



SOLOMON Stockbrokers

Dar Stock Exchange **EARNINGS HIGHLIGHT** Sept 2024

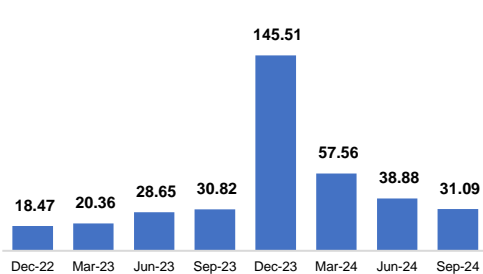


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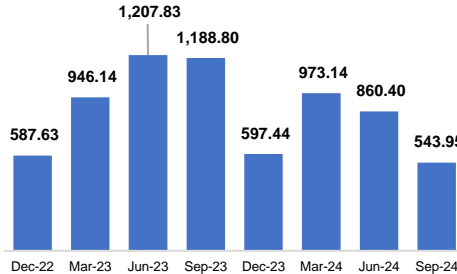
DAR STOCK EXCHANGE FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING SEPT 2024

INDUSTRIAL OVERVIEW

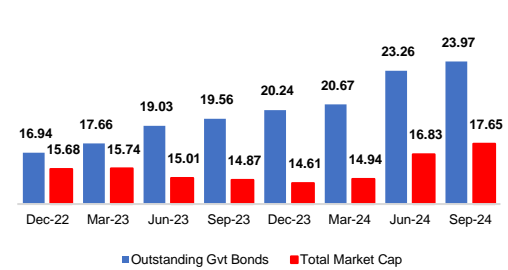
Equities Turnover in Billions TZS



Treasury & Corporate Bond Turnover in Billions TZS



Total Gvt Bond Outstanding and Total Market Cap in Trillions TZS



INCOME STATEMENT ANALYSIS

Net Profits increased by 27.72%, from TZS 932.79 million as of June 2024 to TZS 1.19 billion as of Sept 2024.

Possible Reasons:

Listing fees grew by 29.62% QoQ amounting to TZS 1.19 billion following a 7.20% increment in outstanding government bonds amounting to TZS 23.97 trillion and a 4.80% increase in the total market cap for equities.

DSE's fully owned subsidiary the CSDR recorded notable gains with revenues growing 66.24% amounting to TZS 377.30 million following increased membership and application fees.

Other Operating Income grew 298.75% amounting to TZS 302.42 million following increased sales of vending market data and brokerage membership fees.

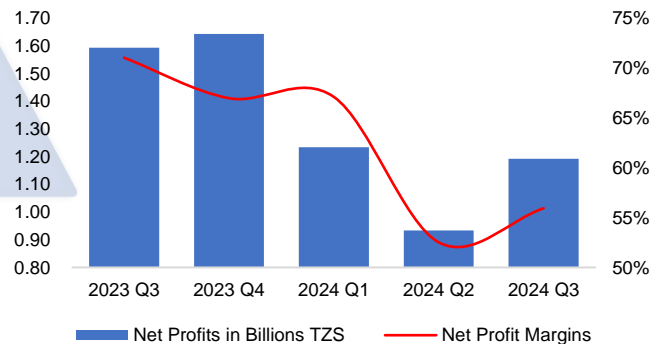
Finance Income grew 9.14% amounting to TZS 937.22 million as of Q3'24 following a net TZS 910.36 billion inflow in investments in Q3'23 and Q1'24. as well as an improvement in yields and returns from their fixed income investments between Q2'24 and Q3'24.

Cost efficiency remained resilient with operating expense growth having grown 10.87% QoQ amounting to TZS 1.87 billion compared to operational revenue (excluding finance income) growth of 19.94% amounting to TZS 2.13 billion

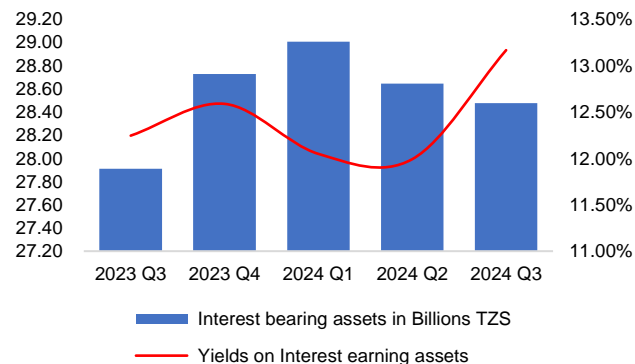
Underperformances in the Income Statement

Listing fees fell by 53.11% amounting to 260.28 million following a 20.00% drop in Equities turnover amounting to 31.09 billion and a 36.77% decline in turnovers from corporate and treasury bond turnovers amounting to TZS 543.95 billion.

