## 2015 GROUP RESULTS

The Board of Directors hereby announces the audited results for the Group for year ended 31st December 2015.

The group revenue increased to KES 14.735 billion, an increase of 7% over the same period in 2014. The EBITDA (earnings before interest, tax, depreciation and amortization) has grown to KES 3.36 billion, an increase of 10% over the same period in 2014. The EBITDA margin increased from 23% to 26%.

The operating profit increased to KES 2.48 billion, an increase of 3% over the same period last year. The improvement in operating profit is attributable to reduced cost of clinker now manufactured at the Tanga plant despite the continuing power difficulties in Tanzania. Previously the entire clinker requirement for Tanzania was imported at a much higher cost.

Profit before tax and unrealized exchange loss stood at KES 178 million after finance cost of KES 2.3 billion. Previously finance cost related to the construction of the clinker plant was capitalized as part of the project cost. The sharp depreciation of both the Kenyan and Tanzanian currencies in the second half of 2015 resulted in an unrealized exchange loss of KES 3.7 billion from our US dollar denominated borrowings.

**PROPOSED US$ 140 MILLION INVESTMENT IN ARM CEMENT LIMITED BY CDC GROUP PLC**

Arm Cement Ltd has agreed to a KES 14 billion (US$140 million) equity investment from CDC Group, in one of the largest Foreign Direct Investments (FDI) into Kenya.

The investment by CDC, the UK government-owned development finance institution of US$140 million will be used to retire some of ARM’s debt and strengthen its balance sheet. CDC will support ARM to be a regional cement industry leader with world class operating and environmental standards that is focused on creating shareholder value.

Completion of the transaction is subject to conditions, including shareholder approval and regulatory and competition clearances.

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**OUTLOOK**

Demand for cement increased by more than 10% during 2015 throughout East Africa, driven by infrastructure and housing construction.

The company intends to apply at least USD 110 million of the investment for debt reduction, and the balance of the investment will be utilized to strengthen and grow the Group cement business. The Board and the management expect to significantly improve performance in 2016 through reducing debt and finance costs post completion of the USD 140 million investment from CDC as well as improved performance in Tanzania.

The Board and Management of the Group believe that the investment by CDC will strengthen the financial position of the Company as it executes its vision of creating the leading and lowest-cost East African Cement business.

**DIVIDEND**

The Board of Directors does not recommend any dividend for the year.