

MTN RWANDACELL PLC



Annual Financial Results

for the year ended 31 December 2022



Service revenue increased by **19.9%** to Rwf 221.7 billion

MTN Rwandacell Plc (MTN Rwanda) is pleased to announce its audited financial results for the full year ended 31 December 2022.

Kigali | Rwanda: 2 March 2023

Salient points:

- Mobile subscribers increased by 5.9% year-on-year (YoY) to 6.8 million
- Active data subscribers increased by 9.0% YoY to 2.3 million
- Mobile Money (MoMo) subscribers increased by 16.3% YoY to 4.3 million
- Service revenue increased by 19.9% to Rwf 221.7 billion
- Earnings before interest, tax, depreciation, and amortisation (EBITDA) grew by 20.8% to Rwf 108.4 billion
- EBITDA margin increased by 0.6 percentage points (pp) to 48.3%
- Capital expenditure (capex, IAS 17) increased by 28.0% to Rwf 47.1 billion
- Profit after Tax (PAT)¹ decreased by 12.8% to Rwf 19.0 billion, as the business continues to amortize its operating license that was renewed in 2021.

Unless otherwise stated, financial and non-financial information is year-on-year basis (YoY). Financials are reported on a consolidated basis of MTN Rwandacell PLC and its subsidiary Mobile Money Rwanda Ltd.

MTN Rwanda defines Mobile subscribers as those active in 90 days and Data & MoMo users as those active in 30 days. Service revenue is defined as revenue generated from activities performed by MTN operations or business units using a base transmission station (BTS).

1. Amortization costs impacted profit after tax (PAT) closing at Rwf 19.0 billion, which represents a 12.8% decline YoY due to the renewal of our operating license in 2021. The license fee of Rwf 91 billion will be amortized annually for 10 years. Excluding the 2022 additional charges arising from the licence renewal, underlying PAT would have increased by more than 20%.

COMMENTS

FROM MTN RWANDA CHIEF EXECUTIVE OFFICER **MAPULA BODIBE**

"In 2022, MTN Rwanda delivered solid overall business performance and continued growth across all business areas in a challenging macroeconomic environment, characterized by persistent inflationary pressures and currency volatility. Rwanda's inflation rate as measured by the Urban Consumer Price Index (CPI)² rose to 21.6% year on year for 2022 (2021: 1.9%). This was the highest rise since 2009, with the largest contributors being food and alcoholic beverages that recorded a 44% increase year on year.

The National Bank of Rwanda has put in place fiscal measures including raising the key repo rate to 7%, up 2.5pp and the highest level since 2014, citing persistent inflationary pressures with projections to reduce inflation to within the benchmark band (2-8%) in the second half of 2023. The projected moderation assumes a good performance of the agriculture sector and a decline in international commodity prices.

Against this backdrop, MTN Rwanda continued to execute on our Ambition 2025 strategy to deliver sustained

2. Measured by the National Institute of Statistics Rwanda (NISR)



growth and create shared value. This was supported by our ongoing network investments to expand our coverage and capacity, with a 28.0% YoY increase in capex spend of Rwf 47.1 billion over the period, guided by disciplined capital allocation. In 2022, we rolled out 120 sites and achieved a 98.7% population coverage.

Our investments and focused commercial execution drove a 19.9% total service revenue growth, with solid performances across our voice, data and mobile financial services business units. In delivering this performance, we maintained our leadership in customer market share, which increased by 0.6pp to 64.4% at the end of 2022, according to RURA Statistics.

EBITDA grew by 20.8% YoY, with a 0.6pp improvement in EBITDA margin to 48.3% in 2022, driven by solid revenue growth and a consistent focus on expense efficiencies. PAT declined 12.8% YoY, impacted by the amortisation and funding costs related to our Individual Operating Licence which was renewed in 2021. Excluding this impact, underlying PAT growth would have been greater than 20%.

