



## UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The Directors of British American Tobacco Uganda Limited (BAT Uganda) announce the unaudited financial results for the six-month ended 30 June 2020 as shown below:

### Resilient performance in a challenging environment

Net revenue (Ushs) <b>36.7bn</b> -5%	Total cost of operations (Ushs) <b>26.8bn</b> -7%	Profit before tax (Ushs) <b>9.9bn</b> +2%	Operating margin <b>27.1%</b> +1.7pp	Cash generated from operations (Ushs) <b>16.7bn</b> +67%
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The Company's interim Financial Statements have been prepared in accordance with International Financial Reporting Standards. The Company has applied the same accounting policies in these interim Financial Statements as those applied in its annual Financial Statements. The extracts are as follows:

#### Condensed Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June

	2020 Ushs'm	2019 Ushs'm
<b>Gross revenue</b>	<b>75,992</b>	<b>86,239</b>
Excise Duty and Value Added Tax (VAT)	(39,271)	(47,566)
<b>Net revenue</b>	<b>36,721</b>	<b>38,673</b>
Total cost of operations	(26,785)	(28,896)
<b>Profit from operations</b>	<b>9,936</b>	<b>9,777</b>
Finance costs	(20)	(74)
<b>Profit before tax</b>	<b>9,916</b>	<b>9,703</b>
Income tax expense	(3,027)	(2,966)
<b>Profit after tax</b>	<b>6,889</b>	<b>6,737</b>
Total comprehensive income	<b>6,889</b>	<b>6,737</b>
Basic and diluted earnings per share (Ushs)	<b>140.4</b>	<b>137.3</b>

#### Condensed Statement of Financial Position as at:

	30 June 2020 UShs'm	31 Dec 2019 Ushs'm
<b>Shareholders' equity</b>	<b>35,105</b>	<b>43,921</b>
Non-current liabilities	6,289	6,432
<b>Equity and non-current liabilities</b>	<b>41,394</b>	<b>50,353</b>
<b>Assets</b>		
<b>Non-current assets</b>	<b>33,229</b>	<b>33,703</b>
<b>Working capital</b>		
Current assets	31,797	34,277
Current liabilities	(23,632)	(17,627)
<b>Net working capital</b>	<b>8,165</b>	<b>16,650</b>
<b>Net assets</b>	<b>41,394</b>	<b>50,353</b>

#### Condensed Cash Flow Statement for the six months ended 30 June

	2020 Ushs'm	2019 Ushs'm
Cash generated from operations	16,661	9,973
Net interest paid	-	(103)
Tax paid	(2,113)	(2,631)
<b>Net cash from operating activities</b>	<b>14,548</b>	<b>7,239</b>
Net cash used in investing activities	(211)	(3)
Net cash used in financing activities	(16,068)	(14,106)
<b>Movement in cash &amp; cash equivalents</b>	<b>(1,731)</b>	<b>(6,870)</b>
At the start of the period	12,756	17,262
<b>At the end of the period</b>	<b>11,025</b>	<b>10,392</b>

#### Condensed Statement of Changes in Equity for the six months ended 30 June

	Share Capital Ushs'm	Revaluation surplus Ushs'm	Retained earnings Ushs'm	Total Ushs'm
<b>At 1 January 2019</b>	<b>61</b>	<b>12,464</b>	<b>28,055</b>	<b>40,580</b>
Profit for the period	-	-	6,737	6,737
Dividends paid	-	-	(13,742)	(13,742)
<b>At 30 June 2019</b>	<b>61</b>	<b>12,464</b>	<b>21,050</b>	<b>(33,575)</b>
<b>At 1 January 2020</b>	<b>61</b>	<b>13,611</b>	<b>30,249</b>	<b>43,921</b>
Profit for the period	-	(189)	7,078	6,889
Dividends paid 2019	-	-	(15,705)	(15,705)
<b>At 30 June 2020</b>	<b>61</b>	<b>13,422</b>	<b>21,622</b>	<b>35,105</b>

#### Operating environment

The disruption caused by the COVID-19 pandemic worsened an already challenging operating environment. The economic impact of the pandemic put severe pressure on consumer affordability and adversely impacted the trading environment, as retail outlets closed. As we navigate this pandemic, we continue to focus on ensuring employee health and safety, business continuity and working with relevant Government agencies to ensure stability and predictability in the regulatory environment, which will support economic recovery.

#### Financial performance

Notwithstanding these challenges, the Company demonstrated resilience and maintained profitability during the period. Gross revenue reduced by 12% to Ushs 76 billion due to lower sales volumes reflecting the impact of the COVID-19 pandemic. Net revenue decreased by 5% to Ushs 36.7 billion in line with the decline in gross revenue, partially offset by improved product mix.

Total cost of operations reduced by 7% to Ushs 26.8 billion driven by lower sales volumes and prudent cost management measures. The decline in cost of operations more than offset the reduction in net revenue, resulting in an increase in operating margin by 1.7 percentage points to 27.1%.

Profit before tax increased by 2% to Ushs 9.9 billion, reflecting the growth in profit from operations and lower finance costs.

Cash generated from operations increased by 67% to Ushs 16.7 billion driven by improved profitability and benefits of effective working capital management during the period.

#### Contribution to Government revenues

Contribution to Government revenues in the form of Excise Duty, Value Added Tax (VAT) and Corporation Tax reduced by Ushs 7.3 billion to Ushs 42.9 billion in line with lower sales revenue.

Illicit trade in tax-evaded cigarettes continues to impact industry and Government revenues. We estimate that illicit trade in tax-evaded cigarettes denies the Government Ushs 30 billion in revenue annually. We recognise the opportunity presented by the implementation of Digital Tracking Solution (DTS) by the Uganda Revenue Authority in addressing this challenge and will continue to engage with relevant Government agencies to support the fight against illicit trade in cigarettes.