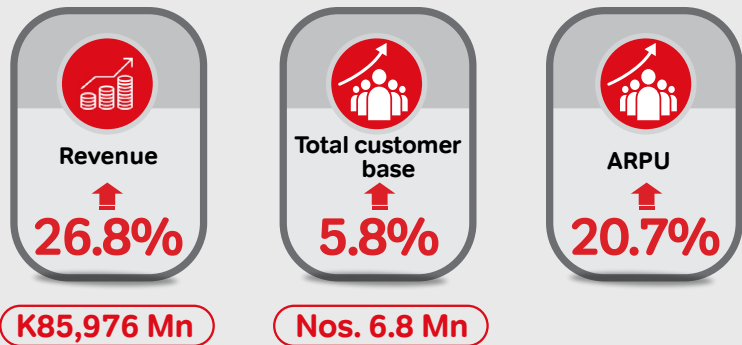




Key Highlights



Other Highlights

Operating key performance indicators (KPIs)

- Total customer base grew by 5.8% to 6.8 million. Mobile data customers grew 14.7% to reach 2.5 million with penetration reaching 37.0% up from 34.1% last year.
- Average Revenue per customer per month (ARPU) was up 20.7%, driven by increased usage across voice and data services.

Financial performance

- Revenue grew 26.8% to K 85,976 million, driven by broad based growth across all business segments.
- Voice revenue increased by 16.9%, Data by 30.4%, and other revenue by 86.7%.
- EBITDA increased by 22.9% to K40,702 million. EBITDA margin at 47.3%, declined by 149 basis points due to inflationary cost pressures driven by rising fuel prices.
- Net Finance costs reduced by 47.4% largely as a result of lower foreign exchange losses in the current period. Malawian Kwacha devalued by over 25% in May'22 as opposed to 2.68% in the current period.
- Profit after tax at K18,991 million, up from K8,901 million last year, benefitted by higher operating performance and lower finance costs.
- Basic EPS increased by 113.4% to K1.73 from K0.81. After normalised for the higher foreign exchange impact last year, EPS before foreign exchange loss increased by 18.2%.

Capital allocation

- Capex investment increased by 65.2% to K5,567 million, as we continue to invest for future growth.

Key financial information

Description	UoM	Year ended		
		Jun-23	Jun-22	Change %
P&L Summary				
Revenue	K Mn	85,976	67,825	26.8%
Voice Revenue	K Mn	47,015	40,223	16.9%
Data Revenue	K Mn	29,117	22,328	30.4%
Other Revenue	K Mn	9,844	5,274	86.7%
Expenses	K Mn	(45,274)	(34,703)	30.5%
EBITDA	K Mn	40,702	33,122	22.9%
EBITDA Margin	K Mn	47.3%	48.8%	(149) bps
Depreciation and amortization	K Mn	(7,455)	(6,217)	19.9%
Other Income	K Mn	1,845	1,183	56.0%
Operating profit	K Mn	35,092	28,088	24.9%
Net Finance costs	K Mn	(8,055)	(15,311)	(47.4)%
Profit before tax	K Mn	27,037	12,777	111.6%
Income tax expense	K Mn	(8,046)	(3,876)	107.6%
Profit and total comprehensive income for the year	K Mn	18,991	8,901	113.4%
Basic and diluted earnings per share in Kwacha	K	1.73	0.81	113.4%
Weighted average no of shares	In Mn	11,000	11,000	0.0%
Capex	K Mn	5,567	3,369	65.2%
Net Debts	K Mn	22,760	33,781	
Operating KPI's				
ARPU	K	2,219	1,839	20.7%
Total customer base (30 days active)	000	6,765	6,395	5.8%
Data customer base	000	2,502	2,180	14.7%

Airtel Malawi Plc Results for half-year ended 30 June 2023

Financial review for the year, ended 30 June 2023

Revenue

The company recorded revenue of K85,976 million in the half year ended 30th June'23, up by 26.8%, as compared to K67,825 million in the prior year. Revenue growth of 26.8% was largely driven by both customer base growth of 5.8% and Average revenue per user per month (ARPU) growth of 20.7%. Revenue growth was broad based across all key segments: Voice revenue up 16.9%, Data revenue up 30.4% and Other revenue up 86.7%.

