



MTN Group Limited

Integrated report for the year ended 31 December 2015

About this report

This integrated report is MTN Group Limited's (MTN, the Group or Company) primary communication to shareholders. It is also useful to other stakeholders interested in MTN's ability to ensure a **sustainable business in the future**. It explains **who we are, how we are governed and how we implement our strategy to create value**. It gives our **Group performance in 2015** and our **prospects**.

This year, in our effort to tell the MTN story more thoroughly, we provide a more detailed discussion of the most **material issues** the Company faced in the year (p 11) and what actions these prompted. This material issues section also provides details of the **environment in which we operate**, so to avoid duplication, we have removed the separate operating context page which had appeared in the 2014 report. Similarly, we have done away with the CFO report.

The **material issues** and our **strategy** form the golden thread that runs throughout the report. To keep our report concise, we provide supplementary information in associated reports on MTN's website. The **sustainability and corporate governance reports**, as well as a full set of the **annual financial statements (AFS) and a tax report**, are available at www.mtn.com/investors/FinancialReporting/Pages/IntegratedReports.aspx. A detailed **stakeholder engagement table** is also available online.

Scope and boundary

The content of this report addresses key developments and material matters for the period 1 January to 31 December 2015. It provides insight into factors which influence our strategy and determine our strategic priorities. It gives commentary, performance measures and prospects for the Group's strategy and main operations. Matters we consider most material determine the report's content. For details on how we define our material issues, and what they are, see p 11.

Our strategy is underscored by our strategic priorities, detailed on p 23. Strategic priorities are further developed into specific initiatives, delivery of which is quantified and evaluated against annual targets set by the Group executive committee (exco) at the start of the year. In this report we also provide our outlook on the delivery of our priorities on p 28.

When determining material issues, we consider the size of each operating company (opco). The contribution of each cluster is given on p 02 and shows that MTN Nigeria and MTN South Africa collectively account for 63% of the Group's total revenue. The CEOs of these operations therefore sit on the exco. Our large opco cluster makes up 21% of the Group's total revenue and the executive responsible for this cluster sat on the exco in 2015. For these reasons, we include more detailed 2015 performance reports for MTN South Africa, MTN Nigeria and our large opco cluster on p 32 to 41.

Given a number of changes that took effect early in 2016, we provide the composition of the board and executive committee at 2 March 2016. On p 10 we also provide details of the main changes to our organisational structure which came into effect in the new financial year.

For the purposes of this report, we have included summarised financial statements. The full AFS and the external audit report can be found at [AFS](#).

Approval by the board

The structure and layout of this report is based on guidance in the latest integrated reporting framework set by the International Integrated Reporting Council (IIRC). The report was prepared under the supervision of Group CFO Brett Goschen CA(SA). The audit committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation. The directors are responsible for the integrated report as a whole. The report was approved by the board in March 2016.

STRATEGY ICONS

MTN's strategy (p 22) is driven through five strategic themes, the icons of which are:



Creating and managing stakeholder value



Creating a distinct customer experience



Driving sustainable growth



Transforming our operating model



Innovation and best practice

Reporting principles and assurance

Financial information

In compiling the summarised financial results and AFS, the Group applies International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations as issued by the IFRS Interpretations Committee (IFRIC), and complies with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008.

In parts of this report, we include data on MTN Irancell as it is a large and important operation. However, under IFRS, this business is equity accounted for, like our businesses in Botswana and Swaziland.

The audit committee advises the board, which approves the AFS. The AFS are jointly audited by PricewaterhouseCoopers Inc. (PwC) and SizweNtsalubaGobodo Inc.

Non-financial information

Local and global standards and guidelines are used in compiling non-financial information. The key standards of reference are the JSE Listings Requirements, the Companies Act of 2008, King Code of Governance Principles for South Africa 2009 (King III), IIRC guidelines, the JSE Socially Responsible Investment Index, the United Nations Global Reporting Initiative G4 Sustainability Reporting Guidelines, the telecommunications sector supplement and the CDP standard.

Non-financial information on certain aspects of the business has been externally assured by PwC. This includes certain quality of service indicators; the outcome of the employee culture survey; CSI spend; number of whistle-blower tip-offs and net promoter score. These are included in the detailed sustainability report [SRI](#). The assurance statement is on p 118.

We welcome feedback on this report at investor_relations@mtn.co.za.



OUR VISION

To lead the delivery of a bold, new Digital World to our customers.



Who we are

MTN is a leading emerging markets mobile operator at the forefront of global technological changes. Guided by our values[†], we are delivering a bold, new Digital World[^] to our 232,5 million customers across Africa and the Middle East from our headquarters in Johannesburg.

In just over two decades, through our extensive investment in advanced communication infrastructure and by harnessing the talent of our people, we have grown rapidly to offer voice, data and digital services to retail customers in 22 countries where we have telecoms licences as well as enterprise solutions to corporate, SME and public sector customers in 25 countries. MTN is the most admired brand in Africa and the most valuable African brand[#]. With a market capitalisation of R245 billion, at end-December 2015 our Company was the sixth largest on the Johannesburg Stock Exchange.

[†] For our values, see [📄 13](#).

[^] For details of the services we offer, see [📄 20, 42 and 96](#).

[#] Brand Africa 2015.

OUR MISSION

To make our customers' lives a whole lot brighter.



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ICON REFERENCE

To make for easier reading, navigation and cross-referencing tools have been included to reference relevant pages within this book and supplementary reports on the website.



www.mtn.com/Investors/FinancialReporting/Pages/integratedReports.aspx



Refer to a page in the integrated report



Limited assurance



Material issue

* Constant currency ("organic") information.

** Reported – includes hyperinflation and relating goodwill impairment, tower profits and the Nigeria regulatory fine.

Reports online



Governance report



Sustainability report



Annual financial statements



Tax report

MTN's position

Employs
21 084
people



**Strong
financial
position**
0,54 net
debt/EBITDA

273% growth in
dividend return
in five years



Leading emerging
markets operator with
232,5 million
subscribers



**Broad range
of innovative
products and
services**



**Largest
market
share in
15
countries**



**Leading
African
brand**

Extensive
quality
infrastructure:
25 countries
across **Africa**
and the **Middle
East**



Employs
59
nationalities



R130 billion
invested in capital
projects in five years
(excluding JVs)



More than
50 licences
of various kinds



Where we operate and how we've done

In 2015, the Group's 22 operations with telecoms licences were managed in line with their contribution to Group revenue and EBITDA. Our two most significant operations were in **South Africa** and **Nigeria**, jointly contributing 63% to revenue and 68% to EBITDA.

The next tier of the business was housed in the large opco cluster. It comprised operations in **Ivory Coast**, **Ghana**, **Cameroon**, **Uganda**, **Sudan** and **Syria**. **MTN Irancell**, which is considered to be a major joint venture, is equity accounted for. The remaining 13 operations with telecoms licences made up the third tier of the business: the small opco cluster. For details of key changes to our operating structure from 1 January 2016 see [10](#).

Ivory Coast (59%)[‡]

No 1 operator

32,4% market share

Technology coverage[#]

2G – 94,5%
3G – 71,1%
WiMax – 43,0%

Subscribers
8,3m +4%

***Data revenue**
up 42%
(16% of revenue)

Ghana (98%)[‡]

No 1 operator

52,2% market share

Technology coverage[#]

2G – 82,5%
3G – 42,0%

Subscribers
16,2m +17%

***Data revenue**
up 85%
(31% of revenue)

Nigeria (79%)[‡]

No 1 operator

44,8% market share

Technology coverage[#]

2G – 91,5%
3G – 66,6%

Subscribers
61,3m +2%

***Data revenue**
up 19%
(20% of revenue)

Cameroon (70%)[‡]

No 1 operator

56,2% market share

Technology coverage[#]

2G – 92,0%
3G – 50,0%
LTE – 24,4%

Subscribers
9,2m -5%

***Data revenue**
up 66%
(14% of revenue)



Subscribers
232,5 million
+4,1%

■ Nigeria 26%
■ South Africa 13%
■ Iran 20%
■ Large opco cluster 25%
■ Small opco cluster 16%



Revenue
R146 353 million
+0,1%

■ Nigeria 36%
■ South Africa 27%
■ Large opco cluster 21%
■ Small opco cluster 16%

[‡] MTN legal ownership.

[#] Percentage of population covered by each technology.

Data revenue includes digital services revenue.

* Constant currency (organic) information.



