Interim Results Presentation
DATE: 08/08/2018

Speaker	Narrative
Rob Shuter	A big thank you to everybody who is attending. Welcome also to everybody who is on the webcast. As you see it has been a very exciting first six months for us and we're really looking forward to sharing with you what we've been busy with and all our dreams and hopes for the future. A couple of things I guess you see on the screen there. We all know that WiFi now is right at the bottom of Maslow's hierarchy of needs so if you need to get online you're most welcome. You see the hashtag for the results. I have to say if there is unfortunately any kind of emergency there is an emergency exit over there, there is an emergency exit up there, and the analysts can congregate in the corner here. We will do a short Q&A at the end of this session, but just to remind the media that they have their own session with Ralph and I afterwards so we will deal with that then. So the running order for today is I will give you a little bit of an update on what has been happening operationally, what we see going on in the big markets, also a strategy update. I will hand over to Ralph to take you through the numbers and then I will come back for a bit of forward-looking prospects guidance and the Q&A. So obviously the results are out this morning. I don't want to get too deep into the numbers. Just to pick out a few key things for me, I think most importantly the constant currency service revenue. This is basically where we take the results of all of the opcos, we compare them year on year in their own local currency translated at the same exchange rates. We think this is a super important metric because it's the easiest way to look at the operational momentum in the business. Last year 2017 we were at 7.2% and for H1 of 2018 we are at 10.2%. So we think that is a very encouraging start to the year. You may also remember that our medium-term guidance for constant currency service revenue growth is high single digit. So in fact for the first six months we are actually a little bit over there. What are the key things that are driving the performance? Obviously very strong performance in some of the key opcos. I will come to that. But if we look at the types of revenue I think the really outstanding performance is what is happening in mobile data. So you see that is just about 27% growth rate. It is around 22% now of the group service revenue, so it really is a growth engine that is kicking in at scale. If you look at our digital service revenues that is 7.6%. What you need to remember is underneath there are basically two things. On the one side there is all the progress in our mobile money business which grew just over 50%, contributing now about R2.4 billion of service revenue in the half, what is dragging down a little bit that 50% is our continued optimisation of our old value-added service business. And we think we're going to get through that in the next couple of quarters. We should see that also returning to growth in the future. A couple of other key things on this slide. Capex, we have spent R11.5 billion in H1. That is a larger spend than we had in the comparable period of last year. It means we are already up at about 45% of our guidance for the year. So we really tried to get our opcos organised to get the capex into the ground much earlier, much more quickly

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	than we did in the previous year. We think this is pretty encouraging. You will see some of that progress a bit later on, things like population coverage, voice quality and throughput in the network. Ralph I think will touch on most of the others. Of course we have a dividend guidance for the full year of 500 cents, and so we believe we are on track for that. We are going to reaffirm our guidance at the end of the presentation. The interim dividend is roughly a third of that, which is pretty much the ratio we have used in the last couple of years. If we turn now to the large opcos starting with South Africa I think the key thing with MTN South Africa, and in fact with any business trying to be successful in the South African telco space, is you really need to be successful across four key parts of the business. It's prepaid, consumer postpaid, enterprise and wholesale. And part of the challenges we've had in the South African opco in the last few years is that we've had a strong prepaid business and we've had a strong wholesale business but we struggled in consumer postpaid and enterprise. I think the most striking thing in these results is the turnaround in consumer postpaid. So you will see on the top right-hand part of the chart consumer postpaid in the half growing by more than 10%. We had roughly around 300,000 net adds in the consumer postpaid business in the half. So prepaid is doing okay. You see subscriber growth there around 700,000 subscribers. You can see a strong mobile revenue growth of 13.5%. And basically with the good performance in our prepaid, consumer postpaid and wholesale really our battleground of the next six to 18 months is the turnaround in the enterprise business. We've got a very strong team there and we're pretty sure that we can take everything we learnt in turning around the consumer postpaid business, apply it to enterprise and really see that business growing going forward. We are also very happy with the network performance, the rollout in South Africa. You see now that in the South African opco we have population coverage of 3G of around 98%. That is really pretty much putting the way we say, there must be data where there is voice. Where we had 2G voice we must put firstly 3G. The second big priority in the South African network is as the penetration of 4G or LTE handsets increases to make sure we've got 4G in the right places. And you see that population coverage of 4G with around 1,600 site rollouts actually is sitting around 85%. So the South African network is in good shape. It is performing well. It is taking the load of data adoption and I think we are really well placed there going forward. So that's a little bit about South Africa. If I turn to Nigeria I think what you see in Nigeria is a very disciplined, consistent operational execution pretty much across all parts of the business. We've had a decent subscriber growth, almost 3 million subs in the half up to 55 million. You see that the active data subscribers are also going up around 800,000. So we now have around 15 out of 55 [million] regularly using data across the network. That has shifted a lot. And that is a large part of what is driving the revenue growth. So revenue growth in Nigeria of around 17%, data revenue 64% as we continue to push the data story in Nigeria.

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	Nigeria again around the network it's really important again to put data where there is voice. So firstly get a decent coverage layer of 3G. I think it is very encouraging if you look at that population coverage, almost a 10% improvement in the Nigerian opco coming up to 73%. The second part of the network, similar to South Africa, is to make sure that we've got LTE coverage across the metros where there is a decent penetration of 4G devices. And we extended the coverage there to 13 cities. One of the other big standouts in the results is also the progress in voice. Voice revenues are around 60% of our overall service revenue. They are close to 75% in Nigeria. So it is still a big part of the business. And I think for many years in our industry everybody is always saying that voice is going to go flat; voice is going to go negative. The MTN group results in H1 voice revenues constant currency were up 6%. So we have implemented a lot of initiatives in the voice business. CVM. Private pricing. We've got subscriber growth. We've got our Flytxt platform now live across pretty much all of the opcos in Q2, simulating a lot of minute growth, stimulating extra revenue across the market. For sure now you see in an opco like Nigeria 17% voice revenue growth in H1. So I think that is really encouraging. I guess the other part of the strong operational execution is not just the top line. It is what happened to costs, efficiencies and margin. We have had a very strong margin performance in Nigeria in H1, up from 38% last year to around 43% this year. So really a big standout to Ferdi and the team for a very well disciplined, strong execution in one of our biggest markets. If I turn to Iran I think there we all know that around the May/June time with the sanctions coming back in that environment has got a lot tougher. In fact, for the first six months of the year which we're reporting back on we've had a very strong performance from the Iranian business. So decent service revenue growth, decent margin. You see the data revenue up 48%. Subscriber growth across both total subs and active data subs. Continuing to push the network out. So, I think a fantastic performance in H1, but of course it is going to get a lot more challenging in Iran in the future as the economy contracts with the pressure of the sanctions. But you know we've got a good team, we've got a good business and I think they will do just as well in tough times as they have done in a more vibrant economy. We're going to start reporting also on Ghana. So of course, when you look at the opcos we consolidate, because Iran comes in as an associate, actually South Africa, Nigeria and Ghana are our three largest markets. Ghana also will be proceeding with its IPO, its listing in the next couple of months. So I think it's good to give you visibility of Ghana. Ghana is a little bit the posterchild for the MTN BRIGHT strategy because you see good voice growth, subscriber growth, you see good data growth. And then we've got a very strong mobile money and digital business there. So that is a lot of what is driving that performance. Again a similar pattern. We've got subscriber growth. We've got decent revenue growth. We've got strong margins. What I was really inspired by in the Ghana situation is this increase in the population coverage for data. This market a year ago was covering less than 50% of the population with either 3G or 4G. And one of our big strategies across the group has

