



MTN Uganda Limited

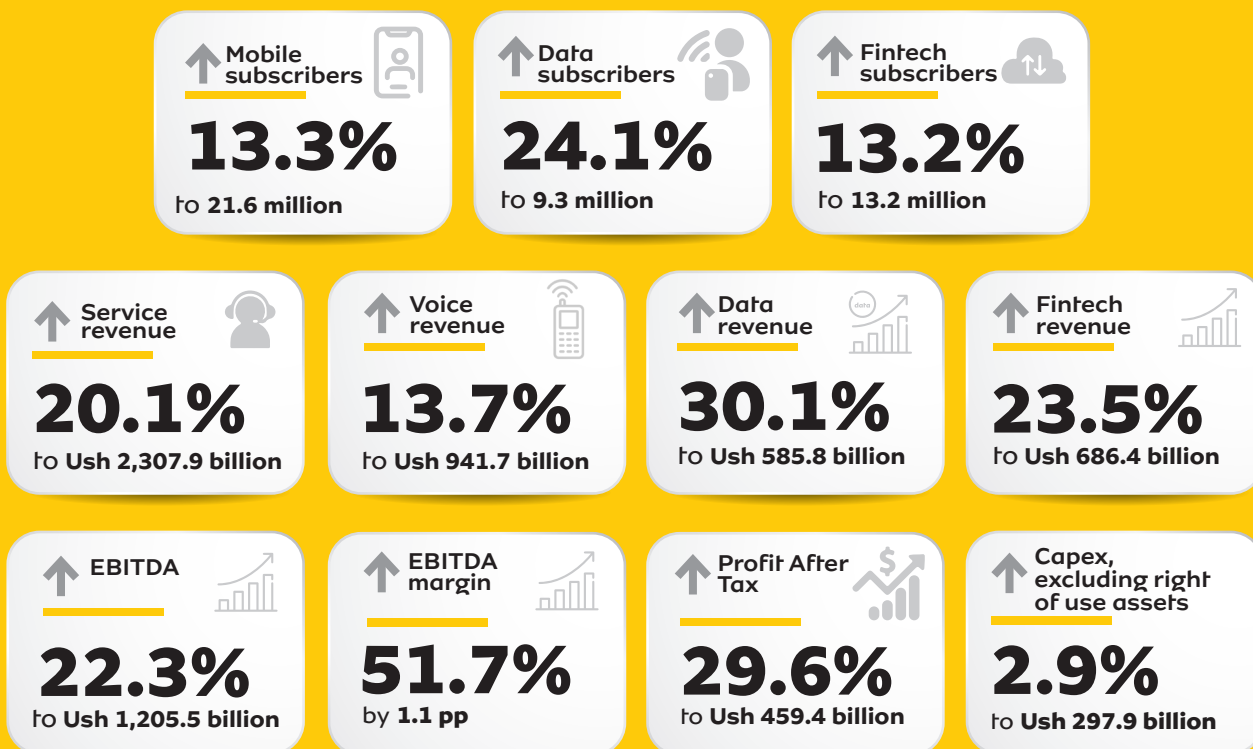
Unaudited Financial Results For The
Nine Months Ended 30 September 2024



MTN Uganda Limited (MTN Uganda) today announces its unaudited financial results for the nine months ended **30 September 2024**.

Kampala, Uganda | Monday, 4 November 2024

Salient features:



Second interim dividend proposed for 2024 is

Ush 7.5 per share

(Ush 167.9 billion)



Payment date for the second interim dividend is

16th December 2024

Book Closure: 26th November 2024

***Unless otherwise stated, financial and non-financial growth rates are presented on a year-on-year basis (YoY, 9M to 30 September 2024 versus 9M to 30 September 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 (Xtratime). Active mobile users are a count of all subscribers at a point in time which had a revenue generating event in the specified period of time (90 days) prior to that point in time. Active data users is 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 during the past 30 days.

Abbreviations:

- EBITDA - Earnings before interest, tax, depreciation and amortization
- Capex - Capital expenditure
- PAT - Profit after tax
- Pp - Percentage points

MTN Uganda's Chief Executive Officer (CEO) Message

Sylvia Mulinge



MTN Uganda maintained its strong momentum in the nine-months period supported by robust commercial execution anchored by a stable local environment.

