



Company: Airtel Networks Zambia PLC
 Business: Telecommunication
 Parent Company: Bharti Airtel Limited
 Listed: 2008
 Country: Zambia

Sector Report
 Equity Research
 Name: Mahongo Chilembo Associatet)
 E-mail: mchilembo@pangaea.co.zm
 1 November 2024



Pangaea
 Securities

AIRTEL NETWORKS ZAMBIA PLC: INTERIM 2024 UPDATE

Airtel Networks Zambia PLC (“Airtel” or ‘the Company’) is the only telecommunications service provider that is listed on the Lusaka Securities Exchange (“LuSE”). It is a high-performing subsidiary of Bharti Airtel Limited and 2024 has thus far seen significant milestones:

- Largest mobile phone operator following a 10% increase in customer base to 10.5 million customers; and
- Over 189,000 distribution touchpoints; and over 117,000 mobile money agents.

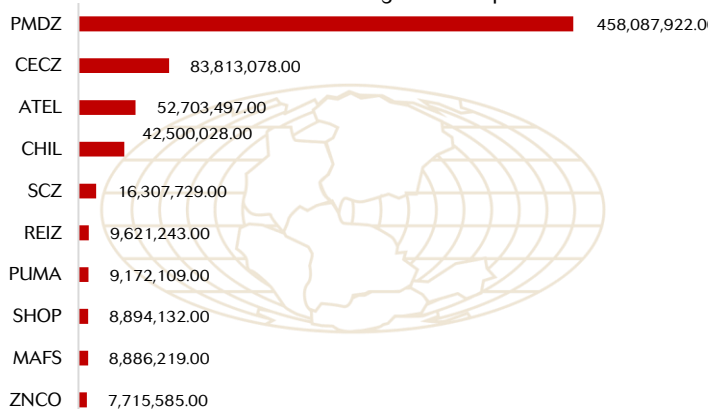
SHAREHOLDING STRUCTURE

Shareholder Name	Percentage
Bharti Airtel Zambia Holdings	96.36%
Saturnia Regna Pension Trust Fund	1.19%
KCM Pension Trust Scheme	0.31%
Others	2.14%

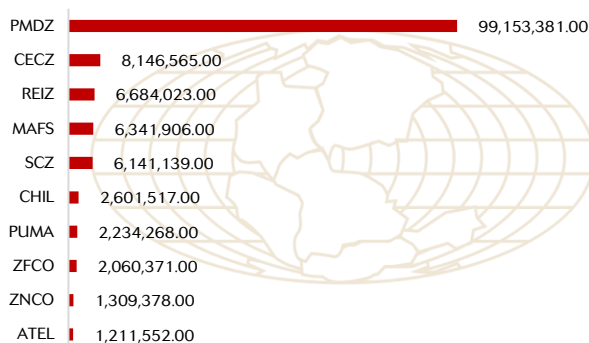
MARKET INFORMATION AND PERFORMANCE

LuSE Ticker – 1.11 2024		ATEL
LuSE Price, in ZMW (Current)		43.5
LuSE Price, in USD		1.62
Issued Shares		104,000,000
LuSE Market Cap, in ZMW		4,524,000,000
LuSE Market Cap, in USD		168,582,063
52-Week High, in ZMW		43.5
52-Week Low, in ZMW		43.5
Forex USD to ZMW [1.11.2024]		26.84

Turnover (ZMW) Ranking Jan to Sep 2024



Volume Ranking Jan to Sep 2024



Airtel over the year 2024 has performed among the top 10 stocks on the LuSE in both turnover and volume. Whilst Airtel ranked 10th in volume, due to its relatively high price of ZMW43.50, this positioned the stock as 3rd according to turnover at ZMW52 million. Airtel has become an investor favourite stock to buy and hold, due to the Company’s dividend performance over 2023 and 2024.

Airtel’s low free float percentage of 2.14%, not only chokes liquidity, but also gives current investors higher bargaining power when compared to other firms. Whilst over 2022 and up to August 2023, these factors resulted in significant price changes (Jan 2023: ZMW18.00 , Aug 2023: ZMW43.50), the stock’s price has been stagnant at ZMW43.50.

HALF-YEAR 2024 (“HY2024”) FINANCIAL RESULTS

ZMW’ million	HY2024	HY2023	% Change
Revenue	3,172.00	2,615.00	21.3%
Operating Profit	1,105.00	976.00	13.2%
Finance Costs	- 431.00	- 264.00	63.3%
Profit (Loss) After Tax	674.00	712.00	-5.3%
Income tax	- 247.00	- 242.00	2.1%
Profit after tax	427.00	470.00	-9.1%
Total Assets	5,544.00	5,083.00	9.1%
Total Liabilities	5,264.00	4,718.00	11.6%
Total Equity	280.00	365.00	23.3%

Metrics	HY2024	HY2023
Earnings per share (“EPS”)	4.11	4.52
Operating Profit Margin	0.35	0.37
Profit Margin	0.13	0.18
Return on Assets (“ROA”)	0.08	0.09
Return on Equity (“ROE”)	2.41	1.95
Debt to Equity Ratio	18.80	12.93
Current Ratio	0.23	0.28

Due to an increase in its customer base for the second year running, Airtel recorded a 21.3% rise in revenue in HY2024. This also translated to an increase in operating profit of 13.2%, the revenue increase impact having been reduced due to higher operating costs to meet growing customer demand.

However, the impact of this rise in revenue and operating profit was negated due to a 63.3% rise in finance costs. This set the firm back to only ZMW674 million in profit before tax, 5.3% below HY2023 value of ZMW712 million. Therefore, profit after tax reduced to ZMW427 million, 9.1% less than HY2023 culminating in an EPS of ZMW4.11 per share.

Airtel took on additional debt, at a higher rate than it increased its asset base, as can be seen from the increase in both the debt-to-equity and current ratios. It’s likely this was to finance the additional costs associated with supporting the growth in the firm’s customer base.

COMPANY ANNOUNCEMENTS

- Confirmation of Hussameldin Baday as Interim Managing Director
- Dividend of ZMW2.15 per share for the period January to March 2024
- Dividend of ZMW1.95 per share for the period January to June 2024