# Preliminary Announcement

Release date: 22 May 2014

## SABMiller delivers strong margin expansion

SABMiller plc, one of the world's leading brewers, reports its preliminary (unaudited) results for the twelve months to 31 March 2014.

**Highlights**

- Portfolio development and commercial execution drive group NPR
- Reported group NPR decline of 1% with organic, constant currency group NPR growth of 3%
- Lager volumes up 1% on both reported and organic bases with growth in Latin America, Africa and Asia Pacific partially offset by declines in Europe and North America
- Reported EBITA growth of 1% and EBITA margin[1] improvement of 50 basis points (bps) to 24.2%, with organic, constant currency EBITA growth of 7% and EBITA margin[1] expansion of 90 bps
- The depreciation of key currencies against the US dollar had a significant negative impact on the translation of financial results, impacting reported EBITA by approximately US$400 million
- Adjusted earnings up 2%, with adjusted EPS also up 2% to 242.0 US cents per share
- Full year dividends per share up 4% to 105.0 US cents

[1] Expressed as a percentage of group NPR.

| | **2014 US$m** | 2013[2] US$m | % change |
|---|---|---|---|
| **Group revenue**[a] | **34,084** | 34,487 | (1) |
| **Revenue**[b] | **22,311** | 23,213 | (4) |
| **Group net producer revenue**[c] | **26,719** | 26,932 | (1) |
| **EBITA**[d] | **6,453** | 6,379 | 1 |
| **Adjusted profit before tax**[e] | **5,712** | 5,597 | 2 |
| **Profit before tax**[f] | **4,823** | 4,679 | 3 |
| **Profit attributable to owners of the parent** | **3,381** | 3,250 | 4 |
| **Adjusted earnings**[g] | **3,865** | 3,772 | 2 |
| **Adjusted earnings per share** | | | |
| - US cents | **242.0** | 237.2 | 2 |
| - UK pence | **152.1** | 150.2 | 1 |
| - SA cents | **2,451.7** | 2,018.9 | 21 |
| **Basic earnings per share** (US cents) | **211.8** | 204.3 | 4 |
| **Dividends per share** (US cents) | **105.0** | 101.0 | 4 |
| **Free cash flow** | **2,563** | 3,230 | (21) |

[2] As restated. Further details of the restatement are provided in the financial review and note 13.

a Group revenue includes the attributable share of associates' and joint ventures' revenue of US$11,773 million (2013: US$11,274 million).
b Revenue excludes the attributable share of associates' and joint ventures' revenue.
c Group net producer revenue (NPR) comprises group revenue less excise and similar taxes, including the group's share of associates' and joint ventures' excise and similar taxes.
d Note 2 provides a reconciliation of operating profit to EBITA which is defined as operating profit before exceptional items and amortisation of intangible assets (excluding computer software) but includes the group's share of associates' and joint ventures' operating profit, on a similar basis. EBITA is used throughout this preliminary announcement.
e Adjusted profit before tax comprises EBITA less adjusted net finance costs of US$645 million (2013: US$738 million, restated) and share of associates' and joint ventures' net finance costs of US$96 million (2013: US$44 million).
f Profit before tax includes exceptional charges of US$202 million (2013: US$203 million). Exceptional items are explained in note 3.
g A reconciliation of adjusted earnings to the statutory measure of profit attributable to owners of the parent is provided in note 6.

***Alan Clark, Chief Executive of SABMiller, said:***

"We have produced a resilient performance in the face of a number of headwinds, with organic, constant currency EBITA growth of 7% and strong margin improvement. Group net producer revenue growth of 3% was led by our developing market businesses in Africa and Latin America, together with our associate in China, where we continued to build capacity, make selective price increases and grow our premium brand portfolios. We continue to deliver operational cost efficiencies including the completion of the business capability programme and have identified further areas where efficiencies can be targeted."

"As we look ahead, we will continue to innovate and rejuvenate our products, build on our position in growth markets, and increase the efficiency of our operations. With this approach I believe we are well placed to continue to deliver strong returns to shareholders."

| **Group net producer revenue** | Reported 2013 US$m | Net acquisitions and disposals US$m | Currency translation US$m | Organic growth US$m | **Reported 2014 US$m** | Organic, constant currency growth % | Reported growth % |
|---|---|---|---|---|---|---|---|
| Latin America | 5,802 | (45) | (305) | 293 | **5,745** | 5 | (1) |
| Europe | 4,300 | 269 | 4 | 1 | **4,574** | - | 6 |
| North America | 4,656 | - | - | 9 | **4,665** | - | - |
| Africa | 3,290 | 9 | (55) | 180 | **3,424** | 5 | 4 |
| Asia Pacific | 4,005 | 9 | (213) | 143 | **3,944** | 4 | (2) |
| South Africa: | 4,879 | 24 | (826) | 290 | **4,367** | 6 | (10) |
| - Beverages | 4,475 | 17 | (757) | 262 | **3,997** | 6 | (11) |
| - Hotels and Gaming | 404 | 7 | (69) | 28 | **370** | 7 | (8) |
| **Total** | 26,932 | 266 | (1,395) | 916 | **26,719** | 3 | (1) |

| **Group volumes** | Reported 2013 hl'000 | Net acquisitions and disposals hl'000 | Organic growth hl'000 | **Reported 2014 hl'000** | Organic growth % | Reported growth % |
|---|---|---|---|---|---|---|
| Lager | 241,940 | 787 | 2,110 | **244,837** | 1 | 1 |
| Soft drinks | 56,881 | 5,800 | 2,681 | **65,362** | 5 | 15 |
| Other alcoholic beverages | 7,452 | 223 | 41 | **7,716** | 1 | 4 |
| **Total** | 306,273 | 6,810 | 4,832 | **317,915** | 2 | 4 |

| **EBITA** | Restated 2013 US$m | Net acquisitions and disposals US$m | Currency translation US$m | Organic growth US$m | **Reported 2014 US$m** | Organic, constant currency growth % | Reported growth % |
|---|---|---|---|---|---|---|---|
| Latin America | 2,112 | (11) | (112) | 203 | **2,192** | 10 | 4 |
| Europe | 784 | 33 | 7 | (121) | **703** | (15) | (10) |
| North America | 740 | - | - | 57 | **797** | 8 | 8 |
| Africa | 838 | - | (10) | 111 | **939** | 13 | 12 |
| Asia Pacific | 854 | (9) | (72) | 72 | **845** | 8 | (1) |
| South Africa: | 1,253 | 4 | (211) | 92 | **1,138** | 7 | (9) |
| - Beverages | 1,119 | 2 | (188) | 82 | **1,015** | 7 | (9) |
| - Hotels and Gaming | 134 | 2 | (23) | 10 | **123** | 8 | (8) |
| Corporate | (202) | - | 2 | 39 | **(161)** | | |
| **Total** | 6,379 | 17 | (396) | 453 | **6,453** | 7 | 1 |
| **EBITA Margin[1] (%)** | 23.7 | | | | **24.2** | | |

[1] Expressed as a percentage of group NPR.

***Business review***

The group delivered earnings growth in the year, despite headwinds in several markets. The depreciation of key currencies against the US dollar had a significant negative impact on the translation of financial results in South Africa, Latin America and Australia, resulting in a decline of 1% in reported group NPR and a 1% increase in reported EBITA.

Group NPR growth of 3% on an organic, constant currency basis was driven by our developing market operations in Latin America, Africa, Asia Pacific and South Africa, through a combination of volume growth, selective pricing and improved brand mix. Lager volumes grew by 1% on both reported and organic bases reflecting robust growth in Latin America, Africa and China, partially offset by declines in Europe and North America. Reported soft drinks volumes increased by 15%, benefiting from the full consolidation of Coca-Cola Icecek in our associate Anadolu Efes, with soft drinks volume growth of 5% on an organic basis driven by Latin America, Europe and Africa.

On an organic, constant currency basis EBITA grew by 7% as a result of higher group NPR, cost efficiencies across most divisions and a reduction in performance-related share incentive charges, resulting in a 90 bps increase in our organic, constant currency EBITA margin. Input cost increases were mitigated by procurement savings, leaving raw material input costs in line with the prior year on a constant currency, per hl basis. Production efficiencies also aided cost of goods sold, while a focus on cost management benefited fixed costs. Marketing investment increased in some developing markets to support category development and the expansion of our brand portfolios. On a reported basis EBITA margin increased by 50 bps, reflecting the adverse impact of both currency and the inclusion of the acquisition of the Kingway brewery business in our Chinese associate's results in the second half of the year, together with the full consolidation of Coca-Cola Icecek in Anadolu Efes' results.

Adjusted earnings grew by 2% over the prior year, significantly impacted by the depreciation of key currencies against the US dollar, principally the South African rand, Australian dollar, Colombian peso and Peruvian nuevo sol. Net finance costs were lower than in the prior year following a reduction in net debt including the repayment of some higher interest bonds which matured in the year.

Due to the phasing of scheduled receipts from and payments to the Australian Tax Office and our increased investment in our Chinese associate to partly fund the Kingway acquisition, free cash flow for the year was lower by US$667 million at US$2,563 million. However, excluding these one-off items free cash flow increased by 13% compared with the prior year. Adjusted EBITDA was adversely impacted by the depreciation of key currencies against the US dollar in the year but still grew by 1%. Strong working capital cash inflows in Europe and Latin America led to a working capital cash inflow of US$93 million. Capital expenditure at US$1,485 million was in line with the prior year, with continued investment in brewing capacity and capability, particularly in Africa and Latin America.

The group's gearing ratio as at 31 March 2014 was 52.0%. Net debt reduced by US$1,297 million, ending the year at US$14,303 million. A final dividend of 80.0 US cents per share is proposed, to be paid to shareholders on 15 August 2014. This brings the total dividend for the year to 105.0 US cents per share, an increase of 4.0 US cents over the prior year.

- In **Latin America**, EBITA grew by 4% (10% on an organic, constant currency basis), adversely impacted by the depreciation of the Colombian peso and Peruvian nuevo sol against the US dollar. Group NPR on an organic, constant currency basis grew by 5% driven by selective price increases and favourable brand mix, supported by our continued focus on market-facing activities and effective trade execution, despite trading challenges in several markets. Reported EBITA margin improved by 180 bps through a combination of group NPR growth, cost efficiencies and asset disposals.

- In **Europe**, EBITA was down by 10% with group NPR growth of 6%, both on a reported basis, which includes the benefit of the full consolidation of Coca-Cola Icecek in Anadolu Efes' results. On an organic, constant currency basis group NPR was in line with the prior year reflecting volume-led declines in Poland and the Anadolu Efes beer business, offset by soft drinks volume growth in Anadolu Efes and lager volume improvements in Romania, Slovakia, the Netherlands and the UK, while organic, constant currency EBITA declined by 15%. Reported EBITA margin decreased by 280 bps driven by volume declines in Poland and margin contraction in Anadolu Efes.

- In **North America**, EBITA increased by 8% as a result of increased profitability in MillerCoors. Group NPR was level with the prior year, with a decline in lager volumes offset by higher group NPR per hl. Group NPR per hl benefited from firm pricing and favourable brand mix resulting from the introduction of new higher margin products such as the Redd's franchise, growth in the Tenth and Blake division and a decline in the economy segment. The growth in sales of higher margin products, along with continued fixed cost reduction and lower marketing spend helped drive a 120 bps improvement in EBITA margin.

- In **Africa**, EBITA grew by 12% (13% on an organic, constant currency basis) as a result of volume growth, pricing, and market share gains across most of our subsidiaries. The group NPR growth of 4% (5% on an organic, constant currency basis) was driven by good lager volume growth across our portfolios, as mainstream brands performed well and Castle Lite continued to expand in the premium segment. Focus on production efficiencies and increased local sourcing of raw materials helped contain variable cost increases and deliver reported EBITA margin growth of 190 bps despite increased fixed costs related to investment in capacity.

- In **Asia Pacific**, EBITA declined by 1% and group NPR declined by 2% on a reported basis following the depreciation of the Australian dollar against the US dollar. On an organic, constant currency basis EBITA grew by 8% driven by Australia and China. In Australia, continuing[1] domestic NPR on a constant currency basis was level with the prior year, as pricing and a focus on premium growth platforms offset lager volume declines resulting from continued category and competitor pressure. The integration programme continued to progress ahead of schedule in terms of both synergy delivery and capability build. In China, organic, constant currency group NPR growth of 17% was underpinned by higher volumes and the continued focus on premiumisation, led by Snow Draft and Snow Brave the World. Reported EBITA in China benefited from higher group NPR, but margins were diluted by investment in market-facing activities and the inclusion of Kingway results in the second half of the financial year, following completion of the acquisition in September 2013. As a result reported EBITA margin for the region increased by 10 bps.

- **South Africa: Beverages** was adversely impacted by the significant depreciation of the South African rand against the US dollar, resulting in reported EBITA and group NPR decreases of 9% and 11% respectively. On an organic, constant currency basis EBITA grew by 7% driven by the increase in group NPR of 6% on the same basis. Lager volumes were level with the prior year, affected by the timing of Easter and the slowing economy. Castle Lite and Castle Milk Stout performed strongly in the premium segment which, along with firm pricing, helped to deliver a 6% increase in group NPR per hl. Despite intense competition and challenging economic conditions, soft drinks volumes were level with the prior year driven by the two litre PET pack in the sparkling portfolio, while water brands and the Play brand performed well in still drinks. EBITA margins were under pressure owing to the deteriorating exchange rate and the higher input costs but the impact was contained and offset through continued focus on increased productivity, resulting in reported EBITA margin growth of 40 bps.

[1] Continuing information basis adjusts for the impact of discontinued licensed brands in all comparative information.

- The **business capability programme** concluded at the end of the year, having built our global procurement and European manufacturing organisations, together with our standardised global template. This template will now be rolled out across our businesses. We have achieved cumulative net operating benefits of US$496 million per annum, with incremental operating benefits in the year of US$175 million, which were in excess of the forecast issued in 2012 of net cumulative benefits of US$450 million by March 2014. Exceptional business capability programme costs in the year were US$79 million (2013: US$141 million).

- We have now launched **a new programme** in order to drive additional operational efficiencies and it is expected to deliver savings of approximately US$500 million per annum by the financial year ending 31 March 2018. It will provide a global business services organisation delivering standardised finance, HR, procurement and data analytics services to the group's operations, enabled by the global template, from central locations and restructuring of the in-country back office teams. It will also expand the scope of our supply chain activities including expanding the reach of our procurement organisation to in excess of 80% spend under management, together with changes to its current delivery model. This programme will involve restructuring costs of some US$350 million, of which US$59 million has been incurred in the year. These costs exclude the further deployment of the global template and the running costs of the new global business services organisation which will be embedded into business as usual costs.

