MTN's earnings up 22% to 654c

MTN on Wednesday (14 August) reported a 22% rise in headline earnings per share to 654c for the six months to June, up from 536c a year ago. Diluted headline earnings rose to 649c from 532c.

An interim dividend of 370c a share was declared - up 15.3%.

Subscriptions increased 6.5% to 201.5m, which the group said was supported by competitive offerings and increased network capacity.

Revenue increased by 9.8% to R65.25bn despite the negative effects of tariff cuts in both Nigeria and SA. Operating profit rose to R19.6bn from R19.1bn.

MTN said the results reflected a challenging operating environment, amid a sustained global economic slowdown, highly competitive mobile markets and regulatory pressures that have led to average voice tariffs across MTN's markets falling 2.5% year-on-year in US dollar terms.

"Despite these challenges, our substantial investment in network infrastructure and robust subscriber growth mean the company is well positioned for improved organic growth," it said.

Licence to print money

At the end of July, the group recorded a total of 200m subscribers after adjusting for the 3.2m disconnections in Nigeria related to the mandatory subscriber registration programme, which closed in June.

The financial results were positively affected by the 16.3% decline in the average exchange rate of the rand to the dollar.

The group said MTN Nigeria continued to show consistent month-on-month improvements in its operations. Revenue performance, however, was affected by the 40% reduction in mobile termination rates, effective from April, as well as by the temporary network disconnections in three northern states.

In SA, the weak consumer environment and aggressive competition knocked revenue.

MTN said that for the rest of the year it expected to deliver improved year-on-year organic growth in both revenue and earnings before interest, tax, depreciation and amortisation.

"Although operating conditions in SA are expected to remain difficult, we will continue to focus on competitive, value-added propositions and on improving cost efficiencies," it said.

"The recovery in our Nigerian operation is expected to continue over the coming six months, supported by a strong capital expenditure programme. We expect the group to add a total of 21.1m subscribers for the full year," it added.