

**ONE
MORE
PUSH**



Scancom PLC (MTN Ghana)

MTN Ghana's performance for the six-month
period ended 30 June 2021

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Scancom PLC (MTN Ghana)



Scancom PLC (MTN Ghana)
(Incorporated in Ghana)
Registration number: PL000322016
ISIN: GHEMTN051541
Share code: MTNGH
("MTN Ghana" or "Scancom PLC")

Salient features (YoY)

- **Subscribers**
 - Subscribers decreased by 0.5% to 24.9 million*.
 - Active data subscribers increased by 1.8% to 11.4 million#.
 - Active Mobile Money (MoMo) users decreased by 1.9% to 10.5 million*.
- Service revenue up by 25.5% to GH¢3,611 million.
- Earnings before interest, tax, depreciation and amortization (EBITDA) up by 26.9% to GH¢1,970 million.
- EBITDA margin up by 0.8 percentage points (pp) to 54.4%.
- Total capex for the period was GH¢569 million^ (GH¢542 million under IAS 17).
- **Outlook:** We remain cautious for the remainder of 2021, due to the uncertainties surrounding the recovery of Ghana's economy following the longer-term effects of the pandemic.

Snapshot of key financial items (YoY change)

	30 June 2021 GH¢ 000	30 June 2020 GH¢ 000	Change
Total revenue	3,621,510	2,898,614	24.9%
Service revenue	3,610,627	2,876,627	25.5%
EBITDA	1,969,667	1,552,393	26.9%
EBITDA margin	54.4%	53.6%	0.8pp
Profit before tax	1,324,432	977,498	35.5%
Profit after tax	868,217	689,514	25.9%
Total capex	568,868	715,613	-20.5%

Due to ongoing discussions on the potential change in regulatory subscriber definitions, subscriber data in this report will be limited to the MTN Group definition until the regulatory definitions are finalized.

* Aligned with the MTN Group definition, subscribers are SIMs which generate or participate in an event that generates revenue for the company.

Active data subscribers as per MTN Group definition are data subscribers who have used more than 5MB in a month.
Core capex of GH¢526.1m excludes intangibles and right of use (RoU) assets.

^ Total capex is made up of core capex spend of GH¢526.1m, intangibles of GH¢15.6m (Network licence, Software, etc) and right of use (RoU) assets of GH¢27.1m for the period.

MTN Ghana performance for the six-month period ended 30 June 2021



Commentary

We delivered a resilient H1 performance amidst macroeconomic recovery following the protracted effects of the COVID-19 pandemic. Official data shows that, as of 28 July 2021, Ghana had recorded 102,103 cases of COVID-19 and 823 deaths. We are encouraged that Ghanaians have started receiving their second dose of COVID-19 vaccines in some major cities. Albeit slow, the macroeconomic environment showed continued signs of recovery during the period.

Y'ello Hope social impact

As the Government of Ghana worked to complete vaccinations across the country, MTN and the Africa CDC launched the **#OneMorePush** joint campaign as an extension of MTN's **#WearItForMe** campaign launched in September 2020.

This new campaign is aimed at encouraging everyone to continue wearing their masks, convey accurate information regarding vaccines including pertinent issues of vaccine safety and efficacy, especially as we see new waves of increasing COVID-19 cases emerging.

We continue to play our part in ensuring the health and safety of our people and customers. Our Ghana Staff Care Emergency Fund provides support to our employees and their families and our weekly health surveys remain active.

Our digital channels facilitate social distancing and we remain committed to zero-rating all MoMo P2P (person-to-person) transfers up to a value of GH¢100 a day throughout the pandemic.

MTN remains committed to providing ongoing support to fight COVID-19, and we believe together we can win the fight against the deadly virus, if we all give it **#OneMorePush**.

Operational review

Our ongoing execution and delivery of **Ambition 2025** initiatives in data, MoMo and digital throughout the first half of the year have supported service revenue growth of 25.5% year-on-year (YoY).

We continued to improve on our technology and quality of service with a total capex spend of GH¢569 million during the period. As part of the network expansion plan, we rolled out 123 2G, 120 3G and 802 4G sites and modernized 1,007 existing sites to 4G sites. This investment helped spur data traffic growth of 53.2% and enabled us to reach a total of 2,677 4G sites nationwide, resulting in an increase in our 4G population coverage to 79.9% from 76.1%.

