EQUITY RESEARCH NOTE

2024

SOCIETE IVOIRIENNE DES TABACS

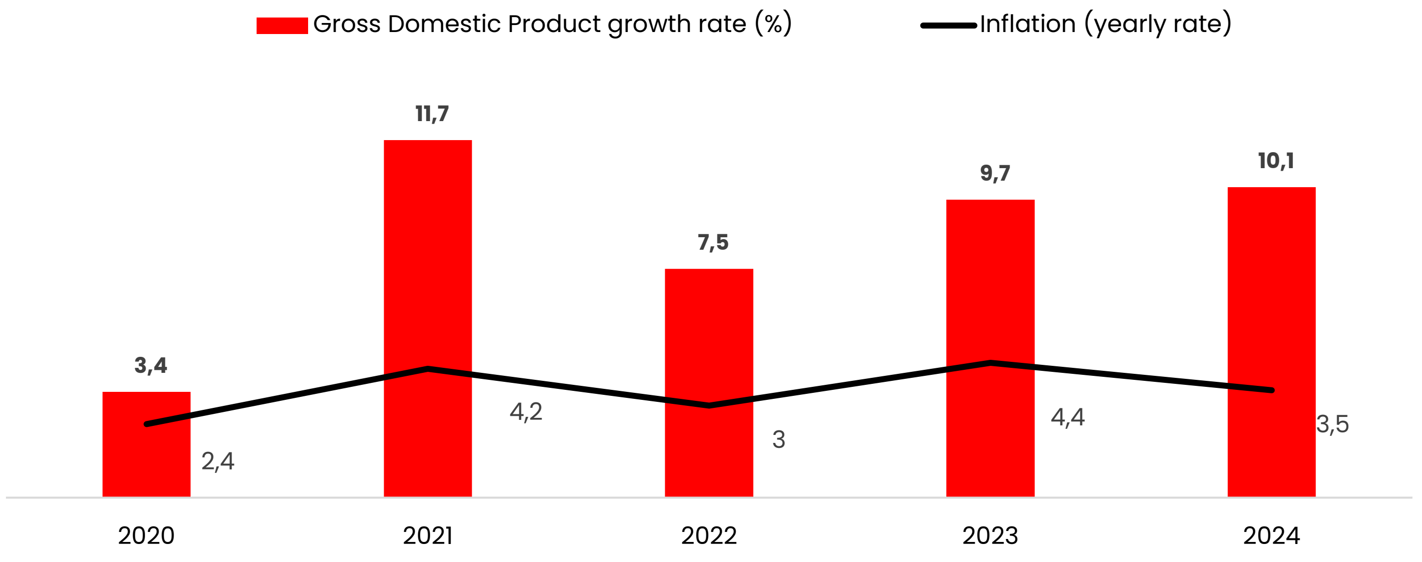
TABLE OF CONTENTS

Macroeconomic analysis of Ivory Coast

In 2024, Côte d'Ivoire benefited from a generally stable and buoyant macroeconomic context for companies operating in fast-moving consumer goods, such as SITAB. Inflation, which had reached a high level in 2023, moderated to around 2.9% at the beginning of the year, thanks to restrictive economic policies and government measures to contain the cost of living. This development has helped to support purchasing power and to maintain relatively dynamic demand in the domestic market.

At the same time, economic growth remained robust, at 7 percent, driven by strong public and private investment and the continuation of major infrastructure projects, which indirectly support distribution and consumption. However, companies operating in the fast-moving consumer goods sector continued to face high logistics costs and a demanding tax and regulatory environment, requiring rigorous management of charges and supplies.

Overall, this economic context offered a favorable climate in 2024 to support activity and consumption, while calling for constant vigilance on cost control and operational competitiveness.



Source : Sika Finance, 2024

Strengths

- **Diversified resources** : agricultural wealth (world's leading producer of cocoa, coffee, sugar, cashew nuts, rubber), hydrocarbons, minerals (gold, copper, iron, manganese, bauxite)
- **Infrastructures undergoing modernization** : an active development policy in the transport, energy and health sectors.
- **Access to international financial markets** : with the support of the IMF, through financing of USD 4.8 billion over 2023-2026
- **Monetary stability** : member of UEMOA, guaranteeing a stable currency and coordinated economic policy

Weaknesses

- **Dependence on commodity exportation and vulnerability to external shocks** : diversified economy, vulnerable to fluctuations in world prices.
- **Socio-economic inequalities** : 80% of economic activity is concentrated in Abidjan, with 38.4% of the population living below the poverty line
- **High informality** : 90% of employment and 51% of GDP are outside the formal sector, limiting the competitiveness of the private sector
- **Infrastructural and financial weaknesses** : Deficit in water, sanitation and ICT, low public revenues (16.3% of GDP in 2023) and difficult access to credit

BRIDGE SECURITIES

TABLE OF CONTENTS

SITAB's Presentation

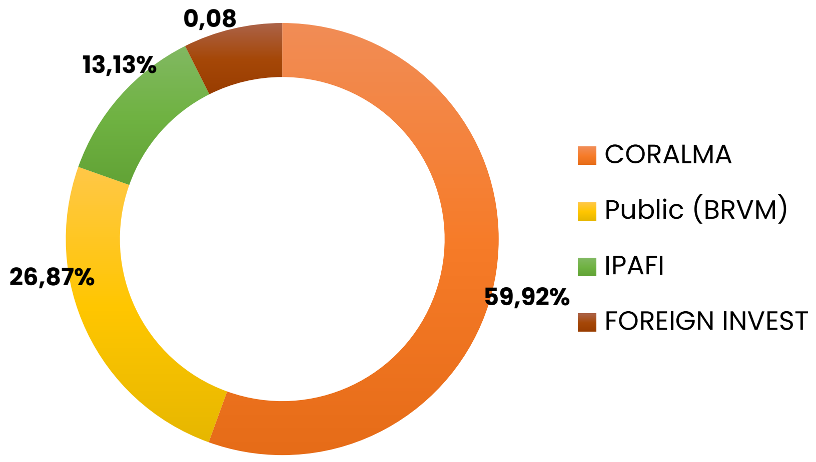
History

Created in 1965, the Société Ivoirienne des Tabacs (SITAB) is one of the historical players in the tobacco industry in Côte d'Ivoire. Originally a subsidiary of the SEITA group, it has gradually developed its production capacities to meet local and regional demand. In the 1980s, SITAB strengthened its position through the extension of its factory in Abidjan, modernizing its production lines to meet international standards.

The privatization of the sector in 1998 marked a major turning point, leading to a shareholder restructuring and the arrival of British American Tobacco (BAT) as a strategic partner and majority shareholder. This alliance has enabled a transfer of know-how, the adoption of new technologies and access to a portfolio of recognized international brands. Thanks to these developments, SITAB has consolidated its position in the Ivorian market while expanding its activities to certain countries in the West African sub-region.

Over the decades, the company has adapted to changes in the market and increasingly stringent regulations governing the production, advertising and marketing of tobacco products. Today, it focuses on compliance, quality and efficiency in its distribution. With more than fifty years of experience, SITAB remains a key player in the sector while integrating public health and social responsibility issues.

Ownership



Source : Sika Finance, 2025

Strategy and Vision

The strategy of the Société Ivoirienne des Tabacs (SITAB) is based on maintaining its leading position in the Ivorian tobacco market while consolidating its presence in the West African sub-region. To achieve this, the company relies on the consistent quality of its products, strict compliance with regulatory standards and the continuous modernization of its production tools. It also ensures that it strengthens the efficiency of its distribution to ensure optimal availability of its brands throughout the national territory.

