

## TCC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2023

### INCOME STATEMENT ANALYSIS

Net Profits decreased by 17.36% from TZS 21.99 Billion in 1<sup>st</sup> Quarter of 2023 to TZS 18.17 Billion in 2<sup>nd</sup> Quarter of 2023

#### Possible Reasons:

6.53% decrease in revenue from TZS 93.75 Billion as of March 2023 to TZS 87.63 Billion as of June 2023 perhaps driven by a decrease in the volume of tobacco products sold throughout the 2<sup>nd</sup> Quarter.

8.56% increase in Marketing, Selling & Distribution expenses from TZS 8.34 Billion as of March 2023 to TZS 9.05 Billion as of June 2023 perhaps due to either an increase in employees in the marketing, selling & distribution department, their salaries or higher advertising costs.

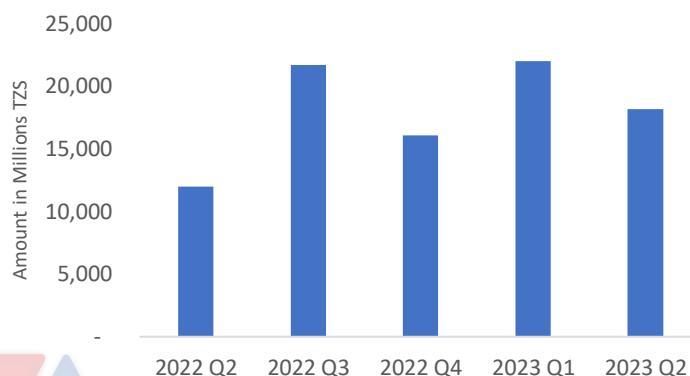
A 210.73% increase in their other administrative expenses from TZS 1.05 Billion as of March 2023 to TZS 3.27 Billion as of June 2023 perhaps due to an increase in their variable rents from their lease liabilities

#### Improvements in TCC's income statement:

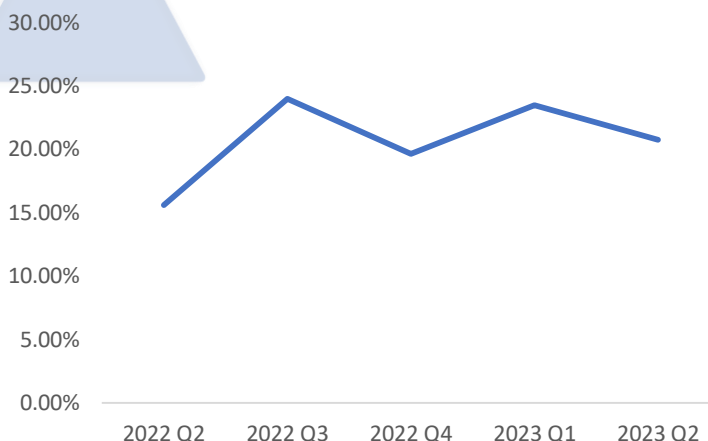
Improvement in gross profit margins from 56.24% as of March 2023 to 57.72% as of June 2023 due to lower energy costs which may have resulted to lower production costs during the 2<sup>nd</sup> Quarter of 2023

3.23% decline in administrative expenses from TZS 12.78 Billion as of March 2023 to TZS 12.37 Billion as of June 2023

### TCC NET PROFIT TREND



### TCC NET PROFIT MARGIN TREND



### Other Performance Indicators:

Operating Profit Margins are down from 32.59% in March 2023 to 29.54% in June 2023

Net Profit Margins are up from 23.45% in March 2023 to 20.73% in June 2023

Income Statement Analysis Amounts in Millions TZS	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Revenue	76,893	90,540	81,912	93,759	87,633
Growth Rate	-5.41%	17.75%	-9.53%	14.46%	-6.53%
Operating Expenses	22,707	17,778	26,888	22,174	24,694
Growth Rate	4.67%	-21.71%	51.24%	-17.53%	11.36%

## TCC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2023

### BALANCE SHEET STATEMENT ANALYSIS

Assets had increased by 11.89% to reach TZS 354.70 Billion as of June 2023 compared to TZS 317 Billion in March 2023

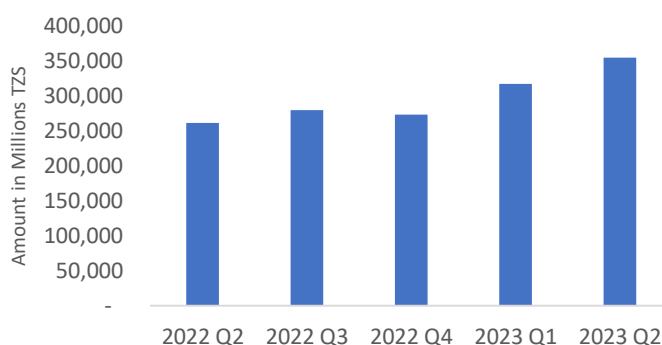
#### Possible Reasons:

