

Tanzania Breweries Limited

PRESS ANNOUNCEMENT



**TANZANIA
BREWRIES
LIMITED**

HEADLINE RESULTS

Tanzania Breweries Limited (TBL) today announces its results for the six month period ended 30th June 2019.

FINANCIAL HIGHLIGHTS

	2019 Tshs' M	2018 Tshs' M	% Change
Revenue	473,495	487,469	-3%
Gross Profit	183,167	170,700	7%
Operating Profit	114,334	89,076	28%
Basic Earnings Per Share	241	211	14%

Financial Review

Tanzania Breweries Limited group of companies (TBL) is pleased to announced its Half Year 2019 results. TBL's revenue decreased by 3% as a result of the scale down of Darbrew operations and a reduction of spirits volume. Our beer volumes, returned to growth this first half of 2019 with good performance in our mainstream brands and affordable brands segment. The company continues to drive the strategy of more affordable brands and packs to enable more consumers to switch out of the informal sector.

Operating Profit increased by 28% as a result of increased productivity in our breweries, lower brewing and packaging raw material prices, efficiencies in our logistics and lower overhead costs. As a result, our operating margin was 24% which is an increase of 5.9% from prior year.

A total of TShs 26,036 million was invested in capital expenditure during the 6 month period compared to TShs 30,672 million in the prior year.

The Group's reported cash generated from operations was TShs 134,049 million, of this amount, TShs 35,189 million was utilized to pay corporate income tax, TShs 26,036 million utilized to pay capital expenditure and the remaining funds was retained for future activities.

During the month of July, 2019 TBL declared and paid a dividend of TShs 350 per share.

I would like to thank the Board, management and employees for their efforts and continued support as well as our customers, consumers and all stakeholders for their loyalty.

Philip Redman
Managing Director TBL
Date

Company Profile

Tanzania Breweries Limited (TBL), sells and distributes clear beer, alcoholic fruit beverages and non-alcoholic beverages within Tanzania. TBL as a major player in the beverage sector is committed to the export of its products to niche and neighboring markets under the East Africa common market trading arrangement.

TBL has a controlling interest in Tanzania Distilleries Limited, Darbrew Limited and Kibo Breweries Limited. TBL's most popular clear beer brands include Safari Lager, Kilimanjaro Premium Lager, Ndovu Special Malt, Castle Lager and Castle Lite. Other prominent brands associated with the TBL group are Konyagi Gin and Redds Premium Cold. The TBL Group is listed on the Dar es Salaam Stock Exchange, employs about 1,515 people and is represented throughout the country with four clear beer breweries, a spirit manufacturing facility, an traditional beer manufacturing facility and 8 distribution depots.

TANZANIA BREWERIES LTD AND ITS SUBSIDIARIES

Statement of Profit or Loss and Other Comprehensive Income

For the 6 months ended 30 June 2019

	Group		
	2019 Tsh's M	2018 Tsh's M	Change in %
Revenue	473,495	487,469	-3%
Cost of sales	(290,328)	(316,769)	
Gross profit	183,167	170,700	7%
Selling and distribution costs	(54,161)	(61,042)	
Administrative expenses	(14,628)	(19,153)	
Other expenses	(44)	(1,429)	
Operating profit	114,334	89,076	28%
Finance income	2,152	954	
Finance costs	(327)	(397)	
Profit before income tax	116,159	89,633	30%
Income tax expense	(42,272)	(25,133)	
Profit for the year	73,887	64,500	15%
Attributable to:			
Non-controlling interests	2,730	2,328	
Equity holders of company	71,157	62,172	
	73,887	64,500	15%
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Cash flow hedges:			
Loss on cash flow hedges	-	(204)	
Deferred tax on fair value loss	-	47	
Total comprehensive income	73,887	64,343	15%
Attributable to:			
Non-controlling interests	2,730	2,328	
Equity holders of parent company	71,157	62,089	
	73,887	64,417	
Basic earnings per share (Tshs)	241	211	
Diluted earning per share (Tshs)	241	211	

TANZANIA BREWERIES LTD AND ITS SUBSIDIARIES

Statement of Financial Position

As at 30 June 2019

	Group		
	30 June 2019 Tsh's M	31 Dec 2018 Tsh's M	Change in %
ASSETS			
Non-current assets			
Property, plant and equipment	566,393	579,902	
Intangible assets	40,565	43,978	
Investments	88	88	
Deferred income tax	6,435	6,534	
	613,481	630,502	-3%
Current assets			
Derivative financial instruments	-	328	
Inventories	114,342	97,424	
Trade and other receivables	95,461	135,770	
Restricted bank balance	38,300	38,300	
Bank and cash balances	136,406	63,518	
	384,509	335,340	
Total assets	997,990	965,842	3%
EQUITY			
Capital and reserves attributable to the company			
Share capital	29,506	29,506	
Share premium	45,346	45,346	
Retained earnings	485,166	414,009	
Other reserves	66,643	66,643	
	626,661	555,504	
Non-controlling Interests	10,047	7,317	
Total equity	636,708	562,821	13%
LIABILITIES			
Non-current liabilities			
Deferred income tax	46,004	37,969	
Defined pension benefits	1,933	1,933	
	47,937	39,902	20%
Current liabilities			
Provision for other liabilities and charges	12,704	12,704	
Trade and other payables	294,521	342,305	
Borrowings	1,034	2,816	
Current income tax	5,086	5,294	
	313,345	363,119	-14%
Total Liabilities	361,282	403,021	
Total Equity and Liabilities	997,990	965,842	3%

TANZANIA BREWERIES LTD AND ITS SUBSIDIARIES

Statement of Cash Flows

For the 6 months ended 30 June 2019

	2019 Tsh's M	2018 Tsh's M	Change in %
Cash flows from operating activities:			
Cash generated from operations	134,048	78,495	
Interest received/(paid)	1,826	(569)	
Income tax paid	(35,189)	(42,039)	
Net cash inflow from operating activities	100,685	35,887	181%
Cash flows from investing activities			
Purchase of property, plant and equipment	(26,036)	(30,672)	
Proceeds from disposal of property, plant and equipment	21	10	
Net cash used investing activities	(26,015)	(30,662)	-15%
Cash flows from financing activities:			
Dividends paid to company's shareholders	-	(103,464)	
Repayments of bank borrowings	(1,781)	(1,272)	
Net cash used from financing activities	(1,781)	(104,736)	
Net Increase/ (Decrease) in cash and cash equivalents	72,889	(99,511)	-173%
Cash and cash equivalents at beginning of the year	63,518	152,684	
Cash and cash equivalents at the end of the period	136,407	53,173	

Statement of Changes in Equity

For the 6 months ended 30 June 2019

	Attributable to equity holders of the company				Non controlling		Total
	Share Capital Tsh's M	Share Premium Tsh's M	Other Reserves Tsh's M	Retained Earnings Tsh's M	Total Tsh's M	Interest Tsh's M	Equity Tsh's M
6 months ended 30 June 2019:							
Balance at 1st January 2019	29,506	45,346	66,643	414,009	555,504	7,317	562,821
Profit for the period	-	-	-	71,157	71,157	2,730	73,887
Total comprehensive income	-	-	-	71,157	71,157	2,730	73,887
Balance at 30 June 2019	29,506	45,346	66,643	485,166	626,661	10,047	636,708