

Chairperson's Statement



Introduction

Tanga Cement Public Limited Company ended the 2015 financial year on a high note when the company started up its second kiln for the first time on the 4 December 2015 and produced the first clinker from the new kiln line on the 10 December 2015, in accordance with the original project plan.

This is a significant achievement for Tanga Cement Plc as the project was executed within the planned timeframe and without lost time injury. The project is also estimated to be concluded within the approved capex budget of United States Dollar One Hundred fifty two million (USD 152 m).

On behalf of the Board of Directors, I would like to use this opportunity to congratulate the Tanga Cement team together with the technical support provided by AfriSam. Your dedication to the project has confirmed the company's ability and expertise to successfully execute a project of such magnitude. An achievement we can be extremely proud of.

Market overview

Tanzania continues to enjoy relatively high levels of economic growth compared to other countries in Sub-Saharan Africa, which is underpinned by the increasing infrastructure development activity that supports economic growth.

The Tanzania cement market has grown at an annual rate exceeding ten percent (10%) over the past decade and an annual growth rate of at least eight percent (8%) is expected over the next five years. Due to the attractiveness of this market, we have seen a significant increase in competitors from three (3) producers in 2011 to six (6) producers in 2015. This number is expected to increase to eleven (11) producers by 2016. Imports from neighbouring East African countries as well as the Middle East also contribute towards cement supply currently exceeding demand in this market. This has resulted in an extremely competitive environment, placing significant downward pressure on prices.

While the situation in Tanzania has become very competitive, many opportunities still exist and Tanga Cement Plc remains well positioned to take advantage of these to ensure its sustainability and prosperity going forward.

Financial and Operational Overview

The increase in new entrants and imports in 2015 impacted Tanga Cement Plc's ability to achieve its budgeted sales volumes. This together with the downward pressure on cement prices are reflected in the company's financial performance.

“ In line with its dividend policy the company declared an interim dividend totalling Tzs 3.50 billion (2014: Tzs 3.49 billion) being Tzs 55 per share (2014: Tzs 55 per share). ”

Improving operational efficiencies and containing production costs continues to be a major focus for the company. We experienced some set-backs in terms of overall equipment efficiencies and some unplanned equipment failures during the year. The unavailability and poor quality of electricity supply from the national utility remains a major challenge for equipment efficiency which resulted in the importing of more expensive clinker which negatively impacted on the cost of production of cement. This will no longer be required after the commissioning of the second kiln. Improvement of the equipment efficiency will continue to be a significant focus area during 2016.

During 2015 the Group experienced a decline in sales revenue of nine point nine percent (9.9%) due to increased competition from new entrants to the market which put downward pressure on sales prices and volumes.

At a macroeconomic level we witnessed a significant devaluation of the Tanzania shilling to the US Dollar in excess of twenty percent (20%).

The Group accounted for realised and unrealised losses on foreign exchange amounting to Tanzania shillings nine point nine seven (Tzs 9.97 bn) billion (2014: Tzs 3.65 bn gain).

The Group achieved a net profit for the year of Tanzania shillings eight point two four (Tzs 8.24 bn) billion (2014: Tzs 28.40 bn).

Our Brand

Tanga Cement Plc, under its brand name, Simba Cement, introduced a campaign in 2015 to reinvigorate its brand and to communicate its new brand proposition – ‘STRENGTH WITHIN’ to the market. This new brand positioning statement is not only reflective of the quality of Simba Cement, but is testament to the greatness of the Tanzanian people and what we are able to achieve. This has been a very successful initiative and won Simba Cement the status of ‘Super Brand’ in the East African region.

Sustainability

Safety remains our priority and 2015 was no different. We undertake to return each employee home safely at the end of each shift with the utmost care. We posted a positive safety performance during 2015 and recorded a Lost Time Injury Frequency Rate of zero point six nine (0.69) for the year. This is a significant achievement taking to account of the large scale construction activities and numerous contractors on site during the construction of the second kiln line.

Our environmental performance has remained on track, with the critical emissions below the legal limit on a monthly average basis throughout the year.

Tanga Cement Plc continued to support the local communities by focusing on the four main Corporate Social Investment areas of Education, Health, Community development and Environment.

Future Outlook

We expect market conditions to remain challenging in the coming year, but management is confident that our initiatives will yield positive financial returns. A number of critical infrastructure projects have been approved by the Tanzanian Government funded by both sovereign foreign direct investments and private investors, and these are most likely to increase demand for our products.

Tanga Cement Plc has been producing cement for the people of Tanzania for nearly forty (40) years and we are proud of the contribution we have made to the development of Tanzania. I look forward to Tanga Cement Plc’s continued journey in providing the consistent superior quality cement that our country depends on to build an everlasting legacy.

Dividends

In line with its dividend policy the company declared an interim dividend totalling Tanzania shillings three point five zero (Tzs 3.50 bn) billion (2014: Tzs 3.49 bn) billion being Tanzania shillings fifty five (Tzs 55) per share (2014: Tzs 55 per share). The company declared a final dividend for 2015 of Tanzania shillings twenty five (Tzs 25) per share on Tanzania shillings five point one (Tzs 5.1 bn) billion for the financial year under review.

