

**MTN UGANDA LIMITED
FINANCIAL RESULTS FOR
THE SIX MONTHS ENDED
30 JUNE 2022**



**MTN UGANDA RELEASES FINANCIAL RESULTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022****Kampala, Uganda | Thursday 4 August 2022**

MTN Uganda Limited (MTN Uganda) today announces its financial results for the six months ended 30 June 2022.

Salient features:

- Mobile subscribers increased by 8.9% to 16.3 million
- Active data subscribers grew by 21.8% to 5.7 million
- Active fintech subscribers increased by 14.1% to 9.8 million
- Service revenue grew by 10.0% to Ush 1,087.3 billion
- Data revenue grew by 36.8% to Ush 237.6 billion
- Fintech revenue grew by 20.5% to Ush 302.1 billion
- Earnings before interest, tax, depreciation, and amortization (EBITDA) grew by 7.2% to Ush 548.7 billion
- EBITDA margin down by 1.3 percentage points (pp) to 50.2%
- Capital expenditure excluding right of use assets for the period increased by 30.7% to Ush 201.7 billion
- Profit After Tax (PAT) increased by 48.1% to Ush 193.6 billion
- 1st interim dividend declared for the FY 2022 is Ush 5.0 per share (Ush 111.95 billion)

****Unless otherwise stated, financial and non-financial growth rates are presented on a year-on-year basis (YoY, 6M to 30 June 2022 versus 6M to 30 June 2021, H1 2022 versus H1 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 mobile 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. Active data users is a count of subscribers who during the past 30 days had data usage greater than or equal to 5 megabytes. Active fintech users is a count of subscribers who have transacted on the platform during the past 30 days.

MTN Uganda outgoing Chief Executive Officer (CEO), Wim Vanhelleputte comments:

MTN Uganda delivered a resilient half-year performance amidst a difficult macroeconomic environment, characterised by increased inflationary and currency pressures. This has largely been influenced by higher fuel prices, rising domestic food crop prices due to dry weather conditions across the country, as well as persistent global production and supply chain challenges. The combination of these factors has had a significant impact on the spending power of our customers in the period under review.



Against this backdrop, we have sustained investment in our business with capex of Ush 201.7 billion in H1, which underpinned the resilience and quality of the network serving our customers. During the period, MTN Uganda was recognised as the *Best Performing Data & Voice Network* in Uganda, having attained the highest Network Performance Score for the past two consecutive years.

MTN Uganda was also recognised as the *Most Admired Brand* in Uganda by Brand Africa 100 for the second year in a row. Brand Africa believes that developing successful brands in Africa will create jobs, fund Africa's development and position Africa as an entrepreneurial, independent, and competitive continent. We are humbled by the impact being made by the MTN Uganda brand in transforming the lives of Ugandans.

Our investment, leading brand and continued execution of our commercial strategy has enabled us to increase our subscriber base by 8.9% to 16.3 million, maintaining our market leadership. Our active data subscriber base grew by 21.8% to 5.7 million enabled by the improved quality of network and data service to our customers. The growth in our data users and traffic was also boosted by increased 4G coverage, which reached 67.7% (up 15.4pp, YoY) population coverage as of 30 June 2022.

Within our platforms, we grew fintech subscribers by 14.1% to 9.8 million as we execute on our stated objective to deepen financial inclusion. In line with our strategic priority to also accelerate advanced services in fintech, MTN Uganda has partnered with Jumo to offer micro loans on mobile money through our MoSente product. MoSente is a convenient service that enables MTN customers to access credit facilities. The partnership will allow for more short-term borrowing options for customers in addition to our MoKash product (savings and lending) and MoMo Advance product (overdraft facility), both in partnership with NCBA bank.

Our solid commercial and strategic execution has enabled us to achieve double-digit service revenue growth of 10.0% in a difficult operating environment. This is in line with our medium-term target, largely anchored on the strong performances of our data and mobile money revenue segments.

We reported EBITDA of Ush 548.7 billion (up 7.2% YoY) with a 1.3pp decline in EBITDA margin to 50.2%. The margin decline was largely driven by increased operational costs, including additional costs related to separation of the mobile money subsidiary to operate as a fully independent company in line with our Ambition 2025 strategy.

MTN Uganda's commitment to achieve net zero emissions by 2040 underpins our Environmental Social and Governance (ESG) principles premised on the belief that the company's growth and success should not come at the expense of the planet. In this regard we have partnered with Ubuntu Towers Uganda and the American Tower Company (ATC) to connect all our network sites to the hydro-electricity grid. This year, we plan on connecting a total of 250 sites.

