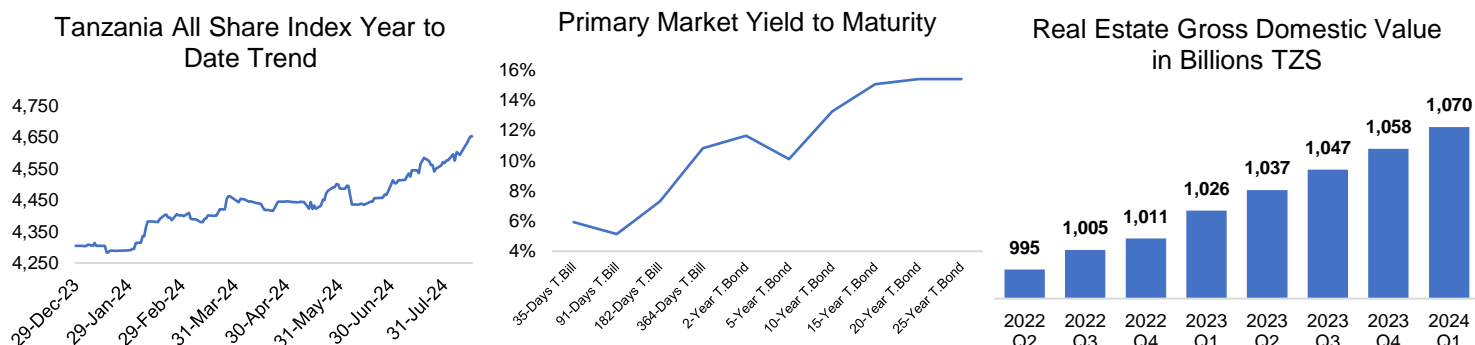


# NICO EARNINGS HIGHLIGHTS June 2024



## NICO PLC FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDING JUNE 2024

### INDUSTRIAL OVERVIEW



### INCOME STATEMENT ANALYSIS

Net Profits increased by 4.86%, from TZS 7.42 billion as of June 2023 to TZS 7.78 billion as of June 2024.

#### Possible Reasons:

Investment Income increased by 25.00% from TZS 9.93 billion in June 2023 to TZS 12.41 Billion in June 2024. The growth is due to increased dividend income from its existing holdings, such as NMB Bank Plc, whose dividends increased by 26.29%, and a TZS 2.48 billion profit from the sale of its 57 acres at Plot 450 Block A, Kigamboni, and its plots in Amani Gomvu.

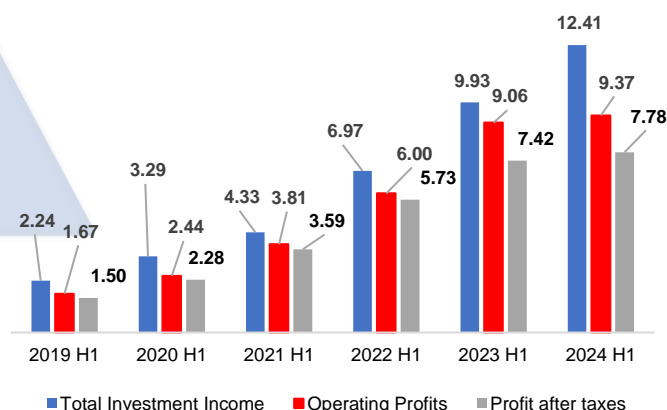
A 6.29% decrease in its interest expenses amounting to TZS 1.20 billion following a TZS 6 billion loan repayment during the 12 months leading to June 2024.

