

## MTN Group Limited

Quarterly update for the period ended 30 September 2020

(Incorporated in the Republic of South Africa)  
(Registration number 1994/009584/06)  
(Share code: MTN)  
(ISIN: ZAE000042164)  
(MTN or the group)

### Quarterly update for the period ended 30 September 2020

MTN is an emerging market mobile operator with a clear vision to lead the delivery of a bold, new digital world. We have 273 million customers in 21 markets and are inspired by our belief that everyone deserves the benefits of a modern connected life.

## Salient features

- Subscribers increased by 12 million to 273,4 million
- Active data subscribers increased by 5,3 million to 107,2 million
- Active MTN Mobile Money (MoMo) customers increased by 3,5 million to 41,8 million
- Group service revenue increased by 11,4%
- Group earnings before interest, tax, depreciation and amortisation (EBITDA) margin improved to 43,3% (from 41,9%)
- MTN South Africa service revenue increased by 2,1%, with an EBITDA margin of 39,3% (from 36,6%)
- MTN Nigeria service revenue increased by 13,8%, with an EBITDA margin of 51,0% (from 53,7%)

*Unless otherwise stated, financial growth rates are presented on a constant currency basis and are year-on-year (YoY, 9M to September 2020 versus 9M to September 2019). Non-financial growth rates are presented as quarter-on-quarter (QoQ, 3Q20 versus 2Q20).*

*Service revenue excludes device and SIM card revenue. Data revenue is mobile and fixed access data and excludes roaming and wholesale. Fintech includes MoMo, insurance, airtime lending and e-commerce. Active data users is a count of all subscribers at a point in time which had a revenue generating event in the specified period of time (90 days) prior to that point in time and also during the past 30 days had data usage greater than or equal to 5 megabytes. MoMo users are 30-day active users.*

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### Group president and CEO, Ralph Mupita comments:

*“As the COVID-19 pandemic has continued to impact lives and livelihoods across our markets, the group has demonstrated strong operational execution and resilience during the period under review. Although trading conditions remain challenging, we delivered a solid performance in Q3 2020, during which the positive momentum achieved in key traffic and revenue trends towards the end of H1 2020 was sustained.*

*We continued to drive good growth in our subscriber base, enabled by strong commercial execution across our markets. In the quarter we added 12 million subscribers and 5,3 million active data users. We reached a significant milestone in our goal to enable greater financial inclusion by surpassing the 40 million MoMo subscribers mark, an addition of 3,5 million in the quarter. In Nigeria, we added over 90 000 agents to end Q3 at 311 770 registered agents for our fintech business. Apart from greater adoption brought on by COVID-19, more people used MoMo because of enhancements to the functionality of the MoMo app, the large increase in registered MoMo agents, as well as the integration of MoMo into our instant messaging platform Ayoba in some of our markets.*

*Service revenue grew by 11,4% and EBITDA grew by 13,9%, with the group EBITDA margin improving by 1,4pp to 43,3%, in line with our medium-term targets. Group leverage remains comfortably within covenant limits and improved to 0,9x, from 1,1x at June 2020. Although our group holding company (holdco) leverage continues to be impacted by timing delays in upstreaming from key operating companies, it improved slightly to 2,6x from 2,7x at June 2020. As lockdown restrictions interrupted new network rollout, particularly in Q2, we continued to focus our investment of R16,1 billion on network capacity and resilience and modernising our IT systems. Pleasingly, we were able to accelerate some of our investment as lockdown restrictions eased.*

*The group results were supported by the strong performance of our larger operations. MTN South Africa sustained its turnaround, with an acceleration in its core consumer and enterprise business units in Q3. MTN Nigeria recorded a solid result with some recovery in revenue growth under difficult operating conditions and MTN Ghana’s continued strong operational execution drove the delivery of another good performance.*

*We recorded solid growth in voice revenue of 3,9%, which reflects an encouraging recovery supported by the easing of lockdown restrictions and the gradual reopening of the economies in our markets. Data revenue grew by 31,9%, bolstered by increased demand for work from home services, digital entertainment as well as online education offerings. We also delivered pleasing growth in fintech and digital revenue of 21,0% and 37,5% respectively, driven by increased adoption and usage of our digital channels and offerings.*

*As we continue to navigate the impacts of the pandemic, we remain focused on our people, customers, networks and efficiency, supporting our broad range of stakeholders through our **Yello** Hope and other initiatives. While managing the risks, we are also alive to the opportunities presented by COVID-19, particularly the accelerated need for digitalisation evidenced in the adoption and usage of our services.*

*Our balance sheet and liquidity position are supported by our focus on prudent capital allocation. We have completed the exit from our 18,9% investment in Jumia, as well as the localisation of an 8% shareholding in MTN Zambia, realising net proceeds of approximately R2,3 billion and R204 million respectively.*

*Looking ahead, we remain committed to providing leading network service; building and scaling our digital and fintech businesses; securing greater efficiency through cost discipline; and executing on our pan-African strategy and asset realisation programme.*

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The group's results are presented in line with the group's operational structure. This is South Africa, Nigeria, the Southern and East Africa and Ghana (SEAGHA) region, the West and Central Africa (WECA) region and the Middle East and North Africa (MENA) region and their respective underlying operations.

The SEAGHA region includes Ghana, Uganda, Zambia, Rwanda, South Sudan, Botswana (joint venture-equity accounted), eSwatini (joint venture-equity accounted) and Business Group. The WECA region includes Cameroon, Ivory Coast, Benin, Congo-Brazzaville, Liberia, Guinea Conakry and Guinea Bissau. The MENA region includes Iran (joint venture-equity accounted), Syria, Sudan, Yemen, and Afghanistan.

### MTN South Africa

MTN SA delivered an encouraging performance, with strong commercial execution sustaining the growth of consumer prepaid, consumer postpaid and enterprise business units. Service revenue grew by 2,1% with an improved performance in Q3, when it increased by 11,8% YoY.

Service revenue growth was supported by the strong performance in the consumer prepaid business, continued growth of the enterprise business and the resilience of the consumer postpaid business. All three business units continue to benefit from the growth in data usage driving the increase in data revenue by 16,0% YoY in the nine months to September 2020.