South Africa (100%)[‡]

No 2 operator

33,8% market share

Technology coverage[#]

2G – 98,7%

3G – 93,3%

LTE – 42,5%

Subscribers

30,6m (+9%)

***Data revenue**

up 37%

(32% of revenue)

Uganda (96%)[‡]

No 1 operator

51,1% market share

Technology coverage[#]

2G – 79,5%

3G – 20,3%

WiMax – 21,0%

LTE – 2,3%

Subscribers

8,9m -14%

***Data revenue**

up 17%

(28% of revenue)

Sudan (85%)[‡]

No 2 operator

34,0% market share

Technology coverage[#]

2G – 54,5%

3G – 29,1%

Subscribers

8,5m -6%

***Data revenue**

up 60%

(22% of revenue)

Syria (75%)[‡]

No 2 operator

41,8% market share

Technology coverage[#]

2G – 75,0%

3G – 60,0%

Subscribers

6,0m +2%

***Data revenue**

up 23%

(28% of revenue)

Iran (49%)[‡]

No 2 operator

46,7% market share

Technology coverage[#]

2G – 85,7%

3G – 38,9%

WiMax – 96%

LTE – 14,0%

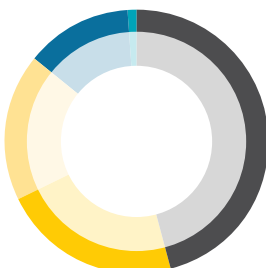
Subscribers

46,1m +5%

***Data revenue**

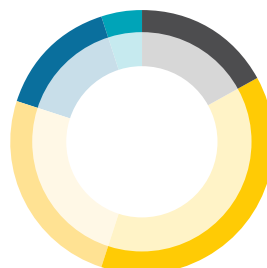
up 90%

(30% of revenue)



EBITDA
R59 918 million
-8,6%

- Nigeria 46%
- South Africa 22%
- Large opco cluster 18%
- Small opco cluster 13%
- Head office 1%



Capex
R29 199 million
+15,7%

- Nigeria 17%
- South Africa 38%
- Large opco cluster 25%
- Small opco cluster 15%
- Head office 5%

A word from our executive chairman

MTN experienced an extremely difficult 2015, particularly in the last quarter of the year when the Nigerian Communications Commission (NCC) imposed a US\$5,2 billion[†] fine relating to subscriber registration requirements. Profound lessons were learned, which precipitated a wide-ranging review of our operations, operating structure and stakeholder management capacity, and substantial progress has been made in taking the necessary corrective action.

A defining time for MTN

As a consequence of the unfortunate events subsequent to the imposition of the fine in October 2015, which included the resignations of the Group CEO and the CEO and head of regulatory for MTN Nigeria, I agreed to assume the role of executive chairman on an interim basis, from December 2015. My primary tasks were to resolve the Nigerian fine and appoint a new Group CEO. The latter process is well under way and we expect to identify and name a new Group CEO by the end of June 2016.

We have sought, systematically, to remedy those areas in which we were found to be lacking, to ensure that the Group emerges as more resilient than before. To this end, we have revised our operating structure and appointed a new management team, and improved our governance, compliance and stakeholder management functions. Furthermore, we are allocating the appropriate resources to ensure that our operational platforms are robust, our networks are competitive and the experience we deliver to our customers is enhanced. An important aspect of achieving all these imperatives has been to elevate the importance of the Group's people and culture agenda. We are also conducting a holistic strategic review, to ensure that the Group is agile and responsive to the rapid evolution of the sector from voice to higher data and digital services revenue. Central to this effort is to entrench our position at the cutting edge of innovation in the sector.

The Group's overall financial performance in 2015 reflected its resilience against a confluence of challenging factors. Deteriorating economic conditions, increased competition, heightened regulatory pressure and operational issues in some of our markets, particularly Nigeria and South Africa, had a material negative impact on the Group's performance. Notwithstanding this difficult operating

environment, the Group grew its subscriber base by 4,1%, despite disconnecting 6,7 million customers in Nigeria and 3,7 million in Uganda to comply with subscriber registration requirements.

While overall Group revenue was flat year-on-year, an important feature of the revenue mix was the 33% increase in data revenue, in spite of effective data tariffs being 45% lower, as data traffic grew by more than 100%. This offset the 5% decline in voice revenue, which was primarily due to voice tariffs reducing by as much as a quarter. Headline earnings per share (HEPS) were down 14,3%** and reported HEPS fell 51,4%, materially impacted by the provision made for the Nigerian fine. The board declared a second half dividend of 830 cents per share (cps), to bring the total dividend for the year to 1 310cps, up 5% from the year before, having taken into consideration all matters pertinent to a cogent and sustainable dividend policy.

Understanding the dynamics in our operating context

The Group's experiences in 2015 brought into sharp focus our role and responsibilities as a multinational and a major participant – in many instances a pioneer – in the developing countries in which we operate. Our scale and reach as a leading mobile network operator in many of our markets, and our contribution to their socio-economic development as a provider of ICT, imposes on MTN a higher burden of national responsibility. While we are honoured to play this role, it is crucial that we and indeed all our stakeholders understand that it comes with demanding expectations, obligations and challenges. It is incumbent upon us to navigate the complexities, manage the risks and balance the often competing stakeholder expectations these demands bring, especially in uncertain regulatory environments. We must also acknowledge the natural inherent tension that exists between business and regulators if markets are to operate effectively for

[†] Using exchange rates prevailing at the time.

the good of society, and find the optimal balance necessary both to defend shareholder value and contribute to national and regional development objectives.

Although the regulatory landscape in our markets is being redefined by more formalised frameworks and more assertive regulators, inconsistencies between different bodies of legislation and a lack of clarity around regulatory parameters persist. This has included unpredictable tax regimes, with sudden tax increases being used to shore up fiscal positions as macro-economic pressures have intensified. More specifically, we have had to manage the impact of lower mobile termination rates, more scrutiny of network performance and associated penalties for not meeting agreed performance parameters, the renewal of licences whose terms are coming to an end, and the critical need to secure additional spectrum to ensure sufficient capacity to service customer growth and the increasing migration to data services.

In tandem with the heightened regulatory pressure, changing customer expectations and intensifying competition continue to change the competitive landscape. This has led to sharp declines in mobile communication tariffs, with irrational pricing among some players to defend their market shares. Lower pricing has in turn driven increased penetration and traffic, while the adoption of more 3G and 4G devices has resulted in higher demand for data and improved data quality, putting pressure on available network capacity.

As the convergence of telecommunications, IT and adjacent industries such as banking, insurance, entertainment and publishing has continued, delivering value-added services is providing operators with additional revenue opportunities and an avenue to limit customer churn, even while the threat to traditional revenue streams from Over-the-Top (OTT) providers continue to intensify. These new growth opportunities are being underpinned by mobile being the *de facto* means of communication and access point for internet-enabled services.

However, the cyclical volatility in macro-economic conditions has continued to dampen growth prospects, with the global economy remaining weak and characterised by a deep commodity and oil price slump. This has affected oil producing economies in particular, although the general

weakness in global markets and heightened aversion for higher risk emerging markets has undermined economic growth across the board, and the financial health of consumers and businesses alike. As revenues have retreated, emerging market currencies have also depreciated sharply, making it difficult for MTN to repatriate dividends from countries that have limited foreign exchange liquidity.

Acknowledging and addressing our challenges

The US\$5.2 billion[†] fine imposed by the Nigerian Communications Commission (NCC) for the late disconnection of 5.1 million improperly registered subscribers, and its subsequent reduction at the NCC's discretion to US\$3.9 billion[†], was the most material and multi-faceted challenge the Group faced in 2015. Months of intense engagement with the NCC led to a good faith payment of US\$250 million[†] to the Federal Government of Nigeria on 24 February 2016, on the basis that this would be applied towards a settlement. Furthermore, we agreed to retract our legal action against the NCC in support of an environment conducive to reaching an amicable settlement on the matter. Negotiations are ongoing.

The Group is cognisant of the critical importance of ensuring regulatory compliance at all times. However, understanding the complexity of subscriber registration in Nigeria provides some insight into what transpired in this instance.

From the operation's inception in 2001, given that some 99% of its customer base is prepaid, subscribers were almost entirely anonymous. In 2011, after a period of consultation, the NCC introduced a SIM registration process with the enactment of formal regulations and technical specifications. Its objective was to create a central national database of all users of telecommunication services to counter the abuse of mobile user anonymity. Mobile network operators were tasked with rolling out facilities to register existing customers nationwide, and in doing so encountered significant difficulties. These included having to implement biometric standards akin to US immigration and FBI standards in their complexity, infrastructural constraints such as power supply and access to remote areas, as well as subscriber apathy and social issues particularly in the north of the country. The NCC specifications also required equipment

A word from our executive chairman *continued*

such as fingerprint scanners that were not readily available in the country. That said, our subsequent engagement with the regulator has shown its willingness to work with all operators to address the difficulties encountered in this process.

