



PRESS RELEASE

- **H1 2020 reported revenue Kes 1,175M**
- **Gross Profit reached 476.3M, achieving a growth of +19.5% vs. LY**
- **EBT was 55.3M, marking an improvement of +477% vs. LY**

27th August 2020, Nairobi – Flame Tree Group Holdings (FTGH: NSE) the diversified manufacturer and distributor of plastic tanks, cosmetics, snacks, spices and playground equipment is pleased to announce its financial performance for HY2020.

The group reported revenue in H1 2020 of Kes 1,175M and gross profit reached 476.3M, with gross margin at 40.5%, Operating expenses were in line with LY (+2.5%) which lead to an increase in Profit Before Tax of 477.3% vs. LY, from 9.5M up to 55.3 M.

Comment H1

The Group's priority has been to find new revenue avenues to compensate potential sales decrease caused by the pandemic, increase margins and decrease expenses as much as possible while keeping employment. Protection of cash flow has been a main objective these months to ensure a quick resumption of business as soon as lockdowns were eased and all new investments were halted until we could see the progress. In H2 we have started to consider purchase of machines & other assets, taking into account the fastest ROI.

Net debt increased 21% vs. Dec.2019, however good results enabled to improve Net Debt/Net Assets ratio (from 0.3 LY to 0.6), as well as all margin and interest cover ratios, all improved. Trade debtors increased by 7M vs. Dec.19 and total Working Capital increased by 12 days, mainly due to higher stock.

Impact of COVID19

The lockdown and slow down of activity following Covid19 has had different impacts depending on the country and type of business.

Business in Rwanda was severely affected due to the complete lockdown. Our playground equipment line also saw a drastic drop in sales as schools and hotels remained closed. Our make-up outlets were also impacted due to the drop in footfall.

However we have continued to look at ways to innovate and save costs to keep our margins high. During this period we have developed a number of new products that helped in improving sales: hand sanitizers, hand washing soap, RotoTIZER and Roto Testing booths.

Our overall sales decreased by 6.3% vs LY however our timely decisions have managed to increase our operating profit across the business lines: **Plastics**: +103%; **Cosmetics**: +78.2%; **Snacks**: +138.7%.

According to Mr. Heril Bangera, CEO Flame Tree Group, “We want to thank our employees, suppliers, clients and bankers for the continued support during these challenging times, and we are pleased to see the fruits of all the hard work and efforts made during the first half of the year, which gives us confidence to keep putting all our energy and ideas in finding new business opportunities and innovative ways to manage our resources, so we can come out of 2020 with very positive results, as we fulfill our commitments with our stakeholders”.

For a copy of Flame Tree Group’s financial statements please visit www.flametreegroup.com

About Flame Tree Group

Flame Tree Group is listed under the Growth and Enterprise Market Segment (GEMS) on the Nairobi Securities Exchange (NSE) as NSE: FTGH. Flame Tree Group is a world-class corporation in the heart of Africa that manufactures and distributes quality and affordable brands. Its strategy is to build a diversified portfolio of African-manufactured brands for African consumers, covering plastics, cosmetics and food in multiple markets and verticals.

The Group has operations in Kenya, Rwanda, Ethiopia, Mauritius, Mozambique and UAE. The company was founded in 1989 and now employs over 1,000 people, who are focused on delivering quality, value and innovation to improve customer’s lives.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	6 months to 30 June 2020 Shs	12 months to 31 December 2019 Shs	6 months to 30 June 2019 Shs
Revenue	1,175,761,769	2,424,753,503	1,254,949,910
Cost of sales	(699,386,039)	(1,602,069,716)	(856,151,845)
Gross profit	476,375,730	822,683,787	398,798,065
Other operating income	2,266,202	6,682,401	2,834,978
Operating expenses	(364,162,222)	(665,237,422)	(356,027,879)
Operating profit before gain on disposal of property, plant and equipment	114,479,710	164,128,766	45,605,164
(Loss)/gain on disposal of property, plant and equipment	-	1,615,351.00	-
Operating profit after gain on disposal of property, plant and equipment	114,479,710	165,744,117	45,605,164
Finance costs	(59,095,947)	(75,213,959)	(36,011,003)
Profit before tax	55,383,763	90,530,158	9,594,161
Tax	-	(45,593,913)	-
Profit for the period/year	55,383,763	44,936,245	9,594,161
Other comprehensive income:			
- Exchange differences on translation of foreign operations	(1,566,837)	(6,020,710)	(9,463,277)
- Gain on revaluation	-	229,670,444	308,984,276
- Deferred tax on revaluation gain	-	(45,145,397)	(92,695,283)
	(1,566,837)	178,504,337	206,825,716
Total comprehensive income for the year	53,816,926	223,440,582	216,419,877
Earnings per share - profit for the period/year	0.31	0.25	0.05
Earnings per share - total comprehensive income for the period/year	0.30	0.91	0.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2020 Shs	31 December 2019 Shs	30 June 2019 Shs
Equity			
Share capital	146,894,092	146,894,092	146,894,092
Share premium	152,450,453	152,450,453	152,450,453
Legal reserves	4,519,942	3,665,461	4,115,542
Revaluation reserve	347,121,399	347,121,399	358,218,023
Retained earnings	490,535,445	417,174,378	429,161,442
Translation reserve	(10,163,406)	(10,163,406)	(1,020,003)
	<u>1,131,357,925</u>	<u>1,057,142,377</u>	<u>1,089,819,549</u>
Shareholders' funds			
	<u>1,131,357,925</u>	<u>1,057,142,377</u>	<u>1,089,819,549</u>
Non-current liabilities			
Deferred tax	48,905,216	48,905,216	4,727,651
Borrowings	137,608,799	284,947,082	257,883,554
	<u>186,514,015</u>	<u>333,852,298</u>	<u>262,611,205</u>
	<u>1,317,871,940</u>	<u>1,390,994,675</u>	<u>1,352,430,754</u>
Non-current assets			
Deferred tax	-	-	-
Property, plant and equipment	1,078,501,051	1,043,842,107	958,412,197
Goodwill on consolidation	71,851,809	71,851,809	71,851,809
Intangible assets	86,764,193	86,145,049	83,516,629
	<u>1,237,117,053</u>	<u>1,201,838,965</u>	<u>1,113,780,635</u>
Current assets			
Inventories	367,011,162	341,685,344	283,341,536
Trade and other receivables	846,511,151	641,869,090	574,876,421
Cash and cash equivalents	55,871,604	88,741,088	54,276,708
Tax recoverable	-	7,033,454	-
	<u>1,269,393,917</u>	<u>1,079,328,976</u>	<u>912,494,665</u>
Current liabilities			
Borrowings	267,508,680	314,246,832	160,967,763
Trade and other payables	602,041,802	540,822,018	512,876,783
Current tax	22,044,512	12,782,597	-
Overdraft	297,044,036	22,321,819	-
	<u>1,188,639,030</u>	<u>890,173,266</u>	<u>673,844,546</u>
Net current assets	<u>80,754,887</u>	<u>189,155,710</u>	<u>238,650,119</u>
	<u>1,317,871,940</u>	<u>1,390,994,675</u>	<u>1,352,430,754</u>
	0	-	-

