



MTN Uganda Limited

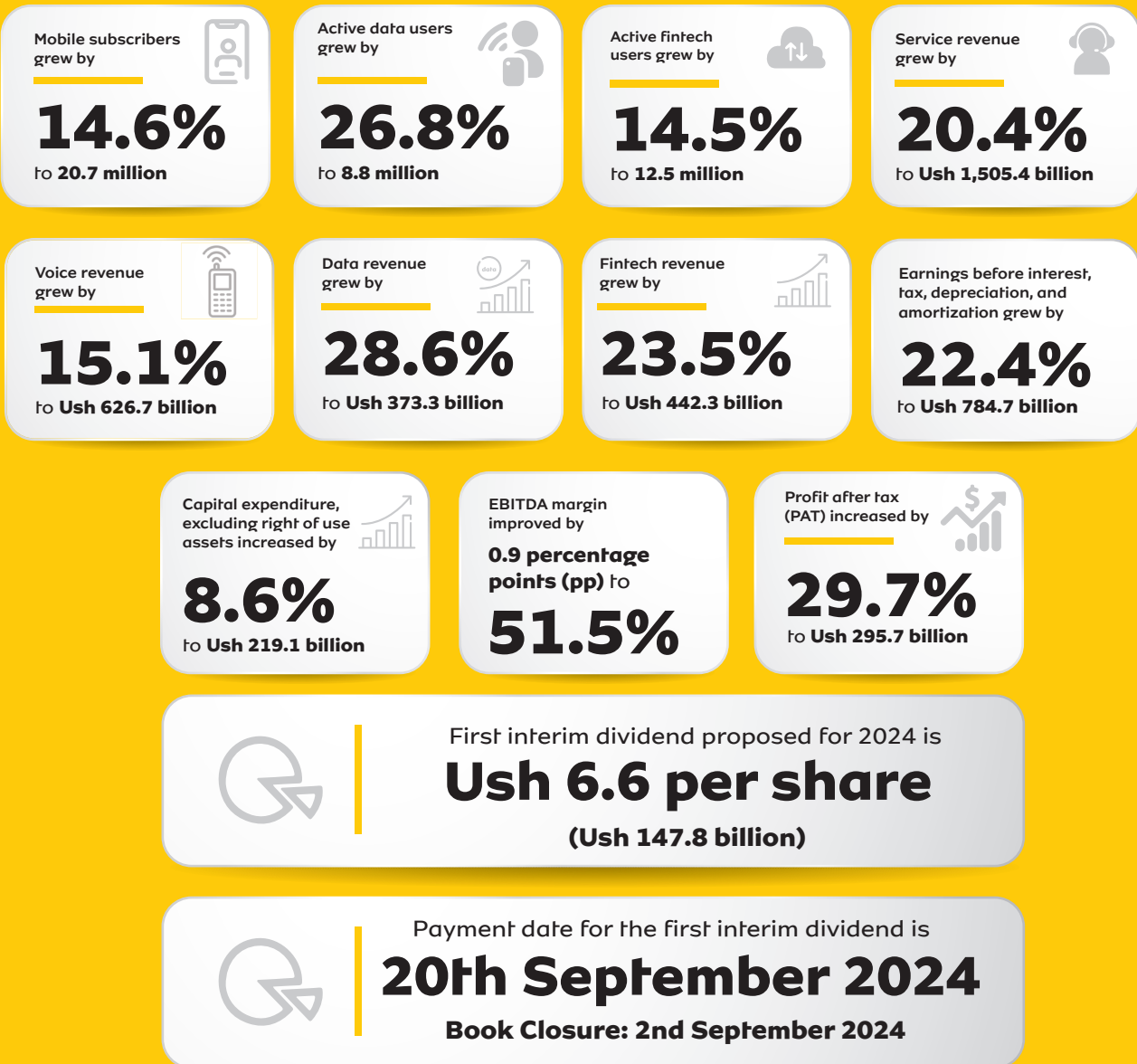
Interim financial results for the
six months ended 30 June 2024



MTN Uganda Limited (MTN Uganda) today announces its interim financial results for the six months ended 30 June 2024.

