MOBILE TELECOMMUNICATIONS COMPANY LIMITED ("MTC")

Initiation Report

January 2022

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Mobile Telecommunications Limited

Initiation Report

Target Price (c)	***984***
Current Price (c)	860

Year End 30 June	2019	2020	2021	F2022	F2023
Revenue (N$ m)	2,613.7	2,683.3	2,799.1	2,908.7	3,045.3
EBITDA	1,345.1	1,397.1	1,434.6	1,463.3	1,506.8
Profit After Tax (N$ m)	797.0	772.4	743.3	758.2	772.3
EPS (c)	106.3	103.0	99.1	101.1	103.0
DPS (c)	55.0	130.4	80.0	80.9	82.4
DY (%)	6.5	15.3	9.3	9.4	9.6
P/E (x)	8.0	8.3	8.7	8.5	8.4
EV/EBITDA	4.7	4.6	4.5	4.4	4.3

Recommendation	BUY
NSX Code	MOC
Market Cap (N$ m)	6,450
Shares in Issue (m)	750
Free Float (%)	39.9
52-Week High (c)	890
52-Week Low (c)	850
Expected Total Return (%)	23.8

Source: Mobile Telecommunications Company Limited

Initiation Report

Mobile Telecommunications Limited ("MTC") was established in 1994 and has since grown to be Namibia's largest telecommunications company, covering 97% of Namibia's population, with an active subscriber base totalling 2.476 million subscriptions. 2.32 million active pre-paid subscribers contributed 60.4% of revenue in FY21 at N$61.00 average revenue per user (ARPU), while the 155,861 active post-paid subscribers contributed 23.3% at N$323.00 APRU. We do not anticipate the subscriber growth rate to outpace population growth rate going forward due to the saturated telecommunication market and increasingly fierce competition.

Increasing smartphone usage has resulted in revenue from voice services reaching a plateau, and MTC expects future revenue growth to be increasingly dependent on data services. After the company determined that blended ARPU for 3G and LTE users is materially higher than that of 2G customers, MTC has set a target to migrate more than 10% of its 2G users to 3G and LTE networks by the end of 2021. The company furthermore plans to reach 100% population coverage by 2023 through its '081Every1' project. The plan is to construct 524 sites at a total cost of N$1.2 billion. In addition, MTC is implementing a N$400 million capacity expansion project which will see it expand 835 sites through technology upgrades, sector splitting and spectrum refarming.

MTC, interestingly, has zero debt, with the company managing its funding requirements through retained earnings. While this does signal that the company is cash-flush, it is not a particularly efficient capital structure, as the company is not taking advantage of the tax shield or lower cost of capital derived from debt financing. The prospectus does however mention that the company is investigating "feasible and value-enhancing gearing solutions" but did not provide a timeline for this.

Return on Equity (ROE) has averaged 39.6% over the last six years, while return on assets has been impressively high at 26.9%. ROE could be higher if the company decides to tilt their capital structure to include some debt financing. Despite the economic headwinds, MTC has managed to grow profit after tax at a 5.9% compounded annual growth rate since 2016.

MTC does however face some noteworthy risks. Firstly, strict and unpredictable regulatory requirements may dampen MTC's competitiveness or impact its financial position, particularly in the areas of infrastructure sharing and spectrum allocation. Secondly, the Namibian economy has been in a recession since 2016, with the effect of this being further amplified by the Covid-19 pandemic. This has led to depressed consumer spending and a shift to cheaper prepaid services. Thirdly, the increasing popularity of over-the-top services, such as WhatsApp, negatively affect revenue from MTC's SMS and voice services. Competition in the telecommunication space has increased over the past decade, and as a result, the industry has more or less reached saturation in terms of the number of customers, which will affect the runway for growth somewhat. Industry directives by the Communications Regulatory Authority of Namibia ("CRAN") such as virtual network operators and mobile number portability will further intensify competition when implemented.

Using a panel of standard valuation techniques, a cost of equity of 16.5% and a long-term sustainable growth rate of 9.0%, we derive a **target price of N$c984 per share**. Coupled with an expected dividend of 80.9cps, we derive a potential **total return of 23.8%**. Based on this, we view the current share price as undervalued and initiate our coverage of MTC with a **BUY** recommendation.

MOC Share Price vs Target Price (c)

Dividends

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

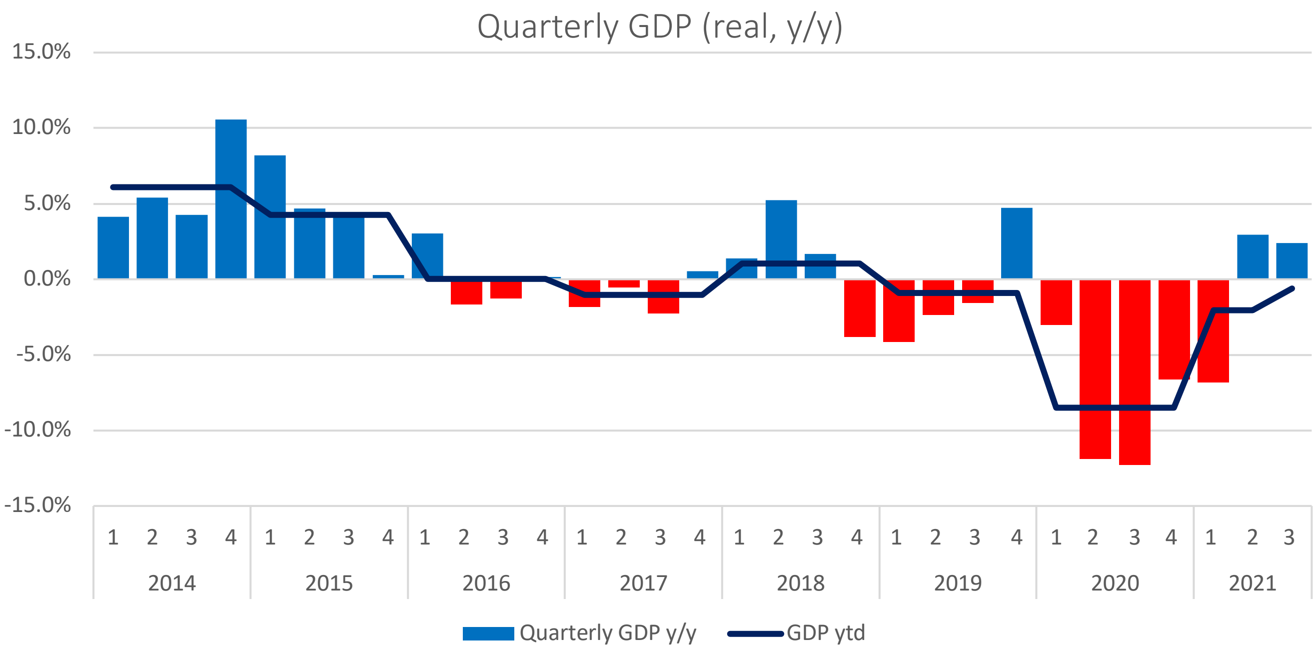
- Last Day to Trade: 14 January 2022
- Ex-Dividend Date: 17 January 2022
- Record Date: 21 January 2022
- Payment Date: 04 February 2022

