



Delta Corporation

LIMITED

AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2016

SALIENT FEATURES

Revenue

Decreased by 7% to US\$ 538,2 million

Operating Income

Decreased by 14% to US\$ 96,1 million

Earnings before interest, tax, depreciation and amortisation (EBITDA)

Decreased by 10% to US\$ 129 million

Earnings per share

Decreased by 13% to US 6,49 cents

Attributable Income

Decreased by 13% to US\$ 80,1 million

Annual Dividend per share up 3%

Interim dividend paid per share - US 1,40 cents
Final dividend proposed per share - US 2,35 cents

Special Dividend

Special dividend proposed per share - US 0,95 cents

Government Taxes

Total tax remittances for the year - US\$ 139,6 million

Investment activities

To maintain and expand operations - US\$ 44,3 million

Net Funding

Net cash - US\$ 101 million

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	AUDITED Year ended 31 March 2016 US\$'000	AUDITED Year ended 31 March 2015 US\$'000
Continuing operations		
Revenue	538 198	576 552
Operating income	96 072	111 136
Finance cost	(5 726)	(5 378)
Finance income	11 621	12 740
Share of profit of associates	3 944	3 265
Profit before tax	105 911	121 763
Income tax expense	(25 822)	(29 809)
Profit for the year from continuing operations	80 089	91 954
Discontinued operations		
Profit for the year from discontinued operations	-	846
Profit for the year	80 089	92 800
Other comprehensive income	-	-
Profit for the year attributable to:		
Owners of the parent	80 089	91 943
Non-controlling interests	-	857
	80 089	92 800
Weighted average shares in issue (millions)	1 234,2	1 235,5
Earnings per share (cents)		
From continuing and discontinued operations :		
Attributable earnings basis	6,49	7,44
Fully diluted basis	6,48	7,40
Earnings per share (cents)		
From continuing operations :		
Attributable earnings basis	6,49	7,44
Fully diluted basis	6,48	7,40

GROUP STATEMENT OF FINANCIAL POSITION

	AUDITED As At 31 March 2016 US\$'000	AUDITED As At 31 March 2015 US\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	345 332	341 099
Investments in associates	42 122	33 474
Investments, loans and trademarks	12 654	11 995
	400 108	386 568
Current assets		
Inventories	86 431	98 262
Trade and other receivables	43 683	45 224
Cash and cash equivalents	166 016	133 611
	296 130	277 097
TOTAL ASSETS	696 238	663 665
EQUITY AND LIABILITIES		
Capital and reserves		
Issued share capital	12 310	12 366
Share premium	33 074	32 234
Share option reserve	5 985	4 531
Retained earnings	436 530	407 514
Shareholders' equity	487 899	456 645
Non-current liabilities		
Long term borrowings	65 000	70 000
Deferred tax liabilities	48 833	41 780
	113 833	111 780
Current liabilities		
Trade and other payables	86 443	86 939
Current tax liability	8 063	8 301
	94 506	95 240
TOTAL EQUITY AND LIABILITIES	696 238	663 665
Net asset value per share (cents)	39,53	36,96