Irrespective of these extenuating circumstances, the board concluded that MTN Nigeria's response to the directives from the regulator pertaining to improperly registered subscribers could have been handled differently and with a high sense of urgency.

Turning to some of the challenges that hampered our operational execution in the year, and linked to the subscriber registration issue, MTN Nigeria faced disruptions in the course of stringently enforcing the disconnection of 6.7 million subscribers following the imposition of the fine, which was followed by a further 4.5 million at the end of February 2016. By and large, improper registration is not a case of customers having no proof of identity but rather of incomplete forms. We continue to engage actively with subscribers to rectify this and reconnect them and this process is progressing well.

MTN Nigeria's competitiveness was also compromised by the suspension of regulatory services in October 2015. This entailed the NCC withdrawing its approval of new tariff plans and promotions until certain tariff plans and promotions, which were deemed to be linked to its determination of MTN as a "dominant operator", were removed from the market.

In South Africa, management changes – some of which were effected in the prior year – and the decisive action taken to strengthen MTN SA's competitiveness began to bear fruit in the year. However, the impact of the industrial action from May to July 2015 by the Communications Workers Union (CWU) undermined these improvements. The strike, which continued for seven weeks, related to disagreement on certain key resolutions put forward by the CWU. It caused considerable disruption to MTN SA's call and service centres as well as its distribution agents and channels, in a period of heightened competition in the South African market. Key outcomes of the agreement between MTN SA and the CWU included a 12% bonus increase in 2016, irrespective of the Company's performance, the permanent employment of all casual workers and backdated payment for working on Sundays and public holidays. MTN has subsequently taken a

decision to recognise the CWU which will enable MTN South Africa to define a process and ensure a constructive relationship.

The CEO of MTN SA, Ahmad Farroukh, resigned and was succeeded by Mteto Nyati.

Decisive responses to reset the springboard for the future

To significantly improve our ability to mitigate, to the extent possible, and manage the implications of our increasingly complex and uncertain operating context, we reviewed our operating structure with a view to strengthening operational oversight, leadership, governance and regulatory compliance across the Group. In the board's view, a major contributory factor to the problems we faced in the year was that the Group's reporting structure may have provided insufficient supervisory oversight of the operations.

To address this, we re-introduced the Group's previous reporting structure, which clustered the operations according to region – West and Central Africa, South and East Africa, and Middle East and North Africa – with a senior executive responsible for each regional cluster. We also re-instated the position of Group COO, aimed at improving and optimising commercial effectiveness, while maintaining appropriate cost efficiency and consolidation, to ensure we have the operational platforms we need to compete and grow in an increasingly revenue constrained environment. The regional executives and the COO report directly to the Group CEO.

Re-introducing this management layer provides narrower and concomitantly deeper executive focus across the Group's wide geographic and operational scope. The regional executives are tasked with operational supervision and ensuring accountability, functional excellence and integration, specifically in the management of risk and stakeholder relationships; in complement to the strategic, financial, human resources and stakeholder management mandate of the Group CEO. The board believes this structure will support a stronger culture of accountability and places the appropriate emphasis on developing and maintaining constructive stakeholder relationships.

A number of experienced executives with suitable track records and relevant industry and regional

expertise were appointed in implementing this structure. The CEOs of MTN South Africa, MTN Nigeria and MTN Irancell, supported by the respective regional executives, will retain a seat on the MTN Group executive committee. Further senior appointments will be made in due course to support this structure, specifically a chief regulatory officer who will also report directly to the Group CEO.

Our remedial actions have included redoubling our efforts to ensure that the effectiveness of our enterprise risk management is commensurate with our evolving risk universe, given the sweeping changes in our sector and in our operating environments. Furthermore, the importance of stakeholder management, and the protection of MTN's reputation, have been elevated as part of our remedial actions – not only in terms of the new operating structure, which ensures sufficient top management focus on this crucial aspect of our sustainability, but also in including stakeholder management as a key performance indicator for the regional executives. All in all the board is confident that the operating structure and the calibre of the executives that have been appointed will ensure the depth of leadership and oversight required to regain trust and confidence, to manage risk and optimise the allocation of capital, to fulfil the expectations of our stakeholders and to make the improvements to our operational platforms from which we will be well placed to pursue our vision, mission and strategy.

Turning our attention to our longer-term strategy

We stand at the doorway of a tectonic shift in our industry. The opportunities for growth, both for MTN and for the countries in which we operate, are vast as the change in the industry gathers momentum and voice gives way to data connectivity and its revolutionary implications for every aspect of our lives.

In recognition of this opportunity, we refreshed MTN's vision to lead the delivery of a bold, new Digital World to our customers. We continue to refine our strategic plans to realise this vision, compete effectively and maintain our leadership position in our markets as the shift in the industry gathers pace. With our digital strategy focused on three key areas of opportunity, namely e-commerce, digital entertainment and media, and mobile financial services, our ability to compete in these adjacent

markets is underpinned by our entrenched differentiators.

As the largest pan-African mobile network operator, we move from a strong position given our scale, footprint and subscriber base. We are the biggest operator and operate the best quality network in many countries – we serve 232,5 million subscribers across 22 countries, we have some 51,9 million 3G-enabled devices on the network, and over 32,4 million registered data users across the Group. Data services remain the key driver of revenue growth, and we continue to invest in expanding our 3G and LTE networks and stimulating the adoption of data-enabled devices. MTN remains a trusted brand among consumers; we know who our customers are and have well-developed distribution networks in place to reach them, which is key in the contested digital marketplace.

We have made good progress positioning our non-voice businesses, in particular through our investments in the digital services business, Africa Internet Holdings (AIH), our e-commerce venture which has been highly successful creating the largest online mall in Africa, Jumia. In 2015, AIH recorded approximately 2,3 million customers and approximately 4,4 million transactions in the year. The platform's partner ecosystem has grown substantially with over 10 000 taxi drivers, 1 400 restaurants, 16 000 hotels, 4 000 global brands and 200 000 SMEs currently active on the marketplace and classified properties. Our service delivery platform, which has more than 80 companies providing over 5 000 content services, makes us the largest distributor of digital music in Africa.

MEIH, our Middle east internet venture in Saudi Arabia, Jordan and the UAE, is one year old and is progressing well. The fastest growing parts of the portfolio are Wadi, our e-commerce marketplace, and Easy Taxi. Average basket sizes in this region are three to four times greater in value than those in our African operations, reflecting the higher disposable incomes in the region. E-commerce is projected to grow to a value of US\$20 billion by 2018 in the Middle East. In Iran, our presence in e-commerce is nascent but growing rapidly, particularly in the retail and travel sectors. This exciting market is poised for significant growth based on its demographics and improving macro-economic profile.

A word from our executive chairman *continued*

The use of mobile telephones to deliver basic financial services and support participation in economic systems represents a unique opportunity for MTN to support the growth of cashless societies, and help our customers overcome some of the hurdles that exist in accessing and affordably using traditional banking services. Our MTN Mobile Money product range includes international remittances, savings, lending and insurance, enabling customers to access these services at lower costs. In the year we grew our customer base in this business by 56% to over 34 million customers in 15 markets. The business now contributes 17% to MTN Uganda's total revenue and 6% each to MTN Ghana and MTN Rwanda's total revenue. We continue to invest in upgrading our systems to ensure flexibility as services in this area expand, and are engaging closely with regulators as they tighten the relevant regulatory frameworks in some of our markets.

Our Enterprise Business Unit, which is present in 25 countries in Africa, continues to execute its strategy to become the ICT partner of choice to corporate, SME and public sector customers. Notwithstanding the constraints of challenging operating conditions, particularly in Nigeria and against fierce competition in South Africa, the business continues to gain traction. During the year it made good progress with the launch of Internet of Things and our Global Multiple Protocol Label Switching.

As we accelerate our digital strategy, building on the positive progress we have made, we will need to systematically recalibrate the allocation of our capital and human resources. It is essential that we understand the shift will not be peripheral but fundamentally transformative – not only will it involve growing our data offerings to customers, but it will require that we become a fully digitally enabled enterprise. In navigating this transformation, we cannot be bound by traditional telco thinking, but we will need to think like a digital enterprise in capturing new and diversified revenue streams and in leveraging new and profound operational efficiencies, not least in managing risk and compliance more effectively.