**Outlook**

Trading conditions are expected to remain broadly unchanged from the year just ended, with growth continuing to be driven by our developing markets. However, the business will continue to be impacted by currency movements. Development of our brand and pack portfolios will continue, as we seek opportunities to reach new consumers and enhance the beer category. Revenue growth will also be driven by selective price increases and management of our price points across all brands and packs. Raw material unit input costs are expected to rise in low single digits in constant currency terms. Investment in production capacity, capability and strong commercial execution of existing and new consumer offerings will continue to drive growth. We will implement our new programme to deliver efficiencies to invest in this growth and improve our margins.


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A live audio webcast of a presentation to the investor community by Chief Executive, Alan Clark, and Chief Financial Officer, Jamie Wilson will begin at 9.30am (BST) on 22 May 2013. To register for the webcast, download the slide presentation, view management video interviews and download photography and b-roll, visit our online Results Centre at www.sabmiller.com/resultscentre.

To monitor Twitter bulletins throughout the day follow www.twitter.com/sabmiller or #sabmillerresults.

Copies of the press release and detailed Preliminary Announcement are available from the Company Secretary at the Registered Office or from our website www.sabmiller.com.

***Operational review***

**Latin America**

| **Financial summary** | Restated 2013 | Net acquisitions and disposals | Currency translation | Organic growth | **Reported 2014** | Organic, constant currency growth % | Reported growth % |
|---|---|---|---|---|---|---|---|
| Group revenue (including share of associates) (US$m) | 7,821 | (45) | (424) | 460 | **7,812** | 6 | - |
| Group NPR (including share of associates) (US$m) | 5,802 | (45) | (305) | 293 | **5,745** | 5 | (1) |
| EBITA[1] (US$m) | 2,112 | (11) | (112) | 203 | **2,192** | 10 | 4 |
| EBITA margin (%) | 36.4 | | | | **38.2** | | |
| **Sales volumes (hl 000)** | | | | | | | |
| Lager | 43,007 | - | | 579 | **43,586** | 1 | 1 |
| Soft drinks | 17,866 | (344) | | 992 | **18,514** | 6 | 4 |

¹ In 2014 before exceptional credits of US$47 million being the profit on disposal of the Panama milk and juice business (2013: US$63 million being business capability programme costs).

In Latin America, selective pricing and above mainstream brand momentum underpinned organic, constant currency group NPR growth of 5%. Reported group NPR declined by 1%, following the depreciation of key currencies against the US dollar and the disposal of our milk and juice business in Panama. Total beverage volumes and lager volumes grew by 3% and 1% respectively on an organic basis, with alcohol share gains across our markets, with the exception of Panama and Peru, where the excise increase in May 2013 impacted the beer category. The continuing focus on market-facing activities and effective trade execution assisted in driving our revenue growth despite trading disruptions and restrictions. We continue to see success with our bulk pack offerings in Colombia, Honduras and El Salvador where we offer more affordable lager to low income consumers. Our light beer segment has seen significant growth in key consumption occasions, driving trading up and improving our brand mix. Profitability was further boosted by lower production and fixed costs, as well as asset disposals, resulting in a reported EBITA margin increase of 180 bps to 38.2%.

In Colombia, lager volumes grew by 2% despite difficult trading conditions with social unrest and strikes during the second quarter, as well as restrictions on retailer trading hours, the national 'zero tolerance' drink and drive legislation enforcement, and dry days. This favourable lager volume performance was underpinned by the expansion of our bulk packs, improved distribution reach, and strong point of sale execution. Growth was driven by our mainstream Poker brand and trading up in our Águila franchise to Águila Light, while our local brand Club Colombia, with its recently introduced new proprietary packaging, and the international Miller range performed well in the premium segment. Selective price increases also assisted our top line performance while production costs reduced in real terms reflecting plant efficiencies, with distribution costs benefiting from the insourcing of transport operations. Further fixed cost productivity and the disposal of surplus real estate boosted margin growth. Our non-alcoholic malt brand, Pony Malta, performed well in a very competitive category, assisted by the launch of a new multi-serve pack, resulting in soft drinks growth of 3% for the year.

In Peru, domestic lager volumes were marginally ahead of the prior year despite an excise-driven price increase in May 2013 and a continuing shift in expenditure patterns, most notably to the communication and transport sectors. However lager volumes returned to growth in the fourth quarter. Our lager portfolio, which includes the newly introduced Backus Ice, continued to benefit from the upper mainstream brand Pilsen Callao and its strong performance in the large Lima market, offsetting lower volumes of the Cristal and Cusqueña brands. While beer's share of alcohol declined due to the excise increase, our lager market share improved by 150 bps. Our direct distribution model has allowed us to improve reach and capture more operational efficiencies, which together with fixed cost productivity has assisted margin growth. Soft drinks volumes were up by 14% with growth coming from sparkling soft drinks and water, assisted by pack innovations.

Ecuador achieved lager volume growth of 2% with extended distribution and increased availability offsetting restrictions on alcohol sales and a ban on alcohol advertising. Our upper mainstream brand Pilsener Light continued to grow at double digit rates with the trade up from Pilsener further boosting group NPR growth. This was supported by the new sales service model, expanded market development and enhanced trade execution, particularly at events and festivals. Our non-alcoholic malt brand, Pony Malta, saw volume growth of 9% for the year, with continuing success of smaller PET packs introduced in the year.

In Panama, lager volume growth of 1% was underpinned by the premium segment where our international brand Miller Lite continued to consolidate its position as one of the leading brands in the market with high double digit growth. This helped offset declining volumes of our mainstream brands, reflecting a structural shift within the category. Our soft drinks volumes also grew by 1% on an organic basis assisted by our non-alcoholic malt brand, Malta Vigor, which recorded 12% growth with increased reach aiding performance, while sparkling soft drinks volumes declined amid competitor discounting. The disposal of the milk and juice business, which was in line with our strategy to restructure and simplify our business in Panama, was completed in May 2013.

In Honduras, our operations felt the impact of a challenging social environment, security concerns, Sunday trading restrictions, and an increase in sales and alcohol taxes. Against this backdrop, lager volumes declined by 2%. Our premium brands, Barena and Miller Lite, performed well with the latter growing by double digits. Our mainstream brand, Salva Vida, continued to see robust growth from the more affordable bulk pack and helped solidify our market position and offset the decline of the Imperial brand. Soft drinks volumes grew by 2% aided by multi-serve packs, pack innovations and increased home consumption.

El Salvador saw lager volume growth of 2% driven by our flagship mainstream brand Pilsener, with bulk packs continuing to drive growth and consumers trading up from economy brands. In the premium segment our local brand Suprema grew by 25%, assisted by the launch of a red beer variant, Suprema Roja. Soft drinks volumes grew by 8% over the prior year, with robust growth in non-alcoholic malt beverages and juices.

## Europe

| **Financial summary** | Restated 2013 | Net acquisitions and disposals | Currency translation | Organic growth | **Reported 2014** | Organic, constant currency growth % | Reported growth % |
|---|---|---|---|---|---|---|---|
| Group revenue (including share of associates) (US$m) | 5,767 | 269 | (16) | 25 | **6,045** | - | 5 |
| Group NPR (including share of associates) (US$m) | 4,300 | 269 | 4 | 1 | **4,574** | - | 6 |
| EBITA[1] (US$m) | 784 | 33 | 7 | (121) | **703** | (15) | (10) |
| EBITA margin (%) | 18.2 | | | | **15.4** | | |
| **Sales volumes (hl 000)** | | | | | | | |
| Lager | 45,331 | - | | (1,741) | **43,590** | (4) | (4) |
| Soft drinks | 7,581 | 6,144 | | 991 | **14,716** | 13 | 94 |

[1] In 2014 before exceptional charges of US$11 million (2013: US$64 million) being capability programme costs.

In Europe, reported group NPR increased by 6%, which included the benefit of the full consolidation of Coca-Cola Icecek in Anadolu Efes' results. On an organic, constant currency basis, group NPR was in line with the prior year, while group NPR per hl grew by 1%, driven by price increases. Total volumes were down 1% on an organic basis, with lager volumes down 4% and soft drinks volumes up 13%. Volume performance improved in the second half of the year following a first half performance which was impacted by poor weather in the first quarter with a subsequent impact on our seasonal innovations. Across the region, economic uncertainty and weaker consumer sentiment persisted, along with increased competitive pressure in our key markets.

Reported EBITA was down 10% including the benefit of the full consolidation of Coca-Cola Icecek in Anadolu Efes' results. Organic, constant currency EBITA was down 15% compared with the prior year and margin declined by 280 bps driven by volume declines in Poland and lower profitability of Anadolu Efes.

In the Czech Republic, lager volumes were down 4% with an improved performance in the second half of the year compared with the first half, following better execution and focus on the on-premise channel where prices remained unchanged. Adverse weather at the start of the year resulted in outlet closures and affected distribution across the market, and particularly impacted the performance of our mainstream core brand, Gambrinus 10, and seasonal innovation launches. The premium segment was boosted by the successful launch of unpasteurised Gambrinus together with the continued growth of Kozel 11. With effect from 1 May 2014 our Czech and Slovak operations were consolidated for management purposes into a multi-country operation with one leadership team.

In Poland, lager volumes were down 9%, while the beer market declined low single digits, further intensifying competitive conditions. In addition, we cycled a strong prior year comparative associated with the Tyskie brand activation during the Euro 2012 football tournament and were additionally impacted by the planned stock build in the trade at the end of the prior year ahead of our global template deployment. Żubr, supported by promotional activity, performed well within a declining mainstream segment. The decline of Lech volumes, despite the growth of Lech Shandy, and decreased Redd's volumes due to an expansion of competitors' brands in the flavoured segment, resulted in adverse brand mix. Channel mix was unfavourable as discounters continued to grow. These mix effects together with the volume performance resulted in a significant margin decline.

In Italy, domestic volumes were down 1%, outperforming a declining market, impacted by low consumer confidence resulting from continued economic instability. This performance was primarily driven by Peroni, with a particularly strong performance in our southern strongholds, supported by on-premise expansion. Nastro Azzurro volumes declined, impacted by increased promotional pressure in the off-premise channel.

In the United Kingdom, domestic volume growth of 5% was the result of the continued growth of Peroni Nastro Azzurro through on-premise expansion and effective execution, along with solid growth of our Polish brands, partly offset by a decline in Miller Genuine Draft volumes due to reduced promotions. EBITA grew ahead of the prior year with NPR per hl improvements, volume increases and optimisation of distribution costs.

Domestic lager volumes in the Netherlands grew by 2% with improved execution in the on-premise channel and successful promotional activities in a highly competitive environment. Performance was boosted by Grolsch premium extensions and innovations.

Lager volumes were up 2% in Romania, outperforming a declining market, predominantly through the continued growth of our economy brand Ciucas in large PET packs. Volumes grew by 6% in Slovakia benefiting from the launch of Birell and Saris radlers. In Hungary, volumes grew by 2% compared with the prior year, in a declining market, driven by the strong performance of premium brand Dreher, in part due to the successful introduction of seasonal variants. Volumes in the Canaries declined by 3% with intense price competition in the economy segment, partly offset by growth of our on-premise business ahead of the market through outlet expansion and innovations.

On an organic basis, Anadolu Efes' total volumes grew, driven by strong soft drinks performance, while lager volumes declined predominantly in Turkey and Russia. The beer markets in both Turkey and Russia were impacted significantly by the tightening of regulatory environments. Volume performance in Russia was additionally affected by delisting in key accounts which were fully restored during the second half of the year. In Turkey, beer volume performance was also affected by competitive pressures particularly in the first half of the year. On a reported basis Anadolu Efes' soft drinks volumes benefited from the full consolidation of Coca-Cola Icecek.

## North America

| **Financial summary** | Restated 2013 | Net acquisitions and disposals | Currency translation | Organic growth | **Reported 2014** | Organic, constant currency growth % | Reported growth % |
|---|---|---|---|---|---|---|---|
| Group revenue (including share of joint ventures) (US$m) | 5,355 | - | (1) | (12) | **5,342** | - | - |
| Group NPR (including share of joint ventures) (US$m) | 4,656 | - | - | 9 | **4,665** | - | - |
| EBITA[1] (US$m) | 740 | - | - | 57 | **797** | 8 | 8 |
| EBITA margin (%) | 15.9 | - | | | **17.1** | | |
| **Sales volumes (hl 000)** | | | | | | | |
| - Lager – excluding contract brewing | 40,585 | | | (1,185) | **39,400** | (3) | (3) |
| **MillerCoors' volumes** | | | | | | | |
| - Lager – excluding contract brewing | 39,268 | - | | (1,217) | **38,051** | (3) | (3) |
| - Sales to retailers (STRs) | 38,818 | n/a | | n/a | **37,846** | n/a | (3) |
| - Contract brewing | 4,760 | n/a | | n/a | **4,674** | n/a | (2) |

¹ In 2014 before exceptional charges of US$5 million (2013: US$nil) being capability programme costs.

The North America segment includes our 58% share of MillerCoors and 100% of Miller Brewing International and our North American holding companies. Total North America reported EBITA was 8% higher than the prior year driven by growth in MillerCoors.

**MillerCoors**
For the year ended 31 March 2014, MillerCoors' group NPR was in line with the prior year as MillerCoors continued to transform its brand portfolio to expand in the growing above premium segments. Domestic volume sales to retailers (STRs) and sales to wholesalers (STWs) both declined by 3%. Group NPR per hl grew by 3% as a result of firm pricing and favourable brand mix. EBITA increased by 8% on the prior year, as improved NPR per hl and reduced fixed costs more than offset lower volumes and input cost inflation. The business gained share in the higher-margin above premium segment.

Premium light volumes were down mid single digits, with Coors Light down low single digits and Miller Lite down mid single digits. Coors Light gained market share within the premium light segment, while Miller Lite share trends improved during the second half of the year. MillerCoors' above premium segment volumes grew by double digits driven by the launch of Redd's Strawberry Ale and Miller Fortune, along with the full year impact of Redd's Apple Ale and Third Shift Amber Ale, which were launched in the prior year. The Tenth and Blake division delivered mid single digit volume growth, driven primarily by the nationwide distribution of the Leinenkugel's range, the success of its Shandy variants, the continued growth of Blue Moon Belgian White, and the launch of Batch 19. The economy segment declined mid single digits driven by Miller High Life and Keystone Light, as economic conditions continued to adversely impact this segment's consumers, and MillerCoors' share of this segment declined. The premium regular segment was down low single digits with a double digit decline in Miller Genuine Draft, partly offset by high single digit growth in Coors Banquet, which was fuelled by the introduction of a new size stubby bottle.

