

MTN

***Together,
we're
unstoppable.***



MTN UGANDA LIMITED UNAUDITED FINANCIAL RESULTS
For the quarter ended 31 March 2023

MTN UGANDA LIMITED RELEASES UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2023

Kampala, Uganda | Wednesday 3rd May 2023

MTN Uganda Limited (MTN Uganda) today announces its unaudited results for the quarter ended 31st March 2023.

SALIENT FEATURES

- Mobile subscribers increased by **11.6%** to **17.8 million**
- Active data subscribers grew by **25.0%** to **6.7 million**
- Active fintech subscribers increased by **14.0%** to **10.9 million**
- Service revenue grew by **15.8%** to **Ush 621.1 billion**
- Data revenue grew by **25.7%** to **Ush 145.3 billion**
- Fintech revenue grew by **20.7%** to **Ush 174.8 billion**
- Earnings before interest, tax, depreciation, and amortization (EBITDA) grew by **17.3%** to **Ush 326.4 billion**
- EBITDA margin up by **0.4 percentage points** (pp) to **52.0%**
- Capital expenditure (IAS 17) for the period decreased by **16.3%** to **Ush 95.4 billion**
- Profit After Tax (PAT) increased by **20.0%** to **Ush 120.6 billion**

*Unless otherwise stated, financial and non-financial growth rates are presented on a year-on-year basis (YoY, 3M to 31 March 2023 versus 3M to 31 March 2022)

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.

Our CEO's Message



MTN Uganda CEO, Sylvia Mulinge comments;

MTN Uganda recorded a good start to the year with a solid Q1 performance, tracking positively against our medium-term targets with a solid revenue performance and margin expansion. This was delivered through disciplined execution of our strategy and incremental improvements in the trading environment with a relatively stable currency coupled with subsiding albeit high inflation. The average inflation in Q1 subsided by 100bps to 9.5% (Q4 22: 10.5%), which has incrementally supported business operations and improved customer spend in the period under review.

Our **service revenue** grew by 15.8%, supported by a strong recovery in our voice revenues and double-digit growth in our data and fintech revenues. Our subscriber base grew by 11.6% to 17.8 million with increased customer engagement and continued customisation of our value proposition.

In line with our **Ambition 2025**, to drive industry leading operations, we invested a total of Ush 95.4 billion in the network. Our investment has been focused on 4G expansion, fibre network roll-out and infrastructure modernisation to enhance our user experience. Our 4G population coverage has significantly increased to 80.7% (Q1 2022: 65.1%), driving better connectivity for our customers.

We are also investing in our network in preparation for 5G to address our customers' requirements and support sustained growth. In line with our 5G transition, MTN Uganda launched a partnership

with Huawei Technologies to align our infrastructure towards a cloud native 5G Capable Core network. This initiative will enable a future-oriented network with greater service agility, innovation for both consumer and industrial verticals, and improved operational efficiency.

In MTN Mobile Money (MoMo), we continued to promote digital and financial inclusion by driving cashless transactions through our MoMo pay payments platform. As a result, our merchants have grown two-fold to 268k active merchants with a notable increase in transaction value by 35.5%. We also partnered with fintech industry stakeholders in the 'Beera Steady-Be Better' campaign to provide education and resources on best practices for securing digital financial transactions as financial fraud and information security become a centre of interest both locally and globally.

In line with our **Net Zero** commitment, we continue to align our operations to environmental sustainability through E-waste management. We partnered with Makerere University College of Engineering, Design, Art and Technology to revamp desktop computers for our rural schools to enhance ICT access and literacy. The items weighed 1,831.5 kilograms, which contributed to carbon saving when recycled and reused.

We launched our 2023 MTN Uganda thematic campaign, **"Together, we're unstoppable."** which celebrates the entrepreneurial spirit of Ugandans and will provide a platform to showcase their skills and passion. MTN Uganda is committed to creating sustainable value for its customers and communities, and we believe that this campaign will play a critical role in achieving our vision to ensure all Ugandans enjoy the benefits of a modern connected life.

As a supporter of Ugandan sports, MTN Uganda announced a five-year sponsorship towards the Federation of Uganda Football Association worth Ush 19 billion in support of the national football team, Uganda Cranes. The sponsorship deal includes support to the Crested Cranes, that is the national women's team aligning to our ESG principles to ensure inclusivity and diversity.

