



**MOBILE TELECOMMUNICATIONS
LIMITED (“MTC”)
FY24 Initial Impression
December 2024**

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Mobile Telecommunications Limited

FY24 Initial Impression

Current Price (c)

757

Year End 30 September	FY20*	FY21	FY22	FY23	FY24		
Revenue (N\$ m)	2,683.3	2,799.1	2,893.0	3,047.0	3,225.0	NSX Code	MOC
EBITDA (N\$ m)	1,397.1	1,434.6	1,480.8	1,506.3	1,479.6	Market Cap (N\$ m)	5,678
Profit after tax (N\$ m)	772.4	743.3	793.0	794.1	772.9	Shares in Issue (m)	750
EPS (c)	103.0	99.1	105.74	105.92	103.05	Free Float (%)	39.9
DPS (c, ordinary)	130.4	80.0	79.0	85.3	72.6	52-Week High (c)	850
DY (%)	15.3	9.3	9.9	11.7	9.6	52-Week Low (c)	751
P/E (x)	8.3	8.7	6.6	7.1	7.3		
EV/EBITDA	4.6	4.6	3.6	3.8	3.8		

Source: MTC Limited, IJG Securities

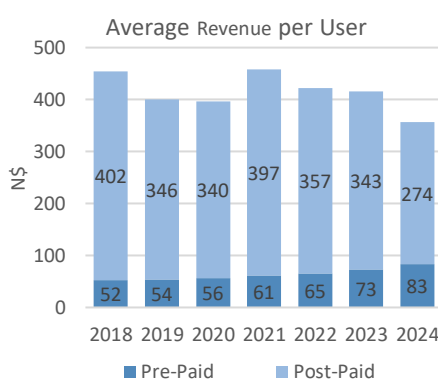
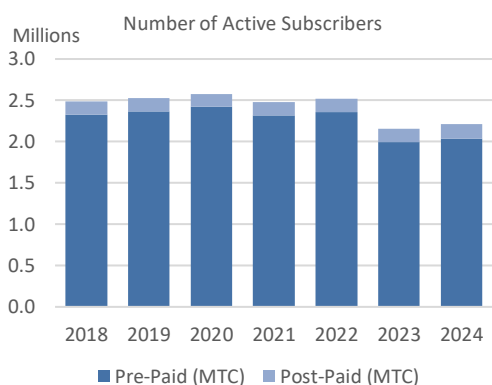
*Normalised for stock split pre-listing.

FY24 Initial Impression

Mobile Telecommunications Limited (MTC) released its financial results for the year ending 30 September 2024 (FY24). The company reported a slight 3.7% y/y decline in profit after tax to N\$772.9 million. Basic earnings per share (EPS) decreased by 2.7% y/y to 103.05 cents per share (cps) (FY23: 105.88 cps). For FY24, MTC declared a total dividend of 72.62 cps, down from 88.45 cps in FY23. An ordinary dividend of 49.27 cps, payable in FY25, was also declared.

Revenue: Revenue for the year increased by 5.9% y/y or N\$178.2 million to N\$3.23 billion, driven by higher data usage, robust demand for new products and services, and growth in roaming services. Prepaid revenue rose by 6.0% y/y to N\$2.00 billion, supported by a 14.5% y/y increase in prepaid Average Revenue Per User (ARPU) to N\$83.0, largely attributed to the continued uptake of Aweh subscriptions. In contrast, postpaid revenue, which now accounts for 17.5% of total revenue (down from 22.2% in FY23), fell by 16.6% y/y to N\$564.7 million, primarily due to affordability pressures. Postpaid ARPU also dropped by 20.1% y/y to N\$274.

Roaming income surged by 41.3% y/y to N\$137.3 million, fuelled by increased business travel, a recovery in tourism, and the introduction of eSIM packages for outbound roaming. Other revenue streams, including handset sales, enterprise services, site rentals, SMS revenue, and interconnect income, grew by 36.0% y/y to N\$516.7 million, driven by a 68.3% y/y (N\$115.2 million) rise in handset and accessory sales.

