

MTN Group Limited

(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 31 March 2021

MTN is a pan-Africa focused mobile operator with a clear vision of Leading digital solutions for Africa's progress. We have 278 million customers in 21 markets and are inspired by our belief that everyone deserves the benefits of a modern connected life.

Salient features

- Group service revenue up by 17.8%.
- Group earnings before interest, tax, depreciation and amortisation (EBITDA) up by 21.3%.
- EBITDA margin improved to 44.2% (from 42.7%).
- MTN South Africa service revenue up by 11.8%, with an EBITDA margin of 39.8% (from 36.6%).
- MTN Nigeria service revenue up by 17.2%, with an EBITDA margin of 53.1% (from 52.7%).
- Subscribers decreased by 1.7 million to 277.9 million, impacted by new SIM registration regulations in Nigeria (ex-Nigeria subscribers were up 3.4 million).
- Active data subscribers increased by 1.3 million to 115.6 million.
- Active MTN Mobile Money (MoMo) customers increased by 0.2 million to 46.6 million.
- MoMo value of transactions up 86.6% YoY to US\$53.2 billion.

Unless otherwise stated, financial growth rates are presented on a constant currency basis and are year-on-year (YoY, 3M to March 2021 versus 3M to March 2020). Non-financial growth rates are presented as quarter-on-quarter (QoQ, 1Q 21 versus 4Q 20).

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:

“The MTN Group has delivered a solid Q1 2021 trading performance, with service revenue and EBITDA margins expanding on the back of continued commercial momentum across the Group, with the Ambition 2025 strategy gaining execution traction, during challenging COVID-19 macro-economic conditions.

Many of the markets that we operate in have started to emerge from the second-wave of COVID-19 infections. While their economies are on a trajectory of steady recovery, we remain conscious of the ongoing impacts and challenges presented by the pandemic. At MTN, we maintain our commitment to supporting our broad range of stakeholders through our **Yello** Hope and other socio-economic initiatives. In particular, we continue to focus on four priority areas: social; commercial; network and supply chain; and funding and liquidity.

Operationally, Group service revenue grew by 17.8% and EBITDA increased by 21.3%, with the EBITDA margin expanding by 1.5pp to 44.2%, maintaining our strong operating leverage and delivering in line with our medium-term objectives. The overall Group results were supported by double-digit service revenue growth from our large operations and continued focus on our expense efficiency programme. MTN South Africa (MTN SA) recorded a strong performance in its core consumer and enterprise business units with wholesale recovering, and MTN Nigeria and MTN Ghana continuing to build on the strong operational execution and commercial momentum.

MTN’s solid operational and financial performance in Q1 2021 was delivered despite a 1.7 million decline in subscribers to 277.9 million. This was largely due to the decline in subscribers in MTN Nigeria as a result of the restriction on all new SIM activations in the market under revised registration regulations in Nigeria. By way of background, overall subscribers in the Nigerian market declined by 12.0 million in Q1, according to the Nigerian Communications Commission (NCC). In this context active data subscribers increased by 1.3 million to 115.6 million, while MoMo customers increased by 0.2 million to 46.6 million. Across the Group our instant messaging platform ayoba ended the quarter at 5.3 million monthly active users as we focused on improving the user experience for Android-based devices.

Excluding Nigeria, growth in total subscribers, active data subscribers and MoMo subscribers increased by 3.4 million, 1.3 million and 0.3 million respectively in Q1. On 19 April 2021, the suspension on issuing new SIMs and various other activities were lifted subject to adherence with the regulator’s stipulated guidelines.

In driving our platform strategy, MoMo active monthly users grew by 32.9% YoY while the average volume of transactions processed through our fintech platform was up 46.7% YoY to 16 567 per minute and the value of transactions increased by 86.6% to US\$53.2 billion. As we establish our payment platform, the number of active merchants accepting MoMo payments doubled YoY to 521 000 while the total value of MoMo merchant payment (gross merchandise value – GMV) rose by approximately 299.2% to US\$4.8 billion. In Nigeria we added 54 000 agents to end the quarter with 449 146 registered MoMo agents.

The total value of remittance grew by 160.5% to US\$552 million in Q1; in addition, we facilitated a total loan value of US\$231.5 million, a 27.7% YoY increase. At the end of Q1, our InsurTech platform counted 12.6 million registered insurance policies reflecting growth of 66.7%.

The fintech separation project is progressing well, in line with our Ambition 2025 strategy. MTN Rwanda recently received a license to operate a separate fintech entity bringing the number of separated entities to 12 (out of 16 fintech markets). We continue to progress our work in establishing the Topco structure for fintech and anticipate that the process of establishing a separated Group fintech structure will be completed before the end of Q1 2022.

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GlobalConnect's fibre development and separation projects are also progressing well with the first FibreCo established in Zambia. We have rolled out more than 2 000 km of additional fibre in Zambia, and concluded new cross-border links in Ghana, Cote d'Ivoire, and Uganda. Through a combination of growing subsea cables and the largest fibre network on the continent, we are building scale infrastructure assets to meet explosive growth in data traffic and an accelerating digital economy in Africa.

In continuing to drive our industry-leading connectivity business, we recorded voice and data revenue growth of 7.0% and 32.7% respectively amid sustained demand for work-from-home services, digital entertainment as well as online education offerings. In the streams leading our push into platforms, we delivered growth in fintech and digital revenue of 31.1% and 32.3% respectively, supported by increased adoption and usage of our digital channels and offerings. Fintech revenue contributed 8.7% to total Group service revenue. Wholesale revenue grew by 55.6% on the strength of national roaming in MTN SA.

