

TotalEnergies Marketing Kenya PLC

SUMMARY OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION

AS AT	31 Dec 2022 KShs'000	31 Dec 2021 KShs'000
ASSETS		
Non-current assets		
Property, plant and equipment and intangible assets	12,029,559	11,814,141
Right-of-use assets	1,501,274	1,726,250
Goodwill	416,679	416,679
Deferred tax asset	405,543	393,864
Total non-current assets	14,353,055	14,350,934
Current assets		
Inventories	11,890,143	7,747,934
Trade and other receivables	26,059,025	12,583,149
Amounts due from related companies	1,120,612	2,223,257
Cash and bank balances	19,595,935	10,100,456
Total current assets	58,665,715	32,654,796
Non-current assets classified as held for sale	24,364	24,364
TOTAL ASSETS	73,043,134	47,030,094
EQUITY AND LIABILITIES		
Equity		
Share capital	9,974,771	9,974,771
Share premium	1,967,520	1,967,520
Retained earnings	18,288,158	16,668,532
Total equity	30,230,449	28,610,823
Non-current liabilities		
Lease liability	721,945	922,036
Trade and other payables	1,124,373	1,317,769
Total non-current liabilities	1,846,318	2,239,805
Current liabilities		
Lease liability	285,585	249,435
Tax payable	306,613	229,735
Trade and other payables	19,065,069	13,010,452
Amounts due to holding company	5,075,072	2,536,331
Amounts due to related companies	1,664,220	153,513
Bank overdrafts	8,369,808	-
Short-term loans	6,200,000	-
Total current liabilities	40,966,367	16,179,466
TOTAL EQUITY AND LIABILITIES	73,043,134	47,030,094

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED	31 Dec 2022 KShs'000	31 Dec 2021 KShs'000
Gross sales	141,346,899	110,161,215
Indirect taxes and duties	(38,544,483)	(35,450,751)
Net sales	102,802,416	74,710,464
Cost of sales	(93,222,522)	(65,909,440)
Gross profit	9,579,894	8,801,024
Other income	1,581,647	1,806,300
Operating expenses	(7,119,539)	(6,518,951)
Net allowance for expected credit losses	(33,219)	26,989
Finance income	567,259	216,862
Finance costs	(919,890)	(283,265)
Net foreign exchange gain/(loss)	146,842	(56,040)
Profit before tax	3,802,994	3,992,919
Tax charge	(1,358,667)	(1,254,011)
Profit for the year	2,444,327	2,738,908
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	2,444,327	2,738,908
Earnings per share (basic and diluted) (KShs)	3.88	4.35

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Total equity KShs'000
As at 1 January 2021	9,974,771	1,967,520	14,918,006	26,860,297
Dividends declared - 2020	-	-	(988,382)	(988,382)
Profit for the year	-	-	2,738,908	2,738,908
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,738,908	2,738,908
As at 31 December 2021	9,974,771	1,967,520	16,668,532	28,610,823
As at 1 January 2022	9,974,771	1,967,520	16,668,532	28,610,823
Dividends declared - 2021	-	-	(824,701)	(824,701)
Profit for the year	-	-	2,444,327	2,444,327
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,444,327	2,444,327
As at 31 December 2022	9,974,771	1,967,520	18,288,158	30,230,449

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED	Dec 2022 KShs'000	Dec 2021 KShs'000
Operating profit before working capital changes	6,199,974	5,707,761
Increase in inventories	(4,108,222)	(1,342,777)
Increase in trade and other receivables	(12,406,450)	(1,475,557)
Increase in trade and other payables	10,018,516	1,874,443
Working capital Changes	(6,496,156)	(943,891)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in) / generated from operations	(296,182)	4,763,870
Tax paid	(1,293,468)	(1,146,545)
Net cash (used in) / generated from operating activities	(1,589,650)	3,617,325
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, leasehold land and intangible assets	(2,043,032)	(2,187,964)
Proceeds on disposal of property, plant and equipment, leasehold land and intangible assets	15,381	429,968
Interest received	567,259	216,862
Net cash generated used in investing activities	(1,460,392)	(1,541,134)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest payments on borrowings	(839,801)	(195,062)
Lease liability payments - principal	(162,623)	(259,297)
Lease liability payments - interest	(81,407)	(106,549)
Dividends paid	(824,659)	(988,382)
Net cash used in financing activities	(1,908,490)	(1,549,290)
Net (decrease) / increase in cash and cash equivalents	(4,958,532)	526,901
Effect of exchange rate changes on cash and cash equivalents	(115,797)	(18,395)
Cash and cash equivalent as at 1 January	10,100,456	9,591,950
Cash and cash equivalent as at 31 December	5,026,127	10,100,456

The above statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity are extracts from the Company's 2022 financial statements as audited by Ernst & Young LLP.

COMMENTARY

The business environment remained challenging in 2022 despite easing of COVID-19 restrictions. The global business environment was impacted by geopolitical situation and supply constraints following business resumption after two years period of the COVID-19 pandemic. The rise in global oil prices increased fuel prices in the country as well as the Company's working capital requirements.

The Company's performance remained resilient with positive profit after tax of KShs 2,444 million (2021: KShs 2,739 million) in the challenging environment of sharp increase in fuel prices.

The Company's gross margins increased to KShs 9,580 million (2021: KShs 8,801 million) majorly impacted by lower lag in fuel prices' adjustments compared to previous year. Other income decreased to KShs 1,582 million (2021: KShs 1,806 million) in the absence of a non-recurring sundry income from disposal of land property realized in 2021. However, revenues from diversified investments in Shops, Food and Services (SFS) and income from partnerships with third parties increased in the year compared to 2021.

The increase in operating expenses is majorly attributable to increased business activities post COVID-19 coupled with inflation and foreign exchange on the cost of goods and services. The increase in net finance costs to KShs 353 million (2021: net finance cost of KShs 67 million) is a result of high working capital requirements.

The foreign exchange gains and losses of KShs 147 million (2021: KShs 56 million) is attributable to valuation of foreign denominated currency assets and liabilities at year end.

The Company's statement of financial position remained strong with total assets of KShs 73.04 billion (2021: KShs 47.03 billion). The Company invested KShs 2,043 million (2021: KShs 2,188 million) in line with the business strategy to enhance safety standards in our operations and continue to build a profitable and sustainable multi-energy company.

FUTURE OUTLOOK

TotalEnergies Marketing Kenya Plc is expected to continue growing its business in the country due to its vast experience in the energy industry and a broad range of products and services. The priority focus for the Company will continue to be on safety, operational excellence, profitable growth and positive cash flow generation.

The Company will continue to increase its focus on renewable energy sources and sustainable solutions to meet the growing demand for clean energy in Kenya. All these are key to increasing the value and shareholder returns while maintaining a strong financial position.

PROPOSED DIVIDENDS

The Directors recommend payment of a first and final dividend of KShs 1.31 per share for the year ended 31 December 2022 (2021: KShs 1.31) payable on or around 31 July 2023, subject to shareholders' approval at the 69th Annual General Meeting.

ANNUAL GENERAL MEETING

The 69th Annual General Meeting of TotalEnergies Marketing Kenya Plc will be held via electronic means on 15th June 2023.

CLOSURE OF THE SHARE REGISTER

Subject to shareholders' approval at the Annual General Meeting, the share register will be closed for one day at the close of business on 15th June 2023 for the purpose of dividend calculation.

By order of the Board


Eric FANCHINI
Managing Director
April 20, 2023



TotalEnergies