Interim Results Conference
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Speaker	Narrative
Operator	Good afternoon ladies and gentlemen and welcome to MTN's interim financial results conference call. 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 now like to hand the conference over to Mr Nik Kershaw. Please go ahead, sir.
Nik Kershaw	Good afternoon everyone. Thanks very much for dialling in. With me today I've got Rob Shuter, group CEO, and Ralph Mupita, group CFO. I think everyone would have seen the SENS announcement we released this morning. The SENS is also on our group website as well as the results presentation. I am going to hand over to Rob who will make some introductory remarks and then we can move on to a Q&A. Thanks very much.
Rob Shuter	Thanks Nik, and welcome everybody. Thanks for dialling in. I would like to give you some quick flavour of the results – apologies for those that have heard it before – and also to touch on some of the issues that have been debated during the course of the morning. I think the key things for me are operational performance, the situation in Iran, what has happened with our associates and what has happened with gearing. So, I'm going to ask Ralph to chip in on some of the later ones. If I start off with the operational performance, as I look across the market I do really believe that we are in a much stronger position now than we were in a year ago. Of course, you have seen the constant currency service revenue up 10%. A year ago, it was 7.2%. The three largest markets we consolidate are South Africa, Nigeria and Ghana. Of course, Iran is coming in as an associate. For South Africa a year ago we were talking about was it possible to turn around postpaid, were there too many mistakes in consumer, had the competition got too strong? And I think what you've seen in the first half of this year is that not only did we have positive progress in net adds but we've got a pretty healthy service revenue growth of just over 10%. So, I think that is providing some confidence and comfort that we have the ability to execute a complex turnaround plan. South Africa now we would say that prepaid is in reasonable shape. We all have strong and soft quarters. That is more in the quarterly competitive domain. We've got consumer postpaid growing at 10%. We've got our wholesale business growing strongly and I think we will make more progress as we bring on the second national roaming deal towards the end of the year. And we really have one significant problem left to solve, and that is enterprise which was 14% down in the half. In fact, if we just set that to zero we would have had service revenue growth above 5%. In the enterprise business we've brought a new team on board. We've got Wanda. We've got Christian Wirtz. And I think we're going to see a commercial stabilisation in H2 and I think you're going to see a return to growth next year. And then I think we will be in a much better position. And this of course is built on a network that is by independent evaluation better than the number two by 30 points on a P3 score. So, we are feeling more positive about South Africa.

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Nigeria has actually had a great six months, pretty hard to fault the efforts of the team there. You have got service revenue growth at 17%, well above inflation, voice growth at a similar level, data at 63%, margins expanded almost five points. Subscriber growth is pretty strong. The only thing we can prod away at a bit probably is digital because we've had two really negative quarters as we have cleaned up the VAS business. For sure that is going to stabilise by Q4. In our internal predictions that is stable and it returns to growth next year.

And finally, Ghana is again really strong, service revenue plus 28%, voice 21%, data 37%, strong margin. Remember to adjust for the management fees that kicked in in May if you're comparing the margin. So, I do think the operational performance is much better and I think we are hitting the medium-term guidance commitments of improved revenue, improved margin. Capex we are on track for the R25.5 billion, which is stepped back about R4 billion down from last year and still making a decent investment across the networks. You see data throughput improving. You see voice quality improving. You see population coverage increasing across both 3G and 4G.

And of course, if that translates to plus 10% it means that for the rest of the portfolio it is a mix of ups and downs. Some good performance in some markets, Zambia and Rwanda. Some markets struggling. Mostly macro. But I do think the commercial execution is improving as well…

The second big topic in the results is Iran and the return to the sanctions regime we had before the JCPOA deal. I've really been saying it has got three major impacts. The first is that we can't rely on the repatriation of future dividends. We have already put that into our models when the first announcement came from the US. And we believe that it is not affecting our ability to maintain the R5 dividend, growing by 15% to 20%. It's important to remember that in our original model we assumed that we would progress with the Iranian net fibre rollout in Iran which actually was requiring quite some inflows of investment from South Africa into the market. So, when we amended the models we took the dividends out but we also took that investment out. So, it has had a relatively muted effect on the plans.

