

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

ISSUER



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

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

SPONSOR



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

The captioned Notice or Announcement has been approved by:

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

RISK WARNING

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.

ISSUED: 10 March 2022



Copperbelt Energy Corporation Plc
[Incorporated in the Republic of Zambia]
Company registration number: 39070 Share
Code: CEC
ISIN: ZM000000136 ["CEC"]

AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	8%	814%	23%	10%	7%	31%
REVENUE	PAT:	M/H LTAS* :	DIVIDENDS:	CASH FROM OPS:	NET CASH:	
USD342.5m 2020: USD370.9m	USD51.2m 2020: USD5.6m	10.165m man-hours 2020: 8.275m man-hours	USD37.4m 2020: USD34.1m	USD61.8m 2020: USD57.6m	USD73.6m 2020: 56.3m	

In USD'm	2021	2020	2019	2018	2017
Revenue	342.5	370.9	408.3	421.2	389.5
EBITDA	84.5	31.5	35.9	114.4	101.5
PAT	51.2	5.6	12.2	56.0	48.4
Net current assets	14.5	12.2	58.9	93.7	78.1
Net cash/(net debt)	73.6	56.3	24.5	26.3	(6.4)
Dividends declared	37.4	34.1	30.9	26.0	21.0
Adjusted cash and cash equivalents*	92.6	83.0	77.9	86.7	68.1
Cash generated from Ops	61.8	57.6	36.6	64.6	72.3

*Cash generated from operations adjusts for deposits and security deposits

MANAGING DIRECTOR, OWEN SILAVWE, COMMENTED:

"I am happy to note that the overall performance of the Company in 2021 was remarkable. This is on the back of our strategy to stabilise the business in the short term from the headwinds we have faced over the last three years, while building a strong foundation for consistent performance and steady growth over the medium to long term. We navigated legislative and regulatory threats to deliver strong operational and financial performance. Through broad-based efforts, we engaged constructively with all relevant stakeholders, continuously evaluated all available options and took appropriate and timely action. We did very well in the execution of our strategic priorities, which are: optimizing performance, strengthening power sourcing and contractual arrangements, enhancing relationships and communication, growing organisational capabilities and pursuing sustainable growth. With a significant decline in impairments, our earnings grew 814% year over year. This underscores the significant progress we are making in executing our strategy. The combination of strong copper prices over the foreseeable future, expected demand growth across all business segments and the ongoing integration of renewables and our drive towards a clean energy future is inspiring sustaining business performance and powering growth."

I am also glad to report that post 2021, CEC and the new ZESCO management have jointly and publicly expressed their commitment to work constructively to agree new commercial terms and execute a new contract to guide their business relationship going forward. We see the renewed engagement with ZESCO offering a window of opportunity for the parties to refocus the negotiations and successfully close on the successor agreement to the BSA. It is expected that the new agreement will be signed as soon as possible in 2022."

SUMMARY SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2021	2020
	USD'000	USD'000
Revenue	342,520	370,931
Gross profit	102,301	118,955
Other income	7,724	15,917
Expenses and impairments	(48,671)	(125,235)
Profit before interest and tax	61,354	9,637
Net finance costs	9,951	(2,962)
Income tax expense	(19,656)	(1,066)
Profit after tax	51,249	5,609
Other comprehensive income	13,292	(22,639)
Total comprehensive income	64,540	(17,030)
Earnings per share (USD cents)	3.15	0.35

SUMMARY OF SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	2021	2020
	USD'000	USD'000
Total non-current assets	496,858	503,313
Total current assets	178,205	171,642
Total assets	675,063	674,955
Total equity	329,639	302,474
Total non-current liabilities	181,748	212,995
Total current liabilities	163,676	159,486
Total Equity and Liabilities	675,063	674,955

SUMMARY SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

	2021	2020
	USD'000	USD'000
Net cash flows from operating activities	61,823	57,649
Net cash flows used in investing activities	(16,713)	(10,005)
Net cash flows from financing activities	(49,581)	(56,269)
Net decrease in cash and cash equivalents	(4,472)	(8,625)
Cash and cash equivalents at 1 January	69,587	77,902
Net decrease	(4,472)	(8,625)
Effect of exchange rate movement on cash and cash equivalents	8,750	310
Cash and cash equivalents at 31 December	73,865 ¹	69,587

¹Excluded in the cash and cash equivalents are advances and deposits from the customers. Included in the cash and cash equivalents is restricted cash by the secured lenders, which cash arose from the sale of the Company's shares in CEC Liquid Telecom. Restricted cash is USD20.8 million.