The key macroeconomic indicators in Q3 held steady, with average inflation at 3.5% compared to 3.3% in the same period last year, on account of reduced energy and food prices in the quarter. The Uganda shilling appreciated by 0.4% in Q3 (up 2.4% YTD) helped by increased export receipts arising from improved international prices, higher portfolio inflow and monetary policy support. The combination of these factors supported a reduction in the key policy rate by 25.0 bps to 10.0% in the period under review.



Our service revenue grew by 20.1% anchored by the resilient performance of voice and solid growth in our data and fintech verticals.

We maintained our market share leadership with 21.6 million subscribers (up 13.3%), recording double-digit growth in our data (up 24.1%) and fintech (up 13.2%) subscribers, with a significant reduction in churn as a result of our sustained network investment and effective customer value management.

We contained cost growth, helped by improving macroeconomic trends and expense efficiencies, driving an expansion in EBITDA by 22.3% and a margin uplift of 1.1 pp to 51.7%.

With our ambition of building **Second to none Networks and Platforms**, we invested Ush 297.9 billion in the network infrastructure with a focus on new growth opportunities in the mobile and home data space. To ensure robust and reliable connectivity for our customers, we increased 4G LTE and 5G population coverage to 87.9% (2023: 83.7%) and 15.3% (2023: nil) respectively. We strategically extended our fiber network with a focus on the greater Kampala metropolitan region and key cities in the upcountry region.

In Q3, we showcased our capabilities in the **MTN ICT Expo 2024** in cloud solutions, unified communications, Internet of Things and digital services as we stay ahead of the curve, solidifying our position as Uganda's digital pioneer.

As we work towards our goal of having the **Best Brand and Customer Service**, MTN Uganda and MTN MoMo were celebrated among the top 100 leading companies in Uganda securing second and third place respectively in an independent survey conducted by the CEO East Africa magazine. The respective CEOs were ranked first and second in the inaugural ranking of most admired CEOs in Uganda for 2024. These accolades are as a result of the support and trust bestowed to us by our customers, staff and regulators as we work to provide excellent service to all our stakeholders.

This quarter, we created shared value highlighting our **Together we're Unstoppable** campaign, aimed at fostering stronger relationships with our loyal customers and business partners. We launched the inaugural biking and **Enganda football** competitions and partnered with the **Ekisakate kya Nabagereka** youth empowerment program with the Bunyoro and Buganda kingdoms respectively as we integrate our cultures with the power of technology.

We also launched a partnership with the Uganda Christian University through the **MTN Skills Academy** in which we aim to empower over 14,000 students with digital skills as we prepare them for jobs of the future.

Notably, under the theme **Building tomorrow's supply chain today**, we partnered with over 300 suppliers to create a more resilient, sustainable, and responsive supply chain to meet the evolving needs of our customers.

With them, we celebrated our **ISO 9001:2015** certification which is a testament to our rigorous quality management in ensuring excellence in logistics management.

As we uphold the highest compliance standards, we received the **ISO 37301:2021** certification in relation to telecommunications services activities, affirming MTN Uganda as an organization with effective compliance management processes that meet international best practice standards.

We are delighted to welcome three outstanding leaders to the MTN Uganda family as part of our Executive Committee: Mr. Thomas Motlepa (Chief Technology and Information Officer), Ms. Peace Kabatangare Zulu (General Manager Internal Audit and Forensics) and Mr. Franklin Kano Ocharo (General Manager of Growth and New Business). Their collective experience will be invaluable as we continue to innovate, grow, and deliver exceptional value to our customers and stakeholders.

Mr. Somdev Sen will be stepping down from his role as the Chief Marketing Officer of the Company effective 11 October 2024, following the end of his tenure. Mr. Sen has moved to MTN Rwanda to take up a role as the Chief Digital and Commercial Officer. We thank him for his remarkable service, and we wish him every success in his next chapter. We have in place a robust succession planning programme to enable smooth continuity of our business operations.



