



# **MTN RWANDACELL PLC** *Half Year Results 2022*

Kigali | Rwanda: 3 August 2022

# Total Revenue

increased by

# 20.4%

to Rwf 106.3 billion

MTN Rwandacell Plc (MTN Rwanda) is pleased to announce its unaudited financial results for the six months ended 30 June 2022.

Salient points:

- Mobile subscribers increased by 1.7% year-on-year (YoY) to 6.6 million
- Active data subscribers increased by 23.9% YoY to 2.2 million
- Mobile Money (MoMo) subscribers increased by 9.1% YoY to 3.9 million
- Service revenue increased by 21.5% to Rwf 105.1 billion
- Earnings before interest, tax, depreciation, and amortisation (EBITDA) grew by 17.8% to Rwf 52.5 billion, with an EBITDA margin of 49.3%
- Capital expenditure (capex, IAS 17) increased by 56.0% to Rwf 28.8 billion
- <sup>1</sup>Profit after Tax (PAT) decreased by 31.5% to Rwf 9.7 billion, as the business continues to amortize its operating license that was renewed in 2021

**Unless otherwise stated, financial and non-financial information is YoY (six months to 30 June 2022 versus six months to 30 June 2021). 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).

<sup>1</sup> Amortization continues to impact profit after tax (PAT) closing at Rwf 9.7 billion which represents a 31.5% decline YoY due to the renewal of our operating license in 2021. The license fee of \$91 million will be amortized annually for 10 years.

MTN Rwanda has continued its journey of accelerated progress shown over the last three years. This is despite global and local inflationary pressures, resulting from the Ukraine-Russia war, which has placed strain on supply chains globally and resulted in an increase in commodity and fuel prices.

While we remain cautious of the current operating environment, we have continued diligent execution of our Ambition 2025 strategy. Leading in connectivity, has been of great focus in the first half of the year, and our investment in network has resulted in a leading NPS position ending the period. We deployed capex of Rwf 28.8 billion in the first half of the year (up by 56.0% YoY), rolling out 57 sites across the country. We also enabled U2100 spectrum on all sites across the network to close the quarter with full carrier aggregation which has greatly improved customer experience. With this solid foundation we continue our focus in pursuit of full population coverage.

These investments, along with solid operational execution, supported a resilient commercial performance. We grew our subscriber base by 1.7% YoY to 6.6 million in H1 2022 against the backdrop of new SIM registration guidelines, which were introduced in September 2021.

## Comments from MTN Rwanda Chief Executive Officer

– Mitwa Ng'ambi



We are pleased to have maintained our leadership in customer market share, which increased by 2.7pp to 65.6%.

while the volume and value of transactions processed were up by 38.3% and 22.8% YoY, respectively. Within our merchant ecosystem, MoMoPay, the volume of transactions increased by 36.4% YoY.

# Subscribers base

grew by 1.7% YoY to

# 6.6 million

With the aim to deliver a superior data experience to our customers, we embarked upon an accelerated 4G penetration drive which has seen the number of active 4G users grow by five times over the period, while overall data subscribers also grew by 23.9%. This approach coupled with initiatives to drive smartphone penetration will bolster data revenue growth in the long run. To drive smartphone penetration, we signed a Memorandum of Understanding (MOU) with the Bank of Kigali, that will see to the launch of a device financing partnership post our half year results release.

In driving our platform strategy, we have placed significant focus on the growth of our MoMo customer base and the service ecosystem that it enjoys. MoMo active subscribers grew by 9.1% YoY

Notable product launches on Mobile Money, during the period, include MoMoBiz and Mobile Money interoperability. MoMoBiz, an end-to-end payment solution and interface, aims to facilitate financial transactions for businesses of all sizes. Mobile Money interoperability, also launched in the second quarter, further facilitates person-to-person money transfers across all networks. Mobile Money Rwanda Ltd will continue to drive growth in the mobile financial services, with a focus on advanced services, in line with our strategy.

# Overall data subscribers also grew by **23.9%**

Our continued strategic focus on Environment, Social and Governance (ESG) matters led to the implementation of a number of initiatives in the first half of the year. The most notable being the introduction of solar power in our main data centre, a pilot of which continues to perform well. We continued to advocate for the adoption of green energy solutions, by also donating solar panels to 700 families through the Cana Challenge in partnership with the Development Bank of Rwanda.

Project Twese (“All of Us”), which launched last year with special focus on making our products and services more accessible to people with disabilities, led to the completion of a 3-month sign language training programme for our front-line staff. We are proud of the role we play in serving and supporting all members of our society. Through our annual staff community service initiative, the 21 days of Yello Care, MTN Rwanda staff also focused on digital skills training at Agahozo Shalom Youth Village, a home to orphaned and vulnerable Rwandan Youth.

