

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

## SUMMARY OF MTN GHANA UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Shareholders of MTN Group are advised that Scancom PLC (MTN Ghana), has announced its unaudited results for the six-month period ended 30 June 2020 on the Ghana Stock Exchange (GSE) as follows:

### Salient features

- Subscribers (QoQ)
  - Subscribers increased by 4.1% to 21.5 million\*.
  - Active data subscribers increased by 5.2% to 9.1 million#.
  - Active Mobile Money (MoMo) users increased by 5.1% to 9.8 million\*.
- Service revenue up by 19.3% to GH¢2,877 million.
- EBITDA up by 29.1% to GH¢1,552 million.
- EBITDA margin up by 4.1 percentage points (pp) to 53.6%.
- Capex for the period was GH¢715.6 million^ (GH¢705.6 million under IAS 17).
- Outlook: Market conditions are expected to remain challenging for the remainder of the financial year as the extent and economic impact of the COVID-19 pandemic are uncertain. As such, we continue to maintain a measured stance on the near-term outlook.

### Snapshot of key items

|                          | As at 30 June<br>2020<br>GH¢ 000 | As at 30 June<br>2019<br>GH¢ 000 | Change        |
|--------------------------|----------------------------------|----------------------------------|---------------|
| <b>Total revenue</b>     | <b>2,898,614</b>                 | 2,426,335                        | <b>19.5%</b>  |
| <b>Service revenue</b>   | <b>2,876,627</b>                 | 2,410,258                        | <b>19.3%</b>  |
| <b>EBITDA</b>            | <b>1,552,393</b>                 | 1,202,128                        | <b>29.1%</b>  |
| <b>EBITDA margin</b>     | <b>53.6%</b>                     | 49.5%                            | <b>4.1pp</b>  |
| <b>Profit before tax</b> | <b>977,498</b>                   | 627,434                          | <b>55.8%</b>  |
| <b>Profit after tax</b>  | <b>689,514</b>                   | 452,638                          | <b>52.3%</b>  |
| <b>Capex</b>             | <b>715,613</b>                   | 803,050                          | <b>-10.9%</b> |

*Due to ongoing discussions on the potential change in regulatory subscriber definitions, subscriber data in this report will be limited to the MTN Group definition until the regulatory definitions are finalized.*

*\* Aligned with the MTN Group definition, subscribers are SIMs which generate or participate in an event that generates revenue for MTN Ghana.*

*# Active data subscribers as per MTN Group definition are data subscribers who have used more than 5MB in a month.*

*^ Capex under IFRS 16 is made up of core capex spend of GH¢301.2m, intangibles of GH¢404.3m (Network license, Software, etc) and right of use (RoU) assets of GH¢10.1m for the period.*

## Commentary

MTN Ghana delivered a robust performance for the period, despite macroeconomic challenges following the global outbreak of the COVID-19 pandemic. Service revenue increased by 19.3%, underpinned by strong growth in voice, data, Mobile Money and digital revenue.

Double-digit growth in voice revenue (up 14.1%) was driven by a 4.1% increase in the number of active subscribers\* as well as various customer value management (CVM) initiatives, which helped to manage churn and improve usage. The contribution of voice to total service revenue declined from 45.4% to 43.3%, as other lines of revenue continued to grow faster than the traditional business in line with our revenue diversification objective.

Strong data revenue growth (up 21.7%) was attributable to the increase in active data users# (+5.2%), continued growth in the number of smartphones on the network (+4.2%) and a general increase in demand and usage. Data revenue's contribution to service revenue increased marginally from 28.0% to 28.5%.

Mobile Money revenue continued to show strong growth (up 24.9%) and benefited from an increase in the number of active subscribers\* (+5.1%), growth in person-to-person (P2P) transactional activity and broader penetration of more advanced services such as retail merchant payments and international remittances. Mobile Money revenue's contribution to service revenue increased from 18.3% to 19.2%.

Digital revenue was robust, growing by 27.7% on the back of a 44.5% increase in the number of active subscribers\* to 2.2 million. This performance was supported by the expansion of our digital portfolio including new gaming offerings, the renewal of our MyMTN app and the launch of Ayoba messaging app, which allows non-smartphone users to communicate with smartphone users on the app. Digital revenue's contribution to service revenue increased from 4.0% to 4.3%.

Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 29.1%, with an EBITDA margin expansion of 4.1 percentage points (pp) to 53.6%. This margin improvement was a result of our cost efficiency initiatives, underpinned by continued distribution efficiencies.

Our growth in revenue, coupled with our cost efficiency initiatives, resulted in a strong growth (+52.3%) in profit after tax.

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## Commentary (continued)

MTN Ghana continues to prioritize its investments in infrastructure expansion and have invested GH¢715.6 million in capex^ to date (2019 capex: GH¢803.1 million) supporting significant improvement in network coverage, customer experience and quality of service (QoS). As part of the network expansion and quality of service improvement, we rolled out 11 2G and 11 3G sites; and upgraded 300 LTE 2600MHz sites. Our continued belief in the Ghana market and our significant

investments in capex of US\$470 million over the past 3 years has led to improvement in customer experience and sustained subscriber growth.