#### Underperformances in the income statement:

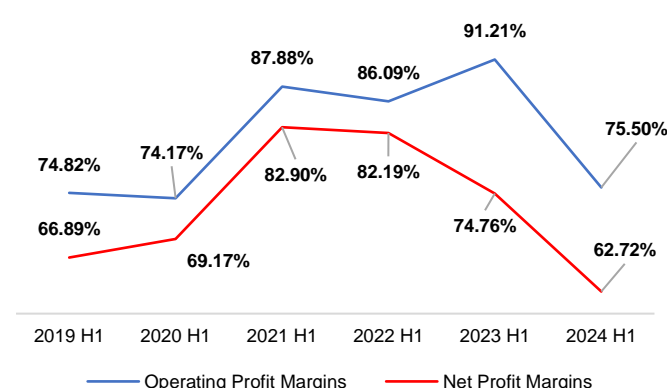
Operating expenses surged by 248.48% to an all-time high of TZS 3.04 billion. This was due to higher dividend processing costs following claims on previous unpaid dividends from about 500 shareholders, increased provisions over a pending court case, and increased listing fees from the Dar es Salaam Stock Exchange following the company's 77.78% share price rally from June 30<sup>th</sup>, 2023, to June 30<sup>th</sup>, 2024. This resulted in a TZS 21.58 billion increase in the company's market cap and an estimated TZS 5.39 million increase in its listing fees.

The company's interest income declined 9.88% to TZS 2.42 billion, perhaps due to a TZS 10 billion outflow of deposits with commercial banks recorded during the 2023 financial year.

#### NICOL Profitability Trend in Billions TZS



#### NICOL Profit Margin Trend



Income Statement Analysis Amounts in Billions TZS	Jun-20	Jun-21	Jun-22	Jun-23	Jun-24
Investing Income	3.29	4.33	6.97	9.93	12.41
Growth Rate	47.25%	31.52%	60.99%	42.40%	25.00%
Operating Expenses	0.85	0.52	0.97	0.87	3.04
Growth Rate	51.04%	-38.31%	84.78%	-9.99%	248.48%

# NICO PLC FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDING JUNE 2024

## BALANCE SHEET STATEMENT ANALYSIS

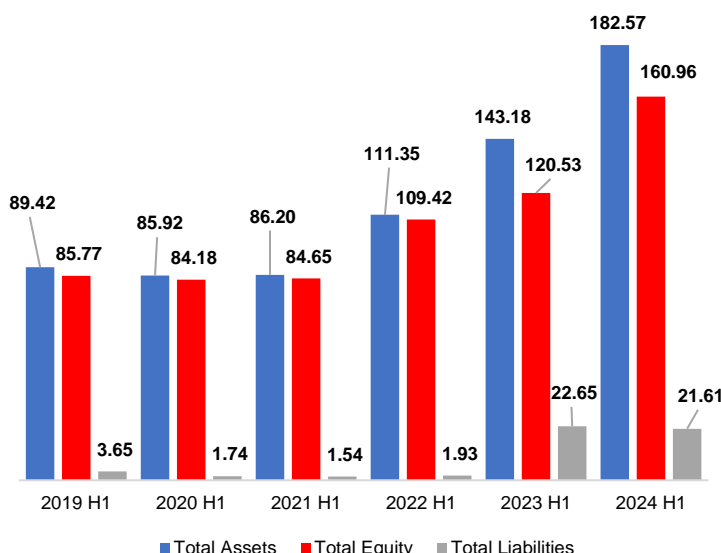
Total assets increased by 27.51% from TZS 143.18 billion in June 2023 to TZS 182.57 billion in June 2024

### Possible Reasons:

Equity investments grew by 46.73%, from TZS 76.09 billion in June 2023 to TZS 111.65 billion in June 2024. This increase was driven by a TZS 35.56 billion unrealized capital gain, primarily due to significant capital gains in NMB Bank Plc (NMB), CRDB Bank Plc (CRDB), Dar es Salaam Stock Exchange (DSE), and Twiga Cement (TPCC). Additionally, there was a TZS 21 billion increase in investment properties due to advances paid to Mirambo Ltd.

