

MTN Group Limited

Incorporated in the Republic of South Africa

Registration number 1994/009584/06

Share code MTN

ISIN ZAE000042164

("MTN", "the Group" or "MTN Group")

## **19<sup>TH</sup> ANNUAL GENERAL MEETING – BUSINESS UPDATE**

### **1. BUSINESS UPDATE**

At the Annual General Meeting to be held later today, MTN Group President and Chief Executive Officer, Sifiso Dabengwa will make the following comments regarding the Group's performance for the first four months of 2014 in comparison with the same period for 2013:

The Group increased its subscriber base by 2% for the four months to 30 April 2014. The increase in subscribers was mainly attributable to MTN Nigeria's strong uptake of subscribers in April 2014 following the removal of the SIM sale ban imposed in March 2014. MTN Nigeria added 1.1 million subscribers during the month of April 2014. Satisfactory subscriber growth in the large opco cluster also contributed to this growth.

The combined Group achieved double digit revenue growth, in rand terms, for the four month period compared with the corresponding period for 2013. This was positively impacted by a weaker rand against the USD and a strong overall performance from the large opco cluster. MTN Nigeria delivered solid local currency growth in line with expectations despite the SIM sale ban in March. The South African operation remains under pressure as it ensures its market offerings are attractive in a highly competitive data and voice market. Iran, Ghana, Cameroon, Uganda, Syria and Sudan recorded healthy revenue growth for the period compared to 2013. Data revenue continued to deliver satisfactory growth in most markets, increasing 43% year-on-year (YoY) and now contributes 17% to total revenue compared to 14% for the same period last year.

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) margin showed some improvement when compared to the same period last year and the 2013 full year margin. This is mainly attributable to well executed cost optimisation initiatives across the majority of our operations.

Network infrastructure rollout has progressed satisfactorily for the first four months with continued focus on capacity and quality.

MTN South Africa has experienced negative revenue growth when compared to the same period last year. This was due to the reduction in retail rates and the 1 April 2014 reduction in interconnect rates. This trend is expected to continue for at least the next two quarters reflecting the adjustments made to retail tariffs. Data revenue remains the largest contributor to revenue growth with 14.5 million data users on the network. MTN South Africa's EBITDA margin declined marginally largely due to lower outgoing voice revenue, a reduction in interconnect revenue and higher rent and utilities costs.

MTN Nigeria recorded healthy local currency revenue growth. This was mainly due to an increase in outgoing voice and data revenue. The operation continues to maintain good network quality and capacity, enabling it to enhance its competitiveness and offer attractive value propositions. MTN Nigeria expanded its EBITDA margin when compared to the same period last year. This was largely due to the implementation of cost optimisation initiatives late last year. The operation continues to focus on maintaining the adequate quality and capacity of its network.

The large opco cluster including MTN Irancell, continued to deliver solid revenue growth when compared to the same period last year. This was attributable to attractive promotions and improved usage on the network. Lower EBITDA margins in Cameroon and Ivory Coast were mainly a result of higher lease costs as a consequence of the sale of towers.

## **2. PROSPECTS**

While the operating environment remains challenging with persistent price competition and regulatory challenges in key markets, the Group remains focused on improving its performance and delivering on its strategy. Growing data services and Mobile Money are

key areas of focus for the Group as traditional voice revenue remains under pressure. Improving customer experience in all of our operations is central to our strategy. Cost optimisation and the execution of our infrastructure sharing strategy continue to make good progress. MTN believes that it is well placed to take advantage of value accretive opportunities while mitigating the various risks we face.

The financial information on which this business update is based has not been reviewed or reported on by MTN's external auditors.

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27 May 2014

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