

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 2018 and renewal of cautionary announcement

MTN is a leading emerging market mobile operator, serving 225,4 million people in 21 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.

Salient features

- Group subscribers increased quarter-on-quarter (QoQ) by 2,5 million to 225,4 million
- Active data subscribers increased QoQ by 5,0 million* to 74,2 million
- Active MTN Mobile Money customers increased QoQ by 1,7 million to 25,8 million
- Group service revenue increased year-on-year (YoY) by 10,0%
- Group data revenue increased YoY by 23,9%
- MTN South Africa service revenue increased YoY by 3,0% with an EBITDA margin of 34,5%
- MTN Nigeria service revenue increased YoY by 17,4% with an EBITDA margin of 43,2%
- MTN Ghana service revenue increased YoY by 22,9% with an EBITDA margin of 37,6%
- MTN Irancell service revenue increased YoY by 14,1% with an EBITDA margin of 35,3%

Unless otherwise stated, financial growth rates are presented on a constant currency basis and are YoY (the nine-month period ended 30 September 2018 versus the nine months ended 30 September 2017). Non-financial growth rates are presented QoQ, or 3Q18 vs 2Q18. Data revenue refers to access data revenue only. Digital revenue refers to Mobile Money (MoMo) and value-added services (VAS) revenue.

** Active data subscriber growth includes a restatement of MTN Ghana's active subscriber base between January and July 2018. All growth rates for non-financials have been restated for Cyprus disposal to enable comparability.*

MTN Group consolidated numbers include MTN Cyprus financial results up to the end of August 2018 and exclude MTN Cyprus non-financial numbers for the quarter. At the end of June, MTN Cyprus had 441 000 subscribers and 190 000 active data users.

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:

"MTN recorded an improved operational performance in many markets in the third quarter. Group service revenue grew by 10,0% year on year, ahead of our medium-term target of upper-single-digit growth, supported by continued strong growth in voice and data revenue. These results were delivered in challenging operating and currency conditions.

Group outgoing voice revenue increased by 5,2% and data revenue increased by 23,9%. Higher digital revenue was led by robust growth in MTN Mobile Money.

The group benefited from the particularly strong performance of operations in Nigeria and Ghana, while some operations in our West and Central Africa (WECA) region remained under pressure. MTN South Africa continues to execute on operational improvements.

We made good progress on our key growth drivers of data and digital services, adding 5,0 million active data subscribers and 1,7 million new MoMo subscribers in the quarter.

We successfully completed the listing of MTN Ghana. MTN Nigeria's plans to list have been challenged by the recent Central Bank of Nigeria and Attorney General of the Federal Republic of Nigeria matters, however, MTN remains committed to the listing in Nigeria and work continues in this regard. In the quarter, the group engaged extensively with authorities in Nigeria to deal with the matters they raised.

Across our markets, we continued to invest in our networks, and now have the leading network net promoter score in 10 of our markets. Reported capital expenditure to the end of the September 2018 was R16,4 billion, a group capex intensity of 16,9%.

We continued to optimise our balance sheet structure and reduced our gross US dollar debt by approximately US\$400 million. This was supported by proceeds from the sale of MTN Cyprus of US\$303 million, the settlement of a loan from our Ugandan Tower Company of US\$34 million as well as the proceeds from the MTN Ghana listing of US\$202 million received after the quarter's end. We also concluded the refinancing of our US\$1,25 billion revolving credit facilities that are maturing in 2019 with a new five-year revolving credit facility of US\$1,25 billion at an improved margin, and with an option to increase to US\$1,5 billion.

We continue to focus on operational improvements across our business and continue to develop our digital businesses."

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), eSwatini (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 and Afghanistan.

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MTN SOUTH AFRICA

MTN South Africa recorded YoY service revenue growth of 3,0%, edging closer to our medium-term target of mid-single-digit growth. Data and digital revenue increased by 12,5% and 9,9% respectively, while outgoing voice revenue declined by 8,4%.

