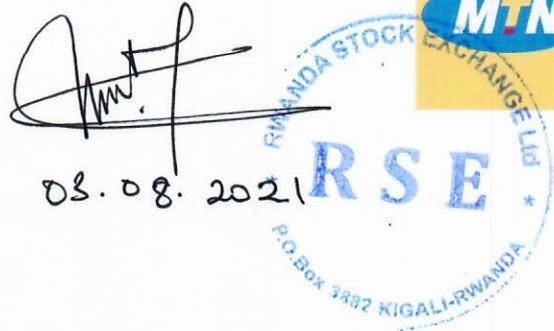


MTN Rwandacell Limited  
MTN Centre,  
Nyarutarama, P.O. Box 264, Kigali, Rwanda  
Tel: (+250) 280390001, Fax: (+250) 280390002  
Company Code: 100019148



2 August 2020

Chief Executive Officer  
Rwanda Stock Exchange  
Kigali, Rwanda  
Ref: 00353/MTN/CEO/2020

Dear Sir,

**RE: SUBMISSION OF MTN RWANDACELL PLC HALF YEAR RESULTS FOR PERIOD ENDING 30 JUNE 2021**

We are pleased to submit to you, MTN Rwandacell Plc's Half Year Results for the period ending 30 June 2021.

The related press release is attached for your convenience.

Yours Faithfully,

A handwritten signature in blue ink, appearing to read 'Sharon Mazimhaka'.

Sharon Mazimhaka  
Company Secretary



# MTN RWANDACELL PLC HALF YEAR RESULTS

Kigali | Rwanda: 2 August 2021



# MTN RWANDACELL PLC HALF YEAR RESULTS

**Kigali | Rwanda: 2 August 2021**

MTN Rwandacell Plc ("MTN Rwanda") is pleased to share its financial results for the six-month period ended 30 June 2021.

**Key metrics (comparing June 2021 to June 2020):**

- Mobile subscribers increased by 1.1 million to 6.5 million
- Active data users increased by 400k to 1.8 million
- Mobile Money (MoMo) users increased by 350k to 3.55 million
- Service revenue increased by 29.3% to Rwf86.6 billion
- Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 30.0% to Rwf44.6 billion
- EBITDA margin stable at 50.4%
- Profit before tax (PBT) grew by 53.0% to Rwf21.9 billion

*Unless otherwise stated, financial and non-financial information is year-on-year (YoY, half-year 2021 versus half-year 2020). 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 Rwandacell PLC Chief Executive Officer - Mitwa Ng'ambi**

*“We are pleased to release MTN Rwanda’s 2021 interim results, the first such report since the company’s listing. Despite the uncertainties of COVID-19, MTN Rwanda delivered a solid first half, cementing our strong leadership position in the market with a 62.9% market share and 19.8% year-on-year growth in our customer base. In addition, we recorded a 26.0% increase in active data subscribers and a 10.9% rise in Mobile Money users.*”

In the first half of the year, the COVID-19 pandemic continued to impact lives and livelihoods. Following a full lockdown for three weeks between January and February 2021, the easing of restrictions during H1 led to improved economic activity and market conditions especially in Q2. Throughout this period MTN Rwanda played an active role in supporting the Ministry of Health’s efforts in stemming the spread of the virus. Our most recent initiative is a communication campaign, #OneMorePush, which aims to re-emphasize, the importance of all COVID-19 preventive measures within our communities – especially the wearing of face masks.

H1 service revenue grew by 29.3% and EBITDA by 30.0%, enabling us to maintain our EBITDA margin at 50.4%. The easing of lockdown measures supported our overall performance, with voice revenue up by 16.1% and data revenue 24.6% higher in the first half of 2021. During H1 we worked to optimise our network and further increase population coverage.

**MTN Rwandacell Plc**

Half year results for period ended 30 June 2021



As we execute on our Ambition 2025 strategy, we are already beginning to realise its value. Driven to build the largest and most valuable platforms, we have structurally separated our Fintech business into an independent subsidiary (Mobile Money Rwanda Ltd). The subsidiary company is now fully resourced and operational.

We are also pleased to have concluded MTN Rwanda's license renewal process with the Rwanda Utilities Regulatory Authority (RURA). The previous license expired on 30 June 2021 and the new license took effect from 1 July 2021.

Having received all required approvals, we have now signed a 10-year Individual License with RURA for a fee payable in Rwandan francs, equivalent to Rwf91.0 billion. A first instalment of 70% has been paid and the remaining 30% is due by 30 July 2022. This is a unified license, subject to Rwanda's National Broadband Policy.

The license fee along with MTN Rwanda's ongoing operational and investment requirements will be funded by cash generated from operations and supplementary funding from local banks.