MTN SA's results were negatively impacted by the discontinuation of our roaming agreement with Telkom which concluded in June 2019 and the effect of accounting for Cell C roaming revenue on a cash basis. Excluding the impact of national roaming, MTN SA would have recorded service revenue growth of 3,4% in the first nine months of the year and 5,7% YoY in Q3.

Total subscribers increased by 1,9 million in the quarter, to 30,9 million. The majority of additions were prepaid customers, reaching a total of 24,3 million and marking the largest quarterly increase in nearly 18 months. Postpaid subscriber numbers remained broadly flat at 6,6 million, primarily as a result of churn on short-term COVID-19-related deals. Excluding the net impact of these deals, the postpaid subscriber base increased 168 100 for the quarter.

Strong data traffic growth of 80,6% coupled with a 0,5 million increase in active data users to 14,7 million supported a solid 16,0% increase in overall mobile data revenue. In line with the commitment to improving the affordability of data for its customers, MTN SA has reduced its effective data tariff by approximately 34,7% since September 2019.

The execution of MTN SA's prepaid strategy resulted in a solid performance in the **consumer prepaid** business, which remained on an improving trajectory with service revenue up 3,1%, benefiting from a strong third quarter when service revenue increased by 5,7% YoY. The business benefited from increased data usage and customer additions, as well as an increased uptake in data packages as it focuses on affordability and customer value management (CVM) initiatives.

The **consumer postpaid** business recorded a 3,1% growth in service revenue, achieved in a highly competitive environment. The business benefited from efforts to reduce churn as well as Data First (Mega Deals) offers driving uptake of data-rich contracts.

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The **enterprise business** continued recording growth for the fourth consecutive quarter. Service revenue was up 17,2%, boosted by customised data deals for universities to facilitate 'learn from home' initiatives as well as the uptake of 'work from home' solutions. As these deals were on a short-term basis, there was a slowdown in the quarter reflecting the university churn. However, the focus remains on base retention as well as on adding new corporate customers.

**Wholesale** revenue declined by 14,4%, impacted by the lost national roaming revenue from the discontinuation of the agreement with Telkom and the effect of continuing to account for Cell C revenue on a cash basis. MTN SA recognised approximately R1,3 billion in national roaming revenue in the nine months to 30 September 2020 (taking into consideration that no Cell C revenue was recognised in Q3 2019), while R698 million of Cell C revenue remained unrecognised as at September 2020. The implementation continues of Phase 2 of the Cell C roaming agreement, which commenced on 1 May 2020.

MTN SA produced a solid **EBITDA margin** of 39,3%, expanding by 2,7pp, aided by the reductions in device volumes and subsidies, execution of the cost efficiency programme as well as channel optimisation.

Since launching **MoMo** in South Africa in January 2020, this service continues to scale, with approximately 2,0 million registered users at 30 September 2020. The focus remains on growing the platform through innovative and relevant service offerings.

In the quarter, MTN SA maintained its leading network experience ranking and once again achieved the highest ranking on the MyBroadband Network Quality Score in all main areas of the country.

Since launching MTN 5G in June, MTN SA continued to deliver 5G connectivity with more than 100 sites and across multiple spectrum bands. Our network resilience programme is mitigating the impacts of load shedding and load reduction in order to guarantee the best customer experience, despite a further increase in power outages in September.

This very strong network performance has also been assisted by the Independent Communications Authority of South Africa (ICASA) issuing certain high demand frequency spectrum to MTN on a temporary basis. Such frequencies were deployed in urban and rural areas to alleviate congestion and provide further world-class quality and speeds to our customers during the COVID-19 lockdown period. On 30 September, ICASA announced the broad terms of the planned spectrum auction and the wholesale open access network (WOAN), as well as the decision to extend the temporary allocation of spectrum.

Q3 saw MTN SA staff continuing with work from home arrangements, with most remaining at home. This includes many of the in-house call centre agents who have been set up at home so they can continue serving our customers. Staff in our branded stores continued to adhere to the strict COVID-19 social distancing and sanitation protocols and during the quarter, MTN SA concluded its mass testing of customer-facing employees. Through the MTN **Yello** Hope programme, the MTN Foundation provided 16 NGOs with support in the form of personal protective equipment (PPE) and food parcels. MTN SA has now zero-rated over 950 health, education and employment websites, including all public universities, TVET colleges, as well as hundreds of schools and NPOs, as guided by the Department of Communications and Digital Technology working group, including the Department of Basic Education. MTN SA also collaborated on the national launch of the COVID SA Alert app which is also zero-rated.

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### MTN Nigeria

MTN Nigeria delivered a solid performance in a challenging operating environment, with service revenue growth of 13,8% and an acceleration in Q3 growth to 16,5% YoY. This performance was largely driven by continued growth in data and a recovery in voice against a backdrop of ongoing oil price volatility, COVID-19-related pressures and scarcity of foreign exchange.

**Voice** revenue grew by 4,0%, with a recovery in the trend to 7,0% YoY in Q3, on the back of expanded customer acquisition touch points, rural telephony initiatives as well as revamped offers and CVM toolkits to increase usage and traffic. MTN Nigeria added 3,9 million customers in Q3, bringing the overall base to 75 million subscribers.

**Data** continued on a strong trajectory of growth with revenue up 57,1%. Continuing the momentum from H1, Q3 growth was 56,0% YoY and was delivered through a combination of increased active data users and usage, which drove higher traffic. The number of active data subscribers increased by 1,7 million, to close the quarter at 30,7 million. Some 2,9 million new smartphones connected to the MTN Nigeria network, increasing smartphone penetration to 45,2% of the base – up from 43,5% in Q2 and 41,7% in Q3 2019.

Growth in the **digital** business remained strong off a low base, increasing by 116,1% and 103% YoY in Q3. This was supported by increased adoption of digital products and services offered into the 1,5 million active user base.

