

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 31 March 2014

MTN Group records 210,1 million subscribers

MTN is a leading emerging market mobile operator, connecting approximately 210 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 1,1% quarter-on-quarter (QoQ) from December 2013
- Data revenues bolster performance increasing 43,3% year-on-year (YoY)
- Continued growth momentum in large opco cluster
- Encouraging progress in Mobile Money with total registered subscribers now 16,6 million
- Continued focus on network roll-out and data offerings in Nigeria

MTN Group president and CEO Sifiso Dabengwa comments:

"MTN delivered a satisfactory performance during the first quarter of 2014, underpinned by strong data growth, competitive offerings and improved network quality and coverage. Our operating environment remains tough with persistent price competition and regulatory challenges in key markets. Subscriber numbers grew marginally by 1,1% quarter-on-quarter from December 2013. This was mainly due to the ban on the sale of SIM cards in Nigeria during March, the disconnection of non-revenue generating subscribers in South Africa and slower subscriber growth in Iran.

"Data and Mobile Money remain key areas of focus for the Group as traditional voice revenue remains under pressure. We note encouraging growth in data revenues increasing 43,3% YoY and contributing 17,0% of total revenue and a 12,0% increase in Mobile Money subscribers. Cost containment and the execution of our infrastructure sharing strategy, particularly in South Africa, continue to make good progress."

Operational review

MTN Group

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 22 operations is also included. ARPU is based on actual quarterly ARPU and is disclosed in both US dollars and local currency.

MTN South Africa continued to focus on regaining relevance in the pre-paid segment and maintaining its post-paid market share. Overall subscriber numbers reduced by 824 768 bringing total subscribers to 24,9 million at the end of the quarter. This was largely due to the disconnection of 973 064 subscribers who had been showing activity but not generating revenue as per our 90 day RGS requirement. The post-paid segment delivered a satisfactory performance, growing subscribers by 3,7% to 5,2 million. This was supported by continued growth in telemetry SIMs, segmented marketing campaigns as well as attractive converged offers. While the pre-paid segment remained challenging, the introduction of MTN Sky (unlimited pre-paid bundled price plan) and the launch of a new pre-paid voice promotion of 79 cents per minute for both on-net and off-net calls in the second quarter, are expected to deliver improved subscriber performance going forward. Data continues to bolster revenue growth, increasing by 13,3% YoY and now contributes 22,8% of the operation's revenue. Data subscribers increased to 14,5 million largely due to competitive data packages and the launch of the low-cost Steppa smartphone. Blended ARPU decreased 11,3% to R100,47.

MTN South Africa remains committed to seeking a permanent resolution to the recent MTR glide path and asymmetry regulations announced by the Independent Communications Authority of South Africa, which came into effect on 1 April for a period of six months.

MTN Nigeria delivered a satisfactory performance during the quarter and increased its subscriber base despite the one-month ban on the sale of SIMs imposed by the Nigerian Communications Commission (NCC) for three of the four GSM operators. MTN Nigeria grew its subscribers marginally to 57,2 million and the operation's market share declined marginally to 49,3%. We continue to engage constructively with the NCC on quality of service KPIs and regular market activities resumed from 1 April. Encouragingly we have seen strong subscriber growth post the lifting of the ban.

There has been a significant improvement in network quality and capacity with 483 2G and 597 3G sites added during the quarter. Effective data pricing and locally relevant product offerings also remain key focus areas. Local currency data revenue continued to grow strongly increasing by 21,1% YoY with the average data usage per customer at 41MB per month. This was mainly attributable to the growth in 3G enabled devices on the network, which increased to 7,1million and improved 3G network quality and capacity. Local currency ARPU was 3,2% lower due to lower effective tariffs.

Other operations: Large opco cluster

MTN Irancell increased its subscriber base by 1,0% to 41,8 million. The slower than expected gross connections were impacted by the weaker economy, a highly penetrated market and increased promotional activities from GSM competitors. Innovative promotional offers have subsequently been implemented to address subscriber acquisition and retention. Data revenue increased 79,0% YoY and now contributes 10,4% to the operation's total revenue. This was mainly driven by improved network quality and attractive bundled data packages. Local currency ARPU increased 2,4% supported by stronger data revenues.

MTN Ghana increased subscribers by 1,0% to 13,1 million. This was a satisfactory performance despite a highly penetrated market, currency and inflationary pressures, and increased competition. The investment in Mobile Money awareness together with new and innovative products resulted in higher activations and transaction volumes. This positively impacted local currency data revenue, which increased by 99,8% YoY and now contributes 7,0% to the operation's total revenue. MTN Ghana will continue to focus on managing overall costs as the currency remains under pressure. Local currency ARPU increased 1,7% for the quarter.