The second impact has been the depreciation of the Iranian Rial, and that of course has hit our FX line as we have translated the associate at a different rate. And the third effect really is that the Iranian operation is going to have to revert back to a standalone associate, funding itself, doing its thing in that market. We will hold our 49% and we will weather this difficult time. That is a situation that we are pretty well used to because that was the situation before the JCPOA deal.

The third big topic has been the gearing. So of course, we see that the balance sheet, the group net debt reported has gone up a lot. There are a couple of big moving parts there. I'm going to ask Ralph to quickly talk you through those and then we will make a few comments on the associate and we will open for the Q&A.

Ralph Mupita

Rob, thanks very much and good afternoon to you all. To the guys calling from the US, good morning. Before I talk about the cash flows more generally maybe just to build

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	on Rob's point about Iran. For sure we were looking to repatriate the balance of the cash that is still in Iran. Rob mentioned since May and US signalled the return to sanctions we remodelled our cash flow statement and assumed that we wouldn't get any of the R3.5 billion of receivables at the various exchange rates. So that remodelling has zero. But for sure we will continue having activities. We have protection which is the investment agency in Iran. We are able to continue to look at efforts particularly for the approved amounts to try and repatriate them. I think the sanctions regime either the wind down of window one or two doesn't really affect us. The other point that Rob raised which was the Iranian net investment which we did communicate to the market in May of last year, in Rand terms today if you want to try and quantify – we announced it in terms of Dollars last year and I think it was all over the news – in Rand terms it would be about R2.5 billion that would have gone into Iran. And that is modelled out already. So, you can see that net net the actual quantum in our cash flow model is not that significant. So just moving to the cashflow, as Rob has said when you look at our HoldCo leverage it is up R10 billion. I think there are a couple of numbers that move that profile as you think about H2 or the full year. I think the first is the point that I raised about the closing rate. The closing rate at 10% is much weaker and when you translate the US Dollar denominated debt that we have in Rand terms about R40 billion, you get an impact in that of R4 billion. So, I think that is the number that one needs to reflect on. You guys will have your own views about spot rates and where the ZAR Dollar rates will be towards the end of the year. But if you factored in another 10% you would be looking at ZAR of R14.50 plus. So, I think that's the first thing which is the FX impact. In the working capital number, I did mention the fact that 2.5 of it has to do with tower lease disputed payments in Nigeria which would then flow this year. The relationship with IHS since we restructured the deal and de-recognised the loans things in Nigeria there are a lot better. So, the 2.5 in Nigeria in any model shouldn't be reoccurring. The number there to look at would probably be more like 2. Then we did raise a bunch of debt in the half. We have a strategy to try and rebalance our ZAR to USD over the medium term. So, we raised a net R14 billion and then settled R7 billion. That is mostly through our medium-term note programme. That activity over the next 18 to 24 months should be part of how we move away from having more US Dollar denominated debt to Rand debt. And then the final one obviously is the dividend paid. We paid R9 billion of the final 2017 dividend. Now, if you work with the new dividend policy and the interim dividend that is going to be R3 billion. So that is a swing of about R6 billion if you think about H2. Now, those are big factors to think through all ahead of Cyprus proceeds or any IPO proceeds that may come through, as well as any dividends that may be remitted from opcos and management fees in the second half.
Rob Shuter	Thanks Ralph. So, I think we've been saying pretty consistently during the course of the morning that we feel very comfortable that we can bring the HoldCo net debt back into the guidance range of 2 to 2.5 by the end of the year. It is going to be a