Macroeconomic Backdrop

Growth Environment

The current macroeconomic environment in which MTC operates remains one of uncertainty as the headwinds that have plagued Namibia since 2016, coupled with the Covid-19 pandemic, are yet to dissipate.

The Namibia Statistics Agency's Q3 GDP data shows Q3 GDP grew marginally by 2.4% y/y, but contracted by 1.9% q/q. This follows the 8.5% contraction in 2020, the deepest in Namibian history. The data further indicated that twelve of the last nineteen quarters, or since the start of 2017, have posted contractions on an annual basis, separated by seven quarters of very subdued growth.



Source: NSA, IJG Securities

The Namibian economy is expected to have grown by 1.5% in 2021 and 3.3% in 2022, according to the Bank of Namibia's ("BoN") December 2021 Economic Outlook. This effectively means that the economy will still be 4.1% smaller in 2022 than it was in 2019 and, at the current expected pace of recovery, will likely not reach its pre-pandemic levels until at least 2024.

Namibia has been ranked as the country with the second highest unemployment rate in the world, at 33.4%, on a global list of 82 countries scrutinised by Bloomberg. While some recovery is expected in economic output in the short-term, the longer-term growth outlook remains precarious with low vaccination uptake, the threat of more Covid-19 infection waves, declining per capita income, weak consumer and business confidence all still threatening the recovery path. As such the environment in which MTC operates is likely to remain a challenging one.

Background and Company Structure

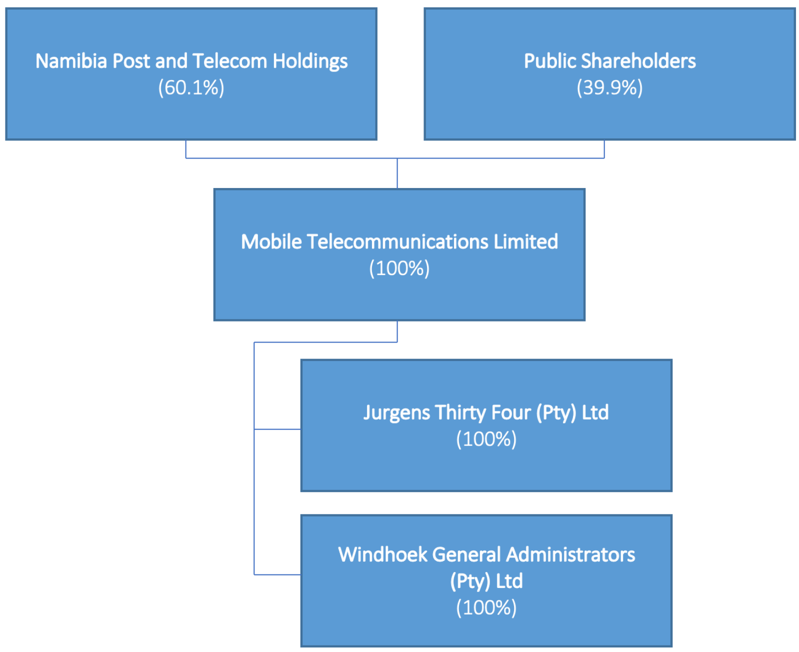
MTC was established in 1994 in a joint venture between Namibia Post and Telecom Holdings Limited ("NPTH") and two Swedish entities named Telia Company and Swedfund International, with Telia providing its technical expertise to the JV and Swedfund proving funding. The JV saw NPTH own 51%, Swedfund 25% and Telia the remaining 24%. Telia held the right to appoint the managing director from 1995 to 2004, and both companies held the right to each appoint an additional member to the MTC board.

In May 2004, Telia and Swedfund sold their 49% shareholding to NPTH. It was assessed that a strategic partner would be needed to guarantee the future growth of MTC and as a result 34% of the company was sold to Portugal Telecom (PT) in September 2006 and was held through a subsidiary called Africatel. As part of the sale, a management contract was ceded to PT which held the right to appoint the managing director.

In June 2017, PT was acquired by Oi Brazil which became the controlling shareholder of Africatel. As part of a subsidiary deal within the Africatel structure, Samba DutchCo took control of the MTC shareholding within the group. PT was under liquidation, which made the restructuring necessary to mitigate the possibility of the disposal of MTC shares. NPTH agreed to the restructuring within Africatel and the parties agreed that Samba would sell the 34% shareholding in MTC to NPTH.

During its 27 years of operation, MTC has grown to be Namibia's largest telecommunication company. MTC covers 97% of Namibia's population, with an active subscriber base totalling 2.469 million subscriptions and plans to reach 100% population coverage by 2023.