We are pleased with the solid results posted this quarter and the improvements we are observing in our operating environment. We will continue to drive growth in the business going forward with an ongoing focus on EBITDA margin resilience, in line with our **Ambition 2025** objectives.

KEY HIGHLIGHTS

Ush (in millions)	Q1 23	Q1 22	YoY
Total Revenue	627,928	538,904	16.5%
Service Revenue	621,112	536,345	15.8%
Voice	272,990	250,870	8.8%
Data	145,269	115,562	25.7%
Fintech	174,838	144,799	20.7%
Other	28,015	25,114	11.6%
Expenses	301,572	260,694	15.7%
EBITDA	326,411	278,210	17.3%
EBITDA Margin	52.0%	51.6%	0.4pp
Depreciation & Amortizations	104,912	96,327	8.9%
EBIT	221,499	181,882	21.8%
EBIT Margin	35.3%	33.8%	1.5pp
Net Finance Costs	52,710	38,164	38.1%
Profit Before Tax (PBT)	168,789	143,718	17.4%
Taxation	48,143	43,214	11.4%
Profit After Tax (PAT)	120,646	100,505	20.0%
Capex	95,434	114,071	-16.3%
Capex Intensity	15.2%	21.2%	-6.0pp
Non-Financials ('000)			
Overall Mobile Subscribers	17,769	15,920	11.6%
Data Subscribers	6,715	5,374	25.0%
Fintech Subscribers	10,879	9,546	14.0%

NOTES

- 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 excludes right of use assets.
- Other service revenue includes inbound roaming data, SMS, USSD, Information and Communications Technology (ICT) & infrastructure and device

OPERATIONAL REVIEW

Improved revenue performance driven by recovery in voice.

Overall **service revenue** increased by 15.8%, driven by the continued momentum in the data and fintech segments underpinned by a strong recovery in voice revenue.

Voice revenue improved by 8.8% largely supported by strong growth of 11.6% in our subscriber base. Our customer net additions in the quarter were 600k attributable to improvements in our service offering and affordability. We are also pleased that our customer-centric initiatives drove increased voice usage and reduced subscriber churn. The voice contribution to service revenue decreased to 44.0% (Q122: 46.8%) in favour of higher growth verticals.

Data revenue increased by 25.7% driven by a 25.0% growth in active data users and 11.6% growth in our MB per active data user underpinned by our continued investment in the capacity and quality of our networks. Our smart phone penetration improved to 34.7% (Q1 2022: 31.4%), which also underpinned the growth in data traffic on the network of 53.5%, with 4G traffic making up 68.3%.

Our **home broadband revenue** segment grew by 54.0% supported by strong customer growth. The data contribution to service revenue increased to 23.4% (Q1 2022: 21.5%).

Fintech revenue grew by 20.7% attributed to the robust performance of our payments service and recovery in the savings and lending portfolio anchored by strong growth in basic revenues. Our overall MoMo ecosystem grew strongly with merchants doubling to 268k, while our agent numbers remained flat at 164k in line with the agent rationalisation strategy to ensure more sustainable businesses for our distribution partners.

The expansion of merchants enabled a 26.5% increase in the number of transactions on the platform to 753 million and transaction value growth of 35.5% to Ush 28.5 trillion. The fintech contribution to service revenue increased to 28.1% (Q1 2022: 27.0%).

Our **digital portfolio revenues** grew strongly by 170.5% to Ush 2.7 billion supported by robust growth in our video streaming (YoTV) and our content value added services portfolio. This was further supported by strong digital subscriber growth, particularly on the ayoba super app, closing with 1.2 million customers.

We delivered **EBITDA** growth of 17.3% underpinned by higher service revenue and continued operational efficiencies, delivered through our expense efficiency programme and disciplined capital allocation. This enabled us to contain our operational cost growth to 15.7%, despite higher utilities expenditure. Our ability to drive operating leverage has enabled the expansion of our EBITDA margin by 0.4pp to 52.0% above our medium-term target of 50%.

Capex, excluding right of use assets, in the period decreased by 16.3% to Ush 94.5 billion as a result of base effects arising from accelerated investment in the prior year. As a result, our capex intensity decreased by 6.0pp to 15.2%, within our targeted range of mid-teens.

