



## Key Highlights



- Broad based revenue growth witnessed across all business segments. Voice revenue up by **15.1%**, data by 17.1% and other revenue by **21.5%**;
- EBITDA of **K 28,022 million** and EBITDA margin up by 80bps at **47.2%**;
- Net debt of **K 31,834 million** as at 30th June 2021, showing significant improvement from **K 40,489 million** as at 31st December 2020.

## Key financial information

Description	UoM	Year ended		
		Jun-21	Jun-20	Change %
P&L Summary				
Revenue	K Mn	59,329	51,008	16.3%
Voice revenue	K Mn	33,325	28,946	15.1%
Data revenue	K Mn	21,232	18,131	17.1%
Other revenue	K Mn	4,772	3,931	21.4%
Expenses	K Mn	(31,307)	(27,326)	14.6%
EBITDA	K Mn	28,022	23,682	18.3%
EBITDA Margin	%	47.2%	46.4%	80 bps
Depreciation & amortization	K Mn	(7,313)	(6,761)	8.2%
Other income	K Mn	742	413	79.6%
Operating profit	K Mn	21,451	17,334	23.8%
Net finance costs	K Mn	(5,129)	(1,085)	372.7%
Non-operating exceptional items	K Mn	-	-	0.0%
Profit before tax	K Mn	16,322	16,249	0.4%
Tax	K Mn	(4,976)	(4,834)	2.9%
Profit After Tax	K Mn	11,346	11,415	(0.6%)
Basic EPS	K	1.03	1.04	(0.6%)
Weighted average no of shares	in Mn	11,000	11,000	0.0%
Capex	K Mn	4,110	12,121	(66.1%)
Net debts	K Mn	31,834	34,357	
Operating KPIs				
ARPU	K	1,862	2,075	(10.3%)
Total customer base (30 days active)	000	5,756	4,417	30.3%
Data customer base	000	1,980	1,403	41.1%

# Airtel Malawi Plc Half Year Results Ended 30 June 2021

## Financial review for the half year, ended 30 June 2021

### Revenue

The Company recorded revenue of K59,329 million in half year ended 30th June 2021 as compared to K51,008 million in previous year same period. Revenue growth of 16.3% was largely driven by the growth of our customer base which was up by 30.3% to 5.8 million. Revenue growth continues to be broad based with voice up by 15.1%, data up 17.1% and other revenue up 21.4%.

### EBITDA

EBITDA of K28,022 million, up by 18.3% was supported by strong revenue growth with marginal increase in operating expenditure due to higher number of sites rolled out, international bandwidth cost and fibre maintenance. EBITDA margin increased from 46.4% to 47.2% as compared with the previous year same period.

### Profit After Tax

While Operating Profit of K 21,451 million for the half year ended 30th June 2021 increased from K17,334 million in the previous year same period, Profit after Tax of K 11,346 million marginally dropped from K 11,415 million. This is mainly due to forex loss of K 4,039 million in H1'21 on the back of Kwacha weakening against major foreign currencies. In the same period previous year, the impact of forex loss was K 52 million.

### Outlook

The economy and company are exposed to continued impact of Covid-19, Kwacha depreciation and scarcity of foreign currency. Despite this, we continue to focus on investing more, growing more customers and revenue, containing cost and diversifying currency sourcing to mitigate the exposures.

### Other significant updates

#### External Borrowings

During the period, the Company extended the maturity of \$40 million loan, which was due in September 2021, by 24 months.

## Statement of Comprehensive Income

	Unaudited six month to		Audited year ended
	30 June 2021	30 June 2020	31 Dec 2020
	K Mn	K Mn	K Mn
<b>Income</b>			
Revenue	59,329	51,008	110,233
Other income	742	413	1,083
	<b>60,071</b>	<b>51,421</b>	<b>111,317</b>
<b>Expenses</b>			
Operating expenses	(19,603)	(14,731)	(34,119)
Other expenses	(6,821)	(7,934)	(16,451)
License fee/ spectrum usage charges	(4,883)	(4,662)	(8,738)
Depreciation and amortisation	(7,313)	(6,761)	(14,622)
	<b>(38,620)</b>	<b>(34,088)</b>	<b>(73,929)</b>
<b>Operating profit</b>	<b>21,451</b>	<b>17,334</b>	<b>37,388</b>
Finance costs	(1,090)	(1,033)	(2,089)
Foreign exchange loss	(4,039)	(52)	(3,560)
<b>Profit before tax</b>	<b>16,322</b>	<b>16,249</b>	<b>31,739</b>
Income tax expense	(4,976)	(4,834)	(9,646)
<b>Profit and total comprehensive income for the year</b>	<b>11,346</b>	<b>11,415</b>	<b>22,093</b>
Basic and diluted earnings per share (LC)	1.03	1.04	2.01

