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2019

INVESTMENT COMMUNITY TRADE VISIT: THEMBISA

NORTHERN REGION

51.21%

SA Revenue
(Gross Sales Value)

Excluding BLNS

58.02%

SA EBIT

Excluding BLNS

3 Taverns

1 Lunch Tavern

1 Warehouse

1 Grocer

NORTH CONTEXT & REGIONAL OVERVIEW

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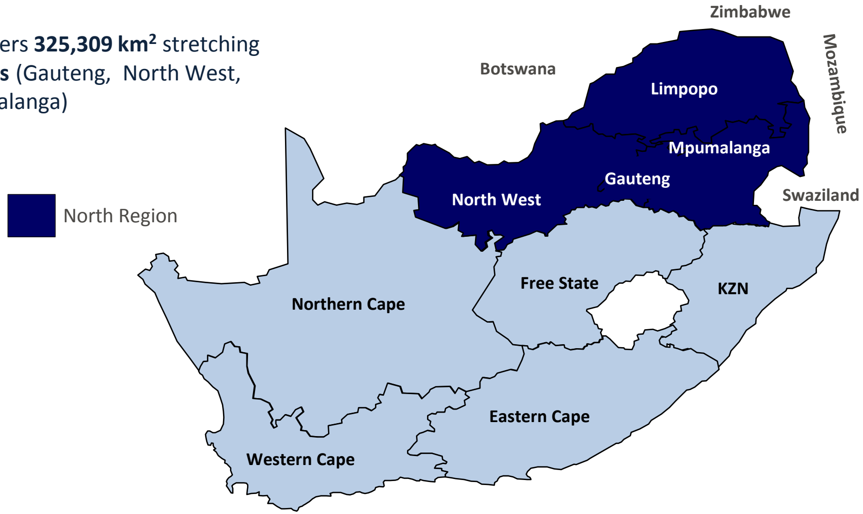
North Region covers **325,309 km²** stretching across **4 Provinces** (Gauteng, North West, Limpopo, Mpumalanga)



Per Cap Cons: **76 l/annum**	Outlets Sales Serviced: **22 959*** (PY 22 201)	Customer Direct Buying: **10 495** (PY 10 305)
Direct Delivery: **107** (PY 105)	Customer Collect: **2114** (PY 2097)	Self Service: **6263** (PY 6147)

* 22 959 = Central 11 369 + North 11 590

South Africa's economic productivity is highest in **Gauteng** and **Cape Town,** due to a high concentration of financial services, manufacturing and wine production in these regions.

PROVINCE	INCOME PER CAPITA 2017, '000 ZAR	CAGR '17-'22
Western Cape	78.5	1.1%
Gauteng	75.2	1.1%
Free State	61.7	1.4%
Northern Cape	53.6	1.2%
Mpumalanga	49.9	1.2%
KwaZulu-Natal	49.7	1.4%
North West	43.6	0.4%
Eastern Cape	37.0	1.2%
Limpopo	34.1	1.2%

REGIONAL OVERVIEW – CUSTOMERS PER CHANNEL

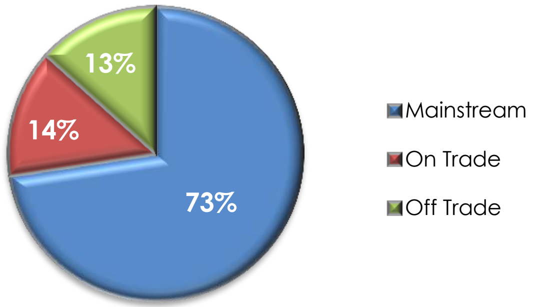
- **73% of Customer Base** = Mainstream.
- Investment aligned to Channel split.
- Opportunity to increase DSD to customers.
- **Mainstream Off-Trade** opportunity.
- Wider Game IRD Contracts.

10 495 (46%)

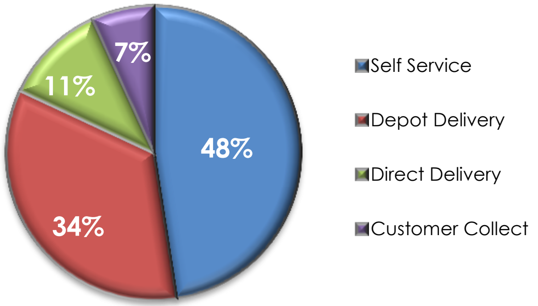
Buying from Distell

Channel	%
Mainstream On Trade	62%
Mainstream Off Trade	8%
Grocer	8%
Hospitality	7%
Modern Trade	6%
Retail	5%
Wholesale Mainstream	2%
Night Trade	1%
Wholesale Off Trade	1%
Wholesale On Trade	0,2%

