



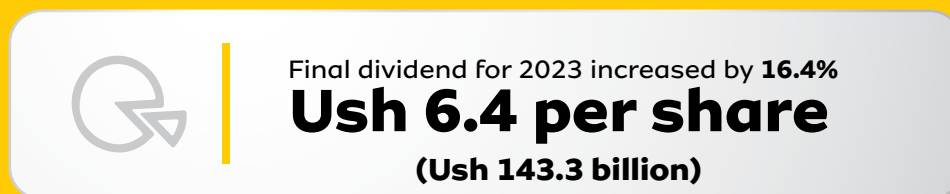
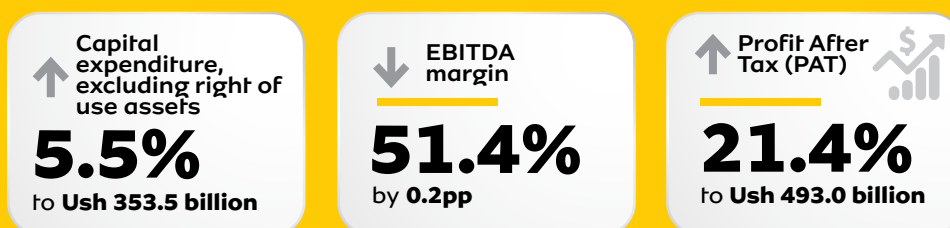
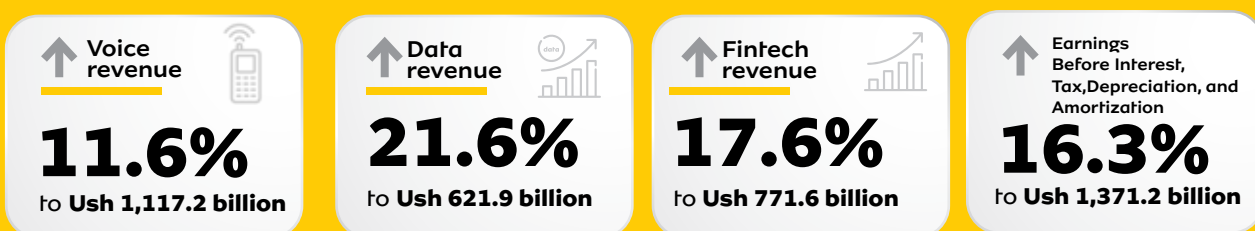
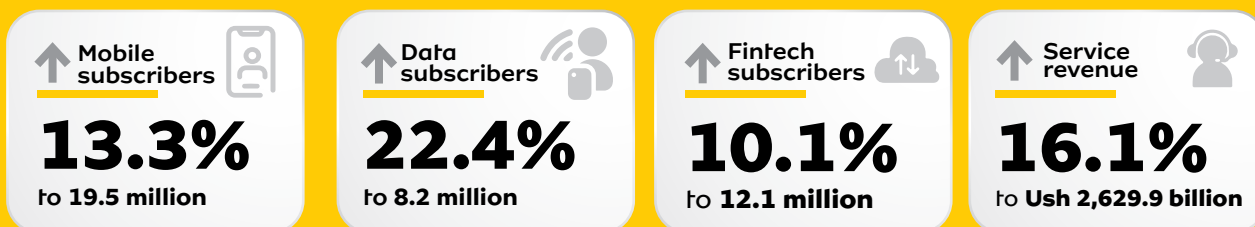
MTN Uganda Limited

**Audited Financial Results for the
Financial Year ended 31 December 2023**



MTN Uganda Limited (MTN Uganda) today announces its audited results for the financial year ended **31 December 2023**.

Salient features:



**Unless otherwise stated, financial and non-financial growth rates are presented on a year-on-year basis (YoY, 12M to 31 December 2023 versus 12M to 31 December 2022) and quarter on quarter (QoQ, 3M to 31 December 2023 versus 3M to December 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 are a count of all subscribers at a point in time who had a revenue generating event in the specified period (90 days) prior to that point in time. Active data users are 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. Total dividend is computed as the sum of the two 2023 interim dividends paid and the proposed final 2023 dividend.

MTN Uganda's Chief Executive Officer Message



Sylvia Mulinge
CEO, MTN Uganda.

"2023 was another significant year for MTN Uganda as we continued to implement our ambitious growth strategy. We grew all our headline numbers and delivered a resilient performance amidst an evolving external environment. For this achievement, I could not be prouder of the MTN Uganda team, our business partners and our valued customers."

