

TCC PLC EARNINGS HIGHLIGHTS Dec 2024



TCC PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING DEC 2024

INDUSTRIAL OVERVIEW

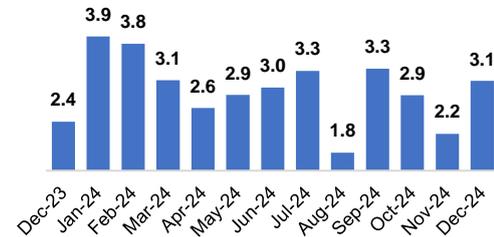
Tobacco Price Trend In USD



Taxes Collected from Cigarette Sales In Billions TZS



Manufactured Tobacco Exports in Millions USD



INCOME STATEMENT ANALYSIS

Net Profits decreased by 25.31%, from TZS 36.39 billion as of Sept 2024 to TZS 27.18 billion as of Dec 2024.

Possible Reasons:

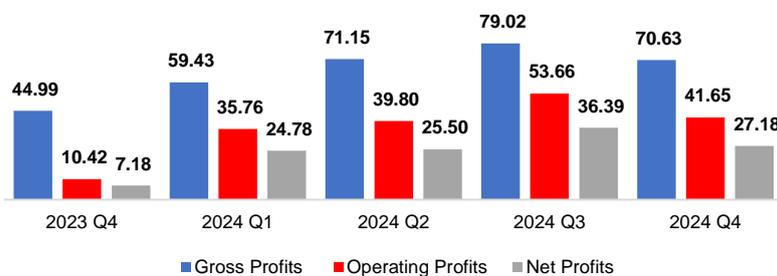
Net profits fell by 10.63% QoQ, amounting to TZS 70.63 billion as of Q4'24. The drop was brought about by a 7.37% drop in sales revenue from TZS 123.52 billion as of Q3'24 to TZS 114.43 billion, which we have observed to be rather cyclical. This is the third consecutive year in our quarterly coverage that fourth-quarter sales lagged against third-quarter sales. Furthermore, the cost of sales fell marginally by 1.57%, perhaps due to rising tobacco prices, particularly during Oct 2024.

Operating expenses registered a 14.25% growth, amounting to TZS 28.97 billion in Q4'24, due to a 10.77% QoQ growth in marketing, selling, and distribution expenses, amounting to TZS 12.58 billion and a 31.98% QoQ growth amounting to TZS 16.42 billion.

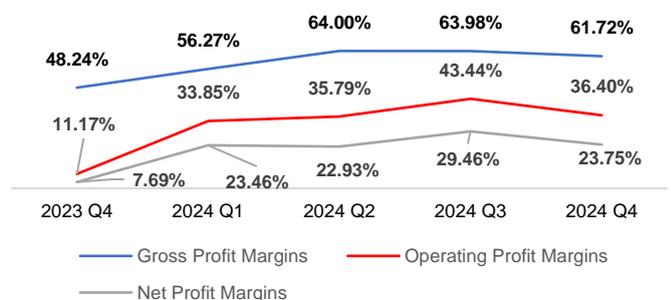
Improvements in the Income Statement:

Finance expenses contracted 77.04% due to reduced impairments and foreign currency translation losses following the surge of the TZS against the USD and other hard currencies

TCC Profitability in Billions TZS



TCC Profit Margins Trend



| Income Statement Analysis Amounts in Billions TZS | Dec-23 | Mar-24 | Jun-24 | Sept-24 | Dec-24 |
|---|--------|---------|--------|---------|--------|
| Revenue | 93.28 | 105.62 | 111.18 | 123.52 | 114.43 |
| Growth Rate | -5.65% | 13.23% | 5.27% | 11.10% | 10.63% |
| Operating Expenses | 34.57 | 23.67 | 31.36 | 25.36 | 28.98 |
| Growth Rate | 29.52% | -31.52% | 32.44% | -19.11% | 14.25% |

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BALANCE SHEET STATEMENT ANALYSIS

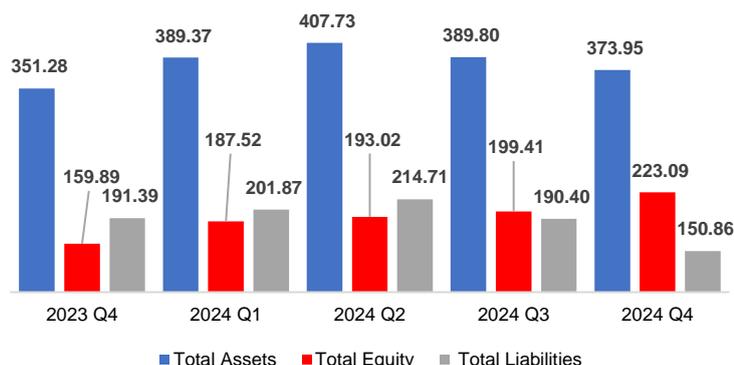
Total assets decreased by 4.07% during the quarter ending Dec 2024, reaching TZS 373.95 billion in value.

Possible Reasons:

A 40.15% drop in cash and cash equivalents amounting to TZS 35.41 billion as of Q4'24 due to the payment of interim dividends worth TZS 30 billion compared to net operating cash flows of TZS 15.08 billion.

