

TotalEnergies Marketing Kenya PLC

SUMMARY OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF FINANCIAL POSITION

AS AT	31 Dec 2023 KShs'000	31 Dec 2022 KShs'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	12,193,328	11,732,456
Right-of-use assets	1,305,390	1,501,274
Goodwill	416,679	416,679
Intangible assets	307,045	297,103
Government securities held at fair value through other comprehensive income (FVOCI)	7,743,929	-
Deferred tax assets	612,209	405,543
Total non-current assets	22,578,580	14,353,055
CURRENT ASSETS		
Inventories	13,057,279	11,890,143
Trade and other receivables	29,424,340	26,059,025
Amounts due from related companies	2,377,052	1,120,612
Cash and bank balances	7,878,221	19,595,935
Total current assets	52,736,892	58,665,715
Non-current assets classified as held for sale	-	24,364
TOTAL ASSETS	75,315,472	73,043,134
EQUITY AND LIABILITIES		
EQUITY		
Share capital	9,974,771	9,974,771
Share premium	1,967,520	1,967,520
Fair value reserve	(203,649)	-
Retained earnings	20,486,381	18,288,158
Total equity	32,225,023	30,230,449
NON-CURRENT LIABILITIES		
Trade and other payables	798,434	824,398
Lease liability	700,729	721,945
Provisions	304,656	299,975
Total non-current liabilities	1,803,819	1,846,318
CURRENT LIABILITIES		
Lease liability	105,807	285,585
Trade and other payables	26,233,324	19,065,069
Tax payable	319,095	306,613
Amounts due to holding company	7,005,357	5,075,072
Amounts due to related companies	2,030,025	1,664,220
Short-term loans	-	6,200,000
Bank overdrafts	5,593,022	8,369,808
Total current liabilities	41,286,630	40,966,367
TOTAL EQUITY AND LIABILITIES	75,315,472	73,043,134

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED	2023 KShs'000	2022 KShs'000
Revenue from contracts with customers	156,432,095	141,346,899
Indirect taxes and duties	(35,713,695)	(38,544,483)
Net revenue from contracts with customers	120,718,400	102,802,416
Cost of sales	(107,882,717)	(93,222,522)
Gross profit	12,835,683	9,579,894
Other income	2,071,216	1,581,647
Operating expenses	(8,040,363)	(7,119,539)
Net allowance for expected credit losses	(433,816)	(33,219)
Finance income	890,932	567,259
Finance costs	(2,319,090)	(919,890)
Net foreign exchange (loss)/ gain	(385,142)	146,842
Profit before tax	4,619,420	3,802,994
Tax charge	(1,596,496)	(1,358,667)
Profit for the year	3,022,924	2,444,327
Other comprehensive income, net of tax	(203,649)	-
Total comprehensive income for the year	2,819,275	2,444,327
Earnings per share (basic and diluted) (KShs)	4.48	3.88

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023	Share capital KShs'000	Share premium KShs'000	Retained earnings KShs'000	Fair value reserves KShs'000	Total equity KShs'000
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
As at 1 January 2023	9,974,771	1,967,520	18,288,158	-	30,230,449
Dividends declared – 2022	-	-	(824,701)	-	(824,701)
Profit for the year	-	-	3,022,924	-	3,022,924
Other comprehensive income	-	-	-	(203,649)	(203,649)
Total comprehensive income	-	-	3,022,924	(203,649)	2,819,275
As at 31 December 2023	9,974,771	1,967,520	20,486,381	(203,649)	32,225,023

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED	31 Dec 2023 KShs'000	31 Dec 2022 KShs'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from/ (used in) operations	3,231,317	(296,182)
Tax paid	(1,790,680)	(1,293,468)
Net cash generated from/ (used in) operating activities	1,440,637	(1,589,650)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,204,427)	(1,916,458)
Purchase of intangible assets	(54,942)	(106,568)
Purchase of leasehold land	-	(20,006)
Interest received on government securities at FVOCI	513,979	-
Interest received on bank deposits	890,932	567,259
Proceeds on disposal of intangible assets, property, plant and equipment	10,588	15,381
Net cash used in investing activities	(843,870)	(1,460,392)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest payments on borrowings	(2,249,975)	(839,801)
Lease liability payments – principal	(217,653)	(162,623)
Lease liability payments – interest	(72,376)	(81,407)
Dividends paid	(819,769)	(824,659)
Net cash used in financing activities	(3,359,773)	(1,908,490)
Net decrease in cash and cash equivalents	(2,763,006)	(4,958,532)
Effect of exchange rate changes on cash and cash equivalents	22,078	(115,797)
Cash and cash equivalents as at 1 January	5,026,127	10,100,456
Cash and cash equivalents as at 31 December	2,285,199	5,026,127

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 2023 financial statements as audited by Ernst & Young LLP.

COMMENTARY

During the year, the business environment remained challenging due to volatile macro-economic conditions. The international oil and gas prices declined while local currency depreciated against the US dollar due to global shifts in macro-economic and geopolitical situations.

The Company's performance remained resilient with a positive profit after tax of KShs 3,023 million (2022: KShs 2,444 million) in the challenging environment of sharp increase in fuel prices.

The Company's gross profit increased to KShs 12,836 million (2022: KShs 9,580 million) as a result of lower lag in price adjustment compared to previous year. Other income increased to KShs 2,071 million (2022: KShs 1,582 million) majorly due to investing activities, increased revenues from diversified investments in Shops, Food and Services (SFS) and income from partnerships with third parties increased in the year compared to previous year.

The increase in operating expenses was majorly attributable to inflation impact on local costs coupled with forex impact on imported goods and services due to depreciation of local currency. The increase in net finance costs to KShs 2,319 million (2022: KShs 920 million) was as a result of high working capital requirements coupled with increased cost of borrowing.

The foreign exchange losses of KShs 385 million (2022: gain of KShs 147 million) were attributable to depreciation of the local currency in the year.

The Company's statement of financial position remained strong with total assets of KShs 75.32 billion (2022: KShs 73.04 billion). The Company continued to invest in line with the business strategy to enhance its logistics, network and continue to build a profitable and sustainable multi-energy Company.

OUTLOOK

The business environment remains challenging due to the volatility and high levels of global fuel prices. Despite this particularly challenging context, the Company 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 1.92 per share for the year ended 31 December 2023 (2022: KShs 1.31) payable on or around 31 July 2024, subject to shareholders' approval at the 70th Annual General Meeting.

ANNUAL GENERAL MEETING

The 70th Annual General Meeting of TotalEnergies Marketing Kenya PLC will be held via electronic means on 27 June 2024.

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 27 June 2024 for the purpose of dividend calculation.

By order of the Board


Eric FANCHINI
Managing Director
April 26, 2024

