

TBL may skip paying dividend in first half year

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TANZANIA Breweries Limited (TBL), the largest brewer inland, may skip issuing dividend in the first half of this year after its operations were affected by Covid-19 pandemic. This is a first time TBL failed to issue a dividend. In the financial statement the brewer said on Wednesday that the decision comes after retaining fund, after paying some obligations, for future activities.

TBL Managing Director, Philip Redman said its net profit dropped by 36 per cent to 47.59bn/- from 73.88bn/- and a big chunk was spent on paying income tax, and capital expenditure. ".... Some were used in financing activities and the remaining funds were retained for future activities," Mr Redman said.

He added: "To ascertain prudent financial discipline and liquidity during the pandemic, a final dividend decision will be taken in the second part of 2020." The Group's reported cash generated from operations was 73.25bn/-, of which 42.98bn/- was utilized to pay corporate income tax, 10.88bn/- to pay

capital expenditure, 5.35bn/- used in financing activities.

The firm, whose share traded at 10,900/-, revenue decreased by 9.0 per cent in the first half of this year impacted by the global Covid-19 pandemic. The group revenue dropped to 429.03bn/- in six months in June compared to 473.49bn/- in similar period last year and most affected period was in April and May.

Mr Redman said that the revenue dropping also affected gross, operating and net profits in six months to June. Also, operating profit decreased by 36 per cent contributed mostly by a decrease of Beer revenues impacted by Covid-19.

Operational Overhead and Sales and Distribution (S&D) costs reduced in the first half of this year while other central costs, exceptional items and recharges have remained stable or increased. Operating margin ended up at 17.1 per cent compared to prior year which ended at 24 per cent.

A total of 10.88bn/- was invested in capital expenditure during the six-month period compared to 26.03bn/- in the first half of similar period last year.