

**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

**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: 07 March 2023**



**SUMMARY RESULTS FOR THE FINANCIAL  
YEAR ENDED 31 DECEMBER 2022**

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CONSOLIDATED AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9%	-	-	35%	19%	10%
Revenue:	PAT:	M/H LTAs <sup>^</sup> :	Dividends:	Cash from Ops:	Adjusted EBITDA:
USD374.4m 2021: USD342.6m	USD50.8m 2021: USD50.9m	1.9m man-hours 2021: 1.9m man-hours	USD50.4m 2021: USD37.4m	USD94.5m 2021: USD79.3m	USD117.2m 2021: 106.3m
					

M/H LTAs<sup>^</sup>: Safety measure showing the man-hours achieved without a system based lost-time accident





In USD'm	2022	2021	2020	2019	2018
Revenue	374.4	342.6	370.8	408.2	421.1
Adjusted EBITDA*	117.2	106.3	106.5	89.2	101.6
PAT	50.8	50.9	4.7	11.9	55.4
Current Assets	151.3	179.3	174.0	183.1	200.1
Net cash/(net debt)	72.1	73.7	56.8	24.7	27.2
Dividends declared	50.4	37.4	34.1	30.9	26.0
Adjusted cash and cash equivalents**	83.4	92.7	83.1	78.1	68.8
Cash generated from Ops	94.5	79.3	57.7	50.1	76.2

\*Adjusted EBITDA represents EBITDA plus impairments

\*\*Adjusted cash and cash equivalents represent available cash in the bank plus advances and deposits

### — Managing Director, Owen Silavwe, commented

I am pleased that the 2022 results have highlighted continued improvement in the Group's overall performance. The Group is in a much better position today to focus on its strategic priorities and deliver long-term economic benefits to its stakeholders in the regions where we operate. As we witness continuing improvements in the business environment coupled with government efforts to create a private sector-led economy, effective and efficient execution of our strategy should deliver steady growth of the business over the coming years.

We continue to deliver on our operational and financial performance. We managed our network efficiently, ensuring safe and reliable delivery of energy to our customers. Financial performance remains very strong. We made good progress on our strategy as we began to roll out key power infrastructure projects that will strengthen our power supply portfolio, enhance our role in the transition to a cleaner energy future and enable us to move more power to places where it is required by our customers to meet their growing demand. We achieved good progress in addressing key historical issues faced by the business that we have reported on in previous periods. In this regard, I am happy to report that we resolved almost all the historical issues with the exception of one. The first being the signing of a new Bulk Supply Agreement (BSA) with ZESCO, effective April 2022 with a tenure of 13 years. Secondly, we signed a settlement agreement with ZESCO covering the terms to apply for the gap period of 1 April 2020 to 31 March 2022. The two agreements have effectively eliminated the uncertainty in respect of applicable commercial terms in the provision of services between the two entities. This has also settled any contingent asset or liability that may have been associated with the gap period. Working with the mines, the Energy Regulation Board ("ERB") and ZESCO, we reached a Consent Judgement reversing the ERB's tariff increase to the mines of 2014. The Consent Judgement has effectively extinguished the contingent asset and liability of USD227.0 million on the sale and purchase sides respectively that the Group had reported in last year's results. Notwithstanding the headway made in addressing the historical issues, the Konkola Copper Mines Plc debt remains unresolved. The arbitral proceedings relating to this matter, which commenced in 2021, are ongoing.



Balancing how we manage our assets to deliver, over the long-term, safe, reliable, and affordable energy for our customers based on long-term contracts in an evolving regulatory environment, alongside the inescapable need to embed an effective risk management framework to continuously minimise business risk is key to the delivery of value to our stakeholders. We are continuing to invest in our power network, achieving asset upgrades and modernisation, which enable more efficient and reliable service delivery to our customers.

The total energy demanded by our customers and transmitted through our network totalled 5,913GWh, a growth rate of over 3% compared to 5,717GWh recorded in 2021. This covers power demand across all business segments - local power supply, domestic and international wheeling, transmission use of system and regional power supply. We expect the upward trend in demand to continue in the medium to long-term, driven primarily by anticipated mining activity ramp up both in the Zambian and DRC markets. The long-term value creation is underpinned by growth opportunities we see in both markets that should drive financial performance. During the year, we signed supply contracts with a number of new customers with a projected total demand of about 80MW. Scale up in demand is expected to happen over a two-year period. We commissioned new infrastructure connecting two of the customers, namely Macrolink and Mimbula mines. The construction of power assets to connect Lonshi mine to the network is underway, with commissioning expected in 2023.

We look ahead with optimism as we see great growth prospects based on increasing economic activity in the regions where we operate, disciplined strategy execution and the positioning of our business done over the last two years to work more collaboratively with our key partners. During the year, we evolved our strategy to repurpose and refocus the business to capture opportunities that best align with our core business and put operational excellence at the heart of how we create value and efficiently meet their requirements. This will see us invest more than US\$200 million over the next 3 years in new transmission and distribution infrastructure and energy transition initiative to support both organic and new business growth. As demand for power ramps up, we need to strengthen our supply portfolio from which this demand will be reliably and affordably supplied. To corroborate our buoyancy, we are working hard to deliver on a pipeline of projects that will ensure that we consistently deliver on our operational and financial performance targets. We operate in an industry where the pace of change is accelerating with increased focus on decarbonisation, digitalisation, and decentralisation. Our strategy is increasingly being adapted to reflect these changes. As part of our renewables strategy, our flagship solar projects are at different stages of implementation. The 34MW Riverside solar project was officially commissioned post balance sheet on 15 February 2023 by the President of the Republic of Zambia, Mr. Hakainde Hichilema. The 60MW Garneton solar project is under construction and is planned to be commissioned in December 2023. Renewable projects are being implemented through CEC Renewables, a 100% subsidiary of CEC. We are working with our partners with the aim of adding significant Interconnector transmission capacity to facilitate further growth for the power trading business segment which has seen annual average growth rates of over 8%. The planned first phase for this workstream is currently under implementation with the aim of increasing the Interconnector capacity between Zambia and DRC to 400MW from 230MW by end of 2024. As we pursue these growth opportunities, we aim to maintain a disciplined approach to our investments, manage our financial risks and ensure consistent and progressive dividend delivery to our shareholders.”