Following the outcome of the IPO, during which 229.0 million ordinary shares were sold for a total consideration of N$2.54bn, MTC's ownership structure is as follows:

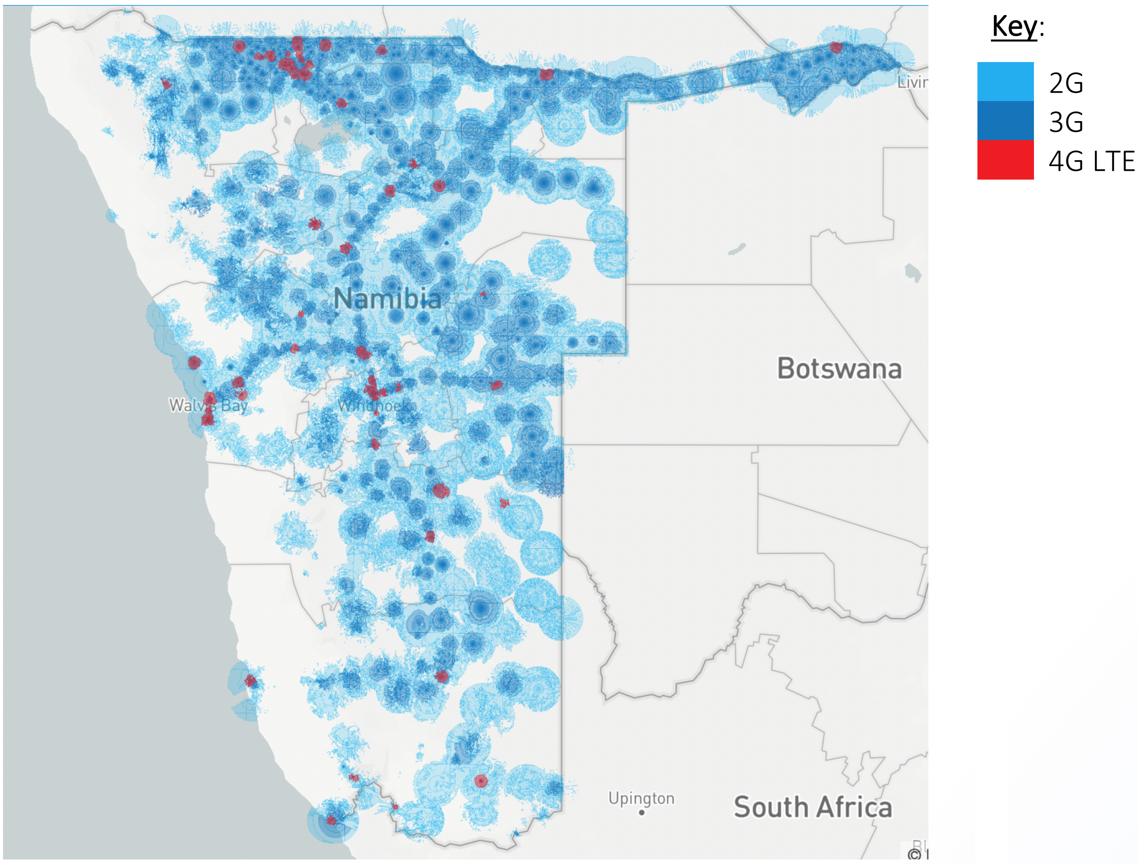


Source: MTC, NSX, IJG Securities

Jurgens Thirty Four (Pty) Ltd is a private company through which sectional title units 6 and 9 of erf 7640, Daniel Munamava street in Windhoek are managed. Windhoek General Administrators (Pty) Ltd was utilised as a special purpose entity until 2008 to provide funding for the initial network investment when MTC commenced business operations. The subsidiary is currently dormant but will be used for future ventures. MTC plans on using the company to deliver its financial services products in the near future, in line with the BoN's guidelines.

Network Coverage, Infrastructure and Spectrum

As a mobile telecommunications operator, MTC's primary business is to provide voice and data services and solutions to its customer base. Being Namibia's oldest and largest telecommunications network has allowed MTC to achieve a competitive advantage in terms of network coverage. MTC's base stations around the country have 2G-GSM services, providing coverage to 97% of the country's population. 3G-UMTS services are deployed to 91% of the company's total number of base stations and LTE is active on 47% of sites around the country. According to the prospectus, MTC anticipates providing 5G coverage to 40% of the country's population by 2025.



Source: MTC

In 2015, MTC invested in the WACS submarine cable in a consortium with Telecom to safeguard increased internet capacity and connectivity for MTC and its customers to prepare for the anticipated growth in demand for data services. A large portion of the company's tower infrastructure is directly owned by MTC and the company strategically considers tower sharing with other operators as it reduces the capital expenditure for MTC and shortens the payback period.

081Everyone and Capacity Expansion

In August 2017, MTC started implementation of its '081Every1' project which aims to expand the company's footprint to achieve 100% population coverage by 2023. The plan is to construct 524 sites at a total cost of N$1.2 billion.

Phase one of the project, costing N$226 million, was completed in April 2020 and involved the construction of 132 sites. These included sharing existing infrastructure, building new greenfield sites and relocating existing sites.

Phase two, which at the time of the prospectus' release stood at 74% completion, aims to deliver 87 rural sites and 23 urban sites. The second phase required an investment of N$294 million and was 92% complete in December 2021. Part of phase 2 involved expanding LTE coverage to the country's rural areas and was completed by April 2021. The sites which were upgraded were selected by analysing network statistics, the usage/availability of LTE enabled devices in the areas, and an observed increase in data volumes consumed on the 3G network. These sites utilise the same frequency bands used by 2G or 3G, but materially improves the data transfer speed by utilising the available bandwidth more efficiently.

Phase 3 is currently underway and has a target of a total of 53 sites to be constructed by September 2022.

Capacity Expansion Project

This N$400 million capacity expansion project is planned over a three-year time period and was started in 2019. The plan is to expand 835 sites through technology upgrades, sector splitting and spectrum refarming. The project aims to improve the quality of MTC's existing network through various expansion activities planned at site where higher usage is observed through network statistics and coverage information.

Phase 1 of the project saw 667 sites undergo various expansion upgrades and were carried out throughout the country and was completed in October 2020. Phase 2 started in April 2021 and 65 sites were earmarked for expansion activities and was completed on 15 June 2021.

Spectrum

To provide a telecommunications service, a licensee requires spectrum which can be obtained through either an application to the regulator or through an auction bid. Spectrum licences are often awarded with additional roll-out obligations attached, such as ensuring that certain schools have broadband access, for example. Spectrum licences are valid until 31 December of the year of issue and licensees are required to renew their licenses 60 days prior to expiry. However, where a licensee pays the fees due for the following year, their spectrum licence automatically renews. MTC anticipates that spectrum auctioning will lead to higher fees for newly applied spectrum in 2021 and 2022 and noted that spectrum availability is a challenge for the company.