MTN Rwanda's solid financial performance in 2022 was underpinned by good operating momentum. Our subscriber base grew by 5.9% YoY to 6.8 million, with 381,000 new customers added to the MTN network, marking an acceleration in growth driven by increased distribution channels across the country. The active data user base registered a 9.0% YoY growth in 2022, with 191,000 new active data customers added to the network. This increased smartphone penetration by 3.4pp to 22.8%, with more than 308,000 new Smartphone users on the MTN network.

In terms of our strategy to build the largest platforms, the active MoMo subscriber

base grew by 16.3% to 4.3 million users, coupled with a strong increase in MoMo Pay merchants of 192.6% YoY to close the period with 141,222 active merchants from 47,678 in 2021. We are pleased with the strong momentum, which underpinned the robust MoMo revenue growth of 48.4% YoY.

We continued to create shared value in 2022, with a continued focus in our environmental, social and governance (ESG) strategic priorities. MTN Rwanda launched a pilot for a grid-connected solar system at our data centre as a proof-of-concept project, under the localised Project Zero umbrella, for which we foresee expansion in the coming years.

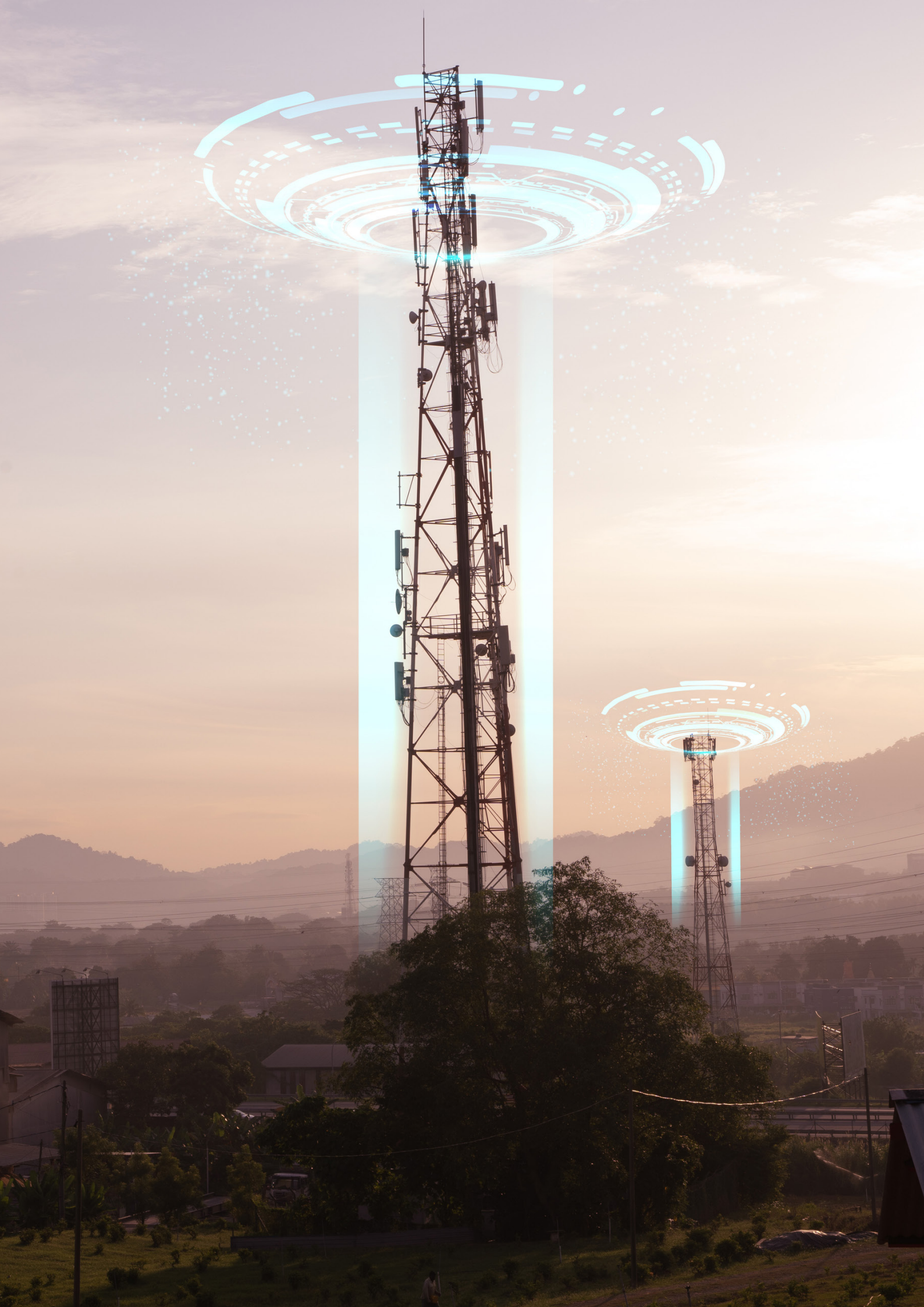
Building on our commitment to 'Lead Digital Solutions for Rwanda's Progress', MTN Rwanda in partnership with our telecom tower provider IHS Rwanda Ltd donated laptops and subsidized data to a number of schools in Rwanda for the second year in a row as part of the ongoing nationwide school digitization project.

