

Dar Stock
Exchange
**EARNINGS
HIGHLIGHT**
March 2024



DSE FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING MARCH 2024

INCOME STATEMENT ANALYSIS

Net Profits decreased by 24.88% from TZS 1.64 Billion during the 4th Quarter of 2023 to TZS 1.23 Billion during the 1st Quarter of 2024.

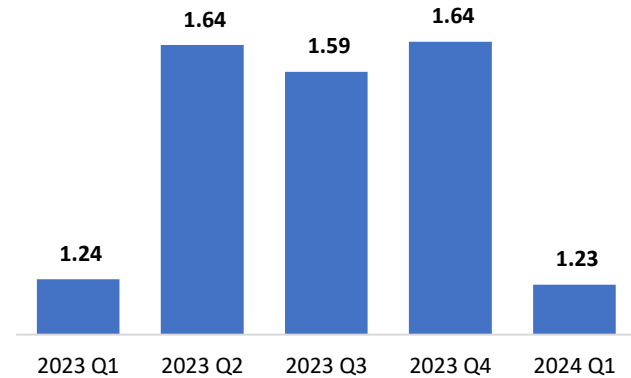
Possible Reasons:

A 44.85% decrease in transaction fees resulted from a 60.44% decline in equities turnover from TZS 145.52 billion during Q4'23 to TZS 54.56 billion during the Q1'24. This decline is due to a TZS 106 billion one-off equity transaction as a result of Scancem International's Acquisition of Tanga Cement's majority shareholding from AfriSam Cement at a premium price of TZS 2,441.42 per share, compared to the closing share price of TZS 1,960 on the transaction date. Excluding this one-time transaction, equity turnover grew by 46.63% from TZS 39.26 billion in Q4'23 to TZS 57.56 billion in Q1'24. In comparison, transactions for treasury bonds rose by 62.53%, amounting to TZS 970.38 billion due to re-opening of high-coupon government bonds, while corporate bonds turnover grew by 582.98%, amounting to TZS 2.76 billion due to increased listings during the previous quarter of the year.

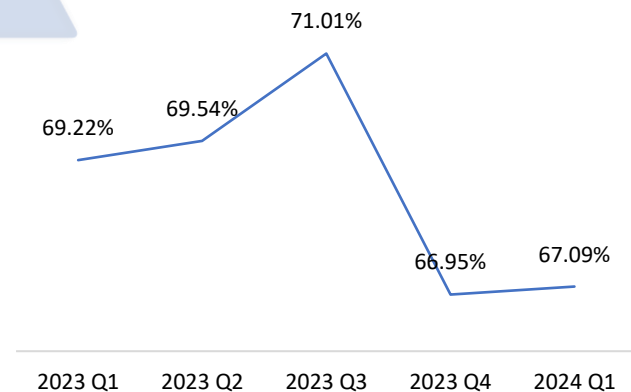
Listing fees fell by 18.32%, amounting to TZS 917.81 billion, due to a 35.63% decrease in the net value of treasury bonds listed from TZS 677.92 billion as of Q4'23 to TZS 436.34 billion as of Q1'24. Also, new corporate bond listings were absent in Q1'24 compared to the TZS 384.77 billion listed during the previous quarter.

Other operating income fell by 62.41% from TZS 139.51 million to TZS 52.45 million in Q1'24. This was due to a slowdown in DSE's market data-selling business and a marginal 3.35% decrease in their investment income, which amounted to TZS 873.63 million. The slowdown was primarily due to the net disposal of about TZS 59.13 million worth of interest-bearing assets during Q1'24.

Net Profit Trend in Billions TZS



Net Profit Margin Trend



Other Performance Indicators:

- Operating Profit Margins have decreased from 32.69% as of December 2023 to 20.48% as of March 2023.
- Tax Ratio has fallen from 3.71% as of December 2023 to 1.31% as of March 2023

Income Statement Analysis Amounts in Billions TZS	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Revenue*	1.80	2.35	2.24	2.45	1.84
Growth Rate	-3.21%	31.07%	-4.75%	9.40%	-25.02%
Operating Expenses	1.36	1.53	1.45	1.65	1.46
Growth Rate	-10.65%	12.64%	-5.02%	13.88%	-11.42%

* The revenue reported and used to calculate net profit margins is revenue from D.S.E's primary operations. Finance Income was excluded

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BALANCE SHEET ANALYSIS

Assets have grown by 3.73% to reach TZS 36.29 Billion in Q1'24 compared to TZS 34.98 Billion in Q4'23.

