MTN Group Ltd
Annual Results Presentation Transcript
DATE: 08/03/2018

Rob Shuter	Thanks very much everybody for coming. MTN traditionally we normally say y'ello in the morning. Y'ello. We have a few yellow people around. It's a great pleasure to present the results for 2017. I always remind my MTNers who are watching that it falls on Ralph and me to tell their story. But for sure we're proud of what we've achieved in the year, although we know that there is a lot of hard work that lies ahead. So the running order for the presentation. I'm going to touch quickly on the numbers, not to take away too much from what Ralph will cover, an operational review really to give you a feel for what is happening in the three large markets. Then we're going to go into a bit of a strategy review. We only launched the BRIGHT strategy at the half year so this year will go a little bit deeper into the elements just to give you a sense of where we are, what we're trying to do and how we see the progress. Ralph has 24.5 minutes to spend on the numbers based on our most recent estimates, and then I will come back with some comments on 2018. I think the SENS went out this morning. Maybe you didn't all have time to digest it. Just to pull out a couple of the key numbers. When we look at the operational momentum in the business we look for constant currency service revenue growth. That is sitting at 7.2%. That is pretty similar to the trend that we had at the half year. Of course if you look at reported service revenue it was down 10.8%. And that is really just the fact that we are translating the offshore operations into a weaker local currency/stronger ZAR than the year before. But constant currency really gives you a feel for what is happening in the business. Within the 7.2% there are always three big numbers that drive that, and that is voice, access data and digital. Voice was pretty much flat in the year which is actually a pretty good result considering the progress we're making in the data journey. Data is up 34% which I think is a number really in the right direction, and the group's digital revenue is up 14%. The group digital revenues are a little bit weaker than they were at the half year, but it's important to realise that there are two businesses sitting in there. There is our old VAS business, value-added subscriptions, caller ring back tones, USSD-based business. There we are doing a big optimisation so there is quite a lot of pressure on those revenues. On the other side sits the new age digital businesses we are busy building, mobile money, video streaming, music streaming and gaming. They are growing actually really well. So we're in a bit of a transition period on digital. I think in the next couple of quarters we will wash through the work we're doing to optimise that and we will get that back into the kind of growth projection we're looking for. A couple of other big numbers on the slide. Capex programme for the year we ended up spending R31.5 billion. Our guidance at the half year was R30 billion, but we had really not actually spent that much in the first half. So we were particularly pleased that we managed to finish the programme. We got the investment into the network and actually spent a little bit more than we planned, and I think that sets us up really well as we move into the growth of 2018. Adjusted HEPS are 665 cents. Ralph will explain all of that to you. And you will know that we committed in 2016 to a R7

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	dividend for 2017. We had this one-year dividend guidance. So we declared the second part of that, R4.50, for the full year. If we look at the three largest markets I think basically the story with South Africa is a lot of achievement in building the foundation we need to be successful. So there are kind of three stand-outs for me on this slide. Firstly network quality. We spent R11.5 billion in capex in 2016. We did much the same in 2017. And we have rebuilt, optimised to the best network in South Africa for sure. We just had the P3 test in January. This is the test that looks at voice quality, data quality, rural, urban, drive routes. 6,000 samples, a very detailed test. And we came up with a 33-point advantage over the number two. This is a statistically significant, leveragable, campaignable network advantage. And if you're trying to turn around one of those large opcos in our space often the most time consuming and expensive thing to do is to get the network right. And we are really pleased and proud of the efforts the guys have made. And you see some of the campaigning around the network. So there is a big shout out now, best network claim for South Africa. So that's the first stand out for me. The second stand out is the NPS. So what you see on the chart top middle there is that at the half year we were trailing six points behind the number one. What you see with MTN is when we talk about NPS we are always talking the delta to number one, not so much the absolute. It's the whole idea that we're looking at leading NPS. NPS is a tough measure. It looks at network quality, value, brand, customer service. So minus six at the half year, narrowed the gap to minus five in Q3, a big lift in Q4. We are joint number one overall NPS in South Africa. So that is also really good for the future. The third shout out is around consumer postpaid. The consumer postpaid has been a really challenging area for MTN these last three years. We lost a lot of customers from 2014 to 2016. We came into 2017 as you see on the slide with the postpaid customer base stable. A little bit of net adds in Q3 of 30,000, and 130,000 in Q4. I think if you're looking for how we are doing in getting MTN South Africa back into the space that it should be, we say we've got the best network, we've got a joint lead in NPS, we are rebuilding momentum in postpaid. These are difficult, complex things to do. I think the team have done a fantastic job in pulling that through. It was a big year for capex. That R11.5 billion in MTN South Africa is the largest rollout in the last ten years. That is part of what's improving the network and also building the NPS. You see some of the stats there at the bottom. Very good growth in data, 26%, and active data users growing as well. So a year of building the right foundation for success going forward. I think three areas we're going to focus on going forward. We need to get a bit more momentum back into prepaid because Q4 was a little bit weak. We need to continue the journey of optimising postpaid. And the next battlefield for us in South Africa is enterprise. We've hired some fantastic skills in enterprise who are sitting amongst us. Wanda, our new Head of Enterprise. Christian is here who is going to help as well. So I think we're in good shape. If we turn to Nigeria, Nigeria is a slightly different story because Nigeria actually came into the year with a lot of these foundations in place. Stable management team,

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	decent network, decent organisational structure. The big focus in the Nigerian opco has been on the operational performance, the competitive performance, the nuts and bolts of our industry. Gross adds, churn, fixing tariffs, optimising price plans, campaigns, distribution. So this I think has also been a very good year for them. A couple of the stand outs for me. Have a look at the net adds top left of the slide. So first half of the year we were really doing a lot of work on modernising the definitions. So that is much more around pulling some of the gross subs out of the base. But the progress in net adds in Nigeria is very strong in H2. You see half a million in Q3 and just short of 2 million net adds in Q4. So a very strong performance and that performance is continuing into the first quarter of 2018. So the competitive performance of MTN in Nigeria is much stronger than it has been. We are really taking advantage of the fact that we're stable, we're strong, we're well resourced, we've got a strategy. There is a lot of movement in the Nigerian market right now. We're just keeping our heads down and executing. I think the second big stand out in the Nigerian results is the very strong voice growth. Sometimes in the industry we think everything's about data and digital. Just remind ourselves for MTN as a group we're a 60% voice business. MTN Nigeria is a 75% voice business. So for sure we're building out the data and digital services, curve two and curve three of the industry, but we'd better take very good care of voice. And voice in Nigeria is still a growth story. You see it there on the slide. The average of incoming and outgoing for the year is 7% growth. Subscriber growth, sorting the tariffs, better adoption, pulling some of the second SIM voice customers back into the network, strong growth in minutes. So a pretty impressive voice story. A couple of other things. The data story is doing really well, 87% growth. Very low data tariffs in Nigeria. Low levels of adoption. A market quite well suited to data monetisation going forward. We also put quite a bit of oomph into the network, 1,500 3G sites, building out the 4G platform. Network quality has improved consistently throughout the year. We have the best data experiences in the major cities now. Lagos and Port Harcourt, areas where we were battling historically. And you see some of the campaign at the bottom of the slide. The one bottom middle I really like is the returnee campaign, the welcome back campaign basically saying come back to MTN; we've got a great network. We've got great voice experience, good data. You shouldn't be somewhere else. Part of what is driving this net add performance is returnees, people coming back from other networks. The third slide is around Irancell. Again Irancell is a slightly different story because Irancell is a very well organised business. Everything is pretty much in good shape, already operational momentum as we went into the year. The real story in Irancell has been the high data adoption in the market. So it is our most advanced market in terms of data adoption. Average usages are high. Smartphone penetration is the highest. Percentage of customers with a smartphone on a data bundle is the highest. And we've really seen a massive growth in data in Irancell in the last year. You see there 2.6 times the growth in traffic on the network. That is what is driving the 66% growth in revenue which is a big feature of the Irancell results. But for sure it puts a load on the network. And we had a big capex programme in Irancell in 2017. You will see it