Input costs per hl increased by low single digits, driven by the higher cost of brewing and packaging materials, and the increased unit cost of innovations. Marketing spend decreased mainly due to lower media investment. The business continued to seek efficiencies in its cost base, achieving cost savings in the year primarily related to procurement savings and brewery efficiencies, as well as lower fixed costs, which were driven in part by an organisational restructuring undertaken in the second half of the year.

## Africa

| Financial summary | Reported 2013 | Net acquisitions and disposals | Currency translation | Organic growth | **Reported 2014** | Organic, constant currency growth % | Reported growth % |
|---|---|---|---|---|---|---|---|
| Group revenue (including share of associates) (US$m) | 3,853 | 16 | (71) | 260 | **4,058** | 7 | 5 |
| Group NPR (including share of associates) (US$m) | 3,290 | 9 | (55) | 180 | **3,424** | 5 | 4 |
| EBITA[1] (US$m) | 838 | - | (10) | 111 | **939** | 13 | 12 |
| EBITA margin (%) | 25.5 | | | | **27.4** | | |
| **Sales volumes (hl 000)** | | | | | | | |
| Lager | 18,445 | - | | 1,078 | **19,523** | 6 | 6 |
| Soft drinks | 12,963 | - | | 808 | **13,771** | 6 | 6 |
| Other alcoholic beverages | 5,726 | 236 | | (133) | **5,829** | (2) | 2 |

[1] In 2014 before net exceptional credits of US$25 million (2013: US$79 million) being profit on disposal of a business.

In Africa, group NPR grew by 4% (5% on an organic, constant currency basis), driven by total volume growth following effective in-trade execution and share gains across most of our subsidiary markets. Lager volumes grew by 6% supported by growth in a number of markets, although growth was hampered by poor economic fundamentals in South Sudan and Zimbabwe. Our portfolio continued to be relevant to our consumers with Castle Lite volumes up 31%, supported by strong performance across our local mainstream brands, as well as Eagle lager in the affordable segment. We continue to invest in capacity and capability, with brewery expansion projects having commenced during the year in Nigeria and Ghana. Soft drinks volume growth of 6% reflected good performances in Ghana and Zambia, and by our associates Castel and Delta in Zimbabwe. Other alcoholic beverage volumes were 2% lower than the prior year, primarily as a result of lower sales in Zambia. Chibuku Super, a traditional beer offering in PET packs which has a longer shelf life, is now available in five markets, having been launched in Mozambique during the year and in Tanzania and Malawi recently.

EBITA growth of 12% (13% on an organic, constant currency basis) was underpinned by this volume growth, pricing in numerous markets, and a strong focus on cost management. We continued to invest in our mainstream brands across the region, while variable costs benefited from production efficiencies, increased local sourcing of raw materials across a number of markets, and improved distribution networks. This resulted in reported EBITA margin advancing by 190 bps compared with the prior year, despite increased fixed costs related to incremental capacity.

In Tanzania, lager volumes grew by 4% aided by strong premium segment growth driven by Castle Lite, together with growth in Kilimanjaro in the mainstream segment and Eagle in the affordable segment, partially offset by poor weather in the fourth quarter. The volume growth was further supported by share gains in the market. The price point for Castle Lager impacted volumes, but this was more than offset by the growth in mainstream volumes. Our market execution continued to achieve results with improvements in our outlet footprint and route to market. Tanzania delivered strong earnings growth for the year.

Political tensions in Mozambique negatively impacted consumer demand and resulted in our lager volumes declining by 2%, mainly impacting mainstream brand Manica. Castle Lite continued its robust growth, while Impala, our cassava-based affordable beer offering, performed to expectations. Growth in traditional beer volumes of 90% was aided by increased capacity. On 2 December 2013, we acquired a local wines and spirits business which is in the process of being integrated.

Double digit lager volume growth was delivered in Nigeria underpinned by 23% volume growth in Trophy Lager, while Hero lager volumes more than doubled as we progressively increase capacity at the Onitsha brewery. Non-alcoholic malt beverage volumes continued to grow strongly.

In Zambia, a decline in lager volumes in the fourth quarter due to the excise-related pricing taken in January 2014, resulted in full year growth being moderated to 6%. During the year, improved availability aided strong growth in Mosi and Castle Lite. In the soft drinks category, the prior year price repositioning drove continued double digit volume growth. Utility-related disruptions to production in Kitwe and pricing taken during the year contributed to a decline in traditional beer volumes.

Total alcoholic beverage volumes in Botswana declined owing to the impact of the zoning legislation coupled with lower consumer demand caused by another alcohol levy price increase. Soft drinks volumes declined by 4% compared with the prior year owing to intense competition.

Despite challenging market conditions, lager volumes in Ghana grew by 12% aided by market share gains with Club lager performing particularly well. Our cassava-based beer has been launched in a number of regions with good success. Soft drinks volumes grew by 12% driven by growth in water as a result of improved availability following capacity upgrades.

Soft economic conditions led to a slow start to the year in Uganda, but we saw an improved trend in the fourth quarter and market share gains, following utilisation of additional capacity at Mbarara. Lager volumes were down 3%, driven by mainstream brands Nile Special and Club, partially offset by growth in the affordable segment. Profitability was assisted by lower manufacturing costs, despite the incremental costs associated with the new Mbarara brewery.

The economic environment in Zimbabwe hampered the performance of our associate, Delta, with lager volumes declining by 18%. However, traditional beer volumes grew strongly at 12%, supported by the innovative Chibuku Super, and soft drinks volumes also grew in the year.

Our associate, Castel, delivered lager volume growth of 6%, with strong growth in Angola, Gabon, Burkina Faso, Ethiopia and the Democratic Republic of Congo. Castel's reported group NPR growth was lower than the volume growth due to country mix, an excise increase in Cameroon and lower inflation-led pricing.

## Asia Pacific

| Financial summary | Restated 2013 | Net acquisitions and disposals | Currency translation | Organic growth | **Reported 2014** | Organic, constant currency growth % | Reported growth % |
|---|---|---|---|---|---|---|---|
| Group revenue (including share of associates) (US$m) | 5,685 | 1 | (342) | 107 | **5,451** | 2 | (4) |
| Group NPR (including share of associates) (US$m) | 4,005 | 9 | (213) | 143 | **3,944** | 4 | (2) |
| EBITA[1] (US$m) | 854 | (9) | (72) | 72 | **845** | 8 | (1) |
| EBITA margin (%) | 21.3 | | | | **21.4** | | |
| **Sales volumes (hl 000)** | | | | | | | |
| Lager | 67,292 | 787 | | 3,414 | **71,493** | 5 | 6 |

[1] In 2014 before exceptional charges of US$103 million being integration and restructuring costs (2013: US$104 million being integration and restructuring costs of US$74 million and impairments of US$30 million).

In Asia Pacific, organic, constant currency group NPR grew by 4%, with lager volume growth of 5% on an organic basis. Reported group NPR declined by 2% driven by the depreciation of the Australian dollar against the US dollar, together with the impact of the termination of discontinued brands in the prior year in Australia, and the sale on 7 September 2012 of Foster's interest in its Fijian beverage business. Organic, constant currency group NPR per hl improved in all the region's markets, but overall reported group NPR per hl for the region declined, as China's growth, with a lower than average group NPR per hl, outpaced the rest of the region. On an organic, constant currency basis, EBITA grew by 8%, driven by Australia and China, with organic, constant currency EBITA margin improvement of 100 bps. Reported EBITA margin growth was diluted by the inclusion of Kingway results in the second half of the financial year, following completion of the acquisition of the brewery business in September 2013 by our associate CR Snow.

In Australia, continuing[2] domestic group NPR on a constant currency basis was in line with the prior year, with a 3% volume decline (in a market which declined by 2%) offset by NPR per hl improvement of 3%, driven predominantly by price increases, coupled with the execution of premium growth platforms along with more disciplined and performance-based discounting.

Continuing[2] lager volumes were negatively impacted by persisting economic uncertainty and weak consumer sentiment along with increased competitive intensity, which negatively impacted our lager volume share. The strategy to restore the core portfolio and build a winning competitive position resulted in strong volume growth of Carlton Dry and Carlton Mid, although Victoria Bitter declined by 1% off a higher base (while still outperforming the beer market) and Crown Lager declined, reflecting both a strong prior year comparative and price compression from imported brands. Carlton Draught was impacted by its exposure to the more depressed on-premise channel. Focus on premium growth platforms delivered 10% volume growth in the super premium portfolio, most notably Peroni Nastro Azzurro, and the craft brand Fat Yak. In addition, the launch of Kopparberg added an international premium cider to the portfolio. Total reported volumes, including discontinued brands and disposals, were down 9%.

The integration programme continued to be ahead of schedule in both synergy delivery and capability build, delivering cumulative synergies of A$150 million in the year, and remains on track to deliver on an accelerated timeline. In light of the excess capacity in the network, we announced in January 2014 the intended closure of the Warnervale brewery. During the year we initiated the roll-out of our global template, which will assist with value creation and investment in commercial capabilities.

A continuing focus on price realisation and effective cost control resulted in strong EBITA growth and margin expansion on an organic, constant currency basis.

In India, group NPR on a constant currency basis declined by 3% as a result of lower volumes, partially offset by robust NPR per hl growth of 4%. Lager volumes fell by 7%, impacted by adverse regulatory changes in a number of our key states, including Maharashtra, together with an unusually intense and prolonged monsoon earlier in the year. On a constant currency basis, EBITA was lower than the prior year and EBITA margin declined, reflecting the volume decline coupled with inflationary and input cost increases which were in excess of price realisation and state constrained pricing.

In China, strong group NPR growth of 17% on an organic, constant currency basis was underpinned by volume growth of 8% and favourable mix. Our associate, CR Snow, further expanded its national market leadership, with healthy volume growth achieved in key provinces including Anhui, Zhejiang and Sichuan.

Organic, constant currency group NPR per hl increased by 9% driven by growth in both premium brands and packs. Due to the continuing focus on premiumisation, led by Snow Draft and Snow Brave the World, more than 30% of volumes are now in the premium segment. CR Snow continued to invest in market-facing activities in an extremely competitive environment, in order to support its premiumisation strategy and to enhance its market leadership.

On 17 September 2013, CR Snow completed the acquisition of the brewery business of Kingway Brewery Holdings Limited and the results of this business have been included in the results of CR Snow for the second half of the financial year, diluting reported EBITA margin for the year. The Kingway integration is underway, with the planned turnaround of the business expected to take two to three years.

[2]Continuing information basis adjusts for the impact of discontinued licensed brands in all comparative information.

## South Africa: Beverages

| **Financial summary** | Restated 2013 | Net acquisitions and disposals | Currency translation | Organic growth | **Reported 2014** | Organic, constant currency growth % | Reported growth % |
|---|---|---|---|---|---|---|---|
| Group revenue (including share of associates) (US$m) | 5,540 | 20 | (938) | 329 | **4,951** | 6 | (11) |
| Group NPR (including share of associates) (US$m) | 4,475 | 17 | (757) | 262 | **3,997** | 6 | (11) |
| EBITA[1] (US$m) | 1,119 | 2 | (188) | 82 | **1,015** | 7 | (9) |
| EBITA margin (%) | 25.0 | | | | **25.4** | | |
| **Sales volumes (hl 000)** | | | | | | | |
| Lager | 27,280 | - | | (35) | **27,245** | - | - |
| Soft drinks | 18,368 | - | | (59) | **18,309** | - | - |
| Other alcoholic beverages | 1,613 | (4) | | 180 | **1,789** | 11 | 11 |

[1] In 2014 before exceptional charges of US$33 million being Broad-Based Black Economic Empowerment related charges (2013: US$22 million being Broad-Based Black Economic Empowerment scheme charges of US$17 million, integration and restructuring costs of US$17 million, net of business capability programme credits of US$12 million).

The South Africa: Beverages business reported a 6% increase in group NPR on an organic, constant currency basis (declining by 11% on a reported basis), with group NPR per hl growing by 6% driven by price increases and positive lager brand mix. Organic, constant currency EBITA grew by 7%, with improved EBITA margin, driven by the strong performance of our beer operation, amid a weak consumer environment and the timing of Easter. Reported EBITA declined by 9% due to the depreciation of the South African rand against the US dollar.

Lager volumes were level with the prior year but we continued to take both beer volume and value market share, driven by successful brand campaigns, pack and brand innovation and effective execution in the trade.

The local premium portfolio performed strongly, benefiting from our efforts in brand and retail execution, with Castle Lite and Castle Milk Stout delivering combined growth of more than 10%. Castle Lite continued to build on its 'Extra Cold' brand positioning and continued to take market share in the premium segment. In the mainstream segment, Castle Lager grew and Carling Black Label continued to stabilise, while we targeted investment in Hansa Pilsener to address the volume decline. Castle Lager grew through leveraging the 'It all comes together with a Castle' campaign and its association with national sports in South Africa. There was noticeable activity towards the end of the year in relation to Hansa Pilsener, with the introduction of the 'Celebrating 20 years of freedom' campaign and new packs across the range. The year also saw the introduction of a number of innovations, including Flying Fish, the first flavoured beer in the premium segment in South Africa.

Brand campaigns were underpinned by improved sales execution and customer service, with particularly pleasing results in the growing convenience channel. Initiatives included innovative channel specific incentive schemes and targeted trade campaigns.

Our focus on social investment and tackling alcohol abuse remains a priority. 'Kickstart', an entrepreneurship programme which has created more than 21,000 jobs over the past two decades, shifted its focus to transforming start-up youth-owned businesses into high growth businesses. It was chosen as one of the best practice programmes by Harvard Business School. In addition, the next phase of the 'You Decide' programme to raise awareness of underage drinking was launched with a 13 part TV reality show.

Soft drinks volumes, including Appletiser, were also level with the prior year, amid challenging economic conditions and particularly bad weather in the last quarter of the financial year, and the impact of the growing intensity of sparkling B-brand competition in the marketplace. The business remained focused on portfolio expansion, market penetration, retail execution, and productivity initiatives with the use of market logistics partners and incentive structures. However, increased competition in the channels that focus on the sale of economic offerings resulted in a decline of returnable glass bottle sales which offset the growth in PET packs. The still drinks portfolio continued to show growth with strong contributions from the water brands and the Play brand.

Implementation of our strategy strengthened our competitive advantage in our soft drinks business. Market penetration was a key focus as we expanded into new outlets and transformed existing outlets. We invested in market logistics partners to distribute our brands, allowing for greater flexibility and the ability to tailor delivery services. The continued transformation of the supply chain, including the implementation of new technology and improved processes, resulted in elevated customer service, reliability, and responsiveness, and drove productivity as well as an increase in demand fulfilment. Further, all support functions have been centralised through improved IT infrastructure and reporting tools.

