

MTN Group Limited

Quarterly update for the period ended 31 March 2016

MTN Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 1994/009584/06

ISIN: ZAE000042164

Share code: MTN

("MTN" or "the Group")

MTN is a leading emerging market mobile operator, connecting approximately 229 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

- Group subscribers decreased by 1,4% quarter-on-quarter (QoQ) impacted by the disconnections of subscribers in Nigeria related to the substantial subscriber registration process and compliance exercise
- MTN South Africa subscribers decreased by 1,7% QoQ impacted by seasonality and the alignment of the subscriber base recently acquired from Autopage
- MTN Nigeria subscribers decreased by 6,9% QoQ impacted by the disconnection of 4,5 million subscribers in February 2016 related to the registration compliance process
- Significant network improvement across the Group with the focused rollout of 3G and 4G sites with capital expenditure year-to-date more than doubling YoY to R6 974 million
- Group revenue for the quarter was boosted by the significant YoY depreciation in the rand against a number of the operational currencies
- Constant currency (organic) data revenue increased by 20,1% YoY, now contributing 24,2% to total revenue
- Voice and data traffic increased by 12,1% and 123,3% respectively YoY

YoY refers to: three months to March 2016 versus three months to March 2015.

QoQ refers to: Q1 2016 versus Q4 2015.

MTN Group executive chairman, Phuthuma Nhleko comments:

"During the first quarter of 2016, the Group was impacted by the 'after shocks' of the events that took place towards the end of 2015, mainly the subscriber registration process in many of the countries in which we operate, with Nigeria being the largest. In order to mitigate any future regulatory challenges, the Group took an exceptionally conservative stance by disconnecting all subscribers who could possibly be deemed to be non-compliant. This has had a significant unfavourable impact on total subscriber growth and revenue in Q1 16. Nonetheless, we believe this resolve to address compliance matters decisively, has put the Group on a solid footing as regards the subscriber registration process and regulatory matters in general. Further, the Group has undertaken a number of 'back to the basics' structural and operational initiatives that will hopefully reset and position the Group for future growth in a rapidly evolving sector. Subscriber growth was also impacted by the weak macro-environment, particularly in those markets reliant on oil exports. The trading environment was highly competitive.

Data revenue remains a key priority. We delivered strong growth during the quarter. This was largely supported by targeted campaigns, the aggressive roll out of 3G and LTE in key markets and increased smartphone uptake.

MTN South Africa's performance was encouraging despite a marginal decline in subscriber growth, impacted by seasonal trends and an alignment of the subscriber base, particularly the recently acquired subscriber base from Autopage. Improved data performance in South Africa was supported by significant investment in the network. MTN Nigeria's performance was impacted by the subscriber registration process and regulatory restrictions during the quarter. The operation, however, continues to invest heavily in the network to improve quality and support data growth."

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The analysis below is presented on a regional basis in line with the Group's new operational structure. This comprises South and East Africa (SEA), West and Central Africa (WECA) and Middle East and North Africa (MENA). Commentary is mainly provided for South Africa, Nigeria and Iran, which are the largest contributors to the Group's performance. It also highlights key aspects from other operations that impacted performance.

The SEA region includes: South Africa, Uganda, Zambia, Rwanda, Botswana (joint venture) and Swaziland (joint venture). The WECA region includes: Nigeria, Ghana, Cameroon, Ivory Coast, Benin, Congo-Brazzaville, Liberia, Guinea-Conakry and Guinea-Bissau. The MENA region includes: Iran (joint venture), Syria, Sudan, Yemen, Afghanistan, Cyprus and South Sudan.

