MTN Group Ltd
Q1 Results Conference
DATE: 03/05/2018

Speaker	Narrative
Operator	Good afternoon ladies and gentlemen and welcome to MTN's Q1 results conference call for the period ended 31 March 2018. All participants will be in listen only mode. There will be an opportunity to ask questions at the end of today's presentation. If you should need assistance during the conference please signal an operator by pressing star and then zero. Please note that this conference is being recorded. I would like to hand the conference over to Mr Nik Kershaw. Please go ahead, sir.
Nik Kershaw	Hi. Good afternoon everyone and thanks very much for taking time to dial in to our call. I think you all would have seen the SENS announcement that we released just after 07:00 this morning. It is also on our website. With me this afternoon is Rob Shuter, group CEO, Ralph Mupita, group CFO, and Alan Harper, our lead independent director. I think as you will all have seen the SENS, we're not going to go through that again in detail, but we will just start with Rob, and then Ralph will make a few opening remarks, and after that we'll go into Q&A. Thanks Rob.
Rob Shuter	Thanks Nik, and welcome also from me to everybody. I think we're pretty encouraged by the progress we've made in the first quarter of the year. Two big things we've been working on. First and foremost is operational performance across the group. Secondly is a couple of the big projects, particularly the IPOs in Ghana and Nigeria. And thirdly we've had some complex regulatory situations which we briefed you on as part of the year end results. So as I go through my comments I will give a little bit of feedback on these three things. I think if we look at the group operating performance we are encouraged with the service revenue growth at 9.1%. That's constant currency. That is already quite a lift from the trend of 2017. You will know we've guided for high single digit constant currency service revenue growth over the medium term, so we were pretty pleased to see that coming up already in the first quarter. It is also great to see the group returning to subscriber growth, over 4 million net adds across the portfolio. Obviously strong performance in Nigeria. A good performance also by mobile money, a million net adds 30 day active in the quarter. So I think pretty encouraging. If you look underneath the service revenue I think one of the standout of the results has been really strong growth in data revenue. I will touch on that when I talk a little bit about South Africa and Nigeria. But that is overall at 27%. Our Mobile Money revenue is growing 52%. So I think operationally a decent performance with some challenges of course. Particularly SA is a little bit slow. And we will cover that in a second. Starting first with Nigeria I think a really strong performance there, service revenue up over 14%. We've been saying that we see the Nigerian market turning. We've been saying that we think we are well positioned to take advantage of the turn. And I think you see that coming through in the quarter. Service revenue growth a little bit ahead of our own expectations. And very good cost control has also given quite a lift to the EBITDA margin which is up around 3.4% year on year, up at 41.8%. So we're really

pleased with that.

I think the one call-out in the Nigerian results is in the optimising the value added service revenue. There have been a lot of pressure reductions in that. But we think we have seen the recharge as very resilient. So basically a lot of that VAS revenue is moving into voice, and I think this is positive also and helping a little bit with the EBITDA margin. A lot of work on the network. Number one network NPS. A new measurement of our NPS which I think is reflected very well on the Nigerian OpCo in particular. So that's led to a very strong number one position for overall NPS.

If I turn to South Africa I think also we've been fully consistent that South Africa is a big ship, and for sure we're going to turn it and we're going to turnaround into a great performance, but it is going to take time. So when we look at service revenue growth in SA at 2.5% that is below our medium term guidance, as you know mid-single digits. It is an improvement on Q4. Of course it's not only about the service revenue growth. It's encouraging also to see an opening up of the EBITDA margin in SA, now at 35%.

If we look at the post-paid business it's always good to remember that of approximately 5.5 million subscribers in post-paid around about 1.7 million of that is consumer. That we have spoken about a lot over the last 12 months. We are in pretty good shape. Decent net adds in the quarter. Decent net adds in Q4 of last year. There are about a million subs in enterprise post-paid. We still have a lot of pressure there. And around 2.7 million is machine to machine, and that's looking pretty good. So we are hard at work on enterprise in SA. Our new leadership team started in March and we really believe that we can make a decent turnaround of that as we move to Q3 and Q4.

