



Key highlights

- Double digit customer base growth of **19.4% to 4 million**.
- Revenue increased by **12.8% to K92,824m** (on like-to-like basis excluding mobile money*).
- Revenue growth recorded across all business segments, with voice revenue up by **3.1%**, data by **42.1%** and other revenue by **16%**.
- EBITDA up **11.3% to K38,560m** and EBITDA margin at **41.5%** (on like-to-like basis excluding mobile money*).
- Profit after tax at **K15,908m**.
- Free cash flow was **K12,471m**, compared with negative free cash flow in previous year.
- Basic earnings per share (EPS) was **K1.45**.
- The Board recommended a final dividend of **K1.25** per share.

Performance

The Board is pleased to present the financial results of the Company for the year ended 31st December 2019.

Key financial information

Description	UoM	Year ended		
		Dec-19	Dec-18	Change %
P&L Summary				
Revenue ⁽¹⁾	K Mn	92,824	92,922	(0.1%)
Voice Revenue	K Mn	59,782	57,986	3.1%
Data Revenue	K Mn	26,227	18,455	42.1%
Mobile Money	K Mn	-	10,604	(100.0%)
Other Revenue	K Mn	6,815	5,877	16.0%
Expenses	K Mn	(54,264)	(55,685)	(2.6%)
EBITDA²⁾	K Mn	38,560	37,237	3.6%
EBITDA Margin	%	41.5%	40.1%	147 bps
Depreciation & Amortization	K Mn	(11,300)	(8,720)	29.6%
Other income	K Mn	2,574	4,066	(36.7%)
Operating Profit ⁽³⁾	K Mn	29,834	32,583	(8.4%)
Net finance costs	K Mn	(4,604)	(3,446)	33.6%
Non-Operating Exceptional Items	K Mn	-	(19,087)	100.0%
Profit Before Tax (4)	K Mn	25,231	10,051	151.0%
Tax	K Mn	(9,322)	(7,741)	20.4%
Profit After Tax	K Mn	15,908	2,310	588.7%
Basic EPS **	K	1.45	0.21	588.7%
Weighted Average No of Shares	in Mn	11,000	11,000	0.0%
Capex	K Mn	24,843	26,443	(6.1%)
Free Cash Flow	K Mn	12,471	(1,096)	(1237.7%)
Net Debts	K Mn	41,193	40,916	
Operating KPIs				
ARPU	K	2,104	2,273	(7.4%)
ARPU (excluding Mobile Money)	K	2,104	2,013	4.5%
Total customer base (30 days active)	000	4,030	3,375	19.4%
Data customer base	000	1,299	910.5	42.7%

Airtel Malawi Plc Financial Results For Year ended 31 December 2019

In accordance with Reserve Bank of Malawi Regulations of 2019, effective 1st January 2020 the Airtel Money operational activities were provided by Airtel Mobile Commerce Limited. Accordingly, the Financial Statements of Airtel Malawi Plc for the year ended 31 December 2019 have been prepared without Airtel Money operational activities. The previous year's figures of 2018 consist of both telecommunication and mobile money services.

* The “on like to like basis excluding mobile money” comparison used in the commentary on financial results compares the 2019 performance to 2018 results excluding the results of the mobile money operation in that year.

** The company during the year sub divided the ordinary shares in the ratio of 1:11000. EPS has been restated considering all the shares as at 31st December 2019 had been sub divided on 31st December 2018 for like to like comparison as a result 2018 has an EPS of K 0.21 on like-to-like basis.

Financial review for the year ended 31 December 2019

Revenue

Revenue growth of 12.8% (on like-to-like basis excluding mobile money) was largely due to the growth of our customer base which went up by 19.4% to 4 million and ARPU growth of 4.5%. Revenue growth was broad based across all key segments: voice up 3.1%, data up 42.1% and other revenue up 16%.

EBITDA

EBITDA grew by 11.3% to K38,560m supported by revenue growth (on like-to-like basis excluding mobile money). EBITDA margin at 41.5% was broadly flat compared with the previous period.

Non-Operating Exceptional Items

2018 had a one-off impact of K19,087m on account of reversal of unrealised exchange gain on unpaid liability of Malawi Towers Limited to Airtel Malawi Plc.

Profit after tax

Profit after tax of K15,908m went up from K2,310m mainly due to increase in operating profit and previous year had one-off impact on reversal of unrealised exchange gain on unpaid liability of Malawi Towers Limited to Airtel Malawi Plc.

Outlook

We enter a period of increased volatility as a result of the impact of Covid-19 on the economy and customer demand, due to lower disposable income. Our focus remains to support the communities where we operate and keep our 4 million customers connected to the network. Our view on the medium-term opportunity for growth in Malawi has not changed as the telco 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.

Other Significant Updates

Dividend

The Board has recommended a final dividend of K1.25 per ordinary share. The dividend will be paid after approval at the AGM in July 2020 at a date to be determined.

Spectrum acquisition

In September 2019, Airtel Malawi plc acquired a spectrum of 10 MHz in 2100 band and further additional spectrum of 5 MHz in 1800 band was acquired in February 2020.