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	been to reutilise the 2G spectrum for 3G, what we call U900. We have deployed it now across 16 markets. Look at the impact it has on a market like Ghana. 15% increase in population coverage from 50% to 65% using this coverage layer of 3G and then filling in with LTE as we have seen in the other markets, now covering 104 cities. It is also a big part of what is driving that 37% data growth is this very deliberate network strategy. So that's a little bit about the overall results of the three largest markets. Now what I will do is very quickly take you through the BRIGHT strategy, the six pillars, and then wrap up. Of course, we always start with the B. The B is for the best customer experience. And we do think that it is hugely important that we deliver differentiated customer experience across the markets. This is the way that we're going to grow because we will take more than our fair share of new business in the markets. This is the way we will drop the churn because fewer people will leave our network than another network. And it is also how we protect the price premium, that small amount that we can charge for quality of being on an MTN network. So best customer experience, the B is a very commercial initiative. I think that's the most important thing to realise. So, the key metric we look at is the NPS. Where are we against the competition? And the objective is to get everybody to a number one NPS with a decent margin. When we first presented this slide of the seven markets that you see there only four were number one or number two. I think the encouraging thing as we get to the end of H1 2018 is that all seven of them now are either number one or number two. So, we have really won the first battle which is to get everybody up to where they need to be. The second battle is going to be closing the gap to number one. That is what that second row of numbers is telling you, what the NPS gap is between us and the guy that is ahead of us. So, you will see for example South Africa we've got four points to close. In Iran we've got three points to close. Cameroon and Ivory Coast six or seven. So, this is manageable if we keep on with a very disciplined strategy, optimising the business, cleaning up the tariffs, improving the experience, improving our network, improving our brand communication. Very disciplined, detailed operational, organic approach on what is as I said a very commercial initiative. The second part of the strategy is really around the R. Now, of course Ralph will take you through chapter and verse on that. But I think it's always important to remember that a key pillar of us improving the business is improving the cash generation. A lot rests on that, and it has got two parts. We said we had to structurally improve the margins and we had to structurally reduce the capex to open up the gap between the margins and the capex. That is basically what this line chart behind me is showing you. On the left-hand side of it if you go back to 2015 you will see margins around 40%, capex around 20%. So, there is 20% that is available for dividends and interest and tax. If you look at what happened the last couple of years that gap narrowed a lot. This is the big thing we're trying to do is open up that gap. Structurally improve the margins, structurally reduce the capex. And I think you see for the first time these lines starting to open in June 2018. And we are doing this at a time that we are rolling out

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	networks. We are increasing coverage. We are improving quality. So we really believe the strategy is working and that it is going to come all to pass. If I look at the two commercial parts of the strategy, the I of ignite and the G of growth, what we really look at under the I is the subscriber growth, the voice business and we look for our progress in enterprise and wholesale. So what we are trying to show you on the slide is firstly what is happening with the subscribers. So we had 6 million subscriber growth in the half, bringing the group up to 223 million. I think that is pretty respectable. If you look at the opcos across the bottom you will see that pretty much across the board we've got decent subscriber growth. The one stand-out is Cameroon actually where we went backwards. That is in large part due to the SIM registration regulations in the country which are pretty tough. And I think that structurally would have affected all of the operators in the country. Outside of that you can see that we really are bringing the subscriber growth back into the business. And whilst we use all of our clever techniques to stimulate the voice usage we drive this voice revenue increase that you saw in the results. The other two things to call out, we have established our wholesale business in Dubai, MTN GlobalConnect, basically leveraging the infrastructure that we use for our own opcos. So submarine, satellite, terrestrial fibre between the opcos. And they signed their first big international deal actually providing a big chunk of capacity to Facebook. So this is the largest wholesale deal we have signed in the history of the group so we are pretty excited about that. I guess of course the new national roaming deal with Cell C would be another thing that we would put under the category of making progress in wholesale. Wholesale is all about leveraging your infrastructure for other operators and other OTTs. And then finally we talk about enterprise. So we know that in the South African market we've still got some challenges in enterprise that is dragging that South African service revenue growth. But if I take the enterprise segment across all of the opcos and I split out South Africa for the moment the rest of them are growing in aggregate at 22%. So actually we've got a decent voice performance, a very strong data performance, and we start to see then enterprise and wholesale businesses also starting to scale, picking up pace as some of the growth engines of the group. Of course it is really in the G though that we are looking for the big shifts. So I spoke about the data revenue growth and I also spoke about how important it is to increase the population coverage. So what we've done for you in that bar chart on the left is we've taken the population coverage percentages of all the markets and we've translated into how many people we are covering. If you look back to June 2017 you can see that across the MTN footprint we were covering 330 million people with 3G or 4G. And the implementation of U900, the network rollout that we've seen in the full year has increased that to 415 million. So we have added the possibility to another 85 million people across our portfolio to connect to the network. And what you see within the bar is the progress on LTE in the markets where the handsets are there from 109 million to 183 million. So the networks are there. We

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	have done a lot of work on the tariffs as well to make it much easier for entry-level customers to come into the data world. The active data subscribers across the group grew by 2 million to 71 million. We would have liked to have had a bit more growth in the active data subscribers. I think what we are starting to see actually is that one of the most significant limiting factors in the data story is really the handset penetration or the smartphone penetration. You see that in the middle of the chart moving from 38 million to 43 million. So we have launched a new programme in the half called a smartphone acceleration project. I think that also will help a lot to really address this other limiting factor of scaling the data business. Now, of course all of these initiatives to provide coverage and connect our customers to the internet, we also want MTN to be very much involved in the digital services that our customers are using once they have the data connection. This is a very key and critical part of the strategy. So what we've put up for you on the slide there is the main verticals we are focusing on. So that is gaming, music and video. And what we described last time is really a combination of providing MTN-owned services to parts of the base, but also in some of the markets a partner strategy with the kinds of partners you see on the bottom right of the chart. Very critical for us if you think about the fact that we have 220 million customers, 70 million are using data, that means we've got 150 million customers that are sitting in a 2G, SMS, VAS world. As these customers move into the data world we want to use that opportunity to make sure we provide them with a very complete range of digital services. So MTN will play a much more central role in the digital service world than we've seen other operators in more developed markets over the last five years. It's a very important part of the strategy. I also want to make a bridge to the financial inclusion and to mobile money because again if we really want to scale the digital business we also have to find a way for our customers to transact. Bear in mind in our markets much as we have challenges around internet penetration we also have big challenges around banking penetration. So the MTN mobile money strategy is also very integrated with what we're trying to do commercially. We are very pleased with the progress the team have made there. We are now active across 14 markets. You see that we got to 24 million subs in the first half of the year. Growth of 2.3 million in the half, 50% revenue growth as I said. And what you see across some of the pictures of the slide is now starting to expand the range of services. Generally MTN mobile money starts off as a remittance business helping customers to send money from one place to another. We then tend to expand it into a payments business by stimulating the merchants and the ecosystem also for acceptance. And then we start to expand again into more advanced services like small loans, small deposits, insurance etc. So there is a very complex build going on of a much more complete and scaled financial services ecosystem across the vast bulk of our opcos and we're very encouraged with the progress. We announced also in the half the cooperation agreement with Ecobank where we have overlap in many markets and I think we see the world very similarly in terms of the opportunities to