Channel Overview



Distribution Channel Overview



ECONOMIC FACTORS & PROVINCIAL POPOLATION GROWTH 2022

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PROVINCIAL POPULATION GROWTH

Province	2017 LDA population '000	Incremental income population growth 2017-2022, '000
Gauteng	13946	1,230
KwaZulu-Natal	10368	-191
Eastern Cape	6691	-67
Western Cape	6625	592
Limpopo	5536	-34
Mpumalanga	4462	274
North-West	3808	172
Free State	2733	-84
Northern Cape	1268	81

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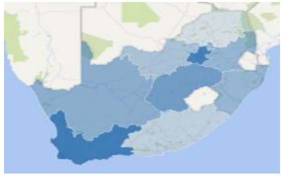
1 268 13 950

POPULATION BY PROVINCE

2017, '000

Gauteng's total population will increase by more 1.2 million people by 2022. While KwaZulu Natal, the Eastern Cape and the Free State will register a decline in population over the same period



30,000 80,000

INCOME PER CAPITA BY PROVINCE

2017, ZAR

The Western Cape is significantly wealthier than other provinces, and will not grow significantly slower than them throughout the next 5 years. This is largely due to Cape Town, which drives tourism and attracts high net wealth individuals

LIQUOR MARKET / SA's DRINKING AGE POPULATION

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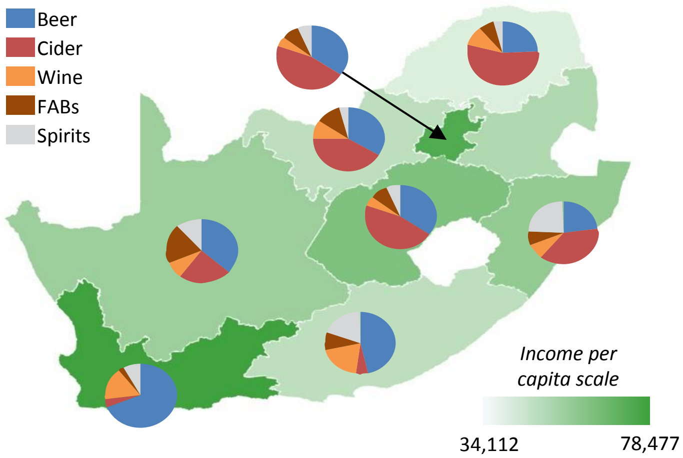
PROVINCIAL INCOME PER CAPITA AND CATEGORY POPULARITY
2017*, current ZAR, % consuming regularly



PROVINCE	LDA POPULATION 2017, M	CAGR '17-'22
Gauteng	9.2	2.1%
KwaZulu-Natal	6.8	0.0%
Eastern Cape	4.4	0.2%
Western Cape	4.3	2.1%
Limpopo	3.6	0.2%
Mpumalanga	2.9	1.6%
North West	2.5	1.2%
Free State	1.8	-0.3%
Northern Cape	0.8	1.6%

18,213 mil > 50%

OBSERVATIONS

- Cider and beer are the most popular alcoholic beverage choices across South Africa, though beer is the significant leader in volume terms. These segments represent the key categories for driving success within alcohol
- Wine has a higher than average share in Western Cape, likely due to a combination of the prevalence of wineries in the region, higher average income, and a higher share of white residents
- LAE per capita consumption in SA is at 4.8 and has declined by 0.1% in the period 2010-2015.

Note: Responses are to the question: "Which do you regularly drink?"
* Income data is from 2017 but survey data was collected in 2016
Source: Consumer segmentation study; Stats SA; C-GIDD; Canback analysis

COMPETITIVE DYNAMICS

KEY INSIGHTS

1. Extremely competitive and **price sensitive market – Price Compliance is key.**
2. Focus on **building brands** in **On Trade.**
3. **Chase volume** in **Off Trade** and **Mainstream – Playing a wider game in Taverns and IRDS.**
4. Leverage **On Trade, Bansela** and **Upsella** Programmes**.**
5. **Credit and Consumer Service Offering**
6. **Luxury model intensified**

NOW WHAT?

- **Price compliance >70% (660RB pricing from 52%to >70%)**
- **Micro Segmentation and Nodal approach- Pathways**
- **Diversified Game plan –**Urban, Semi-Urban and Rural
- Wider Game- IRD/Tavern Redistributors
- **Mpumalanga/Limpopo** – Key in Gaining market share- **Regional Investment from 40% to 60%**
- **Mainstream Market** – **Regional Investment >65%**
- **Chasing Less Expensive Volume** whilst Building Brands through **Influencer Model**
- **Credit and Customer** Service Offering- TSP Implemented **>55% Customer base**
- **Customer Service model>78%**
- **Distribution – DSD to Customers**
- **Model Stock and Rep Order taking**
- **Retention Critical**
- **Bansela/Upsella Programs**

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Q&A

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