

Interim Financial Results

as at 31 December 2020



DISTELL
CRAFTING BRANDS SINCE 1925

*Creating memorable moments.
Crafting a better future.*






	Reported	Norm.FX
Volume	+0,8%	+0,8%
Revenue (pre-excise)	+3,8%	+1,7%
Revenue (post-excise)	+2,5%	+0,1%
EBITDA	+11,2%	+16,8%
Headline Earnings	+11,5%	+24,0%
Headline Earnings per share	+11,6%	+24,0%
Net cash generation	+186,6%	
EBITDA margin <small>on a non-duty paid basis</small>	+1,8%	+3,6%

Total dividend Reviewed at FY

- **South Africa:** Resilient performance despite 22% trading days lost
- **Rest of Africa:** Robust growth in all categories as RTM expands
- **International:** Strong performance and margin expansion driven by Premium Spirits
- **Innovations:** Early successes with non-alcoholic growth during bans
- **Digitization:** Momentum building across the value chain
- **Purpose and Values:** Reflected in shared value and focus on SGD's
- **Employee well-being prioritized** throughout pandemic and beyond
- **Cash management & balance sheet:** cash generation recovery
 - Sufficient headroom
 - Effective cash management initiatives
 - Well positioned to navigate future challenges
 - Asset sales now mostly completed

COVID-19: Impact on consumer trends

COVID: changes in income & consumption occasions
impacts AB categories in different ways

	 At-home occasions	 Value for money	 E-commerce	 Accessible Badging	 Stockpiling & shelf-life
Mainst. Beer	↓	↑			↓
Prem. Beer	↓	↓	↑	↑	↓
Cider & FABs	↓	↓	↑	↑	↓
Mainst. Wine	↑	↑			↑
Prem. Wine	↑	↓	↑		
Mainst. Spirits	↑	↑			↑
Prem. Spirits	↑	↓	↑		

- Trends plays strongly to Distell's wine & spirits portfolios
- Ciders & RTD's performance bucked trends with Savanna brand equity growth alongside momentum of non-alcoholic innovations



REGIONS



South Africa: Resilient performance despite bans

-1,4%
Volume

-0,5%
Revenue

Spirits **+4,2%** **+4,8%**
Volume Revenue

Ciders & RTD's **-5,3%** **-4,6%**
Volume Revenue

Wine **+5,4%** **-1,0%**
Volume Revenue

- **Reduced trading** days by **22%**
- **Margin compression** due to mix (Spirits & Mainstream wine)
- **Consumers down trading** into value brands
- **RTD innovation growth** alongside Savanna & Esprit **double-digit growth**
- **Wine:** 'Everyday' wine brand growth
- **Spirits:** Driven by Gordon's growth

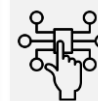


- Wine market share progression related to BIB growth
- Credible spirits performance vs. foreign peers
- Sustained Savanna & Esprit Brand Equity growth
- Phenomenal growth from Savanna & Hunter's Non-alc innovations
- New launches: Signs of early acceptance

MARKET SHARE*

Total	+1,4%	↑
RTDs (incl. beer)	+1,4%	↑
Spirits	+1,8%	↑
Wine	+0,4%	↑

DIGITAL:



B2B: 35% customer adoption, Rev/Vol growing ahead of non-platform customers

E-tail: Achieved 97% of FY20 Revenue in 6 months

KEY OPPORTUNITIES AND ACTIONS:

- Magnify **purpose led brand** initiatives
- Continue to grow **Cider leadership**
- **Winning in Wine initiative** launched to deliver **positive EVA**
- Roll out Project Flex to drive **operational efficiencies in distribution**
- **Strengthen RTM strategy** in Mainstream through digital transformational trading platforms
- **Project Mario**: Improve in market sales, trade marketing and campaign execution

INNOVATION H1 - Great start despite interruptions:



Hunter's
Red Apple



Bernini
Amber



Amarula
Raspberry



Viceroy
Low ABV Brandy



Savanna
Angry Lemon



Savanna
Non Alc

INNOVATION BIG BETS H2

- **Low and no alc**
(RTDS/Spirits/Wine)
- **Amarula** cream + non-cream innovation
- Energy **mood plays**
- Wine **variants & packs**
- **Hard Seltzers**

