



Results Presentation 2016

Analysts and media

August 2016

Richard Rushton – Managing Director



DISTELL



Key Performance Highlights



SALIENT FEATURES AND KEY PERFORMANCE METRICS FY2016

We succeeded in delivering robust top-line growth despite very difficult trading conditions



- **Strong top line revenue growth** translated into double digit profit growth
- **Improved margins**
- Exceptional performance in **South Africa**
- **Africa**, a story of two halves
- **International** aided by FX tailwinds
- **BSD delivering strong profit growth in GBP**
- Strong **cash generation**

Normalised
Sales volumes
Net Revenue
EBITDA
Operating profit
Headline earnings
Cash generated from operating profit
Growth in total assets



Macro Overview

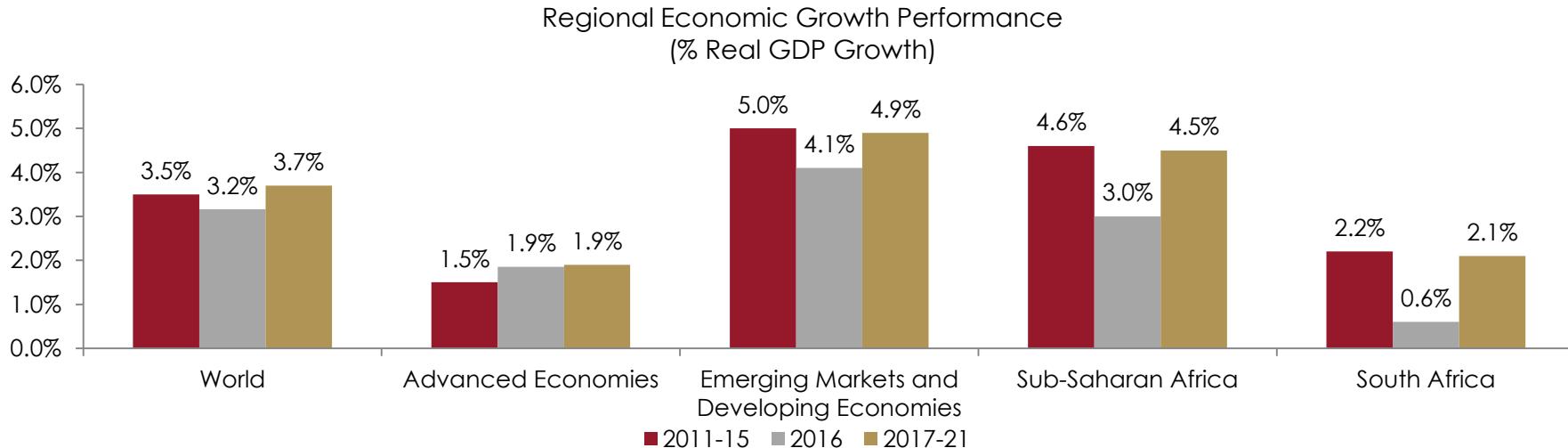


GLOBAL: ECONOMIC OUTLOOK BY REGION

Global outlook reflects volatile and diverging growth paths with significant risks



- **Global volatility** levels are elevated with **emerging markets ("EM") most affected**
- Added risks driven by **lower China growth** and **Brexit**
- **Africa** region remains **broadly dynamic** - short term pain in certain key markets
- Short term **RSA outlook** is poor - medium term recovery set to lag rest of Africa

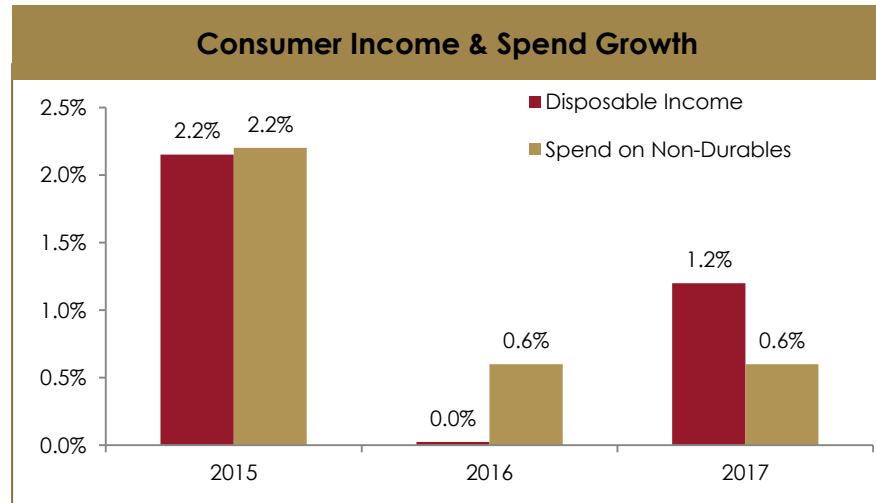


SOUTH AFRICA: MACROECONOMIC CHALLENGES REMAIN

Pessimistic outlook for disposable income growth

Consumer income and spend:

- Decline in real disposable income growth in 2016
- Key factors:
 - Electricity tariff increases
 - Higher inflation and rising interest rates
 - Low consumer confidence levels
 - High unemployment levels

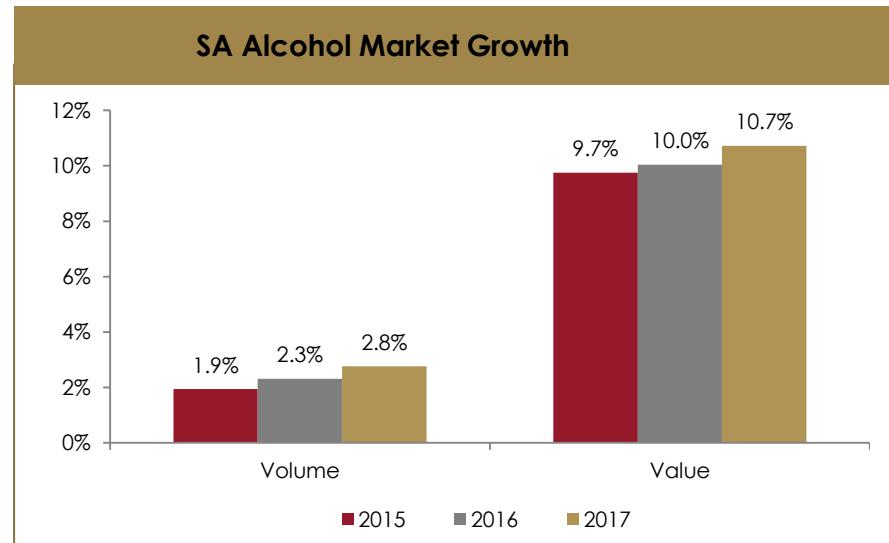


SOUTH AFRICA: ALCOHOLIC BEVERAGE MARKET

Showing growth despite the poor economic climate

Alcoholic beverages outlook:

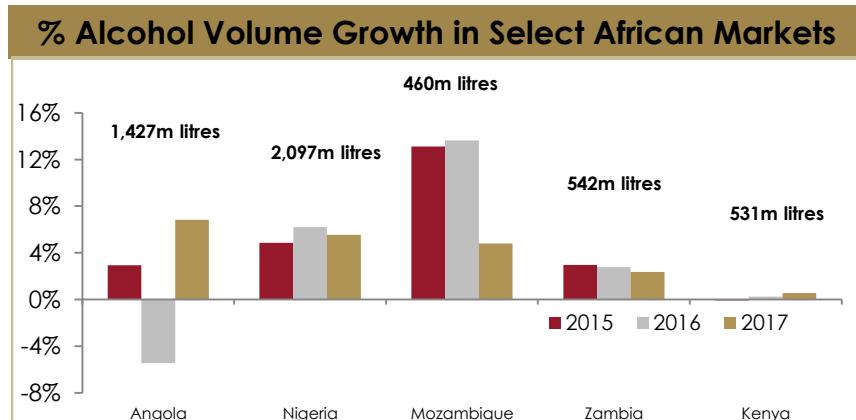
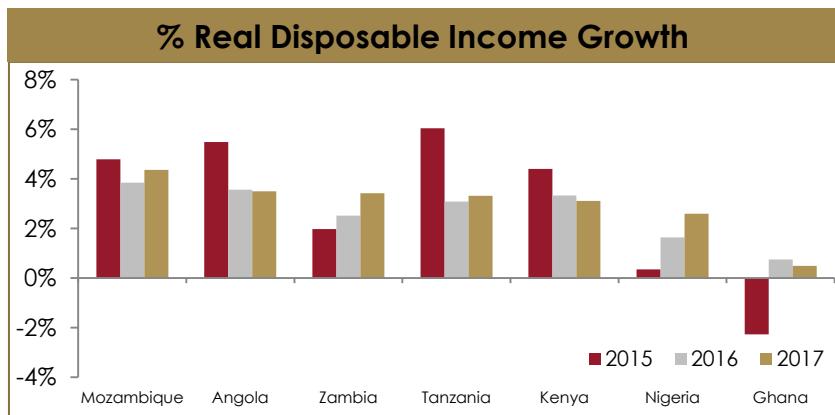
- **Low category per capita consumption growth**
- **Volume growth** driven in mainstream and affordability
- **Wine, cider & white spirits** momentum driven by consumers seeking choice
- Resilient **premiumisation** and trade-up trends
- Distell **well placed despite economic headwinds**



AFRICA: MIXED MACROECONOMIC PERFORMANCE WITH ADDED RISKS

Africa struggling in the face of lower commodity prices, currency instability

- Larger oil-dependent countries most impacted
 - Foreign exchange shortages
 - Higher inflation
 - Lower disposable income
- IMF programmes under way in **Ghana**, soon in **Zambia** and possibly **Angola**
- Strong growth outlook for **East Africa**
- **Alcoholic beverages** markets remain **resilient** with **exception of Angola**



INTERNATIONAL: CHINA REMAINS KEY TO GLOBAL GROWTH

Global volatility likely to persist

➤ Asia-Pacific:

- **Slowing Chinese GDP growth** with debt to GDP rising rapidly

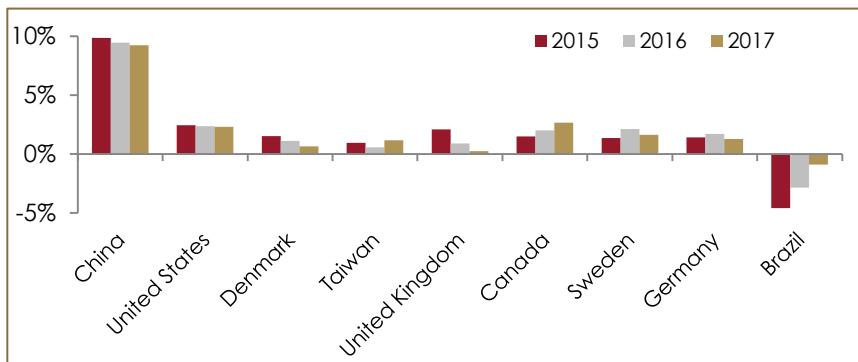
➤ Europe:

- **Sluggish EU GDP** now only at pre-crisis levels
- Headwinds from **Brexit** anticipated, impacting region

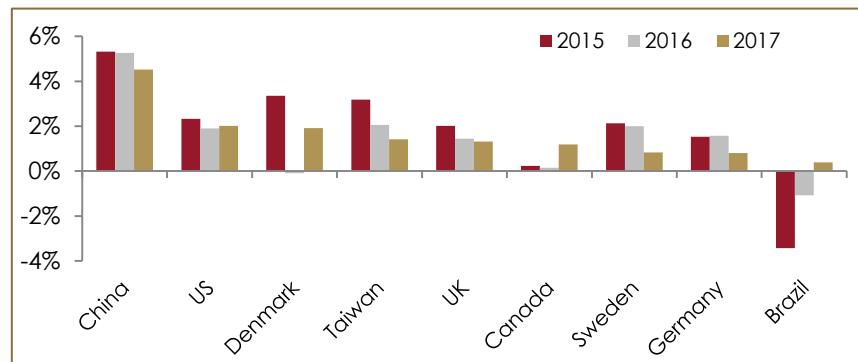
➤ Americas:

