

MTN Group Limited

Quarterly update for the nine-month period ended 30 September 2013

MTN Group Limited

(MTN, the Group)

Registration number: 1994/009584/06

ISIN: ZAE000042164

Share code: MTN

MTN Group records 203,8 million subscribers

MTN is a leading emerging market mobile operator, connecting approximately 204 million people in 22 countries across Africa and the Middle East. MTN is at the forefront of global technological changes, delivering a bold, new Digital World to our customers.

- Subscriber growth impacted by price competition and registration regulations
- Nigeria reported strong local currency revenue growth for the quarter up 10,4% (3Q13 vs 3Q12)
- Continued strong momentum in group data for nine months, up 34,7% YoY
- Encouraging progress in mobile money with total registered subscribers now 13,4 million
- Capital expenditure on track in key markets supporting overall growth
- The South African market remains challenging given regulatory and competitive actions

MTN Group President and CEO, Sifiso Dabengwa comments:

"The third quarter has been characterised by lower than anticipated subscriber growth following ongoing price competition and subscriber registration requirements across a number of markets. Subscriber growth was limited to 1,1% quarter on quarter (QoQ) mainly impacted by disconnections in Nigeria related to registration requirements, slower than expected subscriber growth in South Africa, as well as slower subscriber growth in Iran.

During the quarter the Group continued to focus on segmented competitive voice and data tariffs and improving network quality to cater for increased traffic. Data and mobile money remain a key focus for the Group with traditional voice revenue under pressure. Data revenue for the Group increased by 34,7% year on year (YoY), contributing 14,1% to total revenue while mobile money subscribers increased 10,7% QoQ to 13,4 million across 13 operations."

Operational review

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This commentary includes an analysis of the performance of MTN South Africa, MTN Nigeria and the Group's Large Opco Cluster. A detailed schedule of subscriber numbers and quarterly average revenue per user (ARPU) data for all 21 operations (excluding South Sudan) is also included. ARPU is based on actual quarterly ARPU and is disclosed in both US dollars and local currency.

MTN South Africa showed some progress after a challenging first half but we expect conditions to remain challenging for the balance of 2013. The operation added 233 000 subscribers bringing the total of subscribers to 25,2 million at the end of the quarter. This was attributable to more competitive product offerings and focused marketing campaigns. The prepaid segment grew its subscriber base marginally, gaining some traction through its revised MTN Zone offering and the launch of a competitive international calling campaign. The postpaid segment delivered a satisfactory performance driven by segmented marketing campaigns and attractive classic and hybrid packages. Revenue growth declined, (YoY) mainly due to lower effective voice tariffs and slower subscriber growth. Data remains the largest contributor to revenue growth with an increase of 16,6% (YoY). Data users increased to 13,9 million as a result of attractive data packages. MTN South Africa continues to engage with the regulator on the proposed draft interconnect regulations.

MTN Nigeria delivered a satisfactory performance, maintaining market share, in a highly competitive market. Subscribers grew marginally to 55,6 million. This was impacted by the mandatory SIM registration deadline in July 2013, the disconnections in the Borneo state following the shut down of services as well as lower gross connections in the GSM market. These factors will continue to impact net additions for the balance of the year. The key focus during the quarter was on improving network quality and introducing more value added services to customers. There has been a significant improvement in network quality with 812 2G and 497 3G sites added in the quarter. The quality and capacity of the network now meet regulatory KPIs allowing MTN to implement promotional products and services. Segmented product offerings remain a focus as price competition persists. Local currency revenue showed encouraging growth, ahead of guidance, increasing 10,4% for the quarter over the comparable prior year quarter. Local currency data revenue continues to grow strongly and 3G coverage and effective data pricing remains a priority. Local currency ARPU remained relatively stable.

Other Operations: Large Opco Cluster

MTN Irancell's subscriber base declined by 1,7% to 41,3 million (QoQ). The slow down in gross connections was due to the weakening economy in a fully penetrated market and increased promotional activities by the competitor. The withdrawal of the 2in1 offering also impacted subscriber growth. New promotional offers have subsequently been implemented to address acquisition and retention. Encouragingly notwithstanding the decline in subscriber numbers the positive revenue trend evidenced at the interim period continued in the third quarter. Local currency data revenue increased 54,8% (YoY) and now contributes 9,6% of total revenue. This was mainly driven by improved network quality and attractive data packages. Local currency ARPU increased by 4,3% assisted by the increase in data revenue.

MTN Ghana performed well in a competitive environment maintaining market share. QoQ subscribers increased by 1,4% to 12,8 million subscribers. Net additions in the quarter were impacted by a clean-up of the subscriber base. During the quarter the operation focused on internet and mobile money awareness and educating customers on the values and benefits of related products. Local currency data revenue increased 67,3% (YoY) and contributed 8,3% of total revenue and supported the continued double-digit growth in reported revenues. Mobile money continued to gain traction with 2 million mobile money subscribers reported at the end of September.