Our medium-term guidance provided a target minimum dividend pay-out ratio of 50.0% of distributable net income. This was with the exception of 2021 where a pay-out ratio of at least 30.0% was targeted in anticipation of the license renewal conclusion. Given the timing of the conclusion of the renewal process and fee payments, MTN Rwanda made an actual dividend pay-out of 50.4% of its 2020 distributable net income, in July 2021. The company will thus continue to target a 50% pay-out over the medium term, with the exception now revised to 2022, where the aforementioned pay-out ratio of at least 30% will now be targeted.



**MTN Rwandacell Plc**

*Half year results for period ended 30 June 2021*

Following the listing of the Company on the Rwanda Stock Exchange on 4 May 2021, we have made revisions to our Board of Directors. At the Annual General Meeting of Shareholders held on 30 June 2021, five new Directors were elected to the Board, leaving one vacant board position to be filled in H2 2021, so as to comply with the requirement of majority Non-Executive Directors in the Capital Market Authority's Corporate Governance Code.

**Looking ahead,** *our focus will remain on managing the impacts of the COVID-19 pandemic, investing in the capacity and resilience of our networks as well as scaling our platform businesses, such as Fintech, to sustain growth."*

## Key financial highlights

Rwf (m)	June 2021	June 2020	% change reported
<b>Total Revenue</b>	<b>88,337</b>	<b>67,878</b>	<b>30.1%</b>
Service Revenue	86,555	66,945	29.3%
Expenses	43,791	33,611	30.3%
EBIDTA	44,546	34,267	30.0%
<b>EBITDA Margin</b>	<b>50.4%</b>	<b>50.5%</b>	<b>-0.1%</b>
Depreciation & Amortisation	14,639	11,837	23.7%
Net Finance Costs	7,947	8,087	-1.7%
<b>Profit before tax</b>	<b>21,960</b>	<b>14,343</b>	<b>53.1%</b>
Income tax expense	7,729	5,044	53.2%
<b>Profit after tax</b>	<b>14,231</b>	<b>9,299</b>	<b>53.0%</b>
Earnings per share	10.5	6.9	52.2%
Capital Expenditure (IAS 17)	18,458	12,059	53.1%
Capital Expenditure (IFRS 16)	20,684	16,040	29.0%
Capex intensity (IAS 17)	20.9%	17.8%	3.1%
Capex intensity (IFRS 16)	23.4%	23.6%	-0.2%
Free Cash Flows	23,862	18,227	30.9%
<b>Market Share</b>	<b>62.9%</b>	<b>57.1%</b>	<b>5.8pp</b>
Mobile Subscribers	6.5	5.4	19.8%
Data Subscribers	1.8	1.4	25.8%
Mobile Money Subscribers	3.55	3.2	10.9%

### Notes:

- Voice revenue includes interconnect and outbound roaming voice.
- Data revenue includes roaming data.
- Digital revenue includes Rich Media Services.
- Fintech revenue includes MTN Xtratime 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)
- During this period, a dividend of RWF 7.55/share was declared
- For comparative purposes, the number of shares 1,350,886,600 applied for both periods.



## Operational review

We made considerable progress in growing our **core business**, connecting 1.1 million new subscribers, supporting a 16.1% increase in voice revenue, which accounted for 48.0% of service revenue. This performance was enabled by our expanded customer acquisition touchpoints, rural telephony initiatives and revamped acquisition offers. It was also boosted by our decision at the start of the year, to make permanent our offer to allow subscribers to use any voice bundle to call other mobile networks in Rwanda at no additional cost. This development also had a significant positive impact on customer retention and acquisition.

**Data** revenue maintained its positive momentum, rising by 24.6%. This was led by a combination of increased subscribers, usage (MB per user) and ultimately traffic, supported by increased network capacity. Data traffic rose by 35.0% YoY with data revenue accounting for 18.0% of service revenue.

**Fintech** revenue recorded strong YoY growth of 80.0%. This is comprised of revenue from both Mobile Money and Xtritime (our airtime lending service). Mobile Money revenue grew by 73.7% YoY, benefitting also from a lower 2020 revenue base, which included three months of zero-rated person-to-person (P2P) transactions that were aimed at boosting cashless payments to limit the spread of COVID-19.

After a challenging start to the year, **Enterprise** made a considerable recovery and recorded a 19.0% increase in revenue, supported by higher revenue from devices and fixed connectivity.

The COVID-19 lockdown at the start of Q1 2021 had meant a slow uptake of products and services offered to the businesses we serve, however it also created an opportunity for the accelerated uptake of our home connectivity offer as people shifted to work-from-home. Since the launch in June 2020, Home connections have reached 2,328 as at the end of H1 2021.