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	later in Ralph's slides. Capex intensity in MTN Irancell was 56%, so that's probably one way to break a record in this industry. 4,000 4G sites, full modernisation, 2,400 3G sites, more than 1,000 new sites, three times what we did the year before. So we have put a lot of money in the ground there to ride out this next phase of our journey in Irancell. What you see at the bottom right there are some of the campaigns. Again it is slightly on the next phase of the industry. So this is about stimulating usage in high consumer urban areas, IPTV customers at home and on their smartphones. TD LTE using LTE as a fixed broadband solution or alternative in the metros. So it is actually always nice for us as MTN to look ahead at what is happening in Irancell as an early indicator for what will work its way through our markets over time. So that's a whistle-stop tour through the operational review. On the strategy I wanted to pull out just a couple of the key highlights. And I hope you enjoyed the little video that we opened with which was just trying to give you a feel for what we've been up to the last 12 months. A lot of time on designing the BRIGHT strategy and implementing it and communicating it in the market. This is a thing that is very close to my heart because I'm a great believer that if you can get everybody in the company to be able to answer the question, what is the strategy, why is it important, and what is my personal contribution, what do I need to do to bring it to life, then you really can make a lot of progress in implementing and executing the strategy. And it's not a small thing to do. Remember we have to do this across 19,000 people in 22 different countries, 56 different nationalities, eight to ten different languages. So we really needed a north star for MTN. And that is what BRIGHT is. And I'm tremendously encouraged by how it is coming to light in the market. I made an example on a call earlier this morning that you can ask a team leader in a call centre in Kabul in Afghanistan what is the strategy of MTN and they will say it's BRIGHT, and this is what we're doing to bring the BRIGHT strategy to life. This is not a small thing. So we're very enthusiastic around that. The second thing has been around specialist skills. So we have a great company. We have a company we are taking to the next level. But for sure there are areas where an infusion of experience will make a big difference. And we have really tried to do that in a number of key areas. You look at the people we have brought in to run the wholesale business, Global Connect. So telco's for telco's, roaming hubs, interconnect, infrastructure. Very skilled people. Procurement, this is a big part of our goal to optimise the capex over time. We need to drop the unitary costs and we need to be more efficient. We need to really manage the vendors very tightly both for capex and for opex. CVM hired some great people in group and in the opcos who are pushing out the CVM strategies across the areas. We've made some big steps now in digital that we will be announcing in the next while. So this is also very much needed and I think we're making steady progress. The IGNITE programme if you look back on 2016 was all about delivering the targets in South Africa and Nigeria. Mid-single digit, double-digit margin improvements. So we

have run these two opcos basically in a very tight disciplined project management mode for 2017. And I think that is in the end what has enabled us to deliver the targets. The other big thing has been the dual data strategy. Now, I described that briefly at the half year. If I can just take a minute again just to reinforce for all of you what it is we're trying to achieve. We really see two distinct areas that we need to focus on if we want to monetise the mobile data opportunity across the market. The first one we call the value strategy. This is mostly about the kind of people that are in this room. Metro customers. High end 3G, 4G handsets. Already regularly buying bundles or are on postpaid. Looking to do things on their phones, IPTV, music, streaming etc. Our challenge from a network position is mostly about capacity, not so much about coverage. And this is mostly what is driving the economics of our data business today.

But right next to that is what we call the volume business. And the volume business is if we've got 69 million data customers today how do we make that 169 million in the next couple of years? Where are the next 100 million going to come from? And they are not largely going to come from the metro areas. They are going to come from peri-urban and rural areas. They are going to be on low-end 3G handsets or smart feature phones or 2G. They are going to be PayU customers or small bundles. They are going to be looking for different solutions. So this is how we characterise the dual data strategy. We have now rolled this out across 15 markets. It's a combination of tariffs, handsets, coverage, campaigns, offers, digital services. It is probably the most complex commercial agenda we're driving in the business.

Mobile money I've got a slide on later, but we're very encouraged by the progress we're making in that business. And I guess finally the other big thing we focused on in 2017 has been the capital management. What kind of returns can we generate out of the business? What kind of long cycle investment do we need? What sort of gearing structure are we comfortable with? How should we think about setting the dividend? That has been a big piece of work, and I will touch on that as we move through to the end of the presentation.

So there is the wonderful BRIGHT strategy with a smile at the bottom. So we are a positive, action-oriented, energetic company. Let's do the elements one by one. The B is best customer experience. Again we took you through some of this the last time. The important thing always to say at the beginning is this is a commercial objective. This is not about putting a nice smiley face on the jacket of somebody in a store and saying we love our customers. The commercial objective is a company with a sustainable advantage in customer experience is going to bring in more gross adds than the competition. It is going to have a lower churn. It is going to have a higher cross-sell ratio. It is going to have more repeat buyers and can build and defend a price premium over time. So it is a very core part of what we're trying to do in the strategy.

What do we look at? Delta NPS. First and foremost delta NPS. Are we ahead, and by how much are we ahead? So if you look at the bottom part of the slide, the first row of it, that is the NPS ranking. What is encouraging about this slide is if you look at the big three opcos, SA, Nigeria and Iran, we have two that are now co-number one or

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	number two. So two that are either number one or joint number one. Nigeria is number two, but Nigeria lifted NPS 13 points in the year. So actually on the NPS front pretty good progress across the largest three opcos. Then if you look across the other four you will see a collection of ones, twos, threes and fours. But look at the NPS movement in the year. 10, 17, 47, 20. So we are showing significant NPS improvements basically in the early stages of implementing the strategy. Everybody is KPI'd on this in 2018. We are aggressively chasing the delta number one to zero, and then to plus five and to plus ten. We have a whole $1 million incentive running for this year around the BRIGHT $1 million race pushing the execution and the delivery of these objectives. If I move to the R, a lot of this is in the return efficiency section which of course Ralph is going to take you through in detail. I think a couple of things for me. Margin stabilised H2 to H1. The most significant thing that affects the margin in MTN was the devaluation of the Naira. When the Naira devalued all of our Dollar denominated opex items repriced. So the Nigerian margin dropped all the way from 47% down to under 40%. This is what has largely led to the pressure on the group margin. So as we lap that effect and secondly rebuild the margin in South Africa basically we've stabilised the decline and we are targeting a margin expansion for the group next year for sure. Smart capex. As I said earlier smart capex is actually about two things. The one is that you smartly manage the vendors so that you get more equipment for the same amount of money. We force them to drop their prices by managing the vendors in a very deliberate way. And the second thing is the systems we use to allocate the capex. So smart capex in that sense is really a set of algorithms that say if you've got this amount of capex where do you put the next 73 sites? And it goes and looks at demographic information, 2G adoption, 3G adoption, population data and competition. Here is a complicated system. Maybe I am dramatizing it slightly, but we have a very clinical and sophisticated model that is helping us to allocate the capex to build the returns. Time's up. I have a thing here telling me how much time I have, and I don't have any left. On the I of ignite commercial performance the big things we're focussing on here is building the total subscriber base which is driving the voice story. And in voice CVM personal pricing and the enterprise and infrastructure commercial opportunity. That is what is sitting in the I. So subscriber growth a messy year. Modernising definitions, subscriber deletions in some of the markets, SIM registration. So I think it is not really a major trend going through it. I think some of it I have touched on. Going back to consistent net add growth in Nigeria is very positive. Good net add growth in Irancell is very positive. South Africa, some net growth in postpaid, a little bit stable in prepaid. A slightly mixed bag across the other markets. For sure when we look at 2018 versus 2017 it is going to be a much cleaner comparison. A big thing on managing voice is the CVM capabilities. Customer value management is all about personal pricing, customer-specific offers, contextual offers – not geographically contextual but subscriber contextual. So there is a whole system and platform that we've rolled out now towards the end of 2017 going live in the market in 2017. MTN-scale contextual pricing across all the markets.

