

SENS ANNOUNCEMENT
(the “Notice” or “Announcement”)

ISSUER



Lafarge Zambia Plc [“LAFARGE”]

[Incorporated in the Republic of Zambia]

Company registration number: 304
Share Code: LAFARGE
ISIN: ZM0000000011
Authorised by: Harriet Kapekele-Katongo – Company Secretary

SPONSOR



STOCKBROKERS ZAMBIA LIMITED

Stockbrokers Zambia Limited

[Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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APPROVAL

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price sensitive nature. Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

ISSUED: 20th March 2019

LAFARGE ZAMBIA PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

In compliance with the requirements of the Securities Act No.41 of 2016 of the Laws of Zambia and the listing rules of the Lusaka Securities Exchange (LuSE), Lafarge Zambia Plc. announces the audited results for the year ended 31 December 2018.

PROFIT UP ON 2017 ON THE BACK OF 13% GROWTH IN NET SALES ZAMBIAN MARKET CONDITIONS CONTINUE TO BE CHALLENGING ON PRICE

Full Year Key Figures

- Sales Revenue at K1,142 million for the year up by 13% compared to 2017 thanks to strong market growth of approximately 30%.
- Cement domestic volumes up 10% vs. 2017.
- Cement export volumes down 25% vs. 2017.
- Energy cost increases adversely impacted production cost but was mitigated by strong cost saving initiatives.
- Profit before tax at K104 million vs. K57 million in 2017, an increase of over 82%.
- Company's Earnings per Share is K0.97, including exceptional tax credit of K121million compared to K0.09 for 2017.
- Normalised Earnings per share excluding the tax credit is K0.37 which represents 311% growth.
- Dividends Per Share at K0.25
- Financial Structure remains solid with no long term debts or overdrafts as at 31st December 2018.

Full Year Company Highlights

- The Zambian cement market underwent a strong recovery in 2018. The dry spell in January allowed many contractors to continue working without disruption in the first quarter; a period in which large construction firms typically undergo an industrial break.
- Domestic cement market is estimated at approximately 2.1 million tons of cement representing an average growth of approximately 30% compared to 2017. New export markets continue to be developed in the region.
- Increase in production costs particularly coal and diesel were mitigated by cost saving initiatives with margins remaining at relatively the same levels as 2017.
- The financial position and Cash Flows remained solid and the Company had no debt. Vincent Bouckaert, who served as Chief Executive Officer from September 2016 until December 2018, left Lafarge Zambia and was replaced by Jimmy Khan, formerly Managing Director of Lafarge Mauritius who was appointed Chief Executive Officer and Managing Director effective 12th February, 2019.

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

The Company continued to focus intensively on commercial transformation and sustainability for continued growth. Sales volume performance for the year was favorable thanks to the Binastore retail channel rollout and other innovations from our teams such as Supablock. The plants' strong cost management initiatives mitigated the impact of production cost increases with Margins remaining the same as 2018. I am pleased with the improved results.

CHANGES IN DIRECTORATE

Appointments to the Lafarge Zambia Plc Board: Mr Pierre Deleplanque, Area Manager (29th March 2018), Mr Raphael Chipoma, Chief Financial Officer (16th April 2018). Resignations from the Lafarge Zambia Plc Board: Ms Chrissie Moloseni, Chief Financial Officer (29th March 2018), Mr Jose Cantillana, Area Manager (29th March 2018), Mr. Vincent Bouckaert, Chief Executive Officer (5th December 2018).

DIVIDEND

At the Annual General Meeting scheduled to take place on 3rd April 2019, the directors will recommend that a dividend of K0.25 per share be declared for the year ended 31st December 2018.

ANNUAL GENERAL MEETING

The Annual General Meeting of the company will be held at 09:00 hours on Wednesday 3rd April 2019 at the Taj Pamodzi Hotel, Lusaka.

Condensed Statement of Comprehensive Income for the period ended 31 December

	2018	2017
	ZMW'000'	ZMW'000'
Revenue	1,141,800	1,008,232
Gross Profit	575,941	480,542
Operating profit	94,253	66,714
Investment income	1,975	730
Other gains and losses	10,126	(7,378)
Finance costs	(2,045)	(2,555)
Profit before tax	104,309	57,511
Income tax credit	90,589	(38,573)
PROFIT FOR THE YEAR	194,898	18,938
Profit Attributable to:		
Equity holders of the parent	146,174	14,204
Minority interest	48,724	4,734
Basic and diluted earnings per share including tax credit (Kwacha)	0.97	0.09
Basic and diluted earnings per share excluding tax credit (Kwacha per share)	0.37	0.09

Condensed Statement of Financial Position as at 31 December

	2018	2017
Net assets employed		
Property, plant and equipment	1,501,100	1,538,303
Equity Investments	25,266	24,126
Net current assets	404,464	205,831
	<u>1,930,830</u>	<u>1,769,260</u>
Liabilities due after one year		
Provision for Environmental Liabilities	22,536	19,401
Deferred liabilities	82	258
Deferred tax	259,687	238,432
	<u>1,648,525</u>	<u>1,511,169</u>
Financed by		
Share Capital	10,002	10,002
Reserves	1,638,523	1,501,167
	<u>1,648,525</u>	<u>1,511,169</u>

Condensed Statement of Cash Flow for the period ended 31 December

	2018	2017
	ZMW'000'	ZMW'000'
Net cash from Operating Activities	114,153	139,373
Net Cash used in Investing Activities	(50,299)	(48,816)
Net Cash utilised in Financing Activities	(50,010)	(50,010)
Increase/(Decrease) in Cash and Cash equivalents	13,844	40,547
Cash and cash equivalents at beginning of the year	58,319	17,772
Cash and cash equivalents at end of December	<u>72,163</u>	<u>58,319</u>

Statement of Changes in Equity as at 31 December

Kwacha Thousands	Share capital	Property revaluation reserve	Retained earnings	Total
Balance at 1 January 2017	10,002	513,479	1,047,731	1,571,212
Total comprehensive income for year	-	-	18,938	18,938
Deferred tax on revaluation	-	6,054	-	6,054
Amortisation of revaluation reserve	-	(17,296)	17,296	-
Other adjustments (note 19.3)	-	-	(35,025)	(35,025)
Final dividend in respect to 2016	-	-	(50,010)	(50,010)
Balance at 31 December 2017 as previously stated	10,002	502,237	998,930	1,511,169
Transition adjustment IFRS 9	-	-	(1,976)	(1,976)
Balance at 31 December 2017 as restated*	<u>10,002</u>	<u>502,237</u>	<u>996,954</u>	<u>1,509,193</u>
Balance at 1 January 2018 as restated*	10,002	502,237	996,954	1,509,193
Profit for the year	-	-	194,898	194,898
Deferred tax on revaluation	-	(5,555)	-	(5,555)
Final dividend in respect to 2017	-	-	(50,010)	(50,010)
Amortisation of revaluation reserve	-	(17,319)	17,319	-
Balance at 31 December 2018	10,002	479,363	1,159,160	1,648,525

* The comparative information has been restated as a result of the initial application of IFRS 9.

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