Driven by increased volumes, our associate Distell reported double digit EBITA growth on an organic, constant currency basis, after adjusting for the one-off excise charge included in the prior year's results.

We continued to focus on productivity while increasing investment in market-facing activities across the whole business. Input costs came under significant pressure due to the weakening South African rand and rising fuel rates. As a result, EBITA margin contracted in the soft drinks business where competitor activities continued to inhibit pricing. However, both the beer and soft drinks businesses continued to leverage the noticeable progress to date in optimising the fixed cost base to deliver further productivity during the year.

### South Africa: Hotels and Gaming

| **Financial summary** | Restated 2013 | Net acquisitions and disposals | Currency translation | Organic growth | **Reported 2014** | Organic, constant currency growth % | Reported growth % |
|---|---|---|---|---|---|---|---|
| Group revenue (share of associates) (US$m) | 466 | 7 | (80) | 32 | **425** | 7 | (9) |
| Group NPR (share of associates) (US$m) | 404 | 7 | (69) | 28 | **370** | 7 | (8) |
| EBITA (US$m) | 134 | 2 | (23) | 10 | **123** | 8 | (8) |
| EBITA margin (%) | 33.1 | | | | **33.2** | | |
| Revenue per available room (Revpar) – US$ | 66.2 | n/a | n/a | n/a | **61.4** | n/a | (7) |

SABMiller currently has an effective 39.6% shareholding in Tsogo Sun Holdings Limited, a company listed on the Johannesburg Stock Exchange. This investment is not considered to be core to our beverage operations and therefore we are reviewing our strategic options for the shareholding. However, there can be no certainty that the review will result in any action being taken.

Our share of Tsogo Sun's reported group NPR decreased by 8% compared with the prior year (up 7% on an organic, constant currency basis). Trading during the second half of the year was generally weaker than the first half, with tough economic conditions putting pressure on the consumer.

In the gaming business, growth was varied across the major provinces with Gauteng, the largest in terms of gaming win, reporting 3% growth and KwaZulu-Natal growing by 4%. Tsogo Sun's four large casinos in these provinces outperformed market growth.

The South African hotel business recorded positive revenue per available room growth in local currency, largely driven by growth in average room rates. Although demand is still constrained, occupancies ended the year at 64%, in line with the prior year and above the South African industry average of 62%. Group-wide, occupancies ended the year at 64% compared with 65% in the prior year.

Reported EBITA for the full year decreased by 8%, as a result of the depreciation of the South African rand, with growth of 8% on an organic, constant currency basis driven by higher gaming and hotel revenues together with cost savings.

***Financial review***

**New accounting standards and restatements**
The accounting policies followed are the same as those published within the Annual Report and Accounts for the year ended 31 March 2013 except for the new standards, interpretations and amendments adopted by the group since 1 April 2013, as detailed in note 1 of the financial statements.

The adoption of these new standards, interpretations and amendments has resulted in profit after tax for the year ended 31 March 2013 being reduced by US$24 million, primarily due to the adoption of the amendment to IAS 19 'Employee benefits'. The consolidated balance sheet and cash flow statement were unaffected. Comparative information has been restated as detailed in note 13 of the financial statements. Additional disclosures will be included in the consolidated financial statements in the Annual Report and Accounts for the year ended 31 March 2014 as a result of adopting these new standards and amendments.

As part of the regular review of accounting practices and policies, fair value gains and losses on financial instruments and exchange gains and losses on financing items have now been presented on a net basis within finance costs.

The Annual Report and Accounts for the year ended 31 March 2013 are available on the company's website: www.sabmiller.com.

**New and revised reporting metrics**
The non-GAAP metrics used to assess the group's performance have been revised in the year to reflect the changes in the way in which the performance of the group's operations is evaluated and resources allocated by the group's chief operating decision maker, defined as the executive directors. In order to show more clearly the group's underlying revenue performance, excluding the impact of excise duties and other similar taxes charged to the group by tax authorities, the group has presented an additional new metric, group net producer revenue (NPR), which is defined as group revenue less excise duties and other similar taxes including the group's share of associates' and joint ventures' excise duties and other similar taxes. Following the introduction of the group NPR metric, the group has calculated EBITA margin using group NPR as the denominator rather than group revenue. This demonstrates the underlying margin progression without the distortions of changes in excise duties and other similar taxes charged to the group.

The definition of EBITDA has also been amended. Historically the group used a cash flow-based EBITDA metric, with a number of non-cash adjustments in addition to depreciation and amortisation. However, with an increasing number of non-cash items, this measure has become more complicated. Consequently, in an effort to simplify the calculation of the metric and to aid comparability with other beverage companies, the group has presented an income statement-based EBITDA metric instead, which only adjusts for depreciation and amortisation. EBITDA comprises EBITA plus depreciation and amortisation of computer software, including the group's share of associates' and joint ventures' depreciation and amortisation of computer software.

Additionally the group has amended its net debt definition to include the fair value of derivative financial instruments designated as net investment hedges as these hedges are considered to be inextricably linked to the underlying borrowings because they are used to mitigate the foreign exchange risk arising from the group's foreign currency borrowings. This enables a more appropriate presentation of the currency profile of the group's borrowings. Further details are included in note 11c of the financial statements.

**Segmental analysis**
The group's operating results on a segmental basis are set out in the segmental analysis of operations.

SABMiller uses group NPR and EBITA (as defined in the financial definitions section) to evaluate performance and believes these measures provide stakeholders with additional information on trends and allow for greater comparability between segments. Segmental performance is reported after the specific apportionment of attributable head office costs.

**Disclosure of volumes**
In the determination and disclosure of sales volumes, the group aggregates 100% of the volumes of all consolidated subsidiaries and its equity accounted percentage of all associates' and joint ventures' volumes. Contract brewing volumes are excluded from volumes although revenue from contract brewing is included within group revenue and group NPR. Volumes exclude intra-group sales volumes. This measure of volumes is used in the segmental analyses as it closely aligns with the consolidated group revenue, group NPR and EBITA disclosures.

**Organic, constant currency comparisons**
The group discloses certain results on an organic, constant currency basis, to show the effects of acquisitions net of disposals and changes in exchange rates on the group's results. See the financial definitions section for the definition.

**Adjusted EBITDA**
The group uses an adjusted EBITDA measure which provides a useful indication of the cash generated to service the group's debt. This measure has been revised in light of the group's new EBITDA definition. Adjusted EBITDA comprises operating profit before exceptional items, depreciation and amortisation (i.e. subsidiary EBITDA) together with the group's share of operating profit from the MillerCoors joint venture on a similar basis. Given the significance of the MillerCoors business and the access to its cash generation, the inclusion of MillerCoors' EBITDA provides a useful measure of the group's overall cash generation.

**Business combinations and similar transactions**
On 17 September 2013, the group's Chinese associate, China Resources Snow Breweries Limited (CR Snow) completed the acquisition of the brewery business of Kingway Brewery Holdings Ltd.

In December 2013 the group acquired the trade and assets of a wine and spirits business in Mozambique.

**Disposals**
In May 2013 the group completed the disposal of its non-core milk and juice business in Panama.

**Exceptional items**
Items that are material either by size or incidence are classified as exceptional items. Further details on the treatment of these items can be found in note 3 to the financial statements.

Net exceptional charges of US$202 million before finance costs and tax were reported during the year (2013: US$203 million), including net exceptional charges of US$5 million (2013: US$3 million) related to the group's share of associates' and joint ventures' exceptional items. The net exceptional charge included:

- US$133 million (2013: US$141 million) charge related to capability programme costs in Europe and Corporate, including US$79 million in relation to the business capability programme and US$54 million in relation to the new cost saving and efficiency programme;
- US$47 million gain, after associated costs, (2013: US$nil) on the disposal of the milk and juice business in Panama in Latin America;
- US$103 million charge related to integration and restructuring costs incurred in Asia Pacific following the Foster's and Pacific Beverages acquisitions (2013: US$91 million charge related to integration and restructuring costs in Asia Pacific and South Africa: Beverages);
- US$25 million (2013: US$79 million) additional gain on the prior disposal of the group's Angolan operations; and
- US$33 million (2013: US$17 million) in respect of Broad-Based Black Economic Empowerment (BBBEE) related charges in South Africa including US$13 million in relation to the group's BBBEE scheme, together with a dilution loss of US$20 million as a result of the exercise of BBBEE scheme share options in our associate, Distell.

In addition to the amounts noted above, the net exceptional charge in 2013 included a US$30 million charge in respect of the impairment of the group's business in Vietnam in Asia Pacific.

The group's share of associates' and joint ventures' exceptional items included US$5 million of charges related to the restructuring in MillerCoors in North America, associated with the group's new cost saving programme. The group's share of associates' and joint ventures' exceptional items in 2013 included an impairment of US$3 million in Angola in Africa.

**Finance costs**

Net finance costs were US$645 million, an 11% decrease on the prior year's US$726 million (restated), mainly as a result of the reduction in net debt over the course of the year as well as the repayment of some higher interest bonds which matured in the year. Finance costs in 2013 included a net gain of US$12 million from the mark to market adjustments of various derivatives on capital items for which hedge accounting could not be applied which was excluded from the determination of adjusted net finance costs and adjusted earnings per share. Adjusted net finance costs were US$645 million, down 13%.

Interest cover, as defined in the financial definitions section, has increased to 10.3 times from 8.9 times (restated) in the prior year.

**Profit before tax**

Adjusted profit before tax of US$5,712 million increased by 2% over the restated prior year amount, primarily as a result of favourable brand mix, selective pricing and volume growth in our developing market operations, together with cost efficiencies offset in part by the negative impact of currency depreciation on the translation of our results.

Profit before tax was US$4,823 million, up 3% on the restated prior year amount, including the impact of the exceptional items and other adjusting finance items noted above. The principal differences between reported and adjusted profit before tax relate to exceptional items, amortisation of intangible assets (excluding computer software) and the group's share of associates' and joint ventures' tax and non-controlling interests. Net exceptional charges were US$202 million compared with US$203 million in the prior year, as detailed above. Amortisation, including the group's share of associates' and joint ventures' amortisation, amounted to US$436 million in the year compared with US$483 million in the prior year, with the decrease mainly resulting from the depreciation of the Australian dollar, Colombian peso and Turkish lira. The group's share of associates' and joint ventures' tax and non-controlling interests was US$251 million (2013: US$242 million) with the increase primarily resulting from the full consolidation of Coca-Cola Icecek into Anadolu Efes' results.

**Taxation**

The effective rate of tax for the year before amortisation of intangible assets (excluding computer software) and exceptional items was 26.0% compared with a rate of 27.0% in the prior year. The group rate has been impacted by a combination of factors including beneficial foreign exchange deductions on refinancing, the resolution of various uncertain tax positions and a positive mix of profits across the group.

**Earnings per share**

The group presents adjusted basic earnings per share, which excludes the impact of amortisation of intangible assets (excluding computer software), certain non-recurring items and post-tax exceptional items, in order to present an additional measure of performance for the years shown in the consolidated financial statements. Adjusted basic earnings per share of 242.0 US cents were up 2% on the prior year (restated), owing to higher operating profit, lower finance costs and a lower tax charge, despite the adverse impact of foreign exchange rate movements on the translation of results. An analysis of earnings per share is shown in note 6. On a statutory basis, basic earnings per share were higher by 4% at 211.8 US cents (2013: 204.3 US cents, restated), for the reasons given above together with a reduction in amortisation charges as a result of foreign currency depreciation.

**Adjusted EBITDA**

Adjusted EBITDA of US$6,639 million (comprising operating profit before exceptional items, depreciation and amortisation, and the group's share of MillerCoors' operating profit on a similar basis) increased by 1% compared with the prior year (2013: US$6,564 million).

**Cash flow and capital expenditure**

Net cash generated from operations before working capital movements of US$5,677 million decreased by 1% compared with the prior year (2013: US$5,758 million) as higher operating profit, despite the adverse impact of foreign exchange movements, in the year included more non-cash gains than the prior year.

Net cash generated from operating activities of US$3,431 million was down US$670 million primarily reflecting an increase in tax paid mainly as a result of the anticipated tax prepayment to the Australian Tax Office.

Capital expenditure on property, plant and equipment for the year of US$1,401 million increased compared with the prior year (2013: US$1,335 million), with continued investment in brewing capacity and capability, principally in Africa and Latin America. Capital expenditure including the purchase of intangible assets was US$1,485 million (2013: US$1,479 million).

Free cash flow deteriorated by 21% to US$2,563 million, reflecting the phasing of the Australian tax receipts and payments, together with the increased investment in associates in the year to fund, in part, our Chinese associate's acquisition of the Kingway brewery business. Free cash flow is detailed in note 11b, and defined in the financial definitions section.

**Borrowings and net debt**

Gross debt at 31 March 2014, comprising borrowings together with the fair value of financing derivative assets and liabilities, decreased to US$16,384 million from US$17,771 million at 31 March 2013 (restated and reduced by US$101 million as a result of the change in net debt definition), primarily as a result of the repayment in the year of US dollar and Colombian peso bonds and a portion of the three and five-year term facilities used to finance the acquisition of Foster's. Net debt, comprising gross debt net of cash and cash equivalents, decreased to US$14,303 million from US$15,600 million at 31 March 2013 (restated). An analysis of net debt is provided in note 11c.

The group's gearing (presented as a ratio of net debt/equity) has decreased to 52.0% from 56.8% at 31 March 2013 (restated). The weighted average interest rate for the gross debt portfolio at 31 March 2014 was 3.9% (2013: 4.1%).

At 31 March 2014 the group had undrawn committed borrowing facilities of US$3,274 million (2013: US$3,352 million).

**Total equity**

Total equity increased marginally from US$27,460 million at 31 March 2013 to US$27,482 million at 31 March 2014. The increase was primarily owing to profit for the year and share-based payment credits partly offset by adverse currency translation movements and dividend payments.

**Goodwill and intangible assets**

Goodwill decreased to US$18,497 million (2013: US$19,862 million) primarily due to foreign exchange movements. Intangible assets decreased in the year to US$8,532 million (2013: US$9,635 million) primarily as a result of adverse foreign exchange movements and amortisation charges for the year, partly offset by additions.

