

# Tanzania Breweries Limited

## PRESS ANNOUNCEMENT



**TANZANIA  
BREWRIES  
LIMITED**

### HEADLINE RESULTS

Tanzania Breweries Limited (TBL) today announces its results for the year ended 31 December 2018.

As mentioned in last year's press announcement and as approved in our 44<sup>th</sup> Annual General Meeting of Shareholders, the period ended on December 2017 was an irregular financial reporting period for TBL due to the change of the Accounting year from end of March to end of December. Thus, the financial reporting period that ended 31 December, 2017 was for the 9 months from April 1, 2017 to December 31, 2017.

FINANCIAL HIGHLIGHTS	12 months ended	9 months ended	%
	31 December 2018	31 December 2017	
	Actual Tshs' M	Actual Tshs' M	
Revenue	1,078,770	877,527	23%
Gross Profit	409,590	309,759	32%
Operating Profit	210,963	107,006	97%
Dividend Per Share	700	770	-9%

### FINANCIAL REVIEW

To facilitate the understanding of TBL's underlying performance, all comments in the Financial Review, unless otherwise indicated, are based on twelve months period-on-period (January – December) comparisons.

On the basis of a 12 months comparison, TBL experienced a challenging year that saw revenue decline by 3%. Performance was adversely impacted by the heavy rains in the second quarter which disrupted sales as well as distribution of our products. Also affecting our top line growth was the scale down of our Darbrew business. Despite the reduction in revenue, 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 declined 11% as a result of lower volumes and an increase in cost of sales, driven by higher raw material prices. In addition, there was an increase in selling and distribution costs as a result of marketing initiatives related to the FIFA World Cup and the launch of Budweiser in Dar es Salaam.

Non-recurring items for the period totalled TShs 60,623 million, primarily related to restructuring costs including stock write-offs; compared to TShs 142,953 million in the 9 months (April – December) 2017 period.

A total of TShs 111,426 million was invested in capital expenditure during the year compared to TShs 71,486 million invested in the 9 months (April – December) 2017 period.

The group's reported cash generated from operations was TShs 340,780 million during the period versus TShs 340,114 million generated in the 9 months period to 31 December 2017. Of this amount, TShs 75,969 million was utilized to pay corporate income tax and the remaining amount funded capital expenditure and dividends to shareholders.

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.

Roberto Jarrin  
Managing Director TBL  
Date

### Company Profile

Tanzania Breweries Limited (TBL), manufactures 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 wholly owns Kibo Breweries and has a controlling interest in Tanzania Distilleries Limited and Darbrew 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 1,500 people and is represented throughout the country with four clear beer breweries, a spirit manufacturing facility, an opaque manufacturing facility and 6 distribution depots.

### Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	12 months ended	9 months ended	%
	31 December 2018	31 December 2017	
	Tsh's M	Tsh's M	change
Revenue	1,078,770	877,527	23%
Cost of sales	(669,180)	(567,768)	
Gross profit	409,590	309,759	32%
Selling and distribution costs	(130,496)	(130,549)	
Administrative expenses	(54,700)	(61,964)	
Other expenses	(14,223)	(10,266)	
Fair value gain on derivatives	793	26	
Operating profit	210,964	107,006	97%
Finance income	1,912	7,111	
Finance costs	(2,823)	(644)	
Profit before income tax	210,053	113,473	85%
Income tax expense	(80,383)	(64,896)	
Profit for the year	129,670	48,577	167%
Attributable to:			
Non-controlling interests	6,147	(7,390)	
Equity holders of company	123,523	55,967	
	129,670	48,577	167%
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Gain on re-measurement of defined pension benefit obligations	67	63	
Deferred tax on re-measurement of defined pension benefit obligations	(20)	(19)	
Cash flow hedges:			
Gain on cash flow hedges	1	199	
Deferred tax on fair value gain	(0)	(60)	
Total comprehensive income	129,718	48,760	166%
Attributable to:			
Non-controlling interests	6,161	(7,341)	
Equity holders of parent company	123,557	56,100	
	129,718	48,760	
Basic earnings per share (Tshs)	419	193	117%
Diluted earning per share (Tshs)	419	190	121%
Dividend per share (Tshs)	700	770	-9%

