



PRESS CORPORATION PLC

SUMMARY OF UN-AUDITED RESULTS

FOR THE PERIOD ENDED 30 JUNE 2023

Financial Highlights

K170.5b

GROUP
REVENUE
31% ↑

K34.3b

PROFIT
AFTER TAX
(PAT)
115% ↑

K1,398.7b

TOTAL
ASSETS
22% ↑

K365.1b

SHAREHOLDER
FUNDS
16% ↑

K1.1b

INTERIM
DIVIDEND
29% ↑

In millions of Malawi Kwacha

STATEMENTS OF COMPREHENSIVE INCOME	CONSOLIDATED			SEPARATE		
	Un-audited 30-Jun-23	Un-audited 30-Jun-22	Audited 31-Dec-22	Un-audited 30-Jun-23	Un-audited 30-Jun-22	Audited 31-Dec-22
Continuing operations						
Revenue and interest income	170,458	130,302	288,604	279	301	580
Dividend income	-	-	-	5,862	10,561	17,912
Earnings before interest, tax, depreciation and amortization	81,901	46,557	99,938	4,846	7,436	14,018
Depreciation and amortization	(14,831)	(12,672)	(25,860)	(78)	(26)	(78)
Operating profit before finance costs	67,070	33,885	74,078	4,768	7,410	13,940
Net interest paid	(8,075)	(3,575)	(10,835)	(1,945)	930	(769)
Exchange losses	(2,292)	(2,168)	(2,287)	-	(14)	-
Net finance cost	(10,367)	(5,743)	(13,122)	(1,945)	916	(769)
Share of profit of equity-accounted investments	131	37	1,747	-	-	-
Profit before income tax	56,834	28,179	62,703	2,823	8,326	13,171
Income tax expense	(22,560)	(11,576)	(27,984)	(586)	(1,056)	(1,791)
Profit for the year from continuing operations	34,274	16,603	34,719	2,237	7,270	11,380
Discontinued operations						
Profit/(loss) from discontinued operations	13	(626)	1,619	-	-	-
Profit for the year	34,287	15,977	36,338	2,237	7,270	11,380
Total other comprehensive income net of tax	3,896	3,443	14,777	194,917	8,325	139,206
Total comprehensive income for the year	38,183	19,420	51,115	197,154	15,595	150,586
Profit attributable to:						
Equity holders of the company	15,822	6,124	13,624	2,237	7,270	11,380
Non-controlling interest	18,465	9,853	22,714	-	-	-
Total comprehensive income attributable to:						
Equity holders of the company	19,782	8,204	24,638	197,154	15,595	150,586
Non-controlling interest	18,401	11,216	26,477	-	-	-
Earnings per share						
Basic and diluted earnings per share (MK)	131.63	50.95	113.34			
Basic and diluted earnings per share (MK) (continuing operations)	131.52	56.16	99.88			

In millions of Malawi Kwacha

STATEMENTS OF CASH FLOWS	CONSOLIDATED			SEPARATE		
	Un-audited 30-Jun-23	Un-audited 30-Jun-22	Audited 31-Dec-22	Un-audited 30-Jun-23	Un-audited 30-Jun-22	Audited 31-Dec-22
Cash (used in)/generated by operations	(14,275)	47,507	180,658	(234)	(2,433)	(6,236)
Interest received	71,628	1,692	112,990	272	1,330	1,321
Interest paid, tax paid and refund	(39,025)	(19,817)	(52,113)	(3,316)	(2,951)	(5,668)
Net cash from/(used in) operating activities	18,328	29,382	241,535	(3,278)	(4,054)	(10,583)
Investing activities						
Proceeds from sale of property, plant and equipment	611	404	995	-	1	7
Proceeds on disposal of investments	-	-	-	(2,165)	-	-
Gross receipts from investments	79,007	87,884	242,384	-	-	-
Gross payments from investments	(98,811)	(80,507)	(275,107)	-	-	-
(Increase)/decrease in equity and other investments	(17,024)	8,377	(2,051)	-	-	-
Proceeds from disposal of equity investments	-	-	529	-	-	-
Payment for right of use assets	161	-	(4,797)	-	-	-
Dividend received	113	810	3,467	5,862	10,561	17,912
Purchase of property, plant and equipment, Intangibles and investment property	(16,063)	(15,859)	(34,173)	(385)	-	(301)
Acquisition of shares in a subsidiary	-	-	-	-	-	(3,229)
Net cash flow from the acquisition/(disposal) of subsidiary investment in subsidiaries and associates	-	-	(89)	-	-	-
Net cash (used in)/from investing activities	(52,006)	1,109	(68,842)	3,944	7,223	11,444
Financing activities						
Net proceeds and repayment of long term borrowings and leasing liabilities	(893)	(2,833)	(1,559)	(1,622)	(894)	(1,033)
Acquisition of shares in a subsidiary	-	-	(3,229)	-	-	-
Dividends paid to shareholders of the company	-	-	(4,209)	-	-	(4,209)
Dividend paid to non-controlling interest shareholders	(5,248)	(8,984)	(13,507)	-	-	-
Net cash used in financing activities	(6,141)	(11,817)	(22,504)	(1,622)	(894)	(5,242)
Net (decrease)/increase in cash and cash equivalents	(39,819)	18,674	150,189	(956)	2,275	(4,381)
Cash and cash equivalents at beginning of the year	327,948	80,355	176,036	(698)	1,977	1,977
Effect on foreign exchange rate changes	-	1,410	1,723	160	1,364	1,706
Cash and cash equivalents at end of the year	288,129	100,439	327,948	(1,494)	5,616	(698)