On the data and digital the data bit I've spoken on quite a bit when I was talking about the strategy. Basically what you see at the bottom there is the key efforts to deliver the dual data strategy. 3G population coverage, reduce entry level pricing, reprice the bundles, accelerate smartphones working with the distributors. So I think a very good contribution there. I have now three slides on digital just to unpack that in a little bit more detail than we did in the half year. So the digital strategy has now basically got three components, mobile money, entertainment and e-commerce. So the first slide is mobile money. 14 markets. 22 million 30-day actives. Around about a million net adds in December alone.

So this business is scaling quite rapidly. It's a big business. If you look at transaction in December, $5.3 billion. So $5 billion a month being transacted on the MTN MoMo system, 4,000 or 5,000 transactions a minute. So I think we've built a wonderful foundation. It is deployed across 14 markets. And growth in the future will come from rapid scaling within those markets, introducing new markets, expanding the portfolio of services in the MoMo world from money in, money out, P2P, value-added services. But another big focus in 2018 is that a lot of this success is not in our three largest markets. So actually to round out the mobile financial services strategy we need a credible strategy for South Africa, Nigeria and Irancell. And I think we will make good progress on that in this year.

On the entertainment side we have put gaming on the left and we have put music and video on the right. So gaming is a big new developing category in the digital world. Game+ is the core platform. We built up 9 million subs during the course of the year. We've got ten opcos on the system. For some of them it is relatively early stages. It's gaming, not gambling – just for those that are worried about that. And it is a new age digital subscription-based service that replaces the old VAS type service. On music and video the strategy is reflected in the top and bottom half of that slide. Part of the strategy is to work with partners, to partner with existing OTTs to bundle in the high-volume services. So Simpfy Africa for music streaming, Kwesé and ShowMax for video on demand. We will add other partners over time.

So if you're a postpaid subscriber in South Africa probably you would have experienced MTN in the world of digital as bundling of music streaming service in with your subscription. On the top part of this slide are the MTN branded digital platforms. So there you see Music+ which is music, and you see MTN Shortz which is short form video. In a lot of the rest of our markets the partner approach won't work because either the service is too expensive or there is not enough local content for the particular country. So we are going to have a dual strategy of building and owning our own services more for the middle to lower part of the base and partly for the top part of the base.

Finally on e-commerce, our digital e-commerce ventures are all implemented though the Rocket joint venture. And basically the strategy was that we want to be part of building the e-commerce ecosystem. Best we do it with a partner that really understands and knows that business. And let's share also the investment load. So we are on average around a 40% shareholder in these. But we come in first to invest as

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	we launch the services in the markets, and where we have overlap markets we integrate them into our systems. Carrier billing, MoMo integration etc. So you've got Jumia I think doing really well. Food, travel, classifieds. Big business. 13 countries. Scaling quite nicely. In the Middle East, Wadi is really the leading e-commerce market place. And if you look at Iran there the big success story has been the ride hailing business, Snapp. For those that follow the Uber world, Snapp daily rides in December peaked at 850,000 a day. This in the world of Uber would be a very large city. So this has really been the kind of unicorn of that story. The last couple of slides. The H of hearts and minds is partly about building the motivation, the empowerment, the love of what we do and what we're trying to achieve within the company. You saw a lot of that in the video. You see I think that we are in the markets most of the time. The way to build a better MTN is not to sit at 14th Avenue. We have to be out there in the market. The second part is all about managing reputation, managing risk, managing regulation. So we've done a lot of resourcing up. We have reorganised our models for risk and compliance with internal audit. We have built a group regulatory function. And I think we have built the right platform for that going forward. Finally on technology, at heart we're a technology company. Everything that customers buy from us is either hanging off a mobile network and/or is delivered through an IT system, a digital platform. So there is no success for us without success in the world of technology. And I think the technology colleagues around the group have had a very good year. Number one network NPS in seven of the markets. You see some of that across the bottom there. Nigeria and Iran number one. In South Africa if you've got a 33-point lead in P3 and you communicate properly over time the perception will follow the reality. The reality is number one. The perception is number two. I would rather be that way around than the other way around. The other big focus has been voice quality. We said that voice is a big part of the business. But the other thing to remember is the biggest driver of the network NPS is the voice quality, even in the markets with high adoption of data services. So 2G dropped call rates, 3G dropped call rates, call set up times, voice availability, voice quality are very important metrics. Voice quality across all the major markets has improved significantly over the year. And finally for the dual data strategy whilst we've got capacity challenges in the metros to really bring in the next 100 million data customers we have to increase the coverage across peri-urban and rural. A lot of that will come from refarming the 900 spectrum and putting a thin layer of 3G across these areas. So we talk a lot about the population coverage and the 3G densification. So with that – I'm slightly over time – I will hand over to Ralph for the numbers. Thanks.
Ralph Mupita	When you're the CEO of an organisation you get to walk up and down the stage. When you have to read the numbers you have to be a little bit more serious and stand still. So you're not going to see me wandering around like Rob was doing. So Rob, thanks very much, and good to see a lot of familiar faces and some new faces here at 14th Avenue. Welcome. We have a lot of people that are joining us via webcast. Greetings to you. And y'ello to all the MTNers beaming in to our results presentation. For Rob and me it's a pleasure to be talking on your behalf around how the company

has done.

Over the next 25 minutes I would like to walk you through the key elements of our financial results, broadly take you through a couple of chapters. Firstly to cover the significant items impacting our reported results for the year, as Rob mentioned there are a couple that impact us all the way through headline earnings. I will then pick up on the salient points in the income statement. I will pick up on a couple of areas on the income statement. I will then back out of the income statement and just pick up on a few of the financial KPIs for our three largest markets, building on to what Rob covered. I will then go back into the income statement and walk through a detailed review of the key line items. And then I will finish off my presentation working through the balance sheet, the cash flow statement, dividends and then how we've achieved on the 2017 guidance that we gave you.

So let's start. As I mentioned there were several factors that impacted our reported results. And I guess the most important one was really around currencies. So we experienced lower local currencies relative to the Rand and to the US Dollar. The US Dollar implication becomes important obviously because we do have capex equipment that is US Dollar denominated. So the key impact of this is that you do see reported results lower than the constant currency growth rates. And as Rob has mentioned we focus on the constant currency growth rate because that is what is actually happening in the markets. The second big thing you will see in the results is really around Nigeria where our network expenses have grown by 44%. And that has an impact actually on our margins that were reported and when you compare them relative to 2016. We have also had forex losses of R4.4 billion that were recorded in our accounts.

There are also a number of one-off items that impacted EBITDA. On the negative we did have asset impairments in Sudan and Syria of R3 billion. But on the positive side we had a R6 billion gain as we had the exchange from Nigeria Tower Co. we exchanged our shareholding in Nigeria Tower Co for additional shares in IHS and that obviously was the positive. There were also a couple of significant items that impacted our results from a profit before tax point of view. So we had goodwill impairments of R2.6 billion in Afghanistan, in Yemen and also in Sudan. And at the end of the year you will remember that we assigned the IHS loan to IHS for better commercial future benefits in our operation in Nigeria. And that was a negative of R2.8 billion.