Our strong performance despite the turbulent macroeconomic backdrop in 2022 is a true reflection of the commitment and resilience of our staff, customers, vendors, agents and broader stakeholders who enable MTN Rwanda to successfully execute on our strategy and deliver on our belief that 'Everyone deserves the benefits of a modern connected life'.

Looking ahead, we are focused on continuing to deliver on our Ambition 2025 strategy to drive sustained growth of the business and to create shared value for all our stakeholders."



Mapula Bodibe
Chief Executive Officer



Key financial and operational highlights

Rwf (m)	31 Dec-2022	31 Dec-2021	% Change
Total Revenue	224,274	188,127	19.2%
Service Revenue	221,720	184,895	19.9%
Expenses	115,879	98,404	17.8%
EBITDA	108,394	89,723	20.8%
EBITDA Margin	48.3%	47.7%	0.6pp
Depreciation & Amortization	48,741	35,625	36.8%
Net Finance Costs	30,823	20,584	49.7%
Profit before tax	28,830	33,514	-14.0%
Income tax expense	9,806	11,689	-16.11%
Profit after tax	19,024	21,825	-12.8%
Earnings per share	14.1	16.1	-12.7%
Capital Expenditure	47,135	36,828	28.0%
Capex intensity	21.0%	19.6%	1.4pp
Free Cash Flows	39,521	38,650	2.25%
Market Share	64.4%	63.8%	0.6pp
Mobile Subscribers	6.8	6.4	5.9%
Data Subscribers	2.3	2.1	9.0%
MoMo Subscribers	4.3	3.7	16.3%

Note:

- Financials are reported on a consolidated basis of MTN Rwandacell PLC and its subsidiary Mobile Money Rwanda Ltd.
- MTN Rwanda defines Mobile subscribers as those active in 90 days and Data & MoMo subscribers as those active in 30 days.
- Service revenue is defined as revenue generated from activities performed by MTN operations or business units using a base transmission station (BTS).
- Market Share is as published by the Regulator.
- Capital expenditure excludes right of use assets.
- Free cash flow is EBITDA minus capital expenditure.
- Earnings per share (EPS) is computed by dividing the Profit after Tax by the number of shares.

SOLID OPERATING AND FINANCIAL PERFORMANCE IN

2022

**DRIVEN BY STRONG
REVENUE GROWTH
AND OPERATIONAL
EFFICIENCIES**



We reported strong YoY growth in overall **service revenue** of 19.9% driven by a growth across all business units. **Voice revenue**, which makes up 41.1% of total service revenue, increased by 4.0% YoY supported by solid subscriber growth and a 10.5% YoY increase in voice traffic as well as a 29.1% increase in data traffic.