Voice revenue in the period delivered growth of 3.3% YoY. We expect our subscriber base to grow as we continue the execution of various customer value management (CVM) initiatives. The contribution of voice to service revenue declined from 43.7% to 35.9% YoY in favour of strategic growth drivers such as data and Mobile Money.

Data revenue expanded by 47.9% YoY, driven by a 1.8% increase in active data subscribers, a higher number of smartphones on the network (+0.7%) and a 53.2% YoY increase in data traffic. In line with our revenue diversification strategy, the contribution of data to service revenue increased from 28.5% to 33.6% YoY.

Revenue from **Mobile Money** grew at 50.9% YoY. This was driven by growth in P2P transactional activity and advanced services such as retail merchant payments, insurance and international remittances. The number of active MoMo users declined by 1.8% for the period. The contribution of MoMo to service revenue increased from 19.2% to 23.1% YoY.



Commentary (continued)

Digital revenue decreased by 21.7% YoY, impacted by the application of the Principal vs Agent (IFRS 15) accounting standard in 2020. On a normalized basis, digital revenue would have recorded growth of 18.1% YoY. We continued our work to develop ayoba into a super messaging app by improving our offerings, payment integration and business-to-customer channels. This helped increase active digital subs by 14.3%. The contribution of the reported digital to service revenue decreased from 4.3% to 2.7% YoY.

We managed costs in line with our guidance and delivery of the expense efficiency programme to drive continued margin improvement. This resulted in EBITDA growth of 26.9% and margin expansion of 0.8pp to 54.4%.

Profit after tax increased by 25.9% YoY. In line with our payout target, the Board declared an interim dividend of GH¢0.03 per share.

Regulatory updates

Significant market power (SMP)

MTN continues to engage with the National Communication Authority (NCA) and other key stakeholders on the designation of MTN Ghana as a significant market power (SMP).

In line with these engagements, the NCA and MTN Ghana have agreed to implement the removal of the on-net / off-net price differential remedy on 1 August 2021.

We believe that the outcome of these engagements will help accelerate development in the telecommunication industry.

Update on localisation of Scancom PLC and MobileMoney Limited

In line with our **Ambition 2025** initiatives, MTN Ghana continues to consult with the Government of Ghana and key regulatory stakeholders with the aim of fulfilling all agreed localisation requirements of 25% for Scancom PLC and 30% for MobileMoney Limited by the end of 2021. We look forward to providing further updates on our progress in subsequent releases.

Outlook

We expect the remainder of 2021 to be influenced by the extent of economic recovery and the progress in vaccination rollout. The projected growth for the Ghanaian economy, per the 2021 Ghana budget, is 5.0%. This captures some of the optimism regarding the potential benefits of the above mentioned vaccination efforts in 2021 along with additional policy support in Ghana to drive economic recovery. While economic growth projections are positive, we retain some caution as the potential longer-term dampening effects of the pandemic are yet to be ascertained.

Against this backdrop, we expect to outperform our medium-term guidance as we employ various initiatives to grow our data, digital and Mobile Money businesses in line with **Ambition 2025**. As part of this, we will continue with the execution of the expense efficiency programme and our prudent approach to managing costs to deliver on our commitment of margin expansion.

Declaration of interim ordinary dividend

Notice is hereby given that a gross interim dividend of **GH¢0.03** per share for the period to 30 June 2021 has been declared. This is subject to deduction of the appropriate taxes. The number of ordinary shares in issue at the date of this declaration is 12,290,474,360.

Scancom PLC's tax reference number is **C0003632776**. In compliance with the requirements of GSE rules, the salient dates relating to the payment of the dividend are as follows:

Ex-Dividend Date	Wednesday, 18 August 2021
Qualifying Date	Friday, 20 August 2021
Dividend Payment Date	Tuesday, 14 September 2021

All shareholders registered in the books of Scancom PLC at close of business on Friday, 20 August 2021 qualify for the interim dividend.

In view of the foregoing, the ex-dividend date has been set as Wednesday, 18 August 2021. Consequently, an investor purchasing MTNGH shares before this date will be entitled to the interim dividend. However, an investor buying MTNGH shares on or after Wednesday, 18 August 2021 will not be entitled to the interim dividend.