- Moderate recovery in the **US and Canada**
- **Brazilian economy** registered its fifth consecutive quarter of contraction in 2016 Q1

% Real Growth in Spend on Alcoholic Beverages



% Real Disposable Income Growth





Recapping our strategy

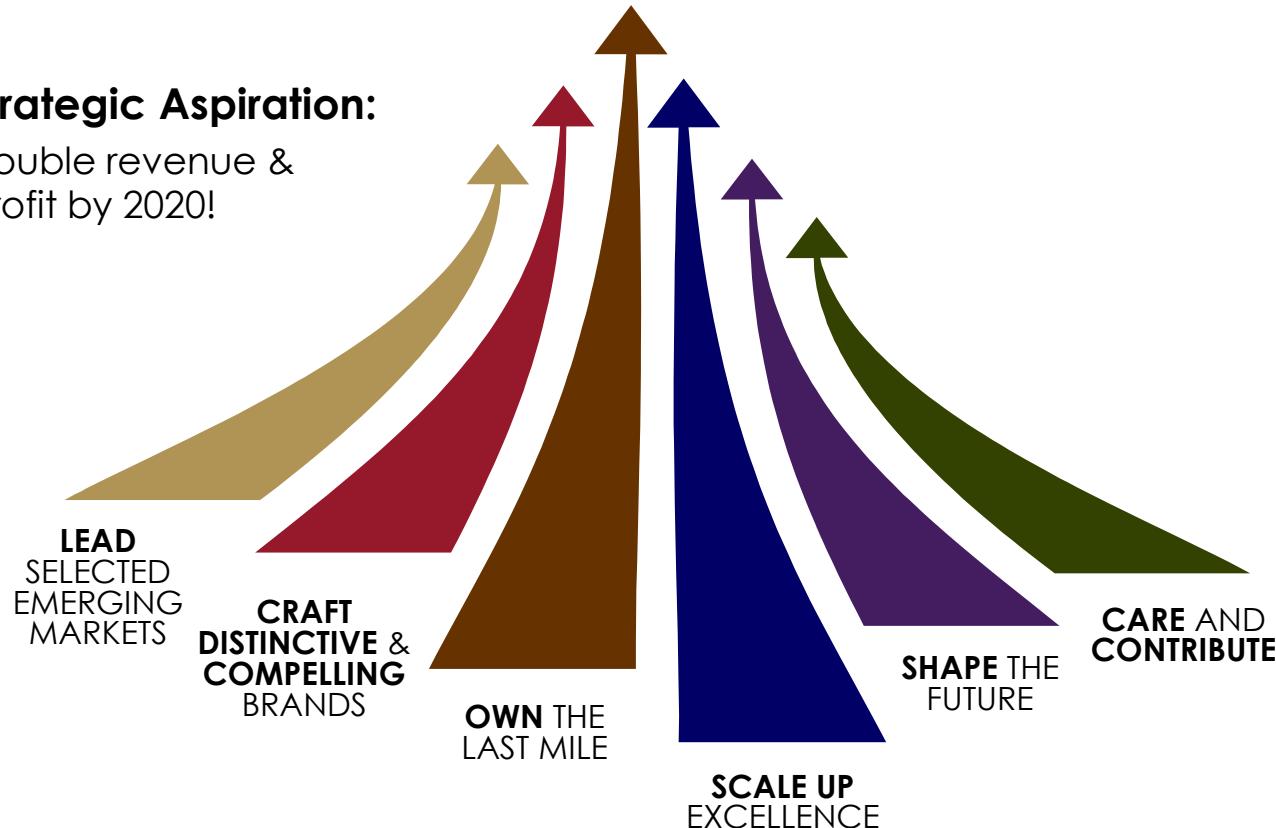


DISTELL'S STRATEGIC JOURNEY – "Our 1, Plus 1, Plus 1 Ambition!"

"Our journey towards 2020, and a bold new Distell, started in 2014..."

Strategic Aspiration:

Double revenue & profit by 2020!



Key initiatives:

- Grow and win in RSA
- Expand into Africa and at least one major international market
- Leverage core brand portfolio
- Build scale positions in core markets and segments



Lead in selected markets



SOUTH AFRICAN PERFORMANCE HIGHLIGHTS

Strong growth achieved in South Africa despite tough market conditions



	Volume	Revenue	Revenue % Distell
South Africa	↑ 8.8%	↑ 12.1%	71.6%

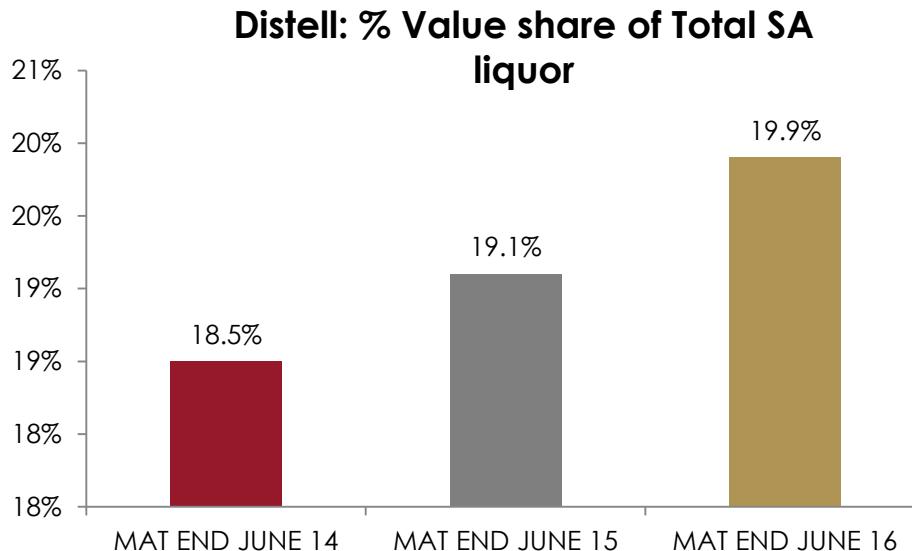
- **Volume growth in all core categories**
- **Strong double-digit revenue growth ahead of the market**
- **Revenue growth translated into improved gross income**
- **Market share gains achieved**

- **Ciders** delivered solid growth
- Double-digit **wine** growth - 4th Street
- **Brandy turnaround**-renewed volume growth
- **Cognac** and **gin** recorded strong double digit growth
- Momentum in **affordable mainstream market**
- **Significant progress made across priority initiatives:**
 - **Top line growth** – SFE and revenue management
 - **COGS efficiencies** – new 660ml RB, crate project, depot footprint rationalisation, cost savings
 - **Improved transformation and performance management**
 - **Marketing effectiveness** – portfolio optimisation, marketing effectiveness and CRM systems



SOUTH AFRICA: DISTELL VALUE SHARE OF SA LIQUOR

Distell SA's stellar performance supported by market share gains



- Continued **market share gains** due to **improved outlet reach** and **RTM capability**
- **Gains realised in all core categories** supported by **core brand innovation**

AFRICA (INCL BLNS) PERFORMANCE HIGHLIGHTS

Satisfactory results in the face of challenging macro-economic conditions

	Volume	Revenue	Revenue % Distell
Africa (Incl BLNS)	↓ -14.3%	↓ -3.2%	13.3%

	Revenue % Africa		
BLNS	↓ -0.9%	↑ 5.4%	61.3%
Angola	↓ -63.0%	↓ -60.7%	7.5%
Zambia	↑ 1.8%	↑ 20.5%	7.4%
Mozambique	↑ 17.5%	↑ 22.4%	6.3%
Kenya	↓ -6.9%	↑ 18.5%	4.1%
Nigeria	↑ 4.1%	↑ 40.6%	2.7%



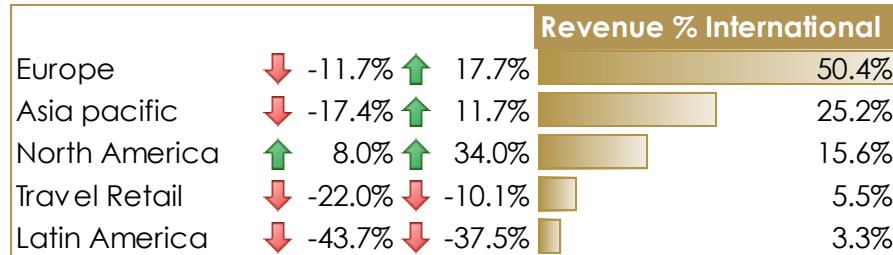
- **Africa – Excluding Angola, showed good revenue growth**
- Improving customer and product mix
- **BLNS – Strong performances from Namibia and Botswana**

- Excellent performance in **Mozambique** – short term headwinds expected
- **Nigeria** delivered strong growth built on solid distributor relationships
- Momentum continued in **Zambia**
- **Angola** severely affected by commodity slump-challenges persist
- **Kenya's** performance impeded by once off factors-illicit trade clampdown and slower KWAL integration

INTERNATIONAL PERFORMANCE HIGHLIGHTS

Strong North America and Northern European results offset by weaker Brazil, UK and Asia

International	Volume	Revenue	Revenue % Distell
	↓ -12.5% ↑ 13.1%		15.2%



- **Year of transition** favorably impacted by FX tailwinds
- **Strong focus on core brands and product mix**
- **European integration** yielding results
- **Volume decline** mainly due to:
 - Exiting non-profitable buyer's own brands and 3rd party bottling
 - Amarula decline in Brazil



- **Good growth in Europe, North America and Taiwan**
 - RTM being transformed
 - Distell **Taiwan** growing market share
 - **USA:** JV with Terlato a platform for sustainable growth
- **Brazil and Travel retail** reflects ongoing structural challenges
- **New leaders** in key regions settling in – will shape the business for future growth

INTERNATIONAL PERFORMANCE HIGHLIGHTS *continued...*

Stand out performances by several core brands in key international markets



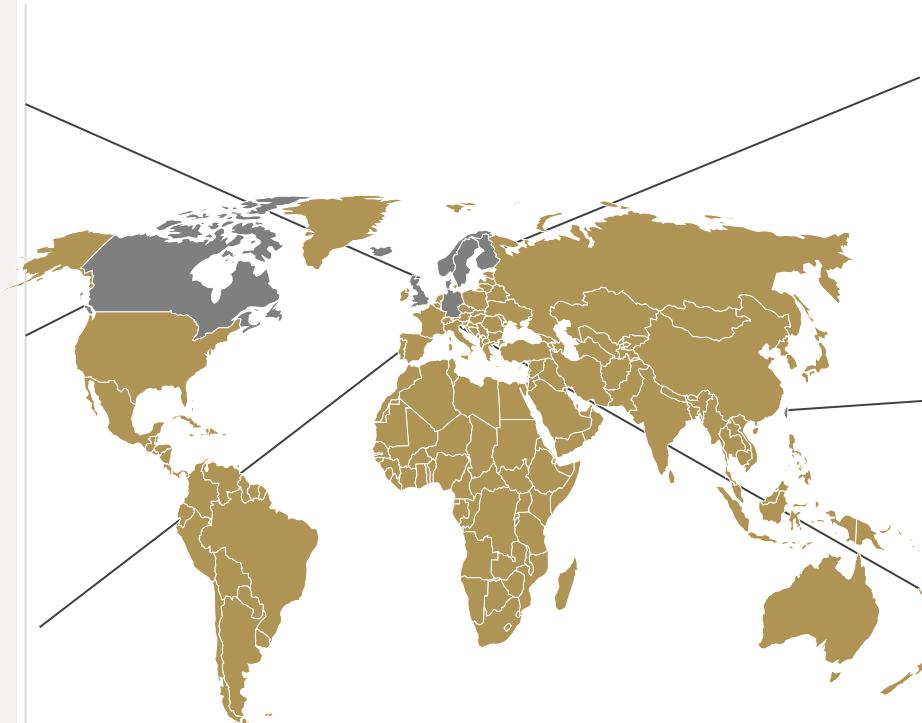
BSD
Value growth
+12.6%



Canada
Two Oceans:
Value growth
+16.2%



Germany
Nederburg:
Value growth
+24.8%



Nordics
Drostdy-Hof:
Value growth
+29.5%



Taiwan
Scottish Leader:
Value growth
+28.3%



Europe
Amarula:
Value growth
+27.0%



SUCCESSFUL INTEGRATION OF BURN STEWART

...now driving results in an integrated European arm of Distell International

	2013 £ m	2016 £ m	CAGR %		2013 R m	2016 R m	CAGR %
EBITDA	7.5	10.5	12%	EBITDA	99	209	28%
Investment	140	140		Investment	1,848	1,867	
Multiple GBP	18.67	13.33		Multiple Rand	18.67	8.92	
R/£ exchange	13.20	19.94					

