

MTN Uganda Limited

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This announcement has been approved by the CMA as a securities advertisement. The approval of the CMA should not be considered as an endorsement of the merits of this announcement or of the impending initial public offer to be undertaken by the Company. As a matter of policy, the CMA does not assume responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this announcement. The CMA's approval of this announcement and the initial public offer merely means that the legal requirements as per the Capital Markets Authority Act Cap. 84 (as amended) and the regulations made thereunder have been met.

SBG Securities Uganda Limited

Transaction Adviser and Lead Sponsoring Broker

5 October 2021



MTN Uganda Limited

Announcement of Intention to Publish a Prospectus and Intention to Float Shares on the Uganda Securities Exchange

Kampala: 5 October 2021: SBG Securities Uganda Limited (a wholly owned subsidiary of Stanbic Uganda Holdings Limited, in its capacity as Transaction Adviser and Lead Sponsoring Broker), on behalf of MTN Uganda Limited ("MTN" or the "Company"), announces MTN's intention to proceed with an initial public offer of 20% of its existing ordinary shares (the "Shares") by way of an offer for sale by MTN International (Mauritius) Limited ("MTN International") (a wholly owned subsidiary of MTN Group Limited ("MTN Group") (the "Offer"), and the expected publication of an offer document (the "Prospectus") that has been approved by the Capital Markets Authority of Uganda (the "CMA").

Following the decision by MTN Group to proceed with the Offer and upon approval by the necessary authority, the Company will apply for the admission of its entire issued ordinary Shares to the Main Investment Market Segment of the Uganda Securities Exchange (the "USE") (the "Listing").

The Offer is being undertaken in accordance with Regulation 9 (1) (a) of the Uganda Communications (Licensing) Regulations S. I 95 of 2019, Schedule 1 of the Uganda Communications (Fees and Fines) (Amendment) Regulations 2020 S.I 66 of 2020 and in pursuance of the objective of MTN Group to broaden Ugandan shareholding in MTN to provide an opportunity for Ugandan investors, including MTN's loyal customers, to own a stake in the Company and participate in its future growth.

In addition, the Offer and the Listing are being undertaken in compliance with the provisions of the National Telecommunications Operator (NTO) License. The NTO License requires MTN to comply with the sector policy, regulations and guidelines requiring listing of the Company's shares on a licensed stock exchange in Uganda, and the Uganda Communications Commission has determined that this listing obligation should be complied with by 30 June 2022.

The Shares that will comprise the Offer are Shares owned by MTN Group via its wholly owned subsidiary, MTN International. All the proceeds of the Offer, net of related expenses, will accrue to the selling shareholder.

Company introduction

MTN is a leading telecommunications company in Uganda with a primary corporate objective of carrying on the business of a national operator of a telecommunications network pursuant to the NTO Licence granted by the Uganda Communications Commission ("UCC"). MTN's core business comprises the provision of telecommunications services covering network services, interconnect and roaming, sale of mobile devices and digital and financial technology services by MTN Mobile Money (which is conducted through the subsidiary, MTN Mobile Money Uganda Limited).

MTN was incorporated under the Companies Act 2012 as a private company limited by shares on 25 February 1998. The main object for which MTN was registered for was to operate as a second national operator of a telecommunications network in Uganda. The original major shareholders of MTN were MTN Group (via MTN International), Telia Overseas AB, Invesco and Tristar Investments SARL.

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Following a successful international bidding process, MTN was awarded a second national operator licence for 20 years, which expired on 20 October 2018. The Company's operating licence has since been renewed under a new telecommunications licensing framework which came into force in 2020. MTN now holds the NTO Licence for 12 years.

MTN was first licensed at a time when mobile cellular service penetration was as low as 0.27% according to the International Telecommunications Union (*Update April – June 2020*). The Company has since contributed to the growth of the telecommunications sector in Uganda with the mobile phone penetration rate rising to 68.2% as at 31 December 2020, according to MTN data.

MTN is a leading mobile operator in Uganda. The Company's reporting data indicates that as of 30 June 2021, MTN had 14.9 million subscribers, 4.7 million of which are 30-day active data subscribers. In the mobile money market, MTN had approximately 8.6 million active 30-day MTN Mobile Money subscribers as at 30 June 2021.

In 2009, MTN pioneered mobile money business in Uganda and conducted that business alongside its telecommunications business until 2021 when, as a consequence of the introduction of the National Payment Systems Act 2020, MTN was required to transfer the mobile money business to a wholly owned subsidiary, MTN Mobile Money Uganda Limited. Following the completion of the licensing and structuring process prescribed by the National Payment Systems Act 2020, the mobile money business with effect from 19 June 2021 is being conducted by MTN Mobile Money Uganda Limited and continues to be a significant contributor to MTN's revenues.

MTN has a presence in all 134 districts of Uganda and has evolved from a telecommunications company providing value added services to a provider of an innovative range of products and services including voice, data, digital and mobile financial services delivered through a network of 145 407 mobile money agents (as at 30 June 2021), 200 service stores and 13 main distributors.

MTN converted to a public company limited by shares (under registration number P.498) by a resolution of the members, dated 14 November 2002, with the conversion process being formally completed on 17 December 2003. MTN is a subsidiary of the MTN Group, which beneficially owns 96.015% of the issued shares in MTN through MTN International, an investment holding company incorporated in Mauritius. MTN Group operates in 21 countries in Africa and the Middle East and has 277 million subscribers as at 30 June 2021. MTN Group is listed on the Johannesburg Stock Exchange (which is operated by JSE Limited), with a market capitalisation of US\$16.6 billion as at 1 October 2021.

