

TPCPLC EARNINGS HIGHLIGHT

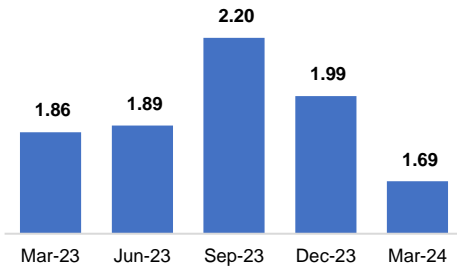
June 2024



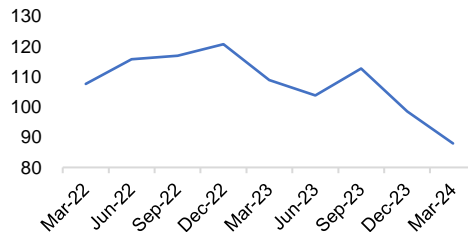
TWIGA CEMENT FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2024

INDUSTRIAL OVERVIEW

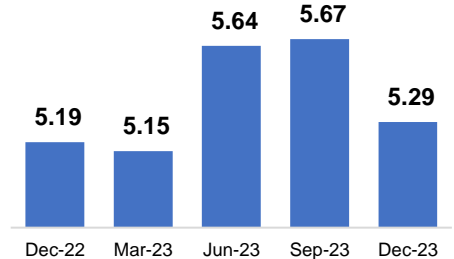
Net Cement Consumption in Million Tons



Industrial Production Index on Manufacture of Cement, Lime and Plaster



Construction Gross Domestic Product Value in Trillions TZS



INCOME STATEMENT ANALYSIS

Net Profits decreased by 6.82%, from TZS 16.00 billion as of March 2024 to TZS 14.91 billion as of June 2024.

Possible Reasons:

Sales decreased by 3.63% from TZS 102.65 billion in Q1'24 to TZS 98.92 billion in Q2'2024, marking the third consecutive quarter of declining sales since Q3'2023. The decrease in Q2 sales particularly is cyclical, as observed since Q2'2022, due to a slowdown in infrastructure projects during the second quarter while the government reviews its expenditure budgets for the upcoming fiscal year.

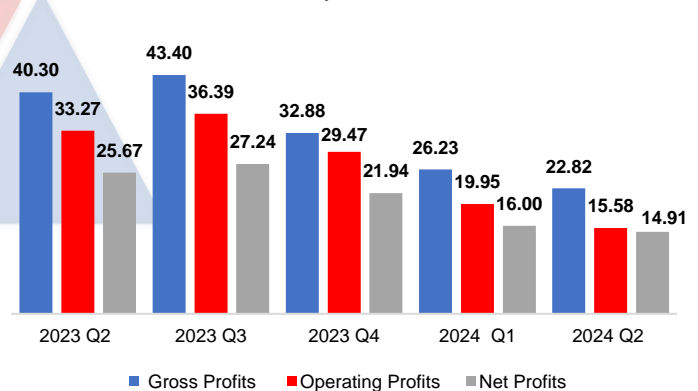
The cost of sales was slightly reduced by 0.42% quarter-over-quarter due to higher energy costs from using gas (a more expensive energy source than coal), and higher distribution costs from the company's efforts to procure more raw materials.

Operating expenses surged by 17.00% QoQ, amounting to TZS 7.52 billion, due to increased Selling and administration expenses.

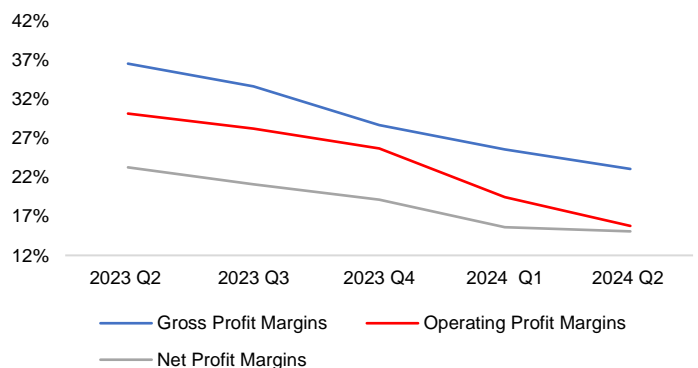
Improvements in the Income Statement:

The company's finance-related activities grew by 63.47% to TZS 5.13 billion during the 2nd Quarter of 2024, as it recorded a TZS 4.64 billion net gain in foreign currency translation from its foreign currency reserves.

TPCPLC Profitability Trend in Billions TZS



TPCPLC Profitability Margins Trend



Income Statement Analysis Amounts in Billions TZS	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Sales	110.39	129.12	114.77	102.65	98.92
Growth Rate	-18.76%	16.96%	-11.11%	-10.56%	-3.63%
Operating Expenses	7.84	8.42	10.11	6.42	7.52
Growth Rate	12.76%	7.48%	20.06%	-36.49%	17.00%

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BALANCE SHEET STATEMENT ANALYSIS

Total assets decreased by 7.52% during the quarter ending June 2024, reaching TZS 420.54 billion.