Kampala, Uganda | Monday, 5 August 2024

Salient features:



**Unless otherwise stated, financial and non-financial growth rates are presented on a year-on-year basis (YoY, 6M to 30 June 2024 versus 6M to 30 June 2023 and 6M to 30 June 2024 versus 6M to 30 June 2023).*

Service revenue excludes device and SIM card revenue. Data revenue is mobile and fixed access data and excludes roaming and wholesale. Fintech includes MoMo and airtime advance. Active mobile users are a count of all subscribers at a point in time which had a revenue generating event in the last 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 in the past 30 days.



MTN Uganda's Chief Executive Officer (CEO) Message

Sylvia Mulinge



MTN Uganda's performance in the first half of the year continued on a positive trend, supported by the overall momentum in economic growth. The Ugandan economy grew by 6.0% for the 2023/24 financial year with macro-economic indicators trending favourably in the six-month period.

Headline inflation moderated with an average of 3.4% (H1 23: 8.0%) underpinned by lower food inflation and improved exchange rate stability. The Uganda shilling appreciated by 2.0% against the US dollar in H1 24, driven by recovery of trade receipts and continued monetary policy support. Against this backdrop, our strong commercial execution enabled us to deliver a pleasing set of results.

Service revenue grew strongly by 20.4% driven by resilience in both the connectivity and fintech businesses, underpinned by our growing loyal base of 20.7 million customers (up 14.6% YoY). Our extensive network investment and improved customer value proposition enhanced customer experience, culminating in growth of our subscriber base and reduced churn.

MTN Uganda **achieved first place** in the latest net promoter score (NPS) assessment for Q2 2024, conducted by an independent third-party testing organisation. This achievement marks our lead for 14 consecutive quarters and attests to our continued customer satisfaction efforts.

To enhance the quality, capacity, and resilience of our network, we invested Ush 219.1 billion focused on 4G and 5G. Our 4G LTE population coverage increased to 87.8%, up 4.4pp while our 5G roll-out extended to 538 strategic sites with full coverage of the capital, Kampala. Our 2G and 3G population coverage also rose to 98.9% (+0.5pp) and 93.2% (+0.8pp) respectively as we extended connectivity across the country to ensure

that **all Ugandans enjoy the benefits of a modern connected life.**

In fintech, our investment in H1 was geared towards advancing the ecosystem with a focus on creating a deeper appreciation of our advanced services and expansion of our core services. During Q1, we addressed our customers credit requirements by establishing a comprehensive loan suite **Wesotinge** in partnership with five financial institutions to meet both short- and long-term liquidity requirements. In Q2, we focused on improving the financial flexibility of merchants and agents to ramp up cashless transaction usage. We introduced a short-term credit facility **Merchant XtraStock** and increased the number of cashpoints for agent top ups to reduce the float gaps in the market. The improved liquidity in the trade helped to drive a 25.2% YoY expansion in transactions volumes to 2.0 billion.



Notably, during the quarter ended 30 June 2024, MTN Uganda Limited fulfilled its 20% listing obligation on the Uganda Securities Exchange, following the secondary sale offer of approximately 1.6bn ordinary shares in the Company.

The offer which recorded a 2.3x subscription, aligned with MTN's objective to broaden Ugandan shareholding in the Company and provided an opportunity to Ugandan retail and professional investors, including our loyal customers, to own a stake in the Company and participate in its future growth. The successful offer expanded our shareholder base to 20,636 shareholders with remarkable participation from local pension funds representing over two million indirect beneficiaries.

We are proud to have been the **sole telecom partner** in the first digital national population and household census held in May 2024. The census recorded a total of 45.9 million people with 50% below the age of 18. We are proud to have supported the government in this project which enabled timely collection, processing and dissemination of results.

In the spirit of creating shared value in our communities, in June our staff participated in 30 days of **Y'ello** Care in support of education for rural and remote communities. The implemented projects have supported over 4,450 direct beneficiaries who received revamped computer laboratories for digital literacy, clean water facilities, student accommodation rehabilitation and skills training on sustainable agricultural and healthcare practices.

We are encouraged by the increasing demand for our services as we continually position **MTN as the brand of choice** for our customers. We believe that the business is well positioned to continue unlocking growth and our operating model remains agile to ensure margin resilience.

