



**Scancom PLC (MTN Ghana)**

## **MTN Ghana unaudited results**

for the nine-month period ended 30 September 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 unaudited results for the nine-month period ended 30 September 2019

### Salient features

- Subscribers (QoQ)
  - Subscribers increased by 1.1% to 21.6 million (+1.6% to 19.2 million\*).
  - Data subscribers decreased by 2.6% to 17.7 million (active data subscribers up by 0.1% to 7.4 million#).
  - Registered Mobile Money users increased by 5.0% to 14.9 million (active MoMo users up by 2.2% to 8.7 million\*).
- Service revenue increased by 22.7% to GH¢ 3,723 million.
- EBITDA up by 63.0% to GH¢ 1,875 million (up by 35.1% to GH¢ 1,553 million under IAS 17).
- EBITDA margin up by 12.4 percentage points (pp) to 50.0% (up by 3.9 pp to 41.5% under IAS 17).
- Profit after tax increased by 14.8% to GH¢ 689 million (up by 24.6% to GH¢ 748 million under IAS 17).
- Capex for the period was GH¢ 862 million<sup>1</sup> (GH¢ 808 million under IAS 17).

### IFRS 16 and IAS 17 comparison

	IFRS 16 Period ended 30 September 2019 GH¢m	IAS 17 Period ended 30 September 2019 GH¢m	IAS 17 Period ended 30 September 2018 GH¢m
<b>EBITDA</b>	<b>1,875</b>	<b>1,553</b>	<b>1,150</b>
<b>EBITDA margin %</b>	<b>50.0%</b>	<b>41.5%</b>	<b>37.6%</b>
<b>Capex</b>	<b>862<sup>1</sup></b>	<b>808</b>	<b>611</b>
<b>Profit before tax</b>	<b>989</b>	<b>1,068</b>	<b>848</b>
<b>Profit after tax</b>	<b>689</b>	<b>748</b>	<b>600</b>

<sup>1</sup> Capex under IFRS 16 is made up of Capex spend (GH¢808m) and ROU assets (GH¢54m) for the period.  
\* Aligned with the MTN Group definition. Out of bracket numbers conform to the respective regulator subscriber definition.  
# Active data subscribers as per MTN Group definition and respective regulator definition.

Unless otherwise stated, financial growth rates are year-on-year (the nine-month period ended 30 September 2019 versus the nine-month period ended 30 September 2018). Non-financial growth rates are presented quarter-on-quarter (QoQ), or 3Q19 vs 2Q19.

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## MTN Ghana unaudited results for the nine-month period ended 30 September 2019

### Commentary

MTN Ghana delivered a solid performance for the period. Service revenue increased by 22.7% YoY, supported by resilient growth in voice, data and mobile financial services. Voice revenue increased by 19.0% mainly attributable to good growth in subscribers\*, customer value management and continued improvements made to our network. These also contributed to a strong data revenue growth (+32.6%). Mobile financial services revenue grew by 45.0% driven by innovations in service delivery and deepening the ecosystem. An increase in active mobile money users\* (+2.2%) also contributed to growth and benefited from an increase in regional activations.

Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 63.0% with an EBITDA margin expansion of 12.4 percentage points (pp) to 50.0%. Under IAS 17 and adjusting for the management fee, the like-for-like EBITDA margin expanded by 5.3 pp to 42.9% mainly as a result of increased distribution efficiencies.

We continued to invest in our network and rolled out 350 2G, 627 3G, 900<sup>^</sup> 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 fourth quarter with the prime focus on customer experience and creating value for shareholders.

\* Aligned with the MTN Group definition. Out of bracket numbers conform to the respective regulator subscriber definition.

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

<sup>^</sup> 900 4G sites consists of 329 new sites and 571 upgraded sites.

Unless otherwise stated, financial growth rates are year-on-year (the nine-month period ended 30 September 2019 versus the nine-month period ended 30 September 2018). Non-financial growth rates are presented quarter-on-quarter (QoQ), or 3Q19 vs 2Q19.



