

# Guinness Ghana Breweries Ltd - Results for 9 months ended 31st March 2015



**GUINNESS GHANA**  
BREWRIES LIMITED

Net sales increased 38% in the quarter and 31% year to date, despite the tough economic conditions experienced in the first half of the fiscal year continuing throughout the third quarter. The quarterly performance was mainly driven by improved volumes, up 17%, price increases to partly mitigate inflation and innovation, as we launched Ghana's first Lite beer, Star Lite, and introduced Orjin Bitters and Orjin RTD into the market. Initial indications are that these brands are being well received by consumers. The year-on-year devaluation of the Ghana Cedi and its effect on the cost of imported raw materials and higher utility tariff increases, as well as reduced availability, continued to have an impact on our cost of goods, up 36% year to date. This is despite significant improvements in the operating efficiency of our breweries as a result of our 'Perfect Plant Management System' program.

Selling, General and Administrative costs increased 28% versus last year. We continued to invest behind our core brands, including the Guinness FES 'Made of Black' campaign, Malta Guinness 'Africa Rising' campaign, Premium spirits 'Step up to Spirits' campaign, Star Lager 'Quality' campaign as well as our innovations. Expansion of the sales force, investment in Perfect Plant Management System, redundancy costs and high levels of local inflation drove the year-on-year Overheads increase. These increases were partly mitigated by the disposal of a property during the first half of the fiscal. The funding of our brewery capacity expansion and higher interest rates resulted in Finance Charges increasing significantly versus last year resulting in a Loss before Taxation year to date.

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 31 MARCH, 2015

	2015 GH¢'000	2014 GH¢'000
<b>Net Turnover</b>	323,463	246,513
Cost of Goods Sold	(247,602)	(182,313)
<b>Gross Profit</b>	<b>75,861</b>	<b>64,200</b>
Selling, General & Administrative Expenses	(68,238)	(53,150)
<b>Operating Profit</b>	<b>7,623</b>	<b>11,050</b>
Financial Charges	(36,742)	(6,028)
<b>(Loss)/Profit Before Taxation</b>	<b>(29,119)</b>	<b>5,022</b>
Taxation	(2,675)	(1,944)
<b>(Loss)/Profit For the Period</b>	<b>(31,794)</b>	<b>3,078</b>
Other Comprehensive Income	-	-
<b>Total Comprehensive Income</b>	<b>(31,794)</b>	<b>3,078</b>
Earning Per Share (Ghc per share)	(0.150)	0.015
Diluted Earnings Per Share (Ghc per share)	(0.150)	0.015

## STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2015

	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		(31,794)	(31,794)
<b>Total Comprehensive income for the period</b>	<b>96,252</b>	<b>12,573</b>	<b>108,825</b>
<b>Transaction with Owners</b>			
Dividend to Shareholders		-	-
<b>Balance at 31 March 2015</b>	<b>96,252</b>	<b>12,573</b>	<b>108,825</b>

## UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015

	2015 GH¢'000	2014 GH¢'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant and Equipment	310,372	281,832
Intangible Assets	2,839	2,811
	<b>313,211</b>	<b>284,643</b>
<b>Current Assets</b>		
Inventories	69,737	74,910
Trade and other receivables	59,495	30,166
Amounts due from related companies	1,038	1,000
Income Tax Asset	-	230
Cash and cash equivalents	16,223	21,170
	146,493	127,476
<b>Total Assets</b>	<b>459,704</b>	<b>412,119</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	96,252	96,252
Retained Earnings	12,573	55,973
<b>Total Equity</b>	<b>108,825</b>	<b>152,225</b>
<b>Non-Current Liabilities</b>		
Medium term loans	-	3,333
Obligation under Finance lease	8,803	4,074
Intercompany Loans	159,664	119,735
Employee benefit obligations	2,216	4,137
Deferred Tax Liabilities	10,102	15,309
<b>Total non-current liabilities</b>	<b>180,785</b>	<b>146,588</b>
<b>Current Liabilities</b>		
Bank Overdraft	19,393	33,930
Trade and other payables	70,078	37,946
Income Tax Liability	2,427	-
Amounts due to related companies	74,110	41,430
Provisions	4,086	-
<b>Total Current Liabilities</b>	<b>170,094</b>	<b>113,306</b>
<b>Total Liabilities</b>	<b>350,879</b>	<b>259,894</b>
<b>Total Liabilities and Equity</b>	<b>459,704</b>	<b>412,119</b>
<b>Peter Ndegwa</b> Managing Director	<b>Stephen Nirenstein</b> Finance Director	

## UNAUDITED STATEMENT OF CASH FLOW FOR THE NINE MONTHS ENDED 31 MARCH 2015

	2015 GH¢'000	2014 GH¢'000
<b>Cash Flows from operating activities</b>		
(Loss)/Profit before taxation	(29,119)	16,526
Adjustment for		
Depreciation charges	32,840	17,445
Profit on sale of property plant & Equipment	(19,683)	(4,495)
Net interest expense	36,742	3,979
	<b>20,780</b>	<b>33,455</b>
Changes In: Inventories	9,384	(12,884)
Trade and other receivables	(8,663)	(29,972)
Trade and other payables	21,279	7,147
Related company balances	16,889	16,005
Provisions	(1,626)	-
Employee benefits	956	2,976
Cash Flow From Operations	<b>58,999</b>	<b>16,727</b>
Interest Paid	(8,067)	(3,979)
Income Tax Paid	(448)	(2,320)
<b>Net Cash Outflow from Operating Activities</b>	<b>50,484</b>	<b>10,428</b>
<b>Cash Flow from Investing Activities</b>		
Additions to Property, Plant and Equipment,	(52,022)	(64,966)
Proceed of sales from Property plant & equipment	6,850	4,533
<b>Net Cash Outflow from Investing Activities</b>	<b>(45,172)</b>	<b>(60,433)</b>
<b>Cash Flow from Financing Activities</b>		
Repayment of loan balances	(2,941)	(4,444)
Movement In Finance Lease	1,137	104
Related Party loans Received	-	51,180
Dividend Paid	-	(1,008)
<b>Net Cash flow from Financing Activities</b>	<b>(1,804)</b>	<b>45,833</b>
<b>Increase /(Decrease) in cash and cash equivalents</b>	<b>3,508</b>	<b>(4,173)</b>
<b>Analysis of changes in cash &amp; cash equivalents end of period</b>		
Balance as at 1st July	(6,678)	(4,169)
Increase /(Decrease) in cash and cash equivalents	3,508	(4,173)
<b>Balance at 31 March</b>	<b>(3,170)</b>	<b>(8,342)</b>



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