GROUP STATEMENT OF CASH FLOWS

	AUDITED Year ended 31 March 2016 US\$'000	AUDITED Year ended 31 March 2015 US\$'000
Cash flow from operating activities		
Operating income	96 072	111 136
Depreciation	32 856	32 032
Other non-cash items	8 771	10 179
Decrease in working capital	12 876	(14 326)
Cash generated from operations	150 575	139 021
Finance cost	(5 726)	(5 378)
Finance income	11 621	12 740
Income taxation paid	(19 007)	(15 825)
Net cash flow from operating activities - continuing operations	137 463	130 558
Net cash flow from operating activities - discontinued operations	-	1 132
Net cash flow from operating activities	137 463	131 690
Cash flow from investing activities		
Purchase of fixed assets for maintaining operations	(27 407)	(22 040)
Purchase of fixed assets for expanding operations	(16 864)	(19 489)
Purchase of shares in associate	(5 372)	(212)
Dividend received from associate	668	450
(Increase)/decrease in loans and investments	(659)	616
Proceeds from disposal of property, plant and equipment	208	385
Net cash flow from disposal of discontinued operations	-	(684)
Net cash invested - continuing operations	(49 426)	(40 974)
Net cash invested - discontinued operations	-	(934)
Net cash invested	(49 426)	(41 908)
Cash flow from financing activities		
Dividends paid in cash	(45 736)	(44 453)
Increase in shareholder funding	1 205	3 399
Share buy back	(6 101)	(2 638)
(Decrease)/increase in borrowings	(5 000)	1 974
Net cash flow from financing activities - continuing operations	(55 632)	(41 718)
Net cash flow from financing activities - discontinued operations	-	(942)
Net cash flow in financing activities	(55 632)	(42 660)
Net increase in cash and cash equivalents	32 405	47 122
Cash and cash equivalents at beginning of period	133 611	86 489
Cash and cash equivalents at end of period	166 016	133 611
Cash flow per share (cents)	12,20	11,25



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GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	AUDITED Year ended 31 March 2016 US\$'000	AUDITED Year ended 31 March 2015 US\$'000
Shareholders' equity at beginning of the year	456 645	414 379
Share options exercised	1 205	3 399
Share buy back	(6 101)	(2 638)
Recognition of share based payments	1 797	2 324
Total comprehensive income for the period	80 089	91 943
Dividends paid		
- Prior year final	(28 440)	(27 772)
- Current year interim	(17 296)	(16 681)
Earnings attributable to non-controlling shareholders	-	857
Non - controlling interests, dividend declared	-	(393)
Disposal of subsidiary	-	(8 773)
Shareholders' equity at end of the year	487 899	456 645
Attributable to:		
Owners of the parent	487 899	456 645

SUPPLEMENTARY INFORMATION

	AUDITED Year ended 31 March 2016 US\$'000	AUDITED Year ended 31 March 2015 US\$'000
1. Revenue		
Gross sales	632 938	676 850
Less VAT and discounts	(94 740)	(100 298)
Revenue	538 198	576 552
Less excise duty and levies	(57 888)	(73 152)
Net Sales	480 310	503 400
2. Depreciation of property, plant and equipment	32 856	32 032
3. Taxation		
Current income tax expense	18 075	21 118
Withholding tax	694	917
Deferred tax - arising during current year	7 053	7 774
	25 822	29 809
4. Commitments for capital expenditure		
Contracts and orders placed	19 623	12 570
Authorised by directors but not contracted	27 283	32 430
	46 906	45 000

The capital expenditure is to be financed out of the Group's own resources and existing facilities.

5. Reportable segments

	Lager Beer Business	Sparkling Beverages Business	Sorghum Beer Business	Total Reportable Segments	All Other Segments	Total
31 March 2016						
Segment revenue	199 209	167 392	164 011	530 612	24 390	555 002
Inter - segment revenue					(16 804)	(16 804)
External revenue	199 209	167 392	164 011	530 612	7 586	538 198
Segment operating income	25 575	22 525	39 108	87 208	8 864	96 072
31 March 2015						
Segment revenue	235 605	186 564	151 504	573 673	21 960	595 633
Inter - segment revenue					(19 081)	(19 081)
External revenue	235 605	186 564	151 504	573 673	2 879	576 552
Segment operating income	28 136	32 583	41 277	101 996	9 140	111 136

6. Currency of Reporting

The financial statements reflect United States Dollars. This is the functional currency of the Group.

7. Accounting policies

Accounting policies are consistent with those used in the previous year with no significant impact arising from new and revised International Financial Reporting Standards applicable for the period ended 31 March 2016.

8. Audit Opinion

These financial results should be read in conjunction with the complete set of financial statements for the year ended 31 March 2016, which have been audited by Deloitte & Touche in accordance with International Standards on Auditing. An unmodified audit opinion has been issued thereon. The auditors' report on the financial statements which form the basis of these financial results is available for inspection at the Company's registered office.