Group leverage remained comfortably within covenant limits, improving to 0.6x, from 0.8x at 31 December 2020. Holding company (Holdco) leverage remained hampered by delays in cash upstreaming from MTN Nigeria but improved slightly to 2.1x, from 2.2x at December 2020. The faster deleveraging of our Holdco is a key priority. We continued to invest in building our 'second to none' technology platforms in deploying R6.4 billion of capex in Q1.

IHS remains key to our asset realisation programme (ARP) and we are confident of making progress on realising this asset in the short-term. In line with IHS' public statement in August 2020, IHS continues to explore an IPO of its shares subject to regulatory approvals and market conditions remaining favourable.

MTN SA continues its work in exploring a potential sale and leaseback of its passive tower infrastructure. Having issued invitations to offer expressions of interest in this regard, MTN SA has received over 20 responses and has engaged financial advisors to assist with the process. We anticipate that this process will be concluded by the end of Q3 2021.

MTN Rwanda listed on the RSE on 4 May 2021, making history by being the first mobile network to list shares and enable investors to trade them directly on the RSE. Enabling Rwandans the opportunity to participate in the Company's success is part of our work to promote local ownership and participation in MTN businesses across our markets. This ambition to create shared value is a key pillar of our strategic framework.

On 26 April 2021 MTN was named as one of the final two bidders for a new telecom licence to operate in Ethiopia, along with equity partners including China-based Silk Road Fund. This is an exciting growth opportunity, in Africa's second most populous country and represents the last and largest telco liberalisation opportunity in the world. MTN's participation in the process aligns with its strategy to capture growth from digital acceleration across the continent and is guided by its capital allocation framework and the market entry opportunity meeting internal project IRR hurdles.

Our potential entry into the market would be in a risk-mitigated manner and through partnerships to ensure that the opportunity is pursued while remaining committed to the enhanced medium-term targets and guidance. In our equity partnership-based bid, we envisage ultimately holding approximately 56% of the equity in the potential new business with the equity partners holding the balance, should our bid be successful.

Looking ahead, we are focused on executing our Ambition 2025 strategy, driving growth, de-leveraging the Holdco balance sheet and unlocking value, while navigating the impacts of the pandemic. Our capex guidance for 2021 is maintained at R29.1 billion. This aligns with our commitment to continue investing in the capacity and resilience of our networks as well as scaling our platforms to drive accelerated growth in our business. We remain committed to our disciplined capital allocation framework."

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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 (SEA) region, the West and Central Africa (WECA) region and the Middle East and North Africa (MENA) region and their respective underlying operations.

*The **SEA** region includes Uganda, Zambia, Rwanda, South Sudan, Botswana (joint venture-equity accounted), eSwatini (joint venture-equity accounted) and Business Group. The **WECA** region includes Ghana, 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.*

*In line with MTN Group's strategy that was announced in March 2021, MTN Ghana results have been reported under the **WECA** region effective 1 January 2021 (previously included in SEAGHA region). Prior year numbers have been restated for **SEA** and **WECA** accordingly.*

MTN Syria results have been disclosed up to February for 2021 and 2020, as a result of derecognition effective February 2021.

COVID-19 pandemic impact on the business

Given the flux in lockdown restrictions in some markets and ongoing uncertainty around COVID-19 impacts, we continue to manage the risks of the pandemic. Our focus remains on four key areas, namely: social (our people, communities and stakeholders); commercial (including our customers); network and supply chain; and funding and liquidity.

Social

The health and safety of our people remains our priority. We are empowering them to work from home and strict protocols are in place for those who cannot work remotely. As at 31 March 2021, we had reported 1 557 COVID-19 infections and mourned the loss of 11 MTN employees across our markets.

We remain committed to safeguarding the wellbeing of our staff, customers and communities through initiatives such as the MTN Global Staff Emergency Fund and various **Yello** Hope packages. We also provide ongoing support for healthcare and government relief efforts in the fight against COVID-19 through our foundations. MTN also continues to support the African Union's (AU) efforts to immunise Africa's healthcare workers against COVID-19 through, for instance, the US\$25 million sponsorship of vaccine programmes announced in January 2021.

Commercial

Although trends have eased from the peaks of 2020, our key commercial metrics remained resilient in Q1.

Group data traffic (including Iran) was approximately 67.0% higher YoY, with large increases in MTN SA (up 76.3% YoY), MTN Nigeria (up 86.7 YoY) and MTN Ghana (up 64.0% YoY). Voice traffic, which experienced the most pressure early on in the pandemic, continued its healthy recovery. Group voice traffic was up by 11.6% YoY, MTN SA was down by 3.0%, however, overall traffic growth was supported by MTN Nigeria (up 8.7% YoY) and MTN Ghana (up 16.5% YoY), in terms of the larger markets.

Group fintech transaction volumes were up by 46.7% YoY and the value of fintech transactions in US\$ terms was 86.6% higher. In some of our markets, MTN continues to zero-rate transaction fees to support customers and drive increased adoption.

The trajectory of our commercial trends in 2020 started to reflect the impacts of COVID-19 from Q2. We therefore expect trends to be impacted for the remainder of the year as we lap the base effects from the prior year. The initial reaction in 2020 was a weakening of many of our commercial KPIs before they recovered strongly from the latter parts of H2.