And finally there were two other one-off items that did hit our income statement from a reported point of view, the first being the interest unwind on the Nigeria fine. We fully expensed this obviously in 2016 but we do have that unwind coming through. And then Zakhele Futhi IFRS 2 share-based payment charge when the group issued a portion of the shares previously underwritten in the calendar year. So those were the main items.

And as you look at the income statement…I just want to pick up on some of the key areas. So as I mentioned you do see that we had solid constant currency growth rates from a revenue point of view of 6.8%. But the reported growth rate was 10.2%. This is the impact of the weaker local currencies when you translate them into Rands. And as

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	an example Nigeria revenues translated to Rands for the group consolidation were lower by 24% than in the prior period. If you look at the service revenue line you will see there a very solid constant currency growth rate of 7.2% as Rob had mentioned, but the reported basis was 10.8% down. As I previously mentioned if you look at the EBITDA line there it was supported by the R6 billion gain on the flip up profit. But we also as I mentioned earlier had the loss on the loan de-recognition when we exchanged for future benefits in Nigeria. And that loss came in below EBITDA. The group attributable earnings of R4.4 billion you see there bring us back to profitability. So MTN is back in the black. I will unpack the other elements of the income statement later in my presentation. But let us now look at the financial performance of our three major markets on a constant currency basis starting with South Africa. The South African operation we show on an organic basis where we exclude disposals, we exclude acquisitions and significant one-off items that would otherwise distort the operational view of the business. So you see that organic service revenue growth was 3.9%. As Rob said that was a little disappointing for us. When we guide mid-single digits we're expecting 4% to 6%, so we came in slightly under that range. You will remember at our Q3 trading update that service revenue growth was more like 5.2%. So we did have a weak Q4 in 2017 as Rob mentioned with pressure in our prepaid business as the tariff adjustments we had made in 2016 lapped out. That said we had really good data growth of 26% and digital revenue growth of 22%. The data growth that you will have seen was really driven by data traffic growth of 60% in the year. And that was on the back of the sustained investment in the network that we took. And we also had pretty decent prepaid subscriber net additions coming through in the year. The growth in our digital revenue was driven by the Xtratime offering which we launched in the second half of 2016 and we're seeing that really picking up. And the voice revenues were down 10%. We had voice minutes declining in the period by 13%. As Rob mentioned we have seen very encouraging progress on our consumer postpaid business. You saw the postpaid net adds building up. But the enterprise business which contributes 13% to SA total service revenue will take some time to show similar rates of improvement. So it will take us probably into 2019 when we start seeing good growth on our enterprise business. Moving on to expenses. Total expense growth was lower than revenue, so that's encouraging and that obviously works its way through to support the margin which we will talk about later. The cost of sales was lower in 2017, and the big factor there is we had lower volumes of handsets sold in the year – we believe we had a much better handset strategy – lower subsidies to those handsets, and obviously we had the benefit of a stronger Rand. Our commission expenses were up in the year driven by a new commission model for our branded retail channel as well as higher gross connections. The growth in opex was largely driven by the network additions. We had unitary cost

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	increases in rental, in electricity, and we also had professional fees coming through to support the delivery of the IGNITE programme. The EBITDA margin improved and as you can see it was really impacted by the handset costs that I mentioned earlier on. And we had lower interconnect costs. However, prepaid voice was margin negative for the year. The capex intensity in the period was largely expected. We saw a very strong acceleration of deploying capex in the second half of the year to complete the investment programme that we have set ourselves out. And we capitalised R11.5 billion in the year. That was a very satisfactory result for the opco. Moving on to Nigeria, we recorded a very pleasing 11.2% growth in service revenue, a solid result considering the tough macro environment in Nigeria particularly in the first half of the year. As Rob mentioned it was really good to see the continued growth in our voice market where we had a pleasing 7% growth in the period. Voice as Rob mentioned represents 75% of current service revenue in a market like Nigeria. So having seen that level of growth we were very pleased. Two big factors to that voice growth. We had net subscriber growth, as Rob said very strong growth in the second half of the year. And we had returnees to the network. These two factors were really a big part of the voice growth that we experienced in the year. Now, to manage expectations we are still expecting to see positive voice growth in 2018, but not at the exceptional levels that we saw in 2017. We had very solid data growth of 87%, clearly illustrating the significant opportunity that we see in that market. The continued investment we are making in the network has ensured that we now have the leading network in the major metro areas where we have the higher ARPU data subscribers. As Rob mentioned we did report a decline in our digital revenues. And this follows the deliberate VAS optimisation work we undertook to improve our digital offering. This VAS optimisation work is largely concluded and we're expecting to see digital service revenues coming through and improving from the second half of 2018. In terms of expenses what stands out is the opex growth that I mentioned earlier of 44%. And that's driven by the network expenses. Just to give you a sense of the impact on overall opex, network expenses are 70% of the total opex. There are two drivers to this growth. Firstly a significant component of those expenses is US Dollar denominated, some of them linked to the CBN rate and some to the NAFEX rate. And with the depreciation of the Naira the unit expenses have increased. The second effect obviously is the net additions that were put to the network during the year. As Rob mentioned earlier the most significant item impacting the margin decline that you see in the chart is the Naira depreciation. We had a few one-off items in the year that in aggregate amounted to impacting margin negatively by about 1% in the achieved 38.9% margin result. We did see margins improve in the second half of the year and we remain comfortable that we should expect certainly in 2018 to see margins in the 38% to 48% range at the current CBN NAFEX rates and before we get any of the benefits, the future commercial benefits from the deal with IHS when we assigned the loan. The US Dollar liquidity in Nigeria improved considerably in the second half of the year, and that was strongly supportive of the capitalisation from a network perspective where in Rand equivalent we deployed R8.9 billion.

Moving on to Iran. We saw a consistent performance from the business with service revenue in the teens, a year on year growth of 17.3%. The key driver of this has been the 66% growth in data revenues. There has been a significant investment and build-out of the network in Iran, and that has underpinned the data growth as well as the strong subscriber net additions. Digital revenue growth at 14% accelerated in the second half of the year after the VAS optimisation work we had done in that market was completed. And we started offering new propositions. You saw some of them in Rob's earlier slide. And these have gained traction in the second half of the year. So when you look at the second half of the year growth for digital service revenue that was more like 26% year on year.

Looking at expenses cost of sales increased driven by the handset and commission costs related to the migration of WiMAX users to TD LTE in the year. We also had revenue share and regulatory costs increasing in line with net revenues. We had higher digital revenue shares related to the new content that we're now taking to the market, and that increased cost of sales during the year. Now, when you look at opex the main factors driving opex were increases in staff costs, the higher rent and utilities, but more importantly the major driver there we've seen is transmission expenses. And these are associated with the increased payload that we've seen in the network. The EBITDA margin drop of 3.4% was mostly driven by this transmission expense that I referred to earlier. At the start of December 2017 revised and lower unit costs for leased lines were announced, and these should help mitigate the transmission cost growth that we experienced in 2017 as we move into 2018.

As Rob mentioned we had a major capex programme in the year. We deployed 1,000 new 2G sites. That is almost three times what we did in 2016. That level of new site deployment and modernisation of over 2,000 3G sites and 4,000 4G sites drove capex intensity to that 56% for the year. Now, that capex intensity will moderate in line with the 2018 guidance that you will see that we've given with our SENS announcement that went out today.

