

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

ISSUER



ZAMBIAN BREWERIES PLC (“ZAMBREW”)
[Incorporated in the Republic of Zambia]

Company registration number: 31609
Share Code: ZAMBREW
ISIN: ZM0000000078
Authorised by Deborah Bwalya – Company Secretary

SPONSOR



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: 07 March 2021

The Board of Directors of Zambian Breweries Plc is pleased to announce the audited results of the company for the year ended 31 December 2021.

Statement of profit or loss and other comprehensive income

	Year ended 31 December	
	2021 K'000	2020 K'000
Revenue from contracts with customers	3,068,959	2,305,425
Cost of sales of goods	(2,024,857)	(1,346,701)
Gross profit	1,044,102	958,724
Other expenses	(244,307)	(458,473)
Net impairment credit on financial assets	12,291	3,002
Distribution expenses	(208,749)	(178,028)
Administrative expenses	(413,157)	(302,323)
Operating profit	190,180	22,902
Finance income	2,978	1,557
Finance costs	(86,936)	(15,974)
Profit before income tax	106,222	8,485
Income tax credit/(expense)	41,730	(2,546)
Profit for the year	147,952	5,939
Other comprehensive income	-	-
Total comprehensive income for the year	147,952	5,939
Total comprehensive income for the period is attributable to:		
Owners of Zambian Breweries Plc	128,911	5,175
Minority - controlling interests	19,041	764
	147,952	5,939
Basic and diluted earnings per share	0.27	0.01

Statement of changes in equity

	Share Capital K'000	Share premium K'000	Retained earnings K'000	Total K'000
Year ended 31 December 2020				
At start of year	5,460	450,207	584,047	1,039,714
Profit for the year	-	-	5,939	5,939
Other comprehensive income:	-	-	-	-
Total comprehensive income for the year	-	-	5,939	5,939
Transactions with owners				
Dividends declared (Note 18)	-	-	(54,601)	(54,601)
Total transactions with owners	-	-	(54,601)	(54,601)
At year end	5,460	450,207	535,385	991,052
Year ended 31 December 2021				
At start of year	5,460	450,207	535,385	991,052
Profit for the year	-	-	147,952	147,952
Other comprehensive income:	-	-	-	-
Total comprehensive income for the year	-	-	147,952	147,952
At year end	5,460	450,207	683,337	1,139,004

Adaptability, resilience, innovation and an ability to plan for the long-term have been the hallmarks of Zambian Breweries since its inception, and those qualities came to the fore again in 2021 as we report a healthy increase in production volumes and profit.

It is by growing our business and thinking 'big' that we will achieve the critical mass necessary to sustain a profitable business, keep pace with demand as the nation's population and economy grow, and reduce unit fixed costs.

This approach was particularly apparent as we forged ahead with a bold expansion plan covering both our Lusaka and Ndola plants that resulted in a 15% increase in production capacity.

This enabled us to meet demand by the third quarter of the year and put us in a good position going forward to keep pace with the expected growth in the market in the short to medium-term.

That positive note was set against a backdrop of continuing challenges in the market. For a second year the COVID-19 pandemic hit business, and we shared the pain of our distribution and trade partners who have experienced unprecedented hardships during this period.

Partnerships were a key part of our approach to tackling these issues, and we worked well with suppliers, trade and customers to address the most pressing issues, including shortages of glass, supply and price manipulation.

Our relationship with government also made positive strides, and we welcomed the election of the UPND government in August. President Hakainde Hichilema's understanding of business, and the manufacturing sector in particular, has provided a platform for progressive discussion that has boosted our confidence and the resulting stability has translated into a 33% increase in tax payments, and completion of our US\$18 million investment plans.

Financial Performance

The business experienced a strong start in 2021, which has continued through the year. We continued to deliver robust performance, ahead of pre-pandemic levels, with beer volumes up by 15% against 2020.

Profit after tax increased by 2432% against prior year even in the context of the on-going COVID-19 related restrictions, due to growth in volume and net revenue.

Operating profit for the year was 700% higher than prior year, driven by strong top-line performance and better managed costs, specifically the comparative foreign exchange losses, which were 30% lower than 2020.

Fixed costs declined by 5%, mainly due to continued cost-saving.

Statement of financial position

	Notes	As at 31 December	
		2021 K'000	2020 K'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,488,670	2,149,855
Intangible assets	13	22,661	22,816
Loan receivable	24	-	2,095
		2,511,331	2,174,766
Current assets			
Inventories	14	609,424	426,640
Trade and other receivables	15	238,316	150,474
Cash and cash equivalents	16	129,429	401,007
Current income tax asset	11	89,533	79,152
		1,066,702	1,057,273
TOTAL ASSETS		3,578,033	3,232,039
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	17	5,460	5,460
Share premium	17	450,207	450,207
Retained earnings		683,337	535,385
		1,139,004	991,052
Non-current liabilities			
Deferred income tax	20	523,375	610,979
Current liabilities			
Borrowings	21	697,110	35,000
Trade and other payables	22	1,218,544	1,595,008
		1,915,654	1,630,008
Total equity and liabilities		3,578,033	3,232,039

Statement of cash flows

	2021 K'000	2020 K'000
Cash flows from operating activities		
Cash (used in)/generated from operations	(182,845)	462,705
Interest income	831	197
Interest paid	(86,936)	(15,974)
Income tax paid	(71,536)	(95,825)
Net cash (out)/inflow from operating activities	(340,486)	351,103
Cash flows from investing activities		
Purchase of property, plant and equipment	(641,442)	(297,492)
Proceeds from disposal of property, plant and equipment	9,519	697
Purchase of intangible assets	(2,763)	(951)
Advance to related party	-	(2,095)
Net cash outflow from investing activities	(634,686)	(299,841)
Cash flows from financing activities		
Proceeds from borrowings	635,000	35,000
Loan principal repayments	(35,000)	-
Net cash inflow from financing activities	600,000	35,000
Net (decrease)/increase in cash and cash equivalents	(375,172)	86,262
Movement in cash and cash equivalents		
At start of year	280,803	193,181
Net (decrease)/increase	(375,172)	86,262
Foreign exchange gains on cash and cash equivalents	1,574	1,360
At year end	(92,795)	280,803

The high cost of sales associated with core brands and imports translated into a lower gross margin, despite the higher net revenue.

Investment for the future

A total of ZMW641 million was invested in capital expenditure during 2021, shared across production, sales and marketing and logistics (distribution and containers). The biggest projects undertaken during the year were the Lusaka and Ndola plants Capacity Expansion.

Final Dividend

At a Board meeting held on 25th March, 2022, the Directors of the Board resolved not to declare a final dividend for the year ended 31 December, 2021.

2022 Outlook

The Company is hopeful of improved market conditions as COVID-19 restrictions ease, enabling us to continue focus on maximising production through our capacity expansion investment. Continued glass investment and execution of October 2021 price increases have laid the foundations for topline growth.

We intend to roll out a Distributor Management System to create a foundation for a business to business (B2B) platform. These are initiatives intended to increase our ability to better service our end consumers.

We have been impressed by the dedication, commitment and level of teamwork demonstrated by employees in all areas of the business. It is this spirit that we wish to tap into going forward as we join together to realise AB InBev's new global purpose: "We dream big to create a future with more cheers."

Cheers to our brewing resilience, investment in the future and innovation for growth, and a future with more cheers.

By Order of the Board
Deborah Bwalya
COMPANY SECRETARY
7th March, 2022

Issued in Lusaka, Zambia on 07 March 2022

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