

Tanzania Breweries Limited

PRESS ANNOUNCEMENT



**TANZANIA
BREWRIES
LIMITED**

HEADLINE RESULTS

Tanzania Breweries Limited (TBL) today announces its results for the period ended 31st December 2017.

RECENT EVENTS

Change in Financial Reporting Year-End

As approved in our 44th Annual General Meeting of Shareholders, the period ended on December 2017 is an irregular financial reporting period for TBL due to the change of the Accounting year end from end of March to end of December. This financial reporting period that ended 31 December, 2017 is for the 9 months from April 1, 2017 to December 31, 2017.

Sale of Treasury shares owned by Employees Share Ownership Trust and distribution of proceeds to permanent employees of TBL Group

In 2011, the Employees Share Ownership Trust ("Trust") purchased 5,898,596 shares representing 2% of TBL's paid up share capital, previously owned by East African Breweries. The Trust has been consolidated in the financial statements on the basis of significant control and shares acquired have been previously accounted for as treasury shares. During the April to December 2017 financial reporting period, the Board of Trustees resolved to sell TBL shares owned by the Trust and distribute the net proceeds to permanent employees of TBL group.

FINANCIAL HIGHLIGHTS

To facilitate the understanding of TBL's underlying performance, the below table, including all comments in the Financial Review, unless otherwise indicated, are based on "normalized" numbers.

In other words, the reported financial amounts have been adjusted for non-recurring items. Non-recurring items primarily represent expenses which have arisen as a consequence of a change in ultimate parent company and the termination of certain activities during the period that management does not consider as part of the underlying performance of the business.

For period-on-period comparisons, we have included the key metrics for the corresponding period (April to December) of the previous financial year.

	9 months ended 31 December 2017 Actual	9 months ended 31 December 2017 Normalised Actual	9 months ended 31 December 2016 Actual	Change on 9 months Normalised	12 months ended 31 March 2017 Actual	Change on 12 months Normalised
	Tsh's M	Tsh's M	Tsh's M	%	Tsh's M	%
Revenue	877,527	877,527	807,834	9%	1,041,123	-16%
Gross Profit	309,759	380,999	368,896	3%	447,507	-15%
Operating Profit	107,006	249,959	214,558	16%	235,141	6%
Dividend Per Share	770	770	350	120%	350	120%

Statement of profit or loss and other comprehensive income

For the 9 months ended 31 December 2017

	9 months ended 31 December 2017 Tsh's M	12 months ended 31 March 2017 Tsh's M	Change in %
Revenue	877,527	1,041,123	-16%
Cost of sales	(567,768)	(593,616)	-31%
Gross profit	309,759	447,507	-31%
Selling and distribution costs	(130,549)	(143,151)	
Administrative expenses	(61,964)	(61,265)	
Other expenses	(10,266)	(8,032)	
Fair value gain on derivatives	26	82	
Operating profit	107,006	235,141	-54%
Finance income	7,111	1,723	
Finance costs	(644)	(2,264)	
Profit before income tax	113,473	234,600	-52%
Income tax expense	(64,896)	(73,160)	
Profit for the year	48,577	161,440	-70%
Attributable to:			
Non-controlling interests	(7,390)	(4,014)	
Equity holders of company	55,967	165,454	-70%
	48,577	161,440	
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Gain on re-measurement of defined pension benefit obligations	63	236	
Deferred tax on re-measurement of defined pension benefit obligations	(19)	(71)	
Cash flow hedges:			
Gains on cash flow hedges	199	2,136	
Deferred tax on fair value gain	(60)	(641)	
Total comprehensive income	48,760	163,100	-70%
Attributable to:			
Non-controlling interests	(7,341)	3,931	
Equity holders of parent company	56,100	167,031	
	48,760	163,100	
Basic earnings per share (Tshs)	193	572	-66%
Diluted earning per share (Tshs)	190	561	-66%
Dividend per share (Tshs)	770	350	120%

Statement of financial position

As at 31 December 2017

	2017 Tsh's M	2017 Tsh's M	Change in %
ASSETS			
Non-current assets			
Property, plant and equipment	547,909	538,590	
Intangible assets	49,932	49,503	
Investments	88	88	
	597,929	588,181	2%
Current assets			
Derivative financial instruments	437	808	
Inventories	98,797	125,311	
Trade and other receivables	143,148	130,567	
Current income tax	6,342	7,082	
Bank and cash balances	152,684	77,966	
	401,408	341,734	
Total assets	999,337	929,915	7%
EQUITY			
Capital and reserves attributable to the company			
Share capital	29,506	29,493	
Share premium	45,346	45,346	
Retained earnings	494,054	647,332	
Other reserves	66,643	(12,293)	
	635,549	709,878	
Non-controlling Interests	746	8,087	
Total equity	636,295	717,965	-11%
LIABILITIES			
Non-current liabilities			
Borrowings	-	241	
Deferred income tax	40,422	43,465	
Defined pension benefits	1,963	1,691	
	42,385	45,397	-7%
Current liabilities			
Provision for other liabilities and charges	931	2,001	
Derivative financial instruments	727	1,323	
Trade and other payables	318,759	160,535	
Borrowings	241	2,694	
	320,658	166,553	93%
Total Liabilities	363,043	211,950	
Total Equity and Liabilities	999,337	929,915	7%

