

**tnm****Muyaya**
Loyalty Scheme**yanga**tnm
MOYO cover**Pasavute**

Results for half year ended 30 June 2014

TNM as a Malawian company is committed to be a sustainable and profitable business which will continue to invest in infrastructure in our country and contribute significantly to building the Great Nation of Malawi.

PERFORMANCE

The company maintained its high growth momentum in the first half of the year, with the Service Revenue increasing by 48% (2013: 59%). The actions taken to improve the revenue and reduce expenditure produced positive results and the EBITDA and Operating Profit increased significantly.

TNM recorded a Net Profit after Taxation for the six months ended 30 June 2014 of MK 1,840 million, which represents a 230% increase from the MK 558 million, as recorded in the first six months of 2013.

During the first 6 months of 2014, TNM implemented a major coverage expansion project for the network in the Lilongwe region and invested in the expansion of the TNM data network (3G) coverage. These infrastructure investments resulted in a significant improvement in network quality and an increase in the rate of new subscriber acquisitions.

OUTLOOK

In the context of the economic environment expected to prevail for the rest of the year, the performance of the company is expected to continue to improve.

DIVIDENDS

The Directors have approved a first interim dividend of MK 702 million, equivalent to 7 tambala per share, payable on 26 September 2014 to shareholders appearing in the register at the close of business on 12 September 2014. The register of members will be closed from 15th September 2014 to 17th September 2014 both dates inclusive.

Willem Swart
Managing Director

Mathews Chikaonda
Chairman

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Building the Great Nation of MALAWI

KEY ACHIEVEMENTS IN FIRST HALF OF 2014

18% GROWTH
in subscriber base



IMPROVEMENT
in general network quality



PASAVUTE
airtime credit launch



EXPANSION
of the network in the Lilongwe region



UPGRADE
Prepaid Billing System



KEY FINANCIAL HIGHLIGHTS

48%
SERVICE REVENUE GROWTH

K 17,285
MILLION

63%
INCREASE IN EBITDA

K 6,032
MILLION

79%
INCREASE IN OPERATING PROFIT

K 4,075
MILLION

CAPEX
INVESTMENT ADDITIONS

K 5,716
MILLION

230%
INCREASE IN NET PROFIT
(AFTER TAXATION)

K 1,840
MILLION

ARPU

K 1,282

EARNINGS

K 0.18
PER SHARE



tnm



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Loyalty Scheme

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Results for half year ended 30 June 2014

STATEMENT OF COMPREHENSIVE INCOME

in millions of Malawi Kwacha

	Unaudited six months to 30 June 2014	Unaudited six months to 30 June 2013	Audited year ended 31 Dec 2013
Service Revenue	17,285	11,643	28,257
Hardware and Equipment Revenue	237	294	617
Total Revenue	17,522	11,937	28,874
Direct operational costs	(8,047)	(5,709)	(13,057)
Gross profit	9,475	6,228	15,817
Other income	431	100	240
Selling and administration expenses	(3,874)	(2,625)	(5,962)
Earnings before interest, tax, depreciation and amortisation	6,032	3,703	10,095
Depreciation and amortization	(1,957)	(1,421)	(3,092)
Results from operating activities	4,075	2,282	7,003
Finance income	67	454	248
Finance expenses	(1,368)	(1,894)	(3,376)
Net finance (expense)/income	(1,301)	(1,440)	(3,128)
Profit before income tax	2,774	842	3,875
Taxation	(934)	(284)	(1,277)
Profit for the period	1,840	558	2,598
Other comprehensive income	-	-	-
Total comprehensive income	1,840	558	2,598
Movement in retained earnings			
Retained earnings brought forward	7,164	5,470	5,470
Profit for the period	1,840	558	2,598
Dividend declared	(502)	(301)	(904)
Retained earnings carried forward	8,502	5,727	7,164
Basic earnings per share (MK)	0.18	0.06	0.26
Dividend per share	0.05	0.03	0.09
Number of ordinary shares in issue (million)	10,040	10,040	10,040

STATEMENT OF CASH FLOWS

in millions of Malawi Kwacha

	Unaudited six months to 30 June 2014	Unaudited six months to 30 June 2013	Audited year ended 31 Dec 2013
Operating activities			
Cash receipts from customers	27,309	11,048	27,762
Cash paid to suppliers and employees	(20,882)	(8,619)	(20,569)
Cash generated from operations	6,427	2,429	7,193
Interest paid	(1,405)	(1,339)	(2,743)
Income tax paid	(1,279)	(46)	(638)
Cash flows generated from operating activities	3,743	1,044	3,812
Investing activities			
Interest received	68	118	248
Purchase of property, plant and equipment	(5,438)	(1,703)	(2,006)
Purchase of software	(278)	-	(1,079)
Proceeds from sale of property, plant and equipment	9	21	29
Net cash used in investment activities	(5,639)	(1,564)	(2,808)
Financing activities			
Repayments of loans	(733)	(379)	(1,208)
Receipts of loans	2,140	-	-
Payment of dividends	(301)	(201)	(803)
Net cash (used in)/generated from financing activities	1,106	(580)	(2,011)
Net (decrease)/increase in cash and cash equivalents	(790)	(1,100)	(1,007)
Cash and cash equivalents at the beginning of the period	(4,575)	(3,568)	(3,568)
Cash and cash equivalents at the end of the period	(5,365)	(4,668)	(4,575)

STATEMENT OF FINANCIAL POSITION

in millions of Malawi Kwacha

	Unaudited six months to 30 June 2014	Unaudited six months to 30 June 2013	Audited year ended 31 Dec 2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	21,698	19,083	17,949
Intangible assets	1,742	846	1,732
Total non-current assets	23,440	19,929	19,681
CURRENT ASSETS			
Inventories	391	516	500
Trade and other receivables	5,641	2,522	3,278
Amounts due from related parties	40	793	396
Income tax recoverable	-	-	-
Bank and cash balances	748	447	778
Total current assets	6,820	4,278	4,952
TOTAL ASSETS	30,260	24,207	24,633
EQUITY AND LIABILITIES			
SHAREHOLDERS EQUITY			
Share capital	401	401	402
Share premium	2,347	2,347	2,347
Retained earnings	8,502	5,727	7,164
Total equity	11,250	8,475	9,913
NON-CURRENT LIABILITIES			
Deferred Tax	59	405	174
Long-term portion of interest bearing loans	2,443	2,545	1,618
Total non-current liabilities	2,502	2,950	1,792
CURRENT LIABILITIES			
Trade and other payables	5,821	5,136	3,728
Current portion of interest bearing loans	2,114	1,345	1,568
Deferred income	1,385	715	1,176
Dividend payable	502	301	301
Income tax payable	573	169	802
Bank overdraft	6,113	5,116	5,353
Total current liabilities	16,508	12,782	12,928
TOTAL LIABILITIES	19,010	15,732	14,720
TOTAL EQUITY AND LIABILITIES	30,260	24,207	24,633

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