

TOTAL KENYA PLC

SUMMARY OF UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

STATEMENT OF FINANCIAL POSITION

AS AT	30 June 2020 KShs'000'	31 Dec 2019 KShs'000'
ASSETS		
Non-current assets		
Property, plant and equipment and intangible assets	10,794,151	11,080,365
Right-of use of assets	1,786,925	1,885,342
Goodwill	416,679	416,679
Deferred tax asset	377,462	377,462
Total non-current assets	13,375,217	13,759,848
Current assets		
Inventories	5,647,275	6,668,240
Trade and other receivables	10,278,128	12,855,068
Cash and cash equivalents	6,258,630	4,281,548
Total current assets	22,184,033	23,804,856
TOTAL ASSETS	35,559,250	37,564,704
EQUITY AND LIABILITIES		
Equity		
Share capital	9,974,771	9,974,771
Share premium	1,967,520	1,967,520
Retained earnings	12,757,667	12,439,879
Total equity	24,699,958	24,382,170
Non-current liabilities		
Lease liability - non current portion	947,200	1,055,509
Deposits and provisions	1,169,203	1,069,997
Current liabilities		
Trade and other payables	8,027,853	10,024,397
Lease liability - current portion	379,677	284,044
Short term borrowings	335,359	748,587
Total current liabilities	8,742,889	11,057,028
TOTAL EQUITY AND LIABILITIES	35,559,250	37,564,704

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED	30 June 2020 KShs'000'	30 June 2019 KShs'000'
Gross sales	44,425,948	81,257,592
Indirect taxes and duties	(12,969,696)	(16,050,463)
Net sales	31,456,252	65,207,129
Cost of sales	(27,459,684)	(61,062,220)
Gross profit	3,996,568	4,144,909
Other income	732,460	532,506
Operating expenses	(3,136,021)	(3,031,018)
Finance income - net	39,252	127,635
Net foreign exchange loss	(80,763)	(102,299)
Profit before tax	1,551,496	1,671,733
Tax charge	(415,303)	(563,333)
Profit for the year	1,136,193	1,108,400
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	1,136,193	1,108,400
Earnings per share (basic and diluted) (Kshs)	1.80	1.76

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED	30 June 2020 KShs'000'	30 June 2019 KShs'000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before working capital changes	2,243,495	2,348,574
Decrease/(Increase) in inventories	1,020,965	(485,272)
Decrease in trade and other receivables	2,576,940	2,513,207
Decrease in trade and other payables	(2,484,795)	(9,644,771)
Working capital Changes	1,113,110	(7,616,836)
Cash generated from operations	3,356,605	(5,268,262)
Tax paid	(522,319)	(557,885)
Net cashflows from operating activities	2,834,286	(5,826,147)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, prepaid operating leases and intangible assets	(539,365)	(720,000)
Proceeds on disposal of property, plant and equipment	3,589	-
Interest received	105,912	166,047
Net cash used in investing activities	(429,864)	(553,953)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(14,112)	(38,412)
Net cash used in financing activities	(14,112)	(38,412)
Net increase/(decrease) in cash and cash equivalents	2,390,310	(6,418,512)
CASH AND CASH EQUIVALENTS		
As at 1 January	3,532,961	6,699,178
As at 30 June	5,923,271	280,666

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED	Share capital KShs'000'	Share premium KShs'000'	Retained earnings KShs'000'	Total equity KShs'000'
As at 1 January 2019	9,974,771	1,967,520	10,723,752	22,666,043
Dividends declared - 2018	-	-	(818,405)	(818,405)
Profit for the year	-	-	2,534,532	2,534,532
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,534,532	2,534,532
As at 31 December 2019	9,974,771	1,967,520	12,439,879	24,382,170
As at 1 January 2020	9,974,771	1,967,520	12,439,879	24,382,170
Dividends declared - 2019	-	-	(818,405)	(818,405)
Profit for the year	-	-	1,136,193	1,136,193
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,136,193	1,136,193
As at 30 June 2020	9,974,771	1,967,520	12,757,667	24,699,958

COMMENTARY ON THE 2020 UNAUDITED HALF YEAR RESULTS

The Total Kenya Plc Board of Directors is pleased to announce the unaudited half year results for the period ended 30th June 2020.

OPERATING ENVIRONMENT

The business environment has faced exceptionally challenging circumstances in the first half of the year 2020 caused by the current COVID-19 pandemic. This crisis has negatively impacted all aspects of the world economy, putting pressure on consumer expenditure and adversely impacting the operating environment. The pandemic led to the oil market crisis due to sharp decline in demand with the Brent falling continuously from January to April 2020.

FINANCIAL PERFORMANCE

The Company realized positive results and cashflows demonstrating its resilience to the exceptionally difficult and challenging environment with a profit after tax of KShs 1,136 million in the first half of the year 2020 (2019: KShs 1,108 million). This performance was achieved as a result of the effective action plans put in place by management from the start of the pandemic.

The net sales decreased by 52% resulting majorly from lower bulk sales in the Open Tender System (OTS), slowdown in the economy and reduction in fuel prices. Despite the decrease in Gross profit by 4%, the gross margin ratio increased to 13% in 2020 from 6% in 2019. Other income increased by 38% in 2020 compared to 2019 as a result of disposal income.

Operating expenses have been controlled within inflation. Net finance income of KShs 39 million resulted from positive cash position in Kenya shillings emanating from better working capital management.

The foreign exchange loss decreased to KShs 81 million (KShs 102 million in 2019). The loss is attributable to the valuation of liabilities in foreign currency impacted by the depreciation of the Shilling against the US dollar in the period.

Profit before tax was KShs 1,551 million (2019: KShs 1,671 million).

The Company's cashflow position remained strong as a result of effective management of working capital requirement.

DIVIDEND

The Board do not recommend payment of an interim dividend.

FUTURE OUTLOOK

The environment remains challenging due to the uncertainty of the COVID-19 related impacts as well as the extent and speed of the economic recovery post pandemic period. The Board is confident that the Company will register positive results in the remaining half of the year.

The Company's priority is to generate a level of cashflows that allows it to continue to invest in profitable projects, to preserve an attractive shareholder return and maintain a strong balance sheet.

The Company will continue to focus on safety, operational excellence and cash flow generation while mitigating challenges caused by the impact of COVID-19 pandemic.



By order of the Board
Olagoke Aluko - Managing Director

August 27th, 2020