Operational highlights:

- **Successful integration** of Burn Stewart and Distell operations in UK
- Integrated senior **management team** in Europe
- **New supply chain structure** for UK logistics and distribution
- Building strong **UK RTM and channel** capabilities

- Improved EBITDA margin by **7.7%** since acquisition due to improved sales mix (malts) and operational cost savings
- **EBITDA growth** driven by **strong sales** performance of **single malts** in key territories and **Scottish Leader in Southern Africa**
- Improved profitability and FX have resulted in a **far lower transaction multiple**





Craft distinctive and compelling brand portfolios



POWER AND LUXURY BRANDS

We are building strong and differentiated 'Power' and 'Luxury' brand portfolios

	FY 15	FY 16	Contribution to Distell
	Value growth	Value growth	
Power brands	11%	9%	87%
Luxury brands	13%	21%	13%

- Globally, **consumers are trading up or down**; depending on the occasion, needs and circumstances
- **Optimized brand portfolio** with core brands undergoing renovation
- New “**luxury**” operating model rolled out in South Africa with other regions to follow
- **New toolkits and operating principles** being developed



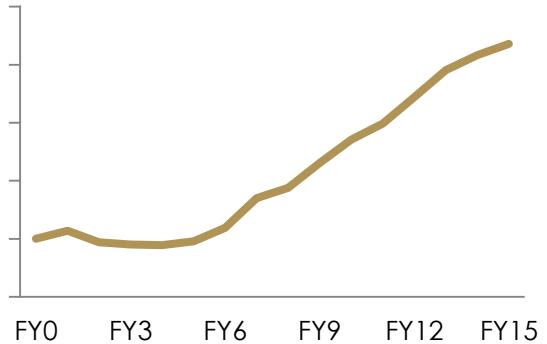
POWER BRANDS : CIDERS AND RTD'S

Ciders drive RTD performance with innovation contributing to momentum



Cider Volume indexed

(FY0=100)



- SA **cider volume growth** accelerated off a much higher base....
- **Savanna Loco successfully launched** – breaking category cues.

Innovation



Savanna Loco



660ml Crates

Stepped-up market execution

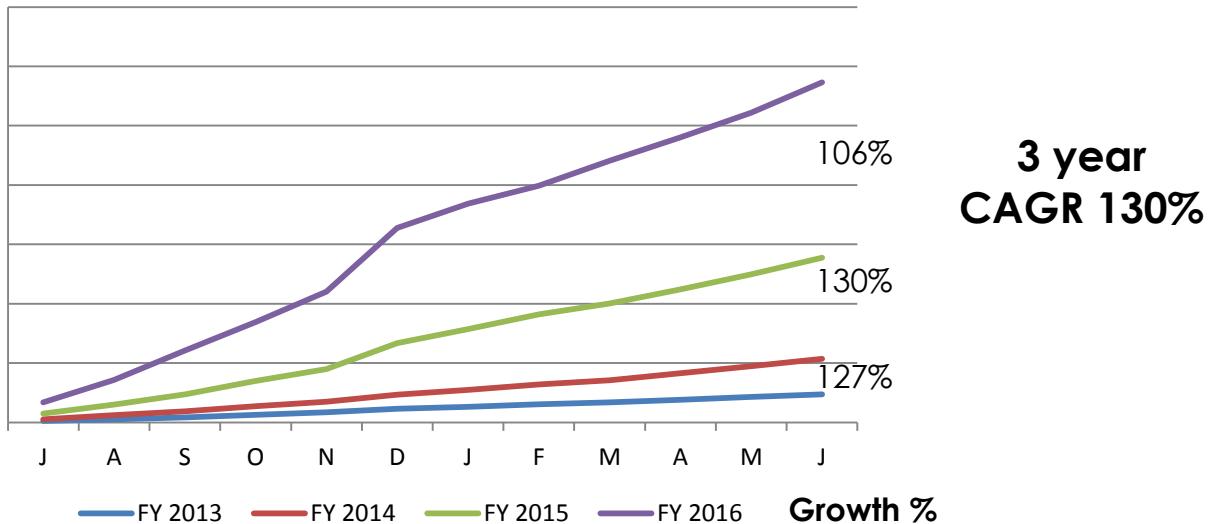


POWER BRANDS: WINE

In SA 4th Street continues its growth success story in mainstream markets



4th Street volume growth YOY



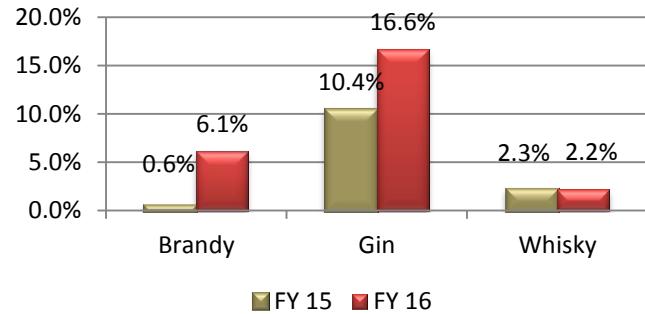
Added marketing support to complement single-minded proposition

POWER BRANDS: BRANDY AND OTHER SPIRITS

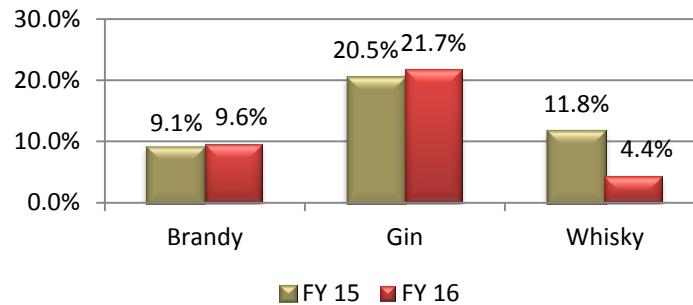
Brandy volume growth has stemmed the historic declines



Power brands: Brandy & other spirits (Volume) growth YOY

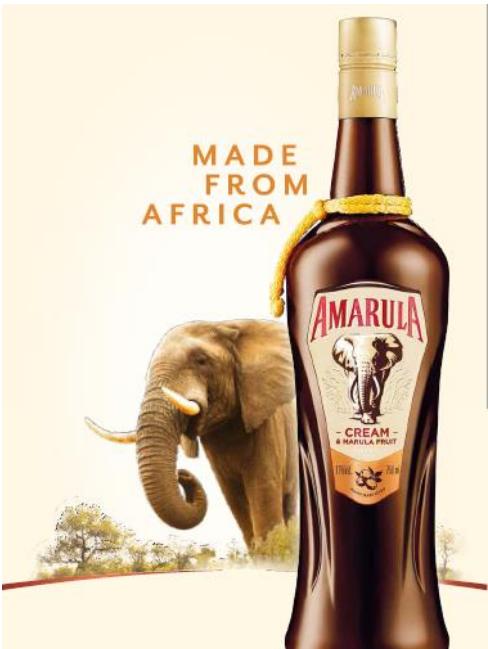


Power brands: Brandy & other spirits (Value) growth YOY

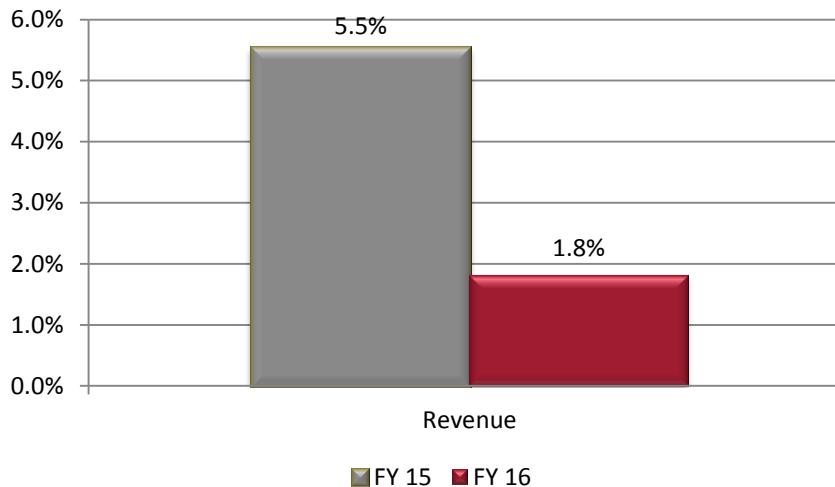


POWER BRANDS: LIQUEURS

Liqueurs are showing value growth, supported by brand renovation



Power brands: Liqueurs growth (Value)



- **Africa's biggest selling export spirit** continues its expansion into international markets
- Strong growth recorded in **Europe**
- Volume decline in **Brazil** negatively impacting overall growth
- **Global brand renovation** introduced in Q2, 2016

KEY INITIATIVES: POWER BRANDS

We are providing step change programmes for Power Brands

From	To	Core Idea
	 	Refreshment
	 	Untamed
	 	Combinations

- Greater **focus** on top performing brands
- Simpler, single minded brand **propositions** and cut-through emotional relevance
- Driving **affordability** in **relevant segments and occasions**
- Crafting a winning **Africa portfolio**
- The **Year of Amarula**
- Implementing a **focused global wine growth strategy**

LUXURY BRANDS

Focused on building more outlet relevance and scale with an emphasis on value growth

Whisky, Cognac & Brandy



Value: **+17%***
Burn Stewart: **+21%***

Luxury Contribution: 57%

- **Sustain momentum** through selected market expansion
- **Build 'luxury'** adoption model
- Seed and incubate in **South Africa**



Premium Wine



Value: **+5%***

Luxury Contribution: 43%

- **Wine growth** strategy defined
- Range of **premium wines** launched in USA
- **Nederburg** performing well in continental Europe

* Branded business only

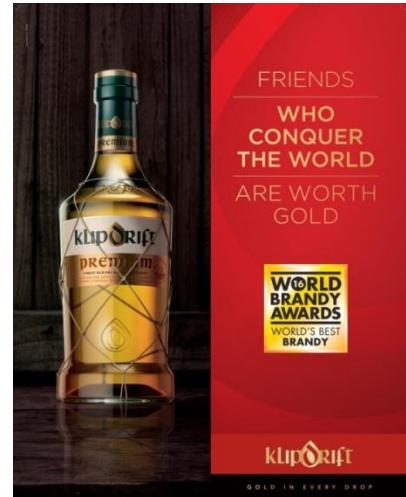
DISTELL BUILDING ITS GLOBAL SPIRITS CREDENTIALS



Bunnahabhain
2015 San Francisco World Spirits Competition



IWSC Awards: Top Honours



Klipdrift
2016 World Brandy Awards

AND LEVERAGING OUR GROWING PREMIUM WINE ACCOLADES

AWARDS ANNOUNCEMENT

Nederburg



OLD MUTUAL TROPHY WINE SHOW 2016

- One of South Africa's foremost wine competitions, chaired by internationally respected SA wine authority, Michael Frithon.
- Highly acclaimed judging panel of international and local judges.
- Nederburg won two trophies, three gold and five silver medals to emerge as one of the top three performers in the competition.