Statement of Comprehensive Income

	Year ended	
	Dec-19	Dec-18
	K million	K million
Income		
Operating revenue	92,824	92,922
Other income	2,574	4,066
	95,398	96,988
Expenses		
Operating expenses	(54,264)	(55,685)
Depreciation and amortization	(11,300)	(8,720)
	(65,564)	(64,405)
Operating profit	29,834	32,583
Finance cost	(3,246)	(2,796)
Foreign exchange loss	(1,357)	(650)
Waiver of the loan	-	(19,087)
Profit before tax	25,231	10,051
Income tax expense	(9,322)	(7,741)

Profit and total comprehensive income for the year	15,908	2,310
Basic and diluted earnings per share (K)	1.45	0.21

Statement of Financial Position

	Year ended	
	Dec-19	Dec-18
	K million	K million
ASSETS		
Non-current assets		
Property, plant and equipment	61,678	50,737
Intangible assets	735	3,472
Right of use assets	11,178	-
Deferred tax asset	1,043	4,503
Other non-current assets	7,453	45
Investment	81	81
Total non-current assets	82,168	58,838
Current assets		
Inventories	50	97
Trade and other receivables	20,303	28,601
Other current assets	4,204	3,975
Income tax recoverable	1,991	6,093
Cash and cash equivalents	5,675	2,478
Total current assets	32,223	41,244
Total assets	114,391	100,082

EQUITY AND LIABILITIES

Shareholders' equity		
Share capital	1	1
Share premium	398	398
Retained earnings	15,351	3,399
Total shareholders' equity	15,750	3,798
Non-current liabilities		
Borrowings	1,030	43,040
Lease liabilities	13,483	-
Total non-current liabilities	14,513	43,040
Current liabilities		
Borrowings	29,683	354
Lease liabilities	2,673	-
Trade and other payables	45,671	40,315
Deferred Revenue	5,381	3,790
Provisions	720	516
Dividends payable	-	8,269
Total current liabilities	84,128	53,244
Total liabilities	98,641	96,284
Total equity & liabilities	114,391	100,082

Statement of changes in equity

	Share capital	Share premium	Retained earnings	Total
	K million	K million	K million	K million
Year ended 31 December 2019				
At beginning of the year	1	398	3,399	3,798
*Adjustments for IFRS 15	-	-	151	151
**IFRS 16 transition adjustment	-	-	(4,107)	(4,107)
Total comprehensive income for the year	-	-	15,908	15,908
At end of the year	1	398	15,351	15,750
Year ended 31 December 2018				
At beginning of the year	1	398	17,089	17,488
Total comprehensive income for the year	-	-	2,310	2,310
Dividend declared for 2017 profit	-	-	(16,000)	(16,000)
At end of the year	1	398	3,399	3,798

* IFRS 15 adjustment: This adjustment relates to a transition of IAS 18 Revenue to IFRS 15 Revenue from contracts with customers.

** IFRS 16 transition adjustment: The Company has applied IFRS 16 Leases using the modified retrospective approach on transition from IAS 17 leases to IFRS 16 Leases adoption as at 1 January 2019. The Company has recognised the impact as an adjustment to the opening balance of retained earnings at the date of initial application (1 January 2019) with the impact of deferred tax thereof.

Statement of Cash Flows

	Year ended	
	Dec-19	Dec-18
	K million	K million
Cash flows from operating activities		
Profit before taxation	25,231	10,051
Adjustments for:		
Depreciation	11,120	8,251
Interest income	(157)	(4,091)
Amortisation of intangible assets	180	469
Unrealised exchange losses	509	533
Fair value loss on other financial assets/liability	-	(132)
Movement in provisions	204	(75)
(Profit)/Loss on disposal of plant and equipment	(2,088)	31
Finance cost	3,200	2,909
Operating cash flow before working capital changes	38,199	17,946
Decrease in trade and other receivables	16,691	26,291
Decrease / (increase) in inventories	47	(98)
Increase in other assets	(7,728)	(2,699)
Increase in trade and other payables	3,998	16,523
Increase in deferred revenue	1,591	863
Cash generated from operations before tax	52,798	58,826
Income tax paid	(61)	(8,981)
Net cash generated from operating activities	52,737	49,845
Cash flows from investing activities		
Purchase of plant and equipment and intangibles	(29,148)	(26,608)
Long term investment in Natswitch	-	(81)
Interest received	157	4,091
Proceeds from sale of property, plant and equipment	6,481	1,367
Net cash used in investing activities	(22,510)	(21,233)
Cash flows from financing activities		
Repayment of borrowings	(15,078)	(46,932)
Interest payment	(1,185)	(2,909)
Dividends paid	(8,269)	(10,296)
Interest on borrowings capitalised	-	2,548
Principal repayment on lease liability	(2,498)	-
Borrowings proceeds	-	28,828
Net cash used in financing activities	(27,030)	(28,761)
Net increase/(decrease) in cash and cash equivalents	3,197	(149)
Cash and cash equivalents at the beginning of the year	2,478	2,627
Cash and cash equivalents at the end of the year	5,675	2,478

Basis of Preparation

The Directors have prepared the summary financial statements in order to meet the listing requirements of the Malawi Stock Exchange. 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 were approved by the Board of Directors on 29th May 2020.

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 2019, 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 2019.

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 29 May 2020. 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.



Vilengo Beza
Partner
1 June 2020