MTN Group Limited

Quarterly update for the period ended 31 March 2014

MTN Cameroon performed well, delivering a 6,0% increase in its subscriber base to 9,2 million. The operation increased its value share while maintaining its market share despite strong competition and a relatively weak economic environment. This was attributable to a wide range of bonus offers and an increased focus on competitive data offerings, Mobile Money and effective distribution. Subscriber growth was further supported by effective dormancy management and lower churn levels. Local currency data revenue increased 60,6% YoY, contributing 7,4% to the operation's total revenue, and Mobile Money continued to increase active subscribers and transaction volumes. Local currency ARPU decreased 9,1% largely due to lower data tariffs.

MTN Ivory Coast increased its subscribers by 6,3% to 7,5 million, maintaining its market share and increasing value share in a highly competitive market. This was mainly due to attractive "bonus top-up" and data promotions. Local currency data revenue increased 29,6% YoY, while Mobile Money gained momentum and increased subscribers by 10,4% to 1,6 million. During the quarter, the operation continued to accelerate 3G coverage in the main business centres. Local currency ARPU declined 4,4% due to increased promotional activity.

MTN Uganda reported a good performance increasing its subscriber base by 8,4% to 9,5 million. This was mainly attributable to attractive bundled offers aimed at both acquisition and retention. Regionally focused sales and distribution campaigns also supported this performance. Local currency data revenue increased 67,7% YoY and now contributes 23,5% to revenue. Mobile Money is now the largest contributor to the operation's data revenue with nearly 50% of subscribers actively utilising the service. Local currency ARPU declined 13,5% for the quarter due to lower effective tariffs.

MTN Sudan experienced a net reduction of 52,000 subscribers with the overall base remaining at 8,7 million subscribers. This was largely attributable to increased competition and a spike in unrest in the southern region of the country. Subscriber retention and segmented offerings remain key focus areas. Data revenue increased 127,2%, contributing 11,3% to revenue. Local currency ARPU increased 11,1%.

MTN Syria continues to operate in an extremely challenging environment and subscriber numbers decreased 1,8% to 5,7 million. Security, power outages and insufficient fuel supply remain some of the key challenges. Data revenue increased 133,0% YoY, while local currency ARPU increased 6,1% supported by increased tariffs.

MTN Group Limited

Quarterly update for the period ended 31 March 2014

Subscribers (‘000)

Country	1Q13	2Q13	3Q13	4Q13	1Q14	QoQ %
South Africa	24 950	25 001	25 235	25 700	24 875	(3,2)
Post-paid	4 636	4 759	4 875	5 005	5 192	3,7
Pre-paid	20 314	20 242	20 360	20 695	19 683	(4,9)
Nigeria	51 295	55 238	55 596	56 766	57 224	0,8
Large opco cluster	89 318	90 805	91 499	93 454	95 540	2,2
Iran	41 542	42 025	41 295	41 374	41 783	1,0
Ghana	12 024	12 588	12 765	12 930	13 055	1,0
Syria	5 665	5 507	5 787	5 829	5 723	(1,8)
Ivory Coast	6 433	6 572	6 683	7 078	7 521	6,3
Cameroon	7 499	7 623	8 160	8 711	9 236	6,0
Uganda	7 950	8 041	8 386	8 808	9 549	8,4
Sudan	8 206	8 448	8 423	8 724	8 672	(0,6)
Small opco cluster	29 825	30 490	31 432	31 882	32 426	1,7
Yemen	4 691	4 789	5 010	5 055	5 185	2,6
Afghanistan	5 376	5 460	5 650	5 890	6 058	2,9
Benin	2 739	2 838	2 976	3 130	3 259	4,1
Congo B	1 720	1 731	1 757	1 764	1 865	5,7
Zambia	4 200	4 234	4 471	4 410	4 161	(5,6)
Conakry	2 353	2 450	2 524	2 723	2 885	5,9
Rwanda	3 451	3 600	3 637	3 556	3 525	(0,9)
Cyprus	312	324	328	331	399	20,8
Liberia	1 231	1 258	1 278	1 317	1 355	2,9
Botswana	1 623	1 636	1 691	1 712	1 700	(0,7)
Bissau	727	727	603	463	490	6,0
Swaziland	817	829	852	811	813	0,2
South Sudan	585	614	654	720	732	1,7
Total subscribers	195 388	201 534	203 762	207 801	210 065	1,1