In a weak economy, consumers felt the pressure of a higher VAT rate, becoming increasingly price sensitive. Prepaid service revenue increased 0,5% and postpaid service revenue increased by 1,9%. MTN South Africa took steps to transform data prices, including introducing attractive social media bundles and CVM offerings. As a result, customers optimised their data and voice spend and the number of active data subscribers increased by 6,7% QoQ to 13,5 million.

The consumer postpaid business maintained its positive momentum; the stabilisation of the enterprise business continued and the wholesale business gained traction. At the end of the quarter, we had 23,7 million prepaid users (down 3,4% QoQ), 2,9 million postpaid subscribers (up 2,1% QoQ) and 2,8 million telemetry subscribers.

The Cell C roaming agreement is contributing positively towards revenue and EBITDA and is expected to be fully implemented in line with our planned timelines.

MTN South Africa's margin on earnings before interest, taxation, depreciation and amortisation (EBITDA) was little changed YoY at 34,5% from 34,8%. The lower sequential EBITDA margin was largely impacted by higher device prices following the weakness in the rand exchange rate and increased device sales in the quarter.

We are in consultation with ICASA on the implementation of the new data pricing regulations and are proactively implementing the various changes to which we have committed. We welcome the commitment by ICASA to license high-demand radio frequency spectrum by the end of March 2019.

MTN NIGERIA

MTN Nigeria had an excellent quarter, increasing service revenue by 17,4% YoY, towards the upper end of our medium-term target for Nigeria of double-digit growth. This was led by a 52,5% increase in data revenue and 21,5% increase in outgoing voice revenue. Data revenue growth was supported by an increase in active data subscribers as well as more smartphones on our network, the result of various CVM and OEM-partnership initiatives.

Digital revenue declined by 28,5% following the continued optimisation of our value-added services (VAS) business. We completed the final element of this optimisation, suspending auto-renewal of subscriptions, in mid-September which means that digital revenue will continue to be impacted by lower VAS revenue in the fourth quarter, after which we expect it to stabilise.

MTN Nigeria reported 17,2 million active data subscribers, up 15,1% QoQ, and 2,5 million MoMo customers, up 12,4% QoQ.

The EBITDA margin expanded to 43,2% in the first nine months of the year, up 4,7 percentage points from end-September 2017, driven by the strong growth in revenue, mix of revenue and further cost optimisation efforts.

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SOUTHERN AND EAST AFRICA AND GHANA (SEAGHA)

MTN Ghana

MTN Ghana delivered a strong performance, driven by robust service revenue growth of 22,9%. Data revenue increased by 30,9% YoY and digital revenue expanded by more than 28%, driven by MoMo.

MTN Ghana reported an EBITDA margin of 37,6% in the first nine months of the year. This is 1,3 percentage points lower than the margin in the first nine months of 2017. Excluding the impact of the reintroduction of management fees in May 2018, the EBITDA margin was 40,4%.

Subscriber numbers increased to 17,1 million¹, with 5,8 million active data subscribers and 7,9 million MoMo customers.

MTN Uganda

MTN Uganda recorded service revenue growth of 7,4%, led by growth in voice and data revenue, while MoMo revenue declined following the implementation of new taxes. Outgoing voice revenue grew 5,1% and data revenue increased by 12,4% in the period. MTN Uganda reported nearly 2,0 million active data subscribers and 5,4 million MoMo customers, a QoQ increase of 10,8% and 1,9% respectively.

Other SEAGHA

Across the balance of the **SEAGHA** region the subscriber base increased by 4,7% QoQ, led by gains in Rwanda and Zambia.

WEST AND CENTRAL AFRICA (WECA)

MTN Ivory Coast

MTN Ivory Coast's service revenue declined by 7,1% YoY, a result of a 24,2% decrease in outgoing voice revenue in a competitive market characterised by lower subscriber numbers after a nationwide subscriber re-identification process earlier in the year. Data and digital revenue increased by 13,8% and 27,9% respectively.

The number of MoMo subscribers increased by 14,1% to 2,9 million and the number of active data users rose by 12,2% to 3,1 million.

