



PRESS RELEASE

PR. No 177/2020

**MTN GHANA LIMITED (MTNGH) -
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDING 31 MARCH 2020**

MTNGH has released its unaudited condensed consolidated Financial Statements for the first quarter ending March 31, 2020 as per the attached.

Issued in Accra, this 29th
day of April, 2020

- E N D -

att'd.

Distribution:

1. All LDMs
2. General Public
3. Company Secretary, TOTAL
4. UMB Registrars, (Registrars for TOTAL shares)
5. Custodians
6. Central Securities Depository Ghana Ltd
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For enquiries, contact:

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**GA*



Scancom PLC (MTN Ghana)

MTN Ghana unaudited results

for the three-month period ended
31 March 2020

everywhere you go

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 unaudited results for the three-month period ended 31 March 2020

Salient features

- Subscribers (QoQ)
 - Subscribers increased by 6.2% to 23.9 million (+4.5% to 20.7 million*).
 - Data subscribers increased by 5.4% to 21.2 million (active data subscribers up by 6.1% to 8.6 million#).
 - Registered Mobile Money (MoMo) subscribers increased by 6.9% to 15.5 million (active MoMo subscribers up by 2.1% to 9.3 million*).
- Service revenue up by 20.4% to GH¢1,427 million.
- EBITDA up by 34.5% to GH¢768 million.
- EBITDA margin up by 5.5 percentage points (pp) to 53.4%.
- Capex for the period was GH¢605.2 million^ (GH¢597.2 million under IAS 17).
- Outlook: Market conditions are expected to be more challenging for the remainder of the financial year as the extent and economic impact of the COVID-19 pandemic are uncertain. As such, we are leaning toward a more measured outlook in the near-term.

Snapshot of key items

	As at 31 March 2020 GH¢ 000	As at 31 March 2019 GH¢ 000	Change
Total revenue	1,437,203	1,191,813	20.6%
Service revenue	1,426,617	1,185,109	20.4%
EBITDA	767,805	570,721	34.5%
EBITDA margin	53.4%	47.9%	5.5pp
Profit before tax	501,951	307,289	63.3%
Profit after tax	349,650	215,755	62.1%
Capex	605,152	343,734	76.1%
Cash generated from operations	451,458	401,383	12.5%

* 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 are data subscribers who have used more than 5MB in a month.

^ Capex under IFRS 16 is made up of core capex spend of GH¢215.1m, intangibles of GH¢382.1m and right of use (RoU) assets of GH¢8.0m for the period.

MTN Ghana unaudited results for the three-month period ended 31 March 2020



MTN Ghana unaudited results for the three-month period ended 31 March 2020

Commentary

MTN Ghana delivered a strong performance for the period, despite macro-economic challenges arising in Ghana in the last month of the quarter from the global outbreak of the COVID-19 pandemic. Service revenue increased by 20.4%, underpinned by double-digit growth in voice, data and Mobile Money revenue.

Voice growth was resilient (up 16.6%), driven by an increase in the number of active subscribers* (+4.5%) as well as various customer value management (CVM) initiatives, which helped to manage churn and support usage. The contribution of voice to total service revenue decreased from 47.1% to 45.6%, as other lines of revenue continued to grow faster than the traditional business in line with our revenue diversification strategy.

The double-digit increase in data revenue (up 19.4%) was attributable to growth in active data users# (+6.1%) and growth in the number of smartphones on the network (+2.1%). Data revenue's contribution to service revenue decreased marginally from 26.7% to 26.5%.

Mobile Money revenue grew strongly (up 30.4%) and benefited from an increase in the number of active subscribers* (+2.1%), higher transactional activity of person-to-person (P2P) and growth in more advanced services such as retail merchant payments and international remittances. Mobile Money revenue's contribution to service revenue increased from 17.9% to 19.4%.

Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 34.5% with an EBITDA margin expansion of 5.5 percentage points (pp) to 53.4%. This margin improvement was a result of our cost efficiency initiatives underpinned by continued distribution efficiencies.

Our strong growth in revenue coupled with our cash management initiatives resulted in a strong growth (+62.1%) in profit after tax and improved our cash generation from our operation by 12.5%.

We invested GH¢215.1 million in core capex^ as we continued to improve our network.

In line with existing banking covenants, there was no breach to any of the financial covenants and we continue to maintain a strong balance sheet.

In Q1 2020, a series of restrictions on people's movements and business operations were implemented through executive directives by the President of the Republic of Ghana to mitigate the impact of the COVID-19 pandemic. This resulted in some disruptions in demand and supply chains and consequently led to dampening of the levels of economic activity in the country. The impact of the pandemic on the global economy, coupled with the sharp fall in oil prices, is likely to significantly slowdown GDP growth in Ghana.

