

LAFARGE ZAMBIA PLC

RESULTS FOR THE HALF YEAR ENDED 30TH JUNE 2017

In compliance with the requirements of the Securities Act, Cap 354 of the Laws of Zambia and the listing rules of the Lusaka Securities Exchange (LuSE), Lafarge Zambia Plc announces the unaudited results for the half year ended 30 June 2017.

SALES REVENUE UP 4% VS 2016 INSPITE OF CHALLENGING MARKET ENVIRONMENT
EXPORTS – MAJOR LEVER OF IMPROVED PERFORMANCE
ZAMBIAN MARKET CONDITIONS CHALLENGING ON VOLUME AND PRICE
COST IMPROVEMENT MEASURES MITIGATED MARKET IMPACT

HALF YEAR KEY FIGURES

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| <ul style="list-style-type: none"> Sales Revenue at K421 million up by 4% compared to 2016. Clinker sales reach new record high. Cement export volumes up 57% vs 2016. Cement domestic volumes down 14% vs 2016 Power cost increases adversely impacted production costs | <ul style="list-style-type: none"> Operating Profit at K15 million vs K72 million in 2016. Operating Cash flow up by K40 million from 2016. Financial Structure remained solid and the Company had no debt. |
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HALF YEAR COMPANY HIGHLIGHTS

- Lafarge Zambia continued to operate in a challenging environment characterized by adverse economic conditions, tight liquidity, and competitive pressure in both domestic and export markets.
- Adverse weather conditions slowed down market activity in Q1 thus impacting market demand and volume. Q2 domestic volumes increased by 15%.
- Export market accounted for a high percentage of cement and clinker sales which mitigated the decline in total sales volume compared to 2016.
- Strict cost management at both plants strongly improved cash costs compared to 2016 despite the increased power costs.
- The Financial Position and Cash Flow remained solid and the Company had no debt.

VINCENT BOUCKAERT, CHIEF EXECUTIVE OFFICER OF LAFARGE ZAMBIA, SAID:

“Sales volume performance for H1 was favorable thanks to the Binastore retail channel rollout, although adverse weather conditions in the first quarter of the year impacted sales volume growth. The plants’ strong cost management initiatives mitigated the impact of production cost increases especially as a result of rise in power costs. I am pleased with the amendment of VAT rule 18 which will accelerate the implementation of our export strategy- a major lever of performance and contribute to growth in non-traditional export earnings”.

OUTLOOK

The impending conclusion of the IMF discussion will bring confidence to the market leading to improved activity in the construction sector. We anticipate increasing sales volume in H2 and will continue to place a strong focus on Binastore. The Company is confident that sales will grow in the domestic market.

Lafarge is committed to supplying the major construction projects that are currently underway including the Kafue Gorge Lower hydro power plant and the Kenneth Kaunda International Airport (KKIA).

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CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30th JUNE 2017

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR PERIOD ENDED 30 JUNE	2017	2016
	K'000	K'000
Revenue	421,110	404,636
Operating Profit	15,411	72,001
Net Financing Income / (Expenses)	1,694	(1,859)
Sundry Expenses	(22,523)	(21,678)
Net Exchange (Loss)	(11,211)	(11,221)
Profit before tax	(16,629)	37,243
Income tax expense	1,055	(15,644)
PROFIT / (LOSS) FOR THE YEAR	(15,574)	21,598
Profit Attributes to:		
Equity holders of the parent	(11,680)	16,199
Minority Interest	(3,893)	5,400
Basic and diluted earnings per share (Kwacha per share)	(0.078)	0.108

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE	2017	2016
	K'000	K'000
Net assets employed		
Property, plant and equipment	1,555,687	1,442,943
Investments	24,171	32,386
Net current assets	162,648	201,408
	1,742,506	1,676,737
Liabilities due after one year		
Provisions for environmental liabilities	17,395	13,007
Deferred liabilities	251	669
Deferred tax	430,44	443,566
	1,294,416	1,219,496
Financed by		
Share capital	(10,002)	(10,002)
Reserves	(1,284,414)	(1,209,494)
	(1,294,416)	(1,219,496)

CONDENSED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE	2017	2016
	K'000	K'000
Net cash from operating activities	10,721	(32,262)
Net cash used in investment activities	(6,388)	(500)
Net cash utilised financing activities	(10,549)	(15,158)
Decreased in cash and cash equivalents	(6,216)	(47,920)
Cash and cash equivalents at the beginning of the year	17,771	86,148
Cash and cash equivalents at the end of December	11,555	38,228

STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE	Share capital	Property revaluation reserve	Retained earnings	Total
	Balance at 1 January 2016	10,002	443,716	813,910
Profit for the year	-	-	77,397	77,397
Other comprehensive income	-	69,763	-	69,763
Total comprehensive income		69,763	77,397	147,160
Dividend paid in respect of previous year 2015	-	-	(100,020)	(100,020)
Balance at December 2016	10,002	583,242	791,287	1,384,531
Balance at 1 January 2017			-15,573.88	(15,574)
Profit for the year				
Other comprehensive income		-16,315.00	-	(16,315)
Dividend paid in respect of previous year 2016			(50,010)	(50,010)
	10,002	566,927	725,703	1,302,632