



Bata Shoe Company Plc.
(Incorporated in the Republic of Zambia)
Company registration number 2557
Share Code: BATA
ISIN: ZM0000000102
("Bata" or "the Company")

In accordance with the requirements of the Securities and Exchange Act No. 41 of 2016, Zambia Bata Shoe Company PLC announces its audited financial results for the year ended 31st December 2020

Statement of profit or loss and other comprehensive income

	2020	2019
	ZMW	ZMW
Revenue from contracts with customers	145,001,917	153,223,497
Cost of goods sold	(82,178,910)	(89,118,628)
Gross profit	62,823,007	64,104,869
Other income	2,030,158	401,971
Administrative expenses	(25,305,132)	(24,801,652)
Operating expenses	(28,978,579)	(31,402,870)
Operating profit	10,569,454	8,302,318
Finance income	365,031	337,203
Finance costs	(8,186,596)	(9,483,735)
Finance costs - net	(7,821,565)	(9,146,532)
Profit/(loss) before income tax	2,747,889	(844,214)
Income tax expense	(1,438,428)	(2,211,920)
Profit/(loss) for the year	1,309,461	(3,056,134)
Profit/(loss) for the year attributable to:		
- Owners	978,560	(2,283,849)
- Non controlling interest	330,901	(772,285)
	1,309,461	(3,056,134)
Earnings per share (basic/ diluted)	0.02	(0.04)

Statement of financial position

	2020	2019
	ZMW	ZMW
ASSETS		
Property, plant and equipment	49,747,548	54,157,278
Right-of-use assets	15,459,263	28,471,153
Intangible assets	101,700	79,778
Inventories	21,088,253	51,977,685
Current tax receivable	1,632,067	1,073,273
Trade and other receivables	13,435,448	8,906,240
Cash at bank and in hand	50,929,182	13,823,196
Total assets	152,393,461	158,488,603
EQUITY & LIABILITIES		
Share capital	761,076	761,076
Revaluation reserve	28,231,001	29,223,348
Retained earnings	64,559,195	63,245,198
Lease liabilities	10,389,267	26,487,687
Deferred income tax liability	10,866,571	12,555,254
Lease liabilities	9,714,466	5,602,609
Trade and other payables	27,871,885	20,613,431
Total equity and liabilities	152,393,461	158,488,603

Statement of cash flows

	2020	2019
	ZMW	ZMW
Net cash inflow from operating activities	44,911,073	1,511,193
Net cash outflow from investing activities	(2,987,692)	(2,767,015)
Net cash outflow from financing activities	(4,817,395)	(9,913,646)
Net (decrease)/increase cash at bank and in hand	37,105,986	(11,169,468)
Cash at bank and in hand at start of year	13,823,196	24,992,664
Cash at bank and in hand at end of year	50,929,182	13,823,196

Statement of changes in equity

	Share capital	Revaluation reserve	Retained earnings	Total equity
	ZMW	ZMW	ZMW	ZMW
Year ended 31 December 2019				
At start of year	761,076	30,324,637	72,217,801	103,303,514
Profit for the year	-	-	(3,056,134)	(3,056,134)
Excess depreciation	-	(1,694,291)	1,694,291	-
Deferred tax on excess depreciation	-	593,002	-	593,002
Dividends paid	-	-	(7,610,760)	(7,610,760)
At end of year	761,076	29,223,348	63,245,198	93,229,622
Year ended 31 December 2020				
At start of year	761,076	29,223,348	63,245,198	93,229,622
Profit for the year	-	-	1,309,461	1,309,461
Excess depreciation	-	(1,526,688)	1,526,688	-
Deferred tax on excess depreciation	-	534,341	-	534,341
Dividends paid	-	-	(1,522,152)	(1,522,152)
At end of year	761,076	28,231,001	64,559,195	93,551,272

Performance

Our main effort for the year under review was to ensure that we redefine our shoe line to be in line with the current situation in the country and to survive this difficult situation. Our performance across all regions was affected with our stores in the smaller towns being hard hit. The economic activities in these small towns reduced drastically and this had a negative effect on our business. We had to ensure to supply these stores with the basic shoe line and especially the school shoes and this managed to keep these stores afloat. Our retail operation was hard hit and managed to achieve 91% against previous year. Faced with this situation, we had to redefine our operations and to come up with temporary solutions in order to avoid a complete melt down as to what happened to other businesses which had to close down. Many of our stores remained isolated as our neighbouring stores closed down due to the business environment which became untenable.

The situation was the same in our wholesale department. As movement was restricted for the better part of the year, our wholesale team could not move to reach all our customers due to restrictions. It was also very evident that most of our wholesale customers had scaled down their operations and were not in a position to hold stocks in their warehouses. We were able however to maximize on our Gumboot sales which did very well due to the good rains we had. There was an upsurge in the sales of Gumboots in many sectors as they were used for protection to prevent infection of the virus in all sectors. Our light Rain Master gumboot became very popular with NGOs and Government institutions. Our Gumboots recorded a growth of over 50% against the previous year. WE are continuing to take advantage of this sector as everyone now values the protection against infection. The wholesale division did very well due to the upsurge in protective footwear sales which increased mainly due to gumboot sales. Business in wholesale increased 138% against previous year. Further to these problems we have also seen the pressure on the Kwacha versus the US Dollar. This has made our products expensive to the ordinary customer and we had to come up with strategies to cushion our customers who could not afford high prices.

Our main focus was therefore not to pass all this high cost to our customers but to absorb part of the cost. This meant that we had to look at our cost structure and to reduce all unnecessary expenses and to realign our business accordingly. This strategy enabled us to sustain our business and we remain confident that as the situation in the country improves, we should bounce back fairly quickly.

The adverse movement in exchange rate was also an issue that impacted negatively on our results as the Kwacha depreciated against major currencies. The loss in value of the kwacha increased the cost of importing merchandise as well as rent payable were rent was being paid in US dollar, which increased our occupancy cost.

We remain prepared to continue implementing new measures that will enable us to quickly take advantage of the new operating environment in relation to the COVID-19. We are confident that as the world find new ways to normalize this Covid-19 pandemic, our business together with prudent management strategies, should be able to move towards normalizing our business. We will continue to explore new ways to improve our operations despite these impediments that are currently constraining our operations. We believe we have learnt how to cope in this new normal and we have established clear strategies and we really believe that 2021 will yield positive results for the company.

Dividends

In light of the Company performance in the year under review, and despite the fact that we are still in the middle of this pandemic, I am pleased to announce that the Board of Directors has recommended a divided payment of K 0.02 on each ordinary share (K 0.02 in 2019) held at close of business on 31 May 2021.

Outlook for 2021

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For and on behalf of the board.

Wilson Chola

Board Chairperson



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