

MTN Group Limited  
(Incorporated in the Republic of South Africa)  
Registration number 1994/009584/06  
Share code: MTN  
ISIN: ZAE000042164  
("MTN Group")

## **MTN NIGERIA RELEASES UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

Shareholders are advised that MTN Nigeria Communications Plc (MTN Nigeria), one of Africa's largest providers of communications services, which has a clear vision to lead the delivery of a bold, new digital world, today, announces its unaudited results for the six months ended 30 June 2020.

### **Salient features:**

- Mobile subscribers increased by 6.8 million to 71.1 million
- Active data users increased by 3.8 million to 29.0 million
- Service revenue increased by 12.6% to NGN637.0 billion
- Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 8.2% to N327.1 billion
- EBITDA margin declined by 2.0 pp to 51.3%
- Profit before tax (PBT) declined by 2.0% to N139.6 billion
- Earnings per share (EPS) declined by 4.7% to N4.66kobo
- Interim dividend per share of N3.50 kobo

*Unless otherwise stated, financial information is year-on-year (YoY, H1 2020 versus H1 2019) and non-financial information is year-to-date (June 2020 versus December 2019).*

### **MTN Nigeria CEO, Ferdi Moolman comments:**

*"Following a strong first quarter, we experienced a challenging operating environment in the second quarter characterised by COVID-19 induced lockdowns and the broader macro-economic impact it has had. Despite this, we have maintained double-digit service revenue growth of 12.6% for H1, driven by strong growth in our key revenue lines.*

*Data revenue rose by 57.6% supported by an increase in data users and traffic. Revenue from digital and fintech services rose by 121.8% and 29.6% respectively, while voice revenue growth was 2.8% amidst a change in traffic pattern following the lockdowns. However, costs also increased leading to an overall decline in profit before tax and earnings per share.*

*In the first half of the year, we achieved 6.8 million in net additions, to connect over 71.1 million customers to our network. We also connected 3.8 million new users to the internet, bringing our active data subscribers to 29 million. Our MoMo subscribers increased by 1.6 million to 2.2 million, the majority of which were in Q2. We prioritised the upgrade of our network capacity to accommodate growth in traffic, while continuing to expand 4G network coverage, albeit at a slower pace given the constraints presented by COVID-19.*

*As part of several initiatives under our Y'ello Hope Package launched in Q1, we offered our subscribers*

*free SMS targeted at providing value to the vulnerable in the society. It is pleasing that 75% of our subscribers benefitted, sending over 4.3 billion messages through the SMS platform. We also offered free money transfers using the MoMo Agent Network with over 100,000 customers utilising the service.*

*During the period, we changed the accounting treatment of the Value Added Tax (VAT) component of our lease payments resulting in some impact on margins. In addition to this, the combined effect of the foreign exchange rate adjustments, the 2.5% increase in value-added tax and the associated costs of COVID-19 initiatives have impacted margins. As a result, growth in EBITDA was 8.2% in H1, while EBITDA margin declined by 2.0pp to 51.3% and profit before tax and EPS declined by 2.0% and 4.7%, respectively.*

*In line with our dividend policy, the Board of Directors has approved an interim dividend of N3.50 kobo per share to be paid out of distributable net income."*

### **COVID-19 Impact**

Our response to the global pandemic and its impact was focused in four broad areas, namely social, commercial, network and supply chain as well as funding and liquidity considerations.

In terms of the **social** impact, health concerns, along with the restriction on movement and lockdown of certain parts of the economy, impacted our peoples' working routine. To address this, we implemented work from home initiatives to ensure business continuity. We also intensified health and safety measures, including the increased use of personal protective equipment and hand sanitisers to preserve the wellbeing of our staff.

Through various contributions and initiatives, we supported our customers, communities and government in the transition through this unique situation. This includes support for the Federal Inland Revenue Services' (FIRS) revenue acceleration efforts with an early payment of our taxes ahead of established deadlines.

We launched a free SMS initiative in early April targeted at the low-income mass market, which concluded at the end of June, with more than 4.3 billion free SMS's sent by more than 53 million customers. Customers used more than 3,000TB of free data to access zero-rated healthcare websites. We have now expanded this initiative to include a range of education platforms endorsed by Nigerian federal and state governments. This is in addition to the N1 billion donation we have made to the Coalition Against COVID-19 (CACOVID), the N250 million of personal protective equipment (PPE) delivered to the Nigeria Centre for Disease Control (NCDC) through MTN Nigeria Foundation, and the logistical and communications support provided to the Nigerian Governors Forum, NCDC and State Governments.

From a **commercial** perspective, demand for data and digital services grew significantly, but we saw a decline in demand for voice services as our customer base, especially in the mass market segment, our largest, was impacted by the economic constraints caused by lockdowns in the country. The acceleration in data and digital revenue only partially offset the decline in voice revenue. As lockdown restrictions have eased, we have seen an encouraging recovery in voice revenue.

With regards to our **network and supply chain**, the movement restrictions and scarcity of foreign

exchange affected site rollout. We have mitigated these effects through building up inventories of critical spares as well as closer control and management of our supply chain.

Our **funding and liquidity** remain well-managed, supported by strong cash flows and approved headroom facilities. Our headroom to leverage is comfortably within banking covenants and are able to meet our operational, investment and financial requirements and obligations. Our foreign currency exposure is within manageable limits, with 95% of our debt in local currency, so that our balance sheet can withstand currency volatility.

Further impacts of COVID-19 are very uncertain and will depend on the evolution of the virus throughout the remainder of the year, any reinstatement or intensification of lockdowns and any other economic impacts caused by the global situation. However, we remain confident in the resilience of the business, and the ability of our employees to adapt as the situation develops.

Fairland

30 July 2020

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