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Network and supply chain

We remain focused on expanding our network coverage and ensuring its resilience. Since lockdowns restrictions have eased, we continue our work to rollout sites and meet our capex target for the year. As at 31 March 2021, we had rolled out 940 3G and 2 626 4G sites respectively. In the quarter, the headroom on our data networks was approximately 29.0% in South Africa, 38.0% in Nigeria and 27.0% in Ghana.

Funding and liquidity

We continue to build the resilience of our balance sheet through the acceleration of our portfolio transformation and Holdco deleveraging. Managing liquidity and our funding mix remain key priorities. At 31 March 2021, Group net debt was R44.6 billion, supported by an improved operational cash position. Our net debt-to-EBITDA ratio was 0.6x, well within our covenant of 2.5x. Our interest cover was 5.9x, comparing favourably with the covenant limit of no less than 5.0x.

At the Holdco level we sustained a healthy liquidity position, with Holdco net debt of R41.4 billion. At the end of March 2021, our Holdco leverage was 2.1x, affected mainly by the delay of cash upstreaming from MTN Nigeria because of challenges in securing foreign currency.

During Q1, we upstreamed R2.7 billion from our Opcos, which was in line with expectations. As noted, Nigeria remains the notable exception with no cash upstreamed during the quarter, however we continue to work on securing foreign currency to upstream. At 31 March 2021, the dividends that had accrued to the Group and are yet to be upstreamed from Nigeria amounted to NGN118.5 billion (approximately R4.3 billion). The final FY 20 dividend declared by MTN Nigeria, to which the Group's net portion amounts to NGN87.5 billion (approximately R3.2 billion), is subject to approval by MTN Nigeria's shareholders at its annual general meeting, scheduled for 7 June 2021.

We approach liquidity management prudently with a clear focus on cash preservation. At 31 March 2021, our Holdco liquidity headroom stood at approximately R42.1 billion – comprising R17.1 billion in cash (excluding the restricted cash in Nigeria) and R25.0 billion in committed, undrawn credit facilities.

Our medium-term focus is to deleverage faster through reducing our exposure to US dollar debt and improving the funding mix at the Holdco level. By the end of March 2021, we had made good progress in this respect and repaid our USD term loan debt of US\$150 million of which US\$75 million was an early settlement. We continue to focus on strategies to optimise our funding mix and improve liquidity to meet the ongoing needs of the business.

MTN South Africa

MTN SA delivered a solid performance, with service revenue up 11.8% YoY. This was achieved through ongoing momentum in commercial execution, market share gains and cost optimisation. All core business units: consumer business unit (CBU) prepaid, CBU postpaid, EBU and wholesale showed strong and sustained growth for the quarter.

Total subscribers increased around 95 000 in the quarter to 32.1 million with postpaid subscribers up around 79 000 to record a base of 6.8 million, including IoT. This was driven mainly by competitive offerings and stabilised churn. The prepaid subscriber base closed at 25.3 million, with over 16 000 subscribers added in the quarter.

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Overall mobile **data** revenue grew by 18.5% driven by robust data traffic growth, which increased by 76.3%. This momentum in traffic volumes was supported by the continued availability of temporary high demand spectrum assigned by the Independent Communications Authority of South Africa (ICASA) to operators in the country. During Q1, the effective data tariff reduced by a further 33.0% as MTN SA continued to fulfil its commitment to improving affordability of data for its customers. An active prepaid data subscriber now consumes approximately 2GB of data, on average, with the active postpaid data subscriber using nearly 10GB of data per month.

MTN SA's **consumer prepaid** business expanded its service revenue by a solid 4.4% in Q1, benefiting from subscriber growth and an increase in usage. The higher usage resulted from a strong performance in recharges across our distribution channels and was further stimulated by solid commercial execution of MTN SA's customer value management (CVM) initiatives.

The **consumer postpaid** business remained resilient in a highly competitive trading environment. Service revenue growth of 10.5% was achieved mainly through healthy subscriber growth, well-managed churn and driving competitive deals in the market where the uptake of MTN SA's data first offers remained particularly robust.

The **enterprise business** recorded another solid quarter of double-digit growth with service revenue up 17.3% on the back of ongoing demand for work- and learn-from-home solutions. This brings the enterprise business to its seventh consecutive quarter of growth. The pace of enterprise service revenue growth could moderate for the remainder of the year due to base effects in 2020. The run-rate from Q2 in the prior year saw a notable increase in demand for enterprise solutions spurred by the national COVID-19 lockdown, including some short-term university deals.

At the end of March 2021, the National Treasury appointed MTN SA as a service provider to the national government. This provides an additional growth opportunity for the MTN SA to leverage the investment in its industry-leading network to offer innovative products and services in support of government's telecommunication requirements.

Wholesale revenue increased by 103.0%. This was driven by both the base effects of the Cell C national roaming agreement, which was substantially lower in Q1 2020, as well as the transition plan and timely cash payments by Cell C in the current year. Revenue recognition remains on the cash basis as Cell C continues to work towards its recapitalisation. Wholesale revenue growth is expected to abate for the remainder of the year due to the base effects of the recovery in national roaming revenue from Q2 2020 onwards. Excluding the impact of national roaming, MTN SA grew service revenue by 7.6% while R350 million of Cell C national roaming revenue remained unrecognised as at 31 March 2021.

