

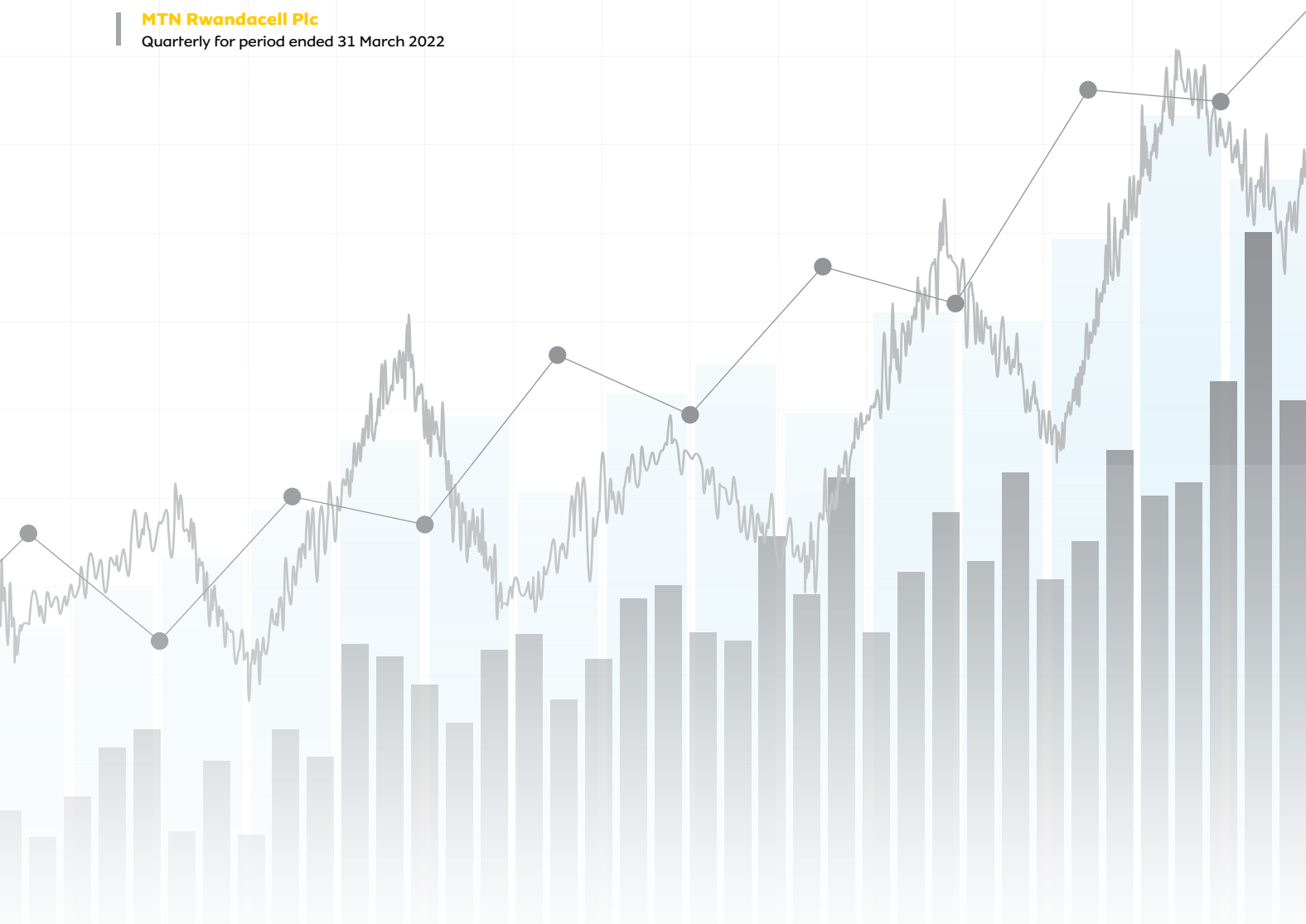


# **MTN RWANDACELL PLC**

## **Quarter 1 Full Year Results 2022**

Kigali-Rwanda | 5 May 2022





MTN Rwandacell Plc (MTN Rwanda) is pleased to share its financial results for the period ended 31 March 2022.

### Key metrics:

- Mobile subscribers increased by 306k to 6.5 million representing 5.0% YoY growth
- Active data users increased by 453k to 2.2 million representing a 26.3% YoY growth
- Mobile Money (MoMo) users increased by 12.1% YoY to 3.8 million
- Service revenue increased by 24.5% to Rwf 50.9 billion
- Earnings before interest, tax, depreciation, and amortisation (EBITDA) grew by 15.7% to Rwf 24.7 billion
- EBITDA margin at 47.7% which reflects a drop of 3.6 percentage points (pp)
- Capex expenditure (IAS 17) increased by 36.9% to Rwf 18.6 billion
- Profit after Tax (PAT) closed at Rwf 4.121 billion, a decrease by 39.6%.  
The reason for this decrease is the amortization of the license renewal fee (\$91.4m for a period of 10 years) and associated finance costs.

