

TPCC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2023

INCOME STATEMENT ANALYSIS

Operating Profits decreased by 1.00% from TZS 33.61 Billion in 1st Quarter of 2023 to TZS 33.27 Billion in 2nd Quarter of 2023

Possible Reasons:

Sales had declined by 18.76% from TZS 135.89 Billion during the 1st Quarter of 2023 to TZS 110.39 Billion during the 2nd Quarter of 2023. Despite a 3% increase in Locally manufactured cement consumed in the country from 1.78 Million tons in the 1st Quarter of 2023 to 1.84 Million Tons in the 2nd Quarter, indicating that perhaps Twiga's consumers switched to using other cement products during the 2nd Quarter.

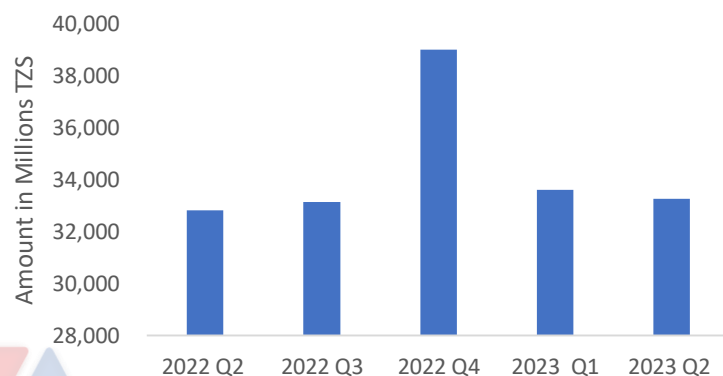
Operating Expenses had increased by 12.76% from TZS 6.95 Billion in the 1st Quarter of 2023 to TZS 7.84 Billion in the 2nd Quarter of 2023 mainly driven by a 13.95% increase in administrative expenses.

Improvements in TPCC's income statement:

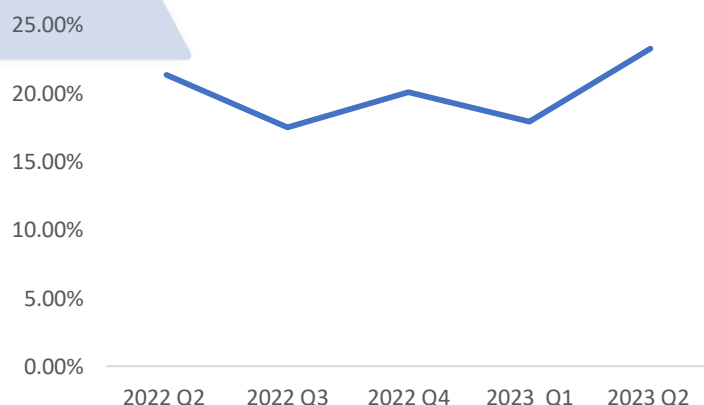
27.09% decrease in Cost of Sales from TZS 96.14 Billion as of March 2023 to TZS 70.10 Billion as of June 2023 mainly driven by a decline in commodity prices such as coal. Whose average price had plummeted by 16.95% from USD 147.4008 during the 1st Quarter of 2023 to USD 122.4109 per ton during the 2nd Quarter of 2023.

Net Profits had increased by 5.51% amounting to TZS 25.67 Billion. However this was mainly driven by a TZS 3.9 Billion gain in Foreign Exchange Translation as a result of holding assets and liabilities denoted in USD and EUROS both of which have appreciated against the TZS.

TPCC QUARTERLY OPERATING PROFIT TREND



TPCC QUARTERLY NET PROFIT MARGIN TREND



Other Performance Indicators:

Operating Profit Margins increased from 24.73% in March 2023 to 30.14% in June 2023

Net Profit Margins are up from 17.90% in March 2023 to 23.26% in June 2023

Income Statement Analysis Amounts in Millions TZS	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Revenue	111,355	130,826	136,378	135,892	110,393
Growth Rate	-4.13%	17.48%	4.24%	-0.36%	-18.76%
Net Profits	23,754	22,915	27,392	24,331	25,672
Growth Rate	1.96%	-3.54%	19.54%	-11.18%	5.51%

TPCC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2023

BALANCE SHEET STATEMENT ANALYSIS

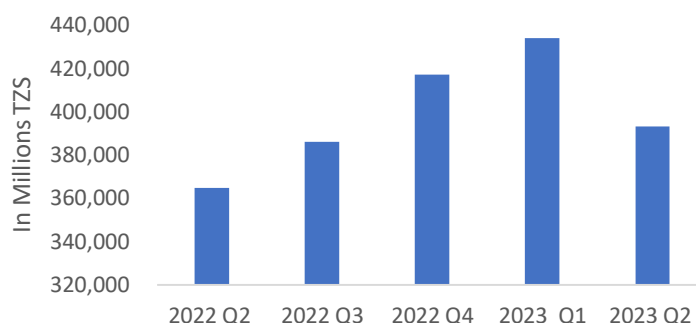
Assets had decreased by 9.43% to reach TZS 393.10 Billion as of June 2023 compared to TZS 434.04 Billion in March 2023.