**Currencies**

The exchange rates to the US dollar used in preparing the consolidated financial statements are detailed in the table below, with most of the major currencies in which we operate, other than the European currencies, depreciating against the US dollar during the year.

| | Average rate | | Appreciation/ (depreciation) | Closing rate | | Appreciation/ (depreciation) |
|---|---|---|---|---|---|---|
| Years ended 31 March | **2014** | 2013 | % | **2014** | 2013 | % |
| Australian dollar (AUD) | **1.07** | 0.97 | (10) | **1.08** | 0.96 | (11) |
| Colombian peso (COP) | **1,920** | 1,796 | (6) | **1,965** | 1,832 | (7) |
| Czech koruna (CZK) | **19.68** | 19.65 | - | **19.90** | 20.07 | 1 |
| Euro (€) | **0.75** | 0.78 | 4 | **0.73** | 0.78 | 7 |
| Peruvian nuevo sol (PEN) | **2.77** | 2.61 | (6) | **2.81** | 2.59 | (8) |
| Polish zloty (PLN) | **3.15** | 3.26 | 3 | **3.03** | 3.26 | 8 |
| South African rand (ZAR) | **10.13** | 8.51 | (16) | **10.53** | 9.24 | (12) |
| Turkish lira (TRY) | **1.98** | 1.80 | (9) | **2.14** | 1.81 | (16) |

**Dividend**

The board has proposed a final dividend of 80.0 US cents per share for the year, an increase of 4%. This brings the total dividend for the year to 105.0 US cents per share, an increase of 4.0 US cents over the prior year. Shareholders will be asked to approve this recommendation at the annual general meeting, which will be held on Thursday 24 July 2014. If approved, the dividend will be payable on Friday 15 August 2014 to shareholders registered on the London and Johannesburg registers on Friday 8 August 2014. The ex-dividend trading dates will be Wednesday 6 August 2014 on the London Stock Exchange (LSE) and Monday 4 August 2014 on the JSE Limited (JSE). The payment date is set, in part, with reference to JSE Listings Requirements.

As the group reports in US dollars, dividends are declared in US dollars. They are payable in South African rand to shareholders on the Johannesburg register, in US dollars to shareholders on the London register with a registered address in the United States (unless mandated otherwise), and in sterling to all remaining shareholders on the London register. Further details relating to dividends are provided in note 7.

The rates of exchange applicable on Wednesday 23 July 2014 will be used for US dollar conversion into South African rand and sterling. A currency conversion announcement will be made on the JSE's Securities Exchange News Service and on the LSE's Regulatory News Service, indicating the rates of exchange to be applied, on Thursday 24 July 2014.

Shareholders registered on the Johannesburg register are advised that dividend withholding tax will be withheld from the gross final dividend amount of 80.0 US cents per share (as converted into South African rand in accordance with the paragraphs above) at a rate of 15%, unless a shareholder qualifies for an exemption; shareholders registered on the Johannesburg register who do not qualify for an exemption will therefore receive a net dividend of 68.0 US cents per share (as converted into South African rand in accordance with the paragraphs above).

The company, as a non-resident of South Africa, was not subject to the secondary tax on companies (STC) applicable before the introduction of dividend withholding tax on 1 April 2012, and accordingly, no STC credits are available for set-off against the dividend withholding tax liability on the final net dividend amount. The dividend is payable in cash as a 'Dividend' (as defined in the South African Income Tax Act, 58 of 1962, as amended) by way of a reduction of income reserves. The dividend withholding tax and the information contained in this paragraph is only of direct application to shareholders registered on the Johannesburg register, who should direct any questions about the application of the dividend withholding tax to Computershare Investor Services (Pty) Limited, Tel: +27 11 373-0004.

From the commencement of trading on Thursday 24 July 2014 until the close of business on Friday 8 August 2014, no transfers between the London and Johannesburg registers will be permitted, and from Monday 4 August 2014 until Friday 8 August 2014, no shares may be dematerialised or rematerialised, both days inclusive.

**Annual report and accounts**

The group's unaudited condensed consolidated financial statements follow. The annual report will be mailed to shareholders in late June 2014 and the annual general meeting of the company will be held at the InterContinental London Park Lane Hotel in London at 11:00 on Thursday 24 July 2014.

| | Notes | 2014 Unaudited US$m | 2013[1] Unaudited US$m |
|---|---|---|---|
| **Revenue** | 2 | **22,311** | 23,213 |
| Net operating expenses | | **(18,069)** | (19,021) |
| **Operating profit** | 2 | **4,242** | 4,192 |
| Operating profit before exceptional items | | **4,439** | 4,392 |
| Exceptional items | 3 | **(197)** | (200) |
| **Net finance costs** | 4 | **(645)** | (726) |
| Finance costs | | **(1,055)** | (1,186) |
| Finance income | | **410** | 460 |
| Share of post-tax results of associates and joint ventures | 2 | **1,226** | 1,213 |
| **Profit before taxation** | | **4,823** | 4,679 |
| Taxation | 5 | **(1,173)** | (1,192) |
| **Profit for the year** | 11a | **3,650** | 3,487 |
| Profit attributable to non-controlling interests | | **269** | 237 |
| Profit attributable to owners of the parent | 6 | **3,381** | 3,250 |
| | | **3,650** | 3,487 |
| **Basic earnings per share** (US cents) | 6 | **211.8** | 204.3 |
| **Diluted earnings per share** (US cents) | 6 | **209.1** | 202.0 |

[1] As restated (see note 13).

The notes on pages 28 to 39 form an integral part of these condensed consolidated financial statements.

## SABMiller plc
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## for the year ended 31 March



| | Notes | 2014 Unaudited US$m | 2013[1] Unaudited US$m |
|---|---|---|---|
| **Profit for the year** | | **3,650** | 3,487 |
| **Other comprehensive loss:** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Net remeasurements of defined benefit plans | | **22** | (19) |
| Tax on items that will not be reclassified | 5 | **(13)** | 19 |
| Share of associates' and joint ventures' other comprehensive income/(loss) | | **23** | (26) |
| *Total items that will not be reclassified to profit or loss* | | **32** | (26) |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Currency translation differences on foreign currency net investments | | **(2,288)** | (700) |
| - Decrease in foreign currency translation reserve during the year | | **(2,290)** | (700) |
| - Recycling of foreign currency translation reserve on disposals | | **2** | - |
| Available for sale investments: | | | |
| - Fair value losses arising during the year | | **-** | (1) |
| Net investment hedges: | | | |
| - Fair value gains arising during the year | | **102** | 63 |
| Cash flow hedges: | | **34** | (5) |
| - Fair value gains/(losses) arising during the year | | **33** | (8) |
| - Fair value (gains)/losses transferred to inventory | | **(1)** | 8 |
| - Fair value losses/(gains) transferred to profit or loss | | **2** | (5) |
| Tax on items that may be reclassified subsequently to profit or loss | 5 | **1** | 6 |
| Share of associates' and joint ventures' other comprehensive income/(loss) | | **122** | (13) |
| - Share of associates' and joint ventures' other comprehensive income/(loss) during the year | | **131** | (13) |
| - Share of associates' and joint ventures' recycling of available for sale reserve on disposal | | **(9)** | - |
| *Total items that may be reclassified subsequently to profit or loss* | | **(2,029)** | (650) |
| **Other comprehensive loss for the year, net of tax** | | **(1,997)** | (676) |
| **Total comprehensive income for the year** | | **1,653** | 2,811 |
| **Attributable to:** | | | |
| Non-controlling interests | | **248** | 233 |
| Owners of the parent | | **1,405** | 2,578 |
| **Total comprehensive income for the year** | | **1,653** | 2,811 |

[1] As restated (see note 13).

The notes on pages 28 to 39 form an integral part of these condensed consolidated financial statements.

# SABMiller plc
# CONSOLIDATED BALANCE SHEET
# at 31 March



| | Notes | 2014 Unaudited US$m | 2013 Audited US$m |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 8 | **18,497** | 19,862 |
| Intangible assets | 8 | **8,532** | 9,635 |
| Property, plant and equipment | | **9,065** | 9,059 |
| Investments in joint ventures | 9 | **5,581** | 5,547 |
| Investments in associates | 10 | **5,787** | 5,416 |
| Available for sale investments | | **22** | 22 |
| Derivative financial instruments | | **628** | 732 |
| Trade and other receivables | | **139** | 144 |
| Deferred tax assets | | **115** | 71 |
| Loan participation deposit | | **-** | 100 |
| | | **48,366** | 50,588 |
| **Current assets** | | | |
| Inventories | | **1,168** | 1,175 |
| Trade and other receivables | | **1,821** | 2,067 |
| Current tax assets | | **174** | 159 |
| Derivative financial instruments | | **141** | 111 |
| Cash and cash equivalents | 11c | **2,081** | 2,171 |
| | | **5,385** | 5,683 |
| Assets of disposal group classified as held for sale | | **-** | 23 |
| | | **5,385** | 5,706 |
| **Total assets** | | **53,751** | 56,294 |
| | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Derivative financial instruments | | **(78)** | (34) |
| Borrowings | 11c | **(4,519)** | (2,469) |
| Trade and other payables | | **(3,847)** | (4,004) |
| Current tax liabilities | | **(1,106)** | (1,460) |
| Provisions | | **(450)** | (558) |
| | | **(10,000)** | (8,525) |
| Liabilities of disposal group classified as held for sale | | **-** | (1) |
| | | **(10,000)** | (8,526) |
| **Non-current liabilities** | | | |
| Derivative financial instruments | | **(37)** | (52) |
| Borrowings | 11c | **(12,528)** | (16,079) |
| Trade and other payables | | **(25)** | (132) |
| Deferred tax liabilities | | **(3,246)** | (3,507) |
| Provisions | | **(433)** | (538) |
| | | **(16,269)** | (20,308) |
| **Total liabilities** | | **(26,269)** | (28,834) |
| **Net assets** | | **27,482** | 27,460 |
| | | | |
| **Equity** | | | |
| Share capital | | **167** | 167 |
| Share premium | | **6,648** | 6,581 |
| Merger relief reserve | | **4,321** | 4,586 |
| Other reserves | | **(702)** | 1,328 |
| Retained earnings | | **15,885** | 13,710 |
| **Total shareholders' equity** | | **26,319** | 26,372 |
| Non-controlling interests | | **1,163** | 1,088 |
| **Total equity** | | **27,482** | 27,460 |

The notes on pages 28 to 39 form an integral part of these condensed consolidated financial statements.

| | Notes | 2014 Unaudited US$m | 2013 Audited US$m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 11a | **5,770** | 5,554 |
| Interest received | | **365** | 468 |
| Interest paid | | **(1,108)** | (1,238) |
| Tax paid | | **(1,596)** | (683) |
| **Net cash generated from operating activities** | 11b | **3,431** | 4,101 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | **(1,401)** | (1,335) |
| Proceeds from sale of property, plant and equipment | | **70** | 30 |
| Purchase of intangible assets | | **(84)** | (144) |
| Proceeds from sale of intangible assets | | **-** | 4 |
| Purchase of available for sale investments | | **(1)** | - |
| Proceeds from disposal of available for sale investments | | **-** | 5 |
| Proceeds from disposal of associates | | **-** | 21 |
| Proceeds from disposal of businesses (net of cash disposed) | | **88** | 57 |
| Acquisition of businesses (net of cash acquired) | | **(39)** | (6) |
| Investments in joint ventures | 9 | **(188)** | (272) |
| Investments in associates | | **(199)** | (23) |
| Dividends received from joint ventures | 9 | **903** | 886 |
| Dividends received from associates | 10 | **224** | 113 |
| Dividends received from other investments | | **1** | 1 |
| **Net cash used in investing activities** | | **(626)** | (663) |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of shares | | **88** | 102 |
| Proceeds from the issue of shares in subsidiaries to non-controlling interests | | **20** | 36 |
| Purchase of own shares for share trusts | | **(79)** | (53) |
| Purchase of shares from non-controlling interests | | **(5)** | - |
| Proceeds from borrowings | | **2,585** | 2,318 |
| Repayment of borrowings | | **(3,829)** | (2,878) |
| Proceeds from associate in relation to loan participation deposit | | **-** | 100 |
| Capital element of finance lease payments | | **(9)** | (6) |
| Net cash receipts/(payments) on derivative financial instruments | | **228** | (5) |
| Dividends paid to shareholders of the parent | | **(1,640)** | (1,517) |
| Dividends paid to non-controlling interests | | **(194)** | (131) |
| **Net cash used in financing activities** | | **(2,835)** | (2,034) |
| Net cash (outflow)/inflow from operating, investing and financing activities | | **(30)** | 1,404 |
| Effects of exchange rate changes | | **(61)** | (51) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(91)** | 1,353 |
| Cash and cash equivalents at 1 April | 11c | **1,959** | 606 |
| **Cash and cash equivalents at 31 March** | 11c | **1,868** | 1,959 |

The notes on pages 28 to 39 form an integral part of these condensed consolidated financial statements.

| | Called up share capital US$m | Share premium account US$m | Merger relief reserve US$m | Other reserves US$m | Retained earnings US$m | Total shareholders' equity US$m | Non-controlling interests US$m | Total equity US$m |
|---|---|---|---|---|---|---|---|---|
| **At 1 April 2012 (audited)** | 166 | 6,480 | 4,586 | 1,978 | 11,863 | 25,073 | 959 | 26,032 |
| Total comprehensive income | - | - | - | (650) | 3,228 | 2,578 | 233 | 2,811 |
| Profit for the year[1] | - | - | - | - | 3,250 | 3,250 | 237 | 3,487 |
| Other comprehensive loss[1] | - | - | - | (650) | (22) | (672) | (4) | (676) |
| Dividends paid | - | - | - | - | (1,517) | (1,517) | (128) | (1,645) |
| Issue of SABMiller plc ordinary shares | 1 | 101 | - | - | - | 102 | - | 102 |
| Proceeds from the issue of shares in subsidiaries to non-controlling interests | - | - | - | - | - | - | 36 | 36 |
| Non-controlling interests disposed of via business disposal | - | - | - | - | - | - | (13) | (13) |
| Arising on business combinations | - | - | - | - | - | - | 1 | 1 |
| Payment for purchase of own shares for share trusts | - | - | - | - | (53) | (53) | - | (53) |
| Credit entry relating to share-based payments | - | - | - | - | 189 | 189 | - | 189 |
| **At 31 March 2013 (unaudited)** | 167 | 6,581 | 4,586 | 1,328 | 13,710 | 26,372 | 1,088 | 27,460 |
| Total comprehensive income | - | - | - | (2,030) | 3,435 | 1,405 | 248 | 1,653 |
| Profit for the year | - | - | - | - | 3,381 | 3,381 | 269 | 3,650 |
| Other comprehensive (loss)/income | - | - | - | (2,030) | 54 | (1,976) | (21) | (1,997) |
| Dividends paid | - | - | - | - | (1,640) | (1,640) | (193) | (1,833) |
| Issue of SABMiller plc ordinary shares | - | 67 | - | - | 21 | 88 | - | 88 |
| Proceeds from the issue of shares in subsidiaries to non-controlling interests | - | - | - | - | - | - | 20 | 20 |
| Payment for purchase of own shares for share trusts | - | - | - | - | (79) | (79) | - | (79) |
| Buyout of non-controlling interests | - | - | - | - | (5) | (5) | - | (5) |
| Utilisation of merger relief reserve | - | - | (265) | - | 265 | - | - | - |
| Credit entry relating to share-based payments | - | - | - | - | 178 | 178 | - | 178 |
| **At 31 March 2014 (unaudited)** | **167** | **6,648** | **4,321** | **(702)** | **15,885** | **26,319** | **1,163** | **27,482** |

[1] As restated (see note 13).