**Fintech** revenue rose by 28,2%, and by 25,9% YoY in Q3. Increased adoption of airtime lending service MTN Xtratime remains the key driver of growth in the business. The strategic and commercial initiatives to scale the business are ahead of schedule with over 90 000 new MoMo agents added in the quarter, which ended with 311 770 registered agents – this exceeded the year-end target of 300 000. MTN Nigeria increased its fintech subscribers by 1,2 million to reach 3,4 million in Q3 and the volume of transactions processed increased by 101,0% in the period to 29,4 million.

**Enterprise** revenue grew by 2,0% but declined in Q3 by 2,1% YoY largely due to the economic impact of the lockdown on the businesses we support. However, there was some improvement in the Q3 performance compared to Q2 as economic activity started to recover.

**EBITDA** rose by 7,9% and the EBITDA margin was 51,0%, from 53,7%. This was impacted by the combined effects of a 2,5% increase in value-added tax (VAT), the change in the treatment of non-recoverable VAT on lease payments and COVID-19-related costs. The EBITDA margin was also affected by the accelerated 4G site rollout, which commenced in Q4 2019, resulting in the full impact of increased lease rentals coming through in 2020. This put upward pressure on lease rental costs in the period, along with the effects of a 23,9% adjustment in the official exchange rate.

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### Southern and East Africa and Ghana (SEAGHA) region

The **SEAGHA region** delivered another solid performance, navigating the challenging trading conditions brought about by COVID-19 and aided by the revival in some economic activity into Q3 as lockdown restrictions were eased. SEAGHA recorded a strong increase in service revenue of 19,2%, with all operating companies improving in Q3 to drive aggregate regional growth of 19,8% YoY. The region increased subscribers by 3,8 million to 55,1 million.

**MTN Ghana** produced another good performance, with service revenue growing by 18,8%, driven by double-digit improvements in voice (up 12,0%) and data (up 21,0%) revenue along with further solid fintech revenue growth (up 24,8%). The growth in revenue was supported by strong increases in overall subscribers as well as in active data and fintech users, while the ongoing deployment of CVM helped to manage churn and improve adoption and usage of product and service offerings.

The EBITDA margin for MTN Ghana expanded by 3,2pp to 53,3%, supported by various cost efficiency initiatives including enhanced penetration of electronic distribution channels and optimising network costs.

**MTN Uganda** increased service revenue by 9,6%, with a recovery in most revenue lines. Notably, the pleasing growth in voice (up 4,4%), data (up 30,1%) and fintech revenue (up 10,5%) was supported by increases in the user base and usage. The EBITDA margin expanded by 1,4pp to 49,0%, supported by higher revenue and cost-efficiency initiatives.

Overall, the SEAGHA portfolio excluding MTN Ghana delivered healthy service revenue growth of 19,6%, and 22,0% YoY in Q3.

### West and Central Africa (WECA) region

The **WECA region** grew service revenue by 7,8%, and by 9,3% YoY in Q3 – well above the blended average inflation of approximately 3,0% across the region. This was a pleasing outcome in light of ongoing uncertainty in the political and economic environment in various markets within the WECA portfolio. Q3 showed some signs of economic recovery, although there remains pressure from the effects of COVID-19. The overall service revenue performance was enabled by continued subscriber growth of 1,5 million QoQ to 38,6 million, and improvements in fintech and data revenue.

**MTN Ivory Coast** recorded an increase in service revenue of 8,3%, supported by net additions of 0,6 million in Q3 as well as ongoing strong revenue growth in data (up 25,1%) and fintech (up 14,2%). The effective execution of marketing, sales and distribution initiatives implemented during the period helped to drive gains in market share and an acceleration in voice revenue, which increased by 2,8% (up 5,7% YoY in Q3). The EBITDA margin widened by 5,9pp to 34,2%.

**MTN Cameroon's** service revenue grew by 4,7%, achieving further market and value share gains, in a challenging environment as the conflict in the Northwest/Southwest regions continued. Data revenue was up by 19,7% and fintech revenue increased by 40,8%. The EBITDA margin for MTN Cameroon improved by 2,4pp to 33,0%.

Excluding MTN Cameroon and MTN Ivory Coast, the WECA markets grew their service revenue by an aggregate of 9,2%, and 10,1% YoY in Q3.

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### Middle East and North Africa (MENA) region

The performance delivered by the **MENA region** was pleasing in a persistently difficult operating environment, with double-digit service revenue growth of 22,7%, and of 24,7% in Q3. This was largely supported by solid growth in data revenue (up 46,2%) with an 11,2% YoY increase in active data subscribers in the nine months to September 2020. Total subscribers (excluding MTN Irancell) increased by 0,2 million in the quarter to 25,5 million.

**MTN Syria** grew service revenue by 23,9%, driven by growth in voice (up 9,6%) and data (up 33,5%). The EBITDA margin declined by 15,4pp to 23,2% as a result of a material devaluation in the local currency, which put pressure on foreign-denominated operational expenditure.

**MTN Sudan** increased service revenue by 71,4%, underpinned by growth in voice (up 53,1%) and data (up 122,8%) on the back of increased active data subscribers and usage. The EBITDA margin expanded by 10,4pp to 39,9%, driven by strong growth in revenue.

**MTN Irancell**, our equity-accounted joint venture, again delivered strong underlying growth despite a challenging operating environment including the depreciation of the currency and the high rate of inflation. Service revenue grew by 34,4%, with data revenue up by 51,2%, benefiting from increased usage (up 82,2%) particularly during the hard lockdown period. The EBITDA margin increased by 0,7pp to 37,5%.

### Portfolio optimisation and asset realisation programme (ARP)

Our ARP, initially launched in March 2019 and enhanced in March 2020, aims to reduce debt, simplify our portfolio, reduce risk, improve returns and realise capital of at least an additional R25 billion over three to five years. In August 2020, the group announced its decision to focus on its pan-African strategy and exit the Middle East region in an orderly manner over the medium term.

Discussions regarding the potential sale of our 20% shareholding in Belgacom International Carrier Services SA (BICS) are ongoing and we will update the market of any further developments in this regard.

MTN Syria is included in those assets classified as held for sale and it remains the group's intention to exit its 75% stake in the business.

