



# Tanzania Breweries Ltd.

Interim Results for the six months ended 30 September 2010

## Highlights

**Revenue**  
grew by 17% to Tsh 293 billion

**Operating Profit**  
up by 10% to Tsh 70 billion

**Cash Generated**  
from operations amounted to Tsh 108.5 billion

**Earnings per share**  
up 0.4% to Tsh 131.5

### Company Profile

Tanzania Breweries Limited (TBL) manufactures sells and distributes clear beer, alcoholic fruit beverages (AFB's) and non-alcoholic beverages. TBL has a controlling interest in Tanzania Distilleries Limited.

### Overview of SABMiller

SABMiller plc is one of the world's largest brewers with brewing interests or distribution agreements in over 60 countries across five continents. The group's brands include premium international beers such as Miller Genuine Draft, Peroni Nastro Azzurro and Pilsner Urquell, as well as an exceptional range of market leading local brands. Outside the USA, SABMiller plc is also one of the largest bottlers of Coca-Cola products in the world. Recently SABMiller Plc acquired Foster's brand in India and its operations.

SABMiller plc is listed on the London and Johannesburg Stock Exchanges.

## Financial performance

The Tanzania Breweries Limited group of companies (TBL) has once again posted a strong performance for the six months ended 30 September 2010. Revenue grew by 17% on the same period last year due to gains in market share as well as from improving product mix as the premium segment continues to expand.

Depreciation of the Tanzanian shilling against major trading partners' currencies resulted in increased pressure on the cost of imported goods and raw materials, whilst the significant rise in fuel prices adversely affected distribution costs. The impact of these increases was minimised by effective cost controls and improved efficiencies. This resulted in a 12% gross profit growth above the same period last year.

Increased marketing spend on all brands continued to focus on brand innovation. Castle Lite was launched in the new 375ml green bottle, complementing Ndovu Special Malt in the premium category which continues to reflect volume performance well above expectation. Safari Lager benefited from the national roll-out of the long neck 500ml returnable bottle. Grand Malt, a non-

alcoholic malt drink, launched in April 2010, has also resonated well with consumers.

Our new brewery in Mbeya which was successfully commissioned during the first half of the year allowed us to substantially reduce distribution costs in the southwest region.

The company continues to embark on its expansion and facility upgrade programmes required to meet anticipated market growth. For the period under review a total of Tsh 29 billion has been invested in this programme with an additional Tsh 22 billion still to be spent in the second half of the financial year.

From the total cash generated from operations amounting to Tsh 108.5 billion, Tsh 15.4 billion was utilised to pay corporate tax, while the remaining Tsh 93.1 billion went towards funding interest and capital expenditure as well as towards the reduction of borrowings.

**Robin Goetzsche**

**Managing Director**

## PROFIT & LOSS ACCOUNT

	2010 Tsh M	2009 Tsh M	% Change
<b>Revenue</b>	<b>292,755</b>	250,761	17
Cost of sales	( 161,433)	(133,457)	
<b>Gross profit</b>	<b>131,322</b>	117,304	12
Selling and distribution costs	( 43,961)	(37,620)	
Administrative expenses	( 19,233)	(15,120)	
Other income	1,959	(993)	
<b>Operating profit</b>	<b>70,087</b>	63,571	10
Finance costs	( 9,785)	(4,521)	
<b>Profit before income tax</b>	<b>60,302</b>	59,050	2
Income tax	( 18,090)	(17,885)	
<b>Profit for the period</b>	<b>42,212</b>	41,165	3
<b>Attributable to:</b>			
Equity holders of the parent	38,771	38,619	
Minority interest	3,441	2,547	
	42,212	41,165	3
Weighted ave.number of shares in issue	294,928,463	294,928,463	
Total number of shares in issue	294,928,463	294,928,463	
<b>Earnings per share (Tsh)</b>	<b>131.5</b>	130.9	0.4
<b>Interim dividend per share (Tsh)</b>	<b>0.0</b>	60.0	