Nederburg Heritage Heroes The Young Airlaw Sauvignon Blanc 2015 (wooded):

- Hester Purie trophy for Best Sauvignon Blanc
- Best Wooded Sauvignon Blanc of the show: 93 points, gold medal

Nederburg Private Bin Emervee 2012:

- Trophy for Best Unfiltered Dessert Wine
- Highest score in unfiltered dessert category: 95 points, gold medal

Nederburg Private Bin Edelineur 2005:

- Museum Class: 95 points, gold medal

These achievements amply Nederburg's consistent reputation for excellence and further justify its inclusion in the prestigious 2016 Drinks International list of the world's most admired brands, one of just 50.

Announced: 31 May 2016

Actions on how to leverage:

- Full press release is available
- Application of award stickers on pack

Nederburg has won two trophies, three gold and five silver medals at this year's Old Mutual Trophy Wine Show to emerge as one of the top three performers in the competition.

Nederburg
2016 Old Mutual Trophy Wine Show

AWARDS ANNOUNCEMENT

Alto Rouge 2013

The Sommeliers Selection 2016



SOMMELIERS SELECTION

South African Award

- Hugo Jacobs, current Chairman of the South African Sommeliers Association (SASA), chaired the 2016 Judging panel of Sommeliers.
- Entries are judged for their food appropriateness and their gastronomic relevance while the judges look at stylistic approach, regionality and price points.
- Included on the panel were the following judges:
 - Neil Granit - Owner, Open Braai, Boca and Burrito Restaurants and committee member of the South African Sommeliers Association (SASA)
 - Tinashe Nyamudoka - Sommelier, The Test Kitchen Restaurant no 22 on the San Relegria Top 50 Restaurants in the world
 - Pearl Oliver - Sommelier, The Iq Hotel
 - Marvin Gwese - Sommelier, The Cape Grace (Associate Judge)
 - Kim Blackadder - Sommelier, The Hoghouse brewery co and committee member of the South African Sommeliers Association (SASA)
 - Greg Mutambo - Sommelier, The 12 Apostles Hotel and Spa
 - Ewan Mackenzie - Sommelier
 - Spencer Fondaouene - Sommelier, Manager Burrito Restaurant (Associate Judge)

Within the Wine by the Glass category, we were one of 7 chosen

Winning wines, referred to as 'Used Wines' will be listed on the sought-after Sommeliers Selection wine list. This wine list will be distributed nationwide to trade and restaurants.

Alto Rouge 2013 was one of 76 entries chosen out of 400.

Announced: 27 July 2016

Actions on how to leverage:

- Cases 5.10! 16 X 750 ml of this Award Winning Vintage in stock
- Stickers ordered for 10 000 bottles to be applied at Depots nationwide

Alto
2016 Sommeliers Selection



Own the last mile



STRATEGIC INITIATIVES – OWN THE LAST MILE

Capturing synergies in Revenue Management & Sales Excellence capabilities in Southern Africa

Revenue Management

Revenue Management embedded in South Africa and Africa business units, with International supported out of the centre

Sales Force Effectiveness

Sales Excellence office created & second phase of roll-out initiated. Improve all execution levers & drive cider growth

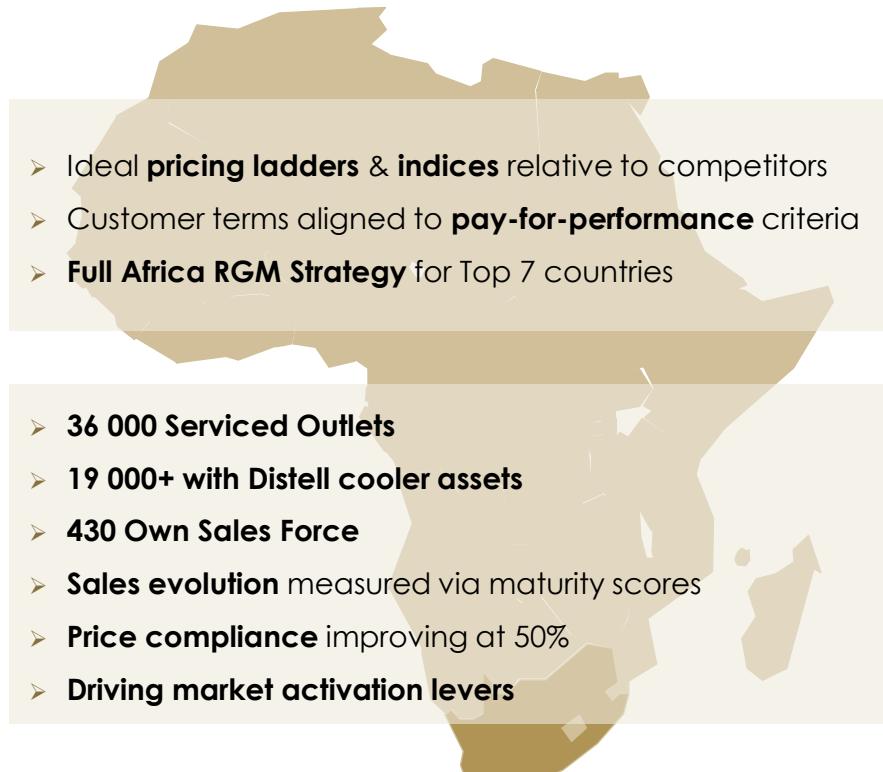
Trade Marketing Effectiveness

World class promotional campaign delivery (OTIF), engaging trade & consumers & setting Distell apart at the point of purchase



- Ideal **pricing ladders & indices** relative to competitors
- Customer terms aligned to **pay-for-performance** criteria
- **Full Africa RGM Strategy** for Top 7 countries

- **36 000 Serviced Outlets**
- **19 000+ with Distell cooler assets**
- **430 Own Sales Force**
- **Sales evolution** measured via maturity scores
- **Price compliance** improving at 50%
- **Driving market activation levers**



STRATEGIC INITIATIVES – OWN THE LAST MILE

Select African & International partnerships are positioning Distell for the future

USA

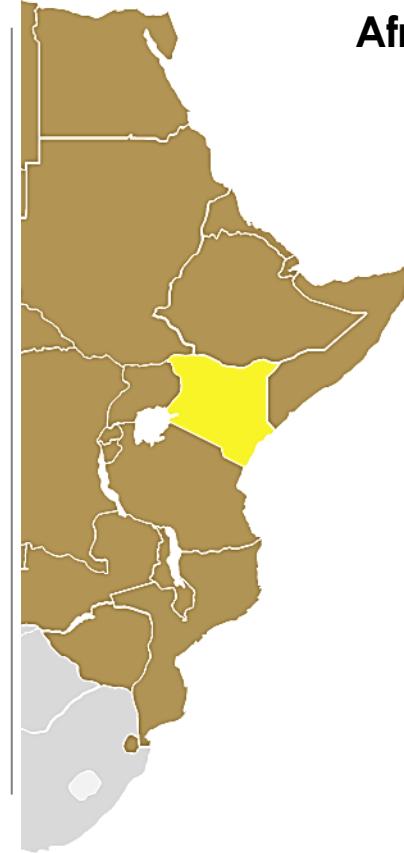


- JV structure being populated
- Distribution network reviewed, being integrated
- Focus on achieving F17 targets

China



- JV agreement signed
- Savanna launch September 2016
- JV staffing and integration process underway



Africa



- New Leadership with greater potential for collaborative working relationship
- Improvement drive continues
- Build trust and extract value

Angola

- Local production in F2017
- Multiple distributor model implemented



Scale up excellence



STRATEGIC INITIATIVES – SCALE UP EXCELLENCE

...aims to enhance our margins, improve efficiencies, increase reliability and enhance quality

Optimisation

Network

Portfolio

Assets

- Drive annualized savings of R 350m p.a.
- A more **reliable, leaner and agile supply chain**
- **Production network pilot** scoped with detailed business case
- **Portfolio rationalisation** underway with sales migration plans
- **Other Assets:** Lusan farms under review
- **Consolidation of Stellenbosch ‘corporate’ offices**

Procurement

- Drive value from **centralized procurement**
- Embed leading **procurement practices**

Logistics model

- Implement **centralized transport system**
- Improve **customer service, increase responsiveness and reduce cost**

Total Quality (E²)

- **Total quality promise** defined with improvement plans
- **Service (OTIF) improved**, focusing on efficiencies and losses



Shaping the future



STRATEGIC INITIATIVES – SHAPING THE FUTURE

Investment continues to build capabilities necessary to support create & meet demand teams

Systems

- Global **financial/ERP integration** commenced
- **Talent management** HR system solution implemented
- **Improved operational & decision support** from ICT systems
- Develop end-to-end **global supply chain MIS**

Competencies

- **Marketing Academy** to develop and entrench ways of working across the business
- **Revenue management** practices replicated globally
- **Leadership model** across senior levels being defined and rolled out
- Improving **bench strength** - mission critical positions

Organisational Design

- Embed and manage organisation change effectively
- Successfully implement **shared services** in defined areas



Care and contribute



SUSTAINABILITY SCORECARD

Driving sustainability and implementing an integrated BBBEE strategy.

Strategic focus areas

- **Support local economies:** Local sourcing across categories & geographies
- **Lead in diversity and transformation:** Integrated BBBEE strategy driving sustainability
- **Nurture our environment:** Operate in a sustainable and ethical manner

Strategic goal	Base year FY 15	Targets FY 16	Actual FY 16	Target FY 20
Non-Financial Metrics				
Reducing				
■ Water usage	3.68 l/l	4% 	6.32% 	15% 
■ Electricity usage	0.1260 kWh/l	8% 	3.02% 	20% 
■ On-site energy usage (from fossil fuel)	1.129 MJ/l	8% 	6.88% 	20% 
■ Greenhouse Gas Emissions	0.238 CO2e/l	10% 	5.03% 	25% 
Increasing				
■ Drive transformation (improve BBBEE score)	Level 4 (Old Codes)	Level 4 (New Codes) 	Level 4 (New Codes) 	Level 4 (New Codes)



Looking ahead





IN CONCLUSION: DISTELL WELL POSITIONED DESPITE CHALLENGING CONDITIONS

Looking ahead:

- **South Africa** will drive mainstream penetration and tap premium opportunities
- We will support and enhance our **cider position** in South Africa
- **Internationally** focus is on markets where we have **established platforms**
- **Measured African expansion** with considered investments in **RTM platforms**
- Capture **mainstream opportunities** and **build scale** in priority African markets

Continue on our journey to build a leaner, focused and more agile organisation:

- Focused **portfolio-tail** brand, SKU and asset rationalization
- Optimized **supply chain network**-ensure low cost and consistent quality
- Align our **organization design**-optimal 'create-demand' and 'meet demand' model
- Streamlined **balance sheet**-rigorous category reviews (brandy, wine, cognac)

Inorganic activity is crucial to enhance existing markets and unlock new markets

- **Strong pipeline** with potential for diversification and step change
- **Regional RTM platforms** essential



“Someone once told me growth and comfort do not coexist. And I think that is a really good thing to remember.”