In alignment with our goal to create shared value, we resumed our *21 days of Y'ello Care* campaign under the theme "Empowering communities to drive economic recovery". MTN Uganda staff had the opportunity to upskill local communities focusing on digital skills training and digital job creation across the country. We are committed to playing our part in supporting Uganda and its people through the challenging macroeconomy to accelerate the economic recovery.

Amidst the operating challenges, we commit to executing our strategy to sustain service revenue growth in the low double-digits, as well as extract efficiencies to drive operating leverage and to support solid earnings, cash flows and returns profile over the medium term.

Finally, we have also communicated executive management changes for MTN Uganda. Ms. Sylvia Mulinge will join the Company from 1 October 2022 as the CEO, as I have taken up a new role within the MTN Group as the Operating Executive for the West and Central Africa (WECA) markets of Liberia, Guinea-Conakry, Guinea-Bissau, and Congo-Brazzaville. I thank the shareholders and Board of directors for the opportunity to serve the Company, its customers, and other stakeholders. I wish Ms. Mulinge and the staff at MTN Uganda the very best as they take the Company forward. In the interim, the current Chief Financial Officer, Mr. Andrew Bugembe, will serve as the Acting CEO effective 1 August 2022 until 30 September 2022.

Key financial and operational highlights

Ush (in millions)	30-Jun-22	30-Jun-21	YoY
Total Revenue	1,094,031	994,306	10.00%
Service Revenue	1,087,299	988,729	10.00%
Other Income	713	-	-
Expenses	546,038	482,306	13.20%
EBITDA	548,706	512,000	7.20%
<i>EBITDA Margin</i>	<i>50.20%</i>	<i>51.50%</i>	<i>-1.30pp</i>
Depreciation & Amortisation	195,475	229,182	-14.70%
Net Finance Costs	77,588	74,719	3.80%
Profit Before Tax (PBT)	275,643	208,100	32.50%
Taxation	82,083	77,402	6.05%
Profit After Tax (PAT)	193,560	130,698	48.10%
<i>Earnings Per Share</i>	<i>8.65</i>	<i>5.84</i>	<i>48.10%</i>
CAPEX	201,688	154,356	30.66%
<i>Capex Intensity</i>	<i>18.44%</i>	<i>15.52%</i>	<i>2.92pp</i>
Non-Financials			
Overall Mobile Subscribers	16,255	14,932	8.90%
Data Subscribers	5,694	4,676	21.80%
Fintech Subscribers	9,806	8,595	14.10%

Note:

CAPEX excludes IFRS 16 right of use assets

**Resilient results in a challenging trading environment**

Service revenue recorded a resilient performance with a 10.0% increment underpinned by strong growth in our data and fintech revenue segments. Our top line performance was further supported by an improvement in customer experience evidenced by the increase in our customer Net Promoter Score (+2.6pp) on a year-on-year basis.

Voice revenue declined by 4.9% as a result of reduced spend by our subscribers, particularly our rural client base, reflecting the macroeconomic pressures on our customer's spending power. Voice revenue growth was also impacted by the substitution effect of consumers' structurally higher demand for data services.

We continue to leverage our Customer Value Management (CVM) models to create more affordable products to mitigate the macroeconomic pressures felt by our consumers and protect our voice revenue base. The voice contribution to service revenue declined to 45.8% (H1 2021: 52.9%) in favour of increased contributions from higher growth services like data and mobile money.

Data revenue increased by 36.8%, supported by a 21.8% growth in active data users. We have made significant progress in our fibre to the home and business propositions and restructured our internet bundles to drive competitiveness. Our home broadband revenues have doubled on a YoY basis and our reach has increased to approximately 66,500 users. The data contribution to service revenue increased to 21.9% (H1 2021: 17.6%).

Fintech revenue grew by 20.5% as our mobile money active subscribers increased by 14.1%. We recorded an improved performance in our advanced revenues attributed to strong growth of our corporate payment services and remittances portfolios. Our basic revenues also continued to grow, boosted by our customer rewards campaign, *MoMoNyabo Waaka*, which supported transaction growth on the platform.