SEA

MTN South Africa reported a marginal decline in subscribers of 1,7% QoQ to 30,1 million. The prepaid subscriber base declined by 1,8% QoQ to 24,9 million, largely impacted by seasonal trends following strong promotions in Q4 15. The postpaid base decline of 0,8% to 5,2 million was impacted by the alignment of the Autopage subscriber base to MTN's, the disconnection of telemetry SIMs and the expiration of legacy low-cost packages. In addition to seasonality, quarterly average revenue per user (ARPU) was impacted by the exceptionally unfortunate 48-hour network outage experienced in February 2016. This had a negative impact of approximately 3% on revenue for the month while billable minutes for the quarter declined by 11,3% YoY. In March we saw an encouraging 10,3% month-on-month (MoM) increase in revenue.

Data revenue continued to show strong growth increasing by 22,9% YoY and contributed 32,8% to total revenue. This was supported by a 12% QoQ increase in the value of data bundles sold as well as an increase in smartphones to 9,2 million. Improved 3G and LTE coverage supported a 29% increase in ARPU for those customers who moved from 2G to 3G and an increase of 19% for those customers who moved from 3G to LTE. Data usage increased by 58,5% YoY. ARPU declined by 9,2% QoQ.

Other SEA – across the rest of the region subscribers increased by 2,0% to 22,7 million in Q1 16. This was mainly driven by strong growth in Uganda.

MTN Uganda increased its subscriber base by 7,8% QoQ to 9,6 million supported by MTN Zone and attractive bundled offers. In Uganda constant currency data revenue increased by 23,8% YoY and contributed 32,1% to total revenue. This was supported by the roll out of 62 3G and 35 LTE sites during the quarter. Local currency ARPU increased by 15,0% QoQ.

MTN Mobile Money subscribers declined by 27% to 6,9 million primarily due to the disconnections in Q4 15 related to the subscriber registration process.

WECA

MTN Nigeria reported a 6,9% QoQ decrease in its subscriber base to 57,0 million. This was a result of the disconnection of 4,5 million subscribers at the end of February 2016 related to the ongoing subscriber registration process. We believe we have now dealt with all the subscribers who were considered to be non-compliant. The operation continues to focus on reconnecting subscribers through proactive engagement and winback offers. Following the re-instatement of regulatory services in March 2016, MTN Nigeria continued to engage the regulatory authorities and we hope to receive approval from the regulator for approval of promotional products and services during the current month.

Constant currency data revenue declined by 9,6% and contributed 19,0% to total revenue mainly due to a change in regulatory requirements obliging operators to seek permission from customers to charge out-of-bundle rates upon the depletion of a data bundle. During the quarter the operation continued to improve its data network in key cities and rolled out 73 2G and 149 3G sites. These network coverage and quality improvements were reflected in the net promoter score with an increase of 3% for the quarter. Local currency ARPU increased by 11,9% QoQ. The operation's competitiveness was impacted by regulatory restrictions in the quarter.

Other WECA – the remainder of the region increased its subscriber base by 1,3% to 45,9 million driven by solid growth in MTN Ghana and MTN Cameroon.

MTN Ghana delivered a sound performance and grew its subscriber base by 4,6% to 17,0 million. This was supported by competitive value propositions as well as churn and loyalty management initiatives. Billable minutes increased by 26,0% YoY, while constant currency data revenue increased by 111,0% and contributed 36,3% to total revenue. This was supported by strong growth in digital and mobile

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financial services as well as improved data network quality. The operation added 65 3G and 143 LTE sites in the quarter. Local currency ARPU increased by 4,0% QoQ. MTN Mobile Money customers increased by 10,8% QoQ to 6,3 million.

MTN Cameroon increased its subscriber base by 3,1% to 9,5 million supported by improved 3G network quality and the launch of 4G at the end of Q4 15. Constant currency data revenue increased by 78,9% and contributed 18,5% to total revenue supported by a 7,5% increase in MTN Mobile Money subscribers to 2,1 million.