The government – through the Bank of Ghana (BoG) – announced certain regulatory measures to help with the fight against the pandemic. These include the zero-rating of all Mobile Money peer-to-peer (P2P) transfers up to GH¢100 daily for a period of 90 days and simplified registration for merchant and person-to-person (P2P) wallets and purchases from e-commerce and other platforms. The government also increased the daily transaction limits and balances for the various wallet types to promote customer safety through non-cash transactions. The BoG also extended the deadline to meet the minimum capital requirements for Payment Service Providers and Electronic Money Issuers, from the original date of 30 June 2020 to 31 December 2020.

* 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 are data subscribers who have used more than 5MB in a month.

^ Core capex spend of GH¢215.1m excludes intangibles of GH¢382.1m and right of use (RoU) assets of GH¢8.0m for the period.



MTN Ghana unaudited results for the three-month period ended 31 March 2020

Commentary (continued)

In support of government's efforts in the fight against COVID-19, MTN Ghana – through the MTN Ghana Foundation – donated GH¢5 million for the procurement of medical supplies. These include personal protective equipment (PPE) and other essentials to support frontline medical staff. We also increased our focus on four key areas: our people, our customers, our network and our efficiency.

For our people, the immediate priority is their health and safety. Our work-from-home programme enables our staff to work remotely while ensuring the continuity in our operations. Our daily health monitor survey allows us to ascertain the wellbeing of our staff and their families. We have also launched a Ghana Staff Care Emergency Fund in support of MTN Ghana's extended workforce who may be affected by the pandemic. We have also positioned alcohol-based hand sanitizers across our offices, branches and experience centres for use by customers and employees to augment the deployment and use of temperature guns, PPE and the practising of social distancing.

For our customers, we have ramped up our digital channels as a service alternative, to ensure that they are able to continue purchasing airtime and accessing our products and services seamlessly. Through zero-rating, MTN Ghana has also offered free access to over 100 educational online sites to support students' and teachers' remote learning and research activities during this period. So far, this supports more than 250,000 customers, consuming over 3.5TB of free data per day for educational purposes. MTN Ghana has also provided GH¢10,000 worth of free data to all university students on our MTN Bright Scholarship scheme.

MTN Ghana is collaborating with the National Information Technology Authority (NITA) to offer free access to Government of Ghana's Smart Workplace Portal to enable government workers work from home. In addition, MTN Ghana has already offered free access through the zero-rating of several government websites that are providing health and other COVID-19 related information such as the Ghana Health Service website and others. MTN has also provisioned short codes to facilitate information flow on COVID-19 for the Ministry of Information to be used for social media services. To augment efforts in spreading information, MTN Ghana is also assisting with the circulation of safety tips received from the Ghana Health Service and promotion of the national emergency hotline to our customers.

MTN Ghana has also brought to bear its leadership in the technology space by supporting the infection monitoring and contact tracing team in line with the requisite legal procedures. To support this further, MTN Ghana has initiated the provision of 800 sim cards with 8TB of data to National Security and 10 Turbonet devices with 2.25TB of data to the National COVID-19 Response Team for use by contact tracers.

During the period leading to the imposition and lifting of the lockdown, MTN Ghana experienced increased traffic on its network as students, government agencies, businesses and individuals adopted social distancing measures such as working from home, increased use of eLearning platforms and more social media engagements. We have put in place measures to ensure that our network remains resilient and supports round-the-clock connectivity during this period and beyond.



MTN Ghana unaudited results for the three-month period ended 31 March 2020

Commentary (continued)

Outlook

We had started the year with a strong Q1 performance and optimism about the financial year 2020. However, given the uncertainty associated with the likely duration and related economic impact of the COVID-19 pandemic calls for a more measured outlook in the near-term. The potential areas of impact and focus include employee safety; supply chain delays and availability; management of credit and liquidity; currency risk; counterparty risk; and the potential revenue impact from reduced consumer spend.

Voice and Mobile Money revenue have experienced an immediate impact from the current macro disruptions and Government interventions to manage the COVID-19 situation, based on early trends. The decline in voice traffic and Mobile Money transactional activity is largely due to a slowdown in economic activity and a reduction in consumer discretionary spend.

Although we have witnessed growth in data revenue, due to shifts in behaviour to work-from-home and school-from-home schemes, this does not fully offset the slowdown in voice and Mobile Money revenue.

While we continue to monitor and analyse the current situation and explore various scenarios in a bid to mitigate its impact on our business, we remain cautious of the uncertainties and heightened risks associated with the COVID-19 impact and acknowledge that the remainder of the financial year will be shaped by the impact of these developments on the Ghanaian economy and consequently, on our business.