*Unless otherwise stated, financial and non-financial information is year-on-year (YoY, March 2022 versus March 2021). MTN Rwanda defines Mobile subscribers as those active in 90 days and Data & Mobile Money users as those active in 30 days.*



## Comments from MTN Rwanda

### *Chief Executive Officer - Mitwa Ng'ambi*



MTN Rwanda recorded a solid Q1 2022 performance, tracking positively against our medium-term targets of double-digit growth on service revenue, fintech revenue and EBITDA. This was delivered through solid commercial momentum and ongoing execution of our Ambition 2025 strategy in increasingly volatile macroeconomic conditions, where inflation grew by 5.5% YoY. The Rwandan economy was fully opened in Q1 following COVID-19 related restrictions in previous quarters, underpinning the positive month-on-month commercial and financial momentum which has translated into encouraging results for MTN Rwanda.

For MTN Rwanda, overall revenue grew by 24.5% YoY supported by growth in

our voice, data, and mobile financial services. In addition, our leadership in customer market share increased by 2.4 percentage points to 64.6%.

In the first quarter, Rwanda's economy made a rebound as domestic conditions improved following the easing of mobility restrictions. Latest figures from Rwanda's National Institute of Statistics show a forecast of 7.0% growth for 2022, following a 10.9% growth in 2021. The Rwandan economy is expected to continue making strides towards recovery, however, with caution on the ripple effect that the Russia-Ukraine crisis may have on commodity prices. Our subscriber base grew by 5.0% YoY to 6.5 million. This was driven by stabilization of our distribution network following the introduction of new sim

registration guidelines in September 2021 that slowed down customer base growth in the last quarter of the year. Active data users and mobile money users grew by 26.3% and 12.1% YoY respectively.

EBITDA grew by 15.7% YoY closing the quarter with an EBITDA margin 3.6pp decline to 47.7%. The margin decline is primarily due to the increase 4G uptake resulting in increased data cost of sales as well as the introduction of an outsourced modernised Network Operating Centre (NOC) to manage end-to-end monitoring of our network which was not there in the same period last year. The NOC was implemented to improve network operations efficiency which in turn is boosting customer experience. We continue to pursue cost efficiencies to return to positive margin growth.

Following the renewal of our operating license in 2021, we are well on track to complete the second instalment of the License Fee payment by July 2022. Amortization of this license however has resulted in a negative impact on PAT which closed at Rwf 4.12 billion. The license fee of \$91m will be amortized annually over the next 10 years.

In driving our platform strategy, MoMo active users grew by 12.1% YoY while the volume of transactions processed was up 44% YoY and the value of transactions increased by 27.8%. As mobile financial services mature, Mobile Money Rwanda Ltd is pivoting to focus on driving advanced services. In the last quarter, the volume of merchant transactions grew by 31%.

The Fintech structural separation project which led to the establishment of

the subsidiary, Mobile Money Rwanda Ltd in 2021, is progressing well. In the last quarter, we focused on standardization of agreements and operationalization of the ways of work between Mobile Money Rwanda Ltd and the parent company MTN Rwandacell PLC.

Environment, Social and Governance (ESG) issues remain a focus for the company. In Q1, we continued to build on our goal to achieve net zero carbon emissions by 2040, through the installation of a solar power pilot at our main data centre. Success of the pilot will see us offloading more of our power needs into this renewable energy source through the year. Under the Social pillar of ESG, Q1 also saw the recognition and financial support of twenty female-led cooperatives through our annual Connect Women in Business initiative, which was launched in conjunction with the Ministry of Gender and Family promotion. In March 2022, through a staff community outreach program, we helped renovate an Early Child Development (ECD) home-based community centre in Kigali. The renovation activities were set in motion by MTN staff during the monthly nation-wide community service day "Umuganda", where various construction activities were undertaken. The initiative was completed by Kigarama Sector in April 2022.

Looking ahead, we continue to enthusiastically execute on our strategy guided by the Ambition 2025 key pillars. The rest of the year will see us investing in innovation and network capacity to meet the growing needs of our customers, while also managing costs to maintain healthy margins.