Conclusion

On behalf of the Board Directors, I would like to thank the employees of Tanga Cement Plc for the passion they have for the company and their commitment to ensuring its success.

We look forward to celebrating many successes together in 2016.



Advocate Lau Masha
Chairperson of the Board

Waraka wa Mwenyekiti



Utangulizi

Tanga Cement Public Limited Company ilimaliza mwaka wa kifedha wa 2015 kwa kumbukumbu nzuri ambapo kampuni ilianzisha tanuru yake ya pili kwa mara ya kwanza tarehe 4 Disemba 2015 na kuzalisha klinka ya kwanza kutoka kwenye tanuru hili tarehe 10 Disemba 2015, kwa mujibu wa mpango wa awali wa mradi.

Hili ni fanikio kubwa kwa Tanga Cement Plc ambapo mradi ulikamilika ndani ya muda uliopangwa na bila kusababisha upotevu wa muda kutokana na watu kuumia. Inakadiriwa kuwa mradi utakamilika kwa kutumia bajeti ya Dola za kimarekani milioni mia moja hamsini na mbili (US\$152 mili) iliyoidhinishwa awali kwaajili ya mradi.

Kwa niaba ya Bodi ya Wakurugenzi, napenda kutumia fursa hii kuipongeza timu ya Tanga Cement pamoja na msaada wa kiufundi uliotolewa na AfriSam. Kujitoa kwenu katika mradi huu kumethibitisha uwezo wa kampuni na utaalamu ulioleta mafanikio ya kutekeleza mradi huu mkubwa. Mafanikio ambayo tunaweza kujivunia sana.

Mtazamo Wakiuchumi

Tanzania inaendelea kufurahia kiasi cha juu cha ukuaji wa uchumi ikilinganishwa na nchi nyingine za Afrika zilizoko katika ukanda wa Jangwa la Sahara, ambao unasababishwa na kuongezeka kwa shughuli za maendeleo ya miundo mbinu ambazo zinasaidia ukuaji wa uchumi.

Soko la simenti Tanzania limekua kwa kiwango kinachozidi asilimia kumi (10%) katika muongo mmoja uliopita na kiwango cha ukuaji kwa mwaka kinatarajiwa kuwa asilimia nane (8%) kwa kipindi cha miaka mitano. Kutokana na mvuto wa huu wa soko, tumeshuhudia ongezeko kubwa la washindani kutoka wazalishaji wa tatu (3) mwaka 2011 mpaka wazalishaji sita (6) mwaka 2015. Idadi hii inatarajiwa kuongezeka kufikia wazalishaji kumi na moja (11) ifikapo mwaka 2016. Uingizwaji wa bidhaa kutoka nchi jirani za Afrika Mashariki pamoja na Mashariki ya Kati pia kumechangia uwepo wa simenti kwa kiwango cha juu sana ikilinganishwa na mahitaji katika soko hili. Hii imesababisha mazingira ya ushindani sana, na kuweka shinikizo kubwa la ushukaji wa bei.

Wakati hali nchini Tanzania imekuwa ya ushindani sana, fursa nyingi bado zipo na Tanga Cement Plc bado inajiweka kwenye nafasi nzuri ya kufaidika na hizi fursa ili kuhakikisha uendelevu wake na kuendelea kustawi.

“Sambamba na sera yake ya magawio kampuni alitangaza gawio la muda jumla Tsh 3.50 bilioni (2014: shilingi 3.49 bilioni) kuwa shilingi 55 kwa kila hisa (2014: Tsh 55 kwa kila hisa).”

Ufanisi wa Kifedha na Kiutendaji

Uboreshaji ufanisi wa kiutendaji pamoja na kudhibiti gharama za uzalishaji utaendelea kuwa lengo kuu la kampuni. Tumekutana na vipingamizi tofauti tofauti upande wa ufanisi wa mitambo kwa ujumla na mitambo kushindwa kufanya kazi bila kutarajia katika kipindi cha mwaka husika. Kutokupatikana kwa umeme na usambazaji wa umeme usio bora kutoka shirika la ugavi wa umeme la taifa vimeendelea kuwa changamoto kwa upande wa ufanisi wa mitambo ambavyo vimesababisha uagizaji toka nje wa klinka ambayo ni ghali na inaathiri gharama zetu za uzalishaji wa simenti. Hali hii ya kuagiza klinka toka nje haitojirudia tena baada ya kuzindua tanuru ya pili. Uboreshaji wa ufanisi wa mitambo utaendelea kuwa lengo kuu kwa mwaka 2016.