One of our key milestones achieved in the year was the improvement of our network efficiency through the additional spectrum secured. We upgraded our existing infrastructure and expanded our network with an investment (excluding leases) of Ush 353.5 billion, as we work towards the fulfilment of our coverage and quality of service obligations. This enabled us deploy an additional 350 sites focusing on 4G LTE, which increased coverage by 6.7pp to 85.1% while our 3G and 2G coverage increased to 92.6% and 98.6% respectively.

We are also proud to have been the first network to go live on 5G closing the year with 37 sites rolled out. MTN Uganda was recognised as the **mobile operator with the fastest internet speed** this year, according to user-initiated tests completed in Uganda by Ookla, a global leader in mobile and broadband network intelligence. I note that these successes have relayed positively on our customer net promoter score positioning us well as the network of choice.

With a stronger network, we intensified our smartphone device financing and partnerships with equipment manufacturers; a key lever in driving digital inclusion and data growth. We registered an increase in smartphones sold throughout **MTN Kabode** programme and this initiative, coupled with our dynamic data value proposition and commercial partnership supported a 26.8% growth in smartphone users and smart phone penetration of 39.1%. We also launched, the e-SIM (embedded SIM) technology in Q4 allowing our smartphone customers to effortlessly switch carriers on international travel, add plans, and manage multiple phone numbers on a single device.

On the fintech side, we pioneered innovation and launched the **FMCG Digital Suite**, a mobile-based supply chain platform that allows businesses in the fast-moving consumer goods to place orders, generate invoices for deliveries, pay and collect returns in real-time. We also collaborated with the PostBank to assist the Government in the seamless disbursement of development funds through our platform to the grassroots level. This venture underlines our commitment to be an invaluable development partner in the achievement of Uganda's National Development Plan III and Vision2040, and to be a champion of financial inclusion.

On the back of these achievements, our customer base increased to 19.5 million subscribers and our service revenue up a record 16.1% supported by strong growth across all revenue lines. With subsiding inflation averaging 5.5% and a relatively stable currency recording 1.8% depreciation in the year, we were able to operate efficiently and grow our EBITDA by 16.3% and maintain our margins stable at 51.4%.



customer base increased to

19.5m
subscribers

Over the course of 2023 we focused on our ESG ambitions. We registered a 60.5% reduction in carbon emissions in line with our Net Zero goals. We have cumulatively upgraded 3,241 cell sites (representing 92% of total sites) to solar and lithium-ion battery storage as the primary power source and connected 2,329 sites (representing 67% of total sites) to grid power from diesel generators, reducing reliance on back-up diesel generators.

In relation to social equity, we set out to drive gender diversity, ensure gender pay parity, increase rural broadband connectivity, and make targeted corporate social investments. I am especially proud to announce that we surpassed the 50% for threshold for women in our workforce in October 2023. As of 31 December 2023, the complement of women in our workforce stood at 51.0% (up 1.6pp), with women in senior management up to 38.0%, from 35.6%. We further invested a total of Ush 4.4 billion in corporate social activities through the MTN Foundation impacting millions of Ugandans.

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Our governance agenda focused on sound internal corporate governance, respect for digital human rights in our operations, protecting consumer data privacy and conducting transparent stakeholder management. In Q4, we expanded the board to include Ms. Fatima Daniels, who has extensive board experience. I warmly welcome her to the MTN Uganda family. Our team continues to receive recognition for outstanding performance most notably our CFO, Mr. Andrew Bugembe was awarded Chief Financial Officer of the Year at the 7th Edition of the Association of Chartered Certified Accountants and Deloitte Uganda Chief Financial Officer Awards. Mr. Richard Yego also received recognition as Chief Executive Officer of the year at the Digital Impact Awards Africa. These awards are very much an endorsement of the talent we have at MTN Uganda.

We are pleased with the progress in our continued initiatives to drive digital and financial inclusion in Uganda, create shared value for our stakeholders and a more inclusive and sustainable society. We look forward to continued execution of our strategy to deliver growth and efficiencies for our business, supported by continued investment in our network and platforms. We have revised up our medium-term guidance for service revenue to "mid-teens", from "low to mid-teens". We continue to target a stable EBITDA margin, above 50%.