scale this business going forward.

So of course if you've got the data and the digital and you've built the MoMo so people have the ability to pay in time also we need to cater for what happens in the e-commerce space. So we are really very much looking now for our e-commerce joint ventures to step up and provide also those services in a way that MTN again has a central role in this ecosystem. I think you see pretty good progress there as well. So in AIH and Jumia big progress in terms of scale, in terms of volume, in terms of orders. We have presence now in the Middle East and Iran in the e-commerce world. You see a lot of commonality between what we're doing across the markets. So there is ride hailing, there are groceries, there are food deliveries, there is marketplace, e-commerce ventures.

So I guess what I wanted to say in this section is that we want to take a much more central role and I think we've got some really exciting plans the next six months or so. And when we report in the full year results I think you will see a much more integrated approach in MTN to how we're tackling the digital opportunity.

If I go to hearts and minds it has two components. The hearts part is great companies need great people. How do we keep our people engaged, inspired, motivated, the right skills to take us into this future we're mapping out? We have a lot of engagement in the markets, so our engagement score went up a little bit, 76% is a pretty respectable score. When we have staff surveys in MTN we get very high rates of people filling them out, over 90% in fact in the last survey. And what we were really encouraged about in H1 – and you see it in the top part of the chart there – is that we have a question on ENPS, would you recommend MTN as a place to work to friends or family. And that score doubled in the half. So I think we are starting to shift the momentum, the motivation, the vibe in the business.

The other part of hearts and minds is of course how we manage the business risk, compliance, regulatory, operational disciplines. That is also obviously a big focus of ours. There have been some really complicated things that we've had to tackle in the half. We have been pretty encouraged that we've resolved some of the big regulatory issues that we had. Particularly Benin and Cameroon were complex issues. We've made good progress with these IPO projects. In fact Ghana is very much on track. We will be listing in September. Nigeria a complicated project but I think we make steady progress. And in the middle of all of this we also worked on the sale of MTN Cyprus which was the only operation we had which was not in our core geographies of Africa and Middle East. And I think we also realised a very good price for the business.

And finally, on technology obviously I've covered quite a lot of that. I guess the thing that I wanted to say on technology though is it's super important that we've got the right data networks in the right place. But a lot of the customer perception of the network is still driven by the voice experience. So, we are really micromanaging, optimising, perfecting the voice experience. What you see on that chart there are the blended dropped call rates, which is probably one of the most frustrating things about being on a mobile network is when the call is dropping. When I worked for another telco a few years ago we were targeting a dropped call rate of 0.4 across the nine

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	European markets that I was responsible for. 0.4 across European markets. Have a look at the stats on the slide in front of you there. We've got South Africa now 0.33, Nigeria 0.33, Uganda 0.32, Cameroon 0.38. These are very good scores. A lot of the network has been there all these years. But Babak and his team have been optimising it, putting in the features, upgrading the software, really micromanaging the network, tuning the network to provide the kind of experience you see on this slide. Also of course a lot of progress on the site rollout. We saw that in the coverage slides already. So that's a bit of a whistle stop tour through BRIGHT. If I was to summarise very quickly how I see the first half I think there is very strong operational performance. I think there is strong momentum in the markets. We are putting the coverage out there to realise our dreams and ambitions for the data story. I think we've got over some big, complex hurdles. I'm pleased that we're on track with Ghana and pleased also to have the Cyprus sale behind us. So of course you must never declare victory halfway through the race, but I think we've had a very solid start and we will continue to push for the balance of the year. So with that I will hand over to Ralph for the numbers.
Ralph Mupita	Rob, thanks very much, and a very good morning to everybody. A particular special morning message to the MTNers here in the auditorium and those who are following the results presentation by webcast. So over the next 25 minutes I would like to take you through the following aspects of the financials for the first half of the year. The first is to highlight significant items impacting reported results. There are a couple that I will share. The second is to pick up the salient points on the group income statement. I will then go through more detail on the three largest markets that we consolidate. So that is South Africa, Nigeria and Ghana. I will then come back to the income statement and pick up on some of the key line items and provide you with a bit more insight. And then I will close off by going through the balance sheet, the cash flow, capex and analysis of headline earnings per share. So let's start. So as I mentioned there are a couple of items that are affecting reported results. There are three of them. The first is foreign currency headwinds that we've experienced in the first half. On the foreign currency side there are actually two aspects to remember. The first is that we had a strong average rate to the Dollar in particular. But it closed weaker. So the stronger average Rand which was against the US Dollar 7.7% up on prior year impacts items such as service revenue and EBITDA. So you will see that our constant currency growth rates are much higher than reported. And then on the weak closing rates which affect mostly the balance sheet items affected in particular our HoldCo debt. For those who analyse our HoldCo debt 53% of our holding company debt is Dollar denominated. And that ended if you look at the cross rates between the Rand and the USD it was 9.9% weaker as at the end of June. So the second item impacting results is really looking at items impacting basic earnings. In the first half of last year you will remember we had the IHS exchange, R6 billion flip up profits that came through EBITDA. But we also had impairments, both goodwill and asset impairments. And then when you look into the first half for 2018 we've also had a goodwill asset reversal in Sudan that came through. And then there has been an impairment of Yemen. We had an impairment of Yemen last year of

