

## Accelerated growth in data revenue to buoy earnings despite soft macro conditions

MTN Nigeria (MTNN) reported double-digit growth in Revenue (up 13% y/y to N1.2trn) in FY 2019, on the back of growth in voice (+8% y/y) and data revenue (+42% y/y). Buoyed by the topline growth and the sub inflationary growth in Operating Expenses (up 4% y/y), Pre-tax Profit grew strongly, up 31% y/y to N290.1bn in FY 2019.

We believe the outbreak of COVID-19 which has disrupted activities, leading to shutdown of offices, factories, schools and social gatherings will result in increased data and voice consumption in the short term as people increasingly communicate remotely and seek entertainment during the lockdown. Thus, we expect MTN's earnings to receive a significant boost. Post COVID-19, we think favorable demographics, rising smartphone penetration along with increasing internet penetration (38.47% as at Jan-2020 compared with 32.34% in Jan 2019), and continued investment by the company in deepening 4G coverage are positive catalyst for earnings growth.

We have revised our estimates over our forecast years (2020-2024). The overall impact is a marginal increase in our price target to N187.4/s from N184.2/s previously, hence we retain our BUY recommendation. Our revised target price implies an upside potential of 97.3% from the last closing price of N95.0/s. MTN is currently trading at a FY2020e P/E and EV/EBITDA of 6.7x and 2.8x respectively, a discount to EM peers average of 13.9x and 4.7x respectively.

### MTNN FY 2019 Nm

MTN Nigeria N'm	FY 2019	FY 2018	y/y	Q4'19	Q3'19	q/q
Revenue	1,169,735	1,039,118	13%	313,258	289,531	8%
Direct Network Operating Costs	(242,012)	(305,519)	-21%	(64,077)	(60,058)	7%
Profit after direct costs	927,723	733,599	26%	249,181	229,473	9%
Total Operating Expenses	(297,900)	(301,847)	-1%	(79,388)	(74,264)	7%
<b>EBITDA</b>	<b>629,919</b>	<b>433,976</b>	<b>45.2%</b>	<b>169,818</b>	<b>155,233</b>	<b>9%</b>
Depreciation	(204,625)	(141,162)	45%	(52,761)	(51,876)	2%
Amortisation of Intangible Assets	(29,997)	(26,700)	12%	(8,010)	(7,510)	7%
Operating Profit	395,297	266,114	49%	109,047	95,847	14%
Finance Income	20,132	22,568	-11%	2,399	7,248	-67%
Finance Cost	(125,325)	(67,339)	86%	(33,347)	(32,887)	1%
Profit/(Loss) before Tax	290,104	221,343	31%	78,099	70,208	11%
Income Tax Expense	(87,993)	(75,657)	16%	(24,311)	(20,815)	17%
Profit After Tax	202,111	145,686	39%	53,787	49,393	9%
Net fair value loss on financial assets held at FVOCI	276	(491)	-156%	242	60	302%
Total Comprehensive Income/(loss)	202,387	145,195	39%	54,030	49,453	9%
Earnings Per Share	9.93	7.16	39%	2.64	2.43	9%

Margins:	FY 2019	FY 2018	y/y bps	Q4'19	Q3'19	q/q bps
EBITDA	54%	42%	1,209	54%	54%	59
Operating	34%	26%	818	35%	33%	171
PBT	25%	21%	350	25%	24%	68
Net margin	17%	14%	326	17%	17%	11

