



THE SMARTPHONE NETWORK

# Airtel Malawi Plc Financial Results For Year ended 31 December 2021

## Year after year double-digit growth with strong performance on Revenue, EBITDA and Net Profit

### Customer Base

**24%** Customer base continues to show strong growth at 24% to 6.25 million.

### Data Volume Increase

**54%** Data volume increase of 54% to 40 billion MBs.

### Customer Net Addition

**1.2 Mn** Customer net addition of 1.2 million in the year.

### Gross Revenue

**19%** Gross Revenue increased by 19.5% to K 131,769 million.

### Other Key highlights

- Gross Revenue increased by 19.5% to K 131,769 million;
- Broad based revenue growth witnessed across all business segments. Voice revenue up by 22%, data by 18% and other revenue by 9%;
- EBITDA up 30% to K 66,380 million and EBITDA margin up by 41.8bps at 50.4%;
- Net debt of K 25,393 million in Financial Year 2021 with leverage ratio of 0.36;
- Final dividend proposed is K 2.95 for Financial Year 2021, up by 40% against K 2.10 for Financial Year 2020.

### Key financial information

Description	UoM	Year ended		
		Dec-21	Dec-20	Change %
<b>P&amp;L Summary</b>				
<b>Revenue</b>	<b>K Mn</b>	<b>131,769</b>	<b>110,233</b>	<b>19.5%</b>
Voice revenue	K Mn	74,878	61,289	22.2%
Data revenue	K Mn	45,365	38,390	18.2%
Other revenue	K Mn	11,526	10,554	9.2%
Expenses	K Mn	(65,389)	(59,308)	10.3%
<b>EBITDA</b>	<b>K Mn</b>	<b>66,380</b>	<b>50,925</b>	<b>30.3%</b>
EBITDA Margin	%	50.4%	46.2%	41.8 bps
Depreciation & amortization	K Mn	(15,253)	(14,622)	4.3%
Other income	K Mn	3,305	1,083	205.2%
<b>Operating profit</b>	<b>K Mn</b>	<b>54,432</b>	<b>37,386</b>	<b>45.6%</b>
Net finance costs	K Mn	(8,215)	(5,649)	45.4%
Non-operating exceptional items	K Mn	-	-	0.0%
<b>Profit before tax</b>	<b>K Mn</b>	<b>46,217</b>	<b>31,737</b>	<b>45.6%</b>
Tax	K Mn	(13,882)	(9,646)	43.9%
<b>Profit after tax</b>	<b>K Mn</b>	<b>32,335</b>	<b>22,091</b>	<b>46.4%</b>
Basic EPS	K	2.94	2.01	46.4%
Weighted average no of shares	in Mn	11,000	11,000	0.0%
<b>Capex</b>	<b>K Mn</b>	<b>8,504</b>	<b>18,798</b>	<b>(54.8%)</b>
<b>Net debts</b>	<b>K Mn</b>	<b>25,393</b>	<b>40,489</b>	
<b>Operating KPIs</b>				
ARPU	K	1,930	2,074	(7.0%)
Total customer base (30 days active)	000	6,245	5,043	23.8%
Data customer base	000	2,244	1,616	38.9%

### Financial review for the year, ended 31 December 2021

#### Revenue

The company recorded revenue of K131,769 million in FY'21 as compared to K 110,233 million in Financial Year 2020. Revenue growth of 19.5% was largely driven by the growth of our customer base which was up by 23.8% to 6.25 million. Revenue growth was broad based across all key segments: voice up 22.2%, data up 18.2% and other revenue up 9.2%.

#### EBITDA

EBITDA of K66,380 million, up by 30.3% was supported by strong revenue growth and broadly stable operating expenditure. EBITDA margin has significantly increased from 46.2% to 50.4% as compared with the previous period.

#### Profit after tax

Profit after tax of K32,335 million went up from K22,091 million mainly due to increase in operating profit. During the year the company sustained forex loss of K 5,626 million on the back of the Kwacha weakening against major foreign currencies. In Financial Year 2020, the impact of forex loss was K3,560 million.

#### Outlook

Our focus remains to support the nation and keep our 6.25 million customers connected to the network. Our view on the medium term

opportunity for growth in Malawi remains that the telecommunication sector will continue to benefit from population growth and need for increased connectivity. We expect to continue to execute our strategy focused on increasing mobile penetration in Malawi through investment in rural unserved markets, as well as digitise the economy by increasing penetration of data usage.

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

### Other significant updates

#### Dividend

The Board has recommended a final dividend of K 2.95 per ordinary share. The dividend will be paid after approval at the Annual General Meeting in June 2022 at a date to be determined.

#### External Borrowings

During the period the company extended the maturity of \$40 million external borrowings, which was due in September 2021, by 24 months. The revised repayment is in September 2023.

