# MTN GHANA

# FULL YEAR 2023 CALL TRANSCRIPT

## DATE: 01 MARCH 2024

**JEREMIAH OPOKU**

Good afternoon, everyone, and thank you for joining us virtually today to discuss MTN Ghana's 2023 annual result. I am Jeremiah Opoku, investor relations manager for MTN Ghana. Today's presentation will be led by Selorm Adadevoh, CEO of MTN, Ghana, and Antoinette Kwofie, CFO of MTN Ghana, after which we'll have a Q&A session. I entreat everyone to type in their questions during the presentations. Without any further delay, I'd like to hand over to Selorm and Antoinette. Thank you.

**ANTOINETTE KWOFIE**

Good day, everyone. Thank you all for taking the time to join us today. I'll take you briefly through the macro-economic context, and how we faired in 2023. 2023 was characterized by high levels of inflation. We saw elevated levels of inflation all through the year, it fell from year end 2022 of 54.1% to 23.2% at the end of 2023. However, the average inflation for 2023 was about 40.3% compared to an average of about 31.5% in 2022. This led to an increase in operating costs and tough business environment for all of us. In 2023, the government went through a debt restructuring program, we had a domestic debt exchange program, and they entered negotiations with bilateral creditors, and this led to some economic hardships in the economy. What happened then was the were haircuts to bondholders, to their interest income and an extension in some of the bonds that they held, and financial institutions were impacted by this, and this caused an increase in the cost of credits within the environment. It caused restricted access to new capital, and it's impacted the domestic investment climates quite significantly. Coupled with increases in utility tariffs and other macro-economic headwinds, this impacted consumer spends, and it also impacted the cost of doing business in the year.

Despite what was a challenging economic and operating environment, MTN Ghana focused on delivering on our ambition 2025 priorities, we were aiming for growth, for cost efficiencies, and creating shared value for our stakeholders, and that's resulted in the performance that Selorm will share with you as I hand over to him now.

**SELORM ADADEVOH**

Thank you, Antonette, and good afternoon, everyone. Thanks for joining us today for our 2023 Q4 results. I'll walk you through reflection on the full year 2023 performance. Overall, we had a strong year 2023. Our financial highlights have nine key buckets we'd like to walk through, and overall, a very solid performance across the board. But I'll

start off at the top left corner and I'm going to move right wards and then start again on the second row on the left and move right wards, and then do the same on the third. The top left box, corner, Service revenue grew by 34.6% at total value of GHS13.3 billion Ghana cedis. A lot of this growth was driven by Data revenue and MoMo Money revenue, Data revenue grew by 50.9%, in the year, a total value of GHS5.8 billion, and MoMo revenue grew by 48.8%, a total value of GHS2.9 billion. We also saw relatively strong growth in Voice, at 9% for the year at GHS3.6 billion, even though the performance for Voice over Q4 was not as strong as the preceding quarter, something that we're keen to try to turn around in the first quarter in 2024. Digital revenue saw a decline of minus 4.7%, however, the good news on Digital revenue, which we can talk a little bit more about is we saw a reversal of the trend following our aggressive cleanup since 2022, where the second half of the year was positive growth on a year-on-year basis isolated. We're quite excited about what lies ahead, and we actually made a commitment to you last year that we're going to get into 2024 on a positive footing, and I have to say that we are delivering on that commitment when it comes to Digital revenue.

In terms of EBITDA, our EBITDA grew by 40.2% on an absolute basis a total value of GHS7.8 billion Ghana cedis, and EBITDA margin of +2.3 percentage points to a margin of 58.4%. I must say though, that a portion of this is as a result of management fees that were not paid from May till November last year, and if you strip that out the EBITDA margin would be 56.1%. In terms of core Capex, Capex grew by 66.6%, a total value of GHS3.3 billion Ghana cedi, and in terms of earnings per share, we saw a growth of 29.7% on a year-on-year basis to a value of GHS0.301 pesewas. Overall, a very strong performance profit after tax reached GHS4.0 billion Ghana cedi, and a growth of 39.4%, again, reflecting a very strong baseline for continued growth.

Overall, we saw very strong growth in terms of revenue, but during the year as most of you will be aware, we also had a sim re-registration program that had some impact on our total subscriber base. We did end our total subscribers at 26.8 million after the sim re-registration program, but saw significant growth in our active Data subscribers, as well as our active MoMo users. Active Data subscribers reached 15.4 million, and active MoMo subscribers reached 15.2 million. We also saw growth in some very specific KPIs that we monitor. For example, MBs per user per month, has reached over nine gigabits per user per month. We're excited about that; we continue to see good demand for Data services. We also saw good growth in active digital subscribers, 4.6 million, during the month. Minutes of use, MOUs, also reached 405 minutes per user per month.

We see strong demand for Data growth, as I mentioned earlier, and this has led to significant usage growth across our active Data subscribers. If we look at the right-hand side chart, quarterly subscriber net adds, you'd see the trend from Q1 to Q4 in terms of our net adds on a Data subscriber basis. If you look at the bottom left chart, Data revenue growth, which we've touched on in the year-on-year basis, you'd see the progression, and the significant growth between 2022 and 2023, of the 50.9%, going from GHS3.87 billion Ghana cedi to GHS5.84 billion Ghana cedi. And then finally on the bottom right side, we look at the quarterly Data revenue growth, which also was quite strong during the year progressively towards quarter four.

