

SWISSPORT TANZANIA PLC AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Commentary

"The Board of Directors of Swissport Tanzania Plc. hereby publishes the audited statements of profit or loss and other comprehensive income, financial position and cash flows for the year ended 31 December 2020. Compared to the previous year, total income decreased by 25% from TShs 35,814 million to TShs 26,739 million and total operating costs declined by 7% from TShs 32,298 million to TShs 30,003 million. Consequently, the Company reports a net loss of TShs 2,587 million compared to a net profit of TShs 2,311 million reported in the previous year. The decrease in revenue and profit was caused by the adverse impact of the COVID-19 pandemic on the aviation industry. During the pandemic, airline customers significantly reduced their operations or suspended flights altogether. This significantly impacted number and size of aircraft handled and to a smaller extent the volume of cargo handled. As a result, the Company largely relied on domestic operations which uses smaller types of aircraft that command lower yields. In response to the situation, management implemented drastic cost mitigation measures. However, due to a combination of prevailing fixed costs and variable costs incurred to accommodate operational requirements necessary to serve our airports, the instituted measures did not fully compensate the loss in revenue and total income.

Dividend to Shareholders

In view of the reported financial loss, the Board has not declared interim or final dividends to the shareholders for year 2020.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the Year Ended 31 December	2020 TShs M	2019 TShs M	% Change
Revenue	26,419	35,446	(25%)
Other operating income	320	368	(13%)
Total income	26,739	35,814	(25%)
Total operating expenses	30,003	32,298	(7%)
Operating (loss)/profit	(3,264)	3,516	(193%)
Finance costs	287	209	100%
(Loss)/profit before income tax	(3,551)	3,307	(207%)
Income tax claim/(expense)	964	(996)	(197%)
(Loss)/profit for the period	(2,587)	2,311	(212%)
Other comprehensive income/(loss) net of tax	58	(1,225)	(105%)
Total comprehensive (loss)/income for the year	(2,529)	1,086	(333%)
Earnings per share	(71.86)	64.19	(212%)
Dividend per share	-	32.10	(100%)

STATEMENT OF FINANCIAL POSITION As At 31 December	2020 TShs M	2019 TShs M	% Change
ASSETS			
Non-current assets			
Intangible asset	14,510	16,920	(14%)
Property and equipment	16,345	16,131	1%
Right of use of assets	1,930	1,099	76%
Deferred tax assets	1,421	513	177%
Staff receivables	148	157	(6%)
	34,354	34,820	(1%)
Current assets			
Inventories	423	408	4%
Trade and other receivables	7,720	6,944	11%
Income tax recoverable	1,983	1,678	18%
Cash and cash equivalents	7,735	3,435	125%
	17,861	12,465	43%
Total assets	52,215	47,285	10%
EQUITY AND LIABILITIES			
Equity			
Share capital	360	360	-
Retained earnings	28,021	30,550	(8%)
Total equity	28,381	30,910	(8%)
Non-current liabilities			
Lease Liabilities (long term)	1,510	587	157%
Interest bearing loan	2,574	-	100%
Retirement benefit obligations	2,567	3,027	(15%)
	6,651	3,614	84%
Current liabilities			
Trade and other payables	14,605	12,192	20%
Interest bearing loan	2,055	-	100%
Lease Liabilities (short term)	523	569	(8%)
	17,183	12,761	35%
Total equity and liabilities	52,215	47,285	10%

Future Outlook

The future of the aviation industry is still clouded with uncertainties due to the ongoing COVID-19 pandemic, which continues to impose travel restrictions and cause declined passenger numbers. However, it is our expectation that the global roll-out of COVID-19 vaccine programs will accelerate business recovery. In Tanzania, business recovery has been modestly encouraging: our ground handling business is now operating at around 55% of the pre-COVID volumes while the cargo business has almost fully recovered. A significant number of our airline customers have resumed operations, albeit with less frequencies, and some are operating smaller aircraft compared to pre-COVID. The Company's business outlook has been prepared on the basis of the current airline performance trend and the expected business recovery rate; management is confident that the Company projections for year 2021 will be achieved.

Management is carefully monitoring the situation and taking appropriate cost mitigation measures to ensure the sustainability of the business. Measures are also taken to protect the safety and health of our staff, and the travelling community, while supporting the airlines as they continue to ramp up their operations and responding to the rapidly changing business landscape.

Appreciation and commitment

The Board would like to thank all customers, authorities and other stakeholders for their support and our employees for their hard work during these unprecedented times. The Board is committed to implement appropriate strategies to ensure the business remains sustainable in the post COVID-19 era.


Jeroen de Clercq
Board Chairman

STATEMENT OF CASH FLOWS For the Year Ended 31 December	2020 TShs M	2019 TShs M
(Loss)/profit before income tax	(3,551)	3,307
Adjustment for:		
Depreciation of property and equipment	2,300	2,414
Amortization of intangible assets	2,410	2,312
Depreciation of right of use of assets	665	609
Loss on disposal of property and equipment	(6)	(141)
Interest expenses on lease liability	253	186
Interest expense	34	23
Provision for retirement benefit obligation	392	436
Provision for loss allowance	312	63
Rent concession	(169)	-
Working capital adjustment		
Increase in inventories	(15)	(16)
Decrease/(increase) in trade and other receivables	2,938	(675)
(Decrease)/increase in trade and other payables	(1,036)	710
	4,527	9,228
Retirement benefit paid	(422)	(1,354)
Interest paid on lease liability	(253)	(186)
Income tax paid	(387)	(1,496)
Cash generated from operating activities	3,465	6,169
Investing activities		
Proceeds from sale of property and equipment	6	162
Purchase of property and equipment	(2,514)	(2,416)
Cash used in investing activities	(2,508)	(2,254)
Financing activities		
Proceeds from loan	4,595	-
Loan repayment	-	(959)
Dividends paid to Company's shareholders	(802)	(3,246)
Payment of principle lease liabilities	(450)	(552)
Cash generated/(used) in financing activities	3,343	(4,757)
Net decrease in cash and cash equivalents	4,300	(842)
Cash and cash equivalents at 1 January	3,435	4,277
Cash and cash equivalents at 31 December	7,735	3,435



From landing to take-off: we care !


Jeroen de Clercq
Board Chairman


Mrisho Yassin
Chief Executive Officer


Imani Mtafya
Chief Financial Officer