The group has now fully exited its 18,9% investment in Jumia Technologies AG (Jumia), realising a total consideration of approximately R2,3 billion (US\$138 million). We are proud to have been a partner in the evolution of one of Africa's pioneering online marketplace businesses and will continue our relationship with Jumia through ongoing operational partnerships in some markets.

We are pleased to announce that a sale and purchase agreement has been concluded to transfer an 8% holding in MTN Zambia to the National Pension Scheme Authority (NAPSA) in Zambia. This forms part of the localisation strategy within our broader portfolio optimisation and ARP. The group has received net proceeds of approximately R204 million for the transaction.

In September 2018, MTN Ghana completed an initial public offer in which 12,5% of its shares were listed on the Ghana Stock Exchange (GSE) and nearly 130 000 Ghanaians were welcomed as shareholders in the company. MTN Group intends to sell down a further 12,5% of its investment in MTN Ghana, with a focus on local shareholding, which will increase MTN Ghana's free-float on the GSE to 25%.



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### Update on regulatory and legal considerations

#### **MTN Afghanistan anti-terrorism complaint**

On 27 December 2019, a complaint for violation of the Anti-Terrorism Act was filed in the United States District Court for the District of Columbia (the Complaint). The Complaint was filed on behalf of American service members and civilians who were killed or wounded in Afghanistan between 2009 and 2017 and on behalf of their families. The Complaint alleges that several Western businesses supported the Taliban by, *inter alia*, making payments to ensure the protection of their infrastructure. The defendants named in the Complaint are made up of a number of different groups of affiliated companies, one of which is MTN and certain of its subsidiary companies, including MTN Afghanistan.

In late April 2020, MTN filed a 'motion to dismiss' that asked the court to end the lawsuit and grant a judgment in MTN's favour for two independent reasons: because the court lacks jurisdiction over MTN, which does not operate in the United States, and because the complaint does not allege any conduct by MTN that would have violated the Anti-Terrorism Act.

In June 2020, the plaintiffs in the matter filed an amended Complaint to which further complainants, defendants and allegations were added. MTN believes that the amended Complaint suffers from the same fundamental defects in the case explained in the April motion. The plaintiffs proceeded to amend their initial Complaint, following the June 2020 motion to dismiss. With the Complaint having been amended with new allegations, MTN filed another motion to dismiss in September 2020. This motion to dismiss takes into account the new allegations made in the amended Complaint. MTN remains of the view that the court should dismiss this claim on the grounds of lack of jurisdiction and that the amended Complaint still does not allege any conduct by MTN that is in violation of the Anti-Terrorism Act.

MTN conducts its business in a responsible and compliant manner in all its territories and will defend its position where necessary.

#### **MTN Ghana classification as a significant market power**

In June 2020, the National Communications Authority (NCA) classified MTN Ghana as a significant market power and determined that special regulatory restrictions would be enforced on MTN Ghana.

Following consultations as well as engagements on the matter with regulatory and other stakeholders, MTN Ghana applied to the courts – on procedural grounds – for relief in the form of a judicial review of the NCA's decision. Given the progress made in further engagements with the NCA and Ghana's Ministry of Communications, MTN Ghana, on 13 October 2020, withdrew its legal challenge filed at the Supreme Court in order to pave the way for further discussions and an amicable resolution. These discussions are ongoing.

MTN Ghana is a responsible market player in a highly competitive market and does not engage in anti-competitive behaviour.

#### **Spectrum allocation and auction in South Africa**

On 2 October 2020, ICASA released the full terms of the spectrum auction and WOAN. The auction will include spectrum in the 700 to 800 MHz band, 2,6 GHz band and 3,5 GHz band. The 2,3 GHz will be auctioned at a later stage to be determined. The temporary spectrum allocated at the start of lockdown, and which was due to expire in November 2020, has been extended to March 2021. This continues to significantly ease the congestion in hotspots across the country where data traffic has surged. MTN welcomes the planned spectrum auction, which will be critical in further broadening access in South Africa in a sustainable manner.



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### COVID-19 pandemic impact on the business

Although the trading environment remains quite challenging, the easing of lockdown regulations and restrictions that have arisen from the COVID-19 pandemic has led to some improvement in economic activity and market conditions. We remain focused on the key areas impacting our business, namely: social (our people, communities and stakeholders); commercial (including our customers); network and supply chain; and funding and liquidity.

#### Social

We continue to implement strict health measures and monitoring to ensure the safety of our people, who remain empowered to work remotely although some have started returning to workplaces. The group provides ongoing support through the MTN Global Staff Emergency Fund, **y'ello** Hope Packages for our stakeholders as well as MTN foundations and various government-led initiatives in our markets, including the Solidarity Fund in South Africa.

In September, MTN added its voice to global efforts to encourage the wearing of masks to fight the spread of COVID-19, committing our marketing resources in the month to our #WearItForMe campaign across our markets.

#### Commercial

Our commercial trends have been encouraging as COVID-19 restrictions have eased across the MTN footprint. Overall data traffic has remained resilient at elevated levels, although we have observed some easing from the peaks. Voice traffic and revenue, which initially came under significant pressure, have been in recovery and the month-to-month trajectory of fintech drivers has trended upwards following a dip in April 2020.

Comparing the September 2020 level for the group's **data** traffic against April 2020, the level of activity was 10,2% higher, and up 8,9% QoQ in Q3. For our largest markets on the same basis: MTN SA was up by 2,0% (and 4,1% QoQ), MTN Nigeria increased by 22,1% (and 15,2% QoQ), while MTN Ghana was up by 9,3% (and 5,6% QoQ). These trends demonstrate the resilience of data traffic relative to the elevated activity prompted by COVID-19 during Q2.

On the whole, data demand benefited from shifts in consumer spending patterns during the peak periods of lockdowns and restrictions as spend that would have otherwise been directed elsewhere (such as travel, entertainment etc) was channelled into data and other digital services. As restrictions have been lifted, we have observed some reversal in this trend.

Since April 2020, during which the effects of COVID-19 were the most severe, the trajectory for **voice** has been encouraging. Group voice traffic was up by 11,5% at the end of September 2020 compared to the April 2020 level. For MTN SA, voice traffic was 7,0% higher in September versus April, MTN Nigeria was up by 14,1% and MTN Ghana had increased by 5,6%. These trends are evidence of the recovery in voice traffic since the most severe impacts of COVID-19.