The next slide shows the breakdown of MoMo growth, and significant subscriber activity, going from 12.7 million active subscribers in 2022, following implementation of the E-Levy. Most of you will remember in May 2022, we had the implementation of the E-Levy to 15.2 million active subscribers in 2023. We've seen a strong recovery from the E-Levy implementation and impact through 2023, and we believe that the bulk of the impact is behind us, even though there's still some remnants of E-Levy implications for us in 2024. The bulk of that we believe is behind us now. We'll talk a little bit about some of the consumer behavior remnants from the E-Levy that are continuing to be an impact for us, on that on a lesser basis. We also see the subscriber net adds on the top right-hand side where we saw quite a strong dip in Q3. The Q3 effects are largely due to the sim registration program, and we shouldn't see these trends continue a year-on-year basis.

In terms of contribution towards our MoMo money growth, we're continue to see significant growth in cash outs, modest growth in advanced services, and a decline in P2P revenue growth. Now the basic driver here of growth, while cash out has seen significant growth in revenue basis, a lot of that growth is driven by the fact that Cash Out does not attract an E-Levy fee, and has become quite an attractive transaction for our customers, we've seen some customer behavior changes as a result, where direct deposits people doing deposits directly onto their phones without going through a P2P, has increased, which is why we're seeing a decline on the P2P side, versus an increase on the Cash-Out, side. The good news is in the last several months, we're seeing a normalization of this trend, and we believe 2024 should see a recovery of P2P, much stronger than it has been in the last year, as well as advanced services.

We can go to the next slide. We continue to see good growth in Voice. If you think of the maturity level of the business today, and you look at the dynamics of the Voice business, we're quite encouraged by this. However, we have a lot of pricing limitations in the market to price up to the levels that are required to balance out some of the economic pressures on this specific business. Our goal for 2024 is to maintain momentum in Voice so that the contribution to the overall business continues to be modest as it has been for the last year.

The next slide talks about our Digital business, where we're seeing the reversal of trend from the half year, and this is quite exciting. From the charts here, you'd see quite some decent growth in active subscribers from 3.6 million to 4.6 million. In the past, we've had a decline on a year-on-year basis, so this is the first day we've had a reversal in that trend towards a recovery, and we expect to see the same trend continuing to 2024. In terms of Digital revenue, again, like I mentioned earlier that the full year outcome is a negative growth on a year on year basis, but the half year growth is actually quite strong, and quite positive, and then that for us is the key indicator of the progress we're making in our cleanup, and also the opportunity we have to drive the new growth areas around gaming, and entertainment, as well as music to lead Digital into a different space going into the next year. Some of the elements on the side looking at Content, Ayoba, what we're doing with Zigi, myMTN, and Chenosis given some additional detail, these are all transformational initiatives that will take us to the next stage of our digital ambition, and we're keen to continue to progress this through 2024. But you'll see from the comments that we're making good progress on each of these elements. We're making good progress on each of these elements, and that creates a lot of excitement for us, in what the future holds around some of these new areas of growth and opportunity that we continue to drive forward.

The next slide looks at our broader ecosystem around our Enterprise space, where we look at our SME ecosystem, and some of the progress we're making there. Enterprise business overall grew an impressive 89% in 2023, and some of the activities that we started in 2022 are beginning to seed, and a lot of that growth has been led by some of those initiatives. You would see that on the mobile side, we're seeing very strong growth, not so much on the ICT side, but ICT growth on a standalone basis versus 2022 is still quite strong at over 25%. In terms of initiatives that we're focusing on, I'll just indulge you very briefly on this. SME plus initiatives to drive more growth within the SME space. We saw a subscriber growth of about 256% in the year, and we also saw in

terms of revenue growth of about 496%, and this is part of our SME go big ambition and plan that we're executing on. In terms of business broadband, we also saw very good growth at 38% year on year in subs, and on a revenue basis 43%, again, this is encouraging as we continue to renew and drive focus in business broadband. Business Hub, another initiative a one stop shop for MTN business solutions. These are all innovations that would help us continue to drive and index more in terms of our business customers. Finally, in terms of Webwiz, again, another initiative that we're implemented to drive growth in our Enterprise space. Overall, we had very impressive Enterprise business growth, and then we hope to continue the momentum as we focus more on SMEs in 2024.

The next slide and the final slide in this section, touches on our five-year journey post listed on the Ghana Stock Exchange as a recap from what we've come from since we're listed. This looks at the business at the end of 2018, and compares that to where we are, where we were at the end of 2023. On a accumulated average annual growth basis, in terms of total revenue, we grow at a CAGR of about 26%, between 2018 and 2023, as far as Service revenue is concerned. On a profit after tax basis, we grow at a CAGR of about 39% to GHS4 billion in 2023, starting from GHS754 million in 2018. On an earnings per share basis, similar to profit after tax, we grow at 38% CAGR from GHS0.06 to GHS0.301, at the end of 2023. On a dividend per share basis, we grew at a 35% CAGR, from GHS0.05 to GHS0.225 at the end of 2023, in terms of our proposed dividend payout. Our share price moved from GHS0.79 in 2018 to 2023 of GHS1.40, that represents a CAGR of 12%, and that represents quite a reasonable return on investment here.

Overall, the performance for 2023 was very strong, and we're grateful to the team for their support here, management, as well as the staff of MTN, for their contributions to this remarkable performance. I will hand it over to Antoinette to take us through a more detailed financial review of the business. Over to you, Antoinette, thank you.

