



**Bata Shoe Company Plc| Incorporated in the Republic of Zambia| Company registration number 2557  
Share Code: BATA| ISIN: ZM000000102**

In accordance with the requirements of the Securities and Exchange Act No. 41 of 2016, Zambia Bata Shoe Company PLC announces its unaudited Interim results for the half year ended 30<sup>th</sup> June 2018

#### STATEMENT OF PROFIT AND LOSS

For the Half Year Ended 30 June 2018

In Zambia Kwacha

	'000	'000
	2018	2017
<b>Turnover</b>	77,084	70,384
Cost of sales	(38,843)	(38,464)
<b>Gross Profit</b>	38,241	31,920
Profit Before Tax	15,264	8,858
Taxation	(5,342)	(3,277)
<b>Net Profit / (loss) for half year</b>	9,922	5,581
Profit Attributed to :		
Equity Holders of the parent company	7,411	4,169
Minority Interest	2,510	1,412
Number of shares issued	76,108	76,108
Basic and Diluted Earnings Per Share	0.13	0.07

#### STATEMENT OF FINANCIAL POSITION

For the period ending 30 June 2018

In Zambia Kwacha

	'000	'000
	2018	2017
<b>Assets</b>		
Property ,Plant and equipment	59,761	60,510
Intangible assets	143	163
<b>Total non- current assets</b>	59,904	60,673
Inventories	40,816	36,482
Other Current assets	40,690	27,890
<b>Total current assets</b>	81,506	64,372
<b>Total assets</b>	141,410	125,045
<b>Equity</b>		
Share Capital	761	761
Revaluation reserves	31,425	30,016
Retained Earnings	65,019	54,571
<b>Total equity</b>	97,205	85,348
<b>Liabilities</b>		
Net deferred tax Liability	13,649	15,237
<b>Total non-current liabilities</b>	13,649	15,237
<b>Total Current liabilities</b>	30,556	24,460
<b>Total Liabilities</b>	44,205	39,697
<b>Total equity and liabilities</b>	141,410	125,045

#### STATEMENT OF CASHFLOWS

For Half Year ended 30 June 2018

In Zambia Kwacha

	2018	2017
<b>Net cash from operating activities</b>	15,026	14,335
<b>Net cash from investing activities</b>	(160)	(1,042)
<b>Net cash from Financing activities</b>	(4,725)	(4,506)
Net increase/decrease in cash and cash equivalents	10,141	8,787
Cash and cash equivalents at the beginning of the period	17,722	13,004
<b>cash and cash equivalents as at 30 June 2018</b>	27,863	21,791

#### STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 30th June 2018

In Zambia Kwacha

	Share capital	Revaluation Reserve	Retained Earnings	Total
<b>Balance as at 1st January 2017</b>	761	30,016	53,556	84,333
Profit for the year	-	2,399	10,447	12,846
<b>Total comprehensive income for the period</b>	761	32,415	64,003	97,179
Revaluation reserve(unwinding of the reserve)	-	(990)	990	-
Dividends to equity shareholders	-	-	(4,567)	(4,567)
<b>Balance as at 31st December 2017</b>	761	31,425	60,426	92,612
<b>Balance as at 1st January 2017</b>	761	31,425	60,426	92,612
<b>Profit for half year</b>			9,920	9,920
Dividends to equity shareholders			(5,328)	(5,328)
<b>Balance as at 30th June 2018</b>	761	31,425	65,019	97,205

## KEY HIGHLIGHTS

Total company revenues for half year increased 9 percent to ZMW 77 million on a year on year basis with all channels surpassing last year but failing to achieve their budgeted targets. Revenues for our retail division were ZMW 70.2 million, up 6 percent from on a year on year basis, driven by improvements in the Power, Weinbrenner and Bata Brand performance despite overall volumes declining 2 percent on year on year basis. Decline in volumes attributed to influx of cheaper alternatives within our volume sellers on the market. Revenues for our wholesale division were ZMW 3.5 million, up 6 percent on a year on year basis, driven by double digit growth in Bata industrial division.

For the first half of the year overall gross margin improved +3.9% against our estimate and +5.8% against last year mainly due to supplier negotiations , import planning to reduce freight costs and control on markdowns and ageing stock . Looking forward we will need to increase our efforts to manage these costs , with transporters and raw material suppliers already sighting increases in the second half of the year. Financial metrics improved across a broad range of ratios, a proxy for a healthy and sustainable business. Net earnings improved 78% against last year after having sanitised our margins and limited operating expense growth to bellow inflationary. For the first half of the year at least ZMW 0.7 million in exchange gains were recorded from the strengthening of the kwacha during the months ending the first season 2018.

## OUTLOOK

Our operational agenda will be focused on the fundamentals. Bringing good quality shoes to our customers at affordable prices. To better understand our customer needs we will also plan to harness the power of artificial intelligence. The Bata Club will be a critical platform and priority during the second half of the year. Initiatives to increase our membership base and discussions with service providers to gather critical information are already on way. Under our retail expansion drive we plan to open 3 Stores, including the opening of our renovated stand at Lusaka Showground scheduled for July this year.

For and on behalf of the board.

Nicholas Mudaly

Company Secretary

### Sponsoring Broker:



### Pangaea Securities Limited

*(Member of the Lusaka Securities Exchange)*

*(Regulated by the Securities and Exchange Commission)*

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