The commercial trends in **fintech** have also recovered strongly from the April 2020 low, with group fintech transaction volumes in September 2020 up by 38,7% on the April 2020 level and up 23,1% QoQ. On the same basis, the value of fintech transactions in US dollar terms was up by 64,7% and 33,7% respectively.

As we continue our focus on managing the risks posed by the pandemic, we are also focused on continued commercial execution around the opportunities it presents. In particular, we are well positioned for the accelerated need for digitalisation, which is already evident in the trajectory of our data, fintech and digital businesses.

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### Network and supply chain

Throughout the pandemic we have maintained the capacity and resilience of our networks. As lockdown regulations have lifted in our markets, we have been able to resume a more regular rollout of network investment as restrictions on movement and logistical bottlenecks have eased. This has also enabled us to increase the headroom in our networks, notably in South Africa and Nigeria among our larger markets.

To ensure there are no significant interruptions to our business, we continue to closely monitor and manage the impact of the pandemic on our network and supply chain. At the end of September 2020, the headroom on our data networks was 45,0% in South Africa, 58,0% in Nigeria and 30,0% in Ghana.

### Funding and liquidity

The strength and resilience of our balance sheet has been evidenced in our ability to weather the volatility brought about by COVID-19. Year to date, we have successfully fast-tracked and closed R18,2 billion in funding to mitigate refinance risk around upcoming maturities. We continued to manage and focus on liquidity as a priority. At 30 September 2020, our group net debt was R60,6 billion, and our net debt to EBITDA ratio was 0,9x, well within our covenant of 2,5x. Our interest cover was 9,0x, comparing favourably with the covenant limit of no less than 5,0x.

At the holdco level, we maintained a healthy liquidity position, with holdco net debt of R55,5 billion slightly higher than the December 2019 level. At the end of September 2020, our holdco leverage was 2,6x, affected mainly by timing effects of cash upstreaming from our opcos, although slightly improved on the June 2020 level of 2,7x.

MTN Nigeria has declared and paid its final dividend for 2019, as well as its interim 2020 dividend (totalling R5,4 billion as at September 2020). The upstreaming of this cash to the group remained delayed in Q3 due to challenges in securing foreign currency in that market. However, we expect the availability of US dollars to improve in the last quarter of the year and some upstreaming of dividends to resume.

Our approach to liquidity management continues to be prudent and focused on cash preservation. At 30 September 2020, our holdco liquidity headroom stood at approximately R39,0 billion – comprising R13,4 billion in cash and R25,6 billion in committed, undrawn credit facilities.

Our medium-term focus remains to reduce our exposure to US dollar debt and improve the funding mix at the holdco level through improved cash flows which will be supported by proceeds from our ARP.

### Management changes

On 26 October 2020, we announced two important new appointments: that of CEO of major subsidiary MTN Nigeria and that of MTN Group chief risk officer (GCRO), a new group executive committee (exco) position. Both are effective from 1 March 2021.

Karl Toriola, current vice president for MTN Group's WECA region, will take over as MTN Nigeria CEO from Ferdi Moolman, who has served MTN Nigeria with distinction for the past five years. Ferdi will return to South Africa, where he will assume the new role of GCRO and lead the evolution of our enterprise-wide risk management system. Both will remain members of the group's exco.

Karl's successor as vice president for WECA will be announced after the group strategy review is completed by the end of November 2020.

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### Outlook

Despite the relaxation of Covid-19 lockdown restrictions across our markets, the operating environment remains challenging and uncertain. We will continue to focus our efforts and capital investments on ensuring we provide our customers with reliable connectivity and digital services during these challenging times.

While we continue to manage the risks brought about by COVID-19, we are also well positioned to unlock the opportunities that have arisen. The pandemic and its effects have highlighted the importance of connectivity, financial inclusion and digital services, and we are reviewing and refining our strategy to position the business to capture growth going forward.

As we continue to strengthen our operational and financial position – focusing on expense management and efficiencies, as well as liquidity and cash preservation – we are well placed to sustain growth and meet our targets over the medium term. Our capital expenditure (capex) programme prioritises the resilience and capacity of our networks, while we execute our strategy to deliver sustainable growth across our operations.

We target capex of at least R26,0 billion for 2020, revised up from the previous guidance of R24,0 billion as the overall visibility and ability to roll out the network investment in our footprint has improved following the relaxation of COVID-19 related regulations and restrictions.

*Certain information presented in this quarterly update constitutes pro forma financial information. The responsibility for preparing and presenting the pro forma financial information and for the completeness and accuracy of the pro forma financial information is that of the directors of MTN. This is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present MTN's financial position, changes in equity and results of operations or cash flows. It has not been audited or reviewed or otherwise reported on by our external joint auditors.*

*The financial information on which this quarterly update is based, including constant currency information, has not been reviewed and reported on by MTN's external auditors. Constant currency information has been presented to remove the impact of movement in currency rates on the group's results and has been calculated by translating the prior financial reporting period's results at the current period's average rates. The measurement has been performed for each of the group's currencies, materially being that of the US dollar and Nigerian naira. The constant currency growth percentage has been calculated based on the prior year constant currency results compared to the current year results. In addition, in respect of MTN Irancell, MTN Sudan, MTN South Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. The economies of Sudan, South Sudan and Syria were assessed to be hyperinflationary for the period under review and hyperinflation accounting was applied.*