Africa: Growth platforms delivering strong momentum

incl BLNE		excl BLNE	
+11,7%	+12,7%	+20,3%	+19,9%
Volume	Revenue	Volume	Revenue

Spirits*	Ciders & RTD's*	Wine*
+20,6%	+28,4%	+13,6%
Revenue	Revenue	Revenue

- BLNE recovery with strong momentum in Namibia
- Profitability growth in Kenya, Nigeria and Mozambique with equity income growth from Tanzania and Zimbabwe
- Kenya growth led by Kibao, Hunters Choice & Best Whisky
- Growth in Cider & RTDs led by Savanna and Hunters (excl. BLNE)
- Growth in Spirits driven by Hunters Choice Whisky with alongside Brandy
- Affordable wine brands growing

*excl BLNE

KWA Holdings EA

+9,8%
Volume
+17,0%
Revenue



- Revenue and market share growth across all three categories despite lock down constraints
- Approval and execution in Tatu production facility expansion



Best Global Brands (BGB)

-25,5%
Volume

-24,3%
Revenue



Marketing & Innovation

- Successful execution of the localized Hunter's Cycle Campaign in Mozambique and Zambia
- Chamdor Outdoor, Digital and Festive Gift Packs implemented in Nigeria
- Nigeria 4th Street Sparkling Alcoholic launched in Dec 2020
- Africa Digital Transformation Strategy to commence

- Restructure with focus on new market growth opportunities
- Gross margin expansion of 110bps
- Forex exposure of \$1.9m
- EBIT still positive at \$ 1.7m

Update: Expanding Africa RTM & production

NIGERIA

- Local production capability established
- Distribution to cover 10k outlets



KENYA

- Hunters Gold local fermentation complete
- BEST Whisky, Gin and Cream Local production
- Tatu City broken ground

MOZAMBIQUE

- RTM & Warehouse expansion in target regions incl. direct deliveries
- Additional warehouse throughput acquired
- Exploring local production expansion

GHANA

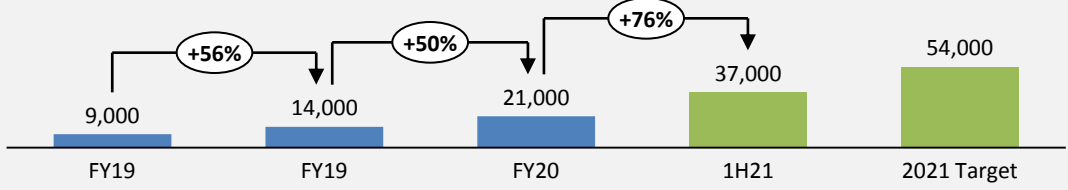
- Local cider production enabled
- Implemented SFA and M-Commerce digital platform
- Quadruple sales force;
- Grow from 1000k - 9200k outlets

ANGOLA

- Full spectrum production platform complete
- Distributor RTM expansion
- Increased salesforce



Sales Service Outlet Universe:



Venture Business: Strong 1H growth in Premium Spirits International



-9,1%
Volume*

+15,4%
Revenue



*like-for-like volumes +18%

- EBIT +93.1% driven by spirits growth and quality of earnings
- Planned exit of high volume, low value plays continued
- All key brands and markets delivering growth
- Export portfolio performing well despite GTR decline
- Successfully leveraging consumer shift to online channels
- Amarula growth and market share gain in Germany due to effective promotions and innovation
- Scottish Leader restoration in Taiwan
- Encouraging growth from Black Bottle
- Moderated 2H revenue due to tempered malt sales



Quadrupled online sales growth



-2%
Volume

+9%
Revenue



+63%
Volume

+82%
Revenue



- Single Malt brands delivered exceptional growth driven by Bunnahabhain and new focus on Deanston
- Aged stock growth will normalise in line with slower 2H allocations

+23%
Volume

+35%
Revenue



+6%
Volume

+20%
Revenue



- Amarula: Strong growth in Europe and Americas
- Export brands grew driven by Drostdy-Hof and Two Oceans
- Nederburg volume declined in line with strategy to exit UK low margin grocer channel