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	combination of cash flows, much lower dividends, proceeds from Cyprus and Ghana. And I think that is still very much management. I guess the fourth issue before we move to Q&A has been the associates and particularly the associate impact on the P&L. I think Ralph had a pretty detailed slide on that in the presentation. I guess in brief there are three big issues going on there. The one is that the contribution from Irancell has gone down a lot. I think that is understood by the combination of translation and interest. We had a disappointment in the Botswana consolidation which is more related to us using management accounts and some misallocations between the periods. And probably the third most material one is that we had increase in losses in AIH whereas in the other two e-commerce JVs the losses were reducing. This is partially again misallocations between the period. But for sure AIH and in particular Jumia are investing very aggressively to grow the business particularly as the economies improve and internet penetration improves. So, with that as the backdrop let's open up for Q&A.
Operator	Thank you very much gentlemen. Ladies and gentlemen, at this time if you would like to ask a question you are welcome to press star then one on your touchtone phone and that will place you in the question queue. If you however decide to withdraw the question you are 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 are welcome to press star and then one. The first question comes from JP Davids of JP Morgan.
JP Davids	Hi. Good afternoon guys. Three questions from my side please. Firstly, on the debt that Ralph was talking to in terms of raising new debt in the half year. You mentioned raising money under your medium-term programme. Is that debt in South Africa or is it going to be the head office? I guess maybe more specifically on that if you look at your net debt slide it still looks like your debt in South Africa is zero and the bulk of debt is at head office. Should we expect debt to start getting pushed down into the South African opco? That's question one. Question two on your contingency disclosure, it looks like you've come to some sort of agreement on transfer pricing and certainly that number looks a lot lower. Maybe you can provide us a bit more colour on that. And then finally just on Zakhele Futhi there is an update here saying that Phuthuma's vehicle is not going to take over the better part of 15 million shares. Does that have any impact on the ownership levels of that scheme and what are the plans for that going forward? Thank you.
Ralph Mupita	I will just take the debt and contingency and Rob will pick up on Zakhele Futhi. On the debt we raised our funding for South Africa through HoldCo. It is a much more efficient structure. The funding that we raised as part of our plan as I mentioned was to get the mix of ZAR to USD more favourable, but also to improve the debt maturity profile so we raised five to seven-year paper since we are trying to smoothe out the 2021. So, we are not going to be putting it directly into South Africa. There is a structure between South Africa and HoldCo that is much more efficient for us and we use it for financing in large parts the SA capex. But we do it at the HoldCo level. And now on the contingency, you may well know that in a particular jurisdiction we

	have had a dispute with a particular tax matter. And we have been engaged with the authorities and we are now finally into support. And in our interaction with them they have changed their argument of the basis of their particular case. We have worked through their own logic of how they had the original number, and it has come down pretty materially, which is the number that you see there. But I presume you do understand on a call like this we can't say which jurisdiction that matter is. But we are pretty pleased that they have changed their arguments.
Rob Shuter	So, we have gone from an irrational large number to an irrational small number. I think the third question on Zakhele Futhi, we were originally warehousing those shares. We had a potential transaction with that vehicle which in the end didn't go ahead. So, we will simply revert to warehousing them and we will continue to look at introducing BEE shareholders. But it is not affecting the structure of the scheme or any of the BEE statistics.
JP Davids	Thanks guys. That's clear.
Operator	The next question comes from Madhvendra Singh of Morgan Stanley.
Madhvendra Singh	Yes, hi. Thanks for the call. A couple of questions. Firstly, on capex plans. So, I understand that it is mostly because of the FX that the capex has come down. But just in terms of what actually is the plan on the rollout, if you could share your targets on 4G coverage for example in most of the markets. Do you actually plan to get to a 90% or 95% 4G coverage in most of the major markets in the next two or three years? And how far off are you from that in general? And whether the current capex is enough to achieve that. And what part of the capex also is for the IT systems related to the CVM systems you are trying to put in the opcos. And also, further on the CVM part itself if you have to rate it on a scale of one to ten, ten being the most advanced and completed system you already have which is already functioning, and one being very basic and just starting, at what scale are you on the CVM rollout itself at the moment? Thank you.
Rob Shuter	Okay. So, let me see if I can shed some light on that. I think in terms of the capex plan we have not changed the rollout plan at all from the targets we set for 2018. So, the only thing that is happening now is translating those capex envelopes at different rates. Your question on 4G, the main thrust in the market is basically to put 3G where there is 2G. We need to remember that penetration of 4G devices across most of the markets is very low. The notable exceptions to that are South Africa and Iran. That is why you see us reporting 4G pop coverages for those markets. To give you an example, in Nigeria where we have more than 400 4G sites we have very little traffic on that LTE network. So, there is really no point in pushing out 4G coverage when the handsets aren't there. Which is why in the presentation we are describing doing it city by city as the penetration increases. Remember also though that almost the whole portfolio is single RAM. So, these are modernised sites. They are modern radio. They are modern antenna. To upgrade a site now once it is on 3G to 4G is not a particularly expensive or costly process. And in fact, in some of the markets it is more the spectrum limitation rather than radio itself. The plan for the