Statement by the Chairperson of MTN Uganda Limited, Mr Charles Mbire:

"The success and growth of MTN Uganda is intrinsically linked to that of Uganda and Ugandans. This initial public offer is an important milestone in the deepening of the Ugandan capital markets and an opportunity for Ugandans to become part owners in one of Africa's greatest modern-day success stories.

With about 15 million subscribers and the largest network in Uganda, MTN is a critical contributor to the development of a vibrant digital economy. Over the last 23 years, we have invested over UGX3.5 trillion into the Ugandan economy, and we will continue investing to meet the growing and dynamic needs of our customers, our communities and our country.

We employ over 1 000 people, indirectly provide work to more than 2 000 Ugandans and more than 145 000 mobile money agents. Our technology has empowered millions of people and businesses in rural and urban areas. This has driven innovation, expanded market access and enhanced local economic inclusion.

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By leveraging our scale and continuing to enhance our offerings, MTN Uganda is well placed to make the most of the country's favourable demographics as well as the significant potential for data and digital services."

Highlights of the Offer

Should the Offer proceed, it is expected to include the following features:

- The Offer would be comprised of existing Shares to be sold by an existing shareholder, MTN International.
- A public offer as defined in the Capital Markets Authority Act Cap 84 (as amended), aimed at retail, institutional and professional investors.
- An Initial Public Offering of ordinary shares pursuant to Regulation S ("Regulation S") under the US Securities Act 1933, as amended (the "Securities Act").
- A listing of the issued Shares of MTN on the Main Investment Market Segment of the USE.
- Any additional details in relation to the Offer will be disclosed in the Prospectus, when published and the Offer launch announcement.

MTN Group (acting on its own account and also via MTN International) and the Company have appointed SBC Securities Uganda Limited as Transaction Adviser and Lead Sponsoring Broker, S&L Advocates (formerly Sebalu & Lule Advocates) as Legal Advisers, KPMG Certified Public Accountants as Reporting Accountant, Crested Stocks and Securities Limited, and Dyer and Blair Uganda Limited as Lead Retail Brokers and Equity Stockbrokers Uganda Limited and UAP-Old Mutual Financial Services Uganda Limited as Selling Agents. MTN Group has further appointed Bowman Gilfillan of South Africa as its independent legal adviser.

Key strengths supporting the business case

1. A LEADING MOBILE OPERATOR IN UGANDA

Clear market leadership in Uganda

MTN is a leading mobile operator in Uganda, with 59.1%¹ customer market share as at 30 June 2021 (57.9%¹ as at 31 December 2020), subscriber base of 14.93 million as at 30 June 2021 and 2 332 3G network sites, accounting for 89.1% 3G population coverage. MTN had a total capital expenditure of UGX235 billion in 2020, resulting in a capital intensity of 13%.

The Company has a leading market share across several digital subscriber metrics, as at 30 June 2021:

- 8.6 million mobile money subscribers.
- 15 000 mobile home broadband.
- 2 000 home/building fibre customers.

MTN's size and market share enable the Company to leverage economies of scale through various means.

2. STRONG POSITION IN AN ATTRACTIVE MARKET

Strong economic growth

The gross domestic product of Uganda was US\$37.61 billion² at the end of 2020 and is expected to grow at a compound annual growth rate of 5.28% to US\$54.72 billion by year 2025. Uganda's economy and growth outlook are underpinned by substantial natural resources, including minerals and oil.

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Exciting demographic opportunity – young population

Uganda is at a relatively early stage of telecommunications usage with a young population and low mobile penetration versus African peers. Data usage is shifting towards global trends where data traffic is dominated by content such as video, music and other digital content. This provides the Company with an excellent base for further growth.

Uganda, with a population of 42.37 million³ at the end of year 2020 and expected to increase by 3.12% per annum until year 2025, is a country with a predominantly young population, with 45.2% of the population under the age of 14⁴ and a mere 5.5% of the population aged over 55 years.

Penetration growth driven by rural expansion

The total number of mobile phone users in Uganda was 25.25 million¹ as at 30 June 2021, (24.51 million as at 31 December 2020 growing at a compound annual growth rate of 4.41% over the last five years). With a rapidly growing internet penetration at 29.1% in 2020⁵ (17.4% in 2016), the country has a relatively low mobile phone penetration rate of 68.2% as at 31 December 2020⁵, presenting a significant growth opportunity for the telecoms market in the country.

Whilst 75%⁶ of the Ugandan population of 42.37 million people live in rural areas, such areas are significantly underpenetrated by mobile voice and data access, thus creating opportunities for future expansion into these areas.

Growth from smartphone and mobile data

MTN had 4.7 million data users (including active, incidental and dormant data users⁷) and 4.96 million smartphone users as at 30 June 2021. Further increases in mobile and mobile data penetration, data usage per user and increasing smartphone adoption are expected. The limited fixed broadband penetration in Uganda also provides an opportunity to use mobile to expand more rapidly than fixed-line infrastructure.