MTN Group Limited

Quarterly update for the period ended 31 March 2014

ARPU

(Local currency)

	1Q13	2Q13	3Q13	4Q13	1Q14	QoQ %
South Africa	110,62	105,40	106,06	113,36	100,47	(11,4)
Post-paid	222,34	220,90	215,55	225,23	214,58	(4,7)
Pre-paid	86,05	78,64	80,17	86,21	72,04	(16,5)
Nigeria	1 245,64	1 150,39	1 148,78	1 217,14	1 177,82	(3,2)
Large opco cluster						
Iran	92 298,84	96 426,65	100 548,63	100 380,99	102 834,76	2,4
Ghana	11,32	11,45	11,16	11,54	11,73	1,7
Syria	504,88	610,52	639,84	676,78	718,37	6,1
Ivory Coast	3 183,33	3 251,97	3 115,99	3 237,58	3 095,89	(4,4)
Cameroon	2 685,36	2 641,64	2 715,32	2 715,03	2 469,15	(9,1)
Uganda	9 368,65	10 425,73	9 761,85	10 379,00	8 974,72	(13,5)
Sudan	11,19	11,50	11,09	11,13	12,36	11,1
Small opco cluster						
Yemen	1 294,57	1 296,52	1 302,91	1 232,02	1 182,54	(4,0)
Afghanistan	206,21	220,89	204,79	197,23	180,62	(8,4)
Benin	3 862,85	3 772,26	3 678,13	4 169,04	3 764,70	(9,7)
Congo B	5 252,34	5 192,13	5 979,58	5 669,93	5 494,05	(3,1)
Zambia	22,51	23,18	27,22	29,31	28,58	(2,5)
Conakry	37 914,82	36 603,70	33 273,31	32 156,58	29 163,91	(9,3)
Rwanda	1 888,47	1 790,45	1 728,22	1 853,42	1 655,75	(10,7)
Cyprus	18,30	19,86	18,58	15,01	18,20	21,3
Liberia	8,63	8,61	7,92	9,92	6,98	(29,7)
Botswana	61,84	67,60	67,25	66,16	65	(1,8)
Bissau	1 968,81	1 769,86	1 540,66	1 878,41	2 315,70	23,3
Swaziland	92,10	87,95	96,00	100,36	100,88	0,5
South Sudan	26,00	27,55	28,26	27,72	24,82	(10,5)

MTN Group Limited

Quarterly update for the period ended 31 March 2014

ARPU

(US dollar)

	1Q13	2Q13	3Q13	4Q13	1Q14	QoQ %
South Africa	12,38	11,06	10,55	11,16	9,32	(16,5)
Nigeria	7,89	7,23	7,11	7,63	7,21	(5,5)
Large opco cluster						
Iran	3,76	3,90	4,06	4,04	4,13	2,2
Ghana	5,92	5,78	5,40	5,17	4,70	(9,0)
Syria	5,54	5,45	3,70	4,31	4,81	11,7
Ivory Coast	6,42	6,46	6,30	6,72	6,46	(3,9)
Cameroon	5,41	5,25	5,49	5,63	5,15	(8,5)
Uganda	3,56	4,03	3,79	4,13	3,58	(13,3)
Sudan	2,54	2,61	2,40	1,96	2,17	11,1
Small opco cluster						
Yemen	6,02	6,03	6,06	5,73	5,50	(4,0)
Afghanistan	3,92	4,00	3,64	3,42	3,16	(7,7)
Benin	7,79	7,49	7,43	8,65	7,86	(9,2)
Congo B	10,59	10,31	12,08	11,77	11,46	(2,6)
Zambia	4,22	4,34	5,03	5,36	4,97	(7,2)
Conakry	5,56	5,43	4,93	4,72	4,23	(10,4)
Rwanda	3,01	2,83	2,66	2,78	2,46	(11,6)
Cyprus	24,18	25,87	24,62	20,43	24,91	21,9
Liberia	8,63	8,61	7,92	9,92	6,98	(29,7)
Botswana	7,68	8,05	7,80	7,67	7,28	(5,1)
Bissau	3,97	3,51	3,11	3,90	4,83	24,0
Swaziland	10,32	9,23	9,55	9,88	9,35	(5,3)
South Sudan	8,22	8,71	8,94	8,76	7,85	(10,4)

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

Fairland
24 April 2014

Sponsor

Deutsche Securities (SA) Proprietary Limited