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	year high level was trying to at least double the 4G sites across the footprint and I think that will still keep us well ahead of the adoption curve. On the IT systems Ralph did put a slide in on capex in the presentation where you see that of the total capex spend only around 5% is going on IT. So, most of it goes into radio transmission and core. The CVM system we have put into place is not particularly expensive. I don’t think it is really making a dent in the numbers. It is much more how you then programme it with the right algorithms to do what it needs to do in the market. On the level of sophistication, I’ve had that question a few times before, mostly from people who talk to my competitors and want to compare the system they’re on to the system we’re on. I think probably it’s fair to say that we have not implemented a Mercedes Benz system. I think we have implemented a Toyota system. So, it is not as complex or the same richness of features that we see competitors having in some of the larger markets. But I think it is very much fit for purpose for our portfolio and it will do what it needs to do, which is to allow us to make personalised offers to customers that looks specifically at their behaviour, how many minutes they have got left, where they are in the month and basically promote small increases in spend for a large increase in minutes. And we see already it is working. So, I think it is a cost-effective, industrial-strength, fairly straightforward system. Probably you could say if an IBM system is at a complexity of eight maybe we are at around six, and I think that is more than we need.
Madhvendra Singh	Got it. Thank you very much.
Operator	The next question comes from Jonathan Kennedy-Good of Standard Bank.
Jonathan Kennedy-Good	Good afternoon. I just have another question on the debt issues or at least the level of debt. With the Nigerian fine I think you’ve still got ₦165 billion to pay on that fine. I think that is about R6 billion. Then you’ve got Benin at R800 million, so there is R7 billion of once-off cost still coming through the cash flow. How do you think about funding that? Is that going to be funded on the Nigerian fine side through raising local facilities, or is the Cyprus proceeds going to be used for that, or how should we think about that?
Rob Shuter	Both Nigeria and Benin are going to self-fund their payments. Benin is a combination of historic frequency fees, the five-year licence extension and also some rights to deploy fibre across the network. So, they have already secured local funding for that. And Nigeria has been fully able to settle the past payment as well as regularly pay dividends for the last couple of halves and that situation will continue.
Ralph Mupita	Just on your point on Nigeria, for sure this is a payment we are expecting so it will all be paid up by May 2019, the ₦165 billion outstanding from Nigeria.
Jonathan Kennedy-Good	Right. So, in terms of the guidance on the total or the net debt for the business should we expect in nominal Rand terms assuming that the exchange rate is stable that this is the peak level in nominal terms?