On Tuesday, 14 September 2021 the dividend will be transferred electronically to the bank accounts or mobile money wallets of shareholders who make use of these facilities.

The interim dividend declared was approved by the Board of Directors on 28 July 2021 and signed on its behalf by:



Ishmael Yamson
Chairman



Selorm Adadevoh
Chief executive officer

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
TO THE MEMBERS OF
SCANCOM PLC**

Introduction

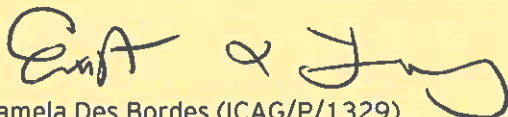
We have reviewed the accompanying condensed consolidated interim statement of financial position of Scancom PLC and its subsidiary ("the Group") as at 30 June 2021 and the related condensed consolidated interim statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a condensed significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards applicable to interim financial reporting (IAS 34 Interim Financial Reporting). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards applicable to interim financial reporting (IAS 34 Interim Financial Reporting).



Pamela Des Bordes (ICAG/P/1329)
Ernst & Young (ICAG/F/2021/126)
Chartered Accountants
Accra, Ghana

Date: 28.07.2021

MTN Ghana condensed consolidated financial information for the six-month period ended 30 June 2021

Condensed statements of comprehensive income


	Group	Company	Group	Company
	For the six-month period ended 30 June 2021	For the six-month period ended 30 June 2021	For the six-month period ended 30 June 2020	For the six-month period ended 30 June 2020
	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
Revenue from contracts with customers	3,621,510	2,796,910	2,898,614	2,364,917
Other revenue	-	-	563	563
Direct network operating costs	(335,643)	(335,624)	(152,171)	(152,171)
Government and regulatory cost	(72,727)	(72,727)	(62,824)	(62,824)
Cost of handsets and other accessories	(50,893)	(50,893)	(53,061)	(53,061)
Interconnect and roaming costs	(141,574)	(141,574)	(129,488)	(129,488)
Employee benefits expense	(131,470)	(126,861)	(115,003)	(110,721)
Selling, distribution and marketing expenses	(670,163)	(207,384)	(513,662)	(241,584)
Other operating expenses	(249,373)	(244,593)	(320,575)	(317,140)
Earnings Before Interest Tax Depreciation and Amortisation	1,969,667	1,617,254	1,552,393	1,298,492
Depreciation of property, plant and equipment	(268,130)	(267,144)	(243,082)	(99,974)
Depreciation of right-of-use asset	(129,318)	(129,318)	(121,604)	(121,604)
Amortisation of intangible assets	(78,235)	(78,104)	(63,600)	(63,469)
Operating profit	1,493,984	1,142,688	1,124,107	871,109
Finance income	33,357	261,265	23,385	115,143
Finance costs	(202,909)	(204,848)	(169,994)	(170,303)
Profit before income tax	1,324,432	1,199,105	977,498	815,948
Income tax expense	(456,215)	(346,617)	(287,984)	(209,542)
Profit after income tax	868,217	852,488	689,514	606,406
Other comprehensive income	-	-	-	-
Total comprehensive income	868,217	852,488	689,514	606,406
Attributable to:				
Equity holders of the company	868,217	852,488	689,514	606,406
Diluted/Basic Earnings per share	GH¢0.071	GH¢0.069	GH¢ 0.056	GH¢ 0.049


MTN Ghana condensed consolidated financial information for the six-month period ended 30 June 2021