Key financial highlights

Ush (millions)	2023	2022	YoY	Q4 2023	Q4 2022	YoY
Total Revenue	2,669,146	2,286,252	16.7%	720,562	605,353	19.0%
Non-service revenue	39,284	20,324	93.3%	11,970	6,689	79.0%
Service Revenue	2,629,863	2,265,928	16.1%	708,592	598,664	18.4%
Voice	1,117,244	1,001,510	11.6%	289,044	250,902	15.2%
Data	621,982	511,346	21.6%	171,653	142,125	20.8%
Mobile Money	771,643	656,123	17.6%	216,020	185,725	16.3%
Other Service Revenue	118,994	96,949	22.7%	31,875	19,911	60.1%
Other income	1,110	30,799	-96.4%	-	115	-
Expenses	1,299,054	1,137,659	14.2%	331,549	278,540	19.0%
EBITDA	1,371,202	1,179,392	16.3%	389,013	326,928	19.0%
<i>EBITDA Margin</i>	<i>51.4%</i>	<i>51.6%</i>	<i>-0.2 pp</i>	<i>54.0%</i>	<i>54.0%</i>	<i>0.0 pp</i>
Depreciation & Amortization	442,179	407,115	8.6%	126,732	108,979	16.3%
EBIT	929,023	772,277	20.3%	262,281	217,949	20.3%
<i>EBIT Margin</i>	<i>34.8%</i>	<i>33.8%</i>	<i>1.0 pp</i>	<i>36.4%</i>	<i>36.0%</i>	<i>0.4 pp</i>
Net Finance Costs	222,696	181,248	22.9%	66,935	52,205	28.2%
Profit Before Tax (PBT)	706,327	591,029	19.5%	195,346	165,744	17.9%
Taxation	213,251	184,979	15.3%	59,056	52,350	12.8%
Profit After Tax (PAT)	493,077	406,050	21.4%	136,290	113,394	20.2%
Earnings Per Share	22.0	18.1	21.4%	6.1	5.1	20.2%
<i>PAT Margin</i>	<i>18.5%</i>	<i>17.8%</i>	<i>0.7 pp</i>	<i>18.9%</i>	<i>18.7%</i>	<i>0.2 pp</i>
Capex (IAS 17)	353,455	334,968	5.5%	64,034	64,758	-1.1%
Capex Intensity	13.2%	14.7%	-1.5 pp	8.9%	10.7%	-1.8 pp
Non-Financials (millions)						
Overall Mobile Subscribers	19.5	17.2	13.3%	19.5	17.2	13.3%
Data Subscribers	8.2	6.7	22.4%	8.2	6.7	22.4%
Fintech Subscribers	12.1	11.0	10.1%	12.1	11.0	10.1%

Note:

- Voice revenue includes interconnect and outbound roaming voice.
- Data revenue includes outbound roaming, fixed and mobile data.
- 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, digital.
- Non service revenue includes Information and Communications Technology (ICT) infrastructure and devices.

Steady data and fintech growth, supported by strong voice recovery, underpinned topline performance.



Voice revenue grew by 11.6% year on year supported by stronger growth in voice traffic and optimization of our bundle offering. In Q4, we witnessed accelerated growth of 15.2% as a result of aggressive net acquisitions and adoption of our festive voice packages in the period. We expanded our subscriber base by 13.3% to 19.5 million customers, delivered through sustained initiatives such as scaling our coverage, revamping our regional distribution network strategy and individualizing our customer packages with our enhanced CVM propositions.

Despite the strong growth, our voice contribution to overall service revenue reduced by 1.7pp to 42.5% (2022: 44.2%) in favour of faster-growing data and mobile money



Data revenue grew by 21.6% boosted by a 22.4% increase in our active data subscribers, compelling data packages and improved smartphone penetration (up to 39.1%, from 35.0%). This underpinned the 21.4% growth in data consumption (MB per active subscriber), with total data traffic up by 50.8%. Pleasingly, the share of 4G traffic accounted for 65.9% (2022: 55.9%) of the total volume. We note increasing traffic growth in 5G services as offices, homes, education, and health facilities adopt the technology. To support this growth, we improved our network capacity and speeds following the additional spectrum deployment in the 700MHz, 2300MHz and 2600 MHz bands, allowing for a better user experience.

In line with our ambition to accelerate core connectivity, we have invested extensively in our home broadband value proposition with an additional 2,654km of fiber deployed across major cities bringing the total coverage to 12,072km across the country. The network investment, in addition to commercial efforts has realized 56.8% growth in active subscribers.

Our data contribution to revenue increased to 23.7% (2022:22.6%) in line with our strategy.



