

**Swissport
Tanzania
AGM
HIGHLIGHTS
June 2024**

JULIUS NYERERE INTERNATIONAL



SWISSPORT PLC 39th ANNUAL GENERAL MEETING HIGHLIGHTS

On June 14th, 2024, Swissport Plc held its 39th Annual General Meeting. Here are some key takeaways from the event.

KEY STRENGTHS

1. Passengers handled by Swissport have increased by 14.09% to 2.24 million in 2023 despite a marginal 0.3% decline in the gross flights handled by the company, with the growth attributed to an increase in tourism activities from both a local and international front taking place in the country which is evident with the 24.09% growth foreign tourist arrival in the country amounting to 1.81 million tourists. Cargo handled by the company also saw a 6.63% increase, amounting to 29,265 tons from 28,055 tons in 2023. The total number of retained airline clients increased to 27 in 2023 from 26 the previous year after acquiring Saudi Airlines as the company's newest customer.
2. The company's profitability continued to improve after recording a 41.83% growth in profits from TZS 2.61 billion in 2022 to TZS 3.70 billion in 2023 and an improvement in profit margins from 6.88% in 2023 to 9.12% in 2024. This was attributed to revenue growth of 6.97% from TZS 37.88 billion in 2022 to TZS 40.52 billion in 2023 while operating expenses were prudently managed and only saw a 3.73% growth amounting to TZS 35.08 billion despite escalating fuel prices, increase in the general price levels, as well as impacts brought about by the scarcity of foreign currency during the year.
3. Swissport's newly established longue business that began operations in 2022 had experienced a 182.35% growth in revenue from TZS 527 million in 2022 to TZS 1.49 billion in 2023, with the growth driven by a 177.86% growth in the number of Longue visitors from 12,167 in 2022 to 34,085 in 2023 with average spending per customer in the longue business having improved from TZS 42,960.79 in 2022 to TZS 43,655.57 in 2023. The losses from this business segment have declined by 18.33%, from a loss of TZS 251 million in 2022 to TZS 205 million in 2023.
4. Swissport retains market leadership in the ground and cargo handling business segments. As of 2023, the company maintained a 90% market share in its cargo handling segment and a 97% in cargo handling business.
5. Following these developments, the shareholders of the company approved a dividend payment of TZS 51.33 per share, a 22.21% increase from TZS 42 per share paid out in the previous year

SWISSPORT PLC 39th ANNUAL GENERAL MEETING HIGHLIGHTS

KEY CHALLENGES

1. Despite the 6.97% revenue growth experienced in 2023, it's worth noting that the revenue growth recorded during the year was the slowest since 2020, during the height of the COVID-19 pandemic. This slowdown in revenue was attributed to a 1.80% decline in cargo revenue amounting to TZS 19.58 billion, which was brought about by a decrease in storage revenue caused by a shift in the company's import-export revenue. Export cargo rose from 14,898 tons in 2022 to 17,196 tons in 2023 due to the increased export of perishable products, including meat, fish, avocados, and flowers, while import cargo decreased from 13,157 tons to 12,070 tons in 2023, which can be attributed to a reduction in the volume of vaccine shipments compared to the prior year. Since the nature of goods imported tends to carry a higher value than what is exported, this switch in import-export volumes has caused the company to earn less cargo revenue.
2. Short Concession agreements that require renewal every five years from the Tanzanian Airports Authority and the Kilimanjaro Airport Development Corporation to continue operations in both the Julius Nyerere International Airport and the Kilimanjaro International Airports despite having operated in these respective airports for over the past 39 and 34 years, respectively has continued to bring a sense of uncertainty to Swissport's operations. Currently, the company's concession agreement for the Julius Nyerere International Airport is set to expire on 30 April 2027, while that for the Kilimanjaro International Airport is set to expire on 30 June 2024, with renewal discussions ongoing.
3. Despite retaining market leadership in the ground and cargo handling business segments, the company continues to face stiff competition, which has brought about pricing pressure on the company's services that may dampen the company's revenue growth prospects from these segments. Additionally, the liberalization of the cargo and ground-handling business, despite the market being a slow-growing market which is dominated by few customers, has meant that on average, for every one airline customer lost by Swissport to competition, the company loses about 3.33% to 3.57% of its market share which gives Swissport's clients a higher bargaining power compared to when the company was a monopoly.

ESG HIGHLIGHTS

- Swissport Tanzania has aligned its investment strategy to ensure that all future investments are environmentally friendly. To reduce CO2 emissions, procured ground support equipment (GSE) is electric-powered. Presently, 18.1% of the Company's GSE are electric-powered (2022 – 17%).

SWISSPORT PLC 39th ANNUAL GENERAL MEETING HIGHLIGHTS

OUTLOOK

1. Expanding into economically viable airports: Swissport shall continue to identify and assess regional airports that have the potential to derive significant revenues and profits for the company and expand its services into those respective airports should the airports present generating positive returns for the company.
2. Monitor competition: The company shall continue to monitor competition and implement strategies that aim at putting the company in a competitive advantage to retain and attract new clients. Strategies in place include investing in processes, GSE, warehouse infrastructure, cold rooms, people, technology, and training to achieve product differentiation from its competitors.
3. Introduce new product lines: Following the success of the Twiga Longue business, the company shall continue to identify, introduce, and improve new product lines that have the potential to contribute towards the improvement of the company's top and bottom line figures

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

www.solomon.co.tz



[@sstockbrokers](https://www.instagram.com/sstockbrokers)

[#elimuYaUwekezajiHisa](https://twitter.com/elimuYaUwekezajiHisa)