MTN Cameroon delivered a particularly encouraging performance, increasing its subscriber base 7,0% to 8,2 million subscribers (QoQ) and maintaining market share. This was attributable to a wide range of bonus offers and effective dormancy management. An improved distribution channel also contributed to the operation's performance. Local currency revenue showed improved growth over the interim

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period and the business made further gains in value share. Local currency data revenue increased by 31,8% (YoY), contributing 4,8% to total revenue. Local currency ARPU increased by 2,8% largely driven by effective tariff management. Mobile money subscribers showed good growth, increasing 30,9% (QoQ) to 1,2 million subscribers.

MTN Ivory Coast increased its subscribers by 1,7% to 6,7 million (QoQ). This was mainly due to attractive bonus top up and data promotions. Local currency data revenue increased by 31,9% (YoY) while mobile money gained momentum, increasing 12,1% to 1,3 million subscribers. Local currency ARPU declined 4,2%. The operation has introduced new offerings to the market in October and these are expected to stimulate improved revenue trends for the balance of the year.

MTN Uganda reported strong results, increasing its subscriber base by 4,3% to 8,4 million (QoQ). Revenue trends in the quarter continued with the same momentum as reported at the interim period. This was mainly attributable to attractive bundled offers aimed at both acquisition and retention. Enhanced sales and distribution campaigns also assisted in this performance. Local currency data revenue increased by 52,7% (YoY) and now contributes 18,9% to total revenue. Local currency ARPU declined 6,4% for the quarter. Mobile money continued to show a strong performance with subscribers increasing by 7,0% (QoQ) to 4,7 million.

MTN Sudan's subscriber base decreased marginally in the quarter. This was mainly due to the recently introduced subscriber registration programme, increased competition and a delay in site rollout also impacted subscriber numbers. Subscriber retention and segmentation initiatives remain a key focus. Despite negative net additions for the quarter, local currency revenue and earnings before interest, taxation, depreciation and amortisation (EBITDA) growth remained strong. Local currency ARPU decreased by 3,6%. Data revenue increased by more than 200%, despite slow 3G rollout, contributing 7,2% to revenue.

MTN Syria continues to operate in an extremely challenging environment. Subscribers increased by 5,1% to 5,8 million and encouragingly, the negative revenue trends appear to have stabilised and the business recorded a 10,3% growth in revenues (QoQ) supported by an increase in tariffs. Security, power outages and insufficient fuel supply remain some of the key challenges. Data revenue increased by 39,0% (YoY) while local currency ARPU increased by 4,8% (QoQ).

Subscribers net additions guidance

	June 2013 '000	September 2013 '000
South Africa	800	500
Nigeria	9 000	9 000
Large Opco	8 150	6 450
Iran	3 600	1 400
Ghana	1 450	1 400
Cameroon	850	1 050
Ivory Coast	850	850
Sudan	1 350	1 150
Syria	(750)	(250)
Uganda	800	850
Small Opco	3 150	3 150
Total	21 100	19 100

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Subscribers (‘000)

Country	3Q12	4Q12	1Q13	2Q13	3Q13	Quarter- on-quarter change %
South Africa	24 498	25 421	24 950	25 001	25 235	0,9
Postpaid	4 346	4 498	4 636	4 759	4 875	2,4
Prepaid	20 152	20 923	20 314	20 242	20 360	0,6
Nigeria	45 640	47 441	51 295	55 238	55 596	0,6
Other	112 043	115 824	118 557	120 680	122 277	1,3
Large Opco Cluster	84 451	87 236	89 318	90 805	91 499	0,8
Iran	39 382	40 502	41 542	42 025	41 295	(1,7)
Ghana	11 270	11 735	12 024	12 588	12 765	1,4
Syria	6 021	6 028	5 665	5 507	5 787	5,1
Ivory Coast	6 489	6 079	6 433	6 572	6 683	1,7
Cameroon	7 067	7 307	7 499	7 623	8 160	7,0
Uganda	7 239	7 702	7 950	8 041	8 386	4,3
Sudan	6 982	7 883	8 206	8 448	8 423	(0,3)
Small Opco Cluster	27 591	29 168*	29 239	29 876	30 778	3,0
Yemen	4 445	4 576	4 691	4 789	5 010	4,6
Afghanistan	5 326	5 224	5 376	5 460	5 650	3,5
Benin	2 602	2 672	2 739	2 838	2 976	4,9
Congo – Brazzaville	1 748	1 740	1 720	1 731	1 757	1,5
Zambia	3 470	4 074	4 200	4 234	4 471	5,6
Guinea-Conakry	2 340	2 276	2 353	2 450	2 524	3,0
Rwanda	3 229	3 432	3 451	3 600	3 637	1,0
Cyprus	316	313	312	324	328	1,3
Liberia	1 102	1 189	1 231	1 258	1 278	1,6
Botswana	1 600	1 632	1 623	1 636	1 691	3,3
Guinea-Bissau	622	656	727	727	603	(17,0)
Swaziland	791	806	817	829	852	2,7
Total subscribers*	182 704	189 266	195 388	201 534	203 762	1,1