**Merger relief reserve**
At 1 April 2013 the merger relief reserve comprised US$3,395 million in respect of the excess of value attributed to the shares issued as consideration for Miller Brewing Company over the nominal value of those shares and US$1,191 million relating to the merger relief arising on the issue of SABMiller plc ordinary shares for the buyout of non-controlling interests in the group's Polish business. In the year ended 31 March 2014 the group transferred US$265 million of the reserve relating to the Polish business to retained earnings upon realisation of qualifying consideration.

The notes on pages 28 to 39 form an integral part of these condensed consolidated financial statements.

**1. Basis of preparation**

The preliminary announcement for the year ended 31 March 2014 has been prepared in accordance with the International Financial Reporting Standards (collectively IFRS) as adopted by the EU.

The financial information in this preliminary announcement is not audited and does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. Group financial statements for 2014 will be delivered to the Registrar of Companies in due course. The board of directors approved this financial information on 21 May 2014. The annual financial statements for the year ended 31 March 2013, approved by the board of directors on 11 June 2013, which represent the statutory accounts for that year, have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement made under s498(2) or (3) of the Companies Act 2006.

Items included in the financial information of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information is presented in US dollars which is the group's presentational currency.

**Accounting policies**
The financial statements are prepared under the historical cost convention, except for the revaluation to fair value of certain financial assets and liabilities, and post-retirement assets and liabilities. The financial statements have been prepared on a going concern basis.

The accounting policies adopted are consistent with those of the previous financial year except for the following standards, interpretations and amendments adopted by the group as of 1 April 2013.

- Amendment to IAS 19, 'Employee benefits'. The adoption of this revised standard retrospectively from 1 April 2013 has resulted in the interest charge on retirement benefit liabilities and the expected return on plan assets being replaced by a net interest charge on net defined benefit liabilities. This net charge is included within operating costs. Further details of these adjustments are provided in note 13.

- Amendment to IAS 1, 'Financial statement presentation'. The adoption of this amendment has resulted in changes to the presentation of certain items within other comprehensive income in the consolidated statement of comprehensive income.

- Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting introduces new disclosure requirements to facilitate comparison between entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The additional disclosures required by this standard will be included in the annual report.

- IFRS 13, 'Fair value measurement'. This new standard provides a single source of fair value measurement and disclosure requirements. It does not require restatement of historical information. The additional disclosures required as a result of this standard will be included in the annual report.

- Annual improvements to IFRS 2009-11. The application of the annual improvements has had no material impact on the consolidated results of operations or financial position of the group.

- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures has had no material impact on the consolidated results of operations or financial position of the group.

The following standards, interpretations and amendments to existing standards that are mandatory for the group's accounting periods beginning on or after 1 April 2014 are not yet effective and are not expected to have a material impact on the consolidated results of operations or financial position of the group.

- Amendment to IAS 32, 'Offsetting financial instruments asset and liability', is effective from 1 January 2014.
- Amendment to IAS 39, 'Financial instruments: recognition and measurement', on novation of derivatives and hedge accounting, is effective from 1 January 2014.
- IAS 27 (revised), 'Separate financial statements', is effective from 1 January 2014.
- IAS 28 (revised), 'Associates and joint ventures', is effective from 1 January 2014.
- IFRS 10, 'Consolidated financial statements', is effective from 1 January 2014.
- IFRS 11, 'Joint arrangements', is effective from 1 January 2014.
- IFRS 12, 'Disclosures of interests in other entities', is effective from 1 January 2014.
- IFRIC 21, 'Levies', is effective from 1 January 2014[1].

The group has yet to assess the full impact of the following standards and amendments to existing standards mandatory for the group's accounting periods beginning on or after 1 April 2015 or later periods, which have not been early adopted.

- Amendment to IAS 19, 'Employee benefits' on defined contribution plans, is effective from 1 July 2014[1].
- Annual improvements to IFRS 2012, are effective from 1 July 2014[1].
- Annual improvements to IFRS 2013, are effective from 1 July 2014[1].
- IFRS 9, 'Financial Instruments', is effective from 1 January 2018[1].

[1] Not yet endorsed by the EU.

As part of the regular review of accounting practices and policies, fair value gains and losses on financial instruments and exchange gains and losses on financing items have now been presented on a net basis within net finance costs. There has been no impact on net finance costs, profit for the year, or the financial position of the group. The group believes this change in presentation provides more relevant information and aids comparability with its peers in the industry. Comparatives have been restated for consistency. Further details of these adjustments are provided in note 13.

**2. Segmental information**

Operating segments reflect the management structure of the group and the way performance is evaluated and resources allocated based on group NPR and EBITA by the group's chief operating decision maker, defined as the executive directors. The group is focused geographically and, while not meeting the definition of reportable segments, the group reports separately as segments South Africa: Hotels and Gaming and Corporate as this provides useful additional information.

The segmental information presented below includes the reconciliation of GAAP measures presented on the face of the income statement to non-GAAP measures which are used by management to analyse the group's performance.

**2. Segmental information** continued

**Income statement**

| | **Group NPR 2014 Unaudited US$m** | **EBITA 2014 Unaudited US$m** | Group NPR 2013 Unaudited US$m | EBITA[1] 2013 Unaudited US$m |
|---|---|---|---|---|
| Latin America | **5,745** | **2,192** | 5,802 | 2,112 |
| Europe | **4,574** | **703** | 4,300 | 784 |
| North America | **4,665** | **797** | 4,656 | 740 |
| Africa | **3,424** | **939** | 3,290 | 838 |
| Asia Pacific | **3,944** | **845** | 4,005 | 854 |
| South Africa: | **4,367** | **1,138** | 4,879 | 1,253 |
| - Beverages | **3,997** | **1,015** | 4,475 | 1,119 |
| - Hotels and Gaming | **370** | **123** | 404 | 134 |
| Corporate | **-** | **(161)** | - | (202) |
| | **26,719** | **6,453** | 26,932 | 6,379 |
| Amortisation of intangible assets (excluding computer software) – group and share of associates' and joint ventures' | | **(436)** | | (483) |
| Exceptional items in operating profit – group and share of associates' and joint ventures' | | **(202)** | | (205) |
| Net finance costs – group and share of associates' and joint ventures' (excluding exceptional items) | | **(741)** | | (770) |
| Share of associates' and joint ventures' taxation | | **(162)** | | (164) |
| Share of associates' and joint ventures' non-controlling interests | | **(89)** | | (78) |
| **Profit before taxation** | | **4,823** | | 4,679 |

[1] As restated (see note 13).

**Group revenue and group NPR (including the group's share of associates and joint ventures)**
With the exception of South Africa: Hotels and Gaming, all reportable segments derive their revenues from the sale of beverages. Revenues are derived from a large number of customers which are internationally dispersed, with no customers being individually material.

| | **Revenue 2014 Unaudited US$m** | **Share of associates' and joint ventures' revenue 2014 Unaudited US$m** | **Group revenue 2014 Unaudited US$m** | **Excise duties and other similar taxes 2014 Unaudited US$m** | **Share of associates' and joint ventures' excise duties and other similar taxes 2014 Unaudited US$m** | **Group NPR 2014 Unaudited US$m** |
|---|---|---|---|---|---|---|
| Latin America | **7,812** | **-** | **7,812** | **(2,067)** | **-** | **5,745** |
| Europe | **4,319** | **1,726** | **6,045** | **(1,009)** | **(462)** | **4,574** |
| North America | **143** | **5,199** | **5,342** | **(4)** | **(673)** | **4,665** |
| Africa | **2,405** | **1,653** | **4,058** | **(437)** | **(197)** | **3,424** |
| Asia Pacific | **3,285** | **2,166** | **5,451** | **(1,235)** | **(272)** | **3,944** |
| South Africa: | **4,347** | **1,029** | **5,376** | **(855)** | **(154)** | **4,367** |
| - Beverages | **4,347** | **604** | **4,951** | **(855)** | **(99)** | **3,997** |
| - Hotels and Gaming | **-** | **425** | **425** | **-** | **(55)** | **370** |
| | **22,311** | **11,773** | **34,084** | **(5,607)** | **(1,758)** | **26,719** |

| | 2013 Audited US$m | 2013 Audited US$m | 2013 Audited US$m | 2013 Unaudited US$m | 2013 Unaudited US$m | 2013 Unaudited US$m |
|---|---|---|---|---|---|---|
| Latin America | 7,821 | - | 7,821 | (2,019) | - | 5,802 |
| Europe | 4,292 | 1,475 | 5,767 | (995) | (472) | 4,300 |
| North America | 141 | 5,214 | 5,355 | (4) | (695) | 4,656 |
| Africa | 2,267 | 1,586 | 3,853 | (420) | (143) | 3,290 |
| Asia Pacific | 3,797 | 1,888 | 5,685 | (1,440) | (240) | 4,005 |
| South Africa: | 4,895 | 1,111 | 6,006 | (950) | (177) | 4,879 |
| - Beverages | 4,895 | 645 | 5,540 | (950) | (115) | 4,475 |
| - Hotels and Gaming | - | 466 | 466 | - | (62) | 404 |
| | 23,213 | 11,274 | 34,487 | (5,828) | (1,727) | 26,932 |

**2. Segmental information** continued

**Operating profit and EBITA (segment result)**
The following table provides a reconciliation of operating profit to operating profit before exceptional items, and to EBITA. EBITA comprises operating profit before exceptional items, amortisation of intangible assets (excluding computer software) and includes the group's share of associates' and joint ventures' operating profit on a similar basis.

| | Operating profit 2014 Unaudited US$m | Exceptional items 2014 Unaudited US$m | Operating profit before exceptional items 2014 Unaudited US$m | Share of associates' and joint ventures' operating profit before exceptional items 2014 Unaudited US$m | Amortisation of intangible assets (excluding computer software) 2014 Unaudited US$m | Share of associates' and joint ventures' amortisation of intangible assets (excluding computer software) 2014 Unaudited US$m | EBITA 2014 Unaudited US$m |
|---|---|---|---|---|---|---|---|
| Latin America | **2,116** | **(47)** | **2,069** | **-** | **123** | **-** | **2,192** |
| Europe | **565** | **11** | **576** | **79** | **20** | **28** | **703** |
| North America | **9** | **-** | **9** | **746** | **-** | **42** | **797** |
| Africa | **560** | **(25)** | **535** | **398** | **6** | **-** | **939** |
| Asia Pacific | **365** | **103** | **468** | **165** | **212** | **-** | **845** |
| South Africa: | **910** | **33** | **943** | **190** | **-** | **5** | **1,138** |
| - Beverages | **910** | **33** | **943** | **72** | **-** | **-** | **1,015** |
| - Hotels and Gaming | **-** | **-** | **-** | **118** | **-** | **5** | **123** |
| Corporate | **(283)** | **122** | **(161)** | **-** | **-** | **-** | **(161)** |
| | **4,242** | **197** | **4,439** | **1,578** | **361** | **75** | **6,453** |

| | 2013 Unaudited[1] US$m | 2013 Audited US$m | 2013 Unaudited[1] US$m | 2013 Unaudited[1] US$m | 2013 Unaudited US$m | 2013 Unaudited US$m | 2013 Unaudited[1] US$m |
|---|---|---|---|---|---|---|---|
| Latin America | 1,920 | 63 | 1,983 | - | 129 | - | 2,112 |
| Europe | 588 | 64 | 652 | 76 | 21 | 35 | 784 |
| North America | 7 | - | 7 | 690 | - | 43 | 740 |
| Africa | 518 | (79) | 439 | 392 | 7 | - | 838 |
| Asia Pacific | 357 | 104 | 461 | 156 | 237 | - | 854 |
| South Africa: | 1,030 | 22 | 1,052 | 190 | - | 11 | 1,253 |
| - Beverages | 1,030 | 22 | 1,052 | 67 | - | - | 1,119 |
| - Hotels and Gaming | - | - | - | 123 | - | 11 | 134 |
| Corporate | (228) | 26 | (202) | - | - | - | (202) |
| | 4,192 | 200 | 4,392 | 1,504 | 394 | 89 | 6,379 |

[1] As restated (see note 13).

The group's share of associates' and joint ventures' operating profit is reconciled to the share of post-tax results of associates and joint ventures in the income statement as follows.

| | 2014 Unaudited US$m | 2013[1] Unaudited US$m |
|---|---|---|
| Share of associates' and joint ventures' operating profit (before exceptional items) | **1,578** | 1,504 |
| Share of associates' and joint ventures' exceptional items in operating profit | **(5)** | (5) |
| Share of associates' and joint ventures' net finance costs | **(96)** | (44) |
| Share of associates' and joint ventures' taxation | **(162)** | (164) |
| Share of associates' and joint ventures' non-controlling interests | **(89)** | (78) |
| **Share of post-tax results of associates and joint ventures** | **1,226** | 1,213 |

[1] As restated (see note 13).

**2. Segmental information** continued

**EBITDA**
EBITA is reconciled to EBITDA as follows.

| | **EBITA 2014 Unaudited US$m** | **Depreciation 2014 Unaudited US$m** | **Share of associates' and joint ventures' depreciation 2014 Unaudited US$m** | **EBITDA 2014 Unaudited US$m** | EBITA 2013[1] Unaudited US$m | Depreciation 2013 Unaudited US$m | Share of associates' and joint ventures' depreciation 2013 Unaudited US$m | EBITDA 2013[1] Unaudited US$m |
|---|---|---|---|---|---|---|---|---|
| Latin America | **2,192** | **328** | **-** | **2,520** | 2,112 | 337 | - | 2,449 |
| Europe | **703** | **222** | **92** | **1,017** | 784 | 205 | 70 | 1,059 |
| North America | **797** | **-** | **131** | **928** | 740 | - | 126 | 866 |
| Africa | **939** | **116** | **107** | **1,162** | 838 | 98 | 103 | 1,039 |
| Asia Pacific | **845** | **72** | **132** | **1,049** | 854 | 79 | 108 | 1,041 |
| South Africa: | **1,138** | **151** | **32** | **1,321** | 1,253 | 172 | 36 | 1,461 |
| - Beverages | **1,015** | **151** | **8** | **1,174** | 1,119 | 172 | 8 | 1,299 |
| - Hotels and Gaming | **123** | **-** | **24** | **147** | 134 | - | 28 | 162 |
| Corporate | **(161)** | **31** | **-** | **(130)** | (202) | 28 | - | (174) |
| | **6,453** | **920** | **494** | **7,867** | 6,379 | 919 | 443 | 7,741 |

[1] As restated (see note 13).