Venture Business: Core innovation summary



**Bunnahabhain
30 YO**



Tobermory 23 YO



**Ledaig
Sinclair
Series**

Amarula Innovations



**Raspberry
Chocolate &
Baobab (RSA)**

**Ethiopian
Coffee
(Int)**

**Khanyisa
Ltd. Edition
(Int)**

Black Bottle Alchemy Series



**Batch #1
Double
Cask**

**Batch #2
Island
Smoke**



**Tobermory
Mountain Gin
(Int – Ltd Release)**



THE NUMBERS

Salient features

Excellent group performance despite trading restrictions

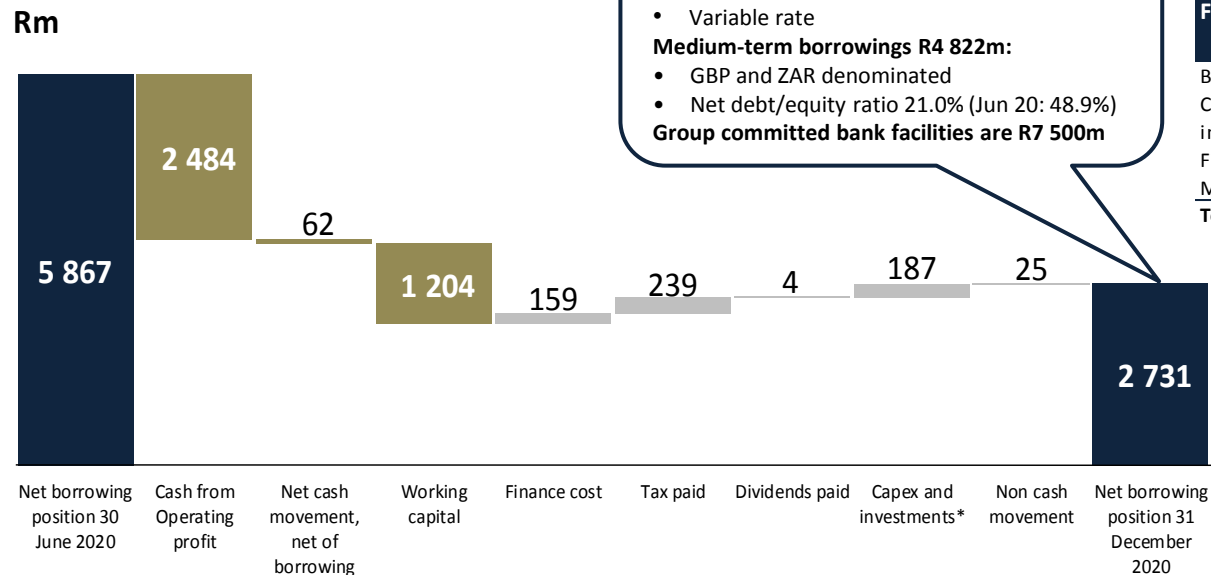
Rm unless otherwise stated	Reported	Reported %	Normalised %	Normalised FX %
Sales volumes	378.6	0.8%	0.8%	0.8%
Revenue (pre excise)	15 373.7	3.8%	3.8%	1.7%
Revenue (post excise)	10 944.0	2.5%	2.5%	0.1%
EBITDA	2 591.8	11.2%	10.0%	16.8%
Headline earnings (HLE)	1 344.7	11.5%	14.4%	24.0%
Headline earnings per share	612c	11.6%	14.4%	24.0%
Net cash generated from operating activities	3 290.5	186.6%		
Total dividend	Reviewed at FY			
EBITDA margin on a non-duty paid basis	23.7%	up 1.8%	up 1.6%	up 3.6%

Reported % vs Normalised FX %	HLE	EBITDA
Gain on sale of PPE and assets previously classified as held for sale	0.0%	(3.3%)
Other abnormal one-off costs	2.9%	2.1%
FX adjustment	9.6%	6.8%
Total difference	12.5%	5.6%

Reported headline earnings per definition excludes items of a capital nature
 "Normalised FX" is where we adjusted for abnormal items and exchange rate movements

Funding – net cash movement

Decrease in gearing: favourable working capital timing, reduced dividends and capex



Short-term net surplus R2 387m (excl. IFRS16):

- Variable rate

Finance leases R296m:

- Variable rate

Medium-term borrowings R4 822m:

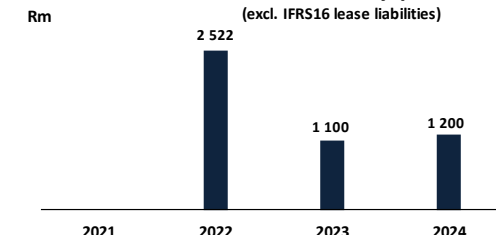
- GBP and ZAR denominated
- Net debt/equity ratio 21.0% (Jun 20: 48.9%)

Group committed bank facilities are R7 500m

This represents operational cash in various entities plus cash obtained from short term banking facilities to ensure access to the funds in the event of banking liquidity issues

Funding structure	Dec 2020 Rm
Bank overdrafts and call accounts	(800)
Cash and cash equivalents and investment in money market funds	3 187
Finance leases	(296)
Medium-term bank loans	(4 822)
Total incl. finance leases	(2 731)