We thank all our stakeholders including our regulators and staff for the support in achieving this success and commit to meet our medium-term guidance targets in line with the **Ambition 2025** strategy.

Key financial highlights

Ush millions	H1 2024	H1 2023	YoY	Q2 2024	Q2 2023	YoY
Total revenue	1,522,676	1,267,089	20.2%	772,184	639,161	20.8%
Non-service revenue	17,278	17,030	1.5%	8,155	10,213	-20.2%
Service revenue	1,505,398	1,250,059	20.4%	764,029	628,948	21.5%
Voice	626,731	544,659	15.5%	311,313	271,669	14.6%
Data	373,273	290,239	28.6%	195,415	144,970	34.8%
Fintech	442,301	358,282	23.5%	226,337	183,443	23.4%
<i>Mobile money</i>	<i>430,787</i>	<i>342,833</i>	<i>25.7%</i>	<i>221,113</i>	<i>176,028</i>	<i>25.6%</i>
<i>Xtratime</i>	<i>11,514</i>	<i>15,449</i>	<i>-25.5%</i>	<i>5,224</i>	<i>7,415</i>	<i>-29.6%</i>
Other service revenue	63,093	56,879	10.9%	30,963	28,866	7.3%
Other income	253	55	360.8%	253	-	-
Expenses	738,253	626,117	17.9%	378,168	324,545	16.5%
EBITDA	784,676	641,027	22.4%	394,269	314,616	25.3%
EBITDA margin	51.5%	50.6%	0.9 pp	51.1%	49.2%	1.8 pp
Depreciation and Amortization	239,118	211,174	13.2%	121,301	106,262	14.2%
EBIT	545,558	429,853	26.9%	272,968	208,354	31.0%
EBIT margin	35.8%	33.9%	1.9 pp	35.4%	32.6%	2.8 pp
Net finance costs	121,042	104,212	16.2%	64,341	51,502	24.9%
Profit before tax (PBT)	424,516	325,641	30.4%	208,627	156,852	33.0%
Taxation	128,776	97,606	31.9%	62,914	49,463	27.2%
Profit after tax (PAT)	295,740	228,035	29.7%	145,713	107,389	35.7%
Earnings per share	13.2	10.2	29.7%	6.5	4.8	35.5%
PAT margin	19.4%	18.0%	1.4 pp	18.9%	16.8%	2.1 pp
Capex (IFRS 16)	364,399	289,119	26.0%	210,475	160,136	31.4%
Capex (excluding leases)	219,071	201,743	8.6%	98,692	108,965	-9.4%
Capex intensity	14.4%	15.9%	-1.5 pp	12.8%	17.0%	-4.3 pp
Non-financials (millions)						
Mobile subscribers	20.7	18.1	14.6%			
Data subscribers	8.8	6.9	26.8%			
Fintech subscribers	12.5	10.9	14.5%			

Note:

- Year-on-year movements have been computed based on balances before rounding
- 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 Xtratime 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 device.

Operational Review

Strong half-year performance, solid recovery in data and fintech growth.

Voice revenue grew by 15.1% YoY driven by a sustained aggressive customer acquisition strategy coupled with a refreshed country-wide voice campaign in the period. Our improved all-network bundle packages have been well received as we continually address value and affordability proposition. We have also strategically invested in increasing our service touch points and network sites particularly in the upcountry regions. These efforts have resulted in a 2.6 million growth in our base during the period.

The contribution of voice revenue to service revenue declined by 1.6pp to 41.6% (H1 23: 43.6%) owing to continued improvement of our data and fintech segments.

Data revenue accelerated by 28.6% boosted by a 26.8% growth in active data users to 8.8 million. Our two-pronged strategy of deepening smartphone penetration through device financing and strategic partnerships with device manufacturers has yielded a 5.9pp growth to 41.6%. We have continued to improve our data value proposition which has reduced churn and increased usage. Our average subscriber data consumption (MB per active subscriber) improved by 19.9% while total data traffic increased by 51.9% with 4G traffic accounting for over two-thirds of total data volume.

In Q2, our data revenue performance grew strongly by 34.8% YoY as our customers continue to enjoy faster through-puts and better connectivity as a result of the increased 4G LTE investment.

