



Invest in Lesotho's **Call Centres Sector**

LESOTHO

South African call centre companies can drive down costs by locating operations in Lesotho, which enjoys good international connectivity.



Call Centres



Project Assumptions

The Maseru area accounts for 200,000 of the national population of 2.14m. The estimated labour market for innovation/ICT employment is potentially up to 5,000. This labour pool could however be extended through training and skills development.



Maseru's central business district.

Financial Analysis

TOTAL INVESTMENT

A total investment of approximately:

LSL 17.4m

comprising entirely of fixed assets will be required for the establishment of the Call Centre opportunity. The graphs below illustrate a financially viable operation with the opportunity expected to generate a profit throughout its operational life.



In addition to the positive NPV and IRR, the initial investment cost of the project is expected to be fully recovered in just under 7 years. The investment opportunity further responds favourably to the country's developmental objectives through its positive socio-economic impact in terms of employment creation, economic agglomeration and potential forex earning opportunities.

- OUTSOURCE OPERATIONS
- INTERNATIONAL
- ENGLISH-SPEAKING

NET PROFIT

The enterprise's annual net profit after tax increases from approximately

LSL 2.5m

in year 1 to approximately:

LSL 3.6m

in year 10. Similarly, the projected cash flows of the envisaged project indicate that it will generate positive net cash flows throughout the 10-year operational period.

NET PROFIT
▼
YEAR 1



NET PROFIT
▼
YEAR 10





- OUTSOURCE OPERATIONS
- INTERNATIONAL
- ENGLISH-SPEAKING

Financial Analysis

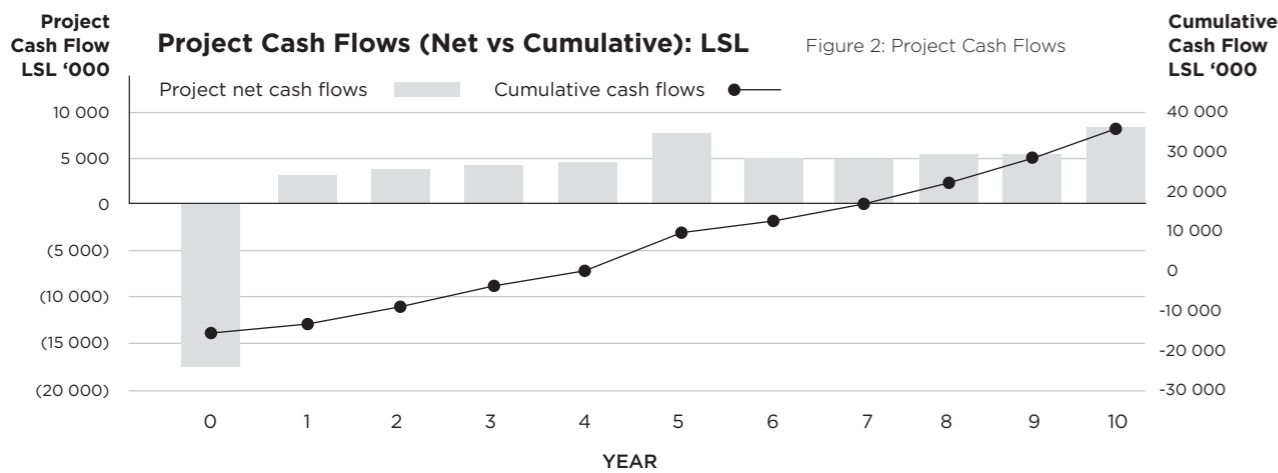
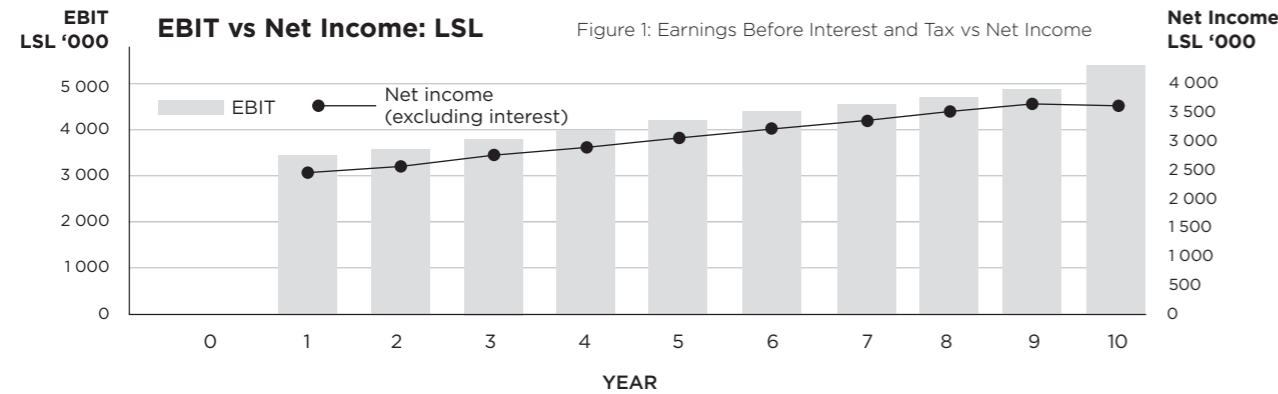