So now coming back to look at the income statement. So what do we see with service revenue? Here we have data and digital revenues being the key drivers of growth, data up 34%, digital up 14%. The data revenues were boosted by the significant network additions that we saw in the year, the subscriber growth that we saw in key markets, and very importantly optimising the effective pricing and yield for data propositions that we have taken to market. Digital revenues as I mentioned earlier on were impacted by the VAS optimisation work that we undertook in 2017 resulting in the revenue contraction that you saw in the key markets such as Nigeria.

But within the overall digital growth rate Rob mentioned the fact that we did have very strong mobile money subscriber growth in the year of 35%. And that when you flow through to revenue grew our revenue over the year by 52%, a very pleasing achievement for that vertical of our digital strategy. The other growth driver for digital was the extra time offering that we launched both in South Africa as well as in Nigeria.

Now, while outgoing voice was largely flat in this market I guess that's quite an

Speaker	Narrative
	outstanding result. We continue to look at ways to optimise our voice pricing while taking advantage of the very attractive demographics that we see in these markets. This really allows us then to mitigate the pressure that we see on voice revenues over the medium term. And as Rob mentioned voice revenues for MTN group represent 61% of total service revenue. So that's the reason why we have the big focus around CVM across our key markets. Now turning over to expenses. When you look at group expenses there on the charts firstly from cost of sales and then moving on to operating expenses, during the period cost of sales was flat, and we feel that was a pretty good outcome given the competitive environments in which we are operating. Handset costs stood out. These declined by R842 million supported obviously by the stronger Rand and the stable handset subsidies that we had throughout the year. Obviously this would change if we had a period of Rand weakness in the year ahead. The year on year increase in commissions was mostly driven by the growth that we saw in our mobile money business across key markets. As I mentioned earlier our mobile money business revenues were up 52% year on year. If you look at the operating expenses there in the chart you see there is an increase of 18%. There again the driver of that is network costs. And we had a significant rollout in our key markets and the high unitary costs that we experienced in both South Africa and in Nigeria. Moving on to EBITDA. On the slide you can see the sources of group EBITDA both in absolute terms as well as the impact on group margins. So South Africa grew margins by 9.5% on the back of service revenue growth and margin expansion. Nigeria EBITDA declined 6.6%. Again that's mostly driven by the Naira depreciation and related Dollar linked expenses. Overall group EBITDA margin was up 2.5%. That is on a constant currency basis. When you look at some of the other items such as the profit and exchange for Nigeria Tower Co, that R6 billion I mentioned earlier on, as well as impairments for hyper inflated assets in Sudan and Syria, one has to think of these more as once-off in nature. So the 34% margin result you see there on the chart is more reflective of operational performance. Let us now have a look at finance costs and leverage starting with finance costs. There are four main drivers to the lower finance cost that we experienced in the year. The first is lower average cash balances particularly at head office and in Nigeria, Rand strength, a change in the mix of our debt, and lower FX losses. Nigeria and holding company cash balanced reduced in the second half of the year as for these respective companies we paid out the interim dividends. The strong Rand against the Dollar in the same period resulted in lower Rand reported finance cost on the US denominated debt at the holding company level. The Rand translation of the Nigeria finance charge following the weaker Naira also resulted in a lower reported finance cost. The change in our debt mix towards more US Dollar and away from Rand and Naira has resulted in a reduction of 30 basis points in our effective average cost of debt for the year. Moving on to forex gains and losses. In the period we saw a reduction of R1.4 billion. This decline was largely as a result of lower foreign denominated receivables in

Speaker	Narrative
	Mauritius following the repatriation of funds from MTN IranCell. The decline in forex losses in other is mainly driven by reduced forex losses in South Sudan. As we look at leverage we experienced an increase in group leverage driven by lower cash generated from the operations, the settlement payments for the Nigeria fine which were partly offset by the cash that we repatriated from Iran in the first quarter of 2017. The holding company leverage, which is a focus for rating agencies, increased in the year to 2.7 times. Now, as we look over the medium term we would like to see the holding company leverage more in a range of 2 times to 2.5 times. A key part of this de-leveraging at the holding company level is to increase the leverage at the OpCo level wherever possible. And it's not always possible in some of the markets that we operate in. And as an example of that, at the end of December 2017 Ghana added ₵510 million to their balance sheet as part of optimising their capital structure. And in Nigeria we're looking to raise ₦400 billion of local facilities ahead of our planned IPO. Now looking at JVs and associates. As you can see in the chart the lower contribution from Iran was actually a result of lower profit after tax and a weaker Rial over the period. We repatriated R6.5 billion equivalent of MTN group cash from Iran in the first quarter of 2017, and that resulted in lower interest income for the joint venture. When you look at the Tower Co line there you will see that we had a big year on year movement. In the prior year we had unrealised forex losses for our Nigeria Tower Co, but that company as you're well aware is now part of IHS. Operating losses across our digital businesses of AIH and MEIH which Rob spoke to were largely in line with prior year. Now, if you look at AIH from a gross merchant value point of view there was an increase in Euro terms of 46% year on year. And this was despite the weaker macro and tough FX environments in key markets such as Nigeria as well as in Egypt. For MEIH which housed our businesses that Rob mentioned earlier, Wadi and Easy Taxi, the gross merchandise value more than doubled in 2017. For IAG, which is our business in Iran, we saw increased losses as we scaled up this business. But there we saw an increase in gross merchandise value of tenfold. And that's tenfold from 2016, so that's really impressive growth in that business. And we have also seen the unit economics in all the businesses, Snapp and Snappfood, all improving throughout the year. And as you look through the table further you can see that the depreciation of the assets previously written up for the hyperinflation period in Iran decreased the reported share of joint venture and associate results where we record R841 million for 2017. Now moving on to tax. We've got two charts here. The chart on the left is a bridge view reconciling the South African statutory tax rate with the reported group effective tax rate for 2017. And the table that you see on the right compares the 2017 normal, deferred and withholding tax views against 2016. Working through the bridge view there are a couple of points here to note. Firstly the revenue-based tax system that is in place in Sudan renters a large portion of our expenses non-deductible. We are also not able to raise a deferred tax asset against these losses. Had we been able to access the Sudan loss the impact on group effective tax rate would have been a reduction of 8% to the 52.5% that you see there.

Speaker	Narrative
	The impairment of Sudan assets also added to the overall non-deductible expenses. Hyperinflation adjustments and impairments in other OpCos are also increasing the group effective tax rate that you see there on the chart. Of the one-off items the most significant are related to IHS. Obviously we had the flip up profit of R6 billion. That is non-taxable. Then we had the write-down of the IHS loan of R2.8 billion, and that is non-deductible. As you move to the table on the right there on the chart you also see the most significant movement year on year was the lower reported normal tax in 2017. The Nigeria fine was fully expensed in 2016 and non-deductible through the normal tax line. Withholding taxes are down in the year largely as a function of lower cash upstreamed. So to complete the review of the income statement let's have a look at headline earnings per share. The table that you have there provides a reconciliation of basic earnings per share through to the adjusted earnings per share which we believe provides a better visibility on operational earnings momentum in the company. If we start at the top of the table you will recognise the reported earnings per share of 246 cents. And you work down through the table adjusting for profits and impairments recognised in earnings. We end up with reported headline earnings of 182 cents per share. But if we adjust those reported headline earnings per share with significant one-off and non-operational items – these items really being around the Nigeria interest unwind, the hyperinflation, the impact of FX losses, the Zakhele Futhi charge and the loss on assignment of the IHS loan – we get to an adjusted headline earnings per share of 665 cents. And that as I said we believe represents much more proximity to what is actually happening in the business from an operational point of view. If one makes similar adjustments in the prior year you end up with adjusted HEPS of 783 cents, and that shows a decline of 15%. Now, obviously this decline doesn't take into account the impact of the local currency weaknesses that are embedded in the translation to group earnings. Now let's move ahead and look at the balance sheet. During the year plant, property and equipment was impacted by additions of R28 billion. We had impairments of R3 billion and depreciation of R19 billion. We also had a decrease in our foreign currency translation reserves of R10 billion resulting in a net decline of approximately R4 billion in our PPE over the period under review. If you look at goodwill and other intangibles there was a decrease in line with impairments that we took as well as the impact of the stronger Rand. The exchange for Nigeria Tower Co shareholding into IHS where we now have a 29% interest is the major change you will see in non-current assets. We fair valued our IHS holding at the end of the year at R27 billion. Looking down further in the table our interest-bearing liabilities came down. This was mainly driven again by the strong Rand against the US Dollar. Our group net debt has increased over the period by R5.5 billion. we have less than R10 billion of maturities due between 2018 and 2020, and so our current group funding activities are all focussed on refinancing and rolling over the maturities as these come through in the years ahead.