**ANTOINETTE KWOFIE**

Thank you Selorm. I'll talk us through some financial highlights, briefly. So, Selorm spoke on quite a lengthy basis about the drivers of the revenue growth of 34.6%, so I will not talk too much about that. On EBITDA, we increased by 40.2% with a margin expansion of 2.3 percentage points to 58.4%. As indicated by Selorm, if you adjust this for the TMTA, where we couldn't pay out for seven months of the year, when you adjust for the TMTA fees, the EBITDA margin would have been 56.1%, and our operational

expenses (OPEX) and our cost of sales, i.e., our total cost, would have grown by about 34.7% and with this EBITDA margin would have been 56.1%, which is in line with the guidance we gave to the market to maintain our margins at the 2022 year end exit of about 56.1%. Our finance costs increased by about 63.3% year on year, mainly due to currency depreciation, and some changes in some contracts that we held. Also, the higher levels of inflation and elevated interest rate environments lead to our finance costs going up quite significantly. Our finance income, which we got from placing surplus funds in fixed and core deposits and available investment instruments, bearing in mind that we had a limited number of options because of the debt exchange program that went on in the economy. Our finance income grew by about 40.2%, which was slightly disproportionate to the finance cost increase, and that's why we see a net finance cost increase of 81% year on year. Depreciation and Amortization increased by 44% year on year, to GHS1.7 billion as you can see, and amortization driven by the additional spectrum we purchased in 2023, which we informed the market about at our half year results presentation. Income tax for that period, corporate income tax specifically, grew to GHS1.6 billion based on the increase in our profit before taxes, and consequently our profit after taxes increased by about 39.4% to GHS4 billion. Having spoken briefly about revenue and expense on this slide, I'll move to the next slide and focus a bit more on costs on that slide.

The next slide please. Cost of Sales and operational costs. Cost of sales went up by 37.9% year on year, as a result of the increase in commissions, especially in the Mobile Money space. As we saw the change is in customer behavior following the E-Levy implementation. Operational costs went up by 19%, and this is impacted by the TMTA fees that we didn't pay the full amount for. As I indicated earlier, without the TMTA impact, our cost growth, our operational expenses growth would have been about 32%. Overall, our total costs grew by 27.5%, on an adjusted basis, it would have been 34.7%, if you back out, or if you restore what we would have paid for the TMTA for the seven-month period we didn't have a license for. We experienced significant macro-economic headwinds in 2023, and that's what drove the increase in our expenses for the period. Our core Capex, Selorm spoke about grew by 66.6% to about GHS3.3 billion, and this is inclusive of the fund amounts of about GHS472 million, which we paid for our spectrum license in 2023. Looking at our core Capex intensity, we finished the year at 24.6%, and I would like to take this opportunity to reiterate our commitment to reduce Capex intensity by investing strategically.

The next slide looks at the quarterly evolution of service revenue. As you can see, Selorm attributed this strong performance to the team who dug deep to work in a tough environment to record the 34.6% revenue, to a GHS13.3 billion cedis revenue level, which is a very strong performance compared to our prior year. The quarterly growth, in Q2 we saw a 41.6% growth in service revenue, and the highest growth was in the Q3 period where we saw a year new growth of 43% in our service revenue. Overall, I believe that the team deserves to be commended, and they are committed to continuing to grow our service revenue by providing relevant products and services to our client base. I spoke about EBITDA before, so I would not speak much about it, but if you look at the quarterly trends, you will see a growth a significant growth in quarter four, and this is because in quarters two and three after the expiry of the TMTA, we continued to provide for what were expect it to pay, expecting that we will get approval to pay the full amount. But approval was prospective, and so in Q4, the provisions for the previous two quarters was backed out, and that is why you see a hike in the Q4 EBITDA growth.

I would like to go to the next slide. Mobile Money, Selorm spoke about the revenue growth in Mobile Money, the strong growth and the recovery we saw, so I would not speak too much about it. Our transaction values went up, transaction volumes went up, and with ARPU, we saw the growth in ARPU which Selorm has spoken to. Just to highlight that our Mobile Money float grew by about 40.5% to GHS16.4 billion, and that speaks to the growth we see within the mobile Money ecosystem. That is broadly aligned with our goal of improving financial inclusion within the country.

On the next slide, we see Capex and we invested 3.3 billion in core Capex to support the growth of the business, you will have seen in our sense that our Capex reported was about 4 billion, but that is inclusive of our leases, and rights of use assets. This speaks to the core investments in our core network. The chart gives us a breakdown of our Capex spend, between IT systems, infrastructure, and transmission. It also highlights others like Spectrum, which we invested in. Overall, our Capex investments were aimed at, and continue to be aimed at, improving our systems and infrastructure, and to expand our coverage across the nation. In the end, we invest to enhance the experience we give to our cherished customers, and this is what drives our Service revenue. In order to improve the network experience and coverage, we rolled out about 350, 2G sites, 353, 3G sites, and 350, 4G sites, within that period and it's supported a 99.3% 4G population coverage. The full year Capex planned for 2024 is to spend GHS2.9 billion, and this will be used to improve our infrastructure, to expand our networks, and build

capacity to provide an enhanced service to our customer base. I will pause here and hand over to Selorm who will take us through some regulatory developments over the period.

**SELORM ADADEVOH**

Thank you very much, Antoinette. I will walk you through the regulatory developments in 2023. Let me start off with Sim re-registration. As you're all probably familiar with, last year, we completed the full Sim re-registration program which commenced in October 2021. Now in May 2023, on 31st of May 2023, we disconnected the final set of subscribers who had not registered in the manner in which the regulator had defined, 5.4 million disconnections. Of the 5.4 million approximately 0.6 million reconnected, and we currently have an outstanding 4.8 million customers that have not reconnected. What we have seen though, is a consolidation of sims, and for several customers, we've seen an increase in ARPU, that's not fully organic, and that trend we've seen across several sims that will suggest a sim consolidation across different specific customers.

