

MTN Group Limited

Quarterly update for the period ended 31 March 2018

(Incorporated in the Republic of South Africa)

Registration number: 1994/009584/06

ISIN: ZAE000042164

Share code: MTN

("MTN" or "the Group")

Quarterly update for the period ended 31 March 2018

MTN is a leading emerging market mobile operator, serving 221,3 million people in 22 countries across Africa and the Middle East. Our vision is to deliver a bold, new digital world to our customers. Our belief is that everyone deserves the benefits of a modern connected life.

Highlights

- Group subscribers increased by 1,9% quarter-on-quarter (QoQ), with net additions of 4,1 million
- Active MTN Mobile Money customers increased by 3,9% QoQ to 22,7 million
- Voice traffic (billable minutes) increased by 24,2% and total data traffic increased by 56,7%
- Group service revenue increased by 9,1%
- Group data revenue increased by 26,9%
- MTN South Africa increased service revenue by 2,5% while the EBITDA margin increased by 150bp year-on-year (YoY) to 35,0%
- MTN Nigeria increased service revenue by 14,4% while the EBITDA margin increased 340bp to 41,8%
- MTN Irancell increased service revenue by 15,2%

Unless otherwise stated, financial growth rates are presented on a constant currency basis. Financial growth rates are YoY (the three-month period ended 31 March 2018 versus the three months ended 31 March 2017) unless otherwise stated. QoQ growth rates refer to 1Q18 vs 4Q17. Data revenue refers to access data revenue only. Digital revenue refers to Mobile Money (MoMo), rich media services and value-added services (VAS) revenue.

IFRS 15 – Revenue from Contracts with Customers has been implemented with effect from 1 January 2018 and comparative numbers have been restated where appropriate.

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MTN Group president and CEO, Rob Shuter comments:

"During the quarter, the group continued to focus on operational execution across our markets, leveraging off the strong network investment of the past few years. This allowed us to deliver an acceleration in service revenue growth to 9,1% (constant currency), led by MTN Nigeria and MTN Ghana.

Group voice revenue growth of 5,4% benefited from strong growth in Nigeria and Ghana of 15,2% and 20,6% respectively. Group data revenue grew by 26,9% as we executed on our dual-data strategy, ensuring appropriate data coverage across our footprint. Digital service revenue is a material opportunity for the group, led by MTN Mobile Money and rich-media services. MoMo revenue increased by 52,4% YoY.

The group-wide network investment enhanced data quality in metro areas. In both South Africa and Nigeria, MTN maintained network leadership.

In Nigeria and Ghana we made good progress on the IPO processes, which we aim to conclude during 2018. To this end, we will be releasing full financial results for MTN Nigeria on 7 May 2018. On 20 April 2018, we received all required regulatory approvals to proceed with the IPO in Ghana, which we expect to launch in late May 2018.

MTN Cameroon is well advanced in agreeing the terms of its licence amendments and expects to sign the revised licence during May 2018.

MTN Benin and the government of Benin have concluded a memorandum of understanding which includes the settlement of historic frequency fees, a five-year licence extension and the addition of FTTx to the existing licence conditions settled by the payment of XAF35 billion (US\$63 million) in May 2018 and a second payment of XAF35 billion in December 2018. Negotiations around future frequency fees are continuing and expected to be concluded by the end of June 2018.

In South Africa, we are engaging with the authorities on the proposed amendments to the Electronic Communications Act to find a solution that would best deliver the most cost-effective coverage for South Africans as well as much needed resources for the national fiscus.

Following the recent denial order issued by the US Department of Commerce, we are assessing both the impact and contingency planning given our exposure to ZTE in our networks."

MTN's results are presented in line with the group's operational structure. This is South Africa, Nigeria and three regions: Southern and East Africa and Ghana (SEAGHA), West and Central Africa (WECA) and Middle East and North Africa (MENA) and their respective underlying operations.

The **SEAGHA** region includes Ghana, Uganda, Zambia, Rwanda, South Sudan, Botswana (joint venture equity-accounted), Swaziland (joint venture equity-accounted) and Business Group.

The **WECA** region includes Cameroon, Ivory Coast, Benin, Congo-Brazzaville, Liberia, Guinea-Conakry and Guinea-Bissau.

The **MENA** region includes Iran (joint venture equity-accounted), Syria, Sudan, Yemen, Afghanistan and Cyprus.

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MTN SOUTH AFRICA

MTN South Africa recorded first quarter YoY service revenue growth of 2,5%. While lower than our full-year expectations, this improving QoQ performance follows the more muted performance in the prior quarter (4Q17). The growth was supported by data and digital revenue, which increased by 12,1% and 17,7% respectively, while outgoing voice revenue decreased by 9,2%. Data traffic increased by 49%, supported by a 14% increase in active data users.