STATEMENTS OF CHANGES IN EQUITY	CONSOLIDATED			SEPARATE	
	Owner's Equity	Non Controlling interest	Total	Equity holders of the company	Non-controlling interest
As at 30 June 2023					
Balance at 1 January 2023	212,960	119,018	331,978	541,828	-
Comprehensive income for the year					
Profit for the year	15,822	18,465	34,287	2,237	194,917
Other comprehensive income	3,960	(64)	3,896	194,917	-
Total comprehensive income for the year	19,782	18,401	38,183	197,154	-
Transactions reported directly in equity	(31)	221	190	-	-
Dividend to equity holders	-	(5,248)	(5,248)	-	-
Balance as at period end	232,711	132,392	365,103	738,982	-
As at 31 December 2022					
Balance at 1 January 2022	188,640	107,186	295,826	395,451	-
Comprehensive income for the year					
Profit for the year	13,624	22,714	36,338	11,380	139,206
Other comprehensive income	11,014	3,763	14,777	139,206	-
Total comprehensive income for the year	24,638	26,477	51,115	150,586	-
Transactions reported directly in equity	3,891	(1,138)	2,753	-	-
Dividend to equity holders	(4,209)	(13,507)	(17,716)	-	(4,209)
Balance as at period end	212,960	119,018	331,978	541,828	-

SEGMENTAL PERFORMANCE	CONSOLIDATED			All other segments	
	Financial Services	Telecommunications	Energy	Energy	Total
June 2023					
Revenue	100,958	56,698	12,179	623	170,458
External revenues	593	1,681	-	279	2,553
Inter-segment revenue	-	-	-	-	-
Segment revenue	101,551	58,379	12,179	902	173,011
Segment operating profit	57,791	7,726	2,645	4,788	72,950
Segment interest income	-	74	578	640	1,292
Segment interest expense	(455)	(7,753)	(1)	(3,337)	(11,546)
Segment income tax (expense)/credit	(21,853)	27	(1,061)	229	(22,658)
Segment profit	35,483	74	2,161	2,320	40,038
Depreciation and amortization	3,244	11,559	379	240	15,422
Segment assets	1,100,567	175,546	41,388	787,000	2,104,501
Segment liabilities	901,392	125,595	6,757	22,198	1,055,942
Capital additions	5,798	24,484	8,923	1,229	40,434
Reconciliation of profit on reportable segments to IFRS measures					
Total profit for reportable segments	35,483	74	2,161	2,320	40,038
Elimination of dividend income from Group companies	-	-	-	(5,862)	(5,862)
Share of profit of equity accounted investees	(33)	-	-	131	98
Loss from discontinued operation	-	-	-	13	13
Consolidated profit/(loss)	35,450	74	2,161	(3,398)	34,287
June 2022					
Revenue	212	2,136	-	317	2,665
Inter-segment revenue	-	-	-	-	-
Segment revenue	75,661	50,185	5,531	1,590	132,967
Segment operating profit	34,041	2,567	165	7,437	44,210
Segment interest income	-	58	710	2,698	3,466
Segment interest expense	(500)	(6,084)	-	(2,353)	(8,937)
Segment income tax (expense)/credit	(10,804)	775	(280)	(1,267)	(11,576)
Segment profit/loss	22,737	(2,684)	595	6,515	27,163
Depreciation and amortization	2,857	9,420	350	214	12,841
Segment assets	868,103	163,795	33,249	454,402	1,519,549
Segment liabilities	715,582	111,862	4,171	29,740	861,355
Capital additions	3,488	29,788	5,277	528	39,081
Reconciliation of profit on reportable segments to IFRS measures					
Total profit/(loss) for reportable segments	22,737	(2,684)	595	6,515	27,163
Elimination of dividend income from Group companies	-	-	-	(10,561)	(10,561)
Share of profit of equity accounted investees	-	-	-	37	37
Loss from discontinued operation	-	-	-	(662)	(662)
Consolidated profit/(loss)	22,737	(2,684)	595	(4,671)	15,977

PERFORMANCE OVERVIEW

The Board of Press Corporation PLC (PCL) is pleased to announce the unaudited interim financial results for the Group for the six-month period ended 30th June 2023.