Network leadership is being maintained. On the data revenue in SA it's important to call out that the 12% in the SENS is actually a combination of a lot of our fixed data. The fixed data we rolled off a few large enterprise contracts in March. And actually if you strip out mobile, in March month was growing around 17%. And generally those enterprise fixed contracts are pretty low-margin business. So underlying access data in SA is still pretty much okay.

I think Iran is pretty much steady as she goes. Service revenue is up 15%. Decent data growth of 51%. Digital business is starting to come on stream, 21%. So I think a reasonable performance in the operating conditions. A few other areas I wanted to touch on briefly before I hand over to Rob. The big projects. We have got all our approvals in place for the Ghana IPO. This has been a lot of work and we look forward to getting that executed over the next few months. And a similar situation also with Nigeria, and in fact on the 7th May, the early part of next week, we will be publishing the full detailed Nigeria results as a prelude to their IPO. We tried to have the teams working on the IPOs as separate as possible from the teams managing the operational performance of the business. The big victory for MTN Group is the operational performance of the markets we're in. And this is what we're trying to demonstrate in Q1.

Quickly on the regulatory developments, firstly in Cameroon you will recall from the

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	SENS announcement of last year we had some sanctions for SIM registration. We had sanctions for spectrum usage. This has led to a broader discussion around the terms of the license that was concluded in 2015. We are right at the end of that. I think we've got common agreement and we're actually hoping to sign a revised license during May month. I think that will really stabilise our situation in Cameroon and get the teams back focussing on the operational performance which has been a little bit challenged in Q1, although slightly better than Q4 of last year. On Benin we've described in the SENS where we are with that. We've signed a memorandum of understanding. It really delivers three specific aspects. One is that we resolved the frequency fees for 2015 and 2017. Two is that we have an extension of the license for five years. And three is that we now have the ability to self-provide the core and access transmission which is really critical in all our markets as we ride the data wave over the next year. The total amount payable is the 70 billion CFA. And you could allocate that roughly a third, a third, a third across those three buckets. So I think that is a decent resolution to a difficult situation. Still some work to be done over the next few months on the future fees, but we are really hoping to restore Benin to a more normal operating environment in the next few months. Finally on regulatory obviously a lot of movement in the South African landscape. So we've got the ECA Bill which is still being discussed. We had the end user and subscriber service charter by ICASA just a few days ago. We are studying that. We are engaged with the regulator on that. And there are parts of it which I think are very sensible, things like notifications to customers. We do a lot of that already. The ability to give data is very common across the industry. But we will have to understand in a bit more detail how it will work. So that is work in progress. I will hand over to Ralph for a bit of detail on the numbers and then I will take Q&A.
Ralph Mupita	Rob, thanks very much. And good afternoon to all of you and thanks for joining us on the call. And those that we met at the Nigeria capital markets day I think we really appreciate the support you guys gave us there. As Rob said the IPO process is underway both for Nigeria and Ghana. Before I cover a bit more detail and colour on the three largest markets maybe a couple of points to raise upfront. Firstly, we have restated the 2017 results on an IFRS 15 basis to make it comparable to the 2018 numbers. So I'm sure you will see some of those numbers look a little bit different to what you had in 2017. Secondly, we've provided additional disclosures for the trading update. And you will see that we do make some commentary not just on service revenue but also on EBITDA margin. The Nigerian business when we get through the listing process they will be reporting their results on a quarterly basis. So they will be providing a lot more detail on the quarter for Nigeria as well as Ghana going forward. So we've decided to add EBITDA margin detail for the three largest markets that we consolidate – SA, Nigeria and Ghana – going forward. Just to recap a bit, these as Rob said were solid results in a tough operating environment. And I think most challenging were currency volatility. But I think you would characterise the first quarter from a currency perspective as having a strong

Rand, a stable Naira and then a weakening Iranian Rial. Maybe I should just step through those key markets in terms of a bit more flavour on the results.

Starting with South Africa, as Rob has said service revenue there at 2.5% is below our medium-term guidance which is mid-single digits. I think you all probably read that as 4% to 6%. So that's below our own expectation. But quarter on quarter, Q4 last year the service revenue was 1.7%. A quarter on quarter growth with 2.5%. So a little bit of a lift, but not where we'd like to be. And on the data revenue growth, which Rob has given you a bit of colour on, if you were to look at it and uncouple it between fixed data, which is the lower margin enterprise business that was down 17%, and then you're 16% up on mobile data. So that will give you the split that blends through to your 12.1% growth that you saw.

