



# MOBILE TELECOMMUNICATIONS LIMITED (“MTC”) **FY21 Initial Impression** **December 2021**



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# Mobile Telecommunications Limited

## FY21 Initial Impression

**Target Price (c)**

Current Price (c)

890

Year End 30 September	2019	2020	2021	F2021	F2022	Recommendation	n/a
Revenue (N\$ m)	2,613.7	2,683.3	2,799.1	2,810.3	2,950.7	NSX Code	MOC
EBITDA	1,345.1	1,397.1	1,434.6	1,370.5	1,479.8	Market Cap (N\$ m)	6,675
Profit After Tax (N\$ m)	797.0	772.4	743.3	618.6	718.2	Shares in Issue (m)	750
EPS (c)	211.7	205.2	197.4	164.3	190.8	Free Float (%)	39.9
DPS (c)	106.3	103.0	99.1	82.5	125.8	52-Week High (c)	890
DY (%)	6.5	9.1	9.6	6.5	7.4	52-Week Low (c)	850
P/E (x)	8.0	8.3	9.0	10.3	8.9	Expected Total Return (%)	n/a
EV/EBITDA	4.7	4.6	4.7	4.7	4.3		

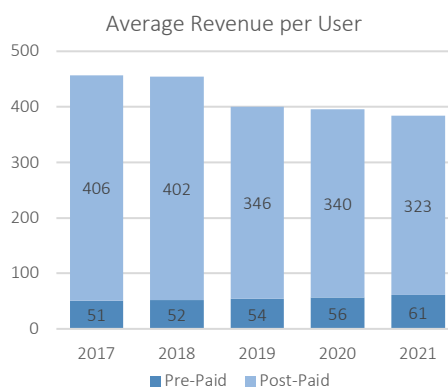
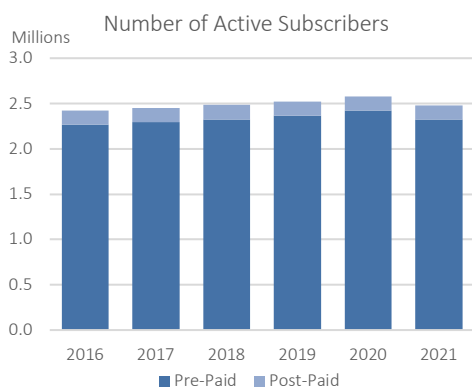
Source: Mobile Telecommunications Company Limited

### FY21 Initial Impression

Mobile Telecommunications Limited (MTC) released results for the year ended 30 September 2021 (FY21). Profit after tax for the year fell by 3.8% y/y to N\$743.3 million but came in 20.2% higher than the forecasted figure in the prospectus. ROE fell from 36.3% in FY20 to 32.8% in FY21. A final dividend of 32 cps was declared for the year.

Revenue for the period grew by 4.3% y/y or N\$115.9 million to N\$2.80 billion. The increase was primarily driven by pre-paid revenue which grew by 7.2% y/y and handset and accessory sales which increased by 16.2% y/y. Post-paid revenue fell by 4.9% y/y as a result of the challenging economic climate while roaming income fell by 10.3% y/y due to international travel being disrupted. Management's focus on enterprise services is starting to yield results as the company recorded a 334.5% y/y increase in enterprise revenue.

At the end of the period, MTC had 2.32 million active pre-paid subscribers (FY20: 2.42 million) and 155,861 post-paid subscribers (FY20: 154,129). The decline in pre-paid subscribers is due to MTC shortening the lifespan of inactive pre-paid SIM cards during the year. Management noted at the results presentation that the company plans on rolling out its mobile financial service in the first half on next year, and that it will not compete with current solutions available in the market, but to instead complement them.

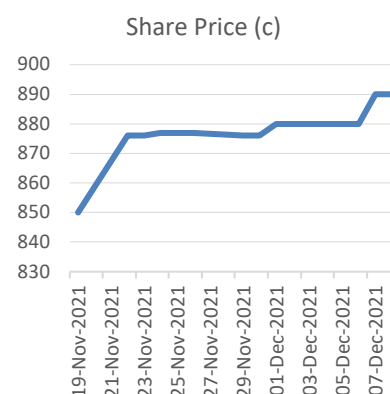


Source: MTC, IJG Securities

We continue to be of the view that MTC has an inefficient capital structure as the company has no debt and a large cash position, not taking advantage of the tax shield or lower cost of capital derived from debt financing. The prospectus did however mention that the company is investigating "feasible and value-enhancing gearing solutions". Cash and cash equivalents fell by 9.0% y/y to N\$707.5 million but remains larger than necessary in our view, even after taking into account the final dividend.

Overall, the results were satisfactory given that the economic climate remained challenging. Our full initiation report including target price and recommendation is imminent and will be followed by a full review of the FY21 results early in 2022.

### MTC Share Price



### Dividends

A final dividend of 32 cents per share has been declared.

- Last Day to Trade: 14 January 2022
- Ex-Dividend Date: 17 January 2022
- Record Date: 21 January 2022
- Payment Date: 04 February 2022





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