Data revenue sustained its positive momentum, growing by 15.4%, driven by 9.0% growth in active data users as well as an 18.4% increase in MB usage per active data subscriber. Home connectivity also recorded good growth, with the number of homes connected through MTN's fixed wireless and fibre-to-the-home solutions closing at over 6,124, delivering an increase of 63.5% YoY in homes connected as well as a market share of 24.7%. Data revenue accounted for 16.7% of total service revenue in 2022.

Fintech revenue maintained strong YoY growth of 47.4%, which was attributable to both Xtritime (our airtime lending service) and MoMo services. MoMo revenue was up 48.4% YoY, driven by 16.3% growth in active MoMo subscribers as well as increased engagement and usage. We have seen good growth in advanced MoMo services, which contributed 18.2% to the overall MoMo revenue (up from 12.3% in 2021). The tremendous performance in MoMo has been driven by customer value management initiatives targeting subscribers and driving the development of a cashless economy.

EBITDA improved by 20.8%, delivering an EBITDA margin of 48.3%, up by 0.6pp YoY mainly due to the strong revenue

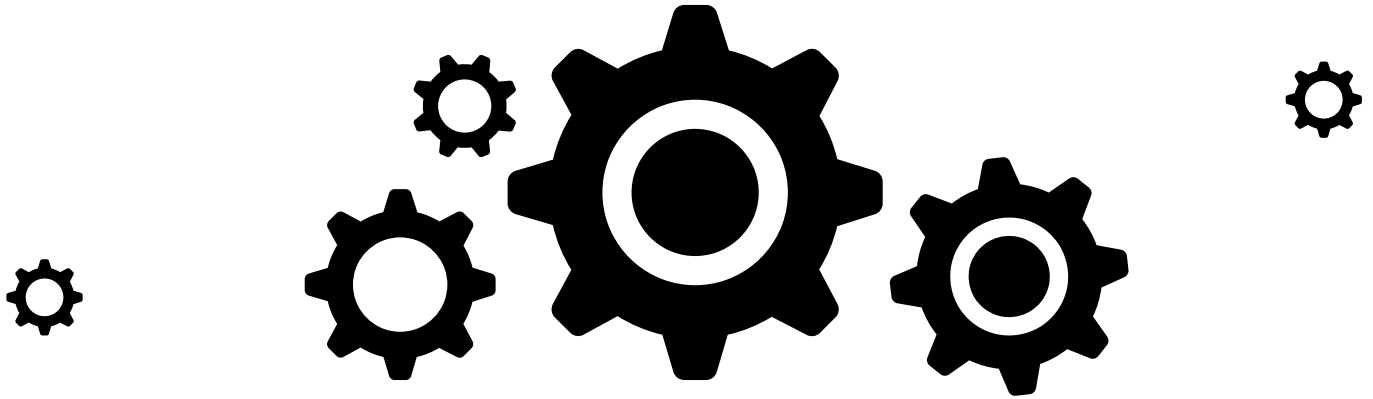
performance as well as the effective implementation of the expense efficiency program (EEP). This performance was achieved despite increased wholesale data cost of sales driven by rising 4G uptake as well as the increase in the health subsidy levied by the Government of Rwanda from 2.5% to 3.0% of revenue. This impacted full year 2022 EBITDA margins.

Depreciation and amortisation increased by 36.8% largely due to the amortization of capitalized regulatory fee of Rwf 91 billion attached to the 2021 renewal of our operating license for 10 years. The license fee will be amortized annually for 10 years to 2031.

In addition, **net finance** costs rose by 49.7% due to the residual debt raised to support the payment of the remaining 30% of license renewal fee (the initial 70% was paid in 2021). These factors resulted in a PAT decline of 12.8% in 2022. Excluding the 2022 additional charges arising from the licence renewal, underlying PAT would have increased by more than 20%.