Aware of the challenges of public health and the growing requirements in terms of social responsibility, SITAB integrates into its strategy strong commitments in terms of compliance and responsible communication. Its vision is to remain a reference in the tobacco industry, while adapting to changes in the regulatory framework and the expectations of stakeholders. To do this, it invests in the development of its teams, training and innovation in order to anticipate market changes and maintain its competitiveness. Through this approach, SITAB intends to reconcile industrial performance, compliance with regulations and responsible commitment to society and its partners.

General information about SITAB

Managing Director	Eric Thiam SABATES
Number of shares	17 955 000
Company's valuation	323 100 MXOF

Source : Sika Finance, june 2025

BRIDGE SECURITIES

TABLE OF CONTENTS

PESTEL Analysis

The PESTEL analysis allows to assess the external factors (political, economic, socio-cultural, technological, environmental and legal) that influence the strategic environment of a company

Political

Côte d'Ivoire's political stability is expected to be maintained over 2024-2025, which reassures investors and promotes a predictable business climate. Nevertheless, the tobacco sector remains under increased surveillance by the authorities, with a risk of tightening specific taxation or new restrictive measures to limit consumption.

Economical

Sustained economic growth (around 7%) and moderate inflation (close to 3%) are preserving purchasing power and supporting demand for everyday consumer goods. However, rising logistics costs and high taxes on tobacco products will continue to weigh on margins, requiring careful management of expenses.

Social

Awareness of public health issues is growing, with more frequent anti-smoking campaigns and stricter regulations on advertising. SITAB must maintain the loyalty of its adult clientele while respecting these constraints and strengthening its responsible communication.

Technological :

Automation and modernization of equipment will remain priorities to maintain quality and productivity. The digitalization of certain functions, such as logistics and distribution monitoring, also offers efficiency gains for 2024-2025.

Environnemental

Expectations in terms of respect for the environment are rising. SITAB will have to continue its efforts to limit its ecological impact and comply with environmental standards, under penalty of sanctions or pressure from civil society.

Legal :

The legislative framework around tobacco is being tightened, with increased control over labelling, sales to minors and specific taxation. Internationally, regulations are changing rapidly, and ECOWAS is following this trend by adopting harmonized measures. In this context, compliance with standards becomes crucial for players in the sector, in order to preserve their image, remain compliant and avoid possible sanctions related to the incorrect application of the new requirements.

TABLE OF CONTENTS

SITAB's Financial and Operating Results

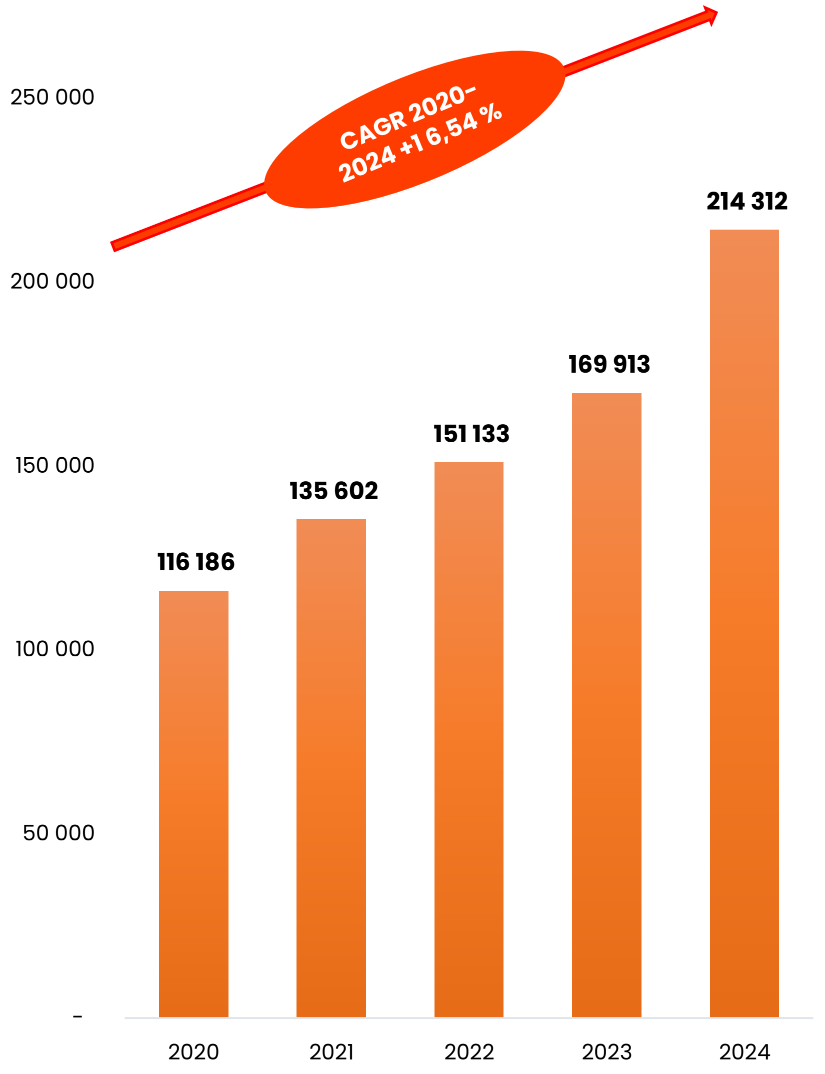
Growing Revenues…

Between 2023 and 2024, SITAB recorded strong growth in its revenues, confirming the dynamism of its commercial activity despite a demanding sector context. In 2023, revenue amounted to XOF 169.91 billion, already marking a significant increase compared to previous years. In 2024, it will reach XOF 214.11 billion, an increase of 26% year-on-year. Over the period 2020-2024, the average annual growth rate (CAGR) was 6.54%, reflecting a steady upward trajectory, supported by strategic supply adjustments, good market coverage and an adapted pricing policy. This performance is mainly due to an intensification of commercial actions, active management of the brand portfolio and a pricing policy that has made it possible to offset volume pressures. Indeed, for 2024, the company has bet on a controlled increase in the prices of its flagship brands, such as FINE DUO and FINE KS, which has made it possible to maintain profitability in the face of a 7% decline in volumes sold. This tariff adjustment strategy, which began in January 2024, has had a direct effect on the value generated, confirming SITAB's ability to adapt to changes in demand and the regulatory environment. Overall, the increase in 2024 illustrates the solidity of SITAB's business model and its responsiveness to secure its revenues in a context where fiscal, regulatory and health constraints remain strong.

… Characterized by a Stable Structure

SITAB's turnover structure has remained stable and identifiable in recent years. Indeed, since 2020, 100% of the turnover has been made up of the sale of goods, mainly cigarettes manufactured locally from imported or regional raw tobacco. This concentration on a single line of activity reflects a strategy focused on SITAB's historical core business, namely the production and marketing of cigarettes under established and recognized brands. In 2023 and 2024, this composition has not changed, confirming that revenue growth comes exclusively from the core business without diversification into other segments (derivatives, accessories or new nicotine alternatives). The 2024 performance highlights the decisive role of the pricing policy, which generated XOF 214.11 billion, despite a decline in volumes sold. This development confirms SITAB's ability to maximize the value of its brands, in particular FINE DUO and FINE KS, which account for a significant share of global sales thanks to their strong reputation on the national market. Portfolio control and distribution channel management ensure effective market coverage and limit the risks associated with counterfeiting or informal trade. In summary, the unchanged composition of sales reflects a clear positioning: SITAB remains focused on enhancing the value of its flagship brands, while focusing on margin optimization and rigorous control of the value chain.

