

NICOL EQUITY RESEARCH REPORT – FY 2024

1. Overview

NICOL (National Investments Company Limited) is a closed-end investment company listed on the DSE. It operates like a local version of a mini mutual fund or ETF, pooling capital to invest across:

- Publicly listed equities (63%)
- Money Market (23%)
- Real estate (14%)

Originally formed in 2001, NICOL was restructured and relisted in 2017 after a CMSA suspension. It now operates under strict regulatory compliance, aiming to generate long-term shareholder value through a combination of dividend yield, NAV growth, and asset diversification.

“With a NAV of TZS 2,638 and market price at TZS 1,460, NICOL offers a rare entry into undervalued, income-producing Tanzanian assets.”

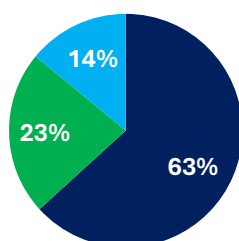
2. Overall Performance

Key performance indicators for FY2024 include:

(000')	FY2024	Remarks
Investment Income	12,836,470	Driven by equity gains
Rental Income	1,863,348	Stable real estate earnings
Net Land Sales (Sales – Cost)	641,253	Boost from land sales
Other Income	261,346	Mainly interest
Total Revenue	15,602,417	Investment income strength
Total Assets	182.4B	Increased Portfolio
EPS	147.16	Highest in 4 years
Book Value	2,861.24	Continued steady growth
Total Comprehensive Income	27,126,384	Driven by profits & revaluations

Source: Company Audited Financial Statements FY 2024, Kadoo Calculations

Assets Allocation Composition in 2024



■ Listed Equities ■ Money Market ■ Real Estate

Source: Company Annual Report

Target Price	2,306.06
Current Price (TZS) at 18/07/2025	TZS 1,460
Book Value	TZS 2,861
Recommendation	BUY & HOLD
Date Established	2001
IPO Price (TZS)	TZS 400/=
Market Symbol	NICO
Historical Price Range	TZS 165 – TZS 1,440
Market Cap (TZS)	TZS 90 billion
Outstanding Shares	61,634,834 Shares

Source: DSE, Company Website

3. Asset Quality

NICOL holds shares in 9 out of the 22 companies listed on the Dar es Salaam Stock Exchange (DSE).

Of these 9, eight (8) have declared strong dividends in 2025, making NICOL's equity portfolio one of the most attractive among listed investment firms

The table below discloses the number of shares and value per share: (Share Price as at 18th July 2025)

Company	Shares Held	Share Price (TZS)
NMB Bank Plc	20,395,130	7,320
Dar es Salaam Stock Exchange	1,285,831	3,000
Tanzania Breweries Plc	128,130	9,690
Vodacom Tanzania Plc	1,000,000	540
Tanzania Portland Cement Plc	61,040	5,370
CRDB Bank Plc	286,940	1,000
Tanzania Cigarette Plc	7,680	15,690
Tanga Cement Plc	40,310	1,940
Swissport Plc	3,360	1,500

Source: Company's Annual Report

NICOL's asset quality is characterised by a high exposure to a single, strong financial institution (NMB), which provides stability and consistent income. However, the lack of diversification raises concerns about risk concentration.

Minor holdings in other reputable firms (like DSE, TBL, TPCC) add some balance but do not significantly mitigate the exposure to systemic shocks affecting the banking sector.

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Equity Portfolio Return Year to Date (YTD) as at 18th July 2025

Company	Capital Gain (%)	Dividend Yield (%)	Total Return	Weighted Return
NMB Bank Plc	37%	6%	43%	40.91%
DSE	27%	4%	31%	0.78%
TBL	-8%	8%	1%	0.01%
VODA	-30%	0%	-30%	-0.10%
TPCC	-9%	11%	2%	0.00%
CRDB	49%	7%	56%	0.10%
TCC	-8%	5%	-2%	0.00%
TCCL	37%	0%	37%	0.02%
SWIS	2%	5%	7%	0.00%

NICOL'S Equity Portfolio Return YTD +41.71%

NICOL's equity portfolio return YTD 2025 is an impressive 41.71%, largely driven by capital appreciation and dividends from NMB Bank Plc.

Market Index Performance YTD (18th July 2025)

Index	03-Jan-25	18-Jul-25	YTD
Tanzania Share Index (TSI)	4,102.50	5,112.89	+24.60%
All Shares Index (DSEI)	2,149.29	2,425.87	+12.87%
Banks, Finance & Inv. (BI)	5,785.55	8,227.01	+42.14%

Source DSE, Kadoo Calculations

Comparison With NICOL'S Portfolio YTD (18th July 2025)

Metric	Return (%)
NICOL Equity Portfolio	41.71%
TSI	24.60%
DSEI	12.87%
BI	42.14%

Source: Kadoo Calculations

NICOL's equity portfolio return (41.71%) has outperformed:

- The Tanzania Share Index (TSI) by 17.11 percentage points,
- The All-Share Index (DSEI) by a huge margin of 28.84 percentage points,
- And is almost on par with the Banks Index (BI), which grew 42.14%

This strategic focus on banking stocks proved effective, as the BI index outperformed the broader market.