31.73% increase in inventory from TZS 123.16 Billion as of March 2023 to TZS 162.24 Billion as of June 2023 perhaps influenced by the drop in sales mentioned earlier

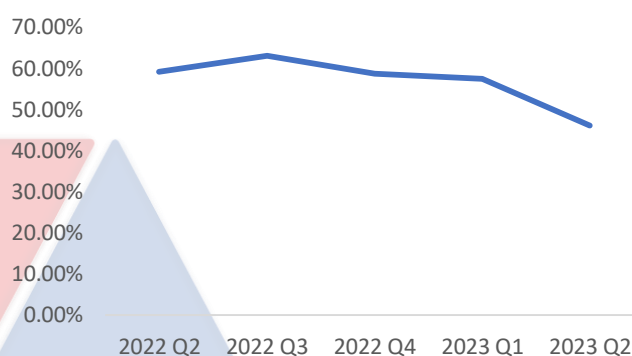
30.69% increase in cash & cash equivalents from TZS 40.93 Billion as of March 2023 to TZS 53.50 Billion as of June 2023 due to decreased Trade Receivables & increased Trade Payables

The increase in assets was mainly financed by a 41.93% increase in liabilities amounting to TZS 191.34 Billion. This was mainly due to a 45.23% increase in Trade and other payables amounting to TZS 139.39 Billion indicating that the company's inventory was mainly financed by Trade Payables

TCC TOTAL ASSETS TREND



TCC EQUITY TO ASSETS TREND



### Other Performance Indicators:

Return on Assets for the quarter decreased to 5.12% as of June 2023 from 6.94% as of March 2023

Return on Equity decreased to 11.12% as of June 2023 compared to 12.07% as of March 2023

Total Equity to Assets stood at 46.06% in June 2023 compared to 57.47% in March 2023

Total Liabilities to Equity Ratio stood at 117.13% in June 2023 compared to 74.00% in March 2023

Balance Sheet Analysis Amounts in Millions TZS	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Total Assets	260,901	279,170	272,946	316,999	354,698
Growth Rate	-5.42%	7.00%	-2.23%	16.14%	11.89%
Total Equity	154,213	175,924	160,203	182,188	163,358
Growth Rate	-10.46%	14.08%	-8.94%	13.72%	-10.34%
Total Liabilities	106,688	103,246	112,743	134,811	191,340
Growth Rate	2.98%	-3.23%	9.20%	19.57%	41.93%

## TCC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2023

### INVESTORS' CORNER

Since the release of TCC's results on the 18<sup>th</sup> of August 2023 its share prices have remained stagnant the last trade for the shares worth TZS 162,000 taking place on 2<sup>nd</sup> August at the price of TZS 16,200

As of 24<sup>th</sup> August 2023 there were no outstanding bids for the company's shares with 28,174 shares outstanding on offer indicating that there is no appetite to buy TCC shares from investors but rather a need for existing investors to sell their positions

TCC SHARE PRICE TREND



### Year to Date Share Price Performance

COUNTER	Opening Price as of 2 – Jan – 2023	Closing Price as of 24 – Aug – 2023	Capital Gain
TCC	TZS 17,000	TZS 17,000	0.00%

### Other Financial Indicators

TCC	June 2023
Price to Book Value Ratio*	10.40x
* Closing share price TZS 17,000 as of 24 <sup>th</sup> August 2023 was used	

### ANALYSTS' COMMENTARY

Moving into the 2<sup>nd</sup> half of 2023, TCC is expected to face challenges resulting from the increase in excise duties for tobacco products this could affect the company if it decides to fully bear the expense as it could reduce profitability, pass the cost to consumers as it could disrupt volume of sales or decides to share the cost with consumers where it could potentially bear both consequences but at lower extents.

The company might benefit from a 9.37% decline in tobacco prices from an a 3-year high of USD 4.59 per kg as of April 2023 to USD 4.16 as of July 2022 however this decline might be offset by the continued depreciation of the USD against TZS which has depreciated by 5.45% from TZS 2,313.4602 as of April 28h to TZS 2,439.6723 as of Aug 25<sup>th</sup> 2023 at the interbank market. This could increase affect the company from fully benefiting from depressed tobacco prices and incur higher fuel related and capital goods costs

For further information please contact Us : 2124495 /2112874 /0764269090 /0714 269090

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