MENA

MTN Irancell increased its subscriber base by 1,0% QoQ to 46,6 million in a highly penetrated market. Constant currency data revenue increased by 70,9% QoQ and contributed 39,3% to total revenue. This was largely supported by continued network modernisation as well as the rollout of 1 368 3G and 743 LTE sites during the quarter. Local currency ARPU decreased by 1,4% QoQ.

Other MENA – the remainder of the region increased its subscriber base by 0,2% to 27,0 million.

MTN Sudan increased its subscriber base by 4,0% to 8,8 million driven by competitive pricing and below-the-line and targeted campaigns. Total billable minutes increased by 12,5% YoY. Constant currency data revenue increased by 74,0% driven by digital content and contributed 26,2% to total revenue. Local currency ARPU increased by 8,4% QoQ.

MTN Syria, MTN Yemen and MTN Afghanistan remain profitable, however, they continue to operate in highly challenging environments impacting the region's subscriber growth.

Subscriber net additions guidance for 2016

	December 2015 '000	March 2016 '000
SEA	3 820	3 515
South Africa	1 100	1 100
Uganda	2 000	1 800
Other	720	615
WECA	7 300	6 825
Nigeria	4 000	3 500
Ghana	800	1 100
Cameroon	1 000	1 000
Ivory Coast	75	400
Other	1 425	825
MENA	1 380	1 610
Iran	1 100	1 100
Sudan	125	350
Syria	50	0
Other	105	160
Total	12 500	11 950

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

Fairland

21 April 2016

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Subscribers (‘000)

Country	1Q15	2Q15	3Q15	4Q15	1Q16	QoQ%
SEA	51 625	52 168	53 439	52 853	52 796	(0,1)
South Africa	27 958	28 504	29 077	30 588	30 077	(1,7)
Postpaid	5 402	5 328	5 190	5 242	5 198	(0,8)
Prepaid	22 555	23 176	23 888	25 346	24 879	(1,8)
Uganda	10 791	11 146	11 524	8 929	9 624	7,8
Rwanda	3 889	3 958	4 010	4 119	4 015	(2,5)
Zambia	5 386	4 901	5 026	5 264	5 197	(1,3)
South Sudan	904	982	1 084	1 200	1 126	(6,2)
Botswana (joint venture)	1 783	1 784	1 794	1 758	1 826	3,9
Swaziland (joint venture)	915	892	923	995	931	(6,4)
WECA	104 798	108 802	107 952	106 576	102 942	(3,4)
Nigeria	61 149	62 813	62 494	61 252	57 045	(6,9)
Ghana	14 208	14 886	15 493	16 255	17 004	4,6
Cameroon	10 097	10 363	9 949	9 178	9 467	3,1
Ivory Coast	8 295	8 488	8 461	8 346	8 140	(2,5)
Benin	3 782	3 913	3 989	4 012	3 923	(2,2)
Conakry	3 272	3 485	3 362	3 244	3 075	(5,2)
Congo B	2 038	2 128	2 216	2 250	2 175	(3,3)
Liberia	1 319	1 300	1 300	1 357	1 409	3,9
Bissau	636	705	689	682	704	3,3
MENA	71 080	70 747	71 663	73 071	73 601	0,7
Iran (joint venture)	44 421	44 146	45 464	46 142	46 621	1,0
Syria	5 747	5 765	5 769	5 972	5 792	(3,0)
Sudan	8 595	8 757	8 315	8 462	8 800	4,0
Yemen	5 595	5 239	5 255	5 351	5 335	(0,3)
Afghanistan	6 390	6 487	6 503	6 785	6 702	(1,2)
Cyprus	331	354	356	359	351	(2,4)
Total subscribers	227 503	230 997	233 054	232 500	229 339	(1,4)

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ARPU

(Local currency)

