

TICL FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDING DECEMBER 2023

INCOME STATEMENT ANALYSIS

Net profits increased by 61.97% from TZS 832.24 Million in the second half of 2022 to TZS 1.35 Billion in the second half of 2023.

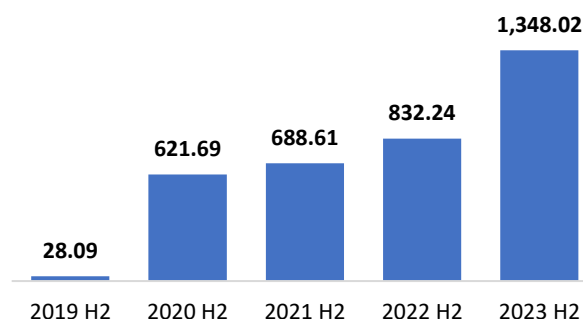
Possible Reasons:

26.34% growth in investment income from TZS 1.47 Billion in the second half of 2022 to TZS 1.86 Billion during the second half of 2023, perhaps due to dividend payments from its pre-existing investments, such as Tanzania Cigarette Company, which paid out a dividend of TZS 300 per share, National Investments Plc with a dividend of TZS 43 per share, as well as its more recent investments in Safaricom – Kenya, which paid out a dividend of KES 0.62 per share (TZS 10.38), and Bank of Kigali – Rwanda with a dividend of RWF 8.44 per share (TZS 16.65) and increased interest income from government bond investments. This is evident from the company's increased bond investments worth over TZS 677 Million during 2022.

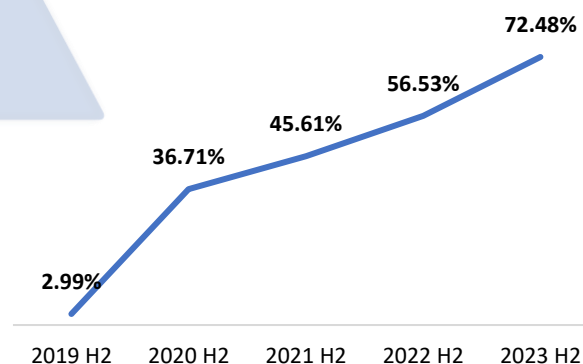
A 42.14% decrease in finance costs amounting to TZS 157.01 Million. The finance costs were primarily from a TZS 3 Billion loan taken out by the company at an interest rate of 13.80% in 2019 to invest in higher income-yielding investment avenues. The reduction in interest expenses is due to the nature of a loan repayment schedule, which utilizes the reducing balance principle for interest expenses and an increasing principal payment obligation for every successive re-payment period.

The absence of income tax expenses recognized in the income statement is perhaps due to the recognition of interest income from corporate and government bonds as non-taxable income.

TICL NET PROFIT TREND IN MILLIONS TZS



TICL NET PROFIT MARGIN TREND



Other Performance Indicators:

Operating Profit Margins increased from 76.75% in the second half of 2022 to 80.92% in the second half of 2023

Net Profit Margins have increased from 56.53% in the second half of 2022 to 72.48% in the second half of 2023

Income Statement Analysis Amounts in Millions TZS	2021 H2	2022 H1	2022 H2	2023 H1	2023 H2
Revenue	1,510	1,526	1,472	1,846	1,860
Growth Rate	27.82%	1.07%	-3.52%	25.42%	0.73%
Operating Expenses	330	320	342	289	355
Growth Rate	-26.34%	-3.01%	7.09%	-15.51%	22.68%

TICL FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDING DECEMBER 2023

BALANCE SHEET STATEMENT ANALYSIS

Total assets had increased by 43.83% from TZS 35.22 Billion in the second half of 2022 to TZS 50.65 Billion in the second half of 2023

Possible Reasons:

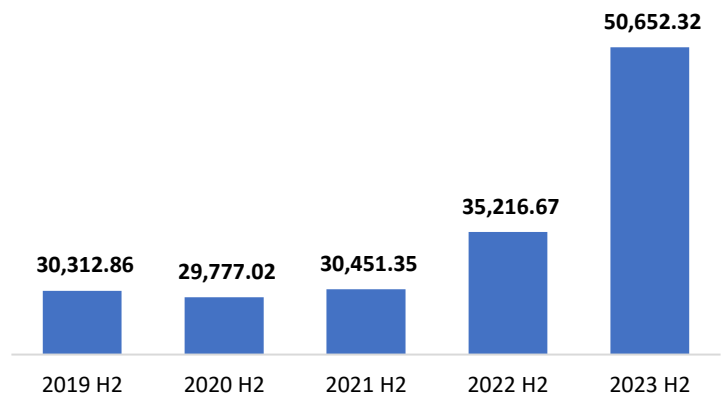
1220.16% increase in cash and cash equivalents from TZS 530.18 Million in the second half of 2022 to TZS 7.01 Billion in the second half of 2023 primarily due to proceeds from a TZS 10 Billion rights issue that took place during December of 2023.

A 29.22% increase in the company's equity investment portfolio from TZS 19.62 Billion to TZS 25.35 Billion due to a 49% appreciation in NMB Bank's share price throughout 2023 which makes up over 45% of the company's equity portfolio in addition to additional equity investments that the company has begun to implement using the proceeds from the rights issue.