Capital expenditure rose by 28.0% as a result of continued investment in the network to enhance coverage and capacity, which was also accelerated to achieve our network coverage commitments with an increase in new network sites growing by 120 at the end of 2022. Our current network population coverage stands at 98.7% with a target to achieve 100% population coverage by 2023. Capex intensity increased by 1.4pp to 21.0%.





Regulatory Update...

Update on Enforcement Notice

MTN Rwanda continues to engage with the Regulator on Quality of Service matters and recently concluded a drive test together with the Regulator in January 2023. With the appointment of a new Regulatory Board of Directors in December 2022, we will pursue our previous request to have the Enforcement Notice, that was issued in August 2021, officially lifted due to the improvements in the network quality.

New National Broadband Policy and Strategy

The new National Broadband Policy and Strategy adopted by the Government of Rwanda on 14th October 2022, is expected to achieve, among others, the following objectives:

- Enhancing competition on infrastructure to accelerate the access and adoption of broadband mobile services for all;
- Enabling 4G and beyond technologies by liberalizing technology deployments and wireless access spectrum assignments to ensure that all operators have the ability to deploy such advanced broadband services;
- Supporting continued competition in the national fiber backhaul market, ensuring that all providers can continue investing to further extend their networks, including bringing fiber closer to end users.

To give effect to this Policy and Strategy, the Regulatory Authority has sent three (3) month notices of license modification to the Mobile Network Operators and KT Rwanda Networks that will allow for all licensed Operators to deploy their own 4G and future technology networks as well as provide for other elements of the Broadband Policy and Strategy within the modified licenses.

Within the three month notice period, MTN Rwanda is required to submit an updated Business Plan, Coverage and Roll Out plan, amongst other document requests, that will be used by the Regulatory Authority to align on the updates that will need to be made to MTN Rwanda's current Individual License to allow it to deploy its own 4G Network. It is at this time that MTN Rwanda will have clarity on the Spectrum allocation to the Mobile Network Operators.

OUTLOOK



Outlook

The global economy is forecast to remain under pressure, which is expected to continue to weigh on Sub-Saharan Africa and Rwanda. We expect our trading environment, in the short-term, to remain challenging due to elevated inflation, high interest rates and pressure on consumer spending power.

MTN Rwanda will continue to focus on providing innovative services and improve our customer experience while promoting the MTN Brand across our stakeholder base. The investment in our network and platforms remains a key priority supporting our strategy with an aim to achieve 100% population coverage in 2023 and ensuring connectivity across Rwanda's rural communities to further drive digital inclusion as well as to grow our subscriber base.

Fintech continues to be a key driver for financial inclusion in Rwanda and we intend to continue providing innovative advanced products to our customers as we deepen the usage of financial services in Rwanda. With ESG at the core of our Ambition 2025, we endeavour to continue promoting programmes and campaigns that enable smart phone penetration such as the

#ConnectRwanda, Digital Skills and School digitization programs. Our partnership with Bank of Kigali on device financing is an innovative financing solution for customers to acquire smart phones and connect to the digital world in an affordable and accessible way. Project Zero remains integral to our operations and we look forward to implementing further initiatives in our quest to achieve this milestone by 2030.

MTN Rwanda targets a minimum dividend pay-out ratio of 50% of its distributable net income over the medium-term. This will be subject to the board's recommendation and shareholder approval considering the company's cash projections, business outlook, investment plans, capital market conditions, tax regulations and funding facility covenants.

MTN Rwanda will be celebrating a significant milestone in 2023, which marks 25 years of operations in Rwanda. We have been privileged to play a leading role in connecting the lives of so many people in Rwanda and our focus is to continue driving digital and financial inclusion, to build a bright future for all our customers and their communities.

