



PRESS CORPORATION PLC SUMMARY OF AUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2019



In millions of Malawi Kwacha

STATEMENTS OF COMPREHENSIVE INCOME

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-19	Audited 31-Dec-18	Audited 31-Dec-19	Audited 31-Dec-18
Continuing operations				
Revenue	220,066	214,420	431	388
Dividend income	-	-	10,454	10,129
Earnings before interest, tax, depreciation and amortisation	65,844	65,606	6,897	5,563
Depreciation and amortisation	(19,799)	(15,163)	(121)	(68)
Results from operating activities	46,045	50,443	6,776	5,495
Net interest (paid)/received	(7,160)	(2,995)	(1,426)	(431)
Exchange (losses)/gain	(103)	(155)	-	(31)
Net finance (cost)/income	(7,263)	(3,150)	(1,426)	(462)
Share of profit of equity-accounted investments	3,415	4,995	-	-
Profit before income tax	42,197	52,288	5,350	5,033
Income tax expense	(17,510)	(15,584)	(994)	(983)
Profit for the year from continuing operations	24,687	36,704	4,356	4,050
Discontinued operations				
Profit from discontinued operations	71	9	-	-
Profit for the year	24,758	36,713	4,356	4,050
Total other comprehensive income net of tax	3,062	7,669	23,233	38,716
Total comprehensive income for the year	27,820	44,382	27,589	42,766
Profit attributable to:				
Equity holders of the company	16,601	18,373	4,356	4,050
Non-controlling interest	24,758	36,713	4,356	4,050
Total comprehensive income attributable to:				
Equity holders of the company	9,717	23,192	27,589	42,766
Non-controlling interest	18,103	21,190	-	-
	27,820	44,382	27,589	42,766
Earnings per share				
Basic and diluted earnings per share (MK)	67.86	152.85		
Basic and diluted earnings per share (MK) (continuing operations)	67.27	152.78		

STATEMENTS OF FINANCIAL POSITION

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-19	Audited 31-Dec-18	Audited 31-Dec-19	Audited 31-Dec-18
ASSETS				
Non-current assets				
Property, plant and equipment, right of use assets and investment properties	142,063	121,460	1,203	803
Intangibles	23,547	22,690	210	218
Investments in subsidiaries, joint ventures and associates	48,694	49,112	346,540	304,622
Other investments	52,362	19,315	3,963	6,069
Loans and advances	100,048	73,717	-	-
Long term receivables and contract assets	2,132	1,706	1,473	1,403
Deferred tax assets	10,084	9,412	-	-
	378,930	297,412	353,389	313,115
Current assets				
Other investments	127,574	131,578	-	-
Loans and advances	81,790	86,943	-	-
Trade and other receivables and contract assets	27,895	28,900	3,007	2,213
Other current assets	12,282	12,959	311	376
Cash and cash equivalents	58,934	64,581	2,432	5,056
	308,475	324,961	5,750	7,645
Total assets	687,405	622,373	359,139	320,760
EQUITY AND LIABILITIES				
Equity				
Issued capital	1	1	1	1
Share premium	2,097	2,097	2,097	2,097
Reserves and retained earnings	155,302	148,814	275,177	250,715
Total equity & earnings attributable to equity holders of the parent	157,400	150,912	277,275	252,813
Minority interest	78,063	68,163	-	-
Total equity	235,463	219,075	277,275	252,813
Non-current liabilities				
Deferred tax liabilities	5,521	4,560	67,916	53,711
Deferred revenue	119	141	-	-
Borrowings, lease liability and provisions	44,122	47,386	8,173	8,217
	49,762	52,087	76,089	61,928
Current liabilities				
Bank overdraft	7,986	6,212	4,251	3,782
Borrowings and lease liability	19,468	4,232	58	221
Other current liabilities	374,726	340,767	1,466	2,016
	402,180	351,211	5,775	6,019
Total liabilities	451,942	403,298	81,864	67,947
Total equity and liabilities	687,405	622,373	359,139	320,760