## MTN Ghana unaudited condensed consolidated financial information for the nine-month period ended 30 September 2019

### Unaudited condensed statement of comprehensive income

	Group For the nine-month period ended 30 September 2019	Group For the nine-month period ended 30 September 2018	Company For the nine-month period ended 30 September 2019	Company For the nine-month period ended 30 September 2018
	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
<b>Revenue from contracts with customers</b>	<b>3,747,449</b>	<b>3,054,687</b>	<b>3,066,983</b>	<b>2,530,194</b>
Cost of sales	(400,081)	(425,000)	(400,081)	(425,000)
Operational cost	(803,840)	(935,444)	(786,130)	(929,821)
Selling, distribution and marketing expenses	(668,816)	(544,377)	(328,652)	(288,475)
<b>EBITDA</b>	<b>1,874,712</b>	<b>1,149,866</b>	<b>1,552,120</b>	<b>886,898</b>
Depreciation of property, plant and equipment	(512,387)	(259,375)	(511,461)	(259,268)
Amortisation of intangible assets	(67,868)	(51,770)	(67,671)	(51,770)
<b>Operating profit</b>	<b>1,294,457</b>	<b>838,721</b>	<b>972,988</b>	<b>575,860</b>
Net finance (cost)/income	(305,440)	9,001	(68,901)	7,595
<b>Profit before tax</b>	<b>989,017</b>	<b>847,722</b>	<b>904,087</b>	<b>583,455</b>
Income tax expense	(300,452)	(247,839)	(200,070)	(168,559)
<b>Profit after tax</b>	<b>688,565</b>	<b>599,883</b>	<b>704,017</b>	<b>414,896</b>
Attributable to:				
Equity holders of the company	<b>688,565</b>	<b>599,883</b>	<b>704,017</b>	<b>414,896</b>
Basic and diluted earnings per share	<b>0.0560</b>	<b>0.0551</b>	<b>0.0573</b>	<b>0.0381</b>

## MTN Ghana unaudited condensed consolidated financial information for the nine-month period ended 30 September 2019

### Unaudited condensed statement of changes in equity

	Group	Group	Company	Company
	For the nine-month period ended 30 September 2019	For the nine-month period ended 30 September 2018	For the nine-month period ended 30 September 2019	For the nine-month period ended 30 September 2018
	GH¢ 000	GH¢ 000	GH¢ 000	GH¢ 000
<b>Opening balance at 1 January</b>	<b>2,410,392</b>	<b>1,868,637</b>	<b>2,135,230</b>	<b>1,868,637</b>
Change in accounting policy	-	3,744	-	3,744
Profit for the nine-month period	688,565	599,883	704,017	410,997
	688,565	603,627	704,017	414,741
<b>Transactions with owners of the company</b>				
New shares issued	-	1,066,996	-	1,066,996
Dividends paid*	(614,524)	(1,066,996)	(614,524)	(1,066,996)
<b>Attributable to equity holders of the company</b>	<b>2,484,433</b>	<b>2,472,264</b>	<b>2,224,723</b>	<b>2,283,378</b>
<b>Closing balance at 30 September</b>	<b>2,484,433</b>	<b>2,472,264</b>	<b>2,224,723</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 and interim dividend paid for the half-year ended 30 June 2019.

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# Scancom PLC (MTN GHANA)



## MTN Ghana unaudited condensed consolidated financial information for the nine-month period ended 30 September 2019

### Unaudited condensed statement of financial position

	Group As at 30 September 2019 GH¢ 000	Group As at 31 December 2018 GH¢ 000	Company As at 30 September 2019 GH¢ 000	Company As at 31 December 2018 GH¢ 000
<b>Non-current assets</b>	<b>5,134,799</b>	<b>3,060,546</b>	<b>5,130,689</b>	<b>3,059,107</b>
Property, plant and equipment	2,986,826	2,549,095	2,983,034	2,548,171
Intangible assets	422,140	418,536	421,772	417,971
Right of Use assets	1,635,019	-	1,635,019	-
Other non-current assets	90,814	92,915	90,864	92,965
<b>Current assets</b>	<b>1,025,563</b>	<b>1,156,334</b>	<b>893,579</b>	<b>1,010,918</b>
Trade and other receivables	471,590	517,514	595,112	727,671
Other current assets	141,131	232,295	132,106	99,554
Cash and cash equivalents	412,842	406,525	166,361	183,693
<b>Total assets</b>	<b>6,160,362</b>	<b>4,216,880</b>	<b>6,024,268</b>	<b>4,070,025</b>
<b>Total equity</b>	<b>2,484,433</b>	<b>2,410,392</b>	<b>2,224,723</b>	<b>2,135,230</b>
Stated capital	1,097,504	1,097,504	1,097,504	1,097,504
Income surplus	1,386,929	1,312,888	1,127,219	1,037,726
<b>Non-current liabilities</b>	<b>2,132,018</b>	<b>653,090</b>	<b>2,132,104</b>	<b>653,083</b>
Interest-bearing liabilities	282,530	338,854	282,530	338,854
Lease liabilities	1,520,832	-	1,520,832	-
Deferred tax and other non-current liabilities	328,656	314,236	328,742	314,229
<b>Current liabilities</b>	<b>1,543,911</b>	<b>1,153,398</b>	<b>1,667,441</b>	<b>1,281,712</b>
Interest-bearing liabilities	157,501	100,000	157,501	100,000
Trade and other payables	1,113,230	911,051	1,256,553	1,039,785
Lease Liabilities	142,427	-	142,427	-
Other current liabilities	130,753	142,347	110,960	141,927
<b>Total equity and liabilities</b>	<b>6,160,362</b>	<b>4,216,880</b>	<b>6,024,268</b>	<b>4,070,025</b>