* Includes South Sudan

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ARPU

(Local currency)

	3Q12	4Q12	1Q13	2Q13	3Q13	Quarter-on-quarter change %
South Africa	121,25	120,36	110,62	105,40	106,06	0,6
Postpaid	241,62	237,35	222,34	220,90	215,55	(2,4)
Prepaid	95,18	95,16	86,05	78,64	80,17	1,9
Nigeria	1 326,12	1 269,01	1 245,64	1 150,39	1 148,78	(0,1)
Large Opco Cluster						
Iran	91 196,47	89 432,79	92 298,84	96 426,65	100 548,63	4,3
Ghana	11,63	11,49	11,32	11,45	11,16	(2,5)
Syria	605,12	544,47	504,88	610,52	639,84	4,8
Ivory Coast	2 870,24	3 248,90	3 183,33	3 251,97	3 115,99	(4,2)
Cameroon	2 602,40	2 817,53	2 685,36	2 641,64	2 715,32	2,8
Uganda	9 653,43	9 660,26	9 368,65	10 425,73	9 761,85	(6,4)
Sudan	11,57	11,93	11,19	11,50	11,09	(3,6)
Small Opco Cluster						
Yemen	1 303,46	1 321,90	1 294,57	1 296,52	1 302,91	0,5
Afghanistan	234,09	205,14	206,21	220,89	204,79	(7,3)
Benin	4 086,18	4 017,78	3 862,85	3 772,26	3 678,13	(2,5)
Congo B	5 808,30	5 375,20	5 252,34	5 192,13	5 979,58	15,2
Zambia	25,45	24,90	22,51	23,18	27,22	17,4
Conakry	35 867,40	37 715,56	37 914,82	36 603,70	33 273,31	(9,1)
Rwanda	2 374,07	2 288,04	1 888,47	1 790,45	1 728,22	(3,5)
Cyprus	20,46	19,43	18,30	19,86	18,58	(6,5)
Liberia	9,45	7,84	8,63	8,61	7,92	(8,1)
Botswana	67,01	72,49	61,84	67,60	67,25	(0,5)
Bissau	2 170,03	2 005,40	1 968,81	1 769,86	1 540,66	(13,0)
Swaziland	89,12	94,17	92,10	87,95	96,00	9,1

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ARPU

(US dollar)

	3Q12	4Q12	1Q13	2Q13	3Q13	Quarter- on-quarter change %
South Africa	14,62	13,92	12,38	11,06	10,55	(4,6)
Nigeria	8,30	8,08	7,89	7,23	7,11	(1,8)
Large Opco Cluster						
Iran	7,44	3,91	3,76	3,90	4,06	4,1
Ghana	6,02	6,06	5,92	5,78	5,40	(6,5)
Syria	8,85	7,09	5,54	5,45	3,70	(32,0)
Ivory Coast	5,51	6,44	6,42	6,46	6,30	(2,5)
Cameroon	5,00	5,58	5,41	5,25	5,49	4,6
Uganda	3,86	3,69	3,56	4,03	3,79	(6,0)
Sudan	2,51	2,71	2,54	2,61	2,40	(8,0)
Small Opco Cluster						
Yemen	6,06	6,15	6,02	6,03	6,06	0,6
Afghanistan	4,52	3,91	3,92	4,00	3,64	(9,1)
Benin	7,81	7,96	7,79	7,49	7,43	(0,8)
Congo B	11,15	10,65	10,59	10,31	12,08	17,2
Zambia	5,07	4,79	4,22	4,34	5,03	16,0
Conakry	5,24	5,49	5,56	5,43	4,93	(9,1)
Rwanda	3,89	3,67	3,01	2,83	2,66	(5,9)
Cyprus	25,05	25,25	24,18	25,87	24,62	(4,8)
Liberia	9,45	7,84	8,63	8,61	7,92	(8,1)
Botswana	8,69	9,20	7,68	8,05	7,80	(3,1)
Bissau	4,15	3,97	3,97	3,51	3,11	(11,4)
Swaziland	10,76	10,89	10,32	9,23	9,55	3,5

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

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24 October 2013

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