

FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of British American Tobacco Uganda Limited (BAT Uganda) announce the results for the year ended 31 December 2020:
Resilient performance in a challenging environment

Net revenue (Ushs) 79bn +5%	Total cost of operations (Ushs) 50bn -5%	Profit before tax (Ushs) 29bn +30%	Cash generated from operations (Ushs) 27bn +50%	Dividend (Ushs) 406 per share +27%
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The results below have been extracted from the audited financial statements of British American Tobacco Uganda Limited for the year ended 31 December 2020. 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

	2020 Ushs' m	2019 Ushs' m
Gross revenue	162,010	164,261
Excise Duty and Value Added Tax	(82,762)	(88,825)
Net revenue	79,248	75,436
Total cost of operations	(50,099)	(52,997)
Profit from operations	29,149	22,439
Finance income	63	23
Profit before tax	29,212	22,462
Income tax expense	(9,252)	(6,780)
Profit after tax	19,960	15,682
Revaluation gain	-	1,433
Total comprehensive income	19,960	17,115
Basic and diluted earnings per share (Ushs)	407	320

Condensed Statement of Financial Position as at 31 December

	2020 Ushs' m	2019 Ushs' m
Shareholders' equity	48,176	43,921
Non-current liabilities	6,539	6,432
Equity and non-current Liabilities	54,715	50,353
Assets		
Non-current assets	32,545	33,703
Working capital		
Current assets	37,201	34,277
Current liabilities	(15,031)	(17,627)
Net working capital	22,170	16,650
Net assets	54,715	50,353

Condensed Cash Flow Statement for the year ended 31 December

	2020 Ushs' m	2019 Ushs' m
Cash generated from operations	27,063	17,991
Interest paid	(144)	(131)
Tax paid	(8,432)	(7,217)
Net cash from operating activities	18,487	10,643
Net cash used in investing activities	(399)	(993)
Net cash used in financing activities	(16,260)	(14,157)
Movement in cash & cash equivalents	1,828	(4,507)
At the start of the period	12,755	17,262
At the end of the period	14,583	12,755

Condensed Statement of Changes in Equity

	Share Capital Ushs'm	Revaluation surplus Ushs'm	Retained earnings Ushs'm	Total Ushs'm
At 31 December 2018	61	12,465	28,054	40,580
Accounting policy change	-	-	(32)	(32)
Revised as at 1 January 2019	61	12,465	28,022	40,548
Comprehensive income	-	1,146	15,969	17,115
Dividends	-	-	(13,742)	(13,742)
At 31 December 2019	61	13,611	30,249	43,921
At 1 January 2020	61	13,611	30,249	43,921
Comprehensive income	-	(264)	20,224	19,960
Dividends paid	-	-	(15,705)	(15,705)
At 31 December 2020	61	13,347	34,768	48,176

Operating environment

The COVID-19 pandemic adversely impacted the trading environment, worsening an already challenging operating environment. BAT Uganda continues 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.

Business performance

The Company demonstrated resilience by delivering strong financial results for the year ended 31 December 2020. Gross revenue reduced by 1% to Ushs 162 billion due to lower sales volumes, reflecting the impact of the COVID-19 pandemic. Net revenue increased by 5% to Ushs 79 billion primarily driven by an improved product mix.

Total cost of operations reduced by 5% to Ushs 50 billion in line with lower sales volumes, as well as pragmatic cost saving initiatives undertaken to cushion business profitability from the impact of the COVID-19 pandemic on revenue. The decline in cost of operations more than offset the reduction in gross revenue, resulting in an increase in operating margin by seven percentage points to 37%.

Profit before tax increased by 30% to Ushs 29 billion, reflecting the growth in profit from operations and higher net finance income.

Cash generated from operations increased by 50% to Ushs 27 billion, driven by

improved profitability and benefits of effective working capital management initiatives during the year.

Contribution to Government revenues

Total contribution to Government revenues reduced by 5% to Ushs 91 billion; reflecting a decrease in Excise Duty and Value Added Tax (VAT). This was due to lower sales volumes offset by higher corporation tax in line with higher profitability.

Illicit trade in tax-evaded cigarettes continues to impact industry and Government revenues. We continue to engage with relevant Government agencies to support the fight against illicit trade in cigarettes; which is estimated to deny the Government approximately Ushs 30 billion in revenue annually (*source: Trade Monitor Q4 2020*). The implementation of the Digital Tracking Solution (DTS) by the Uganda Revenue Authority continues to present opportunities to address this challenge.

Dividend

The Board of Directors has proposed a final dividend in respect of the year ended 31 December 2020 of Ushs 406 per Ordinary Share, to be recommended for approval by the shareholders at the Annual General Meeting to be held on 27 May 2021. The dividend, which is subject to withholding tax, will be paid on 21 June 2021 to shareholders on the register at the close of business on 31 May 2021.