

MTN Group Limited

(Incorporated in the Republic of South Africa)

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("MTN" or "the Group")

Quarterly update for the period ended 31 March 2015

MTN is a leading emerging market mobile operator, connecting approximately 228 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.

MTN Group records 227,5 million subscribers

Highlights

- Satisfactory subscriber growth of 1,8% quarter-on-quarter (QoQ), adding 4,1 million subscribers
- Muted subscriber growth in South Africa due to delays in engaging a replacement distributor and reduced handset sales
- Satisfactory subscriber growth in Nigeria of 2,1%, despite a weakening macro-economic environment
- Registered Mobile Money subscribers across the Group of 27,4 million, up 23,2% QoQ across 14 operations
- Reported data revenue increased by 16,7% year-on-year (YoY), now contributing 20,8% to total revenue, organic data revenues increased 24,0% YoY.

YoY growth – refers to Quarter 1, 2015 vs Quarter 1, 2014

QoQ growth – refers to Quarter 1, 2015 vs Quarter 4, 2014

MTN Group president and CEO, Sifiso Dabengwa comments:

"MTN's results for the quarter were impacted by a weaker macro-economic environment following the reduction in the price of oil in 2014 and continued price competition. MTN Nigeria improved subscriber growth trends although revenue and minutes growth remains a challenge. While South African operation's subscriber growth was impacted by seasonality and some operational challenges, revenue growth was encouraging.

"We continue to focus on our non-voice services which remain the key driver of the Group's revenue growth. In the quarter, we bolstered our management team to facilitate growth in these areas. We appointed a Group chief consumer officer and have made provision for the appointment of an executive for our digital business. Data revenue increased by 16,7% as we expanded our 3G and LTE networks and stimulated the adoption of data-enabled devices and smartphones."

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Operational review

MTN Group

This commentary includes an analysis of the quarterly 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 as an appendix. The reported ARPU is based on actual quarterly ARPU and is disclosed in both US dollars and local currency.

MTN South Africa recorded muted subscriber growth, ending the quarter with 28,0 million subscribers. The post-paid and pre-paid subscriber base declined marginally recording 5,4 million and 22,6 million subscribers respectively. This was impacted by seasonality, some short-term challenges in the distribution channel and lower handset sales. Despite this, the operation remained competitive increasing total minutes by more than 100% YoY. Total minutes declined 6.1% QoQ, impacted by seasonality.

Data revenue showed strong growth of 21,8% YoY and now contributes 27,7% to total revenue. This was supported by attractive data promotions including data bundles and segmented e-journey communications. Data usage increased 62,6% YoY while data users increased 18,1% YoY to 17,2 million. MTN South Africa continues to focus on cost containment initiatives and optimising its operating model. Blended ARPU decreased by 4,8% to R87.

MTN Nigeria increased its subscriber base by 2,1% to 61,1 million and maintained subscriber market share during the quarter. This was supported by competitive value propositions including promotions focused on family and friends, which stimulated on-net traffic. Total minutes on the network declined by 2,0% QoQ impacted largely by seasonality, and declined 2,4% YoY mainly due to increasing inflation and reduced consumer spend.

Local currency data revenue continued to grow strongly increasing by 17,0% YoY and now contributes 19,7% to total revenue. This was achieved despite the significant YoY decline in data tariffs and was driven by data subscriber growth of 17,6% YoY as well as strong growth in digital services. Diamond Yellow, our Mobile Money offering, has continued to gain traction with a key focus on stimulating subscriber activity, bank partnerships and expansion of the distribution footprint.

While voice revenue growth remains challenging and is below expectations, the trend over the past six months is positive with improvements in average daily revenues. Local currency ARPU declined by 1,4% as a result of lower voice revenue.

Other operations: Large opco cluster

MTN Irancell delivered a sound performance despite strong competition, increasing its subscriber base by 1,1% to 44,4 million in a highly penetrated market. Total minutes declined by 1,8% QoQ and 7,7% YoY, mainly impacted by the substitution of voice with data services following the sharp decline in data tariffs in line with a data tariff cap introduced by the regulator in January 2015. Local currency data revenue increased by 101,5% YoY and now contributes 24,5% to total revenue.