Our **home broadband** strategy unfolded positively with a 130% growth in active subscribers amidst a highly competitive market. In the quarter, we introduced 4G and 5G speed-based fixed wireless packages to boost our proposition and

increased our fiber network by 54.2% YoY to 12,102 km.

Data revenue contribution to service revenue increased to 24.8% (H1 23: 23.2%).

Fintech revenue registered a 23.5% YoY growth with a strong performance in our mobile money business which grew by 25.7% (H1 23: 19.8%). Our solid revenue performance was driven by increased activity, with transaction volume up by 25.2% to 2.0 billion and transaction value up by 12.6% to Ush 69.4 trillion. The growth in transaction volume has been bolstered by higher merchant payments and P2P activity while our advanced revenues continue to benefit from the success of the **Wesotinge** loan campaign which has strengthened our Banktech revenue line. Advanced revenue contribution increased to 28.2% (H123: 26.3%). Our merchants increased by 43.1% to 382k and agents by 24.9% to 202k

Fintech revenue contribution to service revenues also increased to 29.4% (H1 23: 28.7%).

Digital revenue grew by 26.0% driven by of our content value added services as we continually invest in our platforms to address the entertainment needs of our customers. Our super app **ayoba** registered a 34.6% YoY increase in subscribers to 1.9 million users in the period.

EBITDA grew by 22.4% YoY driven by strong revenue growth and operational efficiency in part supported by relatively low inflation and exchange rate stability. This performance enabled us to deliver a margin of 51.5%, a 0.9pp improvement YoY.

In Q2, we recorded faster growth in EBITDA at 25.3% secured by lower inflation in Q2 of 3.6% versus 6.4% in the same period last year.

Depreciation and amortization rose by 13.2% YoY driven by the higher network investments which impacted our lease costs.

Finance costs grew strongly particularly in Q2 in light of increased interest expense on lease liabilities as a result of accelerated investment in the period. Our net debt to EBITDA is currently at 0.1x in compliance with our financial covenants and all our debt is fully localized as we manage exchange rate risk.

Profit after tax increased by 29.7% to Ush 295.7 billion, with an uplift in PAT margin of 1.4pp to 19.4%.

Capex(excluding leases) increased by 8.6% YoY as we densified our network footprint across the country. With our investments paying off with increased revenues, our capex intensity reduced by 1.5 pp to 14.4% in line with our medium-term target.

Outlook

The Ugandan economy is projected by the Bank of Uganda to continue a growth trend of 6.0-6.5% in the medium term with inflation in H2 24 expected to pick up moderately between 5.0-5.4% driven by increased consumer demand. We are cognizant of the downside risks to this outlook arising from potential global energy hikes and unfavorable weather conditions, which could impact food supply. Additionally, persistent global inflation and higher interest rates could create volatility in the exchange rate.

As we look ahead, we are committed to delivering on our strategy while actively monitoring developments in our operating environment to ensure financial resilience and value creation for all our stakeholders.

Leveraging on our network investment, we commit to deliver reliable and affordable voice and data services to empower our loyal customer base. To sustain our commercial momentum in the second half, we will continue to partner, innovate and solution to meet an ever-evolving market as technology advances. Our investments particularly in 5G and 4G LTE should augment our customers' user experience and reinforce the momentum we have achieved.

In fintech, we continue to focus on further enhancement of the liquidity requirements in the trade for our merchants and agents. We are also monitoring the impact on our basic revenues following a directive from Bank of Uganda in Q2 on mandatory verification of customers conducting mobile money transactions involving sums above Ush 1 million on both withdrawals and deposits. We are engaging our large value customer base through CVM and product innovation to protect our portfolio.

As we maximize our shareholder returns and enhance our financial resilience, we will continue to monitor our cost efficiencies through our expense efficiency program and optimise our capital investments for the remaining part of the year.

With this, we maintain our medium-term guidance framework of delivering mid-teen service revenue growth, stable EBITDA margins above 50% and maintaining capex (excluding leases) intensity at mid-teen levels as we support our growth prospects.