# Scancom PLC (MTN GHANA)



## MTN Ghana unaudited condensed consolidated financial information for the nine-month period ended 30 September 2019

### Unaudited condensed statement of cash flows

	Group	Group	Company	Company
	For the nine-month period ended 30 September 2019 GH¢ 000	For the nine-month period ended 30 September 2018 GH¢ 000	For the nine-month period ended 30 September 2019 GH¢ 000	For the nine-month period ended 30 September 2018 GH¢ 000
<b>Net cash generated from operating activities</b>	<b>877,980</b>	<b>637,451</b>	<b>828,624</b>	<b>524,081</b>
Cash generated from operations	1,915,161	949,382	1,544,768	837,418
Finance income received	32,586	15,234	19,688	13,828
Finance cost paid	(252,839)	(23,214)	(252,839)	(23,214)
Dividend paid	(614,524)	(92,538)	(614,524)	(92,538)
Dividend received	-	-	250,000	-
Income tax paid	(202,404)	(211,413)	(118,469)	(211,413)
<b>Net cash used in investing activities</b>	<b>(674,601)</b>	<b>(541,439)</b>	<b>(674,601)</b>	<b>(541,489)</b>
Acquisition of property, plant and equipment	(600,718)	(492,157)	(600,718)	(492,157)
Acquisition of intangible assets	(55,394)	(40,143)	(55,394)	(40,143)
Indefeasible right of use assets	(18,489)	(9,139)	(18,489)	(9,189)
<b>Net (cash used)/generated from financing activities</b>	<b>(169,407)</b>	<b>1,066,996</b>	<b>(169,407)</b>	<b>1,066,996</b>
Proceeds from IPO	-	1,066,996	-	1,066,996
Principal elements of lease payments	(169,407)	-	(169,407)	-
<b>Net increase/decrease in cash and cash equivalents</b>	<b>33,972</b>	<b>1,163,008</b>	<b>(15,384)</b>	<b>1,049,588</b>
Net cash and cash equivalents at the beginning of the period	377,702	195,165	181,741	195,165
Exchange losses on cash and cash equivalents	1,168	-	4	-
<b>Net cash and cash equivalents at the close of the period</b>	<b>412,842</b>	<b>1,358,173</b>	<b>166,361</b>	<b>1,244,753</b>

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## MTN Ghana unaudited condensed consolidated financial information for the nine-month period ended 30 September 2019

### Notes

#### 1. 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.

#### 2. Basis of preparation

The unaudited condensed consolidated financial information for the nine-month period ended 30 September 2019 are prepared in accordance with IAS 34, interim financial reporting and the requirements of the Companies Act, 2019 (Act 992).

##### 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 unaudited condensed consolidated 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 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. 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.



## MTN Ghana unaudited condensed consolidated financial information for the nine-month period ended 30 September 2019

### Notes (continued)

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 E-Money Guidelines, 2015 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 September 2019, Mobile money floats amounted to GH¢2.96 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.

#### 4. 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.

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 September 2019 GH¢m	1 January 2019 GH¢m
Network infrastructure	1,713	1,662
Land and buildings	104	100
Total right-of-use assets	1,817	1,762

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.

#### 4.1 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¢ 1,635 million as at 30 September 2019 whiles Lease liabilities amounting to GH¢ 1,744 million were recognised as at 1 January 2019 with a carrying value of GH¢ 1,663 million as at 30 September 2019. The total depreciation of GH¢181.5 million has been recognised to-date while GH¢219 million of finance costs has been charged.

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## MTN Ghana unaudited condensed consolidated financial information for the nine-month period ended 30 September 2019

The unaudited condensed consolidated financial information on pages 3 to 8 were approved by the Board of Directors on 30 October 2019 and signed on its behalf by:

**Selorm Adadevoh**

**CEO**

**Modupe Kadri**

**CFO**

### Contact

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Please visit <https://www.mtn.com.gh/investors/annual-and-quarterly-financials> to download our financials and other investor information.

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