Ginni Rometty, CEO of IBM Inc.



DISTELL



Financial Results August 2016

Lucas Verwey – Financial Director

Analyst Presentation



Index

- A Salient features
- B Delivering value
- C Revenue growth
- D Margins
- E Earnings and profit performance
- F Investment in assets
- G Cash flow and funding





A

Salient features of performance

1 Salient features

3 Summary

2 Market indicators



Salient features

"Shape of income statement improved"

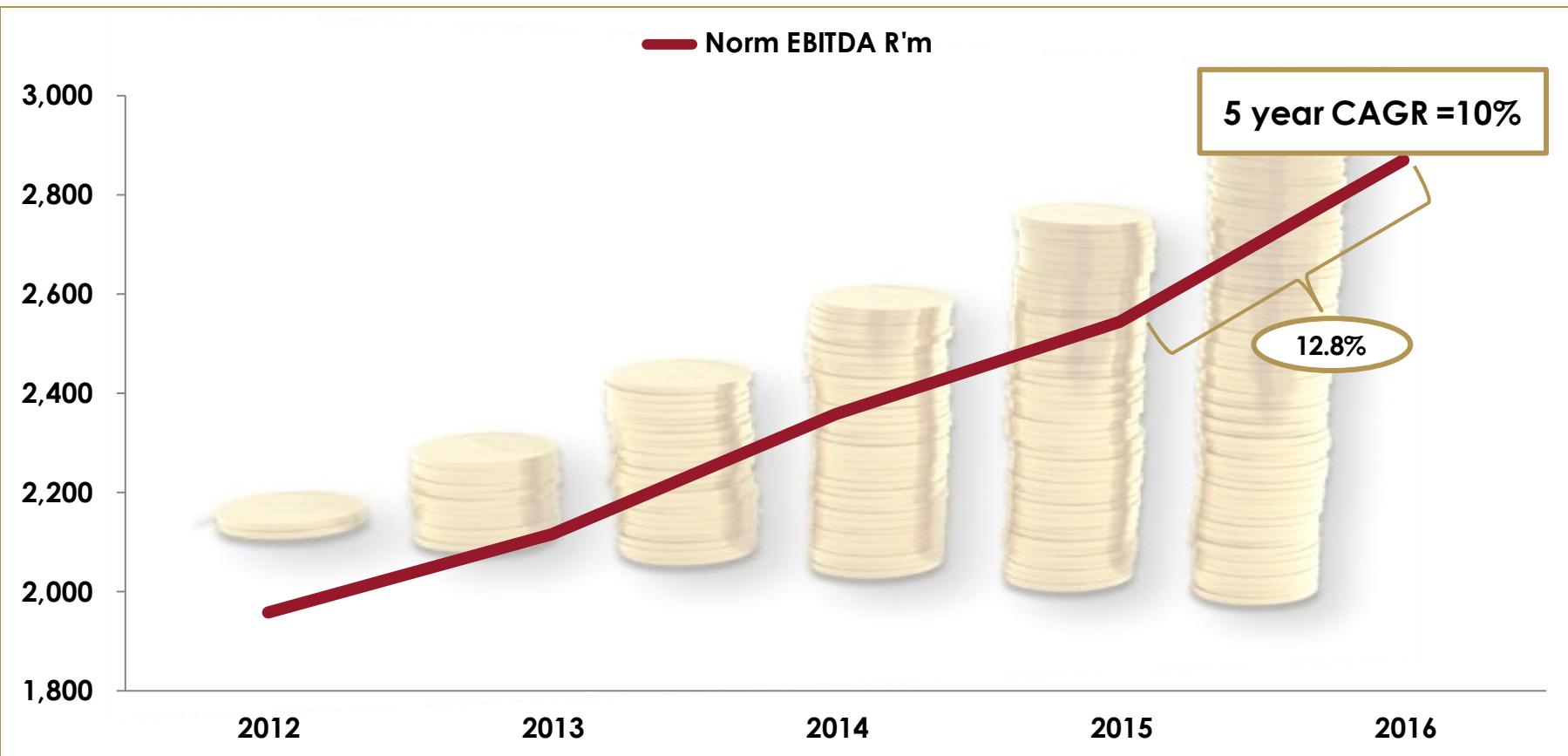
	Normalised	Reported
Sales volumes	➡ 2.8%	➡ 2.8%
Gross revenue	⬆ 10.0%	⬆ 10.0%
Revenue	⬆ 9.6%	⬆ 9.6%
EBITDA	⬆ 12.8%	⬆ 10.0%
Operating profit	⬆ 13.7%	⬆ 10.5%
Headline earnings	⬆ 11.6%	⬆ 12.3%
Headline earnings per share	⬆ 11.4%	⬆ 12.1%
Growth in total assets	⬆ 12.0%	⬆ 12.0%
Return on shareholder equity	15.1%	14.4%



- Main difference between normalised and reported EBITDA is a R80.2m impairment of our Bisquit trademark (this impairment does not form part of HLE)
- HLE difference is BSD contingent payment of R8,9m included in 2014/15

EBITDA

"Solid performance delivering constant EBITDA growth"



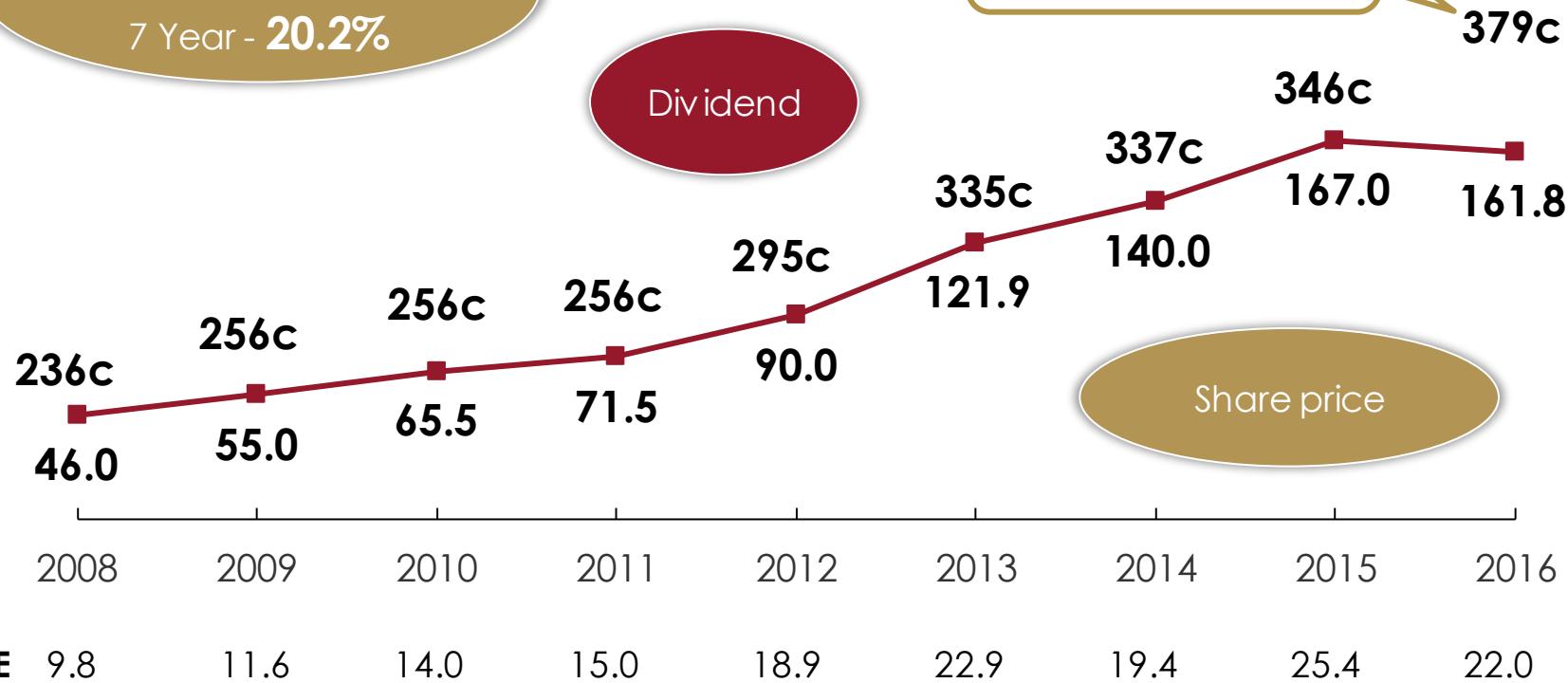
Rewarding shareholders

“Creating shareholder value through sustained growth”



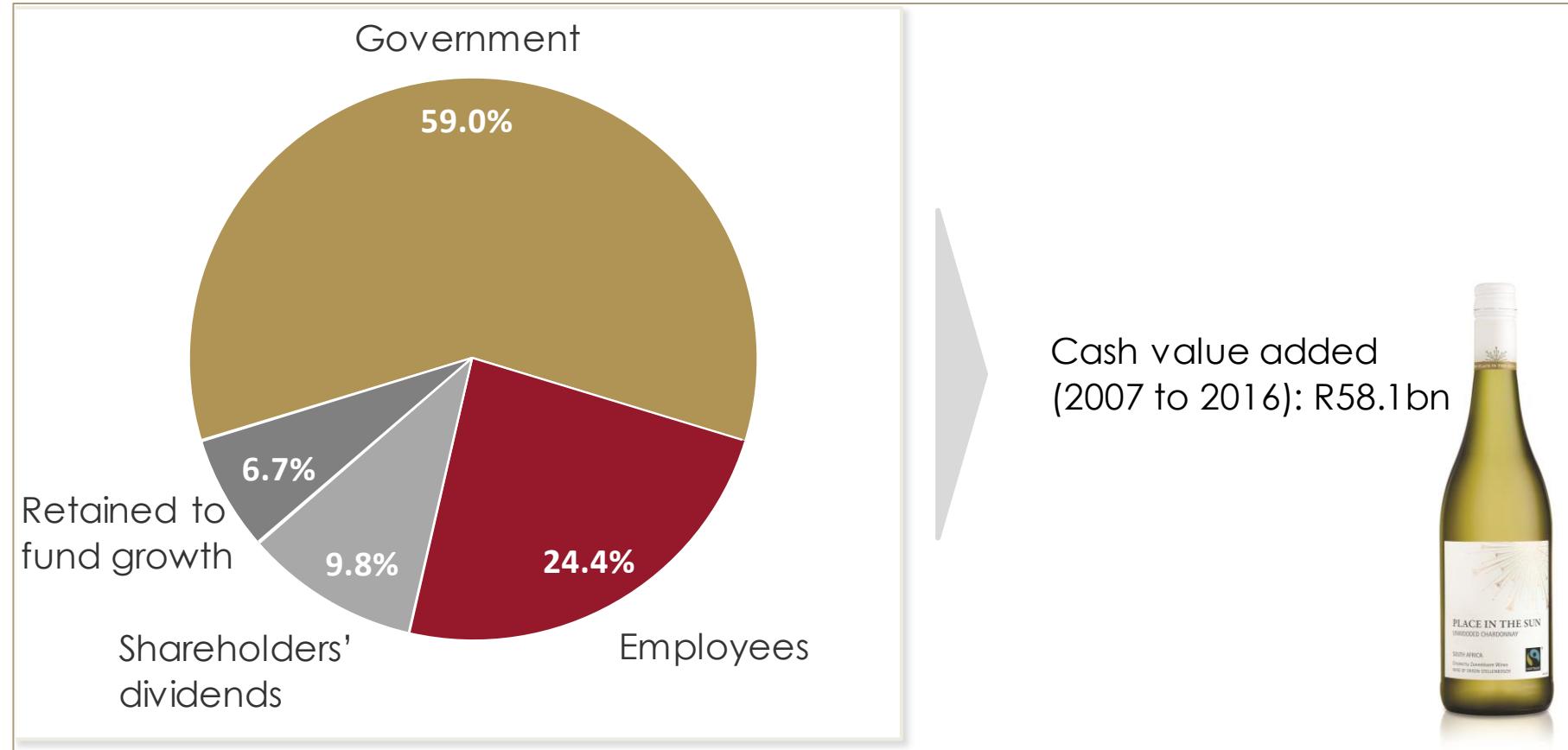
Total return to
shareholders CAGR:
7 Year - **20.2%**