Source: Company, CSL Research

Recommendation

Buy

Target Price

N187.4

Closing Price

N95.0

\*Price as at 8 April

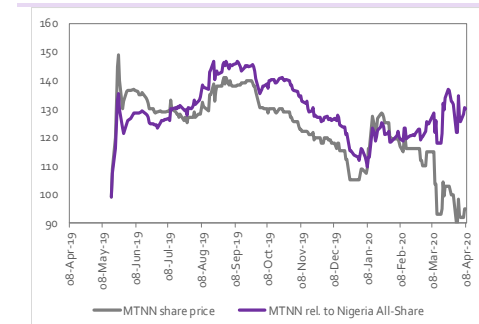
### Key data

Year to December, Nbn				
	2018	2019	2020e	2021e
Revenue	1,039.1	1,169.7	1,325.9	1,490.1
EBITDA	439.7	629.9	740.3	862.3
Net Profits	145.7	202.1	279.5	361.3
EPS, N	7.2	9.9	13.7	17.8
PE Ratio	12.9x	9.3x	6.7x	5.2x
EV/EBITDA	4.5x	3.4x	2.8x	2.3x
Dividend yield	2.5%	4.5%	3.8%	3.2%

Market cap.	N1.87bn (US\$4.9bn)
Free float	N/A
Bloomberg	MTNN.NL
Reuters	MTNN.LG

### MTN vs NGSE Index



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### **Sustains double-digit Revenue growth for the third consecutive year**

MTNN sustained the double-digit growth in Revenue for the third consecutive year in 2019, as Revenue grew 13% y/y to N1.16trn, on the back of growth in voice (up 8% y/y) and data revenue (up 42%y/y). Management attributed the growth in voice revenue to the increase in subscriber base (up 10.5% y/y to 64.3 million in FY 2019) and voice traffic (up 7.6% y/y). On the other hand, the growth in Data Revenue was buoyed by growth in data subscribers (up 34.9% y/y to 25.2 million in FY 2019), greater data traffic (up 85.8% y/y) and improved 4G coverage following the activation of 800MHz spectrum in Q2 2019. We believe the improved share of Data Revenue (19% in FY 2019 vs. 15% in FY 2018) reflects the efforts of management in improving customers experience through 4G penetration.

Fintech Revenue grew 23.3% y/y, supported by the increased adoption of the company's flagship airtime lending service (MTN Xtratime). Notably, the company launched a super-agent service in August 2019 which is largely concentrated on airtime and data sales using agents (known as MOMO agents). With a network of 108,000 agents nationwide serving about one million customers in just four months of operation, we expect continued growth in Fintech Revenue, driven by continued uptake of the service. Additionally, we think the expansion of service offerings (based on management's guidance) in this segment to include cash deposit and withdrawal services and facilitating e-commerce bodes well for future growth.

We highlight that the company also added 5.3 million smartphones to its network, which increased smartphone penetration to 41.8%. Management noted that the company ended the year with 132 cities in the country covered by 4G while 4G coverage stood at 43.8% as of FY 2019 compared with 35.4% in FY 2018.

### **Accelerated growth in data revenue to offset slowing momentum in voice Revenue**

Although, the share of Voice Revenue declined to 73% in FY 2019 from 75% in FY 2018, we believe it reflects the growing shift to a data-centric model, driven by the increased use of social media platforms among the populace in communicating. Looking ahead, we believe the rising use of social networking sites particularly WhatsApp for communication will continue to reduce voice traffic with its attendant impact on voice Revenue. Additionally, we expect industry players to cut voice prices in a desperate attempt to lure subscribers to make use of conventional airtime for calls.

Overall, we estimate Voice Revenue will grow by 5% to N889.9bn in 2020e, which is slightly lower than the growth of 8% y/y reported in 2019. We also estimate the contribution of Voice Revenue to overall Revenue will moderate to 67% in 2020e from 73% in 2019.

However, we believe the slowing momentum in Voice Revenue will be offset by faster growth in Non-Voice Revenue especially mobile data and Fintech. Rising smartphone penetration along with increasing internet penetration (38.47% as at Jan-2020), continued investment by the company in deepening 4G coverage and attractive data offerings, should spur a rapid growth in data usage and in turn improve Data Revenue.

Additionally, we expect the disruption to economic activities brought by the outbreak of COVID-19 to further accelerate data Revenue in the short term, driven by higher data consumption from white collar employees who have been compelled to work remotely. Furthermore, the closure of schools and halt of social gatherings should

increase consumption of data bundles as people, particularly the youth seek to communicate remotely and keep themselves entertained.