**Key financial highlights**

# Key financial highlights

## MTN Rwanda unaudited condensed consolidated financial statements for the three-month period ended 31 March 2022

Rwf (m)	31 March 2022	31 March 2021	% Change
<b>Total Revenue</b>	<b>51,749</b>	<b>41,571</b>	<b>24.5%</b>
Service Revenue	50,880	40,873	24.5%
Expenses	27,057	20,238	33.7%
<b>EBITDA</b>	<b>24,692</b>	<b>21,333</b>	<b>15.7%</b>
EBITDA Margin	47.7%	51.3%	-3.6%
Depreciation & Amortisation	11,332	7,102	59.6%
Net Finance Costs	7,416	3,617	105.0%
Profit before tax	5,944	10,617	-44.0%
Income tax expense	1,822	3,790	-51.9%
<b>Profit after tax</b>	<b>4,121</b>	<b>6,824</b>	<b>-39.6%</b>
Earnings per share	3.1	5.1	-39.6%
Capital Expenditure	18,584	13,571	36.9%
Capex intensity	35.9%	32.6%	3.3%
Free Cash Flows	6,108	7,762	-21.3%
<b>Market Share</b>	<b>64.6%</b>	<b>62.2%</b>	<b>2.4pp</b>
Mobile Subscribers ('m)	6.5	6.2	5.0%
Data Subscribers ('m)	2.2	1.7	26.3%
Mobile Money Subscribers ('m)	3.8	3.4	12.1%

### Note:

- Voice revenue includes interconnect and outbound roaming voice.
- Data revenue includes roaming data.
- Digital revenue includes Rich Media Services.
- Fintech revenue includes MTN Xtracash and Mobile Money
- Other service revenue includes Information and Communications Technology (ICT) revenue.
- Capital expenditure excluding right of use assets.
- Free cash flow (EBITDA minus capital expenditure).
- Profit after Tax (PAT) decrease is due to the amortization of the license renewal fee which was very high (\$91.4m for a 10-year period).
- For comparative purposes, the number of shares 1,350,886,600 applied for both periods.
- A dividend declaration of RWF 4.98/share was approved by the Board of Directors on 7 March 2022





# **Operational Review**

# Operational Review

The financial performance for the Quarter ending 31 March 2022 reflects a strong year on year growth with revenue increasing by 24.5%. Voice revenue increased by 11.7% and accounted for 43.6% of total service revenue. The voice performance was supported by 19.8% YoY increase in traffic.

Data revenue maintained its positive momentum, rising by 13.8%. This was led by a combination of increased subscribers and usage (MB per user), supported by increased network capacity. Data traffic rose by 33.3% YoY with data revenue accounting for 17.1% of service revenue. The number of network sites grew to 1,110 at the end of the quarter which is 30% up versus the same time last year. The number of homes connected through fixed wireless and fibre-to-the-home surpassed 4300. Customers actively using Ayoba closed at 235,000.

Fintech revenue recorded strong YoY growth of 57.3%. This is comprised of revenue from both Mobile Money and Xtritime (our airtime lending service). Mobile Money revenue grew by 54.5% YoY.

EBITDA increased by 15.7%, translating to an EBITDA margin of 47.7%. However, the EBITDA margin dropped by 3.6 percentage points due to the introduction of the outsourced and modernized Network Operating Centre



(NOC). Also worth noting is that the health subsidy levied by the Government of Rwanda increased from 2.5% of revenue to 3.0% in August 2021, which impacted EBITDA margin YoY.

Depreciation and amortisation increased by 59.6% and this was affected by the license renewal fee which increased amortisation costs. Net finance costs increased by 105.0% on the back of additional debt raised to support the license renewal. Both of these items resulted in a PAT decline of 39.6%.

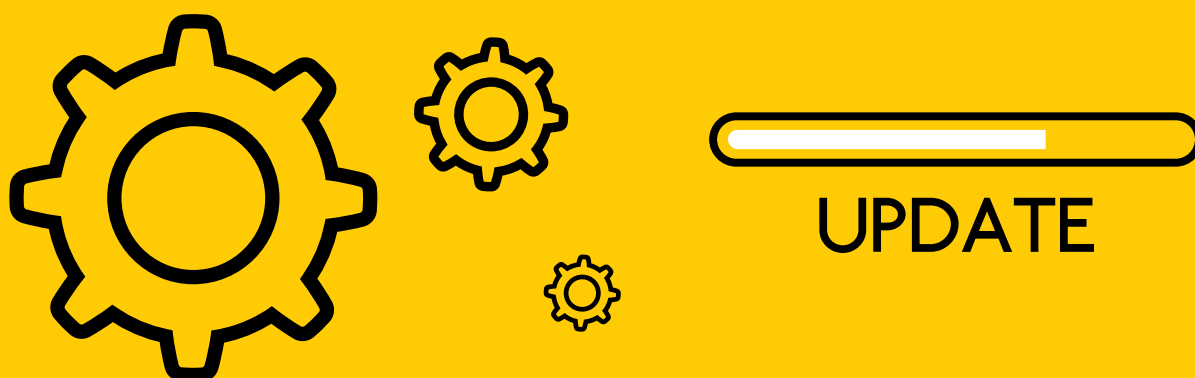
Capital expenditure increased with continued investment in the network to enhance coverage and capacity. These investments grew by 36.9%. The Capex intensity increased by 3.3 percentage points as we accelerate to achieve Network coverage commitments. The intensity is higher in the first quarter of the year due to an acceleration of projects however is expected to close at approximately 21% by year end.