MTN SA produced a healthy **EBITDA** margin of 39.8%, up by 3.2pp, supported by the strong service revenue growth, as well as the implementation of smart commissions models and the execution of the expense efficiency programme. The EBITDA margin for the remainder of the year, and particularly Q2, will be impacted by base effects as device volumes declined materially in the comparable period in 2020 due to COVID-19 effects. This supported the margin in the base, although MTN SA continues its work to manage the margin of its device sales to strengthen underlying profitability. MTN SA grew EBITDA by 22%.

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Since its launch in South Africa in January 2020, **MoMo** has performed well, with approximately 3.1 million registered users at 31 March 2021. The focus remains on scaling the MoMo business and deepening financial inclusion through driving adoption as well as innovative and relevant service offerings.

MTN has retained and strengthened the leading position as **Best Network** in the country and in each major metropolitan area (Johannesburg, Tshwane, Cape Town, Durban), per the MyBroadband network quality survey.

For the rest of the 2021 outlook, the challenges facing consumers in a tough macroeconomic environment remain a factor and MTN SA remains committed to delivering innovative and attractive products and services.

MTN Nigeria

MTN Nigeria made significant progress, building on its growth momentum, delivering service revenue growth of 17.2%. This performance was largely supported by growth in data and voice revenue and was achieved despite a 5 million decline in subscribers to 71.5 million. This was due to the effects of customer churn and the regulatory restrictions on new SIM sales and activations.

Voice revenue growth was strong at 5.0%, supported by an 8.7% increase in traffic and customer value management initiatives. The impact on voice revenue of the industry-wide suspension of new SIM registration in mid-December was partly offset by increased usage by active SIMs in the base, and a migration to higher quality of experience.

Data revenue maintained the positive momentum from Q4 2020, rising by 42.6% YoY. This was led by increased usage and traffic, supported by 4G penetration and increased network capacity following the acquisition and activation of an additional 800MHz spectrum in March 2021. In line with MTN Nigeria's 4G acceleration, 4G network now covers 61.8% of the population – up from 60.1% in December 2020. MTN Nigeria added approximately 1.2 million new smartphones to its network, bringing smartphone penetration to 47.5% of our base, up from 45.9% in 2020.

Fintech revenue rose by 28.5%, driven by increased adoption of Xtritime and core fintech services. MTN Nigeria continues to expand its MoMo agent network and broaden our service offerings to include assisted withdrawal irrespective of the bank where the account is domiciled. Registered MoMo agents increased by 54 000 to 449 146. The volume of transactions processed was over 24 million in the quarter, up more than four times YoY, from an active base of 4.6 million subscribers.

Digital continued to gain traction with the uptake of products and services as well as the structural turnaround in the business. As a result, digital revenue rose by 101.0%, supported by growth in rich media and value-added services, while the active user base was largely flat at 2.8 million.

The **enterprise** business continued its recovery from the impact of the COVID-19 lockdown as economic activity improved. However, service revenue for enterprise was largely flat YoY mainly due to the non-recognition of USSD revenue in Q1. Normalised growth (excluding USSD revenue) was 2.6%. MTN Nigeria continues to engage with the NCC, Central Bank of Nigeria (CBN) and deposit money banks (DMBs) to conclude the operational modalities for the new pricing framework that has been agreed upon for USSD services. The mechanism for and timing of the recovery of the industry-wide outstanding debts that exist for USSD services provided to the DMBs, of which approximately N40.2 billion (approximately R1.5 billion) was due to MTN Nigeria as at end of Q1, form part of this process.

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In addition, MTN Nigeria remains in dialogue with the DMBs on a pricing option for airtime sales commission, while diversifying airtime recharge channels to offer subscribers more options to purchase airtime and stay connected.

Expenses rose by 16.1% mainly driven by a 21.4% increase in **operating expenses** arising from an accelerated site rollout and the effects of Naira depreciation on lease rental costs. The overall increase in expenses was partly mitigated by the comparatively moderate growth of 7.8% in cost of sales following the suspension of new SIM sales and activations. As a result, **EBITDA** rose by 17.8%, supported by revenue growth, with the EBITDA margin expanding by 0.4pp to 53.1%.

Southern and East Africa (SEA)

SEA region delivered double-digit top line growth in most of its markets, with overall service revenue increasing by 28.4%. This result demonstrated the region's resilience as it was achieved in the context of challenging trading conditions. The reinstatement of lockdown regulations, restrictions and curfews led to lower levels of economic activity in many of the markets. The region's performance reflected strong growth in data revenue (up 44.6%) across the region and a 0.9 million QoQ increase in subscribers to 33.8 million.

MTN Uganda's performance was hampered by the implementation of some service restriction orders (SROs) restrictions in January 2021, which negatively affected data and fintech services. Service revenue grew by 3.8% with growth in voice revenue (up 2.6%), data revenue (up 3.2%) and fintech revenue (up 6.7%). The trajectory into the end of Q1 was, however, encouraging with the reinstatement of some services which has supported a gradual improvement in service revenue. The EBITDA margin widened by 2.8pp to 51.2% through the delivery of expense efficiencies.

MTN Rwanda achieved a significant milestone in listing on the RSE on 4 May 2021. For the quarter, the trading environment was impacted by COVID-19 with lockdown restrictions reintroduced during the first part of Q1. MTN Rwanda delivered a resilient performance despite the challenges, growing service revenue by 21.0% and improving EBITDA margin by 2.9pp to 51.4%, supported by tight management of costs.