However, the asset quality remains undiversified, with nearly 96% concentration in a single financial stock. This presents a potential risk, despite current returns being strong.

On the fixed income side, NICOL's holdings are mainly in long-term government securities, particularly 20 and 25-year bonds, which are relatively more liquid than other maturities.

NICOL owns an unfinished office building in Msasani valued at approximately TZS 2 billion. Additionally, the company acquired a prime property on Mirambo Street, an office building valued at TZS 23.2 billion. Both properties are located in high-demand areas, with the Mirambo building currently enjoying a 95% occupancy rate

Insight: This segment enhances NICOL's asset quality by showing:

- Strong real estate portfolio value (TZS 25.2 billion total)
- Strategic investments in high-demand zones
- Cash flow potential from rental income (especially from Mirambo)

However, the Msasani property being unfinished means it's not currently contributing income, but represents upside potential if completed or sold.

4. Financial Performance

NICOL has delivered strong and consistent earnings growth in the past four years, with Profit After Tax more than doubling to TZS 9B in 2024. The solid trajectory reflects disciplined portfolio management, rising investment income, and efficient cost control, positioning NICOL as a reliable engine for shareholder value.

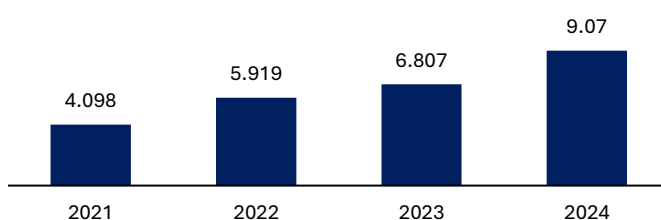
Net Profit (TZS Bln)

NICOL's net profit has demonstrated strong and consistent growth over the last four years:

- From **TZS 4.10 billion in 2021** to **TZS 9.07 billion in 2024**, net profit has more than doubled, a clear indicator of improved profitability and operational scale.
- In 2022, net earnings rose by 44%, driven by increased dividend income and leaner expenses.
- Growth moderated in 2023, with a 15% rise, reflecting portfolio stability and stronger interest income.
- The biggest jump came in **2024**, with a **33%** gain bolstered by over **TZS 9 billion** in land sales and rising investment income.

This upward profit trend confirms NICOL's ability to deliver consistent shareholder value through both recurring and one-off income streams.

Net Profit (TZS Bln)



Source: Company filings



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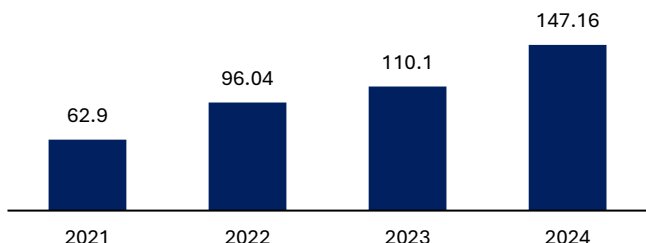
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Earning Per Share (EPS)

NICOL has delivered consistent and robust EPS growth, underscoring improved profitability and shareholder value:

- EPS increased from TZS 62.90 in 2021 to TZS 147.16 in 2024, a 134% rise over three years.
- In 2022, EPS surged by 53% to TZS 96.04, reflecting stronger investment income and asset revaluations.
- 2023 saw continued momentum, with EPS rising 15% to TZS 110.10.
- In 2024, EPS reached TZS 147.16, up 34%, driven by record profit after tax and efficient cost management.

EPS (TZS)



Source: Company filings

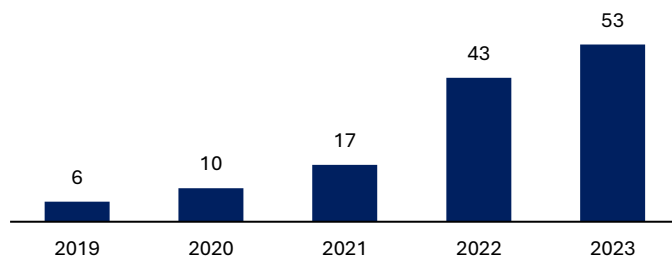
Insight: The strong EPS growth signals NICOL’s ability to scale earnings, reward shareholders, and build long-term value

Dividend (TZS)

NICOL has demonstrated a consistent and upward dividend policy, signalling strong cash generation and a commitment to shareholder returns:

- In 2019, the dividend was modest at TZS 6 per share.
- It rose to TZS 10 in 2020 and to TZS 17 in 2021, aligning with improved profitability.
- A major leap occurred in 2022, with the dividend more than doubling to TZS 43.
- In 2023, NICOL increased the payout further to TZS 53, marking a 211% increase from 2021 and nearly 9x growth from 2019.