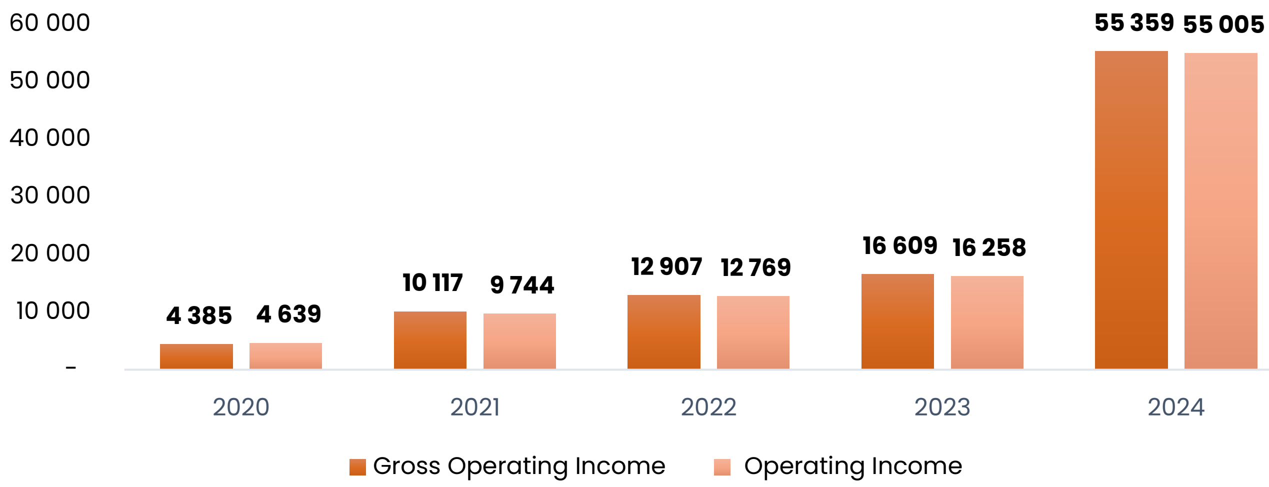
Sales Revenues's Evolution

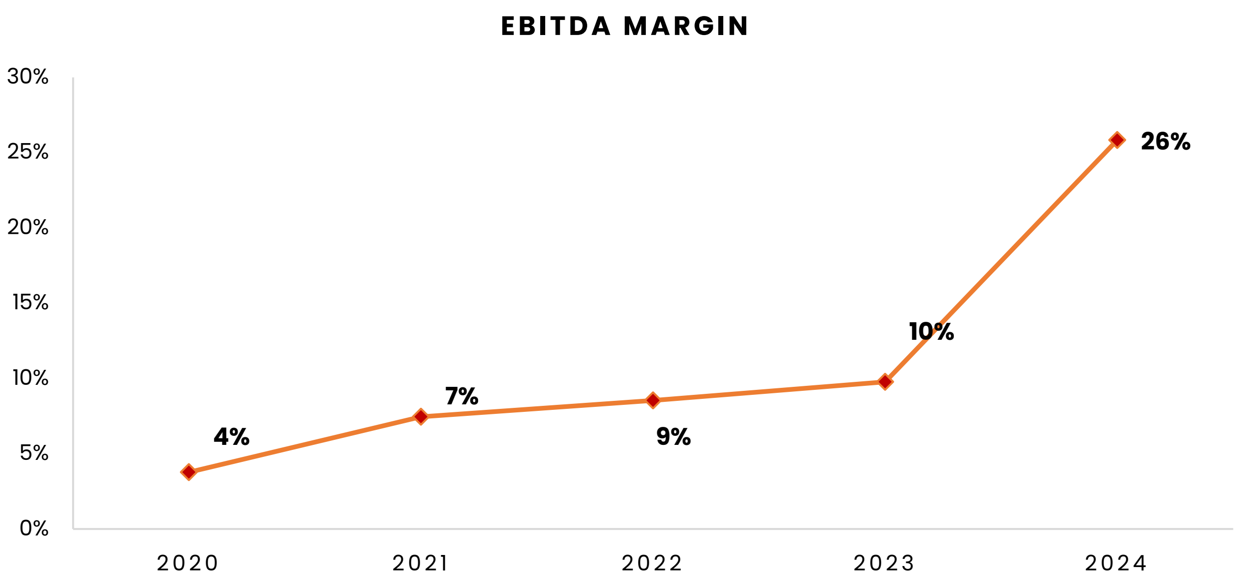


SITAB's Financial and Operating Results

Between 2023 and 2024, SITAB posted a significant improvement in its operational performance, confirming the effectiveness of its strategy to control costs and optimize its margins. Operating income reached XOF 55.01 billion in 2024, compared to XOF 16.26 billion a year earlier, a spectacular increase of 196.7%. This remarkable evolution is mainly due to the combination of a policy of price increases on the flagship brands and a rigorous management of operating expenses, making it possible to maximize the leverage effect on profitability despite a slight decline in volumes sold. Over the period 2020–2024, operating profit has been on a steady upward trajectory from XOF 4.64 billion in 2020 to more than XOF 55 billion in 2024, reflecting the gradual ramp-up of internal efficiency. This dynamic testifies to SITAB's ability to generate added value while adapting to the constraints of a highly regulated and taxed market. The 2024 performance thus consolidates the financial fundamentals and reinforces the solidity of the operating model in the short and medium term.

** In millions of XOF*



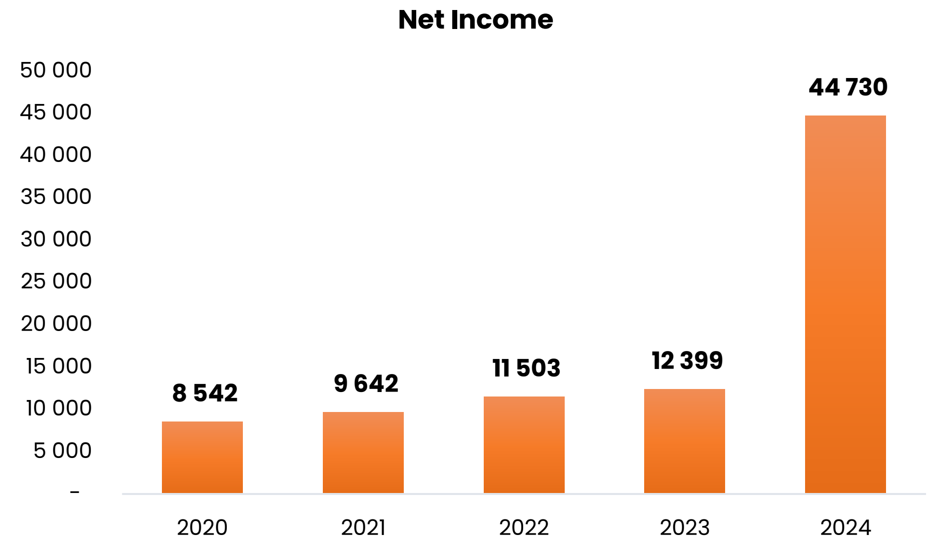


The **EBITDA margin** measures a company's ability to generate operating resources before depreciation and amortization, based on its turnover. Thus, it is an indicator of profitability and cost management.