## Statement of Financial Position

	Unaudited as at		Audited as at
	30 June 2021	30 June 2020	31 Dec 2020
	K Mn	K Mn	K Mn
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	62,475	68,638	65,933
Intangible assets	810	646	963
Right-of-use assets	18,985	10,297	16,380
Deferred tax asset	1,247	-	963
Other non-current assets	6,003	7,168	6,247
Investment	81	81	81
	<b>89,601</b>	<b>86,830</b>	<b>90,566</b>
<b>Current assets</b>			
Inventories	9	266	262
Trade and other receivables	19,496	21,717	19,604
Other current assets	6,545	4,873	6,154
Cash and cash equivalents	28,238	11,483	17,418
	54,288	38,338	43,437
Assets classified as held for sale	2,976	-	3,746
<b>Total current assets</b>	<b>57,264</b>	<b>38,338</b>	<b>47,184</b>
<b>Total assets</b>	<b>146,865</b>	<b>125,169</b>	<b>137,750</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	1	1
Share premium	398	398	398
Retained earnings	35,039	26,766	23,694
<b>Total equity</b>	<b>35,439</b>	<b>27,165</b>	<b>24,093</b>
<b>Non-current liabilities</b>			
Borrowings	-	30,347	527
Lease liabilities	22,069	12,683	23,086
Deferred Spectrum liabilities	137	-	264
Deferred tax liability	-	215	-
<b>Non-current liabilities</b>	<b>22,206</b>	<b>43,244</b>	<b>23,877</b>
<b>Current liabilities</b>			
Borrowings	32,332	37	30,959
Deferred Spectrum liabilities	170	-	166
Lease liabilities	5,671	2,774	3,335
Trade and other payables	38,281	44,723	38,292
Contract liabilities	7,062	5,281	6,813
Other current liabilities	431	935	5,719
Income tax payable	5,273	1,008	4,496
<b>Current liabilities</b>	<b>89,220</b>	<b>54,759</b>	<b>89,780</b>
<b>Total liabilities</b>	<b>111,426</b>	<b>98,003</b>	<b>113,657</b>
<b>Total equity and liabilities</b>	<b>146,865</b>	<b>125,169</b>	<b>137,750</b>

## Statement of change in Equity

	Share capital	Share premium	Retained earnings	Total
	K Mn	K Mn	K Mn	K Mn
<b>Unaudited Six months to 30th June 21</b>				
At the beginning of the year	1	398	23,694	24,093
Total comprehensive income for the year			11,346	11,346
<b>Balance at 30 June 2021</b>	<b>1</b>	<b>398</b>	<b>35,039</b>	<b>35,439</b>
<b>Unaudited Six months to 30th June 20</b>				
At the beginning of the year	1	398	15,351	15,750
Total comprehensive income for the year			11,415	11,415
<b>Balance at 30 June 2020</b>	<b>1</b>	<b>398</b>	<b>26,766</b>	<b>27,165</b>
<b>Audited year ended 31st December 20</b>				
At the beginning of the year	1	398	15,351	15,750
Dividend declared for 2019 profit			(13,750)	
Total comprehensive income for the year	-	-	22,093	22,093
<b>Balance at 31st December 2020</b>	<b>1</b>	<b>398</b>	<b>23,694</b>	<b>24,093</b>

## Statement of Cash Flows

	Unaudited six months to 30th Jun 2021	Unaudited six months to 30th Jun 2020	Audited year ended 31st Dec 2020
	K Mn	K Mn	K Mn
<b>Cash flows from operating activities</b>			
<b>Profit before taxation</b>	<b>16,322</b>	<b>16,249</b>	<b>31,739</b>
<b>Adjustments for:</b>			
Depreciation & amortization	7,313	6,761	14,622
Interest income	(742)	(222)	(892)
Unrealised exchange losses	3,742	56	3,238
Liability Written Back	-	(177)	(177)
Movement in Provisions	(442)	215	140
(Profit) on disposal of plant and equipment	-	(14)	(14)
Finance cost	1,078	1,020	2,063
<b>Operating cash flow before working capital changes</b>	<b>27,271</b>	<b>23,886</b>	<b>50,718</b>
<b>Changes in working capital:</b>			
Decrease in trade and other receivables	108	(1,413)	699
Increase in inventory	253	(216)	(211)
Increase in other assets	(147)	(383)	(743)
Decrease in trade and other payables	(11)	(1,035)	(7,379)
Increase in other liabilities	249	(100)	1,432
<b>Net cash generated from operations before tax</b>	<b>27,722</b>	<b>20,739</b>	<b>44,516</b>
Income Tax Paid	(4,483)	(578)	(3,058)
<b>Net cash generated from operating activities</b>	<b>23,239</b>	<b>20,162</b>	<b>41,458</b>
<b>Cash Flows from investing activities</b>			
Purchase of plant and equipment	(4,110)	(12,121)	(19,307)
Interest received	742	222	892
Proceeds from sale of property, plant and equipment	-	22	22
<b>Net cash flow used in investing activities</b>	<b>(3,368)</b>	<b>(11,877)</b>	<b>(18,393)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(965)	(730)	(1,594)
Dividends paid	(4,846)	-	(8,892)
Repayment of spectrum liability	(146)	-	(122)
Repayment of lease liability	(3,094)	(1,746)	(713)
<b>Net cash flow used in financing activities</b>	<b>(9,051)</b>	<b>(2,476)</b>	<b>(11,321)</b>
Net increase in cash & cash equivalents	10,820	5,809	11,743
Cash & Cash equivalents at the beginning of the year	17,418	5,675	5,675
<b>Cash &amp; Cash equivalent as at end of the period</b>	<b>28,238</b>	<b>11,483</b>	<b>17,418</b>