The **SEA** portfolio recorded a blended EBITDA margin of 48.9% in Q1, which was up by 4.2pp.

West and Central Africa (WECA)

A number of the markets within the **WECA region** operate in challenging political, economic and trading environments. Despite this, the region reported service revenue growth of 14.3% for the quarter, well above the region's blended average inflation of approximately 6.5%. The overall service revenue performance was enabled by a 1.3 million QoQ increase in subscribers to 64.9 million, and solid growth in data, fintech and digital revenue.

MTN Ghana's operational performance for the first quarter was anchored on strong commercial execution, with service revenue growing by 22.4%. This result reflected an improvement in voice (up 3.3%), supported by growth in subscriber base and execution of customer value management initiatives. Data revenue growth was strong (up 40.3%), driven by the continued demand of data resulting in an increase in active data users, smartphones and data usage.

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The robust fintech revenue growth of 46.0% was driven by an increase in MoMo users, higher person-to-person (P2P) transactional activity and advanced services such as retail merchant payments, insurance, and international remittances. The EBITDA margin for MTN Ghana increased by 1.2pp to 54.6%, supported by various expense efficiency initiatives including enhanced penetration of electronic distribution channels and optimising network costs.

MTN Côte d'Ivoire recorded a 9.4% increase in service revenue through active marketing and the successful transformation of sales and distribution, resulting in market share gains in a highly competitive environment. The operation delivered double-digit revenue growth in data (up 47.0%), fintech (up 25.7%) and digital (up 22.7%). Voice revenue declined 4.5% due to pricing pressures. The EBITDA margin declined by 1.1pp to 34.3%.

MTN Cameroon's service revenue grew by 8.7% in a challenging environment as the conflict in the Northwest/Southwest regions continued. The growth in service revenue was supported by an increase in data revenue (up by 22.9%) and fintech revenue (up 41.1%) which benefited from CVM initiatives and pricing optimisation across products. Voice revenue declined 4.4% mainly due to aggressive pricing propositions resulting in a decline in effective rate per minute. The EBITDA margin for MTN Cameroon expanded by 3.7pp to 36.3%, lifted by expense efficiencies.

Excluding MTN Ghana, the **WECA** markets grew service revenue by 9.6% and delivered a 2.1pp improvement in EBITDA margin to 33.4% in Q1.

Middle East and North Africa (MENA)

The performance delivered by the **MENA region** remained resilient notwithstanding ongoing challenges in the operating environment, with double-digit service revenue growth of 36.3%. This was mainly supported by strong growth in data revenue and an increase in active data users. Total subscribers (excluding MTN Irancell) increased by 0.4 million in the quarter to 26.4 million.

MTN Sudan increased service revenue by 142.9%, underpinned by growth in voice (up 140.7%) and data (up 167.8%) on the back of re-pricing. The EBITDA margin declined by 1.8pp to 35.7% due to the material devaluation of the official exchange rate in the country, which in turn resulted in cost increases that could not be fully recovered.

The **MENA** portfolio recorded a blended EBITDA margin of 26.6% in Q1, which was down by 3.7pp.

MTN Irancell, our equity-accounted joint venture, delivered solid results in a challenging environment. Service revenue grew by 41.2%, supported by increased data revenue. The EBITDA margin widened by 1.5pp to 39.3%.

Despite the impact of COVID-19 on the **Iran Internet Group**, ride-hailing app Snapp remained the market leader, ranking among the top ride-hailing apps globally with almost 2.5 million daily rides. Snapp Box is the leading last-mile delivery network in the country with 200 000 orders each day. Food delivery app Snappfood orders grew 111% YoY; it leads the market with almost 200 000 daily orders. Snapp market orders grew by 98% YoY and remains the leading supermarket delivery app in the country.

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Portfolio optimisation and asset realisation programme (ARP)

Our ARP, launched in March 2019 and enhanced in March 2020, aims to reduce debt, simplify our portfolio, reduce risk and improve returns. Our stated target for the ARP is to realise proceeds of at least R25 billion over three to five years. MTN's broader portfolio transformation ambition is to accelerate these objectives to actualise our focus on pan-Africa, support our shared value objectives and structure the business to reveal value.

IHS is key to our ARP and we are confident of making progress on realising this asset in the short-term. In line with IHS' public statement in August 2020, IHS continues to explore an IPO of its shares subject to regulatory approvals and market conditions remaining favourable. At present, demand for infrastructure assets remains strong and conditions in the US equity market remains favourable for a listing.

MTN SA has issued interested parties with an invitation to offer non-binding expressions of interest to the Company, as it explores the potential sale and leaseback of its passive tower infrastructure. Both global and local intermediaries have been engaged by MTN SA to act as financial advisors in connection with the proposed transaction. Following the initial announcement in 2020 regarding the potential transaction, MTN SA has received over 20 expressions of interest from a wide and varied set of industry players, both in South Africa and internationally, and we expect the process to be concluded by the end of Q3 2021.

MTN Rwanda's earlier-mentioned listing on the RSE on 4 May 2021 is an important step towards broadening local participation in Rwanda's leading mobile network operator and deepening the capital markets in the country. We believe it will help establish the basis for a new and emerging technology asset class on the RSE.

As noted, MTN is one of the final two bidders for a new telecom licence to operate in Ethiopia, along with equity partners including China-based Silk Road Fund. Our participation in this bid is aligned with our pan-Africa focus and capital allocation framework.

