



Unaudited financial results for the six months ended June 30, 2018

Extracts of the financial statements

The Directors of Tanzania Cigarette Public Limited Company (TCC Plc) are pleased to announce the unaudited half year results for the period January 01 to June 30, 2018.

Half year performance

Net sales to June 30, excluding VAT and excise duty, decreased by 1.1% to TZS 139.4 billion compared to TZS 141.0 billion in the same period in 2017.

Gross profit and profit before tax declined by 2.9% to TZS 79.2 billion (June 30, 2017: TZS 81.6 billion) and by 15.8% to TZS 32.9 billion (June 30, 2017: TZS 39.1 billion) respectively. Profit after tax decreased by 11.3% to TZS 22.9 billion compared to TZS 25.8 billion same period last year.

The Company generated TZS 23.6 billion in operating cash flow to June 30, 2018 of which TZS 9.0 billion was used to pay corporate tax, TZS 6.5 billion was used to pay investing activities (including capital investments) and the final gross dividend of TZS 20.0 billion for the year ended December 31, 2017.

Both volume and revenue grew (2.7% and 0.4% respectively) in the six months to June 30, however results were impacted by mix deterioration, the carry-over impact of the 5.0% excise tax increase in July 2017 coupled with investments in marketing and distribution capacity.

Prospects to December 31, 2018

The Directors are optimistic about second half results to December 31, 2018. Positive volume momentum (2.7% higher than the corresponding period in 2017 with export volume higher by 12.8%), improved pricing conditions and no increase in excise duty rates (as announced by the government in the June 2018 national budget) support this view. Management will continue to take appropriate actions to achieve its revenue and profit targets for the year.

Dividend

The Directors have resolved to declare an interim gross dividend of TZS 200 per share for the half year ended June 30, 2018 (June 30, 2017: TZS 200 per share). The dividend will be paid less 5.0% withholding tax on or about October 11, 2018 to shareholders registered at the close of business on September 12, 2018. Shares will trade cum-dividend till September 7, 2018.

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 2019.

Paul Makanza

Chairman