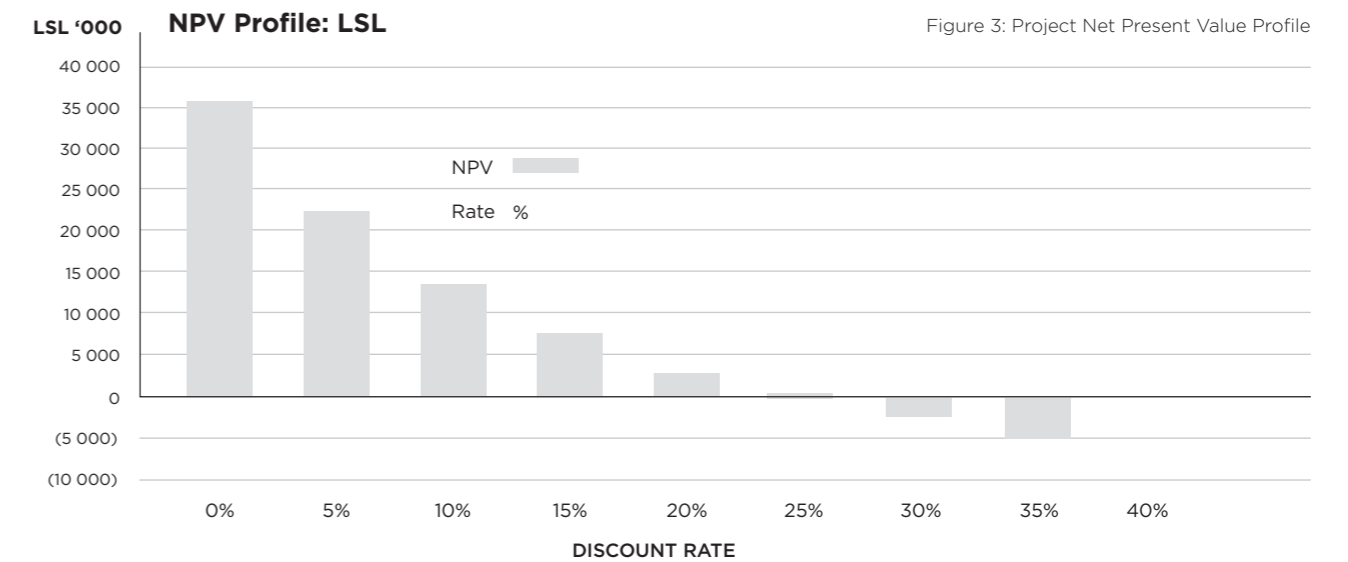
Table 1: Investment Indicators

The projected future cash flows generated by the enterprise are discounted at a rate of 10%. The outcome of the discounted cash flow analysis is summarized in Table 1.

Net present value (NPV)	LSL 13.82m
Discounted payback period	6.44 years
Internal rate of return (IRR)	24.63%
Profitability index (PI)	2

Financial Analysis

The positive NPV at a discount rate of 10% and corresponding IRR of 24.63% highlighting the financial viability of the Call Centre investment opportunity.



Maseru's central business district.

Note

The financial analysis of the Call Centre investment opportunity is computed over a ten-year period. Revenue and expenditure projections are in line with industry growth prospects and market potential and have been informed by and benchmarked against industry standards and norms. In addition, assumptions relating to inflation; depreciation and salvage value; and company tax have been worked out based on the existing laws and directives of the country. The figures above

represent high level estimates as of January 2021 and are not derived from a full feasibility study. Investors are advised to conduct their own due diligence.

For more information please contact:

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**Call Centres
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