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Ralph Mupita	It's all a function of the currency. So, if it is pretty much stable the 2.9 would be the peak. And as Rob has said we have still got proceeds to come that would support other operational proceeds that will come through. So, if the Rand is pretty much at these levels or lower that for sure would be an upside.
Jonathan Kennedy-Good	Thank you.
Operator	The next question comes from Cesar Tiron of Merrill Lynch.
Cesar Tiron	Hi everyone. Thanks for the call and for the opportunity to have questions. I have three questions please. The first one is on the working capital. The negative change in the working capital more than doubled from H1 2017 to about R4.7 billion. Can you please explain the reasons? Second, can you please confirm if you upstreamed any cash from Nigeria in H1 2018? And the third question on the proceeds from the Ghana IPO, would they be paid in Ghana or directly at the HoldCo? Thank you.
Rob Shuter	Maybe I will take the Ghana and Ralph can take the first two. We have closed the Ghana IPO. I think we have not yet announced the results of it. But basically, to the extent the applications came in from foreign investors they will be repatriated very quickly to us, staying in foreign currency. And we expect that to be more than 50% of the proceeds. And the balance that has come from local investors we have agreed with the central bank to bring those through in tranches. But that should be done by the end of the financial year. So, I think that should be fairly straightforward.
Ralph Mupita	Working capital as you said we are at R4.5 billion. As I mentioned in the presentation there is in that number R2.5 billion which relates to some disputed payments towards the end of last year with IHS. Agreeing the new structure quite a lot has improved, but these are payments being made this year that were from last year. So, you take that R2.5 billion out and the number looks more like R2 billion. And the answer is yes, we did receive a final year dividend from Nigeria in the first quarter.
Cesar Tiron	Could you please remind me how much the dividend was, if you disclose it? And since you mention IHS – sorry for the follow-up – has there been any further attempts from your side to renegotiate the lease payments that you are paying the Tower Company in Nigeria?
Rob Shuter	Maybe just quickly on IHS. We had a complicated renegotiation with them towards the back end of last year. In the end we did agree new commercial terms. And these in the future are really dropping the costs of upgrades and new sites from what had been previously agreed. So, this takes some time to come through the P&L, but we do have more attractive pricing than we had before. Once we had finally agreed then we resumed and caught up a lot of the payments that we had held back while we were arguing about terms. So, I think that has been a…delta in the working capital. On the Nigerian dividend…
Ralph Mupita	The dividend that was declared in the first half was ₦38 billion. So, you can see pre-withholding taxes our 78% share of that. It was ₦38 billion.

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Cesar Tiron	Thank you so much.
Operator	Thank you. The next question comes from Slava Degtyarev of Goldman Sachs.
Slava Degtyarev	[Inaudible].
Operator	Apologies, Slava. Can you please repeat your question?
Slava Degtyarev	The question is with regards to your M&A and partnership ambitions. That would go beyond Ethiopia. Are you looking for in-market consolidation or considering adding more countries into your portfolio? Thank you.
Rob Shuter	I think the first thing is that we are now either number one or number two across all the geographies. So, I think we need to be practical about in-market consolidation. I think that is always awkward for the number one or the number two operator. It is possible perhaps in some of the Middle Eastern markets where you have struggling three, four and fives. But I don't think in-market consolidation is going to be a big pattern for MTN in the next few years. In terms of new opportunities, I think we are going to be very focussed. They need to have scale, they need to have decent demographics, they need to have decent macro and regulatory environment. For sure a country like Ethiopia is one of the last large, relatively undeveloped telco markets. But what a deal would look like, exactly what the government want to do, is really not clear right now. So, we just continue in active engagement. We have engaged in Angola in their process to award a fourth licence. Angola again has a large population, a fairly affluent country. And there could be one or two others. But there are a lot of small marginal opcos available across our footprint and we don't really believe that's the direction that MTN should be going in.
Slava Degtyarev	Okay. Thank you.
Operator	The next question comes from Christopher Grundberg of UBS.
Chris Grundberg	Hi guys. Thanks. A couple of quick ones from me. I just wondered if you could give us a bit more colour and flesh out some of the Nigerian commentary. Obviously, the growth has been very impressive and coming through a little bit faster than you anticipated. Can you give us a sense of your confidence in the momentum heading into H2, how you see that progressing? And linked to that can you also talk a little bit to whether you think it was market share gains that you were getting there, or was the whole market seeing this kind of healthy rebound? That is just on Nigeria. And then as a second one I'm also curious to get a bit more colour on the portfolio review process. Can you give us an extra sense around what kind of time horizons you are looking at for the assets in your portfolio where maybe returns are sub-optimal at the moment? How long does the turnaround have to take, or what kind of thought process are you going through when it comes to reviewing those assets? Thank you.
Rob Shuter	Okay, so maybe a few comments on Nigeria. For sure the macro is a lot healthier. So,