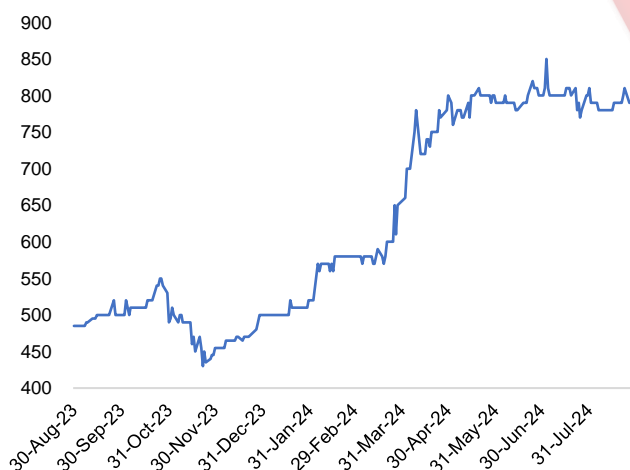
This growth was mainly financed by a 33.55% increase in total equity amounting to TZS 160.96 billion, with the growth primarily due to capital gains worth about TZS 36.95 billion following the appreciation of the aforementioned shares as well as their real-estate investments and a TZS 3.48 billion increase in the company's retained earnings due to the profits recorded net of dividends in the 12 months ending June 2024.

NICOL Balance Sheet Highlights in Billions TZS



## INVESTORS' CORNER

NICO 52-Week Share Price Trend



### Supporting Fundamentals

Ticker	NICOL
Closing Price as of 29 <sup>h</sup> Aug 2024	TZS 800
Book Value per Share	TZS 2,611.58
P/B Ratio	0.31x
Annualized EPS	TZS 112.53
Annualized P/E Ratio	7.11x
Projected Dividend per Share*	TZS 55.05
Dividend Yield	11.01%

\*Dividend of TZS 55.05 compared to Opening Price TZS 500 as of Jan 2<sup>nd</sup> 2024

## OUTLOOK

NICO's half-year earnings grew by 4.86%, amounting to TZS 7.78 billion, the slowest growth since 2019. This sluggish performance was primarily driven by rising operating costs, notably increased one-time provisions on a litigation case, higher dividend processing costs following shareholder claims on unpaid dividends, marked-up listing fees, and a 10% decline in the company's interest expenses. Despite this, NICO made a strategic move through its subsidiary, NICO Land, by buying and selling plots of land. Over 1.5 years, the company achieved a 28.71% return on investment, selling plots worth TZS 8.64 billion. However, with 90.43% of the land value already sold, the potential for significant revenue from further sales in the second half is limited.

Looking ahead into the second half of 2024, NICO's income from investments held as of 30<sup>th</sup> June 2024 is expected to decline to around TZS 3.34 billion, as most of the company's equity and debt portfolio income is received in the year's first half. Operating expenses, excluding one-time provisions, are likely to remain stable, which, combined with limited revenue from land sales, suggests that the company's annual earnings growth may fall below the 4.86% seen in the first half or even witness the risk of a decline in net profits compared to 2023. However, this view does not account for any income from investments that the company expects to make in the second half of the year, particularly in the real estate, equities, and bond markets.

## NICO PLC FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDING JUNE 2024

	RATIO ANALYSIS				
	2020 H1	2021 H1	2022 H1	2023 H1	2024 H1
<b>Capital Structure:</b>					
Debt to Equity	2.03%	1.79%	1.73%	15.82%	11.83%
Equity Multiplier	1.02	1.02	1.02	1.19	1.13
Interest Coverage			855.17	7.04	7.77
<b>Asset Quality:</b>					
Total Asset Turnover	3.84%	5.07%	7.48%	7.34%	7.20%
Return on Assets	2.65%	4.17%	5.15%	5.18%	4.26%
<b>Management Quality:</b>					
Revenue Growth	47.25%	31.52%	60.99%	42.40%	25.00%
Operating Profit Margins	74.17%	87.88%	86.09%	91.21%	75.50%
<b>Earnings Quality:</b>					
Net Profit Growth	52.28%	57.63%	59.62%	29.52%	4.86%
Net Profit Margins	69.17%	82.90%	82.19%	74.76%	62.72%
Return on Equity	2.71%	4.24%	5.24%	6.16%	4.84%
<b>Liquidity Ratio:</b>					
Current Ratio	1.82	3.03	1.19	3.12	0.86
Cash Ratio	1.76	2.87	1.01	2.32	0.04

*Quarterly Revenue and Profit Data has been annualized*

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