MTN South Africa's EBITDA margin expanded to 35% YoY, supported by continued cost efficiencies and the increase in service revenue. Our customer value management (CVM) platform is now in place with a focus on managing the core voice business while driving overall customer spend and offerings.

Following the marked improvement in our network in 2017, we invested R1,7 billion in capex in the first quarter of 2018, maintaining our leading network position.

The South African postpaid business continued to focus on customer acquisition, CVM, improving channel footprint and reducing churn. To this end, we reported 132 000 postpaid net additions on the back of a continued improvement in the consumer segment. While our enterprise business remains challenged, we now have the leadership team in place, and are executing on a turnaround plan focused on improving customer retention and acquisition. Prepaid net additions in the quarter came in at 536 000.

On 30 April 2018 the regulator published the End User and Subscriber Service Charter Amendment Regulations which included amended rules around the roll over of unused data. We are currently reviewing these regulations to assess their impact.

MTN NIGERIA

MTN Nigeria continued with the positive momentum of 2017, increasing service revenue by 14,4% YoY, led by a 73,2% increase in data revenue and 15,2% growth in voice revenue. While the increase in voice revenue was encouraging, it was supported by the lower customer spend on VAS. As growth in our digital services is expected to resume in the latter part of the year, this may impact growth rates in voice revenue.

MTN Nigeria reported net additions in the quarter of 2,3 million following on from the 2,0 million adds in 4Q17 as the business benefited from the increase in our SIM registration footprint. Focused on retaining network leadership, we rolled out 298 3G and 174 4G sites in the quarter. The 4G rollout remains centred on the top 10 cities across the country.

MTN Nigeria's stronger-than-expected growth in revenue allowed the business to benefit from increased scale. With expenses well controlled, and the naira stable, the EBITDA margin expanded in the quarter to 41,8%.

SEAGHA REGION

MTN Ghana

MTN Ghana benefited from the improving macroeconomic environment and stable competitive environment. The operation reported strong service revenue growth of 29,3% YoY, led by a 51,5% increase in data revenue. MoMo was a stand-out performer, accounting for 15% of MTN Ghana's total revenue. The EBITDA margin increased further in the period to 42,0%. The recently agreed technical services arrangement will reduce the margin by 5% from May 2018.

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MTN Ghana reported good growth in subscribers in the quarter, with net additions of 484 000 to reach a total of 16,2 million subscribers. Active MoMo subscribers increased to 7,4 million and there were 6,6 million active data subscribers.

MTN Uganda

Following a slower prior quarter (4Q17), **MTN Uganda** experienced a positive first quarter with service revenue growth of 8,0%. MoMo revenue increased by 21,8% to contribute 25% of total revenue. Voice revenue growth in the period was more muted, with growth of 3,4% despite a 33,6% increase in billable minutes. Tariffs declined by 32,6% YoY. MTN Uganda reported net additions for the quarter of 149 000.

Other SEAGHA

Across the balance of the **SEAGHA** region the subscriber base increased by 3,6% QoQ, with Rwanda, Zambia, Swaziland and South Sudan all contributing positively to subscriber growth.

WECA region

MTN Ivory Coast

After a challenging second half period in 2017, **MTN Ivory Coast** service revenue remained under pressure, declining by 2,6% YoY. This was largely on the back of a 11,4% decline in voice revenue. Data and digital revenue increased by 13,0% and 34,2% respectively.

Total subscribers increased in the period with net additions of 49 000. The business recorded continued growth in MoMo subscribers to 2,3 million and an increase in active data users to 2,7 million.

Regulatory rules disallowing differential pricing for on-net and off-net tariffs and the significant reduction in leased line prices at the end of 1Q17 are now behind us and we should see improving trends for the balance of the year.

MTN Cameroon

As noted at our full-year results, **MTN Cameroon** remains a challenged market which recorded a worsening operating performance throughout 2017. Service revenue in the current period declined by 6,8% YoY with the associated pressure on YoY margins. Notwithstanding the weaker start to the year, we remain confident of the business returning to positive growth in the second half of the year.

Voice revenue declined by 16,6% YoY while data and digital revenue grew by an encouraging 15,7% and 106,0% respectively. MoMo revenue increased by 700% to account for 4,1% of service revenue.

Other WECA

Across the balance of the **WECA** region the subscriber base declined by 2,3% QoQ, driven by a decline in subscribers in Congo-Brazzaville. Guinea-Conakry, Liberia and Guinea-Bissau all contributed positively in the period.