STATEMENTS OF CASH FLOWS

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-19	Audited 31-Dec-18	Audited 31-Dec-19	Audited 31-Dec-18
Cash generated by / (used in) operations				
Interest paid, tax paid and refund	47,398	40,889	(5,150)	(4,740)
Net cash from / (used in) operating activities	(22,178)	(21,448)	(2,764)	(2,630)
Investing activities				
Proceeds from sale of property, plant and equipment	2,117	4,686	-	27
Interest received	1,614	2,326	373	933
Dividend received	3,464	2,514	10,454	10,129
Purchase of property, plant and equipment	(27,979)	(27,830)	(54)	(39)
Investment in subsidiaries	-	-	(2,493)	(9,327)
Net cash (used in) / from investing activities	(20,784)	(18,304)	8,280	1,723
Financing activities				
Net proceeds and repayment of long term borrowings and leasing liabilities	(619)	(3,462)	(332)	3,510
Dividends paid to shareholders of the Company	(3,127)	(3,127)	(3,127)	(3,127)
Dividend paid to non-controlling interest shareholders	(8,111)	(8,537)	-	-
Net cash used in financing activities	(11,857)	(15,126)	(3,459)	383
Net decrease in cash and cash equivalents	(7,421)	(13,989)	(3,093)	(5,264)
Cash and cash equivalents at start of the year	58,369	72,358	1,274	6,538
Cash and cash equivalents at end of the year	50,948	58,369	(1,819)	1,274

STATEMENTS OF CHANGES IN EQUITY

	CONSOLIDATED			SEPARATE
	Owner's Equity	Non Controlling interest	Total	Total
As at 31 December 2019				
Balance at 1 January 2019	150,912	68,163	219,075	252,813
Comprehensive income for the year				
Profit for the year	8,157	16,601	24,758	4,356
Other comprehensive income	1,560	1,502	3,062	23,233
	9,717	18,103	27,820	27,589
Transactions reported directly in equity	(102)	(92)	(194)	-
Dividend to equity holders	(3,127)	(8,111)	(11,238)	(3,127)
Balance as at period end	157,400	78,063	235,463	277,275
As at 31 December 2018				
Balance at 1 January 2018	125,557	56,287	181,844	213,174
Comprehensive income for the year				
Profit for the year	18,373	18,340	36,713	4,050
Other comprehensive income	4,819	2,850	7,669	38,716
	23,192	21,190	44,382	42,766
Transactions reported directly in equity	5,290	(777)	4,513	-
Dividend to equity holders	(3,127)	(8,537)	(11,664)	(3,127)
Balance as at period end	150,912	68,163	219,075	252,813

SEGMENTAL PERFORMANCE

	Financial Services	Telecommunications	Energy	Consumer Goods	All other segments	Total
December 2019						
Revenue	71,726	103,243	19,459	22,853	2,785	220,066
External revenues	1,309	3,078	-	6	720	5,113
Inter-segment revenue	70,417	100,165	19,459	22,847	2,065	214,954
Segment revenue	73,035	106,321	19,459	22,859	3,505	225,179
Segment operating profit/(loss)	25,975	23,592	2,727	(2,425)	7,898	57,767
Segment interest income	-	82	964	1	383	1,430
Segment interest expense	(716)	(5,122)	(1)	(1,543)	(2,578)	(9,960)
Segment income tax expense	(8,163)	(6,750)	(1,546)	-	(1,052)	(17,511)
Segment Profit/(loss)	17,096	11,802	2,144	(3,967)	4,651	31,726
Depreciation and amortization	4,351	14,678	623	1,013	491	21,156
Segment assets	460,217	125,714	26,551	7,776	387,711	1,007,969
Segment liabilities	359,295	73,347	5,000	16,396	85,653	539,691
Capital additions	6,013	19,600	1,058	277	1,031	27,979
Reconciliation of profit on reportable segments to IFRS measures						
Total profit/(loss) for reportable segments	17,096	11,802	2,144	(3,967)	4,651	31,726
Adjustment due to different accounting policies	-	-	-	-	-	-
Elimination of dividend income from Group companies	-	-	-	-	(10,454)	(10,454)
Share of profit of equity accounted investees	-	-	-	-	3,415	3,415
Profit for discontinued operation	-	-	-	-	71	71
Consolidated profit	17,096	11,802	2,144	(3,967)	(2,317)	24,758
December 2018						
Revenue	63,326	102,220	17,036	28,909	2,929	214,420
External revenues	1,415	4,817	1	14	759	7,006
Inter-segment revenue	61,911	97,403	17,035	28,895	2,170	207,414
Segment revenue	64,741	107,037	17,037	28,923	3,688	221,426
Segment operating profit/(loss)	22,339	28,313	1,236	(1,791)	5,468	55,565
Segment interest income	-	31	1,089	5	958	2,083
Segment interest expense	-	(3,828)	(8)	(1,022)	(2,123)	(6,981)
Segment income tax (expense)/credit	(7,051)	(7,652)	(920)	49	(92)	(15,666)
Segment Profit/(loss)	15,288	16,864	1,397	(2,759)	4,211	35,001
Depreciation and amortization	4,799	10,795	493	317	383	16,787
Segment assets	417,102	101,135	22,308	6,971	339,024	886,540
Segment liabilities	328,688	53,001	3,815	12,069	74,228	471,801
Capital additions	5,598	19,523	956	942	422	27,441
Reconciliation of profit on reportable segments to IFRS measures						
Total profit/(loss) for reportable segments	15,288	16,864	1,397	(2,759)	4,211	35,001
Profit on loss of control of a subsidiary	-	-	-	-	6,160	6,160
Adjustment due to different accounting policies	-	677	-	-	-	677
Elimination of dividend income from Group companies	-	-	-	-	(10,129)	(10,129)
Share of profit of equity accounted investees	-	-	-	-	4,995	4,995
Profit for discontinued operation	-	-	-	-	9	9
Consolidated profit	15,288	17,541	1,397	(2,759)	5,246	36,713