With this sustainable approach to business growth, our overall revenue grew by 20.4% YoY. EBITDA grew by 17.8% YoY closing the quarter with an EBITDA margin of 49.3%. The decline of 1.1pp in the EBITDA margin is primarily due to the increase in the mandatory contribution to the Community Based Health insurance scheme from 2.5% to

3.0% of turnover in 2022, as well as the cost of sales associated with accelerating 4G penetration. We continue to implement cost efficiencies to contain operating expenditure growth. The renewal of our operating license in 2021 amplified amortisation costs as well as net finance costs resulting in a 31.5% YoY decline in PAT to Rwf 9.7 billion.

We are pleased with the company's performance thus far and are optimistic, albeit cautiously due to the macroeconomic outlook, the ongoing execution of our Ambition 2025 strategy will continue to yield positive results.

This, however, will be the last time I communicate with you as the CEO of MTN Rwanda following my appointment as CEO of MTN Cameroon, effective 1 September 2022. Serving the people of Rwanda as MTN's CEO has been an honour of a lifetime and I would like to thank all MTN Rwanda staff, our customers, shareholders, and stakeholders for the unwavering support during my tenure. I am confident that the solid foundation we have built, and the journey of accelerated progress will continue under the leadership of my successor Ms. Mapula Bodibe.

I wish Ms Bodibe and the entire MTN Rwanda team nothing but the best, as they continue to lead digital solutions for Rwanda's progress.





**Key financial and  
operational highlights**

## Key financial and operational highlights

Rwf (m)	30-June-2022	30-June-2021	% Change
<b>Total Revenue</b>	<b>106,392</b>	<b>88,337</b>	<b>20.4%</b>
Service Revenue	105,125	86,555	21.5%
Expenses	53,936	43,791	23.2%
<b>EBITDA</b>	<b>52,456</b>	<b>44,546</b>	<b>17.8%</b>
EBITDA Margin	49.3%	50.4%	-1.1%
Depreciation & Amortization	23,563	14,639	61.1%
Net Finance Costs	14,655	7,947	84.4%
Profit before tax	14,238	21,960	-35.2%
Income tax expense	4,495	7,729	-41.8%
<b>Profit after tax</b>	<b>9,743</b>	<b>14,231</b>	<b>-31.5%</b>
Earnings per share	7.2	10.5	-31.5%
Capital Expenditure	28,800	18,458	56.0%
Capex intensity	29.6%	20.9%	8.7%
<b>Free Cash Flows</b>	<b>23,656</b>	<b>26,088</b>	<b>-9.3%</b>
Market Share	65.6%	62.9%	2.7pp
Mobile Subscribers	6.6	6.5	1.7%
Data Subscribers	2.2	1.8	23.9%
MoMo Subscribers	3.9	3.6	9.1%

### 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.

**Resilient financial performance underpinned by solid operational execution**

We reported strong YoY growth in overall service revenue of 21.5%. Voice revenue, which makes up 42.1% of total service revenue, increased by 7.1% YoY supported by a 14.9% YoY increase in voice traffic.

Data revenue sustained its positive momentum, growing by 14.6%, driven by growth in the active data subscribers of 23.9% and increased usage (MB per user). Data revenue accounted for 16.5% of total service revenue in H1 2022. Home connectivity also posted growth, with the number of homes connected through fixed wireless and fibre-to-the-home closing at over 4,600, reflecting an increase of 99.8%.

Fintech revenue maintained strong YoY growth of 52.4%, which was attributable to both Xtratime (our airtime lending service) and MoMo. MoMo revenue was up 57.8% YoY, driven by growth in active MoMo subscribers of 9.1% as well as increased transaction volume (up 38.3%) and value (up 22.8%). We have seen good growth in advanced MoMo services, whose revenue now contributes 18% to the overall MoMo revenue (up from 10% at the same time last year). This indicates a development

**Fintech revenue maintained strong YoY growth of 52.4%**

in the MoMo business, bolstering the country's efforts to drive a cashless economy.

EBITDA improved by 17.8%, with an EBITDA margin of 49.3%, down by 1.1pp mainly due to the increase in the health subsidy levied by the Government of Rwanda from 2.5% to 3.0% of revenue in August 2021 as well as increased data cost of sales driven by rising 4G uptake.

Depreciation and amortisation increased by 61.0% largely due to the amortization of capitalized regulatory fee of US\$91 million attached to the 10-year renewal of our operating license. It must be noted that following the initial 70% instalment paid in 2021, the balance of 30% has now also been fully paid during H1 2022. The license fee will be amortized annually for 10 years to 2031.

In addition, net finance costs rose by 84.4% due to the additional debt raised to support the license renewal. These factors resulted in a PAT decline of 31.5% YoY in H1 2022. Excluding the additional charges arising from the licence renewal, underlying PAT would have increased by 31%.

