

BAMBURI CEMENT PLC

The Directors of Bamburi Cement Plc are pleased to release the unaudited Group Financial Statements for the six months ending 30 June 2021

Condensed Group Statement of Comprehensive Income	2021 June	2020 June	Condensed Statement of Financial Position	2021 June	2020 December
	KES Million	KES Million		KES Million	KES Million
Turnover	19,628	16,228	Assets		
Total operating costs	(18,497)	(16,000)	Non-current assets		
Operating profit	1,131	228	Property, plant & equipment	34,859	35,159
Other gains and losses	48	116	Right of use assets	354	407
Impairment losses on Property, plant & equipment	0	2	Intangibles	33	35
Finance costs-net	(70)	(133)	Other equity investments	96	124
Profit before tax	1,109	213	Biological assets	119	119
Taxation	(333)	508	Limestone reserves	567	560
Profit for the period	776	721	Prepaid operating leases	113	116
Other comprehensive income net of tax	181	333	Goodwill	217	217
Total Comprehensive Income for the year	958	1,054		36,359	36,737
EPS* - KES per Share	1.86	1.84	Working capital		
			Current assets	8,574	6,322
			Current liabilities	(7,849)	(6,881)
				725	(559)
			Dividends Payable	(1,089)	
			Cash and bank balances	6,590	6,387
			Short term borrowings	(203)	(136)
				42,381	42,429
			Capital and reserves		
			Share capital	1,815	1,815
			Reserves	28,192	28,487
			Equity attributable to owners of the Company	30,007	30,302
			Non-Controlling Interests	3,913	3,749
			Other non-current liabilities	6,311	6,187
			Long term Loan	2,150	2,191
			Total equity and non-current liabilities	42,381	42,429

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

Condensed Statement of Cash Flows	2021 June	2020 June
	KES Million	KES Million
Cash generated from operations	1,436	3,048
Interest received	42	28
Interest paid	(88)	(159)
Net foreign exchange gains	(3)	4
Tax paid	(583)	(150)
Net cash generated from operating activities	804	2,771
Net cash used in investing activities	(534)	(731)
Net cash used in financing activities	(121)	(61)
Net increase in cash & cash equivalents	149	1,979
Effects of foreign exchange movement	(13)	(155)
At beginning of the year	6,251	1,334
At end of the period	6,387	3,158

Condensed Statement of Changes in Equity	2021 June	2020 December
	KES Million	KES Million
Share Capital	1,815	1,815
Revaluation reserve	11,422	11,422
Fair value and translation reserves	(1,313)	(1,462)
Retained Earnings	18,083	18,527
Non-controlling interests	3,913	3,749
At end of the period	33,920	34,051

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 2020.

RESULTS HIGHLIGHTS

Revenue

The Group Turnover in the first half (H1) of 2021 at Kes19.6bn is 21% above prior year (2019: Kes 16.2bn). This was driven by volume recovery in both the domestic and export cement markets. The cement sales volumes were above H1 2020 reflecting continued economic recovery from the Covid-19 pandemic impact. H1 2020 was impacted adversely by the Covid-19 containment measures that had been announced at the onset of quarter 2 in 2020. In addition, the average selling prices were better than prior year influenced by a higher proportion of sales of premium products in H1 2021 compared to prior year.

Operating Profit

The Group's Operating Profit for H1 grew by 396% to Kes 1.1bn from Kes 228m in 2020. The growth has been driven by the positive volume and price performance. Additionally, H1 2021 has continued to benefit from carry-over cost savings following the implementation of "HEALTH, COST & CASH" action plan adopted at the onset of the Covid-19 pandemic in 2020. Other cost savings notwithstanding, in H1 the Group has absorbed significant cost inflation on imported clinker and coal. The exceptional one-off (spares provisioning) in the 2020 comparator, not in current year, has diminished the visual impact of this.

Profit for the period

The Group's profit before tax for H1 2021 grew to Kes 1,109 m from Kes 213m largely driven by the H1 growth in operating profit. However, profit after tax level in H1 at Kes 776 million was marginally higher than 2020 level at Kes 721m; thanks to a tax credit Kes 508m booked in H1 2020 in contrast to a tax charge of Kes 333m in H1 2021 (a Kes 841m gap). H1 2020 benefited from a lower corporate tax rate of 25% (2021 at 30%) plus a deferred tax credit resulting from the restatement of the deferred tax liability at the corporate tax rate of 25% from 30%. Other comprehensive income has largely been influenced by the Uganda Shilling (UGX) retranslation gain on consolidating our Hima subsidiary. The UGX has been strengthening progressively against the Kenya Shilling since early 2019.

Cash flow

The cash flow generated from operations at Kes 1,436 m was lower compared to prior year (H1 2020: Kes 3,048m). The H1 2021 position reflects additional investment in working capital of Kes 1.3bn compared to the closing Dec 2020 position. The growth in 2021 is on account of a higher level of business operations in the current year.

The Group's liquidity and balance sheet remains strong and is a sure foundation for future growth.

2021 OUTLOOK

As the government continues to roll out the Covid-19 vaccination programme, and with it the easing of containment measures, the Group hopes that these will spell positive prospects for economic recovery in the second half of 2021.

The commitment of both the governments of Kenya and Uganda towards the delivery of the "big 4" agenda and key infrastructure projects like oil and gas respectively, continues to generate positive prospects for the cement market in the two countries.

The company will continue to drive its strategy in a bid to maximise revenues, and optimise the cost base.

By Order of the Board,

Dr. John P. N. Simba
Chairman

26 August 2021

Seddiq Hassani
Group Managing Director

