

# MTN RWANDACELL PLC

## Quarter 3 results

Kigali | Rwanda: Date: 25th October 2021

MTN Rwandacell Plc (MTN Rwanda) is pleased to share its trading update for the year-to-date period ending 30th September 2021.

Key metrics (comparing September 2021 to September 2020)

- Mobile subscribers increased by 500,000 (9%) to 6.4 million.
- Active data users increased by 400,000 (23.8%) to 2.0 million.
- Mobile Money subscribers increased by 600,000 (18%) to 3.7 million.
- Service revenue increased by 23.1% to Rwf134.9 billion.
- Earnings before interest, tax, depreciation, and amortisation (EBITDA) grew by 21.3% to Rwf69.2 billion, with an EBITDA margin of 50.3%.
- Profit before tax (PBT) grew by 11.1% to Rwf30.0 billion.
- Dividend of Rwf7.551 per share paid to shareholders who were registered on the Share Registrar as at 7 June 2021. Payment was made to shareholders on 7 July 2021.

*Unless otherwise stated, financial and non-financial information is year-to-date YoY (Q3 2021 versus Q3 2020). Customer numbers are based on MTN Rwanda's definition of Mobile subscribers active in 90 days and Data & Mobile Money users active in 30 days.*

# Comments from MTN Rwandacell PLC Chief Executive Officer - Mitwa Ng'ambi



We are pleased to present MTN Rwanda's Q3 results, delivering a solid performance despite the economic slowdown triggered by the COVID-19 pandemic.

Overall revenue grew by 23.5% YoY supported by solid growth in voice, data and mobile financial services. Our leadership in the market in terms of customer market share increased by 1.7 percentage points (pp) to 62.8% (Source: RURA Monthly Report).

Our financial performance was supported by the resilience of our business model and commercial execution which saw our mobile subscriber base grow by 9% YoY, with active data users and mobile money (MoMo) users up by 23.8% and 18.7% YoY respectively.

EBITDA grew by 21.3% YoY, closing the quarter with EBITDA margin 1pp softer at 50.3%. The company continues in its execution of cost efficiency initiatives, which has helped to contain growth in operating expenditure. The EBITDA margin was however softer largely due to an increase in the sale of handsets, which come in at lower margins. Handset sales increased as COVID-19 restrictions eased, which is key in driving smartphone penetration and stimulating data revenue growth.

MTN Rwanda continues to execute against its priorities under the Ambition 2025 strategy, with significant emphasis on network expansion and stability. In-line with our objective to build and expand our second-to-none network, 103 new sites



were rolled out across the country from October 2020 to September 2021.

With the intent to build the most valuable platforms for our customers, we continue to expand our MoMo ecosystem. The third quarter saw a 200% growth in the number of partners that are integrated into the MoMo Ecosystem through the Open API.

The Environment, Social Issues and Governance (ESG) is an area of growing focus for the company. In contributing to a Green Rwanda, airtime sales are now done 100% electronically and MTN SIM cards have been re-sized and sold without plastic covering. We look forward to more environmental interventions that will contribute to reducing Carbon emissions.

Ensuring we participate actively in building sustainable and inclusive societies we launched the “Twese” (All of us) Initiative in which MTN Rwanda committed to a series of interventions that will make our products and services more

inclusive and accessible to people with disabilities. Through this initiative all MTN Rwanda adverts will contain sign language interpretation going forward, all stores will be progressively modified to make them more physically accessible, 10% of positions on our Annual Graduate Program and 60 Mobile Money Kiosks across the country are reserved for people with disabilities. We also introduced sign language support in our Call Centre through video calls. The Twese initiative was launched in partnership with the National Union of Disability Organizations in Rwanda (NUDOR).

Q4 2021 will see us continue to focus on prudently managing costs to maintain healthy margins, investing in capacity and the quality of service of our network, as well as further scaling our core business. As we prepare for 2022, we remain resolute in our pursuit of our Ambition 2025 strategy and are excited about the prospects.



# **Key financial highlights**

<b>Rwf (m)</b>	<b>Sept 2021</b>	<b>Sept 2020</b>	<b>% Change Reported</b>
<b>Total Revenue</b>	<b>137,459</b>	<b>111,300</b>	<b>23.5%</b>
Service Revenue	134,918	109,566	23.1%
Expenses	68,283	54,647	25.0%
<b>EBITDA</b>	<b>69,177</b>	<b>57,046</b>	<b>21.3%</b>
EBITDA Margin	50.3%	51.3%	-0.9%
Depreciation & Amortisation	25,038	18,243	37.2%
Net Finance Costs	14,111	11,781	19.8%
<b>Profit before tax</b>	<b>30,028</b>	<b>27,022</b>	<b>11.1%</b>
Income tax expense	10,616	9,159	15.9%
<b>Profit after tax</b>	<b>19,412</b>	<b>17,863</b>	<b>8.7%</b>
Earnings per share	14.4	13.2	8.7%
Capital Expenditure	31,712	31,218	1.6%
Capex intensity	23.1%	28.0%	-5.0%
Free Cash Flows	37,465	25,828	45.1%
<b>Market Share</b>	<b>62.8%</b>	<b>61.1%</b>	<b>1.7pp</b>
Mobile Subscribers (m)	6.4	5.9	9.0%
Data Subscribers (m)	2.0	1.6	23.8%
Mobile Money Subscribers (m)	3.7	3.1	18.7%