The board and management is pleased with the strong performance recorded in this period, which is in line with our commitment to our shareholders

We reiterate our commitment to all stakeholders to remain agile in our execution to sustain the growth momentum achieved. We shall ensure prudent cost management to enable us to meet our medium-term guidance in line with our **Ambition 2025** objectives.

Key financial highlights

Ush (in millions)	9M 2024	9M 2023	YoY	Q3 2024	Q3 2023	YoY
Total Revenue	2,331,260	1,948,584	19.6%	808,584	681,494	18.6%
Non-service revenue	23,364	27,314	-14.5%	6,086	10,284	-40.8%
Service Revenue	2,307,896	1,921,269	20.1%	802,498	671,210	19.6%
Voice	941,695	828,304	13.7%	314,964	283,644	11.0%
Data	585,778	450,329	30.1%	212,505	160,090	32.7%
Fintech	686,404	555,623	23.5%	244,103	197,341	23.7%
<i>Mobile money</i>	669,191	532,874	25.6%	238,404	190,041	25.4%
<i>Xtra time</i>	17,212	22,749	-24.3%	5,699	7,301	-21.9%
Other Revenue	94,019	87,013	8.1%	30,926	30,134	2.6%
Others income	354	55	545.0%	101	-	0.0%
Expenses	1,126,146	963,244	16.9%	387,893	337,127	15.1%
EBITDA	1,205,469	985,394	22.3%	420,792	344,367	22.2%
EBITDA Margin	51.7%	50.6%	1.1 pp	52.0%	50.5%	1.5 pp
Depreciation & Amortization	365,987	320,193	14.3%	126,869	109,019	16.4%
EBIT	839,482	665,201	26.2%	293,923	235,348	24.9%
EBIT Margin	36.0%	34.1%	1.9 pp	36.4%	34.5%	1.8 pp
Net Finance Costs	179,960	157,569	14.2%	58,918	53,357	10.4%
Profit Before Tax (PBT)	659,522	507,632	29.9%	235,005	181,991	29.1%
Taxation	200,104	153,190	30.6%	71,328	55,584	28.3%
Profit After Tax (PAT)	459,418	354,442	29.6%	163,678	126,407	29.5%
Earnings Per Share	20.5	15.8	29.6%	7.3	5.6	29.5%
<i>PAT Margin</i>	19.7%	18.2%	1.5 pp	20.2%	18.5%	1.7 pp
Capex (IFRS 16)	476,518	445,897	6.9%	112,119	159,778	-29.8%
Capex (IAS 17)	297,871	289,568	2.9%	78,800	87,826	-10.3%
<i>Capex Intensity</i>	12.8%	14.9%	-2.1 pp	9.7%	12.9%	-3.1 pp
Non-Financials ('000)						
Overall Mobile Subscribers	21,551	19,017	13.3%			
Data Subscribers	9,277	7,474	24.1%			
Fintech Subscribers	13,190	11,648	13.2%			

Notes

- 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 Xtra-time 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

Sustained positive commercial metrics with strong data and fintech performance

Service revenue grew by 20.1% anchored by positive performances of the commercial metrics across all our business lines particularly sustained subscriber growth of 13.3% in a highly competitive market.

Voice revenue grew by 13.7% underpinned by a 13.3% growth in subscribers with an 827k net addition in the quarter and an increase in voice usage through optimization of our bundle offering. Growth slowed marginally in Q3 due to increased pricing competition, particularly in lower-priced products.

Contribution of voice revenue to service revenue reduced by 2.3 pp to 40.8% (2023: 43.1%) in favor of faster-growing areas, such as data and fintech.

Data revenue increased by 30.1% as a result of an increase in our active subscriber base which grew by 24.1% and supported by a 19.8% growth in data usage (MB) per subscriber. This was delivered on the back of our focused investments in the network which increased adoption of our data proposition on both 4G and 5G. Our device financing strategy yielded a 30.1% rise in smartphones connected to our network and growing penetration to 42.3% (2023: 36.6%). Data traffic on the network recorded an increase of 48.5%, of which 76.8% was carried on the 4G network (2023: 70.8%).

Our **home broadband** offering continues to benefit from the increased adoption as a result of providing an affordable and reliable proposition which has driven a 122.0% YoY growth in active subscribers.

