vice Chairman of the Board and Managing Director of Bralirwa commented:

“In 2019, the overall top line results improved compared with 2018. Revenue management combined with a focus on cost savings as well as operational efficiencies positively impacted both the top line and gross margin. Despite this positive top line performance, operating results were adversely impacted by a number of one offs including prior year tax adjustments, an impairment on the loan to Bramin and a number of provisions. In order to drive sustainable performance, we continued to invest in our people, brands, capacity, sustainability and digital solutions.”

Operational Review 2019

Top line results improved driven by revenue management, brand investments and new product introductions. Revenue was 1.8% higher than last year at Rwf 101 billion (2018: Rwf 99 billion), due to strong total volume growth of 5.4% partly offset by negative mix driven by Primus and locally produced Heineken® as well as the prior year tax adjustment on excise duty recorded in the first half of the year. Whilst the beer market recovered from prior years’ price increases, it remained very competitive.

Although for the year soft drinks volume declined, volume started to recover part way through 2019 following the price increase taken in 2018 to compensate for increased costs.



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A continued focus on cost savings combined with operational efficiencies and high quality local production of Heineken, resulted in improved Gross Profit (GP) which increased by 6.4%. Despite the strong performance at GP, results from operating activities decreased by -42.2% to Rwf 10.7 billion (2018: Rwf 18.4 billion), due to a number of one offs including prior years tax adjustments and several provisions, as well as an impairment of our loan in our Bramin Joint Venture (JV). Excluding these one offs, results from operating activities would have increased mid-single digit. Profit and total comprehensive income decreased by -83.5% to Rwf 1.2 billion (2018: Rwf 7.2 billion), due to the above reasons. This resulted in a reduced earnings per share of Rwf 1.16 (2018: Rwf 7.04).

Investment

Capital expenditure in 2019 decreased to Rwf 12.6 billion (2018: Rwf 15.4 billion), in line with the guidance of being at a more normalised level than last year, with 2018 elevated given the investment associated with Heineken® local production, the Gisenyi brewery waste water treatment plant and the Enterprise Resource Planning (ERP).

Bramin

The Bramin JV farm, now in its sixth year of commercial farming, requires further improvement in operational results, efficiencies, cost savings and crop rotation in order to become profitable. In 2019, an impairment was recorded in the Bralirwa financials on the loan to Bramin. This impairment had no impact on cash flows and reflects Bralirwa management's view of future expected performance of Bramin. Despite the impairment, we expect the farm to become profitable in the near future and continue to believe in its importance and the various positive contributions that this brings to the company and society.

Debt

Debt reduction remains a priority at Bralirwa. Due to repayment, the USD denominated long-term IFC loan is now Rwf 14.6 billion, this follows the repayment of the BPR loan in 2018. As a result our net debt position decreased to Rwf 41.3 billion (2018: Rwf 47.7 billion), despite the reclassification of the Bramin long-term loan to investments. Net finance cost decreased to Rwf 7.8 billion (2018: Rwf 8.1 billion).



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Outlook 2020

Ongoing uncertainties and resulting volatility in the global economy are expected to continue to impact African economies in the coming year. Our initial plan for 2020 was further top line, profit and margin growth in the context of continued outperformance of the Rwandan economy relative to the broader African region driven by new product introductions, cost management and further debt reduction.

However, the outbreak of COVID-19 represents an unprecedented health crisis and macro-economic risk, which is likely to have a significant impact on the economy and our business in the near term. As always, our priority is the safety and health of our employees, customers and local partners, and in playing a constructive role supporting the government as they work to contain this. At this stage, it is not possible to assess the extent and duration of this crisis and its impact on the economy and our business.

Dividend 2019

Given the significant uncertainties on the extent and duration of the disruption as a result of the COVID-19 outbreak, the Board is taking steps to protect our cash flow to preserve liquidity in the interest of our Company, and as such proposed not to pay out any dividend on the 2019 result. This proposal will also be subject to approval during the upcoming AGM.

Conference call details

On 31 March 2020, Bralirwa will host a conference call to discuss its full year 2019 financial results. The call will also be webcasted live via the investor relations section of the company's website: <http://www.bralirwa.com/cms/index.php/investors>. An audio replay service will also be made available after the conference call at the above web address.

About Bralirwa

Bralirwa is a Rwandan company producing and selling beers and soft drinks. The Company's beer brand portfolio includes Mützig, Primus, Turbo King, Legend, Amstel and Heineken produced in the Gisenyi brewery. Primus, one of the Company's largest selling beer brand has been available to consumers since 1959. Since 1974, the Company has been producing and selling soft drink brands under a licensing agreement with The Coca-Cola Company. These include Coca Cola, Fanta Orange, Fanta Citron, Fanta Fiesta, Sprite, Krest, Tonic, Stoney and the Company's own brand Vital'O.

The Company was founded in 1957 with the construction of a brewery located in Gisenyi. Since 1971, Bralirwa is a subsidiary of Heineken N.V., which holds 75% of the shares of Bralirwa with the remaining 25% listed on the Rwanda Stock Exchange. As a socially responsible company, Bralirwa supports a variety of projects from Education to Health and Environment.

