




airtel
THE SMARTPHONE NETWORK

ANOTHER YEAR OF DOUBLE-DIGIT GROWTH, WITH CONTINUED IMPROVEMENT IN REVENUE GROWTH AND EBITDA PROFITABILITY

Key Highlights



Customer Base Growth

25.1% ↑

Growth up to 5.0Mn



Profit After Tax

K22,091Mn ↑

Compared to K15,908Mn in 2019



Revenue Growth

18.8% ↑

Growth up to K110,233 Mn



Basic Earnings Per Share

39% ↑

Growth up to K2.01

Other Key highlights

Customer base continues to show strong growth at **25.1% to 5.0 million**

Customer net addition of **1 million** in the year

Data customer addition of 0.32 million leading to data customer base of **1.62 million** (growth of **24.4%**)

Revenue increased by **18.8% to K110,233 million**

Broad based revenue growth witnessed across all business segments. Voice revenue up by **2.5%**, data by **46.4%** and other revenue by **54.9%**

EBITDA up **32% to K50,925** million and EBITDA margin up by 466bps at **46.2%**

Net debt of **K40,489 million** in Financial Year 2020 with leverage ratio of **0.80x**

EPS up by **39%** from **K1.45** in Financial Year 2019 to **K2.01** in Financial Year 2020

Committed to support the government and the nation through various activities. During the year company supported various initiatives amounting to **K149 million**

Final dividend proposed is **K2.10** for Financial Year 2020, up by **68%** against **K1.25** for Financial Year 2019

Key financial information

Description	UoM	Year ended		
		Dec-20	Dec-19	Change %
P&L Summary				
Revenue	K Mn	110,233	92,824	18.8%
Voice Revenue	K Mn	61,289	59,782	2.5%
Data Revenue	K Mn	38,390	26,227	46.4%
Other Revenue	K Mn	10,554	6,815	54.9%
Expenses	K Mn	(59,308)	(54,264)	9.3%
EBITDA	K Mn	50,925	38,560	32.1%
EBITDA Margin	%	46.2%	41.5%	466 bps
Depreciation & Amortization	K Mn	(14,622)	(11,300)	29.4%
Other income	K Mn	1,083	2,574	(57.9%)
Operating Profit ⁽³⁾	K Mn	37,386	29,834	25.3%
Net finance costs	K Mn	(5,649)	(4,604)	22.7%
Profit Before Tax ⁽⁴⁾	K Mn	31,737	25,231	25.8%
Tax	K Mn	(9,646)	(9,322)	3.5%
Profit After Tax	K Mn	22,091	15,908	38.9%
Basic EPS	K	2.01	1.45	38.9%
Weighted Average No of Shares	in Mn	11,000	11,000	0.0%
Capex	K Mn	18,798	24,843	(24.3%)
Net Debts	K Mn	40,489	41,193	
Operating KPIs				
ARPU	K	2,074	2,104	(1.4%)
Total customer base (30 days active)	000	5,043	4,030	25.1%
Data customer base	000	1,616	1,299	24.4%

Airtel Malawi Plc Financial Results For Year ended 31 December 2020

Financial review for the year, ended 31 December 2020

Revenue

The company recorded revenue of K110,233 million in Financial Year 2020 as compared to K92,824 million in Financial Year 2019. Revenue growth of 18.8% was largely driven by the growth of our customer base which was up by 25.1% to 5 million. Revenue growth was broad based across all key segments: Voice up 2.5%, Data up 46.4% and other revenue up 54.9%.

EBITDA

EBITDA of K50,926 million, up by 32.1% was supported by strong revenue growth and broadly stable operating expenditure. EBITDA margin has significantly increased from 41.5% to 46.2% as compared with the previous period.

Profit after tax

Profit after tax of K22,091 million went up from K15,908 million mainly due to increase in operating profit. During the year, the company sustained forex loss of K3,560 million on the back of Kwacha weakening against major foreign currencies. In Financial Year 2019, the impact of forex loss was K1,357 million.

Outlook

During this challenging year we worked to ensure the safety of our employees, customers and partners and we have continued to work closely with government and our regulator to ensure network remained fully functional and customers could access our service. In these unprecedented times, the telecom business has emerged as a key and essential service supporting the economy and communities. While we delivered a good performance despite the Covid-19 pandemic, we remain vigilant about new strains of the virus and potential further actions by governments to minimise contagion.

Other significant updates

Dividend

The Board has recommended a final dividend of K2.10 per ordinary share. The dividend will be paid after approval at the AGM in June 2021 at a date to be determined.

Spectrum acquisition

During the year Airtel Malawi Plc acquired spectrum of 10 MHz in 2600 band and 5MHz in 1800 band.

Fibre layout and deployment

Airtel Malawi Plc rolled out its own fibre during the year, covering a total distance of 1,355 KMs across the country and reaching the three key exits for the country of Songwe, Mchinji and Mwanza borders. The roll out will provide best in class data experience to the mobile and broadband customers of Airtel Malawi Plc.

