

BAMBURI CEMENT LIMITED

THE DIRECTORS OF BAMBURI CEMENT LIMITED AND ITS SUBSIDIARIES (TOGETHER THE "GROUP") ARE PLEASED TO ANNOUNCE THE AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

Summarised consolidated statement of profit or loss and other comprehensive income	2017 KES Million	2016 KES Million
Turnover	35,974	38,281
Total operating costs	(31,745)	(30,286)
Operating profit	4,229	7,995
Investment income	150	369
Finance costs	(263)	(93)
Profit before tax	4,116	8,271
Taxation	(2,143)	(2,381)
Profit for the year	1,973	5,890
Other comprehensive income/(loss) net of tax	4,493	(997)
Total comprehensive income for the year	6,466	4,893
Earnings per share (EPS)* – Basic and diluted	4.54	14.44

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

Summarised consolidated statement of financial position	2017 KES Million	2016 KES Million
Assets		
Non-current assets		
Property, plant & equipment ¹	32,681	21,316
Other equity investments	327	278
Goodwill	217	217
	33,225	21,811
Working capital		
Current assets	10,488	12,028
Current liabilities	(6,677)	(7,040)
	3,811	4,988
Dividend payable	(6)	(6)
Cash and bank balances	2,040	6,972
	39,070	33,765
Capital and reserves		
Share capital	1,815	1,815
Reserves	27,557	24,590
Equity attributable to owners of the Company	29,372	26,405
Non-current liabilities	5,870	3,946
Non-controlling interests	3,828	3,414
	39,070	33,765

¹Included is revaluation on land, plant and equipment of KES 5,707 million for Kenya and KES 419 million for Uganda. The Group's policy is to carry out valuations once every five years.

Summarised consolidated statement of cash flows	2017 KES Million	2016 KES Million
Cash generated from operations	6,458	6,814
Interest received	150	369
Interest paid	(25)	
Net foreign exchange gains	-	190
Tax paid	(1,632)	(3,424)
Net cash generated from operating activities	4,951	3,949
Net cash used in investing activities	(6,841)	(448)
Net cash used in financing activities	(3,085)	(4,764)
Net decrease in cash & cash equivalents	(4,975)	(1,263)
Cash and cash equivalents at beginning of the year	6,972	8,453
Effects of exchange rate on cash held in foreign currencies	43	(218)
Cash and cash equivalents at end of year	2,040	6,972

Summarised consolidated statement of changes in equity	2017 KES Million	2016 KES Million
Share capital	1,815	1,815
Revaluation reserve	11,263	7,163
Fair value and translation reserve	(1,669)	(1,721)
Retained earnings	17,963	19,148
Non-controlling interests	3,828	3,414
At end of the year	33,200	29,819

Explanatory notes: These results are extracted from the consolidated financial statements of Bamburi Cement Limited for the year ended 31 December 2017. The financial statements were audited by Deloitte & Touche and have received an unmodified opinion.

HIGHLIGHTS

The Group's turnover decreased by KES 2.0 billion to KES 36 billion following lower sales in Kenya due to contracted market following prolonged election period, tightening of credit, drought and delayed infrastructure projects. Uganda sales were broadly flat in both domestic and export markets.

Operating profit reduced from KES 8.0 billion in 2016 to KES 4.2 billion due to lower revenues and higher energy prices.

Profit before tax declined to KES 4.1 billion from KES 8.3 billion prior year as a result of lower operating profit, impact of lower cash deposits at lower interest rates, and lower foreign exchange gains in addition to impairment of assets following a review made in the year totaling KES 243 million, mainly involving capacity increase feasibility and other projects.

The Group has taken tax provisions in Uganda over tax assessments that are disputed. These have affected both operating costs contributing to a reduction in profit before tax and an increase in corporation tax, resulting in an effective tax rate of 52% and a profit after tax of KES 2.0 billion.

Cash decreased to KES 2.0 billion due to payments for the capacity expansion in both Kenya and Uganda together with lower cash from operations, especially in Kenya, while maintaining a dividend cash out of KES 3.1 billion in 2017.

CAPACITY EXPANSION PROGRESS

The 1.8 million tons cement capacity expansion project in both Kenya and Uganda is on course and commissioning of both projects scheduled for the second half of 2018. Studies on Phase 2 of the expansion are at an advance stage. These actions will solidify the Group's long term advantage in these regions.

2018 OUTLOOK

The market is expected to rebound in line with the projected growth in both domestic and regional markets in 2018.

The Group continue to optimise on its administration costs, cost to serve and its innovative product mix. The key focus will be the successful entry of the new capacity volumes into the market and improvement of customer offering while benefiting from gains of both new plants. Key risks in 2018 will be higher coal and power prices, which the Group is putting measures to proactively manage.

DIVIDEND

An interim dividend of KES 2.50/= per ordinary share amounting to KES 907 million was paid on 28 October 2017.

The Board of Directors recommends payment of a final dividend of KES 1.50/= per ordinary share (KES 6.00/= per ordinary share paid in 2016) subject to approval by shareholders at the Annual General Meeting. The final dividend, when added to the interim dividend already paid, brings the total dividend for the year to KES 4.00 per ordinary share (KES 12.00 per ordinary share in 2016).

CLOSURE OF SHARE REGISTER

Subject to approval by the Shareholders at the Annual General Meeting, the final dividend for 2017 will be paid on 13 July 2018 to members on the register at close of business on 27 April 2018. Accordingly, the register of members will close at 4.30 pm on 27 April 2018 and will remain closed up to 30 April 2018.

By Order of the Board,

Dr John Simba
Chairman

Eric Kironde
Finance Director

26 March 2018

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