

TRADE Changing consumers behaviour has resulted in the company losing a lot of money

TCC profit declines by Sh5bn on virus impact

The Covid-19 pandemic has hurt the tobacco industry trading, consumer incomes and spending patterns, resulting in the receding cigarette sales

By Josephine Christopher
@JoclineQ
jchristopher@
tz.nationmedia.com

Dar es Salaam. The Tanzania Cigarette Company Limited Plc (TCC) has revealed that its profit after tax for the six months to June 30, 2020 declined by 19 percent as a result of the impact of the viral Covid-19 pandemic.

In the unaudited financial results for the six months under review issued by TCC board chairman Paul Makanza, the company's profit-after-tax dropped to Sh21.6 billion from the 26.6 billion recorded in the similar period in 2019.

"The impact of Covid-19 on the trading environment, consumer incomes and spending patterns was negative for the period," the company's statement reads in part.

Worldwide, the Covid-19 pandemic has hurt tobacco trading and the industry as a whole, as well as consumer incomes and spending patterns, resulting in receding tobacco sales.

It was also compounded by the consumers' rising health consciousness, as the World Health Organization (WHO) states that tobacco smoking is a known risk factor for many respiratory infections and

increases the severity of respiratory diseases.

"A review of studies by public health experts convened by WHO on April 29, 2020 found that smokers are more likely to develop severe disease with Covid-19, compared to non-smokers," WHO advised.

TCC reported that due to the decline in volume sales and consumer's behaviour to shift into cheaper, lower margin brands its net sales went lower by 9 percent compared to similar period in 2019.

TCC net sales in billions of shillings as of June 2020

140

The company's net sales were Sh140.1 billion in June 2020, down from Sh153.8 billion in 2019.

For the half-year that ended on June 30, 2020 the manufacturer approved a final gross dividend of Sh250 a share to shareholders.

"The board of directors has approved an interim gross dividend of Sh250 per share for the half-year that ended on June 30, 2020; this was down from the Sh300/share paid on June 30, 2019," TCC said in its statement.

Going forward, TCC said it holds positive sentiments as trading conditions return to normal, supported by fiscal and monetary measures announced by the government in June 2020.