



Airtel Uganda Earnings Flash

2023 revenue increased by 10% to US\$472m

MARCH 2024



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UGANDA

AIRTEL UGANDA

2023 EARNINGS DOWN 35% vs 2023 IPO FORECAST

Caveat Emptor: Always read the forecast assumptions

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Date: March 18, 2024

COMPANY INFORMATION

Listed	Uganda		
Market capitalisation	US\$880m		
Main shareholder(s)	Airtel Africa	89%	
	Uganda NSSF	10%	
	Other shareholders	1%	
Year end	December		
Sector	Mobile telecoms		
FX rate to US\$	USh 3,930		

EARNINGS/SHARE INFORMATION

	2022	2023F	2023A
Revenues US\$	\$430m	\$492m	\$472m
Earnings US\$	\$88m	\$121m	\$79m
P/E:12 month trailing	12.3 times	8.8 times	11.7 times
Dividend yield	9.0%	10.9%	8.1%
Dividend cover	0.91	1.05	1.05
Return on assets	16.5%	22.8%	13.5%
Leverage	15.9 times	29.9 times	17.4 times
ROE	263%	680%	234%
Price/Book	32.3 times	59.6 times	27.46 times
IPO price	USh	100.00	
	US\$	\$0.027	
Mar 18, 2024	USh	85.00	
	US\$	\$0.022	

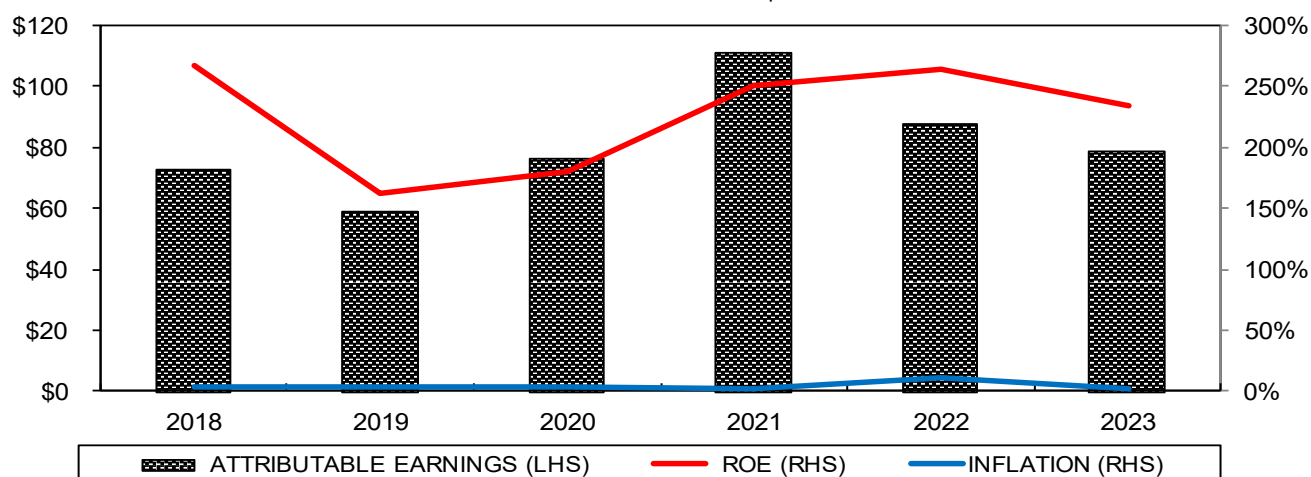
Actual 2023 results vs IPO forecast:

1. Uganda's second ranking telecom company after MTN Uganda with 13.8m subscribers as of December 2022 representing a 42% market share.
2. 2023F subscriber numbers were forecast to rise 17% (2.3m new subscribers) to 16.1m. Subscriber numbers were not disclosed in the company annual report.
3. Airtel Uganda has no mobile money operations. This is run separately by Airtel Africa PLC.
4. Limited disclosure regarding subscriber numbers, data subscribers and market share.
5. High leverage of 17.4 times for 2023.
6. 2023 revenue up 10% at US\$472m vs 2022.
7. 2023 earnings down 10% at US\$79m vs 2022.
8. 2023 operating profit of US\$157m vs US\$165m and operating margin of 33% vs 38%.
9. 2023 return on total assets of 13.5% vs 16.5%. Lowest since 2018.