Update on regulatory and legal considerations

Spectrum allocation and auction in South Africa

On 2 October 2020, ICASA released the Invitation to Apply (ITA) for spectrum auction. The planned auction has been put on hold due to pending litigation. MTN SA remains optimistic that the pending litigation is resolved soon and that all parties will engage constructively to enable the auction to proceed. MTN SA has agreed to ICASA's proposal to work towards entering settlement negotiations with the regulator to find a mutually acceptable solution on the narrow concerns raised by MTN SA regarding the ITA. These concerns relate to the inclusion of the vital 3.5GHz "5G anchor band" in the opt-in round and the exclusion of MTN from participating in the opt-in round, due to the arbitrary Tier 1 and Tier 2 classification.

The temporary spectrum allocated at the start of lockdown has continued to significantly ease the congestion in hotspots across the country where data traffic has surged. MTN SA is currently in engagements with ICASA to further extend the temporary spectrum until it has finalized the spectrum auction. The temporary spectrum has allowed MTN SA to zero-rate over 1 000 health, education and job websites, helping more than 5 million financially vulnerable South Africans each month as they navigate this demanding period.

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SIM registration in Nigeria

On 9 December 2020, the National Communications Commission's (NCC) suspended the sale and activation of new SIM's for all operators in Nigeria. On 15 December 2020 the NCC further directed operators to update SIM registration records with national identification numbers (NIN's) for every SIM connected to networks in Nigeria. The NCC has extended the deadline to complete this a number of times.

Nigerian Federal Ministry of Communications & Digital Economy (FMoCDE), completed a general policy for the communications sector in the country and, on 19 April 2021, the suspension on issuing new SIMs and various other activities was lifted subject to adherence with the regulator's stipulated guidelines.

Thus far, MTN Nigeria has made good progress with more than 35 million subscribers having submitted their NINs as at 30 April 2021, representing approximately 50% of its subscriber base 63% of service revenue. MTN Nigeria is also actively supporting the Government's NIN enrolment programme, with 182 points of enrolment active across the country. It is working with NIMC to increase the enrolment centres to provide an access point for as many Nigerian as possible.

On 4 May 2021, the Federal Government approved an extension of the deadline for NIN registrations to the 30 June 2021.

Classification of MTN Ghana as a significant market power

Since October 2020, MTN Ghana has applied a 30% asymmetrical interconnect rate, effective for two years, in line with a directive from the National Communications Authority (NCA) which followed its classification of MTN Ghana as a significant market power. MTN Ghana remains in constructive discussions with the NCA and will update stakeholders on any significant developments.

MTN Afghanistan anti-terrorism complaint

On 5 February 2021, MTN Group filed a reply in support of its September 2020 request that the court dismiss MTN from a civil case filed against it in 2019, which had asserted claims for civil monetary relief under the U.S. Anti-Terrorism Act. MTN had requested that the court dismiss the complaint for two independent reasons: firstly, the court lacks jurisdiction over MTN, which does not operate in the United States, and secondly, the complaint does not allege any conduct by MTN that violated the Anti-Terrorism Act.

The February reply followed the response on 8 December 2020 by the plaintiffs to MTN separately from other defendants because of MTN's distinctive arguments as a telecommunications Company with no presence in the United States, including that it argues that it is not subject to the U.S. court's jurisdiction. In its written reply in February, MTN reiterated its position that the case should be dismissed because the plaintiffs cannot establish jurisdiction over MTN in the United States or plead a viable claim under the U.S. Anti-Terrorism Act.

Now that MTN has filed its reply, the next step is for the court to review the motion and make a determination. A District Judge presides over the case with the assistance of a Magistrate Judge. The Magistrate Judge will first issue a recommendation to the District Judge on how to decide the motion to dismiss, and then further proceedings before the District Judge are possible. The judges could schedule a hearing for the parties to make oral submissions or decide the motion on the written filings alone. There is no set timetable for the court's ruling on the motion.

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

MTN Syria under judicial guardianship

On 17 February 2021, a lawsuit was filed before the Administrative Court of Damascus by the Syrian Ministry of Telecommunications and the Syrian Telecommunications and Post Regulatory Authority seeking interim measures against MTN Syria. On 25 February 2021, the Court placed MTN Syria under judicial guardianship, appointing the Chairman of Tele Invest (MTN Syria's minority shareholder) as the judicial guardian with responsibility for managing the day-to-day operations of MTN Syria. This decision was affirmed as final on 9 March 2021, following an appeal by MTN of the Court's decision.

The appointment of the judicial guardian has significantly reduced the Group's ability to direct MTN Syria's activities and therefore, for accounting purposes, the Group is deemed to have lost control over MTN Syria. The Group has thus deconsolidated MTN Syria's net assets of R1.0 billion, derecognised the related non-controlling interest and reclassified accumulated foreign currency translation losses of R5.3 billion to profit or loss in line with the accounting policy. The total negative impact on the income statement is R6.3 billion on a reported currency basis. There has been no impact on the cash flows.

MTN Group remains committed to its orderly exit of the Middle East, with current engagements and focus on Syria, Yemen and Afghanistan.

Outlook

We are pleased with the resilient performance delivered across our markets in Q1, despite the challenging trading environment and ongoing uncertainties surrounding COVID-19 impacts. Our focus remains on the ongoing support of our various stakeholders through the pandemic, managing the risks in our trading environments as well as investing in the resilience, capacity and quality of our networks. As we continue to navigate the effects of the pandemic on our operating context, we also focus on seizing the opportunities presented to accelerate digital and financial inclusion in our markets and capture the growth to deliver on our medium-term targets.

