

# MTN Nigeria

Selected condensed consolidated interim financial information  
for the six months ended 30 June 2018



## **Selected condensed consolidated interim financial information for the six months ended 30 June 2018**

The joint independent auditors' review report does not report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the joint auditors' engagement they should obtain a copy of the auditors' report together with the accompanying financial information from the issuer's registered office.

This information has not been audited or reviewed.

## MTN Nigeria

- Service revenue increased by 17,0%\*
- Data revenue increased by 63,7%\*
- Digital revenue decreased by 24,8%\*
- EBITDA grew by 31,5%\* to R9 094 million\*
- EBITDA margin increased by 4,7pp\* to 43,0%\*
- Capex increased by 0,5%\*

**MTN Nigeria** performed ahead of expectations, with double-digit growth in voice revenue driving accelerated service revenue growth and the further widening of the EBITDA margin. Increased usage and growth in data subscribers supported data revenue growth. Digital revenue declined as a result of further optimisation of our VAS business. Towards the end of the second quarter, net additions and revenue growth slowed in line with economic activity, as well as some seasonality. We expect this trend to continue in the third quarter, with an improved performance expected in the fourth quarter.

The subscriber base expanded by 5,6% from December 2017 to 55,2 million. We continued work to improve customer experience and recorded steady growth in overall NPS, supported by our increased efforts to improve network quality and availability. We reported an increase in the number of active MoMo customers to nearly 2,2 million. The enterprise business performed well. We made good progress on our plans to list MTN Nigeria on the Nigerian Stock Exchange. We do not expect any material cash inflows to the group from the IPO.

# Condensed consolidated statement of profit or loss

for the

	Six months period ended 30 June 2018 N'000	Six months period ended 30 June 2017 Restated <sup>1</sup> N'000
<b>Revenue</b>	<b>505 667 542</b>	432 280 510
Direct network operating costs	<b>(149 443 206)</b>	(134 249 419)
Value added services	<b>(10 286 929)</b>	(15 806 446)
Blackberry licence fees	–	(629 599)
Cost of handsets and other accessories	<b>(3 561 616)</b>	(2 024 838)
Interconnect costs	<b>(46 769 707)</b>	(41 833 405)
Roaming costs	<b>(2 540 789)</b>	(1 377 924)
Transmission costs	<b>(2 736 912)</b>	(2 959 008)
Employee benefits	<b>(12 420 885)</b>	(11 384 949)
Discounts and commissions	<b>(25 023 121)</b>	(23 152 634)
Advertisements, sponsorships and sales promotions	<b>(7 953 600)</b>	(7 277 271)
(Impairment)/reversal of impairment of property, plant and equipment	<b>(758 926)</b>	718 535
Writeback of impairment of assets held for sale	<b>6 996</b>	–
Other operating expenses	<b>(26 307 956)</b>	(26 916 845)
Depreciation	<b>(68 341 298)</b>	(60 038 983)
Amortisation of intangible assets	<b>(13 028 580)</b>	(13 194 723)
<b>Operating profit</b>	<b>136 501 013</b>	92 153 001
Finance income	<b>12 366 468</b>	27 141 014
Finance costs	<b>(40 512 561)</b>	(63 844 899)
<b>Profit before tax</b>	<b>108 354 920</b>	55 449 116
Income tax expense	<b>(34 959 533)</b>	(14 813 189)
<b>Profit for the period</b>	<b>73 395 387</b>	40 635 927
<b>Attributable to:</b>		
Owners of the parent	<b>73 395 387</b>	40 635 927
	<b>73 395 387</b>	40 635 927
Earnings per share – basic/diluted	<b>N180,29</b>	N99,82

<sup>1</sup> 2017 comparatives are restated for the adoption of IFRS 15.

# Condensed consolidated statement of comprehensive income

for the

	<b>Six months period ended 30 June 2018 N'000</b>	Six months period ended 30 June 2017 Restated <sup>1</sup> N'000
<b>Profit for the period</b>	<b>73 395 387</b>	40 635 927
Items that may be reclassified to profit or loss – Changes in the fair value of financial assets at fair value through other comprehensive income	<b>(155 340)</b>	(84 592)
<b>Total comprehensive income for the period</b>	<b>73 240 047</b>	40 551 335
<b>Attributable to:</b>		
Owners of the parent	<b>73 240 047</b>	40 551 335
	<b>73 240 047</b>	40 551 335

<sup>1</sup> 2017 comparatives are restated for the adoption of IFRS 15.