Medium-term bank loans maturity profile
(excl. IFRS16 lease liabilities)



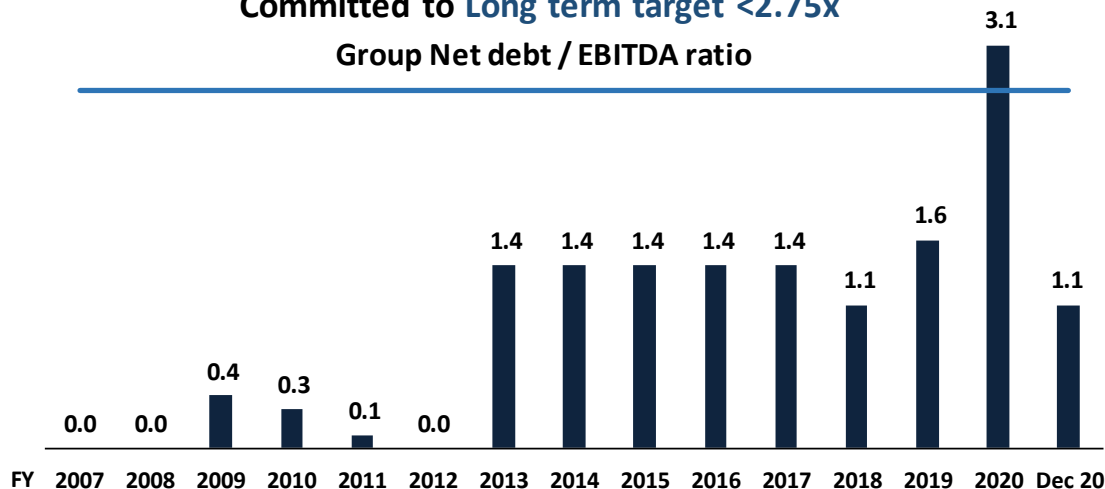
Covenants met

	Financial covenant		June 2020	December 2020
SADW	Net Debt to EBITDA	Not exceed 2.75x	3.1 ●	1.2 ●
	Interest Cover Ratio	Not less than 3.50x	5.1 ●	5.8 ●
DI	All covenants met			

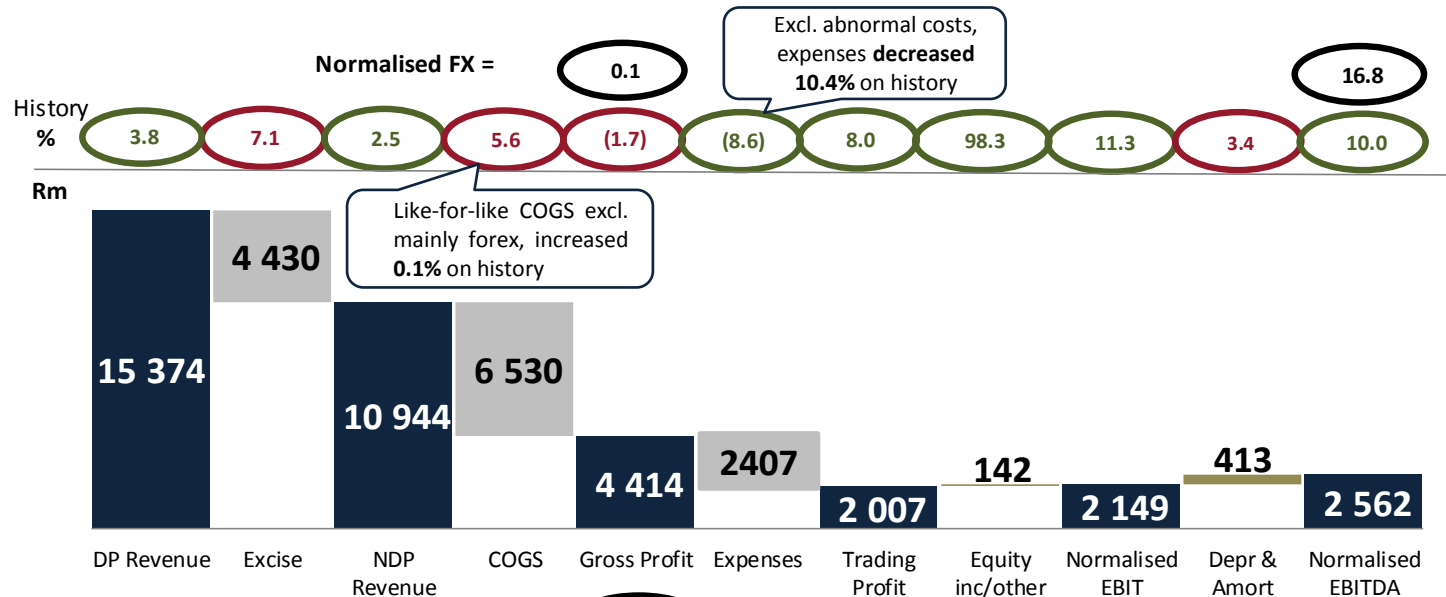
Waived to 5.0x for June 2020

Committed to Long term target <2.75x

Group Net debt / EBITDA ratio



Robust performance



NDP%vs history:

DP%vs history:

Normalised FX =

0.0

(0.5)

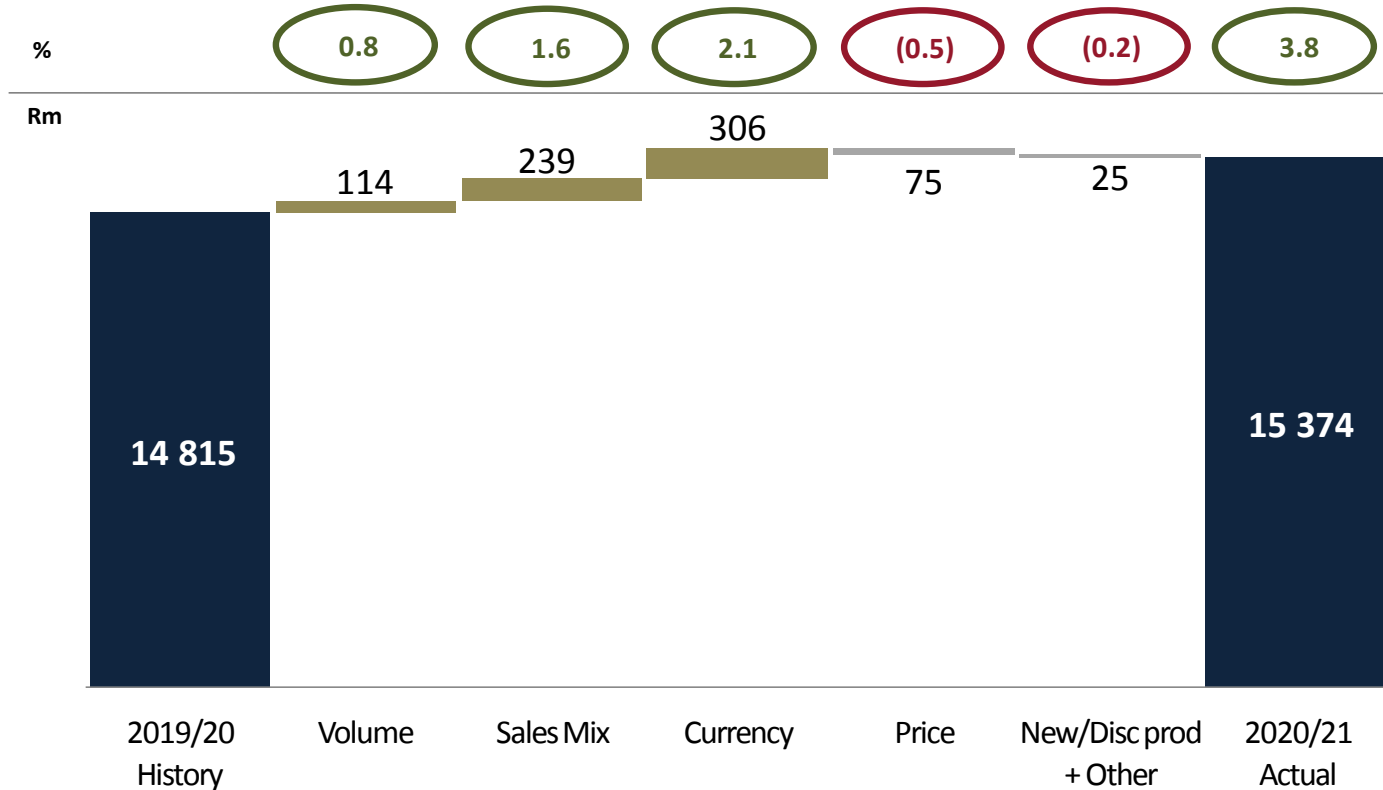
DP Gross margin **decreased 0.5%** mainly due to lower volumes in RSA following trade restrictions