On digital we still see very good digital growth, just under 18%. The extra time offering on insurance and rich media services, in particular gaming, are growing nicely there. So digital growth is pretty solid. And then on the EBITDA margin, to Rob's point, expanding to 35% we've always said that this is a business that we certainly see as a strong number two in a 35% plus range from an EBITDA margin perspective. So the business has benefitted in the quarter from operational leverage and certainly the strong ZAR has been positive for handset costs as well as interconnect costs in South Africa.

If I move to Nigeria, to again echo Rob's point I think this was a very solid result from a service revenue point. And I think we've spoken in the past about can we get the service revenue in Nigeria growing above inflation. So your 14.4% growth that we achieved in the quarter within the context of an environment where inflation is falling, stabilising at now 14%, is just slightly crossing over there into real growth. So that's very pleasing at headline level for service revenue. And again voice has been particularly strong. And just to add to Rob's point this has obviously benefitted from what we're calling the VAS to voice dynamic as we have been optimising our VAS processes in Nigeria. Now, certainly we expect this to bottom out in terms of the lack of growth we've seen in digital in Nigeria by the end of H1. So in H2 we should start seeing that trend probably turning around. The recharge as Rob has said has remained resilient and we're just seeing the substitution effect coming through.

And then obviously the EBITDA margin is pleasingly expanding to just under 42%. Operational leverage and service revenue growing ahead of total expenses. The stable Naira has obviously helped a lot and supported good cost control that we've seen in Nigeria. And this revenue mix of more voice than VAS has certainly been supportive. In our view if the environment stays where the Naira remains stable and we're able to continue the execution we have we should expect margins to be resilient and strong in Nigeria. In Nigeria post releasing the full year results we did receive the final 2017 dividend from Nigeria. And we've been mentioning that dividend payments from Nigeria have resumed. So we received $82 million to the group at the end of March 2018 out of Nigeria.

Just moving on to Iran, again service revenue at 15.2% is pretty strong in a tough and challenging operating environment. Official inflation is 9.4%. Again focussing on real

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	growth, so seeing continued real growth there. Data and digital continue to be strong and as Rob has mentioned data 50.7% up. Growth in active data. Increase in usage by about 120%. And our rich media services in Iran are really taking off. We are not disclosing for the Q1 trading update EBITDA margin, but for sure we continue to see transmission expenses putting pressure on margin there. And at the H1 results we will provide you the detail thereof. From a currency perspective you will have noted that on the 9th April 2018 the Iranian authorities provided the unification of the rates. Previously we spoke about the CBI rate and then the market rate. Transactions are now trading at the 42,000 Iranian Rial to the US Dollar. So that's the market mechanism. But it is still in its infancy, but we've been able to repatriate some of the cash, €30 million so far. And we have just over €300 million still to repatriate of a balance of the legacy cash in Iran. And for sure we're very focussed on developments in the region and we'll be watching what happens on the 12th and see what direction that then takes from the US either validating the JCPOA deal still in place or otherwise. I think that's something that obviously will play itself out in the next couple of days. Finally I just wanted to confirm the medium-term guidance that we gave. We still are driving the business operationally to achieve these results, growing service revenue for South Africa and Nigeria and the group, expansion of EBITDA margins and for sure from a leverage point of view looking over the medium term to have improving leverage metrics across the business. I now hand over now back to Nik to drive the Q&A. Nik, back to you.
Nik Kershaw	Thanks very much. Operator, we can move on to Q&A at this stage. Thank you.
Operator	Thank you very much, sir. Ladies and gentlemen, at this time if you'd like to ask a question you're welcome to press star and then one on your touchtone phone or the keypad on your screen and that will place you in the question queue. If you however decide to withdraw the question you're welcome to press star then two on your touchtone phone to remove yourself from the question queue. Just a reminder, should you wish to ask a question you're welcome to press star and then one. The first question comes from Cesar Tiron of Merrill Lynch.
Cesar Tiron	Yes, hi everyone. Thanks for the call and for the opportunity to ask questions. I have three questions if I may. The first one is on Nigeria. I wanted to find out if most of the margin improvement is due to the change in revenue mix. Obviously you have significantly less value added services revenues this quarter than last year. So how much of an impact is that? And also you don't disclose the service revenues, but if we exclude that from the revenues wouldn't your revenue growth almost be close to 20%? And then second on South Africa, can you please share if you see any lead indicators that performance is going to get better in the next quarters? And finally the third question in terms of IPOs. You mentioned Ghana and Nigeria, but you don't mention IHS anymore. Is there perhaps a reason especially related to the Nigerian investigation that IHS is subject to? Do you think this could delay the IPO? Thank you.
Rob Shuter	Okay. It's Rob. I will pick those up. I think the first one on the Nigerian margin improvement is largely driven by the ratio of opex to revenue. Actually the

