



**PRESS RELEASE**

**PR. No 295/2019**

**MTN GHANA LIMITED (MTNGH) -  
INTERIM RESULTS FOR THE SIX MONTHS ENDING 30 JUNE 2019 AND  
DECLARATION OF INTERIM ORDINARY DIVIDEND**

MTNGH has released its interim results for the six months ending June 30<sup>th</sup>, 2019 as per the attached.

Issued in Accra, this 2<sup>nd</sup>  
day of August, 2019

- E N D -

att'd.

**Distribution:**

1. All LDMs
2. General Public
3. Company Secretary, MTNGH
4. Central Securities Depository, (Registrars for MTNGH shares)
5. Securities and Exchange Commission
6. Custodians
7. GSE Council Members
8. GSE Notice Board

**For enquiries, contact:**

**Head Listing, GSE on 0302 669908, 669914, 669935**

*\*GA*



**Scancom PLC (MTN Ghana)**

## **MTN Ghana interim results**

for the six-month period ended 30 June 2019

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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")

## MTN Ghana interim results for the six-month period ended 30 June 2019

### Salient features

- Subscribers
  - Subscribers increased by 6.2% to 21.3 million (+6.1% to 18.9 million\*).
  - Data subscribers increased by 16.1% to 18.2 million (active data subscribers up by 15.0% to 7.4 million#).
  - Registered Mobile Money subscribers increased by 4.1% to 14.2 million (active MoMo subscribers up by 2.0% to 8.5 million\*).
- Service revenue for the period to June 2019 is up by 18.8% when compared to prior period. A 27.9% growth was achieved for the period to June 2018 when compared to the same period in 2017.
- EBITDA up by 50.3% to GH¢ 1,202 million (up by 23.8% to GH¢ 990 million under IAS 17).
- EBITDA margin up by 10.4 percentage points (pp) to 49.5% (up by 1.7 pp to 40.8% under IAS 17).
- Capex for the period was GH¢ 803 million<sup>1</sup> (GH¢ 769 million under IAS 17).
- Interim dividend of GH¢0.02 per share.

### IFRS 16 and IAS 17 comparison

	IFRS 16 as at 30 June 2019 GH¢m	IAS 17 as at 30 June 2019 GH¢m	IAS 17 as at 30 June 2018 GH¢m
<b>EBITDA</b>	<b>1,202</b>	<b>990</b>	<b>800</b>
<b>EBITDA margin %</b>	<b>49.5%</b>	<b>40.8%</b>	<b>39.1%</b>
<b>Capex</b>	<b>803<sup>1</sup></b>	<b>769</b>	<b>499</b>
<b>Profit before tax</b>	<b>627</b>	<b>673</b>	<b>572</b>
<b>Profit after tax</b>	<b>453</b>	<b>482</b>	<b>411</b>

<sup>1</sup> Capex under IFRS 16 is made up of Capex spend (GH¢769m) and ROU assets (GH¢34m) for the period.

\* 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.

# Active data subscribers as per MTN Group definition and respective regulator definition.

# Scancom PLC (MTN GHANA)

## Declaration of interim ordinary dividend

Notice is hereby given that a gross interim dividend of **GH¢ 0.02** per share for the period to 30 June 2019 has been declared. This is subject to deduction of 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:

<b>Declaration Date</b>	<b>Thursday, 01 August 2019</b>
<b>Ex-Dividend Date</b>	<b>Friday, 23 August 2019</b>
<b>Qualifying Date</b>	<b>Tuesday, 27 August 2019</b>
<b>Closure of Register</b>	<b>Wednesday, 28 August 2019 - Monday, 02 September 2019</b>
<b>Dividend Payment date</b>	<b>Friday, 13 September 2019</b>

All shareholders registered in the books of Scancom PLC at the close of business on Tuesday, 27 August 2019 will qualify for the interim dividend. The register of shareholders will be closed from Wednesday, 28 August 2019 to Monday, 2 September 2019 (both dates inclusive).

In view of the foregoing, the ex-dividend date has been set as Friday, 23 August 2019. 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 Friday, 23 August 2019 will not be entitled to the interim dividend.

On Friday, 13 September 2019 the dividend will be transferred electronically to the bank accounts or mobile money wallets of shareholders who make use of these facilities.

# Scancom PLC (MTN GHANA)

## Commentary

MTN Ghana delivered a strong performance for the period. Service revenue increased by 18.8% for the six-month period to June 2019 when compared with prior period, supported by the continued expansion in voice, data and mobile financial services. Solid voice revenue growth (up 14.8%) benefited from a 6.1% increase in our active subscriber\* base, smart value propositions and continued improvements made to our network. Data revenue grew 27.7% in a competitive environment and was attributable to an increase in active data users# (+15.0%) and an increased number of smartphones on the network. MTN Mobile Money revenue increased by 53.3% for the six-month period to June 2019 when compared with prior period and was mainly attributable to a higher number of person-to-person (P2P) transactions as well as good growth in more advanced services such as retail merchant payments.

