

February 11, 2010

MOBINIL (EMOB.CA)

12-Month Fair Value: EGP 200

Last Close (10 February, 2010): EGP 220

Recommendation: Hold- Risk Level: 4

- Mobinil reported net revenue of EGP 10,807 million for FY2009, an increase of 8% over FY2008. This was slightly below our forecast of EGP 11,039 million (2% difference). As for 4Q2009, total revenue witnessed an increase of 6% compared to 4Q2008.
- Last year was a very particular year for the mobile operators in Egypt, as the telecom market witnessed aggressive competition among the three operators. The peak was in the summer, especially during Ramadan, when the three operators slashed prices.
- During 2009, total subscribers grew by 26% compared to 2008, and settled at around 25.354 million. It is important to note that during 4Q2009, Mobinil witnessed a slowdown in subscribers' net additions. Both 2Q2009 and 3Q2009 were the highest contributors of total net additions, 32% and 34%, respectively; as for 4Q2009, it just contributed to 14% of total net additions.
- On the EBITDA front, Mobinil realized an EBITDA of EGP 5,122 million in 2009, 9% above 2008, and 1% above our forecast. According to Mobinil's management, through capitalizing on the on-net strategy and applying cost optimization initiation, EBITDA margin inched up from 46.8% in 2008 to 47.4% in 2009.
- Net profit in 2009 grew by 3% compared to 2008 and reached EGP 2,038 million in 2009. As for 4Q2009, net profit stood at around EGP 581 million, a 5% growth over 4Q2008.
- Mobinil will hold the year-end 2009 results call today at 16:00 Cairo time.
- Mobinil's results were mostly in-line with our forecasts. Since our Initiation of coverage on Mobinil (24th November, 2009), the stock price has risen by 11% from EGP 199 to EGP 220 (as of 10th February, 2010); this is 9% below our fair value of EGP 200. Our current recommendation on the stock is "Hold."

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Related Research

- Mobinil Initiation of Coverage - 24 November 2009

RISK AND RECOMMENDATION: GUIDE

RECOMMENDATION		UPSIDE (DOWNSIDE) POTENTIAL		
BUY		MORE THAN 20%		
ACCUMULATE		BETWEEN 5% AND 20%		
HOLD		BETWEEN -10% AND 5%		
REDUCE		BETWEEN -25% AND -10%		
SELL		LESS THAN -25%		
RISK LEVEL				
LOW RISK			HIGH RISK	
1	2	3	4	5

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