BAMBURI CEMENT LIMITED

The Directors of Bamburi Cement Limited are pleased to announce the unaudited Group results for the six months ending 30 June 2019

Condensed Group Statement of comprehensive income	2019 June	2018 June
	KES Million	KES Million
Turnover	18,663	18,556
Total operating costs	(18,331)	(17,392)
Operating profit	332	1,164
Other gains and losses	(61)	(458)
Impairment losses on Property, plant & equipment	(73)	-
Finance costs net	(175)	16
Profit before tax	23	722
Taxation	370	(323)
Profit for the Period	393	399
Other comprehensive income net of tax	(4)	(99)
Total Comprehensive Income	389	300
EPS* - KES per Share	1.61	1.47

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

Condensed Statement of Financial Position	2019 June	2018 December
Assets	KES Million	KES Million
Non-current assets		
Property, plant & equipment	36,091	36,224
Intangibles	111	244
Other equity investments	180	180
Biological assets	399	399
Limestone reserves	525	525
Prepaid operating leases	120	124
Goodwill	217	217
	37,643	37,913
Working capital		
Current assets	11,188	10,078
Current liabilities	(8,195)	(7,985)
	2,993	2,093
Dividends Payable	(1,489)	(1)
Cash and bank balances	1,289	963
	40,437	40,968
Capital and reserves		
Share capital	1,815	1,815
Reserves	27,022	27,896
Equity attributable to owners of the Company	28,837	29,711
Non-controlling interests	3,575	3,752
Other non-current liabilities	8,025	7,505
Total equity and non-current liabilities	40,437	40,968

Condensed Statement of Cash Flows	2019 June	2018 June
	KES Million	KES Million
Cash generated from operations	1,229	2,331
Interest received	56	65
Interest paid	(218)	(24)
Net foreign exchange gains	(16)	(24)
Tax paid	(58)	(681)
Net cash generated from operating activities	993	1,667
Net cash used in investing activities	(566)	(1,820)
Net cash used in financing activities	(23)	1,396
Net increase in cash & cash equivalents	405	1,243
Effects of foreign exchange movement	(78)	(423)
At beginning of the year	963	2,040
At end of the period	1,289	2,860

Condensed statement of changes in equity	2019 June	2018 December
	KES Million	KES Million
Share capital	1,815	1,815
Revaluation reserve	11,783	11,906
Fair value and translation reserve	(2,012)	(2,042)
Retained Earnings	17,251	18,032
Non-controlling interests	3,575	3,752
	32,412	33,463

Explanatory notes: These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements do not include all of the information required for full annual statements, and should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 December 2018.

HIGHLIGHTS

Revenue

Overall, the Group's turnover in the first half of 2019 remained flat on account of a contracted cement market in Kenya and further adversely impacted by significant drop in cement uptake by the SGR project compared to same time last year when Phase 2A was still underway. In addition, the Uganda operations were impacted by the continuing closure of the Uganda/Rwanda border, which has rendered the Rwanda market inaccessible.

Operating Profit

The first half of the year was challenging with operating profit reducing to KES 0.3 billion from KES 1.2 billion. Higher depreciation charge following the commissioning of additional capacity expansion projects in both Kenya and Uganda mid last year impacted operating profit adversely. The 2018 comparator base did not have the impact of the incremental depreciation charge. Additionally, the difficulty in accessing the Rwanda market has not only led to loss off profit margin, but also to the need to impair associated assets in Rwanda.

Operationally, 2019 has been impacted by higher energy and logistics costs fuelled by higher than prior year power tariffs and increase in fuel prices over the same period last year.

The net impact of these being that the Group's operating profit declined by 72% compared to first half of 2018.

Profit before tax declined to KES 0.02 billion from KES 0.7 billion mainly influenced by lower operating profit, increase in finance cost because of the long term loan taken in Uganda to finance capacity expansion, and the impairment of assets in Rwanda.

Net Comprehensive income after tax

Net comprehensive income after tax at KES 0.4 billion was however higher than 2018 at KES 0.3 billion thanks to the tax benefit from the capacity expansion projects commissioned in the previous year.

As a consequence, the earnings per share grew to KES 1.61 from KES 1.47 in 2018.

Cash flow

Cash generated from operating activities at KES 1 billion was lower than same period prior year at KES 1.7 billion, mainly on account of lower operating profit. Uganda closed the first half of 2019 in a net borrowing position, while Kenya remained cash positive.

2019 OUTLOOK

In the second half of 2019, the Group profitability is expected to progressively recover due to the topline growth and cost management initiatives despite the challenging environment. However, the impact of the difficulties experienced at the Uganda/Rwanda border is a downside risk and the Group hopes this matter will be resolved swiftly.

The Group will continue to execute the "Building for Growth" strategic agenda, while maintaining focus on cost optimisation in order to grow profitably and competitively.

DIVIDEND

The Board of Directors does not recommend payment of an interim dividend (KES 1.00/= per ordinary share paid in 2018).

By Order of the Board,

Dr John P.N. Simba
Chairman

Seddiq Hassani
Group Managing Director

22nd August 2019