Earnings before interest, tax, depreciation and amortization (EBITDA) grew by 50.3% with an EBITDA margin expansion of 10.4 percentage points (pp) to 49.5%. Under IAS 17 and adjusting for the management fee, the like-for-like EBITDA margin expanded by 3.9 pp to 43% (2018 EBITDA margin: 39.1%). This was supported by savings in dealer commissions arising from an increase in electronic airtime sales and lower interconnect costs.

We continued to invest in our network and rolled out 280 2G, 557 3G, 900 4G and 100 rural telephony sites.

2019 is our 'year of the customer' and MTN Ghana will continue to pursue its BRIGHT strategy through the third quarter with the prime focus on customer experience and creating value for shareholders.

\* 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.  
# Active data subscribers as per MTN Group definition and respective regulator definition.

# Scancom PLC (MTN GHANA)

## Condensed consolidated interim financial information for the six-month period ended 30 June 2019

### Condensed statement of comprehensive income

	Group	Company	Group & Company
	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
	Reviewed GH¢ 000	Reviewed GH¢ 000	Reviewed GH¢ 000
<b>Revenue from contracts with customers</b>	<b>2,426,335</b>	<b>1,990,197</b>	<b>2,042,666</b>
Cost of sales	(272,783)	(272,783)	(282,047)
Operational cost	(539,690)	(530,643)	(604,341)
Selling, distribution and marketing expenses	(411,734)	(214,018)	(356,635)
<b>EBITDA</b>	<b>1,202,128</b>	<b>972,753</b>	<b>799,643</b>
Depreciation of property, plant and equipment	(335,035)	(334,406)	(165,844)
Amortisation of intangible assets	(42,596)	(42,466)	(33,288)
<b>Operating profit</b>	<b>824,497</b>	<b>595,881</b>	<b>600,511</b>
Net finance income/(cost)	(197,063)	44,101	(28,333)
<b>Profit before tax</b>	<b>627,434</b>	<b>639,982</b>	<b>572,178</b>
Income tax expense	(174,796)	(103,617)	(161,181)
<b>Profit after tax</b>	<b>452,638</b>	<b>536,365</b>	<b>410,997</b>
Attributable to:			
Equity holders of the company	<b>452,638</b>	<b>536,365</b>	<b>410,997</b>
Basic and diluted earnings per share	<b>0.0368</b>	<b>0.0436</b>	<b>0.0382</b>

# Scancom PLC (MTN GHANA)

## Condensed consolidated interim financial information for the six-month period ended 30 June 2019

### Condensed statement of changes in equity

	Group	Company	Group & Company
	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
	GH¢ 000	GH¢ 000	GH¢ 000
<b>Opening balance at 1 January</b>	<b>2,410,392</b>	<b>2,135,230</b>	<b>1,868,637</b>
Change in accounting policy	-	-	3,744
Total comprehensive income	452,638	536,365	410,997
Profit after tax	452,638	536,365	410,997
<b>Transactions with owners of the company</b>			
Dividend declared*	(368,714)	(368,714)	-
<b>Attributable to equity holders of the company</b>	<b>2,494,316</b>	<b>2,302,881</b>	<b>2,283,378</b>
<b>Closing balance at 30 June</b>	<b>2,494,316</b>	<b>2,302,881</b>	<b>2,283,378</b>

\* Represents the dividend declared and paid during the period as final dividend for the financial year ended 31 December 2018. Scancom PLC (MTN Ghana) interim results for the six-month period ended 30 June 2019