MTN accepted and signed a GH¢450 million, five-year medium-term financing arrangement – out of a total offer of GH¢816 million received, with seven local lenders to support the renewal of our 2G license and the acquisition of additional spectrum. We maintained a strong balance sheet, managing it in line with existing banking covenants.

### **COVID-19**

COVID-19 had a significant impact on our business performance through the second quarter despite the easing of restrictions that had been imposed by the President of the Republic of Ghana from 15 March 2020 through to 01 June 2020. As a business, we continued to experience delays in supply chain, as well as the overall effects of the economic slowdown on our manufacturing and hospitality customers plus a general decline in activity for our SME customers.

In our continued support of the fight against COVID-19, MobileMoney Limited, a wholly owned subsidiary of Scancom PLC, extended the free offer for all Mobile Money P2P transfers up to GH¢100 per day including increased limits on daily transactions and wallet balances to the end of September 2020. We were pleased to receive approval from the Bank of Ghana for our voluntary request to extend the free P2P transfers offer. This offer will save customers an estimated GH¢60 million to GH¢70 million in transaction fees while promoting the safety of Ghanaians and deepening financial inclusion.

The MTN Ghana Foundation committed to Government, GH¢5 million worth of personal protective equipment (PPE) and other essentials to support frontline medical staff and government in the fight against the COVID-19 pandemic. Internally, we have deployed PPEs and sanitizers across our branch network and implemented extended safety measures for our people at an estimated cost of GH¢22 million.

MTN Ghana has also supported Government's efforts in the fight against the pandemic by providing free access to over 200 websites for online education for public and private institutions. This effort has supported over 4.5 million students and teachers, who have consumed over 150 Terabytes at a cost of over GH¢3 million as at the end of June 2020. In addition, MTN Ghana has also provided GH¢10,000 worth of free data to all its 200 university students on its MTN Bright Scholarship scheme.

### **Commentary (continued)**

We remain focused on our people, customers, network resilience and efficiency in delivering on our quest to make the lives of our customers a whole lot BRIGHTer in these uncertain times.

### **Regulatory considerations**

In June, the National Communications Authority (NCA) classified MTN Ghana as a significant market power (SMP) meaning that special regulatory restrictions would be enforced on MTN Ghana, to potentially limit the company's growth, performance, innovativeness and its competitiveness in the telecoms market.

Broadly, the NCA has proposed measures that include the application of a 30% asymmetrical interconnect rate for two years; a price floor/ceiling on voice, data, SMS and Mobile Money; the review and approval of all MTN pricing by the NCA; the removal of on-net/off-net price differentials; and the implementation of a national roaming scheme.

MTN Ghana acknowledges the NCA's duty and powers to promote fair competition amongst licensed operators in Ghana's telecommunications sector, however, the manner of the recent declaration of MTN as an SMP raises concerns about clear procedural breaches and substantive issues. After engaging and sharing our views on the matter with regulatory and other stakeholders, and after further consultations, MTN Ghana has made the difficult decision, and as a last resort, to resort to the law courts for redress in the form of a judicial review of the NCA's decision, to ensure the observance of the requirements of procedural fairness. We remain open to dialogue to achieve an amicable resolution to this matter.

MTN Ghana is an ethical business committed to its regulatory obligations and would like to reassure Government and its cherished shareholders and customers that our commitment to the delivery of a bold new digital world in Ghana continues to be paramount and that the company remains focused on providing the enabling technology to support Ghana's digital economy particularly during the Covid-19 pandemic and beyond.

#### **Annual General Meeting and 2019 Final Dividend**

Notice has been served of the annual general meeting of Scancom PLC which will be held virtually and streamed live from MTN Ghana's head office at MTN House in Accra on the 13 August 2020 at 11am Ghana time. Amongst the business for the day will be the approval of the 2019 final dividend of 4 pesewas which will be paid on 28 August 2020 following shareholder approval.

## Outlook

Following a strong overall performance in the first half of the year, we are cautious of the uncertainties surrounding the likely duration and related economic impact of the COVID-19 pandemic for the rest of the year. The potential areas of impact and focus remain our employee and customers' safety; regulatory risk; supply chain delays and availability; liquidity, currency and counterparty risks management; and the potential revenue impact from reduced consumer spend.

We remain focused on our journey from a traditional mobile telecommunications operator to an emerging digital operator, with 2020 being the 'Year of the customer: the digital experience' with focus on digitalisation as a tool to enhance customer experience as well as create value for our shareholders.

This announcement is only a summary of the information in the full announcement and does not contain full or complete details.

Please visit <https://mtn.com.gh/financial-reports/> for the unaudited results for the six months ended 30 June 2020.

For and on behalf of the MTN Group board

Group Secretary

Fairland

31 July 2020

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Tamela Holdings Proprietary Limited

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