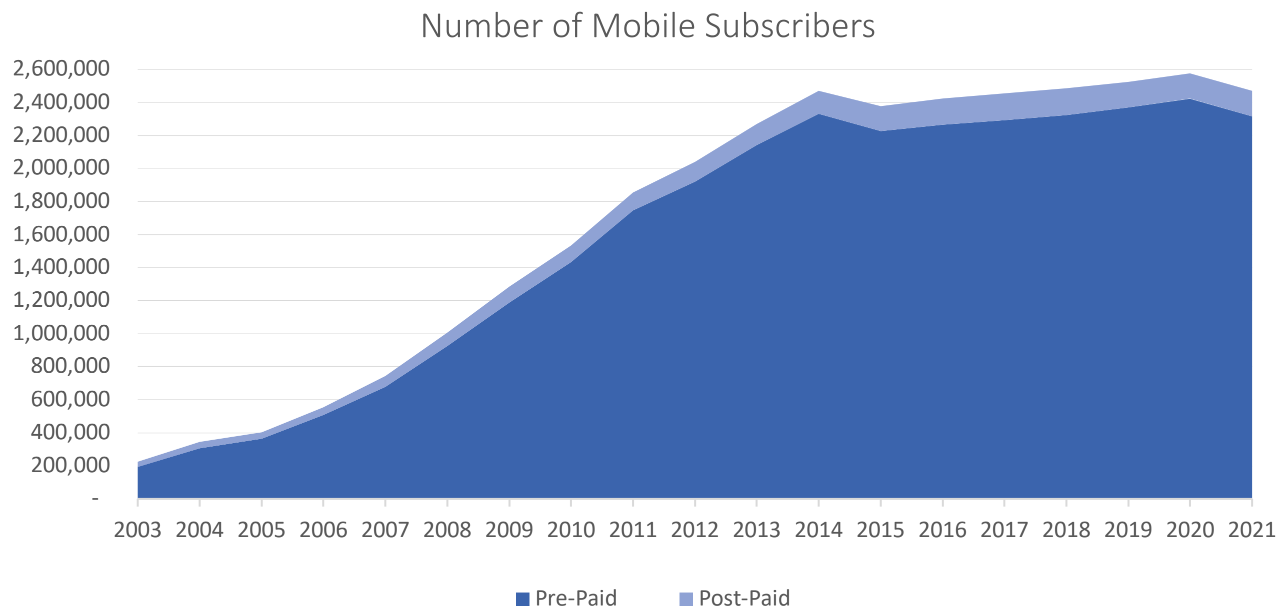
MTC refarms spectrum for efficient use and to release capacity on its network. For the roll-out of 5G, MTC will require 100 MHz in the 3500 – 3600 MHz band. However, the government has put a moratorium on 5G deployment in Namibia, while conducting a study on the effects of 5G radiation on human health. MTC intends on applying for the required spectrum as soon as the moratorium is lifted. MTC currently holds spectrum in the following bands:

BAND	MHz SPECTRUM HELD	NUMBER OF SITES			
		Urban	Road	Rural	TOTAL
G900	*13*	*261*	*138*	*421*	***820***
U900	*5*	*232*	*127*	*342*	***701***
G1800	*20*	*158*	*23*	*84*	***265***
L1800	*15*	*235*	*22*	*18*	***275***
U2100	*10*	*282*	*39*	*64*	***385***
L2100	*10*	*27*			***27***
PHYSICAL SITES		***310***	***142***	***422***	***874***

Source: MTC

At the onset of the Covid-19 pandemic, the CRAN temporarily made 5 MHz available in the U900 band to ease network congestion. The spectrum was available on auction in June this year, however the CRAN decided to not consider any applications made by MTC until levies of prior years, which the CRAN considers outstanding, are paid. The Supreme Court declared said levies as unconstitutional but the CRAN interpreted this ruling as only coming into force on the day of the ruling (11 June 2018), and that past levies are still due. The CRAN's interpretation prompted the regulator on 23 March 2021 to not consider any applications made by MTC for additional spectrum until these levies are paid. MTC however subsequently obtained an interdict from the High Court which barred the CRAN from implementing this ban. The parties are expected to receive a judge's ruling on the fee issue on 20 July 2022.

Subscribers



Source: MTC, IJG Securities

MTC has dominated the mobile telecommunication market since its inception, largely due to a lack of competition and a small market size. The figure above shows the rapid pace at which MTC's mobile subscriber base has grown since 2003 and how it has plateaued since 2014 as the market became saturated and competitors entered the market. The company notes that the dip in subscriber numbers in 2021 is due to MTC introducing a shorter lifespan on unused pre-paid SIM cards.

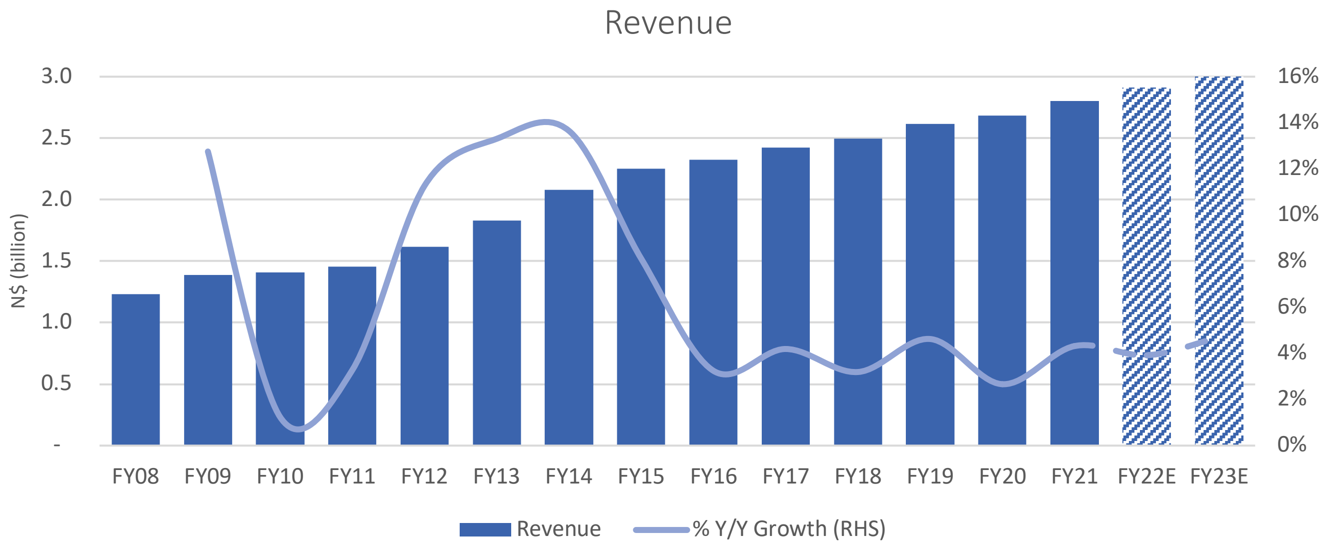
MTC had 2.47 million active SIM cards as at 30 September 2021. The vast majority (94%) of MTC's subscriber base are pre-paid clients, which makes sense in a low-income country such as Namibia. The company's post-paid subscribers are split 45:55 between businesses and individuals.