Statement of Profit or Loss and other comprehensive income

(In '000hl and Rwf millions)	2019	2018	% Change
Sales volume	1,886	1,790	5.4%
Revenue	100,691	98,954	1.8%
Cost of sales	(65,814)	(66,161)	(0.5%)
Gross profit	34,877	32,793	6.4%
Other income	469	315	48.9%
Selling and distribution expenses	(7,856)	(4,503)	74.5%
Administrative expenses	(12,428)	(9,863)	26.0%
Other operating expenses	(4,395)	(301)	1360.1%
Results from operating activities	10,667	18,441	(42.2%)
Finance costs	(7,788)	(8,095)	(3.8%)
Net finance cost	(7,788)	(8,095)	(3.8%)
Profit before income tax	2,879	10,346	(72.2%)
Income tax expense	(1,687)	(3,104)	(45.7%)
Profit after tax	1,192	7,242	(83.5%)
Other Comprehensive income	-	-	0.0%
Profit and total comprehensive income for the year	1,192	7,242	(83.5%)
Attributable to:			
Equity holders of the parent	894	5,432	(83.5%)
Equity attributable to other shareholders	298	1,811	(83.5%)
	1,192	7,243	(83.5%)
Earnings per share (basic and diluted) - Rwf	1.16	7.04	(83.5%)
Dividend per share - Rwf	-	5.50	(100.0%)
Net Debt	41,298	47,686	(13.4%)
EBITDA	24,476	30,944	(20.9%)



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Statement of Financial Position

<i>(In Rwf millions)</i>	2019	2018	% Change
Assets			
Non-current assets			
Property, plant and equipment	85,914	87,695	(2.0%)
Intangible assets	1,672	903	85.2%
Investments	1,166	9	12855.6%
Receivable from related parties - principal	-	4,341	(100.0%)
Total non-current assets	88,752	92,948	(4.5%)
Current assets			
Inventories	18,477	19,957	(7.4%)
Receivable from related parties	3,266	781	318.2%
Trade and other receivables	6,530	9,489	(31.2%)
Tax recoverable	452	2,841	(84.1%)
Bank and cash balances	4,264	8,785	(51.5%)
Total current assets	32,989	41,853	(21.2%)
Total assets	121,741	134,801	(9.7%)
Equity			
Share capital	5,143	5,143	0.0%
Share premium	85	85	0.0%
Other reserves	2,072	2,072	0.0%
Retained earnings	27,311	31,777	(14.1%)
Total equity	34,611	39,077	(11.4%)
Non-current liabilities			
Loans and borrowings	17,413	22,146	(21.4%)
Deferred tax liability	5,804	8,596	(32.5%)
Total non-current liabilities	23,217	30,742	(24.5%)
Current liabilities			
Loans and borrowings	28,149	34,326	(18.0%)
Payable to related parties	6,430	1,892	239.9%
Trade and other payables	29,334	28,764	2.0%
Total current liabilities	63,913	64,982	(1.6%)
Total liabilities	87,130	95,724	(9.0%)
Total equity and liabilities	121,741	134,801	(9.7%)



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Statement of Cash Flows

(In Rwf millions)	2019	2018	% Change
Cash flow from operating activities			
Profit before tax	2,879	10,346	(72.2%)
Adjustments for:			
Impairment of related party loan	3,179	301	956.1%
Interest expense	6,326	6,274	0.8%
Foreign exchange difference on loans	790	698	13.2%
Depreciation	13,387	12,383	8.1%
Amortization of intangible assets	422	120	251.7%
Loss / (Gain) on sale of property, plant, and equipment	197	175	12.6%
	27,180	30,297	(10.3%)
Changes in working capital			
(Increase)/ decrease in trade and other receivables	2,959	(901)	(428.4%)
Increase in related party balances	2,053	(6,344)	(132.4%)
Increase in inventories	1,480	488	203.3%
(Decrease)/increase in trade and other payables	569	1,045	(45.6%)
Cash generated from operating activities	34,241	24,585	39.3%
Income tax received/(paid)	(2,090)	(3,823)	(45.3%)
Net cash flows generated from operating activities	32,151	20,762	54.9%
Cash flow from investing activities			
Interest income	-	-	0.0%
Proceeds from sale of property, plant, and equipment	150	-	0.0%
Purchase of property, plant and equipment	(11,420)	(14,488)	(21.2%)
Purchase of intangible assets	(1,191)	(892)	33.5%
Net cash used in investing activities	(12,461)	(15,380)	(19.0%)
Cash flow financing activities			
Proceeds from loans and borrowings	-	-	0.0%
Repayment of loans and borrowings	(5,653)	(3,121)	81.1%
Dividends paid to equity holders of the company	(4,243)	(2,893)	46.7%
Dividends paid to other shareholders	(1,414)	(964)	46.7%
Payment of lease commitments	(123)	-	0.0%
Interest expenses	(6,326)	(6,274)	0.8%
Net cash flows used in financing activities	(17,759)	(13,252)	34.0%
Net decrease in cash and cash equivalents	1,930	(7,870)	(124.5%)
Cash and cash equivalents at 1 January	(19,992)	(12,122)	64.9%
Cash and cash equivalents as at 31 December	(18,062)	(19,992)	(9.7%)