

# MTN Group Limited

(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 30 September 2015

MTN is a leading emerging market mobile operator, connecting approximately 233 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.

## Highlights

- Subscriber growth of 0,9% quarter-on-quarter (QoQ)
- Subscriber growth in South Africa increased 2,0% QoQ driven by pre-paid segment
- 5,1 million disconnections in Nigeria relating to the subscriber registration process resulted in muted net additions in the quarter
- Registered Mobile Money subscribers of 36,5 million, up 12,7% QoQ across 14 operations
- Constant currency data revenue increased by 27,0% year-on-year (YoY), now contributing 23,2% to total revenue
- Voice and data traffic increased 18,7% and 120% respectively (YoY)

YoY refers to: nine months to September 2015 versus nine months to September 2014.

QoQ refers to: Q3 2015 versus Q2 2015.

### **MTN Group president and CEO, Sifiso Dabengwa comments:**

*"The Group's third quarter results reflect continued progress made in the South African operation strengthening its market position and significant improvements in network quality following corrective measures taken in MTN Nigeria.*

*The Group continued to invest in its 3G network catering for increased demand for data services. During the quarter we added 3 800 3G sites and 1 357 LTE sites. This together with increased 3G device penetration resulted in more than 100% YoY increase in data traffic across our operations. Mobile Money and digital content revenues continued to gain healthy traction, steadily increasing their contribution to revenue.*

*However, aggressive price competition, weakening macroeconomic conditions in most of our markets and unfavourable exchange rate movements continued to impact financial performance for the quarter."*

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## **Operational review**

**MTN South Africa** continued to gain momentum, increasing its subscriber base by 2,0% to 29,1 million for the quarter. This was mainly as a result of a 3,1% increase in the pre-paid subscriber base, supported by the continued success of attractive below-the-line campaigns. Billable minutes of use increased 41,4% YoY.

The post-paid subscriber base recorded a 2,6% decline to 5,2 million due to the disconnections of approximately 90 000 low-cost router SIMs recorded on the Autopage subscriber base and low availability of handsets. While supply chain issues have been largely resolved, the operation continued to experience limited availability of handsets during the quarter as a result of delayed deliveries.

Data revenue increased 40,0% and now contributes 31,5% to total revenue. This was driven by attractive segmented data bundles and an increased uptake of digital services. The rollout of the 3G and LTE networks continued to make good progress with 1 746 largely co-located 3G and 811 LTE sites added during the quarter. ARPU increased 8,8% for the quarter.

**MTN Nigeria** recorded a marginal decline in its subscriber base to 62,5 million subscribers. This was mainly as a result of the disconnection of 5,1 million subscribers at the end of August 2015 in line with industry-wide regulatory registration requirements. To date, 3,4 million of these subscribers have been reconnected. While management continues to engage with the regulator, performance continues to be impacted by ongoing regulatory restrictions. Billable minutes of use increased 12,8% YoY.

The operation has put corrective measures in place to address the operational challenges experienced in the first half of the year and has seen significant improvement in network quality together with more competitive offerings. A chief operations officer role has been established in the operation to reinforce the management team. Jyoti Desai, Group chief technology and information officer, has temporarily been appointed to this role and Raul Medina has been appointed as chief marketing officer.

Data revenue increased 16,8% and now contributes 21,3% to total revenue. Data revenue growth was impacted by a steep decline in data tariffs as a result of aggressive competition. The effective data tariff declined almost 60% YoY. Improving data speeds through aggressive 3G rollout in main cities remains a priority and is on track. During the quarter 630 3G and 66 LTE sites were rolled out. Digital revenue continues to gain traction, now contributing 10,2% to total revenue.

Diamond Yellow, the mobile money offering, continues to make good progress with a key focus on expanding the distribution footprint. Local currency ARPU declined 5,0%.