We do not anticipate the subscriber growth rate to outpace population growth rate going forward due to the large portion of Namibians already having SIM cards and increasingly fierce competition. MTC notes in the prospectus that it expects mobile customer base to continue stabilising, but that it anticipates growth in customer numbers to emanate from enterprises.

With the stronger competition from both Telecom Namibia Limited ("TN Mobile") and Paratus Namibia Holdings ("Paratus"), we believe that it is vital for MTC to use its current market share to its advantage to 'lock in' their current clients to make it more difficult for them to switch over to competitors' networks. One way of doing this is to introduce new service offerings to its subscribers that the competitors cannot easily replicate

An example of such a service is the planned mobile financial services that the company intends to introduce in 1H22. MTC is furthermore looking investigating customer loyalty programmes which it believes "will benefit customers with additional network and business offerings." MTC will need to ensure that its pre-paid service and product offerings (such as its Aweh bundles and Taamba service) remains competitive as these (pre-paid) clients are more likely to switch over to competitors due to them typically being more price sensitive compared to post-paid clients.

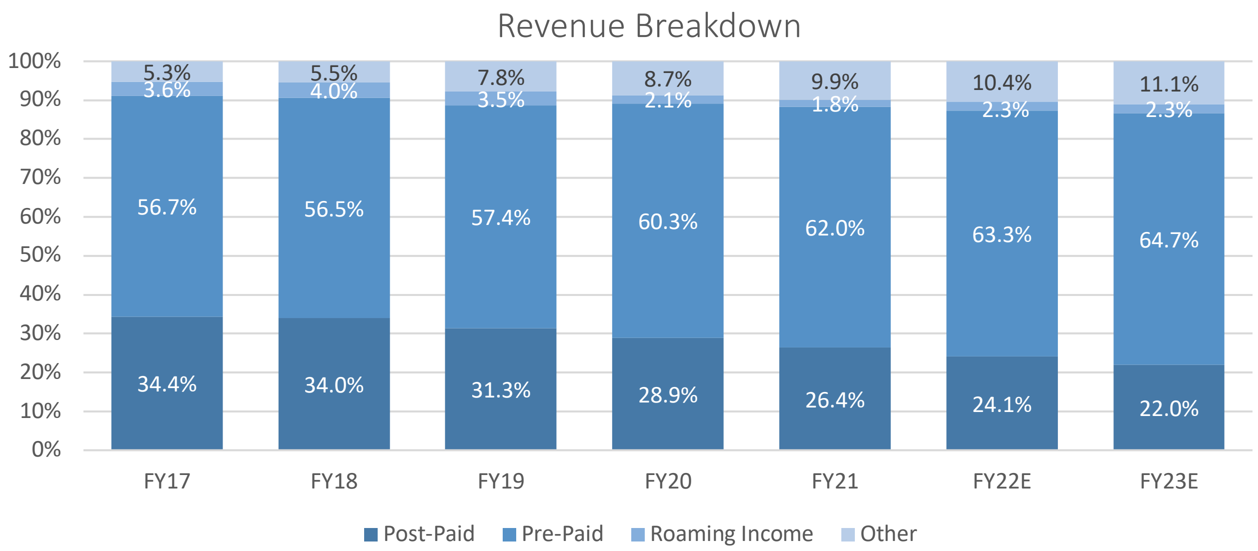
Revenue



Source: MTC, IJG Securities

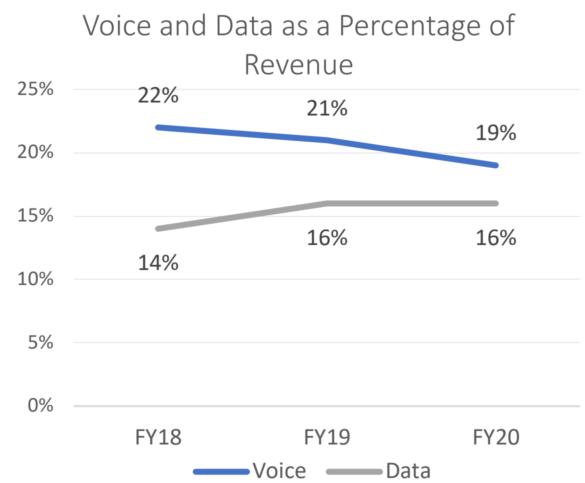
MTC's revenue for FY21 came in at N$2.80 billion, a moderate increase of 4.4% y/y. Revenue growth has averaged 6.6% y/y since FY08 but has been slowing markedly since FY14, coinciding with the start of the country's economic recession and MTC's subscriber numbers reaching a plateau. The FY21 increase was primarily driven by a 7.2% y/y increase in pre-paid revenue to N$1.73 billion and an 18.2% y/y increase in 'other' revenue to N$276.0 million. Other revenue has been making up an increasing amount of total revenue over the last couple of years, as the figure below indicates, and has been driven to a large extent by handset and accessories sales which has more than doubled since FY18. Due to international travel restrictions, roaming income declined by 10.3% to N$50.6 million.

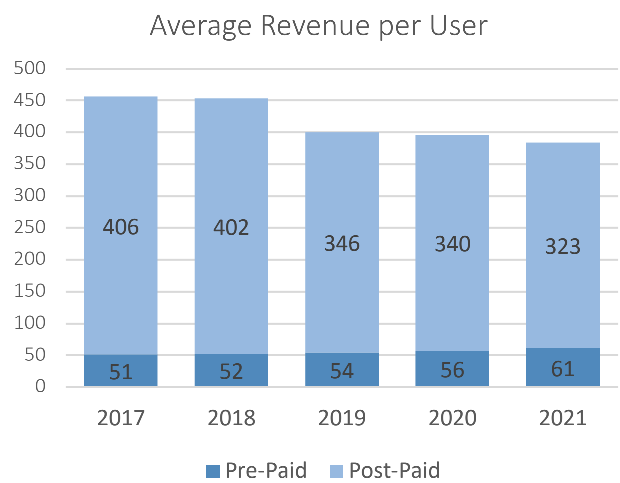
While only making up 6% of total subscribers, post-paid revenue contributed 26.4% of total revenue in FY21 at N$738.3 million. Post-paid revenue has however been declining the past two years, and according to the forecasts in the prospectus, MTC expects this to continue being the case going forward.