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	about R800 million odd and there is a further impairment in Yemen given the situation in that country of R149 million coming through. The final aspect for our results is we have adopted IFRS 9 and IFRS 15. These standards came into account for this year. We have not restated for IFRS 9 but have restated 2017 numbers for IFRS 15. So when you look at the 2017 numbers particularly for EBITDA and attributable profit you will see those are up to reflect the IFRS 15 adjustments. So for EBITDA that is up R382 million and for attributable profit R253 million. These would have been the 2017 numbers. So let's start by looking at some of the salient items on the group income statement. This chart should be pretty familiar to yourselves. We have shown this in the last couple of reporting cycles where we show both constant currency growth rates as well as the reported rates. And starting with the service revenue which as Rob said is a key focus of ours it came in at a pleasing 10.2% constant currency. You will remember 7.3% was the end of the year. That is 3% constant currency improvement showing operational momentum in the business. However on a reported basis that was down 3.4%. So you can see that the currency headwinds are dragging down service revenue by just over 12%. The most significant currency headwind we faced was probably in Nigeria where the Naira to the Rand cross rate would have been 23% lower in the period. Also as I mentioned on earnings the EBITDA line was supported in 2018 by the asset impairment reversal that I spoke about. But also we had revaluation gain on IIG. Both for us as group we had a 33% shareholding in IIG diluted to 29%. We have a similar effect for Iran which I will talk about later. So that was positive to earnings. As you go down the line on the income statement I think there are two other lines to highlight. The first to highlight would be the big movement in our associates and joint ventures. I will come and analyse those a little bit later. And then the other one is the non-controlling interest line. If you look at the shift between 2017 and 2018 there is an R810 million swing. In the prior period that swing was affected by the share that the minorities took for the impairments both in Sudan and in Syria. Finally to pick up on what Rob said, the board declared a final dividend of 175 cents per share. That is the interim dividend which will be paid in early September. This is certainly in line with the guidance of our new dividend policy which we said that the board would anticipate paying 500 cents per share for the financial year 2018. We reconfirmed this guidance at the AGM and I think that was pretty necessary after the US imposed sanctions on Iran. I will unpack the other elements of the income statement a little bit later, but let us have a look at our key opcos and how they have done. So let's start with South Africa. As Rob said the service revenue growth for South Africa was 2.9%. In the second half it accelerated quarter on quarter to 3.7%. All said and done that is actually below our own expectation. We've said that this is an opco where we expect to see mid-single digits. So one should interpret that broadly as 4% to 6% range as where we would be comfortable with for the business.

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	But the underperformance was driven by our enterprise business which I will talk to a little bit later. But if you look at the bearers I think there are some interesting insights to have a look at. Outgoing voice was down 9%, but if you look at quarter on quarter performance the first quarter outgoing voice was down 15%. In the second quarter it was down 2.1% to be exact. So the CVM activity in the South African opco which started in earnest in the second quarter is starting to show some traction for us as we look at what's happening with voice. And in the second half of this year the South African opco will be launching on-net voice bundles which we believe will stimulate voice usage and we will continue the trajectory of running further campaigns that will improve the voice usage. On the mobile data it grew by 14%. Digital revenues grew 18%. The data revenue growth was really supported by the increase in data traffic which we saw coming through at 47%. We also had a nice increase in the amount of 4G users. The number of 4G users we saw in the period was 88% increase. The prepaid average usage in the business was up 44%, and that was a result of a significant uptake of our new social bundles that we launched. And postpaid usage was up 18%. The growth that we saw in our digital revenue was really driven by Xtratime offering as well as gaming and the other traditional VAS services still coming through pretty strongly. As I mentioned earlier, the enterprise business has really dragged down the performance for South Africa. But here in the slide that you see on the charts there is a bridge overview of the contribution of all the businesses and how they have done in the period under review. I think you can clearly see that prepaid grew 2.5%. We had very strong growth in consumer postpaid business of 11%. You will remember at this time last year we had just got up to 13,000 positive net adds, and you will have seen the net add growth that Rob spoke about. And we have also had excellent growth in our wholesale business underpinned by the deal we currently have with Telkom. The new Cell C deal which we struck up only comes into effect in the second half of the year, and that will support for sure the wholesale growth. So I think it is pretty clear that on the operational execution side prepaid, consumer postpaid, wholesale, those businesses are growing very well. And if you were to exclude the enterprise business the South African business actually grew 5.2% in the period. So really strong growth coming through. And as Rob mentioned the business unit that has got the focus and the attention to drive a turnaround will certainly be the enterprise business. So although the enterprise business is down 14% year on year what is encouraging in looking at some of the lead indicators is that month on month billings have stabilised. So we are getting new customers coming in and at the same time the churn is stable. So that's a good lead indicator. So we anticipate that we will see the operational performance improve towards the end of the year. But I think the financial performance flowing through to the numbers we will see coming through in 2019. Let's go back to South Africa and start having a look at the expenses. If you look on the chart there you will see the cost of sales was stable, and that was a function of good cost control on the channel side and the benefit on the interconnect costs of lower outgoing voice traffic. Device cost of sales ticked up slightly, and that was due to an

increase in the number of 4G devices sold. The growth in opex was largely driven by network expenses, predominantly rent and utilities. But we also had quite an increase in our marketing expense to support service revenue growth. The EBITDA margin expanded as a result of the net service revenue margin going up by 1.5% but that was slightly offset by a 0.2% decline in device margins. The capex intensity in the business was largely as expected and we foresee an acceleration of rollout in the second half of the year.

Moving on to Nigeria, we recorded a very strong 17% service revenue growth as Rob has mentioned. That is approximately 5.5% above inflation. As we said before we really like to see all our businesses growing above inflation so that we have real growth, and for sure in Nigeria we are experiencing that. The core voice market performed very strongly, so again 17% growth. As Rob said this is certainly a market where voice is still a big growth driver. And this was a result of both base growth and the CVM activity that we've got. Importantly the VAS to voice shift that we spoke about at the full year results that we're seeing as we've been optimising the VAS services. So what we have experienced in Nigeria is that the recharges have remained resilient. They are growing. And what would previously have been used for VAS consumption is popping up in voice, and that has been positive. And also in the period it was contributing to the margin expansion.

We have also had very solid data growth, 64%. It clearly illustrates the data opportunity that we still see in the market. Remember that Nigeria is still largely a voice market. It is three quarters still a voice market. But it is nice to see that the data is growing very strongly. The digital services declined, and this was expected. And that is driven by the optimisation work that we've done. But as we get towards the end of the year we anticipate that will bottom out and we will start seeing the digital growing and in particular the rich media services that Rob spoke about coming through.

In terms of expenses, expenses were well managed in the period. So cost of sales increased 5%. And these were driven by higher commissions and distributions up 9%, national interconnect costs up 12%, and international interconnect up 25%. You will also see that digital's revenue share was down 53% and that is obviously as a function of the work that we've done on the VAS optimisation. The opex increased by 9.5% and that was obviously driven by largely network expenses which are generally about two-thirds of total opex costs.

We are very pleased with the higher than expected expansion in EBITDA margins and I think previously we have guided the market that under normal situation you should see Nigeria margins in the 38% to 40%. But we have seen particularly the opex to revenue margin that was generated in Nigeria in the first half came in at 37.4% and that is 2.6% better than prior year. So we are having operational leverage coming through. And as Rob has said what is very pleasing in a market like Nigeria is that we are seeing the evidence of operational execution coming very strongly. So that 43% margin is very pleasing and pretty much driven by operational execution.

