

**SENS ANNOUNCEMENT**  
(the “Notice” or “Announcement”)

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**ISSUER**

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**COPPERBELT ENERGY CORPORATION PLC (“CEC Plc”)**  
[Incorporated in the Republic of Zambia]

Company registration number: 39070  
Share Code: CEC Plc  
ISIN: ZM0000000136  
Authorised by: Julia C Z Chaila – Company Secretary

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**SPONSOR**

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**Stockbrokers Zambia Limited**  
[Founder Member of the Lusaka Securities Exchange]  
[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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**APPROVAL**

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The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

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**RISK WARNING**

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The Notice or Announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

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**ISSUED: 15 March, 2017**



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 Company registration number: 39070  
 Share Code: CEC  
 ISIN: ZM0000000136  
 ["CEC Plc"]

## SUMMARY RESULTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016

In compliance with the requirements of the Securities Act No. 41 of 2016 and the Listings Requirements of the Lusaka Securities Exchange, CEC announces its audited results for the year ended 31<sup>st</sup> December 2016.

### Summary statement of profit or loss and other comprehensive income for the year ended 31 December 2016

	Audited Year ended 31 Dec 2016 ZMW' m	Audited Year ended 31 Dec 2015 ZMW' m
Revenue	3,657	3,064
Gross Profit	1,214	952
Share of (loss)/profit in associate	19	-
Other income	30	69
Impairment of investment and receivable from subsidiary	(1,559)	-
Operating expenses	(531)	(431)
(Loss)/profit before interest and tax	(827)	590
Net finance costs	(54)	(63)
Income tax expense	(279)	(186)
(Loss)/profit after tax	(1,161)	341
Other comprehensive income	415	660
Total comprehensive income	(745)	1,001
Earnings per share	(0.71)	0.21

### Summary of statement of financial position as at 31 December 2016

	Audited year ended 31 Dec 2016 <b>ZMW' m</b>	Audited year ended 31 Dec 2015 <b>ZMW' m</b>
Total non-current assets	4,318	6,042
Total current assets	<u>1,477</u>	<u>1,882</u>
Total assets	<u>5,795</u>	<u>7,924</u>
Total equity	2,899	4,188
Total non-current liabilities	1991	2,550
Total current liabilities	<u>905</u>	<u>1,186</u>
Total equity and liabilities	<u>5,795</u>	<u>7,924</u>

### Summary statement of cash flows for the year ended 31 December 2016

	Audited Year ended 31 Dec 2016 <b>ZMW' m</b>	Audited Year ended 31 Dec 2015 <b>ZMW' m</b>
Net cash flows from operating activities	534	524,
Net cash flows used in investing activities	(80)	(262)
Net cash flows from financing activities	(445)	(186)
Net increase/(decrease) in cash and cash equivalents	10	77
Cash and cash equivalents at 1 January	441	364
Effect of exchange rate fluctuations		
Cash and cash equivalents at 31 December	<u>451</u>	<u>441</u>

## Summary statement of changes in equity for the year ended 31 December 2016

In ZMW' m	Share capital	Share premium	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2015	3	60	1,003	1,375	2441
Revaluation surplus	-	-	1,006	-	1,006
Deferred tax on revaluation surplus	-	-	(352)	-	(352)
Amortization of revaluation reserve	-	-	(137)	137	-
Loss for the year	-	-	-	341	341
Defined benefit plan actuarial loss	-	-	-	9	9
Related tax	-	-	-	(3)	(3)
Foreign currency translation difference	-	-	-	747	747
<b>Total comprehensive income</b>	-	-	517	1,232	1,749
Transactions with owners of the Company					
Rights issue	-	-	-	-	-
Balance at 31 December 2015	3	60	1,520	2,607	4,190
<b>Balance at 1 January 2016</b>	<b>3</b>	<b>60</b>	<b>1,520</b>	<b>2,607</b>	<b>4,190</b>
Revaluation surplus	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-	-
Amortisation of revaluation reserve	-	-	(153)	153	-
Loss for the year	-	-	-	(1,161)	(1,161)
Defined benefit plan actuarial gain	-	-	-	27	27
Related tax	-	-	-	-	-
Foreign currency translation difference	-	-	-	13	13
<b>Total comprehensive income</b>	-	-	(153)	(968)	(1,121)
Dividends paid	-	-	-	(169)	(169)
<b>Balance at 31 December 2016</b>	<b>3</b>	<b>60</b>	<b>1,367</b>	<b>1,470</b>	<b>2,900</b>

## **I. Financial Highlights**

- CEC Plc. paid two dividends during the year being a cash dividend of USD16.4 million in March 2016 and dividend specie of CEC Africa Investments Limited (CEC Africa), paid in December, 2016. The Company remains committed to ensuring that its shareholders derive a return from their investment through dividend and sustained share price growth.
- Revenue increased by 19% in Zambian Kwacha terms compared to the corresponding past period mainly due to increased power trading revenue.
- The Company has recorded a net loss of ZMW1,161 million compared to a profit of ZMW341 million last year. The loss is attributed to the impairment of ZMW 1,559 million on of the CEC Africa investment and receivable.
- Excluding the impairment loss adjusted earnings before interest and tax, depreciation and aromatization was ZMW 934 million compared to ZMW 599 million in the corresponding year. This is an increase of 56%.
- Power trading revenue increased by 124% from ZMW552 million to ZMW1, 237 million in 2016. This increase compensated for the decrease in domestic power sales.