Mwaka 2015 kampuni (kundi) liliathiriwa na kushuka kwa mapato ya mauzo kwa asilimia tisa nukta tisa (9.9%) kutokana na kuongezeka kwa ushindani kutoka kwa wazalishaji wapya sokoni ambao umesababisha shinikizo la ushushaji bei ya bidhaa na kushuka kwa kiwango cha mauzo. Kwa upande wa kiwango cha uchumi mkuu tumeshuhudia kushuka kwa thamani ya shilingi ya kitanzania ikilinganishwa na dola ya kimarekani kwa zaidi ya asilimia ishirini (20%).

Kampuni (kundi) limepata hasara iliyotambuliwa na isiyotambuliwa katika ubadilishaji wa fedha za kigeni iliyofikia kiasi cha shilingi za kitanzania bilioni tisa nukta tisa saba (Tsh 9.97 bili) ambapo mwaka 2014 ilipata ongezeko la shilingi za kitanzania bilioni tatu nukta sita tano (2014 : Tzs 3.65 bili).

Chapa yetu

Tanga Cement Plc, chini ya jina la chapa yake, Simba Simenti, ilianzisha kampeni mwaka 2015 ili kuimarisha chapa yake sokoni na kuipa nguvu chapa ya bidhaa zake katika kauli mpya – 'STRENGTH WITHIN'. Kauli hii mpya iliyowasilishwa sokoni lengo lake sio kuakisi ubora wa Simba Simenti tu, lakini ni ushahidi wa ukuu wa watu wa Tanzania na kile ambacho tunaweza kukipata. Jambo hili limekuwa la mafanikio makubwa sana na kuiwezesha Simba Simenti kushinda hadhi ya ubora ya 'Super Brand' katika eneo la ujenzi kwa kanda ya Afrika Mashariki.

Uendelevu

Usalama bado ni kipaumbele chetu na mwaka 2015 haukuwa wa tofauti. Tulihakikisha tunamrudisha kila mfanyakazi nyumbani kwa usalama kila baada ya muda wa kazi kwa uangalifu mkubwa. Tumeweka rekodi chanya ya ufanisi kwa upande wa usalama mwaka 2015 na kumbukumbu za mzunguko wa muda uliopotea kutokana na madhara ya kiusalama kwa kiwango cha sufuri nukta sita tisa (0.69) kwa mwaka. Haya ni mafanikio makubwa ikizingatiwa na shughuli kubwa za ujenzi na makandarasi mbalimbali kwenye eneo letu wakati wa ujenzi wa tanuru ya pili.

Ufanisi wetu upande wa mazingira umebaki kuwa juu kama inavyotakiwa, kukiwa na uzalishaji mdogo wa vumbi ulio chini ya kikomo kisheria na juu ya wastani tuliojiwekea kwa kila mwezi kwa misingi kwa mwaka mzima. Tanga Cement Plc iliendelea kusaidia jamii kwa kulenga maeneo manne makuu ya Uwekezaji Kijamii kwenye Elimu, Afya, Maendeleo ya Jamii na Mazingira.

Matarajio ya Baadaye

Tunatarajia hali ya soko kubaki changamoto katika mwaka ujao, lakini uongozi una uhakika kwamba mipango yetu italeta matokeo chanya ya kifedha. Idadi ya miradi ya miundombinu muhimu imepitishwa na Serikali ya Tanzania na kufadhiliwa kwa pamoja na uwekezaji huru wa kigeni wa moja kwa moja na wawekezaji binafsi, na haya yanaweza kuongeza mahitaji ya bidhaa zetu. Tanga Cement Plc imekuwa ikizalisha simenti kwa ajili ya wananchi wa Tanzania kwa karibu miaka arobaini (40) na tunayo fahari ya mchango tulioutoa kwa maendeleo ya Tanzania. Natarajia Tanga Cement Plc itaendelea na safari ya kuzalisha simenti yenye ubora thabiti kwa nchi yetu kwaajili ya kujenga urithi wa milele.

Gawio

Sambamba na sera yake ya magawio, kampuni ilitangaza gawio la muda la jumla ya shilingi za kitanzania bilioni tatu nukta tano sifuri (Tsh 3.50 bili) (2014: shilingi 3.49 bili) ambazo ni shilingi hamsini na tano (Tsh 55) kwa kila hisa (2014: Tsh 55 kwa kila hisa). Kampuni imetangaza gawio la mwisho kwa mwaka 2015 la shilingi za kitanzania ishirini na tano (Tsh 25) kwa kila hisa. Hii inafanya gawio kamili la mwaka kuwa shilingi za kitanzania themanini (Tsh 80) kwa kila hisa au shilingi za kitanzania bilioni tano nukta moja (Tsh 5.1bili) kwa mwaka wa mapitio ya fedha.

Hitimisho

Kwa niaba ya Bodi ya Wakurugenzi, napenda kuwashukuru wafanyakazi wa Tanga Cement Plc kwa shauku waliyonayo kwa kampuni na dhamira yao ya kuhakikisha mafanikio yake. Tunatarajia kuadhimisha mafanikio mengi pamoja mwaka 2016.



Wakili Lau Masha

Mwenyekiti wa bodi