**9.5% increase on PY
and DY of 2.3%**



Stakeholders

"Benefiting all stakeholders over a 10 year period"



Summary

- Good overall **revenue growth** on history of 9.6% translated into **normalised operating profit growth** of 13.7%
 - Overall SA delivered an **exceptional performance**
 - International had FX tailwinds offsetting some of the gap caused by macro's in Angola and weak trading by Tanzania Distilleries Limited
- **Gross margin improvement** on history shows good progress
 - DP GP margin **improved** by 1.3% to 35.9%
 - NDP GP margin **improved** by 2.3% to 46.2%
 - NDP Normalised EBIT margin **up** 0.5% to 15.0%
 - Various initiatives to improve margin
 - Procurement and supply chain initiatives
 - Network optimisation and transport
 - Saving targets set were **achieved**
 - Mix effects offset some of the above initiatives as consumers trade down



Cash generated from operating profit up 21.5%

Summary – Continue

- Net operating assets grew 10.7% (8.4% excluding FX) vs revenue growth of 9.6%
 - Investment in inventory controlled at a marginal increase of only 5.2%
 - Accounts receivable up 19.6% due to **improved trading activities** towards June which impacts on operating assets
 - Investment in primary production, fridges and innovation
- The Rand has also been a key factor in our export competitiveness and also in the financial performance of the business in the short term, although a 'weak Rand' has more structural challenges for us as a country and as a company in the longer term
- Funding shows sufficient room to service our operating activities, working capital requirements and on-going fixed capital investment



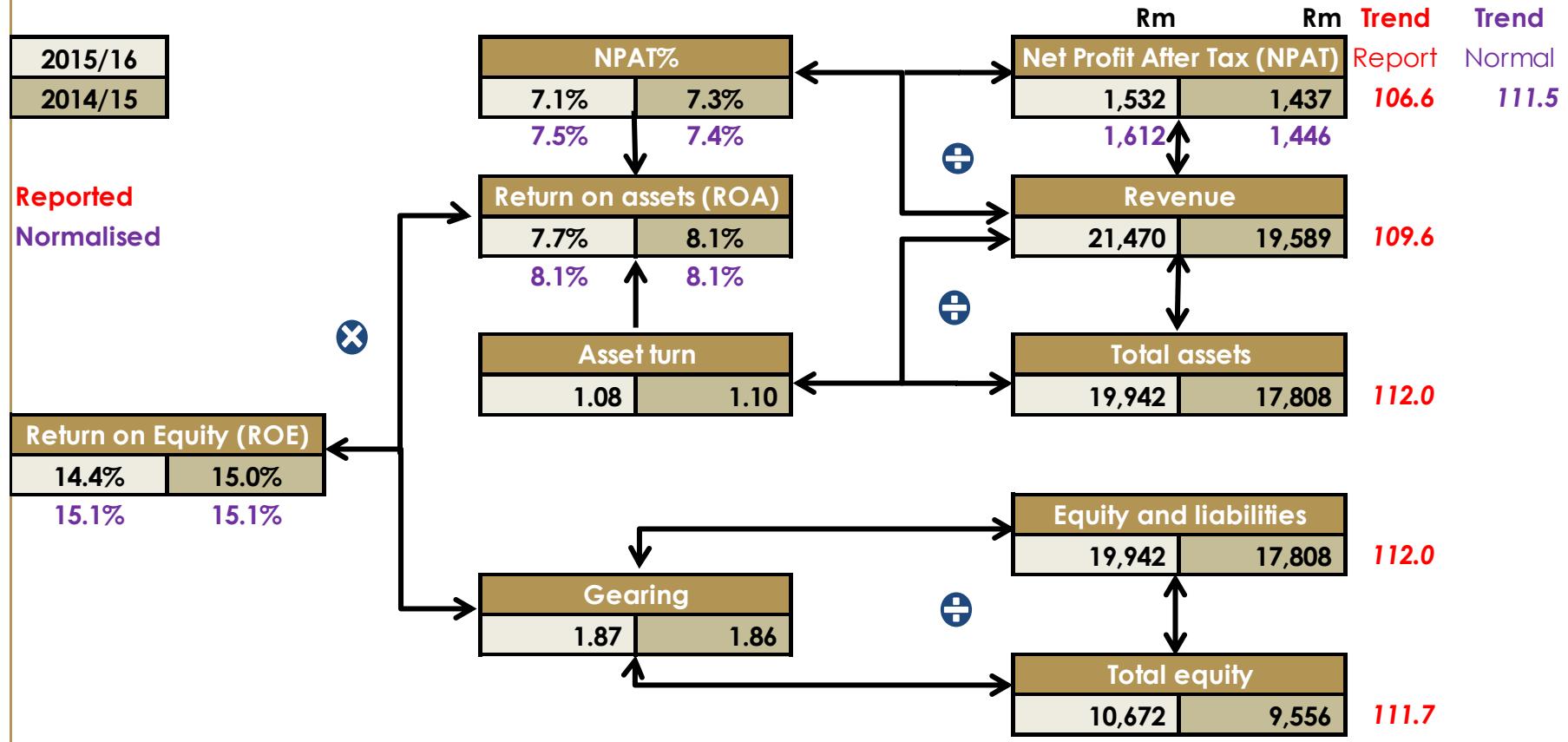


B
Delivering value
1 Managing the underlying
drivers of shareholder value



Managing the underlying drivers of shareholder value

"Normalised ROE stable, B/S to be improved"





C

Revenue growth

1 Contribution per region
and category

2 Drivers of revenue growth

3 Exchange rates

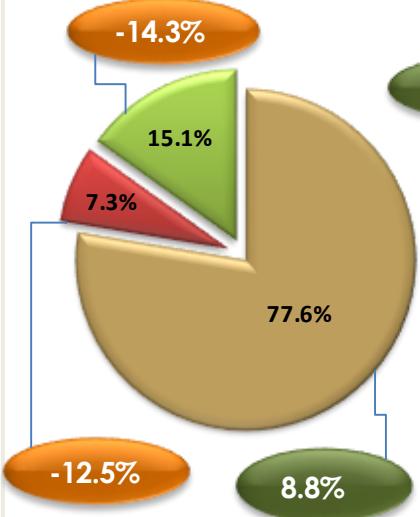


Contribution per region

"Markets outside RSA contributing more than a quarter of revenue"

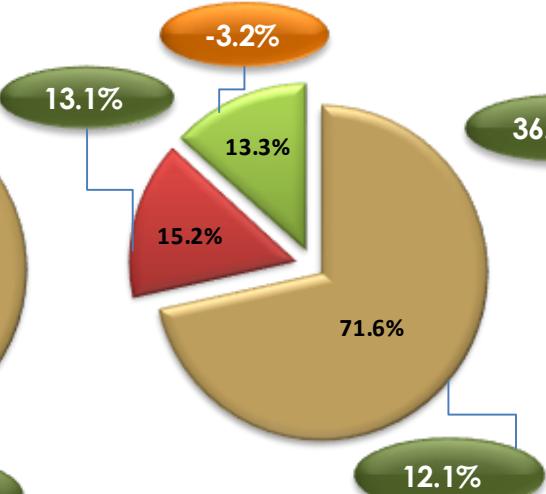


Volumes up
2.8%

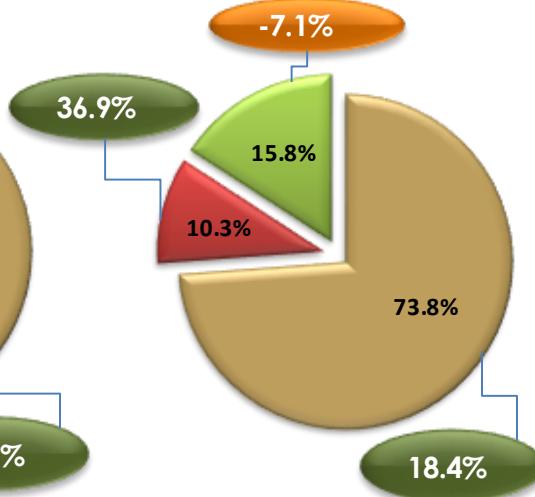


Increase/decrease
from previous year

Revenue up
9.6%



EBIT (before Service
Centres) up 15%



EBIT = Earnings before interest
and tax

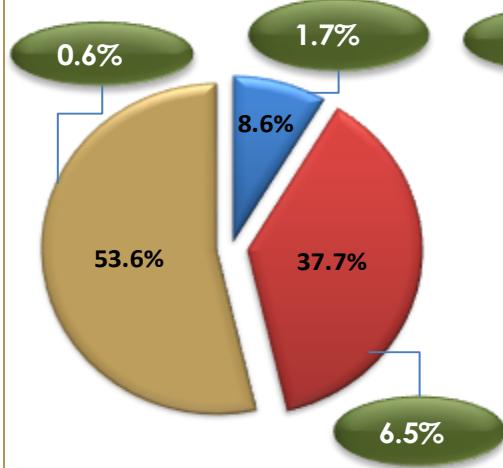
- South Africa
 - Volumes up 8.8%
 - Revenue up 12.1%
 - Less favourable sales mix as consumers are trading down
- International
 - Favourable impact of weaker Rand (18.9%)
- Sub-Saharan Africa (incl BLNS)
 - Revenue down 3.2%, mostly due to Angola
- Revenue on a NDP basis outside RSA comprises 33.5% of group revenue
- Group EBIT increase positively impacted by foreign exchange gains

■ South Africa
■ International
■ Africa (incl BLNS)
■ Other

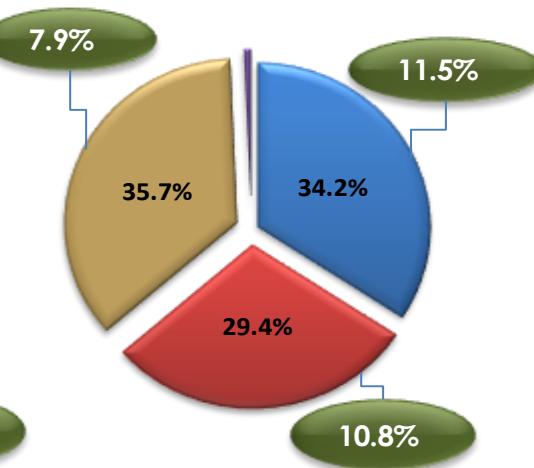
Contribution per category

"Strong growth in wines, balanced revenue contribution"

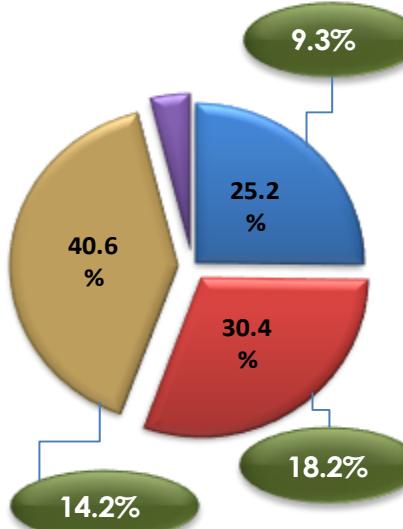
Volumes up
2.8%



Revenue up
9.6%



Adjusted Gross Profit
up 12.3%



Increase/decrease
from previous year

- Volume growth driven by wine category.
- Wines show strong revenue growth, specifically 4th Street.
- Hunter's performed well, although Savanna continues to show a volume decline.
- Spirits showing good revenue growth. Viceroy continues excellent growth pace.

