

# UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2020



## Extracts of The Financial Statements

The Board of Directors of Tanzania Cigarette Public Limited Company (TCC Plc) is pleased to announce the unaudited results for the six months ended June 30, 2020

### Half year performance to June 30, 2020

The impact of COVID-19 on the trading environment, consumer incomes and spending patterns negatively impacted results for the period.

Net sales were TZS 140.1 billion, down 9% compared to a similar period in 2019. This decline was driven by a 14% volume drop and consumer down-trading to cheaper, lower margin brands.

Operating costs declined by 12% to TZS 41.4 billion versus the corresponding period in 2019, reflecting lower sales volume and prudent cost saving initiatives. These cost savings partially off-set the impact of lower net sales on profits.

Gross profit was TZS 73.3 billion, or 15% lower on the corresponding period in 2019. Profit before tax was TZS 31.8 billion and profit after tax was TZS 21.6 billion - a decline of 19% versus a similar period in 2019.

The Company generated TZS 50.6 billion in operating cash flow to June 30, 2020 of which TZS 15 billion was used to pay corporate tax, TZS 2.5 billion was used to pay investment activities and the final gross dividend of TZS 25 billion for the year ended December 31, 2019.

### Prospects to December 31, 2020

Going forward, the primary focus remains the safety of our employees, business continuity and recovery preparedness. Some positive signs of recovery are emerging as trading conditions return to normal, supported by fiscal and monetary measures announced by the government in June, 2020.

### Dividend

The Board of Directors has approved an interim gross dividend of TZS 250 per share for the half year ended June 30, 2020 (June 30, 2019: TZS 300 per share). The dividend will be paid less 5% withholding tax on or about October 07, 2020. Shares will trade cum-dividend until September 07, 2020.

I wish to thank all stakeholders for their continued support to TCC Plc. I look forward to updating shareholders on the full year performance in early 2021.

#### Condensed statement of comprehensive income for the six months ended June 30, 2020 (Unaudited)

	June 30, 2020	June 30, 2019	%
	TZS M	TZS M	
<b>Gross turnover</b>	<b>237,547</b>	<b>264,686</b>	-10%
<b>VAT</b>	<b>(33,667)</b>	<b>(36,920)</b>	-9%
<b>Revenue</b>	<b>203,880</b>	<b>227,766</b>	-10%
Excise duty	(63,746)	(73,878)	-14%
<b>Net sales</b>	<b>140,134</b>	<b>153,888</b>	-9%
Cost of sales	(66,829)	(67,564)	-1%
<b>Gross profit</b>	<b>73,305</b>	<b>86,324</b>	-15%
Operating expenses	(41,471)	(47,104)	-12%
<b>Profit before tax</b>	<b>31,834</b>	<b>39,220</b>	-19%
Income tax expense	(10,217)	(12,522)	-18%
<b>Profit after tax</b>	<b>21,617</b>	<b>26,698</b>	-19%
<b>Earning per share</b>			
Basic and diluted (TZS per share)	216.17	226.98	

#### Condensed statement of financial position as at June 30, 2020 (Unaudited)

	June 30, 2020	December 31, 2019
	TZS M	TZS M
<b>Assets</b>		
Non-current assets	94,502	97,824
<b>Working capital:</b>		
Current assets	178,853	170,512
Current liabilities	(74,334)	(66,511)
<b>Net working capital</b>	<b>104,519</b>	<b>104,001</b>
<b>Total assets</b>	<b>199,021</b>	<b>201,825</b>
<b>Capital and reserves</b>		
Share capital	2,000	2,000
Retained earnings	175,885	179,269
Defined benefit reserves	5,872	5,872
<b>Shareholders' equity</b>	<b>183,757</b>	<b>187,141</b>
Non-current liabilities	15,264	14,684
<b>Total equity and liabilities</b>	<b>199,021</b>	<b>201,825</b>

#### Condensed statement of cash flows for the six months ended June 30, 2020 (Unaudited)

	June 30, 2020	June 30, 2019
	TZS M	TZS M
Cash generated from operations	50,604	79,845
Interest received	709	1,045
Defined benefit paid	(978)	(98)
Interest paid	(15)	(85)
Taxation paid	(14,849)	(13,489)
<b>Net cash generated by operating activities</b>	<b>35,471</b>	<b>67,218</b>
Net cash used in investing activities	(2,528)	(6,207)
Net cash used in financing activities	(25,285)	(25,000)
<b>Net decrease in cash and bank balances</b>	<b>7,658</b>	<b>36,011</b>
Cash and bank balances at beginning of period	27,771	20,351
<b>Cash and bank balances at end of period</b>	<b>35,429</b>	<b>56,362</b>

#### Condensed statement of changes in equity for the six months ended June 30, 2020 (Unaudited)

	Share capital	Defined benefit reserves	Retained earnings	Total
	TZS M	TZS M	TZS M	TZS M
<b>At January 1, 2019</b>	2,000	5,173	183,021	190,194
Profit for the period	-	-	51,248	51,248
<b>Other comprehensive income</b>	-	699	-	699
<b>Total</b>	<b>2,000</b>	<b>5,872</b>	<b>234,269</b>	<b>242,141</b>
Dividend paid (Final 2018 and Interim 2019)	-	-	(55,000)	(55,000)
<b>Balance as at Dec 31, 2019</b>	<b>2,000</b>	<b>5,872</b>	<b>179,269</b>	<b>187,141</b>
At January 1, 2020	2,000	5,872	179,269	187,141
Profit for the period	-	-	21,617	21,617
<b>Total</b>	<b>2,000</b>	<b>5,872</b>	<b>200,886</b>	<b>208,758</b>
Final dividend paid 2019	-	-	(25,000)	(25,000)
<b>Balance as of June 30, 2020</b>	<b>2,000</b>	<b>5,872</b>	<b>175,886</b>	<b>183,758</b>

  
 Paul Makanza  
 Chairman of the Board, TCC Plc