Between 2023 and 2024, SITAB recorded a strong increase in its EBITDA margin, reflecting a strengthening of its operational efficiency. In 2023, the EBITDA margin stood at 10%, already an improvement compared to previous years when it fluctuated between 4% and 9%. In 2024, it will reach 26%, marking an increase of 16 percentage points. This performance can be explained by an aggressive pricing policy, materialized by price increases on the main brands, as well as increased discipline in the management of direct and indirect expenses. Despite a decline in volumes sold, SITAB's ability to maximize value per unit sold generated more value added relative to turnover. The evolution of the EBITDA margin between 2020 and 2024 reflects a controlled trajectory of increase in gross profitability, from a low level of 4% in 2020 to a more comfortable level in 2024. This level consolidates the resilience of SITAB's operating structure and provides it with a better ability to absorb future market fluctuations or external costs.

SITAB's Financial and Operating Results

** In millions of XOF*



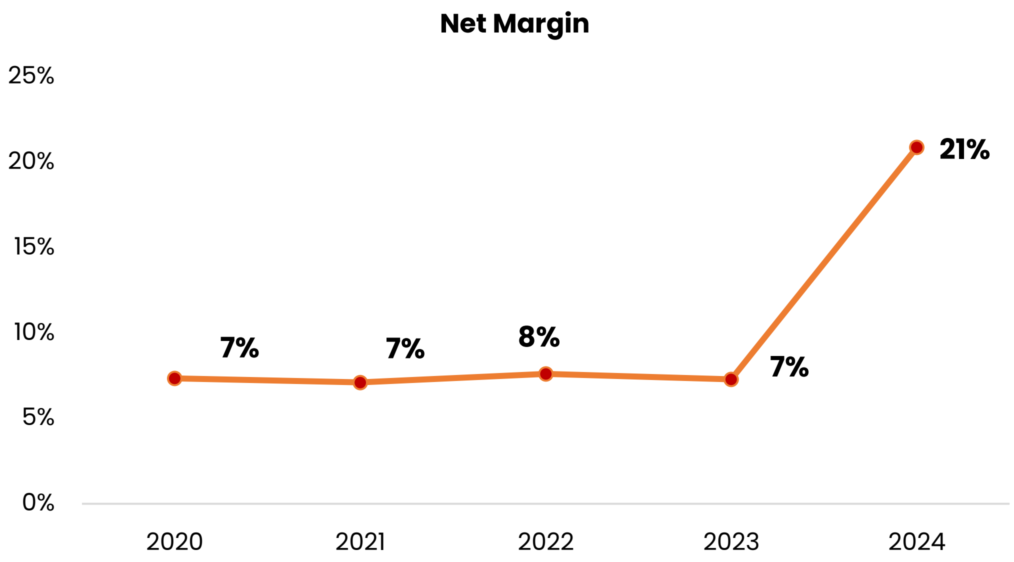
Between 2023 and 2024, SITAB recorded exceptional growth in its **net income**, confirming the effectiveness of its value creation and cost control strategy. In 2023, net income stood at XOF 12.40 billion, already showing a steady increase compared to previous years. In 2024, it reaches XOF 44.73 billion, a notable increase of 261% in one year.

This historic performance is a direct reflection of the strong improvement in operating income, supported by an appropriate pricing policy, rigorous control of expenses and optimized management of taxation and financial expenses. Over the period 2020–2024, SITAB's net profit increased from XOF 8.54 billion to XOF 44.73 billion, more than fivefold, which testifies to the strength of its business model and its ability to adapt in a demanding regulatory and fiscal environment. This development strengthens the company's ability to consolidate its position in the Ivorian market and to free up resources to finance its medium-term strategic priorities.

The net margin measures a company's ability to transform its turnover into net profit, after deduction of all expenses, including tax and financial expenses. It reflects overall profitability and sustainable financial performance.

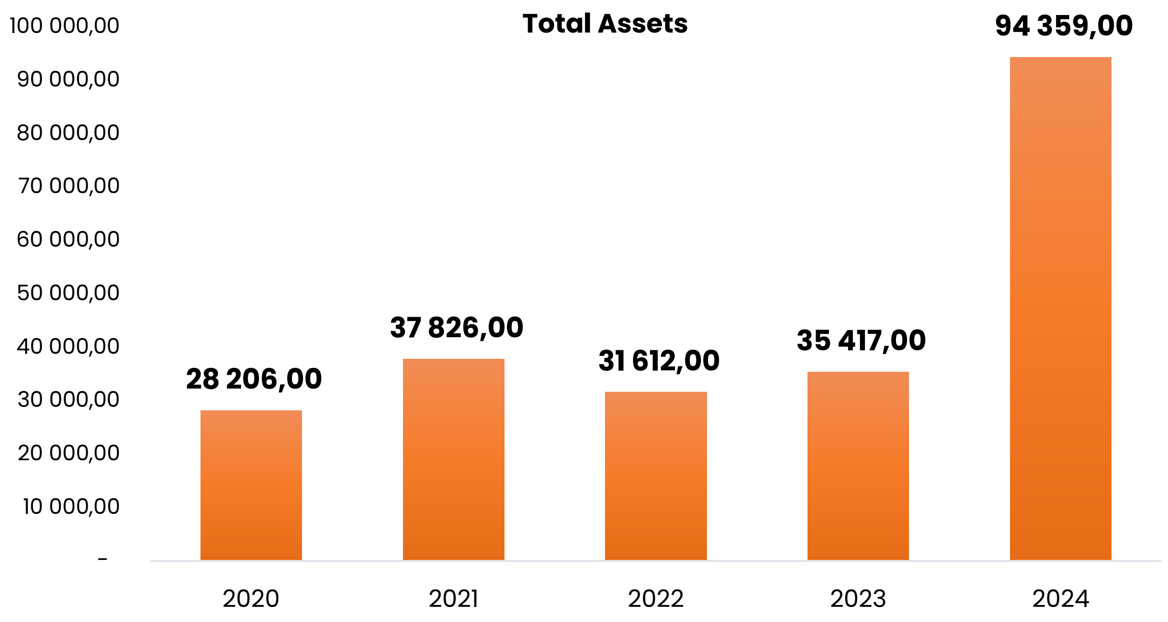
Between 2020 and 2024, SITAB's **net margin** increased significantly, reflecting a continuous improvement in its overall profitability. Over the period, it has risen from 7% in 2020 to 21% in 2024, a tripling of the net profitability rate in just four years. This evolution reflects the effective management of operating, financial and tax expenses, as well as the ability to adjust selling prices to protect margins in the face of regulatory constraints and logistics costs. This improvement is the result of the controlled increase in prices for the main brands and better control of indirect costs, which made it possible to transform the growth in sales into net income in a more efficient way.

This performance strengthens SITAB's ability to generate substantial profits despite tax and regulatory pressure, while providing it with greater flexibility to fund its strategic priorities and absorb potential market fluctuations.



