

# Scancom Plc (MTN Ghana)

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

## Other information

### Salient features

#### ■ Subscribers\*

- Subscribers were 20,1 million (17,8 million\*)
- Active data subscribers were 13,5 million (6,4 million#)
- Mobile money subscribers were 13,6 million (8,4 million\*)

#### ■ Market share

- Market share as at end of year was 59,9%

#### ■ EBITDA

- Up by 16,5% to GH¢1 588 million

#### ■ EBITDA margin

- Down by 2,2 percentage points to 37,6%

#### ■ CAPEX

- Capex spend for the period was GH¢825 million (GH¢723 million, excluding network licences)

#### ■ Service revenue

- Up by 23,5%
- 99,4% of total revenue

#### ■ Data revenue

- Up by 30,2%
- 26,1% of total revenue

#### ■ Digital (including MoMo) revenue

- Up by 34,6%
- 24,8% of total revenue

#### ■ Final dividends

- GH¢0,03 per share

# Active data subscribers as per MTN Group definition.

\* Aligned with the MTN Group definition, subscribers are SIMs which generate or participate in an event that generates revenue for the company. Out of bracket numbers conform to the respective regulator subscriber definition.

# Scancom Plc (MTN Ghana)

## Commentary and forward statement

MTN Ghana reported a strong performance for the year. Service revenue increased by 23,0%, driven by the strong growth in voice, data and digital revenue. Data revenue increased by 30,2% year on year (YoY) while digital revenue grew by 34,6%. This was driven by a 92,0% increase in data traffic to 137 850TB. MTN Mobile Money supported digital revenue growth and increased its contribution to total revenue to 17,7%. Voice revenue increased by 15,1% YoY and contributed 46,0% to total revenue.

The reported earnings before interest, tax, depreciation and amortisation (EBITDA) margin declined YoY by 2,2 percentage points to 37,6%, following the introduction of the management fee agreement effective 1 May 2018.

Adjusting for management fees, the EBITDA margin would have been higher by 3,1 percentage points to 40,7%.

The business executed well on its capex plans in the year, supporting the improvement in coverage expansion, customer experience and QoS significantly, leading to subscriber growth. During the period, 600 2G sites, 1 100 3G sites and 250 4G sites were rolled out.

The improved network coupled with aggressive sales and product offers drove the improved subscriber growth.

Subscribers increased by 12,7% YoY to 20,1 million (13,6% YoY to 17,8 million\*). The number of active data subscribers in the same period was 6,4 million#.

MTN Mobile Money (MoMo) continued its positive momentum, adding 17,8% more active MoMo subscribers from December 2017 to 8,4 million\*, supported by consistent service delivery across all channels.

MTN Ghana listed on the Ghana Stock Exchange (GSE) on 5 September 2018 with the largest number of Ghanaian shareholding at 127 826. At the end of December 2018, MTN Ghana's market capitalisation was GH¢9,7 billion, making it the third largest primary listed company on the GSE.

**2019 is the year of the customer:** MTN Ghana has declared 2019 as the year of the customer in line with the BRIGHT strategy; with prime focus on customer experience as a tool to create value for shareholders.

# Active data subscribers as per MTN Group definition.

\* Aligned with the MTN Group definition, subscribers are SIMs which generate or participate in an event that generates revenue for the company. Out of bracket numbers conform to the respective regulator subscriber definition.

# Scancom Plc (MTN Ghana)

## Final dividend recommendation

Notice is hereby given that the company's directors will be recommending to the shareholders at the upcoming annual general meeting, the payment of a final dividend of GH¢0.03 per share for the 2018 financial year. The number of ordinary shares in issue at the date of this declaration is 12 290 474 360.

Scancom Plc (MTN Ghana) 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:

<b>Ex-dividend date</b>	<b>Friday, 26 April 2019</b>
<b>Qualifying date</b>	<b>Tuesday, 30 April 2019</b>
<b>Closure of register</b>	<b>Thursday, 2 May 2019 to Monday, 6 May 2019</b>
<b>Dividend payment date</b>	<b>Wednesday, 15 May 2019</b>

All shareholders registered in the books of MTNGH at the close of business on Tuesday, 30 April, 2019 will qualify for the final dividend.

In view of this the register of shareholders will be closed from Thursday, 2 May, 2019 to Monday, 6 May, 2019 (both dates inclusive).

In view of the foregoing, the ex-dividend date has been set as Friday, 26 April, 2019. Consequently, an investor purchasing MTNGH shares before this date will be entitled to the final dividend. However, an investor buying MTNGH shares on or after Friday, 26 April, 2019 will not be entitled to the final dividend.