OTHER INFORMATION

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-19	Audited 31-Dec-18	Audited 31-Dec-19	Audited 31-Dec-18
Capital Expenditure for the period	27,979	27,830	54	39
Capital Expenditure committed	37,000	24,339	151	63
Finance lease commitments	22,561	26,575	-	-
Contingent liabilities	42,187	41,983	17,500	6,970
Listed investments at market value	-	-	238,034	202,035
Unlisted investments at directors' valuation	-	-	112,469	108,656

BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements in order to meet the requirements of the Malawi Stock Exchange Listings. The Directors have considered the listing requirements of the Malawi Stock Exchange and believe that the summary statements of financial position, comprehensive income and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The accounting policies applied in the preparation of the consolidated and separate financial statements, from which the summary consolidated and separate financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated and separate financial statements.

PERFORMANCE OVERVIEW

Group Results

The Board is pleased to present results for the Group for the year ended 31st December, 2019.

The Group delivered a profit after tax of MK24.76 billion (2018: MK36.71 billion) representing a 33% decrease. The reduction should be read in the context of a one-off prior year gain of MK8.86 billion arising from restructuring initiatives of the telecommunications segment and a one-off cost of MK2.5 billion in 2019 relating to functional review exercises in some of its companies. The underlying profit excluding the one-offs puts the current year profit at 3% below prior year results.

The operating environment was a challenging one, characterized by unprecedented low consumer spending and business uncertainty arising from pre-election activities as well as protracted post-electoral disputes. Thus, revenue generation was impacted resulting in the Group registering only a 3% growth. The less than satisfactory growth in revenue in turn put pressure on working capital resulting in a 131% increase in net finance charges.

Going forward, the Group will continue with its efficiency drive and initiatives to turnaround the companies that have hitherto under-performed. During the year, a diagnostic study revealed that part of the underperformance of these companies is on account of severe under-capitalization which requires urgent attention. Management has already drawn up plans to remedy this. In respect of previously reported loss-making companies, it is pleasing to note that Press Properties Ltd and Ethanol Company Ltd (EthCo) have completely turned around and are profitable while The Foods Company Ltd is now significantly moving in the right direction.

SEGMENTAL PERFORMANCE

The Financial Services Segment (National Bank of Malawi plc)

The Bank continued with its good performance considering the operating landscape and registered a profit after tax of MK17.1 billion (2018: MK15.97 billion) representing a 7% increase. The results were after taking into account one-off staff rationalization costs incurred during the year amounting to MK812 million. Plans are now at an advanced stage for the Bank to make its first ever acquisition outside Malawi.

The Telecommunications Segment (mobile phone company: TNM, and the fixed telephony and broad band company: MTL)

Profit from the telecommunications segment declined by 33%. Prior year results for the fixed line phone business included a one-off gain from the restructuring of non-core assets amounting to MK2.7 billion. The mobile phone company, on the other hand, registered a 10% decline in its net earnings, due to a one-off restructuring expenditure of MK1.04 billion, a stock write-off of MK450 million and an increase in depreciation expense resulting from the heavy capital investment made over the past three years to reposition the company for sustainable growth. Plans are underway to identify a strategic partner in MTL.

The Energy Segment (ethanol manufacturing: PressCane and EthCo)

The segment delivered strong results with a 53% increase in its earnings. The performance was driven by the continued satisfactory performance by PressCane which registered a 10% growth in its earnings. Similarly, EthCo delivered good results and registered a 346% growth in its earnings from a loss made same period last year, driven by increased utilisation capacity due to the availability of raw materials from carry-over stocks and improved sales volumes.

The Consumer Goods Segment (retail chain: Peoples)