SITAB's Financial and Operating Results

** In millions of XOF*



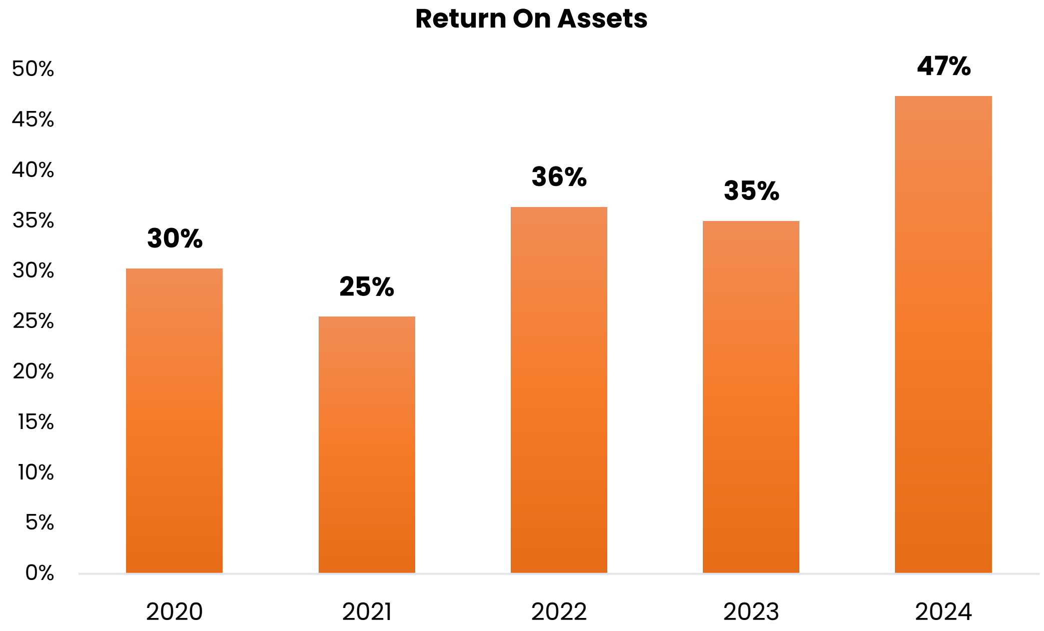
Between 2020 and 2024, SITAB's **total assets** grew strongly, from XOF 28.206 billion in 2020 to XOF 94.359 billion in 2024. After a significant increase in 2021 (+34%), the total assets decreased slightly in 2022 (-16%), before rising again in 2023 (+12%). However, it is between 2023 and 2024 that the company records the largest increase, with a near tripling (+166%) of total assets, from 35.417 billion to 94.359 billion XOF.

This growth in 2024 reflects a strengthening of the company's operational and financial capacity. This significant increase also suggests a significant development and expansion effort, positioning SITAB to better exploit market opportunities, while highlighting a major structural shift in its balance sheet.

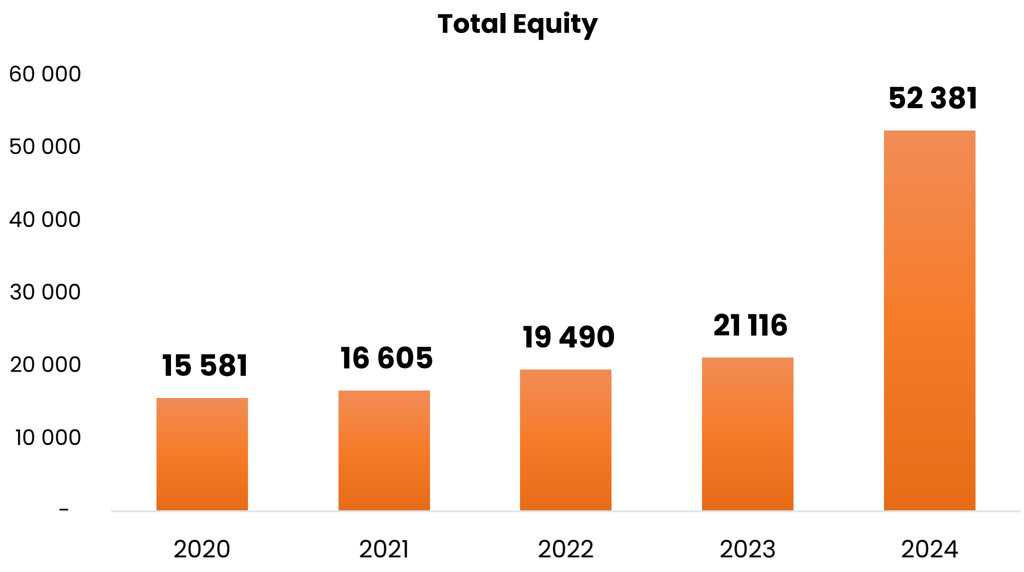
ROA (Return on Assets) measures the profitability of a company in relation to all of its assets, i.e. its ability to generate net income from the resources it holds.

Between 2020 and 2024, SITAB's ROA (Return On Assets) shows an overall positive trend with some variations. In 2020, ROA was high at 30%, before decreasing to 25% in 2021, indicating a slight decline in efficiency in the use of assets to generate profit. In 2022, ROA rose sharply to 36%, reflecting a notable improvement in economic profitability. This performance is maintained in 2023 with an ROA stable at 35%, reflecting good asset management despite moderate growth in total assets.

Between 2023 and 2024, ROA will increase significantly, from 35% to 47%. This spectacular increase reflects better asset utilization, combined with strong growth in total assets, confirming that SITAB has not only been able to invest massively but also optimize the return on these investments. This improved performance in 2024 illustrates strong value creation and efficient resource management.



SITAB's Financial and Operating Results

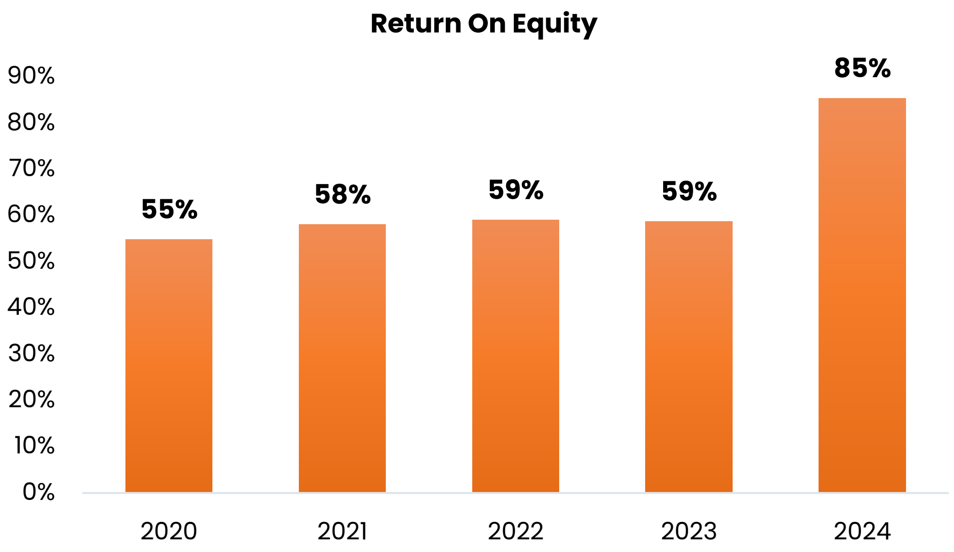


Between 2020 and 2024, SITAB's **equity** showed sustained and gradual growth before exploding between 2023 and 2024. From XOF 15,581 billion in 2020, they are steadily increasing each year, reaching XOF 21,116 billion in 2023, a cumulative increase of about 35% over this period. This increase reflects a stable financial policy, likely fuelled by positive net results and earnings retention.

