Lafarge Bamburi Group posts a 17% growth in Turnover to KShs19.2 billion

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The Group's investments in new capacity and other strategic actions continue to deliver top line growth.

The Board of Directors of Bamburi Cement Ltd, chaired by Richard Kemoli, met on 2 August 2012 to approve the unaudited results for the 6 months ended 30 June 2012.

Half Year key figures vs. prior year:

▪·**Turnover:** KShs. 19.2 billion ▪·**Operating profit:** KShs. 3.6 billion	▪·**Cash & Cash equivalents:** KShs. 7.7 billion ▪·**Earnings Per Share:** KShs. 6.38

Results Highlights:

- Growth in turnover by 17 % to KShs 19.2 billion driven by increase in revenues across all markets in spite of strong competition in Kenya brought about by new capacities on the back of improved product and service value proposition.
- Despite the strong top line growth with increased volumes and cost management measures, the Operating Profit dropped by 9% to KShs 3.6 billion due to the difficult operating environment amplified by surging fuel, transport and power costs; Pre-tax profit dropped by 13% to stand

at KShs. 3.7 billion due to loan financing costs in Uganda and losses on exchange notwithstanding growth in investment income on deposits.

- The Group continues to focus on working capital management to optimise its cash position. In the period under review, the Group generated cash from operations amounting to KShs 5.1 billion, 33% higher than that generated last year.

2012 Outlook:

The Board of Directors continues to identify and implement sustainable strategies to steer the Group's growth and profitability in an increasingly competitive environment. The new production line at Kasese Plant, Uganda has and will go a long way in enhancing the Group's efficiency levels and improve operating results.

The Group will focus on replicating our unparalleled offering to the market through product innovation and stellar customer service augmented by a dedicated investment in brand building. With the completion of the main plant upgrades that were scheduled for the first half; the Group expects improved productivity and efficiencies from the plant. It is anticipated that increased efficiency will be attained through rationalisation of cost and capital expenditure while improving industrial productivity to meet customer expectations and sustain the cash generation initiatives.

The Group remains strongly optimistic that the regional cement market will continue to be vibrant. The Group will focus to retain the upward trend of revenue growth through brand and volume driving activities and enhanced customer service.

Capacity enhancement and innovation

In addition to the new cement capacity in Uganda, the Group continues to look for opportunities to enhance product and service offering through investment in value added products from the downstream business. In its pursuit to remain the regional leader in the provision of construction solutions, the Group has over the last two years invested close to KShs. 450 million in additional capacity in Ready Mix and pre-cast operations in Kenya.

Safety, Health and Environment:

The Group has maintained its priority of delivering a safe work place through the launch of the Risk based approach in safety. During the six months, the Group's focus on safety was evidenced by zero industrial and road fatalities for both employees and contractors. Similarly, the Group continues to champion a road safety culture through road patrols, drivers fatigue management courses as well as employee and contractor driven industrial safety.

On the Environment front, *as* part of the Group's 2012 sustainability ambitions, a significant investment of KShs 400 Million has been put into upgrading the Electrostatic Precipitator installation with the more efficient bag filter technology in Mombasa. This was scheduled for completion in August 2012. Apart from the benefit of improving clinker productivity, this investment will also go a long way in our compliance to Global environmental standards. We have plans to make similar investment in Uganda in 2013.

Contribution to Economy:

The Group continues to look at opportunities at partnerships in waste management and waster recovery, which is beneficial to overall energy conservation.

Dividends:

The Directors recommend payment of an interim dividend of KShs 2 per ordinary share (2011: KShs 2 per ordinary share). This will bring the interim dividends for the year to KShs. 726 Million.

Notes to editors

Lafarge Bamburi Group is the leading cement producing and marketing Group in the Eastern Africa region. Its subsidiaries include Hima Cement Ltd (Uganda), Bamburi Special Products Ltd and Lafarge Ecosystems Ltd. Bamburi Cement is a subsidiary of Lafarge.

Located in 64 countries with 68,000 employees, **Lafarge** is a world leader in building materials, with top-ranking positions in its Cement, Aggregates & Concrete businesses. In 2011, Lafarge posted sales of 15.3 billion euros.

For the second year in a row, Lafarge ranked amongst the top-10 of 500 companies evaluated by the "Carbon Disclosure Project" in recognition of their strategy and actions against global warming. With the world's leading building materials research facility, Lafarge places innovation at the heart of its priorities, working for sustainable construction and architectural creativity.

Additional information is available on the web sites at **www.Lafarge.com** and **www.Lafarge.co.ke**

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