SUMMARY SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

In USD'000s	Share Capital	Share premium	Revaluation reserve	Retained earnings	Total
Year ended 31 December 2020	2,849	60,078	139,463	151,239	353,629
Profit for the year	-	-	-	5,609	5,609
Defined benefits plan actuarial gain	-	-	-	(1,772)	(1,772)
Related tax	-	-	-	620	620
Reclassification	-	-	40,800	(40,800)	-
Revaluation increase	-	-	57,886	-	57,886
Tax on revaluation increase	-	-	(79,373)	-	(79,373)
Transfer of excess depreciation	-	-	(11,369)	11,369	-
Total comprehensive income	-	-	7,944	(24,974)	(17,030)
Transactions with owners					
Dividends	-	-	-	(34,125)	(34,125)
At year end	2,849	60,078	147,407	92,140	302,474
Year ended 31 December 2021	2,849	60,078	147,407	92,140	302,474
Profit for the year	-	-	-	51,249	51,249
Defined benefit plan actuarial loss	-	-	-	(1,091)	(1,091)
Related tax	-	-	-	327	327
Transfer of excess depreciation	-	-	(9,054)	9,054	-
Tax on excess depreciation	-	-	14,055	-	14,055
Total comprehensive income	-	-	5,001	59,539	64,540
Dividends paid	-	-	-	(37,375)	(37,375)
At year end	2,849	60,078	152,408	114,304	329,639

FINANCIAL PERFORMANCE UPDATE

Profitability increased to USD51.2 million (2020: USD5.6 million) on the back of significantly lower levels of impairment loss of USD12.6 million (2020: USD94.9 million) and the effect of the change in tax rate from 35% to 30% on deferred liability which impacted the deferred tax charge for the year, reducing it by USD9.2 million. Cash costs increased to USD36.1 million (2020: USD30.1 million) on account of the higher than usual number of court cases the Company was involved in.

The general improvement in collections had a positive impact on the liquidity position, resulting in an adjusted cash flow from operations of USD75.5 million (2020: USD71.4 million) and an adjusted cash balance of USD92.6 million (2020: USD83.0 million). The year-end balance was boosted by prudent working capital management and the restricted cash position (refer to note 1 above).

DIVIDEND

Delivering shareholder value is a top priority for the Company. Our target is to deliver a sustained level of reward to our shareholders through dividend distribution, informed by our dividend policy. In this regard, we declared and paid an interim dividend of USD37.4 million (2020: USD34.1 million) to shareholders. Over the last five years, CEC has returned about USD149.5 million to its shareholders and circa USD234.0 million in taxes to the national treasury.

OPERATIONS PERFORMANCE UPDATE

Supply and demand were generally balanced during the year, mainly as a result of improved water levels in the country's major hydropower plants after good rainfall.

At 1.921GWh, our mine customers' consumption was 2% higher than in 2020 (1.878GWh), a sign of recovery. The bullish average copper price on the global market is expected to spur mining productivity, hence, contributing to the demand for electricity going forward.

We generally managed our network to high standards of reliability and delivered good quality service to our customers, which is our prime objective. We conformed to internally set and global standards in operating our electricity network to the satisfaction of customers.

During the period under review, the country experienced three incidents of national power blackout in August, October and November. All three were from the external interconnected network, with two emanating from the ZESCO grid and one from outside Zambia's borders. In the absence of grid supply, our fleet of thermal emergency generating units were deployed to supply the minimum loads essential for the safety of both personnel and plant for our largely underground mining customers. Our network recovered from all the three blackouts and power supply was restored to all our customers without any major incidents.

Despite the major challenges posed by, among others, the COVID-19 pandemic and its effects on international supply chains, most of the planned projects under our asset renewal program were successfully completed by year-end. Capital expenditure during the year, totalling USD16.4 million, was focused on equipment modernisation, transmission system equipment, IT and telecommunications, protection, control and monitoring equipment.

HEALTH, SAFETY, ENVIRONMENT AND SOCIAL

Our occupational health, safety, environmental and social performance was satisfactory. There were no fatalities at our facilities, demonstrating our continued disciplined implementation of safety standards, which resulted in the attainment of 10.165 million man-hours without a system based lost-time injury. We continued to focus on the systematic identification and management of those areas of our business that present risk to our work environment in order to enhance our safety performance.