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	contribution margin is relatively stable. It is a small improvement that comes from the voice business having a higher margin than the value added services business. But it is largely operational leverage. I think the second question on leading indicators for SA, I think definitely the net adds in consumer post-paid that's two quarters now we've had around 130,000 per quarter. I think that's positive. In enterprise post-paid for sure the churn in Q1 is lower than the churn in Q1 of last year. But the inflow is relatively low. So we are basically doing a better job of keeping the customers we've got, but we are not yet activating the new channels and the new subscriptions to bring more volume in. and I think prepaid is generally decent net adds in the quarter, around half a million. So there is a big change in SA going forward in enterprise post-paid and more broadly the enterprise business. We feel that we have already made the hard yards for the consumer post-paid and we believe the prepaid performance will improve in the next few quarters. On the IPOs we have a 29% shareholding in IHS. They are already managing their own process. From what we hear that has been pushed out a bit, but it is not a process that is under our control. It does look like that is more likely end of this year or next year from what we hear from them.
Cesar Tiron	Thank you so much.
Operator	The next question comes from Christopher Grundberg of UBS.
Chris Grundberg	Thanks very much. Just a couple of questions from me. I guess on the SA margins first. I'm assuming SA is a little bit ahead of your expectations or maybe it has come through a little earlier than you thought. I guess two things. First, can you maybe quantify how much of the benefit did come from the Rand? And are there any other mitigating factors that we should be worried about that might see the margin improvement moderate later in the year? And a second one also on SA on your data growth. I'm just wondering can you update us on what you think is a sustainable level of mobile data growth within your business over the next three years, or within your medium-term guidance. What is actually baked into your mid-single digit overall guidance for MTN service revenues? Thanks.
Rob Shuter	I think on the SA margins it is a slightly similar story to Nigeria. You've got top line growth just under 3%. You've got very good cost control. That is a part of us opening the margin up. We also have lower subsidies and negative margin on handsets. That is partly a commercial objective and it is aided by the strength of the Rand. But I think to answer in a general sense I would say that we wouldn't put the margin improvement primarily on the strong Rand. We would put it primarily on cost containment and managing much more carefully the handset subsidies. I think on the SA data revenue as I've said we're at 70% in the March month. And there are a lot of uncertainties going forward because it's a question of what will happen with the end user charter ICASA has come up with. But we still see a lot of headroom for growth in SA. We see relatively low penetration of active data

