

# Bamburi Cement Group FY 2019 Profit before Tax up 17% to KShs 0.73 Billion

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## **Company sustains top line growth on the back of flat cement market**

Bamburi Cement Group delivered improved profitability for the full year ended December 2019, posting a 17% jump in profit before tax to KShs 0.73 billion as compared to KShs 0.62 billion in 2018.

The improved profitability was largely driven by cost cutting and optimization initiative undertaken by the Group under the “Building for Growth” strategy.

Despite the decline in the Kenya cement market, lower selling prices and the impairment of Rwanda assets, the Group’s Operating Profit still grew by 44% to KShs 1,117million as compared to KShs 775million in 2018.

The increase in finance cost relates to the full year impact of interest on debt to finance the capacity expansion project commissioned by Hima Cement Ltd in 2018. In addition, the impairment of assets in Rwanda was necessitated by the inability of Hima Cement Ltd. to access the Rwanda market. The closure of the border between Uganda and Rwanda in February 2019 negatively impacted further growth.

Commenting on the Company’s results, Group Managing Director Seddiq Hassani stated that Bamburi Cement and Hima Cement remained resilient despite the challenging economic conditions witnessed in the various markets and the wider regional economy.

“Despite market challenges, including the absence of sales to Rwanda through Hima, the shelving of major infrastructural projects such as Phase 2B of the Standard Gauge Railway (SGR) project in Kenya, contraction of the Kenyan market and price erosion fueled by aggressive competitive pressure; both Bamburi Cement and Hima Cement grew share while sustaining respective market leadership. The Groups turnover at KShs 36.8 billion was comparable to 2018 performance, an indication of our underlying competitive resilience,” he said.

In Kenya, overall sales were also impacted by the shift of volumes previously exported to Uganda from Bamburi Cement, following the commissioning of Hima

Cement capacity expansion project in 2018, further shaving off volumes out of Bamburi Cement. In Uganda, although overall sales were negatively impacted by the inability to access the Rwanda market, Hima Cement domestic volumes grew.

Commenting on the business outlook, the Group Chairman John Simba, noted that Bamburi Cement Group outlook for its market in Kenya and Uganda remains cautious in the wake of the Covid-19 pandemic outbreak. However, the Chairman assured that the Group will continue to execute its Strategy 2022 agenda focusing on our customers to drive topline growth, cost optimization, people, financial strength and sustainability.

“Our renewed focus will be placed on optimizing our production costs, logistics costs for both inbound and outbound transport flows, and to reduce the cost of our raw materials and cost of service to customers.” He said

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### **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](http://www.Lafarge.co.ke)

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