Possible Reasons:

There was a 27.08% increase in the company's non-current prepayments, amounting to TZS 3.96 billion, driven by continued payments on installments towards its new office in Morocco Square Dar-es-Salaam.

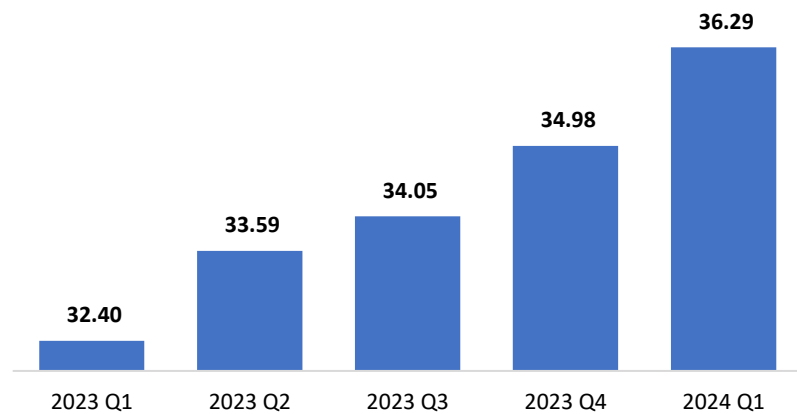
An 8.54% increase in the company's investments in government securities amounting to TZS 10.37 billion, perhaps due to increased appetite towards the re-opened Treasury bonds with higher coupons

Intangible assets grew by 42.49%, amounting to TZS 213.49 million, due to increased capital expenditure investments toward IT software infrastructure.

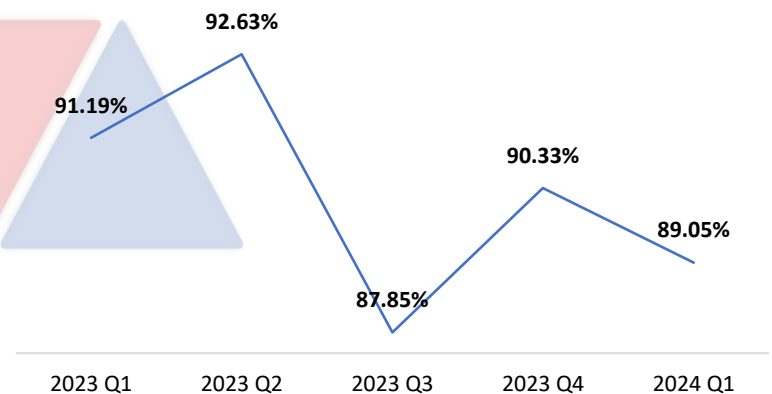
Corporate tax receivables grew by 139.39% to TZS 90.24 million compared to TZS 37.69 million in Q4'23.

The growth was mainly financed by a 2.26% increase in Shareholders' Equity, amounting to TZS 32.32 billion, with the growth driven by the company's profitability, while total liabilities grew by 30.44%, amounting to TZS 2.89 billion, with the growth attributed by an increase in the company's creditors and payables.

Total Assets Trend in Billions TZS



Total Equity to Assets Trend



Other Performance Indicators:

- Return on Assets for the quarter stood at 3.4% as of March 2024 compared to 4.70% as of December 2023.
- Return on Equity stood at 3.82% as of March 2024 compared to 5.20% as of December 2023.
- Total Liabilities to Equity Ratio stood at 8.95% in March 2024 compared to 7.02% in December 2023.

