

APRIL 2023

**ANALYST'S NOTES ON
SWISSPORT'S AUDITED RESULTS FOR THE YEAR ENDED
31 DECEMBER 2022**

PERFORMANCE OVERVIEW

Swissport, a company that specializes in ground services and cargo handling, has recently announced a strong performance for the period ending in December 2022.

The company's profit increased by 21% to TZS 2.6 billion, which can be attributed to the reopening of the world after the pandemic. As flight frequencies increased by 53% and the volume of cargo handled increased by 20%, the company's revenue grew by 25% to TZS 38.3 billion, up from the previous year's revenue of TZS 30.7 billion.

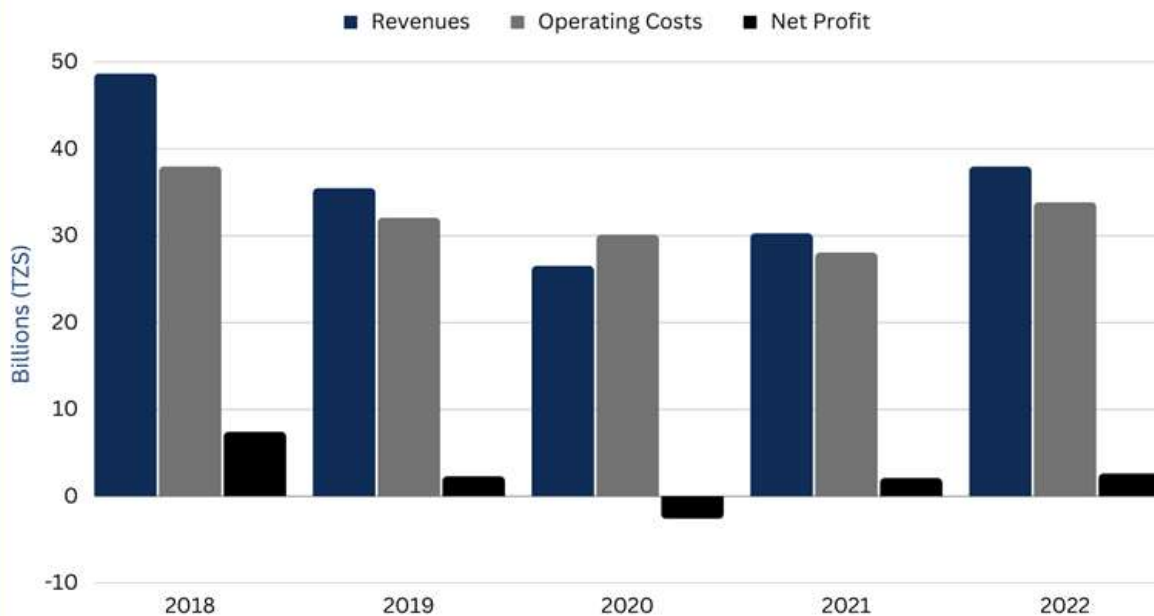
Despite an increase of 21% in operating expenses to TZS 33.8 billion, Swissport's revenue growth contributed to a staggering 69% increase in operating profit to TZS 4.5 billion. This marks a twofold increase compared to the TZS 2.6 billion reported in the previous year, highlighting the company's ability to effectively manage its expenses and capitalize on growth opportunities.

Swissport's financial position appears to be healthy, with a gearing ratio of 17%. This indicates that the company is financing its operations and investments with a relatively low level of debt compared to its equity. As a result, financing costs, which include interest on lease liability and interest on borrowings, decreased by 14% to TZS 511 million. This led to a profit before income tax of TZS 3.96 billion, representing a significant 93% increase compared to the previous year.

**ORBIT SECURITIES
COMPANY LIMITED**



Current Price (TZS)	1,640
Date Established	1985
Year Listed	2003
IPO Price	225
Historical Price Range (TZS)	490-7,800
Market Cap (TZS)	59.04 Bln
Market Cap (USD)	25.2 Mln
Issued Shares (Mln)	36
Market Symbol	SWISS
DPS (TZS)	42
Dividend Yield	2.56%
PE (x)	22.65
PB (x)	1.89
ROE	6.78%
NAV per Share	866
Net Profit Margin	11.68%