Condensed statements of financial position

	Group	Company	Group	Company
	As at 30 June 2021	As at 30 June 2021	As at 31 December 2020	As at 31 December 2020
	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
Non-current assets	5,864,630	5,860,288	5,775,966	5,770,507
Property, plant and equipment	3,628,922	3,624,439	3,371,844	3,366,375
Right-of-Use assets	1,317,904	1,317,904	1,420,085	1,420,085
Intangible assets	795,196	795,287	858,648	858,608
Investment in subsidiary	-	50	-	50
Other non-current assets	122,608	122,608	125,389	125,389
Current assets	9,135,942	1,370,079	8,441,851	1,539,693
Trade and other receivables	743,468	745,992	475,078	433,557
Other current assets	380,699	260,110	722,031	587,637
Mobile Money Float	7,345,738	-	6,559,373	-
Investment in securities	33,618	-	13,401	-
Cash and cash equivalents	632,419	363,977	671,968	518,499
Total assets	15,000,572	7,230,367	14,217,817	7,310,200
Total equity	3,592,843	3,311,624	3,339,187	3,073,695
Stated capital	1,097,504	1,097,504	1,097,504	1,097,504
Other reserves	20,501	-	13,401	-
Retained earnings	2,474,838	2,214,120	2,228,282	1,976,191
Non-current liabilities	2,058,307	2,058,760	2,114,722	2,115,251
Borrowings	500,930	500,930	557,093	557,093
Deferred tax liabilities	377,714	378,167	380,294	380,823
Lease liabilities	1,167,858	1,167,858	1,167,858	1,167,858
IRU liability	8,468	8,468	6,140	6,140
Provisions	3,337	3,337	3,337	3,337
Current liabilities	9,349,422	1,859,982	8,763,908	2,121,254
Trade and other payables	1,068,834	956,333	1,278,884	1,198,205
Obligations to electronic money holders	7,345,738	-	6,559,373	-
Contract liabilities	149,126	149,126	100,120	100,120
Provisions	63,453	61,580	81,359	78,757
Tax liabilities	22,691	(6,637)	-	-
Lease liabilities	400,026	400,026	463,555	463,555
IRU liability	1,028	1,028	615	615
Deferred income	18,524	18,524	-	-
Borrowings	280,002	280,002	280,002	280,002
Total liabilities	11,407,729	3,918,742	10,878,630	4,236,505
Total equity and liabilities	15,000,572	7,230,366	14,217,817	7,310,200

The condensed consolidated financial information for the six-month period ended 30 June 2021 was approved by the Board of Directors on 28 July 2021 and signed on its behalf by:


Ishmael Yamson
 Chairman


Selorm Adadevoh
 Chief executive officer

MTN Ghana condensed consolidated financial information for the six-month period ended 30 June 2021

Condensed statements of changes in equity - Group

	Stated capital	Retained earnings	Other reserves	Total equity
Six-month period ended 30 June 2021	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
Opening balance	1,097,504	2,228,245	13,401	3,339,150
Profit after tax	-	868,217	-	868,217
Transfer to reserves	-	(7,100)	7,100	-
Transactions with owners of the company:				
Dividends paid	-	(614,524)	-	(614,524)
Closing balance at 30 June 2021	1,097,504	2,474,838	20,501	3,592,843

Six-month period ended 30 June 2020				
Opening balance	1,097,504	1,706,322	-	2,803,826
Profit after tax	-	689,514	-	689,514
Transfer to reserves	-	-	-	-
Transactions with owners of the company:				
Dividends paid	-	(368,714)	-	(368,714)
Closing balance at 30 June 2020	1,097,504	2,027,122	-	3,124,626

MTN Ghana condensed consolidated financial information for the six-month period ended 30 June 2021

Condensed statements of changes in equity - Company

	Stated capital	Retained earnings	Other reserves	Total equity
Six-month period ended 30 June 2021	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
Opening balance	1,097,504	1,976,155	-	3,073,659
Profit after tax	-	852,488	-	852,488
Transfer to reserves	-	-	-	-
Transactions with owners of the company:				
Dividends paid	-	(614,524)	-	(614,524)
Closing balance at 30 June 2021	1,097,504	2,214,119	-	3,311,623

Six-month period ended 30 June 2020				
Opening balance	1,097,504	1,583,371	-	2,680,875
Profit after tax	-	606,406	-	606,406
Transfer to reserves	-	-	-	-
Transactions with owners of the company:				
Dividends paid	-	(368,714)	-	(368,714)
Closing balance at 30 June 2020	1,097,504	1,821,063	-	2,918,567

MTN Ghana condensed consolidated financial information for the six-month period ended 30 June 2021

