

TNM posts lower profits than last year

 By Gregory Gondwe: @Kalipochi

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Telekom Networks Malawi Limited (TNM), a mobile phone service provider, has signposted what to expect in its financial report this year - which brings poor results the company has registered in the period of six months to June 2012.

The company's secretary, Christina Mwansa issued to the local media, a trading statement that states that in terms of the Listings requirements of the Malawi Stock Exchange (MSE), a listed company is required to publish a trading statement as soon as there is a reasonable degree of certainty that the financial statements for the period to be reported upon next will differ by at least 20% from that of the previous corresponding period.

"Telekom Networks Malawi Limited accordingly advises that profit after tax for the six months to June 2012 is expected to be approximately 30 percent lower than the previous corresponding period," says Mwansa.

She explains that this is largely due to foreign exchange losses incurred during the second quarter of the year, and the resultant increase in finance charges.

Mwansa further state that the information on which this trading statement is based has not yet been reviewed or reported on by TNM auditors.

"Telekom Networks Malawi Limited financial results for the period will be published in the press by end August 2012 following their review and approval by the Board of Directors," she said.

In October 2007, Malawi witnessed biggest Initial Public Offer (IPO) in Malawi's stock exchange history when TNM Limited, one of the country's two mobile phone service providers put to offer over 1 billion shares to the public.

The company also broke records for becoming Malawi's first telecommunication company to list on the Malawi Stock Exchange (MSE).

Last year TNM announced a 23% growth which the company attributed to various innovative product offerings and promotions which was in defiance to harsh economic conditions the Malawi was experiencing at the time.

The company's financial statement issued at the end of its financial year on 30 June 2011 but released in September of 2011 showed significant increase in its subscriber base and the traffic on its network.

"This is reflected in the strong growth of 23% in revenue, which at MK5, 301 million is 23% higher than that achieved in the

first six months of 2010," the statement said.

Although TNM cost base had increased, earnings before interest, taxes, depreciation, and amortization (EBITDA) of MK1, 991 million was 29%, which was higher than the corresponding prior period with EBTDA margin improving slightly from 36 % to 37%.

According to last year's financial report, overall, TNM recorded a profit after tax for the six months of MK587 million representing a 42% increase over the MK412 million recorded in the first six months of the prior year.

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