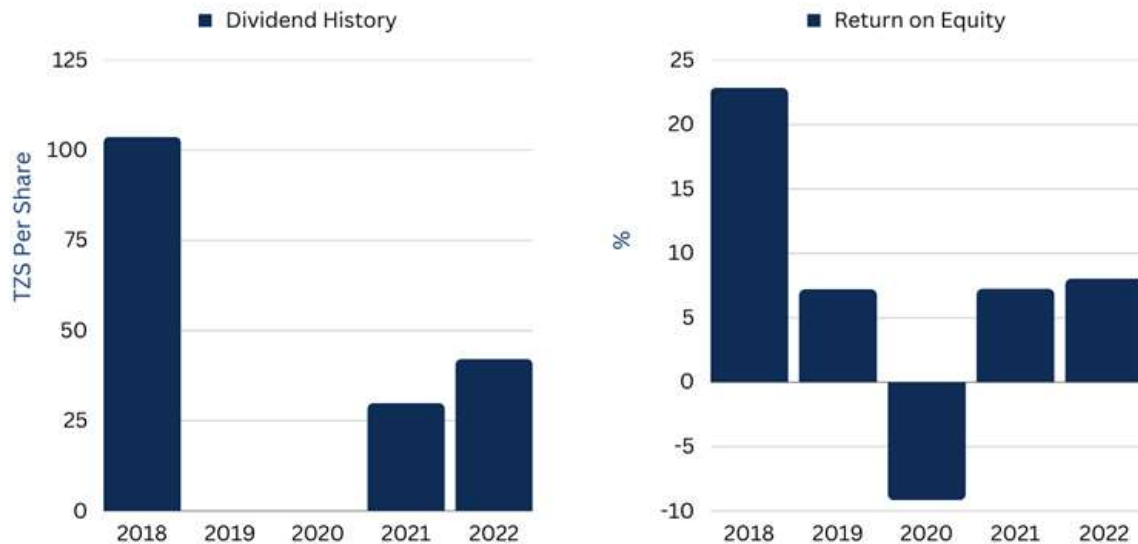
DIVIDENDS AND GROWTH PROSPECTS

Swissport has declared a final dividend of TZS 42 per share, which is great news for investors. To be eligible for this dividend payment, investors must purchase the shares before the cum-dividend date of May 16th, 2023. The dividend payment is scheduled to be made around June 21st, 2023.

At current prices, the dividend yield stands at 2.56%, offering investors a reasonable return. The company's Net Asset Value (NAV) per share is at TZS 866, which is lower than the current trading price of TZS 1,640. As a result, the price-to-book (P/B) ratio is at 1.89, indicating that investors are confident in Swissport's future growth prospects.

Additionally, taking into account dividend payments, the stock has generated a total return of 68.2% year-to-date, making it a strong performer for investors.

In general, the declaration of a final dividend by Swissport is a positive sign for investors, demonstrating the company's dedication to improving shareholder returns. The company's healthy financial position, strong performance, and promising growth prospects make it an attractive investment opportunity.



BUSINESS DEVELOPMENT AND STRATEGY

Swissport currently dominates the ground handling segment with an 85% market share, and the cargo handling segment with a 98% market share. Recently, the company secured a contract to provide services to Saudi Airlines as it starts to offer flight services to the Julius Nyerere International Airport.

In the face of growing competition from new entrants in the market, Swissport's key strategy is to expand its business by enhancing its relationships with airline customers and cargo forwarders, extending its reach to other airports, introducing new product lines, and investing in export facilities such as cold storage to maintain its support for the export of perishable goods.

Swissport has successfully diversified its revenue streams by completing the construction of the Twiga Lounge by Aspire at Kilimanjaro International Airport (KIA). The lounge officially opened on March 28th, 2022, and is now fully operational.

PERFORMANCE AT THE DSE

During 2022, Swissport experienced a total of 3.9 million shares traded, which generated a turnover of TZS 4.8 billion. Year-to-date, the company's share price has increased by 64%, reflecting investor optimism in the company's future prospects. As of now, Swissport's shares are trading at TZS 1,640 per share.



OUTLOOK

Swissport has experienced favorable progress in its ground and cargo handling segments, although it still faces potential challenges from the regulatory environment. The Tanzania Aviation Authority (TAA) has granted a license to a third operator at Julius Nyerere International Airport (JKNIA), which could heighten competition in an already congested airport. Furthermore, the TAA has suggested implementing a fixed concession fee for operators to pay to the authority instead of the previous percentage concession method. This proposal aims to ensure that the TAA's concession fees are not influenced by the operators' financial performance.

Despite these challenges, Swissport's ground and cargo handling segments have fully recovered from the pandemic's effects, which positions the company strongly. Cargo export volumes are increasing, and the lounge business is expected to continue growing, contributing positively to the business. As the business environment improves and stabilizes, and flight frequencies and cargo volume increase, Swissport is likely to continue performing well in the market.

FOR MORE INFORMATION

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