



RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Directors of British American Tobacco Uganda Limited announce the unaudited financial results for the six months ended 30 June 2021 as shown below:

Gross revenue (Ushs) 45.2bn	Taxes (Ushs) 24.8bn	Total cost of operations (Ushs) 16.9bn	Profit before Tax (Ushs) 4.9bn
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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 of the interim Financial Statements are as follows:

Condensed Statement of Comprehensive Income for the six months ended 30 June

	2021 Ushs' m	2020 Ushs' m
Gross revenue	45,206	75,992
Excise Duty and Value Added Tax	(23,308)	(39,271)
Net revenue	21,898	36,721
Total cost of operations	(16,948)	(26,785)
Profit from operations	4,950	9,936
Finance costs	(1)	(20)
Profit before tax	4,949	9,916
Income tax expense	(1,540)	(3,027)
Profit after tax	3,409	6,889
Total comprehensive income	3,409	6,889
Basic and diluted earnings per share (Ushs)	70	140

Condensed Statement of Financial Position as at

	30 June 2021 Ushs' m	31 Dec 2020 Ushs' m
Shareholders' equity	31,659	48,176
Non-current liabilities	6,393	6,539
Equity and non-current Liabilities	38,052	54,715
Assets		
Non-current assets	32,075	32,545
Working capital		
Current assets	21,912	37,201
Current liabilities	(15,935)	(15,031)
Net working capital	5,977	22,170
Net assets	38,052	54,715

Condensed Cash Flow Statement for the six months ended 30 June

	2021 Ushs' m	2020 Ushs' m
Cash generated from operations	5,418	16,661
Interest paid	-	-
Tax paid	(1,416)	(2,113)
Net cash from operating activities	4,002	14,548
Net cash used in investing activities	-	(211)
Net cash used in financing activities	(20,228)	(16,068)
Movement in cash & cash equivalents	(16,226)	(1,731)
At the start of the period	14,583	12,756
At the end of the period	(1,643)	11,025

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
At 1 January 2020	61	13,611	30,249	43,921
Profit for the period	-	(189)	7,078	6,889
Dividends paid	-	-	(15,705)	(15,705)
At 30 June 2020	61	13,422	21,622	35,105
At 1 January 2021	61	13,347	34,768	48,176
Profit for the period	-	(132)	3,541	3,409
Dividends paid	-	-	(19,926)	(19,926)
At 30 June 2021	61	13,215	18,383	31,659

Operating environment

The first half of the year was characterised by a challenging operating environment.

The COVID-19 pandemic continued to adversely impact the business due to restrictions and the general decline of consumer disposable incomes.

Following the implementation of Tobacco Control Regulations, 2019 (TCR), there was a significant and sustained increase in the incidence of illicit trade in tax-evaded cigarettes, with many of these cigarettes displaying irregular graphic health warnings or no such warnings at all. This resulted in a material reduction in our sales volumes, revenues and profitability.

Trade in tax evaded cigarettes (estimated at 28%) continues to negatively impact industry revenues and deny the Government an estimated Ushs 38 billion in much needed revenue annually (source: Trade Monitor Q2 2021). We appreciate the Uganda Revenue Authority's efforts and continue to urge the relevant authorities to enforce the packaging and labelling requirements of the Tobacco Control Act, 2015 (TCA) and TCR, to address the growth of illicit cigarettes in the market.

Financial performance

Gross revenue reduced by 41% to Ushs 45.2 billion, driven by a decline in sales volume attributable to the challenging trading environment. Excise Duty and Value Added Tax (VAT) decreased by 41% to Ushs 23.3 billion due to the lower sales volume. Consequently, net revenue declined by 40% to Ushs 21.9 billion.

Total cost of operations reduced by 37% to Ushs 16.9 billion, driven by lower sales volume and cost management initiatives undertaken to cushion business profitability. Profit before tax decreased by 50% to Ushs 4.9 billion, reflecting the drop in net revenue offset by cost saving measures.

Taxes in the form of Excise Duty, VAT and Income Tax reduced by Ushs 17.4 billion (41%) to Ushs 24.8 billion, in line with lower sales volume and reduced profit.