In terms of localization on the right-hand side, there are two specific buckets. On the Scancom localization we achieved 25% localization in May, in April 2023, and reversed that trend with the issuance of script dividends in June by about 1.8 percentage points. We did, however, gain back 1.9 percentage points to close the year at 25.1%. We're currently in discussions with the regulator to finalize the validation of achieving the further localization we agreed to in 2020. On the MoMo money side, the target was at 30% localization, according to the payment systems and services act, and currently, at a global level, we're at 25%, with a significant progress made in the engagements with the central bank, the deadline has now been extended to 31st of December 2023, and the progress we continue to make through 2024 should hopefully lead us to complete in that process.

In terms of the competitive landscape, which is the next slide, we'll look at some few developments and in general, most of the competitors have had some form of activity. Vodafone rebranded into Telecel, and the transaction was approved by the regulator, and the process for rebranding started early 2024, but indications towards the end of 2023 were clear. In terms of national roaming, we continue to finalize plans for long form agreements with Telecel, however, with AirtelTigo, we do have a long from agreement and now in quarter one in 2024. In terms of some of the activities from the competitors, we saw both Telecel and AirtelTigo, now renamed AT, do some selective

price reviews Q3 into Q4. We also had issuance of technology neutrality licenses, granted to both operators Telecel, and AT around the mid-year 2023. As you all know, in 2022 Glo transferred all customers to AT, and that process has not changed since then. So that brings me to the end of the update on the regulatory landscape as well as some elements of the competitive space. Thank you. I'll hand over to Antoinette to take us through creating shared value.

**ANTOINETTE KWOFIE**

Thank you Selorm. At MTN it is our desire and our goal to improve the lives of Ghanaians', and to play a vital role in the development of communities, of the communities and the economy that we operate in. Working towards achieving this desire, we do a lot of work through our MTN Ghana Foundation, and we broadly, we deal with broadly three different kinds of projects, health projects, education projects, and economic empowerment projects. In 2023, we allocated about GHS39.8 million cedis', to improve the lives of Ghanaians'. For me this goal of MTN resonates strongly with me, and our ability to add value so that we improve the lives of the people, of our customers, and the communities in which we operate, resonates strongly with me. There are a number of projects that are start phase, and a number of projects that are in their final stages, and in actual fact, very shortly, we will be handing over a few of them to the relevant authorities. There's a Mamfe Robotics lab, we have, we also have the Keta Municipal Hospital, Maternity and Neonatal Center, which we are due to commission shortly. We do a lot of digital skills training for the youth, for women, and for differently abled people. We tend to focus on growing the digital skill base of our youth, and the women within our communities, and we have given scholarships to students to actually study in different areas, but with a particular focus on STEM. Since its inception, that foundation has completed about 90 education projects, we've completed about 55 projects in healthcare, and 15 economic empowerment projects, as well as six community support projects. We will continue to support initiatives that improve the lives of the communities in which we operate, and that gives back to the people of Ghana.

On the next slide, you will see our contribution as a development partner to government, and most importantly, evidence of us being a tax compliant corporate citizen, who takes our commitments to Ghana's fiscal and social economic development, through taxes, very seriously. In 2023, MTN Ghana paid about GHS5.9 billion cedi in direct and indirect taxes, as well as about GHS400 million cedi in fees,

levies and other payments to governmental agencies. This is broken down into VAT levies and duties, withholding taxes, communication service taxes, and PAYE, E-Levy, Growth and sustainability levy, amongst other things. If you take all these together on a combined basis, this is about 47.1% of the total revenue generated by MTN Ghana in the 2023 financial year. I would like to take this opportunity to reiterate our commitment to being a strategic partner in Ghana's revenue mobilization drive. So that's a snapshot.

I would move on quickly to some of the shared value initiatives which we have been implementing. We've been updating you on our National roaming initiative, which is key to achieving universal access and to speed up Ghana's' digitalization process. We are dedicated to advancing partnerships that will help the industry grow, as we speak MTN Ghana has reached a long-term agreement with AT, previously known as its AitelTigo, and this kicked off in January, and also we're at the final stages of discussions with Telecel to put in place, a long term agreements. This would allow customers of AT and Telecel to roam on the MTN Ghana network, where they are not represented. We believe the success of this will enhance infrastructure sharing, which as, has been highlighted by Selorm in one of our previous calls is key to the growth of the industry. It will also drive efficiency in Capex spend within the telecom sector, and it will support our work to increase digital inclusion. In summary, those are shared value initiatives that we would like to share with you today. Selorm will take us through what MTN Ghana looking ahead, looks like. Thank you.

**SELORM ADADEVOH**

Thank you very much Antonette. I'll take you through the next few slides to bring this presentation to a close. The next slide looks at our Ambition 2025 framework, and I just want to highlight the strategic priorities that underpin Ambition 2025. The first of which is to build the largest and most valuable platforms, and over here, the Ghana business is seen some immerging signs of progress. Chenosis for example, has generated revenue for the first time in 2023. Ayoba continues to grow very well, as you saw from the previous slides, and reaching about 2.9 million customers, and we expect to see significant growth there on Network as a service, the partnerships with AT and Telecel, will continue to bring some excitement to the market in advance. On the enterprise side, we're seeing very strong growth in 2023 focused on the SME space, and we expect to see further growth in that regard. On the MoMo side, we've seen very strong growth, and significant opportunity ahead of us for the future. This brings the largest and the most valuable platforms space, makes it very exciting for us in the Ghana business.

