

## Brief Report of DSE PLC Unaudited Financial Result for the Year Ending 31<sup>st</sup> December 2018

The self-listed Dar es Salaam Stock Exchange has been one of the most stable listed equities posting steady growth in the past years; however, the past financial year was a challenging one for the Exchange in terms of reduced market turnovers and dry out in new Offers that lead to reduced revenues. Revenues for 2018 at TZS 6.3billion (\$2.7Mln) fell by 21.2% y.o.y from TZS 7.96 billion (\$3.5Mln) reported in 2017.

- On the revenue components, transaction fees fell significantly by 51.5% to TZS 791.97 Million from TZS 1.6 billion partly explaining the reduced market turnover for the year of TZS 206 billion (\$90.2Mln). Furthermore, Listing fees and Investment income which are the largest contributors to the Company's revenue both fell at 6.3% and 26.5% year on year respectively which in turn pulled the revenue down.
- While revenue is on the crunch, expenses seems to be on the rise, with the company incurring extra TZS 500 Million for the year bringing the total expenses for the year to TZS 4.5billion(\$1.96Mln) a 12.6% increment compared to the TZS 4.0billion(\$1.74Mln) reported in 2017.
- As a result DSE reported a profit of TZS 1.7billion (\$0.74Mln) for the year 2018 being a 56.7% drop from TZS 3.9billion (\$1.7Mln) reported in the previous financial year.
- Dwindled profits consequently pulled the earnings per share down to TZS 70 (\$0.03) from TZS 163(\$0.07) reported in 2017, we anticipate that this will perhaps limit the amount of dividend the Company will afford to pay for the year.

<b>Current Price(TZS)</b>	<b>1,360</b>
Date Established	1996
Year Listed	2016
IPO Price	500
Historical Price Range	500-1,920
Market Cap (TZS)	32.40Bln
Market Cap (US\$)	14.12Mln
Issued Shares	23,824,020
Market Symbol	DSE
Daily Volume (TZS)	2,616,290
DPS (2017)	100
PE (x)	19.43
PB (x)	1.68
ROE (p.a.)	1.6%
NAV per share(TZS)	811
Free Float	85%
Dividend Yield (2017)	7.4%
Operating Profit Margin	27.9%
Net Profit Margin	26.7%

### OUTLOOK

DSE is still a monopoly exchange and we anticipate this to be the case for a long time, which still gives it undivided advantage of the whole market. Opportunities for new products are still at large, with products like ETF's and municipal debt instruments being in discussions we are hoping for things to take a good turn in the near future to boost the bourse's attractiveness and finally improving company's revenue.

- Listing fees which is the biggest contributor of DSE's revenue mostly comes from bonds listings, while the Government planned to borrow TZS 4.60 Billion through treasury bonds, it has only managed up to now to list bonds worth approximately TZS 466.3 Billion, in the same sense there was no new equity listing in the year under review, compared to 2017 where Vodacom was listed and might have had a great impact on the listing fees. However this year there has been great speculation on new listing of TIGO Tanzania, which if successful will boost the bourse.
- On transaction fees, in the year 2018 there was less activities in the market compared to previous periods where the turnover generated was 59.8% down compared to 2017, this in turn substantially affected total transaction fees for the company, nevertheless this might have partially been due to inactivity of pension funds in the bourse who used to keep the market busy, but due to merging and reformations were not able to participate in the bond and equity market

for the whole of 2018, and are likely to resume in the first half of 2019. With the return of pension funds we expect booming market activities.

- Foreign investors participation from third quarter of 2018 became weak where by many of them were looking to exit the market, we believe this had to do with the federal government monetary policy which was attractive to investors, However the federal government will increase the interest rates two times this year in contrast to three times announced before and this might be good news to African stock market.

Last but not least, early this year the Dar es Salaam stock exchange had qualified to a full membership of world exchange federation (WEF) which is good news to all stake holders as this will give the bourse spotlight to the world and might me a cause for new investors from different parts of the world.