Fintech revenue increased by 17.6% supported by solid growth of our basic revenue (deposit, withdraw and peer to peer transactions), albeit slightly slower than anticipated growth in our advanced revenue portfolio largely on lending as we experienced credit scoring challenges which impacted our portfolio. Encouragingly, payments performed strongly and, we note a strong recovery in our remittances vertical with the opening of 30 new payment corridors and new partnerships with financial institutions.

Despite the headwinds, the solid underlying performance resulted in improvement in our advanced revenue contribution to 24.7% (2022: 23.3%). Our ecosystem grew by 1.2 million active users and facilitated Ush 133.2 trillion (2022: Ush 92.3 trillion) in transactions. Our active merchant base increased by 68.7% to 292k and agents to 170k supporting 3.4 billion (2022: 2.6 billion) in transaction volumes (up 30.8%). A key focus for the year was to enhance our agent and merchant quality management teams to strengthen our competitive positioning in the market.

Our fintech revenue contribution grew to 29.3% (2022: 29.0%) complementing our telco services.



EBITDA grew by 16.3% supported by stronger revenue performance and focused operational efficiency. In Q4, we witnessed stronger QoQ growth of 19.0% as we consolidated our costs with the abating of inflation to an average of 2.5% versus 10.5% in Q4 2022. As we drive cost discipline in our operations, we were able to save Ush 26.6 billion in our expense efficiency programme. Our EBITDA margins held steady at 51.4%.



Depreciation and amortization costs increased by 8.6% in 2023 on account of increase in our finance lease costs attributed to the significant investment in sites.



Finance costs increased by 22.9% largely due to our accelerated investment in sites growing our finance leases. Our debt covenants remain within compliance levels and demonstrate our ability to meet all our financial obligations. We further note that all our debt is denominated in local currency, limiting our exposure to foreign currency movement. The net debt to EBITDA is within a comfortable level of 0.9x.



Profit after tax increased by 21.4% to Ush 493.0 billion with a higher profit margin of 18.5% (FY 2022: 17.8%). In line with our goal to maximize shareholder value as per our dividend policy, the board has approved a proposed dividend of Ush 403.0 billion translating to 81.7% payout in line with our guidance.



Capital expenditure increased by 5.5% to Ush 353.5 billion as we invested in strategic network capacity enhancements. We note that the lower growth rate in expenditure was further supported by a favorable forex trajectory as a large allocation of our capex is foreign denominated. Our capex intensity reduced to 13.2% (2022: 14.7%). Our free cash flows improved by 13.1% to 703.8 billion.



Regulatory Update The Ministry of Security issued the Regulation of Interception of Communications Regulations 2023 (RICR) which gave legislative force to the Uganda Communications Commission Operational Guidelines on SIM Card Registrations 2020. In this regulation, telecommunication service providers were required to suspend the provision of telecommunication services to consumers who have not fully registered or regularized by 12th November 2023. Accordingly some of our customers were impacted as a result of this compliance obligation and the suspended customers were provided a ninety-day period (up to 11th February 2024) to regularize their SIM Registration for restoration of service. This affected less than 1% of the customer base which demonstrates our strong internal compliance framework.

Outlook

According to the central bank, Uganda is poised for a more favourable macroeconomic outlook, with an economic growth of 6% expected for the year and inflation forecast to remain under 5%. As we continue to execute our **Ambition 2025** strategy in this context, we remain alert to the potential risks and headwinds to the outlook, focused on unlocking further efficiencies and disciplined capital allocation.

We will continue to invest in our network to drive our mobile data strategy and home broadband proposition in line with our ambition to **'own the home'**. Commercially, we expect to leverage the momentum in our customer acquisition and continue to refine our personalised offers to further sustain the growth in our connectivity business.

On the fintech side, our commercial focus is to strengthen our competitive positioning in the market by focusing on our advanced revenue products. With the challenges experienced in our lending product, we have since onboarded new partners to enhance our lending offering. We kicked-off 2024 with a brand campaign, **Wesofinge**, promoting our enhanced loan portfolio which should augment that revenue line.

With the success of cashless adoption via **MoMoPay**, we have commenced sectoral engagements to refine our informal merchant pricing proposition. We shall also leverage the partnership with Mastercard to broaden our service offering to customers and drive our journey to becoming the largest digital financial platform in Uganda.

Further to this, we have entered into a new agreement with an expanded scope relating to MTN's Mobile Money (MoMo) service on the Ericsson Wallet Platform. This supports our priority to broaden the scope of financial inclusion users, enabling them to access high-end business applications.