COMMENTARY

OVERVIEW

Top line revenue was weak at 7% below last year underpinned by economic headwinds. The El Nino induced drought, poor cash and liquidity availability, delayed remuneration and continued retrenchments all worked to constrain consumer demand. There is some infiltration of products from adjacent markets due to the stronger US dollar. Consumers continue to shift towards affordable brands as they seek to stretch their dollar. We continue to deploy our complementary beverage portfolio to defend our share of consumer spend in this shrinking market.

VOLUME AND OPERATIONS REPORT

Lager Beer

Lager beer volume is 8% below prior year. The value brands grew, the premium portfolio softened, while the mainstream brands experienced the most decline. We will continue to focus on strategies that improve competitiveness and address affordability.

Sparkling and Alternative Beverages

The Sparkling beverages volume declined 6% for the full year. The value packs dropped volumes while the premium packages declined. The alternative beverages volume (Shumba Maheu and Super Sip) declined 2% versus prior year.

Sorghum Beer

Sorghum beer volume is down 3% for the year. Favourable pricing of standard Chibuku and improved availability of Chibuku Super helped to uplift both demand and spend in the second half of the year. Chibuku Super plants in Kwekwe and Masvingo are scheduled for commissioning by September 2016 at a cost of US\$30 million.

FINANCIAL RESULTS

Operating income declined by 14% to prior year while EBIDTA declined by 10%, a reflection of overhead cost control. The operating margin is down to 20% from 22.08% recorded last year due to reduced prices, a changed mix and lower volumes. The softening deposit interest rates have resulted in lower net finance income despite the higher average cash holding during the year. Our associates, African Distillers, Nampak Zimbabwe and Schweppes Zimbabwe Limited have performed satisfactorily in this period.

The net cash stands at \$101 million, benefiting from past earnings together with a reduced and prudent capital allocation. Capital expenditure amounted to \$44,3 million.

GROWING WITH OUR COMMUNITIES

We continue to focus on programs that improve the livelihoods of our communities by growing local enterprise. We continue to run programs on local sourcing of key raw materials, contract farming and supplier partnering to achieve global competitiveness. This is in addition to our brand activities on sports, arts and other corporate social investment activities.

DIRECTORATE

We welcome Dr Charity Jinya and Mr Todd Moyo who were appointed to the Board of Directors in April 2016.

OUTLOOK

All indications point to a difficult trading environment ahead. We have a clear strategic framework focused on profitability and shareholder returns.

SPECIAL DIVIDEND

Taking into account the current and future business requirements, the Board has decided to declare a special dividend of US\$11,7m to distribute some of the retained cash.

DIVIDEND

The Board declared an interim dividend of US 1,40 cents per share and a final dividend of US 2,35 cents per share. In addition a special dividend of US0,95 cents has been declared. This brings the total dividend in respect of the year ended 31 March 2016 to US 4,70 cents per share.

For and on behalf of the Board

CF Dube
Chairman

9 May 2016

DIVIDEND DECLARATION

NOTICE is hereby given that the Board of Directors has declared a Special Dividend, number 112, of US 0,95 cents per share and a FINAL Dividend No. 113 of US 2,35 cents per share in respect of all qualifying ordinary share of the Company. This is in respect of the financial year ended 31 March 2016.

The Respective Dividend timetables are tabulated below:

	SPECIAL DIVIDEND	FINAL DIVIDEND
Dividend No.	112	113
Announcement Date	12 May 2016	12 May 2016
Record Date	27 May 2016	10 June 2016
Last Date to Trade	19 May 2016	3 June 2016
Ex Dividend Date	20 May 2016	6 June 2016
Payment Date	31 May 2016	14 June 2016
Dividend Amount	US\$11 693 900	US\$28 927 020
Dividend per Share	US 0,95 cents	US 2,35 cents

The total dividends for the year will amount to US\$ 57 917 033.

By Order of the Board

A Makamure
Company Secretary



C F Dube (Chairman), P Gowero (Chief Executive), M J Bowman,
C C Jinya, S J Hammond, J A Kirby, T Moyo, L E M Ngwerume,
Prof. H C Sadza, T N Sibanda, M M Valela

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