NDP%CY:	100.0	59.7	40.3	22.0	18.3	(1.3)	19.6	(3.8)	23.4	
NDP%PY:	100.0	57.9	42.1	24.7	17.4	(0.7)	18.1	(3.7)	21.8	
DP%CY:100.0	28.8	71.2	42.5	28.7	15.6	13.1	(0.9)	14.0	(2.7)	16.7
DP%PY: 100.0	27.9	72.1	41.8	30.3	17.8	12.5	(0.5)	13.0	(2.7)	15.7

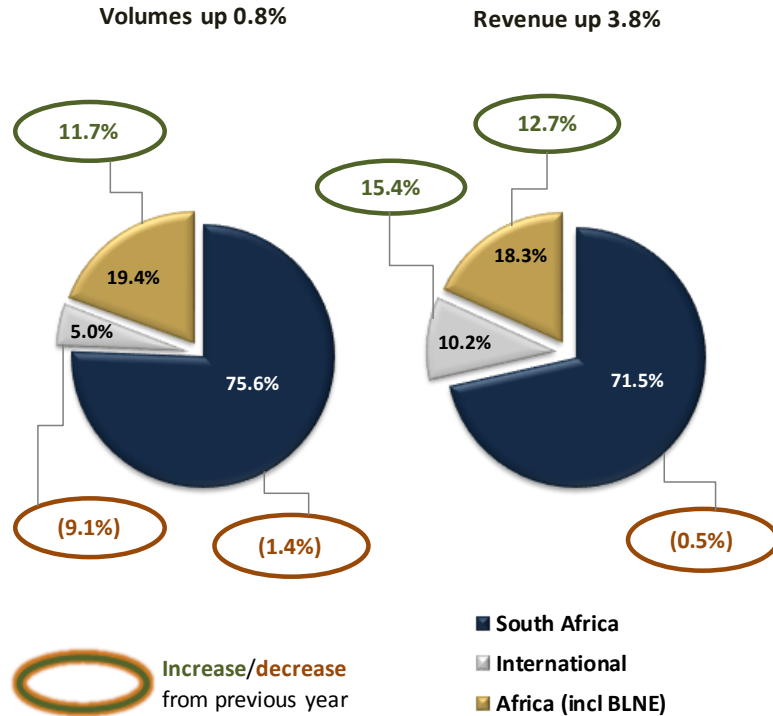
Normalised EBITDA margin on a non-duty paid basis **increased 1.6%**

Drivers of revenue

Growth and volume expansion driven by markets outside of South Africa

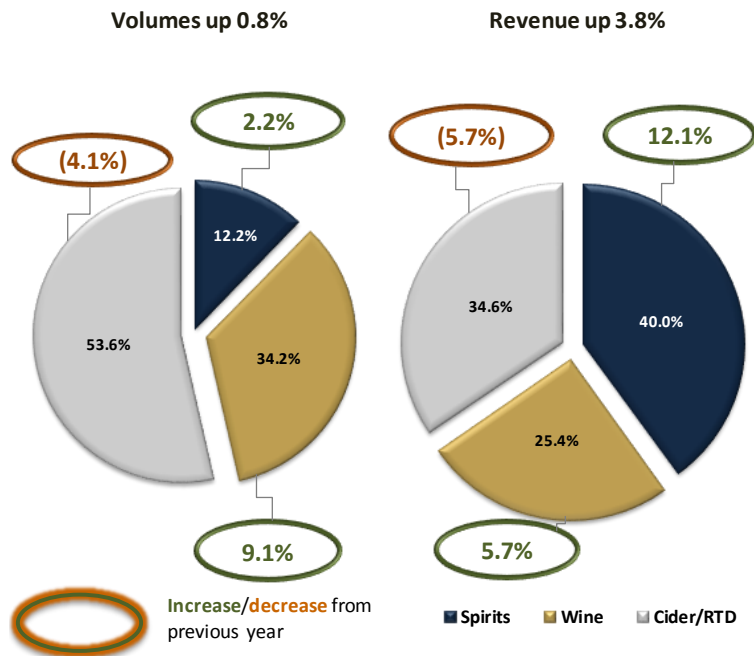


Volume and revenue growth



- **Overall growth** despite losing 22% of trading days in our largest market RSA
- **International strong revenue growth** despite international travel restrictions impacting GTR
- **Impressive growth in Africa** with easing of border closures and no further bans on alcohol sales
- **South Africa recovered** with near flat revenue growth
- Revenue on a non-duty paid basis outside of RSA comprises 34.0% of group revenue