Final dividend recommendation

Notice is hereby given that the Company's directors have proposed the payment of the first dividend of **Ush 6.6 per share (Ush 147,767,692,977)** for the six months ended 30 June 2024. 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	Monday, 2 September 2024
Dividend Payment Date	Friday, 20 September 2024

In line with the Uganda Securities Exchange (USE) Trading Rules 2021, the ex-dividend date will be **Wednesday, 28 August 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, 28 August 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.

Directors statement

The below interim financial statements for the period ended 30 June 2024 were reviewed by Ernst & Young, Certified Public Accountants.

The financial statements were approved by the Board of Directors on **Thursday, 1 August 2024** and signed on their behalf by:



Sylvia Mulinge
**Chief Executive Officer/
Executive Director**



Andrew Bugembe
**Chief Finance Officer/
Executive Director**

Interim condensed consolidated financial statements for the period ended 30 June 2024

Consolidated Statement of Comprehensive Income

	June 2024 Reviewed	June 2023 Reviewed
	Shs '000	Shs '000
Revenue from contracts with customers	1,522,675,972	1,267,089,363
Other income	253,257	54,959
Direct network operating costs	(175,660,204)	(166,956,810)
Government and regulatory costs	(37,582,789)	(29,743,359)
Cost of handsets and other accessories sold	(16,896,646)	(18,636,329)
Interconnect and roaming	(78,555,047)	(28,031,000)
Employee benefits	(73,216,879)	(63,729,159)
Selling, distribution and marketing expenses	(257,660,477)	(222,270,275)
Increase in impairment of trade receivables	(4,458,449)	(1,096,702)
Other operating expenses	(94,222,112)	(95,653,695)
Depreciation and impairment of property, plant, and equipment	(194,719,170)	(178,416,615)
Amortisation of intangible assets	(44,398,995)	(32,757,677)
Operating profit	545,558,461	429,852,701
Finance income	26,464,254	27,331,065
Finance costs	(145,561,232)	(130,053,195)
Net foreign exchange losses	(1,945,228)	(1,489,409)
Profit before tax	424,516,255	325,641,162
Income tax expense	(128,776,625)	(97,606,038)
Profit for the period	295,739,630	228,035,124
Other comprehensive income for the year net of tax	-	-
Total comprehensive income for the period	295,739,630	228,035,124
Basic/ diluted earnings per share	13.2	10.2

Consolidated Statement of Financial Position

	June 2024 Reviewed	June 2023 Reviewed	Dec 2023 Audited
	Shs '000	Shs '000	Shs '000
Assets			
Non-current assets			
Property, plant and equipment	1,200,858,421	1,031,959,769	1,086,547,617
Right-of-use assets	1,183,323,732	1,030,095,262	1,091,713,853
Intangible assets	393,057,967	347,346,388	429,636,764
Deferred tax assets	29,239,049	22,085,688	21,609,312
Contract assets	31,461,934	15,582,044	23,424,082
Receivables and prepayments	62,149,508	68,517,997	66,552,945
	2,900,090,611	2,515,587,148	2,719,484,573
Current assets			
Inventories	19,276,561	27,603,528	12,745,207
Income tax recoverable	80,993,937	1,391,295	1,976,045
Contract assets	27,481,308	14,695,399	21,716,960
Trade and other receivables	228,508,837	190,481,891	187,243,059
Current Investments	11,916,040	11,000,000	12,265,000
Mobile money deposits	1,349,173,557	1,253,979,015	1,488,546,693
Cash and cash equivalents	98,339,362	145,197,937	238,562,937
	1,815,689,602	1,644,349,065	1,963,055,901
Total Assets	4,715,780,213	4,159,936,213	4,682,540,474
Equity			
Ordinary share capital	22,389,044	22,389,044	22,389,044
Retained earnings	1,144,279,602	986,503,889	991,829,855
	1,166,668,646	1,008,892,933	1,014,218,899
Liabilities			
Non-current liabilities			
Borrowings	-	52,618,196	17,651,546
Lease liabilities	1,194,376,627	1,041,297,949	1,107,020,973
Other financial liability	83,906,106	-	97,446,644
Deferred revenue- IRU assets	14,081,965	11,761,998	12,395,428
Employee share-based payment liability	11,329,154	11,401,422	10,135,073
	1,303,693,852	1,117,079,565	1,244,649,664
Current liabilities			
Trade and other payables	416,421,906	446,517,239	510,052,772
Contract liabilities	43,595,418	15,457,454	31,960,239
Income tax payable	-	718,845	2,534,440
Bank overdraft	53,257,299	-	-
Borrowings	165,091,933	165,223,638	184,736,253
Lease liabilities	174,055,630	130,720,273	149,728,208
Other financial liability	19,780,394	-	24,192,394
Mobile money deposits	1,349,173,557	1,253,979,015	1,488,546,693
Employee share-based payment liability	4,930,720	4,424,335	4,629,720
Provisions	19,110,858	16,922,916	27,291,192
	2,245,417,715	2,033,963,715	2,423,671,911
Total liabilities	3,549,111,567	3,151,043,280	3,668,321,575
Total equity and liabilities	4,715,780,213	4,159,936,213	4,682,540,474

