



SECHABA BREWERY HOLDINGS LIMITED

Incorporated in the Republic of Botswana
(Company Registration Number 5271)

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019

Highlights

	2019	2018	% Change
KBL Volumes (HL'000)	707.2	669.0	6%
	P'000	P'000	
KBL Results			
Profit before tax	196,388	88,579	122%
Taxation	(39,920)	(20,235)	97%
Profit after tax	156,468	68,344	129%
CCBB Volumes (HL '000)	418.8	315.8	33%
CCBB results*			
Profit before tax	46,778	16,075	191%
Taxation	(9,603)	(8,706)	10%
Profit after tax	37,175	7,369	404%
Sechaba Results			
Share of results of associate	96,628	45,429	113%
Operating profit	95,423	44,117	116%
Profit for the period	89,732	40,110	124%
Total comprehensive income	89,732	41,143	118%
	Thebe	Thebe	
Earnings per share	68.4	30.2	126%

Introduction

As announced at the end of the 2018 financial year, following an agreement that was reached in July 2018, that in essence separated and transferred Non-alcoholic ready to drink (NARTD) assets from Kgalagadi Breweries (Pty) Ltd (KBL) into Coca Cola Beverages (Botswana) (Pty) Ltd (CCBB), Sechaba Brewery Holdings Limited (SBHL) now holds 49.9% shareholding in KBL and 49.9% in CCBB. SBHL's results for the six months period are therefore directly relating to that of its 2 associates - KBL and CCBB

*2018 CCBB results represents the NARTD business segmental results under KBL stripped out of the total KBL results reported as at 30th June 2018.

Volume performance

Overall volumes grew by 14% during the six months period ending 30th June 2019. All categories recorded a modest to significant increase in volumes aside from Traditional Beer which recorded a decline in volumes.

Financial performance

Profit for the period increased by 118%. This stellar performance is attributed to a strong volume performance, higher net revenues and benefit of overall savings in costs. Each business is doing significantly better as separate entities owing to focus on specialised area and focussed marketing and distribution efforts.

The charts below depict the contributions per entity to the total share of revenue of the individual businesses as well as the contributors to the share of profit earned by Sechaba:

Contributions to Revenue for the Period Ended 30 June 2019



Contributions to Share of Profit for the Period Ended 30 June 2019



Investments in associates

Investments in associate refers to the 49.9% shareholding in Kgalagadi Breweries (Pty) Ltd ("KBL"), a company registered in Botswana involved in the manufacturing, import, distribution and marketing of a portfolio of clear beers, alcoholic fruit beverages and traditional beers as well as a 49.9% shareholding in Coca Cola Beverages (Botswana) (Pty) Ltd (CCBB), a company registered in Botswana involved in the manufacturing, import, distribution and marketing of a portfolio of soft drinks, purified water, and other non-alcoholic beverages.

Financial information

The accounting policies adopted for the period comply, in all material respects, with International Financial Reporting Standards (IFRS). These policies are consistent with those applied in prior periods.

Dividend declaration

Interim dividend of 54 thebe per share was declared by the Board of Directors of Sechaba Brewery Holdings Limited on the 23rd September 2019. This dividend shall be paid on 22nd October 2019, net of applicable withholding taxes in terms of the Republic of Botswana Income Tax Act (Cap 52:01), as amended, to those shareholders registered on the last date to register, being the close of business on 15th October 2019. The Ex-Dividend date will be 11th October and the dividends paid on or around 22nd October 2019. No provision has been raised in the financial statements for the period ended 30th June 2019 for this amount.

By order of the Board

Thabo Matthews
Chairman

Directors

Name	Chairman	Member	Member	Member
Thabo Matthews	Chairman	Member	Member	Member
Myra Sekgororoane				
Bafana Molomo				
Modise Mokone				

SECHABA BREWERY HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

	2019	2018
	P'000	P'000
Share of results of associate	96,628	45,429
Administrative expenses	(1,205)	(1,312)
Operating profit	95,423	44,117
Other income	2,357	-
Finance income	36	9
Profit before income tax	97,816	44,126
Income tax expense	(8,084)	(4,016)
Profit for the period	89,732	40,110
Share of other comprehensive income of associate	-	1,033
Total comprehensive income	89,732	41,143
Basic and diluted earnings per share (thebe)	68.42	30.20

