

COMPANY NEWS

PROPOSAL

Despite improved performance, shareholders will have to wait for a share of profits as the firm focuses on debt servicing

No Tanga Cement dividend yet again

The firm last issued a dividend in 2017, and had since then decided to temporarily halt payments, spending the proceeds on debt servicing

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Dar es Salaam. Shareholders of the Tanga Cement Company Limited (TCCL) - which trades as Simba - will have to wait a little longer before the company issues dividends. This is despite improved performance, as the management had directed that a good chunk of the earnings go to debt servicing.

In 2016, the company commissioned its \$152 million clinker expansion project.

Out of the money, \$100 million

was borrowed from PIC-South Africa, while the remainder was drawn from its own funds.

After the commissioning, it was only in 2017 when the company invoked its dividend payment policy, as servicing the debt became so pressing that profits sharing had to temporarily cease.

In 2017, the board declared - and paid out - Sh80 per share, totalling Sh5 billion in dividends, based on the cement maker's 2016 financial results.

Thereafter, the company halted payment of dividends, spending the proceeds on debt servicing.

Shareholders will take note of the proposal from the Board not to declare a final dividend

TCCL | STATEMENT

TCCL's board of directors said that, despite an improvement in earnings, it would not recommend dividends payment to shareholders

during an Annual General Meeting (AGM) planned for later this month.

The 26th AGM will be conducted virtually through the Microsoft team platform on August 28, according to the statement issued recently to the Dar es Salaam Stock Exchange (DSE) by TCCL.

"Shareholders will take note of the proposal from the Board not to declare a final dividend for the financial year ended 31 December 2019," reads the statement in part, signed by the company secretary, Quresh Ganijee.

The company's share price at the local bourse (DSE) currently stands at Sh600/share, with a total market capitalization of Sh38.20 billion as at the close of trading last week.

The firm's statement also indi-

cates that, during the annual meeting, shareholders will review the financial reports for the year that ended on December 31, 2019. It will also appoint directors of the board.

In the firm's unaudited results for the period that ended on December 31, 2019, the board chairman, Mr Lawrence Masha, said the board has decided to be prudent by committing the currently available cash resources to the company's operational and debt servicing commitments.

The financials show that the TCCL Group's sales revenues increased by three percent - to Sh221 billion, up from Sh215 billion in 2018. The gross profit in 2019 also improved by five percent, rising to Sh59 billion from the Sh56 billion made in 2018.