In line with our transition journey from a traditional mobile telecommunications operator to an emerging digital operator, MTN Ghana has declared 2020 as the 'Year of the customer: the digital experience' with a focus on digitalisation as a tool to enhance customer experience as well as create value for our shareholders.





MTN Ghana unaudited results for the three-month period ended 31 March 2020

Declaration of interim ordinary dividend

Notice is hereby given that a gross interim dividend of GH¢ 0.03 per share for the period to 31 March 2020 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:

Ex-Dividend	Wednesday, 13 May 2020
Qualifying Date	Friday, 15 May 2020
Dividend Payment Date	Friday, 29 May 2020

All shareholders registered in the books of Scancom PLC at close of business on Friday, 15 May 2020 qualify for the interim dividend.

In view of the foregoing, the ex-dividend date has been set as Wednesday, 13 May 2020. 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, 13 May 2020 will not be entitled to the interim dividend.

On Friday, 29 May 2020 the dividend will be transferred electronically to the bank accounts or mobile money wallets of shareholders who make use of these facilities.

The dividend statement was approved by the Board of Directors on 28 April 2020 and signed on its behalf by:

Ishmael Yamson
Chairman

Selorm Adadevoh
Chief executive officer



MTN Ghana unaudited condensed consolidated financial information for the three-month period ended 31 March 2020

Summary statement of comprehensive income

(All amounts are in thousands of Ghana cedis)

	Group For the three- month period ended 31 March 2020 GH¢ 000	Company For the three- month period ended 31 March 2020 GH¢ 000	Group For the three- month period ended 31 March 2019 GH¢ 000	Company For the three- month period ended 31 March 2019 GH¢ 000
Revenue from contracts with customers	1,437,203	1,166,375	1,191,813	982,051
Other income	-	-	25	25
Cost of sales	(131,917)	(131,917)	(132,130)	(132,130)
Operational cost	(283,097)	(279,275)	(278,020)	(270,729)
Selling, distribution and marketing expenses	(254,384)	(122,220)	(210,967)	(105,521)
Earnings Before Interest Tax Depreciation and Amortisation	767,805	632,963	570,721	473,696
Depreciation	(178,766)	(178,391)	(169,617)	(169,287)
Amortisation	(31,988)	(31,922)	(20,317)	(20,251)
Operating profit	557,051	422,650	380,787	284,158
Net finance cost	(55,100)	(58,696)	(73,498)	(78,201)
Profit before income tax	501,951	363,954	307,289	205,957
Income tax expense	(152,301)	(110,928)	(91,534)	(61,180)
Profit after income tax	349,650	253,026	215,755	144,777
Other comprehensive income	-	-	-	-
Total comprehensive income	349,650	253,026	215,755	144,777
Attributable to:				
Equity holders of the company	349,650	253,026	215,755	144,777
Diluted/Basic Earnings per share	GH¢ 0.028	GH¢ 0.021	GH¢ 0.018	GH¢ 0.012

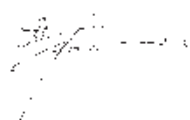
MTN Ghana unaudited condensed consolidated financial information for the three-month period ended 31 March 2020

Summary statement of financial position

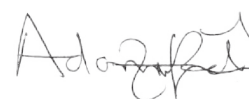
(All amounts are in thousands of Ghana cedis)

	Group As at 31 March 2020 GH¢ 000	Company As at 31 March 2020 GH¢ 000	Group As at 31 December 2019 GH¢ 000	Company As at 31 December 2019 GH¢ 000
Non-current assets	5,175,763	5,170,741	5,162,022	5,156,433
Property, plant and equipment	3,114,835	3,110,000	3,018,008	3,012,671
Right of Use assets	1,522,073	1,522,073	1,574,776	1,574,776
Intangible assets	416,929	416,692	448,276	447,974
Other non-current assets	121,926	121,976	120,962	121,012
Current assets	5,225,423	1,296,733	4,796,628	1,244,841
Trade and other receivables	705,813	690,258	528,951	510,411
Other current assets	365,985	360,514	403,363	393,844
Mobile money float	3,668,157	-	3,405,579	-
Cash and cash equivalents	485,468	245,961	458,735	340,546
Total assets	10,401,186	6,467,474	9,958,650	6,401,274
Total equity	3,153,476	2,933,901	2,803,826	2,680,875
Stated capital	1,097,504	1,097,504	1,097,504	1,097,504
Retained earnings	2,055,972	1,836,397	1,706,322	1,583,371
Non-current liabilities	2,136,447	2,136,604	2,134,200	2,140,051
Interest-bearing liabilities	225,813	225,813	225,421	225,421
Lease liabilities	1,560,009	1,560,009	1,560,009	1,560,009
Deferred tax and other non-current liabilities	350,625	350,782	348,770	354,621
Current liabilities	5,111,263	1,396,969	5,020,624	1,580,348
Interest bearing liabilities	115,002	115,002	280,002	280,002
Lease liabilities	108,617	108,617	148,726	148,726
Trade and other payables	1,084,802	1,039,205	1,055,852	1,022,059
Obligations to electronic money holders	3,668,157	-	3,405,579	-
Other current liabilities	134,685	134,145	130,465	129,561
Total liabilities	7,247,710	3,533,573	7,154,824	3,720,399
Total equity and liabilities	10,401,186	6,467,474	9,958,650	6,401,274