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	customers in the total base. So I think to hold it at that level would be something we would really be working hard towards and we'd be upset if it was coming under pressure in the medium term.
Chris Grundberg	That's helpful. Thanks very much.
Operator	The next question comes from Jonathan Kennedy-Good of SBG Securities.
Jonathan Kennedy-Good	Good afternoon. Thanks for taking my questions. Just on Iran, I know you've mentioned in the past and now again about transmission costs in Iran. The currency is moving fairly quickly. Is there any sense you could give us one what a 10% move in the Rial versus the Rand would do to margin in that business? And then just on South Africa. I know that there has been some restatement as Ralph mentioned. I'm trying to understand the fact that you're reporting post-paid and prepaid ARPUs down 11.6% and 6.8%, but overall hardly moving at all on fourth quarter. I'm just trying to reconcile what's in that overall ARPU number that's holding it up.
Nik Kershaw	Johno, just on the margins in Iran will not be impacted by the Rial Rand movements. At the end of the day most of the costs in Iran are local currency costs. So the movement in the Rial will have a very negligible impact on the actual underlying margins. Clearly managing transmission cost remains a very important point. And on the ARPU question we will correct it on the website, but between where the numbers were including telemetry and excluding telemetry those numbers were switched around. So it was misleading, but we will get that updated on the website and send it through.
Jonathan Kennedy-Good	Thanks. And if I may follow up with one other question on South Africa, you mentioned fixed line enterprise revenue declining 16%. Was that decline in this quarter for the first time? Should we expect that to face the same decline in ensuing quarters? And then if you're losing low-margin revenue is that predominantly the source of the margin uplift rather than the revenue growth?
Ralph Mupita	Maybe I can pick that question, Jonathan. On the point around the fixed data revenue growth, those are enterprise customers and they came in during the month of March. And as you know with enterprise contracts its lumpy business. So we're not anticipating that it will continue. For sure it was low margin business, but as Rob has mentioned what has actually helped the SA margin is operational leverage. So there would have been some benefit slightly from this business, but it's not the main driver of the margin uplift.
Jonathan Kennedy-Good	Thanks. Thank you.
Operator	The next question comes from Mike Gresty of Citibank.
Mike Gresty	Good afternoon guys. Just one from my side. I was just hoping perhaps you could give a little bit of guidance on some of the scenarios that might unfold as far as the US is concerned for sanctions against Iran. If we were to see a scenario where the US

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	unilaterally re-imposed sanctions but the rest of the international community stuck with the deal, I know it's not an easy one for you to call, but do you have any sense as to how that would impact your ability to get cash out of Iran versus the situation you face today?
Ralph Mupita	Look, Mike, maybe I will pick that one up. For sure repatriating and getting access to hard currency in Iran has proved challenging particularly since the start of the protests end of last year, beginning of this year, and the pressure that is being put on by the US for a revised deal, or at least to pull out the deal. I'm sure all of you guys can work out and develop your scenarios. But I guess the worst case scenario would be that with the US pulling out, with the return of sanctions, we would probably go back to where we would be before the JCPOA deal. That would be the fall-back scenario. From our perspective, just our internal view, the Europeans are fighting hard to maintain this deal. We need to maintain the economic flows between Europe and Iran. So we will find out for certain by the 12th, but to your point the worst case situation you could work out would be a return to pre the JCPOA deal being in place.
Mike Gresty	Ralph, certainly I understand that. I was hoping perhaps that scenario you talked about where flows continue between Iran and Europe might potentially enable you to continue to externalise cash. Is that at least a possibility from your thinking?
Ralph Mupita	That would be a possibility. In our thinking the worst case scenario is the banking system basically closing out both in Europe and in the US. And as we've spoken to you guys about in the past we've got a particular routing of the proceeds, an Iran Rial to Euro to ZAR routing that we have. So it would have to pretty much also close out the European system for us to be locked in. But that's the worst case scenario. But we think that there will be something that is less than that negotiated on the 12th.
Mike Gresty	Great. Thank you.
Operator	The next question comes from Madi Singh of Morgan Stanley.
Madi Singh	Thanks for the call. Two questions, one on Iran. What rate are you using for upstreaming the cash from Iran? Is it the official rate now or you have to get some cash from the open market rate as well, which I think is around 60,000? Then in South Africa would you be able to help me understand your out of bundle exposure? Was there any pressure seen on the data revenue growth because of your efforts to reduce exposure to out of bundle rates or reduce the rates? And also would you be able to share for Nigeria and South Africa in the first quarter?
Ralph Mupita	For sure in Iran the official rate to do a transaction is now the 42,000. And that is post April. So any transaction we do now would be at the 42,000 level. And we did move some money last week and that was at the 42,000. That's the rate that is actually available to us. On capex in Nigeria I think capex in the first quarter is not as meaningful because we generally do have a bit of a lag in the first quarter. But we are a little bit behind in Nigeria, but it's not of major concern for us as we look to the balance of the year. And we're expecting to fully capitalise what we put out in our