Condensed statements of cash flow

	Group	Company	Group	Company
	For the six-month period ended 30 June 2021	For the six-month period ended 30 June 2021	For the six-month period ended 30 June 2020	For the six-month period ended 30 June 2020
	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
Net cash generated from operating activities	810,349	677,138	431,421	292,079
Cash generated from operations	1,676,254	1,273,260	1,152,252	850,024
Interest received	33,357	261,265	8,243	-
Interest paid	(53,346)	(53,346)	(8,539)	(8,539)
Dividend Paid	(614,524)	(614,524)	(368,714)	(368,714)
Dividend received	-	-	-	100,000
Income tax paid	(231,392)	(189,517)	(351,821)	(280,692)
Net cash used in investing activities	(569,093)	(548,878)	(290,646)	(290,646)
Acquisition of property, plant and equipment	(526,107)	(526,107)	(114,961)	(114,961)
Acquisition of intangible assets	(15,624)	(15,624)	(154,241)	(154,241)
Investment in securities	(20,215)	-	-	-
Acquisition of additional IRU capacity	(7,147)	(7,147)	(21,444)	(21,444)
Net cash used in financing activities	(282,824)	(282,824)	(120,610)	(120,610)
Proceeds from borrowing	406	406	278,780	278,780
Repayment of borrowing	(57,502)	(57,502)	(165,000)	(165,000)
Principal element of lease payments	(225,728)	(225,728)	(234,390)	(234,390)
Net increase in cash and cash equivalents	(41,568)	(154,564)	20,165	(119,177)
Cash and cash equivalents at the beginning of the year	671,968	518,499	458,735	340,546
Exchange gain/(loss) on cash and cash equivalents	2,019	42	304	5
Cash and cash equivalents at end of the year	632,419	363,977	479,204	221,374

MTN Ghana condensed consolidated financial information for the six-month period ended 30 June 2021

Notes

1. General information

Scancom PLC was incorporated as a private limited liability company on April 14, 1994 and commenced operations on September 9, 1994. The Company's regulations were amended on October 13, 2016 to become a public company and its shares were listed on the Ghana Stock Exchange on September 5, 2018. Its ultimate holding company is MTN Group Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange. The registered address of the business is MTN House, Plot OER 6, Independence Avenue, West Ridge, Accra.

The principal activities are the provision of telecommunication services including voice, data, enterprises solutions, the provision of mobile financial services, the development of strategic partnerships to provide advance services and the provision of consultancy services in the mobile banking space.

The consolidated financial statements are for the Group consisting of the Company, Scancom PLC and its subsidiary, MobileMoney Limited.

2. Basis of preparation

The condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standard Board (IASB) and interpretations issued by the IFRS interpretations committee (IFRSIC) of IASB that are effective as at June 30, 2021, and the requirements of the Companies Act, 2019 (Act 992). The condensed consolidated financial information has been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income.

Functional and presentation currency

Items included in this condensed consolidated financial information are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial information is presented in Ghana cedis, which is the functional and presentation currency of the Group.

3. Property, plant and equipment & intangible asset

Property, plant and equipment and intangibles are measured at historical cost less accumulated depreciation and accumulated impairment losses. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits, are recognised as intangible assets. During the period, PPE amounting to GH¢526.1 million was acquired and capitalized, while an intangible asset amounting to GH¢15.6 million was acquired and capitalized. The Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases in line with IFRS 16, and during the period a total amount of GH¢27.1 million was capitalized.

MTN Ghana condensed consolidated financial information for the six-month period ended 30 June 2021

Notes (continued)

Breakdown of capex (GH¢ 000)

Details	Cash movement	Non-cash / credit	Item total
Property, plant and equipment	526,107	-	526,107
Intangible assets	15,624	-	15,624
Right-of-use assets	-	27,137	27,137
Total Capex	541,731	27,137	568,868

4. Contingent assets and liabilities

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. There is an ongoing tax audit by the Ghana Revenue Authority (GRA) spanning 2014 to 2018 years of assessment. Discussions were ongoing by the time the financial statements were being finalised for issue.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. There were no contingent assets determined as at June 30, 2021.

The condensed consolidated interim financial information for the six-month period ended 30 June 2021 on pages 6 to 12 was approved by the Board of Directors on 28 July 2021 and signed on its behalf by:



Ishmael Yamson
Chairman



Selorm Adadevoh
Chief executive officer

Contact

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Company Secretary
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Please visit <https://www.mtn.com.gh/investors/financial-reports> and other investor information.

MTN Ghana performance for the six-month period ended 30 June 2021



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