Speaker	Narrative
	Looking at cash flow the chart shows the reported EBITDA evolution into operating free cash flow and then the utilisation of that cash generated. Operating free cash flow was R11.4 billion after recording for cash capex of R26.7 billion. The cash directed to capex is predominantly financing the investment in our networks across our major markets, and these are obviously a notable proportion going to South Africa and to Nigeria. The group did however benefit from the repatriation of dividends from Iran amounting to R6.5 billion in the first half of the year. The operating free cash flow and existing cash balances were applied to repaying the maturing facilities included in the R4.9 billion financing activity as well as to fund our 2016 final dividend payment of 450 cents and our 2017 interim dividend of 250 cents per share, which is included in the R13.5 billion total dividend payment that you see there on the chart. Now, at our half year results we did report that we had approximately R5.4 billion of cash repatriation still outstanding from Iran at the then exchange rate, and that we plan to flow this money before the end of Q1 2018. The upstreaming of all the cash will not be completed by the end of Q1 2018. The engagements that we are still having as MTN Group with FIPPA, the foreign investment agency in Iran, and the central bank of Iran, are still ongoing around the allocation of those funds. But we will start seeing those funds flowing going forward. Moving to dividends. The board has declared as Rob mentioned earlier a final dividend for calendar year 2017 of 450 cents per share. This is in line with the guidance that we provided in March 2017 of the 700 cents. We had an extensive review of our capital management framework as Rob mentioned earlier, and this we undertook in the second half of the year and early parts of 2018. In applying our minds to the future dividend policy there were three key considerations that management and the board reviewed. Firstly that we wanted going forward dividends to be funded from operational cash flows over the medium term. Now, if we have these funded from operational cash flows leverage would stabilise and we would have appropriate headroom in the facilities that we have. The second factor that we applied our minds to was that we wanted the dividend growth to be aligned to the investment case. As Rob mentioned earlier as management at MTN we see MTN being very well positioned to capture growth. And Rob will talk about this a little later. The third consideration was maintaining financial flexibility to take advantage of growth opportunities as we see in our key markets, but also importantly to be able to manage event risk. We operate in Africa and the Middle East and we need to have a balance sheet that is appropriately positioned to take on event risks as these come through in markets. Having considered all this the group board resolved and approved a new progressive dividend policy. So for the financial year ending 2018 the board taking into consideration market conditions anticipates declaring a total dividend of 500 cents per share for the 2018 year, growing at 10% to 20% over the medium term. Finally looking at our performance again 2017 guidance we met or exceeded guidance save for the SA service revenue. We guided service revenue growth mid- to single-digits. That’s 4% to 6%. And we came slightly under this. As I mentioned the

Speaker	Narrative
	deceleration in Q1 in our prepaid business impacted our performance against guidance. I would however like to make a comment on capex. As Rob mentioned earlier the original capex guidance for 2017 was R34.7 billion. At the half year we revised the guidance down to R30 billion given FX movements we'd seen in our markets as well as a major reduction in head office capex. Now, in the meetings that Rob and I had with investors after the H1 results it was clear to us that many in the investment community had interpreted our revision as a cut. Outside the head office cut of approximately R2 billion this was indeed largely a revision. So ladies and gentlemen, that ends my financial review and I will just pass back to Rob to give us his concluding remarks on our 2017 guidance as well as our medium-term guidance and focus areas for 2018. Thank you very much.
Rob Shuter	Three slides to go. You've been very patient. Sorry, we're running a bit over time. I wanted to give you a sense of the key things we would be focussing on in the ten months left of 2018. There are 12 items on the slide organised by the BRIGHT elements. I'm not going to go through every one of them. I just want to pick out a few highlights. Under the R we have two IPOs this year. Nigeria and Ghana are looking to get those out during the course of H1. That is obviously a lot of intensive work across the business. The pricing and CVM platforms, as I said the platforms are in place. We need to get campaign ready, campaign executed across all the markets in the next few months. In enterprise and wholesale we're very pleased with the progress we made in 2017 to build the strategy, to hire the right people, to get the plans in place. But we really need to start showing traction in pipeline and revenue. For now you don't even see enterprise on the slides because it is combined in other, and it needs to escape the other category very quickly. Dual data I've spoken about. MoMo I've spoken about. Under H I think you know we have a few difficult regulatory situations. The two that we put SENS announcements out last year was the dispute over frequency fees in Benin and also our engagement with the regulator on the licence framework and some sanctions we received in Cameroon. These are complex issues but it's very much required that we move those towards a resolution in the short to medium term. Finally under technology of course as I said data coverage is a very key metric for 2018. I wanted to spend a few minutes on what we call internally 'the investment case'. That is really just to try and focus our thoughts on why we think MTN is an exciting place to work, an exciting place to take your telecommunications services from, but of course also an exciting place to invest. First and foremost we say what are we really? We are a pure play emerging market mobile operator. We are mobile-centric. Not a lot of fixed or cable businesses. We are only in emerging markets. And for investors looking for a pure play exposure to emerging market mobile we think MTN is a very good place to be. Underneath that there are five very key elements. The first one that I want to focus on is that we have a strong position in the right markets. Firstly if you look at telecommunications' growth profile across the world basically Middle East, Africa and Asia Pacific are the fastest growing of all the geographies. So that's a big tick. If you

