

# The Directors of Bamburi Cement Limited are pleased to announce the audited Group Financial results for the year ended 31 December 2020



**Bamburi**  
cement

Part of you. From the start

Visit [www.lafarge.co.ke](http://www.lafarge.co.ke) for more information

[BamburiCement](#) [BamburiCement](#) [BamburiCement.Ltd.LafargeHolcim](#)

## Condensed Consolidated Statement of profit or Loss and other comprehensive income for the year ended 31 December 2020

	2020 Kes Million	2019 Kes Million
<b>Revenue</b>	<b>34,884</b>	<b>36,796</b>
Total operating costs	(33,127)	(35,621)
Other gains	344	149
Impairment losses	(118)	(207)
<b>Operating profit</b>	<b>1,983</b>	<b>1,117</b>
Finance costs-net	(207)	(389)
<b>Profit before tax</b>	<b>1,776</b>	<b>728</b>
Taxation	(647)	(369)
<b>Profit for the year</b>	<b>1,129</b>	<b>359</b>
Other comprehensive income /(loss) net of tax	790	(9)
<b>Total Comprehensive Income</b>	<b>1,919</b>	<b>350</b>
EPS* - KES per Share	2.89	1.74

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

## Condensed Consolidated Statement of Cash flows for the year ended 31 December 2020

	2020 Kes Million	2019 Kes Million
<b>Cash generated from operations</b>	<b>6,860</b>	<b>3,659</b>
Interest received	62	60
Interest paid	(218)	(327)
Tax paid	(577)	(273)
<b>Net cash generated from operating activities</b>	<b>6,127</b>	<b>3,119</b>
Net cash used in investing activities	(1,106)	(1,019)
Net cash used in financing activities	(164)	(1,741)
<b>Net cash used in investing &amp; Financing activities</b>	<b>(1,270)</b>	<b>(2,760)</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>4,857</b>	<b>359</b>
Effects of foreign exchange movement	60	12
At beginning of the year	1,334	963
<b>At end of the year</b>	<b>6,251</b>	<b>1,334</b>

**Explanatory notes:** These results are extracted from the consolidated financial statements of Bamburi Cement Limited for the year ended 31 December 2020. The financial statements have been audited by Deloitte & Touche and have received an unmodified opinion. The summarised consolidated financial results do not include all of the disclosures required for full financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.

## RESULTS HIGHLIGHTS

### The Covid 19 Pandemic in 2020

In March 2020, both Kenya and Uganda governments announced the first confirmed infection of Covid-19 in the respective countries. In a bid to prepare the business for the anticipated rough ride ahead, the Bamburi Group adopted the HEALTH, COST & CASH (HCC) action plan. The objective of the HCC agenda was to prioritise the preservation of the health of our employees, stakeholders and communities, mitigate the impact of revenue decline on the P&L through cost base optimisation, and preserve cash.

### Revenue

Group Revenue at Kes 34,884m in 2020 (2019: Kes 37,966m) declined by 5%. The decline occurred in the first half of the year when the group registered a decline of 13%. The first half of 2020 was impacted by relatively more stringent Covid-19 containment measures involving curfews, lockdowns and general restriction of movement for both people and of goods, particularly at border crossing points. In the second half the Group registered a recovery and posted a topline growth of 3% following the easing off of the containment measures.

The Group also realised lower average selling prices driven in equal measure by both change in product mix and pure price decline due to competitive pressure fuelled by over-capacity in the cement market.

In February 2020, we launched "Fundu" in Kenya, a 22.5 masonry cement which specifically targets masonry, brick laying and plastering applications. The introduction of more affordable "Fundu" into our range of product offerings has also contributed to lowering the average selling price across our product portfolio.

### Profitability

The operating Profit in 2020 grew significantly by 77.5% to Kes 1,983m (2019: Kes 1,117m). This was despite the 8% devaluation of the Kenya shilling which led to imported cost inflation. Despite the currency devaluation and decline in revenue, significant cost savings in both variable and fixed costs cushioned the bottomline. Our Uganda subsidiary Hima Cement, has contributed a higher turnaround in profitability compared to 2019.

Profit before income tax at Kes 1,776m (2019: Kes 728m) was also up by 144%. In addition to improved operating profit, the group realised a lower net cost of finance by Kes 182m or 46.8% from Kes 389m in 2019 to Kes 207m in 2020.