#### Network Expansion and Allotment of New Numbering Series

During the year company expanded its network with roll out of additional 132 sites. The company further secured 10 Million numbering range from MACRA (098\*\*\* series) in addition to the already existing 10 million (099\*\*\* series).

## FINANCIAL STATEMENTS

	Statement of Comprehensive Income		
	Year ended		
	Dec-21	Dec-20	
	K'000	K'000	K'000
<b>Income</b>			
Revenue	131,769,046	110,233,321	
Other income	3,305,312	1,083,457	
	135,074,358	111,316,778	
<b>Expenses</b>			
Network operations and maintenance	(21,003,756)	(19,776,949)	
Sales and marketing expenses	(12,080,165)	(7,439,385)	
Employee benefits expenses	(5,193,733)	(3,826,168)	
Access charges	(3,148,706)	(3,076,096)	
Other expenses	(14,256,350)	(15,582,217)	
License fee & spectrum usage charges	(10,310,154)	(8,737,766)	
Impairment loss recovered/(expensed) on financial assets	603,139	(868,557)	
Depreciation and amortization	(15,252,684)	(14,621,871)	
	(80,642,409)	(73,929,009)	
<b>Operating Profit</b>	<b>54,431,949</b>	<b>37,387,769</b>	
Finance cost	(2,588,699)	(2,088,784)	
Foreign exchange loss	(5,625,822)	(3,560,090)	
<b>Profit before tax</b>	<b>46,217,428</b>	<b>31,738,895</b>	
Income tax expense	(13,882,494)	(9,646,194)	
<b>Profit and total comprehensive income for the year</b>	<b>32,334,934</b>	<b>22,092,701</b>	
Basic and diluted earnings per share (K)	2.94	2.01	

	Statement of Financial Position	
	Year ended	
	Dec-21	Dec-20
	K'000	K'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	61,503,714	65,933,192
Intangible assets	653,011	963,108
Right of use asset	21,849,320	16,379,678
Deferred tax asset	1,496,419	962,582
Other non-current assets	7,868,598	6,246,881
Investment	81,000	81,000
<b>Total non-current assets</b>	<b>93,452,062</b>	<b>90,566,441</b>
<b>Current assets</b>		
Inventories	292,722	261,625
Trade and other receivables	23,006,453	19,603,915
Other current assets	5,389,551	6,154,011
Cash and cash equivalents	38,522,971	17,417,765
Assets classified as held for sale	-	3,746,210
<b>Total current assets</b>	<b>67,211,697</b>	<b>47,183,526</b>
<b>Total assets</b>	<b>160,663,759</b>	<b>137,749,967</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	1,000	1,000
Share premium	398,375	398,375
Retained earnings	32,928,758	23,693,824
<b>Total shareholders' equity</b>	<b>33,328,133</b>	<b>24,093,199</b>
<b>Non-current liabilities</b>		
Borrowings	32,582,000	527,101
Lease liabilities	26,991,750	23,085,573
Deferred spectrum liabilities	136,654	263,993
<b>Total non-current liabilities</b>	<b>59,710,404</b>	<b>23,876,667</b>
<b>Current liabilities</b>		
Borrowings	32,688	30,958,695
Lease Liabilities	4,309,420	3,335,304
Deferred spectrum liabilities	176,275	166,491
Trade and other payables	30,570,222	37,319,303
Contract liabilities	8,130,675	6,813,217
Other current liabilities	15,932,610	5,293,373
Provisions	1,454,097	1,397,829
Income tax payable	7,019,235	4,495,889
<b>Total current liabilities</b>	<b>67,625,222</b>	<b>89,780,101</b>
<b>Total liabilities</b>	<b>127,335,626</b>	<b>113,656,768</b>
<b>Total equity &amp; liabilities</b>	<b>160,663,759</b>	<b>137,749,967</b>

	Statement of changes in equity			
	Share capital	Share premium	Retained earnings	Total
	K'000	K'000	K'000	K'000
<b>Year ended 31 December 2021</b>				
At beginning of the year	1,000	398,375	23,693,824	24,093,199
Dividend declared for 2020 profit	-	-	(23,100,000)	(23,100,000)
Total comprehensive income for the year	-	-	32,334,934	32,334,934
<b>At end of the year</b>	<b>1,000</b>	<b>398,375</b>	<b>32,928,758</b>	<b>33,328,133</b>
<b>Year ended 31 December 2020</b>				
At beginning of the year	1,000	398,375	15,351,123	15,750,498
Dividend declared for 2019 profit	-	-	(13,750,000)	(13,750,000)
Total comprehensive income for the year	-	-	22,092,701	22,092,701
<b>At end of the year</b>	<b>1,000</b>	<b>398,375</b>	<b>23,693,824</b>	<b>24,093,199</b>