Against this backdrop, we estimate data Revenue will grow 50% y/y (higher than 42% in 2019) to N329.1bn in 2020e while the contribution of data Revenue to overall Revenue will improve to 25% from 19% in 2019. All in, we project FY 2020 Revenue of N1.32trn, implying a growth of 13% when compared with FY 2019.

### **Network Operating Costs falls on first time adoption of IFRS 16 (LEASES)**

Direct Network Operating Costs declined 22% y/y to N242.0bn owing to the marked decline in BTS (base transceiver station) leasing cost. The marked decline in Network Operating Costs was on the back of first-time adoption of IFRS 16- which required the reclassification of the Interest Expense associated with BTS leasing cost as part of Finance Cost. Under the old standard (IAS 17), Interest Expense associated with the lease of BTS was classified as part of Network Operating Costs.

Management noted that c.20% of Network Operating Costs is denominated in US dollar and a 10% depreciation in the local currency will lead to a 100bps decline in EBITDA margin. Considering the recent upward adjustment in exchange rates (CBN devalued the local currency c.5.5%, by raising the end-user price to N380/\$1 from N360/\$1 in 2019), we do not expect a material impact of Network Operating Costs. Hence, we estimate a growth of 9.6% in 2020e.

### **EBITDA Margin to strengthen on cost efficiencies, growth in Revenue**

MTN Nigeria reported EBITDA growth of 45% y/y to N629.9bn and EBITDA margin of 53.8% under IFRS 16, which is the new reporting standard the group has adopted. For the sake of comparability, management adjusted the numbers based on the requirements of the old standard. Thus, on an IAS 17 basis (the old reporting standard), EBITDA grew 20.9% y/y to N524.4bn in FY 2019 from N433.9bn in FY 2018 while EBITDA margin grew 3.0ppts y/y to 44.8% (FY 2018; 41.8%).

Following the adoption of IFRS 16, which was applied to its leases, the company recognised a depreciation of N56.82bn in FY 2019 on its Right of use assets, bringing total depreciation to N204.6bn in FY 2019 (FY 2018; N141.2bn). We estimate depreciation charge of N206.4bn in 2020e. This coupled with our expectation of double-digit growth in Revenue (+13% y/y in 2020e) and sub-inflationary growth in Operating Expenses (+8% y/y in 2020e) makes us forecast EBITDA of N740.3bn in 2020e. Our EBITDA forecast translates to an EBITDA margin of 56% (FY 2019; 54%).

### **Initial adoption of IFRS 16 masks impact of improved debt mix on Finance Cost**

Net Finance Cost grew 1.35x to N48.6bn, owing to rise in Finance Cost (+73% y/y to N125.3bn) amidst a marginal decline in Finance Income (down 4% y/y to N20.1bn). The surge in Finance Cost was largely due to a first-time Interest Expense of N68.1bn incurred on Leases in FY 2019- as stated above, this was due to the adoption of IFRS 16 which requires the classification of Interest Expense on leases as part of Finance Cost.

Excluding this item, Finance Cost would have increased by 16% y/y, which would have reflected the improvement in its debt mix (Long term debt accounted for 92% of total debt in FY 2019 compared to 18% in FY 2018) considering the substantial increase in Gross debt (+135% y/y). On the other hand, the mild decline in Finance Income was due to lower rates on deposits as Interest Income on bank deposits fell 3%y/y, despite the increase in cash and cash equivalents (N116.3bn in FY 2019 vs. N53.0bn in FY 2018).

Gross debt grew 135% y/y to N412.5bn- we believe this was largely due to the N200bn local currency syndicated term loan from local banks in May 2019. Despite the substantial increase in the leverage position of the company (Debt/equity ratio of 2.9x in FY 2019 compared to 0.8x in FY 2018), we do not expect a surge in Finance Cost in the short term given the extension of the maturity profile of its debt (Long term debt accounted for 92% of total debt in FY 2019 compared to 18% in FY 2018).