3. WELL-POSITIONED FOR THE LONG TERM

Brand performance highlights

In June 2021, MTN had a Top of Mind Awareness score of 54.8% (56.8% as at 31 December 2020) and a Net Promoter Score, which measures customers' perception on the quality of MTN's products and services that they receive across the industry, of 40.5% (46.2% as at 31 December 2020) demonstrating its leadership position in the market.

Network coverage

MTN's 4G coverage, launched in 2014, offers fourth-generation long-term evolution mobile services, spanning 1 607 sites, with outdoor 4G population coverage data at 61% as at 30 June 2021. MTN launched 3G coverage in 2010, offering third-generation wireless standard mobile services across 2 332 sites, with outdoor 3G population coverage data at 90% as at 30 June 2021. The 2G coverage was launched in 1998, offering second-generation digital cellular network mobile services across 2 378 sites, with outdoor 2G population coverage data at 97% as at 30 June 2021.

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Consumer

Voice and SMS:

- Continue growth in voice revenues through growth in new customers.
- Maximize acquisition under new sites and existing low utilization sites.
- Migration of 2G voice to 3G and 3G data to 4G.

Mobile data and home internet:

- Transforming customers from non-data users to active data users to matured data users; and
- Establish leadership in the home data connectivity business.

Mobile money (MoMo):

- Disproportionate growth in market penetration.
- Focus on advanced services.
- Focus on MoMo for business solutions.

Digital services:

- Ayoba – Africa’s first Instant Connect App Built for Africa.
- Enriching from instant messaging to instant connecting by MoMo integration, rich media content and other micro apps.

Enterprise Business and Wholesale Business Unit

MTN leverages the countrywide fibre and long-term evolution technology to boost Enterprise uptake fixed voice, data and information technology and communications solutions. In doing so, the Company plans to use technology as a service solution like remote work solutions, software-defined networking, unified communications (which automate and unify human and device communications), access gateways and enterprises with application programming interface integration.

For the Wholesale Business, MTN will use passive infrastructure sharing – existing backhaul providers on fibre or wireless. National roaming opportunities to be explored.

Fibre network footprint

MTN has a large fibre network in Uganda with over 5 000km connecting the biggest cities and towns in the country. This comprises of 2 780 km of national backbone fibre and 2 730km of metro.

¹ Source: MTN Uganda

² Source: <https://www.statista.com/statistics/447778/gross-domestic-product-gdp-in-uganda/>

³ Source: Uganda Bureau of Statistics – End of month population projections (2015 to 2040)

⁴ Source: Uganda Bureau of Statistics – Project Mid-year five-year age groups (2018 – 2020)

⁵ Source: GSMA

⁶ Source: Uganda Bureau of Statistics – Project Mid-year five-year age groups (2018 – 2020)

⁷ Incidental data users are those who 5Mb of data or less per month. Dormant users are those users who have not used data services in the past 90 days.

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Mobile money market opportunity

MTN's mobile money platform has grown substantially over the past five years with:

- Active mobile money subscribers was 8.6 million as at June 2021. It increased from 4.6 million subscribers in 2016 to 8.5 million in 2020, representing a compound annual growth rate of 13.07%;
- Mobile money agents were 145 407 as at June 2021. These increased from 74 277 in 2016 to 117 342 in 2020, representing a compound annual growth rate of 9.58%;
- The number of MTN mobile money transactions was 0.95 billion as at June 2021. There was a registered increase from 0.57 billion in 2016 to 1.72 billion in 2020, representing a compound annual growthrate of 24.93%; and
- Value of mobile money transactions was UGX28.5 trillion as at 30 June 2021. It increased from UGX26.9 trillion in 2016 to UGX48.2 trillion in 2020, representing a compound annual growth rate of 12.37%.

Accelerating Fintech Platform

MTN showed strong momentum in financial technology key performance indicators during the six months ended 30 June 2021, indicating solid growth metrics:

Description	30 June 2021	30 June 2020	YoY growth (%)
Wallet			
Mobile money users	8.8 million	7.5 million	17.5
Mobile money active agents	145 400	96 740	50.3
Payment and e-commerce			
Active merchant	35 600	22 070	61.3
Gross money value	UGX294 billion	UGX121.5 billion	142.0
Transaction and revenue			
Per peak minute	120 000	100 000	20.0
Transaction value	US\$7.9 billion	US\$5.8 billion	36.6
Remittance			
Value	US\$170 million	US\$76 million	123
Insurtech			
Active policies	7 700	8 720	(21.7)

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Board of directors

MTN operates a unitary board structure where non-executive and executive directors serve collectively on one single board, which ensures effective monitoring and oversight. The roles and duties of the Chairperson and Chief Executive Officer are separate and clearly defined to conform with corporate governance best practices with regard to the independence of the board from management. The Board comprises Directors with extensive experience and insight of the sectors in which MTN operates. A detailed description of the Directors is provided for ease of reference.

Strong management

MTN is managed by a highly capable management team with extensive industry knowledge and over 100 years of combined experience.

MTN business strategy

MTN's strategy is principally centred around becoming a fully-fledged digital platform as a business and aligns with the strategy adopted by MTN Group. In the medium-term, MTN will work towards the implementation of the **Ambition 2025** strategy, including strategically repositioning its infrastructure assets and platforms from its core telecommunications business, to reveal the value for MTN shareholders. This aligns with the strategy adopted by MTN Group.