Note: Calculated excluding cash discounts and DVC where applicable

Drivers of revenue growth

"Benefited from earlier price increase and foreign exchange gains"



Exchange rates

"Weakening exchange rates impact positively on revenue in the short term"



YTD June 2016 average rates

<u>Currency</u>	<u>2015/16</u>	<u>2014/15</u>	<u>Change</u> <u>on History</u>
GBP	21.47	18.01	▲ 19.2%
EUR	16.09	13.73	▲ 17.2%
USD	14.49	11.44	▲ 26.7%
CAD	10.92	9.77	▲ 11.8%



Average exchange rate weakening 18.9% on History



D Margins

1 Drivers of margin



Drivers of margin

"Improvement in gross margin progression, driven by supply chain efficiencies, reinvested to fund key strategic capabilities"



Rm

109.6

115.3

108.1

103.7

113.7

113.6

113.8

68.1

111.8

4 805

History Trends

21 470

16 665

8 963

7 702

5 273

2 429

68

2 497

DP
Revenue

Excise

NDP
Revenue

COGS

Gross Profit

Expenses

Trading
Profit

Equity
inc/other

Normalised
EBIT

Note: Revenue after Trade incentives and Settlement discounts

NDP% 15/16:

100.0

53.8

46.2



31.6

14.6

-0.4

15.0



NDP% 14/15:

100.0

56.1

43.9



30.1

13.8

-0.7

14.5



DP% 15/16: 100.0 22.4 77.6 41.7 35.9



24.6

11.3

-0.3

11.6



DP% 14/15: 100.0 21.3 78.7 44.1 34.6



23.7

10.9

-0.5

11.4



E

Earnings and profit performance

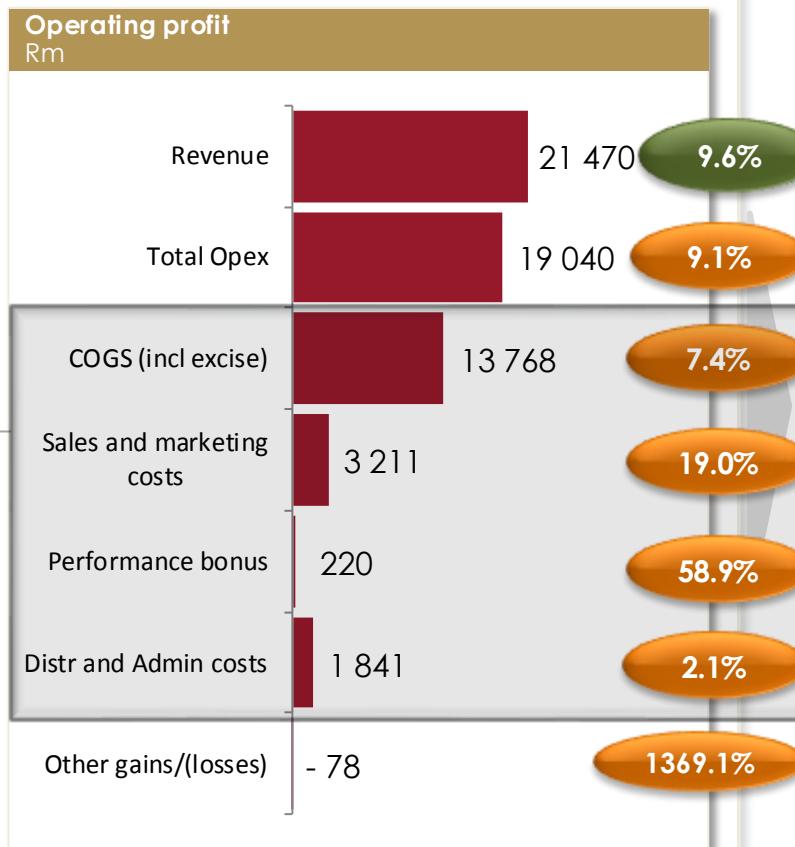
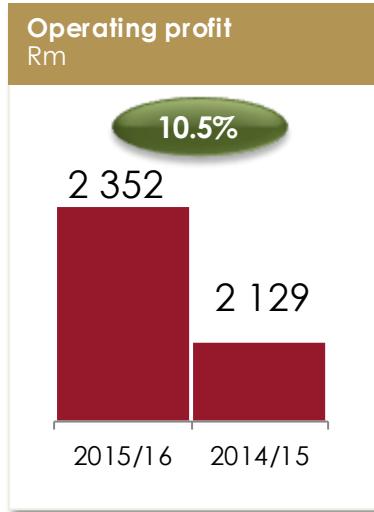
1 Operating profit

2 Headline earnings



Increase in operating profit

"Revenue growth exceeding total opex growth"



- Positive revenue growth of 9.6% impacted by forex gains
- Weaker sales mix as consumers trade down
- COGS growth maintained below revenue growth with investment in efficiencies starting to impact positively
- Performance bonus is 12.6% of qualifying employee's total payroll
- S&M, Distr and Admin costs increased due to forex impacts as well as investing in structures to execute on strategy in Africa and International
- Other losses include our Bisquit trademark impairment (26% of trademark)

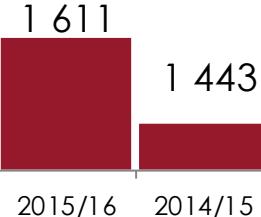
Headline earnings

"Strong growth boosted by foreign exchange gains"

Group

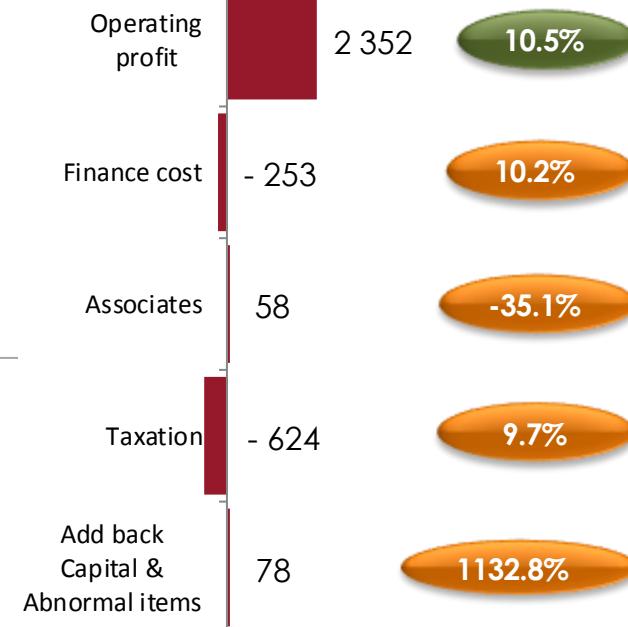
Normalised Headline earnings
Rm

11.6%



Normalised Headline earnings

Rm



- Normalised HLE up 11.6%
- Reported HLE up 12.3%
- Foreign exchange translation gain impacting positively on HLE
- Operating profit up 10.5%
- Finance cost of R253.3m (2014/15: R229.8m)
- Associates largest contributors include Grays, Tanzania Distilleries and Lusan
- Effective tax rate 29.0% (2014/15: 28.6%)
- Capital & Abnormal items include our Bisquit trademark impairment



- F
- Investment in assets
- 1 Net operating assets
 - 2 Inventory



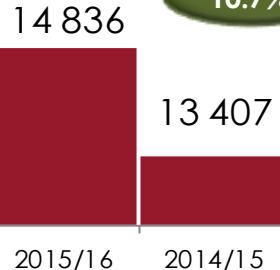
Net operating assets

"Up 10.7% (8.4% excl forex) compared to revenue growth of 9.6%, thereby lowering net asset turn

Excluding exchange rate impact

Group

Net operating assets
Rm



10.7%

8.4%

Fixed and biological assets
Rm



14.8%

14.2%

Inventory
Rm



5.2%

2.6%

Accounts receivable
Rm



19.6%

22.0%

Accounts payable and prov
Rm



6.2%

7.0%

Intangibles and Investments
Rm



5.9%

1.8%

Exclude deferred tax & retirement benefit assets & liabilities

- Property, plant & equipment increased by 14.8% (14.2% excl FX), mainly due to primary production (Springs), NPD projects, cold space fridges and casks

- 5.2% (2.6% excl FX) increase in inventory:
 - Bulk, WIP increases
 - Packaging
 - Forex translations

- Trading activities improved towards the end of the year compared to last year. Accounts receivable includes a R21m provision for bad debt.

- 5.9% (1.8% excl FX) growth in Intangibles assets
 - Forex
 - Investments in associates and JVs
 - Goodwill and trademarks

Increase in inventory

"Well managed to ensure demand is met without excess"

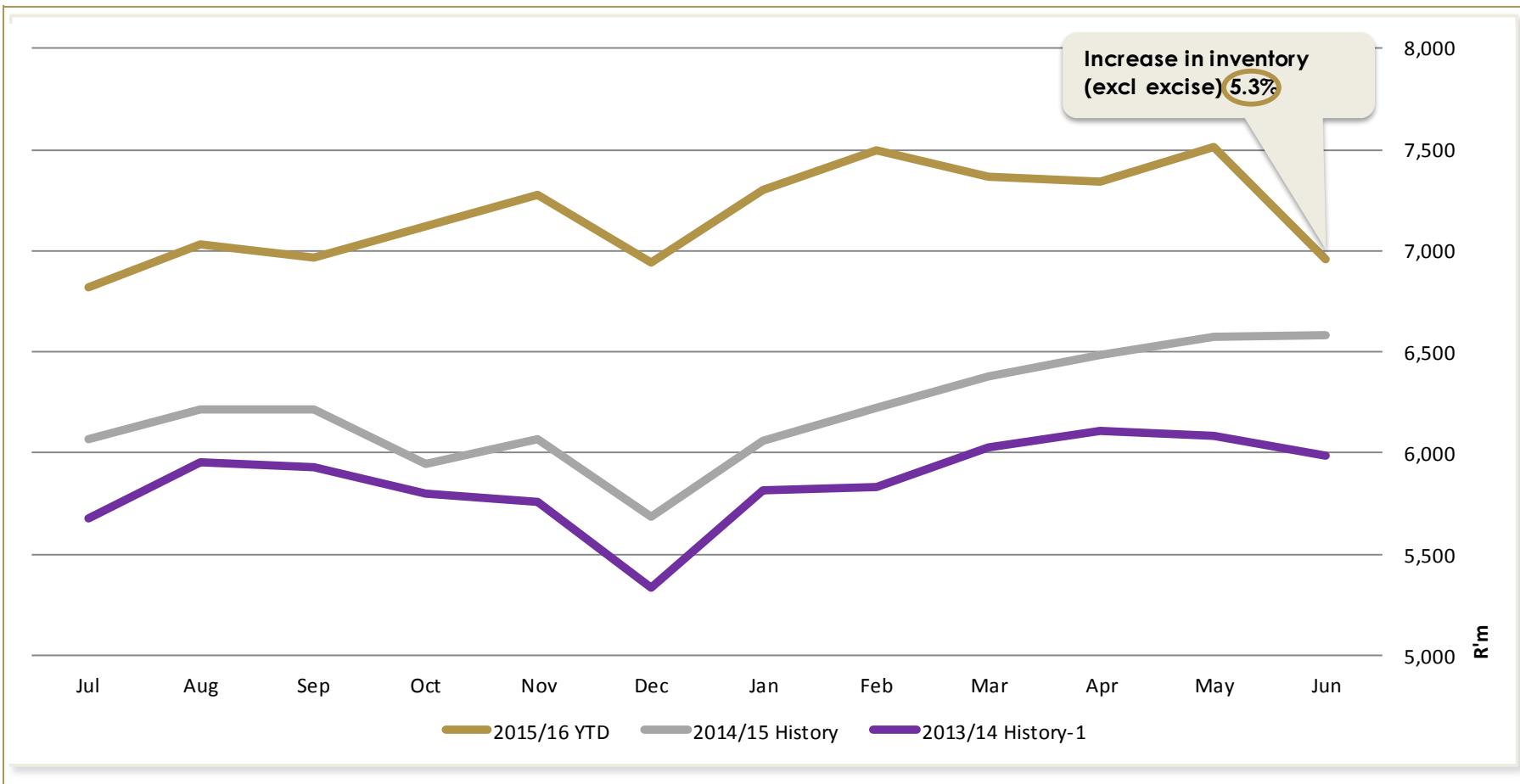
Excluding excise duty,
inventory increased 5.3%



