

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 2018.

Summarised Consolidated Statement of Profit and Loss or Other Comprehensive Income	2018 Actual	2017 Actual
	KES Million	KES Million
Turnover	37,262	35,974
Total operating costs	(36,427)	(31,745)
Operating profit	835	4,229
Finance income	103	150
Finance costs	(258)	(263)
Finance costs net	(155)	(133)
Profit before tax	680	4,116
Taxation	(66)	(2,143)
Profit for the year	614	1,973
Other comprehensive income net of tax	776	4,493
EPS - KES per Share	2.45	4.54

Summarised Consolidated Statement of Financial Position	2018 Actual	2017 Actual
	KES Million	KES Million
Assets		
Non-current assets		
Property, plant & equipment	36,234	32,502
Prepaid operating leases	124	136
Intangible assets	244	43
Other equity investments	180	317
Biological assets	399	471
Limestone reserves	525	10
Goodwill	217	217
	37,913	33,696
Working capital		
Current assets	10,078	10,017
Current liabilities	(7,985)	(6,677)
	2,093	3,340
Dividend payable	(1)	(6)
Cash and bank balances	(963)	2,040
	40,968	39,070
Capital and reserves		
Share capital	1,815	1,815
Reserves	27,896	27,557
Equity attributable to owners of the Company	29,711	29,372
Non-current liabilities	7,505	5,870
Non-controlling interests	3,752	3,828
	40,968	39,070

Summarised Consolidated Statement of Cash Flows	2018 Actual	2017 Actual
	KES Million	KES Million
Cash generated from operations	3,712	6,458
Interest received	103	150
Interest paid	(197)	(25)
Tax paid	(795)	(1,632)
Net cash generated from operating activities	2,823	4,951
Net cash used in investing activities	(4,957)	(6,841)
Net cash used in financing activities	1,076	(3,085)
Net decrease in cash & cash equivalents	(1,058)	(4,975)
At beginning of the year	2,040	6,972
Effects of foreign exchange rate changes	(19)	43
At end of the year	963	2,040

Summarised Consolidated Statement of Changes in Equity	2018 Actual	2017 Actual
	KES Million	KES Million
Share capital	1,815	1,815
Revaluation reserve	11,906	11,263
Fair value and translation reserve	(2,042)	(1,669)
Retained earnings	18,032	17,963
Non-controlling interests	3,752	3,828
At end of the year	33,463	33,200

Explanatory notes: These results are extracted from the consolidated financial statements of Bamburi Cement Limited for the year ended 31 December 2018. The financial statements were audited by Deloitte & Touche and have received an unmodified opinion.

HIGHLIGHTS OF 2018 FINANCIAL YEAR

Revenue

The Group's turnover grew by 3.7% from KES 36 billion in 2017 to KES 37.2 billion in 2018. Cement volumes grew by 9%. The Group achieved this growth despite a market decline of 5% in Kenya, our biggest market, and a flat cement market in Uganda. Increased competitive pressure fuelled by a growing gap between installed cement, grinding capacity and the shrinking market has played a key role in market dynamics. However, the overall topline growth in a declining market is a clear indication that the execution of our "Building for Growth" strategy has put us on solid track to consolidate our market leadership position.

Operating Profit

The Group operating profits reduced to KES 0.8 billion in 2018 from KES 4.2 billion in the prior year. Despite the increase in turnover, there was a higher cost environment relating to higher energy costs (power, coal and petcoke), imported clinker and raw materials' input prices. Uganda was further impacted by additional provisioning mainly on receivables. The net result of all these being that operating profit in Kenya remained flat compared to 2017 and declined in Uganda.

Cash flow

Cash generated from operating activities at KES 3 billion was lower than for prior year at KES 5 billion mainly on account of lower operating profit. Uganda closed the year in a net borrowing position, while Kenya remained cash positive.

2019 OUTLOOK

In the second half of 2018, the Group completed the first phase of the capacity expansion projects in both Kenya and Uganda, at a total cost of KES 7.9 billion. These have put us in a strong position to leverage growth opportunities in our markets and to further solidify our market leadership position.

The market is expected to rebound in both Kenya and Uganda in 2019. However, the difficulties experienced at the Uganda/Rwanda border have significantly impacted exports to Rwanda from Uganda and the Group hopes this matter is resolved expeditiously.

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

DIVIDEND

An interim dividend of KES 1.00 per ordinary share (KES 2.50 per ordinary share in 2017) amounting to KES 363 million (KES 903 million in 2017) was paid on 26 October 2018.

The Board of Directors recommends payment of a final dividend of KES 4.10 per ordinary share (KES 1.50 per ordinary share paid in 2017) subject to approval by shareholders at the Annual General Meeting. The final dividend, amounting to KES 1.49 billion (KES 544 million in 2017), when added to the interim dividend already paid, brings the total dividend for the year to KES 5.10 per ordinary share (KES 4.00 per ordinary share in 2017).

CLOSURE OF SHARE REGISTER

Subject to approval by the Shareholders at the Annual General Meeting, the final dividend for 2018 will be paid on 12 July 2019 to members on the register at close of business on 17 May 2019. Accordingly, the register of members will close at 4.30 pm on 17 May 2019 and will remain closed up to 20 May 2019.

By Order of the Board,

Dr John P.N. Simba
Chairman

Seddiq Hassani
Group Managing Director

12 April 2019