Looking forward

We are in the process of evolving the composition of the board as some long serving directors will not be availing themselves for re-election. The succession process will allow us to strike a balance in retaining

the institutional memory of existing board members, with the fresh perspectives of new members appointed specifically in view of the strategic transformation of MTN and the skills and experience required for the future. Mr Fani Titi (South African) resigned as a non-executive director with effect from 31 December 2015, and the board thanks him for his service to the Group over the three years of his tenure.

A key priority for management in the coming months will be to embed the new operating structure and changes to the Group executive committee across the organisation. With the additional oversight and supervision made possible by the operating structure, we expect to be able to resolve many of the operational challenges we faced in the last year, while ensuring stringent compliance with regulatory requirements across all our operations, in particular with subscriber registration requirements.

The re-registering of the disconnected subscribers in Nigeria is ongoing. Given the complexity of this process, MTN Nigeria has invested significantly in the infrastructure and resources required – we are employing in excess of 16 000 devices and over 10 000 additional contract staff to complete the exercise, and buses are being used to access remote communities. We have also identified structural issues in the validation process used by the NCC and are engaging with the regulator to address these through regular workshops, which will continue until the process is completed.

Also in Nigeria, we expect to improve our competitiveness and operational performance in the year ahead. We expect the pressure on US dollar liquidity to remain a challenge in the short to medium term, but are putting contingency plans in place to ensure we are able to continue with the planned rollout of our network.

In South Africa, we expect the positive trend in operational performance shown during the second half of 2015 to continue. This will be underpinned by the strength of the leadership team, leveraging an enhanced 3G/LTE device strategy, as well as a concentrated focus on improving customer service.

The easing of sanctions in Iran and its related economic uplift offers significant opportunities to expand our services in the country, particularly in the digital space where we have a strong market

position. We are working towards the remittance of R15 billion during the first half of 2016.

Improving network quality and capacity in our key markets remains a priority. Preparing for broadband services, such as video on demand and music streaming, will continue to be an important consideration as we accelerate our digital strategy. This will be done through the rollout of LTE and LTE advanced in Nigeria, South Africa, Ghana and Cameroon. Improving quality and throughput in homes and fixed locations through the rollout of fibre-to-the-home in South Africa, Nigeria, Ghana and Iran, will be a focus in 2016.

The new operating structure, together with our strong platform, positions the Group well to take advantage of the paradigm shift in the mobile telecommunications sector. We are confident that our operations will continue to benefit from the strong growth trend in data, as well as from our investment in AIH and MEIH and related activities in the digital space.

Ensuring that we have the right skills and organisational culture to resource the Group's strategic direction is paramount to our success in the years ahead. This will require that we recruit people who have experience in digital services, as well as equipping our people with the skill sets needed to become a leading digital player. MTN's culture, which is defined by innovation and "can do", will serve us well in the digital era.

While 2015 was a difficult year for the Group we are cautiously optimistic that we will see improvements in operating performance during 2016. The Group will continue to generate strong cash flows, and we will seek to diversify our funding sources and increase the financial headroom available to us to manage the liquidity risk that stems from not being able to repatriate dividends from certain of our operations. Currency risk will continue to be actively managed.

In the year ahead, we will look to declare a minimum dividend of 700cps, taking the uncertainty regarding the Nigerian fine and the US dollar liquidity situation in Nigeria into consideration. This cautious approach to the dividend outlook aims to accommodate the interests of shareholders and lenders, and the imperative of maintaining an investment grade credit rating. This minimum dividend level remains at the

discretion of the board and, should operating conditions improve, a higher dividend level will be considered.

Although the Group operates in 22 countries, our earnings remain highly concentrated in a few markets with the associated volatility and risks as has been evident over the last few years and particularly in 2015. We will continue to explore opportunities to address this over the medium term.

A true test of our character

It is important that MTN's people take on board the lessons of this time, that we do not allow negativity to cloud our judgement or take our eyes off business as usual. My thanks go to all of our people for demonstrating the true character of this organisation in this defining time.

We appreciate the ongoing support of our employees, shareholders, regulators and governments notwithstanding the disappointment you must feel after the last year. The MTN Group remains committed to maintaining solid partnerships with all of our stakeholders to build a sustainable business that delivers competitive long-term value.

Our ability to acknowledge and address the failures of the last year, in a way that ensures our readiness for the strategic journey we envisage in the years ahead, has given us the opportunity to affirm that we are an organisation that is able to face its challenges, address its failures and do what is necessary to remedy these in a way that makes us stronger than we were before.

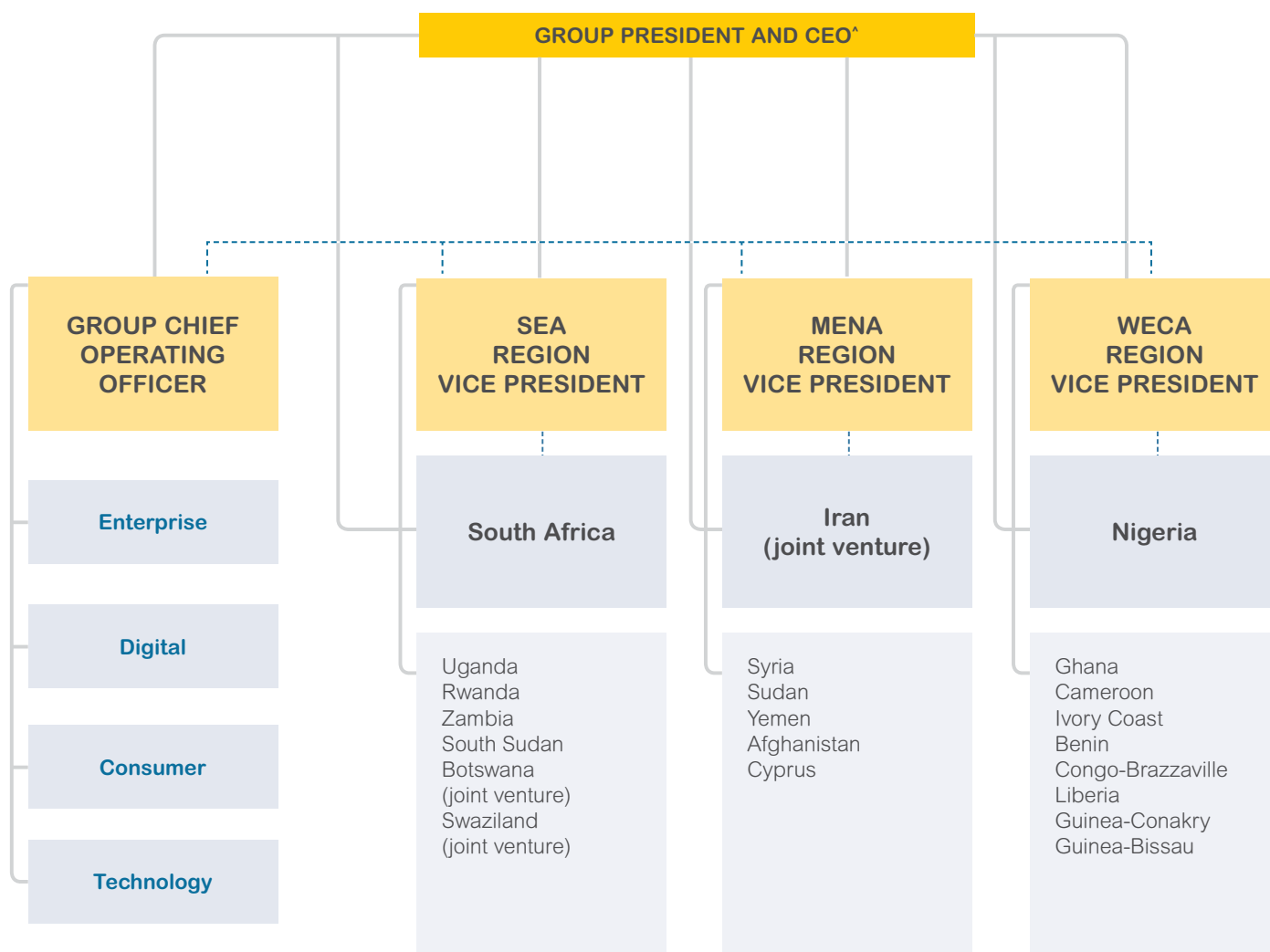
Phuthuma Nhleko

Group executive chairman

2 March 2016

Key changes to our operating structure

In 2015, we reviewed our operating structure to strengthen operational oversight, leadership, governance and regulatory compliance across our 22 licensed operations. Effective 1 January 2016, the Group was structured into three regions, namely South and East Africa (SEA), the Middle East and North Africa (MENA) and West and Central Africa (WECA). The new structure was supported by a number of senior appointments. We continue the search for a new Group president and CEO. Our exco now includes the Group chief operating officer, and the VPs of the SEA, MENA and WECA regions. The profiles of all exco members are set out on [page 46](#).