Fairland  
30 October 2020

**Lead sponsor**  
Tamela Holdings Proprietary Limited

**Joint sponsor**  
JP Morgan Equities South Africa Proprietary Limited

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<b>Subscribers ('000)</b>							
Country	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	<b>3Q20</b>
<b>South Africa</b>	30 010	29 248	28 948	28 890	28 966	29 028	<b>30 893</b>
Postpaid	5 866	5 899	5 979	6 086	6 270	6 572	<b>6 570</b>
Prepaid	24 144	23 349	22 969	22 804	22 696	22 455	<b>24 323</b>
<b>Nigeria</b>	60 265	61 498	61 633	64 310	68 489	71 105	<b>75 025</b>
<b>SEAGHA</b>	45 044	45 992	47 008	48 489	49 995	51 332	<b>55 106</b>
Ghana	18 595	18 874	19 181	19 777	20 674	21 517	<b>23 384</b>
Uganda	11 713	11 937	12 124	12 642	13 196	13 016	<b>13 701</b>
Rwanda	4 600	4 677	4 906	5 203	5 205	5 407	<b>5 896</b>
Zambia	6 381	6 751	7 004	6 989	6 941	7 263	<b>7 815</b>
South Sudan	1 103	1 129	1 155	1 232	1 314	1 421	<b>1 554</b>
Botswana (joint venture)	1 703	1 676	1 684	1 709	1 709	1 763	<b>1 787</b>
eSwatini (joint venture)	948	948	954	937	957	945	<b>968</b>
<b>WECA</b>	32 361	33 762	34 595	36 203	36 641	37 039	<b>38 578</b>
Cameroon	8 742	9 360	9 199	10 170	10 182	10 316	<b>10 761</b>
Ivory Coast	11 357	11 742	12 007	12 408	12 220	12 219	<b>12 789</b>
Benin	5 114	5 238	5 462	5 494	5 624	5 648	<b>5 582</b>
Guinea-Conakry	2 932	3 140	3 411	3 362	3 563	3 763	<b>3 997</b>
Congo-Brazzaville	2 419	2 463	2 518	2 625	2 808	2 763	<b>2 935</b>
Liberia	1 033	1 026	1 184	1 298	1 380	1 463	<b>1 615</b>
Guinea-Bissau	763	793	814	847	863	868	<b>900</b>
<b>MENA</b>	68 921	69 713	71 480	72 927	73 237	72 955	<b>73 846</b>
Iran (joint venture)^	44 783	44 665	45 634	46 849	47 112	47 575	<b>48 286</b>
Syria	5 412	5 738	6 001	5 866	5 726	5 693	<b>5 681</b>
Sudan	8 212	8 408	8 804	9 136	9 447	9 143	<b>9 286</b>
Yemen	4 251	4 357	4 458	4 344	4 313	4 222	<b>4 327</b>
Afghanistan	6 263	6 545	6 583	6 733	6 638	6 322	<b>6 267</b>
<b>Total subscribers</b>	<b>236 601</b>	<b>240 212</b>	<b>243 664</b>	<b>250 819</b>	<b>257 327</b>	<b>261 458</b>	<b>273 448</b>

^ Includes Wimax

## MTN Group Limited

Quarterly update for the period ended 30 September 2020

<b>ARPU (Local currency)</b>							
Country	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	<b>3Q20</b>
<b>South Africa*</b>	93,58	96,29	102,45	108,70	100,75	106,62	<b>105,30</b>
Postpaid	141,76	141,23	138,90	137,29	127,98	137,44	<b>137,61</b>
Postpaid (excl telemetry)	294,98	286,85	291,90	290,52	270,17	281,80	<b>276,93</b>
Prepaid	71,72	74,83	80,18	86,79	79,94	82,96	<b>82,38</b>
<b>Nigeria</b>	<b>1 510,01</b>	<b>1 470,03</b>	<b>1 489,20</b>	<b>1 589,67</b>	<b>1 575,94</b>	<b>1 429,51</b>	<b>1 467,02</b>
<b>SEAGHA</b>							
Ghana	21,23	21,61	22,84	24,37	23,41	22,79	<b>22,84</b>
Uganda	11 429,22	11 185,90	11 259,00	11 909,00	11 583,00	10 565,00	<b>11 580,00</b>
Rwanda	1 898,71	2 001,35	2 077,58	1 957,26	2 017,96	1 962,83	<b>2 372,04</b>
Zambia	26,97	27,80	29,63	29,71	26,89	28,99	<b>30,85</b>
South Sudan	804,38	1 016,12	1 375,76	1 441,34	1 490,42	1 617,43	<b>1 683,81</b>
Botswana (joint venture)	67,14	71,00	74,00	76,36	76,36	73,00	<b>76,23</b>
eSwatini (joint venture)	100,09	103,27	105,07	107,91	107,49	111,49	<b>118,27</b>
<b>WECA</b>							
Cameroon	2 025,11	1 863,64	1 911,19	1 838,00	1 804,00	1 711,00	<b>1 737,00</b>
Ivory Coast	1 979,53	1 950,08	1 866,52	1 961,23	1 988,14	1 966,35	<b>2 012,77</b>
Benin	2 840,22	2 877,16	2 919,76	2 837,46	2 937,03	2 891,71	<b>3 027,70</b>
Guinea-Conakry	18 270,13	19 304,20	19 284,52	19 243,02	19 868,37	18 625,72	<b>18 463,96</b>
Congo-Brazzaville	3 472,56	3 825,62	3 923,36	3 748,50	3 493,22	3 193,36	<b>3 613,98</b>
Liberia	2,72	2,84	3,06	2,89	2,89	2,85	<b>2,91</b>
Guinea-Bissau	1 696,98	1 835,67	1 498,28	1 494,84	1 519,86	1 515,50	<b>1 357,74</b>
<b>MENA</b>							
Iran (joint venture)	182 205,00	203 148,41	220 272,81	210 358,00	229 864,04	263 572,72	<b>281 965,00</b>
Syria	1 188,01	1 269,88	1 421,66	1 293,42	1 353,71	1 575,63	<b>1 894,15</b>
Sudan	51,46	52,55	59,04	65,68	74,85	83,09	<b>98,36</b>
Yemen	1 069,29	1 154,61	1 123,66	1 103,81	1 133,11	1 066,45	<b>1 132,06</b>
Afghanistan	119,99	126,52	129,16	128,65	131,51	130,13	<b>146,50</b>

\* Subscribers base reallocation from core to telemetry resulting in a restatement of 1Q18 to 1Q19

