

Highly confidential

SeyBrew

Seychelles Breweries Ltd

ANNUAL GENERAL MEETING
Saturday November 24, 2018

Highly confidential

SeyBrew
Seychelles Breweries Ltd

50th ANNUAL GENERAL MEETING Financial Year -End 2018

Welcome

The Chairman opened the meeting by welcoming all shareholders. The Chairman asked the company secretary to confirm that they had a quorum for the meeting. The Company Secretary duly confirmed that a quorum had been met and the meeting was declared open.

The Chairman introduced the members of the board, the Company Secretary and the auditors to the meeting.

The Chairman asked that the shareholders present stand for a moment of silence in memory of shareholders who have passed away during the year and for Mr. Herve Bibi an SBL employee who died recently.

Adoption of Agenda

The Chairman stated that the Notice of the Meeting had been circulated and asked that it be taken as read. Amendments to the Agenda. 5B will now become 5B and C as re-appointment of the Chairman and Capt. Robert Morgan should be on two separate lines. Therefore C, D, E and F would become D, E, F and G.

Adoption of Minutes of 2017 AGM – Agenda item 1

The Chairman stated that the minutes of the 2017 AGM had been circulated and asked that it be taken as read.

The Chairman asked whether there were any amendments, omissions or corrections to be made to the minutes.

The Chairman proposed that the minutes be confirmed. Motioned was seconded by Fleurange McHan. There being no objections, the minutes was accepted by the meeting.

Chairman's report

1. Seychelles Breweries Limited (SBL) continues to be the only Total Beverage Company (TBC) in Seychelles

Highly confidential

with a rich and diversified portfolio spanning beer, ready-to-drink, carbonated soft drink and spirits categories.

I am happy to report that SBL delivered strong performance in F18. The performance reflects the impact of strategic initiatives taken by the Board and the management, including (a) investment in production equipment (b) installing new leadership team (c) investment in capabilities and (d) increased investment in our brands.

The business registered overall revenue growth of 11.9% in F18 (3.9% in F17). All categories, except Spirits, registered strong growth over last year.

Beer revenue increased by 14% in F18 (13% in F17), underpinned by improved supply and high standard of merchandizing in trade. It makes me immensely proud to see our darling Seybrew growing year after year in the face of strong competition from imported brands. I am also delighted to report that Seybrew draught revenue increased by 46% in F18.

Revenue from carbonated soft drink (CSD) increased by 18% in F18, which is primarily driven by successful relaunch of Seypearl brand and placement of additional chillers in trade.

Revenue from ready-to-drink (RTD) registered 73% growth versus last year. This was possible after successfully landing the alternate source for supply of key ingredient at an affordable price. However, more work is required for ensuring consistent supply of the brand through-out the year.

Revenue from Spirits registered a decline of 34%. The decline is mainly attributed to parallel importation by unauthorized non-Diageo importers. We are currently working with the relevant authorities to address the parallel import issue. Also we have developed a program in collaboration with our distributors to strengthening the trading partnership with Spirits retailers.

Breweries is committed to its innovation agenda in its quest to be regarded as the most trusted and respected beverages company in Seychelles. In line with our innovation agenda:

We improved supply of CSD in 30cl PET format which was test launched in F17

We launched Coke Zero Sugar in 50cl PET format

We introduced Keg in 20L size to provide flexibility to small on-trade retailers

We have more innovation projects in the pipeline for current and upcoming years which we believe will excite the trade and complement our TBC position.

Supply was stabilized during the year with improved availability of major SKUs. There were still some issues with the consistency of supply, however plans are in place to make further improvement during the coming years, including investment in production equipment and building capabilities of production and engineering team.

The tunnel pasteurizer was successfully installed and helped to provide a more stable supply of high-quality Beer. The Brewhouse upgrading project was also completed successfully. The overhauling of PET line and installation of new Labeller was completed towards the end of the year.

For the coming year a new filling machine will be installed on the glass bottling line, which will enable improved output and product quality. Investment is also planned for fermentation control system, cleaning equipment and new bright beer tanks.