Country	1Q15	2Q15	3Q15	4Q15	1Q16	QoQ%
SEA						
South Africa	87,16	88,44	93,65	91,54	83,10	(9,2)
Postpaid	159,52	163,86	180,65	163,84	154,70	(5,6)
Prepaid	69,75	70,40	74,04	76,00	68,30	(10,1)
Uganda	7 998,46	7 148,75	7 512,37	7 358,68	8 462,00	15,0
Rwanda	1 538,99	1 562,92	1 565,57	1 444,71	1 487,72	3,0
Zambia	28,61	28,34	32,00	30,17	27,47	(8,9)
South Sudan	26,13	26,33	24,52	27,53	55,11	100,2
Botswana (joint venture)	61,04	63,21	68,24	64,00	61,00	(4,7)
Swaziland (joint venture)	94,26	93,73	103,30	101,31	88,00	(13,1)
WECA						
Nigeria	1 102,59	1 046,45	994,44	963,42	1 078,00	11,9
Ghana	12,32	12,53	12,52	11,70	12,17	4,0
Cameroon	2 225,90	2 043,26	2 169,43	2 140,00	2 053,47	(4,0)
Ivory Coast	2 946,57	2 797,32	2 708,13	2 780,00	2 771,75	(0,3)
Benin	3 512,75	3 438,86	3 594,24	3 523,30	3 616,00	2,6
Conakry	19 190,61	17 043,90	14 874,41	16 508,47	14 791,78	(10,4)
Congo B	5 312,87	5 365,33	5 597,42	5 334,97	4 926,03	(7,7)
Liberia	5,07	4,70	3,96	4,31	3,73	(13,5)
Bissau	2 201,47	2 473,65	2 111,39	1 910,73	1 978,20	3,5
MENA						
Iran (joint venture)	110 351,87	114 958,63	116 024,94	113 683,00	112 061,00	(1,4)
Syria	706,14	795,23	863,86	770,64	767,07	(0,5)
Sudan	14,77	15,46	15,89	15,90	17,23	8,4
Yemen	970,24	786,84	920,73	909,66	880,20	(3,2)
Afghanistan	159,27	170,64	180,09	170,51	131,93	(22,6)
Cyprus	17,15	17,57	17,81	17,27	16,26	(5,8)

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ARPU (US dollar)

Country	1Q15	2Q15	3Q15	4Q15	1Q16	QoQ%
SEA						
South Africa	7,45	7,46	7,22	6,40	5,32	(16,9)
Uganda	2,79	2,34	2,13	2,29	2,49	8,7
Rwanda	2,27	2,25	2,21	1,95	2,01	3,1
Zambia	4,23	3,83	3,65	2,84	2,45	(13,7)
South Sudan	8,26	8,33	7,75	4,71	2,06	(56,3)
Botswana (joint venture)	6,27	6,35	6,28	5,60	5,45	(2,7)
Swaziland (joint venture)	8,06	7,81	7,97	7,08	5,60	(20,9)
WECA						
Nigeria	5,68	5,25	4,99	4,87	5,40	10,9
Ghana	3,57	3,15	3,29	3,09	3,13	1,3
Cameroon	3,83	3,43	3,68	3,60	3,37	(6,5)
Ivory Coast	5,07	4,70	4,59	4,69	4,55	(3,0)
Benin	6,05	5,78	6,09	5,80	5,94	2,4
Conakry	2,69	2,34	2,01	2,15	1,70	(20,9)
Congo B	9,14	9,02	9,48	9,00	8,22	(8,7)
Liberia	5,07	4,70	3,96	4,31	3,73	(13,5)
Bissau	3,79	4,16	3,58	3,15	3,24	2,9
MENA						
Iran (joint venture)	4,01	4,03	3,91	3,61	3,71	2,8
Syria	3,31	3,04	2,95	3,91	2,09	(46,5)
Sudan	2,47	2,59	2,62	2,61	2,83	8,4
Yemen	4,51	3,66	4,06	4,10	4,10	–
Afghanistan	2,76	2,89	2,86	2,59	1,92	(25,9)
Cyprus	19,35	19,37	19,80	18,38	17,78	(3,2)