

LAFARGE ZAMBIA PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019



In compliance with the requirements of the Securities Act, No. 41 of 2016 and the listing rules of the Lusaka Securities Exchange (LuSE), Lafarge Zambia Plc. announces the audited

Sales Revenue at K1, 110 million for the year down by 3% compared to 2018 due to market contraction and difficult pricing environment.

Full Year Key Figures

- Sales Revenue at K1, 110 million for the year down by 3% compared to 2018 due to market contraction and difficult pricing environment.
- Cement Volumes down by 11% on 2018.
- Energy cost increases adversely impacted production cost but was mitigated by strong cost saving initiatives from our Geocycle division.
- Loss before tax at 24 Million vs. profit of K104 million in 2018, a decrease of over 100%.
- Company's Earnings per Share is subsequently lower at K-0.06 vs K0.37 in 2018.
- Financial Structure remains solid with no long term debts or overdrafts as at 31st December 2019.

Full Year Company Highlights

- The Zambian cement market underwent contraction, drastic decline in the construction sector and devaluation of the kwacha in 2019 leading to reduction in volumes by 11% and revenue by 3%.
- The business experienced instability in power supply especially in the second half of the year due to load management by power utility company thereby increasing cost of production.
- Domestic cement market is estimated at approximately 2 million tons of cement in 2019 against an estimated 5 million capacity. New export markets continue to be developed in the region to utilize this excess capacity.
- Production costs were hugely impacted by devaluation of the kwacha and high inflation rate.
- The financial position and Cash Flows remained solid and the Company had no debt.
- Electricity price increased by over 70% in December 2019.

Jimmy Khan, Chief Executive Officer of Lafarge Zambia, said:

Despite the challenges the business faced, it had made drastic changes that impacted the business positively. Geocycle remains a core business priority in not only impacting our environment but also reducing our cost of energy. The company can now legally and safely dispose of a wide range of waste. The focus on export markets will continue as Zambia's growth projection for 2020 still remains relatively low at 2% to 3%.

Changes In Directorate

Appointments to the Lafarge Zambia Plc Board: Mr Jimmy Khan, Chief Executive Officer (19th February 2019), Mr Ahmed Khalifa, Chief Financial Officer (26th September, 2019). Appointment of Chibuye Ngulube, General Counsel/ Company Secretary (17th December, 2019),

Resignations from the Lafarge Zambia Plc Board:

Mr Raphael Chipoma, Chief Financial Officer (11th June 2019), Harriet Kapekele (30th November, 2019).

Condensed Statement of Comprehensive Income for the period ended 31 December

Kwacha Thousands	2019 ZMW'000'	2018 ZMW'000'
Revenue	1, 110, 153	1, 141, 800
Gross Profit	475, 899	575, 941
Operating profit / (Loss)	(14, 713)	94, 253
Investment Income	874	1, 975
Other gains and (Losses)	980	10, 126
Finance Costs	(11, 131)	(2, 045)
Profit / (Loss) before tax	(23, 990)	104, 309
Income tax credit	11, 651	90, 589
PROFIT/(LOSS) FOR THE YEAR	(12, 339)	194, 898
Loss Attributed to:		
Equity holders of the parent	(9, 254)	146, 173
Minority interest	(3, 085)	48, 724
Basic and diluted earnings /(Loss) per share (with exceptional corporate tax credit) (Kwacha)	(0.06)	0.97
Basic and diluted earnings /(Loss) per share (from normal results for the year) (Kwacha)	(0.06)	0.37

Condensed Statement of Financial Position as at 31 December

	2019	2018
Net assets employed		
Property, plant and equipment	1, 468, 069	1, 501, 100
Right of Use Assets	6, 939	-
Investments	25, 266	25, 266
Net current assets	341, 194	404, 382
	1, 841, 468	1, 930, 748
Liabilities due after one year		
Provision for Environmental Liabilities	24, 917	22, 536
Lease liabilities	4, 816	-
Deferred tax	217, 553	259, 687
	1, 594, 182	1, 648, 525
Financed by		
Share Capital	10,002	10,002
Reserves	1, 584, 180	1, 638, 523
	1, 594, 182	1, 648, 525

Condensed Statement of Cash Flow for the period ended 31 December

	2019	2018
Net cash from operating activities	100, 990	116, 634
Net cash used in investing activities	(55, 342)	(51, 606)
Net cash generated (utilised) financing activities	(50, 528)	(50, 010)
Increase/(Decrease) in cash and cash equivalents	(4, 880)	15, 018
Effect of foreign exchange rate changes	8,798	(1, 174)
Cash and cash equivalents at beginning of the year	72, 163	58, 319
Cash and cash equivalents at end of December	76, 081	72, 163

Statement of Changes in Equity as at 31 December

	Share capital	Property revaluation reserve	Retained earnings	Total
Balance at 1 January 2018	10,002	502, 237	996, 954	1, 509, 193
Profit for the year	-	-	194, 898	194, 898
Amortisation of the revaluation reserve net of deferred income tax	-	(22, 874)	17, 319	(5, 555)
Dividend paid in respect of previous year 2017	-	-	(50, 010)	(50, 010)
Balance at December 2018	10,002	479, 363	1, 159, 160	1, 648, 525
Balance at 1 January 2019	-	-	(12, 339)	(12, 339)
Loss for the year	-	-	(12, 339)	(12, 339)
Amortisation of revaluation reserve net of deferred income tax	-	(14, 868)	22, 874	8, 006
Dividend paid in respect of previous year 2018	-	-	(50,010)	(50, 010)
Balance at 31 December 2019	10,002	464, 495	1,119, 685	1, 594, 182

By order of the board
Chibuye Mbesuma Ngulube
Company Secretary

