

MTN Group Limited

Quarterly update for the period ended 31 March 2017

(Incorporated in the Republic of South Africa)

Registration number: 1994/009584/06

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Share code: MTN

("MTN" or "the Group")

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MTN is a leading emerging market mobile operator, serving approximately 237 million people in 22 countries across Africa and the Middle East. Our vision is to deliver a bold, new Digital World to our customers.

Highlights

- In March 2017, we completed the evolution of the core senior management team. The new Group president and chief executive officer (CEO), chief financial officer and chief operating officer are now in place and have settled in, swiftly adjusting to their respective roles while beginning a review of the business to see where further improvements can be made;
- Group total revenue increased by 7,1% with data revenues up 29,4% year-on-year (YoY). Data revenue contributed 20% to total revenue;
- MTN South Africa reported a solid performance with a 4,1% increase in service revenue;
- MTN Nigeria delivered continued positive operational momentum and reported an 11,6% increase in total revenue;
- MTN Irancell increased total revenue by 19,3% benefiting from encouraging data revenue trends;
- On balance across the majority of our Tier 2 operations we have seen encouraging revenue trends;
- Voice traffic (billable minutes) increased by 2% and total data traffic by 145%;
- Group subscribers decreased by 1,5% quarter-on-quarter (QoQ) largely as a result of restatements to subscriber numbers in Ghana, Rwanda and Zambia; and
- Network improvement continued across the Group, particularly in the Nigerian, South African and Iranian operations supported by year-to-date capital expenditure at R4 619 million.

All financial growth trends are reported on an organic basis

YoY – 1Q17 vs 1Q16

QoQ – 1Q17 vs 4Q16

Data revenue refers to access data only

Digital revenue refers to Mobile Money (MoMo) and value added services (VAS) revenue.

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MTN Group president and CEO, Rob Shuter comments:

"In the first three months of the year we saw a continuation of the improving operational momentum experienced in the fourth quarter of 2016. While we still have work to do to meet our full-year targets, we continue to leverage off the progress made during 2016 and are encouraged by the progress in project IGNITE* in both South Africa and Nigeria.

The ongoing network investment in Nigeria is delivering continued improvements in data quality in the metro areas and highlights MTN Group's commitment to the Nigerian market notwithstanding the challenging macro environment.

In South Africa we are making progress on tackling our underperformance in the postpaid segment although it will take time for this to reflect in our financial performance.

The Group continues to work towards achieving our vision to lead the delivery of a bold, new Digital World to our customers. We will continue to leverage our scale and enhance our competitive position, benefiting from Africa's low data penetration and the unique opportunity we have to offer our customers a wide range of digital services across our markets.

In our key markets of South Africa, Nigeria and Iran significant network investments made over the past few years are underpinning the improving revenue trends. The network investment planned for 2017 is expected to support further market share gains across our markets.

While our reported subscriber numbers are lower than we had expected, this is largely the result of an ongoing review of subscriber definitions. We are planning to further modernise our internal subscriber definitions to more closely align with the changing mix of revenue streams and will report on this at the end of the first half of 2017."

**Project IGNITE is the group transformation initiative designed to optimise operations in South Africa and Nigeria*

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 comprises Iran (joint venture), Syria, Sudan, Yemen, Afghanistan and Cyprus.

SEA REGION

SOUTH AFRICA

MTN South Africa recorded a solid performance in the first quarter with service revenue up 4,1%. This was supported by data and digital revenue which increased by 17,8% and 20,3% respectively, while outgoing voice revenue declined 5,4% YoY as billable minutes declined by 7,5%.

The priorities for the South Africa business remain driving network quality, offering attractive value propositions and improving the customer experience. In the period we continued our network expansion with 515 LTE sites and 53 3G sites going live. We now have very strong network performance in three of the four large metro areas (Cape Town, Pretoria and Durban) and expect this to support a continued improvement in our net promoter score (NPS).

While subscribers declined in the quarter as a result of traditional seasonality, we remain committed to our net additions guidance of 630 000. We are encouraged by the progress made in our relationship with our franchise channel and this, together with the ongoing systems and process improvements should drive continued improvement in the customer experience.

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UGANDA

Following a challenging 2016, MTN Uganda experienced a positive first quarter with encouraging revenue trends. Mobile Money revenue increased 34,0% and now contributes 22% of total revenue. The introduction of personalised voice bundles supported an 11,5% increase in on-net voice revenue.

MTN Uganda reported net additions for the quarter of 312 000. We expect subscriber growth to moderate as a result of the change in subscriber registration regulations which now require national identity (ID) numbers to be linked to individual subscribers. We have also commenced the process of retrospectively linking the historic subscriber base to the national ID system.

SEA excluding South Africa – across the rest of the region the subscriber base remained flat. Uganda, Rwanda and Swaziland contributed positively, however growth was offset by a decline in subscribers in Zambia, South Sudan and Botswana.

