



STATEMENT ON TANGA CEMENT 1st QUARTER 2016

Tanga Cement [DSE Ticker: TCCL] has reported a 234% year on year growth in the first quarter operating EBITDA margins, from Tshs 2.9bn in March 2015 to Tshs 9.7bn in March 2016 on the back of reduced cost of goods which was driven by reduced costs in clinker production. This achievement marks an improvement in the Company's trading results for the first quarter of 2016 over both the comparative period in 2015 as well as the full year ended 31 December 2015.

The significant change in profitability recorded in the first quarter 2016 positively reflects the merits of our strategic focus of 2016 targeted at driving low cost production while ensuring best in class quality. The Board and Management remain confident of the strategy and its ability to replicate similar high growth performance throughout the year.

Growth in operating EBITDA reported in the first quarter of 2016 led to a net income after tax of Tshs 8.7bn up from a loss position of Tshs 199million in the same period of 2015. The profitability was recorded in spite of a very competitive landscape.

While the industry continues to experience a tumultuous run driven by entry of new players in the market and competition on pricing, Tanga Cement's adopted strategy focuses on internal capacity creation for sustained long term value to our shareholders. The company commissioned a new clinker production plant which uses technology to ensure quality consistency. We also signed a memorandum of understanding (MoU) with Tanzania Railways Limited (TRL) to get direct rail transport of our product from Tanga to various regions. This reinforces our cost mitigation strategy and will effectively result in lower distribution costs to increase the operating margins and net profitability further.

In addition to the corporate strategy and operational efficiency, The Board of Tanga Cement acknowledges that corporate governance and good management go a long way in securing long term value to shareholders. During the period under review the Board appointed Mr. Raymond Mbilinyi as an Independent Non-Executive Director, and Pieter De Jager was confirmed as Director & Chief Financial Officer. The Board is pleased with in the two appointees' whose experience and competence promises to deliver great value to shareholders and are keen to support the management team of Tanga Cement in realizing the Company's vision.

Financial Highlights

- EBITDA 234% higher than Q1 2015
- Positive net profit compared to a loss in Q1 2015
- Capital expenditure in line with budget

Operational Highlights

- Clinker production 43% higher than Q1 2015

(Unaudited Results)	Three Months Ended 31 March 2016	Three Months Ended 31 March 2015	Full Year Ended 31 Dec 2015
Gross Profit Margin (%)	34%	13%	21%
Operating EBITDA Margin (%)	24%	6%	14%
Operating Profit Margin (%)	20%	3%	10%
Net Income Margin (%)	21%	0%	3%