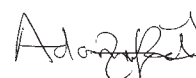
On Wednesday, 15 May 2019 the dividend will be transferred electronically to the bank accounts or Mobile Money wallets of certificated shareholders who make use of these facilities.

## For and behalf of the board

The financial statements were approved by the board of directors on 26 February 2019 and signed on their behalf by:



**Ishmael Yamson**  
Chairman



**Selorm Adadevoh**  
Chief executive officer

**28 February 2019**

Please visit <https://www.mtn.com.gh/investors/annual-and-quarterly-financials> for the full set of financial statements with notes, auditor's report and directors' report.

# Scancom Plc (MTN Ghana)

## REPORT OF THE DIRECTORS OF SCANCOM PLC (MTN GHANA)

The directors have pleasure in submitting their report together with the summary financial statements of Scancom Plc (the company) and its subsidiary (together the group) for the year ended 31 December 2018. The summary financial statements have been extracted from the full of set annual financial statements and show the summary statement of financial position, summary statement of comprehensive income, summary statement of changes in equity, summary statement of cash flows and selected notes that the directors determine is necessary to provide useful information to the shareholders in summary.

### Nature of business

The group's principal activities are the provision of telecommunication services including voice, data, enterprises solutions, and the provision of mobile financial services.

### Dividend

Dividend amounting to GH¢1 313 million was declared for the year ended 31 December 2018 (2017: GH¢470 million, GH¢0,0437 per share). This consisted of a special dividend of GH¢1 068 million paid to pre-initial public offering (IPO) shareholders and an interim dividend of GH¢245 million (GH¢0,02 per share) paid to post-IPO shareholders.

The directors recommend the payment of GH¢369 million (GH¢0,03 per share) as final dividend to shareholders.

### Localisation

In June 2016, the National Communications Authority (NCA) issued a provisional authorisation to Scancom Plc to operate and provide mobile broadband services in the 800MHz band. The licence required Scancom Plc to fulfil certain conditions including listing on the Ghana Stock Exchange. The IPO was completed with the listing on the Ghana Stock Exchange on 5 September 2018.

### Holding company

Scancom Plc is a subsidiary of MTN Group Limited, a company incorporated in the Republic of South Africa.

### Subsidiary

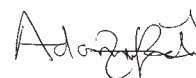
MobileMoney Limited, is a wholly owned subsidiary of Scancom Plc, incorporated on 5 November 2015 to operate mobile financial services in Ghana. Prior to 1 January 2018, the results of the mobile money operations were reported as part of the results of Scancom Plc.

### Approval of the annual report and summary financial statements

The annual report and summary financial statements of the company and group were approved by the board of directors on 26 February 2019 and are signed on its behalf by:



**Ishmael Yamson**  
Chairman



**Selorm Adadevoh**  
Chief executive officer

# Scancom Plc (MTN Ghana)

## **INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF SCANCOM PLC**

### **Our opinion**

In our opinion, the accompanying summary financial statements of Scancom Plc (the "Company") and its subsidiary (together the "Group"), are consistent, in all material respects, with the audited financial statements of the Company standing alone and the Group for the year ended 31 December 2018, on the basis described in the notes.

### **The summary financial statements**

The summary financial statements derived from the audited financial statements for the year ended 31 December 2018 comprise:

- the summary separate and consolidated statements of financial position as at 31 December 2018;
- the summary separate and consolidated statements of comprehensive income for the year then ended;
- the summary separate and consolidated statements of changes in equity for the year then ended;
- the summary separate and consolidated statements of cash flows for the year then ended; and
- the related notes to the summary separate and consolidated financial statements.

The summary separate and consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the Companies Act, 1963 (Act 179). Reading the summary separate and consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited separate and consolidated financial statements and the auditor's report thereon. The audited financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the audited separate and consolidated financial statements.

### **The audited financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated 27 February 2019. That report also include the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited separate and consolidated financial statements of the current period.

### **Directors' responsibility for the summary financial statements**

The directors are responsible for the preparation of the summary separate and consolidated financial statements on the basis described in the notes.