However, the most significant development occurs between 2023 and 2024, with an increase of +148%, with shareholders' equity increasing to XOF 52,381 billion.
This massive strengthening of equity strengthens the group's financial strength, improves its autonomy and investment capacity, and demonstrates a proactive strategy to support its rapid growth and expansion ambitions.

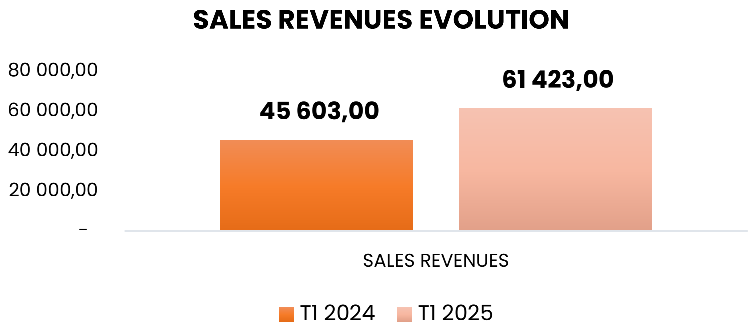
ROE (Return on Equity) measures the return on equity, i.e. the ability of a company to generate net income from the funds invested by its shareholders.

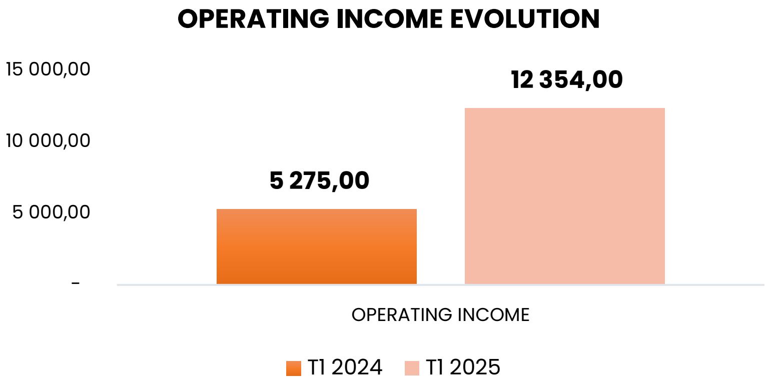
Between 2020 and 2024, SITAB's ROE (Return on Equity) reveals a solid performance, with high levels reflecting exceptional profitability for shareholders. ROE starts at 55% in 2020, before growing slightly to 59% in 2022 and 2023, a sign of remarkable stability in the ability to generate net profit relative to equity. This consistency reflects efficient capital management and sustained profitability despite economic fluctuations.
The focus on 2023-2024 highlights a notable increase, with ROE reaching 85% in 2024. This sharp increase illustrates a better valuation of equity, resulting from a significant growth in net income, probably linked to the expansion and restructuring of the group. This peak in profitability demonstrates an ability to create value for shareholders, reinforcing confidence in SITAB's financial and operational strategy.

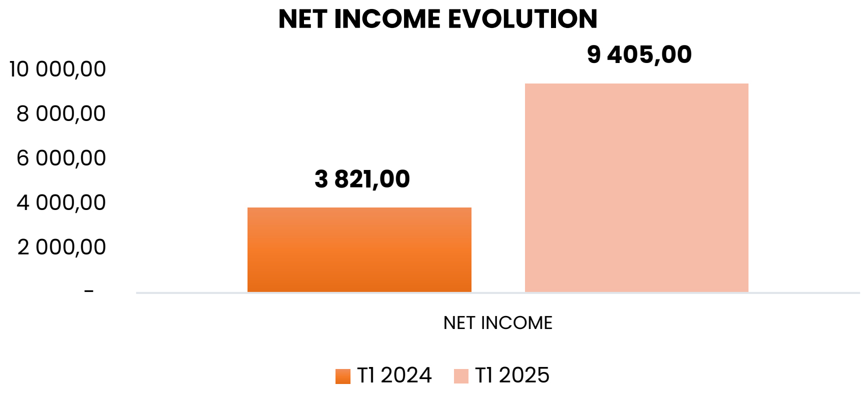


SITAB's Financial and Operating Results : Q1 2024 vs Q1 2025 Analysis

** In millions of XOF*







Source : Rapport SITAB au T1 2025

SITAB's revenue in the first quarter of 2025 was XOF 61.42 billion, up 35% year-on-year, supported by strategic price increases applied to its core brands, including FINE DUO and FINE KS, from January 2025. These tariff increases, imposed in part by the introduction of a minimum selling price in November 2024 and the increase in indirect taxes on tobacco products, made it possible to offset the decline in sales volumes, which fell by 7% to 1,712.6 million stems. Despite this decline in volumes, the price effect helped to maintain positive sales momentum (+34%) and strengthen profitability. As a result, operating profit jumped by 134% to XOF 12.35 billion compared to XOF 5.27 billion a year earlier, thanks to strict control of operating expenses and the accretive effect of tariff adjustments. Net income increased by the same amount, increasing by 146% to XOF 9.4 billion. These performances reflect the effectiveness of the commercial strategy and the solidity of the operational management, in a more demanding regulatory context.

Outlook 2025

For the full year 2025, SITAB intends to capitalize on the momentum that began in the first quarter and continue to optimize its margins. The company will continue to strategically adjust its selling prices in order to maintain its profitability levels in the face of increased excise duties and the reinforced control of the minimum selling price.

At the same time, SITAB plans to strengthen its investments in product innovation and the modernization of its production lines to maintain the competitiveness of its flagship brands. The cost rationalization policy undertaken should continue to bear fruit, supporting the growth of operating income. On the commercial side, the focus will be on optimizing the distribution network and targeted campaigns to stabilize volumes, while effectively managing the impacts of rising prices.

Finally, the company remains vigilant about regulatory and tax developments, which it anticipates thanks to strengthened governance and proactive risk management, to consolidate its leading position in the national and regional market.

BRIDGE SECURITIES

TABLE OF CONTENTS

SITAB's Financial and Stock market ratios

Profitability	2020	2021	2022	2023	2024	Moyenne
Net margin	7%	8%	8%	7%	21%	15%
EBIT margin	4%	10%	8%	10%	26%	17%
ROE	55%	67%	60%	59%	85%	68%
ROA	31%	29%	36%	35%	47%	42%
Balance sheet ratios	**2020**	**2021**	**2022**	**2023**	**2024**	**Moyenne**
Net profitability ratio	7%	8%	8%	7%	21%	10%
General liquidity	0,20	0,37	0,18	1,88	2,05	0,94
Equity ratio	55%	44%	61%	60%	56%	55%
Stock market parameters	**2020**	**2021**	**2022**	**2023**	**2024**	**Moyenne**
Share price on the 31/12	530	6 180	6 850	5 945	7 300	7 548
Net dividend per share	436	445	540	675	*750*	781
Dividend yield	*82%*	*7%*	*8%*	*11%*	*10%*	21%
PBR	0,61	6,74	6,41	5,04	2,50	4
PER	1,10	10,11	10,69	8,61	2,93	6

The analysis of SITAB's profitability between 2020 and 2024 reveals a development marked by a strong improvement in 2024.