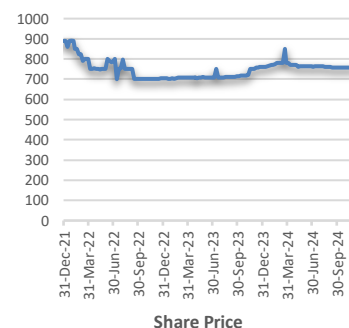


Source: MTC, IJG Securities

Subscribers: The total number of subscribers increased by 2.5% y/y to 2,223,661, though this remains below the peak of approximately 2.5 million subscribers. Prepaid subscribers grew by 2.1% y/y to 2,033,992, while postpaid subscribers rose by 5.3% y/y to 176,300. Enterprise customers experienced significant growth, increasing by 39.5% y/y to 13,369, driven by enhanced value-added products and service offerings.

Operating Expenses: Operating expenses expanded by 13.7% y/y to N\$2.22 billion, outpacing revenue growth. Key contributors were a 14.0% y/y rise in personnel costs and a 35.2% y/y increase in direct costs. The SIM registration project played a significant role in the personnel cost increase, however, with the project's completion, personnel costs are expected to align with inflation rates going forward.

MTC Share Price (c)



Dividends

An ordinary dividend of 49.27 cents per share was declared.

- Last Day to Trade: 17 January 2025
- Ex-Dividend Date: 20 January 2025
- Record date: 24 January 2025
- Payment date: 07 February 2025





0,0005	4,85%
0,0003	13,04%
0,001	50,00%
0,0003	14,29%
0,0005	12,50%

Regulatory challenges remained a concern for MTC. Following a Supreme Court ruling in March 2024, MTC was held liable for levies owed to the Communications Regulatory Authority of Namibia (CRAN) for the 2021–2023 financial years. This resulted in a settlement of N\$58.4 million for arrears (previously recorded as contingent liabilities in FY23) and an additional N\$37.9 million for levies due in FY24. Regular regulatory fees are anticipated in subsequent years.

Operations: Profit from operations fell by 6.9% y/y, or N\$75.7 million, to N\$1.02 billion after accounting for depreciation and amortisation. EBITDA declined by 1.8% y/y, or N\$27.0 million, to N\$1.48 billion, reducing the EBITDA margin to 45.9% in FY24 from 49.4% in FY23. While EBITDA is expected to remain stable, cost escalations from investments in new technology will continue, though extraordinary regulatory and personnel costs are not anticipated.

Investment Income: Investment income, which includes interest on cash and bank balances as well as contract assets, increased by 33.8% y/y or N\$23.9 million to N\$94.6 million, with an average interest rate of 10.1%.

Assets: Total assets grew by 9.9% y/y, or N\$393.5 million, to N\$4.36 billion, largely driven by a 21.1% y/y (N\$247.8 million) increase in network equipment. Property, plant, and equipment (PPE) rose by 12.0% y/y, bringing its total book value to N\$1.83 billion. Equity remained the primary funding source, amounting to N\$2.90 billion.

Capital Expenditure: Capital expenditure surged by 82.1% y/y to N\$715.4 million, reflecting significant investments aligned with MTC's strategic vision. Key projects included N\$200.0 million for fibre implementation. Over the next four (4) years, MTC plans to continue making substantial investments in new technology and routine upgrades to its transmission network, which is expected to drive further increases in capital expenditure.

Conclusion: MTC demonstrated average performance during FY24. Revenue growth was driven by prepaid services, increased data usage, and strong enterprise customer expansion. However, declining postpaid revenue, higher operating costs, and regulatory liabilities weighed on profitability.

Looking ahead, MTC's focus on technological advancements, such as fibre implementation and network upgrades, positions it for future growth, though cost pressures from these investments will remain. Stable EBITDA levels and improved efficiencies post-SIM registration project should support margins. Continued emphasis on innovation and value-added services is expected to drive subscriber growth and maintain MTC's market leadership.

Our target price, forecasts and recommendation will be updated with the full review of the FY24 results in due course.

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