Powered by the Ericsson Wallet Platform, MoMo enables individuals and businesses to more easily conduct secure and convenient banking and payment transactions on their mobile devices. As certain of the costs are capitalised, such as software licensing, this will result in higher depreciation costs as the capitalized costs are amortized.

As we execute our plan to accelerate our topline, we will execute disciplined operational efficiency to sustain our margins. We remain guided by our value-based approach to capital allocation as we invest in our connectivity and platform businesses in support of our growth ambitions. We are on track to fulfil our NTO Licence commitments of covering 90% geographical coverage by 2025.

In terms of liability management, the tenor of our current syndicated debt is winding down and we will assess refinancing options on terms which ensure that our balance sheet is appropriately optimized in line with our existing capital allocation strategy. Managing our working capital will also be key as we preserve our liquidity in the conditions highlighted. This will provide us with the financial flexibility to execute our strategic priorities.

Localisation remains key as we prioritise creating shared value, broadening local participation, and deepening the Uganda capital markets. Over the course of 2024, we will explore a further sell-down of 7% shareholding to the public to broaden Ugandan shareholding and provide an opportunity to investors to own a stake in the company.

Our medium-term guidance is to deliver mid-teen service revenue growth, stable EBITDA margins above 50% and capex (excluding leases) intensity at mid-teen levels.

Final dividend recommendation

Notice is hereby given that the Company's directors have proposed the payment of the final dividend of **Ush 6.4 per share (Ush 143,289,883,130)** for the financial year ended 31 December 2023. 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	Tuesday, 4 June 2024
Dividend Payment Date	Friday, 21 June 2024

In line with the Uganda Securities Exchange (USE) Trading Rules 2021, the ex-dividend date will be **Wednesday, 29 May 2024**. Accordingly, an investor who buys MTN Uganda shares on or before this date will be entitled to the final dividend. Any investor buying MTN Uganda shares after **Wednesday, 29 May 2024** will not be entitled to the final dividend declared for the period.

The dividend will be transferred electronically to the bank accounts or mobile money wallets of shareholders upon approval at the Annual General Meeting.

Directors statement

The below financial statements for the year ended 31 December 2023 were audited by Ernst & Young, Certified Public Accountants, who issued an unqualified opinion. A full copy of the audited financial statements can be obtained at the MTN Uganda Limited headquarters on plot 69-71, Jinja Road.

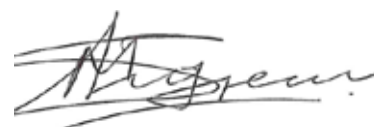
The financial statements were approved by the Board of Directors on **Tuesday, 5 March 2024** and signed on their behalf by:



Charles Mbire
Board Chairperson



Sylvia Mulinge
Chief Executive Officer



Andrew Bugembe
Chief Financial Officer



Audited condensed consolidated financial statements for the period ended 31 December 2023

Consolidated Statement of Comprehensive Income

	2023	2022
	Shs '000	Shs '000
Revenue from contracts with customers	2,669,145,697	2,286,251,974
Other income	1,110,147	30,799,414
Direct network operating costs	(338,159,012)	(284,343,020)
Government and regulatory costs	(65,780,091)	(57,935,672)
Cost of handsets and other accessories sold	(41,562,051)	(23,878,564)
Interconnect and roaming	(69,200,852)	(49,455,209)
Employee benefits	(135,309,708)	(126,574,477)
Selling, distribution and marketing expenses	(461,829,997)	(414,176,823)
Increase in impairment of trade receivables	(7,038,379)	(7,797,794)
Other operating expenses	(180,174,309)	(173,497,928)
Depreciation and impairment of property, plant, and equipment	(350,545,448)	(330,505,073)
Amortization of intangible assets	(91,632,699)	(76,609,606)
Operating profit	929,023,298	772,277,222
Foreign exchange losses	(1,776,253)	(17,782,115)
Finance income	54,548,122	28,046,232
Finance costs	(275,467,751)	(191,512,274)
Profit before tax	706,327,416	591,029,065
Income tax expense	(213,250,640)	(184,978,704)
Profit for the year	493,076,776	406,050,361
Other comprehensive income for the year net of tax		-
Total comprehensive income for the year	493,076,776	406,050,361
Basic/ diluted earnings per share	22.02	18.14