Following a number of regulatory challenges, which we believe are now behind us, and the introduction of a new tariff structure, we expect the fourth quarter to deliver positive sequential revenue growth.

MTN Cameroon

In a difficult operating environment and amid competitive pressure, **MTN Cameroon** reported an 8,0% YoY decline in service revenue. Outgoing voice revenue declined 11,8%. Data revenue increased 8,7% and digital, mostly MoMo, revenue grew by 41,1%. The number of active data users increased 8,2% QoQ to 2,3 million and the number of MoMo customers rose by 24,9% to 1,5 million.

MTN Cameroon is in the process of a significant transformation, which includes a strengthened management team, led by Hendrik Kasteel, who joined as CEO in September 2018. A new organisational structure will improve the agility of the operation and reduce costs. We are also working hard to improve relations with our many stakeholders, including regulatory authorities, and are encouraged by recent trends, including customer net additions.

Other WECA

Across the balance of the **WECA** region the subscriber base increased by 4% QoQ, driven mainly by growth in Benin.

¹ These numbers are calculated using MTN Group definitions and may differ from those defined by the regulator in Ghana.

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MIDDLE EAST AND NORTH AFRICA (MENA)

MTN Irancell (joint venture – equity accounted, 49%)

MTN Irancell reported service revenue growth of 14,1% YoY, supported by strong data growth of 40,6%. The operation remained the market leader in data services, a result of continued network rollout and attractive segmented offers. The number of active data users increased by 0,9% QoQ to 19,4 million.

Digital revenue declined 15,5% as the regulator enforced strict additional opt-in measures, affecting all operators. Outgoing voice revenue declined 5,0% YoY.

Despite the strong service revenue growth, MTN Irancell had a tough quarter due to the impact on costs of the sharp devaluation of the rial after the government announced a new exchange rate regime for regulating imports.

For our accounting of the Iranian business we use the Central Bank of Iran (CBI) exchange rate until the end of July 2018 and have then adopted the SANA exchange rate. FIPPA-approved outstanding loans and dividends will continue to be translated at the CBI rate.

Other MENA

Across the rest of the **MENA** region the subscriber base increased by 1,2% QoQ, because of growth in Syria and Afghanistan.

UPDATE ON THE NIGERIAN MATTERS

During the quarter, the Central Bank of Nigeria (CBN) alleged improper dividend repatriations by MTN Nigeria between 2007 and 2015 of US\$8,1 billion while the Attorney General of the Federal Republic of Nigeria (AGF) alleged unpaid taxes on foreign payments and imports of approximately US\$2,0 billion.

MTN Nigeria continues to deny these allegations and claims. To protect MTN Nigeria's assets and shareholder rights within the confines of Nigerian law, we applied in the Federal High Court of Nigeria for injunctive relief restraining the CBN and the AGF from taking further action in respect of their orders, while we continue to engage with the relevant authorities on these matters. We remain resolute that MTN Nigeria has not committed any offences and will continue to defend this position vigorously.

Shareholders are referred to the cautionary announcement dated 30 August 2018 and the subsequent renewal of cautionary announcements, the latest of which was released on 23 October 2018. Shareholders are advised to continue to exercise caution when dealing in the company's securities until a further announcement is made.

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. The economy of Syria was assessed to be hyperinflationary, effective 1 January 2014, and hyperinflation accounting has been applied since.

Fairland
29 October 2018

Sponsor

Deutsche Securities (SA) Proprietary Limited

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Subscribers ('000)