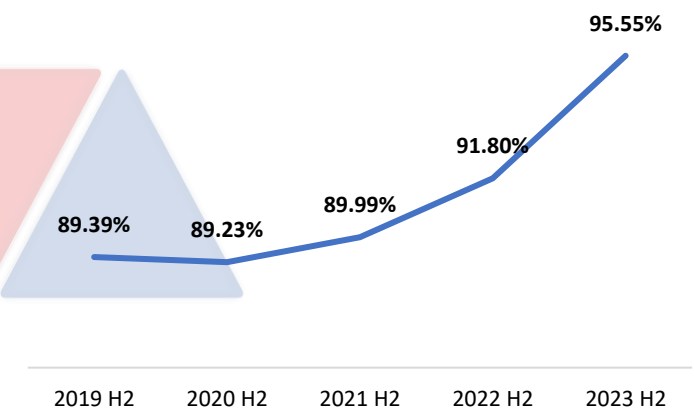
A 15.11% increase in investments in government securities due to a net purchase of TZS 2.05 Billion worth of government securities in 2023 compared to TZS 527.03 Billion in 2022.

The growth in assets was primarily financed by a 49.70% growth in Shareholders' Equity due to an increase in the company's profitability and an additional capital of TZS 10 Billion raised in the form of a rights issue

TICL TOTAL ASSETS TREND IN MILLIONS TZS



TICL TOTAL EQUITY TO ASSETS TREND



Other Performance Indicators:

Return on Assets increased to 2.66% as of the second half of 2023 from 2.36% as of the second half of 2022

Return on Equity increased to 2.79% as of the second half of 2023 from 2.57% as of the second half of 2022

Total Equity to Assets stood at 95.55% as of the second half of 2023 from 91.80% as of the second half of 2022

Total Liabilities to Equity Ratio stood at 4.66% as of the second half of 2023 from 8.93% as of the second half of 2022

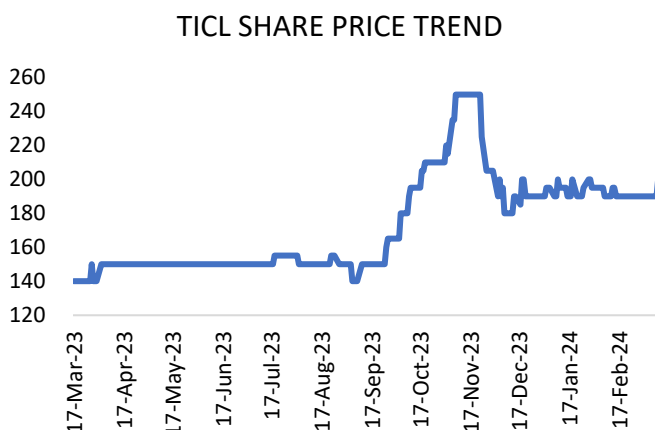
Balance Sheet Analysis Amounts in Millions TZS	2021 H2	2022 H1	2022 H2	2023 H1	2023 H2
Total Assets	30,312.86	29,777.02	30,451.35	35,216.67	50,652.32
Growth Rate	5.05%	-1.77%	2.26%	15.65%	43.83%
Total Equity	27,096.38	26,571.01	27,404.31	32,329.05	48,397.93
Growth Rate	0.10%	2.34%	2.51%	2.57%	2.79%
Total Liabilities	3,216.48	3,206.01	3,047.03	2,887.62	2,254.39
Growth Rate	567.13%	-0.33%	-4.96%	-5.23%	-21.93%

TICL FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDING DECEMBER 2023

INVESTORS' CORNER

During the week the company released its financial results, its shares appreciated by 5.76% to TZS 200.

Despite the positive results, the outstanding shares on offer for sale exceed those being bid on in the market.



Year to Date Share Price Performance

COUNTER	Opening Price as of 2 – Jan – 2024	Closing Price as of 18 – Mar – 2024	Capital Gain
TICL	TZS 190	TZS 200	▲ 5.26%

Other Financial Indicators

TICL	March 2024
Price to Book Value Ratio*	0.60x
*Closing share price TZS 200 as of 18 th March 2024 was used	

ANALYSTS' COMMENTARY

From a cumulative perspective, TICL grew its profits by 43.01% to TZS 2.80 Billion throughout 2023 from TZS 1.96 Billion recorded during the full year of 2022. The growth was mainly driven by a 23.62% increase in the company's investment income, a 2.71% decline in operating costs, and a 25.89% decline in finance costs.

Going into 2024, we anticipate higher investment income growth due to the company's increased investments in listed equities in the East African Community and Southern Africa Development Community, which could result in increased dividend income and interest income from increased investments in government bonds.

As per the company's dividend policy of paying out 50% of its Net Profits as Dividends, we should anticipate a dividend per share ranging between TZS 9 – TZS 10 per share, resulting in a dividend yield of 4.5% - 5% based on the TZS 200 per share which would result in either a stagnant share price or a declining share price from the TICL counter as the markets are mainly responsive to a dividend yield from 8%.

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 2024 **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