**Adjusted EBITDA**
Adjusted EBITDA is comprised of the following.

| | **2014 Unaudited US$m** | 2013[1] Unaudited US$m |
|---|---|---|
| Subsidiaries' EBITDA | **5,720** | 5,705 |
| - Operating profit before exceptional items | **4,439** | 4,392 |
| - Depreciation (including amortisation of computer software) | **920** | 919 |
| - Amortisation (excluding computer software) | **361** | 394 |
| | | |
| Group's share of MillerCoors' EBITDA | **919** | 859 |
| - Operating profit before exceptional items | **746** | 690 |
| - Depreciation (including amortisation of computer software) | **131** | 126 |
| - Amortisation (excluding computer software) | **42** | 43 |
| | | |
| **Adjusted EBITDA** | **6,639** | 6,564 |

[1] As restated (see note 13).

**Other segmental information**

| | **Capital expenditure excluding investment activity[1] 2014 Unaudited US$m** | **Investment activity[2] 2014 Unaudited US$m** | **Total 2014 Unaudited US$m** | Capital expenditure excluding investment activity[1] 2013 Audited US$m | Investment activity[2] 2013 Audited US$m | Total 2013 Audited US$m |
|---|---|---|---|---|---|---|
| Latin America | **413** | **(88)** | **325** | 528 | - | 528 |
| Europe | **252** | **-** | **252** | 216 | - | 216 |
| North America | **1** | **188** | **189** | - | 272 | 272 |
| Africa | **416** | **42** | **458** | 391 | 29 | 420 |
| Asia Pacific | **96** | **201** | **297** | 88 | (78) | 10 |
| South Africa: Beverages | **247** | **-** | **247** | 228 | - | 228 |
| Corporate | **60** | **1** | **61** | 28 | (5) | 23 |
| | **1,485** | **344** | **1,829** | 1,479 | 218 | 1,697 |

[1] Capital expenditure includes additions of intangible assets (excluding goodwill) and property, plant and equipment.
[2] Investment activity includes acquisitions and disposals of businesses, net investments in associates and joint ventures, purchases of shares in non-controlling interests and purchases and disposals of available for sale investments.

### 3. Exceptional items

| | **2014 Unaudited US$m** | 2013 Audited US$m |
|---|---|---|
| **Exceptional items included in operating profit:** | | |
| Net profit on disposal of businesses | **72** | 79 |
| Capability programme costs | **(133)** | (141) |
| Integration and restructuring costs | **(103)** | (91) |
| Broad-Based Black Economic Empowerment related scheme charges | **(33)** | (17) |
| Impairments | **-** | (30) |
| **Net exceptional losses included within operating profit** | **(197)** | (200) |
| | | |
| **Share of associates' and joint ventures' exceptional items:** | | |
| Capability programme costs | **(5)** | - |
| Impairments | **-** | (5) |
| Share of associates' and joint ventures' exceptional losses | **(5)** | (5) |
| Non-controlling interests share of associates' and joint ventures' exceptional losses | **-** | 2 |
| **Share of associates' and joint ventures' exceptional losses** | **(5)** | (3) |
| | | |
| **Net taxation credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items** | **27** | 20 |

Net profit on disposal of businesses
During 2014 a net profit of US$47 million, after associated costs, was realised on the disposal of the milk and juice business in Panama, Latin America and an additional profit of US$25 million (2013: US$79 million) was realised in Africa in relation to the disposal in 2012 of the group's Angolan operations in exchange for a 27.5% interest in BIH Angola, following the successful resolution of certain matters leading to the release of provisions.

Capability programme costs
The business capability programme streamlined finance, human resources and procurement activities through the deployment of global systems and introduced common sales, distribution and supply chain management systems. Costs of US$79 million were incurred in the year (2013: US$141 million). Costs of US$54 million (2013: US$nil) were incurred in the year in relation to the new cost saving and efficiency programme which will build upon and extend what has been delivered under the business capability programme.

Integration and restructuring costs
During 2014 US$103 million (2013: US$74 million) of integration and restructuring costs were incurred in Asia Pacific following the Foster's and Pacific Beverages acquisitions, including impairments relating to the closure of a brewery and the discontinuation of a brand.

In 2013 US$17 million of restructuring costs were incurred in South Africa: Beverages.

Broad-Based Black Economic Empowerment related charges
In 2014 US$13 million (2013: US$17 million) of charges have been incurred in relation to the Broad-Based Black Economic Empowerment (BBBEE) scheme in South Africa. This represents the final year of IFRS 2 share-based payment charges in respect of the employee element of the scheme. Additionally a US$20 million loss was incurred on the dilution of the group's investment in its associate, Distell Group Ltd, as a result of the exercise of share options issued as part of its BBBEE scheme.

Impairments
In 2013 a US$30 million impairment charge was incurred in respect of the Vietnam business in Asia Pacific. The impairment charge comprised US$11 million against goodwill and US$19 million against property, plant and equipment.

**Share of associates' and joint ventures' exceptional items**

Capability programme costs
During 2014 restructuring costs associated with the group's new cost saving programme were incurred in MillerCoors, the group's share amounted to US$5 million.

Impairments
In 2013 an impairment of a soft drinks plant in BIH Angola amounted to US$5 million. After taking account of non-controlling interests, the group's share was US$3 million.

**Net taxation credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items**
Net taxation credits of US$27 million (2013: US$20 million) arose in relation to exceptional items during the year and include US$2 million (2013: US$nil) in relation to MillerCoors although the tax credit is recognised in Miller Brewing Company (see note 5).

### 4. Net finance costs

| | 2014 Unaudited US$m | 2013[1] Unaudited US$m |
|---|---|---|
| **a. Finance costs** | | |
| Interest payable on bank loans and overdrafts | **110** | 183 |
| Interest payable on derivatives | **222** | 255 |
| Interest payable on corporate bonds | **647** | 677 |
| Interest element of finance lease payments | **3** | 1 |
| Net fair value losses on financial instruments | **34** | - |
| Net exchange losses[2] | **-** | 23 |
| Other finance charges | **39** | 47 |
| **Total finance costs** | **1,055** | 1,186 |
| **b. Finance income** | | |
| Interest receivable | **24** | 39 |
| Interest receivable on derivatives | **338** | 355 |
| Net fair value gains on financial instruments[3] | **-** | 62 |
| Net exchange gains | **36** | - |
| Other finance income | **12** | 4 |
| **Total finance income** | **410** | 460 |
| **Net finance costs** | **645** | 726 |

[1] As restated (see note 13).
[2] In 2013: net gains of US$2 million were excluded from the determination of adjusted earnings per share.
[3] In 2013: net gains of US$10 million were excluded from the determination of adjusted earnings per share.

Adjusted net finance costs are US$645 million (2013: US$738 million, restated).

### 5. Taxation

| | 2014 Unaudited US$m | 2013[1] Unaudited US$m |
|---|---|---|
| Current taxation | **1,096** | 1,118 |
| - Charge for the year | **1,086** | 1,131 |
| - Adjustments in respect of prior years | **10** | (13) |
| Withholding taxes and other remittance taxes | **188** | 170 |
| Total current taxation | **1,284** | 1,288 |
| Deferred taxation | **(111)** | (96) |
| - Credit for the year | **(75)** | (37) |
| - Adjustments in respect of prior years | **(36)** | 5 |
| - Rate change | **-** | (64) |
| **Taxation expense** | **1,173** | 1,192 |
| Tax credit relating to components of other comprehensive income is as follows: | | |
| Deferred tax charge/(credit) on remeasurements of defined benefit plans | **13** | (19) |
| Deferred tax credit on financial instruments | **(1)** | (6) |
| | **12** | (25) |
| Effective tax rate (%) | **26.0** | 27.0 |
| **UK taxation included in the above** | | |
| Current taxation | **-** | - |
| Withholding taxes and other remittance taxes | **102** | 133 |
| Total current taxation | **102** | 133 |
| Deferred taxation | **-** | 24 |
| **UK taxation expense** | **102** | 157 |

[1] As restated (see note 13).

See the financial definitions section for the definition of the effective tax rate. The calculation is on a basis consistent with that used in prior years and is also consistent with other group operating metrics. Tax on amortisation of intangible assets (excluding computer software) was US$123 million (2013: US$135 million).

**5. Taxation** (continued)

MillerCoors is not a taxable entity. The tax balances and obligations therefore remain with Miller Brewing Company as a 100% subsidiary of the group. This subsidiary's tax charge includes tax (including deferred tax) on the group's share of the taxable profits of MillerCoors and includes tax in other comprehensive income on the group's share of MillerCoors' taxable items included within other comprehensive income.

**6. Earnings per share**

| | **2014 Unaudited US cents** | 2013[1] Unaudited US cents |
|---|---|---|
| Basic earnings per share | **211.8** | 204.3 |
| Diluted earnings per share | **209.1** | 202.0 |
| Headline earnings per share | **211.6** | 203.0 |
| Adjusted basic earnings per share | **242.0** | 237.2 |
| Adjusted diluted earnings per share | **239.0** | 234.5 |

[1] As restated (see note 13).

The weighted average number of shares was:

| | **2014 Unaudited Millions of shares** | 2013 Audited Millions of shares |
|---|---|---|
| Ordinary shares | **1,671** | 1,667 |
| Treasury shares | **(67)** | (72) |
| EBT ordinary shares | **(7)** | (5) |
| **Basic shares** | **1,597** | 1,590 |
| Dilutive ordinary shares | **20** | 19 |
| **Diluted shares** | **1,617** | 1,609 |

The calculation of diluted earnings per share excludes 6,044,130 (2013: 6,332,436) share options that were non-dilutive for the year because the exercise price of the option exceeded the fair value of the shares during the year, 19,755,628 (2013: 21,226,441) share awards that were non-dilutive for the year because the performance conditions attached to the share awards have not been met. These share incentives could potentially dilute earnings per share in the future.

**Adjusted and headline earnings**
The group presents an adjusted earnings per share figure which excludes the impact of amortisation of intangible assets (excluding computer software), certain non-recurring items and post-tax exceptional items in order to present an additional measure of performance for the years shown in the consolidated financial statements. Adjusted earnings per share are based on adjusted earnings for each financial year and on the same number of weighted average shares in issue as the basic earnings per share calculation. Headline earnings per share are calculated in accordance with the South African Circular 2/2013 entitled 'Headline Earnings' which forms part of the listing requirements for the JSE Ltd (JSE). The adjustments made to arrive at headline earnings and adjusted earnings are as follows.

| | **2014 Unaudited US$m** | 2013[1] Unaudited US$m |
|---|---|---|
| Profit for the year attributable to owners of the parent | **3,381** | 3,250 |
| **Headline adjustments** | | |
| Impairment of goodwill | **-** | 11 |
| Impairment of intangible assets | **8** | - |
| Impairment of property, plant and equipment | **52** | 39 |
| Loss on disposal of property, plant and equipment | **-** | 13 |
| Net profit on disposal of businesses | **(72)** | (79) |
| Loss/(gain) on dilution of investment in associate | **20** | (4) |
| Tax effects of these items | **(11)** | (14) |
| Non-controlling interests' share of the above items | **1** | (3) |
| Share of associates' and joint ventures' headline adjustments, net of tax and non-controlling interests | **-** | 15 |
| **Headline earnings** | **3,379** | 3,228 |
| Capability programme costs | **133** | 141 |
| Broad-Based Black Economic Empowerment scheme charges | **13** | 17 |
| Integration and restructuring costs (excluding impairment) | **43** | 71 |
| Net gain on fair value movements on capital items[2] | **-** | (12) |
| Amortisation of intangible assets (excluding computer software) | **361** | 394 |
| Tax effects of the above items | **(133)** | (137) |
| Non-controlling interests' share of the above items | **(4)** | (8) |
| Share of associates' and joint ventures' other adjustments, net of tax and non-controlling interests | **73** | 78 |
| **Adjusted earnings** | **3,865** | 3,772 |

[1] As restated (see note 13).

[2] This does not include all fair value movements but includes those in relation to capital items for which hedge accounting cannot be applied.

### 7. Dividends

| | **2014 Unaudited US$m** | 2013 Audited US$m |
|---|---|---|
| **Equity** | | |
| 2013 Final dividend paid: 77.0 US cents (2012: 69.5 US cents) per ordinary share | **1,236** | 1,125 |
| 2014 Interim dividend paid: 25.0 US cents (2013: 24.0 US cents) per ordinary share | **404** | 392 |
| | **1,640** | 1,517 |

The directors are proposing a final dividend of 80.0 US cents per share in respect of the financial year ended 31 March 2014, which will absorb an estimated US$1,280 million of shareholders' funds. If approved by shareholders, the dividend will be paid on 15 August 2014 to shareholders registered on the London and Johannesburg registers as at 8 August 2014.

### 8. Goodwill and intangible assets

| | **Goodwill US$m** | **Intangible assets US$m** |
|---|---|---|
| **Net book amount** | | |
| **At 1 April 2012 (audited)** | 20,171 | 9,958 |
| Exchange adjustments | (288) | (17) |
| Additions - separately acquired | - | 149 |
| Acquisitions - through business combinations | 3 | 2 |
| Amortisation | - | (450) |
| Impairment | (11) | - |
| Disposals | - | (5) |
| Transfers to disposal group classified as held for sale | (13) | (2) |
| **At 31 March 2013 (audited)** | 19,862 | 9,635 |
| Exchange adjustments | (1,372) | (773) |
| Additions - separately acquired | - | 84 |
| Acquisitions - through business combinations | 7 | 22 |
| Amortisation | - | (427) |
| Impairment | - | (8) |
| Disposals | - | (1) |
| **At 31 March 2014 (unaudited)** | **18,497** | **8,532** |

**Goodwill**
2014
Provisional goodwill arose on the acquisition of the trade and assets of a wine and spirits business in Mozambique. The residual value of the net assets acquired has been recognised as goodwill of US$7 million in the financial statements. The fair value exercise in respect of this business combination has yet to be completed.

2013
Goodwill arose on the acquisition through business combination in the year of Darbrew Limited in Tanzania. The fair value exercise in respect of this business combination is now complete.

### 9. Investments in joint ventures

| | **US$m** |
|---|---|
| **At 1 April 2012 (audited)** | 5,520 |
| Investments in joint ventures | 272 |
| Share of results retained[1] | 686 |
| Share of other comprehensive loss[1] | (45) |
| Dividends received | (886) |
| **At 31 March 2013 (unaudited)** | 5,547 |
| Investments in joint ventures | 188 |
| Share of results retained | 737 |
| Share of other comprehensive income | 12 |
| Dividends received | (903) |
| **At 31 March 2014 (unaudited)** | **5,581** |

[1] As restated (see note 13).

