

# DELTA CORPORATION LIMITED

*The future is in our brands*

## AUDITED ABRIDGED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2013

### SALIENT FEATURES

**Revenue**  
Increased by 14% to \$631.3 million

**Operating Income**  
Grew by 37% to \$134.9 million

**EBITDA**  
Up by 36% to \$161.5 million

**Earnings per share**  
Increased by 36% to 8.49 cents

**Attributable Income**  
Increased by 39% to \$102.5 million

**Annual Dividend per share up 63% to 3.4 cents**  
Interim dividend paid per share - 1.17 cents  
Final dividend proposed per share - 2.23 cents

**Government Taxes**  
Total tax remittances for the year - \$173 million

**Investment activities**  
To maintain and expand operations - \$ 83.6 million

**Net Borrowings**  
Net funding - \$ 3.5 million

### GROUP STATEMENT OF FINANCIAL POSITION

	As At 31 March 2013 US\$ '000	As At 31 March 2012 US\$ '000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	319 241	268 470
Investments, loans and trademarks	30 598	28 133
	<b>349 839</b>	<b>296 603</b>
<b>Current assets</b>		
Inventories	93 012	77 620
Trade and other receivables	43 999	37 345
Cash and cash equivalents	75 088	55 578
	<b>212 099</b>	<b>170 543</b>
<b>Total Assets</b>	<b>561 938</b>	<b>467 146</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Issued share capital	12 230	11 927
Share premium	24 049	19 553
Share option reserve	3 054	3 553
Dividend proposed	27 270	14 901
Retained earnings	273 867	214 006
Equity attributed to equity holders of the parent	340 470	263 940
Non-controlling interests	6 780	5 129
Shareholders' equity	<b>347 250</b>	<b>269 069</b>
<b>Non-current liabilities</b>		
Long term borrowings	60 000	60 000
Deferred tax liabilities	30 740	27 247
	<b>90 740</b>	<b>87 247</b>
<b>Current liabilities</b>		
Short-term borrowings	18 605	21 381
Trade and other payables	105 343	89 449
	<b>123 948</b>	<b>110 830</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>561 938</b>	<b>467 146</b>
<b>Net asset value per share (cents)</b>	<b>28.21</b>	<b>22.25</b>

### GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2013 US\$ '000	Year ended 31 March 2012 US\$ '000
<b>Revenue</b>	<b>631 276</b>	<b>554 767</b>
Operating income	134 989	98 288
Net finance expense	(574)	(2 650)
Gain on acquisition of associate	-	1 930
Share of profit of associates	2 458	1 725
<b>Profit before tax</b>	<b>136 873</b>	<b>99 293</b>
Income tax expense	(32 750)	(24 087)
<b>Profit for the year</b>	<b>104 123</b>	<b>75 206</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>104 123</b>	<b>75 206</b>
Profit for the year attributable to:		
Owners of the parent	102 472	73 747
Non-controlling interests	1 651	1 459
	<b>104 123</b>	<b>75 206</b>
<b>Weighted average shares in issue (millions)</b>	<b>1 206.9</b>	<b>1 186.0</b>
<b>Earnings per share (cents)</b>		
Attributable earnings basis	8.49	6.22
Fully diluted basis	8.42	6.03

### GROUP STATEMENT OF CASH FLOWS

	Year ended 31 March 2013 US\$ '000	Year ended 31 March 2012 US\$ '000
<b>Cash retained from operating activities</b>		
Operating income	134 989	98 288
Depreciation	26 530	20 372
Other non-cash items	8 558	13 597
Increase in working capital	(4 965)	(10 866)
<b>Cash generated from operating activities</b>	<b>165 112</b>	<b>121 391</b>
Net financing expense	(574)	(2 650)
Income taxation paid	(30 445)	(28 552)
<b>Cash flow from operations</b>	<b>134 093</b>	<b>90 189</b>
<b>Net cash retained</b>	<b>134 093</b>	<b>90 189</b>
<b>Cash utilised in investing activities</b>		
Purchase of fixed assets for maintaining operations	(19 859)	(21 208)
Purchase of fixed assets for expanding operations	(63 771)	(52 544)
Increase in loans and investments	(7)	(3 752)
Proceeds from disposal of property, plant and equipment	301	367
<b>Net cash invested</b>	<b>(83 336)</b>	<b>(77 137)</b>
<b>Financing activities</b>		
Dividends paid in cash	(28 970)	(21 748)
Increase in shareholder funding	4 843	1 909
Share buy back	(4 344)	-
(Decrease)/Increase in borrowings	(2 776)	57 206
<b>Net cash in financing activities</b>	<b>(31 247)</b>	<b>37 367</b>
Net increase in cash and cash equivalents	19 510	50 419
Cash and cash equivalents at beginning of year	55 578	5 159
Cash and cash equivalents at end of year	<b>75 088</b>	<b>55 578</b>
<b>Cash flow per share (cents)</b>	<b>13.46</b>	<b>10.04</b>

### GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Year ended 31 March 2013 US\$ '000	Year ended 31 March 2012 US\$ '000
Total equity at the beginning of the year	269 069	211 617
Share capital issued of the parent	4 799	1 909
Share buy back	(4 300)	-
Recognition of share based payments	2 529	2 085
Earnings for the year	102 472	73 747
Dividends declared		
- Prior year final	(14 901)	(11 816)
- Current year interim	(14 069)	(9 835)
Earnings attributable to non-controlling shareholders	1 651	1 459
Dividend paid to non-controlling shareholders	-	(97)
Shareholders' equity at the end of the year	<b>347 250</b>	<b>269 069</b>
Attributable to:		
Owners of the parent	340 470	263 940
Non-controlling interests	6 780	5 129
	<b>347 250</b>	<b>269 069</b>