Speaker	Narrative
	look at our markets the two largest economies in Africa, Nigeria and South Africa, we have two strong positions in the big two. The two largest economies in the Middle East, Iran and Saudi, we have a strong position in Iran. So we are represented in three of the four largest economies across the region. I think this is important to give people an exposure to the regions. The third one which is super important is that we have a number one or number two position in every single one of our markets. And we all know that to be successful in mobile you need scale. Number one and number two generally can do fine, number three okay. The small operators really struggle. It's a scale business. So a strong position in the right markets is really important. The next thing is about the demographic opportunity in the market. We cover around 645 million people. It is a population of the 22 markets we're in. And we anticipate population growth of around 50 million in the next three years. So population growth alone almost gives us another South Africa in the portfolio. And the other hallmark of the countries we're in is the populations are very youthful. 60% to 70% below the age of 24. So these are customers that are born digital. They are born mobile. They adopt the services much quicker. And the adoption of data and digital is very low. Take our 69 million active data customers. As a percentage of the 217 million it's only 30%. Usage is low. And even if we made a higher bar for usage from 5MB a month to 20MB a month, which is really nothing, it would be even lower – 20% or one in five. So there is a big demographic opportunity for data, digital, voice growth, population growth in the markets we're in. And the second opportunity that I touched on during the course of the morning is the opportunity for enterprise and wholesale. There are a lot of SMEs across these markets. Their telecommunication needs tend to be mobile-centric. The higher end corporates are often served by the old state-owned incumbents who often have not moved with the times. And in the wholesale space there is a lot of infrastructure we have built over the years. Submarine capacity, terrestrial fibre, satellite, platforms we've built that can be very easily commercialised for other telcos. So the demographic opportunity for sure is there. The bit in the middle is we've got a strategy to basically take advantage of the opportunity. The bottom left is about the return profile. So this is a super important part of the slide. Basically it's a very simple thought. Our thought is that the demographic opportunities in the markets, consumer, data, digital, enterprise and wholesale, are going to drive growth for MTN. So the 7.2% you see in 2017 has to go up as we move forward and roll out the strategy across the market. That's point number one. Demographics drive revenue. Point number two is 22 markets, leading position across most of them, we have in-market scale, we have cross-market scale. So efficiencies will improve margins. Higher revenue and better margins. The third key part of the investment case is that we believe through the historic investments in the network, through smart capex, through procurement, through everything I've taken you through today that the investment requirements will start to moderate across the group. So revenue up, profit up by more than revenue, capex

Speaker	Narrative
	requirements start to moderate, which means that cash flow grows above margin. This in very simple terms is the return profile of MTN if we implement the strategy across the opportunities in our markets. We are super excited about that and think we've made really solid progress in the last year. And finally if that is all executed we regard ourselves as well positioned for the long term. We will have progressive dividend policy aligned to the investment case, sustainable leverage, capacity in headroom; we moderate net debt to EBITDA for the HoldCo around 2 or 2.5. We still believe there will be consolidation across the markets we're in. We do believe there will be attractive opportunities and we'll be well placed over time to take advantage of those and expand the portfolio. So that really draws me to the last slide which is the medium-term targets. Historically MTN has given just one year out targets. So targets for capex, for subscribers, every now and then for revenue growth in a particular market. We want to move more to medium-term guidance. And the key elements of the guidance are on the slide there. So first and foremost service revenue growth. We guide for the group up a single digit. So the 7% needs to move up towards the 10%. Underneath that we guide South Africa still 4% to 6% over the medium term despite some of the pressures in Q4 of last year as we roll out postpaid, enterprise, wholesale, digital, prepaid etc. Nigeria double digit. So Nigeria already had double digit guidance. It delivered 11.4%. Inflation is running at 14% or 15%. For sure we need to push in Nigeria. The second part is to improve the EBITDA margins. This is clear. Stabilisation in Nigeria, improvement in South Africa, improvement in some of the other markets, leverage the scale, optimise, optimise, optimise. Also to aim all of the procurement infrastructure we've build not just at capex but also at opex. This is what happens in our industry now. You sign big managed service contracts as a procurement process to reduce the cost of running the network. The bottom left, to moderate the intensity to a range of between 20% and 15%. So that means of course that we intend to bring the group capex intensity down into that range in 2018. Ralph has spoken about the HoldCo leverage, 2 to 2.5. And then finally we have a dividend policy with a rebase to R5 growing at 10% to 20% because of course we need to have the dividend growing alongside the anticipated revenue to profit to cash. So hopefully that gives you a bit more clarity on what we think the future holds for MTN over the medium term. That' the last slide. Thanks for your attention. And I'm sure we have some time for questions. We just need to wait for a mic. Ralph is standing by for all the difficult questions.
Madi Singh	Hi. Madi Singh from Morgan Stanley. A couple of questions on Nigeria. What is the growth in Nigerian voice revenues if you exclude the incoming international Dollar denominated revenues? And secondly, the FX losses which are included in the income statement. How much of that is because of using the CBN rate of ₦306 for official translation but actually making the transactions at the ₦360 range?
Rob Shuter	I'm looking for my notes here, my cheat sheets. Ralph, are you going to take the FX?

Speaker	Narrative
Ralph Mupita	I will take the FX. When you think about the Nigeria FX situation you need to think about three rates for the financial year 2017. So we experienced our network opex or a large proportion indexed to the CBN rate. So a lot of our contracts with IHS are at the CBN rate, ₦305 or ₦306. But throughout the year we've used… For the first half, actually for the majority of the year, we didn't use the NAFEX rate. We used it right at the end. We used the interbank rate. So we've got a blended rate outcome in a market like Nigeria. So for sure some of the FX losses were related to the movement in rates. But it's not a simple view of looking at the CBN rate. There is some CBN, there is some interbank and then there is obviously some NAFEX. At the end of November we did change the translation rate to group to the NAFEX rate. At the half year we were using interbank. So there were obviously some forex losses there coming from those rate changes.
Madi Singh	Was that a significant amount?
Ralph Mupita	It is probably about R1.3 billion. As I said the other was related to Irancell.
Rob Shuter	Outgoing voice was around 7.5 and incoming was about 5. So it was more outgoing than incoming. The voice growth is really fitting in with the subscribers calling out and not relying on incoming interconnect.
Madi Singh	Thank you.
John Kim	Hi everybody. John Kim, Deutsche Bank. Two questions. I would like to stay in Nigeria for a second. If I've done the numbers correctly in the second half your voice growth is about 15% year on year. Data growth is about 9%. Can you unpack and characterise that for us a bit and what you think 2018 looks like? It's very rare for voice to grow faster than data.
Ralph Mupita	On the voice growth as we tried to explain earlier we certainly saw three effects. So you saw that we had very strong net adds in the second half – so you saw 50 million subscribers on our modernised definition – to 52 million, so 2 million. That supports voice. But we still believe that there was a returnee effect that is supporting the voice growth. In a dual SIM market one of our competitors there is under a lot of pressure. I don't have to say who it is in Nigeria who is under pressure. And we are seeing some of those customers coming back. So for sure we had a very strong voice growth. Q4 voice growth is like 17% in Nigeria. As I said, manage and moderate your expectations. This is exceptional and we don't see that we would repeat this. I think you need to pencil in positive but not double-digit voice growth in Nigeria in 2018.
John Kim	Last question. Given the results today how do you think you're tracking versus the 100, 200, 300 targets? And when we think about that dual data strategy, the high end and mass market, how should we think about that from a revenue base or potential revenue growth? Thank you.
Rob Shuter	The 100, 200, 300 was really the framework we put. We grow the overall base to 300 million. We get two-thirds active on data, 200, and we get half of the data active on a digital service. So that world of these results would be the 22 of MoMo plus the rich

media services, another 12. So 34, 79, 217. I guess growing the overall base up to 300 in the next three to five years is going to be challenging for sure. But for sure we will show decent growth. I think to get to two-thirds of the base active on data is the most important thing we need to do. And that's why you saw so much effort in the dual data strategy. But to get customers active in these areas you really need… I always say it's the CATE thing. You need coverage, affordability, terminals and education for adoption. And we have to really solve all four. But I feel we will make a big shift there. I feel very encouraged about that.

In the digital services of the original 100 million we were going to get about 60 million from MoMo. I think we have a good plan for that. We have T-shirts with '60 million MoMo subs' on the back. And we need to generate the other 40 million from the rich media services. And I think with the work we're doing in the digital space, some of the new resources we're bringing on board, I think we're in good shape there. So probably the overall base to 300 million will end up being the most challenging.

