

A resilient Bamburi Cement Group defies Covid-19 in 2020 to post a 144% increase in pre-tax profits while registering an impressive turnaround in Cashflow

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“The Group’s results for the year 2020 demonstrates the great resilience of our business. We are proud of our team’s agility to weather the storm, effectively driving cost savings ahead of revenue decline, improving net working capital and delivering a record high Cashflow,” Dr John Simba – Chairman, Bamburi Cement Group

Despite a topline decline of 5%, the cement producing company with operations in both Kenya and Uganda, and which is listed in the Nairobi Securities Exchange, posted a Pre Tax profit of Kes 1,776 million in the financial year ending 31 December 2020. This is a 144% increase over the Kes 728 million realised in 2019. The Group attributed the decline in topline to adverse impact of stringent Covid-19 containment measures announced by the Kenya and Uganda governments at the onset of the pandemic in March 2020. According to the company, the containment measures involving curfews, lockdowns and restriction of movement for goods and people across borders in the first half of 2020 caused the Group topline to decline by 13%. However, the company registered a recovery in the second half of 2020, thanks to the easing off of the containment measures.

The growth in the Group’s Pre Tax profit was driven by a significant 77.5% growth in operating profit in 2020 to Kes 1,983 million (2019: Kes 1,117 million). Additionally, a 47% reduction in net finance costs to Kes 207 million from Kes 369 million in 2019, further contributed to the growth in Pre Tax profit. The Group attributes the good performance to the launch and implementation of the “Health, Cost and Cash” (HCC) agenda adopted at the onset of the Covid-19 pandemic to build resilience in, and crisis-proof the business. In the execution of the HCC agenda, the three pillars

of Health preservation, Cost Optimisation and Cash protection were prioritized as key business deliverables during the pandemic crisis.

Cost optimization throughout the company, coupled with significant turnaround of the Uganda subsidiary after a depressed 2019 performance attributed to the closure of the Uganda-Rwanda border, cushioned the Group's bottomline from impact of the topline decline to Kes 34,884 million in 2020 (2019: Kes 36,796 million).

Thanks to the "Cash" pillar of the HCC agenda, the Group generated record Cashflow of Kes 4,856 million (2019: Kes 359 million).

Commenting on the 2020 results, Mr Seddiq Hassani, Bamburi Cement Group Managing Director stated that *"Our profitability despite the adverse economic impact of Covid-19 pandemic, goes a long way to show the resilience of our employees, great teamwork, and the strong foundation set by our company culture and long-term business strategy. I take extreme pride in sharing these results with all our employees who delivered them."*

According to the Group Chairman, Dr John Simba, *"The Group's results for the year 2020 demonstrates the great resilience of our business. We are proud of our team's agility to weather the storm, effectively driving cost savings ahead of revenue decline, improving net working capital and delivering a record high Cashflow."*

Through the Health pillar of HCC, the Group implemented a variety of measures to protect the health of its employees and partners, including strict protocols across all its operating sites, having non-operational staff work from home, and providing staff with Covid-19 care packs. The Group was also visibly involved in the collective drive to help alleviate the impact of the Covid-19 pandemic, committing Kes 15.6 million and UGX 456.5 million to support the fight against the spread of the virus in both Kenya and Uganda respectively.

In Kenya, the Kes 15.6m includes Kes 5 million which was donated directly to the Government sponsored Covid-19 Emergency Fund kitty, with the balance going towards donation of Personal Protective Equipment (PPE) to healthcare workers in various County hospitals, supporting communities in Machakos, Kajiado, Mombasa, Kilifi and Kwale counties with water tanks, face masks, sanitizers and other Covid 19 defensive initiatives. In Uganda, through Bamburi's subsidiary Hima Cement Limited, donations of sanitisers, soap and PPEs were made to communities in Kasese, Kapchorwa and Tororo. In addition, Hima Cement also donated mattresses for a Covid-19 ward in Tororo Hospital in Eastern Uganda, cement towards the construction of driver shelters at border crossing points; and availed its ambulance to the Covid-19 District Task Force at Kasese to serve Covid-19 emergency needs.

In celebrating the strong performance of the company, the shareholders will not be left out. The Board of Bamburi Cement Limited has recommended the payment of a

dividend of Kes 1,089 million, a contrast to year 2019 when no dividend was declared.

In assuring the shareholders of the company, Dr John Simba said that *“In consideration of the strong performance delivered and in recognition that year 2020 was a difficult one financially for many, our esteemed shareholders included, the Board of Bamburi Cement Limited, recommends the payment of a final dividend of Kes 3.00 per share.”*

On the 2021 Outlook, Mr Hassani expressed optimism, noting that *“The strategic priorities for the business and its partners are clearly defined and their successful execution will prove critical against the current operating background especially with the emergence of a new Covid-19 wave that has necessitated partial re-introduction of containment measures. I am optimistic that we have established a solid foundation from which we will continue to execute our strategic priorities in 2021. I have confidence in the ability of the two governments of Kenya and Uganda to help contain the pandemic and promote a positive economic environment supportive of business growth.”*

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Notes to editors

About Bamburi Cement Limited

Bamburi Cement Limited, a subsidiary of LafargeHolcim, is the leading cement manufacturing and marketing Company in the Eastern Africa region, having been operational for 67 years. Aside from its cement operations in Kenya, Bamburi has three subsidiaries Hima Cement Ltd (Uganda), Bamburi Special Products Ltd (precast concrete and ready-mix subsidiary) and Lafarge Eco-Systems Ltd (its environmental arm). More information is available on Bamburi Cement Limited website www.lafarge.co.ke

About LafargeHolcim

As the world’s global leader in building solutions, LafargeHolcim is reinventing how the world builds to make it greener and smarter for all. On its way to becoming a net zero company, LafargeHolcim offers global solutions such as ECOPact, enabling carbon-neutral construction. With its circular business model, the company is a global leader in recycling waste as a source of energy and raw materials through products like Susteno, its leading circular cement. Innovation and digitalization are at

the core of the company's strategy, with more than half of its R&D projects dedicated to greener solutions. LafargeHolcim's 70,000 employees are committed to improving quality of life across more than 70 markets through its four business segments: Cement, Ready-Mix Concrete, Aggregates and Solutions & Products. More information is available on www.lafargeholcim.com

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