Balance Sheet Analysis Amounts in Billions TZS	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Total Assets	32.40	33.59	34.05	34.98	36.29
Growth Rate	2.07%	3.68%	1.36%	2.75%	3.73%
Total Equity	29.54	31.11	29.91	31.60	32.32
Growth Rate	4.09%	5.31%	-3.86%	5.65%	2.26%
Total Liabilities	2.85	2.48	4.14	3.38	3.97
Growth Rate	-22.43%	-20.81%	124.06%	-26.30%	17.44%

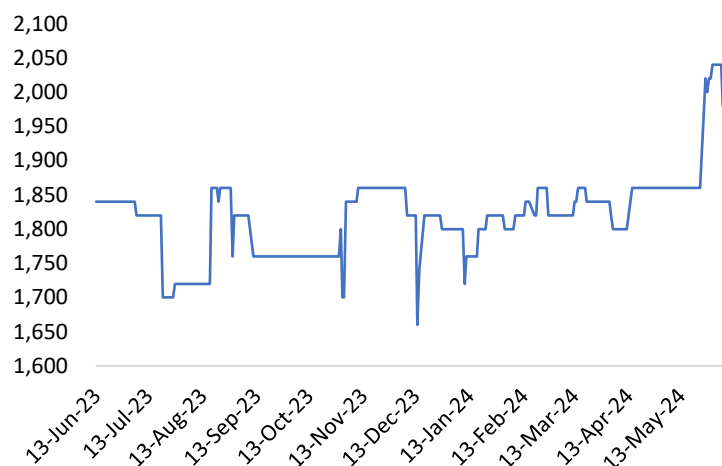
DSE PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING MARCH 2024

INVESTORS' CORNER

Since the company released its results, its share price has risen by 6.45% and closed at TZS 1,980 per share. The company's shares have even traded as high as TZS 2,240 per share. The growth has mainly been driven by the announcement of a TZS 145 per share, whose payment details have yet to be disclosed.

As of June 13th, 2024, the company's shares closed at TZS 1,980 per share, with 1,820 shares on the outstanding bids and no shares outstanding for sale, indicating that it's a buyers' market.

DSE 52-Week Share Price Trend



Year to Date Share Price Performance

COUNTER	Opening Price as of 2 – Jan - 2023	Closing Price as of 13 – June – 2024	Capital Gain
DSE	TZS 1,800	TZS 1,980	▲ 10.00%

Other Financial Indicators

DSE	March 2024
Price to Book Value Ratio*	1.46x
Dividend Yield**	8.06%

* Closing share price TZS 1,980 as of 13th June 2024, against book value per share of TZS 1,356.45 as of 31st March 2024

** Recommended Dividend per Share for 2024 is TZS 145, which is compared to the share price at the start of the year

ANALYSTS' COMMENTARY

Compared to the same quarter in the previous year, DSE's revenues have grown by 2.40% from TZS 1.78 billion in Q1'23 to TZS 1.84 billion in Q1'24, the slowest growth rate recorded on a year-on-year basis since the 3rd quarter of 2022. Profits experienced their first decline of 0.75% from TZS 1.24 billion in Q1'23 to TZS 1.23 billion in Q1'24, the first decline recorded by the company year-on-year since Q1'21.

Despite the sluggish performance, the company still has strong prospects going into the remaining three quarters of 2024, driven by increased transaction fees from the equities section due to increased adoption of digital platforms such as the DSE mobile-trading platform, which aim to improve customer ease and convenience in opening and investment of securities, increased retail investor awareness and increased participation of local institutions in the markets. Bond trading is also likely to remain elevated should the Central Bank reopen high-coupon treasury bonds in the new 2024/25 government year, which could see higher participation from retail and institutional investors.

Furthermore, reopening the high-coupon Treasury bonds could result in the company experiencing increased growth in its investment income in the forthcoming quarters as it reallocates its investment portfolio from fixed deposits to high-coupon-bearing re-opened treasury bonds. Listing fee growth, however, is likely to slow or decline should the government opt to issue its treasury bonds via re-opening old bonds. That would mean that subsequent fees from listings of additional amounts raised would be less than what DSE would earn if the government issued new treasury bonds. Additionally, listing fees from the equities segment are likely to stagnate as mid and low-market cap stocks remain stagnant, while listing fees from blue chips are already charged at the maximum price ceiling as per the 2022 DSE rules.

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