MENA region

MTN Irancell

MTN Irancell reported service revenue growth of 15,2%, supported by data and digital growth of 50,7% and 21,3% respectively. The data growth was affected by the restriction of select internet services during January as well as increased competitive activities in the period. Voice revenue remain under pressure and declined by 12,9% YoY.

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At the beginning of April 2018 the Iranian government announced that there would be a single currency rate going forward, effectively merging the official central bank rate and the open market rate at 42 000 rials to the US dollar. This was an effective 11,4% decline in the central bank rate. MTN Irancell repatriated approximately €30 million in the quarter.

Other MENA

Across the balance of the **MENA** region the subscriber base declined by 1,3% QoQ, led by a decline in subscribers in Yemen and Afghanistan. Sudan and Cyprus contributed positively to the region's subscriber base.

The financial information on which this quarterly update is based, including constant currency information, has not been reviewed and reported on by MTN's external auditors. Constant currency information has been presented to illustrate the impact of changes in currency rates on the group's results. In determining the change in constant currency terms, the current financial reporting period's results have been adjusted to the prior period average exchange rates determined as the average of the monthly exchange rates. The measurement has been performed for each of the group's currencies, materially being that of the US dollar and Nigerian naira. The constant currency growth percentage has been calculated based on the current year constant currency results compared to the prior year results. In addition, in respect of MTN Irancell, MTN Sudan, MTN South Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. Hyperinflation accounting was discontinued for MTN Irancell and MTN Sudan on 1 July 2015 and 1 July 2016 respectively. The economy of South Sudan was assessed to be hyperinflationary effective 1 January 2016, and hyperinflation accounting was applied from December 2016 onwards.

Fairland
3 May 2018

Sponsor

Deutsche Securities (SA) Proprietary Limited

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Subscribers ('000)

Country	1Q17	2Q17	3Q17	Modernised 4Q17	Modernised 1Q18	QoQ%
South Africa	30 231	31 216	30 908	29 516	29 806	1,0
Postpaid	5 161	5 194	5 227	5 357	5 489	2,5
Prepaid	25 070	26 022	25 681	24 159	24 317	0,7
Nigeria	60 523	53 094	50 308	52 273	54 529	4,3
SEAGHA	40 837	40 982	41 102	38 660	39 737	2,8
Ghana	16 789	17 304	17 590	15 667	16 151	3,1
Uganda	10 861	11 158	10 806	10 707	10 856	1,4
Rwanda	4 210	3 510	3 575	3 413	3 574	4,7
Zambia	5 505	5 575	5 695	5 485	5 638	2,8
South Sudan	708	685	691	663	762	15,0
Botswana	1 784	1 763	1 746	1 746	1 746	–
Swaziland	981	987	999	979	1 010	3,2
WECA	31 354	31 929	32 953	29 134	28 610	(1,8)
Cameroon	9 749	9 541	9 447	7 052	6 596	(6,5)
Ivory Coast	10 399	11 018	11 619	10 922	10 971	0,4
Benin	4 162	4 273	4 280	4 358	4 358	–
Conakry	2 493	2 550	2 696	2 648	2 655	0,2
Congo B	2 355	2 345	2 481	2 532	2 373	(6,3)
Liberia	1 495	1 412	1 635	881	915	3,9
Bissau	700	789	795	742	742	–
MENA	73 868	74 547	74 957	67 648	68 629	1,4
Iran (joint venture)	48 118	49 041	49 539	43 257	44 551	3,0
Syria	5 915	5 915	5 915	5 617	5 617	–
Sudan	7 604	7 576	7 450	7 582	7 670	1,2
Yemen	5 221	5 110	5 089	4 371	4 193	(4,1)
Afghanistan	6 597	6 469	6 516	6 400	6 172	(3,6)
Cyprus	414	436	447	421	426	1,2
Total subscribers	236 813	231 768	230 228	217 231	221 311	1,9

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ARPU

(Local currency)