Country	1Q17	2Q17	3Q17	4Q17 ^Δ	1Q18 ^Δ	2Q18 ^Δ	3Q18 ^Δ
South Africa	30 231	31 216	30 908	29 516	29 806	30 176	29 471
Postpaid	5 161	5 194	5 227	5 357	5 489	5 614	5 734
Prepaid	25 070	26 022	25 681	24 159	24 317	24 562	23 738
Nigeria	60 523	53 094	50 308	52 273	54 529	55 185	56 035
SEAGHA	40 837	40 982	41 102	38 660	39 737	40 249	41 767
Ghana	16 789	17 304	17 590	15 667	16 151	16 525	17 111
Uganda	10 861	11 158	10 806	10 707	10 856	10 511	10 828
Rwanda	4 210	3 510	3 575	3 413	3 574	3 805	4 203
Zambia	5 505	5 575	5 695	5 485	5 638	5 747	6 052
South Sudan	708	685	691	663	762	927	958
Botswana	1 784	1 763	1 746	1 746	1 746	1 746	1 669
Swaziland	981	987	999	979	1 010	988	952
WECA	31 354	31 929	32 953	29 134	28 610	29 451	30 152
Cameroon	9 749	9 541	9 447	7 052	6 596	6 637	6 922
Ivory Coast	10 399	11 018	11 619	10 922	10 971	11 257	11 208
Benin	4 162	4 273	4 280	4 358	4 358	4 517	4 826
Guinea-Conakry	2 493	2 550	2 696	2 648	2 655	2 827	2 923
Congo-Brazzaville	2 355	2 345	2 481	2 532	2 373	2 345	2 382
Liberia	1 495	1 412	1 635	881	915	1 078	1 117
Guinea-Bissau	700	789	795	742	742	790	774
MENA	73 454	74 111	74 509	67 227	68 203	67 855	67 959
Iran (joint venture)	48 118	49 041	49 539	43 257	44 551	44 610	44 439
Syria	5 915	5 915	5 915	5 617	5 617	5 293	5 435
Sudan	7 604	7 576	7 450	7 582	7 670	7 677	7 600
Yemen	5 221	5 110	5 089	4 371	4 193	4 213	4 263
Afghanistan	6 597	6 469	6 516	6 400	6 172	6 062	6 222
Total subscribers	236 399	231 332	229 781	216 810	220 885	222 916	225 384

^Δ Modernised.

Note: MTN Dubai Ltd concluded the sale of MTN Cyprus on 4 September 2018.

Historic data has been restated, stripping out MTN Cyprus subscribers, to allow for comparability.

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ARPU

(Local currency)

Country	1Q17	2Q17	3Q17	4Q17 ^Δ	1Q18 ^{ΔΔ}	2Q18 ^Δ	3Q18 ^Δ
South Africa	84,79	85,24	88,12	96,80 [#]	96,14 [#]	94,23 [#]	98,33[#]
Postpaid	147,05	148,97	149,70	160,42	141,80	140,23	142,78
Postpaid (excluding telemetry)	264,52	268,57	272,40	296,90	262,43	265,26	271,14
Prepaid	72,06	72,32	75,87	82,84	77,19	74,64	77,52
Nigeria	1 131,00	1 171,00	1 407,73	1 483,52	1 493,09	1 491,28	1 492,25
SEAGHA							
Ghana	12,90	15,92	16,45	18,15	20,13	21,08	19,38
Uganda	7 635,00	7 399,00	7 699,00	8 455,00	7 914,00	8 010,00	8 463,00
Rwanda	1 413,31	1 696,89	2 061,66	2 085,71	1 960,18	1 971,52	2 031,64
Zambia	21,80	24,54	27,82	31,45	27,57	28,66	30,05
South Sudan	198,44	257,39	267,73	393,34	477,84	678,47	678,63
Botswana	64,65	69,00	69,00	76,26	76,26	76,26	75,21
Swaziland	102,69	101,16	95,89	108,46	92,83	90,01	99,85
WECA							
Cameroon	1 844,00	1 850,00	1 884,00	2 440,00	2 518,35	2 534,53	2 408,00
Ivory Coast	2 683,85	2 530,85	2 236,02	2 355,54	2 261,27	2 260,85	2 053,72
Benin	3 283,25	2 962,55	2 793,69	2 643,54	2 941,08	2 690,45	2 745,06
Guinea-Conakry	19 926,34	20 093,59	19 890,34	19 091,33	18 426,75	17 371,94	16 995,08
Congo-Brazzaville	4 031,72	4 328,90	3 788,47	3 211,45	3 263,37	3 355,93	3 789,47
Liberia	2,44	2,59	2,44	3,88	3,47	3,14	2,67
Guinea-Bissau	2 157,54	2 691,26	2 182,31	2 133,76	2 153,93	2 316,82	1 979,81
MENA							
Iran (joint venture)	128 907,00	134 721,00	143 178,00	169 151,00	159 303,00	167 793,00	175 049,22
Syria	1 013,91	1 024,15	1 111,89	1 083,76	1 032,71	1 129,02	1 244,15
Sudan	24,00	25,13	26,18	29,91	35,25	39,88	42,35
Yemen	793,79	824,79	843,85	912,72	921,59	982,79	1 020,19
Afghanistan	102,76	117,50	126,09	118,75	116,92	134,77	139,39