**MTN Irancell** delivered a strong performance in a competitive market increasing its subscriber base by 3,0% to 45,5 million with an incremental increase in market share. This was attributable to segmented on-net bonus promotions and attractive data bundles. Billable minutes of use increased by 9,0% YoY. Constant currency data revenue increased by 89,9% YoY largely attributable to the 28,5% YoY increase in data users as well as the 386,2% YoY increase in data traffic. Data revenue now contributes 28,5% to total revenue. The operation remains focused on driving data services and has rolled out 1 012 3G sites and 498 LTE sites for the quarter. Local currency ARPU increased by 0,9% supported by higher minutes of use.

**MTN Ghana** delivered a sound performance increasing its subscriber base by 4,1% surpassing 15 million at the end of the quarter. This was driven by superior network quality and attractive acquisition promotions and bundled offers. Billable minutes on the network increased 38,4% YoY. Constant currency data revenue increased 78,6% and now contributes 28,7% to total revenue supported by a high-quality 3G network and strong growth in Mobile Money and digital services.

Mobile Money recorded 5,3 million subscribers, growing revenue 199% YoY and now contributes 5,2% to total revenue, while digital services revenue grew 89,0% and now contributes 7,2% to total revenue.

**MTN Cameroon** decreased its subscriber base by 4,0% to 9,9 million impacted by the disconnection of low-cost routing subscribers and a revised subscriber registration process. The operation continues to experience aggressive price competition which resulted in the effective rate per minute declining 15,5% YoY. Billable minutes of use increased 4,6% YoY. Constant currency data revenue increased by 58,7% and now contributes 13,7% to total revenue. This was supported by attractive data value propositions and data bundles.

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Mobile Money subscribers increased by 8,0% to 1,9 million. The operation continues to focus on the expansion of its 3G network and rolled out 34 2G and 27 3G sites during the quarter. Local currency ARPU improved by 6,2% supported by below-the-line offers.

**MTN Ivory Coast** recorded a marginal decline in its subscriber base to 8,5 million following the clean up of the subscriber base. The billable minutes of use declined 5,5% YoY as the business faced increased competitive pressures from competition. Constant currency data revenue increased by 58,6% YoY and now contributes 15,2% to total revenue.

Mobile Money subscribers increased by 1,9% to 2,8 million. The operation continues to focus on expanding its 3G and LTE network to cater for the increasing demand for data services. During the quarter, 30 2G and 89 3G sites were rolled out. Local currency ARPU declined by 3,2%.

**MTN Uganda** increased its subscriber base by 3,4% to 11,5 million, attributable to increased take up of MTN Zone and attractive voice bundles. Billable minutes of use increased 19,1%. Constant currency data revenue increased by 14,8% YoY supported by improved data bundles and now contributes 26,8% to total revenue.

Mobile Money continued to show solid growth, recording a 9,6% increase in registered subscribers to 9,0 million. Local currency ARPU increased 5,1% largely attributable to increased minutes of use following a reduction in the effective tariff.

**MTN Sudan** reported a net reduction of 442 000 subscribers for the quarter to 8,3 million subscribers largely impacted by subscriber registration requirements. Constant currency data revenue increased by 78,9% YoY, driven by an increased uptake in digital content and now contributes 18,3% to total revenue. There is a continued focus on 3G network rollout and improved network quality. Local currency ARPU increased by 2,8%.

**MTN Syria** improved its subscriber base marginally to 5,7 million. The operation continues to operate in extremely challenging conditions. Despite this, constant currency data revenue increased 25,0% YoY and now contributes 27,4% of total revenue. Local currency ARPU increased by 8,6%.

## Net additions guidance '000

	June 2015	September 2015
South Africa	1 800	1 600
Nigeria	5 000	4 500
Iran	1 600	2 000
Large opco cluster	4 850	3 850
Ghana	1 500	1 700
Cameroon	1 150	750
Ivory Coast	800	750
Sudan	0	(500)
Syria	0	(150)
Uganda	1 400	1 300
Small opco cluster	3 380	2 750
Other joint ventures	120	100
<b>Total</b>	<b>16 750</b>	<b>14 800</b>

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## Subscribers ('000)