Strong growth in spirits and wines



- **Growth in spirits and wines**
- Driven by in-home consumption and stockpiling
- Spirits growth in **Gordon's Gin, Amarula** and **Kibao**
- Wine portfolio reflects growth in **4th Street, Drostdy-Hof, Sedgwick's Old Brown Sherry** and **Tassenberg**
- Ciders and RTD's strong growth in **Savanna, Esprit** and **Savanna Non-Alcoholic** amidst the alcohol ban in SA
- **Hunter's, Extreme** and **Bernini** down on history

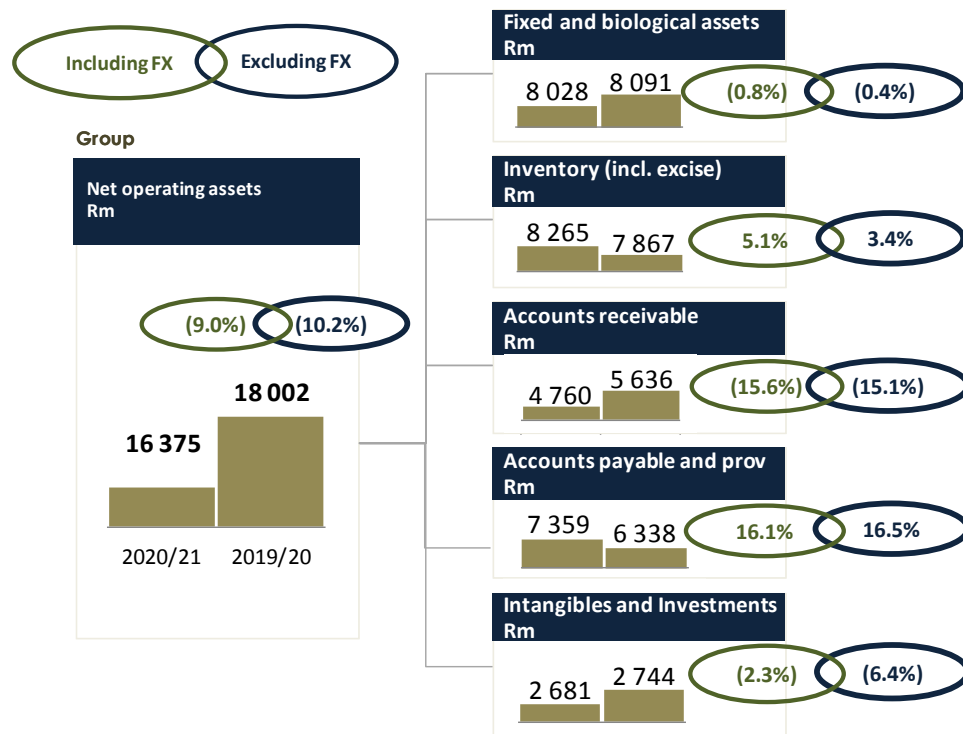
Excl. abnormal costs - expenses decreased 10.4%

Opex savings achieved

	2020 Rm	2019 Rm	%
Reported - marketing spend & opex	2 407	2 633	(8.6)
Retrenchment cost	(24)	(11)	
Other abnormal one-off costs	(28)	7	
Normalised marketing spend & opex	2 355	2 629	(10.4)

Net operating assets

Net operating assets down 9.0% (10.2% excl. FX) vs. revenue growth of 3.8%, improving net asset turnover



Fixed and biological assets book value in line with history

Inventory

- Higher production volumes and stock build during peak
- Excl. FX (and excise) 1.1% increase

Accounts receivable

- Collections better than expected
- Customers taking early settlement discounts

Accounts payable and provisions

- Excl. excise 10.1% increase
- Increase in production volumes
- Excise increase - increased production and sales

Intangibles and investments

- Goodwill and trademarks; Investments in associates and JV's
- Impairment of investment in BGB and TD Spirits LLC in Jun 2020

Intangibles and investments

About **12.7%** (Jun 20: 16.7%) of Distell market capitalisation - relatively small % of total business

Intangibles and investments

from continuing operations

R2 681m

Other Intangibles & Investments
11.2%

Investment in Associates & JVs
17.9%

Goodwill & Trademarks
70.9%

16.4% of Net Operating assets

GOODWILL & TRADEMARKS

Rm

Distell Winemasters Limited	8.2
Henry Tayer Ries (Merriment)	5.0
KWA Holdings E.A. Limited	204.0
Imported Premium Vodka Company Limited	131.1
Distell International Limited	1 553.6

INVESTMENT IN ASSOCIATES & JVs

Rm

Tanzania Distilleries Ltd	197.4
Grays Inc. Limited	44.9
Best Global Brands (excl. shareholder loan)	134.9
Afdis Holdings	63.7
Other	38.3