## MTN Group Limited

Quarterly update for the period ended 30 September 2020

<b>ARPU (US dollar)</b>							
Country	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	<b>3Q20</b>
<b>South Africa*</b>	6,72	6,69	6,98	7,36	6,48	5,96	<b>6,19</b>
<b>Nigeria</b>	4,17	4,08	4,11	4,37	4,28	3,69	<b>3,79</b>
<b>SEAGHA</b>							
Ghana	4,05	4,03	4,19	4,35	4,19	3,90	<b>3,91</b>
Uganda	3,10	3,00	3,05	3,22	3,10	2,80	<b>3,14</b>
Rwanda	2,15	2,24	2,26	2,11	2,16	2,06	<b>2,45</b>
Zambia	2,25	2,18	2,28	2,14	1,75	1,58	<b>1,63</b>
South Sudan	5,19	6,45	8,64	9,01	9,24	9,94	<b>10,21</b>
Botswana (joint venture)	6,20	6,60	6,60	6,91	6,91	6,10	<b>6,50</b>
eSwatini (joint venture)	7,19	7,17	7,16	7,31	6,92	6,23	<b>6,96</b>
<b>WECA</b>							
Cameroon	3,53	3,19	3,23	3,10	3,04	2,88	<b>3,11</b>
Ivory Coast	3,45	3,34	3,15	3,31	3,35	3,31	<b>3,60</b>
Benin	4,95	4,93	4,93	4,79	4,95	4,87	<b>5,41</b>
Guinea-Conakry	2,01	2,11	2,10	2,06	2,12	1,97	<b>1,92</b>
Congo-Brazzaville	6,04	6,54	6,63	6,33	5,89	5,38	<b>6,46</b>
Liberia	2,72	2,84	3,06	2,89	2,89	2,85	<b>2,91</b>
Guinea-Bissau	2,96	3,14	2,53	2,54	2,56	2,55	<b>2,43</b>
<b>MENA</b>							
Iran (joint venture)	2,14	2,01	1,98	1,94	1,84	1,81	<b>1,51</b>
Syria	2,71	2,90	3,25	2,95	2,81	1,98	<b>1,51</b>
Sudan	1,08	1,15	1,31	1,46	1,46	1,51	<b>1,78</b>
Yemen	2,81	3,04	2,96	2,90	2,96	2,67	<b>2,83</b>
Afghanistan	1,60	1,61	1,64	1,64	1,73	1,69	<b>1,90</b>

\* Subscribers base reallocation from core to telemetry resulting in a restatement of 1Q18 to 1Q19

## MTN Group Limited

Quarterly update for the period ended 30 September 2020

### Average exchange rates

			ZAR:LC strengthening/ (weakening) %
<b>ZAR: local currency</b>	<b>3Q20</b>	3Q19	
Nigerian naira	22,73	25,22	(9,9)
Iranian rial	8 917,73	6 874,92	29,7
Ghanaian cedi	0,34	0,37	(8,1)
Cameroonian franc	34,59	40,76	(15,1)
Syrian pound	45,59	30,49	49,5
Sudanese pound	3,20	3,20	–
			LC:USD strengthening/ (weakening) %
<b>USD: local currency</b>	<b>3Q20</b>	3Q19	
South African rand	16,71	14,33	(16,6)
Nigerian naira	380,41	361,54	(5,2)
Ghanaian cedi	5,76	5,35	(7,7)
Iranian rial	149 905,07	98 517,83	(52,2)



## MTN Group Limited

Quarterly update for the period ended 30 September 2020

Service revenue (Rm)								Constant	
	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	Reported	currency
Country								%	%
<b>South Africa</b>	9 092	8 969	8 481	9 888	<b>8 531</b>	<b>9 079</b>	<b>9 484</b>	2,1	2,1
<b>Nigeria</b>	10 833	11 356	11 710	12 709	<b>13 861</b>	<b>14 242</b>	<b>14 787</b>	26,5	13,8
<b>SEAGHA</b>	6 087	6 417	6 949	7 301	<b>7 707</b>	<b>8 516</b>	<b>8 944</b>	29,4	19,2
Ghana	3 154	3 295	3 528	3 753	<b>3 969</b>	<b>4 429</b>	<b>4 502</b>	29,3	18,8
Uganda	1 552	1 607	1 670	1 810	<b>1 952</b>	<b>2 021</b>	<b>2 190</b>	27,6	9,6
Rwanda	450	483	518	499	<b>561</b>	<b>621</b>	<b>746</b>	32,9	20,1
Zambia	639	658	729	705	<b>602</b>	<b>637</b>	<b>661</b>	(6,2)	11,5
South Sudan	241	325	447	484	<b>575</b>	<b>757</b>	<b>795</b>	110,0	84,8
Business Group	51	49	57	50	<b>48</b>	<b>51</b>	<b>50</b>	(5,1)	(11,8)
<b>WECA</b>	5 173	5 330	5 485	5 662	<b>6 141</b>	<b>6 814</b>	<b>7 299</b>	26,7	7,8
Cameroon	1 282	1 305	1 365	1 375	<b>1 507</b>	<b>1 637</b>	<b>1 733</b>	23,4	4,7
Ivory Coast	1 695	1 687	1 680	1 818	<b>1 949</b>	<b>2 175</b>	<b>2 322</b>	27,3	8,3
Benin	1 056	1 109	1 158	1 163	<b>1 287</b>	<b>1 458</b>	<b>1 563</b>	29,6	10,0
Guinea-Conakry	257	282	306	311	<b>345</b>	<b>389</b>	<b>382</b>	32,1	17,0
Congo Brazzaville	656	701	737	729	<b>756</b>	<b>808</b>	<b>948</b>	20,0	1,6
Liberia	128	132	137	163	<b>185</b>	<b>221</b>	<b>233</b>	61,0	36,8
Guinea-Bissau	99	114	102	103	<b>112</b>	<b>126</b>	<b>118</b>	13,0	(4,3)
<b>MENA</b>	1 940	2 146	2 407	2 447	<b>2 560</b>	<b>2 585</b>	<b>2 519</b>	18,0	22,7
Syria	629	713	853	791	<b>776</b>	<b>618</b>	<b>444</b>	(16,3)	23,9
Sudan	379	426	502	591	<b>641</b>	<b>758</b>	<b>839</b>	71,2	71,4
Yemen	510	557	578	571	<b>604</b>	<b>617</b>	<b>621</b>	12,0	(0,8)
Afghanistan	422	450	474	494	<b>539</b>	<b>592</b>	<b>615</b>	29,7	9,2
<b>Joint ventures</b>									
Iran	2 028	1 936	1 964	1 983	<b>1 997</b>	<b>2 292</b>	<b>1 849</b>	3,5	34,4
Botswana	–	–	812	288	<b>286</b>	<b>275</b>	<b>336</b>	10,5	5,8
eSwatini	92	92	91	94	<b>95</b>	<b>97</b>	<b>105</b>	8,0	7,6
Equity accounting exclusion	(2 120)	(2 028)	(2 867)	(2 365)	<b>(2 378)</b>	<b>(2 664)</b>	<b>(2 290)</b>		
<b>Head office companies and eliminations</b>	(32)	347	95	134	<b>46</b>	<b>309</b>	<b>260</b>		
<b>Total</b>	33 093	34 565	35 127	38 141	<b>38 846</b>	<b>41 545</b>	<b>43 293</b>	20,3	11,4
Hyperinflation	91	126	268	419	<b>(177)</b>	<b>33</b>	<b>650</b>		
<b>Total including hyperinflation</b>	33 184	34 691	35 395	38 560	<b>38 669</b>	<b>41 578</b>	<b>43 943</b>	20,3	11,4