Country	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	QoQ %
<b>South Africa</b>	24 875	25 269	26 701	27 993	27 958	28 504	29 077	2,0
Post-paid	5 192	5 458	5 477	5 419	5 402	5 328	5 190	(2,6)
Pre-paid	19 683	19 811	21 224	22 574	22 555	23 176	23 888	3,1
<b>Nigeria</b>	57 224	58 446	58 363	59 893	61 149	62 813	62 494	(0,5)
<b>Large opco cluster</b>	53 757	55 822	56 824	56 735	57 734	59 407	59 511	0,2
Ghana	13 055	13 439	13 547	13 852	14 208	14 886	15 493	4,1
Cameroon	9 236	10 233	11 223	9 658	10 097	10 363	9 949	(4,0)
Ivory Coast	7 521	7 742	7 723	8 016	8 295	8 488	8 461	(0,3)
Uganda	9 549	9 920	10 181	10 396	10 791	11 146	11 524	3,4
Syria	5 723	5 653	5 676	5 861	5 747	5 765	5 769	0,1
Sudan	8 672	8 836	8 474	8 951	8 595	8 757	8 315	(5,0)
<b>Small opco cluster</b>	29 913	30 155	31 146	32 188	33 543	33 450	33 791	1,0
Yemen	5 185	5 268	5 300	5 355	5 595	5 239	5 255	0,3
Benin	3 259	3 337	3 455	3 533	3 782	3 913	3 989	1,9
Afghanistan	6 058	6 182	6 339	6 435	6 390	6 487	6 503	0,3
Congo B	1 865	1 911	1 972	2 012	2 038	2 128	2 216	4,1
Rwanda	3 525	3 621	3 743	3 820	3 889	3 958	4 010	1,3
Zambia	4 161	4 010	4 447	4 932	5 386	4 901	5 026	2,6
Liberia	1 355	1 308	1 299	1 294	1 319	1 300	1 300	0,0
Conakry	2 885	2 929	2 890	3 035	3 272	3 485	3 362	(3,5)
Cyprus	399	336	339	337	331	354	356	0,7
Bissau	490	550	575	596	636	705	689	(2,3)
South Sudan	732	704	787	839	904	982	1 084	10,4
<b>Joint venture</b>	44 296	45 268	46 157	46 587	47 119	46 822	48 181	2,9
Iran	41 783	42 697	43 533	43 940	44 421	44 146	45 464	3,0
Botswana	1 700	1 702	1 696	1 758	1 783	1 784	1 794	0,5
Swaziland	813	868	928	889	915	892	923	3,4
<b>Total subscribers</b>	210 065	214 961	219 191	223 396	227 503	230 997	233 054	0,9

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## ARPU

(Local currency)