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months to 30 June 2020 Shs	12 months to 31 December 2019 Shs	6 months to 30 June 2019 Shs
Operating activities			
Cash from operations	(25,118,869)	240,887,732	217,298,036
Finance cost	(59,095,947)	(75,213,959)	-
Tax paid	(9,413,127)	(32,442,236)	(6,692,010)
Net cash (used in)/from operating activities	<u>(93,627,943)</u>	<u>133,231,537</u>	<u>210,606,026</u>
Investing activities			
Purchase of property, plant and equipment	(34,658,944)	(253,163,591)	(33,809,765)
Purchase price for acquisition of subsidiary			
Purchase of intangible assets	(3,247,564)	(2,707,420)	-
Proceeds from disposal of property, plant and equipment	-	2,758,621	-
Interest received	-	-	-
Net cash (used in) investing activities	<u>(37,906,508)</u>	<u>(253,112,390)</u>	<u>(33,809,765)</u>
Financing activities			
Net movement in borrowings	<u>(176,057,250)</u>	<u>287,848,789</u>	<u>(4,444,591)</u>
Net cash from/(used in) financing activities	<u>(176,057,250)</u>	<u>287,848,789</u>	<u>(4,444,591)</u>
Increase/(decrease) in cash and cash equivalents	<u>(307,591,701)</u>	<u>167,967,936</u>	<u>172,351,670</u>
Movement in cash and cash equivalents			
At start of period/year	66,419,269	(101,548,667)	(279,042,725)
Increase/(decrease)	(307,591,701)	167,967,936	172,351,670
Effect of exchange rate changes	-	-	-
At end of period/year	<u>(241,172,432)</u>	<u>66,419,269</u>	<u>(106,691,055)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Shs	Share premium Shs	Legal reserves* Shs	Retained earnings** Shs	Translation reserve*** Shs	Revaluation reserve*** Shs	Total equity Shs
Year ended 31 December 2019							
At start of year	146,894,092	152,450,453	3,665,461	372,238,133	(4,142,696)	141,929,031	813,034,474
Translation reserve movement	-	-	-	-	(6,020,710)	-	(6,020,710)
Adjustment	-	-	-	-	-	-	-
Revaluation for the year	-	-	-	-	-	205,192,368	205,192,368
Profit for the year	-	-	-	44,936,245	-	-	44,936,245
At end of year	<u>146,894,092</u>	<u>152,450,453</u>	<u>3,665,461</u>	<u>417,174,378</u>	<u>(10,163,406)</u>	<u>347,121,399</u>	<u>1,057,142,377</u>
Period ended 30 June 2020							
At start of period	146,894,092	152,450,453	3,665,461	417,174,378	(10,163,406)	347,121,399	1,057,142,377
Opening balance adjustment	-	-	-	17,977,304	-	-	17,977,304
Changes in the legal reserve	-	-	854,481	-	-	-	854,481
Revaluation for the period	-	-	-	-	-	-	-
Translation reserve movement	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	55,383,763	-	-	55,383,763
At end of period	<u>146,894,092</u>	<u>152,450,453</u>	<u>4,519,942</u>	<u>490,535,445</u>	<u>(10,163,406)</u>	<u>347,121,399</u>	<u>1,131,357,925</u>