[^] This position is currently occupied by executive chairman Phuthuma Nhleko until a new CEO is appointed.

- Regional VPs have a solid line to the Group president and CEO and a dotted line to the COO.
- South Africa, Nigeria and Iran have a dotted line to the respective VPs and a solid line to the Group president and CEO.
- The VP for SEA is in the process of being appointed.

Our material issues in 2015


Determining materiality

Material issues for the purposes of the 2015 integrated report are those issues which had a financial and/or reputational impact on MTN in the year and had the potential to disrupt the delivery of our strategy. When identifying the matters we considered material, we took into account the most pressing themes of our quarterly reporting meetings (attended by the chief executives of the 22 operations) as well as those matters which received the most management and board attention in the year.

Building on the 2014 process, we identified issues in both the external and internal operating environment and refined those to the factors which influenced MTN's performance and reputation in the year. We considered the key concerns of stakeholders , as well as the risks identified through our risk management process (p 24). These factors were then debated at workshops at which senior managers of a broad range of MTN departments participated.

While we discussed matters considered material in all operations, we narrowed down the Group's material issues in 2015 to those which impacted the top nine operations (p IFC) and so, ultimately the Group[†]. The executive committee and the board then endorsed these as the material issues in 2015.

The material issues of 2015 cut across the Group's top risks, which are monitored by management.

We use the icon  throughout this report when we refer to these material issues.

1

Ensuring sound governance, ethics, legal compliance, and overcoming regulatory challenges

2

Political and economic developments and their impact on our markets

3

Increased competition and changes in the telecoms landscape

4

Operational execution, management changes in key markets and employee engagement

5

Delivering a consistent and distinct customer experience through all MTN touch points

6

Managing stakeholder relationship and the Group's reputation

[†] In this section we do, however, discuss a few issues in smaller markets, listing them by name, given their potential to spill over into other markets.

Our material issues in 2015 *continued*



Ensuring sound governance, ethics, legal compliance and overcoming regulatory challenges



Across our markets, regulatory pressure continued to increase. This included greater customer SIM card registration requirements. MTN Nigeria disconnected 6,7 million subscribers in 2015. In November and December 2015 MTN Uganda disconnected 3,7 million subscribers who did not fully comply with the subscriber registration requirements.

Impact on MTN in 2015

Subscriber net additions for the year were impacted negatively, eroding the market share of MTN Nigeria and MTN Uganda.

Action taken by MTN

We worked to improve our relations with regulators, and all stakeholders. We focused on enhancing our regulatory compliance processes, including greater use of biometrics to improve subscriber registration. In Nigeria, we set up additional registration points and invested approximately US\$20 million in new systems and hardware in the year.

During October 2015, the Nigerian regulator imposed a N1,040 trillion fine on MTN Nigeria, subsequently reduced to N780 billion (equivalent to approximately US\$3,9 billion using the exchange rate prevailing at the time). This related to the late disconnection of the 5,1 million subscribers whose registration documents were considered incomplete. The factors related to the disconnection of these Nigerian subscribers and the fine provided an opportunity to review the implementation of our policies and procedures.

Impact on MTN in 2015

The imposed fine eroded investor confidence in MTN Nigeria and the Group as a whole, and negatively impacted the reputation of MTN across our stakeholder groups. Between 26 October and 31 December 2015, MTN Group's market capitalisation declined by 20%. The Group CEO, MTN Nigeria's CEO and MTN Nigeria's regulatory head left the Group in 2015.

MTN Nigeria recorded a R9 287 million provision for the fine at the end of the reporting period, negatively impacting reported EBITDA by 13,6%** and HEPS by 402 cents. Management has applied its judgement in determining the provision in accordance with IFRS.

Action taken by MTN

We continue to engage with the Nigerian authorities to ensure an amicable resolution in the best interests of the Company, its stakeholders and the Nigerian authorities. On 24 February 2016, MTN Nigeria made an agreed, without prejudice, good faith payment of 50 billion naira (US\$250 million) to the Federal Government of Nigeria on the basis that this will be applied towards a settlement, when one is eventually, hopefully arrived at. MTN also agreed to withdraw the matter from the Federal High Court in Lagos. In early December we announced a change in the Group's operating structure, recognising the need for stronger Group oversight over the operations. The new structure, effective in 2016, combined with new leadership, endeavours to provide that (10). The Group appointed PF Nhleko (44) as executive chairman in a temporary capacity upon the resignation of the Group CEO with a mandate to resolve the Nigerian fine issue and appoint a new CEO. In addition the Group has also implemented a new regulatory and compliance structure (54). We worked to re-inforce the Group culture and values (13) which encompass complete accountability and candour, as well as the escalation of material issues to MTN Group and Group board level.

The Nigerian regulator's 2013 ruling declaring MTN Nigeria a "dominant operator" continued to impact MTN Nigeria's commercial success.

Impact on MTN in 2015

This continued to limit MTN's commercial success, hampering our ability to be competitive in Nigeria in 2015 (p 34). In October 2015, the regulator suspended regulatory services to MTN Nigeria. Under this suspension the regulator could use its discretion on services provided to MTN Nigeria until certain tariff plans and promotions were removed from the market. The regulator has subsequently, in March 2016, re-instated services to MTN Nigeria.

Action taken by MTN

We continued to engage with regulatory authorities to determine the parameters of the "dominant operator" ruling and to ensure that it does not further impact growth of MTN, which has invested significantly in the Nigerian network over the past 15 years.

In some markets, requirements for foreign companies to broaden local ownership of their subsidiaries through listings on local stock exchanges remained a feature.

Impact on MTN in 2015

Any listing of a large MTN operation could lead to a dilution of MTN earnings. However, this needs to be weighed up against the benefits that greater local representation could bring.

Action taken by MTN

We continued to evaluate opportunities and appropriate mechanisms to ensure broader local ownership, including in key markets such as Nigeria. However, market conditions and the operating environment need to be conducive before any listing is pursued. MTN Ghana must have a minimum of 35% Ghanaian ownership in place by January 2017. This is a requirement of it winning the auction for a 4G/LTE licence. MTN South Africa is committed to supporting transformation in the country by, among others, partnering with black economic empowerment entities in our sourcing activities.

Media reports questioned MTN's compliance with new international tax rules issued by the Organisation for Economic Co-operation and Development in October. These rules seek to change the tax system that is seen to allow multinationals to reduce their effective tax rate in a jurisdiction without corresponding reduction in value-creating economic activities.

Impact on MTN in 2015

This has caused the Group some reputational damage and increased regulatory scrutiny, influenced by media interpretation.

Action taken by MTN

We conducted an independent assessment and are confident of our compliance with these tax legislations. In 2015, we made further improvements in our tax disclosure, providing stakeholders with more transparency. A full tax report is available on  .

Our values, which define our culture

Leadership

Innovation

Relationships

Integrity

Can do

Expressed through these vital behaviours:

Complete
accountability

Get it done

Active
collaboration

Complete
candour

Get it done

Our material issues in 2015 *continued*

2 }

Political and economic developments and their impact on our markets



The global economy remained weak, with slower demand for commodities and an oil surplus hurting the economies and currencies of commodity and oil exporters, including South Africa, Nigeria, Iran, Sudan and Ghana. Currencies across our footprint depreciated in the year. In some markets, authorities introduced more taxes to make up for declining oil and commodity income (TAX). (For the economic landscape in key MTN markets see graphic on 15.)

Impact on MTN in 2015

The decline in disposable incomes and consumer expenditure impacted growth in MTN revenue and margins. Foreign exchange market volatility made MTN's US dollar-denominated debt more expensive and had a negative impact on the translation of reported results (30). It increased the cost of capital equipment, and also affected our ability to remit dividends to the Group.

Action taken by MTN

We continued to prioritise prudent financial management, and to endeavour to repatriate earnings from operations while taking into account their capital structure as well as local regulations. In addition, MTN continued to raise funding in local currency where possible as a natural hedge against moves in the US dollar. We also continued to work hard to shift US-dollar capex and opex into local currency.