We have also obviously benefitted from a relatively stable Naira. The Naira has broadly been in the ₦360 range in the period. That has also helped particularly for the

Speaker	Narrative
	business. I would want to mention that towards the end of Q2 we saw net additions and service revenue slow down a bit, and that is in line with economic activity. For those who were there at the Nigeria investor day we did guide that we often see a softer Q2 because of the rainy season. So we will see some of the softness going into Q3 but we anticipate a strong pickup in Q4 where we will continue to have strong growth out of our Nigerian business. So let's move to Ghana where we saw a very encouraging 20% expansion in the service revenue margin. As Rob has mentioned this is the posterchild business that all four wheels are on the ground and running very solidly. And so we see good growth across all bearers, voice, data and digital. When you look at voice outgoing voice grew by 27% and data grew by 37% with data traffic doubling and active data users increased in the period. Digital revenue increased by 29% and that's supported by very solid mobile money growth of about 53% in the market. So our 30 day active MoMo subscribers in Ghana are now at 7.9 million and mobile money now accounts for 15% of total revenue in Ghana. Looking at expenses our cost of sales increased 20% and this was led by higher commissions on MoMo. And we also had increased marketing activities to support the service revenue growth. Opex increased 28% and this was impacted by higher network expenses on a very strong rollout and then obviously the resumption of the management fees payable to group where we struck the agreement with the authorities. And this management fee to group kicked in on the 1st May 2018. The EBITDA margin expanded. The network rollout as I mentioned is on track, and we had capex intensity in that business of 23%. So coming back to the group income statement, the service revenue bridge should be familiar to you where we start with 2017 reported service revenue and build out through the bearer, adjust for hyperinflation and FX to end up with the reported 2018 numbers. And for sure the data and voice were the key drivers of growth in the period, data growing at 26.7% on the back of the rollout, the growth in the active base, the usage that we saw, and then obviously focusing on optimising pricing in quite competitive markets. We operate in very competitive markets. And as Rob has said our active data sub base grew by 2 million. For sure as a management team we would have wanted that base to grow much more strongly, so it is certainly a focus for the second half of the year. The voice revenues as Rob mentioned grew by over 6%. Targeted CVM activities across markets and a particularly strong voice result out of Nigeria drove that result. And digital revenue although growing by 7.6% we are okay with that. The rich media service component and mobile money are still growing strongly, but for sure the VAS business is in decline. But as I mentioned we should see that coming back to growth towards the end of the year. Turning to expenses, in the first half cost of sales was up by 5% so good cost management in the business. Handset costs were up 8% in South Africa as 54% more 4G devices were sold, up to 1 million. The total number of devices sold in South Africa was down 7% at 3.1 million. So you can work through that that we sold a lot less 2G and 3G devices in the period. The big increase in cost of sales was the interconnect

Speaker	Narrative
	and roaming costs driven by the strength of the Dollar against local currencies. The increase in commissions and distribution costs was mostly driven by our mobile money business. And you can also see on the chart there that the impact of the VAS optimisation work reduced our share for VAS revenues. On opex it increased by 8% and this was driven by network expenses as we rolled out our network across the footprint. And the professional fee line was much lower as we brought the management of our IGNITE programme which we had between South Africa and Nigeria in-house. Looking at EBITDA both in absolute terms and in margin I think it is very clear that on a constant currency basis here EBITDA margins were up 17%. But as you can see in the chart the contribution came very strongly from Nigeria. South Africa was also a positive contributor to the group margin, as was Ghana. But the area that disappointed was the WECA markets, predominantly Cameroon and Cote d'Ivoire. They disappointed from a competitiveness and operational challenges that they faced in their markets. So the group EBITDA margin expansion as you can see in the bottom chart is most strongly influenced by the contribution of Nigeria. Moving on to finance costs and leverage. So let's start with the finance cost picture. So we saw a 6% increase in net finance cost and that was driven by lower interest income in Nigeria as cash balances there reduced when dividend distributions resumed after the first half of 2017. And a large portion of Nigeria foreign currency denominated debt was settled. Net forex losses declined by 60% driven mostly by the lower FX losses in Nigeria after the settlement of the foreign currency denominated debt that I referred to earlier. Looking at leverage we experienced a small increase in the group leverage and this was impacted by the payment of the final 2017 dividend. And the component of that would have been R9 billion. The weaker Rand on closing, I spoke about that earlier. That impact would have been R4 billion. And then we had additional borrowings taken in the period for both Nigeria and for group. And for group those borrowings were done predominantly through the DMTN programme. We also had lower cash generated from operations in the half. But this was partly offset by cash repatriated from Iran in the period where we had €88 million repatriated up to April. The holding company leverage which is one of our medium-term guidance targets went up to 2.9% for the factors that I explained earlier on the group leverage side. But with proceeds from the sale of Cyprus as well as any IPO proceeds that come through in the second half of the year, management fees and dividends from opcos we should see that target coming back into the target of 2x to 2.5x by year end. So we are pretty comfortable with where we are there on the leverage side. Looking at associates and joint ventures there is quite a lot of detail here. On the chart you will see all our joint ventures, our tower companies and then the digital e-commerce group. You will see that the decline was driven predominantly by three areas. Firstly, MTN Irancell. There is a Botswana dynamic there which I will explain. And then there were increased losses that we equity account for Africa Internet Holdings, AIH. I will give more detail on the Irancell picture on a slide that follows, but let's provide some details firstly on Botswana and then AIH.

Speaker	Narrative

Starting with Botswana where we have our associate Mascom, where their service revenue growth in the period was 1.5% over the prior year. EBITDA grew about 5%. And they generated a very healthy margin of just over 50% in the period. From an equity accounted income point of view in 2017 there was a positive adjustment of R108 million relating to prior period income in the R212 million result you see there for 2017. So if you were to normalise and strip that out between H1 2017 and H1 2018 actually the equity accounted income grew by about 32%. So there is an adjustment there to reflect the real growth there.

Moving onto AIH, AIH continued its strong top line growth. Gross merchandise value – let's call it GMV – increased by 66% over the period since June 2017. Both Nigeria and Egypt which are the two largest markets for AIH grew their GVM by over 100% in the period and they added in total 1 million net new customers. The total active base in AIH is now at about 2.8 million at the end of the half. And to support this growth AIH marketing expenses were up 58%. In Euros that is about €24 million in total. This has negatively impacted the contribution to the associate income that we report and reflect at the group level.

That said if you look at the key unit economics for AIH they continue to improve. So if you look for example at Q2 2017 sales and marketing cost per customer acquired was a number like €18 per customer. And in Q2 2018 that was €13 per customer. Another measure for efficiency for that business is the EBITDA to GVM. And that improved from -27% in the prior year period to -20%. So the business is beginning to improve its efficiency and drive sale, but for sure in the period it negatively contributed to the associate and JV line.