In terms of driving industry leading connectivity operations, we've seen very strong Data growth, we've seen a stable Voice growth, though in a challenge in the last quarter. And we also have some significant opportunities going into 2024, on the home side, where the penetration of high-speed internet in homes is still below 10% in the Ghana market. So significant opportunity yet to continue to drive growth, especially looking at the demand for Data as we continue to drive smartphone penetration within the market. In terms of creating shared value, this is again an objective that remains key to us, and the work we're doing on the corporate social investment side, on the partnerships with government, and key stakeholders, will continue to help us achieve a bigger impact in this space of shared value. And then finally, in terms of our priorities to accelerate portfolio transformation, we continue to drive transformation here through the platform separation, focused on the MoMo money one for now, looking at our localization objectives, and what we're doing, and that will be the key objectives for us for 2024.

On the next slide, it looks at, you know, how Ghana is positioned, and the investment case to become a platform player. I'll run through this very quickly, of course, we have a very strong position in the market looking at the top left quadrant, on the right, exciting demographic opportunity, alternative, attractive return profile, and we're seeing that through the financials that Antoinette just presented, and then well positioned for the long term growth, and the opportunities here are significant, from the platform side, to what we're do in home, to what we do in financial services as one of the core growth opportunities within platforms. All of these are exciting for us, and encouraged us that we are indeed well positioned to continue to drive significant growth for the Ghana market. And then finally, I'll go to the next slide that recaps our medium-term guidance. Overall, we would expect high 20s in terms of service revenue growth. EBITDA margin, we would expect to maintain our margin as committed last year, which was 56.1, and that also represents the organic EBITDA margin for 2023, without the management fee reversal. On a core Capex intensity, Antoinette mentioned our objective will be to improve the core Capex intensity, and while we sort of went backwards a bit in 2023, looking at some of the Forex implications, it was quite a tough external environment, we're hoping to see a lot more stability here, and that would also give us a little bit more of a concrete basis for Capex intensity management. On the dividend side, we have historically managed a payout ratio of between 60% to 80%, and

would expect to continue to deliver our dividends within that ratio when we do declare dividends.

Just to recap a few key takeaways. I'll go through five key takeaways from this discussion today, and that will bring me to my final slide for this presentation. So one, we're well positioned to capture a compelling and unique growth opportunity in Ghana, as I've just recapped, we're well arranged to navigate the near term macro-economic challenges, and this continues to be something we anticipate, in particular 2024 being an election year, we will expect some uncertainties as we go through the year, and all of these we're anticipating how we manage risks and shocks to the business through 2024.

Number three, we're well positioned to take advantage of opportunities in Fintech and Data, we're seen very strong demand for Data, and as long as we continue to implement and invest in strategic Capex projects, we should be able to take advantage of the demand and the opportunities that reside in this. On the Fintech side very similarly, we're seeing very good opportunities for growth in advanced services, and we are well poised to implement new products and services to drive growth in this area.

Number four, a clear capital investment plan underpins our growth strategy, our Capex plan enhances capacity growth, as well as coverage in strategic areas, and we're seeing the results of this in our overall business results for 2023 and would expect that strategy to lead us into a positive zone for 2024 as well. Finally, strong, diverse and experienced management team to drive value creation, we continue to invest in talent, not only at the management level, but also at the execution level at the lower layers within the business, and I'm quite excited about what we have today, and the ability for us to continue to show resilience and strength, even in uncertain times as we've just gone through. On that note, I'll bring this presentation to an end. I will hand it over to Jeremaih Opoku. Thank you.

**JEREMIAHOPOKU**

Thank you. Thank you, Selorm and Antoinette. We'll quickly move straight to the Q&A. Good day and thanks for the presentation. I just have a few questions from my side. When exactly did MTN Holdco agreement expire, and renew, and are the terms the same. Can you remind us of what MTN Ghana gets for that fee. And how did you increase localization, and what your what are your plans going forward for localization.

**ANTOINETTE KWOFIE**

Thank you, Jeremiah. I'll take that question. So the MTN Holdco agreement expired at the end of April 2023, sorry, and it got renewed effective 1st December 2023. It was between May and November that we didn't have an existing license. You asked what services we receive. We receive a number of services and they are grouped under three broad, we have some intellectual property services, we have some technical know-how, and we have some management services. There are systems that are used across all the MTN Opco's and Ghana is a beneficiary of such.

Our enterprise resource planning system, our ERP system for instance, is one of the things that we receive from the group. In addition to that there are some management services and some advisory services that the MTN group tends to provide in the way we do business. There is technical support, and some technical, some technical services that we get under the money the TMTA as well. Those are some of the things that we get. There was something about localization. Jeremiah, can you repeat that.

**JEREMIAH OPOKU**

It was how did you increase localization, and what are your plans for that going forward.

**ANTOINETTE KWOFIE**

Okay, so we increased localization, as at, March last year we were at 25%, and as a result of the script dividend, you got some dilution, and we went down to 23.2%. We are currently at 25.1%, through sales to some pension funds on the market, and some, mostly the pension funds, that's where we sold the 1.9% to, they're mostly pension funds. And our plans going forward are to explore sales to pension funds, and other local companies, and local investors who are able and willing to buy the MTN shares. Thank you.

**JEREMIAH OPOKU**

Thank you, Antoinette. Next question. Are there any forex, limitations, or restrictions on the amount of dividends that can be paid to foreign investors Given your net cash balance sheet, what options do you have to optimize your balance sheet, i.e. pay out in more dividends ahead of net income.