The execution of the **Ambition 2025** strategy is embodied in four clear strategic priorities – building the largest and most valuable platforms, driving industry-leading connectivity operations, creating shared value and accelerating portfolio transformation. In implementing this strategy, the Company will depend on various resources and relationships, known as the Six Capitals, to create value by developing and distributing a range of innovative and reliable communication products and services. The Six Capitals, which are aligned with 11 of the 17 United Nations Sustainable Development Goals, are: human capital, manufactured capital, financial capital, intellectual capital, social and relationship capital and natural capital.

ENQUIRIES

SBG Securities Uganda Limited

Mr Joram Ongura

Chief Executive

Email: Joram.OnguraJ@stanbic.com

Tel: +256 0800 250 250

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Statement of comprehensive income

As at 31 December

	30 June 2021 Shs'000	2020 Shs'000	2019 Restated Shs'000	2018 Restated Shs'000	2017 Restated Shs'000	2016 Restated Shs'000
Revenue from contracts with customers	994 306 081	1 877 799 208	1 717 574 282	1 550 767 490	1 437 195 411	1 307 539 739
Direct network operating costs	(118 974 407)	(235 768 353)	(220 193 638)	(320 527 641)	(281 041 230)	(266 815 105)
Government and regulatory costs	(28 509 483)	(53 590 513)	(59 642 985)	(21 702 672)	(20 032 254)	(18 263 692)
Cost of handsets and other accessories sold	(6 944 880)	(15 581 686)	(22 488 189)	(23 848 376)	(30 475 861)	(42 458 855)
Interconnect and roaming	(33 381 641)	(72 318 584)	(75 796 706)	(75 435 939)	(79 930 938)	(91 017 194)
Gross profit	806 495 670	1 500 540 072	1 339 452 764	1 109 252 862	1 025 715 128	888 984 893
Employee benefits	(51 695 048)	(101 211 412)	(103 073 490)	(104 255 916)	(88 726 634)	(78 493 026)
Selling, distribution and marketing expenses	(178 042 402)	(324 681 593)	(326 264 884)	(304 356 638)	(302 682 283)	(287 942 073)
Decrease in impairment of trade receivables		8 431 783	2 787 801	(3 145 516)	-	-
Other operating expenses	(64 757 655)	(153 669 535)	(104 255 700)	(140 472 952)	(130 965 734)	(137 212 263)
	(294 495 105)	(571 130 757)	(530 806 273)	(552 231 022)	(522 374 651)	(503 647 362)
EBITDA	512 000 565	929 409 315	808 646 491	557 021 840	503 340 477	385 337 531
EBITDA %	51.5%	49.5%	47.1%	35.9%	35.0%	29.5%
Depreciation and impairment of property, plant and equipment and right-of-use assets	(180 225 575)	(249 902 429)	(244 631 577)	(159 534 350)	(167 988 187)	(134 939 023)
Amortisation of intangible assets	(48 956 287)	(80 564 364)	(57 034 006)	(62 099 036)	(61 050 753)	(58 449 802)
Profit/(loss) from Operations	282 818 703	598 942 522	506 980 908	335 388 454	274 301 537	191 948 706
Finance income	2 222 566	17 234 151	6 396 782	14 126 247	3 169 098	4 711 901
Finance costs	(76 941 452)	(155 797 780)	(133 925 336)	(41 363 966)	(50 377 442)	(58 989 647)
Profit before tax	208 099 817	460 378 893	379 452 354	308 150 735	227 093 193	137 670 960
Income tax expense	(77 401 652)	(138 696 740)	(110 202 306)	(88 623 809)	(74 428 841)	(41 339 787)
Profit for the year	130 698 165	321 682 153	269 250 048	219 526 926	152 664 352	96 331 173

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Statement of financial position