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	guidance for Nigerian capex.
Rob Shuter	On the South African out of bundle we have made quite some moves already there at the back end of last year. We saw the headline rate climb 59 cents. We brought a new system of charging for users of less than 3MB. And we have been working pretty consistently over the last few years to move more and more customers to bundles and PayU. So I think we're in reasonable shape. In markets where we've very aggressively brought the out of bundle rate down what we generally discovered is the recharges are very resilient. In most markets it is not such a big impact. And if you follow the stock you will know that Nigeria at the back end of 2015 implemented legislation that there was no out of bundle charge. It was opt in. And that gave us a couple of weaker quarters and then the bundle came through and passed the total revenue of where we'd been a couple of quarters before. So we do believe the situation is manageable and we've made the right moves we need to make. And we need to see how the situation unfolds now in the next few months.
Madi Singh	So out of bundle didn't really have any major impact on the South Africa revenues in the first quarter?
Rob Shuter	It's been a little bit under pressure because of the repricing but I think generally that money has come through in other categories. I don't think we would say it has made a significant impact on the 2.5%, no.
Madi Singh	Okay. Thank you.
Operator	The next question comes from Myuran MIBFA.
Myuran Rajaratnam	Hi guys. Thanks for taking the call. A couple of question on South Africa if I can start with. You had low single-digit revenue growth in South Africa. What do you think the market was growing at, and maybe can you just touch on the competitive environment in South Africa? The second question is the CVM, customer value management that is in place in South Africa, how customer specific is it? How much can you drill into a particular customer and give specific offerings? And I hate to use a bad pun, but how close can it be to Just 4 You? Can it be made into a Just 4 You equivalent? The third thing is the Ghana IPO. If you can just touch on that as to how much of the current holding that's going to be given up in the IPO. My sense is that every single asset that you have in Ghana is almost a Safaricom equivalent in the sense of the mobile money and the dominance that you have there. Shareholders would be quite keen to see it get the rating that it deserves if you like. Thanks.
Rob Shuter	Okay. Market revenue growth in SA I think for many years has tracked GDP plus inflation if you wanted a high level benchmark for it. It has been in the 4% to 7% range for certainly as long as I've been in the industry. A little bit of pressure last year, but going forward GDP up at 2.5%, inflation at around 4% let's say, it should be back into that range. So our challenge in MTN South Africa is if you want to grow with the market you need a decent prepaid business, you need a decent consumer post-paid business and you need a decent enterprise business. If one of those three wheels is not spinning at the right pace then you can't really track the market and you can't

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	compensate on any of the other growth engines. So that's really what we are busy with, is getting all of that back into track. On CVM I would say that our system is Just 4 You 2.0. We have implemented the most recent version of the platform we selected which is a very advanced CVM platform. It digests all of the customers' data and recharge behaviour. It customises the offers per customer per response. And this has now been implemented across almost all of our markets from around October/November last year through to SA going live February/March of this year. And this is run in classic champion challenger control groups. ARPU uplift is measured very statistically. So we're pretty excited about that. We've seen a lot of improvement in some of the other markets. Particularly South Africa and Nigeria just in the last month I think some really exciting campaigns coming through. I think the competition in SA more generally you've got a very strong established competitor. I think MTN is the scale number two that should be able to generate decent growth and decent economics. It has been struggling with the two for the last few years. So we need to go from struggling to challenge. And if you look at the effort we've made to build the best network, a 33 point lead in P3, giving the distribution rights, getting the post-paid line-up right, building the CVM capability, I think we are the one to watch. And then the other two competitors are each playing their own game. They are running their own race. Some focus on more fixed line placement data offers, some more on high-end post-paid and content play. So it's a competitive four player market, but I think there's a very decent space for us as a challenger and challenging number two. On the Ghana IPO I think Ralph will pick it up.
Ralph Mupita	Thanks Rob. I think we agree with your sentiment that for sure this is an excellent asset. As you well know the listing process that we are entrained for was a result of the 4G license we got. So we think of this firstly as a localisation. Our marketing activities are predominantly for Ghanaian investors. But the conditions we had for the 4G license we got was we should offer up to 35% to investors. And we will see how much of that will be taken up when we launch the offer. The Ghanaian Stock Exchange rules are for this to be a valid offer 10% of that offer is taken up. So I think you work the maths. It is just under 4% would need to be taken up for the IPO to go through. We will see how much demand there is and we will get some number somewhere between 3.5% and the 35%. But it is a quality asset as you've said. And for sure it is a business that we think and have a view that it is of the nature of what Safaricom is in Kenya. They are certainly similar to what we have here in Ghana.
Myuran Rajaratnam	Thanks.
Operator	The next question comes from Ziyad Joosub of HSBC.
Ziyad Joosub	Hi everyone. Thank you for the questions. Just three questions from my side please. The first one is on the margin improvement in Nigeria. Can that be attributable to scale and a stable FX or has the revised commercial agreement with IHS had any impact at this stage? Or is that something that is still going to have an impact in future

