



**MTN UGANDA LIMITED
QUARTERLY UPDATE
FOR THE PERIOD ENDED
31 MARCH 2022**



**MTN UGANDA LIMITED QUARTERLY UPDATE FOR THE PERIOD ENDED 31 MARCH 2022****Kampala, Uganda | Tuesday 3 May 2022****Salient features:**

- Mobile subscribers increased by 8.5% to 15.9 million
- Active data subscribers grew by 20.1% to 5.4 million
- Active fintech subscribers increased by 14.9% to 9.5 million
- Service revenue grew by 11.0% to Ush 536.3 billion
- Data revenue grew by 45.0% to Ush 115.6 billion
- Fintech revenue grew by 20.7% to Ush 144.8 billion
- Earnings before interest, tax, depreciation, and amortization (EBITDA) grew by 11.8% to Ush278.2 billion
- EBITDA margin up by 0.4 percentage points (pp) to 51.6%
- Capital expenditure (IAS 17) for the period increased by 280% to Ush 114.1 billion
- Profit After Tax (PAT) increased by 20.1% to Ush 100.5 billion

****All growth rates are presented on a year-on-year basis (YoY- Q1 2022 versus Q1 2021)***

Service revenue excludes device and SIM card revenue. Data revenue is mobile and fixed access data and excludes roaming and wholesale. Fintech includes MoMo, insurance, airtime lending and e-commerce. Active data users is a count of all subscribers at a point in time which had a revenue generating event in the specified period of time (90 days) prior to that point in time and also during the past 30 days had data usage greater than or equal to 5 megabytes. MoMo users are 30-day active users

MTN Uganda CEO, Wim Vanhelleputte comments:

We made good progress in the first quarter of 2022 amidst a challenging macro environment following a protracted lockdown due to COVID-19. Trading conditions have been further affected by rising household inflation and fuel prices, exacerbated by the war in Ukraine, which have had a notable impact on consumer purchasing power. The full re-opening of the economy in January has resulted in some uptick in demand and although this has not been as pronounced as expected, an open economy should help ease some of the pressures that have been felt.



In spite of the tough environment, we maintained our market leadership in Uganda and delivered a solid growth in our overall mobile subscriber base of 8.5%, to 15.9 million. We recorded double-digit service revenue growth of 11.0% driven by strong growth in our data and mobile money segments. Our profitability was underpinned by solid execution of our expense efficiency programme, which enabled EBITDA growth of 11.8% and a 0.4pp improvement in the EBITDA margin to 51.6%.

We continued to drive digital inclusion and affordability by reducing the price for our lower tier internet bundle packages. We also intensified our smart phone affordability programme with a renewed partnership with M-KOPA under our *Pay Mpola Mpola* campaign. With these initiatives, smartphone penetration has increased to 31.4% from 24.2% the previous year.

Following the successful structural separation of MTN Mobile Money Uganda Limited, a 100% duly owned subsidiary of MTN Uganda Limited, a new CEO Mr. Richard Yego was appointed in Q1. Mr Yego brings a wealth of experience from his background in banking and digital financial services which will be pivotal to the realization of the company's strategy and vision of driving financial inclusion in Uganda.

We continued to support our customers through our MTN Foundation activities, including ongoing initiatives in health and education services. We were honored and humbled to receive a Humanitarian Recognition Award from the Uganda Red Cross society in acknowledgement of our work. I reiterate the commitment of MTN to standing with our people.

We have also partnered with the Federation of Uganda Football Associations to sponsor the Uganda Premier League for two seasons. MTN Uganda has been a large supporter of Ugandan sport and we remain committed to deepening our partnerships with the sports fraternity. We are excited about the potential to combine the power of our network and technology solutions with the passion that Ugandans have for football.

Finally, MTN Uganda has undergone a brand refresh to usher in a new look that is aligned to our Ambition 2025 strategic intent of leading digital solutions for Uganda's progress. We will execute on our strategy as we continue to navigate challenging trading conditions and drive growth and efficiencies in the business. This will be underpinned by sustained investment drive our connectivity business and continue to scale our platforms.



Key Financial Highlights

Ush (in millions)	Q1 2022	Q1 2021	YoY
Total Revenue	538,904	486,475	10.8%
Service Revenue	536,345	483,208	11.0%
Expenses	260,694	237,565	9.7%
EBITDA	278,210	248,910	11.8%
EBITDA Margin	51.6%	51.2%	0.4pp
Depreciation & Amortisation	96,327	93,839	2.7%
Net Finance Costs	38,164	35,464	7.6%
Profit Before Tax (PBT)	143,719	119,607	20.2%
Taxation	43,214	35,951	20.2%
Profit After Tax (PAT)	100,505	83,656	20.1%
Earnings Per Share	4.49	3.74	20.1%
CAPEX (IAS 17)	114,071	29,983	280.4%
Non-Financials			
Overall Mobile Subscribers	15,920	14,667	8.5%
Data Subscribers	5,374	4,586	20.1%
Fintech Subscribers	9,546	8,305	14.9%

Note:

- Voice revenue includes interconnect and outbound roaming voice
- Data revenue includes outbound roaming, fixed and mobile data, Digital revenue excludes bulk SMS and USSD services
- Fintech revenue includes MTN Xtra-time and mobile financial services
- CAPEX (IAS 17) excludes right of use assets.
- Other service revenue includes inbound roaming data, SMS, USSD, Information and Communications Technology (ICT) & infrastructure and devices
- Number of shares normalised for 2021 to 22,389,044,239

Operational review

Our **Service revenue** grew by 11.0% driven by strong growth in our data and fintech revenue segments. The performance was underpinned by the sustained investment in the network, with capex (IAS 17) of Ush114.1 billion deployed during Q1. This is a testament of our commitment to increase the network coverage and expansion of our fibre footprint ultimately improving the customer experience. We have deployed 115 new sites in this period and increased our 4G coverage to 65.1%. Our capex intensity increased by 8.6pp to 21.2% due to frontloading of our planned investment requirement. We expect capex intensity to normalise to a level in the upper teens by year-end.