### SUPPLEMENTARY INFORMATION

	Year ended 31 March 2013 US\$ '000	Year ended 31 March 2012 US\$ '000
<b>1. Revenue</b>		
Gross sales	740 162	653 938
Less VAT and discounts	(108 886)	(99 171)
<b>Revenue</b>	<b>631 276</b>	<b>554 767</b>
Less excise duty and levies	(85 485)	(74 860)
<b>Net Sales</b>	<b>545 791</b>	<b>479 907</b>
<b>2. Depreciation of property, plant and equipment</b>	<b>26 530</b>	<b>20 372</b>
<b>3. Taxation</b>		
Current income tax expense	29 258	19 651
Deferred tax - Arising during current year	3 492	4 436
	<b>32 750</b>	<b>24 087</b>
<b>4. Commitments for capital expenditure</b>		
Contracts and orders placed	5 500	16 544
Authorised by directors but not contracted	60 500	63 456
	<b>66 000</b>	<b>80 000</b>

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

**5. Currency of reporting**  
The financial statements reflect United States Dollars. This is the functional currency of the Group.

**6. Accounting policies**  
Accounting policies are consistent with those used in the previous year with no significant impact arising from new and revised International Standards applicable for the year ended 31 March 2013.

**7. Audit Opinion**  
These financial results should be read in conjunction with the complete set of financial statements for the year ended 31 March 2013, 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.



# DELTA CORPORATION LIMITED

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## COMMENTARY

### INTRODUCTION

The Group enjoyed a strong financial performance driven by an increased contribution of premium brands, improved productivity and margin expansion. This strong performance was achieved in a difficult trading environment particularly in the last quarter of the financial year arising from the slow-down in consumer spending and tight liquidity conditions in the market.

### VOLUME AND OPERATIONS REPORT

Total beverage volumes of 6,9 million hectolitres were flat on prior year.

#### Lager Beer

Lager beer grew 4% led by our premium brands. We have continued to innovate in packaging with the introduction of one way bottles on both premium and mainstream brands on the back of improved plant capacity and an increased returnable bottle float. A new packaging line was commissioned at Southerton Brewery in September 2012. The increase in excise duty from 40% to 45% in December 2012, whilst forcing a marginal price increase at the manufacturer level resulted in the disruption to retail pricing which in turn slowed off-take in the last trading quarter. The effective excise rate is now higher than the regional average.

#### Sparkling Beverages

Sparkling beverages grew 9% supported by improved availability and higher growth on the premium convenience packages. A new PET bottling line was installed in Bulawayo in November 2012 and has boosted the contribution of the convenience package offerings.

#### Sorghum Beer

Sorghum beer volumes were down 8%, partly affected by the poor agricultural season and a raw material cost induced price increase.

#### Maheu

Maheu volume grew 42% on prior year benefitting from the shift from importation to local production.

### FINANCIAL RESULTS

Group revenue grew by 14% as a result of an improved sales mix and minimal price increases. Earnings before interest and tax (EBIT) grew by 37% leveraged by improved productivity and process efficiencies. Most pleasing is the growth of the EBIT margin by 4,3% to 24,73% reflecting an increased retention of value generated. Net finance costs, were 78% below last year due to improved average cash holdings during the year.

Cash generated from operating activities increased by \$44 million over prior year to \$165 million. Working capital increased marginally by \$5 million despite the increase in raw material stock holding to mitigate anticipated shortages. Capital expenditure was \$83,6 million as we invested in production capacity and returnable containers. Cumulative capital expenditure from 2009, when the economy dollarised, amounts to \$287,5 million, a substantial investment aimed at enhancing our capacity to better service the market.

Net debt stood at \$3,5 million primarily due to higher cash generation.

### GROWING WITH OUR COMMUNITIES

While focusing on growing financial performance, we know we are expected to do more as a truly good Zimbabwean Corporate citizen. We continue to have a bias towards the development of local suppliers from agriculture to other value chain inputs to encourage employment creation. The Company prides itself in creating rewarding and sustainable career opportunities for all its employees while at the same time contributing meaningfully to the fiscus through the various taxes remitted to government. Total tax remittances for the year amounted to \$173 million.

### OUTLOOK

Trading conditions are expected to be broadly unchanged. We plan to drive growth by further strengthening our brand portfolio and manufacturing process capabilities while focusing on cost effectiveness to deliver sustained value to our shareholders.

### DIRECTORATE

Mr Daud Taranhike resigned from the Company and the Board at the end of March 2013 having been with the Group for 21 years and the last 7 years as a member of the group management committee. We thank him for his contribution over the years.

### DIVIDEND

The Board has recommended a final dividend of US2,23 cents per share to be paid to shareholders on 12 June 2013. This brings the total dividend for the year to 3,4 cents, a 63% increase over prior year.

#### For and on behalf of the Board

C.F Dube  
Chairman

10 MAY 2013

### DIVIDEND DECLARATION

NOTICE is hereby given that on the 10th of May 2013 the Board of Directors declared a final dividend, number 106, of US2,23 cents per share payable out of the profits of the Company for the year to 31 March 2013.

The dividend will be payable in United States dollars to Shareholders registered in the books of the Company at the close of business on 7 June 2013. Dividend warrants will be posted or direct payments made on or about 12 June 2013.

FURTHER, THAT the share register of the Company will be closed from 8 to 10 June 2013, both dates inclusive.

#### By Order of the Board

A Makamure  
Company Secretary



DELTA CORPORATION  
LIMITED

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

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