



# CAUTIONARY NOTICE TO MEMBERS

## TANGA CEMENT PUBLIC LIMITED COMPANY (DSE: TCPLC) (Incorporated in the United Republic of Tanzania) ("Tanga Cement")

In accordance with the rule number 53(6) of the Dar es Salaam Stock Exchange Rules, companies are required to publish a cautionary notice as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported upon next will differ by at least 25% from the financial results for the previous corresponding period.

Accordingly, shareholders are advised that Tanga Cement PLC expects that the Operating Profit before Interest and Tax for the six months ended 30 June 2019 to be between 112% and 122% lower than that achieved in the comparative period ended 30 June 2018.

Tanga Cement PLC also expects that its Loss per Share for the period ended 30 June 2019 will be between TZS 157 per share and TZS 167 per share, being between 461% and 496% lower than its Loss per Share of TZS 28 per share for the six months ended 30 June 2018.

The competitive domestic cement sales environment persisted in the period under review leading to lower net prices of cement. Tanga Cement PLC adopted a more proportionally responsive pricing strategy to sustain its market sales volumes but margins and overall profitability remained under pressure. The company invested in some additional once-off selling and administration expenses which increased by 12% over the comparative period to expand and improve its sales, logistics and distribution offering to customers in the long term. Management is very positive about this strategy to yield the desired returns for the remainder of the year.

The overall financial performance has also been impacted by the adoption of the new IFRS 16 on leases which resulted into an additional depreciation expense of TZS 3.7bn, which increased by 40% over the comparative period as well as additional interest expense as a result of the adoption of the same accounting standard on leases.

The company expects to publish its unaudited financial results for the six months ended 30 June 2019 by no later than 30th of October 2019.

Shareholders are accordingly advised to exercise caution when trading with the company's securities.

The financial information on which this trading statement is based has not been reviewed or reported on by Tanga Cement PLC's auditors.

**On behalf of the Board.**

**Lawrence Masha**  
Chairman of the Board  
5 October 2019