Total Comprehensive income for the year grew 448% from Kes 350m in 2019 to Kes 1,919m in 2020 driven by a lower than prior year effective Tax Rate of 36.4% (2019: 50.6%) and a registered exchange gain in retranslation of Uganda shillings into Kenya Shillings at Kes 807m (2019: Kes 22m) on consolidation. The decline in revenue was more than mitigated and bottomline was secured, thanks to the flawless execution of the HCC agenda throughout the year.

### Cash flows

The reduction in net Finance costs came about from deliberate actions taken by the Group as part of the "Cash" pillar of HCC. These actions included the release of cash tied up in trade receivables and inventories. During the year, inventories and trade receivables reduced by Kes 1,554m (2019: Kes 1,041m) and Kes 855m (2019: 138m) respectively, releasing a total of Kes 2,439m (2019: 1,179m) of cash tied therein. Additionally, with improved profitability, total cash generated from operations was Kes 6,860m (2019: Kes 3,659m), a growth of 87.5%.

The exceptional performance of the Group in 2020, both at profitability and cash flow level, despite a global pandemic is a testimony of the Group's resilience in the face of adversity.

## Condensed Consolidated Statement of Financial Position As at 31 December 2020

	2020 Kes Million	2019 Kes Million
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant & equipment	35,159	35,003
Right of use assets	407	588
Intangible assets	35	139
Equity & long term investments	124	163
Biological assets	119	335
Limestone reserves	560	521
Prepaid operating leases	116	-
Goodwill	217	217
	<b>36,737</b>	<b>36,966</b>
Assets held for sale	-	27
<b>Working capital</b>		
Current assets	6,322	8,986
Current liabilities	(6,881)	(7,009)
	<b>(559)</b>	<b>1,977</b>
Cash and bank balances	6,387	3,106
Short term borrowings	(136)	(1,772)
<b>Net assets &amp; current liabilities</b>	<b>42,429</b>	<b>40,304</b>
<b>Capital and reserves</b>		
Share capital	1,815	1,815
Reserves	28,487	26,888
<b>Equity attributable to owners of the Company</b>	<b>30,302</b>	<b>28,703</b>
Non-controlling interests	3,749	3,429
Long term borrowings	2,191	2,056
Non-current liabilities	6,187	6,116
<b>Total equity and non-current liabilities</b>	<b>42,429</b>	<b>40,304</b>

## Condensed Consolidated Statement of changes in equity for the year ended 31 December 2020

	2020 Kes Million	2019 Kes Million
Share Capital	1,815	1,815
Revaluation reserve	11,422	11,664
Translation reserve	(1,462)	(2,027)
Retained earnings	18,527	17,251
Non-controlling interests	3,749	3,429
<b>At end of the year</b>	<b>34,051</b>	<b>32,132</b>

## 2021 OUTLOOK

2021 started off with both the Kenya and Uganda governments gradually easing the Covid-19 containment measures. However, at the time of writing this report, Kenya is experiencing a third wave evidenced by the higher rates of infections and mortality. In response, the Kenyan government has reintroduced selective containment measures.

In the wake of the third wave, not just in Kenya, but in many parts of the world, the adverse impact of the pandemic on the global and domestic supply chain is expected to persist throughout the remaining part of 2021. The strength of the economic recovery will depend in part on how Kenya and Uganda will be successful in containing the new wave and flattening the curve, and subsequently easing off on the reintroduced containment measures.

Despite the uncertainty in this space, as a Group, we will remain steadfast in delivering on our strategy. This is in a bid to grow shareholder value as we advance our purpose of transforming lives. Our key focus remains to protect our people and partners, without whom we will not be able to achieve our noble objectives. Additionally, despite the continuing uncertainty in relation to the COVID-19 pandemic, the Bamburi Group has 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. We will compliment government efforts with continuing to flawlessly execute our "Building for Growth" strategy, while drawing from the strong foundation of resilience that our teams have built and demonstrated in the face of the pandemic during the year 2020.

We face an uncertain 2021 with the confidence that we can always draw from the foundation that we have laid in 2020.

## DIVIDEND

In consideration of the strong performance delivered in both bottomline and cash generation in the year 2020, the Board of Bamburi Cement Limited, recommends the payment of a first and final dividend of Kes 3.00 per share amounting to Kes 1,089m (2019: Nil) in respect of the year ended 31 December 2020.

The dividend will be paid on or about 15 July 2021 to shareholders on the register at the close of business on 16 May 2021, subject to the approval of shareholders at the Annual General Meetings scheduled for 10 June 2021.

## By Order of the Board,

Dr. John P. N. Simba, EGH, MBS, OGW  
Chairman

Seddiq Hassani  
Group Managing Director

20 April 2021