EBITDA

EBITDA of K40,702 million, up by 22.9%, EBITDA Margin at 47.3% was lower by 149 bps as inflationary pressure, including higher fuel costs, more than offset operating efficiency initiatives.

Profit after tax

Profit after tax of K18,991 million went up from K8,901 million largely driven by better operating performance and lower finance costs. The Malawi Kwacha depreciated by 2.68% in Jun'23 leading to a foreign exchange loss of K2,860 million in H1'23 as against a foreign exchange loss of K12,652 million in the previous year same period, when the Malawi Kwacha depreciated by more than 25%.

Outlook

Our focus remains to support the economy and keep communities and businesses in Malawi connected. Our view on the medium-term opportunity for growth in Malawi remains attractive, as 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 continued impact of Kwacha depreciation and scarcity of foreign currency. We continue to focus on investing and growing customers and revenue followed by containing cost and diversifying currency sourcing to mitigate the exposures.

Dividend declaration

The company has delivered Profit After Tax of MK18.99 billion for the period ended 30th June'23, however given the increased macroeconomic pressures and related potential impact on the company's profitability and investment plans, the Board of Directors decided not to declare an interim dividend. The Board of Directors will evaluate the opportunity to recommend a dividend payment during the year.

Other significant updates

Expansion of network coverage

During the last one year the company expanded its network with roll out of additional 56 sites.

Financial Statements

Statement of Comprehensive Income

	KMn	KMn	KMn
Income			
Revenue	85,976	67,825	153,464
Other income	1,845	1,183	2,988
	87,821	69,008	156,452
Expenses			
Network operation and maintenance	(17,051)	(11,268)	(23,401)
Sales and marketing expenses	(7,360)	(6,133)	(13,829)
Employee benefits expenses	(3,144)	(3,674)	(6,180)
Access charges	(1,324)	(1,490)	(3,544)
Other expenses	(10,136)	(7,317)	(17,567)
License fee and spectrum usage charges	(6,203)	(4,949)	(11,178)
Impairment loss recovered / (expensed) on financial assets	(56)	128	741
Depreciation and amortisation	(7,455)	(6,217)	(14,412)
	(52,729)	(40,920)	(89,370)
Operating profit	35,092	28,088	67,082
Finance costs	(5,195)	(2,659)	(6,872)
Profit on related retirement of leased assets	-	-	5,345
Foreign exchange loss	(2,860)	(12,652)	(12,790)
Profit before tax	27,037	12,777	52,765
Income tax expense	(8,046)	(3,876)	(15,840)
Profit and total comprehensive income for the year	18,991	8,901	36,925
Basic and diluted earnings per share (K)	1.73	0.81	3.36

Statement of Financial Position

	Unaudited as 30 June 23 KMn	30 June 22 KMn	Audited as at 31 Dec 2022 KMn
ASSETS			
Non-current assets			
Property, plant and equipment	65,567	60,699	66,155
Right-of-use assets	46,977	39,444	38,436
Intangible assets	186	498	341
Deferred tax asset	-	3,337	3,248
Other non-current assets	19,850	7,657	10,725
Investment	81	81	81
	132,661	111,716	118,986
Current assets			
Inventories	882	12	278
Trade and other receivables	7,662	6,421	7,712
Cash and cash equivalents	65,215	45,115	59,073
Other current assets	23,390	10,474	10,329
Total current assets	97,149	62,022	77,392
	229,810	173,738	196,378

EQUITY AND LIABILITIES

Equity

Share capital	1	1	1
Share premium	398	398	398
Retained earnings	28,895	13,142	37,404
Total equity	29,294	13,541	37,803
Non-current liabilities			
Borrowings	-	33,643	33,873
Lease liabilities	49,614	41,677	39,933
Deferred tax Liability	699	-	-
Non-current liabilities	50,313	75,320	73,806
Current liabilities			
Borrowings	34,878	40	109
Lease liabilities	3,483	3,536	3,170
Deferred Spectrum liabilities	-	196	201
Provisions	2,489	1,472	2,514
Trade and other payables	72,862	35,853	46,710
Contract liabilities	9,610	7,577	9,975
Income tax payable	1,604	6,793	5,785
Other current liabilities	25,277	29,410	16,305
Current liabilities	150,203	84,877	84,769
Total liabilities	200,516	160,197	158,575
Total equity and liabilities	229,810	173,738	196,378

