



TPS EASTERN AFRICA PLC

UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2020

The Board of Directors of TPS Eastern Africa PLC is pleased to announce the unaudited results and financial statements for the six months ended 30th June 2020

CONSOLIDATED SUMMARISED INCOME STATEMENT

	Six months to 30-Jun-20 Shs'000	Six months to 30-Jun-19 Shs'000
Revenue from contracts with customers	<u>1,105,714</u>	<u>2,704,836</u>
(Loss)/Profit before exchange difference, interest, depreciation, results of associates and taxation	(326,347)	124,170
Exchange loss on foreign currency loans	(149,459)	(18,358)
Net interest cost	(106,728)	(84,905)
Depreciation on property, plant and equipment	(243,975)	(233,976)
Share of results of associates	(39,489)	(2,243)
Loss before income tax	<u>(865,998)</u>	<u>(215,312)</u>
Income tax credit	225,018	54,625
Loss after taxation	<u>(640,980)</u>	<u>(160,687)</u>
Attributable to:		
Equity holders of the Company	(605,868)	(176,754)
Non-controlling interest	(35,112)	16,067
	<u>(640,980)</u>	<u>(160,687)</u>
Loss per share attributable to the equity holders of the Company		
- basic (Shs per share)	(3.33)	(0.97)
Weighted average number of shares ('000's)	<u>182,174</u>	<u>182,174</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months to 30-Jun-20 Shs'000	Six months to 30-Jun-19 Shs'000
Loss after taxation	(640,980)	(160,687)
Other comprehensive income: Items net of tax		
Currency translation differences	266,890	264,300
Total comprehensive (loss) / profit	(374,090)	103,613
Attributable to:		
Equity holders of the Company	(338,978)	87,546
Non-controlling interest	(35,112)	16,067
	(374,090)	103,613

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30-Jun-20 Shs'000	30-Jun-19 Shs'000
CAPITAL EMPLOYED		
Equity	8,827,149	9,241,187
Non-current liabilities	6,849,585	6,499,713
	15,676,734	15,740,900
REPRESENTED BY		
Non-current assets	16,245,447	16,140,880
Net current liabilities	(568,713)	(399,980)
	15,676,734	15,740,900

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months to 30-Jun-20 Shs'000	Six months to 30-Jun-19 Shs'000
Net cash (used in)/generated from operating activities	(354,026)	35,421
Net cash used in investing activities	(896,359)	(327,192)
Net cash from financing activities	1,051,795	128,816
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Decrease in cash and cash equivalents	(198,590)	(162,955)
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Movement in cash and cash equivalents		
At start of period	(152,735)	(187,192)
Effects of currency translation differences	(7,258)	3,479
Decrease in cash and cash equivalents	(198,590)	(162,955)
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At end of period	(358,583)	(346,668)
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Commentary

Prior to the Coronavirus (COVID-19) pandemic, 2020 began with cautious optimism particularly from the foreign leisure market segment in relation to destination Kenya, and indeed across the wider East African region. The Company's (TPS Eastern Africa PLC/the Group) diversified portfolio was also reassuringly planned to achieve growth in the corporate and conference segments following the recent refurbishments of our City Hotels in Nairobi, Kampala and Dar es Salaam. The refurbishments would have created further business opportunities to generate additional revenue during 2020.

Regrettably, as the COVID-19 pandemic took hold and intensified globally, the Company like all players in the hospitality sector, faced serious disruption and the Company is now bracing itself for an unexpectedly difficult year 2020. Unlike past incidents, perhaps sometimes only impacting a single country, this devastating virus has remorselessly impacted Serena Hotels throughout our East African operations during 2020. The Group's properties in East Africa were temporarily closed at the end of March in compliance with the respective East African governments' directives and protocols aimed at containing the spread of the novel virus.

As a consequence, for the six-months to 30 June 2020, TPS Eastern Africa PLC recorded a 'Loss before exchange difference, interest, depreciation, results of associates and taxation' of KShs. 326.3 million compared to a Profit of KShs. 124.2 million, for the same period last year.

As the East African governments begin recovery plans, ease directives and gradually re-open their respective economies, Management is, however, well positioned to re-open Serena properties in a strategic, yet tactical manner, gradually scaling up operations as market and business confidence returns. Currently Serena properties are accepting bookings at our properties in:

- Tanzania: Dar es Salaam Serena, Arusha Serena, Lake Manyara Serena, Ngorongoro Serena, Serengeti Serena, and Zanzibar Serena;
- Kenya: Sweetwaters Serena Camp, Mara Serena and Nairobi Serena;
- Uganda: Kampala Serena and Lake Victoria Serena Golf Resort & Spa; and
- Rwanda: Kigali Serena and Lake Kivu Serena.

Whilst worldwide attention focuses on demystifying and foreseeing the future of travel in the 'new normal', it would seem evident that it is the local and regional corporate business which will most likely be the first market segment to return; followed by meetings and leisure segments. The regional and international market will only fully materialize as and when flights are fully re-introduced and the stringent quarantine measures for incoming and returning travelers are eased.

Clearly the operating environment throughout the COVID-19 experience has required from both, the Board and Management an unwavering and diligent crisis management, so that market, customer and employee centred decisions are optimised. To this end, our team is leveraging on the resultant downtime to continuously review, reassess and remodel our business and operating models, to further personalize and enrich changing ways of meeting customers' needs post COVID-19. As long-term investors and given our commitment to destination East Africa, we continue to believe that execution of these initiatives, lies in our ability to carefully mitigate risk, optimise portfolio performance over time, and passionately grow our market share once again in the future's 'new normal' whilst ensuring that cash flow is sensitively managed and preserved.

Expansion of the Serena's regional brand footprint through the opening of Goma Serena Hotel in the Democratic Republic of Congo under a Management Agreement is planned to take place during the last quarter of the year.

Our sincere thoughts and prayers go out to everyone affected by this unprecedented pandemic, and our heartfelt gratitude and admiration is extended to all the healthcare workers, research scientists, local communities, governments of East Africa, the rest of Africa and indeed the global community, for being truly courageous on the front line during the ongoing COVID-19 experience. We have tried to play our part, to the extent possible, by providing during these exceptional times, meals to some of the frontline staff and food donations towards various COVID -19 response programs.

The Board and Management would also like to recognise with gratitude, the vital support, confidence, loyalty and trust that Serena Hotels has continued to receive from its shareholders, staff, customers and other stakeholders within the industry who have all had to make various sacrifices during this exceptionally challenging period. We will come through this trial together.

By Order of the Board

Dominic Ng'ang'a
Company Secretary

July 23, 2020
Nairobi



SERENA HOTELS

SAFARI LODGES AND CAMPS

HOTELS • RESORTS