

MTN Group Limited

Quarterly update for the period ended 30 September 2017

(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 2017

MTN is a leading emerging markets mobile operator, connecting approximately 230 million people in 22 countries across Africa and the Middle East. We are at the forefront of global technological changes, delivering a bold, new Digital World to our customers.

Salient features

- Group subscribers declined marginally by 0,7% quarter-on-quarter (QoQ) to 230,2 million, largely driven by lower reported subscribers in Nigeria as we continue to refine our active subscriber definitions as well as the disconnection of approximately 750 000 subscribers in Uganda as a result of regulatory SIM registration requirements;
- Active MTN Mobile Money customers increased QoQ by 10,6% to 19,8 million;
- Voice traffic (billable minutes) increased by 9% and data traffic continued to grow strongly up by some 125% year-on-year (YoY);
- On a reported basis Group total revenue and Group service revenue reduced by 13,4% and 14,0% respectively largely due to exchange rate movements;
- On a constant currency basis Group total revenue increased by 6,9%, with Group service revenue up 7,4%. Data revenue increased by 31,4% and digital revenue was up 19,6%;
- MTN South Africa's organic service revenue increased by 5,2%*;
- MTN Nigeria reported an 11,2% increase in total revenue supported by data revenue growth of 72,1%;
- MTN Irancell total revenue increased by 16,8%; and
- MTN Group year-to-date capital expenditure was R18 billion, up 1,1%.

Unless otherwise stated financial growth rates are presented on a constant currency basis. Financial growth rates are year-on-year (the nine-month period ended 30 September 2017 versus the nine months ended 30 September 2016) unless otherwise stated. QoQ growth rates refer to 3Q17 vs 2Q17. Data revenue refers to access data revenue only. Digital revenue refers to Mobile Money (MoMo) and value-added services (VAS) revenue.

** Organic revenue adjusts for prior year disposals and alignment of post-paid carry over rules.*

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MTN Group president and chief executive officer, Rob Shuter comments:

"The Group continued to make steady progress in implementing our BRIGHT strategy with a strong focus on operational execution across the Group. Our key growth drivers of data and digital services performed well with revenue growth of 31,4% and 19,6% respectively. In the quarter, we have accelerated our network investment programme, rolling out 1 641 3G and 2 102 4G sites (including co-located sites), supporting the demand for data services. In South Africa and Nigeria the network investments are showing encouraging improvements in network quality and NPS.

In South Africa the prepaid business performed well and progress is being made in the postpaid segment particularly in consumer postpaid where we now have positive net-adds year to date. In Nigeria, our month-on-month gross connections have increased, and we experienced stable subscriber market share over the quarter while driving increased value share.

In line with our strategic initiative to drive a dual-data strategy, we are working on reducing the out-of-bundle data pricing across our markets to stimulate usage from inactive and low usage customers. This is expected to have a short-term impact on data revenue growth but we anticipate elasticity in the mass and high-value segments will continue to drive data revenue growth in the medium term.

We further strengthened our management structure to support our BRIGHT strategy. The appointment of Ebenezer Asante as vice-president (VP) of our new South and East Africa and Ghana Region, effective 1 October 2017 completes the Group executive structure. Ebenezer was previously the chief executive officer of MTN Ghana, a position he held from July 2015 to September 2017.

Other Group senior appointments in the quarter included:

- *Frederic Schepens as Group executive: MTN GlobalConnect, effective 15 October 2017;*
- *Dirk Karl as Group executive: Procurement and Supply Chain Management, effective 1 October 2017;*
- *Serigne Dioum as Group executive: Mobile Financial Services, effective 26 September 2017; and*
- *Ankur Bajpai as Group executive: Customer Value Management, effective 1 September 2017.*

We continue to work on the modernisation of our subscriber definitions which we expect to complete by year-end.

We remain on track to meet our financial year 2017 guidance despite continued challenging economic growth across our markets."

MTN GlobalConnect is MTNs wholesale business.

SEA region comprises South Africa, Uganda, Zambia, Rwanda, Botswana (joint venture), Swaziland (joint venture) and South Sudan.

WECA region comprises Nigeria, Ghana, Cameroon, Ivory Coast, Benin, Congo-Brazzaville, Liberia, Guinea-Conakry and Guinea-Bissau.

MENA region was made up of Iran (joint venture), Syria, Sudan, Yemen, Afghanistan and Cyprus.