**ANTOINETTE KWOFIE**

Thank you for that question. So are there any restrictions, or fx limitations on the amount of dividends that we can pay, our dividends are paid in Ghana cedis, we

generate Ghana cedis and we pay dividends in Ghana cedis. Foreign investors then have to look for foreign currency to get their funds out. There are no specific fx limitations, fx limitations do not impact on the payment of dividends at all.

As for what options we have to optimize our balance sheets, you would see from a dividend proposal which we are going to present at the AGM that, we are paying out about almost 75% of our profits after taxes made in 2023. And the amounts that we retain goes into driving organic growth in order to generate more business, in the past. I guess by your question, you're looking to see how we can pay more than the 75% of profits after taxes. Currently, our policy is to be paid between 60 to 80%, and that's the maximum that we can pay per our existing dividend policy. Thank you.

**JEREMIAH OPOKU**

Thanks, Antoinette. Next question, what would have been the EBITDA margin, excluding if we had normalized management fees in the cost mix. Voice revenues fell by 6% during the fourth quarter, what was driving this, and is this trend likely to continue, and is there any effective tax rates on Mobile Money.

**SELORM ADADEVOH**

Okay, thank you very much for the question. And let me just start with the EBITDA question, the question was, what would have been the EBITDA margin without the management fee. It would have been 56.1%, so that's the number 56.1%. Now I just want to recap on the Voice question, which was, why was the decline in Q4, right. A couple of things. One was we saw a slightly slower, usage profile, a reaction to price increases that we put through in Q4 on an elasticity basis. But secondly, if you compare what happened in Q4 2023, where we had some SMP implementations, we're actually comparing a Q4 2023 to a Q4 2022, that had some one time adjustments made, based on these changes in the year 2022. Organically, we are seeing a softening of the Voice revenue growth in general, on a usage basis, and we're currently looking at different initiatives to create more excitement within our Voice space, acknowledging the limitations we have operating within the SMP framework currently, but we are doing quite a lot work and working with the regulator to be able to create some excitement within that space.

The final question was on Mobile Money, and please just recap what that question was.

**JEREMIAH OPOKU**

So the question was on the effective tax rate on Mobile Money, I'm assuming that's linked to E-Levy.

**SELORM ADADEVOH**

Okay, Antoinette do you want to take that.

**ANTOINETTE KWOFIE**

Okay, yeah. If it is effective tax rates on Mobile Money limited as a business, the effective tax rate is 30%. But if it is linked to E-Levy, that E-Levy is 1% of the transaction value, above GHS100 cedi limit pay day.

**JEREMIAH OPOKU**

Thank you, Antoinette. Next question, what is MTN Ghana's position on the huge black market for Turbonet, and what are the risks to drive in sustainable Data growth as a result of this.

**SELORM ADADEVOH**

So, very good question. I mean, we have seen very good demand for Turbonet since we launched in 2019. And in fact, we've had to put significant controls on Turbonet sales over the last two to three years. However, the demand is very high, we continue to see people knocking on our doors and demanding Turbonet services. The first limitation is capacity. So we've had quite a difficult period since COVID when it comes to overall network capacity. We have managed to generate strong capacity from our 4G network nationwide, with an increase in investment in 4G sites. But that's not enough, because the majority of our Data profile is on mobile, and that means that 10x to 15x average usage difference between a mobile and Turbonet, puts a lot of capacity demand on the network, from the Turbonet side. So, we must be very strategic in how we deploy volume in terms of Turbonet sales.

Ideally, we would have 5G that increases significantly, our throughputs and our capacity, to be able to sustain a commercial business such as Turbonet, but as you all know, we're still in discussions, and the policies and framework around 5G have still not been fully developed. Our plan for 2024 is to find a way to increase Turbonet sales marginally, just to be able to serve some of that demand. But you know, to the point where we want to actually satisfy the full demand, we will need a significant injection of capacity to be able to do that. The network is really constrained as we speak, and it's

very difficult to jeopardize the full experience of mobile by over committing to Turbonet sales. So that's the key limitation. I hope that clarifies that.

**JEREMIAH OPOKU**

Okay, thank you. Next question. Can you share any insights on Telecel's strategy. Will they be competing on Data prices, and what kind of offers will they have on Mobile Money services.

**SELORM ADADEVOH**

Yeah, we're unable to comment on Telecel's strategy because we'll be speculating. Apologies for that. Thank you.

**JEREMIAHOPOKU**

Thanks, Selorm. Averagely, over the past five years, your bottom line has grown by around 30 to 40%, where do you anticipate to finish 2024 at.

**SELORM ADADEVOH**

Yeah, it would stick to the guidance, our medium-term guidance, we would expect service revenue growth to be in the high 20s. And as we mentioned, our EBITDA margin will maintain around 56.1% as committed, thanks.

**JEREMIAH OPOKU**

Thanks, Selorm. Next question. There are rumors alluding to a possible collaboration between MTN Ghana and MasterCard. Is there any truth to this, and how do we expect this to impact MTN Ghana's operations or revenue.

**SELORM ADADEVOH**

Okay, so today there is an agreement between the Fintech units at the group level and MasterCard. And we expect that partnership to have some impact on the Ghana business through the operationalization of the agreement. At this point, it's a bit too early to comment on the details of what may benefit the Ghana business, but once we get to a point where these things are finalized, we will as always share this at our quarterly investor calls.

**JEREMIAH OPOKU**

Thank you, Selorm. Next question. Do you realistically see a path to achieving the MoMo localization targets by December 2024.