Investor Issues

1. The free float is very small being 1% excluding the 10% held by the Uganda NSSF.
2. The sharp increase in profitability in the IPO forecast for 2023 never arose. This brings the management credibility into question.
3. The audited annual report has only limited disclosure.

AIRTEL UGANDA: 2018-23
ATTRIBUTABLE INCOME: US\$ MILLION



Sources: All information, graphs, tables and data have been sourced from company annual/interim reports, share prices from the Uganda Stock Exchange, FX rates from the Financial Times London.



AIRTEL UGANDA

2023 FULL YEAR EARNINGS vs 2023 IPO FORECAST

Summary:

Earnings down 35% vs IPO forecast

2023 sales revenue growth of 11% vs 16% forecast.

Operating income down 23% vs forecast. 2023 interest expense up sharply vs fall in IPO forecast.

2023 earnings down 35% vs IPO forecast.

Borrowings down vs IPO forecast.

Negative working capital.

Sharply lower return on total assets. Reduced leverage.

H2 2023 operating margin 33% vs 41% forecast in IPO.

Working capital ratios low. Interest cover reduced.

H2 2023 earnings lower than H1 2023.

H2 2023 US\$ earnings half that forecast in IPO.

UGANDA STOCK MARKET	AIRTEL UGANDA			
Year end	5 months		December	
	grossed up		2023 IPO	December
	H1 2023	H2 2023 F	forecast	2023 Actual
US\$ exchange rate - period end	3,675.00	3,780.00	3,780.00	3,780.00
Sales, net of taxes (US\$ million)	856,117	1,002,658	1,858,775	1,783,960
% increase	8.3%	23.8%	16.2%	11.5%
Operating costs	403,601	398,784	802,385	865,569
EBITDA	452,516	603,874	1,056,390	918,391
Depreciation & amortisation	156,539	131,297	287,836	326,737
Operating income	295,978	472,576	768,554	591,654
Interest expense/(income)	76,619	38,950	115,569	164,769
Income before tax	219,359	433,626	652,985	426,885
Taxation	65,980	129,977	195,957	129,935
Effective tax rate	30.1%	30.0%	30.0%	30.4%
Attributable to shareholders	153,379	303,649	457,028	296,950
Shareholders equity	114,302	67,125	67,125	164,769
Long-term debt	904,837	1,033,285	1,033,285	901,331
Fixed assets	1,405,404	1,383,536	1,383,536	1,479,188
Intangibles	369,445	378,377	378,377	421,292
Working capital	(656,799)	(478,775)	(478,775)	(679,590)
Total assets less mobile money	2,076,849	2,004,878	2,004,878	2,200,558
Return on total assets	14.8%	30.3%	22.8%	13.5%
Leverage (total assets/equity)	18.2	29.9	29.9	13.4
Return on net worth	268.4%	904.7%	680.9%	180.2%
EBITDA margin	52.9%	60.2%	56.8%	51.5%
Operating margin	34.6%	47.1%	41.3%	33.2%
Pre-tax margin	25.6%	43.2%	35.1%	23.9%
After-tax margin	17.9%	30.3%	24.6%	16.6%
Sales/total assets ratio	0.82	1.00	0.93	0.81
Working capital ratio			0.29	0.29
Interest coverage	3.9	12.1	6.7	3.6
EARNINGS				
H1	153,379		153,379	153,379
H2		303,649	303,649	143,571
	153,379	303,649	457,028	296,950
ATTRIBUTABLE EARNINGS (US\$m)				
H1	\$41.7		\$41.7	\$41.7
H2		\$81.2	81.2	36.8
	\$41.7	\$81.2	\$122.9	\$78.6
Attributable income (US\$ million)			3,780.00	3,780.00
FX rate at fiscal year end			\$120.9	\$78.6
Attributable earnings US\$ million			38.1%	-10.3%
Sales revenue (US\$ million)			\$491.7	\$471.9
			14.3%	9.7%

Sources: Company IPO prospectus and 2023 annual report



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