^Δ 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.

^Δ Modernised.

Note: MTN Dubai Ltd concluded the sale of MTN Cyprus on 4 September 2018.

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ARPU

(US dollar)

Country	1Q17	2Q17	3Q17	4Q17 ^Δ	1Q18 ^Δ	2Q18 ^Δ	3Q18 ^Δ
South Africa	6,34	6,51	6,69	7,12 [#]	8,06 [#]	7,45 [#]	7,06[#]
Nigeria	3,60	3,61	4,31	4,24	4,14	4,13	4,12
SEAGHA							
Ghana	2,87	3,67	3,73	4,05	4,50	4,60	4,02
Uganda	2,11	2,06	2,14	2,32	2,17	2,12	2,25
Rwanda	1,74	2,03	2,45	2,46	2,32	2,13	2,35
Zambia	2,27	2,68	3,05	3,14	2,82	2,87	2,90
South Sudan	1,84	2,19	2,27	3,14	3,60	4,93	4,67
Botswana	6,17	6,70	6,50	7,60	7,60	7,60	7,24
Swaziland	7,75	7,72	7,28	7,98	7,78	7,12	7,17
WECA							
Cameroon	2,98	3,17	3,40	4,32	4,66	4,60	4,28
Ivory Coast	4,33	4,35	3,99	4,17	4,19	4,10	3,65
Benin	5,30	5,09	4,99	4,68	5,45	4,88	4,88
Guinea-Conakry	2,16	2,24	2,21	2,12	2,05	1,93	1,89
Congo-Brazzaville	6,51	7,43	6,78	5,72	5,94	5,99	6,69
Liberia	2,44	2,59	2,44	3,88	3,47	3,14	2,67
Guinea-Bissau	3,48	4,62	3,90	3,78	3,99	4,21	3,52
MENA							
Iran (joint venture)	3,86	3,84	4,35	4,87	4,32	4,05	2,52
Syria	1,96	1,98	2,15	2,29	2,37	2,58	2,84
Sudan	3,59	3,76	3,92	2,79	1,45	1,37	1,45
Yemen	3,17	3,29	3,11	2,34	2,38	2,58	2,68
Afghanistan	1,52	1,72	1,84	1,73	1,69	1,90	1,90

^Δ 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.

^Δ Modernised.

Note: MTN Dubai Ltd concluded the sale of MTN Cyprus on 4 September 2018.

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Average exchange rates

	September 2018	September 2017		Rand: local currency strengthening/ (weakening) %
Rand: local currency				
Nigerian naira	28,11	24,21	↑	16,1
Iranian rial	3 502,72	2 473,31	↑	41,6
Ghanaian cedi	0,36	0,33	↑	9,1
Cameroon CFA franc	43,41	44,56	↓	(2,6)
Ugandan shilling	289,87	271,41	↑	6,8
Syrian pound	33,86	39,04	↓	(13,3)
Sudanese pound	2,14	0,50	↑	328,0
				US dollar: local currency strengthening/ (weakening) %
US dollar: local currency	September 2018	September 2017		
Rand	12,87	13,26	↑	2,9
Nigerian naira	361,05	321,13	↓	(12,4)
Iranian rial	44 199	32 796	↓	(34,8)