

East African Breweries PLC (EABL)

Bloomberg: EABL KN



27th January 2026

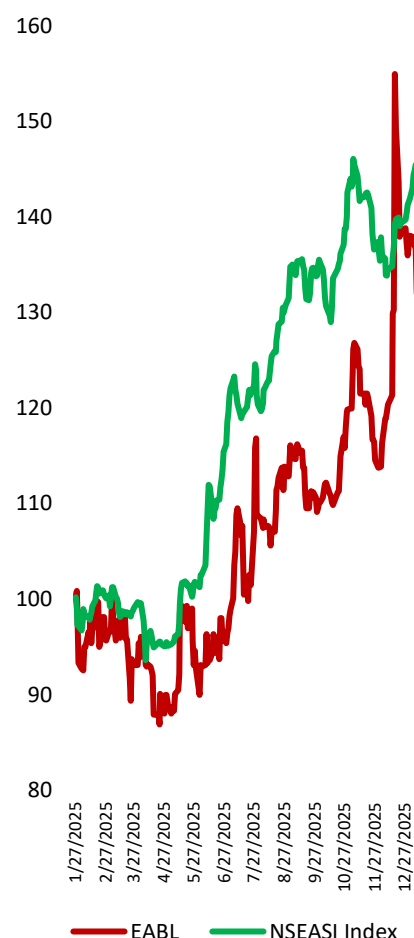
FY 2025 Performance Overview

- **Revenue came in 3.8% higher in 2025 at KES 128.8 billion from KES 124.1 billion in 2024.**
- Cost of sales rose by 6.0% to KES 74.7 billion from KES 70.4 billion in 2024.
- As a result gross profit saw a modest 0.8% increase to KES 54.1 billion from KES 53.6 billion in 2024.
- Opex rose by 17.7% to KES 29.2 billion in 2025 from KES 24.8 billion in 2024.
- EABL recorded a foreign exchange gain of 108.0% to KES 313.0 million in FY2025, a sharp reversal from a loss of KES 3.92 billion in FY2024.
- **Net Finance Costs dropped by 27.9% to KES 5.9 billion from KES 8.1 billion in 2024.**
- EBIT rose slightly by 1.1% to KES 25.2 billion, as FX gains offset higher operating expenses.
- Profit before tax grew 15.2% to KES 19.3 billion, driven by forex gains and reduced finance costs. After taxes, profit after tax climbed 12.2% to KES 12.2 billion from KES 10.9 billion in 2024.
- **Earnings per share grew by 16.2% to KES 11.97 in 2024 from KES 10.3 in 2024, enhancing shareholder returns.**
- The Board of Directors recommended a final dividend of KES 5.50 per share, subject to withholding tax, with payment scheduled on or about 28th October 2025 to shareholders on record as of 16th September 2025. **This brought the total dividend for FY25 to KES 8.00 per share, from KES 7.00 in FY24, signaling strong shareholder returns.**
- Total assets slightly declined by 0.9% to KES 87.3 billion in 2025 from KES 88.1 billion in 2024.
- **Total debt (including overdraft) reduced by KES 8.3 billion contributing to lower finance costs.**
- Total equity increased by 15.1% to KES 42.3 billion from KES 36.7 billion, largely supported by an 18.8% rise in retained earnings to KES 20.0 billion from KES 16.8 billion in 2024.
- **Net cash from operating activities rose 7.6% to KES 23.7 billion from KES 22.1 billion reflecting improved earnings and working capital flows.**
- Investing outflows declined by 10.7% to KES 6.5 billion in 2025 from KES 7.3 billion in 2024.
- Financing outflows surged by 31.7% to KES 15.6 billion from KES 11.9 billion, likely due to debt repayments and dividend distributions.
- As a result, cash and cash equivalents rose by 17.8% to KES 12.7 billion from KES 10.8 billion.

Key data

RECOMMENDATION	BUY
Target Price (KES)	270.00
Market price (KES)- 27/01/26	241.00
Upside	12.0%
No. of shares (mn)	790.8
Market Cap (KESmn)	189,390.5
Free float	35.0%
Dividend yield	3.3%
P/E	21.55
P/B	7.53
YTD Return	52.7%
Min 52 weeks KES	165.00
Max 52 weeks KES	351.00

Normalised Share Price Movement of EABL vs the Market



Asahi Deal

Diageo has reached an agreement to divest its controlling sixty-five percent stake in East African Breweries Limited, the region's largest brewer, to Asahi Group Holdings Ltd. The transaction also covers Diageo's interest in United Distillers Vintners Kenya, a major player in the Kenyan spirits segment. EABL currently holds 46.32% of UDV Kenya, with the balance held by Diageo and included in the sale.