Overall data revenue contribution to service revenue increased by 2.0 pp to 25.4% (2023: 23.4%).

Fintech revenue grew by 23.5% supported by sustained momentum in mobile money performance. Mobile money active subscribers grew by 13.2%, which drove a 25.1% increase in transaction volume to 3.0 billion; while transaction value increased by 13.3% to Ush 114.5 trillion.

In the period, basic revenues progressed as we actively addressed the float gap challenges by introducing more cash points to support the active agent base growth by 35.1% to 206k.

Our advanced revenues delivered a faster growth as our lending revenues doubled with increased uptake of our partner-led loan products. Payments also grew strongly with the growth of our active merchant base by 9.1% to 316k. The advanced revenue contribution increased to 27.6% (2023: 24.6%).

Fintech's contribution to service revenue increase by 0.8 pp to 27.6% (2023: 24.6%)

Digital revenue grew by 23.1% YoY to Ush 8.6 billion driven by improved uptake of our commercial API and content value added services. Active users on our super app platform, **Ayoba** increased by 13.2% to 1.7 million subscribers.

EBITDA grew by 22.3% with an EBITDA margin uplift of 1.1 pp to 51.7% (2023: 50.6%) benefiting from the sustained revenue growth momentum, a more benign inflation environment and implementation of ongoing cost efficiencies in our operations. We are pleased to have contained overall operating costs growth to 10.0% despite further expansion in our network footprint and capacity.

Depreciation and amortization increased by 14.3% attributed to higher network investments as we continued to invest extensively to drive growth as well as meet our NTO license geographical coverage obligations.

Net finance costs were up by 14.2%, largely driven by the higher network related leases as we invest in new sites across the country.

Profit after tax rose by 29.6% to Ush 459.4 billion with an improved PAT margin of 19.7% (2023: 18.2%).

This supported an increase in the second interim dividend declaration by 25.0% to Ush 7.5 per share (Ush 167.9 billion).

Capex (ex-leases) deployed increased by 2.9% to Ush 297.9 billion with a lower capex intensity of 12.8% (2023: 14.9%) as a result of an improved topline performance which also strengthened our free cashflow by 35.1% to Ush 729.0 billion.

Regulatory updates

In August 2023, the Uganda Revenue Authority (URA) initiated a tax investigative audit of the telecom sector, including MTN Uganda, to review the sector's tax compliance for the years 2018-2022. MTN has cooperated fully throughout this process, providing comprehensive data and necessary clarifications to URA in a timely and transparent manner.

On May 22, 2024, MTN received partial formal assessments from URA related to this five-year audit. MTN maintains that the revised assessment does not accurately reflect our operations or compliance with tax obligations. We are continuing to engage the URA in constructive dialogue and are confident that the ongoing discussions will result in a fair resolution.

MTN assures its subscribers, stakeholders, and the general public that we remain a responsible corporate citizen. We uphold the highest standards of corporate governance and are fully compliant with all legal and regulatory obligations.

Outlook

The operating environment in Uganda remains supportive with the central bank of Uganda projecting inflation to remain below the policy target of 5.0% supported by a combination of anticipated lower imported inflation supported by currency stability and moderate food and fuel inflation.

According to the central bank, overall risks to the inflation outlook remain balanced, however concerns on geo-political tensions and on-going global developments may create an impact on inflation and currency stability.

With this context, we are focused on executing our commercial and operational initiatives in line with our **Ambition 2025** strategy to maintain the strong momentum in the remaining part of the year.

For our voice and data business, we will continue to invest in network quality enhancements and focus on agility in service delivery to maintain our subscriber leadership.

In our data offering, we continue to take full benefit of the significant investments in 4G and 5G that will enable us to improve our mobile and fixed data user experience. In Q4, we have improved affordability of our home offering and improved our data speeds as much as approximately 5-fold across all tiers from a range of 10– 100Mbps to now 60–500Mbps as we competitively position the business.

