Car & General (Kenya) PLC – Interim results 31 March 2022

Turnover for the first six months to 31 March 2022 was Ksh 10 billion representing a 23% increase over the same period last year.

Profit after tax was Ksh 629m as compared to Ksh 461m the previous year. This represents a 36% increase. The performance improved due to higher sales in all our businesses across East Africa. This is in spite of a challenging trading environment given global supply chain constraints which have led to significant price increases in all products and longer lead times from various destinations. The net result has been reduced margins and higher stock holdings. This has been exacerbated by a gradual devaluation of the Kenya shilling which also resulted in forex losses. From a balance sheet perspective, this has meant higher investments to fund continuous growth. We expect these conditions to persist for the remainder of this financial year.

Our trading operations, particularly in Kenya and Tanzania, have seen good growth in turnover but at reduced margins. Our Uganda trading operation has been stable.

The Poultry operation in Tanzania has also traded profitably due to stability in pricing and demand.

On Investment Property, Nairobi Mega on Uhuru Highway has seen higher footfalls due to fewer Covid restrictions and the near completion of the Nairobi Expressway.

Our joint venture with Cummins performed positively and is still striving to achieve targeted volume challenged by various constraints.

Our investment in Watu has performed well. Uganda, Tanzania and Sierra Leonne are operational.

Our helmet manufacturing subsidiary, Boda Plus, is making progress after 6 months of operation.

The ongoing HS Code dispute (regarding 3-wheeler classification) with the KRA is ongoing in the High Court after the KRA appealed against the Tax Appeal Tribunal decision which was in our favour.

Our business now has more diversity which leads to more sustainability. We continue to make a significant impact on peoples' lives with over 800,000 customers using our products and our services for their well-being.

Future Outlook

Given the logistic challenges and the upcoming election in August, the next six months look unpredictable across all business sectors. There are additional challenges in the form of fuel shortages, forex devaluations, inflation and increasing interest rates. Our focus will be on growth in market share, cost control, preserving cash, protecting margin and increasing working capital efficiencies.

Dividends

The Directors do not recommend an interim dividend.

Nicholas Ng'ang'a
Group CEO