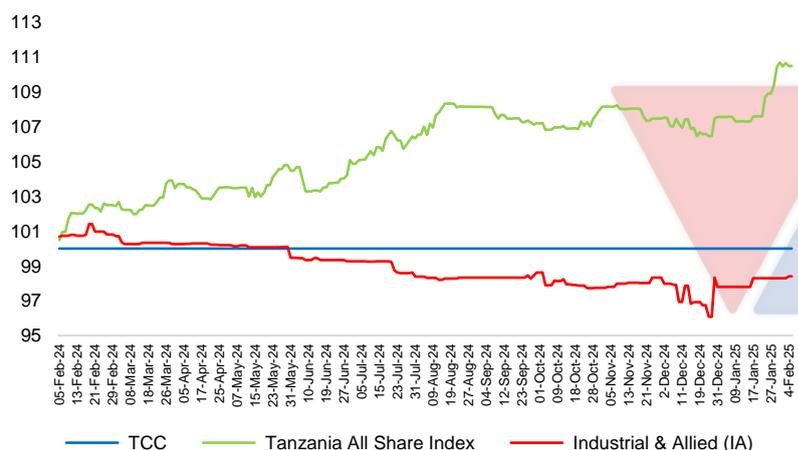
The fall in value also coincided with a 20.76% QoQ drop in liabilities, mainly caused by a 28.68% drop in trade and other payables, indicating initiatives being taken by TCC to improve its net working capital position.

TCC Plc Balance Sheet Highlights



INVESTORS' CORNER

TCC Vs TSI & IA Index 52-Week Returns Rebased at 100



Supporting Fundamentals

| Ticker | TCC |
|--|--------------|
| Closing Price as of 5 th Feb 2025 | TZS 17,000 |
| Book Value per Share | TZS 2,230.92 |
| P/B Ratio | 7.62x |
| Trailing EPS | TZS 1,138.43 |
| P/E Ratio | 14.93x |
| ROE | 47.06% |
| ROA | 24.07% |

OUTLOOK

Despite the sluggish performance recorded in the fourth quarter of 2024, full-year results remained strong, with net profits having risen by 70.73% from TZS 66.68 billion as of FY'2023 to TZS 113.84 billion as of FY'2024 following a 21.74% rise in sales following the implementation of aggressive sales strategies all while cost of sales and operating costs were uniquely contained with these line items growing at marginal rates of 3% and 1.14% respectively which led to a 78.05% growth in operating profits to reach TZS 170.86 billion.

Looking ahead, we anticipate stable growth in sales revenue brought about by TCC's continued use of aggressive marketing campaigns and the use of its selling distribution channels, coupled with stable customer spending due to growing disposable income on a household and or individual basis. Furthermore, subdued prices from fuel and tobacco commodities could allow TCC to enjoy cost optimization gains. However, the foreign currency risk and its implication on the company's foreign liabilities and finance costs remain elevated as the TZS continues to lose ground against the USD and other hard currencies as observed from Jan 2025.

From a dividend play perspective, increased profitability could coincide with increased dividend payments. The interim dividend for the financial year 2024, which was paid in October 2024, stood at TZS 300 per share. Hence, perhaps the final dividend could be higher than the TZS 200 per share paid out in May 2024. However, it's worth highlighting that the payment is dependent upon the directors' discretion.

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RATIO ANALYSIS

| | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 |
|----------------------------|---------|-----------|-----------|----------|----------|---------|---------|--------|---------|
| Capital Structure: | | | | | | | | | |
| Debt to Equity | 70.38% | 74.00% | 117.13% | 82.17% | 119.71% | 107.65% | 111.24% | 95.48% | 67.62% |
| Equity Multiplier | 2.42 | 2.35 | 1.85 | 2.22 | 1.84 | 1.93 | 1.90 | 2.05 | 2.48 |
| Interest Coverage | 9.36 | 15,280.00 | 25,888.00 | 4,849.17 | 1,737.17 | 51.30 | 40.08 | 27.50 | 92.97 |
| Asset Quality: | | | | | | | | | |
| Total Asset Turnover | 1.19 | 1.27 | 1.04 | 1.15 | 1.09 | 1.14 | 1.12 | 1.24 | 1.20 |
| Inventory Turnover | 1.32 | 1.35 | 1.04 | 1.12 | 1.24 | 1.10 | 0.96 | 1.07 | 0.98 |
| Return on Assets | 23.55% | 27.74% | 20.49% | 23.25% | 8.17% | 25.46% | 25.01% | 37.34% | 29.07% |
| Management Quality: | | | | | | | | | |
| Revenue Growth | -9.53% | 14.46% | -6.53% | 12.81% | -5.65% | 13.23% | 5.27% | 11.10% | -7.37% |
| Gross Profit Margins | 55.86% | 56.24% | 57.72% | 56.43% | 48.24% | 56.27% | 64.00% | 63.98% | 61.72% |
| Operating Profit Margins | 23.04% | 32.59% | 29.54% | 29.43% | 11.17% | 33.85% | 35.79% | 43.44% | 36.40% |
| Earnings Quality: | | | | | | | | | |
| Net Profit Growth | -25.97% | 36.78% | -17.36% | 6.50% | -62.91% | 245.26% | 2.90% | 42.71% | -25.31% |
| Net Profit Margins | 19.62% | 23.45% | 20.73% | 19.57% | 7.69% | 23.46% | 22.93% | 29.46% | 23.75% |
| Return on Equity | 40.13% | 48.27% | 44.49% | 42.36% | 17.96% | 52.86% | 52.84% | 72.99% | 48.73% |
| Liquidity Ratio: | | | | | | | | | |
| Current Ratio | 2.06 | 2.08 | 1.61 | 1.92 | 1.55 | 1.66 | 1.64 | 1.77 | 2.22 |
| Quick Ratio | 0.78 | 1.00 | 0.66 | 0.81 | 0.58 | 0.74 | 0.81 | 0.78 | 0.74 |
| Cash Ratio | 0.18 | 0.36 | 0.31 | 0.40 | 0.23 | 0.30 | 0.42 | 0.35 | 0.28 |

Quarterly Revenue and Profit Data has been annualized

ANALYST'S NAMES & CONTACTS

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