

# Guinness Ghana Breweries Ltd - Results for 6 months ended 31st December 2014



**GUINNESS GHANA**  
BREWERIES LIMITED

Despite tough economic conditions net sales in the first half of the year increased 28% largely driven by price increases and innovation which partially mitigated inflationary pressures. A strong Q1 performance was followed by a solid Q2 performance. Malta Guinness continued to perform strongly and Star Lager net sales were up 5% and gained share with both brands benefiting from our investment in route to consumer which led to expanded coverage and improved execution in the on-trade. Despite significant improvements at an operational level resulting from our investment in Perfect Plant and other cost improvement initiatives, including the substitution of locally sourced materials for imported components, the devaluation of the Ghana Cedi and its effect on the cost of imported raw materials, fuel price increases, utilities tariff increases and the higher mix of imported finished goods had a negative impact on production costs. This, coupled with higher first half volumes, resulted in cost of goods increasing 42% versus last year.

Selling, General and Administrative costs increased 39% versus the prior period as we continue to invest behind our core brands and innovations, including the new Guinness FES 'Made of Black' campaign. Expansion of the sales force, investment in Perfect Plant Management System, foreign exchange losses and redundancy costs resulted in Overheads increasing year on year. These increases were partly mitigated by the disposal of a property during the quarter. The funding of our brewery capacity expansion and higher interest rate resulted in Finance Charges increasing significantly versus last year resulting in a Loss before Taxation for the half.

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER, 2014

	2014 GH¢'000	2013 GH¢'000
Net Turnover	217,169	169,346
Cost of Goods Sold	(170,239)	(119,683)
<b>Gross Profit</b>	<b>46,930</b>	<b>49,663</b>
Selling, General & Administrative Expenses	(40,453)	(29,158)
<b>Operating Profit</b>	<b>6,477</b>	<b>20,505</b>
Financial Charges	(24,893)	(3,979)
<b>(Loss)/Profit Before Taxation</b>	<b>(18,416)</b>	<b>16,526</b>
Taxation	(2,675)	(1,693)
<b>(Loss)/Profit For the Period</b>	<b>(21,091)</b>	<b>14,833</b>
Other Comprehensive Income	-	-
<b>Total Comprehensive Income</b>	<b>(21,091)</b>	<b>14,833</b>

## UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

	2014 GH¢'000	2013 GH¢'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant and Equipment	310,655	273,615
Intangibles	2,980	2,923
	<b>313,635</b>	<b>276,538</b>
<b>Current Assets</b>		
Inventories	65,772	57,992
Trade and other receivables	62,611	41,081
Amounts due from related companies	1,395	3,203
Income Tax Asset	-	481
Cash and cash equivalents	16,174	14,191
	<b>145,952</b>	<b>116,948</b>
<b>Total Assets</b>	<b>459,587</b>	<b>393,486</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	96,252	96,252
Retained Earnings	23,276	67,728
Total Equity	<b>119,528</b>	<b>163,980</b>
<b>Non-Current Liabilities</b>		
Medium term loans	-	3,333
Obligation under Finance lease	8,905	3,419
Intercompany Loans	159,664	75,723
Employee benefit obligations	2,004	4,366
Deferred Tax Liabilities	10,102	15,309
Total non-current liabilities	<b>180,675</b>	<b>102,150</b>
<b>Current Liabilities</b>		
Bank Overdraft	17,477	22,533
Short term loans	972	834
Trade and other payables	76,440	54,910
Income Tax Liability	2,427	-
Amounts due to related companies	59,647	46,431
Provisions	2,421	2,648
<b>Total Current Liabilities</b>	<b>159,384</b>	<b>127,356</b>
<b>Total Liabilities</b>	<b>340,060</b>	<b>229,506</b>
<b>Total Liabilities and Equity</b>	<b>459,587</b>	<b>393,486</b>
<b>Peter Ndegwa</b> Managing Director	<b>Stephen Nirenstein</b> Finance Director	

## UNAUDITED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	2014 GH¢'000	2013 GH¢'000
<b>Cash Flows from operating activities</b>		
(Loss)/Profit before taxation Adjustment for	(18,416)	16,526
Depreciation and amortization charges	21,572	17,445
Profit on sale of property, plant & Equipment	(17,709)	(4,495)
Net interest expense	24,894	3,979
	<b>10,341</b>	<b>33,455</b>
Changes in:		
Inventories	13,349	(12,884)
Trade and other receivables	(11,779)	(29,972)
Trade and other payables	25,796	7,147
Related company balances	12,427	16,005
Provisions	(3,290)	-
Employee benefits	745	2,976
<b>Cash Flow From Operations</b>	<b>47,589</b>	<b>16,727</b>
Interest Paid	(6,578)	(3,979)
Income Tax Paid	(448)	(2,320)
<b>Net Cash Outflow from Operating Activities</b>	<b>40,563</b>	<b>10,428</b>
<b>Cash Flow from Investing Activities</b>		
Additions to Property, Plant and Equipment,	(41,178)	(64,966)
Proceed of sales from Property, plant & equipment	6,722	4,533
<b>Net Cash Outflow from Investing Activities</b>	<b>(34,456)</b>	<b>(60,433)</b>
<b>Cash Flow from Financing Activities</b>		
Repayment of Bank Loans	(1,969)	(4,444)
Movement In Finance Lease	1,238	104
Related Party loans Received	-	51,180
Dividend Paid	-	(1,008)
<b>Net Cash flow from Financing Activities</b>	<b>(731)</b>	<b>45,832</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>5,376</b>	<b>(4,173)</b>
<b>Analysis of changes in cash &amp; cash equivalents</b>		
Balance as at 1st July	(6,678)	(4,169)
Increase (Decrease) in cash and cash equivalents	5,376	(4,173)
<b>Cash and Cash Equivalents at 31 Dec</b>	<b>(1,302)</b>	<b>(8,342)</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Share Capital GH¢'000	Retained Earnings GH¢'000	Total GH¢'000
<b>Balance at 1 July 2014</b>	<b>96,252</b>	<b>44,367</b>	<b>140,619</b>
Comprehensive income for the period		(21,091)	(21,091)
<b>Total Comprehensive income for the period</b>	<b>96,252</b>	<b>23,276</b>	<b>119,528</b>
Dividend to Shareholders		-	-
<b>Balance at 31 December 2014</b>	<b>96,252</b>	<b>23,276</b>	<b>119,528</b>



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