SEA REGION

SOUTH AFRICA

MTN South Africa recorded organic service revenue growth of 5,2%*. Data and digital services revenue which increased by 21,0% and 27,7% respectively, were supported by a strong prepaid performance as well as the continued recovery of the postpaid consumer segment. NPS continued to improve driven mainly by network NPS.

Subscriber numbers decreased by 1,0% to 30,9 million, impacted by a 1,3% decline in the prepaid segment (mainly the result of higher churn following the withdrawal of a Q2 2017 promotion). Postpaid subscriber numbers were stable.

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The postpaid consumer segment recorded positive net additions in quarter, demonstrating a continued encouraging recovery in this segment. This was supported by improvements made in customer value management (CVM), increased channel footprint and enhanced churn management. The growth in consumer net additions was partly offset by the disconnection of subscribers through certain on-biller partnerships and churn in the enterprise segment.

MTN South Africa continued to make good progress in improving the quality and capacity of its 3G and 4G network in the quarter with leading network metrics in three of the four metros in the country.

UGANDA

MTN Uganda delivered encouraging revenue trends, underpinned by strong growth in data and MoMo revenue. Data revenue increased by 29,8%, supported by improved 3G coverage, implementing new CVM including contextualised pricing, and increased smartphone penetration. MoMo contributed 23% to total revenue. On-net voice revenue continued to show positive growth following the launch of personalised voice bundles earlier in the year.

The operation's NPS improved further in the quarter, supported by stronger value and billing NPS (QoQ).

At the end of August 2017, MTN Uganda disconnected approximately 750 000 subscribers as a result of regulatory SIM registration requirements. As a result, the subscriber base declined by 3,2% to 10,8 million.

SEA EXCLUDING SOUTH AFRICA – across the rest of the SEA region the subscriber base declined by 0,7% QoQ. Rwanda, Zambia, Swaziland and South Sudan contributed positively, however the growth was offset by the disconnections in Uganda.

WECA REGION

NIGERIA

MTN Nigeria continued to deliver healthy revenue growth of 11,2%, supported by 5,4% growth in voice revenue and 72,1% growth in data revenue. Voice revenue growth was driven by effective price optimisation, increased minutes of use and higher interconnect revenue. Data revenue benefited from investments made on expanding and improving the 3G and 4G network quality, and increased 4G device penetration. Digital revenue growth, however, continued to be negatively impacted by the ongoing optimisation of VAS services. NPS showed incremental improvements, driven by network NPS (QoQ).

MTN Nigeria decreased its subscriber base by 5,2% to 50,3 million impacted by the modernisation of subscriber definitions. On a like-for-like basis MTN Nigeria reported positive net additions and continued to gain value share in the quarter. To further drive subscriber growth increasing the SIM registration footprint remains a priority.

MTN Nigeria made good progress in the quarter in executing on network investment, improving network quality and capacity in key cities.

GHANA

MTN Ghana delivered strong growth of 51,1% and 39,7% respectively in data and digital revenue. This was supported by an increase in the number of data users following the introduction of new data bundles. MoMo continued to make sound progress and contributed 13% to total revenue.

MTN Ghana increased its subscriber base by 1,6% to 17,6 million. The operation showed some improvements in overall NPS, supported by an increase in network NPS (QoQ).

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IVORY COAST

MTN Ivory Coast recorded good growth in revenue, led by an acceleration of both data and MoMo revenue. Data revenue increased by 70,1%, benefiting from the expansion of the operation's 3G network. Digital revenue continued to gain traction and increased by 33,5%.

MTN Ivory Coast increased its subscriber base by 5,5% to 11,6 million in the quarter, underpinned by the introduction of attractive data value propositions. NPS, however, was negatively impacted by higher on-net voice pricing as a result of regulatory requirements disallowing differential pricing for on-net and off-net tariffs. This adversely affected value NPS in the quarter (QoQ).

CAMEROON

MTN Cameroon continued to operate in a challenging economic environment which negatively impacted on consumer spending. Despite this, data and digital revenue increased by 18,2% and 13,2% respectively. Data revenue was supported by strong growth in data users and smartphone penetration while digital revenue was underpinned by significant growth in MoMo revenue in the quarter.

The operation's subscriber base declined by 1,0% in the quarter due to lower gross connections as a result of continued implementation of the subscriber registration rules. MTN Cameroon recorded continued improvements in NPS in the quarter, supported by network NPS (QoQ).

MTN Cameroon, together with other industry operators, received a sanction from the Republic of Cameroon Telecommunications Regulatory Board for allegedly not complying with spectrum and subscriber registration regulations. The penalty was equivalent to approximately US\$6,6 million and a one-year reduction in its licence term (which extends to 2030). MTN is engaging with the regulator and the highest authorities of Cameroon on this matter.