We highlight that the share of FCY debt moderated significantly to 8% in FY 2019 vs. 49% in FY 2018, thus, we do not expect the recent devaluation in the local currency to have a material impact on Finance Cost. Overall, we project Finance Cost of N125.1bn in 2020e. We have also modelled an increase of 10% y/y in Finance Income in 2020e, considering the sizeable increase in the company's cash and cash equivalents (N116.3bn in FY 2019 vs. N53.0bn in FY 2018).

### **Sustained double digit top line growth, cost efficiencies to buoy Profitability**

Pre-tax Profit grew 31% y/y to N290.1bn in FY 2019 (CSL estimate; N288.2bn). A lower effective tax of 30% in FY 2019 compared to 34% in FY 2018 supported the higher growth in Profit after tax (up 39% to N202.1bn in FY 2019). Consequently, EPS grew 39% y/y to Ng.94 in FY 2019 from N7.13 in FY 2018. The company's management declared a final dividend of N4.97, bringing total dividend declared in 2019 to N7.92.

Based on our expectations of sustained double-digit growth in Revenue driven by an accelerated growth in data revenue, modest increase in Network Operating Costs and sub-inflationary growth in OPEX, we estimate Pre-tax profit of N399.3bn in FY 2020e, translating to a growth of 38% when compared to N290.1bn reported in FY 2019. Our PAT forecast of N279.5bn translates to an EPS of N13.7 in 2020e. In line with management guidance of a dividend pay-out of c.80%, we project DPS of N11.0 in 2020e.

### **Valuation**

We have revised our estimates over our forecast years (2020e-2024e). The overall impact is a marginal increase in our price target to N187.4/s from N184.2/s previously, hence we retain our BUY recommendation. Our revised target price implies an upside potential of 97.3% from the last closing price of Ng5.0/s. MTN is currently trading at a FY2020e P/E and EV/EBITDA of 6.7x and 2.8x respectively, a discount to EM peer average of 13.9x and 4.7x respectively. We arrived at our target price using Discounted Cash Flow (DCF) and Relative Valuation methods, assigning a weighting of 60:40.

## MTNN, Financials

### MTN Nigeria

*Nm (unless otherwise stated)*

Statement of Profit or loss	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Revenues	793,673	887,180	1,039,118	1,169,735	1,325,950	1,490,146	1,654,735	1,821,626	1,980,879
Direct network operating costs	(176,901)	(268,359)	(305,519)	(242,012)	(265,190)	(283,128)	(297,852)	(309,676)	(316,941)
<b>Profit after direct network costs</b>	<b>616,772</b>	<b>618,821</b>	<b>733,599</b>	<b>927,723</b>	<b>1,060,760</b>	<b>1,207,019</b>	<b>1,356,882</b>	<b>1,511,950</b>	<b>1,663,939</b>
Total Opex	(240,684)	(272,426)	(301,847)	(297,900)	(320,418)	(344,765)	(366,379)	(387,567)	(406,591)
<b>EBITDA</b>	<b>376,088</b>	<b>346,395</b>	<b>431,752</b>	<b>629,822</b>	<b>740,341</b>	<b>862,253</b>	<b>990,504</b>	<b>1,124,383</b>	<b>1,257,348</b>
Depreciation & Amortisation	(143,739)	(150,467)	(167,862)	(234,622)	(238,141)	(238,911)	(245,752)	(246,944)	(252,226)
Other Income	0	0	2,225	97	0	0	0	0	0
<b>EBIT</b>	<b>232,349</b>	<b>195,928</b>	<b>266,115</b>	<b>395,297</b>	<b>502,201</b>	<b>623,343</b>	<b>744,752</b>	<b>877,439</b>	<b>1,005,121</b>
Net Finance (cost)/ income	(105,699)	(88,039)	(44,771)	(105,193)	(102,865)	(107,148)	(101,351)	(101,123)	(98,126)
Exceptional Items	-	-	-	-	-	-	-	1	2
<b>PBT</b>	<b>126,650</b>	<b>107,889</b>	<b>221,344</b>	<b>290,104</b>	<b>399,336</b>	<b>516,195</b>	<b>643,401</b>	<b>776,316</b>	<b>906,996</b>
Taxation	(37,851)	(26,819)	(75,657)	(87,993)	(119,801)	(154,859)	(193,021)	(232,895)	(272,099)
<b>Net Profits</b>	<b>88,799</b>	<b>81,070</b>	<b>145,687</b>	<b>202,111</b>	<b>279,535</b>	<b>361,336</b>	<b>450,381</b>	<b>543,421</b>	<b>634,897</b>
EPS, N	4.36	3.98	7.16	9.93	13.73	17.75	22.13	26.70	31.19
DPS, N	3.50	3.19	5.71	7.92	10.99	14.20	17.70	21.36	24.95
Payout Ratio	80%	80%	80%	80%	80%	80%	80%	80%	80%
Dividend Sum	71,300	64,993	116,157	161,428	223,629	289,070	360,205	434,737	507,918