The operation remains strongly focused on the expansion of 3G and 4G networks as well as providing attractive bundled data packages. At the end of the quarter MTN Irancell had 2,959 3G sites on air and 993 LTE sites on air.

MTN Ghana continued to perform well despite a weak macro-economic environment. The operation grew its subscriber base 2,6% to 14,2 million, largely attributable to attractive "win a prize" promotions encouraging customers to talk, text and browse. Total minutes increased 35,5% YoY while QoQ minutes declined 3,7%, largely impacted by seasonality. Local currency data revenue increased by 38,9% YoY and now contributes 20,4% to total revenue.

Mobile Money showed strong growth, recording 3,5 million registered subscribers at the end of the quarter and Mobile Money revenues increased more than 250% YoY and now account for approximately 5% of total revenue. MTN Ghana continues to focus on cost optimisation, however, the weaker cedi against the US dollar has resulted in pressure on US dollar denominated expenses. Local currency ARPU declined 2,2% for the quarter.

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MTN Cameroon increased its subscriber base by 4,5% to 10,1 million despite aggressive price competition. Total minutes increased 15,5% YoY and 23,4% QoQ driven by competitive promotions such as Sunday campaigns, international bundles and reward offers. Local currency data revenue increased by 28,1% YoY.

The operation launched 3G services in March 2015 and has rolled out 253 3G sites during the quarter and this is expected to be a key driver of data revenues for the balance of the year. MTN Cameroon recorded 1,6 million Mobile Money subscribers, although the revenue contribution from financial services remains low. Local currency ARPU increased by 2,7% QoQ supported by relatively stable tariffs and higher minutes of use.

MTN Ivory Coast delivered a satisfactory performance in a competitive market, increasing its subscriber base by 3,5% to 8,3 million. Total minutes declined by 0,8% YoY largely due to the discontinuation of MTN call boxes. Attractive usage offerings such as MTN Zone discounts and on-net bonuses upon recharge were introduced to stimulate usage on the network. The operation continued to advance its Mobile Money offering, recording 2,6 million Mobile Money subscribers at the end of the quarter.

Local currency data revenue increased by 56,1% YoY and now contributes 14,0% to total revenue. This was attributable to attractive data bonus offers. Local currency ARPU declined by 6,0% mainly due to lower minutes of use, which impacted voice revenue.

MTN Uganda increased its subscriber base by 3,8% to 10,8 million. Revised MTN Zone and bonus offerings helped to stimulate minutes on the network, which were up 17,6% YoY. Local currency data revenue increased by 18,3% YoY and now contributes 26,1% to total revenue. This was supported by improved data bundles and Mobile Money subscriber activity. Mobile Money continued to show solid growth, recording 7,9 million subscribers. Local currency ARPU decreased 9,9% as a result of a 10,6% decline in the effective rate per minute (ERM) impacting voice revenue.

MTN Sudan reported a net reduction of 355 000 subscribers largely as a result of a weak economy and security challenges in key cities impacting gross subscriber additions. There was also a marked reduction in multi-simming impacting net connections. The operation continues to focus on churn management initiatives and the rollout of its Mobile Money distribution footprint. Local currency data revenue increased by 84,2% YoY, driven by attractive data bundles and now contributes 17,5% to total revenue. Local currency ARPU increased by 6,5%.

MTN Syria continues to operate in extremely challenging conditions reporting a decline in its subscriber base by 1,9% to 5,7 million. Security, power restrictions, staff retention and diesel availability remain some of the key challenges. Local currency data revenue continued to show positive growth and increased by 22,2% YoY, while local currency ARPU declined by 8,0%.

Subscriber net addition guidance for FY2015

	December 2014 '000	March 2015 '000
South Africa	2 400	2 400
Nigeria	4 750	4 750
Large opco	7 100	6 850
Iran	1 750	1 750
Ghana	1 100	1 100
Cameroon	1 500	1 500
Ivory Coast	800	800
Sudan	750	500
Syria	0	0
Uganda	1 200	1 200
Small opco	3 250	3 500
Total	17 500	17 500

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Subscribers (‘000)