We endeavoured to persuade authorities that increased taxes are a short-term remedy, and could harm the continued growth of the sector which is a major contributor to the fiscus of many of these countries.

Elections in Nigeria led to the peaceful handover of power to a new president. The sharp fall in oil revenues put pressure on the naira and reduced the availability of hard currency.

Impact on MTN in 2015

The peaceful transition was good for the country, and our business, although uncertainty over the extent of the naira's depreciation, along with currency restrictions, led to difficulties in repatriating funds from Nigeria, and made it hard to make payments on US dollar-denominated debt (30).

Action taken by MTN

We engaged constructively with Nigerian authorities in support of the new government's national priorities relating to the telecommunications industry. We continued to engage with the Central Bank of Nigeria regarding the availability of hard currency and explored, and are still exploring, alternatives to solve this issue.

In July, Iran reached a landmark nuclear deal with six world powers, opening the way for a phased lifting of nuclear-related economic and financial sanctions from January 2016.

Impact on MTN in 2015

The deal should assist the economy broadly. It increased the potential for MTN Group to repatriate dividends and outstanding loan funding from our operation in Iran, with due consideration to capital and forex requirements. At year end, MTN held cash of R15 860 million in Iran (37).

Action taken by MTN

We continued to participate in high-level engagements with the relevant authorities regarding sanctions and the repatriation of dividends and outstanding loan funding. We also expanded our offerings, including the establishment of an enterprise business unit in Iran.

In December, the rand depreciated significantly against the US dollar.

Impact on MTN in 2015

This impacted MTN's share price negatively.

Action taken by MTN

MTN continued to monitor the fluctuation in the rand and its impact on the economy, with appropriate actions taken to minimise the impact on the Group.

The civil war in Syria escalated and unrest continued in parts of Nigeria, Sudan, Cameroon, Yemen and Afghanistan, among others.

Impact on MTN in 2015

This continued to impact MTN's financial and operating metrics in these markets.

Action taken by MTN

Without compromising the safety of our employees, we continued to offer telecoms services in challenging environments, even amid conflict, with careful contingency planning and business continuity management (57).

3 } Increased competition and changes in the telecoms landscape



With increased pressure on consumer spending and the non-conventional players competing for a greater share of the consumer wallet, traditional telecommunications players continued to cut their tariffs in an effort to increase their market share. In many markets competitors cut their tariffs to below cost.

Impact on MTN in 2015

Voice tariffs declined by 25% across MTN's operations in the year (average price per minute in US dollar terms). The Group's effective data tariff (in US dollar terms) declined by 45%. This put pressure on growth in revenue and profitability in many markets.

Action taken by MTN

To remain relevant to customers, as well as competitive, we reduced tariffs. We pursued various other revenue-generating opportunities to make up for revenue foregone as a result of this. We continued work to diversify our earnings through developing new opportunities in digital, enterprise and financial services. Dedicated Group Consumer, Group Digital Services and Group Enterprise divisions are now fully functional to ensure that we are well positioned to participate in the rapidly evolving industry and to effectively meet our customers' needs with regards to digital, financial and enterprise services. We partnered with various content providers and continued to focus on expanding our e-commerce venture. During the year we appointed various new specialists to drive these new initiatives. We invested a total of R29 billion in capex (20, 42, 96 and 22).

As the demand for data services increases so too does the need for additional spectrum. The biggest challenge we faced was in the South African market, where additional spectrum is required for the rollout of LTE services. 800MHz and 2,6GHz spectrum is currently not available to telecommunications operators. In the year we secured additional spectrum to drive LTE/4G services in Nigeria and Ghana.

Impact on MTN in 2015

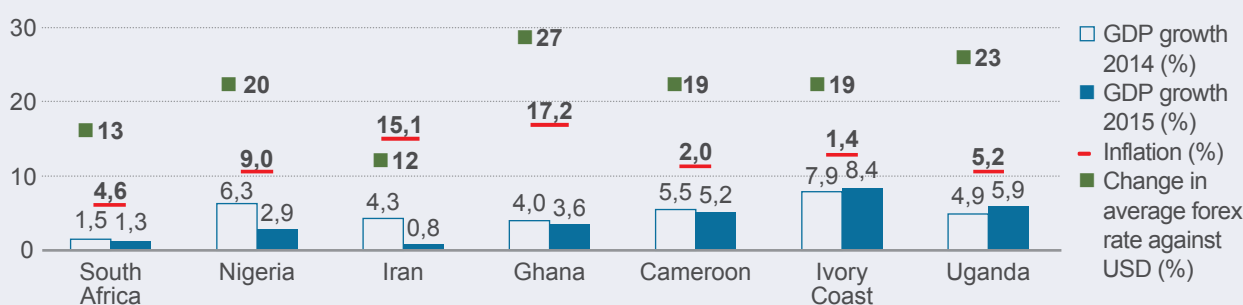
Spectrum shortages limit our ability to provide more customers with broadband services and faster data speeds, and so limit profitability.

As a short-term solution MTN has embarked on re-farming its existing spectrum in South Africa to provide improved LTE services to customers although this is more costly and caused disruptions in the network in the year (32).

Action taken by MTN

Additional spectrum is crucial to the long-term growth of the operation. In an effort to better utilise available spectrum MTN South Africa entered into a bilateral roaming agreement with Telkom Limited, South Africa's fixed-line operator. However, this was blocked by the Competition Commission. The regulator ICASA has issued an information memorandum on auctioning 700MHz, 800MHz and 2,6GHz spectrum, which we support. We are also working with relevant authorities to shape South Africa's broadband policy. In Nigeria, MTN acquired Visafone. This, along with the acquisition of a 4G/LTE licence and digital TV spectrum, will provide us with access to sufficient spectrum to roll out LTE services. In Ghana, in an auction process we bought a 15-year 4G/LTE licence in the 800MHz spectrum band which enables us to offer 4G/LTE services.

The economic landscape in key MTN markets



Source: Various

Our material issues in 2015 *continued*

4 }

Operational execution, management changes in key markets and employee engagement



As competition intensified in the year and the business continued to evolve towards more data-related services, MTN faced lower than expected performance in parts of the business, particularly Nigeria. However, actions taken to address poor operational performance in South Africa in 2014 bore fruit.

Impact on MTN in 2015

In Nigeria, growth in data services and consequently data revenue was constrained as a result of an uncompetitive data network. MTN Nigeria data revenue increased only 18,8%* in the year, limiting growth in overall MTN Nigeria and MTN Group revenue. MTN South Africa improved its operational performance, with increases in revenue, supported by a number of management changes – some in 2014 – as well as increased capital expenditure with a key focus on improving its 3G and LTE network. In South Africa, data revenue increased 37% as a result of better quality 3G and LTE networks (p 32).

Action taken by MTN

To strengthen operational oversight, in December we announced that we would re-implement our previous reporting structure, with vice presidents for each of the three regions, and the re-instatement of the Group chief operating officer (p 10). In Nigeria, MTN made a number of management changes to address the lower than expected performance. This includes the creation of a chief operations officer role. We increased capex in South Africa by 92,9% to R10,9 billion, rolling out 966 2G, 1 593 co-located 3G and 3 148 co-located LTE sites. In July 2015, we appointed a new MTN South Africa CEO. More detail on operational performance can be found on p 32.

In the year, members of the Communications Workers Union went on an extended strike in South Africa over bonuses and salary adjustment policies.

Impact on MTN in 2015

The functioning of MTN South Africa's call centres was disrupted, affecting customer service. Employee morale and Group reputation were adversely affected. However, the result of the resolution of the industrial action was ultimately good, with greater staff engagement and recognition of trade unions.

Action taken by MTN

We recognised that the prioritisation of the people and culture agenda was required, and that performance management needed to be more effective, and employee development strengthened. Acknowledging the need to ensure that talent management processes evolve to support MTN's core and new businesses, we embarked on transforming our approach to hiring, developing, leading and managing performance of our people at all levels and cultivating a culture and environment of innovation throughout the business (p 66). The Company has also taken a decision to recognise the Communications Workers Union which will enable MTN South Africa to define a process and to ensure a constructive relationship going forward.

5} Delivering a consistent and distinct customer experience through all MTN touch points



Customer experience was negatively affected by slow data network speeds in MTN Nigeria, and disruptions in the network in South Africa, while upgrades were being made. The increase in the out-of-bundle data tariff by MTN South Africa led to customer complaints of incorrect billing. Customer registration requirements in a number of markets were considered an inconvenience by many subscribers. The subsequent disconnection of unregistered subscribers (in Nigeria and Uganda in particular) also impacted customer experience.