Highly confidential

Significant investment in people was also made during the year with increased training and capability building. We also revisited organizational structure to compliment the business growing needs, added new roles in Procurement, Planning, Engineering and Packaging teams. We recruited new talent and made internal moves and promotions on certain roles.

The company registered gross profit growth of 4.5% over last year. The operating profit however, declined by 8.6% to SCR64.0 million (F17: SCR70.0 million). The decline in operating profit is mainly attributable to (a) increased investment in our brands to strengthen its equity (b) impairment of engineering spare parts SCR 8.7 million and (c) penalty related to late payment of taxes SCR 5.9 million. The details of the penalty were received in F18, which shows that payment of various taxes in 2011 and 2012 were paid late, in most cases by one day.

The investments made so far is having a positive impact on operational efficiency and the quality of our products. We are confident the supply related problems will be fully dealt with as we complete the ongoing capital investment projects and the new projects planned for F19. Also, with the success of new route-to-market strategy and rigor in trade execution, the availability of SBL brands has improved significantly. The company will continue investment in advertising and marketing to support our core brands.

The Board of Directors is recommending a dividend of SCR1.00 per share. This is in addition to the interim dividend of SCR1.00 paid in June 2018.

The Company has embarked on intensive investment plan to upgrade its production equipment. We have made a significant amount of investment in the past few years and the Company will require more such investments in the coming years as was mentioned earlier. However, with the improved performance, the Board's intent is to show steady sustainable dividend pay-out improvement over the coming years.

In conclusion, I would like to thank all shareholders for your continued support to our company over the years. I know that many of you have held your shares in this Company for several decades. This goes to show the confidence you place in this company and its rich history. I urge you to continue your support for our company as the Board and management work together to move the company forward.

I also thank our key partners including distributors, customers, suppliers, professional advisers among others, for contributing to the success story of the company.

I take this opportunity to also thank the Government of Seychelles for implementing investment friendly and supportive policies for local manufacturers.

I would like to commend our parent company, Diageo Plc, for its unwavering support for our company and its continued belief in Seychelles. I would also like to thank Coca-Cola Company for their support. We look forward to a continued partnership in the years ahead.

I must also appreciate my fellow Directors for their continued commitment to the success of our

Highly confidential

company.

I take this opportunity to thank our outgoing Director Mr. Baker Magunda. The company benefited from his business acumen. Thank you!!!

Finally, I appreciate the management team and all our committed employees for their hard work and untiring dedication in ensuring that our company continues to be profitable and successful.

In an effort to keep shareholders more up to date with the progress at SBL, I'd now like to hand over to the managing director of Seychelles Breweries who will share with a short performance update for the current financial year and also some exciting news"

Managing Directors Report on highlights of the current year

2. Ladies and Gentlemen, I'd like to give you a short update on how business performance is so far now we are 4 months into the new financial year. In summary our net turnover is showing growth of 4.3% as we lap a strong Q1 last year. This is underpinned by strong depletion growth of 6% on Beer, 12% on soft drinks and 18% on spirits. Our beloved Seybrew goes from strength to strength as we work tirelessly to maintain and improve the quality of our world class liquid and our efforts on delivering an amazing experience in draught format continue to pay off. In soft drinks our hard work on Seypearl with its new premium look is also starting to bear fruit as well as the launch of the delicious reduced sugar Seypearl Pineapple. The brand performance is also supported with the recent return to returnable glass for Ginger Ale, Tonic and sparkling water and this is driving stunning performance with growth of 33% year to date vs last year after 4 months.

As a company we continue to focus on quality and availability and whilst I believe we have come a long way we still have some work to do before I'll be 100% happy. We have been on a journey to invest heavily in the brewery but also in our people and I'm proud to say it's working as we are well on track to beat our plan for this financial year. Our strategy is simple, and our ambition is bold and I'm genuinely excited about the remainder of the year and the results we can deliver.

