

UNAUDITED CONSOLIDATED RESULTS FOR THE HALF-YEAR ENDED 30TH JUNE 2019

The Board of Directors of TPS Eastern Africa PLC is pleased to announce the unaudited results and financial statements for the half-year ended 30th June 2019.

CONSOLIDATED SUMMARISED INCOME STATEMENT

	Six months to 30-Jun-19 Shs'000	Six months to 30-Jun-18 Shs'000
Sales	2,704,836	2,684,910
Profit before exchange difference, interest, depreciation, results of associates and taxation	124,170	833
Exchange profit/[loss] on foreign currency loans	(18,358)	25,125
Net interest cost	(84,905)	(61,385)
Depreciation on property, plant and equipment	(233,976)	(194,763)
Share of results of associates	(2,243)	(1,223)
Loss before income tax	(215,312)	(231,413)
Income tax (charge)/credit	54,625	62,803
Loss after taxation	(160,687)	(168,610)
Attributable to:		
Equity holders of the Company	(176,754)	(203,126)
Non-controlling interest	16,067	34,516
	(160,687)	(168,610)
Loss per share attributable to the equity holders of the Company - basic (Shs per share)	(0.97)	(1.12)
Weighted average number of shares (000s)	182,174	182,174

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months to 30-Jun-19 Shs'000	Six months to 30-Jun-18 Shs'000
Loss after taxation	(160,687)	(168,610)
Other comprehensive income: Items net of tax		
Currency translation differences	264,300	(216,891)
Total comprehensive profit/[loss]	103,613	(385,501)
Attributable to:		
Equity holders of the Company	87,546	(420,017)
Non-controlling interest	16,067	34,516
	103,613	(385,501)

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30-Jun-19 Shs'000	30-Jun-18 Shs'000
CAPITAL EMPLOYED		
Equity	9,241,187	8,779,116
Non-current liabilities	6,499,713	5,756,588
	15,740,900	14,535,704
REPRESENTED BY		
Non-current assets	16,140,880	15,015,181
Net current liabilities	(399,980)	(479,477)
	15,740,900	14,535,704

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Translation Reserve Shs'000	Non controlling interest Shs'000	Total Shs'000
At 1st January 2018	182,174	4,392,668	2,480,830	2,315,239	63,761	(1,019,030)	748,975	9,164,617
Comprehensive income for the period								
(Loss)/profit for the period	-	-	-	(203,126)	-	-	34,516	(168,610)
Other comprehensive income: Currency translation differences	-	-	-	-	-	(216,891)	-	(216,891)
Total other comprehensive income	-	-	-	-	-	(216,891)	-	(216,891)
Total comprehensive (loss)/income for the period	-	-	-	(203,126)	-	(216,891)	34,516	(385,501)
Transaction with owners Dividends: - final for 2017	-	-	-	-	-	-	-	-
At 30th June 2018	182,174	4,392,668	2,480,830	2,112,113	63,761	(1,235,921)	783,491	8,779,116

	Share Capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Translation Reserve Shs'000	Non-controlling interest Shs'000	Total Shs'000
At 1st January 2019	182,174	4,392,668	2,423,447	2,434,571	63,761	(1,161,317)	802,270	9,137,574
Comprehensive income for the period								
(Loss)/profit for the period	-	-	-	(176,754)	-	-	16,067	(160,687)
Other comprehensive income: Currency translation differences	-	-	-	-	-	264,300	-	264,300
Total other comprehensive income	-	-	-	-	-	264,300	-	264,300
Total comprehensive (loss)/income for the period	-	-	-	(176,754)	-	264,300	16,067	103,613
Transaction with owners Dividends: - final for 2018	-	-	-	-	-	-	-	-
At 30th June 2019	182,174	4,392,668	2,423,447	2,257,817	63,761	(897,017)	818,337	9,241,187

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months to 30-Jun-19 Shs'000	Six months to 30-Jun-18 Shs'000
Net cash (used in)/generated from operating activities	35,421	(104,717)
Net cash used in investing activities	(327,192)	(687,109)
Net cash (used in)/from financing activities	128,816	(32,361)
Decrease in cash and cash equivalents	(162,955)	(824,187)
Movement in cash and cash equivalents		
At start of period	(187,192)	611,779
Effects of currency translation differences	3,479	(26,898)
Decrease in cash and cash equivalents	(162,955)	(824,187)
At end of period	(346,668)	(239,306)

Commentary

During the first half of the year 2019, market sentiment has continued to indicate a consistent return of confidence from the foreign leisure market segment to Kenya; and indeed across the wider East African region. The Company's (TPS Eastern Africa PLC/the Group) diversified portfolio in East Africa recorded growth in the corporate and domestic leisure segments, particularly during the second quarter of 2019, once insecurity issues in Kenya receded.

Given the seasonal nature of the tourism industry in East Africa, financial performance for the first half of 2019 should not be taken as a basis for extrapolating a full year's forecast. For the six-months to 30 June 2019, TPS Eastern Africa PLC recorded a 'Profit before exchange difference, interest, depreciation, results of associates and taxation' of KShs. 124.2 million; as compared to KShs. 0.8 million for the same period last year. For the period under review, the Group continued to effectively manage its business strategy, including controlling operating costs in increasingly challenging markets. Foreign exchange loans coupled with adverse foreign exchange rates, resulted in exchange losses on debt, as well as relatively higher net interest charges, over the same period last year. Depreciation increased due to the capitalisation of phase one of the Nairobi Serena redevelopment project.

The final phase of the redevelopment of Nairobi Serena Hotel (NSH) is substantially completed and expected to deliver once again incremental revenue going forward. In line with the Board's vision to reposition the Serena City Hotels brand, NSH's progress to full completion by Q4 2019 bodes well for future market share growth, similar to the encouraging strategic business developments achieved through 2017 at the refurbished Kampala Serena Hotel and the Dar es Salaam Serena Hotel.

The Group will continue to successfully progress the planned refurbishment of its property portfolio, maintain appropriate Human Resource Management practices and promote sound Corporate Social Responsibility (CSR) programs that complement its long-term business strategy. Serena Hotels CSR programs remain fully aligned to achieving the Sustainable Development Goals (SDGs) set out by the United Nations Development Programme. Indeed, our sustainable business practices continue not only to complement, but indeed to enhance eco-tourism, environmental conservation, reforestation, education, public health; and essentially community development across Eastern Africa.

Important feedback from our suppliers of business in traditional and new international source markets, has been encouraging

with increasing interest in selling destination East Africa. This backdrop will provide the impetus to optimize portfolio performance in 2019 to the extent possible. Consequently, current forecasts indicate a satisfactory outlook during the second half of 2019 for Serena Kenya, Serena Tanzania and Serena Uganda.

The Board and Management express their appreciation to the governments of the East African Region for facilitating the continuous resource allocation required to improve the business environment for destination East Africa.

In line with the Company's policy, the Board of Directors does not recommend the declaration of an interim dividend.

By Order of the Board

Dominic Ng'ang'a
COMPANY SECRETARY
12 August, 2019



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