	Statement of Cash Flows		
	Year ended		
	Dec-21	Dec-20	
	K'000	K'000	K'000
<b>Profit before taxation</b>	<b>46,217,428</b>	<b>31,738,895</b>	
<b>Adjustments for:</b>			
Depreciation & amortization	15,252,684	14,621,871	
Interest income	(1,863,628)	(891,626)	
Unrealised exchange losses	2,927,824	3,237,766	
Other financial liability written back	(12,486)	(177,470)	
Movement in provisions	56,268	250,687	
Profit on disposal of plant and equipment	(1,428,838)	(14,361)	
Finance cost	2,564,432	2,062,695	
<b>Operating cash flow before working capital changes</b>	<b>63,713,324</b>	<b>50,828,457</b>	
(Increase)/decrease in trade and other receivables	(3,402,538)	699,367	

Increase in inventories	(31,097)	(211,429)
Increase in other assets	(857,257)	(743,208)
Decrease in trade and other payables	(6,749,081)	(7,489,465)
Increase in other liabilities	1,348,219	1,432,046
<b>Cash generated from operations before tax</b>	<b>54,021,570</b>	<b>44,515,768</b>
Income tax paid	(11,892,985)	(3,057,991)
<b>Net cash generated from operating activities</b>	<b>42,128,585</b>	<b>41,457,777</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment and intangibles	(8,504,107)	(19,307,270)
Interest received	1,863,628	891,626
Proceeds from sale of property, plant and equipment	7,859,838	22,299
<b>Net cash used in investing activities</b>	<b>1,219,359</b>	<b>(18,393,345)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(1,187,034)	(1,594,272)
Dividends paid	(12,491,524)	(8,891,953)
Repayment of spectrum liability	(155,427)	(122,208)
Repayment on lease liability	(8,408,753)	(712,866)
<b>Net cash used in financing activities</b>	<b>(22,242,738)</b>	<b>(11,321,299)</b>
Net increase in cash and cash equivalents	21,105,206	11,743,133
<b>Cash and cash equivalents at the beginning of the year</b>	<b>17,471,765</b>	<b>5,674,632</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>38,522,971</b>	<b>17,417,765</b>

	Notes to the Summary Financial Statements		
	Year ended		
	Dec-21	Dec-20	
	K'000	K'000	K'000
<b>Borrowings</b>			
Non-Current maturity of long-term debts	32,582,000	527,101	
Current maturity of long term debts	32,688	30,958,695	
<b>Total borrowings</b>	<b>32,614,688</b>	<b>31,485,796</b>	
<b>The borrowings are due to the following</b>			
	<b>Bharti Airtel Malawi Holdings BV</b>	<b>Bank of America</b>	<b>Total</b>
	<b>Holding Company</b>	<b>Hong Kong Branch</b>	
	K'000	K'000	K'000
At 1 January 2021	535,506	30,950,290	43,395
Drawdown during the year (Interest charges capitalised)	4,122	575,606	2,017
Repayments	(589,544)	(597,490)	(1,187,034)
Exchange difference	49,916	1,686,282	1,736,198
At 31 December 2021	-	32,614,688	32,614,688
	<b>Bharti Airtel Malawi Holdings BV</b>	<b>Bank of America</b>	<b>Total</b>
	<b>Holding Company</b>	<b>Hong Kong Branch</b>	
	K'000	K'000	K'000
At 1 January 2020	1,261,071	29,451,218	30,712,289
Drawdown during the year (Interest charges capitalised)	61,305	679,364	739,669
Repayments	(819,703)	(775,568)	(1,594,271)
Exchange difference	32,833	1,595,276	1,628,109
At 31 December 2020	535,506	30,950,290	31,485,796

### Basis of preparation

The Directors have prepared the summary financial statements in order to meet the listing requirements of the Malawi Stock Exchange Listings. The Directors have considered the listing requirements of the Malawi Stock Exchange and believe that the summary statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity are sufficient to meet the requirements of the users of the summary financial statements.

The summary financial statements have been derived from the Annual Financial Statements that are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are approved by the Board of Directors on 6th April 2021.

**Alex Chitsime**  
Chairman of the Board

**Charles Kamoto**  
Managing Director

## REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

### To the members of Airtel Malawi Plc

#### Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2021, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended are derived from the audited financial statements of Airtel Malawi Plc for the year ended 31 December 2021.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the financial statements, and the basis described on the basis of preparation paragraph.

#### Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

#### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 21 April 2022. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current year.

#### Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary financial statements in accordance with the basis described on the basis of preparation paragraph.

#### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised) Engagements to Report on Summary Financial Statements.

**Deloitte**  
Chartered Accountants

**Vilengo Beza**  
Partner  
21 April 2022

### Glossary

#### Technical and Industry Terms