We are committed to accelerating growth in our business through the scaling of our platforms and sustaining our industry-leading connectivity operations – including the acceleration of MTN SA and MTN Nigeria. We will continue to execute on our expense efficiency programme to drive our profitability and cash flows. The strengthening of our financial position is an ongoing priority including accelerating the deleveraging of our Holdco balance sheet as well as protecting liquidity and preserving cash. In achieving this objective, we will continue to focus our efforts on upstreaming cash from our markets, particularly Nigeria, and executing on our ARP and portfolio transformation strategy.

The capacity and resilience of our networks and technology platforms remain key to execution of our strategy to deliver sustainable growth across our operations. In support of this objective, we target capex of approximately R29.1 billion for 2021 – this is unchanged from prior guidance.

We are excited about executing on our Ambition 2025 strategy, which we believe will position the business to capture exciting opportunities across our markets and accelerate growth and value unlock.

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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.

The full financial results are available on the MTN's website at:

<https://www.mtn.com/investors/financial-reporting/quarterly-trading-update/>

Fairland

05 May 2021

Lead sponsor

JP Morgan Equities (SA) Proprietary Limited

Joint sponsor

Tamela Holdings Proprietary Limited

MTN Group Limited

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Subscribers Including WIMAX ('000)

Country	1Q20	2Q20	3Q20	4Q20	1Q21
South Africa	28 966	29 028	30 893	32 002	32 097
Postpaid	6 270	6 572	6 570	6 750	6 829
Prepaid	22 696	22 455	24 323	25 252	25 268
Nigeria	68 489	71 105	75 025	76 548	71 512
SEA	29 321	29 815	31 722	32 910	33 790
Uganda	13 196	13 016	13 701	14 198	14 667
Rwanda	5 205	5 407	5 896	6 076	6 162
Zambia	6 941	7 263	7 815	8 203	8 374
South Sudan	1 314	1 421	1 554	1 694	1 829
Botswana (joint venture)	1 709	1 763	1 787	1 750	1 764
eSwatini (joint venture)	957	945	968	990	995
WECA	57 314	58 556	61 962	63 563	64 912
Ghana	20 674	21 517	23 384	24 399	24 982
Cameroon	10 182	10 316	10 761	10 251	10 062
Côte d'Ivoire	12 220	12 219	12 789	13 223	13 601
Benin	5 624	5 648	5 582	5 783	5 975
Guinea-Conakry	3 563	3 763	3 997	4 252	4 561
Congo-Brazzaville	2 808	2 763	2 935	3 069	3 135
Liberia	1 380	1 463	1 615	1 698	1 731
Guinea-Bissau	863	868	900	889	865
MENA	73 237	72 955	73 846	74 589	75 618
Iran (joint venture)	47 112	47 575	48 286	48 608	49 206
Syria	5 726	5 693	5 681	5 660	5 704
Sudan	9 447	9 143	9 286	9 602	9 817
Yemen	4 313	4 222	4 327	4 546	4 591
Afghanistan	6 638	6 322	6 267	6 173	6 299
Total subscribers	257 327	261 458	273 448	279 612	277 929

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ARPU

(Local currency)

Country	1Q20	2Q20	3Q20	4Q20	1Q21
South Africa	100.75	106.62	105.30	104.75	97.32
Postpaid	127.98	137.44	137.61	142.85	137.80
Postpaid (<i>excluding telemetry</i>)	270.17	281.80	276.93	291.24	274.85
Prepaid	79.94	82.96	82.38	80.96	74.39
Nigeria	1 575.94	1 429.51	1 467.02	1 531.84	1 643.34
SEA					
Uganda	11 583.00	10 565.00	11 580.00	11 478.00	10 886.00
Rwanda	2 017.96	1 962.83	2 372.04	2 094.19	2 101.65
Zambia	26.89	28.99	30.85	29.63	26.67
South Sudan	1 490.42	1 617.43	1 683.81	2 131.25	2 657.40
Botswana (joint venture)	76.36	73.00	76.23	80.75	74.42
eSwatini (joint venture)	107.49	111.49	118.27	122.96	117.46
WECA					
Ghana	23.41	22.79	22.84	22.81	23.25
Cameroon	1 804.00	1 711.00	1 737.00	1 888.00	2 007.00
Côte d'Ivoire	1 988.14	1 966.35	2 012.77	2 022.55	1 999.08
Benin	2 937.03	2 891.71	3 027.70	3 191.78	3 057.79
Guinea-Conakry	19 868.37	18 625.72	18 463.96	18 206.49	18 217.32
Congo-Brazzaville	3 493.22	3 193.36	3 613.98	3 420.03	3 171.99
Liberia	2.89	2.85	2.91	3.00	3.14
Guinea-Bissau	1 519.86	1 515.50	1 357.74	1 357.32	1 500.73
MENA					
Iran (joint venture)	229 864.04	263 572.72	281 965.00	293 783.00	309 633.00
Syria	1 353.71	1 575.63	1 894.15	2 113.17	2 328.92
Sudan	74.85	83.09	98.36	129.60	214.71
Yemen	1 133.11	1 066.45	1 132.06	1 172.66	1 128.16
Afghanistan	131.51	130.13	146.50	144.27	146.14

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ARPU (US dollar)

