

KenolKobil Group Unaudited Results for 6 months ended 30th June 2016

The Directors of KenolKobil Limited are pleased to announce the Group's unaudited results for the 6 months ended 30th June 2016.

CONSOLIDATED INCOME STATEMENT FOR THE SIX(6) MONTH PERIOD ENDED 30TH JUNE	2016 Shs'000	2015 Shs'000
Sales	36,937,907	38,969,155
Cost of Sales	(33,481,421)	(36,042,870)
Gross Profit	3,456,486	2,926,285
Other Income	216,493	388,274
Administration and Operating Costs	(969,911)	(947,602)
Impairment provision for KPRL Yield shift receivable	(400,000)	-
Exchange gain/(Losses)	39,344	(155,092)
EBITDA	2,342,412	2,211,865
Finance Costs	(97,997)	(379,456)
Depreciation and Amortization	(518,941)	(486,304)
Profit before Income tax	1,725,474	1,346,105
Income tax expense	(535,537)	(427,610)
Profit for the period	1,189,937	918,495

CONSOLIDATED CASH FLOW STATEMENT FOR SIX (6) MONTH PERIOD ENDED 30TH JUNE 2016	2016 SHS'000	2015 SHS'000
Net cash generated from Operations	1,579,627	2,395,851
Interest and taxes paid	(356,046)	(515,597)
Investing activities	(720,000)	(483,704)
Financing activities	(110,086)	(1,853,418)
Net increase/(decrease) in cash and cash equivalents	393,495	(456,868)
Opening cash and cash equivalents	762,095	1,051,464
Net increase/(decrease) in cash and cash equivalents	393,495	(456,868)
Effects of exchange rate changes on cash and cash equivalents	(178,192)	(12,983)
Closing cash and cash equivalents	977,398	581,613

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ABRIDGED) As at:	30th June 2016 Shs'000	31st Dec 2015 Shs'000
Share Capital	73,588	73,588
Share Premium	5,166,350	5,166,350
Other Reserves	(744,802)	(619,849)
Revenue Reserves	3,567,610	1,920,576
Profit for the Period	1,189,937	2,014,974
	9,252,683	8,555,639

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT	30th June 2016 Shs'000	31st Dec 2015 Shs'000
CAPITAL EMPLOYED		
Share capital	73,588	73,588
Share premium	5,166,350	5,166,350
Retained earnings	4,757,547	3,567,610
Other reserves	(744,802)	(619,849)
Proposed dividend	-	367,940
Shareholders' funds	9,252,683	8,555,639
NON-CURRENT LIABILITIES		
Deferred tax	212,268	210,797
Borrowings	109,245	-
Total non-current liabilities	321,513	210,797
CURRENT LIABILITIES		
Payables and accrued expenses	4,067,981	3,695,586
Current income tax	228,640	229,672
Borrowings	4,616,391	4,662,431
Dividend payable	217,627	22,978
Total current liabilities	9,130,639	8,610,667
Total Equity and Liabilities	18,704,835	17,377,103
REPRESENTED BY		
NON-CURRENT ASSETS		
Property, plant and equipment	3,628,640	3,544,414
Prepaid operating lease rentals	911,466	887,127
Intangible assets	925,011	865,428
Deferred tax asset	1,128,343	1,419,893
Available for sale investment	2,294	2,235
Investment in Associate	3,433	3,197
Total non current assets	6,599,187	6,722,294
CURRENT ASSETS		
Inventories	4,936,753	3,558,337
Receivables and prepayments	5,904,725	6,062,107
Current income tax	286,772	272,270
Cash and cash equivalents	977,398	762,095
Total current assets	12,105,648	10,654,809
Total assets	18,704,835	17,377,103

KEY HIGHLIGHTS IN 2016 AS COMPARED TO 2015

Volume Growth	
HY 2016	23%
HY 2015	

Gross Margin	
HY 2016	9.4%
HY 2015	

EBITDA Growth	
HY 2016	6%
HY 2015	

Net Financing Costs Reduction	
HY 2016	-74%
HY 2015	

Current Ratio	
HY 2016	1.33
FY 2015	

Gearing Ratio	
HY 2016	28.8%
FY 2015	

Commentary 2016 Half year results

The Board of Directors of KenolKobil Ltd is pleased to announce the Group's unaudited results for the 6 months ended 30th June 2016.

The group realized a growth of 30% in net profit after tax in the first half of 2016 as compared to similar period in 2015. The net profit after tax for the first half of the year was Kshs1,190 million against Kshs 918 million for 2015. This impressive performance was achieved by a positive contribution across the group and from all business segments, and management's focus on high yield segments. We are also excited to report an equally impressive gross margin contribution of 9.4% in the first half of 2016 up from 7.5% for the first half of 2015. As a prudent measure, we are taking an impairment provision of Ksh 400 million against the KPRL yield shift exposure. Similarly, there was a substantial growth in volume of

23% mainly driven by increase in retail network stations across the group by 20 service stations, and aggressive efforts to increase throughput from all the other sectors that we operate in.

The financing costs came down drastically by 74% in the first half of 2016 as compared to first half of 2015. This was realized as a result of management's persistent effort to reduce the level of borrowings in the past year coupled with better inventory management. In the current period, the company realized a net forex gain of Kshs 39 million against a loss of Kshs155 million for similar period in 2015. The administrative and operating expenses were in control in the period under review in line with management's expectations.

This good performance yielded very strong ratios with the current ratio as at 30th June 2016 standing at 1.33 up from 1.24 as reported in the full year 2015. The

shareholders funds increased substantially to Kshs 9.25 billion up from Kshs 8.55 billion as at 31st Dec 2015. The increase in shareholders funds together with reduction in borrowings facilitated the improved gearing ratio of 28.8%.

Future outlook

The year started with low international oil prices which rose sharply in the second quarter of the year. However, the management is optimistic that there will be less volatility in the second half of the year with projections for lower international oil prices in the range of USD 35 - 45 for murban crude.

Good performance across the group is expected to be sustained into the second half of the year with positive contribution from all business segments. The management's focus moving forward is growth in all the segments to safeguard the good returns in the future while maintaining strong controls across the business.

Interim Dividend

The Board of Directors has declared the payment of an interim dividend of Kshs. 0.15 per share (2015 interim: Ksh.0.10), payable to the shareholders on the register of members at the close of business on 26th August 2016. Payment will be made on or around 30th September 2016. The dividend will be subject to withholding tax as applicable.

By Order of the Board

David Ohana
Group Managing Director
August 04, 2016