SECHABA BREWERY HOLDINGS LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

	2019	2018
	P'000	P'000
Cash flows from operating activities		
Net cash utilised in operations	(1,647)	(1,332)
Income tax paid	(8,084)	(3,516)
Net cash utilised in operating activities	(9,731)	(4,848)
Cash flows from investing activities		
Dividends received	107,784	46,800
Interest received	36	9
Net cash utilised in investing activities	107,820	46,809
Cash flows from financing activities		
Dividends paid to shareholders	(97,041)	(42,506)
Net cash utilised in financing activities	(97,041)	(42,506)
Changes in cash and cash equivalents	1,048	(545)
Movement in cash and cash equivalents		
At beginning of the period	2,792	4,385
Changes in cash and cash equivalents	1,048	(545)
At end of the period	3,840	3,840

SECHABA BREWERY HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	30-Jun-19	30-Dec-18
	P'000	P'000
ASSETS		
Non-current assets		
Investment in associate	624,598	635,754
Current assets		
Other receivables	88	1
Cash and cash equivalents	3,840	2,792
	3,928	2,793
Total assets	628,526	638,547
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	194,548	194,548
Retained earnings	400,418	410,386
Other reserves	388	388
	592,354	605,322
Non-current liabilities		
Deferred tax liabilities	25,816	25,816
	25,816	25,816
Current liabilities		
Other payables	2	357
Dividends payable	7,347	7,045
Tax payable	7	7
	7,356	7,409
Total equity and liabilities	628,526	638,547

SECHABA BREWERY HOLDINGS LIMITED

CONTACTS

Company Secretaries & Registered Office	Operational address	Sponsoring Brokers	Transfer Secretaries	External Auditors
Grant Thornton Business Services Plot 50370, Acumen Park, Fairgrounds, Gaborone P O Box 1157, Gaborone, Botswana	8th Floor, Fairscap Precinct, Plot 70667, Fairgrounds, Gaborone, Botswana Private Bag 160, Gaborone, Botswana Tel: +267 365 1410 Fax: +267 391 3539 Email: sechaba@bdc.bw	Imara Capital Securities (Pty) Ltd A Member of the Botswana Stock Exchange Plot 74770 Western Commercial Road, New CBD Private Bag 173 Gaborone, Botswana Tel: +267 318 8886	Corpserve Botswana Unit 206, Second Floor Plot 64516 Showgrounds Close Fairgrounds, Gaborone P.O. Box 1583 Gaborone, Botswana Tel: +267 393 2244	Pricewaterhouse Coopers Plot 50371 Fairgrounds Office Park P.O. Box 234 Gaborone, Botswana Tel +267 395 2011

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

	Attributable to equity holders of the company			
	Stated Capital P'000	Other Reserves P'000	Retained Earnings P'000	Total P'000
Year ended 31 December 2018				
Balance at 1 January 2018	233,941	2,310	327,145	563,396
Profit for the period	-	-	220,054	220,054
Other Comprehensive income	-	(1,922)	-	(1,922)
Total Comprehensive income for the period	-	(1,922)	220,054	218,132
Capital re-organisation	(39,393)	-	(64,985)	(104,378)
<i>Dividends paid</i>				
2018 financial year	-	-	(71,828)	(71,828)
Total transaction with owners	(39,393)	-	(136,813)	(176,206)
Balance at 31 December 2018	194,548	388	410,386	605,322
Balance at 1 January 2019	194,548	388	410,386	605,322
Profit for the period	-	-	89,372	89,372
Other Comprehensive income	-	-	-	-
Total Comprehensive income for the period	-	-	89,372	89,372
<i>Dividends paid</i>				
2019 financial year	-	-	(99,700)	(99,700)
Total transaction with owners	-	-	(99,700)	(99,700)
Balance at 30 June 2019	194,548	388	400,418	595,354

SECHABA BREWERY HOLDINGS LIMITED

RECONCILIATION OF NET ASSETS TO EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES

	Coca Cola Beverages (Botswana) (Pty) Ltd		Kgalagadi Breweries Limited (Pty) Ltd		Total	Total
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
	P'000	P'000	P'000	P'000	P'000	P'000
Interest in associates 49.9% (2018: 49.9%)	111,803	93,253	512,795	542,501	624,598	635,754
Carrying value of investment in associate	111,803	93,253	512,795	542,501	624,598	635,754
Investment at beginning of period	93,253	-	542,501	593,394	635,754	593,394
Restructuring	-	90,457	-	(90,457)	-	-
Share buy-back	-	-	-	(104,383)	-	(104,383)
Share of profit	18,550	2,796	78,078	224,469	96,628	227,265
Share of OCI	-	-	-	(1,922)	-	(1,922)
Share of dividends received from associate	-	-	(107,784)	(78,600)	(107,784)	(78,600)
Investment at end of period	111,803	93,253	512,795	542,501	624,598	635,754

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the company and the associates