Our total transaction value (excluding zero rated transactions) increased by 33.9% on a YoY basis to Ush 34.6 trillion. We also note an increase in our agents to 171k (+17.8%) and merchants to 82k (+132.7%), which have played an important role in the growth and scale of our fintech business. The fintech contribution to service revenue increased to 27.8% (H1 2021: 25.4%).

Digital revenue increased by 9.9% driven by positive performance from our gaming services and more than two-fold growth in our video streaming services (YoTV). Our growing youth-led subscriber base provides an encouraging foundation for the sustained growth of our digital business over the medium-term.

EBITDA was affected by a 13.2% growth in our expenses largely attributed to our network related leases (higher fuel prices accounted for Ush 7.4bn) as well as set-up costs related to the structural separation mobile money subsidiary and other once-off costs totalling Ush 7.7 billion. Nevertheless, EBITDA grew by 7.2% YoY and realised an EBITDA margin of 50.2%.



Our **CAPEX** investments have been deployed towards infrastructure modernisation to enhance efficiencies and align with our ESG goals on environmental sustainability. With the sustained increase in the demand for data, we increased our 4G sites by 55% to improve the quality of service, which has supported our customer growth. We have also increased our fibre footprint in strategic locations by 540km this year in alignment with our goal to “Own the Home” through differentiated value propositions, creating experiences that position MTN as the broadband service provider of choice.

The CAPEX growth of 30.7% YoY to Ush 201.7 billion is attributed to accelerated CAPEX in response to forex and global supply chain risks. It is also partially attributable to the base effects of a lower investment made the previous year. The increased investment impacted on our free cash flow, which declined by 3.0% YoY in H1. We expect free cash flow to improve into the second half of the year as capex abates. Accordingly, we anticipate that our capex intensity, which increased by 2.9pp to 18.4% in H1, to be lower by the end of FY 22.

Depreciation and amortisation decreased by 14.7% as the previous year position included a once-off amortisation adjustment relating to the transitional licence obligations (Ush 48 billion).

As a result, **Profit After Tax** increased by 48.1% YoY to Ush 193.6 billion, and in line with our dividend policy, the board has approved an interim dividend of Ush 5.0 per share to be paid at the end of September 2022.

Outlook

MTN Uganda is not immune to the current macro environment and continues to face strong headwinds related to forex, increasing inflation, financing costs, diesel/petrol prices and the impact of global supply chain disruptions, these will obviously have more pressure on both our business and customers.

The spill over effects of the Russian-Ukrainian war and “zero COVID” policy in China have caused global supply chain disruptions. We remain committed to addressing these challenges through advance procurement and long-term planning for orders of devices and other equipment to mitigate against potential shortages and future price increases.

Engagements with the regulator are ongoing to secure more spectrum in the 700/800 MHz bands, which will enable more efficient investment to improve the coverage, capacity and quality of our network. The modernisation of our infrastructure should improve our service delivery to enhance our customer experience. Our commitment to meeting our customers’ needs remains, and we will continue to invest in our 4G network investment to drive increased population coverage as well as data connectivity and voice traffic. On our current planning and assumptions, we anticipate closing the FY 22 with a capex intensity closer to the mid-teens.

Under fintech, we continue to focus on driving financial inclusion in Uganda through growth in the active user base as well as engagement and activity. To support this, one of the key engagements with the regulators and other key stakeholders is the current 0.5% withdrawal tax which continues to adversely impact activity in the ecosystem, especially among our large-volume customers. Our work with fintech industry stakeholders, including comprehensive information and fraud awareness campaigns, will ensure that financial inclusion in the country grows in a way that preserves the integrity and trust of the industry.

We are committed to the continued execution of our Ambition 2025 strategy to drive sustained growth, underpinned by investment in our network and platforms. We maintain our target to grow service revenue in the low double-digits over the medium-term.

Interim dividend recommendation

Notice is hereby given that the company's directors have approved the payment of an interim dividend of Ush 5.0 per share (Ush 111.95 billion) for the six months ended 30 June 2022. This is subject to deduction of withholding taxes. The number of ordinary shares in issue at the date of this declaration is 22,389,044,239.

In compliance with the requirements of USE Listing Rules 2021, the salient dates relating to the payment of the dividend are as follows:

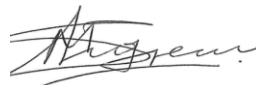
Book Closure Date	Thursday, 1 September 2022
Dividend Payment Date	Friday, 30 September 2022

In line with the Uganda Securities Exchange (USE) Trading Rules 2021, the ex-dividend date will be Monday, 29 August 2022. Accordingly, an investor who buys MTN Uganda shares before this date will be entitled to the interim dividend. Any investor buying MTN Uganda shares after Monday, 29 August 2022 will not be entitled to the interim dividend declared for the period.

