

**Case Study**

Initiating Coverage Report on a West  
African Telecom Giant



# Case Study

## Initiating Coverage Report on a West African Telecom Giant



### About the Client



- West Africa based investment and brokerage firm
- A member of West African Regional Stock Exchange (BRVM)

### Client Objectives / Goals



- The client wanted to initiate coverage on a leading telecom company based in West Africa, to cater to its foreign clients that wanted to invest in the telecom sector in this region
- It asked RocSearch to forecast the company financials and value the equity, providing target price and investment advice (Buy/Sell/Hold)

### Approach and Methodology



- The team adopted a top-down approach, developing an understanding of the trends in the company, sector and the economy
- A detailed revenue model for the company was prepared after identifying the drivers; and then, the major line items were forecasted based on our expectations
- Also, a valuation model was prepared based on a combination of DCF and relative valuation approaches
- Presented our analysis in a comprehensive report, clearly outlining our investment rationale and associated risks

### Sample Output



Normalised financials	▶ Normalised the last five years of quarterly raw financial statements to strip-out non-recurring items
Performance drivers	▶ Identified performance drivers based on its business model, product characteristics and future plans
Forecasting the financials	▶ Forecasted five years of quarterly financial statements by predicting business drivers from management statements
Valuing the company	▶ Used DCF and relative valuation techniques to ascertain target price and recommend investment decision
Preparing initiation report	▶ Wrote a detailed ICR covering investment thesis on the company and industry analysis

### Results / Value-add



The company in focus performed in line with our major forecasts and appreciated significantly in the subsequent months, vindicating the BUY rating that we had assigned to the stock