# COVID-19 Update

The month of March saw a further easing of COVID-19 restrictions in Rwanda with opening of land borders. COVID-19 regulations require citizens and residents of Rwanda to be fully vaccinated with 2 doses and a booster shot in order to access public places. With about 60% of its 13 million population vaccinated with at least 2 doses, Rwanda has one of the highest vaccination rates in Sub-Saharan Africa. As an operation, MTN Rwanda has facilitated vaccinations for 80% of its staff.

## Regulatory Update on Enforcement Notice



On 30 December 2021, the Regulatory Board of the Rwanda Utilities Regulatory Authority (RURA), granted MTN Rwanda an extension of the existing Enforcement Notice to 31 March 2022, to allow MTN Rwanda to address any gaps in compliance with the Quality-of-Service Regulation in the City of Kigali.

Having reached the extended Enforcement Notice deadline, we have continued with our engagements with the Regulator to demonstrate the improvements made in the network since the issuance of the Enforcement Notice in August 2021, and our efforts in this regard are continuing.

# Outlook



Rwanda's economy is showing some recovery from the effects of the COVID-19 pandemic and its related restrictions. However, the lingering impacts of COVID-19 are still weighing on our trading environment, with inflationary pressure on the rise. Additionally, as a company we continue to monitor the impact that the Russia-Ukraine conflict is having on the global economy as well as on Rwanda.

We are encouraged by the continued drive seen in the market and will diligently manage our capital allocation with the intent to continue expansion of our network capacity and coverage. 4G and smartphone penetration also remain key areas for sustained growth. Expansion in Home Connectivity through fixed wireless and

fibre-to-the-home will continue. We believe these efforts will cement our position as a leading connectivity solutions provider.

On the platform front, we still see great opportunity in the expansion of our Mobile Money customer base which we will pursue in the months to come. Expansion of our merchant footprint, while diversifying our Mobile Money product portfolio is also key.

ESG initiatives through our anchor project MTN Project Zero, will continue to unfold through the course of the year. Many of these initiatives are expected to lend themselves to operational efficiencies which, if achieved will in turn sustain our margins.

# Statement of Financial Position

## MTN Rwanda unaudited condensed consolidated financial statements for the three-month period ended 31 March 2022

The financial position of the Company remained solid with total assets at Rwf 408.9m billion.

Rwf (m)	31 March 2022	31 March 2021	% Change Reported
Other Property, plant, and equipment	189,436	174,391	8.6%
Intangible assets and goodwill	84,579	86,864	-2.6%
Other non-current prepayments	940	1,061	-11.4%
Current assets	134,012	154,053	-13.0%
<b>Total assets</b>	<b>408,967</b>	<b>416,369</b>	<b>-1.8%</b>
Total equity	<b>60,755</b>	57,294	6.0%
Non-current liabilities	163,343	164,664	-0.8%
Current Liabilities	184,868	194,411	-4.9%
<b>Total equity and liabilities</b>	<b>408,967</b>	<b>416,369</b>	<b>-1.8%</b>

### Note:

- **Non-current assets** include the fixed assets predominantly relating to the network and information technology space. The intangible asset increased to Rwf 84.6 billion relate to the license renewal.
- **Current assets** include Rwf 60.2 billion relating to restricted cash (Mobile Money balances owned by customers). The same amount is reflected under the current liabilities in line with Central Bank regulations.

### Definitions:

- Mobile subscribers reported are aligned with MTN group definitions in updated Yellobook being SIMs which have a revenue generating event (RGE) for the company within 90 days.
- Mobile Money users are subscribers who have a revenue generating event (RGE) for the company within 30 days.
- Active Data Users as per MTN group definition are data subscribers who have used more than 5MBs within 30 days.
- Service revenue is defined as revenue generated from activities performed by MTN operations or business units using a base transmission station (BTS).

**ENDS**



# 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.

## Contacts

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