Country	1Q20	2Q20	3Q20	4Q20	1Q21
South Africa	6.48	5.96	6.19	6.63	6.47
Nigeria	4.28	3.69	3.79	3.93	4.08
SEA					
Uganda	3.10	2.80	3.14	3.08	2.97
Rwanda	2.16	2.06	2.45	2.12	2.11
Zambia	1.75	1.58	1.63	1.43	1.23
South Sudan	9.24	9.94	10.21	12.19	14.84
Botswana (joint venture)	6.91	6.10	6.50	7.18	6.62
eSwatini (joint venture)	6.92	6.23	6.96	7.78	7.81
WECA					
Ghana	4.19	3.90	3.91	3.88	3.99
Cameroon	3.04	2.88	3.11	3.42	3.70
Côte d'Ivoire	3.35	3.31	3.60	3.66	3.68
Benin	4.95	4.87	5.41	5.78	5.63
Guinea-Conakry	2.12	1.97	1.92	1.85	1.81
Congo-Brazzaville	5.89	5.38	6.46	6.18	5.84
Liberia	2.89	2.85	2.91	3.00	3.14
Guinea-Bissau	2.56	2.55	2.43	2.46	2.76
MENA					
Iran (joint venture)	1.84	1.81	1.51	1.17	1.30
Syria	2.81	1.98	1.51	1.68	1.85
Sudan	1.46	1.51	1.78	2.35	0.99
Yemen	2.96	2.67	2.83	2.93	2.82
Afghanistan	1.73	1.69	1.90	1.87	1.89

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Average exchange rates

ZAR: local currency	1Q21	1Q20	ZAR:LC strengthening/ (weakening) %
Nigerian naira	26.80	23.73	12.9
Iranian rial	15 822.88	8 048.21	96.6
Ghanaian cedi	0.39	0.36	8.3
Cameroonian franc	36.19	38.04	(4.9)
Ugandan shilling	244.26	238.29	2.5
Syrian pound	82.65	31.53	162.1
Sudanese pound	9.30	3.29	182.7
USD: Local currency	1Q21	1Q20	LC:USD strengthening/ (weakening) %
South African rand	14.96	15.75	5.0
Nigerian naira	402.63	368.23	(9.3)
Iranian rial	237 935.87	125 216.76	(90.0)
Ghanaian cedi	5.83	5.59	(4.3)

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Service revenue Rm

Country	1Q20	2Q20	3Q20	4Q20	1Q21	Reported % change	Constant currency % change
South Africa	8 530	9 079	9 484	9 930	9 535	11.8	11.8
Nigeria	13 861	14 242	14 787	14 796	14 372	3.7	17.2
SEA	3 738	4 087	4 442	4 310	4 336	16.0	28.4
Uganda	1 952	2 021	2 190	2 104	1 979	1.4	3.8
Rwanda	561	621	746	631	616	9.8	21.0
Zambia	602	637	661	571	492	(18.3)	18.8
South Sudan	575	757	795	954	1 201	108.9	140.2
Business Group	48	51	50	50	48	0.0	4.3
WECA	10 110	11 243	11 801	11 415	11 536	14.1	14.3
Ghana	3 969	4 429	4 502	4 225	4 499	13.4	22.4
Cameroon	1 507	1 637	1 733	1 763	1 731	14.9	8.7
Côte d'Ivoire	1 949	2 175	2 322	2 283	2 253	15.6	9.4
Benin	1 287	1 458	1 563	1 539	1 497	16.3	10.0
Guinea-Conakry	345	389	382	365	362	4.9	16.0
Congo-Brazzaville	756	808	948	887	828	9.5	3.9
Liberia	185	221	233	239	248	34.1	39.3
Guinea-Bissau	112	126	118	114	118	5.4	(0.8)
MENA	2 560	2 585	2 519	2 738	2 071	(19.1)	36.3
Syria	776	618	444	456	308	(60.3)	67.4
Sudan	641	758	839	1 057	634	(1.1)	142.9
Yemen	604	617	621	670	593	(1.8)	5.7
Afghanistan	539	592	615	555	536	(0.6)	4.5
Joint ventures	–	–	–	–	–		
Iran	1 997	2 292	1 849	1 343	1 435	(28.1)	41.2
Botswana	286	274	336	292	283	(1.0)	1.1
eSwatini	94	97	105	110	107	13.8	14.3
Equity accounting exclusion	(2 378)	(2 663)	(2 290)	(1 745)	(3 822)		
Head offices, GlobalConnect and eliminations	47	308	260	285	411		
Total	38 846	41 545	43 293	43 474	42 261	8.8	17.8
Hyperinflation	(177)	33	650	2 408	(300)		
Total including hyperinflation	38 669	41 578	43 943	45 882	41 961	8.8	17.8

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EBITDA margin

Country	1Q20 %	2Q20 %	3Q20 %	4Q20 %	1Q21 %	Constant currency %
Group	59.4 [^]	40.0	43.3	39.8	32.6*	44.2
South Africa	36.6	43.3	38.2	38.3	39.8	39.8
Nigeria	52.7	49.7	50.6	50.7	53.1	53.1

* Includes gain on disposal of BICS (R1.2 billion) and loss on derecognition of MTN Syria (R6.3 billion).

[^] Includes gain on disposal of tower companies. Constant currency EBITDA margin in 1Q20 was 42.7%.

Capital expenditure

Rm

	1Q20	2Q20	3Q20	4Q20	1Q21
Group	6 930	6 854	6 863	12 392	6 442