



Earnings Update: MTN NIGERIA PLC Q2-2021

03 August 2021

Impressive Performance driven by Growth in Data Revenue

WHAT WE LIKE ABOUT THE RESULT

- Growth in Revenue by 31.4% y/y and 24.0% y/y for the second quarter and first half of 2021 respectively, due to increase in Data Revenue. Interestingly, SMS Revenue skyrocketed by 988.7% y/y for Q2-2021 alone, compared to same period last year.
- Impressive Profit lines (PBT up by 79.9% y/y to ₦112.1 million from ₦62.3 million, PAT up by 59.1% y/y to ₦68.1 million from ₦42.8 million) and Profit Margins in the second quarter of this year compared to the corresponding period last year.
- The company has already achieved c.69.1% of its 2020 FY PAT as at H1- 2021.
- 11.4% decline in Finance Costs for the period compared to H1-2020 due to refinancing of its loans at low interest rates in 2020 and Q1 2021.
- Increase in Trade and Other Payables by 36.2% to ₦414.1 million from ₦303.9 million evidencing good use of credit arrangement with Suppliers.
- Good use of Cash as the growth in Cashflows from Operations compared H1-2020 was sufficient to enable the company refinance its loans required for acquisitions at low interest rates.

WHAT WE DID NOT LIKE ABOUT THE RESULT

- Increase in Operating Expenses by 60.3% y/y to ₦25.6 million from ₦15.9 million due to the low-cost base in H1 2020.
- Borrowings increased by 23.8% to ₦236.0 million from ₦190.6 million as more loans were undertaken against repayments during the period.

Kindly click [here](#) for the full financial statement.

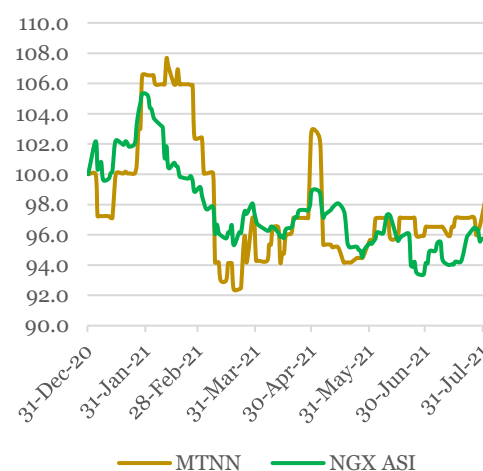
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TICKER	MTNN
Price (₦) on 03 Aug. 2021	168.00
Shares Outstanding	20,354,513,050
PE Ratio	16,509.43
Entry Price 1 (₦)	168.20
Entry Price 2 (₦)	165.04
Exit Price 1 (₦)	180.28
Exit Price 2 (₦)	173.96
Expected Return 1 (%)	8.29
Expected Return 2 (%)	5.97
Rating	BUY

REBASED PRICE MOVEMENT IN MTNN & NGX ASI



Source: Investing, PSL Research

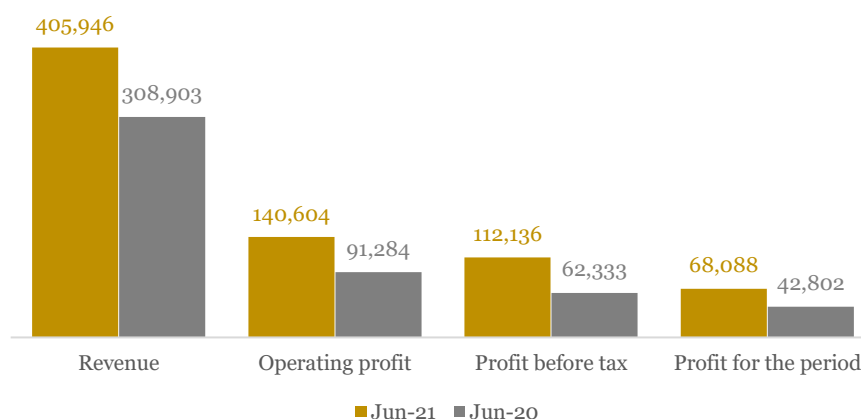


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INCOME STATEMENT	Q2-2021	Q2-2020	Change (%)
Revenue	405,946	308,903	31.42%
Direct network operating costs	-97,675	-80,088	21.96%
Value added services costs	-4,709	-2,970	58.55%
Costs of starter packs, handsets and accessories	-1,224	-4,835	-74.68%
Interconnect cost	-31,030	-25,943	19.61%
Discounts and commissions	-20,080	-15,414	30.27%
Advertisements, sponsorships and sales promotions	-4,948	-2,244	120.50%
Other operating expenses	-20,625	-13,712	50.42%
Operating profit	140,604	91,284	54.03%
Finance income	4,773	4,019	18.76%
Finance cost	-33,241	-32,970	0.82%
Profit before tax	112,136	62,333	79.90%
Income tax expense	-44,048	-19,531	125.53%
Profit for the period	68,088	42,802	59.08%
BALANCE SHEET	Q2-2021	Dec-2020	Change (%)
Total non-current assets	1,608,140	1,440,725	11.62%
Total current assets	562,206	522,818	7.53%
Total assets	2,170,346	1,963,543	10.53%
Total equity	200,121	178,386	12.18%
Total non-current liabilities	1,085,741	1,041,245	4.27%
Total current liabilities	884,484	743,912	18.90%
Total liabilities	1,970,225	1,785,157	10.37%
CASH FLOW STATEMENT	Q2-2021	Q2-2020	Change (%)
Operating Activities	223,191	214,864	3.88%
Investing Activities	-284,289	-292,450	-2.79%
Financing Activities	15,638	81,546	-80.82%

KEY FINANCIAL DATA (₦ Million)



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