The unaudited condensed consolidated financial statements were approved by the Board of Directors on 28 April 2020 and signed on its behalf by:



Ishmael Yamson
Chairman



Selorm Adadevoh
Chief executive officer

MTN Ghana unaudited results for the three-month period ended 31 March 2020



MTN Ghana unaudited condensed consolidated financial information for the three-month period ended 31 March 2020

Summary statement of changes in equity – Group & Company

(All amounts are in thousands of Ghana cedis)

	Group For the three-month period ended 31 March 2020 GH¢ 000	Company For the three-month period ended 31 March 2020 GH¢ 000	Group For the three-month period ended 31 March 2019 GH¢ 000	Company For the three-month period ended 31 March 2019 GH¢ 000
Opening balance at 1 January	2,803,826	2,680,875	2,410,392	2,135,230
Profit for the three-month period	349,650	253,026	215,755	144,777
Other comprehensive income	-	-	-	-
Total comprehensive income	349,650	253,026	215,755	144,777
Transactions with owners of the company:				
Dividends paid	-	-	-	-
Attributable to equity holders of the company	349,650	253,026	215,755	144,777
Closing balance at 31 March 2020	3,153,476	2,933,901	2,626,147	2,280,007



MTN Ghana unaudited condensed consolidated financial information for the three-month period ended 31 March 2020

Summary statement of cash flows

(All amounts are in thousands of Ghana cedis)

	Group For the three-month period ended 31 March 2020 GH¢ 000	Company For the three-month period ended 31 March 2020 GH¢ 000	Group For the three-month period ended 31 March 2019 GH¢ 000	Company For the three-month period ended 31 March 2019 GH¢ 000
Cash generated from operations	451,458	333,751	401,383	244,311
Interest received	11,170	7,984	9,897	9,897
Interest paid	(23,678)	(23,678)	(22,183)	(22,183)
Income tax paid	-	-	49,864	73,187
Net cash generated from operations	438,950	318,057	438,961	305,212
Cash flow from investing activities				
Acquisition of property, plant and equipment	(71,809)	(71,809)	(166,885)	(166,885)
Acquisition of intangible assets	(57,003)	(57,003)	(43,676)	(43,676)
Acquisition of additional IRU capacity	(19,171)	(19,171)	(4,626)	(4,596)
Net cash used in investing activities	(147,983)	(147,983)	(215,187)	(215,157)
Cash flows from financing activities				
Repayment of borrowing	(165,000)	(165,000)	(100,000)	(100,000)
Principal element of lease payments	(99,663)	(99,663)	-	-
Other financing activities	-	-	(1,037)	(1,037)
Net cash used in financing activities	(264,663)	(264,663)	(101,037)	(101,037)
Movement in cash and cash equivalents	26,304	(94,589)	122,737	(10,982)
At beginning of the year	458,736	340,546	294,358	181,741
Exchange gain on cash and cash equivalents	428	4	(92)	-
At end of three-month period	485,468	245,961	417,003	170,759



MTN Ghana unaudited condensed consolidated financial information for the three-month period ended 31 March 2020

Notes

1. Directors' responsibility

The directors of Scancom PLC ("the Group") take full responsibility for the preparation of the unaudited condensed consolidated financial information for the three-month period ended 31 March 2020.

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, the provision of mobile financial services, the development of strategic partnerships to provide advanced services and the provision of consultancy services in the mobile banking space.

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

3. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34: interim financial reporting of the International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2019 (Act 992). The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

Principal accounting policies

The principal accounting policies applied in the preparation of these unaudited condensed consolidated financial statements are in terms of IFRS and consistent with those adopted in the prior year audited annual consolidated financial statements.



MTN Ghana unaudited condensed consolidated financial information for the three-month period ended 31 March 2020

Notes (continued)

Functional and presentation currency

Items included in these unaudited condensed consolidated financial statements are measured using the currency that best reflects the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Ghana cedis, the functional and presentation currency of the Group.

The unaudited condensed consolidated financial information for the three-month period ended 31 March 2020 on pages 6 to 11 was approved by the Board of Directors on 28 April 2020 and signed on its behalf by:

Ishmael Yamson
Chairman

Selorm Adadevoh
Chief executive officer

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