FINANCIAL REVIEW

After several years of stagnated volume growth, Tanzania Breweries Limited group of companies (TBL) is poised for good growth opportunities in future. The Company benefitted from a shift in strategy towards more affordable brands and packs. This year we have seen an uptick in the consumption of alcohol through the formal market, as more consumers switch out of the informal sector.

Total sales volumes reached 3.3 million hectolitres resulting in a 24% growth on prior year. Revenue has grown by 9% driven by higher beer volumes (up 30% vs. the prior period).

Operating profit excluding non-recurring items (normalised profit) increased by 16% on prior year. This increase was driven by top-line growth, efficiencies in our breweries and stringent cost controls.

Non-recurring items for the period totalled TShs 142,953 million, primarily due to restructuring costs, effects of the sachet ban and amount distributed to permanent employees as a result of the sale of treasury shares.

A total of TShs 71,485 million was invested in capital investment during the 9 months period compared to TShs 96,002 million in the full 12 months prior year.

The group's reported cash generated from operations was TShs 339,593 million during the period versus TShs 353,096 million in the full 12 months of prior year. Of this amount, TShs 67,199 million was utilized to pay corporate income tax and the remaining amount funded capital expenditure, and dividends paid 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), a member of the Anheuser-Busch InBev group of companies, 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 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, Amarula Cream and Redds Premium Cold. The TBL group is listed on the Dar es Salaam Stock Exchange, employs about 2,200 people and is represented throughout the country with four clear beer breweries, a distillery, an opaque beer business, a malting facility and 8 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, Antarctica, 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 cash flows

For the 9 months ended 31 December 2017

	9 months ended 31 December 2017 Tsh's M	12 months ended 31 March 2017 Tsh's M	Change in %
Cash flows from operating activities:			
Cash generated from operations	339,593	353,096	
Interest paid	(306)	(1,428)	
Income tax paid	(67,199)	(90,042)	
Net cash inflow from operating activities	272,087	261,626	4%
Cash flows from investing activities			
Purchase of property, plant and equipment	(70,163)	(96,002)	
Purchase of Intangible assets	(1,322)	-	
Interest Received	7,111	1,723	
Proceeds from disposal of property, plant and equipment	224	494	
Net cash used investing activities	(64,150)	(93,785)	-32%
Cash flows from financing activities:			
Dividends paid to company's shareholders	(209,038)	(103,911)	
Repayments of bank borrowings	(741)	(518)	
Proceeds from sale of treasury shares	78,840	-	
Net cash used from financing activities	(130,940)	(104,429)	
Net increase in cash and cash equivalents	76,998	63,412	21%
Cash and cash equivalents at beginning of the year	76,013	(13,437)	
Exchange loss on cash and cash equivalent	(326)	(836)	
Cash and cash equivalents at the end of the year	152,685	76,013	

Statement of changes in equity

For the 9 months ended 31 December 2017

	Share Capital Tsh's M	Share Premium Tsh's M	Other Reserves Tsh's M	Retained Earnings Tsh's M	Total Tsh's M	Non controlling Interest Tsh's M	Total Equity Tsh's M
Period Ended 31 December 2017:							
Balance at 1st April 2017	29,493	45,346	(12,293)	647,332	709,878	8,087	717,965
Share register adjustment	13	-	-	-	13	-	13
Proceeds from sale of treasury shares	-	-	78,840	-	78,840	-	78,840
Comprehensive income	-	-	-	-	-	-	-
Re-measurement of defined pension benefit obligations (net of tax)	-	-	-	38	38	6	44
Fair value gain on cash flow hedges (net of tax)	-	-	96	-	96	43	139
Profit for the current period	-	-	-	55,967	55,967	(7,390)	48,577
Total comprehensive income	-	-	96	56,005	56,101	(7,341)	48,760
Transaction with Owners							
Dividends paid	-	-	-	(209,283)	(209,283)	-	(209,283)
Balance at 31 December 2017	29,506	45,346	66,643	494,054	635,549	746	636,295