# Scancom PLC (MTN GHANA)

## Condensed consolidated interim financial information for the six-month period ended 30 June 2019

### Condensed statement of financial position

	Group	Company	Group	Company
	As at 30 June 2019	As at 30 June 2019	As at 31 December 2018	As at 31 December 2018
	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
<b>Non-current assets</b>	<b>5,242,693</b>	<b>5,238,222</b>	<b>3,060,546</b>	<b>3,059,107</b>
Property, plant and equipment	3,052,662	3,048,574	2,549,095	2,548,171
Intangible assets	421,720	421,337	418,536	417,971
Right of Use assets	1,676,981	1,676,981	-	-
Other non-current assets	91,330	91,330	92,915	92,965
<b>Current assets</b>	<b>978,911</b>	<b>868,857</b>	<b>1,156,334</b>	<b>1,010,918</b>
Trade and other receivables	564,701	640,538	517,514	727,671
Other current assets	138,784	127,613	232,295	99,554
Cash and cash equivalents	275,426	100,706	406,525	183,693
<b>Total assets</b>	<b>6,221,604</b>	<b>6,107,079</b>	<b>4,216,880</b>	<b>4,070,025</b>
<b>Total equity</b>	<b>2,494,316</b>	<b>2,302,881</b>	<b>2,410,392</b>	<b>2,135,230</b>
Stated capital	1,097,504	1,097,504	1,097,504	1,097,504
Income surplus	1,396,812	1,205,377	1,312,888	1,037,726
<b>Non-current liabilities</b>	<b>2,210,450</b>	<b>2,210,487</b>	<b>653,090</b>	<b>653,083</b>
Interest-bearing liabilities	282,137	282,137	338,854	338,854
Lease liabilities	1,623,393	1,623,393	-	-
Deferred tax and other non-current liabilities	304,920	304,957	314,236	314,229
<b>Current liabilities</b>	<b>1,516,838</b>	<b>1,593,711</b>	<b>1,153,398</b>	<b>1,281,712</b>
Interest-bearing liabilities	57,501	57,501	100,000	100,000
Trade and other payables	1,251,680	1,344,354	911,051	1,039,785
Lease Liabilities	118,015	118,015	-	-
Other current liabilities	89,642	73,841	142,347	141,927
<b>Total equity and liabilities</b>	<b>6,221,604</b>	<b>6,107,079</b>	<b>4,216,880</b>	<b>4,070,025</b>



# Scancom PLC (MTN GHANA)

## Condensed consolidated interim financial information for the six-month period ended 30 June 2019

### Condensed statement of cash flows

	Group For	Company	Group & Company
	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018
	GH¢ 000	GH¢ 00	GH¢ 000
<b>Net cash generated from operating activities</b>	<b>609,168</b>	<b>630,574</b>	<b>326,613</b>
Cash generated from operations	1,124,556	840,601	525,339
Finance income received	23,954	14,909	8,431
Finance cost paid	(138,535)	(138,535)	(33,857)
Dividend paid	(368,714)	(368,714)	(67,379)
Dividend received	-	250,000	-
Income tax paid	(32,093)	32,313	(105,921)
<b>Net cash used in investing activities</b>	<b>(515,785)</b>	<b>(515,754)</b>	<b>(354,467)</b>
Acquisition of property, plant and equipment	(488,128)	(488,128)	(311,979)
Acquisition of intangible assets	(10,430)	(10,430)	(32,652)
Indefeasible right of use assets	(17,227)	(17,196)	(9,836)
<b>Net cash used in financing activities</b>	<b>(195,857)</b>	<b>(195,857)</b>	<b>-</b>
Repayments of borrowings	(100,000)	(100,000)	-
Principal elements of lease payments	(95,857)	(95,857)	-
<b>Net decrease in cash and cash equivalents</b>	<b>(102,474)</b>	<b>(81,037)</b>	<b>(27,854)</b>
Net cash and cash equivalents at the beginning of the period	377,702	181,741	195,165
Exchange losses on cash and cash equivalents	198	2	-
<b>Net cash and cash equivalents at the close of the period</b>	<b>275,426</b>	<b>100,706</b>	<b>167,311</b>

# Scancom PLC (MTN GHANA)

## Condensed consolidated interim financial information for the six-month period ended 30 June 2019

### Notes

#### 1. Independent review

The directors of Scancom PLC (“the Group”) take full responsibility for the preparation of the condensed consolidated interim financial information. The condensed consolidated interim financial information has been reviewed by our auditor, PricewaterhouseCoopers (PwC), in accordance with the International Standards on Review Engagement (ISRE) 2410. PwC has expressed an unmodified conclusion thereon.

#### 2. General information

Scancom PLC was incorporated as a private limited liability company on 14 April 1994 and commenced operations on 9 September 1994. The Company’s regulations were amended on 13 October 2016 to become a public company and its shares were listed on the Ghana Stock Exchange on 5 September 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, enterprise solutions, and the provision of mobile financial inclusion. MobileMoney Limited is a wholly owned subsidiary of Scancom PLC, and therefore its results have been fully consolidated.

#### 3. Basis of preparation

The condensed consolidated interim financial information for the six-month period ended 30 June 2019 are prepared in accordance with IAS 34, Interim Financial Reporting and the requirements of the Companies Act 1963 (Act 179).

##### ***Principal accounting policies***

The Group has adopted relevant new, revised or amended accounting pronouncements as issued by International Accounting Standards Board (IASB) which were effective for the Group from 1 January 2019. The following standard had significant impact: IFRS 16, leases.

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are in terms of IFRS and consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements except the effects of IFRS 16, leases.

##### ***Functional and presentation currency***

Items included in this interim 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.