SBL hadn't previously launched any innovation for over 10 years and in recent months we've seen the launch of Coke Zero as well as the Seypearl innovation lines I previously mentioned. I'm pleased to say that it doesn't stop there. As you may have recently seen in the newspaper, heard over the Radio, or noticed on social media over the past couple of weeks, Seychelles Breweries has been gearing towards another innovation launch. Today I have the pleasure of unveiling this latest innovation which sees SBL take a bold step into a new category altogether. For some time now, the beer and near beer category has evolved and consumers have branched out into new drinks, most notably cider. Cider has become a sizeable category in Seychelles worth approx. 24m Rupees annually and for SBL to keep its crown as the most trusted and respected local beverages manufacturer it was clear that this is an opportunity we had to go after.

Using our expertise in world class liquids and our proven track record of building winning brands I'm delighted to share with you our latest innovation. Ladies and gentlemen, I give you Slow Turtle Cider. A sweet, crisp and truly refreshing Cider which we believe is best enjoyed

Highly confidential

at a leisurely pace. Take time, slow down and enjoy this refreshing cider with carefully selected ingredients locally put together. At SBL we are very excited about this launch and we wanted to share this with you, our valued shareholders. I'm pleased to say you will all be able to try this sweet, crisp refreshing cider today as we have taken the liberty of giving everyone here a free 6 pack to slow down with and share with your friends and family. Expect to see our new friend the slow turtle whilst you are out and about and please take the time to support us as I know you will. It's available from Monday in the shops and will be sold at 30 SCR in a clear glass returnable bottle. This product has the potential to add significant growth to our performance and in return give value back to our shareholders so I'm counting on your help.

In summary, I'm optimistic about our performance for this financial performance and future years. Our ambition is ultimately to deliver steady growth in dividends and we feel confident we have the right strategy, the right team and the right products to do just that.

Directors and Auditors Reports

3. The Chairman stated that the Directors and Auditors' reports have been circulated. He asked the Auditor to read the report in terms of the Companies and Securities Act. The representative of BDO Associates suggested that as the report is very long the shareholders could choose the option of her reading the whole report or she could explain it. The shareholders chose to have the report explained to them. The Auditor proceeded to explain they key points of the report.

The Chairman invited questions from the floor.

Mr. Antao stated that he did not have any question, but he is happy that the Auditors have stated that the Report is compliant to the Securities Act only to the Companies Act. Ms. Nazrah Ramdin responded that it was an omission on their part and that they will include it in the next report.

There being no other questions or clarifications from the floor, the Chairman thanked BDO Associates and proposed a motion to accept the report as presented. The motion was seconded by Mr. Antao. There being no objections, the reports were accepted by the meeting.

Dividend

4. The Chairman moved that a final dividend of SR1 per share recommended by the Directors' Report for the period ended 30th June 2018 be and is hereby declared payable to all shareholders whose names appear on records on November 30th, 2018. The Chairman asked whether there were any questions regarding dividend before it was put to the vote. There being no queries the motion was seconded by Mr. Terrence Nibourette. There being no objections, the motion was carried.

The Chairman informed the shareholders that dividend payments will be done on Friday December 14th, 2018 by means of bank transfer or by crossed cheque posted to you. Those who do not have a bank account should please return the cheque to the Company where cash or an open cheque will be given in exchange. He also asked those who have not sent their bank details to do so as soon as possible so that all payments are effected through bank

Highly confidential

transfer in the future.

Re-election of Directors

5. Following motions for re-appointment of all retiring Directors were proposed by Mr. Jean Weeling-Lee as the Chairman was also up for re-election.

It was proposed:

- a) THAT Mr Anthony Smith who retires by rotation be re-appointed as Director. The motion was seconded by Mr. Yannick Jean and there being no objection the motioned was passed.
- b) THAT Mr Simon Harvey who retires by rotation be re-appointed as Director. The motion was seconded by Mr. Yannick Jean and there being no objection the motioned was passed.
- c) THAT Capt. Robert Morgan who retires by rotation be re-appointed as Director to the Board. The motion was seconded by Mr. Antao and there being no objection the motioned was passed.