Source: MTC, IJG Securities

Increasing smartphone usage has resulted in revenue from voice services reaching a plateau, and MTC expects future revenue growth to be increasingly dependent on data services. After the company determined that blended ARPU for 3G and LTE users is materially higher than that of 2G customers, MTC has set a target to migrate more than 10% of its 2G users to 3G and LTE networks by the end of 2021. To aid this, MTC launched a campaign called "O'Smartphona" through which it offered select clients the opportunity to purchase a low-cost, network locked, smartphone in a bid to increase data usage and to create a market appetite for the rollout of 5G in the future. MTC expects to provide 5G coverage to 40% of Namibia's population by 2025 and together with enabling enterprise solutions will see MTC generate 26% of its broadband service revenue from 5G.

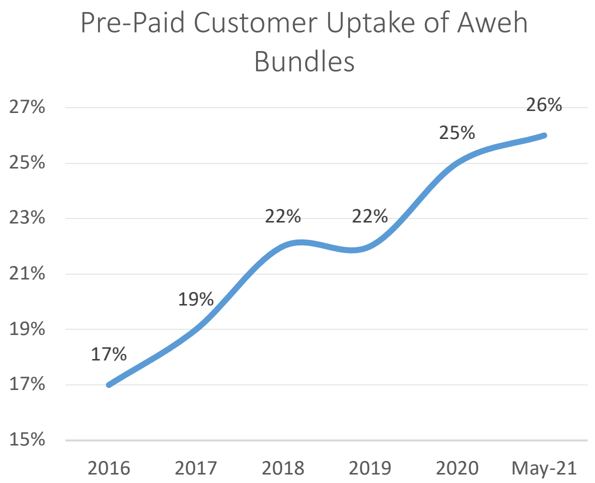


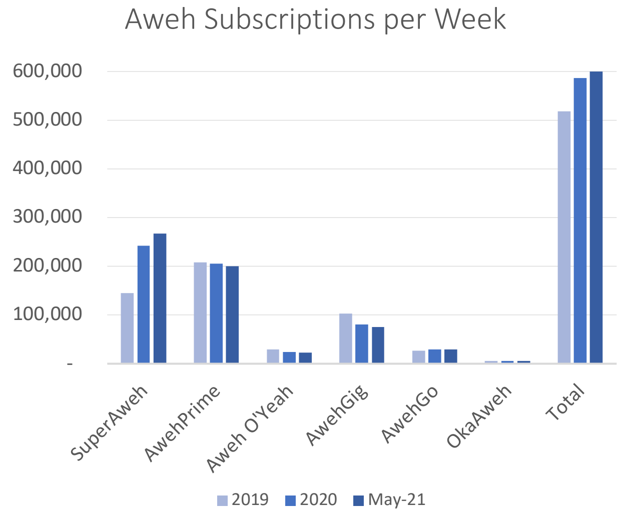


Source: MTC, IJG Securities

MTC's post-paid ARPU for FY21 came in at N$323, a drop from the N$340 reported in FY20. MTC notes that the post-paid ARPU dropped in FY19 as a result of the adoption of IFRS 15, which resulted in the equipment portion of the subscription being reported separately as handset sale revenue and no longer as part of post-paid revenue. MTC's efforts to increase its post-paid ARPU and retain customers will be driven by the launch of the company's aforementioned loyalty programme and the addition of customisable post-paid subscription plans.

We believe that MTC will continue to experience a shift in subscribers from post-paid to pre-paid as the company's 'Aweh' bundles offer better value for money. Revamping some of the Aweh bundles in 2019 by adding top-up bundles to their SuperAweh and AwehPrime subscriptions helped MTC achieve a pre-paid ARPU of N$61 in FY21, an increase of 8.9% y/y. MTC sells 600,000 Aweh bundles per week to 26% of its pre-paid subscribers. We believe that revenue from Aweh bundle sales will continue to experience growth due to the low overall uptake thus far and should be aided by increasing smartphone usage.



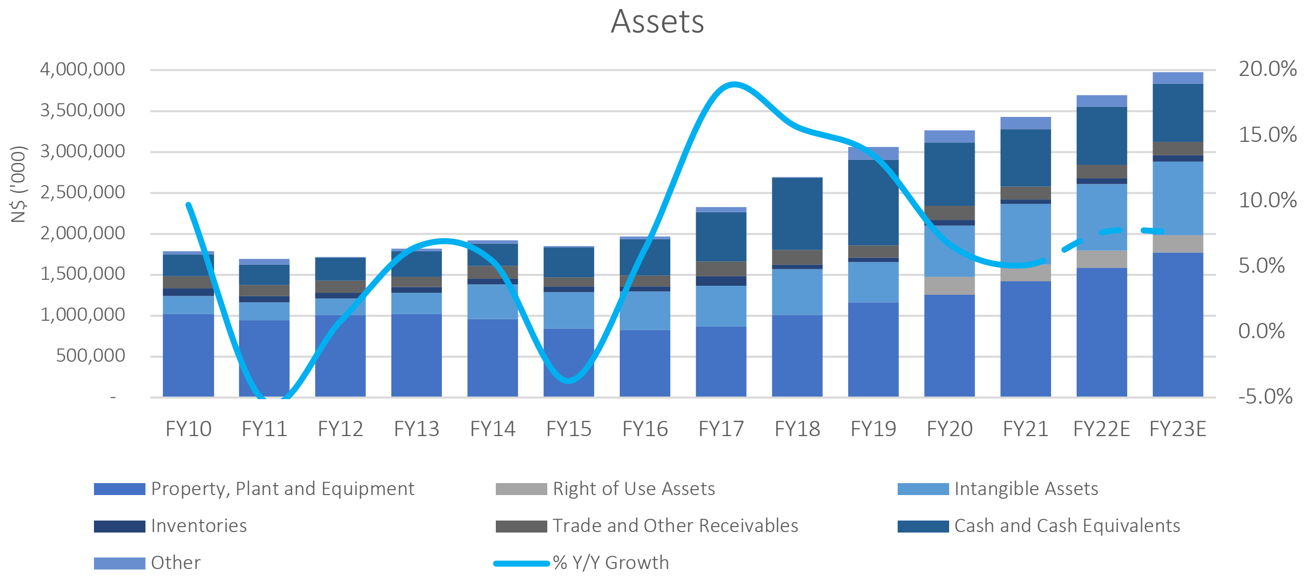


Source: MTC, IJG Securities

Capital Structure and Key Financial Metrics

MTC total assets grew by 5.1% y/y in FY21 to N$3.43 billion. Property, plant and equipment makes up the bulk of the assets at N$1.42 billion. The group adopted IFRS 16 for the first time in FY20 resulting in the company reporting leased properties (for use as office and retail spaces and sites for towers) under 'right of use' assets of N$214.6 million in FY20 and N$203.0 million in FY21. Intangible assets are the second biggest asset line item at N$735.5 million and increased by N$106.7 million during the year.