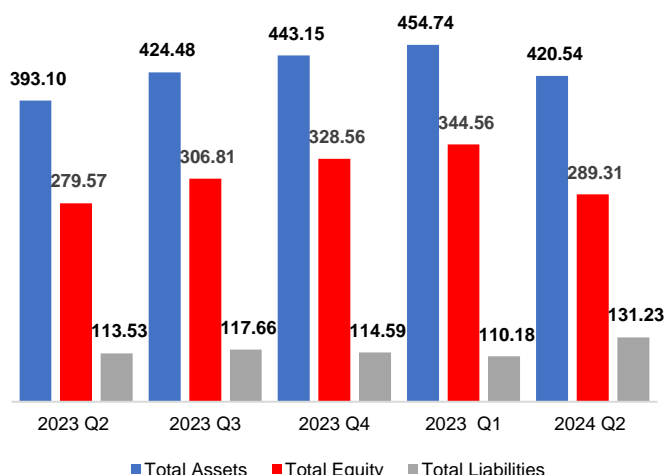
Possible Reasons:

The company's cash and cash equivalent declined 35.50%, amounting to TZS 96.86 billion, due to weaker earnings recorded during the 2nd Quarter of 2024 and annual dividend payments worth TZS 70 billion paid to shareholders.

Additionally, the company's non-current assets decreased marginally by 0.58% to TZS 139.18 billion, caused by depreciation and amortization charges on its plant, property, and equipment as well as its intangible assets.

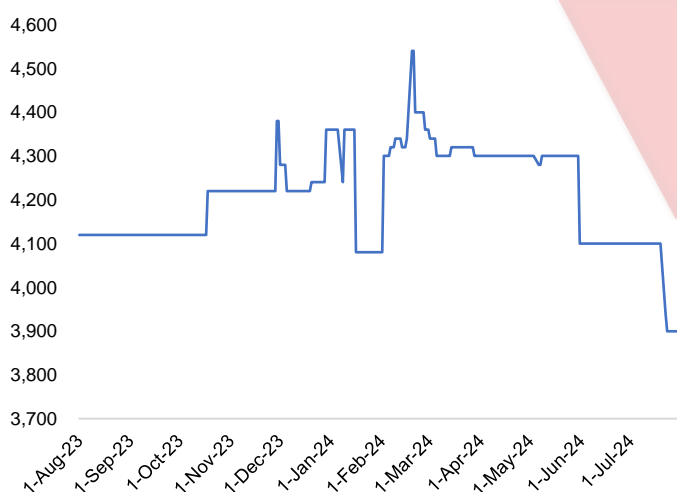
These declines were accompanied by a 16.21% decrease in the company's retained earnings, while total liabilities grew by 19.11%, mainly due to increasing payables.

Balance Sheet Highlights in Billions TZS



INVESTORS' CORNER

TPCC 52-Week Share Price Trend



Supporting Fundamentals

Ticker	TPCC
Closing Price as of 31 st July 2024	TZS 3,820
Book Value per Share	TZS 1,607.94
P/B Ratio	2.38x
Annualized EPS	TZS 343.68
Annualized P/E Ratio	11.12x
Dividend per Share	TZS 390
Dividend Yield*	8.94%

*Dividend of TZS 390 compared to Opening Price TZS 4,360 as of Jan 2nd 2024

OUTLOOK

Twiga Cement's half-year profits have declined by 38.17%, amounting to TZS 30.92 billion, due to weaker cement consumption, adverse weather conditions, and infrastructure projects placed on hold due to a lack of funding. These factors have placed pressure on the company's sales volume and revenues.

Looking ahead, we anticipate a recovery in sales in the 3rd quarter of 2024 compared to the 2nd quarter of 2024, in line with the company's historical revenue growth pattern, as old government infrastructure projects resume and new infrastructure projects are introduced as the government implements its new fiscal budget. However, the company's inability to grow its first and second-quarter revenue for the year 2024 in comparison to that of 2023 will reduce the company's prospects of recording higher revenue and profitability figures during the financial year 2024.

Furthermore, idiosyncratic risks such as capacity constraints, higher energy costs, increased excise duty payments, and fierce competition in the cement industry could erode Twiga's margins and profits, further straining the company's ability to maximize shareholder returns during 2024. Following the company's financial results release, investor sentiment has been negative in the markets as the share price has tumbled by 2.05%, closing at TZS 3,820 from TZS 3,900 per share before the results were released.

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	RATIO ANALYSIS							
	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Capital Structure:								
Debt to Equity	41.95%	39.20%	33.93%	40.61%	38.35%	34.88%	31.98%	45.36%
Equity Multiplier	1.42	1.39	1.34	1.41	1.38	1.35	1.32	1.45
Interest Coverage			207.95	107.72	234.70	180.37	114.02	59.55
Asset Quality:								
Total Asset Turnover	1.39	1.36	1.28	1.07	1.26	1.06	0.91	0.90
Inventory Turnover	1.15	1.13	1.10	0.73	0.84	0.86	0.88	0.91
Return on Assets	23.74%	26.26%	22.42%	26.12%	25.67%	19.80%	14.08%	14.18%
Management Quality:								
Revenue Growth	17.48%	4.24%	-0.36%	-18.76%	16.96%	-11.11%	-10.56%	-3.63%
Gross Profit Margins	29.66%	33.73%	29.25%	36.50%	33.61%	28.65%	25.55%	23.07%
Operating Profit Margins	25.34%	28.61%	24.73%	30.14%	28.19%	25.68%	19.44%	15.75%
Earnings Quality:								
Net Profit Growth	-3.54%	19.54%	-11.18%	5.51%	6.11%	-19.46%	-27.05%	-6.82%
Net Profit Margin	17.52%	20.09%	17.90%	23.26%	21.10%	19.12%	15.59%	15.08%
Return on Equity	33.69%	36.55%	30.03%	36.73%	35.52%	26.71%	18.58%	20.62%
Liquidity Ratios:								
Current Ratio	2.63	2.77	3.31	2.76	2.98	3.23	3.52	2.50
Quick Ratio	1.80	1.88	2.30	1.62	1.94	2.25	2.59	1.74
Cash Ratio	1.00	1.09	1.28	0.79	1.19	1.41	1.68	0.86

Quarterly Revenue and Profit Data has been annualized

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