

BAMBURI CEMENT LIMITED

The Directors of Bamburi Cement Limited are pleased to release the unaudited Group Financial Statements for the six months ending 30 June 2020

Condensed Group Statement of Comprehensive Income	2020 June	2019 June	Condensed Statement of Financial Position	2020 June	2019 December
	KShs. Million	KShs. Million		KShs. Million	KShs. Million
Turnover	16,228	18,663	Assets		
Total operating costs	(16,000)	(18,331)	Non-current assets		
Operating profit	228	332	Property, plant & equipment	35,076	35,003
Other gains and losses	116	(61)	Right of use assets	467	588
Impairment losses on property, plant & equipment	2	(73)	Intangibles	116	139
Finance costs-net	(133)	(175)	Equity & long term investments	142	163
Profit before tax	213	23	Biological assets	335	335
Taxation	508	370	Limestone reserves	532	521
Profit for the Period	721	393	Goodwill	217	217
Other comprehensive income net of tax	333	(4)		36,885	36,966
Total Comprehensive Income for the year	1,054	389	Assets held for sale	-	27
EPS -KShs per Share	1.84	1.61	Working capital		
			Current assets	7,558	8,986
			Current liabilities	(6,419)	(7,009)
				1,139	1,977
			Cash and bank balances	3,251	3,106
			Short term borrowings	(92)	(1,772)
				41,183	40,304
			Capital and reserves		
			Share capital	1,815	1,815
			Reserves	27,782	26,888
			Equity attributable to owners of the Company	29,597	28,703
			Non-controlling interests	3,588	3,429
			Long term borrowings	2,824	2,066
			Non-current liabilities	5,174	6,116
			Total equity and non-current liabilities	41,183	40,304

*EPS calculated on profit after tax attributable to shareholders of the parent and based on average number of shares

Condensed Statement of Cash Flows	2020 June	2019 June	Condensed Statement of Changes In Equity	2020 June	2019 December
	KShs. Million	KShs. Million		KShs. Million	KShs. Million
Cash generated from operations	3,048	1,229	Share Capital	1,815	1,815
Interest received	28	56	Revaluation reserve	11,664	11,664
Interest paid	(159)	(218)	Fair value and translation reserves	(1,775)	(2,027)
Net foreign exchange gains	4	(16)	Retained Earnings	17,893	17,251
Tax paid	(150)	(58)	Non-controlling interests	3,588	3,429
Net cash generated from operating activities	2,771	993	At end of the year	33,185	32,132
Net cash used in investing activities	(731)	(566)			
Net cash used in financing activities	(61)	(23)			
Net increase in cash & cash equivalents	1,979	405			
Effects of foreign exchange movement	(155)	(78)			
At beginning of the year	1,334	963			
At end of the period	3,158	1,289			

Explanatory notes: These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements do not include all of the information required for full annual statements, and should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 December 2019.

RESULTS HIGHLIGHTS

Revenue

The Group Turnover in the first half of 2020 was KShs 16.2bn which is 13% behind prior year (2019: KShs 18.7bn). The decline is due to the effect of COVID-19 (corona virus) pandemic and government instituted containment measures in the first half of 2020. These have impacted volumes adversely. Since the beginning of the pandemic, there has been a gradual decline in activity in the building and construction industry driven by construction site closures. Lower than prior year selling prices have also been experienced due to change in product mix and prevailing market conditions.

Profit before tax

The Group's profit before tax for the first half of 2020 grew to KShs 213m from KShs 23m on a like-for-like basis. This growth has been achieved despite the decline in the turnover in both countries.

The improvement registered in Profit before Tax despite the highlighted downsides is testimony that the swift implementation of "HEALTH, COST & CASH" action plan adopted by the group at the onset of the Covid 19 Pandemic has helped mitigate the adverse impact of the crisis. Other gains and losses increased to KShs 116m (2019: KShs -61m) on account of the strengthening of the Uganda shilling against other major currencies, particularly the reporting Kenya Shilling. The financial expenses reduced by 24% to KShs 133m, thanks to the optimisation of cash resources within the Group. The local third party overdraft in Hima has been reduced significantly through substitution with intra-Group loan from Kenya and improved cash generation from operations.

Profit after tax

The profit after tax at KShs 721m was higher than 2019 (KShs 393m) due to a tax credit of KShs 508m. The tax credit arises from the adjustment of deferred tax liability in line with the new corporate tax rate in Kenya of 25%.

Cash flow

The cash flow generated from operations at KShs 3,048m (H1 2019: KShs 1,229m) was KShs 1.8bn higher than prior year. Working Capital optimisation initiatives, executed as part of Covid 19 impact mitigation measures, has seen the group Current Assets, mainly Inventory and Receivables, reduce significantly by KShs 1.4bn from end 2019 position. Consequently, the Group's liquidity and balance sheet remains solid with a good foundation for future leveraged growth.

Interim Dividend

The board does not recommend the payment of an interim dividend for the Financial Year 2020.

2020 OUTLOOK

The adverse impact of COVID 19 pandemic is expected to carry on into the second half of 2020. The Group's priority continues to be the implementation of necessary measures to enhance business resilience and to protect the health and safety of employees and their families.

These measures are delivering results as the group is registering cost savings and improved cash generation to counter the decline in topline.

By Order of the Board,

Dr. John P. N. Simba
Chairman

27th August 2020

Seddiq Hassani
Group Managing Director