Coming back to Irancell, service revenue growth was a strong 16% in a very challenging environment. And this was driven by the data growth of 48%. Irancell had also R134 million gain on the dilution of its investment in IIG. This was following the entry of a new investor into that business and where Irancell reduced their shareholding also from 33% to 29%. Looking at expenses opex grew by 34% and this was mainly driven by higher transmission costs as the increase in traffic more than doubled in the period. In constant currency MTN's share of profits were actually up 1%, but given the weakness of the Iranian Rial our reported share of profits from that joint venture were down 23%.

The operation delivered a relatively stable EBITDA margin of 36.5% in the period. But that EBITDA margin for sure is also supported by the gain in dilution of IIG. And as you may all well know, as of the 7th August the US reintroduced snapback sanctions against Iran. Our cash repatriation efforts will continue between the first window and the second window, and given the arrangements that we have with FIPPA on some of our loans and receivables we will continue to look to repatriate to the extent that we can through our normal channels. But in the medium-term forecasts that we have re-run and that underpin our dividend policy we have excluded any flows coming out of Iran for the next three years. So our cash flow that we've developed to underpin the dividend that we've reconfirmed after the AGM does not assume any repatriation coming through from Iran over the next three years.

Speaker	Narrative
	We have consolidated in the period for Irancell at the official exchange rates applicable for the period. As many of you will know there was a CBI rate and there was a market rate up until April, and from April there was a unified rate. So through the period we consolidated at those official rates because those are the rates that we anticipate dividends to come through. In recent days the new governor of the Central Bank of Iran has announced a package of currency reforms in response to the return of sanctions which include a regulated primary and secondary currency market. And it is not certain at this stage, but the rate at which we consolidate may change by the time we get to year end. Now moving on to tax where you saw that our group effective tax rate increased to 34.1% from 31.8% at the half last year. The main reason for this was that there were no non-taxable tower profits repeating in 2018 that we had in 2017. There are a few other items that increased the effective rate. The lower profits from JVs and associates as well as non-deductible interest on the Nigeria fine. We did pay a higher amount of the fine relative to the prior period, ₦55 billion, and in the prior period ₦30 billion. The inability for us to raise deferred tax assets in Guinea-Conakry and South Sudan also put upward pressure on the rate for June. The rate was obviously also impacted by lower withholding taxes as we upstreamed lower dividends. Looking forward I know for many of you in the markets this is a frustrating number to try and figure where the tax rate should be when you run your models. But barring any unforeseen events we do expect the group effective tax rate to be in the mid-30s. Now let's look at the balance sheet. We committed, as Rob mentioned earlier, R11.5 billion in capex in the period. When taking into account depreciation and amortisation of R11.4 billion, foreign currency translation reserves of R4.4 billion, the impact on PPE was an addition of just over R9.3 billion. Goodwill and other intangibles increased by 4% mainly because of the Benin settlement fee that was allocated to the new licence and the right to self-provide fibre as part of our settlement agreement of R1.6 billion. So R1.3 billion of this was recorded as an intangible asset on the balance sheet. At the half we fair valued our shareholding in IHS at R24.5 billion. You remember at the full year it was approximately R27 billion. And that was the main contribution in the reduction of other non-current assets. Looking further down the table our interest-bearing liabilities increased by 16% as discussed earlier. You will notice that we also highlight new items in this slide. They reflect the agreement that we reached in July to sell Cyprus and in accordance with IFRS 5 we have shown quite separately both the assets and the liabilities line that relate to Cyprus. And this is in accordance with accounting it as a disposal held for sale. Moving onto this slide, it is a new slide we're showing. This shows that capex is up year on year following our focus to ensure that we get a more even split between the first and second half of the year. The 3G and 4G population coverage has increased meaningfully across the markets. Our work in progress between the periods was about R1 billion higher in 2018 than in 2017. And as you can see in the chart RAM and transmission account for 78% of our total capex. The first half of the year we capitalised this R11.5 billion I referred to earlier with a capex intensity of just on 18%.

At the re-forecasted exchange rates we estimate that the full year capex will be about R25.5 billion with Nigeria, South Africa and Ghana delivering fully on their capex programmes for the year. We do have a new commercial model for radio with year on year unit price erosion built into future years. For hardware we have simplified and streamlined our configurations. For software the new pricing model is independent of traffic volumes and subscriber growth. So the unit price reductions that we are achieving in radio and the smart capex approach that we've taken we will believe will be pretty instrumental in driving capital intensity lower and improving returns over the medium term.

Just moving on to cash flow let me take you through some of the key differences between the two years 2017 and 2018. And moving from left across to the right of the chart you will see in other operating income in the first half of 2018 there was a payment of R1.8 billion relating to the Nigeria fine. This was offset by some non-cash adjustments relating to provisions across the group. The prior year number included the R6 billion for the IHS exchange and the R1.2 billion for the Nigeria fine payment. On the working capital side we saw a R4.7 billion outflow and this was driven by R2.5 billion from Nigeria which made payments to vendors including INT Towers in relation to outstanding invoices. The rest of the payments were for Ghana and Syria for settlement of lease and vendor liabilities.

If you move across to the dividends line there you will see that in H1 2018 the group benefited from the repatriation of dividends in Rand terms amounting to R1.3 billion. This was lower than the R6.5 billion we received from Iran in the same period last year. Financing activities in the first half of 2018 of R7.3 billion were largely driven by additional debt that we raised at group. And in the prior period the amount of debt that we raised and settled are approximately similar.

So how do we see H2? We certainly expect an improvement in cash flows in the second half of the year. We expect stronger business performance from the operations to contribute to this. And obviously the dividends and loan repayments from key markets such as South Africa and Nigeria and proceeds from the sale of Cyprus and any proceeds from IPOs. So to complete the financial review let's have a look at the headline earnings per share schedule which you should now be familiar with where we look to reconcile earnings per share all the way down to attributable adjusted headline earnings per share.

The table shows the recon across the both years. If we start at the top of the table you will recognise the reported earnings per share of 244 cents for the first half of 2018. As you work down the table and adjusting for profits and impairments accounted for in earnings we end up with earnings per share of 215 cents. These headline earnings per share was negatively impacted by a swing of 21 cents in the contribution of associates and joint ventures. And if you make the adjustment for the non-operational items that we've consistently reported on, the Nigeria interest unwind, hyperinflation and the impact of forex losses you get to an operational view of 280 cents.