Country	1Q17	2Q17	3Q17	4Q17	1Q18 [^]	QoQ%
South Africa	84,79	85,24	88,12	96,80 [†]	96,14^A	(0,7)
Postpaid	147,05	148,97	149,70	160,42	141,80	(11,6)
Postpaid (excluding telemetry)	264,52	268,57	272,40	296,90	262,43	(11,6)
Prepaid	72,06	72,32	75,87	82,84	77,19	(6,8)
Nigeria	1 131,00	1 171,00	1 407,73	1 483,52	1 493,09	0,6
SEAGHA						
Ghana	12,90	15,92	16,45	18,15	20,13	10,9
Uganda	7 635,00	7 399,00	7 699,00	8 455,00	7 914,00	(6,4)
Rwanda	1 413,31	1 696,89	2 061,66	2 085,71	1 960,18	(6,0)
Zambia	21,80	24,54	27,82	31,45	27,57	(12,3)
South Sudan	198,44	257,39	267,73	393,34	477,84	21,5
Botswana	64,65	69,00	69,00	76,26	76,26	–
Swaziland	102,69	101,16	95,89	108,46	92,83	(14,4)
WECA						
Cameroon	1 844,00	1 850,00	1 884,00	2 440,00	2 518,35	3,2
Ivory Coast	2 683,85	2 530,85	2 236,02	2 355,54	2 261,27	(4,0)
Benin	3 283,25	2 962,55	2 793,69	2 643,54	2 941,08	11,3
Conakry	19 926,34	20 093,59	19 890,34	19 091,33	18 426,75	(3,5)
Congo B	4 031,72	4 328,90	3 788,47	3 211,45	3 263,37	1,6
Liberia	2,44	2,59	2,44	3,88	3,47	(10,6)
Bissau	2 157,54	2 691,26	2 182,31	2 133,76	2 153,93	0,9
MENA						
Iran (joint venture)	128 907,00	134 721,00	143 178,00	169 151,00	159 303,00	(5,8)
Syria	1 013,91	1 024,15	1 111,89	1 083,76	1 032,71	(4,7)
Sudan	24,00	25,13	26,18	29,91	35,25	17,8
Yemen	793,79	824,79	843,85	912,72	921,59	1,0
Afghanistan	102,76	117,50	126,09	118,75	116,92	(1,5)
Cyprus	16,08	16,03	15,83	16,53	16,84	1,9

[^] IFRS 15 – Revenue from Contracts with Customers has been implemented with effect from 1 January 2018 and comparative numbers have been restated where appropriate.

^A Excludes telemetry. Including telemetry ARPU = 89,00.

[†] Excluding telemetry ARPU would be = 104,63.

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ARPU

(US dollar)

Country	1Q17	2Q17	3Q17	4Q17	1Q18 [^]	QoQ%
South Africa	6,34	6,51	6,69	7,12 [†]	8,06[^]	13,2
Nigeria	3,60	3,61	4,31	4,24	4,14	(2,3)
SEAGHA						
Ghana	2,87	3,67	3,73	4,05	4,50	11,1
Uganda	2,11	2,06	2,14	2,32	2,17	(6,5)
Rwanda	1,74	2,03	2,45	2,46	2,32	(5,7)
Zambia	2,27	2,68	3,05	3,14	2,82	(10,2)
South Sudan	1,84	2,19	2,27	3,14	3,60	14,7
Botswana	6,17	6,70	6,50	7,60	7,60	–
Swaziland	7,75	7,72	7,28	7,98	7,78	(2,5)
WECA						
Cameroon	2,98	3,17	3,40	4,32	4,66	7,9
Ivory Coast	4,33	4,35	3,99	4,17	4,19	0,5
Benin	5,30	5,09	4,99	4,68	5,45	16,6
Conakry	2,16	2,24	2,21	2,12	2,05	(3,4)
Congo B	6,51	7,43	6,78	5,72	5,94	3,8
Liberia	2,44	2,59	2,44	3,88	3,47	(10,6)
Bissau	3,48	4,62	3,90	3,78	3,99	5,5
MENA						
Iran (joint venture)	3,86	3,84	4,35	4,87	4,32	(11,3)
Syria	1,96	1,98	2,15	2,29	2,37	3,5
Sudan	3,59	3,76	3,92	2,79	1,45	(48,0)
Yemen	3,17	3,29	3,11	2,34	2,38	1,7
Afghanistan	1,52	1,72	1,84	1,73	1,69	(2,3)
Cyprus	17,10	20,07	18,62	19,53	20,64	5,7

[^] IFRS 15 – Revenue from Contracts with Customers has been implemented with effect from 1 January 2018 and comparative numbers have been restated where appropriate.

[^] Excludes telemetry. Including telemetry ARPU = 7,44.

[†] Excluding telemetry ARPU = 7,70.

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Average exchange rates

	March 2018	March 2017	ZAR:LC strengthening/ (weakening) %
ZAR: local currency			
Naira	30,20	23,46	28,7
Rial	3 089,54	2 445,11	26,4
Cedi	0,38	0,33	15,2
Cameroon XAF	45,86	46,04	(0,4)
Uganda shilling	304,79	267,87	13,8
Syrian pound	36,59	38,67	(5,4)
Sudanese pound	2,04	0,50	308,0
			LC:USD strengthening/ (weakening) %
USD: local currency	March 2018	March 2017	
ZAR	11,92	13,34	11,9
Naira	360,24	314,01	(12,8)
Rial	36 848	32 706	(11,2)