We are proud to be part of an industry that can genuinely change lives for the better and we look forward to celebrating our rich history and legacy in Rwanda whilst we continue to execute on our Ambition 2025 strategy and deliver on our strategy to Lead Digital Solutions to drive Rwanda's progress.

Key financial and operational highlights

Rwf (m)	31 Dec-2022	31 Dec-2021	% Change reported
Other property, plant, and equipment	195,567	167,221	17.0%
Intangible assets and goodwill	79,019	86,865	-9.0%
Other non-current prepayments	12,170	9,292	31.0%
Current assets	178,606	157,870	13.1%
Total assets	465,362	421,248	10.5%
Total equity	68,944	56,600	21.8%
Non-current liabilities	152,216	167,594	-9.2%
Current Liabilities	244,202	197,054	23.9%
Total equity and liabilities	465,362	421,248	10.5%

Note:

- The intangible asset of Rwf 79.0 billion relates to the license renewal that is amortized over a 10-year period.
- Current assets include Rwf 114.4 billion relating to restricted cash (MoMo balances owned by customers). The same amount is reflected under the current liabilities in line with Central Bank regulations.

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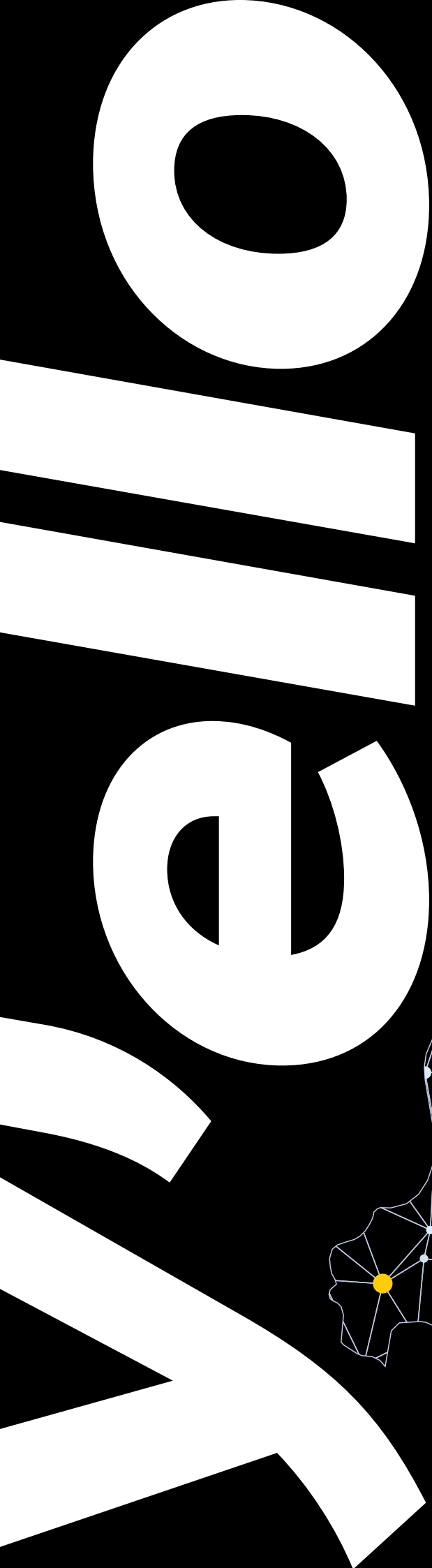
About

MTN Rwandacell PLC

MTN Rwandacell Plc (MTN Rwanda) is the market leader in mobile telecommunications in Rwanda. Since 1998, we have continuously invested in expanding and modernising our network and leading digital solutions for Rwanda's progress.

As the country's No 1 network, we offer various services to subscribers, including innovative propositions such as personalised voice and data offers for individuals and corporates with a clear vision to lead the delivery of a bold, new digital world to our customers because we believe everyone deserves the benefits of a modern connected life.





Footprint in Rwanda