# Condensed consolidated statement of financial position

as at

	30 June 2018 N '000	31 December 2017 Restated <sup>1</sup> N '000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	576 034 822	582 438 885
Intangible assets	119 628 059	128 602 009
Contract acquisition cost	1 587 353	1 264 979
Non-current prepayments	15 891 761	13 683 216
Deferred tax assets	28 847 988	25 653 339
Derivative asset	–	55 673
	<b>741 989 983</b>	<b>751 698 101</b>
<b>Current assets</b>		
Assets held for sale	–	174
Inventories	2 508 077	5 729 904
Trade and other receivables	30 451 175	33 425 336
Contract acquisition cost	1 898 515	2 146 589
Current investments	117 463 992	71 078 495
Restricted cash	48 832 260	41 617 634
Cash and cash equivalents	59 594 541	89 564 964
	<b>260 748 560</b>	<b>243 563 096</b>
<b>Total assets</b>	<b>1 002 738 543</b>	<b>995 261 197</b>

<sup>1</sup> 2017 comparatives are restated for the adoption of IFRS 15.

# Condensed consolidated statement of financial position (continued)

as at

	30 June 2018 N '000	31 December 2017 Restated <sup>1</sup> N '000
<b>EQUITY</b>		
Share capital	646 510	646 510
Share premium	64 498 466	64 498 466
Retained profit	81 867 119	47 166 661
Other reserves	341 309	496 649
	<b>147 353 404</b>	<b>112 808 286</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	138 077 134	135 544 915
Share based payment liability	654 791	655 565
Regulatory fine liability	–	91 656 623
Provisions	64 440	70 048
Deferred tax liabilities	111 809 040	112 829 898
Derivative liability	57 729	–
	<b>250 663 134</b>	<b>340 757 049</b>
<b>Current liabilities</b>		
Trade and other payables	181 511 069	246 076 909
Contract liabilities	36 743 841	35 532 093
Regulatory fine liability	149 434 211	101 119 141
Provisions	15 491 879	13 192 909
Current tax liabilities	49 286 235	25 954 582
Borrowings	172 254 770	119 820 228
	<b>604 722 005</b>	<b>541 695 862</b>
<b>Total liabilities</b>	<b>855 385 139</b>	<b>882 452 911</b>
<b>Total equity and liabilities</b>	<b>1 002 738 543</b>	<b>995 261 197</b>

<sup>1</sup> 2017 comparatives are restated for the adoption of IFRS 15.

# Condensed consolidated statement of changes in equity

for the

	Attributable to owners of the parent		
	Share capital N'000	Share premium N'000	Other retained earnings N'000
Balance at 31 December 2016 as originally presented	646 510	64 498 466	7 606 567
IFRS 15 retrospective adjustments	–	–	3 441 689
<b>Restated total equity at the beginning of the year 1 January 2017</b>	<b>646 510</b>	<b>64 498 466</b>	<b>11 048 256</b>
Profit for the six months period (restated)	–	–	40 635 927
Other comprehensive loss	–	–	–
<b>Balance at 30 June 2017 (restated)</b>	<b>646 510</b>	<b>64 498 466</b>	<b>51 684 183</b>
<b>Balance at 31 December 2017 as originally presented</b>	<b>646 510</b>	<b>64 498 466</b>	<b>38 115 931</b>
IFRS 15 retrospective restatements	–	–	<b>3 958 909</b>
<b>Restated total equity as at 31 December 2017</b>	<b>646 510</b>	<b>64 498 466</b>	<b>42 074 840</b>
IFRS 9 adjustments	–	–	<b>(82 348)</b>
<b>Restated total equity as at 1 January 2018</b>	<b>646 510</b>	<b>64 498 466</b>	<b>41 992 492</b>
Profit for the six months period	–	–	<b>73 395 387</b>
Other comprehensive loss	–	–	–
Dividend declared	–	–	<b>(38 612 581)</b>
<b>Balance at 30 June 2018</b>	<b>646 510</b>	<b>64 498 466</b>	<b>76 775 298</b>

<sup>1</sup> 2017 comparatives are restated for the adoption of IFRS 15.