Statement of Financial Position	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Property plant and equipment	494,670	582,439	607,024	625,096	645,649	665,531	686,703	707,573	727,381
Right of Use assets	0	0	0	500,068	488,565	477,073	465,068	450,666	436,521
Intangible Assets	141,488	128,602	119,368	120,947	122,260	114,101	106,133	101,527	96,910
Other Non-current Assets	22,765	17,151	19,493	16,997	16,401	16,222	16,168	16,152	16,148
<b>Non-Current Assets</b>	<b>658,923</b>	<b>728,192</b>	<b>745,885</b>	<b>1,263,107</b>	<b>1,272,875</b>	<b>1,272,927</b>	<b>1,274,073</b>	<b>1,275,918</b>	<b>1,276,961</b>
Inventories	9,160	5,730	1,539	910	1,277	891	1,354	945	1,207
Trade & Other Receivables	39,550	33,425	38,617	52,400	49,476	48,381	50,449	45,770	48,551
Cash and Cash Equivalents	146,369	89,565	53,012	116,278	170,714	215,962	267,442	328,939	387,911
Other Current Assets	168,705	112,697	102,687	92,876	93,876	94,876	95,876	96,876	97,877
<b>Current Assets</b>	<b>363,784</b>	<b>241,417</b>	<b>195,855</b>	<b>262,463</b>	<b>315,342</b>	<b>360,110</b>	<b>415,121</b>	<b>472,529</b>	<b>535,546</b>
<b>Total Assets</b>	<b>1,022,707</b>	<b>969,609</b>	<b>941,740</b>	<b>1,525,571</b>	<b>1,588,218</b>	<b>1,633,037</b>	<b>1,689,194</b>	<b>1,748,447</b>	<b>1,812,507</b>
<b>LIABILITIES</b>									
Trade payables & Unearned revenue	255,568	245,991	213,715	190,440	187,725	184,619	179,791	174,987	168,140
Provisions	12,526	13,192	21,359	27,269	27,569	27,869	28,169	28,469	28,769
Taxation	52,807	25,997	54,131	65,626	75,626	80,626	85,626	80,626	70,626
Current Borrowings	100,054	119,820	143,876	32,453	61,249	66,000	71,535	77,984	85,497
Other Current Liabilities	67,347	136,651	147,866	81,906	81,006	80,106	79,206	78,306	77,407
<b>Current Liabilities</b>	<b>488,302</b>	<b>541,651</b>	<b>580,947</b>	<b>397,695</b>	<b>433,175</b>	<b>439,220</b>	<b>444,328</b>	<b>440,373</b>	<b>430,439</b>
Long term borrowings	189,783	135,545	31,438	380,089	351,293	317,746	278,663	233,132	180,089
Other non current liabilities	263,011	179,560	110,001	603,102	603,157	603,212	603,267	603,322	603,380
<b>Non-current liabilities</b>	<b>452,794</b>	<b>315,105</b>	<b>141,439</b>	<b>983,190</b>	<b>954,449</b>	<b>920,957</b>	<b>881,930</b>	<b>836,454</b>	<b>783,468</b>
<b>Total Liabilities</b>	<b>941,096</b>	<b>856,756</b>	<b>722,386</b>	<b>1,380,885</b>	<b>1,387,625</b>	<b>1,360,177</b>	<b>1,326,258</b>	<b>1,276,826</b>	<b>1,213,907</b>
Share capital	646	646	646	407	407	407	407	407	407
Share premium Account	64,498	64,498	64,498	17,216	17,216	17,216	17,216	17,216	17,216
Retained Profit	16,140	47,210	154,201	126,541	182,448	254,716	344,792	453,476	580,456
Other reserves	326	497	6	521	521	521	521	521	521
<b>Shareholders' Funds</b>	<b>81,610</b>	<b>112,851</b>	<b>219,351</b>	<b>144,686</b>	<b>200,593</b>	<b>272,860</b>	<b>362,936</b>	<b>471,621</b>	<b>598,600</b>
<b>Total equity and liabilities</b>	<b>1,022,706</b>	<b>969,607</b>	<b>941,737</b>	<b>1,525,571</b>	<b>1,588,218</b>	<b>1,633,037</b>	<b>1,689,194</b>	<b>1,748,447</b>	<b>1,812,507</b>