### Statement of Financial Position

As at 31 December 2018

	31 December 2018	31 December 2017	%
	Tsh's M	Tsh's M	
			change
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	580,739	547,909	
Intangible assets	39,624	49,932	
Investments	88	88	
Deferred income tax Asset	6,447	7,301	
	626,898	605,230	4%
<b>Current assets</b>			
Derivative financial instruments	1,064	437	
Inventories	100,696	98,797	
Trade and other receivables	130,983	144,339	
Current income tax		5,151	
Bank and cash balances	117,965	152,684	
	350,708	401,408	
<b>Total assets</b>	<b>977,606</b>	<b>1,006,638</b>	<b>-3%</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the parent</b>			
Share capital	29,506	29,506	
Share premium	45,346	45,346	
Retained earnings	411,072	494,054	
Other reserves	65,752	66,643	
	551,676	635,549	
Non-controlling Interests	6,907	746	
<b>Total equity</b>	<b>558,583</b>	<b>636,295</b>	<b>-12%</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax	41,191	47,283	
Defined pension benefits	1,933	1,962	
Defined pension benefits	43,124	49,245	-12%
<b>Current liabilities</b>			
Provision	7,190	6,451	
Derivative financial instruments	0	727	
Trade and other payables	345,681	313,679	
Current income tax	3,749		
Borrowings	19,279	241	
	375,899	321,098	17%
<b>Total Liabilities</b>	<b>419,023</b>	<b>370,343</b>	
<b>Total Equity and Liabilities</b>	<b>977,606</b>	<b>1,006,638</b>	<b>-3%</b>

### Statement of Cash Flows

For the year ended 31 December 2018

	12 months ended	9 months ended	Change in %
	31 December 2018	31 December 2017	
	Tsh's M	Tsh's M	
<b>Cash flows from operating activities:</b>			
Cash generated from operations	340,780	340,114	
Interest paid	(2,454)	(307)	
Income tax paid	(75,969)	(67,720)	
Net cash inflow from operating activities	262,357	272,087	-4%
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets	(111,426)	(71,486)	
Interest Received	1,912	7,111	
Proceeds from disposal of property, plant and equipment	188	224	
Net cash used investing activities	(109,326)	(64,151)	70%
<b>Cash flows from financing activities:</b>			
Dividends paid to owner's of the parent	(206,420)	(209,038)	
Repayments of bank borrowings	(241)	(741)	
Proceeds from sale of shares owned by employee share ownership trust	-	78,840	
Net cash utilized in financing activities	(206,661)	(130,939)	
<b>Net Increase in cash and cash equivalents</b>	<b>(53,630)</b>	<b>76,997</b>	<b>-170%</b>
Cash and cash equivalents at beginning of the year	152,684	76,013	
Exchange gain/ (loss) on cash and cash equivalent	(369)	(326)	
Cash and cash equivalents at the end of the year	98,685	152,685	

### Tanzania Breweries Ltd and its Subsidiaries

#### Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to equity holders of the company				Total Tsh's M	Non controlling Interest Tsh's M	Total Equity Tsh's M
	Share Capital Tsh's M	Share Premium Tsh's M	Other Reserves Tsh's M	Retained Earnings Tsh's M			
<b>Group</b>							
<b>Period Ended 31 December 2018:</b>							
Balance at 1st January 2018	29,506	45,346	66,643	494,054	635,549	746	636,295
Profit for the year	-	-	-	123,523	123,523	6,147	129,670
<b>Comprehensive Income</b>							
Remeasurement of defined benefit plan (net of tax)	-	-	-	48	48	(2)	47
Fair value gain on cashflow hedges (net of tax)	-	-	-	(14)	(14)	15	1
<b>Total comprehensive income</b>	-	-	-	123,557	123,557	6,161	129,718
<b>Transaction with Owners:</b>							
Adjustment related to employee share trust	-	-	(891)	-	(891)	-	(891)
Dividends provided for or paid	-	-	-	(206,539)	(206,539)	-	(206,539)
<b>Balance at 31 December 2018</b>	<b>29,506</b>	<b>45,346</b>	<b>65,752</b>	<b>411,072</b>	<b>551,676</b>	<b>6,907</b>	<b>558,583</b>