**Note:**

- 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 financial services.
- Other service revenue includes Information and Communications Technology (ICT).
- Capital expenditure excluding right of use assets.
- Free cash flow (EBITDA minus capital expenditure).
- For comparative purposes, the number of shares 1,350,886,600 applied for both periods.
- Customer numbers are based on MTN Rwanda's definition of Mobile subscribers active in 90 days and Data & Mobile Money users active in 30 days.



# Operational review



We made considerable progress in growing our customer base, connecting 500,000 new subscribers to our network. The growth in our customer base provided support for voice revenue growth, which accounted for 48.1% of service revenue and rose by 12.9%. This was enabled by our expanded customer acquisition touchpoints, rural telephony initiatives and revamped acquisition offers.

**Data** revenue maintained its growth momentum following COVID-19 lockdown restrictions, rising by 22.3%. The performance in data was led by a combination of increased subscribers and usage (MB per user) supported by increased network capacity. Data traffic rose by 42.5% with data penetration closing the period at 31.2% of the MTN Rwanda subscriber base.

**Fintech** revenue had the highest YoY growth of 54.4%. This is comprised of both Mobile Money and Xtratime revenue (our airtime lending service). Mobile money is the main revenue stream with its core services of Person-to-Person transfers (P2P) and cash-out contributing 89% of the total MoMo revenue. We continue to see an encouraging shift of mobile money usage into other advanced service streams such as merchant payments.

**EBITDA** rose by 21.3% and the EBITDA margin was 50.3%. We delivered a healthy free cash flow of Rwf 40.0 billion, up 55.1%

versus last year. Depreciation and amortisation rose by 37.2% as a result of amortisation of the recently renewed operating license. Net finance costs rose by 19.8% as we acquired a syndicated loan to finance the recently concluded license renewal. Profit after tax (PAT) rose by 8.7%.

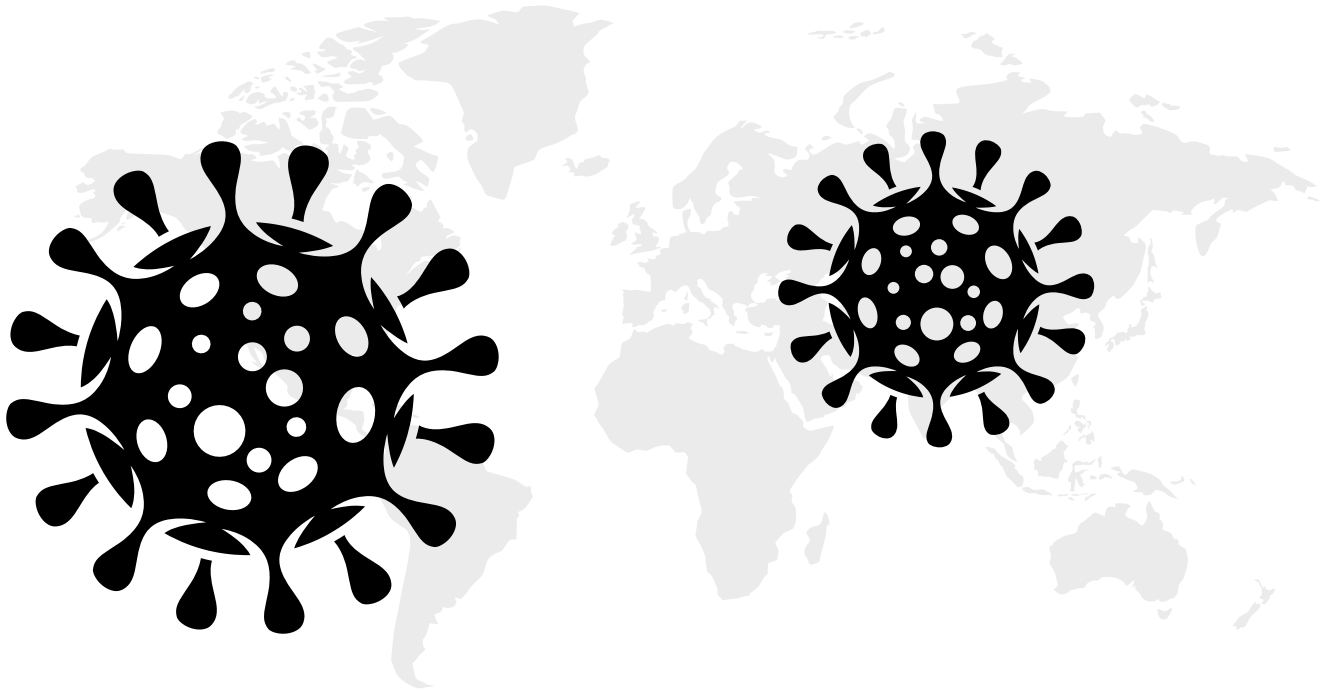
**Capital Expenditure (CAPEX)** intensity stands at 23.1 % by end of Quarter 3, 2021 as we continue to invest in the Network to cater for coverage and capacity.