Dar es Salaam Stock Exchange Profitability Trend



DSE Interest bearing assets and yields trend



Income Statement Analysis Amounts in Billions TZS	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Operating Income (Excluding finance income)	2.24	2.45	1.84	1.78	2.13
Growth Rate	-4.75%	9.40%	-25.02%	-3.44%	19.94%
Operating Expenses	1.45	1.65	1.46	1.69	1.87
Growth Rate	-5.02%	13.88%	-11.42%	15.45%	10.87%

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BALANCE SHEET STATEMENT ANALYSIS

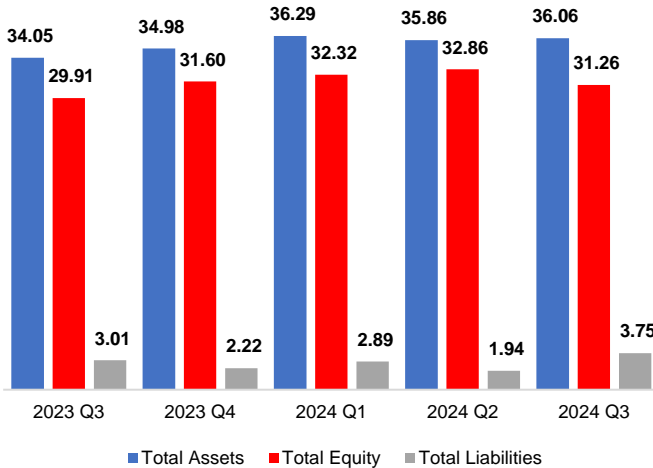
Total assets increased by 0.57% during the quarter ending June 2024, reaching TZS 36.06 billion in value.

Possible Reasons:

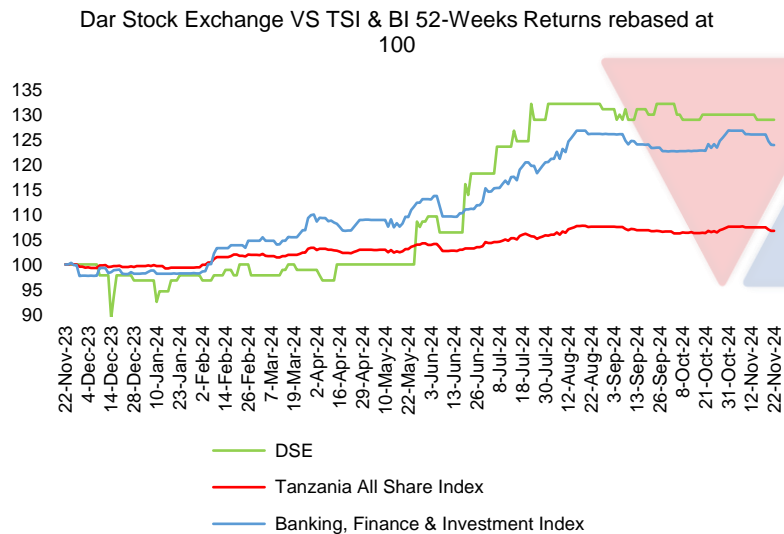
Property and equipment grew 194.17% amounting to TZS 428.67 billion in Q3'24 all while its non-current prepayments grew an additional 4.11% as the company continues to prepare for to shift its Headquarters from Kambarage House – Dar es Salaam to the Morocco Square – Dar es Salaam all while Investments in government securities grew 1.89% amounting to TZS 14.07 billion as of Q3'24 in an effort to increase the company's finance income

The growth in assets was mainly financed by a 93.73% increase in liabilities amounting to TZS 3.75 billion following a 808.92% increment in contract liabilities amounting to TZS 2.50 billion as of Q3'24.