Control was handed back to the Chairman who proceeded with the other proposals:

- d) Managing Director's Remuneration - THAT remuneration of SR 2,575,000 per annum including income tax be approved for the Managing Director for the financial year 2018/19. The motion was seconded by Mr. Yannick Jean and there being no objection the motioned was passed.
- e) Finance Director's Remuneration - THAT remuneration of SR 3,410,000 per annum including income tax be approved for the Finance Director for the financial year 2018/19. The motion was seconded by Mr. Terrence Jumeau and there being no objection the motioned was passed.
- f) Director's Remuneration – THAT remuneration of SR 209,000 per annum including income tax be approved in respect of the non-executive Directors namely: Captain Morgan, Mr. Weeing-Lee, Mr Lucas for the financial year 2018/19. The motion was seconded by Mr. Ranjani and there being no objection the motioned was passed.
- g) & h) Appointment of Auditors - The Chairman propose that the appointment of BDO Associated be endorsed and approved and that the Directors be authorised to fix the remuneration for the year 2018/19. The motion was seconded by Mr. Yannick Jean and there being no objection the motioned was passed.

Any Other Business

6. The Chairman opened the floor for any questions or clarifications from the floor which had not been covered in the Agenda.
- I. Mr. Barallon had two questions:
 - a) Whether this year the shareholders would receive SEYBREW giveaways, like cooler bags.
 - b) Whether the company was considering transferring products from P.E.T back to

Highly confidential

the bottle.

MD's response

- a) apologised for the fact that the cooler bag was not available.
- b) The Company has a plan to move more soft drinks from P.E.T to glass bottle next year as it is the right thing to do for the country and for the environment. DIAGEO as the parent company has a huge commitment for recycling and this is something that is being looked at globally.

II. Mr. Steven Rousseau had two questions:

- a) Noted that from the Chairman's Report on Page 8, the company was still having problems with supply of certain products. He wanted to know if that was only a problem with production or was it a distribution issue as well.
- b) He stated that he is a small hotelier who uses SBL products only at a very low profit margin and trying to buy Wholesale for Seybrew products is a constraint. With only one Wholesaler at Providence this is not convenient and costly especially as his business in the North of Mahe.

MD's response

- a) There has been a noticeable improvement, and the company has not been out of any products specifically Seybrew in the last 18 months. There are still distribution gaps to cover and the company is working with their distributor for continuous improvement. There have been lot of time, effort and financial investment into materials and equipment at the brewery and the company is happy with the outcome. Area of focus is now around planning, with a growing portfolio, there are more products and they have been trying to gage the right demand signal to make sure that there is proper planning and the right products are being produced at the right time. This has been a challenge and the company has invested heavily in people over the course of the last 6 months and that has worked. They have all confidence that this will continue to improve.
- b) Will get the Commercial Team to contact him so that they can sort something out.

III. Mr. Antao stated that the auditors had highlighted 2 main issues, one being the write-off of inventory and the unfunded pension fund of about 14 million.

- a) With the introduction of the Audit Committee, have they taken this on board and what are their reactions?
- b) The report states that SR5.9 million has been paid as late penalty to the government and he is also aware that some of that money will be reimbursed. That amounts to about 47cents per share, will the shareholders expect that added on to dividend payment of next year?
- c) Why the auditors did not bring the point of the claw-back of the SR5.9 million in the form of a post balance sheet event?

Chairman of the Audit Committee response

Highly confidential

- a) Audit Committee have reviewed the two issues and other issues during their course of deliberation. They are satisfied with the traction done by Management vis-à-vis the 2 issues.

MD's response

- b) At the time of producing the financial report they were given the demand notice that relates to 2011/12 so the right thing to do was to include that into the financial accounts. Subsequently the company has been working with the Finance Ministry and the Revenue Commission who have both agreed that the late penalty was not valid as the company was transferring the money on time, but the bank was not. So, the Government has agreed to pay that back and this will be adjusted in next year's financial statement.
- c) In defence on the Auditors, as this is recent news they have not been made aware of the information and it would not be fair to have them justify the issue.

There being no other questions from the floor, the Chairman declared the meeting closed at 11:50am. The Chairman thanked everyone for their attendance and invited all shareholders to lunch. Each shareholder above the age of 18 could collect their six pack of Slow Turtle Cider and Seypearl pineapple for those below the age of 18.

Mr. Simon Harvey
Chairman

PKF CAPITAL MARKETS
(SEYCHELLES) LIMITED