

FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors of British American Tobacco Uganda announce the results for the year ended 31 December 2018 as shown below:

A GOOD PERFORMANCE IN A TOUGH ENVIRONMENT



Key highlights in 2018 compared to 2017 are:

Gross revenue (Ushs)	Operating margin	Profit after tax (ush)	Cash generated from operations (Ushs)	Contribution to Government revenues (Ushs)	Dividends per share (Ushs)
154bn +3%	28.6% +0.4pp	13.7bn +14%	30.7bn +21.8bn	90.5bn +4bn	280 +34

The results below have been extracted from the audited financial statements of British American Tobacco Uganda Limited for the year ended 31 December 2018. The financial statements were audited by KPMG Uganda who expressed an unqualified audit opinion.

Condensed Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018

	2018 Ushs' m	2017 Ushs' m
Gross revenue	154,058	149,718
Excise Duty and Value Added Tax	(84,247)	(81,012)
Net revenue	69,811	68,706
Cost of operations	(49,858)	(49,368)
Profit from operations	19,953	19,338
Finance Income/ (Costs)	42	(1,754)
Profit before tax	19,995	17,584
Income tax expense	(6,253)	(5,509)
Profit after tax	13,742	12,075
Total comprehensive income	13,742	12,075
Basic and diluted earnings per share (Ushs)	280	246

Condensed Statement of Financial Position as at 31 December 2018

	2018 Ushs' m	2017 Ushs' m
Shareholders' equity	40,580	38,913
Non-current liabilities	4,473	4,926
Equity and non-current Liabilities	45,053	43,839
Assets		
Non-current assets	30,223	31,737
Working capital		
Current assets	28,427	23,272
Current liabilities	(13,597)	(11,170)
Net working capital	14,830	12,102
Net assets	45,053	43,839

Condensed Cash Flow Statement for the year ended 31 December 2018

	2018 Ushs' m	2017 Ushs' m
Cash generated from operations	30,747	8,996
Net interest paid	(5)	(1,765)
Tax paid	(5,374)	(1,474)
Net cash from operating activities	25,368	5,757
Net cash used in investing activities	(27)	(19)
Net cash used in financing activities	(12,075)	(7,811)
Movement in cash & cash equivalents	13,266	(2,073)
At the start of the year	3,996	6,069
At the end of the year	17,262	3,996

Condensed Statement of Changes in Equity for the year ended 31 December 2018

	Share capital Ushs' m	Revaluation surplus Ushs' m	Retained earnings Ushs' m	Total Ushs' m
At 1 January 2017	61	13,072	21,516	34,649
Comprehensive income	-	(304)	12,379	12,075
Dividends	-	-	(7,811)	(7,811)
At 31 December 2017	61	12,768	26,084	38,913
At 1 January 2018	61	12,768	26,084	38,913
Comprehensive income	-	(304)	14,046	13,742
Dividends	-	-	(12,075)	(12,075)
At 31 December 2018	61	12,464	28,055	40,580

Business Performance

Profit

The Company delivered a strong set of results in 2018. These results were achieved despite the illicit trade in cigarettes in Uganda, which averaged at 22% in 2018 (*source: Quarterly Market Tracker*), reducing the amount of duty-paid cigarettes and denying the Government much needed revenue.

Gross revenue increased by 3% to Ushs 154 billion, driven by excise-led pricing in the market. This was partially offset by lower volumes as a result of consumer-affordability challenges and the adverse impact of illicit trade.

Despite inflationary pressure, the cost of operations increased marginally by 1% to Ushs 49.9 billion. These costs were partially offset by productivity improvement initiatives.

The growth in net revenues was reflected in operating profit. Operating margin increased by 4 basis points to 28.6%, due to the increased revenues referenced above. Finance costs reduced significantly by Ushs 1.8 billion as a result of lower overdraft utilisation following the positive change in our supply chain model which led to reduced working capital requirements.

Cash

Cash generated from operations increased significantly by 242% to Ushs 30.7 billion, driven by profit growth and reduced working capital requirements following the business model change mentioned above.

Contribution to Government revenues

Taxes in the form of Excise Duty, VAT, and Corporation Tax increased by Ushs 4 billion to Ushs 90.5 billion in 2018, driven by the full year impact of the excise increase effected in 2017. We continue to engage the Government on the importance of a stable, predictable and fair tax environment to ensure sustainable business and Government revenue growth.

Dividend

The Board of Directors has proposed a final dividend in respect of the year ended 31 December 2018 of Ushs 280 per Ordinary Share to be recommended for approval by the shareholders at the Annual General Meeting to be held on 22 May 2019. If approved, the dividend which is subject to withholding tax, will be paid on 21st June 2019 to shareholders whose names appear on Company's share register at close of business on 31st May 2019

Kampala
13 February 2019

By Order of the Board
Nicholas Echim
Company Secretary

Details: Enquiries may be addressed to the Company Secretary on P. O. Box 7100, Kampala; Telephone No. +256 31 2200100