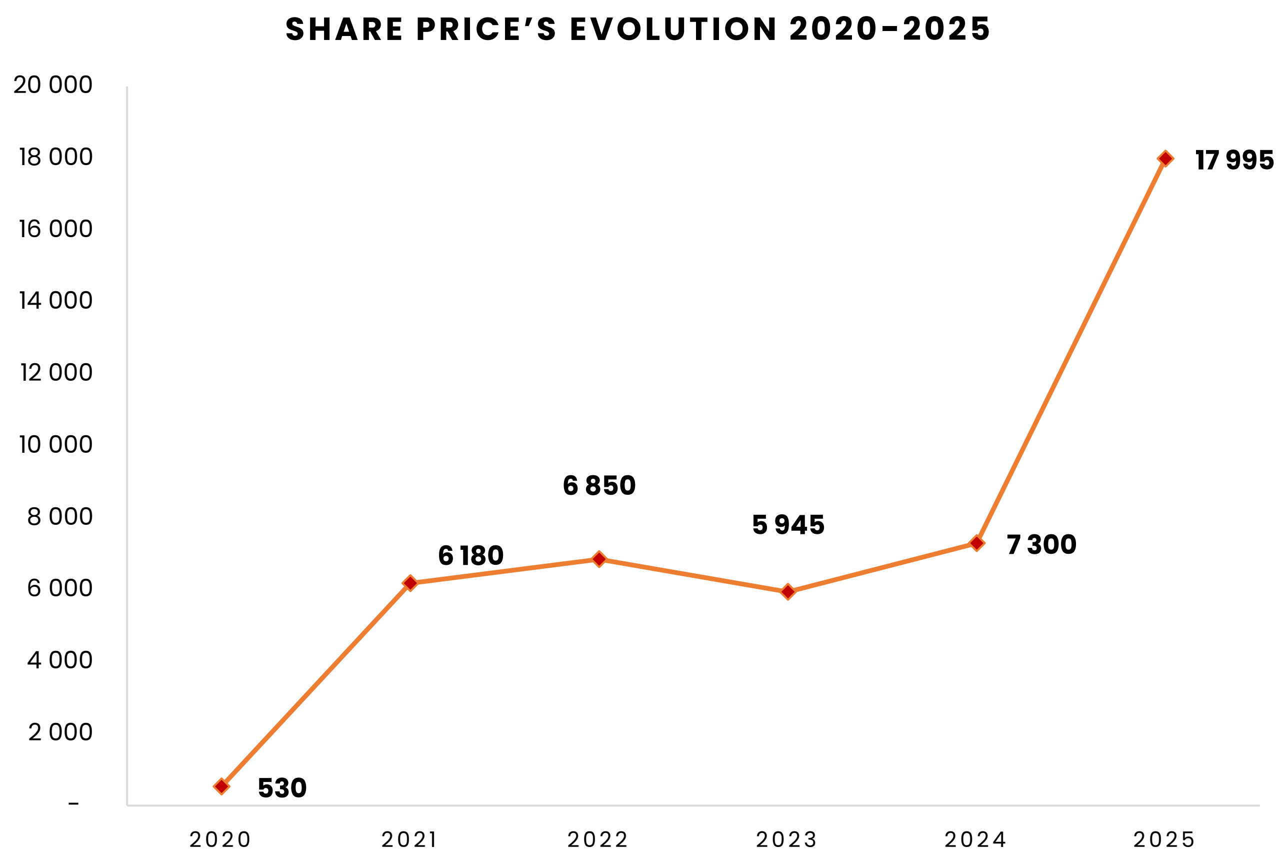
The net margin, stable at around 7-8% from 2020 to 2023, jumps to 21% in 2024, tripling net profitability thanks to a combination of price increases, cost containment and favorable regulatory effects (minimum price and excise duties). Similarly, the operating margin, after stability around 8-10%, climbs to 26% in 2024, confirming a clear increase in operational efficiency. ROE remained high throughout the period, between 55% and 67%, before peaking at 85% in 2024, reflecting a strong ability to remunerate shareholders despite the significant increase in shareholders' equity. ROA, an indicator of asset utilization efficiency, increases from 35% to 47% between 2023 and 2024, confirming that the increase in total assets is accompanied by profitable operation.

Between 2023 and 2024, the balance sheet indicators show a clear strengthening of financial solidity. The net rate of return jumped from 7% to 21%, reflecting a significant improvement in earnings performance. The current ratio continued to rise, from 1.88 to 2.05, indicating an increased ability to meet short-term debt thanks to a more comfortable cash flow or better management of working capital. Finally, financial autonomy remains stable at around 56-60%, reflecting a balanced financing between debt and equity. The whole reflects a company in a prudent and better structured recovery.

Finally, on the stock market, the median share price rose to XOF 7,300 at the end of 2024, supported by a generous dividend policy (XOF 750 per share) and a more attractive P/E ratio (2.93), reflecting increased investor confidence and a sustainable valuation. This development confirms SITAB's structural transformation and financial solidity on the eve of new strategic opportunities.

TABLE OF CONTENTS

EVOLUTION OF THE SHARE PRICE



The evolution of SITAB's share price between 2020 and 2024 illustrates a trajectory marked by strong variations, reflecting both market adjustments and investors' perception of the company's strength. In 2020, the stock was at a relatively low level at 530 XOF.

The year 2021 marks a turning point with a rise in the price to 6,180 XOF, a more than tenfold increase. This increase reflects a revival of investor confidence, fueled by good financial results and possibly by favorable prospects for sector reforms.

In 2022, the price continues to rise, reaching 6,850 XOF, which confirms the upward trend although the pace of growth is slowing. However, in 2023, the stock suffered a decline to 5,945 XOF, signaling some caution on the part of investors.

The rebound observed between 2023 and 2024 is particularly noteworthy: the price rose to XOF 7,300, illustrating the renewed investor confidence following the strategic measures put in place by SITAB: increase in sales prices, adaptation to new legislation and significant improvement in profitability. This recovery reflects a positive anticipation of growth and financial strength prospects.

The upward momentum that has begun suggests that this valuation will continue in 2025, as suggested by the jump to nearly XOF 18,000, highlighting the attractive potential of the stock over the medium term.

TABLE OF CONTENTS

SWOT Analysis

Strenghts

Historic brand, strong awareness and consumer loyalty

Local know-how and cultural anchoring of the consumption of its products

Strong distribution network

Weaknesses

Sometimes negative image associated with the nature of the product

Difficulty innovating in the face of advertising and regulatory restrictions

Management of social risk related to rising prices and lower volumes

Opportunities

Development of alternative segments

Growth potential in neighbouring sub-regional and African markets

Digitalization of distribution and sales monitoring processes

Strengthening of the CSR policy to improve societal acceptability

Threats

Tightening of taxation and health standards

Changing consumption habits towards less tobacco

Risk of smuggling and parallel markets in the event of high prices

Public pressure to limit consumption

The SWOT analysis highlights a SITAB solidly anchored in the Ivorian landscape thanks to a strong brand and a controlled distribution network. Its ability to adapt to regulatory changes and maintain consumer confidence remains a key asset.

However, the company faces several challenges: a still limited diversification outside Côte d'Ivoire, an image to be managed in a context of increased awareness of the risks of tobacco, and the need to maintain innovation despite marketing restrictions.

The opportunities lie in the conquest of new African markets, the development of alternative products and the strengthening of its societal commitments to better meet the expectations of stakeholders.

The threats, meanwhile, remain focused on fiscal tightening, the risk of counterfeiting, the gradual decline in consumption, as well as on the evolution of the international regulatory framework, to which ECOWAS is beginning to align. To ensure its sustainable growth, SITAB will have to reconcile commercial performance, social responsibility and continuous adaptation to its environment, while strengthening its ability to anticipate legislative changes and remain compliant with the new requirements of the sector.