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	there is a rising tide there that I guess is carrying all ships. We look a lot at the subscriber market share, and because everybody has got different definitions the data you get from the regulator is not particular helpful. So, we make our own proxy for subscriber market share using bi-directional interconnect. And if we look at those numbers what we have seen in the last six months is that ourselves and Airtel I think are performing pretty well and are picking up quality active subscribers. And I think most of the rest of the competitors are struggling a little bit, but not major moves. I guess you could say we are slightly outperforming. Let's perhaps put it that way relative. But that is on a subscriber and a revenue basis. I think if you look in more detail down the P&L you see a lot more cost discipline in MTN Nigeria. Opex is really well under control. The contribution margin is looking healthy. I think the capex is being very carefully spent. The NPS has improved a lot. So, I think we are doing the heavy lifting that enables us to deliver over time a consistent outperformance. If I look Q3 and Q4 we did think that Q3 could be a little bit weaker if we look at the seasonality. But if I look at the more recent trading actually we are not seeing that weakness just yet. So maybe we have been a bit conservative. I think Q4 will be fine. And then of course we go into elections in Nigeria next year, and that generally is positive for the sector because a lot of campaigning goes on, a lot of activity in the market. So, we are pretty positive about Nigerian macro and about MTN's position there I guess at least four to six quarters out. I think on the portfolio review of course I say it's a process, not an event because we are continually scanning the market, looking at growth performance, investment requirements, macro in the market, socio-political stability, regulatory position. Of course, we look at the licence terms. Which ones are for a long time? Which ones are just around the corner? So, I wouldn't want to be drawn too much into making specific comments about that. But I do think it is likely that we will make some further rationalisations over the next 12 months or so. We do have some marginal opcos. And I think the bottom line is that we don't want to sweat blood to make a lot of EBITDA in some of these big markets and then give it away somewhere else. So, we are going to be a lot more deliberate about that in the future.
Chris Grundberg	That's really helpful. Thanks Rob. Just on that last point, if I may, are you seeing an increase in interest from potential buyers of any of these assets, or a general pick-up in the M&A rhetoric around this space? Or are things still pretty quiet?
Rob Shuter	I think in Sub-Saharan Africa there is interest in the smaller opcos. There is a lot of private equity money chasing small markets. The island markets like Cyprus there was a lot of interest in that as well. I think the situation in the Middle East is quite different. I think there is not too much interest. The situation is so unstable. And we have basically taken a position there that for as long as the opco is self-funding it is probably better to ride that one out, particularly if there is not much appetite to move them on to a new owner, or not much interest let me say.
Chris Grundberg	Makes sense. Thank you.