WECA EXCLUDING NIGERIA – across the rest of the region, subscribers increased by 2,6% in the quarter. Ghana, Ivory Coast, Guinea-Conakry, Congo-Brazzaville, Guinea-Bissau and Liberia contributed positively to the region's subscriber base. This was partly offset by a decline in subscriber growth in Cameroon and a relatively flat performance in Benin.

MENA REGION

IRAN

MTN Irancell delivered robust revenue growth in the period. This was supported by 64,5% growth in data revenue. The operation's subscriber base expanded by 1,0% in the quarter. Improving NPS in MTN Irancell remains a priority.

OTHER MENA – across the rest of the region, subscribers decreased by 0,4% in the quarter, led down by declines in Syria, Yemen and Afghanistan. Sudan and Cyprus contributed positively to the region's subscriber base.

The financial information on which this quarterly update is based 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 year's results have been adjusted to the prior year's 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 South Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation.

Fairland
24 October 2017

Sponsor

Deutsche Securities (SA) Proprietary Limited

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Subscribers ('000)

Country	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	QoQ %
SEA	52 796	52 872	52 975	54 738	54 279	54 893	54 420	(0,9)
South Africa	30 077	29 805	29 668	30 764	30 231	31 216	30 908	(1,0)
Postpaid	5 198	5 132	5 166	5 185	5 161	5 194	5 227	0,6
Prepaid	24 879	24 673	24 502	25 579	25 070	26 022	25 681	(1,3)
Uganda	9 624	9 891	10 180	10 549	10 861	11 158	10 806	(3,2)
Rwanda	4 015	3 989	4 094	4 062	4 210	3 510	3 575	1,9
Zambia	5 197	5 417	5 392	5 802	5 505	5 575	5 695	2,2
South Sudan	1 126	1 055	892	771	708	685	691	0,9
Botswana (joint venture)	1 826	1 798	1 805	1 821	1 784	1 763	1 746	(0,9)
Swaziland (joint venture)	931	919	945	970	981	987	999	1,2
WECA	102 952	105 560	108 110	111 902	108 665	102 328	100 851	(1,4)
Nigeria	57 045	58 978	60 462	61 970	60 523	53 094	50 308[#]	(5,2)
Ghana	17 004	17 579	18 050	19 296	16 789	17 304	17 590	1,6
Cameroon	9 477	9 648	9 521	9 870	9 749	9 541	9 447	(1,0)
Ivory Coast	8 140	8 236	8 542	9 484	10 399	11 018	11 619	5,5
Benin	3 923	3 962	3 988	4 053	4 162	4 273	4 280	0,2
Conakry	3 075	2 748	2 941	2 563	2 493	2 550	2 696	5,7
Congo B	2 175	2 270	2 333	2 404	2 355	2 345	2 481	5,8
Liberia	1 409	1 443	1 574	1 577	1 495	1 412	1 635	15,8
Bissau	704	696	699	685	700	789	795	0,7
MENA	73 855	74 145	73 613	73 738	73 868	74 547	74 957	0,5
Iran (joint venture)	46 852	47 316	47 837	47 625	48 118	49 041	49 539	1,0
Syria	5 802	5 837	5 899	6 067	5 915	5 915	5 915	–
Sudan	8 800	8 814	7 668	7 490	7 604	7 576	7 450	(1,7)
Yemen	5 335	5 310	5 322	5 252	5 221	5 110	5 089	(0,4)
Afghanistan	6 702	6 482	6 480	6 895	6 597	6 469	6 516	0,7
Cyprus	363	386	407	409	414	436	447	2,5
Total subscribers	229 603	232 577	234 698	240 378	236 813	231 768	230 228	(0,7)

[#] New definition.

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ARPU

(Local currency)