BRIDGE SECURITIES

TABLE OF CONTENTS

HISTORICAL INCOME STATEMENT AND FORECASTS

	HISTORICAL DATA					FORECASTS		
	2020	2021	2022	2023	2024	2025	2026	2027
Sales Revenues	116 186	135 602	151 133	169 913	214 109	288 660	340 214	398 232
Gross Operating Income	4 385	15 259	12 907	16 609	55 359	143 933	151 130	158 687
- Depreciation and Amortization Expenses	193	(2115)	350	454	465	520	521	521
+Reversal of Provisions	447	164	211	103	112	112	112	112
+Cost Transfer	0	0	-	100	0	0	0	0
Operating Income	4 639	13 309	12 769	16 258	55 005	128 904	135 349	142 117
Financial Income	3 944	(202)	2 060	542	1 536	1 713	1 712	1 711
Including Financial Expenses	11	(288)	4	28	11	12	14	16
Profit from Ordinary activities	8 583	13 107	14 829	16 801	56 541	128 725	128 727	128 729
Non-Operating Profits	6	10	-4	0	(4)	(4)	(5)	(6)
Income Taxes	35	(2 143)	3 322,00	4 402	11 807	18 489	20 387	22 575
Net Income	8 624	10 974	11 503	12 399	44 730	110 232	124 562	140 755

HISTORICAL BALANCE SHEET AND FORECASTS

	HISTORICAL DATA					FORECASTS		
Balance sheet (in millions of XOF)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Non-current assets	9 399	9 521	9 484	9 695	9 683	10 216	10 751	11 298
Current assets	15 755	28 304	22 137	25 729	84 674	85 568	86 471	85 909
Cash - assets	14 423	5 764	6 735	7 179	48 201	53 213	59 800	68 827
Total Asset	**28 206**	**37 826**	**31 612**	**35 417**	**94 360**	**145 314**	**223 784**	**344 628**
Equity	15 582	16 464	19 181	21 180	52 381	129 543	216 737	315 265
Long-term debts	6 586	8	9	8	8	19	31	45
Current liabilitiies	78 467	76 646	120 579	13 653	41 289	78 509	149 282	283 854
Cash - Liabilities	19	35	0	0	39	0	0	1
Total Liabilities	**28 206**	**37 826**	**31 612**	**35 417**	**94 360**	**145 314**	**223 784**	**344 628**

BRIDGE SECURITIES

TABLE OF CONTENTS

SITAB's Valuation by the Discounted Cash Flow Method

❖ DCF Method Parameters

- **The risk-free rate** : it comes from the yield curve of the UMOA Titres agency – 10 years Bond rate (7,51%).
- **The equity market risk premium** (MRP) : The equity market risk premium is set at 4.02% and comes from the "Damodaran" website.
- The **Beta** : it corresponds to SITAB's beta on the SIKA Finance website.
- The **Cost of debt** : It represents the average interest rate that a company pays for its loans
- The **Cost of equity**: Financial indicator that represents the average cost of financing a business

WACC

Total debt 2024	48 154
Total equity 2024	52 381
Total debt /(equity+total debt)]	48%
Equity/(equity+total debt)]	52%
Risk –free rate	**7,38%**
U.S. market risk premium	0,00%
Country Risk premium	4,02%
Country Risk premium	**4,02%**
Beta of SITAB	0,90
Cost of equity	**8,26%**
Cost of debt	**7,00%**
Corporate Tax rate	25%
After-tax cost of debt	5,25%
WACC	**8,73 %**

Discounted Cash Flows (en millions de XOF)

		2025	**2026**	**2027**	**« *Terminal Value* »**
Free Cash Flows		99 690	95 322	94 615	1 567 541
Discounted Free Cash Flows		91 684	80 625	73 600	1 219 368
Sum of discounted Free Cash Flow	245 908				
Present Terminal Value	1 219 368				
Enterprise Value	**1 465 276**				
Financial debt	48 154				
Equity value	**1 417 122**				
Number of shares (in million)	17,96				
Target price (XOF)	**78 926**				

SITAB's Valuation by the DDM & Gordon Shapiro Methods

❖ DDM Method Parameters

- **The risk-free rate** : it comes from the yield curve of the UMOA Titres agency – 10 years Bond rate (7,51%).
- **The equity market risk premium** (MRP) : The equity market risk premium is set at 4.02% and comes from the "Damodaran" website.
- The **Beta** : it corresponds to NESTLE CI's beta on the SIKA Finance website..
- The **Cost of debt** : It represents the average interest rate that a company pays for its loans
- The **Cost of equity**: Financial indicator that represents the average cost of financing a business

The risk-free rate	7,38%
The equity market risk premium	4,02%
Cost of debt	0,90
Beta of SITAB CI	7%
Cost of equity	**8,73 %**

❖ DDM (Millions XOF)		2025	2026	2027	« Terminal Value »
Dividend		33 070	37 369	42 226	694 404
Discounted dividend		30 414	31 607	32 847	540 168
Discounted dividend's sum	94 868				
Discounted terminal value	540 168				
Equity value	**635 036**				
Number of shares (in millions)	17,96				
Estimated share price (XOF)	**35 368**				

❖ Gordon & Shapiro (in millions of XOF)	
Early dividend for the first period	33 070
Equity value	530 557
Estimated share price (XOF)	**29 549**

BRIDGE SECURITIES

TABLE OF CONTENTS

Valuation Methods' Summary

Valuation Methods	Estimated Value	Weighting	Weighted Value
DDM	35 368	45%	15 916
Gordon & Shapiro	29 549	45%	13 297
DCF	78 926	10%	7 893
Target Price (XOF)			**37 105**

We recommend buying SITAB stock, which currently has particularly attractive valuation potential, estimated at nearly 100% in the medium term. This appreciation is based above all on remarkable financial performance: net income jumped by 256% between 2023 and 2024, demonstrating a significant operational turnaround and an ability to generate value even in a demanding competitive environment. This positive momentum is confirmed in the first quarter of 2025, with a further significant increase of 136% in net income compared to the same period of the previous year, suggesting a continuation of the growth trajectory for the full year 2025.

This rebound is the result of better cost control, an adapted pricing policy and a robust commercial positioning on its flagship brands. In addition, the company has a generous dividend policy, as the company has always maintained an attractive remuneration for its shareholders, which is an additional factor of attraction in a market where yield remains a decisive criterion for investors.

For 2025, we expect SITAB to continue to capitalize on this growth momentum through the optimization of its production costs and the continued efforts to expand its portfolio of high-margin products. Improved export volumes and continued market share in the local segment are also expected to contribute positively to future results. At the same time, society could benefit from a more stable regulatory environment if sectoral discussions lead to a less restrictive tax system or one that is better adapted to local specificities.

However, despite this favorable outlook, some caution is still required. Risks related to regulatory changes, specific tobacco taxation and possible societal pressures on consumption may be factors of volatility for results and impact our projections.

In conclusion, the financial solidity, the attractive dividend policy and the growth prospects for 2025 make SITAB an interesting stock to hold and strengthen, while maintaining vigilance on the evolution of the regulatory framework.

BRIDGE SECURITIES

BRIDGE SECURITIES

Immeuble the one,

Cocody 33, rue de la cannebière

Contact : +225 20 30 77 17 / 20 30 77 37