

NAMIBIA BREWERIES LTD

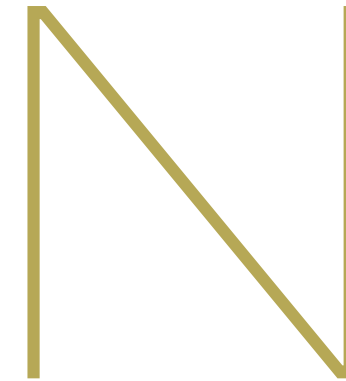
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CORPORATE BROCHURE



Simply a
**better
brew**

Namibia Breweries Ltd (NBL) offers more than a winning portfolio of some of the region's best-selling beers. Contracts manager Gideon Shilongo explains it is also setting the standard with a range of ground-breaking environmental initiatives



Namibia Breweries Ltd (NBL) competes in a fiercely competitive market stalked by global heavyweights. Ongoing consolidation in the industry has resulted in it becoming one of the few remaining independently owned breweries in Southern Africa; yet despite its relatively small size and the economic turmoil of the global downturn, contracts manager Gideon Shilongo points to the company's exceptional track record for profitability. "Over the last four years we have achieved double-digit growth every year and although the last financial year has been very difficult, we were proud to announce an increase in the operating profit of 24 per cent and earnings per share of 32 per cent," he states.

The strategy that has achieved this sort of consistent growth is centred on integrity. Firstly, NBL sells only the finest quality beers which are brewed according to the Reinheitsgebot purity law (a German law on beer brewing methods dating back to 1516). These may have been drawn up almost five centuries ago, but the German standard for brewing has never been bettered.

Then there is a philosophy of doing good business. This means working to the highest standards of governance and building a reputation for trust and integrity at every level—whether it be with business partners, customers, consumers and perhaps most importantly of all, the team of 700 employees who make the company's operations possible. The company is also emerging as a pioneer in corporate social

responsibility in Africa with a number of ground-breaking environmental and social programmes.

Shilongo explains that as one of Namibia's leading corporate entities, the company is determined to foster a sense of environmental responsibility in the wider community. "Our commitment extends far beyond legal compliance. Namibia is a developing country and we see it as our duty to set an example in how its fragile resources can be conserved," he says.

"One of our most successful initiatives has been as a founding member of the Recycle Namibia Forum in 2011 which has inspired national interest in recycling to a new level, especially among young people. The Schools' Recycling Competition we have sponsored since 2007 has seen the number of entries grow every year and with the Forum, we believe we can encourage

many more schools in the country to recycle their waste."

Last year, NBL also supported local recycling company Rent-A-Drum with the launch of its 'Clear Bag' system in Windhoek in October 2010. This initiative marks Namibia's first-ever effort aimed directly at the recycling of household waste.

During the past year, N\$263 million has been spent on replacing outdated brewing and packaging equipment to improve efficiency and reduce the company's energy and water usage. Almost all packaging is now derived from recycled sources. "We benchmark our environmental activities against international standards and we have a strong relationship with universities and polytechnics in Namibia who send in their students to study at first-hand what best practice means on the ground," he says.



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At present, imported raw materials have a major role to play in brewing, but the company is supporting efforts to grow barley in Namibia which will see future sourcing of a key resource take place much closer to home. Although the project is still at an embryonic stage, the results to date are highly promising. "The details of the feasibility studies are still being worked on, but over the next year we will be able to make a fuller assessment of the commercial viability of what we hope will be a very exciting project which offers the chance to diversify Namibia's

economic base," he says.

In the company's home Namibian market, overall domestic volumes grew by seven per cent over the past year with particularly strong sales results for Tafel Lager and Windhoek Draught. Tafel Lager is brewed in accordance with the German Purity Law of 1516 using only malted barley, hops and water. Windhoek Draught is a premium quality, natural beer brewed using only the finest imported ingredients and drinkers across the region are widely showing their appreciation.



Such is the focus on quality that apprentice brewers each attend a six-month vocational training course in Germany as part of the company's Apprentice Brewers training programme and sit the internationally recognised brewers' exams conducted by the German Chamber of Industry and Commerce. The result is Namibian-trained, German-qualified and internationally-accredited brewers who understand what gives good beer its soul.

However, Shilongo explains that Namibians do not have an extensive thirst to slake. The current production capacity of around 2.4 million hectolitres of beer would all but drown the local populace. "In our home market, you have to bear in mind that we operate within the context of a small economy and a population of just two



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million people. We have an 80 per cent market share at home, but that has to be seen against the five per cent market share we have in the rest of the SADC region where we see huge potential,” he says.

For a small player, the key to unlocking this potential is via a joint venture with two of the industry's biggest names. Collaboration began in 2004 and in 2008 culminated in a joint venture with Diageo and Heineken, DHN Drinks (Pty) Ltd, to sell a combined portfolio in more than 20 countries. "This joint venture has added a significant new dimension to our business," he continues. "We are not just one small player trying to be everywhere and we are able to leverage many synergies in distribution and marketing with Heineken and Diageo. We have access to a very good distribution infrastructure and they have been able to extend their portfolio. It is a

very successful tie-up with two global players which enables us to take on South Africa's mighty brewing industry."

The joint venture has seen ongoing penetration of the South African market. It is NBL's biggest export market and absorbs 55 per cent of output. But the good news is not restricted to South Africa. Sales have remained buoyant in Botswana despite a massive increase in import duties and a strong foothold is now established in Cameroon, Ghana and Uganda.

Windhoek, the flagship brand is also selling well in the UK, renowned as a nation of discerning beer drinkers. Namibia's home-grown brewers are proving their worth on a global stage and Shilongo is convinced that an ever wider audience will learn to appreciate not just the flavour of the product, but also the values it represents.

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