On Friday, 30 September 2022 the dividend will be transferred electronically to the bank accounts or mobile money wallets of shareholders.



Wim Vanhelleputte
Out-going Chief Executive Officer



Andrew Bugembe
CFO/Executive Director

Condensed Consolidated Financial Statements for the period ended 30 June 2022
Condensed Consolidated Statement of Comprehensive Income

	June 2022	June 2021 Restated	Dec 2021
	6 months	6 months	12 months
	Reviewed	Reviewed	Audited
	Shs'000	Shs'000	Shs'000
Revenue from contracts with customers	1,094,031,044	994,306,081	2,060,086,932
Other income	712,876	-	-
Direct network operating costs	(134,930,071)	(118,974,407)	(237,846,075)
Government and regulatory costs	(27,722,345)	(28,509,483)	(53,115,865)
Cost of handsets and other accessories sold	(8,664,626)	(6,944,880)	(22,613,391)
Interconnect and roaming	(24,322,570)	(33,381,641)	(62,075,504)
Employee benefits	(59,751,836)	(51,695,048)	(105,422,345)
Selling, distribution and marketing expenses	(200,508,078)	(161,173,062)	(358,212,198)
(Increase)/ decrease in impairment of trade receivables	(5,456,410)	(6,094,943)	(9,230,223)
Other operating expenses	(84,681,636)	(75,532,052)	(153,995,224)
Depreciation and impairment of property, plant, and equipment	(156,206,332)	(146,659,935)	(303,600,259)
Amortisation of intangible assets	(39,268,910)	(82,521,927)	(117,699,567)
Operating profit	353,231,106	282,818,703	636,276,281
Finance income	12,275,923	2,222,566	22,501,091
Finance costs	(89,863,555)	(76,941,452)	(167,834,272)
Profit before tax	275,643,474	208,099,817	490,943,100
Income tax expense	(82,083,195)	(77,401,652)	(150,532,726)
Profit for the year	193,560,279	130,698,165	340,410,374
Other comprehensive income for the year net of tax	-	-	-
Total comprehensive income for the year	193,560,279	130,698,165	340,410,374

Condensed Consolidated Statement of Financial Position

	June 2022	June 2021 Restated	Dec 2021
	6 months	6 months	12 months
	Reviewed	Reviewed	Audited
	Shs'000	Shs'000	Shs'000
Assets			
Non-current assets			
Property, plant and equipment	935,779,083	856,232,548	863,704,661
Right-of-use assets	724,941,291	599,141,950	636,870,389
Intangible assets	375,452,730	411,784,924	382,814,913
Receivables and prepayments	49,880,319	58,345,106	53,073,072
Deferred Tax assets	20,927,612	-	6,456,748
Contract assets	9,747,912	7,101,003	9,564,790
	2,116,728,947	1,932,605,531	1,952,484,573
Current assets			
Current income tax recoverable	12,355,416	2,187,910	2,351,797
Short-term investments	11,000,000	-	-
Inventories	20,917,036	10,298,761	7,810,731
Trade and other receivables	176,451,014	204,154,932	176,992,789
Contract assets	9,023,451	6,710,556	9,949,198
Mobile money deposits	1,096,360,863	680,564,789	959,991,495
Cash and cash equivalents	140,396,623	145,261,279	188,814,310
	1,466,504,403	1,049,178,227	1,345,910,320
Total assets	3,583,233,350	2,981,783,758	3,298,394,893
Equity			
Ordinary share capital	22,389,044	3,764	22,389,044
Retained earnings	901,967,263	743,126,898	813,769,826
	924,356,307	743,130,662	836,158,870
Liabilities			
Non-current liabilities			
Deferred income tax liability	-	3,777,003	-
Lease liabilities	733,671,044	581,096,305	627,943,283
Borrowings	125,211,470	209,010,781	165,460,344
Provisions	22,036,166	16,463,235	23,185,594
	880,918,680	810,347,324	816,589,221
Current liabilities			
Borrowings	166,935,017	148,306,730	198,693,425
Lease liabilities	110,152,326	93,648,304	104,276,553
Trade and other payables	373,999,863	466,307,714	351,713,442
Mobile money payables	1,096,360,863	680,564,789	959,991,495
Contract liabilities	11,022,112	23,453,531	7,709,821
Provisions	19,488,182	16,024,704	23,262,066
	1,777,958,363	1,428,305,772	1,645,646,802
Total liabilities	2,658,877,043	2,238,653,096	2,462,236,023
Total equity and liabilities	3,583,233,350	2,981,783,758	3,298,394,893