So standing back from all of that I think operationally the lower profits from joint

Speaker	Narrative
	ventures and associates, weaker performance from WECA markets and a stronger average Rand were the main drivers of lower earnings generated in the period. The earnings generation capacity of our key markets, South Africa, Nigeria and Ghana, remains strong and resilient and we expect them to deliver very strongly in the second half. So that completes my presentation on the financial review and I will hand over back to Rob.
Ralph Mupita	Thanks Ralph. Obviously the numbers are a bit complicated with so many FX and different adjustments. I have just got a couple of slides to conclude. So this is the slide we put up in March with the final year results. We describe it as the shorter-term focus areas for the 2018 year. So I don't want to go through every element of it. It is just basically our half-year report card. I think you can see that the one big area that we want to push a lot harder in H2 are the initiatives around the customer experience, the high volume journeys, and particularly also communicating all the work we're doing to improve that, what we call extending the focus beyond the value and network drivers. I think for most of the others it has been pretty steady progress. I think the CVM programmes and the progress in voice we would give three out of four halfway through the year. And part of where we're a little bit disappointed is with the movement in the active data subs, but of course the data revenues are coming through pretty well. In general I think we have made respectable progress for the first half. We also announced last year or in fact at the end of the last financial year our medium-term guidance. And we have reproduced the key elements on the slide for you. We are committing to and maintaining the guidance. Just to go through the key elements of it, for service revenue it was that we would have upper single digit constant currency for the group. So we are at 10.2%. We would have double digit for Nigeria. We are at 17%. And for South Africa mid0single digit. So we've got to get that 2.9% of H1 into the 4% to 6% range during the course of H2. And with the momentum we see in the business we think that is very possible. Improving EBITDA margins, I think that is pretty consistent in the half. Capex intensity you can see coming down already, 18% in H1. We are on track for our guidance for the full year which is a significant step down from the previous year. HoldCo leverage Ralph has explained how it has crept up in the first half with the R9 billion of the last year dividend. It will normalise in H2. And finally, we're still on track for the 500 cents for the full year. So we have a plan and I think you're seeing the results coming through. I wanted to end off the presentation just reaffirming our investment case. These are the reasons why we still think we've got a positive story for our investors and those who might invest going forward. It has got four key elements in each of the corners. The first one in the top left is that we believe we're in the right geographies. So Sub-Saharan Africa and the Middle East are two of the fastest-growing parts of the world for our industry. Secondly, we think we've got the right kind position on those markets, always number one or number two in every market. And of course being in

Speaker	Narrative
	South Africa and Nigeria for SSA, being in Iran for MENA, we are in three of the four largest economies. So we think we are in the right places. I think the second core part is the growth opportunity driven by the demographics. I really think this is an unassailable fact. Our markets are characterised by low penetration of mobile internet. You see it in our results. Less than a third. They are characterised by growing populations, youthful populations, often more than 60% below the age of 24. And as the internet penetration rises so too will the digital adoption and so too will the mobile financial service adoption. Of course what we have on top of that for MTN group is an ability to really scale our enterprise and wholesale businesses. So this is the demographic opportunity that you are starting to see coming through the results and we are still very much believers in that. Of course bottom left is what that means financially. We are basically saying that demographics will drive revenue growth, that efficiencies and disciplined execution will improve margins, and that smart capex and drop in the unitary costs will drop the capex. So we say then that we get a double leverage. We get profits growing ahead of revenue and we get cash flow growing ahead of profits. This basically is the thesis. And I really think that you see that being delivered in the first half of the year. Finally on the bottom right I think that positions us well for the long term. We will stabilise the gearing in the second half of the year. We've got a sustainable dividend. To the extent that there are opportunities in our markets we are well positioned. Of course we need a plan to bring all of that to light, and that is the BRIGHT strategy, six very specific operational pillars, very specific KPIs, and I think a good discipline coming into the execution of those. So that concludes the presentation and I'm sure Ralph will support me in taking any of the questions you may have. Jonathan and then JP.
Jonathan Kennedy-Good	Jonathan Kennedy-Good, Standard Bank. A quick question on South Africa outgoing voice down 9%. I'm just trying to understand what drove that performance in the half. are you migrating customers to much cheaper price offerings, and can we expect that to slow in the second half and into next year? I was a bit surprised you didn't up your SA guidance on revenue given the Cell C roaming contract win. We are used to seeing R1 billion to R1.5 billion of revenue coming through on Vodacom's numbers. Is that going to be similar for you in the coming year? And then just on ICASA and the review on the various data issues how much of your data revenue is out of bundle in South Africa and what are your plans around that in terms of addressing the issue?
Rob Shuter	I think on the three issues on the voice revenue we have adjusted some of the tariffs to be more competitive. We have also seen a slowdown in some minute use particularly in prepaid. But actually we see a relatively stronger performance in Q2 and we think that as we move through Q3 and Q4 you're going to see quite some stabilisation particularly in outgoing voice. I think in terms of wholesale basically that deal will come more operationally into Q4. So we don't see it having a material impact on 2018. For sure it will help us get into the guidance range for the full year. And also remember that the guidance says medium term, so think three to five years. There is a lot that can happen in the wholesale space. Big contracts move to the left or two the right. But we are still excited about bringing that forward.

Speaker	Narrative
	I think on the percentage of out of bundle that is not a number we've disclosed historically. For sure it has come down a lot as we have moved our customers into data bundles. We are also trying to really make the PayU rate or what we have historically called the out of bundle rate a much more affordable rate. So actually you have decent revenue on that rate. I think by the end of the year we will have more information to share on that. I think in terms of implementing the regulations there is still a process going on there. We are trying to be proactive. We have decided what we need to do and we're busy executing that.
Jonathan Kennedy-Good	Thanks. Just one more question on AIH and the e-commerce ventures. Given the rising losses there what is the cash flow situation in those businesses? Do you expect to have to inject further cash to support those businesses?
Rob Shuter	So we have a committed drawdown profile for the JVs. So there will be some money going in the next 12 months or so, not particularly significant amounts. I think one of the issues we've had on AIH is we always consolidate just based on the management accounts because they are not really operating in the same timeframe as us. So there is a little bit of misallocation between 2017 and 2018. So you see on the chart quite a dramatic increase in losses. I think if you normalise that out it is not so severe. And we are really going to tighten up on the reporting of the associates going forward. They have become more material numbers for the group. We work so hard to get the top part of the income statement really pumping. We don't need more of these misallocations and disappointments down in the associates. So I think you will see really good progress there in H2.
Ralph Mupita	Just to build on Rob's point, the commitments are for this year and into 2019.
JP Davids	Hi. Good morning. JP Davids from JP Morgan. A couple of questions, short ones on mobile money and then just switching gear to WECA. On mobile money with the departure of Stephen how is the reporting going to change internally? How is the business focus going to change internally if at all and the reporting lines of that? And if Ferdi can jump in, or you guys are welcome to, if you could just talk through the industry cooperation on M-Cash in Nigeria whether that is a possible game-changer for Nigeria in terms of mobile money. And then completely separately on the WECA performance would you describe that as an opportunity still for self-help or really just a function of how tough these markets are from a competitive perspective and economic perspective? Thanks.
Rob Shuter	Okay. As you point out Stephen will be leaving us to join EOH at the end of the month. In Stephen's portfolio we had a Head of Group Mobile Financial Services, Serigne. So he has a team of around 16 people helping manage the 14 markets. And we hired a new Head of Group Digital, David, who joined us about three months ago. So while we go through a process to secure a new Head of Digital, the role that Stephen had, Sureen and David will report to me on a temporary basis probably for the next few months or until such time as we find the candidate. And I think that will also help a lot because there is a lot going on there and I think it will give us a nice, tight, quick operational execution. No changes to the strategy for MFS. You see that on the slide.