OPERATING ENVIRONMENT

The operating environment for the half year to June 2023 has been significantly inauspicious with the macro-economy weighed down heavily by prolonged macro-fiscal challenges exacerbated by extreme weather events, particularly Cyclone Freddy. The impact of the weather-related shocks experienced during the period distorted the seasonal trend of declining food inflation during the harvest period, as food prices went up. Consequently, in addition to other factors, the year-on-year inflation rate for the month of June 2023 went up to 27.3 percent, from the June 2022 rate of 23.5 percent. The Reserve Bank of Malawi continued tightening monetary policy in order to suppress the demand-driven price pressures and bring down inflation. Accordingly, the policy rate was revised upwards to 22 percent as at end June 2023 (June 2022 – 14 percent).

The economy experienced foreign exchange shortages that have constrained the importation of essential commodities and inputs. Following the foreign exchange auction that was conducted on 19th June 2023, the Malawi Kwacha depreciated by 2.68% against the US dollar, and traded at MK1,063.86 per dollar.

GROUP RESULTS

Despite the tough operating environment, the Group demonstrated its resilience and has achieved unaudited profit after tax of MK34.29 billion for the half-year ended June, 2023 against a prior year profit of MK15.98 billion, representing a year-on-year growth of 115 percent. The growth in profitability was driven by a 31 percent growth in revenue and continued implementation of cost containment measures. However, the Group was negatively impacted by the above highlighted unfavourable economic conditions. Net finance charges grew by 81 percent, largely due to the increase in interest rates and exchange losses. Despite the Kwacha marginally depreciating, the Group incurred exchange losses of MK2.3 billion due to very high exchange rates applicable when settling foreign obligations. Foreign exchange shortages also negatively impacted the Group's timely completion of its revenue-generating projects.

SEGMENTAL PERFORMANCE

The Financial Services segment reported profit after tax for the period, at K35.5 billion, was 56 percent above the prior year same period profit of K22.7 billion driven by increased revenue. Overall, net revenue grew by 44 percent. This followed an increased level of customer deposits and a growth of the loan book of 28 percent and 9 percent, respectively. Investment in fixed income securities grew by 13 percent.

The Telecommunication Segment performance improved modestly and it registered a profit of MK74 million, being 103 percent up from a loss of MK2.7 billion reported last year same period. The performance was affected by increased finance costs and foreign exchange losses following the upward movement of interest rates and an effectual depreciation of the Malawi Kwacha. A turnaround strategy is currently being implemented within the segment and it has already started showing positive results.

The Energy Segment registered a profit of MK2,161 million, being 263 percent above the prior year same period profit of MK595 million. This was largely because of a high sales volume as well as better prices of fuel ethanol. A pharma grade ethanol plant was completed and commissioned in July 2023 which will result in quality potable ethanol for the market.

The All Other Segment reported a profit of MK2.3 billion, 65% down from prior year profit of MK6.5 billion due to revenue receipt timing differences. Press expects to increase its footprint in the property development and management business segment while scaling down operations in the food sector as it searches for an equity and technical partner who will assist in revamping the aquaculture production.

THE EQUITY ACCOUNTED INVESTMENTS

The equity accounted investments contributed a profit of MK131 million to Group's profit against prior year contribution of MK37 million. The performance would have been better if not for the low crop production, slow uptake of the Fibre To Home (FTx) business, a decline of the legacy Fibre business, and delays in completing revenue generating projects. During the period, the insurance business grew its profit by 258 percent.

DIVIDEND

The Board of Directors resolved that the Company should pay an interim dividend amounting to K1.08 billion (2022: K841.82 million) representing K9.00 per share (2022: K7.00 per share). The dividend will be paid on Friday, 27th October 2023, to shareholders whose names appear on the register as at the close of business on 13th October 2023.

OUTLOOK

The short-term outlook for the economy remains uncertain, and it is appropriate to exercise caution. Supported by a strong balance sheet, the PCL will remain focused on its growth-oriented strategies in all operating segments, in order to deliver long term sustainable returns. The Group will continue its quest to grow the portfolio with various projects in the pipeline, including the Solar Power Project which has achieved notable milestones at the moment. Looking forward to December 2023, constraints on production and provision of services as posed by foreign exchange challenges, high interest rates and the impact of inflation on costs will continue to impact results that could have been achieved. The Company has however, strengthened its framework for managing these risks in order to minimise their impacts on shareholders' value.

BY ORDER OF THE BOARD

Mr Randsan Mwadiwa
Mr Randsan Mwadiwa
Chairman

Mrs Bettie Mahuka
Mrs Bettie Mahuka
Chair – Audit and Finance Committee

Ms Moureen Mbeye
Ms Moureen Mbeye
Chief Finance and Administration Executive

Dr Ronald Mangani
Dr Ronald Mangani
Chief Executive Officer