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Operator	The next question comes from Dalibor Vavruska of Citigroup.
Dalibor Vavruska	Hello. Good afternoon. I have a couple of questions on growth if I may. I suppose the company is doing well. It is accelerating the growth base. But if you can choose between growing a little bit more or cutting costs or efficiencies I'm just wondering what would be your preference. My second question is on the way that you are looking at the service revenue growth. I'm just wondering, if you operate in some higher inflation economies wouldn't that be probably better to look at the real terms currency adjusted as opposed to the nominal because the countries with the high nominal growth will inflate this number? I'm not sure if that's the number you look at to see how successful you are in growing the company. And my third question is about growth in South Africa. Of course, there will be the positive factors from Cell C or the enterprise in the second half. I'm just wondering excluding those if you look at just the market growth rather than your potential gain in market share do you see the service revenue growth accelerating in South Africa or do you think that may not be the case in the following months or quarter? Thank you.
Rob Shuter	Sure. I will take the second one first, this question of real growth versus nominal growth. For sure internally we are targeting real growth. So, the way we ran the planning cycle last year is we did inflation predictions for all the markets and we basically pushed everybody to deliver real growth. We monitor inflation across all the markets. Internally we talk about Nigeria moving into real growth significantly in the half. It is not how it is reported. So, I guess in the end investors can see the growth rates per market and they can make their own adjustments. I do think though for the very high inflation markets, obviously South Sudan, it is quite likely we go back into hyperinflation and then that starts to make its own adjustments. So, we don't want to be lulled into any false sense of hope because we are celebrating growth that is just inflationary. On your first question my natural inclination is to say that the primary impetus is growth. I'm going to caveat that in a second. Why I say that is because when you look across the markets the mobile internet penetration is still really low. We see 70 million active subs off a base of 220 million – less than a third. We look at mobile money: 24 million subs across 14 markets. In a lot of the markets even though the mobile money subs are above the banked population they are still a relatively small percentage of the addressable market, in other words the adult population that could be banked. So, when it comes to active data, when it comes to mobile money there is a bit of a land grab going on because there is going to be a big demographic shift in the next few years of digital inclusion and financial inclusion. We want to be first and best dressed to over-index in that. But then if you go back to one of the earlier questions on 4G what we see is that 70% or 80% of these new customers are coming in on 3G handsets. So, it is actually really cost-effective to put this layer of 3G first off, let the customers come in, let them get active, let's monetise the infrastructure, and as the handset penetration changes we shift a bit from 3G to 4G. So, I would call it perhaps smart growth. Let's not leave any growth opportunities on the table, but let's do it in a way that makes business commercial sense. And as I said in the results presentation the population coverage

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	has gone up significantly in the half from covering 230 million people a year ago across the 22 markets we are at 415 million. So that is 85 million more people covered. Over that period the active data subscribers I think went up 5 million, 2.5 million and a couple of million in the second half of last year. So right now, the limiting factor is not coverage. The limiting factor is handset penetration and our own commercial pricing of data and also how we stimulate the digitals services to give customers a reason to adopt other than just being connected to the internet. Your third question on SA, I think that's a complicated one to answer because you've got a very large established competitor who I think is finding the market a little bit tougher and have got big sale, big critical mass, and maybe not seeing the kind of growth they saw historically. And then you've got a whole bunch of challengers who I think can deliver good growth because they are snipping away at the big buy. And with us if you look at our market share I think that part of the MTN growth story is market growth. Maybe you can say that's going to trend from where it was at four to six maybe to three to five. But as we turn around for example consumer postpaid our growth rate jumps up to 10% because we are coming off a low base. As we turn around enterprise it will go from -14% to flat and then it is going to rise again. And we are under-indexed in enterprise. We are under-indexed in postpaid. We are under-indexed in wholesale. So, I do believe that over time we actually can outperform the market, as we should considering the ground we gave away in the last five years.
Dalibor Vavruska	Thank you very much. This has been extremely useful. Thank you.
Operator	The next question comes from Rahul Bhat of JP Morgan.
Rahul Bhat	Hi there. I have a couple of questions. Firstly, for Rob on the cash flow I'm looking at slide 37 in the presentation and it seems like dividends received has come down now almost R5.5 billion year over year. So, can you please explain the changes that have happened there? And secondly on the progress can you update what progress has been made on levering up the opcos. It seems like Nigeria, Ghana, South Africa, all the opcos are under-levered. And it was one of the plans to lever them up and deleverage the HoldCo. Can you explain what progress there has been on that?
Ralph Mupita	Maybe just to chip in there on the dividends received, last year we received R6.5 billion from Iran as part of our cash repatriation. As I mentioned in the presentation we got €88 million coming through from Iran in the half. The differential there is largely a story of Iran. However, on the work we're doing to leverage up the opcos, Nigeria have been increasing their leverage. So, they do have a plan. We did speak about the plan of up to ₦400 billion over a period of time. So, part of that plan is in execution as we speak. Ghana did some debt raising at the end of last year. And as I mentioned South Africa's debt raising is actually through HoldCo. It is a much more efficient structure to do that. So, it is a work in progress, but the main opco we always targeted was Nigeria, and Nigeria is a work in progress as we speak.