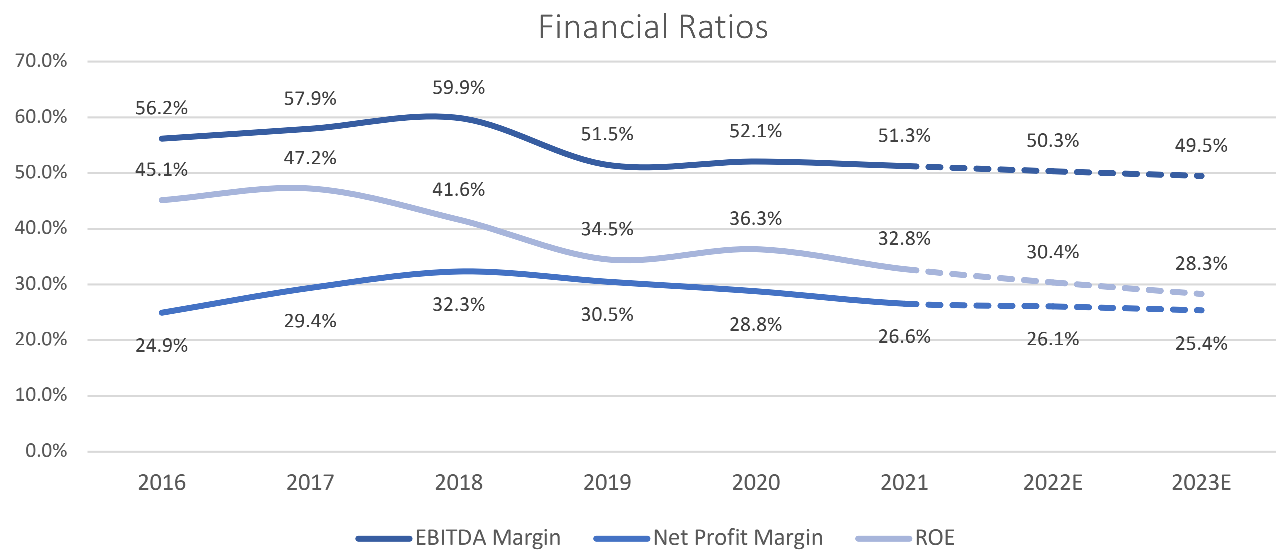
MTC's dividend policy is to pay out a minimum of 70% of the Net Profit after Tax to shareholders, subject to available cash and the need to fund growth opportunities. As a mature company, we believe that a relatively high payout ratio is appropriate for MTC due to the company having a strong ability to generate cash and no longer in the aggressive growth phase where it has large capital expenditure planned.



Source: MTC, IJG Securities

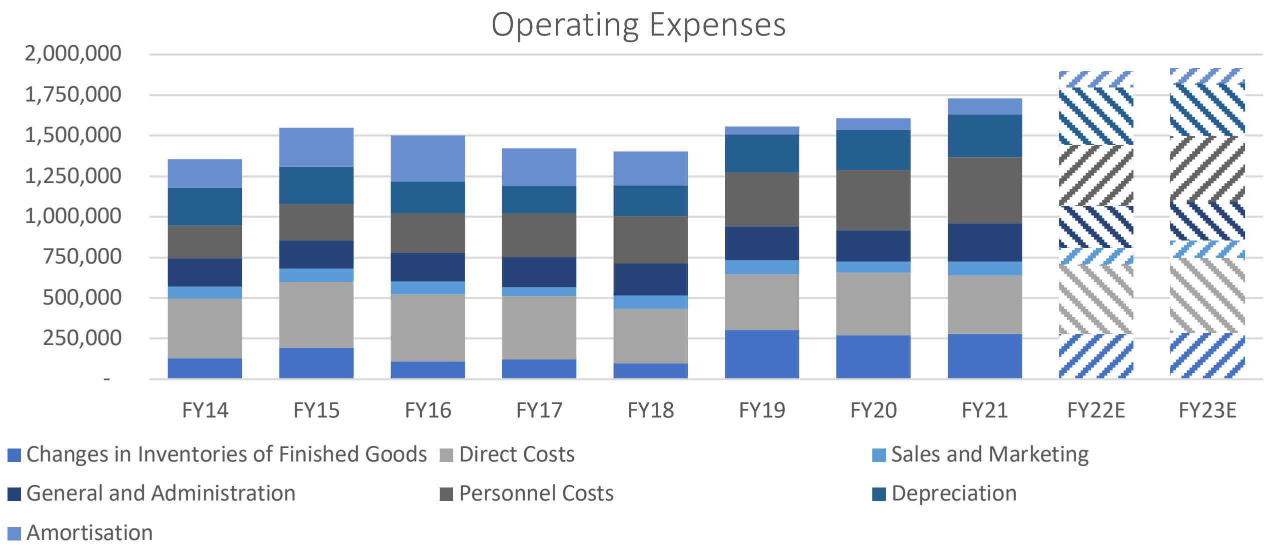
MTC, interestingly, has zero debt on its balance sheet, with the company managing its funding requirements through retained earnings. While this does signal that the company is cash-flush (with N$707.6 million worth cash and cash equivalents), it is not a particularly efficient capital structure, as the company is not taking advantage of the tax shield or lower cost of capital derived from debt financing. The prospectus does however mention that the company is investigating “feasible and value-enhancing gearing solutions” but did not provide a timeline for doing so.

