

CAR & GENERAL (KENYA) PLC

SUMMARY CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2024

COMMENTARY TO THE RESULTS

Turnover for the first six months to 30 June 2024 was Ksh 11 billion representing a 3.7% increase compared to six-month period to 31 March 2023. The performance was significantly affected by an 8.7% drop in sales at Kenya trading operations. Sales in Uganda have grown 45% and sales in Tanzania have grown 13.3%.

Profit before tax was Ksh 106m as compared to Ksh 126m the previous year. It has been a challenging period for trading operations throughout the region. Fortunately exchange rates have stabilized thereby allowing more control over margins in our distribution business. Profits from our associate Watu dropped due to initial losses in Nigeria, DRC and Sierra Leone.

Our trading operations in Kenya have been specifically affected by a 77% drop in the overall market for motorcycles since 2022 when market average monthly sales were 20000 units. Market sales are now 4000 units per month. Motorcycle purchases continue to be affected by lower consumer purchasing power which has reduced the daily utilization of 'boda boda' and consequently the daily unit profitability (especially given higher fuel costs) has deteriorated leading to lower levels of overall demand. As a result, our Kenya trading operation has seen a significant drop in volume and profitability. Our acquisition in June 2023 of 50% additional shares in Cummins has had a positive impact and the performance of this business is now fully consolidated.

The Poultry operation in Tanzania has stabilized and is progressing positively.

On Investment Property, Nairobi Mega on Uhuru Highway has seen higher footfalls and we expect these to improve assuming political stability. We hold 24 acres in Shanzu and aim to reduce a part of this holding by the end of this financial year.

Our investment in Watu is also making progress in spite of the drop in motorcycle sales. The expansion to mobile phone financing was an important move. Kenya, Uganda, Tanzania, DRC, Nigeria and Sierra Leone are operational.

Our helmet manufacturing subsidiary, Boda Plus, is making progress and is now EBITDA positive. We are now exporting to Uganda, Tanzania, DRC, Rwanda and Burundi.

Our investments in 2w and 3w electric vehicles and 3w compressed natural gas vehicles have met with a positive response. With available external financing (particularly from Watu), we are confident that we can drive the transition to cleaner energy in the 2w and 3w markets across the continent.

We continue to make a significant impact on peoples' lives with over 2m customers using our products and our services for their well-being.

Future Outlook

We expect challenging economic conditions to continue in terms of inflation, forex and constrained liquidity. Specifically, we expect motorcycle demand in Kenya to remain subdued for the foreseeable future. We expect improvements in the businesses for all other product lines during the remainder of the year.

In the short run, we must leverage the diversity of our business to increase Kenya and Group profitability. Given our leading market shares across all sectors of our business we remain confident that we are well placed. Our focus will be on increasing aftermarket sales, reducing inventory holdings and cost efficiency throughout the group.

Dividends

The Directors do not recommend an interim dividend.

Nicholas Ng'ang'a
Chairman
21 August 2024

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

	6 Months to 30 June 2024 Sh '000	6 Months to 31 March 2023 Sh '000
Revenue	10,971,674	10,582,211
Gross profit	1,597,304	1,461,337
Other income	89,741	23,394
Impairment provision for financial assets	-	-
Operating and administrative expenses	(1,048,673)	(900,266)
Share of profit in an associate	113,763	305,397
Share of (loss)/profit in joint venture	-	(2,199)
Earnings before Finance Costs, Depreciation, Amortization and Taxation - EBITDA	752,135	887,663
Finance costs	(586,896)	(392,086)
Lease interest charge	(27,274)	(27,095)
Net foreign exchange loss	171,862	(155,642)
Depreciation of Property, Plant & Equipment	(106,033)	(83,945)
Amortisation of Intangible Assets	(4,199)	(4,520)
Depreciation of Right of Use Asset	(93,101)	(98,036)
Profit before taxation	106,494	126,339
Taxation charge	(44,016)	(29,677)
Profit for the year	62,478	96,662
Other comprehensive income	(446,339)	145,029
Total comprehensive income for the period	(383,861)	241,691
Profit for the period attributable to:		
Owners of the parent	62,410	98,181
Non-controlling interests	68	(1,519)
	62,478	96,662
Total comprehensive income attributable to:		
Owners of the parent	(383,929)	243,210
Non-controlling interests	68	(1,519)
	(383,861)	241,691
	Sh	Sh
Earnings per share - basic and diluted	0.78	1.22

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	6 Months to 30 June 2024	6 Months to 31 March 2023
ASSETS		
Non-current assets		
Investment properties	3,059,492	3,069,082
Property, plant and equipment	3,068,041	2,947,212
Right of Use Asset (RoUA)	518,514	574,188
Other Non-current assets	1,759,242	2,499,350
	8,405,289	9,089,832
Working Capital		
Current assets	10,056,045	9,316,925
Current liabilities	(10,738,483)	(9,742,689)
Net working capital	(682,438)	(425,764)
Total net assets	7,722,851	8,664,068
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	401,033	401,033
Reserves and retained earnings	4,688,476	5,117,854
Non-controlling interests	258,192	263,013
Total equity	5,347,701	5,781,900
Non-current liabilities		
Deferred tax liabilities	900,048	902,635
Due to related parties	166,808	166,808
Lease Liability	501,762	514,922
Borrowings	806,532	1,297,803
	2,375,150	2,882,168
Total equity and non current liabilities	7,722,851	8,664,068

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Share capital Shs'000	Retained earnings and other reserves Shs'000	Non-controlling interests Shs'000	Total Shs'000
6 Months to 31 March 2023				
At 1 October 2022	401,033	4,938,809	264,532	5,604,374
Profit for the period	-	98,181	(1,519)	96,662
Other comprehensive income	-	145,029	-	145,029
Bonus share issue	-	-	-	-
Dividend paid - 2022	-	(64,165)	-	(64,165)
At 31 March 2023	401,033	5,117,854	263,013	5,781,900
6 Months to 30 June 2024				
At 1 January 2024	401,033	5,072,405	258,124	5,731,562
Profit for the period	-	62,410	68	62,478
Other comprehensive income	-	(446,339)	-	(446,339)
Bonus share issue	-	-	-	-
Dividend paid - 2023	-	-	-	-
At 30 June 2024	401,033	4,688,476	258,192	5,347,701

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2024

	6 Months to 30 June 2024 Sh '000	6 Months to 31 March 2023 Sh '000
Profit before taxation	106,494	126,339
Net cash generated from operations	1,087,785	684,734
Corporate tax paid	(59,114)	(11,683)
Net cash used in investing activities	(241,859)	(103,053)
Net cash used in financing activities	(1,143,497)	(352,513)
Net (decrease)/increase in cash and cash equivalents	(356,685)	217,485
Cash and cash equivalents at the beginning of the period	282,777	57,574
Effects of exchange rate changes on the balance of cash held in foreign operations	(65,114)	10,808
Cash and cash equivalents at the end of the period	(139,022)	285,867

Basis of Preparation

The accounting policies and methods of computations followed in the preparation of these interim financial statements are consistent with those used in the annual financial statements as at and for the year ended 31 December 2023.

The Group changed its financial year end from 30 September to 31 December in the prior year, the comparative information is therefore for the six months to 31 March 2023.

