

UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024



Chairman's statement

On behalf of the Board of Directors of Tanzania Cigarette Public Limited Company (TCC Plc), I am pleased to present the unaudited financial results for the first half of 2024.

Strong Performance in H1 2024

The first half of 2024 was marked by robust financial performance. The Company delivered outstanding results in both revenue and profit, underscoring our ability to maintain resilience amidst challenging market conditions, primarily through strategic pricing initiatives.

Key Financial Highlights Include:

Revenue increased by 20% to TZS 216.8 billion, up from TZS 181.4 billion in the same period last year. Gross Profit rose by 26% to TZS 130.6 billion, compared to TZS 103.3 billion in H1 2023. Net Profit grew by 25% to TZS 50.3 billion, from TZS 40.2 billion in H1 2023.

Operating expenses increased by 22% compared to the same period last year. This increase has been driven by foreign exchange losses due to the depreciation of the Tanzanian Shilling against the US Dollar and interest expenses incurred during the period.

Interim Dividend Announcement

The Company generated a robust net operating cash flow of TZS 42.7 billion for the period ended June 30, 2024, underscoring its strong operational performance.

The Board of Directors has approved an interim ordinary gross dividend of TZS 300 per share (H1 2023: TZS 300 per share). The dividend will be paid, less a 5% withholding tax, on or about October 24, 2024. Shares will trade cum-dividend until September 11, 2024.

Outlook for the Remainder of 2024

We recognize the challenges ahead, including increasing competition, rising illicit trade, depreciation of the shilling, and difficulties in securing foreign currency for raw material imports. To tackle these, we are enhancing our competitive strategies, implementing robust measures against illicit trade, and adopting proactive financial management to mitigate the impact of currency depreciation and ensure a steady supply chain.

As we navigate these challenges, our focus remains on delivering value to our shareholders and ensuring long-term growth. By staying agile and responsive to market dynamics, we are confident in our ability to overcome these obstacles and continue driving the company's success.

Acknowledgement

I would like to express my sincere gratitude to our employees for their dedication and hard work, to the Board of Directors for their strategic guidance, and to our customers, consumers, and stakeholders for their continued support. We remain committed to executing our strategy and delivering strong results in the coming months. I look forward to sharing our full-year 2024 results with you in early 2025.

Paul D. Makanza

Chairman of the Board, TCC Plc

Extracts of the financial statements

Statement of comprehensive income for the six months ended June 30, 2024 (Unaudited)

	June '24 TZS MM	June '23 TZS MM
Revenue	216,794	181,392
Cost of sales	(86,214)	(78,076)
Gross profit	130,580	103,316
Expenses		
Marketing, selling and distribution expenses	(16,898)	(17,388)
Administration expenses	(28,364)	(25,155)
Other (expenses)/ gain	(9,768)	(3,580)
Interest income	707	384
Interest expense	(1,689)	(3)
Total Expenses	(56,012)	(45,742)
Profit before tax	74,568	57,574
Income tax expense	(24,292)	(17,420)
Profit after tax	50,276	40,154
Earning per share		
Basic and diluted (TZS per share)	503	402

Condensed Statement of cash flows for the six months ended June 30, 2023 (Unaudited)

	June '24 TZS MM	June '23 TZS MM
Cash flow from Operating Activities		
Profit before taxation	74,568	57,574
Adjustments for:		
Depreciation and amortization	5,540	5,263
Depreciation Right use-of-asset	211	159
Defined benefit expense	1,308	1,435
Foreign Exchange (gain)/loss	2,768	(617)
Interest expense	1,689	3
Interest income	(707)	(384)
Increase/(Decrease) in provisions	(6,198)	(4,708)
Loss/(Gain) on disposal of property, plant and equipment	(85)	(15)
Operating Cash Flows Before Movement In Working Capital	79,094	58,710
Working capital changes:		
(Increase)/Decrease in inventories	3,101	(42,815)
(increase)/Decrease in trade and other receivables	(17,981)	(2,089)
Increase/(Decrease) in trade and other payables	(2,748)	68,663
Cash flows from operating activities	61,466	82,469
Defined benefit paid	(446)	(1,148)
Net interest received	707	384
Interest paid	(2)	(3)
Income tax paid	(19,009)	(17,614)
Net cash generated from operating activities	42,716	64,088
Cash flows from investing activities:		
Purchase of property, plant and equipment	(8,197)	(5,962)
Proceeds from disposal of property, plant and equipment	223	137
Net cash used in investing activities	(7,974)	(5,825)
Cash flows from financing activities:		
Dividends paid to owners of the company	(20,000)	(37,000)
Lease rentals paid	(465)	(4)
Inter-Company Borrowing	26,898	14,517
Net cash used in financing activities	6,433	(22,487)
Net increase in cash and cash equivalents	41,175	35,776
Net foreign exchange difference	670	617
Cash and cash equivalents at the beginning of the year	39,976	17,103
Cash and cash equivalents at the end of the period	81,821	53,496
Represented by:		
Cash and bank balances	81,821	53,496

Statement of financial position as at June 30, 2024 (Unaudited)

	June '24 TZS MM	Dec '23 TZS MM
Assets		
Non-current assets		
Property, plant and equipment	84,911	83,593
Right-of-use assets	284	494
	85,195	84,087
Current Assets		
Inventories	163,761	166,862
Trade and other receivables	76,956	57,681
Cash and bank balances	81,821	39,976
Income tax Receivable	-	2,503
Total Current Assets	322,539	267,022
Total assets	407,734	351,109
Equity and Liabilities		
Equity		
Share capital	2,000	2,000
Defined benefit reserves	7,539	7,538
Retained earnings	183,482	153,186
Total Equity	193,021	162,724
Liabilities		
Non-current liabilities		
Deferred tax liability	4,017	2,322
Defined benefit obligation	14,342	13,479
Lease LT Liability	15	20
Total non-current liabilities	18,373	15,821
Current liabilities		
Trade and other payables	129,751	127,766
Provisions	5,192	11,390
Lease ST Liability	199	193
Income tax payable	1,085	-
Inter-Company borrowing	60,113	33,215
Total current liabilities	196,340	172,564
Total liabilities	214,713	188,385
Total Equity and Liabilities	407,734	351,109

Statement of changes in equity for the six months ended June 30, 2024 (Unaudited)

	Share capital TZS MM	Defined benefit reserves TZS MM	Retained earnings TZS MM	Total TZS MM
At 1st January 2024	2,000	4,250	153,973	160,223
Profit for the period	-	-	66,233	66,233
Other comprehensive income	-	3,288	-	3,288
Dividend paid	-	-	(67,000)	(67,000)
Balance at 31 March 2024	2,000	7,538	153,206	162,744
At 1st April, 2024	2,000	7,538	153,206	162,744
Profit for the period	-	-	50,276	50,276
Other comprehensive income	-	-	-	-
Dividend payment	-	-	(20,000)	(20,000)
Balance at 30 June 2024	2,000	7,538	183,482	193,021

Signed by;

Takashi Araki
Chief Executive Officer

Rachel Thomas
Finance Director