As at 31 December

	30 June 2021 Shs'000	2020 Shs'000	2019 Restated Shs'000	2018 Restated Shs'000	2017 Restated Shs'000	2016 Restated Shs'000
ASSETS						
Non-current assets						
Property, plant and equipment	772 728 205	727 131 137	713 879 887	701 779 576	680 270 049	662 106 894
Right-of-use assets	599 141 950	571 232 914	597 686 863	–	–	–
Intangible assets	495 289 267	516 424 533	152 313 785	129 716 539	147 205 462	133 240 274
Receivables and prepayments	14 704 124	50 178 173	36 054 248	38 370 515	29 180 833	22 296 946
Contract assets	7 101 003	8 252 488	3 660 332	–	–	–
IRU assets	43 640 982	–	–	–	–	–
	1 932 605 531	1 873 219 245	1 503 595 115	869 866 630	856 656 344	817 644 114
Current assets						
Inventories	10 298 761	8 164 435	939 846	2 838 083	4 665 315	14 056 222
Trade and other receivables	205 913 105	157 548 573	173 130 974	213 947 720	204 178 304	305 748 010
Taxation prepaid	2 187 910	–	–	–	–	–
Contract assets	–	6 569 411	3 690 935	2 488 116	–	–
Current income tax	8 194 712	–	–	–	26 888 509	23 711 375
Mobile money deposits	680 564 789	655 351 841	450 355 234	407 945 136	315 087 526	308 031 866
Cash and cash equivalents	137 066 567	59 170 525	109 387 902	92 557 733	45 090 339	39 890 998
IRU assets	4 952 383	–	–	–	–	–
	1 049 178 227	886 804 785	737 504 891	719 776 788	595 909 993	691 438 471
Total assets	2 981 783 758	2 760 024 030	2 241 100 006	1 589 643 418	1 452 566 337	1 509 082 585
EQUITY AND LIABILITIES						
Capital and reserves						
Ordinary share capital	3 764	3 764	3 764	3 764	3 764	3 764
Retained earnings	743 126 898	725 950 972	557 275 419	442 349 371	348 916 445	297 880 093
Total equity	743 130 662	725 954 736	557 279 183	442 353 135	348 920 209	297 883 857
Non-current liabilities						
Deferred income tax liability	3 777 003	9 865 153	25 998 345	28 841 553	33 965 626	46 773 318
Lease liabilities	581 096 305	555 825 657	571 675 501	–	–	–
Borrowings	209 010 781	254 300 084	93 034 891	129 879 795	169 703 705	243 215 275
Total long term provisions	7 782 725	12 175 353	8 422 972	11 623 476	8 971 307	4 461 013
IRU liability	8 680 510	–	–	–	–	–
	810 347 324	832 166 247	699 131 709	170 344 824	212 640 638	294 449 606
Current liabilities						
Borrowings	148 306 730	133 924 864	99 394 120	175 720 901	175 151 620	159 170 324
Lease liabilities	93 648 304	79 711 572	58 162 017	–	–	–
Trade and other liabilities	464 175 168	300 264 092	335 538 196	351 595 918	363 575 445	397 742 590
Mobile money deposits	680 564 789	655 351 841	450 355 234	407 945 136	315 087 526	308 031 866
Contract liabilities	23 453 531	10 648 572	20 330 068	29 940 330	–	–
Deferred revenue	2 022 924	–	–	–	27 682 121	48 478 252
Provisions	16 024 704	19 227 801	19 333 641	9 017 534	9 508 778	3 326 090
Current income tax payable	–	2 774 305	1 575 838	2 725 640	–	–
IRU liability	109 622	–	–	–	–	–
	1 428 305 772	1 201 903 047	984 689 114	976 945 459	891 005 490	916 749 122
Total liabilities	2 238 653 096	2 034 069 294	1 683 820 823	1 147 290 283	1 103 646 128	1 211 198 728
Total equity and liabilities	2 981 783 758	2 760 024 030	2 241 100 006	1 589 643 418	1 452 566 337	1 509 082 585

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Statement of changes in equity

As at 31 December

	Share capital Shs'000	Retained earnings Shs'000	Total Shs'000
Year ended 31 December 2016			
At start of year (as originally presented and restated)	3 764	463 146 919	463 150 683
Profit for the year	0	96 331 173	96 331 173
Total comprehensive income for the year	0	96 331 173	96 331 173
Dividends declared and paid	0	(261 597 999)	(261 597 999)
At end of year	3 764	297 880 093	297 883 857
Year ended 31 December 2017			
At start of year (as originally presented and restated)	3 764	297 880 093	297 883 857
Profit for the year	0	152 664 352	152 664 352
Total comprehensive income for the year	0	152 664 352	152 664 352
Dividends declared and paid	0	(101 628 000)	(101 628 000)
At end of year	3 764	348 916 445	348 920 209
Year ended 31 December 2018			
At start of year (as originally presented and restated)	3 764	348 916 445	348 920 209
Profit for the year	0	219 526 926	219 526 926
Total comprehensive income for the year	0	219 526 926	219 526 926
Dividends declared and paid	0	(126 094 000)	(126 094 000)
At end of year	3 764	442 349 371	442 353 135
Year ended 31 December 2019			
At start of year (as originally presented and restated)	3 764	442 349 371	442 353 135
Profit for the year	0	269 250 048	269 250 048
Total comprehensive income for the year	0	269 250 048	269 250 048
Dividends declared and paid	0	(154 324 000)	(154 324 000)
At end of year	3 764	557 275 419	557 279 183
Year ended 31 December 2020			
At start of year (as originally presented and restated)	3 764	557 275 419	557 279 183
Profit for the year	0	321 682 153	321 682 153
Total comprehensive income for the year	0	321 682 153	321 682 153
Dividends declared and paid	0	(153 006 600)	(153 006 600)
At end of year	3 764	725 950 972	725 954 736
Period ended 30 June 2021			
At 1 January 2021	3 764	725 950 972	725 954 736
Profit for the period	0	130 698 165	130 698 165
Total comprehensive income for the period	0	130 698 165	130 698 165
Dividends declared and paid	0	(113 522 239)	(113 522 239)
At 30 June 2021	3 764	743 126 898	743 130 662