Statement of Comprehensive Income

	Year ended	
	Dec-20	Dec-19
	K million	K million
Income		
Operating revenue	110,233	92,824
Other income	1,083	2,574
	111,316	95,398
Expenses		
Operating expenses	(34,119)	(28,455)
Other expenses	(16,451)	(18,232)
License fee & spectrum usage charges	(8,738)	(7,577)
Depreciation and amortization	(14,622)	(11,300)
	(73,930)	(65,564)
Operating profit	37,386	29,834
Finance cost	(2,089)	(3,246)
Foreign exchange loss	(3,560)	(1,357)
Profit before tax	31,737	25,231
Income tax expense	(9,646)	(9,322)
Profit and total comprehensive income for the year	22,091	15,908
Basic and diluted earnings per share (K)	2.01	1.45

Statement of Financial Position

	Year ended	
	Dec-20	Dec-19
	K million	K million
ASSETS		
Non-current assets		
Property, plant and equipment	65,933	61,678
Intangible assets	963	735
Right of use asset	16,380	11,177
Deferred tax asset	962	1,043
Other non-current assets	6,247	7,453
Investment	81	81
Total non-current assets	90,566	82,168
Current assets		
Inventories	261	50
Trade and other receivables	19,604	20,304
Other current assets	6,154	4,204
Income tax recoverable	-	1,990
Cash and cash equivalents	17,418	5,675
Assets classified as held for sale	3,746	-
Total current assets	47,183	32,223
Total assets	137,749	114,391

EQUITY AND LIABILITIES

Shareholders' equity

Share capital	1	1
Share premium	398	398
Retained earnings	23,692	15,351
Total shareholders' equity	24,091	15,750

Non-current liabilities

Borrowings	527	1,030
Lease liabilities	23,086	13,483
Deferred spectrum liabilities	264	-
Total non-current liabilities	23,877	14,513

Current liabilities

Borrowings	30,959	29,683
Lease Liabilities	3,335	2,673
Deferred spectrum liabilities	166	-
Trade and other payables	38,293	45,671
Contract liabilities	6,813	5,381
Other current liabilities	5,719	720
Income tax payable	4,496	-
Total current liabilities	89,781	84,128
Total liabilities	112,962	98,641
Total equity & liabilities	137,749	114,391

Statement of change in Equity

	Share capital	Share premium	Retained earnings	Total
	K million	K million	K million	K million
Year ended 31 December 2020				
At beginning of the year	1	398	15,351	15,750
Dividend declared for 2019 profit	-	-	(13,750)	(13,750)
Total comprehensive income for the year	-	-	22,091	22,091
At end of the year	1	398	23,692	24,091
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

* 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-20	Dec-19
	K million	K million
Cash flows from operating activities		
Profit before taxation	31,737	25,231
Adjustments for:		
Depreciation & amortization	14,621	11,300
Interest income	(892)	(157)
Unrealised exchange losses	3,237	509
Other financial liability written back	(177)	-
Movement in provisions	140	204
(Profit)/Loss on disposal of plant and equipment	(15)	(2,088)
Finance cost	2,066	3,200
Operating cash flow before working capital changes	50,717	38,199
Change in working capital	(18,933)	(22,510)
Cash generated from operations before tax	44,515	52,798
Income tax paid	(3,058)	(61)
Net cash generated from operating activities	41,457	52,737
Cash flows from investing activities		
Purchase of plant and equipment and intangibles	(19,307)	(29,148)
Interest received	892	157
Proceeds from sale of property, plant and equipment	22	6,481
Net cash used in investing activities	(18,393)	(22,510)
Cash flows from financing activities		
Repayment of borrowings	(1,594)	(15,078)
Interest payment	-	(345)
Dividends paid	(8,892)	(8,269)
Repayment of spectrum liability	(122)	-
Repayment on lease liability	(713)	(3,338)
Net cash used in financing activities	(11,321)	(27,030)
Net increase/(decrease) in cash and cash equivalents	11,743	3,197
Cash and cash equivalents at the beginning of the year	5,675	2,478
Cash and cash equivalents at the end of the year	17,418	5,675

Cash flows from financing activities

Repayment of borrowings	(1,594)	(15,078)
Interest payment	-	(345)
Dividends paid	(8,892)	(8,269)
Repayment of spectrum liability	(122)	-
Repayment on lease liability	(713)	(3,338)
Net cash used in financing activities	(11,321)	(27,030)
Net increase/(decrease) in cash and cash equivalents	11,743	3,197
Cash and cash equivalents at the beginning of the year	5,675	2,478
Cash and cash equivalents at the end of the year	17,418	5,675

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 30th March 2021.


Alex Chitsime
Chairman of the Board


Charles Kamoto
Managing Director

Notes to the Summary Financial Statements			
Borrowings	Year ended		
	Dec-20	Dec-19	
	K million	K million	
Non-current maturity of long term debts	527	1,030	
Current maturity of long term debts	30,959	29,682	
Total borrowings	31,486	30,712	
The borrowings are due to the following			
	Bharti Airtel Malawi Holdings BV Holding Company	Bank of America Hong Kong Branch	Total
	K million	K million	K million
At 1 January 2019	14,128	29,267	43,395
Interest charges	991	1,026	2,017
Repayments	(14,020)	(1,057)	(15,077)
Exchange difference	162	215	377
At 31 December 2019	1,261	29,451	30,712
	Bharti Airtel Malawi Holdings BV Holding Company	Bank of America Hong Kong Branch	Total
	K million	K million	K million
At 1 January 2020	1,261	29,451	30,712
Interest charges	61	679	740
Repayments	(819)	(775)	(1,594)
Exchange difference	33	1,595	1,628
At 31 December 2020	536	30,950	31,486
The borrowings from Bank of America is falling due for repayment in September 2021 and hence classified under current liabilities.			

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 2020, 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 2020.

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. We expressed an unmodified audit opinion on the audited 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 March 2021. 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

8 April 2021

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

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