Impact on MTN in 2015

Increased customer churn and greater use by customers of multiple SIM cards affected growth in MTN's revenues and profitability. This also caused some damage to MTN's reputation.

Action taken by MTN

We continued to work at improving the customer experience at all touch points, improving communication with customers through the introduction of notifications and alerts when they incur data costs and once their data bundles are depleted. We implemented an evolved operating structure to harness opportunities in innovation, and to increase our focus to ensure that our business grows and meets the needs of customers. We continued to invest in rolling out infrastructure and improving coverage across our markets, ensuring that we provide quality and capacity to our customers (p 10). In nine opcos, including Nigeria, we outsourced call centres and introduced new systems to improve their performance.

6} Managing stakeholder relationships and the Group's reputation



In 2015, each of the events detailed in material issues 1 to 5 had an adverse impact on the reputation and the stakeholders of the Company in one way or another. This was seen in various measures, including media commentary, the Group's share price, customer and employee feedback and action, as well as interactions with governments and regulators.

Impact on MTN in 2015

The perception of MTN as a company was impacted by various reports in the media concerning some of the challenges faced by management during the year. This had an adverse effect on the Group's reputation and share price.

MTN's stakeholder universe includes Group and operations shareholders, governments, regulators, customers, communities and civil societies, suppliers, media, industries and employees.

🌐 Our key relationships.

Action taken by MTN


In the year, we introduced a new quarterly reporting protocol aligned to the AA1000SES Stakeholder Engagement Standard. We grouped our stakeholders into 10 groups, and in each opco the corporate affairs manager implemented greater monitoring and measurement of our stakeholder engagements. However, events later in the year – in particular the Nigerian fine – showed that stakeholder reporting lines did not facilitate enough hands-on guidance to operations, impacting information flow to the Group.

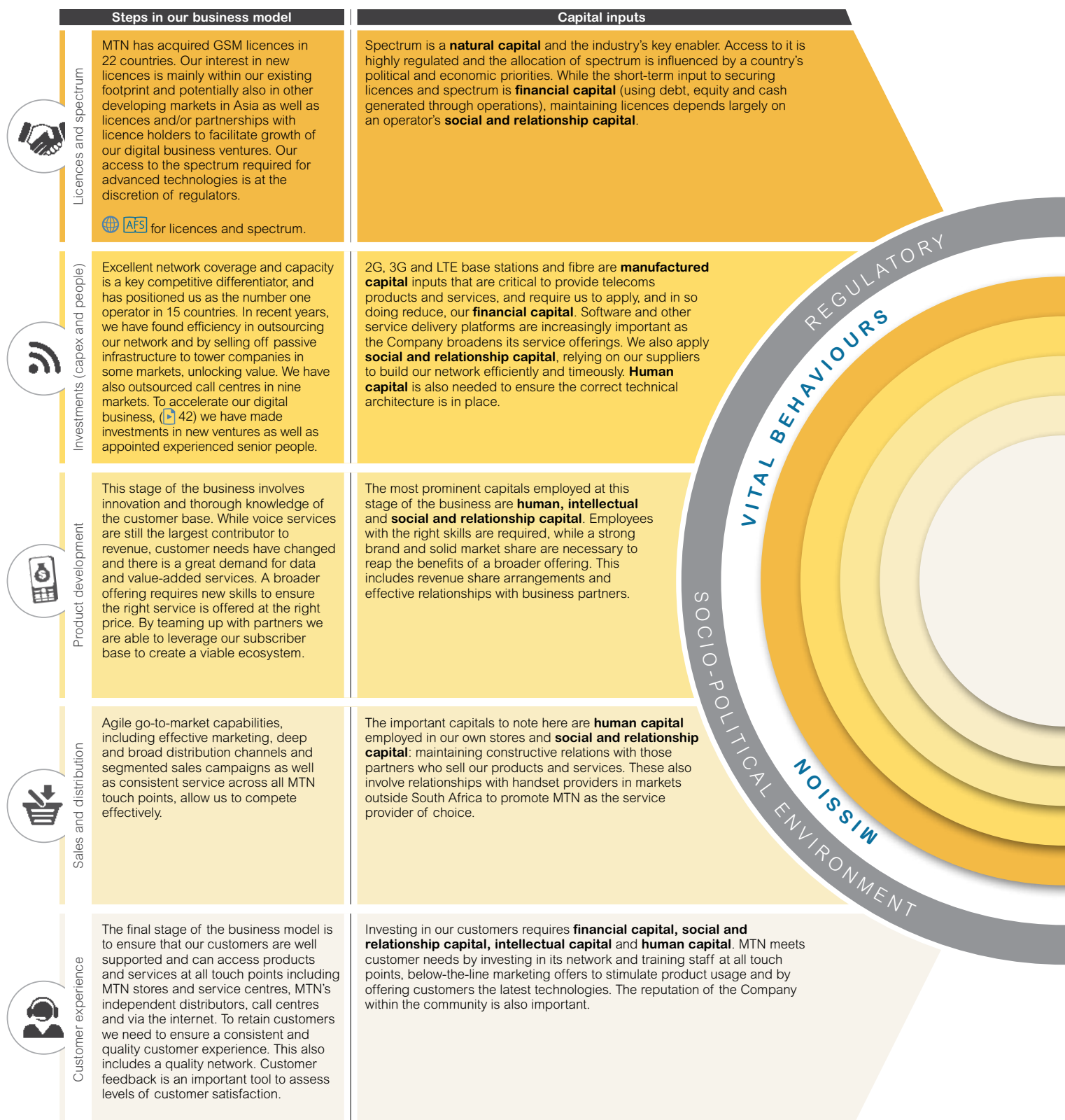
Acknowledging the real role that stakeholder management plays in sustaining our business, the Group heightened stakeholder engagement and provided operations with closer supervision through regional reporting and support under three vice presidents (p 10). In addition, reputation and stakeholder management will, from 2016, be included as key performance indicators of these three positions.

For details on how we engage with our stakeholders, see 🌐 Online stakeholder engagement.

MTN's value creation

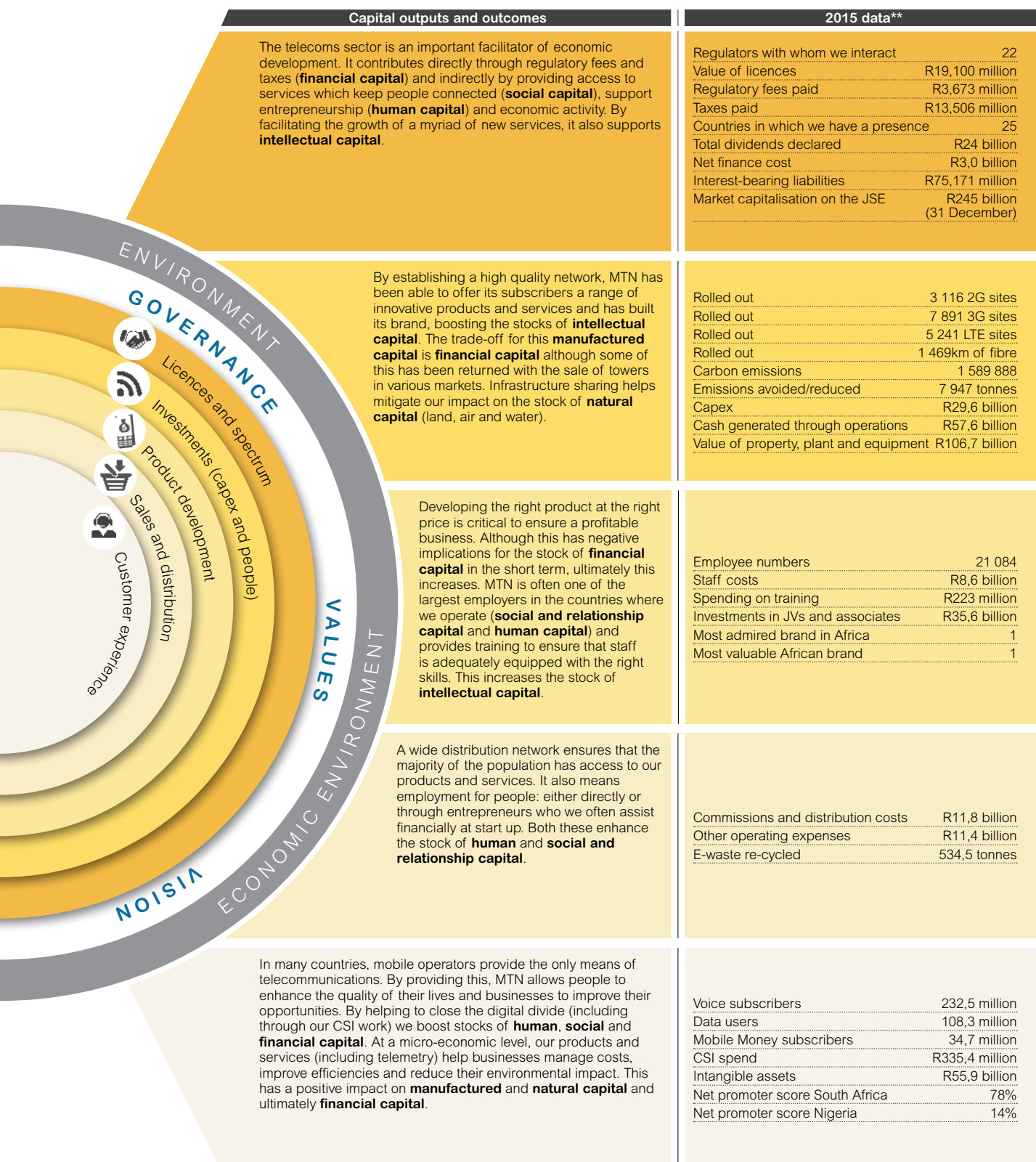
MTN profits and creates value through selling a range of innovative and reliable voice, data, digital and enterprise products and services. To ensure the Group's sustainability, our five-step business model considers MTN's vision, mission and values, supported by our governance structures and processes.

