RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (UNAUDITED)

The Directors of British American Tobacco Kenya plc announce the unaudited results for the six months ended 30 June 2024 as shown below:

Gross revenue (KShs)	Operating profit (KShs)	Profit before tax (KShs)	Tax paid (KShs)	Cash from operations (KShs)	Interim dividend per share (KShs)
19.6bn	3.8 bn	3.1 bn	9.5bn	3.8bn	5.00

Condensed Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June

	2024 KShs' m	2023 KShs' m
Gross revenue	**19,641**	**20,999**
Excise Duty and Value Added Tax (VAT)	(7,925)	(7,875)
Net revenue	**11,716**	**13,124**
Total cost of operations	(7,944)	(9,237)
Operating profit	**3,772**	**3,887**
Finance costs	(720)	145
Profit before tax	**3,052**	**4,032**
Income tax expense	(916)	(1,210)
Profit after tax	**2,136**	**2,822**
Other comprehensive income	-	-
Total comprehensive income	**2,136**	**2,822**
Interim dividend	500	500
Basic and diluted earnings per share (KShs)	21.36	28.22

Condensed Statement of Financial Position as at:

	30 Jun 24 KShs' m	31 Dec 23 KShs' m
Capital and reserves		
Share capital	1,000	1,000
Revaluation surplus	2,762	2,762
Retained earnings	10,682	12,488
Shareholders' funds	**14,444**	**16,250**
Non-current liabilities	2,400	2,000
	16,844	**18,250**
Assets		
Non-current assets	**11,504**	**11,807**
Working capital		
Current assets	10,800	12,243
Current liabilities	(5,460)	(5,800)
Net working capital	**5,340**	**6,443**
	16,844	**18,250**

Condensed Cash Flow Statement for the six months ended 30 June

	2024 KShs' m	2024 KShs' m
Cash generated from operations	3,803	3,865
Net interest received / (paid)	30	(8)
Tax paid	(1,563)	(1,950)
Net cash from operating activities	**2,270**	**1,907**
Net cash received from / (used in) investing activities	458	(190)
Net cash used in financing activities	(4,492)	(3,615)
Movement in cash & cash equivalents	**(1,764)**	**(1,898)**
At the start of the period	1,821	2,368
At the end of the period	**57**	**470**

Condensed Statement of Changes in Equity

	Share capital KShs' m	Revaluation surplus KShs' m	Retained earnings KShs' m	Total KShs' m
At 1 January 2023	**1,000**	**2,800**	**12,582**	**16,382**
Comprehensive income	-	-	2,822	2,822
Dividends	-	-	(5,200)	(5,200)
At 30 June 2023	**1,000**	**2,800**	**10,204**	**14,004**
At 1 January 2024	**1,000**	**2,762**	**12,488**	**16,250**
Comprehensive income	-	-	2,136	2,136
Dividends	-	-	(3,942)	(3,942)
At 30 June 2024	**1,000**	**2,762**	**10,682**	**14,444**

Operating context

The Company demonstrated resilience in the face of continued macro-economic headwinds across our domestic and export markets. The operating landscape was characterised by geo-political disruptions, inflationary pressures and currency volatility. During the period, the Kenya Shilling recorded a significant appreciation (approximately 22%) against the United States Dollar (our exports trading currency) which resulted in substantial foreign exchange losses.

These factors significantly increased the cost of doing business, adversely impacted consumers' disposable incomes and drove legitimate volume contraction and downtrading.

Illicit trade in tax evaded cigarettes (estimated at 27% based on third party research) continues to impact domestic industry revenues and deprive the Government of an estimated KShs 7 billion annually. It is imperative that the Government intensifies its efforts, emphasizing increased collaboration among stakeholders and across borders, to strengthen enforcement and bolster regulations aimed at combating illicit trade effectively.

Regulatory uncertainty resulted in suspension of our modern oral nicotine pouch sales in the domestic market. As a result of prolonged regulatory uncertainty, commercialisation of our oral nicotine pouch factory was impeded. To protect shareholder value, the Company accepted offers for sale of the oral nicotine pouch factory machinery.

During the period, the Company successfully completed a route-to-market business simplification exercise, to achieve a sustainable future-fit model. The seamless transition was achieved through excellence in commercial execution.

Financial highlights

- Gross revenue declined by 6% to KShs 19.6 billion, mainly driven by lower export sales volumes, consumer downtrading in the domestic market and suspension of modern oral nicotine pouch sales.
- Total cost of operations decreased by 14% to KShs 7.9 billion reflecting the impact of lower sales volume, prudent cost management and the benefit of productivity initiatives implemented to mitigate cost increases.
- Operating profit reduced by 3% to KShs 3.8 billion reflecting lower net revenue offset by lower total cost of operations.
- Finance costs rose sharply to KSh 0.7 billion in comparison to finance income of KSh 0.1 billion in 2023. This was attributable to foreign exchange losses following the significant appreciation of the Kenya Shilling against the United States Dollar.
- Notwithstanding the marginal decline in operating profit (3%), profit before tax was 24% lower at KShs 3 billion driven by higher finance costs. The underlying business performance remains solid, supported by proactive initiatives implemented to mitigate the impact of foreign exchange losses going forward.
- Cash generated from operations was KShs 3.8 billion in line with operating profit, demonstrating our continued strong cash conversion.
- Taxes in the form of Excise Duty, VAT, Customs Duties, Solatium Levy, Tax Stamps, Pay As You Earn (PAYE) and Corporation Tax decreased marginally by 2% to KShs 9.5 billion.

Looking forward

We are committed to sustainably delivering shareholder value. We remain confident in the resilience of our underlying business and strategy which is anchored on; our geographical diversity, excellence in execution, world class talent, strong brands, and effective business partnerships.

Our corporate purpose remains to create A Better Tomorrow™ by building A Smokeless World through offering alternative innovative products, including tobacco-free oral nicotine pouches. In this regard, we continue to engage transparently on a sustainable regulatory framework, to facilitate the resumption of commercial operations on our modern oral nicotine category.

Dividend

The Board of Directors has approved an interim dividend in respect of the year ending 31 December 2024 of KShs 5.00 per ordinary share. The interim dividend, which is subject to withholding tax, will be paid on or about 27 September 2024 to shareholders on the register as at the close of business on 30 August 2024.

Nairobi
25 July 2024

By Order of the Board
Waeni Ngea (Ms)
Company Secretary