**SELORM ADADEVOH**

The answer is. yes. But I also want to acknowledge that we have had an environment that has been liquidity constrained for several years, we went through a very tough 2023, with high inflation numbers. Forex was a bit stable during the year, admittedly, however, because we're looking at a localization and seeking funds from within the market, the economic situation has a huge implication on liquidity availability to achieve the localization objectives. While we see a path, and while we're confident in the effort we're putting in, this year, being an election year also poses some uncertainties as to what may prevail, three to six months from now. Our goal though, is to try to maximize the opportunities we have currently working with pension funds, working with high net worth individuals, strategic investors, so that we can close the localization, getting up to 30% as quickly as possible, and then proceed from there. So that's the current plan we're working towards, and I hope that answers the question, thanks.

**JEREMIAH OPOKU**

Thanks, Selorm. On Data revenue, there have been concerns about the cost of Data prices in general, across MTN internet bundles, how has this affected the group, and how does MTN intend to deal with this.

**SELORM ADADEVOH**

Well, thanks for the question. Yes, there are several concerns, and we've had to openly explain to customers and key stakeholders, our position on price increases in general, when it comes to Data. Two key things I'd like to highlight. The first is that the cost of production, which is the cost to produce a meg, or gigabyte of Data has gone up significantly. When you're in a market with high inflationary pressures, your cost goes up significantly. And a lot of this capacity is funded on a dollar basis, and therefore, to continue to expand the infrastructure to deal with a significant demand, you're going to have to price at a level that allows you to justify the business case for continued investment. This is where the conundrum really is. Without a price increase, it's difficult to justify continued investment in the network, and that will create a much bigger problem than the sentiments around the price increase itself. What we do believe, though, is that, if you look at the other segments within the industry, utilities, food, all of these areas have had quite a significant increase in price, and therefore we have to

go through the education process, that the telecoms companies are not insulated from the effects of the economy. And perhaps that's where a lot more effort has to go in from us, to bring the education levels up, that if these things continue, there is a consequence, on pricing effects for the telecom's companies on Data and Voice products, and once the understanding is at the right level, hopefully, the sentiment would also be better moderated into the future.

The fact is that for several years, MTN hadn't done any price increase at all in Ghana, and, of course, this creates an expectation that no matter what happens in the economy, that situation will continue to be preserved. Unfortunately, the extent of the pressures is such that we have had to break that trend and do specific price increases in strategic areas to keep the business viability positive for the medium term. Thank you.

**JEREMIAH OPOKU**

Thank you, Selorm. Bear with me, I know we've hit the top of the hour, but I hope you bear with me as I go through a couple of questions. Next question is to understand after your price reviews, have there been any price reviews by the competition, and what is the extent of their price reviews, and are there any significant changes with their prices from yours.

**SELORM ADADEVOH**

So, a couple of things here. Before our price increase, the two competitors did some selective price increases on very specific products and bundles. Now, as a result of our significant market power declaration, SMP, we're required to increase prices to prevent us from being the lowest priced in the market on a like for like basis. As a result of their increases, we suddenly had a trigger of an SMP decision and valuation, to figure out where we were the lowest in the market vis a vis the competition, and we had to make the relevant adjustments accordingly.

However, before their price increase, we also identified that the economic situation demanded an increase and an adjustment from us, on an absolute basis, irrespective of what the market did. The combination of these two drove the final price levels that we implemented, but as a rule, as an SMP we cannot be the lowest in the market. So that gives us that relative position on pricing with the competition on a day-to-day basis. Thank you.

**JEREMIAH OPOKU**

Thank you, Selorm. Next question is, will you have another script dividend in 2024.

**SELORM ADADEVOH**

We do evaluate our needs on an ongoing basis, and for this particular dividend issuance, we are not declaring a script dividend. At the point where we do and we will need to declare script dividend it will be made known to the shareholder base. Thank you.

**JEREMIAH OPOKU**

Thanks, Selorm. Next question, is MTN Ghana able to recover Forex losses from the central bank, and if so, to what extent are these losses recovered, or what are the terms and conditions to recovering your losses.

**SELORM ADADEVOH**

Antoinette, do you want to take that, or must I.

**ANTOINETTE KWOFIE**

No, MTN Ghana is not able to recover any Forex losses from the central bank. We work together with our banks to mitigate whatever Forex losses that pertain in the environment, but we do trade at market rates. We use swaps, we use letters of credit, to try and manage our exposure to fx over every reporting period. But no, we are not able to claim any effects losses from the Central Bank. Thank you.

**JEREMIAH OPOKU**

Thanks, Antoinette. Next question, I believe to you, will there be any catch-up payments for the TMTA that was not paid in 2023.

**ANTOINETTEKWOFIE**

The approval of the license by the GIPC, and okayed by our regulator, the NCA, is only prospective. So, we'll pay management fees from the first of December 2023, for the next five years.

**JEREMIAH OPOKU**

Okay, thanks for that. Can you make, give a general comment on the liquidity in Ghana, and are you able to upstream dividends declared to MTN group.

**ANTOINETTE KWOFIE**

Okay. Liquidity I'm assuming the person is talking about Forex liquidity, and if that is the case, Forex liquidity currently, it's a little constrained in the market, however, we do get enough foreign currency in order to service our operational needs. In terms of upstreaming to MTN Group, like I said, we pay our dividends in cedis, we do pay our MTN Group dividends into its accounts in cedis, and then it gets converted over a period, as Forex becomes available in the market.

**JEREMIAH OPOKU**

Okay, thanks, Antoinette. Next question is, how much could the roaming agreement with AT and Telecel bring in 2024, the question is on how much the roaming agreement is going to bring, in 2024.