### **Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).

**PricewaterhouseCoopers (ICAG/F/2019/028)**  
**Chartered Accountants**  
**Accra, Ghana**

**Signed**

# Scancom Plc (MTN Ghana)

Summary financial statements for the year ended 31 December 2018

## Summary statements of comprehensive income

(All amounts are in Thousands of Ghana cedi)

	2018		2017
	Group	Company	Restated Group and company
Revenue from contract with customers	4 218 847	3 471 007	3 423 551
Other income	–	–	18 700
Direct network operating costs	(889 026)	(888 987)	(757 257)
Cost of handsets and other accessories	(87 262)	(87 011)	(93 933)
Interconnect and roaming costs	(381 838)	(381 838)	(334 007)
Employee benefits expense	(188 392)	(184 365)	(160 131)
Selling distribution and marketing expenses	(797 561)	(446 205)	(603 297)
Other operating expenses	(287 139)	(283 246)	(131 068)
<b>Earnings before interest tax depreciation and amortisation</b>	<b>1 587 629</b>	<b>1 199 355</b>	<b>1 362 558</b>
Depreciation	(382 413)	(382 301)	(295 375)
Amortisation	(81 154)	(81 063)	(64 553)
<b>Operating profit</b>	<b>1 124 062</b>	<b>735 991</b>	<b>1 002 630</b>
Finance income	75 693	70 608	50 122
Finance costs	(120 561)	(120 404)	(72 078)
<b>Profit before income tax</b>	<b>1 079 194</b>	<b>686 195</b>	<b>980 674</b>
Income tax expense	(270 558)	(172 371)	(212 395)
National fiscal stabilisation levy	(53 960)	(34 310)	(49 767)
<b>Profit after income tax</b>	<b>754 676</b>	<b>479 514</b>	<b>718 512</b>
<b>Other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>	<b>754 676</b>	<b>479 514</b>	<b>718 512</b>
Diluted/basic earnings per share	<b>GH¢0,067</b>	<b>GH¢0,043</b>	GH¢0,067

# Scancom Plc (MTN Ghana)

Summary financial statements for the year ended 31 December 2018

## Summary statement of changes in equity – Group

(All amounts are in Thousands of Ghana cedi)

Year ended 31 December 2018

	Stated capital	Income surplus	Total equity
Balance at 31 December 2017 as originally presented	1 363	1 867 274	1 868 637
Change in accounting policy	–	3 744	3 744
<b>Restated total equity at 1 January 2018</b>	<b>1 363</b>	<b>1 871 018</b>	<b>1 872 381</b>
Profit for the year	–	754 676	754 676
Other comprehensive income	–	–	–
<b>Total comprehensive income</b>	<b>–</b>	<b>754 676</b>	<b>754 676</b>
<b>Transaction with owners</b>			
Issue of shares	1 096 141	–	1 096 141
Dividend declared	–	(1 312 806)	(1 312 806)
<b>Balance at 31 December 2018</b>	<b>1 097 504</b>	<b>1 312 888</b>	<b>2 410 392</b>
Year ended 31 December 2017			
Balance at 1 January 2017	1 363	1 622 506	1 623 869
Profit for the year	–	718 512	718 512
Other comprehensive income	–	–	–
<b>Total comprehensive income</b>	<b>–</b>	<b>718 512</b>	<b>718 512</b>
<b>Transaction with owners</b>			
Dividend declared	–	(470 000)	(470 000)
<b>Balance at 31 December 2017</b>	<b>1 363</b>	<b>1 871 018</b>	<b>1 872 381</b>

## Summary statement of changes in equity – Company

(All amounts are in Thousands of Ghana cedi)

Year ended 31 December 2018

	Stated capital	Income surplus	Total equity
Balance at 31 December 2017 as originally presented	1 363	1 867 274	1 868 637
Change in accounting policy	–	3 744	3 744
<b>Restated total equity at 1 January 2018</b>	<b>1 363</b>	<b>1 871 018</b>	<b>1 872 381</b>
Profit for the year	–	479 514	479 514
Other comprehensive income	–	–	–
<b>Total comprehensive income</b>	<b>–</b>	<b>479 514</b>	<b>479 514</b>
<b>Transaction with owners</b>			
Issue of shares	1 096 141	–	1 096 141
Dividend declared	–	(1 312 806)	(1 312 806)
<b>Balance at 31 December 2018</b>	<b>1 097 504</b>	<b>1 037 726</b>	<b>2 135 230</b>
Year ended 31 December 2017			
Balance at 1 January 2017	1 363	1 622 506	1 623 869
Profit for the year	–	718 512	718 512
Other comprehensive income	–	–	–
<b>Total comprehensive income</b>	<b>–</b>	<b>718 512</b>	<b>718 512</b>
<b>Transaction with owners</b>			
Dividend declared	–	(470 000)	(470 000)
<b>Balance at 31 December 2017</b>	<b>1 363</b>	<b>1 871 018</b>	<b>1 872 381</b>