JP Davids

Good morning. JP Davids from JP Morgan. Just starting with a couple of questions for Rob. Your guidance on capex 15% to 20%, that's reasonably wide given how hard you fight for ten basis points on the margin. What are you leaving room with in that guidance? Is that an early start to 5G or maybe a longer capex cycle on 4G? And then switching gear, you mentioned in your presentation around Nigeria screening well as a market for monetising data. Maybe if you can expand on that a little bit specifically with reference to what we're seeing in Iran. In Iran we're seeing margins under a bit of pressure but cash going backwards. Fine, volumes are up and revenues are growing. I'm just trying to understand what you mean by monetising data. Is that revenues or return on invested capital? Thanks.

Rob Shuter

I think historically we've often been asked, where do you think the capital intensity could go down to in the long term? And we've tended to use 15% as a kind of a rule of thumb. So we felt it was important to put that more publically out so we're not giving one answer to one investor and different to the other. The 20% is obviously below the 2017 year. So basically we're signalling we're going to bring it down into that range in 2018 for sure. I think how it moves within the range over the next three to five years is going to be a function of the success in rolling out the data strategy. If we are more and more successful in the rural areas we will push more and more coverage deeper out into the network. So that could tilt it a little bit up again.

The Dollar Euro against the local currencies is a big factor because all of the active equipment is being imported. So strong Rand or weak Rand makes a big difference. For sure we're not thinking about 5G. I'm personally much more excited about 3G than I am about 5G. We've got a big phase to go through still of monetising 3G, deploying 3G on 900, getting the right returns out of 4G. For us 5G is very far out in the distance.

On Nigeria the biggest characteristics of the Nigerian data market is that pricing is already very low. A part of what has been happening in Irancell is as the consumption has been going up the price of data has been coming down, especially for the large bundles. That is why you see 250% growth in traffic and 86% growth in revenue. We

Speaker	Narrative
	don't believe that the Nigerian market will play out in the same way because already we have $1 per GB pricing around $1 or $1 and a bit. So you have almost end game data pricing but early stage adoption which I think gives you a much better monetisation case. Monetisation as in revenue for sure.
Chris Grundberg	Thanks. It's Chris Grundberg from UBS. Just three quick ones on Iran if I can. You spent some time talking about now important NPS is, but I noticed that Iran was the only market where you saw a fall in NPS. I wondered if you could talk to that and what the drivers were in 2017. Then secondly just looking back over the last few months I'm wondering if you see any disruptions recently from any of the civil unrest or any issues. There were some reports of the internet gateway being shut down. And then lastly just about the margins. I would have to assume the heavy capex load in 2017 is going to drive direct network expenses up in 2018. That is obviously being offset a little bit by the lower transmission cost. How would you balance those factors?
Rob Shuter	So I think… What was the first question?
Chris Grundberg	NPS.
Rob Shuter	NPS, okay. So one of the reasons why we focus on the relative NPS is often the market NPS is quite volatile. So if you go through a cycle for example where maybe generally there is not so much commercial activity in the market, there are not big promotions. You see it sometimes in South Africa, the hangover after the summer campaigns. Then all the NPSs of the operators slump and we kind of pick up again as we move towards Christmas. Structurally the movements we saw in Irancell were movements with the market. And in fact the relative NPS was really strong, plus two or plus three by the end of the year. They started well below. So again I think I would focus on relative, not absolute. I think the situation has been a little difficult there for the team and there has been some selective service disruption. But I think most of that is behind us now. And if you visit Iran – Ralph and I were there a week or two ago – it feels like a more normalised environment. I think going forward on the margin the critical engagement we're always having with the authorities there is around the price of transmission. So we can't self-provide the long haul transmission. We have to buy it from TCI. And we are really basically putting to them that the pricing needs to move more with the payload on the network; otherwise it is going to squeeze out the margins of the operators that can't self-provide. And we got a big pricing cut from them towards the back end of last year. And I'm sure we will make progress again during this year. So it will always be a pressure point on margin, but I don't think a mortal blow. I think our challenge in Irancell is much more how we feel about the absolute EBITDA against the absolute capex. That I think clearly needs some work.
Ralph Mupita	Chris, just to build on Rob's feedback on Iran, I guess a big part of what we will be focussing on in 2018 actually is around spectrum. So you saw a big push in terms of adding sites and capacity and modernisation. So we're talking to the authorities there about additional spectrum just to ease the load on capex spend.

Speaker	Narrative
Rob Shuter	Okay. We are having a real analyst Q&A session here.
Ralph Mupita	We can cancel 15:00.
Rob Shuter	Michael.
Mike Gresty	Hi. It's Mike Gresty from Citi here. I've just got two. First of all, Rob, I want to know what exchange rate you were thinking about when you set that capex guidance for 2018. Because if the Rand is sub R12 you're probably going to be somewhere north of 20% capex intensity. Is there a possibility that maybe you will spend less if the Rand stays stronger? And then I just wanted to also get an update on how you're thinking about the digital JVs. I seem to recall when you started in this area – well, not you personally but your predecessor started – they were targeting 2018 as the year it would probably break even. They are certainly still losing close to R1 billion. And I was wondering to what degree you still see this as core to MTN's strategy going forward and maybe when you think it's likely to break even on your current budgeting.
Rob Shuter	I think when we set the capex guidance you have an absolute guidance per market for 2018. For sure we had a weaker ZAR and there has been some movement. The Naira hasn't really moved. The Rial has moved a bit. But for now the teams are focussing. The South African colleagues know what their ZAR budget is, and that's what they're busy with. I guess there may come a point where we say it's so strong, what are we going to do with the extra amount of money? But for now we're asking them simply to get ahead and execute the plans, issue the POs early. We don't have to have such a year as last year where you put two-thirds of the capex in the second half of the year. It's actually much better to have it the other way around, so we're going much more for early execution. On the JVs for sure the cash breakeven has been pushed out a couple of years. So that is not just around the corner. What we're very focussed on is the engagement of our opcos in the overlap territories…In the Middle East they're not deployed in any of our markets so there's not too much you can do there. But across some of the African markets and particularly in Iran. The whole idea was that you would stimulate an ecosystem, build an e-commerce business with people who knew how to do it, and you would only fund a third of the capex. And that strategy I think is working well, but we have to show that we make something of it across the markets. And that is a big focus. And it is also why you see us bringing the e-commerce activities into the heart of the digital strategy and not that it is something running along the side. I think we can take maybe one more question.
Ralph Mupita	No calls on the webcast? Anything?
Rob Shuter	It's the last one, Nik. Make it a good one.
Nik Kershaw	I will combine a couple. Really just a couple of questions around Nigeria and Ghana IPOs, how much cash we expect to get, and how much dilution we expect to see in our relative stakes in those businesses.

Speaker	Narrative
Rob Shuter	Okay. So maybe for Nigeria, Nigeria is already 22% owned by minorities. So a big part of the IPO in Nigeria will also be to get these OTC shares into a traded format. We haven't finalised the primary or secondary amounts for Nigeria. But we don't expect a material drop in the group's shareholding in Nigeria. That's maybe the cleanest way I can answer that. In Ghana we are targeting 35%. That is obviously what is required in terms of the conditions of the 4G licence. But there is only a certain amount of institutional debt in the Ghanaian market and I guess we would probably expect that we would end up selling down less than that. But we would have to see how that process unfolds. Very good. You've been very patient. Thank you very much for attending. I'm sure we have coffee and snacks outside. We have an MTN health bar for anybody who has got any issues with their subscription, with their device, you want to change your address, you want to upgrade your smartphone. We have the Galaxy S9 on display there. It is locked with a steel cable, so don't get too excited. So thanks for coming and enjoy the refreshments. Thank you.
Ralph Mupita	Thank you guys.

END OF TRANSCRIPT