# MTN Group Limited

Quarterly update for the period ended 30 September 2020

## EBITDA Margin (Rm)

Country	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	9M constant currency
<b>Group</b>	41,1%	45,1%	41,5%	41,8%	59,4%*	40,0%	43,2%	43,3
<b>South Africa</b>	38,8%	34,2%	37,0%	39,3%	36,6%	43,3%	38,2%	39,3
<b>Nigeria</b>	53,3%	54,2%	53,6%	54,2%	52,7%	49,7%	50,6%	51,0

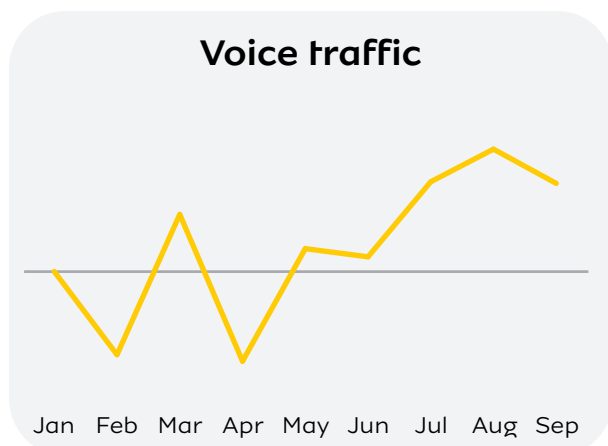
\* Includes gain on disposal of tower companies. Constant currency EBITDA margin 1Q20: 43,2%

## Capital expenditure (Rm)

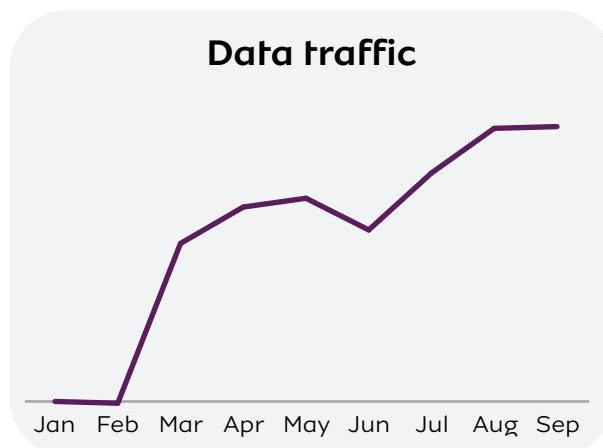
	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	9M YTD
<b>Group</b>	5 511	6 706	5 597	8 311	4 529	5 661	5 936	16 126

## COVID-19 trend graphs

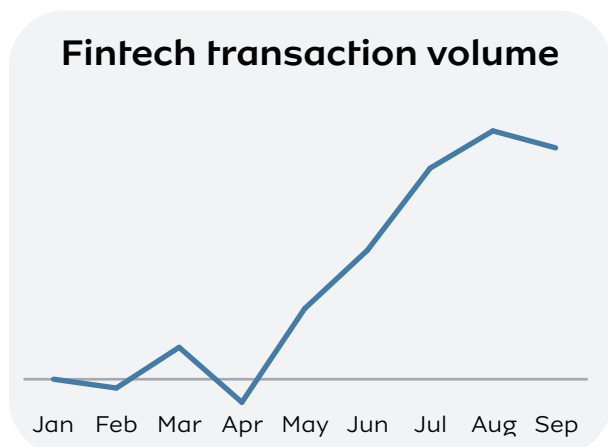
### Voice traffic



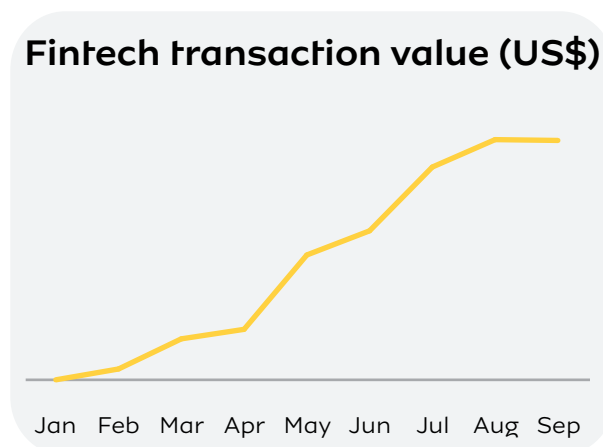
### Data traffic



### Fintech transaction volume



### Fintech transaction value (US\$)



The charts above denote each measure indexed to 100 in Jan and illustrate how ensuing months have developed relative thereto. The charts are provided as supplementary information relating to COVID-19 and the evolution of some of MTN's commercial drivers in that specific context.