Source: Company, CSL estimates

## MTNN, Ratios

Profitability Ratios	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Gross Profit Margin	77.7%	69.8%	70.6%	79.3%	80.0%	81.0%	82.0%	83.0%	84.0%
Opex/Sales	30.3%	30.7%	29.0%	25.5%	24.2%	23.1%	22.1%	21.3%	20.5%
EBITDA Margin	47.4%	39.0%	41.5%	53.8%	55.8%	57.9%	59.9%	61.7%	63.5%
Operating Profit Margin	29.3%	22.1%	25.6%	33.8%	37.9%	41.8%	45.0%	48.2%	50.7%
PBT Margin	16.0%	12.2%	21.3%	24.8%	30.1%	34.6%	38.9%	42.6%	45.8%
Net Profit Margin	11.2%	9.1%	14.0%	17.3%	21.1%	24.2%	27.2%	29.8%	32.1%
ROAA	8.8%	8.1%	15.2%	16.4%	18.0%	22.4%	27.1%	31.6%	35.7%
ROCE	127.9%	84.2%	73.3%	223.2%	191.8%	184.0%	171.4%	159.6%	146.9%
ROAE	251.4%	83.4%	87.7%	111.0%	161.9%	152.6%	141.7%	130.2%	118.6%
Dividend Yield	3.8%	3.5%	6.2%	8.6%	11.9%	15.4%	19.2%	23.2%	27.1%
Activity Ratios	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Inventory Turnover	0.59x	0.97x	1.70x	10.43x	10.50x	15.50x	10.50x	15.50x	12.50x
Days of Inventory on Hand	623	377	214	35	35	24	35	24	29
Receivables Turnover	16.24x	24.31x	28.85x	25.70x	26.03x	30.46x	33.49x	37.86x	42.00x
Days of Sales Outstanding	22	15	13	14	14	12	11	10	9
Payables Turnover	4.09x	3.54x	4.52x	5.79x	7.01x	8.00x	9.08x	10.27x	11.55x
Payable Days	89	103	81	63	52	46	40	36	32
Operating Performance Ratios	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Total Asset Turnover	0.8x	0.9x	1.1x	0.9x	0.9x	0.9x	1.0x	1.1x	1.1x
Fixed Asset Turnover	1.2x	1.3x	1.4x	1.2x	1.0x	1.2x	1.3x	1.4x	1.6x
Current Asset Turnover	2.1x	2.9x	4.8x	5.1x	4.6x	4.4x	4.3x	4.1x	3.9x
Inventory Turnover	0.6x	1.0x	1.7x	10.4x	10.5x	15.5x	10.5x	15.5x	12.5x
Cash Turnover	4.6x	7.5x	14.6x	13.8x	9.2x	7.7x	6.8x	6.1x	5.5x
Liquidity Ratios	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Current Ratio	0.7x	0.4x	0.3x	0.7x	0.7x	0.8x	0.9x	1.1x	1.2x
Quick Ratio	0.7x	0.4x	0.3x	0.7x	0.7x	0.8x	0.9x	1.1x	1.2x
Cash Ratio	0.4x	0.4x	0.6x	0.2x	0.2x	0.3x	0.3x	0.4x	0.5x
Solvency Ratios	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Debt-to-Capital Ratio	1.6x	1.1x	0.5x	2.3x	1.6x	1.1x	0.8x	0.6x	0.4x
Net Debt-to-Equity Ratio	1.8x	1.5x	0.6x	2.0x	1.2x	0.6x	0.2x	0.0x	-0.2x