A comparatively low carbon emitter, CEC recorded carbon emissions from its operations of 6,563.91 tons, out of which 51.6% was offset. Through the Company's five-year long program to help regenerate degraded river sources, nearly 61,000 trees were planted, mainly at the Mutundwa Stream water catchment area of the Kafue River in Mufulira. This represents an increase in the carbon absorption capacity from 95.5 tons of CO2 per annum in 2020 to 399 tons per annum.

The Zambia Environmental Management Agency recognized our efforts in sustaining regulatory compliance and demonstrating commitment to continuous environmental improvement and promoting sound environmental management as part of our corporate social responsibility. In this regard we received the 2021 Environmental Award for Overall Contribution to Sound Management Practices in Industry.

OTHER MARKET DEVELOPMENTS

The Cost of Service Study (CoSS) led by the Energy Regulation Board (ERB) was substantially completed at year end with the consultant making a final presentation and receiving comments from stakeholders. Release of the final report, dissemination of the outcomes of the study and a decision on the adoption of the findings by the ERB in consultation with stakeholders is expected to take place in 2022.

Following the quashing of Statutory Instrument No. 57 of 2020 (SI 57 of 2020), a fresh SI (SI 24 of 2021) was passed in April 2021, redeclaring CEC's transmission and distribution lines as common carrier. This prompted CEC to, again, seek judicial review to defend its property rights. It is gratifying that the new Minister of Energy took the decision to revoke SI 24 of 2021 to end the associated court case. This action has been important in restoring CEC's property and commercial rights over its power infrastructure.

The arbitral proceedings instituted by ZESCO in 2019 in respect of some payment disputes were concluded during the year. From ZESCO's demand claim of USD54.2 million, the sole arbitrator in his final ruling awarded a total of USD16.4 million consisting of principal and interest to ZESCO. CEC has since settled this amount.

KCM continues to be indebted to the Company with the outstanding debt standing at USD168.0 million as at year-end. We have taken steps to recover the money owed by commencing arbitration proceedings in line with the contractual provisions.

OUTLOOK

The improving business environment and the general positive sentiment across markets where we operate is a welcome development that will allow us to move steadily to resolve contractual issues, stabilise the business and focus our efforts on pursuing continuous improvement to our operations and sustainable quality growth in 2022 and beyond. The forecast that copper prices will remain strong over the foreseeable future is expected to encourage expansion and development of new mining operations across markets. This should invariably drive demand growth for power and the need for expansion of existing operations and investment in new power infrastructure across generation, transmission and distribution. The business is well positioned to leverage these opportunities and seek appropriate investments in its priority areas.

Enhancing organisational capabilities and empowering employees with new skills required to manage the evolving power industry remains a key objective for the Company. In this regard, we are continuously developing and sourcing learning and experience sharing activities that enhance key skills of our human capital in support of our goal to contribute to the energy transition agenda. We have the overarching objective of ensuring that the Company is well prepared to deliver on the goal of integrating renewables and successfully dealing with any potential challenges associated with the drive towards a clean energy future.

CAUTIONARY ON FORWARD-LOOKING INFORMATION

This summary results announcement contains financial and non-financial forward-looking statements about the Company's performance and position. We believe that while all forward-looking information contained herein is realistic at the time of publishing this report, actual results in future may differ from those anticipated. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause CEC's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although CEC believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. We take no obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the statements have been made.

ABOUT THE COMPANY

CEC's core business is the supply of power to the copper mines in the Copperbelt Province of Zambia and the DRC. CEC provides the transmission use of system and wheels power through its network on behalf of ZESCO Ltd and other users in Zambia and the Southern Africa Power Pool. The Company operates a transmission interconnection with the DRC. CEC has five incorporated subsidiaries - CEC-Kabompo Hydro Power Limited (CEC-KHPL), CEC DRC Sarl, CEC-InnoVent South, InnoVent-CEC North and Power Dynamos Sports Limited (PDSL). CEC-KHPL is the special purpose vehicle through which CEC has been pursuing the development of the Kabompo Gorge hydroelectric power project in Mwinilunga District of the North-Western Province of Zambia, while CEC-DRC Sarl is a special purpose vehicle incorporated to secure the power trading segment and grow the Company's interest in the DRC market. PDSL is a special purpose vehicle which runs Power Dynamos Football Club.

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

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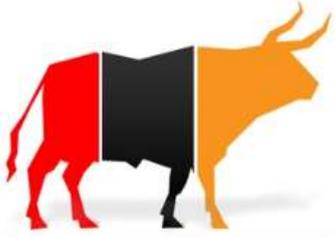
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STOCKBROKERS ZAMBIA LIMITED

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