Summary consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Year ended 31 December 2022	Year ended 31 December 2021
	USD'000	USD'000
Revenue	374,440	342,689
Gross profit	136,371	101,304
Other (expense)/income	(1,498)	16,730
Expenses and impairments	(66,025)	(48,247)
Profit before interest and tax	68,848	69,787
Share of loss from associate	(8)	-
Net finance costs	6,981	798
Income tax expense	(25,005)	(19,700)
Profit after tax	50,816	50,885
Other comprehensive income	2,707	13,304
Total comprehensive income	53,523	64,189
Earnings per share (US cents)	3.1	3.1

Summary of consolidated statement of financial position as at 31 December 2022

	31-Dec-22	31-Dec-21
	USD'000	USD'000
Total non-current assets	510,985	495,305
Total current assets	151,317	179,342
Total assets	662,302	674,647
Total equity	331,552	328,402
Total non-current liabilities	158,808	181,748
Total current liabilities	171,942	164,497
Total Equity and Liabilities	662,302	674,647

Summary consolidated statement of cash flows for the year ended 31 December 2022

	Audited Year ended 31-Dec-22	Audited Year ended 31-Dec-21
	USD'000	USD'000
Net cash flows from operating activities	94,482	79,307
Net cash flows used in investing activities	(39,649)	(16,423)
Net cash flows from financing activities	(58,073)	(49,852)
Net (decrease)/increase in cash and cash equivalents	(3,240)	13,302
Cash and cash equivalents at 1 January	82,666	69,821
Net (decrease)/increase	(3,240)	13,302
Effect of exchange rate movement on cash and cash equivalents	(18)	(457)
Cash and cash equivalents at 31 December	79,408 <sup>1</sup>	82,666

Excluded in the cash and cash equivalents are advances and deposits from the customers.



## Summary consolidated statement of changes in Equity for the year ended 31 December 2022

In USD'000s	Share Capital	Share Premium	Translation Reserve	Revaluation Reserve	Retained Earnings	Total
Year ended 31 December 2021	2,849	60,078	-	147,407	91,254	301,588
Profit for the year	-	-	-	-	50,885	50,885
Translation difference on subsidiary	-	-	13	-	-	13
Transfer of excess depreciation	-	-	-	(9,054)	9,054	-
Defined benefits plan actuarial losses	-	-	-	-	(1,091)	(1,091)
Related tax	-	-	-	2,716	327	3,043
Impact of change in tax rate	-	-	-	11,339	-	11,339
Total comprehensive income	-	-	13	5,001	59,175	64,189
Transactions with owners	-	-	-	-	-	-
Dividends paid	-	-	-	-	(37,375)	(37,375)
At year end	2,849	60,078	13	152,408	113,054	328,402
Year ended 31 December 2022	2,849	60,078	13	152,408	113,054	328,402
Profit for the year	-	-	-	-	50,816	50,816
Translation differences on subsidiary	-	-	(3)	-	-	(3)
Transfer of excess depreciation	-	-	-	(9,054)	9,054	-
Defined benefits plan actuarial losses	-	-	-	-	(9)	(9)
Related tax	-	-	-	2,716	3	2,719
Total comprehensive income	-	-	(3)	(6,338)	59,864	53,523
Transactions with owners	-	-	-	-	-	-
Dividends paid	-	-	-	-	(50,373)	(50,373)
At year end	2,849	60,078	10	146,070	122,545	331,552

## Financial Highlights

Group revenue increased by 9% to USD374.4 million (2021: USD342.7 million) driven mainly by higher local power sales, wheeling sales and regional power sales of 9%, 45% and 12% respectively. Profitability remained flat at USD50.8 million (2021: USD50.9 million) on the back of higher impairment loss of USD24.1 million (2021: USD12.6 million), driven by the recalibration of the IFRS 9 impairment model. Cash costs increased to USD41.9 million (2021: USD35.6 million) owing to the Kwacha appreciating by 15% on average. The exchange rate averaged ZMW16.93:USD1 in 2022 (2021: ZMW19.96).

The general improvement in collections positively impacted the liquidity position, resulting in cash flow from operations of USD94.5 million (2021: USD79.3 million) and a cash balance of USD83.4 million (2021: USD92.7 million).

The Group, having addressed some of the key uncertainties it had faced and backed by both the dividend policy and the strength of the financial performance, declared and paid an interim dividend of USD50.4 million, which represents a 35% increase over the 2021 dividend distribution of USD37.4 million. The entity results are included in the 2022 Annual Report.



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### 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.*

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## 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 six incorporated subsidiaries - CEC-Kabompo Hydro Power Limited (CEC-KHPL), CEC DRC Sarl, CEC-InnoVent South, InnoVent-CEC North, CEC Renewables Limited 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.*

*CEC-InnoVent South and InnoVent-CEC North are joint ventures through which the Company intends to develop two solar PV projects in Kitwe. PDSL is a special purpose vehicle which runs Power Dynamos Football Club.*



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

**LUSAKA SECURITIES EXCHANGE SPONSORING BROKER**

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**STOCK BROKERS ZAMBIA LIMITED**  
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First issued: 07th, March 2023