### 10. Investments in associates

| | US$m |
|---|---|
| **At 1 April 2012 (audited)** | 5,072 |
| Exchange adjustments | (161) |
| Investments in associates | 106 |
| Disposal of investments in associates | (21) |
| Share of results retained | 527 |
| Share of gains recognised in other comprehensive loss | 6 |
| Dividends receivable | (113) |
| **At 31 March 2013 (audited)** | 5,416 |
| Exchange adjustments | (264) |
| Investments in associates | 231 |
| Share of results retained | 489 |
| Share of gains recognised in other comprehensive loss | 133 |
| Share of movements in other reserves | 6 |
| Dividends receivable | (224) |
| **At 31 March 2014 (unaudited)** | **5,787** |

### 11a. Reconciliation of profit for the year to net cash generated from operations

| | **2014 Unaudited US$m** | 2013[1] Unaudited US$m |
|---|---|---|
| Profit for the year | **3,650** | 3,487 |
| Taxation | **1,173** | 1,192 |
| Share of post-tax results of associates and joint ventures | **(1,226)** | (1,213) |
| Net finance costs | **645** | 726 |
| Operating profit | **4,242** | 4,192 |
| Depreciation: | | |
| - Property, plant and equipment | **621** | 641 |
| - Containers | **233** | 226 |
| Container breakages, shrinkages and write-offs | **80** | 38 |
| Net profit on disposal of businesses | **(72)** | (79) |
| Loss/(gain) on dilution of investment in associate | **18** | (4) |
| (Profit)/loss on disposal of property, plant and equipment | **(17)** | 13 |
| Amortisation of intangible assets | **427** | 450 |
| Impairment of goodwill | **-** | 11 |
| Impairment of intangible assets | **8** | - |
| Impairment of property, plant and equipment | **52** | 39 |
| Impairment of working capital balances | **55** | 31 |
| Amortisation of advances to customers | **40** | 45 |
| Dividends received from other investments | **(1)** | (1) |
| Charge with respect to share options | **141** | 184 |
| Charge with respect to Broad-Based Black Economic Empowerment scheme | **13** | 17 |
| Other non-cash movements | **(163)** | (45) |
| **Net cash generated from operations before working capital movements** | **5,677** | 5,758 |
| Increase in inventories | **(73)** | (14) |
| Decrease/(increase) in trade and other receivables | **128** | (107) |
| Increase in trade and other payables | **113** | 82 |
| Decrease in provisions | **(89)** | (177) |
| Increase in post-retirement benefit provisions | **14** | 12 |
| **Net cash generated from operations** | **5,770** | 5,554 |

[1] As restated (see note 13).

**11b. Reconciliation of net cash generated from operating activities to free cash flow**

| | 2014 Unaudited US$m | 2013 Audited US$m |
|---|---|---|
| **Net cash generated from operating activities** | **3,431** | 4,101 |
| Purchase of property, plant and equipment | **(1,401)** | (1,335) |
| Proceeds from sale of property, plant and equipment | **70** | 30 |
| Purchase of intangible assets | **(84)** | (144) |
| Proceeds from sale of intangible assets | **-** | 4 |
| Investments in joint ventures | **(188)** | (272) |
| Investments in associates | **(199)** | (23) |
| Dividends received from joint ventures | **903** | 886 |
| Dividends received from associates | **224** | 113 |
| Dividends received from other investments | **1** | 1 |
| Dividends paid to non-controlling interests | **(194)** | (131) |
| **Free cash flow** | **2,563** | 3,230 |

**11c. Analysis of net debt**

Cash and cash equivalents on the balance sheet are reconciled to cash and cash equivalents on the cash flow statement as follows.

| | 2014 Unaudited US$m | 2013 Audited US$m |
|---|---|---|
| Cash and cash equivalents (balance sheet) | **2,081** | 2,171 |
| Overdrafts | **(213)** | (212) |
| **Cash and cash equivalents (cash flow statement)** | **1,868** | 1,959 |

The group has amended its net debt definition to include derivative financial instruments designated as net investment hedges as these hedges are considered to be inextricably linked to the underlying borrowings because they are used to mitigate the foreign currency exchange risk arising from the group's foreign currency borrowings. The change in this definition has resulted in a reduction in net debt of US$101 million at 31 March 2013.

Net debt is analysed as follows.

| | 2014 Unaudited US$m | 2013[1] Unaudited US$m |
|---|---|---|
| Borrowings | **(16,783)** | (18,301) |
| Financing derivative financial instruments | **663** | 777 |
| Overdrafts | **(213)** | (212) |
| Finance leases | **(51)** | (35) |
| Gross debt | **(16,384)** | (17,771) |
| Cash and cash equivalents (excluding overdrafts) | **2,081** | 2,171 |
| **Net debt** | **(14,303)** | (15,600) |

[1] As restated for the change in the definition of net debt.

The movement in net debt is analysed as follows.

| | Cash and cash equivalents (excluding overdrafts) US$m | Overdrafts US$m | Borrowings US$m | Derivative financial instruments US$m | Finance leases US$m | Gross debt US$m | Net debt US$m |
|---|---|---|---|---|---|---|---|
| **At 1 April 2013[1] (unaudited)** | 2,171 | (212) | (18,301) | 777 | (35) | (17,771) | (15,600) |
| Exchange adjustments | (65) | 4 | 26 | (24) | 3 | 9 | (56) |
| Cash flow | (25) | (5) | 1,244 | (188) | 9 | 1,060 | 1,035 |
| Other movements | - | - | 248 | 98 | (28) | 318 | 318 |
| **At 31 March 2014 (unaudited)** | **2,081** | **(213)** | **(16,783)** | **663** | **(51)** | **(16,384)** | **(14,303)** |

[1] As restated for the change in the definition of net debt.

**11c. Analysis of net debt** (continued)

The group has sufficient headroom to enable it to comply with all covenants on its existing borrowings. The group has sufficient undrawn financing facilities to service its operating activities and continuing capital investment for the foreseeable future and thus the directors have continued to adopt the going concern basis of accounting. The group had the following undrawn committed borrowing facilities available at 31 March in respect of which all conditions precedent had been met at that date.

| | **2014 Unaudited US$m** | 2013 Audited US$m |
|---|---|---|
| Amounts expiring: | | |
| Within one year | **214** | 281 |
| Between one and two years | **41** | 17 |
| Between two and five years | **3,019** | 554 |
| In five years or more | **-** | 2,500 |
| | **3,274** | 3,352 |

In May 2014 the group amended its existing US$2,500 million committed syndicated facility, shown as undrawn in the table above, extending the maturity to May 2019 and re-instating the option of two one-year extensions. The group also entered into a five-year US$1,000 million committed syndicated facility maturing in May 2019, with the option of two one-year extensions. This facility replaced the existing US$500 million committed syndicated facility due to mature in September 2016, also shown as undrawn in the table above, which has been voluntarily cancelled.

**12. Business combinations and similar transactions**

**Acquisitions**

In December 2013 the group acquired the trade and assets of a wine and spirits business in Mozambique for consideration of US$42 million, of which US$3 million is deferred. The business combination has been accounted for using the acquisition method. The residual value over the net assets acquired has been recognised as goodwill of US$7 million.

On 17 September 2013, the group's associate CR Snow completed the acquisition of the brewery business of Kingway Brewery Holdings Limited and the results of this business are included in the results of CR Snow for the second half of the financial year.

**Disposals**

In May 2013 the group completed the disposal of its non-core milk and juice business in Panama. The gain on disposal was US$47 million, which has been recognised as an exceptional item.

**13. Restatements**

The amendment to IAS 19, 'Employee benefits', was adopted retrospectively from 1 April 2013. The group has restated the consolidated financial statements accordingly. The quantitative impact of adopting this standard on the prior year consolidated financial statements is detailed in the table below.

As part of the regular review of accounting practices and policies, fair value gains and losses on financial instruments, and exchange gains and losses on financing items have now been presented on a net basis within net finance costs. Comparatives have been restated for consistency. The quantitative impact of this change in presentation is detailed in the table below.

| | Year ended 31 March 2013 Audited US$m | IAS 19 Adjustments Unaudited US$m | Finance costs Reclassification Unaudited US$m | **Year ended 31 March 2013 As restated Unaudited US$m** |
|---|---|---|---|---|
| **Consolidated income statement:** | | | | |
| **Operating profit** | 4,203 | (11) | - | **4,192** |
| **Net finance costs** | (735) | 9 | - | **(726)** |
| Finance costs | (1,417) | 9 | 222 | **(1,186)** |
| Finance income | 682 | - | (222) | **460** |
| Share of post-tax results of associates and joint ventures | 1,244 | (31) | - | **1,213** |
| **Profit before taxation** | 4,712 | (33) | - | **4,679** |
| Taxation | (1,201) | 9 | - | **(1,192)** |
| **Profit for the year** | 3,511 | (24) | - | **3,487** |
| **Consolidated statement of comprehensive income:** | | | | |
| Profit for the year | 3,511 | (24) | - | **3,487** |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | |
| Net remeasurements of defined benefit plans | (21) | 2 | - | **(19)** |
| Tax on items that will not be reclassified | 28 | (9) | - | **19** |
| Share of associates' and joint ventures' other comprehensive income/(loss) | (57) | 31 | - | **(26)** |
| *Total items that will not be reclassified subsequently to profit or loss* | (50) | 24 | - | **(26)** |
| Total items that may be subsequently reclassified to profit or loss | (650) | - | - | **(650)** |
| **Other comprehensive loss for the year, net of tax** | (700) | 24 | - | **(676)** |
| **Total comprehensive income for the year** | 2,811 | - | - | **2,811** |

**14. Share capital**

During the year ended 31 March 2014 2,916,131 ordinary shares (2013: 5,408,316 ordinary shares) were allotted and issued in accordance with the group's various share incentive plans.

**Adjusted earnings**
Adjusted earnings are calculated by adjusting headline earnings (as defined below) for the amortisation of intangible assets (excluding computer software), exceptional integration and restructuring costs, the fair value movements in relation to capital items for which hedge accounting cannot be applied and other items which have been treated as exceptional but not included above or as headline earnings adjustments together with the group's share of associates' and joint ventures' adjustments for similar items. The tax and non-controlling interests in respect of these items are also adjusted.

**Adjusted EBITDA**
This comprises operating profit before exceptional items, depreciation and amortisation, and includes the group's share of MillerCoors' operating profit on a similar basis.

**Adjusted net finance costs**
This comprises net finance costs excluding fair value movements in relation to capital items for which hedge accounting cannot be applied and any exceptional finance charges or income.

**Adjusted profit before tax**
This comprises EBITA less adjusted net finance costs and less the group's share of associates' and joint ventures' net finance costs on a similar basis.

**Constant currency**
Constant currency results have been determined by translating the local currency denominated results for the year ended 31 March at the exchange rates for the prior year.

**EBITA**
This comprises operating profit before exceptional items, amortisation of intangible assets (excluding computer software) and includes the group's share of associates' and joint ventures' operating profit on a similar basis.

**EBITA margin (%)**
This is calculated by expressing EBITA as a percentage of group net producer revenue.

**EBITDA**
This comprises EBITA (as defined above) plus depreciation and amortisation of computer software, including the group's share of associates' and joint ventures' depreciation and amortisation of computer software.

**EBITDA margin (%)**
This is calculated by expressing EBITDA as a percentage of group net producer revenue.

**Effective tax rate (%)**
The effective tax rate is calculated by expressing tax before tax on exceptional items and on amortisation of intangible assets (excluding computer software), including the group's share of associates' and joint ventures' tax on a similar basis, as a percentage of adjusted profit before tax.

**Free cash flow**
This comprises net cash generated from operating activities less cash paid for the purchase of property, plant and equipment, and intangible assets, net investments in existing associates and joint ventures (in both cases only where there is no change in the group's effective ownership percentage) and dividends paid to non-controlling interests plus cash received from the sale of property, plant and equipment and intangible assets and dividends received.

**Group revenue**
This comprises revenue together with the group's share of revenue from associates and joint ventures.

**Group net producer revenue (NPR)**
This comprises group revenue less excise duties and other similar taxes, together with the group's share of excise duties and other similar taxes from associates and joint ventures.

**Headline earnings**
Headline earnings are calculated by adjusting profit for the financial period attributable to owners of the parent for items in accordance with the South African Circular 2/2013 entitled 'Headline Earnings'. Such items include impairments of non-current assets and profits or losses on disposals of non-current assets and their related tax and non-controlling interests. This also includes the group's share of associates' and joint ventures' adjustments on a similar basis.

**Interest cover**
This is the ratio of adjusted EBITDA to adjusted net finance costs.

**Net debt**
This comprises gross debt (including borrowings, financing derivative financial instruments, overdrafts and finance leases) net of cash and cash equivalents (excluding overdrafts).

**Organic information**
Organic results and volumes exclude the first 12 months' results and volumes relating to acquisitions and the last 12 months' results and volumes relating to disposals.

**Sales volumes**
In the determination and disclosure of sales volumes, the group aggregates 100% of the volumes of all consolidated subsidiaries and its equity accounted percentage of all associates' and joint ventures' volumes. Contract brewing volumes are excluded from volumes although revenue from contract brewing is included within group revenue. Volumes exclude intra-group sales volumes. This measure of volumes is used for lager volumes, soft drinks volumes, other alcoholic beverage volumes and beverage volumes and is used in the segmental analyses as it more closely aligns with the consolidated group net producer revenue and EBITA disclosures.

This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire ordinary shares in the capital of SABMiller plc (the "company") or any other securities of the company in any jurisdiction or an inducement to enter into investment activity.

This announcement is intended to provide information to shareholders. It should not be relied upon by any other party or for any other purpose. This announcement includes ‘forward-looking statements’ with respect to certain of SABMiller plc’s plans, current goals and expectations relating to its future financial condition, performance and results. These statements contain the words “anticipate”, “believe”, “intend”, “estimate”, “expect” and words of similar meaning. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the company’s financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the company’s products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the company’s present and future business strategies and the environment in which the company will operate in the future. These forward-looking statements speak only as at the date of this announcement. Factors which may cause differences between actual results and those expected or implied by the forward-looking statements include, but are not limited to: material adverse changes in the economic and business conditions in the markets in which SABMiller operates; increased competition and consolidation in the global brewing and beverages industry; changes in consumer preferences; changes to the regulatory environment; failure to deliver the integration and cost-saving objectives in relation to the Foster’s acquisition; failure to derive the expected benefits from the global efficiency programmes; and fluctuations in foreign currency exchange rates and interest rates. The company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The past business and financial performance of SABMiller plc is not to be relied on as an indication of its future performance.

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