WECA REGION

NIGERIA

MTN Nigeria had a strong start to the year with an 11,6% increase in total revenue supported by a 71,3% increase in data revenue. Whilst the momentum is encouraging the ongoing review of value added services (VAS) subscribers, will put pressure on digital revenue for the balance of the year.

MTN Nigeria's subscriber base declined by 2,3% in the quarter. This was impacted by new regulations that require all subscriber connections to take place in permanent brick and mortar structures. This led to a marked reduction in gross connections across the industry. MTN Nigeria has also continued with the process of excluding subscribers whose only activity is receiving incoming SMS.

Despite the challenging economic conditions MTN Nigeria continued to execute on its network rollout plans with a particular focus on the data network. This remains a key element in the Group's medium-term growth strategy.

GHANA

MTN Ghana continued to benefit from the improving macro environment with solid revenue growth benefiting from a 55,2% increase in data revenue. Mobile money was a stand-out performer and now accounts for 13% of MTN Ghana's total revenue.

MTN Ghana reported a decline in subscribers in the quarter of 2,5 million. This was impacted by the review of subscriber definitions resulting in the disconnection of 3,4 million subscribers. After adjusting for these net additions in the quarter were 893 000.

IVORY COAST

After a tough 2016 in which revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) margins came under pressure, MTN Ivory Coast saw a marked improvement in the quarter, reporting 9,4% revenue growth. Data revenue increased 84,1% while mobile money revenue increased by 32,5%. A significant improvement in NPS supported the good progress made in gaining high value subscribers.

The regulator recently introduced rules disallowing differential pricing for on-net and off-net tariffs and furthermore imposed a significant reduction in leased line prices. This is expected to impact our performance in the rest of the year.

CAMEROON

MTN Cameroon experienced a particularly challenging period with the data network shutdown in select areas impacting all operators in the country. Data revenue growth was constrained to 9,8% as the data network shutdown affected in excess of 20% of our subscriber base. Encouragingly, the business was able to restore data services in these regions effective 21 March 2017 which should result in some improvement for the rest of the year. Mobile money revenue in Cameroon increased 390%.

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MTN's investment in the network over the past few years has delivered positively and MTN Cameroon is today the leading operator in terms of network NPS.

WECA excluding Nigeria – across the rest of the region subscribers declined by 3,6% mainly as a result of the disconnection of subscribers in Ghana. Ivory Coast, Benin and Guinea Bissau contributed positively to the region's subscriber base.

MENA REGION

IRAN

MTN Irancell saw continued strong revenue momentum in the period with data revenue increasing by 76,7% YoY. NPS improved significantly with an improvement in network NPS a key driver.

Other MENA – across the rest of the region subscribers decreased by 1,4% driven by a decline 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 (organic) 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 organic 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. In 2015, the Iranian economy was assessed to no longer be a hyperinflationary environment. MTN therefore discontinued hyperinflation accounting in that operation effective 1 July 2015. In addition, during 2016, Sudan was no longer considered to be a hyperinflationary economy from 1 July 2016 and hyperinflation accounting was discontinued from this date onwards.

Fairland

3 May 2017

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Subscribers including WiMax ('000)

Country	1Q16	2Q16	3Q16	4Q16	1Q17	QoQ %
SEA	52 796	52 872	52 975	54 738	54 279	(0,8)
South Africa	30 077	29 805	29 668	30 764	30 231	(1,7)
Postpaid	5 198	5 132	5 166	5 185	5 161	(0,5)
Prepaid	24 879	24 673	24 502	25 579	25 070	(2,0)
Uganda	9 624	9 891	10 180	10 549	10 861	3,0
Rwanda	4 015	3 989	4 094	4 062	4 210	3,6
Zambia	5 197	5 417	5 392	5 802	5 505	(5,1)
South Sudan	1 126	1 055	892	771	708	(8,2)
Botswana	1 826	1 798	1 805	1 821	1 784	(2,1)
Swaziland	931	919	945	970	981	1,2
WECA	102 952	105 560	108 110	111 901	108 665	(2,9)
Nigeria	57 045	58 978	60 462	61 970	60 523	(2,3)
Ghana [#]	17 004	17 579	18 050	19 296	16 789	(13,0)
Cameroon	9 477	9 648	9 521	9 870	9 749	(1,2)
Ivory Coast	8 140	8 236	8 542	9 484	10 399	9,7
Benin	3 923	3 962	3 988	4 053	4 162	2,7
Conakry	3 075	2 748	2 941	2 563	2 493	(2,7)
Congo B	2 175	2 270	2 333	2 404	2 355	(2,0)
Liberia	1 409	1 443	1 574	1 577	1 495	(5,2)
Bissau	704	696	699	685	700	2,1
MENA	73 855	74 145	73 613	73 738	73 868	0,2
Iran	46 852	47 316	47 837	47 625	48 118	1,0
Syria	5 802	5 837	5 899	6 067	5 915	(2,5)
Sudan	8 800	8 814	7 668	7 490	7 604	1,5
Yemen	5 335	5 310	5 322	5 252	5 221	(0,6)
Afghanistan	6 702	6 482	6 480	6 895	6 597	(4,3)
Cyprus	363	386	407	409	414	1,2
Total subscribers	229 603	232 577	234 698	240 378	236 813	(1,5)

