



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 418bps 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 %
P&L Summary				
Revenue	K Mn	131,769	110,233	19.5%
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%
EBITDA	K Mn	66,380	50,925	30.3%
EBITDA Margin	%	50.4%	46.2%	418 bps
Depreciation & amortization	K Mn	(15,253)	(14,622)	4.3%
Other income	K Mn	3,305	1,083	205.2%
Operating profit	K Mn	54,432	37,386	45.6%
Net finance costs	K Mn	(8,215)	(5,649)	45.4%
Non-operating exceptional items	K Mn	-	-	0.0%
Profit before tax	K Mn	46,217	31,737	45.6%
Tax	K Mn	(13,882)	(9,646)	43.9%
Profit after tax	K Mn	32,335	22,091	46.4%
Basic EPS	K	2.94	2.01	46.4%
Weighted average no of shares	in Mn	11,000	11,000	0.0%
Capex	K Mn	8,504	18,798	(54.8%)
Net debts	K Mn	25,393	40,489	
Operating KPIs				
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	
Income			
Revenue	131,769,046	110,233,321	
Other income	3,305,312	1,083,457	
	135,074,358	111,316,778	
Expenses			
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)	
Operating Profit	54,431,949	37,387,769	
Finance cost	(2,588,699)	(2,088,784)	
Foreign exchange loss	(5,625,822)	(3,560,090)	
Profit before tax	46,217,428	31,738,895	
Income tax expense	(13,882,494)	(9,646,194)	
Profit and total comprehensive income for the year	32,334,934	22,092,701	
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	
ASSETS			
Non-current assets			
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	
Total non-current assets	93,452,062	90,566,441	
Current assets			
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	
Total current assets	67,211,697	47,183,526	
Total assets	160,663,759	137,749,967	
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1,000	1,000	
Share premium	398,375	398,375	
Retained earnings	32,928,758	23,693,824	
Total shareholders' equity	33,328,133	24,093,199	
Non-current liabilities			
Borrowings	32,582,000	527,101	
Lease liabilities	26,991,750	23,085,573	
Deferred spectrum liabilities	136,654	263,993	
Total non-current liabilities	59,710,404	23,876,667	
Current liabilities			
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	
Total current liabilities	67,625,222	89,780,101	
Total liabilities	127,335,626	113,656,768	
Total equity & liabilities	160,663,759	137,749,967	

Statement of changes in equity				
	Share capital	Share premium	Retained earnings	Total
	K'000	K'000	K'000	K'000
Year ended 31 December 2021				
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
At end of the year	1,000	398,375	32,928,758	33,328,133
Year ended 31 December 2020				
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
At end of the year	1,000	398,375	23,693,824	24,093,199

Statement of Cash Flows			
	Year ended		
	Dec-21	Dec-20	
	K'000	K'000	
Profit before taxation	46,217,428	31,738,895	
Adjustments for:			
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	
Operating cash flow before working capital changes	63,713,324	50,828,457	
(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
Cash generated from operations before tax	54,021,570	44,515,768
Income tax paid	(11,892,985)	(3,057,991)
Net cash generated from operating activities	42,128,585	41,457,777
Cash flows from investing activities		
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
Net cash used in investing activities	1,219,359	(18,393,345)
Cash flows from financing activities		
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)
Net cash used in financing activities	(22,242,738)	(11,321,299)
Net increase in cash and cash equivalents	21,105,206	11,743,133
Cash and cash equivalents at the beginning of the year	17,471,765	5,674,632
Cash and cash equivalents at the end of the year	38,522,971	17,417,765

Notes to the Summary Financial Statements			
	Year ended		
	Dec-21	Dec-20	
	K'000	K'000	
Borrowings			
Non-Current maturity of long-term debts	32,582,000	527,101	
Current maturity of long term debts	32,688	30,958,695	
Total borrowings	32,614,688	31,485,796	

The borrowings are due to the following				
	Bharti Airtel Malawi Holdings BV	Bank of America	Total	
	Holding Company	Hong Kong Branch		
	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	
	Bharti Airtel Malawi Holdings BV	Bank of America	Total	
	Holding Company	Hong Kong Branch		
	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	
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