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Statement of cash flows

For the year ended 31 December

	30 June 2021 Shs'000	2020 Shs'000	2019 Restated Shs'000	2018 Restated Shs'000	2017 Restated Shs'000	2016 Restated Shs'000
Operating activities						
Cash generated from operations	573 976 821	868 664 434	818 874 998	536 981 769	574 418 685	210 696 448
Interest received	2 033 974	3 565 949	3 517 824	9 592 454	1 743 825	4 711 901
Interest paid on borrowings	(69 259 577)	(33 650 902)	(27 010 870)	(30 154 688)	(43 470 841)	(23 976 783)
Interest paid on lease liabilities	–	(98 991 766)	(97 016 317)	–	–	–
Dividends paid	(113 522 239)	(153 006 600)	(154 324 000)	(126 094 000)	(101 628 000)	(261 597 999)
Income tax paid	(88 452 018)	(153 631 465)	(114 195 316)	(64 133 733)	(90 413 667)	(78 598 222)
Net cash generated from operating activities	304 776 961	432 949 650	429 846 319	326 191 802	340 650 002	(148 764 655)
Cash flow from investing activities						
Payments for property, plant and equipment and additions to right of use assets	(124 027 286)	(170 113 887)	(170 203 972)	(185 223 507)	(187 224 415)	(138 387 845)
Proceeds from disposal of property, plant and equipment	2 853 846	4 499 740	2 148 437	687 453	1 511 690	2 857 891
Increase in prepayments	–	–	–	(3 147 600)	(14 315 230)	(10 967 569)
Purchase of intangible assets	(25 591 739)	(446 460 603)	(79 733 354)	(44 608 792)	(75 021 740)	(63 180 360)
Movement in investment and other investigation activities	(2 650 380)	–	–	–	–	–
Net cash used in investing activities	(149 415 559)	(612 074 750)	(247 788 889)	(232 292 446)	(275 049 695)	(209 677 883)
Financing activities						
Repayments of borrowings	(30 907 437)	(153 623 344)	(171 521 000)	(156 369 750)	(56 945 250)	–
Proceeds from borrowings	7 504 124	348 518 960	60 062 500	115 000 000	–	387 609 818
Principal elements of lease payments	(42 140 878)	(61 867 099)	(48 778 923)	–	–	–
Net cash used in financing activities	(65 544 191)	133 028 517	(160 237 423)	(41 369 750)	(56 945 250)	387 609 818
Net increase in cash at bank and in hand	89 817 211	(46 096 583)	21 820 007	52 529 606	8 655 057	29 167 280
Movement in cash at bank and in hand						
At start of year	59 170 525	109 387 902	92 557 733	45 090 339	39 890 998	18 635 327
(Decrease)/increase	89 817 211	(46 096 583)	21 820 007	52 529 606	8 655 057	29 167 280
Exchange losses on cash at bank and in hand	(11 921 169)	(4 120 794)	(4 989 838)	(5 062 212)	(3 455 716)	(7 911 609)
At end of year	137 066 567	59 170 525	109 387 902	92 557 733	45 090 339	39 890 998

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Directors of the Company

Charles Mbire (Chairperson)

Mr Mbire is a leading businessman, entrepreneur and industrialist in Uganda and has been the chairperson of the Board since 2003.

Mr Mbire's investments are in telecommunications, finance, energy, real estate, oil and gas and mining.

Mr Mbire was previously a member of the International Monetary Fund Africa Regional Advisory Group and the chair of Makerere University Holdings Company Limited, the investment and entrepreneurial arm of Makerere University.

Mr Mbire once served as a Council Member at the World Economic Forum's Summit on the Global Agenda. He was a member of the Presidential Investors Round Table, a high-level forum that brings together a select group of both foreign and local investors to advise Government of Uganda on how to improve the investment climate in the country. He was also the chairperson of the Uganda Securities Exchange, and he previously served on the boards of Ecobank Uganda and Eskom Uganda.

Mr Mbire holds a Bachelor of Arts in Business Economics from the University of Essex and a Master of Business Administration from the University of Leicester.

Ms Yolanda Cuba

Ms Cuba is a seasoned executive with a demonstrated history of working in diversified industries including telecommunications, finance, services and fast-moving consumer goods. She is a transformational and accomplished business leader, who is widely regarded across the African continent.

She currently serves as the Group Regional Vice President Southern and East Africa at MTN Group, and previously occupied the position of Chief Digital and Financial Technology Officer at the MTN Group.

Ms Cuba previously worked with Vodacom Group Limited, where she served as Group Chief Officer (Strategy, Mergers and Acquisitions and New Business) and Chief Executive Officer of Vodafone Ghana. Ms Cuba has served on a number of JSE-listed boards: she was a board member of South African Breweries, Absa Group Limited and has been a member of the Nelson Mandela Investment Committee since 2006. In 2008, Ms Cuba was selected one of the Young Global Leaders of the World Economic Forum.

Ms Cuba holds a Bachelor of Commerce in Statistics from the University of Cape Town, a Bachelor of Commerce Honours degree in Accounting from University of KwaZulu-Natal and a Master of Commerce degree from the University of Pretoria. She is also an alumnus of INSEAD International Executive Program.

Ms Karabo Nondumo

Ms Nondumo is an entrepreneur with interests in the provision of industrial supplies, corporate advisory and investments. She also has extensive experience in the telecommunications, financial services and mining sectors.

She held executive head roles within Vodacom Business and Mergers & Acquisitions at Vodacom Group. Ms Nondumo is a previous CEO of AWCA Investment Holdings Limited and served as an associate as well as executive assistant to the chairman at Shanduka Group.

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Ms Nondumo is an independent non-executive director of: Harmony Gold Mining Company Limited (Technical, Investment and Audit and Risk subcommittees), Sanlam Limited (Chair: Social and Ethics Committee, member of Risk and Compliance, Audit and Actuarial, Human Resources and Nominations subcommittees), TCI-Tiso (Pty) Limited and MTN Group operating companies in Eswatini, Zambia, Uganda and Rwanda (Chair: Audit and Risk committees). She is also an advisory member of Senatla Capital, a trustee of Mabindu and Ubuntu-Botho Women's Trusts.