# Scancom Plc (MTN Ghana)

Summary financial statements for the year ended 31 December 2018

## Summary statements of financial position

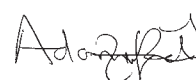
(All amounts are in Thousands of Ghana cedi)

	Group At 31 December 2018	Company At 31 December 2018	Group and company At 31 December 2017 Restated
<b>Non-current assets</b>	<b>3 060 546</b>	<b>3 059 107</b>	2 670 033
Property, plant and equipment	2 549 095	2 548 171	2 267 833
Intangible assets	418 536	417 971	340 305
Investment in subsidiary	–	50	–
IRU assets	76 303	76 303	52 331
Contract asset	5 353	5 353	1 732
Capitalised contract cost	11 259	11 259	7 832
<b>Current assets</b>	<b>1 156 334</b>	<b>1 010 918</b>	778 356
Inventories	10 305	10 305	20 300
Trade receivables	370 038	329 855	271 597
Other assets	100 337	100 337	61 519
Other financial assets at amortised cost	47 135	158 648	45 056
Income tax assets	206 862	211 937	172 426
National stabilisation levy receivable	4 207	5 218	2 504
IRU assets	10 925	10 925	8 224
Cash and cash equivalents	406 525	183 693	196 730
<b>Total assets</b>	<b>4 216 880</b>	<b>4 070 025</b>	3 448 389
<b>Equity</b>	<b>2 410 392</b>	<b>2 135 230</b>	1 872 381
Stated capital	1 097 504	1 097 504	1 363
Income surplus account	1 312 888	1 037 726	1 871 018
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>653 090</b>	<b>653 083</b>	585 178
Borrowings	338 854	338 854	337 164
Deferred tax liabilities	304 206	304 199	237 229
IRU liability	6 260	6 260	7 015
Provisions	3 770	3 770	3 770
<b>Current liabilities</b>	<b>1 153 398</b>	<b>1 281 712</b>	990 830
Trade and other payables	911 051	1 039 785	862 569
Contract liability	89 838	89 838	86 941
Provisions	51 987	51 567	40 793
IRU liability	522	522	527
Borrowings	100 000	100 000	–
<b>Total liabilities</b>	<b>1 806 488</b>	<b>1 934 795</b>	1 576 008
<b>Total equity and liabilities</b>	<b>4 216 880</b>	<b>4 070 025</b>	3 448 389

The financial statements were approved by the board of directors on 26 February 2019 and signed on their behalf by:



**Ishmael Yamson**  
Chairman



**Selorm Adadevoh**  
Chief executive officer

Please visit <https://www.mtn.com.gh/investors/annual-and-quarterly-financials> for the full set of financial statements with notes, auditor's report and directors' report.

**Address:** MTN House, Independence Avenue, West Ridge, Accra



# Scancom Plc (MTN Ghana)

Summary financial statements for the year ended 31 December 2018

## Summary statements of cash flows

(All amounts are in Thousands of Ghana cedi)

	For the year ended 31 December 2018		For the year ended 31 December 2017
	Group	Company	Group and Company
<b>Cash generated from operations</b>	<b>1 616 438</b>	<b>1 286 249</b>	1 253 282
Interest received	24 455	19 462	7 061
Interest paid	(68 996)	(68 996)	(9 421)
Dividend paid	(1 381 806)	(1 381 806)	(401 000)
Income tax paid	(338 017)	(244 912)	(381 727)
National stabilisation levy	(55 663)	(37 024)	(76 873)
<b>Net cash (used in)/generated from operations</b>	<b>(203 589)</b>	<b>(427 027)</b>	391 322
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment	(606 898)	(606 898)	(436 435)
Acquisition of intangible assets	(149 880)	(149 224)	(53 856)
Investment in subsidiary	–	(50)	–
Proceeds from disposal of property, plant and equipment	607	607	131
Acquisition of additional IRU capacity	(26 673)	(26 673)	(22 644)
<b>Net cash used in investing activities</b>	<b>(782 844)</b>	<b>(782 238)</b>	(512 804)
<b>Cash flows from financing activities</b>			
Proceeds from share issue	1 096 141	1 096 141	–
Borrowing repayment	–	–	(284 558)
Proceeds from borrowing	100 000	100 000	470 483
<b>Net cash generated from financing activities</b>	<b>1 196 141</b>	<b>1 196 141</b>	185 925
<b>Movement in cash and cash equivalents</b>	<b>209 708</b>	<b>(13 124)</b>	64 443
At beginning of the year	196 730	196 730	151 671
Exchange gains/(losses) on cash and cash equivalents	87	87	(19 384)
<b>At end of year</b>	<b>406 525</b>	<b>183 693</b>	196 730