Debt-to-Equity Ratio	3.6x	2.3x	0.8x	2.9x	2.1x	1.4x	1.0x	0.7x	0.4x
Debt-to-Assets Ratio	0.3x	0.3x	0.2x	0.3x	0.3x	0.2x	0.2x	0.2x	0.1x
Financial Leverage	28.5x	10.2x	5.8x	6.8x	9.0x	6.8x	5.2x	4.1x	3.3x
Investment Valuation Ratios	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Price-to-Earnings Ratio	21.1x	23.1x	12.9x	9.3x	6.7x	5.2x	4.2x	3.4x	2.9x
Price-to-Book Ratio	1.8x	1.9x	2.0x	1.2x	1.2x	1.1x	1.1x	1.1x	1.0x
Price-to-Sales Ratio	2.4x	2.1x	1.8x	1.6x	1.4x	1.3x	1.1x	1.0x	0.9x
EV/EBITDA	5.3x	5.8x	4.5x	3.4x	2.8x	2.3x	1.9x	1.6x	1.4x
EV/Sales	2.5x	2.3x	1.9x	1.8x	1.6x	1.3x	1.2x	1.0x	0.9x
Free Cash Flow Yield	0.1x	0.0x	0.1x	0.2x	0.2x	0.3x	0.3x	0.4x	0.4x
Y/y growth	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Revenues	-1.7%	11.8%	17.1%	12.6%	13.4%	12.4%	11.0%	10.1%	8.7%
Gross Profit	-9.5%	0.3%	18.5%	26.5%	14.3%	13.8%	12.4%	11.4%	10.1%
Total Opex	-54.0%	13.2%	10.8%	-1.3%	7.6%	7.6%	6.3%	5.8%	4.9%
EBITDA	136.8%	-7.9%	25.3%	45.2%	17.5%	16.5%	14.9%	13.5%	11.8%
EBIT	1160%	-16%	36%	49%	27%	24%	19%	18%	15%
PBT	N/A	-14.8%	105.2%	31.1%	37.7%	29.3%	24.6%	20.7%	16.8%
Net Profits	N/A	-8.7%	79.7%	38.7%	38.3%	29.3%	24.6%	20.7%	16.8%
EPS	N/A	-8.7%	79.7%	38.7%	38.3%	29.3%	24.6%	20.7%	16.8%
DPS	N/A	-8.8%	78.7%	38.8%	38.7%	29.3%	24.6%	20.7%	16.8%

Source: Company, CSL estimates

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## Important disclosures

### Ratings and Target Price History

#### MTNN

Date	Price (N)	Old Target (N)	New Price Target (N)	Old recommendation	New recommendation
22-May-19	131.7	-	180.0	-	Buy
30-Jul-19	127.0	180.0	182.6	Buy	Buy
8-Nov-19	122.0	182.6	184.2	Buy	Buy
9-Apr-20	95.0	184.2	187.4	Buy	Buy

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	BUY	HOLD	SELL	Not Rated	Total
Coverage universe	16	11	3	3	33
% distribution	48%	33%	9%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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- Buy:** The analyst expects the stock to outperform the Benchmark over the next 12 months or the stated investment horizon.
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	0	0	1	0	1
% distribution	0%	0%	100%	0%	



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