Her previous board roles include MTN Group operating companies in Sudan and South Sudan, Brightrock Holdings Limited, Merafe Resources Limited, SA Express Airways SOC Limited, Rolfes Holdings Limited and Richards Bay Coal Terminal.

Ms Nondumo holds a Bachelor of Commerce in Accounting from the University of Natal (1999). She is a qualified Chartered Accountant, and a member of the South African Institute of Chartered Accountants and African Women Chartered Accountants.

Mr Sugentharen Perumal

Mr Sugentharen Perumal is a highly accomplished financial services professional with significant experience in leading the strategic, operational planning and management of financial services of major players in the private and public sectors.

Currently, Mr Perumal is serving as the Executive: Group Finance at MTN Group, heading strategic and operational aspects of financial planning and management of the organisation. As an audit professional, Mr Perumal accumulated expertise and proficiency in service to one of South Africa's largest accounting firms, SizweNtsalubaGobodo Inc. This experience ranges over multiple industries, including telecommunications, energy and utilities.

Mr Perumal has a Bachelor of Commerce in Managerial Accounting from University of Natal and a Bachelor of Commerce in Accounting from University of Natal.

Mr Wim Vanhelleputte

Mr Wim Vanhelleputte is a seasoned executive with over 20 years' experience in the telecommunications sector across eight countries in Africa.

Mr Vanhelleputte currently serves as the Chief Executive Officer for MTN Uganda, a position he has held since 2016. Mr Vanhelleputte was the Chief Executive Officer of MTN Ivory Coast between 2009 and 2015 prior to which he was at Bharti Airtel. Mr Vanhelleputte also served as Chief Executive Officer of Tchard Mobile (a subsidiary of Orascom Telecom Holding).

Mr Vanhelleputte holds a Masters' in Nuclear and Solid-State Physics and a Bachelors in General Engineering from the State University of Ghent, Belgium, and a Special Degree in Power Plant Management from the Free University of Brussels, Belgium.

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Mr Andrew Bugembe

Mr Andrew Bugembe is a telecom finance executive with 23 years' experience in the telecommunications sector.

Mr Bugembe is currently the Chief Finance Officer of MTN Uganda and has served in various executive and senior management finance roles in five MTN Group countries (Uganda, Congo Brazzaville, Liberia, Ghana and Rwanda), including Chief Finance Officer roles in MTN Liberia and MTN Congo Brazzaville. As Chief Finance Officer, Mr Bugembe's key roles are to drive the Company profitability mandate, with focus on service revenue growth and margin expansion (continuous cost optimisation) to ensure disciplined capital allocation, optimise working capital and stabilise capital intensity to drive further cashflow generation, in alignment with **Ambition 2025**.

Mr Bugembe also supports key transformation initiatives, supports digitisation with focus on data analytics, financial technology and continuously upskills staff capacity within the digital and platform areas.

Mr Bugembe holds a Master of Commerce in Management Accounting from the University of Wollongong in Australia and a Bachelor of Commerce from Rajasthan Vidya Peeth University in India. He is a Chartered Accountant (FCCA-UK).

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IMPORTANT NOTICES

This is a financial promotion and is not intended to be investment advice.

The contents of this announcement have been prepared by and are the sole responsibility of SBG Securities Uganda Limited, the Transaction Adviser and Lead Sponsoring Broker acting on behalf of the Company.

This announcement does not constitute or form part of any offer for sale or subscription or any solicitation of any offer to buy or subscribe for any securities and neither this announcement nor any part of it forms the basis of or may be relied on in connection with or act as an inducement to enter into any contract or commitment whatsoever.

The information contained in this announcement is for background purposes only and does not purport to be full or complete, nor does this announcement constitute or form part of any invitation or inducement to engage in investment activity. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness. The information in this announcement is subject to change. The contents of this announcement are not to be construed as legal, financial or tax advice.

Recipients of this announcement who intend to purchase or subscribe for shares in the Company following the publication of the Prospectus by the Company are reminded that such purchase or subscription should be made solely on the basis of the information contained in that Prospectus and, if relevant, any supplementary prospectus, to be published by the Company.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia), Australia, Canada, Japan, or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The securities referred to in this document have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States except on the basis of an applicable exemption from registration, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offering of securities in the United States.

In the United Kingdom, this announcement is directed only at persons who are "qualified investors" within the meaning of Regulation 2017/1129/EU as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("Relevant Persons").

In any member state of the European Economic Area ("EEA"), this announcement and any offer if made subsequently is, and will be, directed only at persons who are "qualified investors" ("Qualified Investors") within the meaning of the Prospectus Regulation (Regulation (EU) 2017/1129).

In South Africa, this announcement and any offer if made subsequently is, and will be, directed only at: (i) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act, 2008 ("South African Companies Act"); and (b) selected persons, acting as principal, acquiring securities for a total acquisition cost of R1 000 000 or more, as contemplated in section 96(1)(b) of the South African Companies Act, and to whom the offer (if made) will specifically be addressed, and only by whom such offer will be capable of acceptance ("South African Qualifying Investors"). Accordingly, neither this announcement or other materials constitute, or is intended to constitute an "advertisement" or "registered prospectus", as contemplated by the

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South African Companies Act, and no prospectus has been, or will be, filed with the South African Companies and Intellectual Property Commission. The information contained in this announcement constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, 37 of 2002 (the "FAIS Act"), as amended, and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of any offer (if made) or in relation to the business or future investments of the Company is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this announcement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. The Company is not a financial services provider as such term is defined in the FAIS Act. South African Qualifying Investors who seek to participate in any offer (if made) must ensure that all necessary approvals are in place in order to participate in such offer and ultimately receive and hold shares in the Company, including any exchange control approvals pursuant to the South African Exchange Control Regulations, 1961, promulgated under the Currency and Exchange s Act, 1933 and the policies and directives of the Financial Surveillance Department of the South African Reserve Bank. By participating in any offer (if made), South African Qualifying investors will be deemed to have warranted that this is the case.

