

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 2018.

FINANCIAL REVIEW

To facilitate the understanding of TBL’s underlying performance, the table below, including all comments in the Financial Review, unless otherwise indicated, when referring to operating profit, are based on “normalised” numbers. In other words, the normalised operating profit has been adjusted for non-recurring expenses. Non-recurring items primarily represent expenses which have arisen as a consequence of the termination of certain activities during the period, that management does not consider as part of the underlying performance of the business.

| | 2018 Tshs’M | 2017 Tshs’ M | % Change |
|-----------------------------|----------------|-----------------|-------------|
| Revenue | 487,469 | 500,912 | –3% |
| Gross Profit | 170,700 | 188,760 | –10% |
| Operating Profit | 89,076 | 107,064 | –17% |
| Normalised Operating Profit | 101,949 | 136,194 | –25% |
| Basic Earnings Per Share | 211 | 268 | –21% |
| Dividend Per Share | 350 | - | - |

Financial Review

Tanzania Breweries Limited group of companies (TBL) has experienced a challenging first half of the year that saw revenue decline by 3%. Despite the shift in strategy towards more affordable brands and packs, the heavy rains between April and early June caused a dramatic disruption in sales as well as distribution of our products. In addition, our performance was negatively impacted in Q1 2018, by the ban in spirits sachet implemented in Q2 2017. The company continues to drive the strategy of more affordable brands and packs to enable more consumers to switch out of the informal sector.

Normalised Operating Profit declined 25% as a result of a 1.5% increase in cost of sales, driven by higher raw material prices and a 5% excise increase in 2017. In addition, we had an increase in selling and distribution costs as a result of marketing initiatives related to the FIFA World Cup. Non-recurring items for the period totalled TShs 12,873 million, primarily due to restructuring costs.

A total of TShs 30,672 million was invested in capital investment during the 6 month period compared to TShs 27,999 million in the prior year.

The group’s reported cash generated from operations was TShs 78,495 million, of this amount, TShs 42,039 million was utilized to pay corporate income tax and the remaining amount funded capital expenditure.

During the period, TBL declared and paid TShs 350 per share as the first dividend in 2018.

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), a member of the Anheuser-Busch InBev group of companies, manufactures, sales 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 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 1,700 people and is represented throughout the country with four clear beer breweries, a spirit manufacturing facility, an opaque manufacturing facility and 6 distribution depots.

Overview of Anheuser-Busch InBev

Anheuser-Busch InBev SA/NV (“ABInBev”) is a publicly traded company (Euronext: ABI) based in Leuven, Belgium, with secondary listings on the Mexico (MEXBOL: ANB) and South Africa (JSE: ANH) stock exchanges and with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD). Our Dream is to bring people together for a better world. Beer, the original social network, has been bringing people together for thousands of years. We are committed to building great brands that stand the test of time and to brewing the best beers using the finest natural ingredients. Our diverse portfolio of well over 500 beer brands includes global brands Budweiser, Corona and Stella Artois; multi-country brands include Beck’s, Castle, Castle Lite, Hoegaarden and Leffe; and local champions such as Aguila, Antarcctica, Bud Light, Brahma, Cass, Chernigivske, Cristal, Harbin, Jupiler, Klinskoye, Michelob Ultra, Modelo Especial, Quilmes, Victoria, Sedrin, Sibirskaya Korona and Skol. Our brewing heritage dates back more than 600 years, spanning continents and generations. From our European roots at the Den Hoorn brewery in Leuven, Belgium. To the pioneering spirit of Anheuser & Co brewery in St. Louis, US. To the creation of the Castle Brewery in South Africa during Johannesburg gold rush. To Bohemia, the first brewery in Brazil. Geographically diversified with a balanced exposure to developed and developing markets, we leverage the collective strengths of nearly 200,000 employees based in more than 50 countries worldwide.

In October 2016 ABInBev purchased SABMiller the previous owner of Tanzania Breweries Limited.