## CASH FLOW STATEMENT

	2010 Tsh M	2009 Tsh M	% Change
<b>Cash generated from operating activities</b>			
Operating profit	70,087	63,571	10
Adjusted for:			
Depreciation & amortisation	13,700	8,306	
Profit on sale of property plant and equipment	( 59)	( 123)	
Foreign exchange losses on loans	-	600	
Other non-cash items	1,361	914	
	85,089	73,268	16
Changes in working capital	23,367	( 34,977)	
<b>Cash generated from operations</b>	<b>108,456</b>	38,291	183
Interest paid	( 9,813)	( 2,152)	
Taxation paid	( 15,408)	( 19,454)	
<b>Net cash inflow from operating activities</b>	<b>83,235</b>	16,685	399
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	( 29,036)	( 57,715)	-50
Proceeds from disposals	126	123	
<b>Net cash used in investing activities</b>	<b>( 28,910)</b>	( 57,592)	-50
<b>Cash flows from financing activities</b>			
Dividends paid to group shareholders	-	( 13,784)	
Dividends paid to minority shareholders	( 2,433)	( 1,750)	
Increase in non-group indebtedness	50,550	-	
(Decrease)/Increase in intergroup indebtedness	( 42,209)	51,314	
Other items	190	-	
<b>Net cash used in financing activities</b>	<b>6,098</b>	35,780	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>60,423</b>	( 5,127)	
Cash and cash equivalents at 1 April	( 93,476)	( 96,428)	
<b>Cash and cash equivalents at 30 September</b>	<b>( 33,053)</b>	( 101,555)	

## BALANCE SHEET

	2010 Tsh M	2009 Tsh M	% Change
<b>ASSETS</b>			
<b>Non current assets</b>			
Intangible assets	40,674	40,454	
Property plant and equipment	304,847	247,480	
Investments	88	88	
Other receivables	62	97	
	345,671	288,119	20
<b>Current assets</b>			
Inventories	86,696	85,990	
Accounts receivable	20,314	29,170	
Income tax recoverable	2,850	-	
Bank and cash balances	9,896	9,039	
	119,756	124,199	-4
<b>Total assets</b>	<b>465,427</b>	412,318	13
<b>EQUITY</b>			
Share capital	29,493	29,493	
Share premium	45,346	45,346	
Retained earnings	161,283	100,220	
	236,122	175,059	
Minority interests	4,883	3,515	
<b>Total equity</b>	<b>241,005</b>	178,574	35
<b>Non-current liabilities</b>			
Borrowings	50,550	-	
Deferred income tax	29,640	10,308	
Provisions	301	342	
	80,491	10,650	
<b>Current liabilities</b>			
Trade creditors	55,984	43,980	
Other payables	42,585	56,993	
Income tax payable	-	6,049	
Borrowings	42,948	110,594	
Dividends payable	2,414	5,478	
	143,931	223,094	-35
<b>Total equity and liabilities</b>	<b>465,427</b>	412,318	

## STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital Tsh M	Share premium Tsh M	Retained earnings Tsh M	Minority Interest Tsh M	Total Tsh M
<b>Balance at 1 April 2009</b>	29,493	45,346	79,298	2,718	156,855
Net profit after tax	-	-	38,618	2,547	41,165
Interim dividend paid	-	-	( 17,696)	( 1,750)	( 19,446)
<b>Balance at 30 September 2009</b>	<b>29,493</b>	<b>45,346</b>	<b>100,220</b>	<b>3,515</b>	<b>178,574</b>
<b>Balance at 1 April 2010</b>	<b>29,493</b>	<b>45,346</b>	<b>122,512</b>	<b>3,875</b>	<b>201,226</b>
Net profit after tax	-	-	38,771	3,441	42,212
Interim dividend paid	-	-	-	( 2,433)	( 2,433)
<b>Balance at 30 September 2010</b>	<b>29,493</b>	<b>45,346</b>	<b>161,283</b>	<b>4,883</b>	<b>241,005</b>



A subsidiary of SABMiller plc