Dividend (TZS)



Source: Company Filings

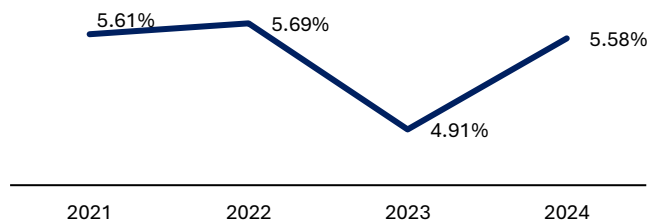
Insight: The sharp growth in dividends reflects NICOL’s maturing earnings profile, effective capital allocation, and management’s confidence in sustaining long-term profitability and cash flows.

ROE Performance

NICOL’s Return on Equity (ROE) has remained consistently above 4.9% over the past four years.

- ROE peaked at 5.69% in 2022, driven by strong earnings growth.
- It dipped to 4.91% in 2023, as equity expansion outpaced profit growth.
- However, ROE recovered to 5.58% in 2024, reflecting improved profitability relative to shareholder equity.

ROE



Source: Kadoo Calculations

This steady trend signals resilient capital efficiency, although returns remain modest by market standards.

Remarks:

Over the past four years, NICOL has consistently demonstrated an upward trend in profitability and shareholder returns. The company’s ability to steadily grow earnings per share, dividends, and net profit signals operational efficiency and value delivery to investors. While return on equity remains relatively modest compared to market peers, the overall trajectory affirms strong fundamentals and a positive long-term outlook.



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5. Debt to Equity

NICOL's Debt-to-Equity Ratio stood at 0.10x as of 2024, based on total borrowings of TZS 16.16 billion against total equity of TZS 162.59 billion.

NICOL's Debt Position As at 31 December 2024:

- Borrowings (Non-Current Liabilities): TZS 12.71 billion
- Borrowings (Current Liabilities): TZS 3.45 billion
- Total Borrowings: **TZS 16.16 billion**

This is long-term and short-term debt combined, most likely used for financing investment activities (e.g. equity investments, land projects).

Compared to total assets of TZS 182.4 billion, the debt is manageable, roughly 8.9% of total assets.

The finance cost has declined over the years (from approximately TZS 2.45bn in 2023 to approximately 2.17bn in 2024), suggesting they're either repaying or refinancing at better terms.

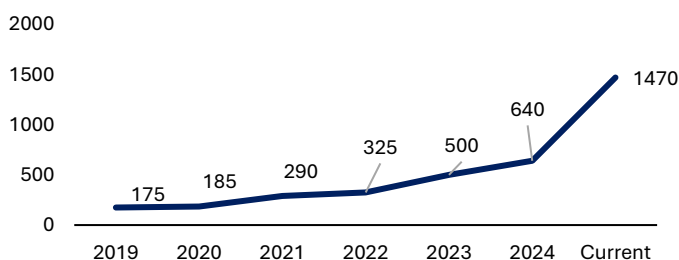
6. Stock Market Performance

This section reviews the performance of NICOL's shares on the Dar es Salaam Stock Exchange (DSE), highlighting price movements, investor sentiment, and the alignment between market trends and the company's financial fundamentals. The goal is to assess how effectively NICOL has delivered shareholder value in the public market.

Price Movement

NICOL's share price has witnessed a remarkable upward trajectory over the past five years, signalling growing investor confidence and sustained value creation.

Price Trend (2019 - Q2 2025)



Source: DSE

From a modest TZS 175 in 2019, the stock has rallied to TZS 1,470 as of Q2 2025, marking an impressive increase of over 740% during the period.

Valuation Metrics

Metric	Value
Earnings per Share (EPS)	TZS 147.16 (2024)
Price-to-Earnings (P/E)	9.92x
Book Value per Share	TZS 2,861
Price-to-Book (P/B)	0.55x
Dividend (2023)	TZS 53
Dividend Yield (2023)	8.28% (based on 2024 price of TZS 640)
Market Cap	TZS 90 billion

Source: DSE, Kadoo Calculations

Peer Comparison Table – P/E Valuation Benchmark

Company	P/E Ratio
NICOL	9.92x
Centum Investments	6.92x
Britam holdings	5.57x
NITL (Malawi)	5.26x
Average	6.91x

Source: DSE, Market screener, Kadoo research Team

Target Price Estimation

Valuation Method	Target Price (TZS)
P/E Based	1,975.26
P/B Based	2,638
Blended (50/50)	2,306.63

Source: Kadoo Calculations

Analyst's Remarks:

Based on the FY2024 earnings performance and balance sheet strength, our valuation yields a blended target price of TZS 2,306.63, implying a solid upside from current trading levels.

While the P/E-based estimate reflects earnings normalization across the region, the P/B valuation captures the firm's robust asset base. The stock remains undervalued relative to peers, and we maintain a BUY recommendation, backed by improving profitability, consistent dividend growth, and potential rerating in the medium term.



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