

# TNM grows by 23% amidst economic hiccups

By [Gregory Gondwe](#)

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One of Malawi's two mobile phone companies, Telekom Networks Malawi Limited (TNM), which is incorporated in Malawi as a licensed mobile telecommunications operator has announced a 23% growth which the company has attributed to various innovative product offerings and promotions.



According to the company's financial statement issued at the end of its financial year on 30 June 2011, but released on 10 September 2011, the company has experienced a 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," reads the statement signed by Professor Mathews Chikaonda who is the company's chairman and his vice Hitesh Anadkat.

## Investment continues

Chikaonda and Anadkat says investment continues in infrastructure and resources to support growth as well as implementation of various projects to improve the quality, efficiency of operations and customer service.

The company also observed in the statement that expanded network infrastructure also requires higher levels of network maintenance and support costs.

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

The statement says the depreciation charge for the period has increased in line with the increased investment in fixed assets, particularly in the second half of 2010.

"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," declared Chikaonda and Anadkat.

The company also disclosed that subsequent to six months ended 30th June 2011, the company secured a long term loan facility from a syndicate of local banks to finance the on-going capital investment programmes which will significantly reduce reliance on short-term overdraft facilities.

## **TNM can maintain momentum**

"Although the capital investment programme may be adversely impacted by difficulty in accessing foreign exchange, we remain optimistic that the company can maintain its current growth momentum through the second half of 2011," the two financial gurus said in the statement.

Even in the face of financial hiccups that Malawi is currently undergoing, the company hopes that things could turn around and continue to register success.

"Assuming no further macro-economic developments which might have a significant adverse impact on company performance and, after absorbing the costs of the recent depreciation in the value of the Kwacha, it is expected that the full year financial results will improve significantly over that achieved in 2010," Chikaonda and Anadkat said.

## **More good news**

The company chairman and his vice then announced news that pleased the shareholders.

"Directors have approved a first interim dividend of MK200,8 million, equivalent to two tambala per share, payable on 30th September 2011 to shareholders appearing in the register at the close of business on 16th September 2011," said the company heads.

They further explained that register of members will be closed from 19th September 2011 to 21st September 2011 both dates inclusive.

Although TNM has posted such success, they have not carried out promotions the way their competitor Airtel Malawi has been running its affairs.

## **ABOUT GREGORY GONDWE**

Gregory Gondwe is a Malawian journalist who started writing in 1993. He is also a media consultant assisting several international journalists pursuing assignments in Malawi. He holds a Diploma and an Intermediate Certificate in Journalism among other media-related certificates. He can be contacted on [gregorygondwe@gmail.com](mailto:gregorygondwe@gmail.com). Follow him on Twitter at @Kalipochi.

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