Speaker	Narrative
	Grow the base. Grow the markets. Grow the advanced services. And for digital this is something we are cooking up with David and as I said we are going to have some exciting news for the end of the year. I think in terms of the WECA portfolio it is a combination of many different things. Cameroon is a very difficult operating environment. There is a lot of instability in the markets particularly between the north and the southern part of the country. So a lot of the pressures there are industry pressures. I think for sure we have also not had a perfect commercial execution. We have a new CEO joining in Cameroon next month and I think we've got decent plans to stabilise the situation there. Benin of course a difficult first half with all of the regulatory issues. That is looking much more positive in H2. Ivory Coast we've approved now a more aggressive commercial approach. There is some regulatory disconnect there between on-net and off-net which has not been fair across the industry which I think we have now resolved.so these are the larger WECA opcos. I guess if I had to summarise I would say it is 60% macro/regulatory and 40% things that we should have done better, and I think we've got decent plans to do them better. These are the larger markets of the portfolio. Ferdi, on M-Cash any particular thing you want to throw in?
Ferdi Moolman	It is one of the major building blocks that we need in place. We have been working with NIBS, the Nigeria Interbank Switch, for about two years to get the product going. It is telco agnostic so any one of the telcos' customers can use it. To a large extent it is bank agnostic as well. I think 99% of the platform. So it is the first major step in terms of getting it going.
Rob Shuter	We have a question in the middle.
Prashendra Mahadevaiah	Hi, it's Prashendra Mahadevaiah from Citi. Just a few questions. Following the Cyprus exit could we expect further consolidation across your markets? On the Iran cash balance what is still outstanding? I know the last repatriation you mentioned was around April. So what is still outstanding and how difficult is it going to be to get out? And the last question on enterprise, one of the contracts that you guys have lost, do we expect the enterprise business to worsen in the second half and what are your levers to pull to improve that business?
Rob Shuter	I think on Cyprus always remember it was a very unique opco in our portfolio. All of our other opcos are Africa and Middle East. It was the only one in Europe. And it is quite demographically different. Cyprus is much more advanced. It is a postpaid market, a convergence market, high smartphone penetration. It looks a lot more like a northern European market than our Sub-Saharan African markets. So I think that was slightly not a good fit within the broader portfolio. And particularly if you look at our investment case and how we believe demographics drive revenue that was market that was in a different stage of demography. We did announce in the results though that we have an ongoing portfolio review, and the ongoing portfolio review is continuously testing the markets in terms of do they fit the profile, are they generating the right kinds of returns, what kind of investment do they require, what is the regulatory situation, what is the macroeconomic situation. So for us portfolio review is not an event. It's a process. There is nothing just around the corner, but it is

Speaker	Narrative
	going to be an ongoing focus for the group. It is very important that we have capital discipline in the group. We can't fight to generate EBITDA and returns in some of the large markets and then invest it in other markets where the returns aren't there. So I think you will find that we're going to be pretty disciplined going forward.
Ralph Mupita	Iran, I think you will see in the detail of our interim financials that up to the end of June from a receivable and loans perspective we had about R3.4 billion at the exchange rates there. And we would have used a mix of the official rates across the half. So it was R3.4 billion. Now, your question is looking forward. For sure it is a much more challenging environment to repatriate, but we understand the US sanctions both for the first window and for the second window what is doable and what is not doable. So we could still repatriate if the forex situation improves in the country. And as I said on Sunday evening Iran time the new CBI governor launched a whole set of currency new policies and we will see how that works out and how we can actually repatriate. But importantly for our cash flow forecast underpinning our group dividend we are not assuming we're going to get anything for the next three years.
Rob Shuter	I think your final question was around the enterprise business in SA. I think for sure the H1 of 2018 is going to be the bottom of that whole story. Already the lead indicators are looking a bit better. We expect a recovery in Q3 and Q4. You know we got good teams there. The strategies are in place, a very comprehensive programme. But H2 will be better than H1 definitely. I think we've got time for maybe another two questions. Maybe we can do Michael and then we will do the website.
Mike Gresty	Hi Rob. It's Mike Gresty from Anchor Capital. Why do you think your data subscriber growth was so weak given how much progress you've made on expanding your population coverage? And what are the dynamics that change going forward?
Rob Shuter	I think the thing we're struggling with is the smartphone penetration across the markets. In pretty much all our markets outside of SA the operators are not really involved in the process of bringing phones into the markets. We still have relatively high cost for entry-level 3G devices, \$35 or \$40. We are operating in markets with ARPUs of \$2 to \$4 per month. So this is a big purchase for a poor person in a Sub-Saharan African market. So we need to find a way to accelerate that. Part of it will come from general lowering cost of devices. Part of it comes from when a 4G device comes into a market the 3G device stays on the network. It gets passed down the family. I think there are things we can do with smart feature phone. We are looking at that. And we also have quite a big number of customers that are data customers but they are using relatively small amounts. So we are not counting them in the 71 million. So as I said smartphone acceleration plan I think will really help in H2. I think we were going to take from the website.
Nik Kershaw	Just a couple of questions. The first question was did we get any dividends from Nigeria in the first half. And with the cash we've got from Cyprus and the IPOs are we expecting HoldCo leverage to reduce by year-end? That was the one question from the one credit guy. The other question was the cash flow was quite weak and also the income from associates was quite weak. What do we see the outlook for that going forward?

Speaker	Narrative
Ralph Mupita	Let me pick up. So Nigeria we do anticipate that they will declare a dividend for the year, but that is obviously subject to their board processes and everything else. I think we do anticipate that. If you look at the PAT line we have provided additional disclosures actually with the booklets where we show how the Nigerian business is doing. So we are anticipating that to come through in the second half. So back to the point about group leverage. As I mentioned earlier on the proceeds from Cyprus, any from the IPOs that come through and are remitted to group in the second half, as well as the normal management fee and dividends from OpCos should all improve on the group leverage. So we feel pretty comfortable that we will get back into that range with those proceeds coming in.
Rob Shuter	By the end of the year.
Ralph Mupita	Pick up on the JVs and associates.
Rob Shuter	Just remind me what the question is.
Nik Kershaw	Just cash flow was quite weak in the first half and also the outlook for JVs and associates going forward.
Rob Shuter	The associates have been a disappointment. The big drop in Iran is basically the FX. That I think could be modelled out. The other ones are relatively modest. I think the one that is really sticking out is AIH where we have all been expecting the operating losses to moderate going forward. That has been true for MEIH and IIG but not for AIH. As I said earlier, part of it is allocation between the 2018 and 2017 years. And I do think that is going to stabilise in H2. And I for sure think that we will have a better performance from the associates for the full year. Very good. Well, I hope it has been useful. Thanks very much for attending. I'm sure that there are refreshments outside and we look forward to reporting back on the full year in six months' time. Thanks very much.
Ralph Mupita	Thanks guys.

END OF TRANSCRIPT