Country	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	QoQ %
<b>South Africa</b>	95,21	93,58	89,26	91,55	87,16	88,44	<b>96,21</b>	8,8
Post-paid	189,30	166,37	159,76	170,00	159,52	163,86	<b>194,58</b>	18,7
Pre-paid	71,98	74,16	70,40	72,06	69,75	70,40	<b>74,04</b>	5,2
<b>Nigeria</b>	1 177,82	1 124,34	1 123,29	1 118,11	1 102,59	1 046,45	<b>994,44</b>	(5,0)
<b>Large opco cluster</b>								
Ghana	11,73	11,97	12,02	12,59	12,32	12,53	<b>12,52</b>	(0,1)
Cameroon	2 469,15	2 193,14	2 274,49	2 166,95	2 225,90	2 043,26	<b>2 169,43</b>	6,2
Ivory Coast	3 095,89	2 883,62	2 830,00	3 133,92	2 946,57	2 797,32	<b>2 708,13</b>	(3,2)
Uganda	8 974,72	8 688,11	8 801,30	8 687,07	7 998,46	7 148,75	<b>7 512,37</b>	5,1
Syria	718,37	797,17	778,42	767,15	706,14	795,23	<b>863,86</b>	8,6
Sudan	12,36	13,21	13,07	13,88	14,77	15,46	<b>15,89</b>	2,8
<b>Small opco cluster</b>								
Yemen	1 182,54	1 171,57	1 159,58	1 087,12	970,24	786,84	<b>920,73</b>	17,0
Benin	3 764,70	3 613,43	3 689,51	3 796,19	3 512,75	3 438,86	<b>3 594,24</b>	4,5
Afghanistan	180,62	195,43	190,33	179,85	159,27	170,64	<b>180,09</b>	5,5
Congo B	5 494,05	5 350,72	5 985,40	5 554,26	5 312,87	5 365,33	<b>5 597,42</b>	4,3
Rwanda	1 655,75	1 684,02	1 763,68	1 545,17	1 538,99	1 562,92	<b>1 565,57</b>	0,2
Zambia	28,58	32,57	38,33	33,70	28,61	28,34	<b>32,00</b>	12,9
Liberia	6,98	6,34	3,93	5,22	5,07	4,70	<b>3,96</b>	(15,8)
Conakry	29 163,91	22 552,64	18 718,42	20 334,09	19 190,61	17 043,90	<b>14 874,41</b>	(12,7)
Cyprus	18,20	19,90	19,12	17,67	17,15	17,57	<b>17,81</b>	1,4
Bissau	2 315,70	2 619,19	2 323,20	2 229,73	2 201,47	2 473,65	<b>2 111,39</b>	(14,6)
South Sudan	24,82	26,14	29,08	24,69	26,13	26,33	<b>24,52</b>	(6,9)
<b>Joint venture</b>								
Iran	102 834,76	108 478,89	109 683,56	110 005,75	110 351,87	114 958,63	<b>116 024,94</b>	0,9
Botswana	65,00	66,00	72,00	73,56	61,04	63,21	<b>68,24</b>	8,0
Swaziland	100,88	100,03	98,17	102,10	94,26	93,73	<b>103,30</b>	10,2

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## ARPU

(US dollar)

Country	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	QoQ %
<b>South Africa</b>	9,31	8,86	8,34	8,21	7,45	7,46	7,42	(0,6)
<b>Nigeria</b>	7,21	6,92	6,91	6,47	5,68	5,25	4,99	(5,0)
<b>Large opco cluster</b>								
Ghana	4,70	4,04	3,35	3,93	3,57	3,15	3,29	4,5
Cameroon	5,15	4,60	4,58	4,11	3,83	3,43	3,68	7,0
Ivory Coast	6,46	6,04	5,70	5,95	5,07	4,70	4,59	(2,5)
Uganda	3,58	3,45	3,36	3,19	2,79	2,34	2,13	(9,0)
Syria	4,81	4,88	4,60	4,06	3,31	3,04	2,95	(3,1)
Sudan	2,17	2,32	2,29	2,38	2,47	2,59	2,62	1,1
<b>Small opco cluster</b>								
Yemen	5,50	5,45	5,39	5,06	4,51	3,66	4,06	11,0
Benin	7,86	7,57	7,43	7,20	6,05	5,78	6,09	5,3
Afghanistan	3,16	3,39	3,34	3,12	2,76	2,89	2,86	(0,8)
Congo B	11,46	11,21	12,06	10,54	9,14	9,02	9,48	5,2
Rwanda	2,46	2,49	2,58	2,26	2,27	2,25	2,21	(2,1)
Zambia	4,97	5,05	6,26	5,35	4,23	3,83	3,65	(4,7)
Liberia	6,98	6,34	3,93	5,22	5,07	4,70	3,96	(15,8)
Conakry	4,23	3,28	2,72	2,91	2,69	2,34	2,01	(14,4)
Cyprus	24,91	27,35	25,39	21,99	19,35	19,37	19,80	2,3
Bissau	4,83	5,49	4,68	4,23	3,79	4,16	3,58	(14,0)
South Sudan	7,85	8,27	9,20	7,81	8,26	8,33	7,75	(6,9)
<b>Joint venture</b>								
Iran	4,13	4,26	4,18	4,11	4,01	4,03	3,91	(3,0)
Botswana	7,28	7,52	8,10	8,29	6,27	6,35	6,28	(1,0)
Swaziland	9,35	9,47	9,12	9,15	8,06	7,81	7,97	2,0

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

Fairland

22 October 2015

## Sponsor

Deutsche Securities (SA) Proprietary Limited