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	periods? The second question, your technical services agreement in Ghana. Could you just give a bit more colour on that? Is it a structural new cost and will that drop straight to free cash flow margins as well? And then the third question, if you have this detail. At the end of Q1 2018 what is the daily ride volume on Snapp in Iran? Thank you very much.
Rob Shuter	Okay. I will pick up one and three and Ralph can talk about the agreement in Ghana. There definitely is some improved pricing in Nigeria in Q1, in what we call BTS, build to suit. These are new 2G sites. There wasn't a large volume of new 2G in the quarter. It was mainly 3G and 4G. So I would say a little bit is there but not significant. On Snapp I don't have the numbers at my fingertips. I know we did just over a million rides a day about a month or so ago. And I'm sure they have made progress since then despite the difficult situation there. It's pretty exciting watching that story unfold. Ralph, on Ghana.
Ralph Mupita	I mean we've managed now to secure the management fee agreement which had lapsed and we'd been negotiating with the Ghanaian tax authorities etc. So it becomes in force from May, and that is 5% management fee to the group for the technical services that we provide as well as the ability to use brand and IT. And we've secured that for five years and we will be able to have discussions with the Ghanaian authorities to renew it in a five year period. So for the reported margin that you see going forward you would need to take that off from looking at the Ghanaian margin in your modelling.
Nik Kershaw	I think just to add to that, because quite a few people have asked on this during the course of the day, the net impact is flat because the absolute EBITDA that falls out of Ghana's margin comes straight through to the group. So there is no impact on group EBITDA, absolute EBITDA.
Ziyad Joosub	Okay, perfect. Thank you.
Nik Kershaw	Operator, we've got time for one last question. Thank you.
Operator	Thank you very much, sir. The final question then comes from JP Davids of JP Morgan.
JP Davids	Hi. Thanks guys. Actually with Alan Harper on the call maybe I can ask him a question. Thanks for joining the call, Alan. If you can give us a little bit more colour on the change in the composition of how the long-term incentive package has been structured, or at least the KPIs around that. It looks like you had a bit of a shift away from total shareholder returns. A little bit more focussed on things like free cash flow and also capex and other KPIs. If you can provide any colour around that, that would be appreciated.
Alan Harper	Sure. So the LTIP has been in place for quite a while. We've not however performed at a level that has had the LTIP shares vest for the vast majority of the management team. We have taken a review and done some revisions on that as you say. Probably most significant in the short term is because there hasn't been a vesting for quite some time we have included a one-off at this point, a time-based vesting to act as a

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	retention incentive. It is a one-off. It's not something we necessarily will carry forward, although we will take a review of that year on year. And the reason for that is clearly the LTIP is part of the overall remuneration, but it is also something we do want to act as a retention objective for the company. And since we haven't had vesting for a while we have some executives who were exposed to competitive attack, and we decided that that was an important thing to retain the right management in the company.
JP Davids	Thank you Alan.
Nik Kershaw	Thanks very much everyone for dialling in to the call, and if you've got any more questions please give us a call. Thank you.
Rob Shuter	Thanks everyone.
Operator	Ladies and gentlemen, on behalf of MTN that concludes this afternoon's conference. Thank you for joining us. You may now disconnect your lines.

END OF TRANSCRIPT