Speaker	Narrative
Rahul Bhat	Okay, understood. And also, the ₦400 billion that you're planning to raise in Nigeria, is the plan to upstream any of that cash to the HoldCo or is that not the plan?
Rob Shuter	We won't comment on what the plans are there. But as this business is going towards listing in due course it is all about getting an efficient capital structure. And if it has excess cash obviously it needs to be deployed. You can join the dots there.
Rahul Bhat	All right. Perfect. Thank you very much.
Nik Kershaw	We have probably got time for one last question. Thank you.
Operator	Thank you, sir. The next question comes from Stella Cridge of Barclays.
Stella Cridge	Hi there. Good afternoon. Many thanks for the presentation. I wanted to ask on Iran. Obviously, you have discussed in quite a bit of detail the impact of dividend income and the currency. I was wondering if there is any other kind of risk management measures there that you were considering, and do you see any risk for example to your ability to keep holding a stake in that entity? I'm just trying to get a sense of obviously you held that stake historically but whether this new era of sanctions may bring any additional risk to MTN. that would be great. Thanks.
Rob Shuter	I think our perspective is for many years we held Iran when we were under a sanctions regime. And when the JCPOA came in that is basically five countries that agreed with the deal that was put together. And now we have one big one that has broken ranks. So, you can of course argue that we are even now in a better position than we were for all those years. It is an associate. It is not controlled by us. Of course, we try and influence where we can. And we will make those arguments should we have to. But this is a situation that is defendable. We can wait it out and hope that over the next few years sanity prevails on both sides of the fence and we go back to the situation we were in the last couple of years where actually the business was performing really well, and growing, and really doing a good job. So, as we sit here today, no, we think that we will go back to the situation we were in. We will maintain that position and we will see what happens.
Stella Cridge	Okay. That's super. Many thanks. And if you don't mind would it be possible to ask on the Nigeria timeline? I noticed in the press release that you were guiding that the share sale would still take place by the end of 2018. I'm just wondering what are the key obstacles remaining or outstanding? As you mentioned yourself we've got the election beginning next year. Can that have an impact on the timeline? It would be great to get an update there as well please.
Rob Shuter	I think we've been saying that we want to get it done as fast as we can. We do believe it is possible to get it done in 2018, market conditions permitting. There is a lot of administrative work going on. The company needs to be restructured. We need to do all the prospectuses. We need to engage with the central bank. We've got to figure out dividend policies, relationship agreements. The documentation itself is complex. We need to convert to a Plc. So, I think it is largely at this stage the administrative

Speaker	Narrative
	process is very time consuming. But we make good progress and we remain optimistic that it is still possible in the next few months.
Stella Cridge	That's great. Many thanks.
Rob Shuter	Good. Well, maybe just from my side to say thanks very much for your time and attention. We fully appreciate it has been a rocky day on the market for us today. We do really believe in our heart of hearts we're making progress, and we look forward to chatting to you guys soon. Thanks again.
Operator	Thank you, 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