

# MTN grows subscribers by 4% and gets Mastercard investment

MTN's H1 2023 results show positive growth despite the current economic climate. While largely positive, the media statement acknowledged the group's advancing plans to exit Afghanistan as well as the short term negative impact of the policy changes in Nigeria.



MTN has invested R17bn in Africa so far in 2023. Source: X.com

"We delivered a resilient performance in H1 23 and made good strategic progress against a tough macro backdrop," said MTN Group president and CEO Ralph Mupita.

"In South Africa, we were very encouraged by the improved network availability on the back of our power-resilience investment, resulting in a stronger Q2 23 performance than Q1 23," he said.

By end-June, MTN South Africa's network availability was more than 90% despite severe electricity shortages across the country.



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Lindsey Schutters 10 Aug 2023



"In Nigeria, we delivered a very strong operational result, having navigated the cash shortages in Q1 23 and increased inflation," Mupita said. "The policy changes implemented in Nigeria in Q2 23 have short-term negative impacts, but we see these as being very constructive for the investment climate in the medium to longer term."

## Mastercard investment

The MTN Group fintech business delivered on its rapid expansion plans with volume of transactions increasing by 37% to 8.3 billion in the first half of the year. These were executed by 61 million active mobile money (MoMo) customers.

Following a process to identify and potentially introduce strategic minority investors into MTN Group Fintech, the group executed commercial agreements with Mastercard to support the acceleration and growth of its fintech business's payments and remittance services.

MTN and Mastercard also signed a memorandum of understanding which provides for a minority investment by Mastercard into Group Fintech based on a total enterprise valuation of about \$5.2bn for the business on a cash and debt-free basis. Signing of the definitive investment agreements is expected after the due diligence process and deal closure is subject to customary closing conditions.

## **Revenue growth**

Service revenue grew 15% to almost R108bn in constant-currency terms. This was driven by increases in revenue from data services of 24% and from fintech services of 22%. Revenue from voice services increased 6% in the period.

At the end of June 2023 the group had 292 million subscribers – 4% higher than the same period last year – who benefited from lower data rates and improved access to broadband services through strategic investments.

This subscriber growth is also reflected in an increased number of active data users by more than 7% to nearly 140 million; and a 19% increase in overall data traffic. MTN managed to reduce the average effective rate per MB by more than 22%.

Continued investment into networks and platforms in Africa saw the group commit R17.2bn in capital expenditure in the first six months of 2023.

Overall the solid revenue performance resulted in an adjusted headline earnings per share (HEPS) increase of 25% to 749 cents and adjusted return on equity (ROE) expands by one percentage point to 24.4%, which is in line with medium-term guidance.

## **Afghanistan exit**

MTN Group will exit Afghanistan through the sale of its full shareholding to Investcom AF, an affiliate company of M1. The transaction received conditional regulatory approval to proceed, pending the submission of relevant documentation to the Afghanistan Regulatory Authority.

"We are focused on the continued execution of our Ambition 2025, which remains relevant in the current macroeconomic volatility and presents attractive scope for growth," concluded Mupita. "As we manage the challenges in our operating environment, as well as the near-term impacts on our top-line and margins, we maintain our medium-term guidance."