Statement of changes in equity

	Share capital K Mn	Share premium K Mn	Retained earnings K Mn	Total K Mn
Unaudited Six months to 30th June 23				
At the beginning of the year	1	398	37,404	37,803
Dividend declared for 2022 profit	-	-	(27,500)	(27,500)
Total comprehensive income for the period ended	-	-	18,991	18,991
Balance at 30 June 2023	1	398	28,895	29,294
Unaudited Six months to 30th June 22				
At the beginning of the year	1	398	32,929	33,328
Dividend declared for 2021 profit			(32,450)	(32,450)
Adjustment for IFRS 16 on sale of Malawi Towers			3,762	3,762
Total comprehensive income for the period ended			8,901	8,901
Balance at 30 June 2022	1	398	13,142	13,541
Audited year ended 31st December 22				
At the beginning of the year	1	398	32,929	33,328
Dividend declared for 2021 profit			(32,450)	(32,450)
Total comprehensive income for the year	-	-	36,925	36,925
Balance at 31st December 2022	1	398	37,404	37,803

Statement of Cash Flows

	Unaudited six month to 30 June 23 KMn	30 June 22 KMn	Audited year ended 31 Dec 2022 KMn
Cash flows from operating activities			
Profit Before taxation	27,037	12,777	52,765
Adjustments for:			
Depreciation & amortization	7,455	6,217	14,413
Interest income	(1,845)	(1,209)	(3,002)
Unrealised exchange losses	1,025	11,089	8,679
Miscellaneous income / (loss)	-	1	-
Other non-operating income	-	-	(5,345)
Movement in Provisions	(25)	18	1,060
(Profit)/Loss on disposal of plant and equipment	-	25	12
Finance cost	5,195	2,574	6,706
Operating cash flow before working capital changes	38,842	31,492	75,288
Changes in working capital:			
(Increase)/Decrease in trade and other receivables	50	16,585	15,294
(Increase)/Decrease in inventory	(604)	281	15
Increase in other assets	(11,472)	(4,872)	(7,796)
Increase/(Decrease) in trade and other payables	11,510	5,283	16,139
Increase in other liabilities	(568)	(835)	1,826
Net cash generated from operations before tax	37,758	47,934	100,766
Income Tax Paid	(8,280)	(7,531)	(18,826)
Net cash generated from operating activities	29,478	40,403	81,940
Cash Flows from investing activities			
Purchase of plant and equipment	(4,389)	(3,369)	(15,831)
Interest received	1,845	1,209	3,002
Proceeds from sale of property, plant and equipment	-	-	-
	-	533	-
Net cash flow used in investing activities	(2,544)	(2,160)	(12,296)
Cash flows from financing activities			
Repayment of borrowings- principal	-	(5,609)	(5,489)
Repayment of borrowings- interest	(1,338)	(497)	(1,341)
Other finance costs	(113)	-	(3,677)
Dividends paid	(15,575)	(18,691)	(32,059)
Repayment of spectrum liability- principal	(179)	(162)	(167)
Repayment of spectrum liability- interest	(3)	-	(15)
Lease write back	-	-	(2)
Repayment of lease liability- principal	(800)	(6,692)	(4,671)
Repayment of lease liability- interest	(2,784)	-	(1,673)
Net cash flow used in financing activities	(20,792)	(31,651)	(49,094)
Net increase in cash & cash equivalents	6,142	6,592	20,550
Cash & Cash equivalents at the beginning of the year	59,073	38,523	38,523
Cash & Cash equivalents as at end of the period	65,215	45,115	59,073

Notes to the Summary Financial Statements

The borrowing is due to the following:

External borrowings:

	Unaudited as at 30 June 2023 K Mn	30 June 2022 K Mn	Audited as at 31 Dec 2022 K Mn
At the beginning of the year	33,982	32,615	32,615
Interest Charges	1,341	497	1,341
Repayments	(1,338)	(6,106)	(6,830)
Exchange difference	893	6,677	6,856
At the end of the year	34,878	33,683	33,982
Current portion	34,878	40	109
Non-Current portion	-	33,643	33,873

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

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