ROE has averaged 39.6% over the past six years, while return on assets has been impressively high at 26.9%. Management could increase the company’s ROE by tilting the capital structure to include some debt financing. Should management however decide not to take on debt, MTC’s ROE will start to dwindle going forward as growing retained earnings negatively affect the ratio. The prospectus points out that MTC will target long-term EBITDA margins around current levels going forward.



Source: MTC, IJG Securities

Operating Expenses



Source: MTC, IJG Securities

Growth in operating expenses has generally been well contained, growing at an average rate of 3.8% y/y since FY14. Total operating costs for FY21 came in 8.9% lower than forecasted in the prospectus at N$1.73 billion. Personnel costs, which is primarily made up of the salaries of MTC's 568 employees, is the biggest expense line item at 23.5% and has grown at an average rate of 10.6% y/y since FY14 to N$406.0 million in FY21. Direct costs, which made up 20.7% of total expenses in FY21, has been increasing a much more moderate average rate of 0.1% y/y since FY14 to N$358.7 million in FY21, a year-on-year decline of 6.8%. Sales and marketing cost grew by 21.7% y/y to N$83.2 million due to the marketing campaign of the stock exchange listing.

Risks

While MTC is a mature company with significant market share in the Namibian mobile telecommunication sector, it is subject to a couple of noteworthy risks, including increasingly fierce competition, network capacity constraints and regulatory risk.

MTC holds a service neutral communications licence, and its operations are governed by the Communications Act of 2004 and regulated by the CRAN. MTC currently has several unresolved disputes with the CRAN. The first one is related to licence fees. The Supreme Court ruled in June 2018 that a section of the Communications Act which allowed the CRAN to charge service providers an annual levy calculated as a percentage of their annual income was unconstitutional as it gave the CRAN unlimited discretion in levying revenue and taxation.

The CRAN's interpretation of this ruling was that it only came into force on the day of the ruling (11 June 2018), and that past levies of N$100 million (for 2017, 2018 and 2019) are still due. MTC however argues that the section of the act in question became invalid from September 2016. The parties will receive ruling on this matter on 20 July 2022. The CRAN's view that these past levies are still outstanding prompted the regulator on 23 March 2021 to **not** consider any applications made by MTC for additional spectrum until these levies are paid. MTC however subsequently obtained an interdict from the High Court which barred the CRAN from implementing this ban.

Another dispute with the regulator is related to infrastructure sharing. The CRAN in September 2021 ruled that MTC has to share its infrastructure with MTN Namibia. This essentially allows MTN to operate as a mobile virtual network operator and eliminates the need for it to own its network. MTC argues that it considers its obligation to share infrastructure whenever it rolls out new sites, and approached all operators to co-build, including MTN, who they state was not interested in taking up the offer. MTC has since vowed to challenge the CRAN's decision as it believes that it will further congest its network and will ultimately deteriorate network quality for MTC consumers. Overall, the regulatory space MTC operates in is unpredictable and could impact MTC's future profitability.

Competition in Namibia's telecommunication space has been heating up over the past couple of years and we expect it to continue doing so going forward. Paratus has a first mover advantage in the fixed line space, and while MTC does offer fibre over the air with its Spectra service, we believe that Paratus will have the upper hand in this space going forward. New industry directives by the CRAN such as mobile virtual network operators and mobile number portability can lead to stronger competition in the market. MTC expects number portability to start being implemented from 2022, as the legislation for it is currently in the assessment stage, with stakeholders participating in a review process. These directives could pose a threat to MTC as it makes it easier for customers to switch to competing networks.

Outlook

With its 27-year operating history, national presence, and wide distribution network, MTC has become an established household brand in Namibia. The company is in a mature growth phase and is operating in a saturated mobile market. As such, future revenue growth will more likely be driven by increasing data usage than subscriber growth and campaigns to get subscribers to switch from feature phones to smartphones should aid with this.

Competition in the mobile telecommunication space is increasing, especially in the fixed line (FTTx) space. Paratus currently has a first mover advantage in the fibre space, and while MTC has a somewhat different fixed-line service, we believe that Spectra subscribers will for the most part be Netman broadband customers that are switching, rather than clients of competitors switch over to MTC's network.

Stronger competition is thus a reason why we believe that MTC should roll-out services that would 'lock-in' current subscribers by making switching to competitor networks difficult. Mobile payments could be a way to achieve this but given that Namibia has an already high banked population and stringent KYC and AML regulations, we do not anticipate this to be a strong revenue driver from launch. Still, existing mobile wallet solutions are expensive, and it should thus be relatively easy for MTC to compete with the current products available in the market.

Regulatory risk is likely to remain a thorn in MTC's side over the medium term or until all court cases are concluded. The CRAN's regulatory decisions in recent years have proven to be somewhat unpredictable and could impact future profitability.

Overall, we believe that there is scope for MTC to grow revenue in the Namibian market, but that it will be dependent on MTC retaining the subscribers they have and getting a large portion of them to switch over to smartphones to increase data usage.

Valuation

We value MTC using a panel of valuation techniques to reduce the overreliance on a single methodology. This includes two discounted cash flow methodologies and a justified multiple approach. The outputs of the different methodologies were equally weighted.

Two of the main valuation input assumptions are the cost of equity and long-term sustainable growth rate. The cost of equity was calculated using the capital asset pricing model (CAPM). The resultant cost of equity amounted to 16.5%, based on a risk-free rate equal to the IJG generic 10-year government bond and an equity risk premium of 5%. A long-term sustainable growth rate of 9.0% and a pay-out ratio of 70% of profit after tax has been used to determine the sustainable growth rate.

The output of our valuation model is presented below:

	Value (N$ '000)	Price per Share	PE	Forward PE	Dividend Yield	Forward DY	Weight
Dividend Discount	6,618,779	8.83	5.37	4.63	9.07%	9.17%	33.3%
Free Cash Flow to Equity	8,196,568	10.93	6.65	5.73	7.32%	7.40%	33.3%
Justified Enterprise Value	7,318,887	9.76	5.94	5.11	8.20%	8.29%	33.3%
Weighted Average	**7,378,078**	**9.84**	**5.99**	**5.16**	**8.19%**	**8.29%**	**100%**

Source: IJG Securities

Based on the table above, we derive a **target price of N$c984** per share and coupled with an expected dividend of 80.9cps, we derive a potential **total return of 23.8%**. Based on this, we view the current share price of N$c860 as undervalued and initiate coverage on MTC with a **BUY** recommendation.

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