This announcement must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the EEA, by persons who are not Qualified Investors, and (iii) in South Africa, by persons who are not South African Qualifying Investors. Any investment or investment activity to which this announcement relates is available only to: (i) in the United Kingdom, Relevant Persons; and (ii) in any member state of the EEA, Qualified Investors, and will be engaged in only with such persons.

This document contains statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "anticipates", "believes", "could", "envisages", "estimates", "expects", "intends", "may", "plans", "projects", "should", "will" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which MTN operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Company or developments in the industry in which MTN operates may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this document.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements.

Each of the Company, SBG Securities Uganda Limited, Crested Stocks and Securities Limited, Dyer and Blair Uganda Limited, Equity Stockbrokers Uganda Limited and UAP-Old Mutual Financial Services Uganda Limited and their respective affiliates, expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statements contained in this announcement and disclaims any obligation to update its view of any risks or uncertainties described herein or to publicly announce the results of any revisions to the forward-looking statements made in this announcement, whether as a result of new information, future developments or otherwise, except as required by law.

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Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.

The anticipated timetable for the potential Offer, including the publication of the Prospectus and/or the date of Listing, may be influenced by a range of circumstances such as market conditions. There is no guarantee that a Prospectus will be published or that Listing will occur. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all or part of the amount invested. Persons considering making such an investment should consult an authorised person specialising in advising on such investments.

This announcement does not constitute a recommendation concerning the potential Offer, the Listing or the Shares. The value of Shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. On any sale of an investment an investor may get back less than he or she originally invested. Potential investors should consult a professional adviser as to the suitability of the Shares for the person concerned before making any investment decision. Past performance cannot be relied upon as a guide to future performance.

None of SBG Securities Uganda Limited, Crested Stocks and Securities Limited and Dyer and Blair Uganda Limited, Equity Stockbrokers Uganda Limited and UAP-Old Mutual Financial Services Uganda Limited nor any of their respective affiliates, their respective directors, officers or employees, advisers, agents or any other person accepts any responsibility or liability whatsoever for the contents of, or makes any representations or warranties, express or implied, as to the accuracy, fairness or completeness of the information presented or contained in this announcement (or whether any information has been omitted from this announcement) or any other information relating to the Company, its subsidiaries and their associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith. Accordingly, each of SBG Securities Uganda Limited, Crested Stocks and Securities Limited, Dyer and Blair Uganda Limited, Equity Stockbrokers Uganda Limited and UAP-Old Mutual Financial Services Uganda Limited, and their respective affiliates, their respective directors, officers or employees, and any other person acting on their behalf expressly disclaims, to the fullest extent possible, any and all liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of this announcement, whether in tort, contract or otherwise which it might otherwise have in respect of this announcement or its contents or otherwise arising in connection therewith.

Each of SBG Securities Uganda Limited, Crested Stocks and Securities Limited, Dyer and Blair Uganda Limited, Equity Stockbrokers Uganda Limited and UAP-Old Mutual Financial Services Uganda Limited is acting exclusively for the Company and no-one else in connection with the possible Offer and Listing. It will not regard any other person as its respective clients in relation to the possible Offer and Listing and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the possible Offer and Listing, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

SBG Securities Uganda Limited as Transaction Adviser and Lead Sponsoring Broker and Crested Stocks and Securities Limited and Dyer and Blair Uganda Limited as Lead Retail Brokers and Equity Stockbrokers Uganda Limited and UAP-Old Mutual Financial Services Uganda Limited as Selling Agents are licensed and regulated in Uganda by the Capital Markets Authority of Uganda.

In connection with the potential Offer, each of SBG Securities Uganda Limited, Crested Stocks and Securities Limited, Dyer and Blair Uganda Limited, Equity Stockbrokers Uganda Limited and UAP-Old Mutual Financial Services Uganda Limited and any of their respective affiliates, may take up a portion of the Shares as a principal

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position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise.

Accordingly, references in the Prospectus, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by SBG Securities Uganda Limited, Crested Stocks and Securities Limited, Dyer and Blair Uganda Limited, Equity Stockbrokers Uganda Limited and UAP-Old Mutual Financial Services Uganda Limited and any of their respective affiliates acting in such capacity. In addition, SBG Securities Uganda Limited, Crested Capital Limited and Dyer and Blair Uganda Limited and any of their respective affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which they may from time to time acquire, hold or dispose of Shares.

None of SBG Securities Uganda Limited, Crested Stocks and Securities Limited, Dyer and Blair Uganda Limited, Equity Stockbrokers Uganda Limited and UAP-Old Mutual Financial Services Uganda Limited nor any of their respective affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

For the avoidance of doubt, the contents of the Company's website are not incorporated by reference into, and do not form part of, this announcement.

There will not be any stabilisation in respect of the Offer.