

SWISSPORT TANZANIA PLC AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Commentary

The Board of Directors of Swissport Tanzania Plc is pleased to publish the audited financial results of the Company for the year ended 31 December 2019. During the year, total revenue decreased from TZS 48,637M to TZS 35,814M and total operating costs decreased from TZS 37,872M to TZS 32,321M. As a result, net profit dropped to TZS 2,311M from TZS 7,459M reported in 2018. The decrease in revenue was attributed by the decline in yield and reduced business volume in the ground handling business. Consequently, the overall financial results of the Company was negatively affected, despite measures taken by the management to reduce operating costs.

Dividend to shareholders

No dividend is declared during the year to enable the company to use the available cash to settle its maturing obligations (in 2018, a dividend of TZS 3,730M or TZS 103.61 per issued and fully paid share was declared).

Future Outlook

Before the outbreak of COVID-19, we envisaged the financial performance for 2020 to improve significantly from 2019 as all product lines (ground and cargo handling) were anticipated to perform better. This was mainly attributed by the retention of airline customers and the acquisition of Air Tanzania, the National Carrier, as our new customer from 1st January 2020.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME For the Year Ended 31 December 2019	2019 TShs M	2018 TShs M	Change %
Revenue	35,446	48,214	(26%)
Other operating income	368	423	(13%)
Total revenue	35,814	48,637	(26%)
Total operating expenses	32,321	37,872	(15%)
Operating profit	3,493	10,765	(68%)
Finance costs	186	-	100%
Profit before income tax	3,307	10,765	(69%)
Income tax expense	996	3,306	(70%)
Profit for the period	2,311	7,459	(69%)
Other comprehensive income	(1,225)	204	(700%)
Total comprehensive income for the year	1,086	7,663	(86%)
Earnings per share	64.19	207.19	(69%)

STATEMENT OF FINANCIAL POSITION As At 31 December 2019	2019 TShs M	2018 TShs M	Change %
ASSETS			
Non-current assets			
Intangible asset	16,920	19,232	(12%)
Property and equipment	16,131	16,150	(0%)
Right of use of assets	1,099	-	100%
Deferred tax assets	513	562	(9%)
Staff receivables	157	289	(46%)
	34,820	36,233	(4%)
Current assets			
Inventories	408	392	4%
Trade and other receivables	6,944	6,200	12%
Income tax recoverable	1,678	604	178%
Cash and cash equivalents	3,435	4,277	(20%)
	12,465	11,473	9%
Total assets	47,285	47,706	(1%)
EQUITY AND LIABILITIES			
Equity			
Share capital	360	360	0%
Retained earnings	30,550	33,195	(8%)
Total equity	30,910	33,555	(8%)
Non-current liabilities			
Lease Liabilities (long term)	587	-	100%
Retirement benefit obligations	3,027	3,026	0%
	3,614	3,026	19%
Current liabilities			
Trade and other payables	12,192	10,166	20%
Interest bearing loan	-	959	(100%)
Lease Liabilities (short term)	569	-	100%
	12,761	11,125	15%
Total equity and liabilities	47,285	47,706	(1%)

However, the outbreak of COVID-19 negatively affects the Company's forecast for the remainder of the financial year. The effects associated to this pandemic will determine the financial impact. The aviation sector is amongst those that are hit hardest by this crisis; at the time of this publication, international passenger traffic has come to a complete stop while air cargo volumes have reduced significantly. The Company's financial performance for 2020 will depend on the time it will take for the COVID-19 crisis to be contained and for the aviation to resume normal operations.

Appreciation

The Board would like to thank all customers for their patronage and is looking forward to continue serving them in 2020. The Board would also like to commend staff and the management for their valuable contributions.


Jeroen de Clercq
Board Chairman

STATEMENT OF CASH FLOWS For the Year Ended 31 December 2019	2019 TShs M	2018 TShs M
Profit before income tax	3,307	10,765
Adjustment for:		
Depreciation of property and equipment	2,414	2,469
Amortization of intangible assets	2,312	2,383
Depreciation of right of use of assets	609	-
Unrealized exchange loss on bank loan	-	4
(Loss)/gain on disposal of property and equipment	(141)	45
Interest expenses on lease liability	186	-
Interest expense on loan	23	251
Provision for retirement benefit obligations	436	642
Provision for loss allowance	63	2,112
Working capital adjustment		
Increase in inventories	(16)	(8)
Increase in trade and other receivables	(675)	(1,150)
Increase/(decrease) in trade and other payables	710	(1,703)
	9,228	15,810
Retirement benefit paid	(1,354)	(892)
Interest paid on lease liability	(186)	-
Interest paid on loan	(23)	(251)
Income tax paid	(1,496)	(3,407)
Cash generated from operating activities	6,169	11,260
Investing activities		
Proceeds from sale of property and equipment	162	-
Purchase of property and equipment and intangible assets	(2,416)	(5,458)
Cash used in investing activities	(2,254)	(5,458)
Financing activities		
Loan repayment	(959)	(3,643)
Dividends paid to the Company's shareholders	(3,246)	(2,586)
Payment of principle lease liabilities	(552)	-
Cash used in financing activities	(4,757)	(6,229)
Net decrease in cash and cash equivalents	(842)	(427)
Cash and cash equivalents at 1 January	4,277	4,704
Cash and cash equivalents at 31 December	3,435	4,277



NOTICE OF THE 35TH ANNUAL GENERAL MEETING

The Company shall not convene its AGM due to the ongoing meeting restrictions because of COVID-19. Notice for the AGM shall be released once meeting restriction is uplifted.

From landing to take-off: we care !


Jeroen de Clercq
Board Chairman


Mrisho Yassin
Chief Executive Officer


Imani Mtafya
Chief Financial Officer