- Excluding forex and excise, inventory increased by 2.5%
- Investment in bulk inventory planned according to longer term demand
- Bulk wine increased 7.2%
- Excise duty included in stock
- similar amount included in accounts payable
- Packaging & bottled stock down 6.9% due to focussed stock level management
- "Other" mainly consumables and currency differences

Increase in inventory (excluding excise duty)

"Sufficient for peak season and managed downward thereafter"





G

Cash flow and funding

1 Cash flow and funding

2 Net borrowing position, borrowing capacity and headroom to fund expansion

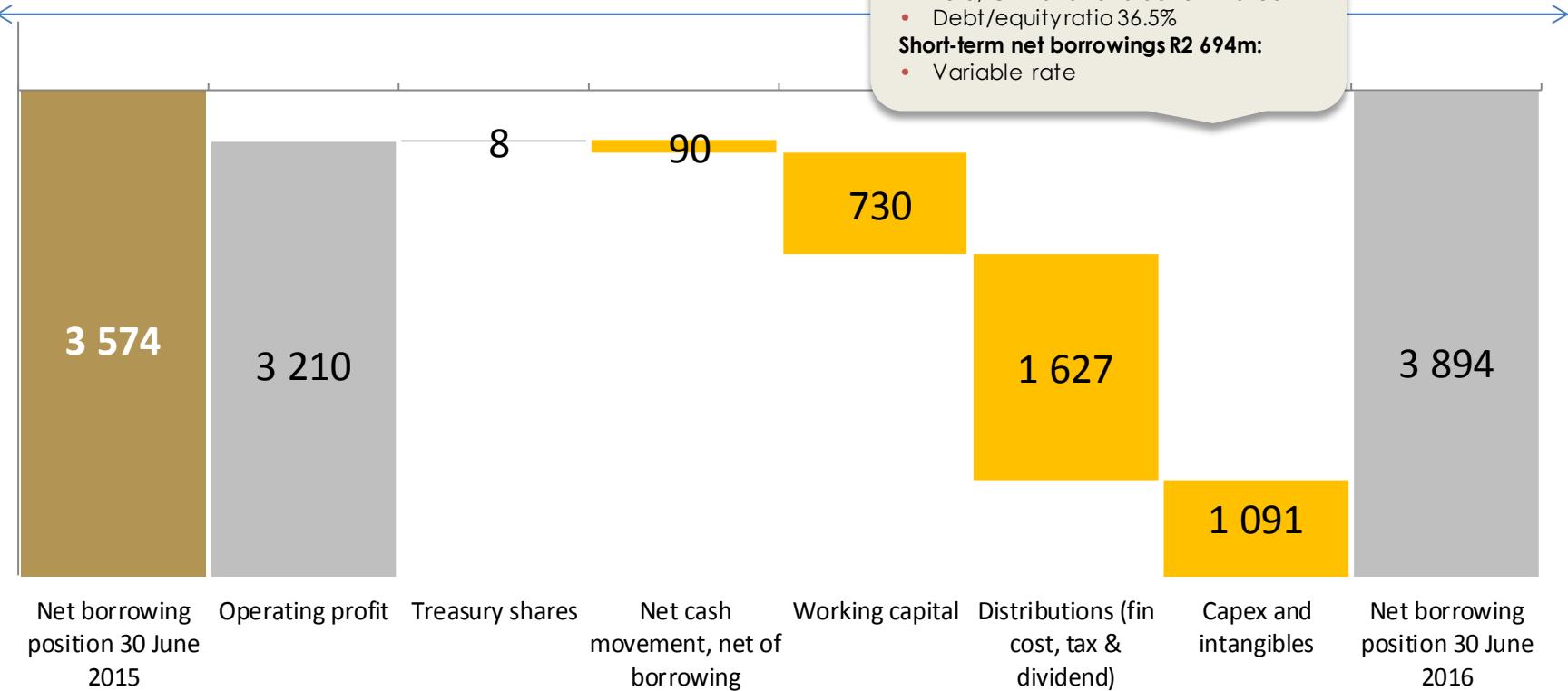


Cash flow and funding

"Gearing marginally down"



Rm


Medium-term borrowings R1 200 m:

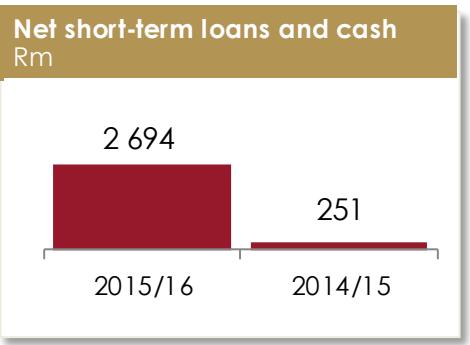
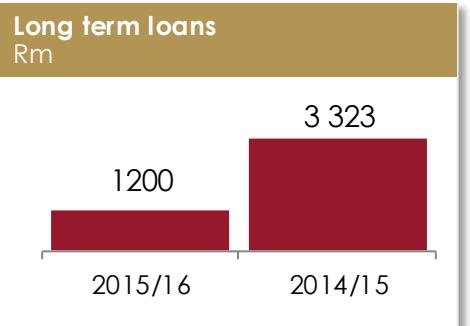
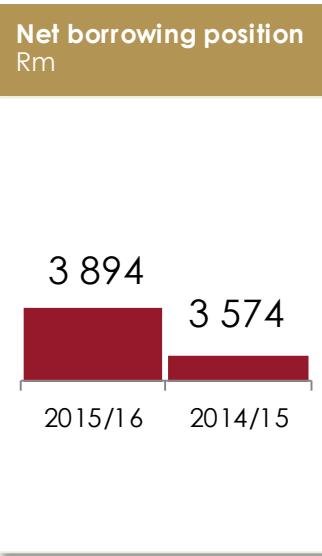
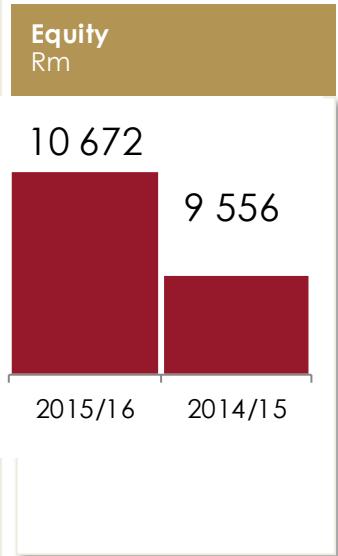
- Euro, GBP and rand denominated
- Debt/equity ratio 36.5%

Short-term net borrowings R2 694m:

- Variable rate

Net borrowing position

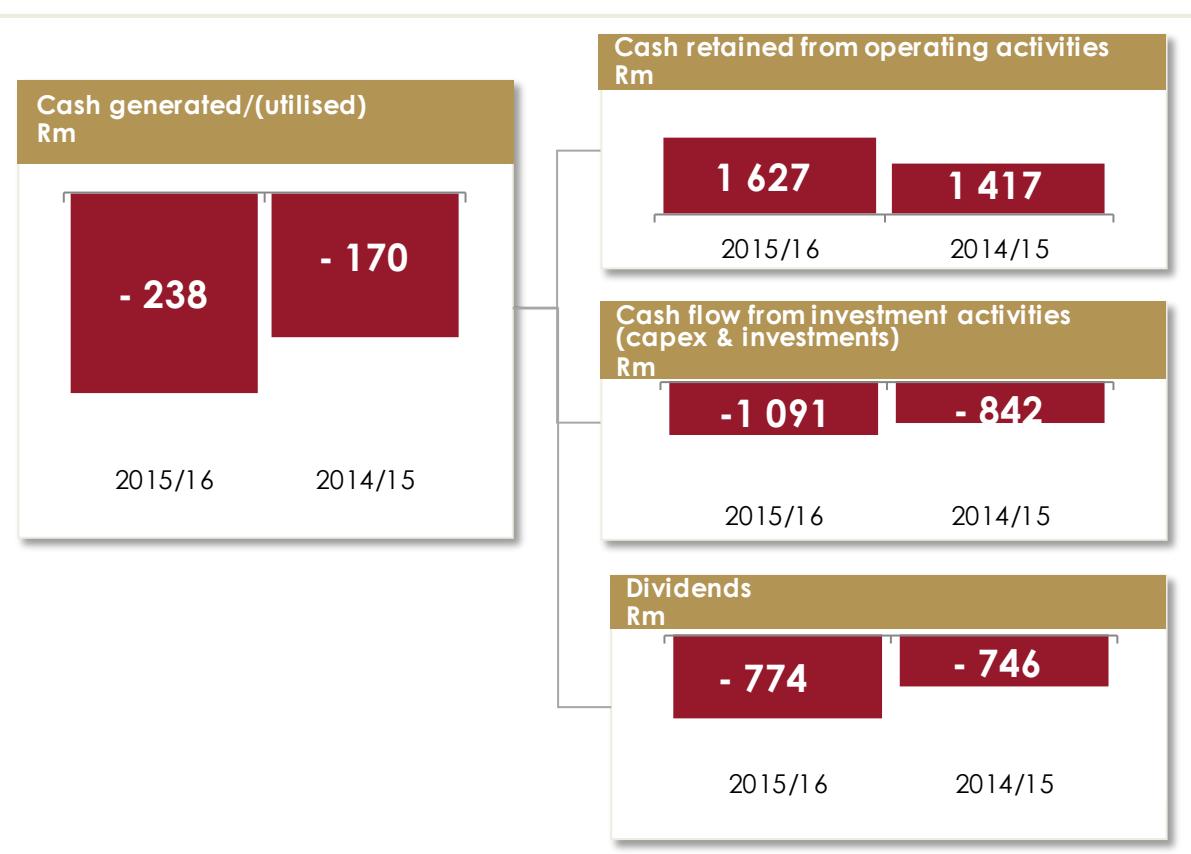
"Borrowing capacity and headroom to fund expansion"



- Sufficient borrowing capacity
- Gearing of 36.5% (2014/15: 37.4%)
- Commercial debt capacity R6.0bn to R7.5bn
- Headroom R2.1bn to R3.6bn
- Covenant headroom and cash flow serviceability
- Maturing medium term loans to be refinanced

Cash flow – Operations

"Large cash flow growth (21.5%) from operating activities utilised in funding working capital requirements"



- Cash retained from operating activities R1627m
 - Cash generated from operating profit R3,210m, up **21.5%** on history
 - Working capital cash outflow of R730m, increasing by 37.9% mainly due to increased trading activity in June reflected in debtors
 - Finance and tax outflow of R854m, increasing by 22.8%
- Investment activities increased by 29.7% which includes investment to maintain and expand activities

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