Condensed Consolidated Statement of Cash Flows

	June 2022	June 2021	Dec 2021
		Restated	
	6 months	6 months	12 months
	Reviewed	Reviewed	Audited
	Shs'000	Shs'000	Shs'000
Cash flows from operating activities			
Cash generated from operations	565,092,854	630,154,883	1,092,317,616
Interest received	3,392,001	2,222,566	5,314,139
Interest paid on borrowings	(15,071,889)	(17,158,066)	(31,861,851)
Interest paid on lease liabilities	(63,256,655)	(55,304,724)	(115,043,904)
Dividends paid	(105,362,842)	(113,522,239)	(230,206,240)
Income tax paid	(106,557,678)	(88,452,017)	(171,980,729)
Net cash generated from operating activities	278,235,791	357,940,403	548,539,031
Cash flows from investing activities			
Purchase of property, plant, and equipment	(182,227,469)	(124,823,692)	(212,796,427)
Proceeds from disposal of property, plant, and equipment	1,277,145	2,815,822	2,942,523
Purchase of intangible assets	(19,460,449)	(76,168,177)	(106,618,286)
Net cash used in investing activities	(200,410,773)	(198,176,047)	(316,472,190)
Cash flows from financing activities			
Repayments of borrowings	(78,663,263)	(27,644,088)	(70,777,880)
Proceeds from borrowings	-	-	50,000,000
Principal elements of lease payments	(42,638,584)	(41,587,831)	(79,321,550)
Net cash used in financing activities	(121,301,847)	(69,231,919)	(100,099,430)
Net increase in cash at bank and in hand	(43,476,829)	90,532,436	131,967,411
Movement in cash at bank and in hand			
At the start of year	188,814,310	59,170,525	59,170,525
(Decrease)/Increase	(43,476,829)	90,532,437	131,967,411
Exchange losses on cash at bank and in hand	(4,940,858)	(4,441,683)	(2,323,626)
At end of year	140,396,623	145,261,279	188,814,310

Condensed Consolidated Statement of Changes in Equity

	Ordinary Share Capital	Retained Earnings	Total Equity
	Shs'000	Shs'000	Shs'000
Period ended 30 June 2021			
At start of year	3,764	725,950,972	725,954,736
Comprehensive income:			
Profit for the period	-	130,698,165	130,698,165
Total comprehensive income for the period	-	130,698,165	130,698,165
Transactions with owners:			
Dividends paid	-	(113,522,239)	(113,522,239)
At end of the period	3,764	743,126,898	743,130,662
Period ended 31 December 2021			
At start of year	3,764	725,950,972	725,954,736
Comprehensive income:			
Profit for the period	-	340,410,374	340,410,374
Total comprehensive income for the period	-	340,410,374	340,410,374
Transactions with owners:			
Bonus share issue	22,385,280	(22,385,280)	-
Dividends paid	-	(230,206,240)	(230,206,240)
	22,385,280	(252,591,520)	(230,206,240)
At end of the period	22,389,044	813,769,826	836,158,870
Period ended 30 June 2022			
At start of year	22,389,044	813,769,826	836,158,870
Comprehensive income:			
Profit for the period	-	193,560,279	193,560,279
Total comprehensive income for the year	-	193,560,279	193,560,279
Transactions with owners:			
Dividends paid	-	(105,362,842)	(105,362,842)
	-	(105,362,842)	(105,362,842)
At end of the period	22,389,044	901,967,263	924,356,307



The above financial results for the period ended 30 June 2022 were reviewed by PricewaterhouseCoopers, Certified Public Accountants in accordance with International Standard on Review Engagements (ISRE) 2410 Review of interim financial information performed by the independent auditor of the entity.

The full Condensed Consolidated Financial Statements are available on the Company's website at www.mtn.co.ug

The financial statements were approved by the Board of Directors on Wednesday, 3 August 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read "Charles Mbire".

Charles Mbire
Board Chairperson

A handwritten signature in black ink, appearing to read "Andrew Bugembe".

Andrew Bugembe
Executive Director

Contact

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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.