The disposal is consistent with Diageo's ongoing portfolio rationalization strategy, aimed at exiting non-core assets to enhance balance sheet flexibility and lower leverage. The group expects to realize net proceeds of approximately US\$ 2.3 billion (about KSh 296.5 billion), implying an estimated 17X adjusted EBITDA multiple.

As part of the transaction, Diageo will retain brand presence in the region through long-term licensing arrangements with EABL, ensuring continued production and distribution of Guinness, selected local spirits and ready-to-drink products, alongside the distribution of Diageo's international spirits portfolio. For Asahi, the acquisition marks its first large-scale investment by a Japanese listed brewing group into the African alcoholic beverages market. The group has indicated intentions to protect established local brands **while selectively rolling out international offerings across East Africa.**

Completion of the transaction remains subject to regulatory approvals and is expected in the second half of twenty twenty-six. Post-completion, EABL is expected to maintain its listings on the Nairobi, Uganda and Tanzania stock exchanges.

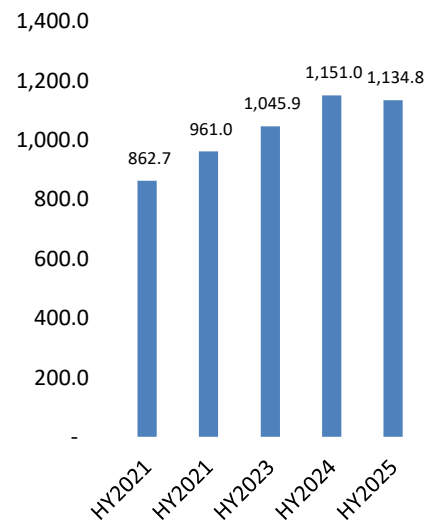
Asahi Group Holdings Ltd Financial Overview.

Asahi's revenue has exhibited a compounded annual growth rate of 7.1%, reaching KES 1.1 trillion in HY2025, representing a 1.4% decrease from KES 1.2 trillion in HY2024. The company reported a profit of KES 49.5 billion in HY2025, reflecting a 23.2% decline compared to KES 64.5 billion in HY2024, indicating a notable contraction in earnings despite relatively stable top-line performance. **On the balance sheet, Asahi demonstrates a strong liquidity position, with cash and cash equivalents of KES 48.1 billion and retained earnings of KES 1.2 trillion, underscoring its cash-rich standing in a capital-intensive industry.**

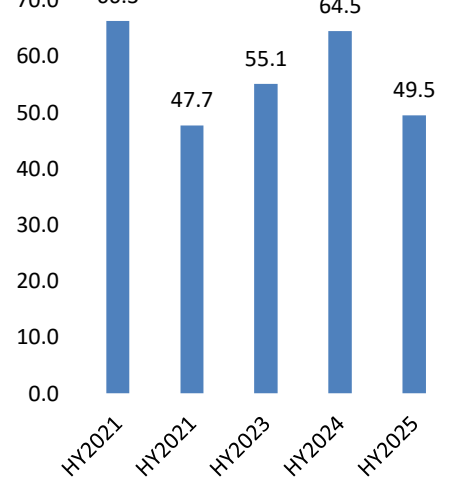
Transaction Details

Asahi Group will acquire Diageo's full equity interest in East African Breweries Limited for USD 2.354 billion (KES 304 billion) and Diageo's 53.68% stake in UDV Kenya for USD 646 million (KES 83 billion). Both transactions are structured on an equity value basis and are expected to complete in H2 2026, subject to regulatory approvals in Kenya, Uganda and Tanzania.

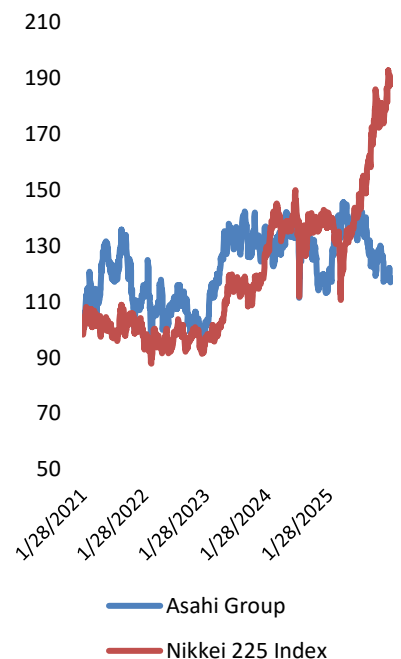
Asahi's Revenue (KES billions)