**EBITDA** rose by 30.0%, translating to an EBITDA margin of 50.4%. We delivered a healthy free cash flow of Rwf23.9 billion, up 30.9%. Depreciation and amortisation rose by 23.7% as we rolled out and commissioned more network sites. Net finance costs decreased by 1.7% on the back of debt repayments. Against this backdrop, profit after tax (PAT) rose by 53.0%.

**Capital expenditure** increased with continued investment in the network to cater for coverage and capacity. These investments grew by 53.1% and 29.0% per IAS17 and IFRS16 standards respectively.

In H1, we increased our 2G/3G population coverage from 95.8 % to 96.7% with the delivery of 117 sites (2G/3G). At 30 June 2021, capex intensity stood at 20.9% and 23.4% (IAS17 and IFRS16 respectively).

In terms of our financial leverage, the current **debt to equity ratio** stands at 37:63 with external financing sourced entirely locally. On a net debt to EBITDA basis our ratio stands at 0.3x and remains comfortably within our covenant threshold of 2.5x.





## COVID-19 update

Our response to the pandemic and its impact has been focused on four broad areas, namely social, commercial, network as well as funding and liquidity considerations.

- **In terms of social impact**, we launched a number of initiatives to provide support for our employees, customers, and stakeholders as part of our **Yello** Hope initiatives. These included the provision of Rwf70 million to the Ministry of Health for oxygen testers and masks for vulnerable communities. We continued to empower our employees to work remotely and implemented health measures to ensure their safety as well as business continuity. We also continued to provide welfare support through the MTN Rwanda Staff Emergency Fund. Under the theme **#OneMorePush**, from July 2021, MTN is running a four-month communication and engagement campaign to emphasize the importance of adhering to COVID-19 preventive measures particularly that of wearing face masks. MTN Rwanda continues to look for avenues through which to support Government efforts to stem the spread of the virus
- **Our customers** were supported through commercial initiatives to ease the burden of working from home. At the start of Q1 2021, our Home Connectivity offer waived installation and router fees for all first-time home customers. In addition, we zero-rated e-commerce sites to support these businesses while ensuring that customers could receive their supplies safely at home. MoMoPay Merchant transactions also remained free during this period (January – June 2021) for customers and merchants respectively.
- **In terms of network**, with the easing of COVID-19 restrictions at the end of Q1 we were able to accelerate network rollout in Q2 and carry out optimisation activities to improve the quality of network amid continued increases in traffic.
- **Our funding and liquidity** remained well managed, supported by strong cash flows and approved funding facilities. Our headroom to leverage is comfortably within banking covenants and is able to meet our operational, investment and financial requirements.



## Outlook

Despite the challenging and uncertain environment that the COVID-19 pandemic presents, we remain focused on driving toward execution of our Ambition 2025 strategy.

We will continue investing in our network and aggressively rolling out sites to fill coverage gaps and target a population coverage of 98% by year-end. We aim to continue driving subscriber growth in support of our low-to-mid teen percentage growth target for service revenue over the medium-term.

True to our platform strategy, we will remain focused on scaling our Fintech business also given the important role it plays in facilitating greater financial inclusion and supporting the Government of Rwanda in its drive for a cashless economy. We will continue to onboard MoMoPay merchants, targeting further expansion of that base through to the end of 2021.

Data and digital revenue streams have the potential for further growth. As such, they remain priorities for the remainder of the year. We will also sustain our drive for expense efficiencies across the business and strengthen our operations and financial position to unlock efficiency and support margins.

## Conclusion

We are encouraged by these half year results, that we owe to the hard work of our team across the country as well as the continued support from our board of directors and stakeholders.

We thank our customers for the loyalty and trust put in us and remain committed to leading digital solutions for Rwanda's progress.

## Statement of Financial Position

Rwf (m)	June 2021	December 2020	% change reported
Other property, plant and equipment	159,320	153,890	3.5
Intangible assets and goodwill	0	9	-100.0
Other non-current prepayments	386	429	-10.0
Current assets	135,371	134,386	0.7
<b>Total assets</b>	<b>295,077</b>	<b>288,714</b>	<b>2.2</b>
<b>Total equity</b>	<b>49,101</b>	<b>48,730</b>	<b>0.8</b>
Non-current liabilities	102,247	104,539	-2.2
Current Liabilities	143,729	135,445	6.1
<b>Total equity and liabilities</b>	<b>295,077</b>	<b>288,714</b>	<b>2.2</b>
Net Tangible assets per Security	117.9	107	9.8

### Notes:

- Non-current assets include the fixed assets predominantly relating to the network and information technology space. The intangible asset declined to nil value but will reflect the value of the License renewed from July 2021.
- Current assets include Rwf55.7 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.
- Equity increased YoY by 0.8%. Shareholder loans were re-classified from equity to liabilities for repayment to shareholders.

The financial position of the Company remained solid with total assets increasing from Rwf 288.7 billion to Rwf 295.1 billion, representing growth of 2.2%.