

East African Breweries sees lingering Covid concerns after strong first half

By Duncan Miriri

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East African Breweries is cautiously optimistic about the prospects for its second half, its chief executive said on Friday, adding the threat posed by the Covid-19 pandemic was not over.



Kenya Cane spirit bottles are seen on a conveyor belt at the East African Breweries Limited factory in Ruaraka factory in Nairobi, Kenya. Source: Reuters/Thomas Mukoya

The firm, which is controlled by Britain's Diageo, posted a 23% jump in sales during its first half to the end of December, as Kenya and Uganda lifted restrictions on crowds that were put in place to curb the spread of the virus.

"The threat, the challenge of Covid is there," CEO Jane Karuku told Reuters in an interview, citing the emergence of new coronavirus variants like Omicron and a relatively low vaccination rate in East Africa.

EABL, which was established in Kenya 100 years ago and now operates in neighbouring Tanzania and Uganda, is investing in a new production plant and expanding existing facilities to maintain the growth momentum from the first half, she said.

The company, which spent 6.2bn shillings (\$54.63m) in capital expenditure during the first half, is also investing in technological infrastructure to make products available to consumers through an online purchase platform. "People are still concerned about their health, so they don't want to go to crowded places," Karuku said.



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EABL's rapid growth in the first half was driven by sales of mainstream beers like Tusker, and spirits, including Johnnie Walker whiskey, Gilbeys gin and Chrome vodka, the chief executive said.

Tax increases by governments that are pegged to the annual inflation rate, however, were a threat to the business since it could lead to a reduction in sales volumes, Karuku said. "The tax policy needs to be looked at," she said, adding that government taxes usually equate to half of the company's gross sales value.

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