**SELORM ADADEVOH**

It's a very good question. I mean, we're unable to disclose very specific numbers, but let me just sort of explain how this works. So in the roaming agreements, we have a number of things. One is, the scope of the roaming agreement, how many sites it covers based on where we have available capacity. There is a threshold of 70% capacity that would allow us to be able to go into partnership with a particular site. So anywhere where we have more than 70% utilization, we can't go into partnership with our competitors on a national roaming basis, because that will jeopardize the experience for both parties. Today, the current agreement is quite modest, because some work has to be done on the competitor side, to be compliant, to be able to leverage national roaming, and that work continues to expand as we speak. We're quite hopeful that progressively we should see an increase in the number of sites that are on the national roaming grid, and also, with new injections of capacity either through Spectrum sharing, and Universal access license or new spectrum issuance, we will also have a lot more sites that are below the 70% threshold that qualify for national roaming. And these are the drivers that will dictate the level of growth that we can see from a revenue basis. Thank you.

**JEREMIAHOPOKU**

Thank you Selorm. Next question.  Are you able to procure USD for your Capex and Opex expenditure, and can you remind us what percentage of Capex and Opex is hard currency, versus local currency based.

**SELORM ADADEVOH**
Okay, Antoinette, you want to go.

**ANTOINETTE KWOFIE**
Yes, thank you. About 63% of our Capex is in foreign currency. It used to be a lot higher, but currently based on our Capex envelop, it's about 63% in foreign currency, and our Opex, about 32% is in foreign currency, and the rest is local.

**JEREMIAH OPOKU**
Thanks, Antoinette.

**ANTOINETTE KWOFIE**
There was a question around if we are able to get foreign currency. In my previous answer, I did state that we are able to get enough Forex to pay for our Capex and OPEX needs, and we utilize a number of tools to do that. We don't always pay it at spot, we use letters of credit, and then we buy overtime and settle it. But so far, we do not have any challenges with settling Opex and Capex fx. Thank you.

**JEREMIAH OPOKU**
Thanks, Antoinette. I'll take the final two questions. Can you update us on what you have been doing lately concerning SMP directives, and how many more are incoming, or are there any effects thereof.

**SELORM ADADEVOH**
Okay, maybe I can give just a general recap on SMP for everyone's purpose, and I'll touch on the question itself. When SMP was declared we had seven remedies that constituted the bulk of the SMP remedies. Of the seven remedies we have been issued guidelines on four of them, and we're currently compliant, from at least our own assessment perspective, we are compliant with those four. For two of them, we do not currently have guidance, on specifically what is required, these are exclusionary pricing, and Data discrimination, on exclusionary price and it's basically from our interpretation, it's basically saying, MTN cannot get a pricing benefit, based on its scale and size, versus the competition. Now in the era of Vodafone and Airtel, that was not such a big problem, because they were much larger businesses than us globally, and would have better economies of scale leverage than we would. But of course, things have changed a little bit now with Telecel and AT, and that could kick in at some point.

In terms of Data discrimination, these are really two smaller operators, value added service operators. We don't believe that we discriminate, you know, from one player to another, we've done some work internally to self-regulate on this, but no guidance has been has been issued to us, and we've requested from the regulator to do an assessment and an audit to confirm our compliance status.

The final remedy is a national roaming one, which we are mostly compliant with, but awaiting a long form agreement with Telecel, which we're very close to, so once we have that we believe we will be fully compliant with the national roaming remedy as well. So that's where we are in short, you know, we believe we are mostly compliant on all of them, two of them self-regulation basis, national roaming, remaining the long form agreement with Telecel, and therefore fully complying based on the guidance that has been given. We don't expect any other remedies to be added in at this point, at the very least, no communication, or no indications have been made from the regulator, that other remedies will be included, or will be added to the current set of remedies. Thank you.

**JEREMIAH OPOKU**

Thank you. Selorm. The final question and a comment. Congratulations Selorm on your new role, will MTN Ghana strategy change with the new CEO.

**SELORM ADADEVOH**

Well, thank you for the comment, and as we continue to execute our plans, we review our strategy on an annual basis, to ensure that whatever plans were put in place are fit for purpose, and give us the right momentum to drive the business forward from a medium term growth perspective. I wouldn't be in a position to speak and comment, it will be premature to do that, but the once that new CEOs starts, and we continue to drive the business forward, if there's a need to change the strategy, I believe that will be in fair order, from a regular business, planning and management standpoint. I'm very hopeful that the Ghana business will continue to grow along the lines that he has in the past, and I'm looking forward to seeing the next phase of growth for the business as I transition out. But thank you very much for the commendations and the compliments, and thanks to everyone for all the support. Cheers.

**JEREMIAH OPOKU**

Thank you, Selorm. So before we sign off, I don't know if you have any closing remark between yourself and Antoinette.

**SELORM ADADEVOH**

No, I think that was pretty much my closing remark just to say thank you to everyone. It's been great working with you, I'm still going to be within the business, and I looking forward to meeting some of you at other forums as well, and I wish the Ghana business and the Ghana team the very best, and I also thank them profusely for everything they've done during my time here as the CEO of MTN Ghana.

And Stephen, I'll give him all the support he needs to settle in, I wish him all the best, and for everyone to know that you're in great hands with Stephen coming on board the 1st of April. Thank you very much.

**JEREMIAH OPOKU**

Thank you, Selorm. That concludes today's call. If you have any other questions that wasn't answered, I believe we went through everything, just feel free to send that to me just reach out and then we would address those questions. You can also visit our website http://www.mtn.com.gh on Monday for the transcript for this call.

Thank you very much for joining us once again.