Asahi's Net Profit (KES billions)



Normalized Asahi Group Share Price Movement vs the Japanese Stock Market



Diageo estimates net proceeds, after tax and transaction costs, at USD 2.3 billion (KES 296.50 billion), implying an acquisition multiple of 17x adjusted EBITDA. On this basis, the transaction implies a total enterprise value for EABL of USD 4.8 billion (KES 619 billion). The USD 2.354 billion consideration for 65% of 790,774,356 issued shares in EABL translates to an approximate acquisition price of KES **590.78 per share by Asahi**, which exceeds the closing share price on 17th December 2025 of KES 299.75 by 97.1%

Although the implied per-share valuation for the controlling block was widely cited, **Asahi has not committed to a mandatory takeover offer for minority shareholders at that same level, and in its official notice the company explicitly discouraged investors from equating the controlling-block price with a compulsory buy-out price for the public float.** Asahi has also indicated that the acquisition is being implemented with additional commercial arrangements with Diageo beyond the basic share purchase terms, and that it intends to seek regulatory exemptions from mandatory takeover offer requirements while maintaining EABL's cross-listing and existing public shareholding structure.

In January 2026, Bia Tosha Distributors Limited filed an urgent High Court application seeking to restrain Diageo from completing the US\$2.3 billion sale of its 65 % stake in East African Breweries Limited (EABL) to Asahi Group Holdings. The court agreed to fast-track the matter but allowed regulatory approvals and preparatory steps for the transaction to continue, while issuing interim orders that temporarily restrain only the final completion of the share sale. The court further directed that the underlying 2016 distribution dispute be prioritized separately, with EABL maintaining that it is legally distinct from the Diageo–Asahi transaction.

Conclusion

Asahi Group Holdings' acquisition of a 65 % stake in East African Breweries Limited (EABL) shifts control from Diageo to Japanese ownership while keeping EABL listed on the Nairobi, Uganda, and Tanzania exchanges, preserving minority shareholder participation. The deal renews long-term licenses for key brands like Guinness, Johnnie Walker, and Smirnoff, ensuring brand continuity. **Leveraging Asahi's global expertise, cash strength, and focus on growth markets, EABL is positioned to accelerate market share, improve operational efficiency, and enhance corporate value across East Africa.**

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Glossary of Terms

Net Interest Margin (NIM) - Net interest margin is a measure of the difference between interest paid and interest received, adjusted for the total amount of interest-generating assets held by the bank. It is calculated as: $\text{Net Interest Income} / \text{Average Interest Earning Assets}$

Basis points (bps) - one hundredth of a percentage i.e. $1.0\% = 100\text{bps}$ or $1\text{bps} = 0.01\%$

Target price - Analyst estimate of the fair value or intrinsic value of the company

Cost of Funds-This is the effective average interest rate paid on interest earning liabilities. It is calculated as $\text{Total Interest Expense} / \text{Average Interest Earning Liabilities}$

Loan Yield- This is the effective average interest rate received on average loans and advances. It is calculated as $\text{Interest on Loans and Advances} / \text{Average Loans and Advances}$

Cost of Risk - This ratio measures the amount of risk involved in lending. It is calculated as: $\text{Net Impairment Provisions} / \text{Average Gross Loans}$ in the period

Non-performing loans-These are loans that have been classified as impaired. The CBK classifies loans into five categories i.e. Normal, Watch, Substandard, Doubtful and Loss depending on performance of the loan. The last three i.e. sub-standard, doubtful and loss are referred to as non-performing loans. Under IFRS, these classified as stage 3 loans.

Non-performing loans (NPL) Ratio - This is the proportion of NPLs in the loan book. It is calculated as $\text{Gross NPLs} / \text{Gross Loans}$

Non-funded/Non-interest Income- This represents the income that is not classified as interest income.

Non-Funded/Non-Interest Income Ratio. This represents the proportion of total operating income that is not classified as interest income. It is calculated as $\text{Non-Interest Income} / \text{Total Operating Income}$

Composite market share (Market share Index) - This is a weighted composite index comprising of assets, deposits, capital size, number of deposit and loan accounts. The composite market share is used by CBK to classify banks into three groups:

- Tier 1 (Large Size Bank); Composite market share of 5.0% and above
- Tier 2 (Medium Size Bank); Composite market share of between 1.0% and 5.0%
- Tier 3 (Small size Bank); Composite market share of less than 1.0%

Recommendation

BUY - Minimal risks to catalysts

SELL- Risks outweigh the catalysts

NEUTRAL - This is where the positives and negatives in a company almost balance out. You can accumulate for the long term.



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