# COVID-19 update





Rwanda's economy continues to recover from the impact of the COVID-19 pandemic. Following the real growth in GDP witnessed during H1 2021, Q3 has seen similar economic rebound.

The vaccine rollout along with government monetary & fiscal policy interventions are the backbone for the economic recovery and will continue to be the case as we enter Q4. The economic recovery is evidenced through an increase in export receipts indicating a recovery in merchandise exports.

On the vaccine front, data from the Ministry of Health indicates that Rwanda ended September 2021 with over 1.6 million people having received both doses of the COVID-19 vaccine and over 2.1 million people receiving at least one dose. Supported by the vaccine drive across the country, over 70% of MTN Rwanda staff are fully vaccinated.

MTN Rwanda has continued to support the government's efforts to combat the COVID-19 pandemic. In July 2021 we partnered with the Ministry of Health and

Rwanda Biomedical Center to run a four-month COVID-19 communication campaign under the theme #OneMorePush that stresses the importance of wearing of face masks.

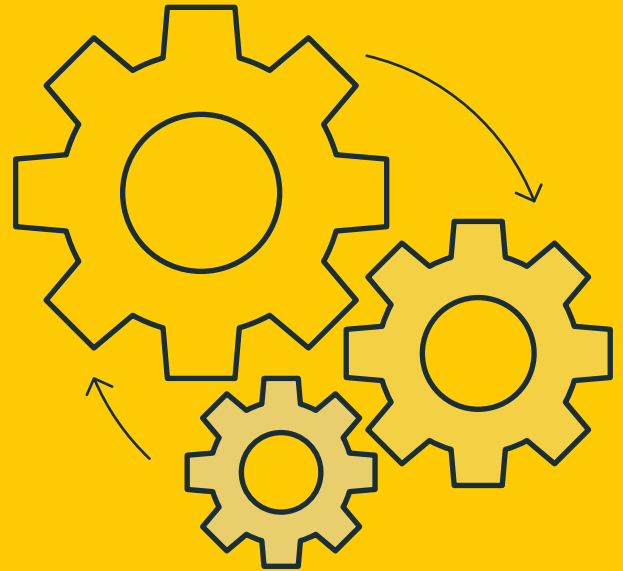
MTN Rwanda remains committed to playing its role in curbing the COVID-19 pandemic in Rwanda while supporting its people, customers and other stakeholders through growing our coverage, enhancing resilience in our network.



# Regulatory update

As published by the Rwanda Utilities Regulatory Authority (RURA), on 20 August 2021, MTN Rwandacell was issued an Enforcement Notice with regards to network quality of service. The Company remains in close communication with the regulator to share the improvements seen in the network to date and align on the support required for continued network improvement.

On 20 August 2021, the Central Bank of Rwanda also issued a directive on the zero-rating of fees/charges on transfers between e-money and deposit accounts belonging to the same person. This intervention has created an opportunity to increase transaction volumes across industry players.



On 1 September 2021, all mobile network operators were required to implement changes in the SIM registration and SIM swap process as directed by the RURA. The objective of these changes is to strengthen the security around use of customer SIMs. Through the directive, SIM registrations and swaps may only take place in authorized physical structures by selected agents. Customers' photographs must also be captured. MTN Rwanda is actively participating in awareness campaigns across the country in this regard.

# Outlook



With 99% of the targeted population<sup>1</sup> in the capital city of Kigali having received at least their first vaccination dose and an aggressive vaccine roll out across the country, we expect to see further easing of COVID-19 restrictions. This should result in a resurgence in economic growth, which is projected to close at 5.1% for the year ending 2021.<sup>2</sup>

Heading into Q4, we remain guided by our Ambition 2025 strategy and will further invest in our network to achieve our target of 98% population coverage by the end of the year. This will enable the accelerated growth of our platforms and connectivity business.

Within our platform business, we remain committed to further scaling FinTech and growing our user base to truly drive financial inclusion for all Rwandans in line with our core belief that everybody

deserves the benefits of a modern connected life.

We are optimistic about the growth potential for data and digital services, which also remain priorities for the remainder of the year through our consumer value propositions as well as Home Connectivity.

We will continue to drive for expense efficiencies across the business and strengthen our operations and financial position to unlock efficiency and support margins.

Our third quarter results reflect the dedication of our team across the country as well as the valuable input of our board of directors and stakeholders. We are grateful for our customers' continued loyalty and remain committed to leading digital solutions for Rwanda's progress.

<sup>1</sup> Adults in Kigali aged 18 years and above. Source: Rwanda Biomedical Centre  
<sup>2</sup> Source: Central Bank Financial Stability Statement – August 2021