## **II. CEC Plc Profile**

CEC's core business remains the transmission, distribution and supply of bulk electricity primarily to the mines in Zambia and the Democratic Republic of Congo (DRC). CEC also has embedded thermal generation capacity and continues to wheel power through its network on behalf of ZESCO Ltd on the Copperbelt, and to operate the Zambia – DRC interconnector with SNEL (the DRC's national power utility).

In addition to power supply, CEC Plc has interests in the telecommunications sector, with a 50% joint venture interest in CEC Liquid Telecommunication Limited (CEC Liquid Telecom), whose business is the provision of wholesale capacity and internet bandwidth to the Zambian market. CEC Liquid Telecom continues with the provision of IP connectivity and internet services, including corporate connectivity solutions and a host of other ICT services, through Hai Telecommunications Limited (Hai).

CEC Plc has incorporated a special purpose vehicle, CEC-Kabompo Hydro Power Limited (CEC-KHPL), through which it is developing the 40MW Kabompo Gorge hydroelectric power project in Mwinilung'a District of Zambia's North-Western Province.

As a risk mitigation measure the Company, in December 2016, separated its Southern African business from the West African operation of the Group through a dividend in specie of CEC Africa to the shareholders of CEC Plc. Qualifying shareholders received CEC Africa shares equal to the number of shares they hold in CEC Plc. Consequently, CEC Plc and CEC Africa are now owned by the same shareholders. CEC Africa ceased to be a subsidiary of CEC Plc and the Company will not be required to consolidate the results of CEC Africa, effective 30<sup>th</sup> December 2016.

## **III. Health, Safety, Environment and Social (HSES)**

During the year, the Company continued to pursue its vision of achieving HSES performance excellence across the business. Unfortunately, the stellar record 5.57 million man without a system

related lost time accident achieved in 2015 was broken when a contractor's employee sustained an injury while working on a transmission line. From an environmental sustainability perspective, legal compliance to all environmental obligations continued to be above board as the Company entrenches a culture of environmental sustainability in its business conduct. The Company's performance in this regard received the recognition of the Zambia Environmental Management Agency who bestowed the 'Green Award for 2016' from the in acknowledgment of CEC Plc's commitment to continuous environmental improvement and demonstrable corporate social responsibility.

#### **IV. Operational Performance**

Amid depressed commodity prices and a continuing supply-side deficit, CEC Plc put up a strong performance in 2016, buoyed by higher international power sales, which rose by 124% over 2015. Local power sales accounting for 62% of total revenue constitute a significant portion of the Company's revenue, decreased by 5% to ZMW2, 279 million.

The partial *force majeure* declared by ZESCO Limited (ZESCO) in 2015 prevailed throughout 2016 as ZESCO met only 70% of the Company's power needs. To meet the 30% supply gap, CEC Plc continued to source supplementary power from the Southern African Power Pool (SAPP). This, however, was not without its challenges arising from a tight capacity availability situation and transmission constraints along the central transmission corridor, with the former leading to higher energy prices. This arose as more utilities in the region look to the SAPP as a source for balancing their power requirements. However, during the latter part of the year, some players in the market began to report surplus capacity, leading to a reversal of the higher energy prices seen earlier in the year. For the most part of 2016, our customers continued to implement cost cutting measures as commodity prices remained relatively low. Year-on-year, energy sales to our customers declined by about 14%, from 4,092GWh in 2015 to 3,521GWh.

The Company, during the year, also commissioned a key transmission project – the second Zambia-DRC Interconnector. The dual-circuit transmission conduit has expanded the line's carrying capacity from 250MW to 500MW, enabling firmer energy trades and supporting the Company's objective of delivering secure and reliable power to mine customers in the DRC.

#### **V. Dividends Proposed and Paid**

During the year under review, the Company paid a cash dividend of ZMW169 million (USD16.4 million) and a dividend in specie of CEC Africa.

#### **VI. Telecoms Business**

CEC Liquid Telecom expanded its offering to the market and improved its financial performance, expanding its fibre infrastructure. During the year, the company expanded its fibre footprint alongside inner town roads and highways to 5,000km and added 4G LTE infrastructure in Lusaka to further support the expansion and diversification of its service offering. CEC Liquid Telecom has continued to consolidate its position of being the preferred wholesale broadband connectivity telecommunications company in the market, driven to provide quality and affordable ICT services and positioned the business well to capture market growth in the coming years.

#### **VII. Outlook**

Going into 2017, we forecast that power sales to the mines in Zambia will show some good level of recovery, though full rebound of demand is only expected at the end of 2018 onwards. On the telecoms

front, we remain confident that CEC Liquid Telecom will continue with its profitable growth in the coming years as it continues with its infrastructure expansion and enhanced product offering with improved affordability.

A Government-led tariff negotiation commenced in 2016 and is expected to be concluded in quarter one of 2017. The process was driven by the need for cost-reflectivity in power tariffs and once closed, will provide a solution to the upward adjustment attempts of 2014 and 2015 that proved unsuccessful.

#### VIII. Events subsequent to the reporting date

The Company paid a dividend, in March 2017, of 12.80 Ngwee (ZMW0.1280) per share.

**By Order of the Board**  
**Julia C Z Chaila (Mrs.)**  
Company Secretary

Issued in Lusaka, Zambia on 15 March, 2017

Lusaka Securities Exchange Sponsoring Broker	
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**First Issued on 15 March, 2017**