Capital expenditure rose by 56.0% 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 57 at the end of H1 2022. Capex intensity therefore increased by 8.7pp to 29.6% as we front loaded a lot of the network improvement initiatives in the first half of the year.

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### **Regulatory Update on Enforcement Notice**

The Rwanda Utilities Regulatory Authority (RURA) issued an Enforcement Notice in August 2021 to address quality of service (QoS) issues by end of October 2021 and November 2021, for sites in Kigali and upcountry respectively. Thereafter, an extension was granted until 31 March 2022.

We remain engaged with RURA to demonstrate the improvements made in the network since issuance of the Enforcement Notice and are pursuing a request to have the Enforcement Notice officially lifted. In July 2022, we issued a report to RURA on the outcome of drive tests conducted in Kigali, major cities, and national roads to further demonstrate the network improvements made.

### **CEO Succession**

Effective 1 September 2022, MTN Rwanda CEO Mitwa Ng'ambi will move within the MTN Group to become CEO of MTN Cameroon. Ng'ambi has been with MTN Rwanda since 2019 and has led the organization through a number of significant milestones, most notable being the listing of MTN Rwanda on the

Rwanda Stock Exchange, the ten-year renewal of the Company's operating license, the establishment of the country's first FinTech subsidiary - Mobile Money Rwanda Ltd, as well as smartphone campaign, #ConnectRwanda. During her tenure, the company has been in pursuit of leading digital solutions for Rwanda's progress, cementing positive relations with stakeholders and the company's market leadership in Telecom and Fintech services.

Mapula Bodibe, currently the Chief Consumer Officer at MTN South Africa, has been appointed as the new CEO of MTN Rwanda effective 1 September 2022. Bodibe is a seasoned executive with extensive experience within the MTN Group. In a career spanning more than 15 years with the MTN Group, she has held various senior management roles including Chief Marketing Officer at MTN Uganda, Executive for the Consumer Business and General Manager for Consumer Marketing at MTN South Africa. Bodibe brings to the business, a strong background in commercial strategy, consumer marketing, customer strategy, brand management and communications, product management and customer analytics.



**Mitwa Ng'ambi**

Outgoing MTN Rwanda CEO



**Mapula Bodibe**

Incoming MTN Rwanda CEO

# Outlook



The Ministry of Finance revised the 2022 growth forecast downwards to 6%, from 7.2%. Inflation in the country reached 16.1% in June 2022, 16pp higher than a year ago – with even higher increases observed in fuel and food commodities. Inflation is expected to rise further in the remainder of the year as macroeconomic pressures persist. This may impact the business into H2, along with the effects of the downward revision to local interconnect tariffs implemented in May 2022 that have resulted in a slight reduction in industry pricing on voice.

The investment in our network and platforms remains a key priority supporting our strategy. Having accelerated our capex in H1 to improve customer experience as well as mitigate against potential supply chain bottlenecks, we anticipate this will abate for the remainder of the year.

We will continue investing in our network to improve quality as we target full population coverage this year to further

drive the growth in subscriber base and connectivity business.

The Fintech eco-system is fast growing in Rwanda and to differentiate ourselves we will look to diversify our MoMo product portfolio to unlock new opportunities with a focus on advanced services. While we expect core services to remain the greatest contributor to the MoMo business, we also foresee continued growth in the advanced services contribution.

In navigating the increasingly challenging trading environment, we will continue to execute on our Ambition 2025 strategy to drive solid commercial momentum, with an increased focus on efficiencies, to achieve our medium-term targets. Commercially, we will capture the growing demand for digital and financial services, tailoring our value proposition to our customer's needs. We maintain our guidance of low to mid-teens growth in service revenue over the medium-term.

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**a key priority supporting**  
**our strategy**

## Statement of Financial Position

Rwf (m)	30-June-2022	30-Dec-2021	% Change reported
Other property, plant, and equipment	197,737	174,391	12.8%
Intangible assets and goodwill	82,292	86,865	-5.3%
Other non-current prepayments	893	1,061	-15.8%
Current assets	181,565	156,041	16.4%
<b>Total assets</b>	<b>461,487</b>	<b>418,358</b>	<b>10.3%</b>
Total equity	59,662	57,295	4.1%
Non-current liabilities	164,251	164,664	-0.3%
Current Liabilities	237,574	196,399	20.9%
<b>Total equity and liabilities</b>	<b>461,487</b>	<b>418,358</b>	<b>10.3%</b>

### Notes:

- The intangible asset of Rwf 82.3 billion relates to the license renewal that is amortized over a 10-year period.
- Current assets include Rwf 77.1 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.

***What  
are we  
doing  
today?***