Voice revenue declined by 4.7% as a result of immediate impact from the current macro disruptions, based on early trends especially in our mass market segment. We continue to employ various Customer Value Management initiatives to improve the voice usage and reduce subscriber churn.



Data revenue increased by 45.0% and was underpinned by a 20.1% growth in active data users, improvements in our broadband coverage, increase in our billed data traffic by 58.6% and increased smart phone penetration by 7.3% over the period. Our initiatives to migrate traffic from 3G to 4G have continued to bear fruit with 55% of total data traffic now carried by the 4G network, offering more of our customers a significant improvement in quality of service.

Fintech revenue grew by 20.7% supported by a larger base of mobile money active subscribers. Our basic revenues grew by 18% while our advanced revenues (revenues from other fintech services) increased by 50% supported by two-fold growth in our remittances and insurance portfolios.

Our **EBITDA performance** was affected by a 9.7% growth in our expenses largely attributed to the spike in fuel prices in the quarter affecting our utilities spend. The Uganda Energy Fuel and Utilities inflation index recorded an increase of 8.5% by the end of the quarter. We note that our focus on expense efficiency reduced this impact

As a result, our PAT increased by 20.1% to Ush100.5 billion, signifying an improvement in our profit margins at 18.6% from 17.2% the previous year.

Outlook

Recent macroeconomic developments point to a more challenging trading environment for our business. Higher inflation of essential commodities and fuel has been exacerbated by the war in Ukraine, which is also putting pressure on supply chains. These factors will continue to impact on consumer spend as well as input costs for the business.

Our efforts for the remainder of the year will be geared towards our rigorous capital expenditure program in line with our NTO license mandate and our goal to enhance our customer experience. We are currently aligned with our 2G and 3G coverage obligations with a focus on increasing our 4G network coverage mostly in the densely populated areas and city suburbs to improve the quality of service to our customers particularly in the voice and data segment to consolidate our market leadership.

The competitive environment in fintech has tightened up with - the National Payments Systems Act in Uganda in 2020, which has led to several new players entering the market. We remain focused on executing on our fintech strategy to enhance the revenue mix through accelerated growth in our advanced services and continue to scale the business in line with our Ambition 2025 objectives.

We are committed to support the government's goal to increase financial inclusion and achieve a largely cashless economy in Uganda.



We believe that MTN Uganda is well placed to navigate the increased uncertainty and volatility in our operating environment and deliver on objectives over the medium-term.

For and on behalf of management,

A handwritten signature in black ink, appearing to read "Wim Vanhelleputte", written in a cursive style.

Wim Vanhelleputte

Chief Executive Officer, MTN Uganda



MTN Uganda unaudited condensed consolidated financial statements for the three-month period ended 31 March 2022

Summary statement of Comprehensive Income

	March 2022	March 2021
	Shs'000	Shs'000
Revenue from contracts with customers	538,903,643	486,474,578
EBITDA	278,209,731	248,910,628
Depreciation and impairment of property, plant, and equipment	(75,095,486)	(69,605,388)
Amortisation of intangible assets	(21,231,857)	(24,233,360)
Operating profit	181,882,389	155,070,880
Finance income	1,567,579	1,075,479
Finance costs	(39,731,102)	(36,539,245)
Profit before tax	143,718,866	119,607,114
Income tax expense	(43,213,581)	(35,950,969)
Profit for the year	100,505,285	83,656,145
Other comprehensive income for the year net of tax	-	-
Total comprehensive income for the year	100,505,285	83,656,145

Summary statement of Financial Position

	March 2022	March 2021
	Shs'000	Shs'000
Assets		
Non-current assets	2,051,035,886	1,848,022,819
Current assets	1,483,338,585	1,086,457,959
Total assets	3,534,374,471	2,934,480,778
Equity		
Ordinary share capital	22,389,044	3,764
Retained earnings	913,975,111	809,707,119
Liabilities		
Non-current liabilities	847,425,524	829,504,873
Current liabilities	1,750,584,792	1,295,265,022
Total liabilities	2,598,010,316	2,124,769,895
Total equity and liabilities	3,534,374,471	2,934,480,778


MTN Uganda unaudited condensed consolidated financial statements for the three-month period ended 31 March 2022
Summary statement of Cash Flows

	March 2022	March 2021
	Shs'000	Shs'000
Operating activities		
Net cash generated from operating activities	241,682,687	228,265,536
Investing activities		
Net cash used in investing activities	(81,134,304)	(21,729,022)
Financing activities		
Net increase in cash at bank and in hand	(55,129,202)	(26,354,107)
Movement in cash at bank and in hand		
At start of year	105,419,181	180,190,407
Increase	179,568,735	50,526,642
Exchange losses on cash at bank and in hand	1,690,995	(5,653,930)
At end of year	286,678,911	225,063,119

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About MTN Uganda

MTN Uganda is one of Africa's largest providers of communications services, connecting approximately 15 million people in communities across the country with each other and the world. Guided by a vision to lead the delivery of a bold new digital world, MTN Uganda's leadership position in coverage, capacity and innovation has remained constant since its launch in 1998. MTN Uganda is part of the MTN Group – a multinational telecommunications group, which operates in 21 countries in Africa and the Middle East.