Country	1Q14	2Q14	3Q14	4Q14	1Q15	QoQ %
South Africa	24 875	25 269	26 701	27 993	27 958	(0,1)
Postpaid	5 192	5 458	5 477	5 419	5 402	(0,3)
Prepaid	19 683	19 811	21 224	22 574	22 555	(0,1)
Nigeria	57 224	58 446	58 363	59 893	61 149	2,1
Large opco cluster	95 540	98 519	100 358	100 675	102 156	1,5
Iran	41 783	42 697	43 533	43 940	44 421	1,1
Ghana	13 055	13 439	13 547	13 852	14 208	2,6
Syria	5 723	5 653	5 676	5 861	5 747	(1,9)
Ivory Coast	7 521	7 742	7 723	8 016	8 295	3,5
Cameroon	9 236	10 233	11 223	9 658	10 097	4,5
Uganda	9 549	9 920	10 181	10 396	10 791	3,8
Sudan	8 672	8 836	8 474	8 951	8 595	(4,0)
Small opco cluster	32 426	32 726	33 770	34 835	36 240	4,0
Yemen	5 185	5 268	5 300	5 355	5 595	4,5
Afghanistan	6 058	6 182	6 339	6 435	6 390	(0,7)
Benin	3 259	3 337	3 455	3 533	3 782	7,0
Congo B	1 865	1 911	1 972	2 012	2 038	1,3
Zambia	4 161	4 010	4 447	4 932	5 386	9,2
Conakry	2 885	2 929	2 890	3 035	3 272	7,8
Rwanda	3 525	3 621	3 743	3 820	3 889	1,8
Cyprus	399	336	339	337	331	(2,0)
Liberia	1 355	1 308	1 299	1 294	1 319	1,9
Botswana	1 700	1 702	1 696	1 758	1 783	1,4
Bissau	490	550	575	596	636	6,7
Swaziland	813	868	928	889	915	2,9
South Sudan	732	704	787	839	904	7,8
Total subscribers	210 065	214 961	219 191	223 396	227 503	1,8

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ARPU

(Local currency)

	1Q14	2Q14	3Q14	4Q14	1Q15	QoQ %
South Africa	95,21	93,58	89,26	91,55	87,16	(4,8)
Postpaid	189,30	166,37	159,76	170,00	159,52	(6,2)
Prepaid	71,98	74,16	70,40	72,06	69,75	(3,2)
Nigeria	1 177,82	1 124,34	1 123,29	1 118,11	1 102,59	(1,4)
Large opco						
Iran	102 834,76	108 478,89	109 683,56	110 005,75	110 351,87	0,3
Ghana	11,73	11,97	12,02	12,59	12,32	(2,2)
Syria	718,37	797,17	778,42	767,15	706,14	(8,0)
Ivory Coast	3 095,89	2 883,62	2 830,00	3 133,92	2 946,57	(6,0)
Cameroon	2 469,15	2 193,14	2 274,49	2 166,95	2 225,90	2,7
Uganda	8 974,72	8 688,11	8 801,30	8 687,07	7 998,46	(7,9)
Sudan	12,36	13,21	13,07	13,88	14,77	6,5
Small opco						
Yemen	1 182,54	1 171,57	1 159,58	1 087,12	970,24	(10,8)
Afghanistan	180,62	195,43	190,33	179,85	159,27	(11,4)
Benin	3 764,70	3 613,43	3 689,51	3 796,19	3 512,75	(7,5)
Congo B	5 494,05	5 350,72	5 985,40	5 554,26	5 312,87	(4,3)
Zambia	28,58	32,57	38,33	33,70	28,61	(15,1)
Conakry	29 163,91	22 552,64	18 718,42	20 334,09	19 190,61	(5,6)
Rwanda	1 655,75	1 684,02	1 763,68	1 545,17	1 538,99	(0,4)
Cyprus	18,20	19,90	19,12	17,67	17,15	(3,0)
Liberia	6,98	6,34	3,93	5,22	5,07	(2,9)
Botswana	65,00	66,00	72,00	73,56	61,04	(17,0)
Bissau	2 315,70	2 619,19	2 323,20	2 229,73	2 201,47	(1,3)
Swaziland	100,88	100,03	98,17	102,10	94,26	(7,7)
South Sudan	24,82	26,14	29,08	24,69	26,13	5,8

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ARPU

(US dollar)

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

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

Fairland
23 April 2015

Sponsor

Deutsche Securities (SA) Proprietary Limited