

Nairobi, 30 August 2018

Bamburi Cement Group announces Half Year 2018 results, performance weighed down by market conditions

Bamburi Cement Ltd has today announced its half year results for the period January to June 2018 compared to the previous year.

Commenting on the Company's results, the Board stated that the Group results showed mixed performance, with Kenya experiencing a contracting market closing at 8% behind prior year in a high external cost environment. In Uganda, a combination of lower sales due to production challenges, competitive pressure on prices and a slowdown in government expenditure negatively impacted performance.

The Group noted that a significant impact on Uganda was negatively impacted in the first quarter by production challenges and product availability while the second quarter was negatively impacted by competitive pressure as all players recorded extra capacity and slowdown in government expenditure. However, the results in Uganda were also impacted following an internal audit that commenced in the first quarter of 2018. The audit identified a number of balance sheet write offs amounting to KES 315 million with no cash impact. The Group has put in place the right technology, procedures and controls in place to ensure non-recurrence. Further, the Group will ensure it maintains a higher level of control and true visibility on the actions of all its subsidiaries.

Operating profit declined from KES 2.7 billion to KES 1.2 billion impacted by flat turnover, higher power, coal and raw materials costs as well as the impact of the balance sheet write offs in Uganda.

Profit before tax declined to KES 0.7 billion from KES 2.7 billion due to lower operating profit together with large unrealized forex losses amounting to KES 465 million mainly on a US\$ 14 million loan taken in Uganda to partly finance the capacity expansion and dollar denominated payables. Negotiations are underway to refinance this into a local currency loan. Profit after tax declined to KES 0.4 billion mainly affected by a high effective corporation tax rate of 45% arising from booking a 2017 under provision of disputed tax assessments received from the Uganda Revenue Authority in March 2018, now confirmed.

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The Group recorded stronger cash generated from operations of KES 2.33 billion compared to profits before taxes of KES 0.7 billion, which were significantly impacted by non-cash balance sheet write offs and provisions in Uganda, that had no impact on cash. In addition, sound working capital management resulted to a high profit to cash conversation ratio.

The Group was pleased to note that KES 8 billion capacity expansion projects in both Kenya and Uganda were fully commissioned on schedule and have undergone acceptance testing at the end of June 2018. Studies on Phase 2 of the expansion, expected to solidify the Group's position as the least cost producer in the region, continue.

During the period, the Group spent KES 1.8 billion for capital expenditure (mostly for the capacity expansion) part of which was financed by a loan of KES 1.4 billion (US\$ 14 million) received in Uganda. Net cash balances increased from KES 2 billion at close of last year to KES 2.86 billion, with Kenya at KES 3.2 billion while Uganda closed with an overdraft of KES 0.3 billion.

'Despite the Kenyan market contraction in the first half of the year, we anticipate a recovery in the later part of the year and into 2019' the Managing Director Seddiq Hassani stated in a statement. 'In Uganda, through the marketing strategies that are being adopted, we expect to further capture the opportunities in the growing Inland Africa and captitalize and grow our market share despite of the current oversupply situation markets' He further stated.

NOTES TO EDITORS

Bamburi Cement Limited, a subsidiary of LafargeHolcim, and is the leading cement manufacturing and marketing Company in the Eastern Africa region, having been operational for 63 years. It has three subsidiaries Hima Cement Ltd (Uganda), Bamburi Special Products Ltd and Lafarge Ecosystems Ltd.

More information is available on Bamburi Cement Group website www.Lafarge.co.ke

LafargeHolcim is the leading global building materials and Solutions Company serving masons, builders, architects and engineers all over the world. Group operations produce cement, aggregates and ready-mix concrete which are used in building projects ranging from affordable housing and small, local projects to the biggest, most technically and architecturally challenging infrastructure projects. As urbanization increasingly impacts people and the planet, the Group provides innovative products and building solutions with a clear commitment to social and environmental sustainability. With leading positions in all regions, LafargeHolcim employs around 90,000 employees in more than 80 countries and has a portfolio that is equally balanced between developing and mature markets.

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