Country	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	QoQ %
SEA								
South Africa	82,59*	81,42*	89,95*	92,11*	84,79*	85,24	88,12	3,4
Postpaid	152,19*	149,73*	175,23*	162,14*	147,05*	148,97	149,70	0,5
Postpaid (excluding telemetry)	265,57*	263,97*	312,01*	290,88*	264,52*	268,57	272,40	1,4
Prepaid	68,30*	67,15*	72,00*	77,54*	72,06*	72,32	75,87	4,9
Uganda	8 462,00	7 528,18	7 526,96	8 114,82	7 635,00	7 399,00	7 699,00	4,1
Rwanda	1 487,72	1 486,82	1 544,73	1 507,62	1 413,31	1 696,89	2 061,66	21,5
Zambia	27,47	26,89	28,09	25,38	21,80	24,54	27,82	13,4
South Sudan	55,11	55,05	70,22	145,63	198,44	257,39	267,73	4,0
Botswana	61,00	63,00	67,00	71,31	64,65	69,00	69,00	–
Swaziland	88,00	91,00	105,54	106,95	102,69	101,16	95,89	(5,2)
WECA								
Nigeria	1 078,00	1 086,00	1 047,63	1 100,02	1 131,00	1 171,00	1 407,73[#]	20,2
Ghana	12,17	12,28	12,73	13,66	12,90	15,92	16,45	3,3
Cameroon	2 052,45	1 952,75	1 981,00	2 046,88	1 844,00	1 850,00	1 884,00	1,8
Ivory Coast	2 771,75	2 705,14	2 802,82	2 738,18	2 683,85	2 530,85	2 236,02	(11,6)
Benin	3 616,00	3 506,59	3 458,95	3 595,94	3 283,25	2 962,55	2 793,69	(5,7)
Conakry	14 791,78	16 409,98	18 657,08	18 393,40	19 926,34	20 093,59	19 890,34	(1,0)
Congo B	4 926,03	5 054,11	4 714,69	4 455,24	4 031,72	4 328,90	3 788,47	(12,5)
Liberia	3,73	3,51	3,34	3,45	2,44	2,59	2,44	(5,8)
Bissau	1 978,20	2 403,63	2 321,77	2 136,85	2 157,54	2 691,26	2 182,31	(18,9)
MENA								
Iran (joint venture)	112 513,01	121 147,23	126 364,00	125 604,00	128 907,00	134 721,00	143 178	0,7
Syria	767,08	865,87	1 083,20	1 045,44	1 013,91	1 024,15	1 111,89	8,6
Sudan	17,23	17,69	19,05	22,04	24,00	25,13	26,18	4,2
Yemen	880,20	904,79	921,50	810,82	793,79	824,79	843,85	2,3
Afghanistan	131,93	126,34	135,98	128,59	102,76	117,50	126,09	7,3
Cyprus	16,93	17,15	17,41	16,20	16,08	16,03	15,83	(1,2)

* Restated.

[#] New definition.

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ARPU (US dollar)

Country	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	QoQ %
SEA								
South Africa	5,29*	5,47*	6,31*	6,69*	6,34*	6,51	6,69	2,8
Uganda	2,49	2,25	2,23	2,30	2,11	2,06	2,14	3,9
Rwanda	2,01	1,93	1,95	1,87	1,74	2,03	2,45	20,7
Zambia	2,45	2,63	2,82	2,60	2,27	2,68	3,05	13,8
South Sudan	2,06	1,50	1,24	1,95	1,84	2,19	2,27	3,7
Botswana	5,45	5,67	6,33	6,74	6,17	6,70	6,50	(3,0)
Swaziland	5,60	6,11	7,41	7,77	7,75	7,72	7,28	(5,7)
WECA								
Nigeria	5,40	5,09	3,38	3,52	3,60	3,61	4,31[#]	19,4
Ghana	3,13	3,19	3,23	3,27	2,87	3,67	3,73	1,6
Cameroon	3,37	3,29	3,36	3,38	2,98	3,17	3,40	7,1
Ivory Coast	4,55	4,63	4,76	4,51	4,33	4,35	3,99	(8,3)
Benin	5,94	5,95	5,87	5,92	5,30	5,09	4,99	(2,0)
Conakry	1,70	1,83	2,06	2,02	2,16	2,24	2,21	(1,3)
Congo B	8,22	8,66	8,01	7,35	6,51	7,43	6,78	(8,7)
Liberia	3,73	3,51	3,34	3,45	2,44	2,59	2,44	(5,8)
Bissau	3,24	4,11	3,94	3,52	3,48	4,62	3,90	(15,6)
MENA								
Iran	3,73	3,99	4,02	3,94	3,86	3,84	4,35	7,3
Syria	2,09	1,80	2,16	2,02	1,96	1,98	2,15	8,6
Sudan	2,83	2,90	3,12	3,41	3,59	3,76	3,92	4,3
Yemen	4,10	3,71	3,69	3,24	3,17	3,29	3,11	(5,5)
Afghanistan	1,92	1,84	2,01	1,92	1,52	1,72	1,84	7,0
Cyprus	18,51	19,33	19,68	17,53	17,10	20,07	18,62	(7,2)

* Restated.

[#] New definition.