OTHER INTANGIBLES & INVESTMENTS

Rm

Software and property rights	168.5
Other loans & investments	131.9

ESG UPDATE



1H21 ESG progress: All metrics on track

3 GOOD HEALTH AND WELL-BEING



MEASUREMENTS	F21 TARGET	YTD ACTUAL
Decrease in drink driving accidents	-15%	Data not yet due
% of FASD babies born	<35%	100% On track

5 GENDER EQUALITY



MEASUREMENTS	F21 TARGET	YTD ACTUAL
Decrease incidence of GBV through targeted programmes	>90% employee base (internal)	72%
	>1500 reached (external)	9,140

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



MEASUREMENTS	F21 TARGET	YTD ACTUAL
Improvement in electricity efficiency (kWh/l)	0.1058 kWh/l	0.0940

8 DECENT WORK AND ECONOMIC GROWTH



MEASUREMENTS	F21 TARGET	YTD ACTUAL
Increase Black-owned (BO) & black women-owned (BWO) procurement spend	Increased spend on BO businesses to >25% of total spend	9%
	of which >11% BWO businesses	6.7%
Achieve a B-BBEE level 4 rating	82 points	73,56
No. of jobs created	500	932

6 CLEAN WATER AND SANITATION



MEASUREMENTS	F21 TARGET	YTD ACTUAL
Improvement in water use efficiency (l/l)	2.9326 l/l	3.0093
Reduction in waste water load discharged (kgCOD/l)	7.5 kgCOD/l	6.0619

20% weighted to company STI's

Our focus on harm reduction: Measuring impact

Supporting the National Development Plan in an effort to alleviate unemployment, poverty and inequality

COVID-19 Support



>R3m donated

Value of Hospital PPE donated to 4 provinces over 2 months



117kL



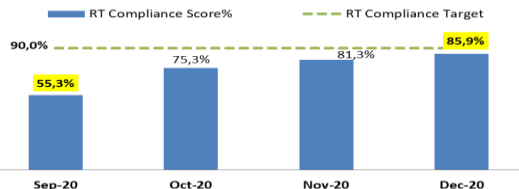
10k

Total liters of sanitisers donated

Face Masks Procured

Responsible Trader

Distell Responsible Trader Programme



>17k Responsible Trader Posters Implemented

>16k Responsible Trader Audits completed

+ 401 Customers Attended focused groups

Socio Impact

R70 m

Total net investment for harm reduction initiatives includes
AWARE contribution and Hospital PPE donations



+24

Number of persons
supported



766

81% Youth / 48% Female

Number of direct and indirect jobs created



+51 000

Total amount of livelihoods impacted by our initiatives since July 2020



+23k

meals supported

GBVF

4600 Personal Alarms Distributed
130 home Alarms installed

4 450 Women Dignity Packs
4 Men's lounges supported

40 Tavern Dialogues completed
1 086 Tavern Dialogues Participation

R2m Education & Awareness

R2m Uber/ Travel vouchers

R1.2m Trade Visibility

R9m Enforcement Support

R1.5m Pedestrian Safety

R6.2m Comms Support

Road Safety





**LOOKING
AHEAD**

SOUTH AFRICA: Leverage diverse portfolio

- Drive brand portfolio through further innovation and digitisation
- Focusing on sales and distribution reach, service effectiveness in key channels
- Play to in-home consumption trends with trusted brand appeal
- Well placed to capture opportunities in a low-growth environment
 - **Diverse portfolio presence across key price points & occasions**
 - **Increased marketing investment on core brands**
 - **Protect market share in core categories and channels**

AFRICA: Continue RTM expansion

- Drive growth through platforms in Kenya, Angola, Nigeria and Mozambique
- Invest behind core brands and expand RTM and digital capabilities
- Mitigate against Angola risk and on-going disruptions caused by lock-downs

VENTURE BUSINESS: Drive premium spirits portfolio

- Continue strong brand building in key premium spirits brands
- Maintain margin growth and improved operational efficiency
- Drive online channel and digitisation, counter GTR closure

COMPANY

- Execute innovation pipeline to differentiate
- Leverage efficiencies from the SA supply chain
- Drive purpose and culture shift through shared value
- Drive sustainability and transformation through SDG's
- Proactively engage SA government on regulatory policy
- Champion responsible alcohol consumption
- Maintain focus on cash generation and balance sheet management



Q&A

INVESTOR CONTACT

Frank Ford
fsford@distell.co.za



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