## Notes to the Summary Financial Statements

The borrowings are due to the following

### External borrowings:

	Unaudited as at		Audited as at
	30 June 2021	30 June 2020	31 Dec 2020
	K Mn	K Mn	K Mn
At the beginning of the year	30,950	29,451	29,451
Interest Charges	374	337	678
Repayments	(375)	(401)	(775)
Exchange difference	1,383	31	1,595
<b>At the end of the period</b>	<b>32,332</b>	<b>29,418</b>	<b>30,950</b>
Current portion	32	22	30,950
Non-Current portion	-	29,396	-

### Shareholder's borrowings:

	Unaudited as at		Audited as at
	30 June 2021	30 June 2020	31 Dec 2020
	K Mn	K Mn	K Mn
At the beginning of the year	536	1,261	1,261
Addition	-	-	-
Interest Charges	4	32	61
Repayments	(590)	(329)	(820)
Exchange difference	51	1	33
<b>At the end of the period</b>	<b>-</b>	<b>966</b>	<b>536</b>
Current portion	-	14	8
Non-Current portion	-	951	527

## Glossary

### Technical and Industry Terms

#### ARPU

Average revenue per user per month, which is derived by dividing total revenue during the relevant period by the average number of customers and dividing the result by the number of months in the relevant period.

#### Average customers

Average customers are derived by computing the average of the monthly average customers for the relevant period.

#### Capital expenditure

It is not a GAAP measure and is defined as investment in capital work in progress (CWIP) gross fixed assets (tangible and intangible excluding spectrum/licence) and excluding provision on capital work in progress (CWIP).

#### Customer

A customer is defined as a unique subscriber with a unique mobile telephone number who used any of Airtel's services in the last 30 days.

#### Customer base

Total number of subscribers that used any of our services (voice calls, SMS, data usage or Other revenues) in the last 30 days.

#### Data customer base

Total subscribers who consumed at least 1MB on the Group's GPRS, 3G or 4G network in the last 30 days.

#### Underlying EBITDA

It is not a GAAP measure and is defined as operating profit before depreciation, amortisation, CSR cost and exceptional items. Underlying EBITDA margin It is not a GAAP measure and is computed by dividing Underlying EBITDA for the relevant period by total revenue for the relevant period.

#### Earnings per share (EPS)

EPS is computed by dividing the profit for the period attributable to the owners of the company by the weighted average number of ordinary shares outstanding during the period.

#### Free cash flow

Free cash flow defined as Operating free cash flow less cash interest, cash tax and change in operating working capital.

#### Minutes of usage

Duration in minutes for which a customer uses the Group's network. It is typically expressed over a period of one month. It includes incoming, outgoing and in-roaming minutes.

#### Net debt

It is not a GAAP measure and is defined as the long-term borrowings, short term borrowings and leased liability less cash and cash equivalents.

#### Operating profit

It is a GAAP measure and is computed as revenue less operating expenditure including depreciation & amortisation and operating exceptional items.

#### Weighted average number of shares

The weighted average number of shares is calculated by taking the number of outstanding shares and multiplying the portion of the reporting period those shares covered, doing this for each portion and, finally, summing the total.

#### Abbreviations

**2G** Second-generation technology

**3G** Third-generation technology

**4G** Fourth-generation technology

**ARPU** Average revenue per user

**bps** Basis points

**EBITDA** Earnings before interest, tax, depreciation and amortisation

**EPS** Earnings per share

**IFRS** International Financial Reporting Standards

**IPO** Initial Public Offering

**KPIs** Key performance indicators

**M** Million

**MB** Megabyte

**UoM** Unit of measure