[#] 1Q2017 restated

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ARPU

(Local currency)

Country	1Q16	2Q16	3Q16	4Q16	1Q17	YoY %
SEA						
South Africa	83,10	81,95	90,47	92,54	90,88	9,4
Postpaid	154,70	152,98	178,33	164,59	149,58	(3,3)
Postpaid (excluding telemetry)	258,77	280,59	317,17	295,45	276,36	6,8
Prepaid	68,30	67,15	72,00	77,54	70,83	3,7
Uganda	8 462,00	7 528,18	7 526,96	8 114,82	7 635,00	(9,8)
Rwanda	1 487,72	1 486,82	1 544,73	1 507,62	1 413,31	(5,0)
Zambia	27,47	26,89	28,09	25,38	21,80	(20,6)
South Sudan	55,11	55,05	70,22	145,63	198,44	260,1
Botswana	61,00	63,00	67,00	71,31	64,65	6,0
Swaziland	88,00	91,00	105,54	106,95	102,69	16,7
WECA						
Nigeria	1 078,00	1 086,00	1 047,63	1 100,02	1 131,00	4,9
Ghana	12,17	12,28	12,73	13,66	12,90	6,0
Cameroon	2 052,45	1 952,75	1 981,00	2 046,88	1 844,00	(10,2)
Ivory Coast	2 771,75	2 705,14	2 802,82	2 738,18	2 683,85	(3,2)
Benin	3 616,00	3 506,59	3 458,95	3 595,94	3 283,25	(9,2)
Conakry	14 791,78	16 409,98	18 657,08	18 393,40	19 926,34	34,7
Congo B	4 926,03	5 054,11	4 714,69	4 455,24	4 031,72	(18,2)
Liberia	3,73	3,51	3,34	3,45	2,44	(34,7)
Bissau	1 978,20	2 403,63	2 321,77	2 136,85	2 157,54	9,1
MENA						
Iran	112 513,01	121 147,23	126 364,00	125 604,00	128 907,00	14,6
Syria	767,08	865,87	1 083,20	1 045,44	1 013,91	32,2
Sudan	17,23	17,69	19,05	22,04	24,00	39,3
Yemen	880,20	904,79	921,50	810,82	793,79	(9,8)
Afghanistan	131,93	126,34	135,98	128,59	102,76	(22,1)
Cyprus	16,93	17,15	17,41	16,20	16,08	(5,0)

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ARPU (US dollar)

Country	1Q16	2Q16	3Q16	4Q16	1Q17	YoY %
SEA						
South Africa	5,32	5,51	6,35	6,72	6,86	28,9
Uganda	2,49	2,25	2,23	2,30	2,11	(15,1)
Rwanda	2,01	1,93	1,95	1,87	1,74	(13,4)
Zambia	2,45	2,63	2,82	2,60	2,27	(7,5)
South Sudan	2,06	1,50	1,24	1,95	1,84	(10,7)
Botswana	5,45	5,67	6,33	6,74	6,17	13,2
Swaziland	5,60	6,11	7,41	7,77	7,75	38,3
WECA						
Nigeria	5,40	5,09	3,38	3,52	3,60	(33,3)
Ghana	3,13	3,19	3,23	3,27	2,87	(8,2)
Cameroon	3,37	3,29	3,36	3,38	2,98	(11,6)
Ivory Coast	4,55	4,63	4,76	4,51	4,33	(4,8)
Benin	5,94	5,95	5,87	5,92	5,30	(10,8)
Conakry	1,70	1,83	2,06	2,02	2,16	26,8
Congo B	8,22	8,66	8,01	7,35	6,51	(20,8)
Liberia	3,73	3,51	3,34	3,45	2,44	(34,7)
Bissau	3,24	4,11	3,94	3,52	3,48	7,4
MENA						
Iran	3,73	3,99	4,02	3,94	3,86	3,5
Syria	1,53	1,80	2,16	2,02	1,96	28,1
Sudan	2,83	2,90	3,12	3,41	3,59	27,0
Yemen	4,10	3,71	3,69	3,24	3,17	(22,7)
Afghanistan	1,92	1,84	2,01	1,92	1,52	(21,0)
Cyprus	18,51	19,33	19,68	17,53	17,10	(7,6)