Consolidated Statement of Financial Position

	2023	2022
	Shs '000	Shs '000
Assets		
Non-current assets		
Property, plant, and equipment	1,086,547,617	949,189,267
Right-of-use assets	1,091,713,853	949,357,815
Intangible assets	429,636,764	357,716,576
Deferred Tax assets	21,609,312	14,615,302
Contract assets	23,424,082	10,702,428
Receivables and prepayments	66,552,945	55,876,044
	2,719,484,573	2,337,457,432
Current assets		
Inventories	12,745,207	27,432,437
Current Investments	12,265,000	-
Current income tax recoverable	1,976,045	429,270
Contract assets	21,716,960	10,585,068
Trade and other receivables	187,243,059	185,363,265
Mobile money deposits	1,488,546,693	1,207,758,423
Cash and cash equivalents	238,562,937	200,772,719
	1,963,055,901	1,632,341,182
Total Assets	4,682,540,474	3,969,798,614
Equity		
Ordinary share capital	22,389,044	22,389,044
Retained earnings	991,829,855	881,608,509
	1,014,218,899	903,997,553
Liabilities		
Non-current liabilities		
Borrowings	17,651,546	82,897,391
Lease liabilities	1,107,020,973	965,891,796
Other financial liability	97,446,644	-
Contract liabilities	12,395,428	12,215,045
Employee share-based payment liability	10,135,073	19,513,613
	1,244,649,664	1,080,517,845
Current liabilities		
Trade and other payables	510,052,772	460,430,472
Other financial liability	24,192,394	-
Contract liabilities	31,960,239	16,507,615
Current income tax payable	2,534,440	4,323,181
Borrowings	184,736,253	166,675,565
Lease liabilities	149,728,208	106,595,075
Mobile money deposits	1,488,546,693	1,207,758,423
Employee share-based payment liability	4,629,720	5,446,593
Provisions	27,291,192	17,546,292
	2,423,671,991	1,985,283,216
Total liabilities	3,668,321,575	3,065,801,061
Total equity and liabilities	4,682,540,474	3,969,798,614

Consolidated Statement of Changes in Equity

	Ordinary Share Capital	Retained Earnings	Total Equity
	Shs '000	Shs '000	Shs '000
Year ended 31 December 2022	22,389,044	813,769,826	836,158,870
At start of year			
Comprehensive income:			
Profit for the year	-	406,050,361	406,050,361
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	406,050,361	406,050,361
Transactions with owners:			
Dividends paid	-	(338,211,678)	(338,211,678)
	-	(338,211,678)	(338,211,678)
At end of year	22,389,044	881,608,509	903,997,553
Year ended 31 December 2023			
At start of year	22,389,044	881,608,509	903,997,553
Comprehensive income:			
Profit for the year	-	493,076,776	493,076,776
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	493,076,776	493,076,776
Transactions with owners:			
Dividends paid	-	(382,855,430)	(382,855,430)
	-	(382,855,430)	(382,855,430)
At end of year	22,389,044	991,829,855	1,014,218,899

Consolidated Statement of Cash Flows

	2023	2022
	Shs'000	Shs'000
Operating activities		
Cash generated from operations	1,401,051,062	1,237,180,299
Interest received	53,283,122	28,046,231
Interest paid on Mobile Money deposits	(42,366,940)	(20,706,131)
Interest paid on borrowings	(32,229,116)	(29,191,791)
Interest paid on lease liabilities	(185,140,944)	(141,072,847)
Dividends paid	(382,855,430)	(338,211,678)
Income tax paid	(223,580,166)	(186,891,550)
Net cash generated from operating activities	578,118,764	549,152,533
Cash flow from investing activities		
Payments for property, plant, and equipment	(319,028,000)	(295,573,672)
Proceeds from disposal of property, plant, and equipment	1,143,792	4,832,840
Purchase of intangible assets	(33,365,283)	(42,085,919)
Net cash used in investing activities	(351,249,491)	(332,826,751)
Financing activities		
Repayments of borrowings	(108,419,269)	(120,451,228)
Proceeds from borrowings	60,000,000	-
Payment of principle portion of lease liability	(129,004,180)	(79,680,325)
Payment of financial liability	(10,210,078)	-
Net cash used in financing activities	(187,633,527)	(200,131,553)
Net increase in cash at bank and in hand	39,235,746	16,194,229
Movement in cash at bank and in hand		
At start of year	200,772,719	188,814,310
Increase	39,235,746	16,194,229
Exchange losses on cash at bank and in hand	(1,445,528)	(4,235,820)
At end of year	238,562,937	200,772,719



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About MTN Uganda

MTN Uganda is one of Africa's largest providers of communications services, connecting approximately 19.5 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.