

Bamburi Cement records 9 percent revenue increase

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Bamburi Cement Ltd has today announced a nine percent increase in revenue in its half year results for the period January to June 2014. Group turnover for the period under review grew to KSh17.3 billion from KSh15.8 billion as a result of a rise in sales volumes in the first half of the year in both domestic markets and inland Africa exports markets.

Commenting on the Company's results, the Board stated "We have made good progress by ratcheting up sales locally and within the region." Competitive pressure in the Uganda market coupled with higher costs resulting from significant power tariff increases in Kenya which stood at 25% above 2013 prices for the same period ate into the company's operating profit.

The Bamburi Group posted a 30% drop in operating profit to KSh2.2 billion compared to last year's KSh3 billion. The cement manufacturer's pretax profits also took a hit from rising power costs and a higher use of imported clinker in both Kenya and Uganda and the introduction of a mining levy in Kenya, dropping from Ksh3.2 billion to KSh2.3 billion.

"We are optimistic that the business environment will progressively improve in the second half of the year," stated the Board. The East African regional economies are growing briskly, demand for cement and cement related products is expected to rise. The Bamburi Group, will continue working with East African Community (EAC) member states to create conducive operating conditions by addressing business challenges.

Commenting on the opportunities in the market Finance Director Mr. Eric Kironde said the company expected the monetary policy in both our domestic market countries to remain tight but stable to contain inflationary forces. “In addition, increased urbanization plus demand for housing and good commercial properties in the urban centers is expected to continue to drive commercial, private and infrastructural development, thus we expect these segments will continue to increase cement consumption,” said Mr Kironde

The successful issuance of the Eurobond in Kenya is also expected to provide the Government with funding for increased expenditure on infrastructural projects under the Kenya economic blue print, Vision 2030. He said Bamburi is well positioned in terms of capacity and products to leverage on the lined up flagship projects that include the standard railway and expansion of road networks.

Mr Kironde said the cement manufacturer plans to capitalize on private, commercial and infrastructure projects to ramp up sales and improve industrial productivity to meet customer expectations. Bamburi’s ongoing cost reduction initiatives, he said, would cushion the company from expected top line pressure and improve operating profit in the long-term.

The Bamburi Group is confident that the investments made in sourcing alternative sources in energy including the pet coke project in Uganda which was commissioned in January 2014, and ramping up on its alternative fuels substitution rate to higher levels in both Kenya and Uganda, will go a long way in improving efficiency levels thus contributing to its profitability in the remainder of the year.

The Company has the capacity to meet any increase in demand as well as the capability to develop solutions for the customer’s needs. Furthermore, the Group’s inherent strength of its business and people will increase its

ability to steer through the anticipated and existing challenges in the operating environment.

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.

A world leader in building materials, Lafarge employs 64,000 people in 62 countries, and posted sales of €15.2 billion in 2013. As a top-ranking player in its Cement, Aggregates and Concrete businesses, it contributes to the construction of cities around the world, through its innovative solutions providing them with more housing and making them more compact, more durable, more beautiful, and better connected. With the world's leading building materials research facility, Lafarge places innovation at the heart of its priorities in order to contribute to more sustainable construction and to better serve architectural creativity.

More information is available on the websites www.lafarge.com and www.Lafarge.co.ke

CONTACT

Bamburi Cement Group

CORPORATE AFFAIRS & COMMUNICATIONS DIRECTOR

Susan Maingi : +254 20 2893300

Susan.Maingi@lafarge.com

Bamburi Cement Group

FINANCE DIRECTOR

Eric Kironde: +254 20 2893300

Eric.Kironde@lafarge.com