Balance Sheet Highlights in Billions TZS



INVESTORS' CORNER



Supporting Fundamentals

Ticker	DSE
Closing Price as of 22 nd Nov 2024	TZS 2,400
Book Value per Share	TZS 1,312.13
P/B Ratio	1.83x
Trailing EPS	TZS 209.91
P/E Ratio	11.43x
ROE	16.00%
ROA	13.87%

* The word trailing indicates the sum of the company's earnings per share from the latest four quarters

OUTLOOK

From a cumulative standpoint the Dar es Salaam Stock Exchange's net profits have fallen by 24.93% from TZS 4.47 billion as of September 2023 to TZS 3.36 billion as of September 2024. The drop stems from a 14.26% decline in listing fees amounting to TZS 3.03 billion whose erosion has been brought about by a disruption of new government bond listings in favor for re-opened treasury bond issuances by the Central Bank which according to the 2022 Dar es Salaam Stock Exchange rules has resulted in the reduction in listing fees from 0.05% of the amount listed to 0.025% of the amount listed.

The primary market's oversaturation of reopened longer-term treasury bond auctions has led to a 28.88% decline in secondary market trading, with treasury and corporate bond values dropping from TZS 3.34 trillion in September 2023 to TZS 2.38 trillion in September 2024. This decline has weakened transaction fee growth (up only 1.87% to TZS 1.30 billion) and caused a 20.39% drop in CSD & Registry fees (to TZS 988.59 million). In contrast, equities trading has seen a 59.75% increase in transaction values, rising from TZS 79.83 billion to TZS 127.53 billion, driven by increased adoption of DSE's mobile trading platform and greater investor awareness. However, equities turnover is expected to decline overall for 2024 compared to 2023, due to the anticipated lack of significant transactions in Q4 like the Tanga Cement deal valued at TZS 106.25 billion. Despite revenue pressures, operating expenses for the nine months ending September 2024 grew by 15.96% to TZS 5.02 billion, the fastest growth rate since 2018 for this period.

Looking ahead we anticipate an erosion in full year earnings and a subsequent decline in dividends to be paid out to shareholders. Beyond 2024 we anticipate recovery in DSE's fundamentals particularly from increased corporate bond listings, transaction fees from equities in line with resilient fundamentals, increased investor awareness and technological adoption, increased investment income and fees from vending data and membership fees (though these contribute very little to DSE's revenue)

DAR STOCK EXCHANGE FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING SEPT 2024

RATIO ANALYSIS

Ratio Analysis:	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Capital Structure:								
Debt to Equity	7.70%	5.74%	4.32%	10.06%	7.02%	8.95%	5.90%	12.00%
Equity Multiplier	1.12	1.10	1.08	1.14	1.11	1.12	1.09	1.15
Asset Quality:								
Total Asset Turnover	15.30%	13.33%	16.29%	13.22%	13.02%	10.30%	10.18%	13.24%
Return on Assets	14.97%	15.35%	19.50%	18.71%	18.78%	13.60%	10.40%	13.21%
Management Quality:								
Operating Income Growth	8.01%	-3.21%	31.07%	-4.75%	9.40%	-25.02%	-3.44%	19.94%
Investment Income Growth	12.40%	-6.79%	3.55%	2.35%	5.80%	-3.35%	-1.71%	9.14%
Operating Profit Margins	18.27%	24.55%	35.16%	35.34%	32.69%	20.48%	4.93%	12.12%
Earnings Quality:								
Net Profit Growth	-6.84%	4.71%	31.68%	-2.74%	3.15%	-24.88%	-24.41%	27.72%
Cost to Income Ratio	55.75%	52.08%	47.87%	46.82%	49.19%	53.91%	64.09%	61.03%
Return on Equity	16.74%	16.83%	21.05%	21.30%	20.79%	15.28%	11.36%	15.24%
Liquidity Ratio:								
Current Ratio	8.34	11.21	15.11	6.80	9.80	7.36	8.79	4.39
Cash Ratio	0.04	0.09	0.31	0.18	0.07	0.10	0.08	0.02

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