Statement of Profit or Loss and Other Comprehensive Income

For the 6 months ended 30 June 2018

| | 2018 Tsh’s M | 2017 Tsh’s M | Change in % |
|--|-----------------|-----------------|----------------|
| Revenue | 487,469 | 500,912 | –3% |
| Cost of sales | (316,769) | (312,152) | |
| Gross profit | 170,700 | 188,760 | –10% |
| Selling and distribution costs | (61,042) | (60,173) | |
| Administrative expenses | (19,153) | (20,329) | |
| Other expenses | (1,429) | (1,194) | |
| Operating profit | 89,076 | 107,064 | –17% |
| Finance income | 954 | 3,054 | |
| Finance costs | (397) | (5,446) | |
| Profit before Income tax | 89,633 | 104,672 | –14% |
| Income tax expense | (25,133) | (27,542) | |
| Profit for the year | 64,500 | 77,130 | –16% |
| Attributable to: | | | |
| Non-controlling interests | 2,328 | 1,880 | |
| Equity holders of company | 62,172 | 78,953 | |
| | 64,500 | 80,833 | –20% |
| Other comprehensive income: | | | |
| Items that may be reclassified to profit or loss | | | |
| Cash flow hedges: | | | |
| Gain/(loss)on cash flow hedges | (204) | 962 | |
| Deferred tax on fair value gain/(loss) | 47 | (222) | |
| Total comprehensive income | | | |
| Income | 64,343 | 81,573 | –21% |
| Attributable to: | | | |
| Non-controlling interests | 2,328 | 1,880 | |
| Equity holders of parent company | 62,014 | 79,693 | |
| | 64,342 | 81,573 | |
| Basic earnings per share (Tshs) | 211 | 268 | |
| Diluted earning per share (Tshs) | 211 | 268 | |
| Dividend per share (Tshs) | 350 | 0 | |

Statement of Financial Position

For the 6 months ended 30 June 2018

| | 2018 Tsh’s M | 2017 Tsh’s M | Change in % |
|--|-----------------|-----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 541,685 | 542,096 | |
| Intangible assets | 49,064 | 48,269 | |
| Investments | 88 | 88 | |
| | 590,837 | 590,453 | 0% |
| Current assets | | | |
| Derivative financial instruments | 762 | 625 | |
| Inventories | 93,899 | 133,570 | |
| Trade and other receivables | 145,468 | 140,127 | |
| Current income tax | 21,272 | 4,163 | |
| Bank and cash balances | 58,245 | 148,258 | |
| | 319,646 | 426,743 | |
| Total assets | 910,483 | 1,017,196 | -10% |
| EQUITY | | | |
| Capital and reserves attributable to the company | | | |
| Share capital | 29,506 | 29,493 | |
| Share premium | 45,346 | 45,346 | |
| Retained earnings | 452,956 | 706,639 | |
| Other reserves | 66,486 | (12,252) | |
| | 594,294 | 769,226 | |
| Non-controlling Interests | 3,074 | 12,530 | |
| Total equity | 597,368 | 781,756 | -24% |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred income tax | 37,140 | 43,733 | |
| | 37,140 | 43,733 | –15% |
| Current liabilities | | | |
| Provision for other liabilities and charges | 8,888 | 3,652 | |
| Derivative financial instruments | 722 | 736 | |
| Trade and other payables | 261,293 | 185,375 | |
| Borrowings | 5,072 | 1,944 | |
| | 275,975 | 191,707 | 44% |
| Total Liabilities | 313,115 | 235,440 | |
| Total Equity and Liabilities | 910,483 | 1,017,196 | -10% |

Statement of Cash Flows

For the 6 months ended 30 June 2018

| | 2018 Tsh’s M | 2017 Tsh’s M | Change in % |
|---|-----------------|-----------------|----------------|
| Cash flows from operating activities: | | | |
| Cash generated from operations | 78,495 | 131,533 | |
| Interest paid | (569) | 2,393 | |
| Income tax paid | (42,039) | (32,553) | |
| Net cash inflow from operating activities | 35,887 | 101,373 | –65% |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | (30,672) | (27,999) | |
| Proceeds from disposal of property, plant and equipment | 10 | 468 | |
| Net cash used investing activities | (30,662) | (27,531) | –11% |
| Cash flows from financing activities: | | | |
| Dividends paid to company’s shareholders | (103,464) | (202) | |
| Repayments of bank borrowings | (1,272) | (203) | |
| Net cash used from financing activities | (104,736) | (405) | |
| Net Increase in cash and cash equivalents | (99,511) | 73,437 | -236% |
| Cash and cash equivalents at beginning of the year | 152,684 | 72,877 | |
| Exchange gain/ (loss) on cash and cash equivalent | | | |
| Cash and cash equivalents at the end of the year | 53,173 | 146,314 | |

Statement of Changes in Equity

For the 6 months ended 30 June 2018

| | 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 Interest Tsh’s M | Equity Tsh’s M |
| 6 months ended 30 June 2018: | | | | | | |
| Balance at 1st January 2018 | 29,493 | 45,346 | 66,643 | 494,054 | 746 | 636,295 |
| Profit for the year | - | - | - | 62,172 | 2,328 | 64,500 |
| Comprehensive Income | | | | | | |
| Fair value gain on cashflow hedges (net of tax) | - | - | (157) | - | (157) | (157) |
| Total comprehensive income | - | - | (157) | - | (157) | (157) |
| Transaction with Owners | | | | | | |
| Dividends provided for or paid | - | - | - | (103,270) | - | (103,270) |
| Balance at 31 March 2017 | 29,506 | 45,346 | 66,486 | 452,956 | 3,074 | 597,368 |