Consolidated Statement of Changes in Equity

	Ordinary Share Capital	Retained Earnings	Total Equity
	Shs '000	Shs '000	Shs '000
For the six months ended 30 June 2023			
As at 1 January 2023	22,389,044	881,608,509	903,997,553
Comprehensive income:			
Profit for the period	-	228,035,124	228,035,124
Total comprehensive income for the period	-	228,035,124	228,035,124
Transactions with owners:			
Dividends paid	-	(123,139,744)	(123,139,744)
As at 30 June 2023 (Reviewed)	22,389,044	986,503,889	1,008,892,933
For the year ended 31 December 2023			
As at 1 January 2023	22,389,044	881,608,509	903,997,553
Comprehensive income:			
Profit for the period	-	493,076,776	493,076,776
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	493,076,776	493,076,776
Transactions with owners:			
Dividends paid	-	(382,855,430)	(382,855,430)
As at 31 December 2023 (Audited)	22,389,044	991,829,855	1,014,218,899
For the six months ended 30 June 2024			
As at 1 January 2024	22,389,044	991,829,855	1,014,218,899
Comprehensive income			
Profit for the period	-	295,739,630	295,739,630
Total comprehensive income for the period	-	295,739,630	295,739,630
Transactions with owners:			
Dividends paid	-	(143,289,883)	(143,289,883)
As at 30 June 2024 (Reviewed)	22,389,044	1,144,279,602	1,166,668,646

Consolidated Statement of Cash Flows

	June 2024 Reviewed	June 2023 Reviewed
	Shs'000	Shs'000
Operating activities		
Cash generated from operations	634,561,646	534,040,421
Interest received	26,813,214	5,989,179
Interest paid on mobile money deposits	(21,161,097)	-
Interest paid on borrowings	(13,476,561)	(17,980,641)
Interest paid on lease liabilities	(107,688,023)	(90,423,215)
Interest on financial liability	(4,567,232)	-
Dividends paid	(143,289,883)	(123,139,744)
Income tax paid	(217,958,694)	(109,642,785)
Net cash generated from operating activities	153,233,370	198,843,215
Cash flow from investing activities		
Payments for property plant and equipment and IRU assets	(206,748,942)	(139,920,596)
Proceeds from disposal of property plant and equipment	231,418	172,937
Purchase of intangible assets	(6,779,967)	(21,231,651)
Net cash used in investing activities	(213,297,491)	(160,979,310)
Financing activities		
Repayments of borrowings	(90,459,634)	(66,709,634)
Proceeds from borrowings	55,000,000	35,000,000
Payment of principal portion of lease liability	(77,976,735)	(60,410,275)
Payment of financial liability	(17,926,725)	-
Net cash used in financing activities	(131,363,094)	(92,119,909)
Net decrease in cash at bank and in hand	(191,427,215)	(54,256,004)
Movement in cash at bank and in hand		
At start of period	238,562,937	200,772,719
Decrease	(191,427,215)	(54,256,004)
Exchange losses on cash at bank and in hand	(2,053,659)	(1,318,778)
Cash and Cash equivalents at the end of the period	45,082,063	145,197,937



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About MTN Uganda

MTN Uganda is one of Africa's largest providers of communications services, connecting approximately 20.7 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.