Attributable to owners of the parent

Pioneer retained earnings N'000	Total retained profit/(loss) N'000	Other reserves <sup>1</sup> N'000	Total shareholders' fund N'000	Total equity N'000
5 091 821	12 698 388	325 721	78 169 085	78 169 085
-	3 441 689	-	3 441 689	3 441 689
5 091 821	16 140 077	325 721	81 610 774	81 610 774
-	40 635 927	-	40 635 927	40 635 927
-	-	(84 592)	(84 592)	(84 592)
5 091 821	56 776 004	241 129	122 162 109	122 162 109
<b>5 091 821</b>	<b>43 207 752</b>	<b>496 649</b>	<b>108 849 377</b>	<b>108 849 377</b>
-	<b>3 958 909</b>	-	<b>3 958 909</b>	<b>3 958 909</b>
<b>5 091 821</b>	<b>47 166 661</b>	<b>496 649</b>	<b>112 808 286</b>	<b>112 808 286</b>
-	<b>(82 348)</b>	-	<b>(82 348)</b>	<b>(82 348)</b>
<b>5 091 821</b>	<b>47 084 313</b>	<b>496 649</b>	<b>112 725 938</b>	<b>112 725 938</b>
-	<b>73 395 387</b>	-	<b>73 395 387</b>	<b>73 395 387</b>
-	-	<b>(155 340)</b>	<b>(155 340)</b>	<b>(155 340)</b>
-	<b>(38 612 581)</b>	-	<b>(38 612 581)</b>	<b>(38 612 581)</b>
<b>5 091 821</b>	<b>81 867 119</b>	<b>341 309</b>	<b>147 353 404</b>	<b>147 353 404</b>



# Condensed consolidated statement of cash flows

for the

	<b>Six months period ended 30 June 2018 N'000</b>	Six months period ended 30 June 2017 Restated <sup>1</sup> N'000
<b>Cash flows from operating activities:</b>		
Cash generated from operations	<b>193 378 154</b>	156 099 162
Payment of contract acquisition cost	<b>(322 374)</b>	–
Share based payment	<b>(775)</b>	–
Interest received	<b>14 183 461</b>	15 804 545
Interest paid	<b>(20 608 079)</b>	(22 888 414)
Dividends paid	<b>(38 612 581)</b>	–
Regulatory fine paid	<b>(55 000 000)</b>	(30 000 000)
Tax paid	<b>(11 980 520)</b>	(21 823 593)
<b>Net cash generated from operating activities</b>	<b>81 037 286</b>	97 191 700
<b>Cash flows from investing activities:</b>		
Proceeds from the disposal of assets held for sale	–	8 599
Acquisition of property, plant and equipment	<b>(104 109 441)</b>	(83 783 232)
Proceeds from disposal of property, plant and equipment	<b>328 684</b>	396 934
Acquisition of intangible assets	<b>(2 298 427)</b>	(3 398 021)
Purchase of treasury bills and foreign currency fixed deposits	<b>(52 236 974)</b>	(29 786 623)
Increase in restricted cash	<b>(7 214 626)</b>	(15 056 070)
<b>Net cash used in investing activities</b>	<b>(165 530 784)</b>	(131 618 413)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	<b>105 546 176</b>	30 887 172
Repayment of borrowings	<b>(52 298 404)</b>	(49 664 493)
<b>Net cash generated from/(used in) financing activities</b>	<b>53 247 772</b>	(18 777 321)
<b>Net decrease in cash and cash equivalents</b>	<b>(31 245 726)</b>	(53 204 034)
Cash and cash equivalents at beginning of the period	<b>89 564 964</b>	146 369 032
Effect of changes in exchange rates on cash and cash equivalents	<b>1 275 303</b>	(769 521)
<b>Cash and cash equivalents at end of the period</b>	<b>59 594 541</b>	92 395 477

<sup>1</sup> 2017 comparatives are restated for the adoption of IFRS 15.