# Scancom PLC (MTN GHANA)

## Condensed consolidated interim financial information for the six-month period ended 30 June 2019

### Notes (continued)

#### 4. Mobile Money e-floats

MTN Ghana through its subsidiary, MobileMoney Limited offers payment services from mobile devices. These mobile money services involve the issuing of electronic money into a MoMo electronic wallet in return for cash paid by the mobile phone subscriber. MTN Ghana provides the software to administer the MoMo wallet. In all instances, any monetary value stored on a MoMo wallet must be supported by an equivalent cash deposit held with a partner bank. MobileMoney Limited holds the MoMo customer funds in trust with its partner banks.

Until the coming into force of the Payment Systems and Services Act 2019, Act 987 which was issued on 13 May 2019, the Bank of Ghana Payment Services Regulations 2016 governed the way mobile money services were conducted as well as the rights and obligations of all parties to the mobile money service offering.

As at 30 June 2019, Mobile money floats amounted to GH¢2.84 billion (GH¢2.43 billion as at 31 December 2018) and represent the funds (wallets) of all customers of the Company that are held with the partner banks in Ghana. Mobile money floats are not available for the Company's use and are held in trust for the customers. They are however withdrawable on demand by the customers.

The Group will continuously monitor the regulations and any further guidelines to assess the impact on its results.

#### 5. Adoption of IFRS 16 on 1 January 2019

The Group adopted IFRS 16 on 1 January 2019, which introduced a single on-balance sheet accounting model for lessees. As a result, the Group as a lessee, has recognised right-of-use (ROU) assets representing its rights to use the underlying assets, and lease liabilities representing its obligation to make lease payments. After the adoption of IFRS 16, the Group recognised depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities and no longer recognised an operating lease expense for these leases with respect to the ROU assets. On the cash flow impact, cash generated from operations increased as operating lease costs are no longer included in this category. However, interest paid increased resulting from the inclusion of the interest portion of the lease liability payments and the capital portion of lease liability repayments is included as part of cash used in financing activities.

The Group adopted IFRS 16 on a retrospective basis using the simplified transition approach on 1 January 2019, and did not restate comparative amounts prior to first adoption. The reclassifications and the adjustments arising from the adoption of IFRS 16 were therefore recognised in the opening statement of financial position on 1 January 2019. The individual leases include network sites, retail shops and residential apartments, with its related rental contract typically drafted for fixed periods with renewal period options.

# Scancom PLC (MTN GHANA)

## Condensed consolidated interim financial information for the six-month period ended 30 June 2019

### Notes (continued)

From 1 January 2019, the Group recognised right-of-use assets and lease liabilities at the lease commencement date. The recognised ROU assets are in line with the below assets, the cost value of which are:

	30 June 2019 GH¢m	1 January 2019 GH¢m
Network infrastructure	1,696	1,662
Land and buildings	101	100
Total right-of-use assets	1,797	1,762

The lease liability is initially measured at the present value of the fixed payment and the variable lease payment (annual escalations) and subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

Change in future lease payments arising from price increases are included in the lease liability. The right-of-use assets are initially measured at cost comprising the amount of the initial measurement of the lease liability and lease payments made at or before the commencement date. The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability.

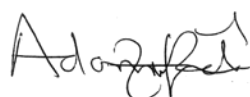
At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate, for the remaining lease terms as at 1 January 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

#### 5.1 Impact on financial information

Following the initial application of IFRS 16, leases previously classified as operating leases, were capitalised and recognised on the face of the statement of financial position. As a result, the Group recognised a total of GH¢ 1,762 million ROU assets as at 1 January 2019, with a carrying value of GH¢ 1,677 million as at 30 June 2019 whilst Lease liabilities amounting to GH¢ 1,744 million were recognised as at 1 January 2019 with a carrying value of GH¢ 1,741 million as at 30 June 2019.

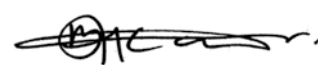
Consequently, the Group has recognised depreciation and finance costs, instead of operating lease expense (GH¢212 million) which would have been recognised under IAS 17. During the six-month period ended 30 June 2019, the Group recognised GH¢119.9 million of depreciation charges and GH¢163.9 million of interest costs and forex losses.

The condensed consolidated interim financial information on pages 4 to 10 were approved by the Board of Directors on 1 August 2019 and signed on its behalf by:



**Selorm Adadevoh**

**CEO**



**Modupe Kadri**

**CFO**

## **Report on review of condensed consolidated interim financial information to the members of Scancom Plc**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial information of Scancom Plc as of 30 June 2019 and for the six-month period then ended set out on pages 4 to 10.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with 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 IAS 34 "Interim financial reporting".



**PricewaterhouseCoopers**  
**Chartered Accountants**  
**Accra**

**1 August 2019**