Possible Reasons:

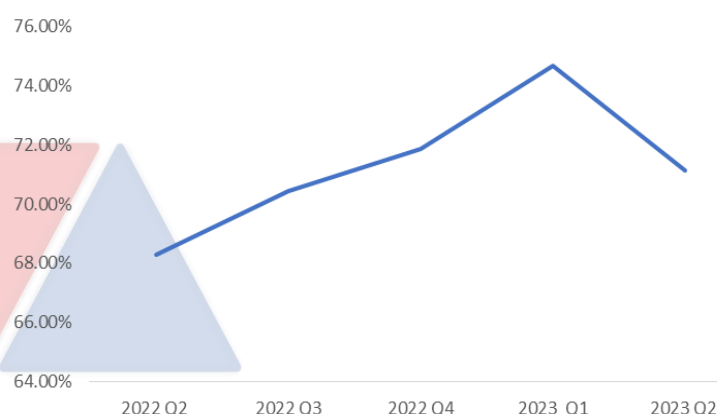
The decrease was mainly influenced by a 13.70% decline in Trade & other receivables from TZS 88.38 Billion as of March 2023 to TZS 76.27 Billion as of June 2023 perhaps due to maturing trade receivables exceeding new trade receivables as Cement Sales for the quarter had plummeted.

34.90% decline in Cash and Cash Equivalents amounting to TZS 72.38 Billion as of June 2023 perhaps due to payment of dividends that took place from June 30th 2023. This corresponds to the decline in the company's retained earnings by 13.89% from TZS 320.47 Billion as of March 2023 to TZS 275.97 Billion as of June 2023 and a 5.49% increase in Trade and other payables amounting to TZS 88.61 Billion which could be brought about by the increase in Dividends payable to shareholders.

TPCC ASSET TREND



TPCC EQUITY TO ASSETS TREND



Other Performance Indicators:

Return on Assets for the quarter increased to 6.53% as of June 2023 from 5.61% as of March 2023

Return on Equity increased to 9.18% as of June 2023 compared to 7.51% as of March 2023

Total Equity to Assets stood at 71.12% in June 2023 compared to 74.66% in March 2023

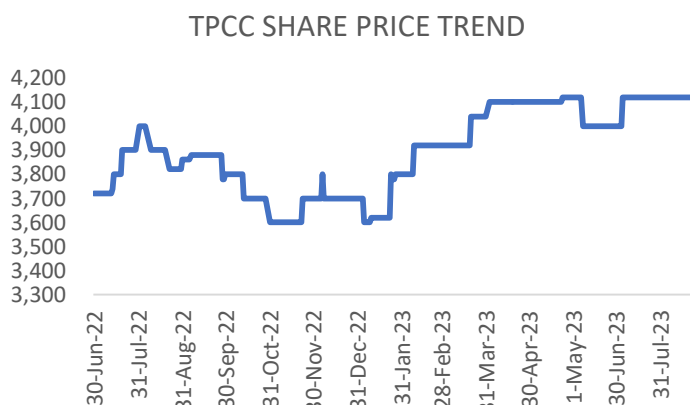
Total Liabilities to Equity Ratio stood at 40.61% in June 2023 compared to 33.93% in March 2023

Balance Sheet Analysis Amounts in Millions TZS	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Total Assets	364,810	386,155	417,234	434,035	393,102
Growth Rate	-11.10%	5.85%	8.05%	4.03%	-9.43%
Total Equity	249,118	272,033	299,739	324,070	279,572
Growth Rate	-15.71%	9.20%	10.18%	8.12%	-13.73%
Total Liabilities	115,692	114,122	117,495	109,965	113,530
Growth Rate	0.75%	-1.36%	2.96%	-6.41%	3.24%

TPCC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2023

INVESTORS' CORNER

Since the release of TPCC's during the month of July its share prices have relatively remained at a stagnant price of TZS 4,120 with trades for the shares taking place between (TZS 4,100 – TZS 4,200)



Year to Date Share Price Performance

COUNTER	Opening Price as of 2 – Jan – 2023	Closing Price as of 29 – Aug – 2023	Capital Gain
TPCC	TZS 3,700	TZS 4,120	▲ 11.35%

Other Financial Indicators

TPCC	June 2023
Price to Book Value Ratio*	2.65x
Dividend Yield**	10.24%

* * Closing share price TZS 4,120 as of 29th August 2023 was used

** Dividend per Share declared on 2023 was TZS 390 which was compared against share price of TZS 3,700 at the start of the year

ANALYSTS' COMMENTARY

Going into the second half of the year we expect TPCC's to either see an increase in its production costs or a decline in sales volume following the government's introduction of a TZS 20 excise duty per every kilogram of cement purchased.

In addition the Tanzanian Shilling depreciation against the dollar might increase the company's procurement costs of raw materials such as clinker and lastly the company might have to find new ways around expanding its capacity following the recent decline by the Fair Competition Commission Tribunal over the proposed takeover of Tanga Cement by Twiga Cement's parent company Heidelberg Cement.

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

[All care has been taken in the preparation of this commercial document and the information contained therein has been derived from sources believed to be accurate and reliable. If you are in any doubt about the contents of this document do not hesitate to contact the above mentioned. **SOLOMON** Stockbrokers Ltd does not assume responsibility for any error, omission or opinion expressed. Anyone acting on the information or opinion does so at his own risk. This information has been sent to you for your information and may not be reproduced. Unauthorised use or disclosure of this document is strictly prohibited. © Copyright 2023 **SOLOMON** Stockbrokers Ltd. All rights reserved]



SOLOMON Stockbrokers

A Member of Dar es Salaam Stock Exchange & Authorized Dealer of Government Securities

STOCKBROKERS / DEALERS

INVESTMENT ADVISERS

FUND MANAGERS

PROFILE



The Company is licensed as Stockbrokers / Dealers, Investment Advisers and Fund Managers by the Capital Markets and Securities Authority (CMSA). SOLOMON is also licensed as a Primary Dealer of Government Securities by the Bank of Tanzania (BoT).

PSSSF House, Ground Floor
Samora Avenue / Morogoro Road
P.O. Box 77049
Dar es Salaam

+255 764 269090
+255 714 269090



research@solomon.co.tz

[@sstockbrokers](#)

[#elimuYaUwekezajiHisa](#)

www.solomon.co.tz