Depreciation and amortisation increased by 8.9% and **net finance costs** grew by 38.1% as a result of higher right of use assets costs as a result of a higher number of sites managed compared to the previous year. Consequently, our **Profit After Tax** increased by 20.0% to Ush120.6 billion.

OUTLOOK

The central bank forecasts the Ugandan economy to continue its steady recovery aided by lower anticipated general inflation. While encouraged by the positive trends in the macroeconomic environment, we do remain alert to the upside risk to inflation associated with food prices, despite favourable rainy seasons, tighter global financial conditions which could impact the shilling and higher oil prices. These factors may continue to impact our performance going forward; however, we have built the resilience into our business to continue navigate the volatility and sustain medium-term growth.

As we execute the **Ambition 2025** strategy, our focus will be to sustain the pace of our growth by increasing our investment in the network to improve user experience, ensuring operational efficiency with attention to our costs, and creating solutions for our customers to preserve our market share.

For our GSM business, we will continue to consolidate the efforts realised in our voice business through our tailored CVM proposals and increasing our rural telephony reach. In terms of data, we are intensifying our smart phone penetration through strategic partnerships and expanding the home broadband footprint to address the growing SME business and residential demand. We will also continue to invest to increase our 4G reach (currently at 80.7% population coverage) and core capacity upgrades as we prepare for new spectrum allocation.

In fintech, our focus is on enriching our MoMo ecosystem and platform capabilities to drive financial and digital inclusion. We are focused on scaling the adoption of payments and e-commerce in line with digitization of the economy, driving the adoption of Banktech products particularly loans and savings to support individuals and micro businesses as well as refining our Remittance strategy to increase flows from our regional and global partners.

Against this background, we maintain our guidance of low double digit service revenue growth and maintaining EBITDA margin above 50%. We expect capex intensity (excluding right of use) to increase in the medium term as we sustain investment to support our growth prospects.

CONTACT US

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ABOUT MTN UGANDA

MTN Uganda is one of Africa's largest providers of communications services, connecting approximately 17.8 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 19 countries in Africa and the Middle East.

Unaudited Summary Financial Statements

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	March - 23	March - 22
	Shs'000	Shs'000
Revenue from contracts with customers	627,928,185	538,903,643
EBITDA	326,410,868	278,209,731
Depreciation and impairment of property, plant, and equipment	(49,431,807)	(45,765,826)
Depreciation of right of use asset	(38,966,891)	(29,329,660)
Amortisation of intangible assets	(16,513,487)	(21,231,857)
Operating profit	221,498,683	181,882,389
Finance income	12,830,679	1,567,579
Finance costs	(65,540,494)	(39,731,102)
Profit before tax	168,788,868	143,718,866
Income tax expense	48,143,162	43,213,581
Profit After Tax	120,645,706	100,505,285
Other comprehensive income for the year net of tax	-	-
Total comprehensive income for the year	120,645,706	100,505,285

SUMMARY STATEMENT OF FINANCIAL POSITION

	March - 23	March - 22
	Shs'000	Shs'000
Assets		
Non-current assets		
Current assets	2,434,684,764	2,051,035,886
Total assets	1,693,358,767	1,483,338,585
Equity	4,128,043,531	3,534,374,471
Ordinary share capital	22,389,044	22,389,044
Retained earnings	1,003,094,063	913,975,111
	1,025,483,107	936,364,155
Liabilities		
Non-current liabilities	1,132,057,523	847,425,524
Current liabilities	1,970,502,901	1,750,584,792
Total liabilities	3,102,560,424	2,598,010,316
Total equity and liabilities	4,128,043,531	3,534,374,471

SUMMARY STATEMENT OF CASH FLOWS

	March - 23	March - 22
	Shs'000	Shs'000
Operating activities		
Net cash generated from operating activities	238,605,927	241,682,687
Investing activities		
Net cash used in investing activities	(75,390,249)	(81,131,304)
Financing activities		
Net increase in cash at bank and in hand	(56,976,248)	55,129,202
Movement in cash at bank and in hand	191,914,736	105,419,181
At start of year	106,239,430	179,568,735
Increase	1,358,995	1,690,995
Exchange losses on cash at bank and in hand	299,513,161	286,678,911
At end of year	299,513,161	286,678,911