In our fintech business, we continue to drive the advanced revenue growth ambition with increased partnerships in our **Wesotinge** loan suite. This quarter, we re-launched **Xtracash** in partnership with Post Bank, a digital micro-loan solution to extend short-term facilities to our mobile money subscribers. We have also revamped our credit scoring for the **MoMo advance** products which should augur well for our Banktech portfolio. We will also focus on our merchant's business proposition to spur further adoption of cashless payments through our **MoMopay** platform.

In terms of liability management, the tenor of our syndicated debt is winding down and we are currently in the process of assessing financing options to ensure that our balance sheet is appropriately optimized in line with our capital allocation strategy and to ensure sufficient working capital to maintain smooth operations.

In terms of our medium-term guidance framework, we upgrade our service revenue target to "upper-teen growth" (from "mid-teen"), and maintain our guidance of stable EBITDA margins above 50% as well as capex (excluding leases) intensity at "low-teens"; as we support our growth prospects.

Second interim dividend recommendation

Notice is hereby given that the Company's directors have proposed the payment of the second interim dividend of **Ush 7.5** per share (**Ush 167,917,831,793**) for the nine months ended 30 September 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	Tuesday, 26 November 2024
Dividend Payment Date	Monday, 16 December 2024

In line with the Uganda Securities Exchange (USE) Trading Rules 2021, the ex-dividend date will be **Thursday, 21 November 2024**. Accordingly, an investor who buys MTN Uganda shares on or before this date will be entitled to the second interim dividend. Any investor buying MTN Uganda shares after **Thursday, 21 November 2024** will not be entitled to the second interim dividend declared for the period.

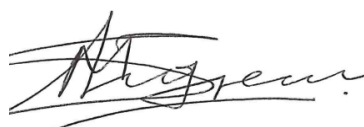
The dividend will be transferred electronically to the bank accounts or mobile money wallets.

Directors statement

The second interim dividend declared for the period ending 30 September 2024 was approved by the Board of Directors on **Friday, 1 November 2024** and signed on its behalf by:



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



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

Unaudited Summary Financial Statements

Summary Statement of Comprehensive Income

	September 2024	September 2023
	Shs'000	Shs'000
Revenue from contracts with customers	2,331,260,083	1,948,583,521
Other income	354,494	54,959
EBITDA	1,205,468,742	985,394,025
Depreciation and Impairment of property, plant and equipment	(300,450,654)	(271,209,335)
Amortization of intangible assets	(65,536,324)	(48,983,663)
Operating profit	839,481,764	665,201,027
Finance income	39,941,375	42,798,704
Finance costs	(219,901,407)	(200,367,717)
Profit before tax	659,521,732	507,632,014
Income tax expense	(200,104,181)	(153,189,717)
Profit for the year	459,417,551	354,442,297
Other comprehensive income for the year net of tax	-	-
Total comprehensive income for the year	459,417,551	354,442,297

Summary Statement of Financial Position

	September 2024	September 2023
	Shs'000	Shs'000
Assets		
Non-Current assets	2,889,325,989	2,719,484,573
Current assets	1,698,403,800	1,963,055,901
Total Assets	4,587,729,789	4,682,540,474
Equity		
Ordinary share capital	22,389,044	22,389,044
Retained earnings	1,160,189,827	991,829,855
Total Equity	1,182,578,871	1,014,218,899
Liabilities		
Non-Current liabilities	1,279,560,942	1,244,649,664
Current liabilities	2,125,589,976	2,423,671,911
Total liabilities	3,405,150,918	3,668,321,575
Total Equity and Liabilities	4,587,729,789	4,682,540,474

Summary Statement of Cash Flows

	September 2024	September 2023
	Shs'000	Shs'000
Operating activities		
Net cash generated from operating activities	374,284,383	404,222,195
Investing activities		
Net cash used in investing activities	(261,901,505)	(285,907,375)
Financing activities		
Net cash used in Financing activities	(172,375,117)	(118,944,706)
Movement in cash at bank and in hand	(59,992,239)	(629,885)
At start of year	238,465,185	191,914,736
Exchange losses on cash at bank and in hand	7,735,023	(179,950)
At end of year	186,207,969	191,104,901



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About MTN Uganda

MTN Uganda is one of Africa's largest providers of communications services, connecting approximately 21.6 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 18 countries in Africa and the Middle East.