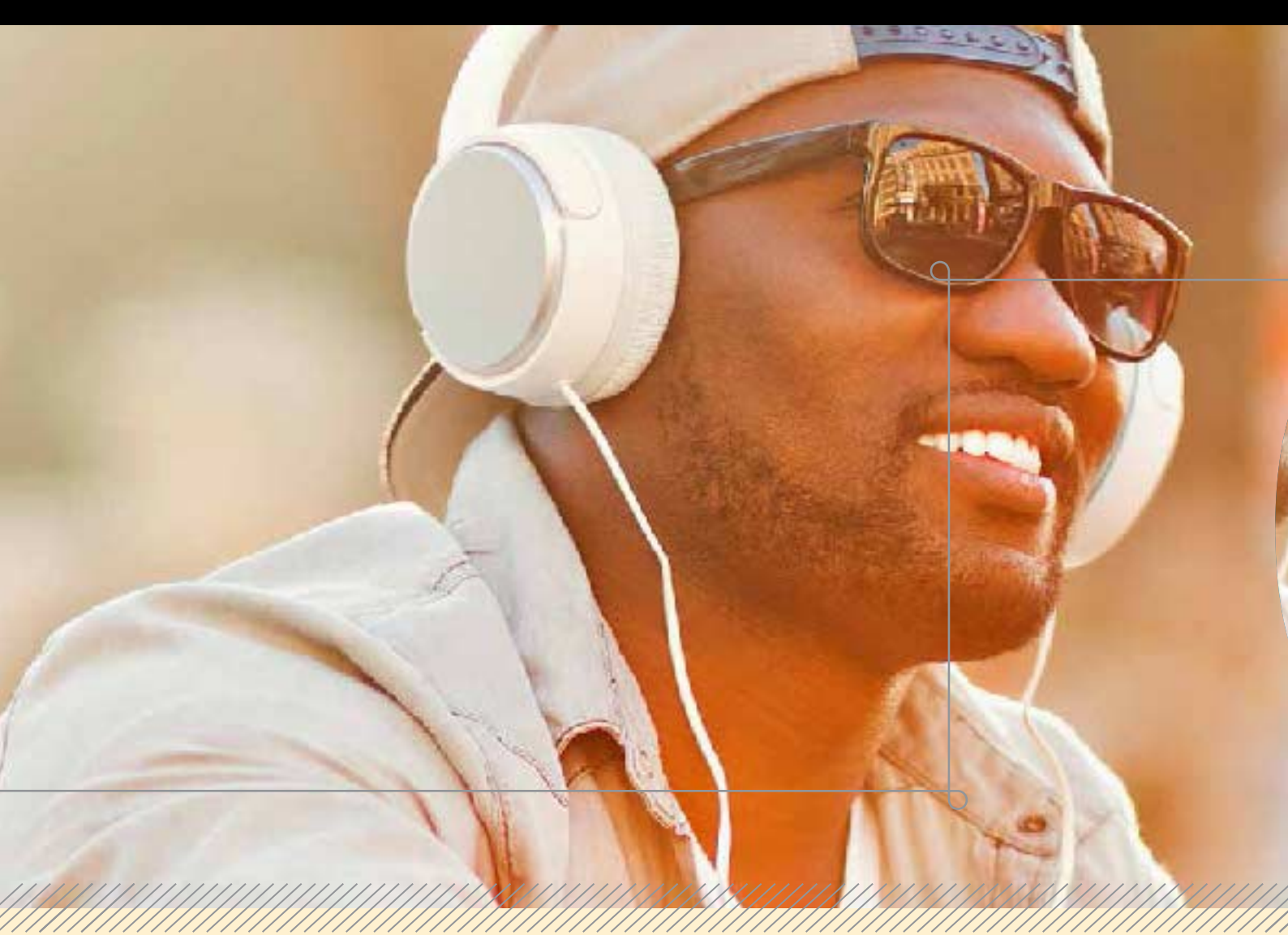
In this graphic, the outermost ring represents the environment in which we operate. This is explained in  1, 2, 3 and 4. Moving inwards, the next ring represents our internal environment. The following is the first step in our business model: the acquisition of sufficient and appropriate radio **spectrum** through telecoms **licences** in targeted markets. **Investment** is next – carefully considered capex ensures efficient coverage, capacity and quality networks. It also considers investments



made to facilitate the expansion of new revenue streams, while investment in people ensures we have the appropriate skills to deliver our strategy. The next step is **product development**: ensuring the right products at the right prices. **Sales and distribution** is the subsequent step: we establish and maintain a wide and deep distribution network and foster sound partnerships.

Ultimately, all these lead to the heart of our business model: creating a distinct **customer experience** – we work to attract and retain our customers. By optimising each step in this business model, which involves some capital trade-offs, MTN is able to generate profits and do so in a sustainable way, with positive financial implications for providers of capital, including through dividends and share buy-backs.





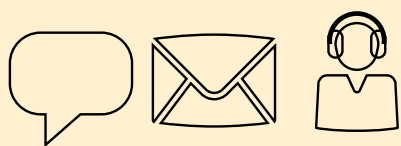
Voice bundles

Data bundles

Bonus on recharge

Low-denomination recharge vouchers

Market leader in 15 countries

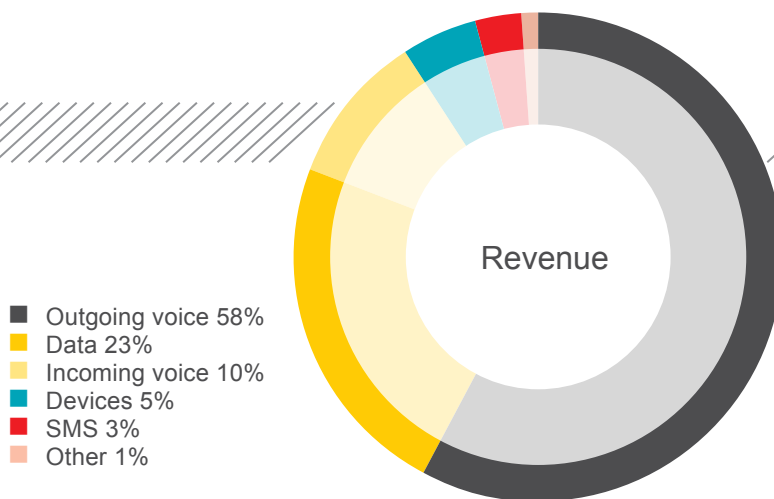


- MTN offers segmented voice and data services to 232,5 million subscribers across 22 markets.
- MTN continues to align opcos to create a standard and distinct customer experience.
- Voice and data revenue continue to be impacted by lower tariffs.



CONSUMER SERVICES

CONSUMER



MTN's subscriber base increased 4,1% to

232 499 737

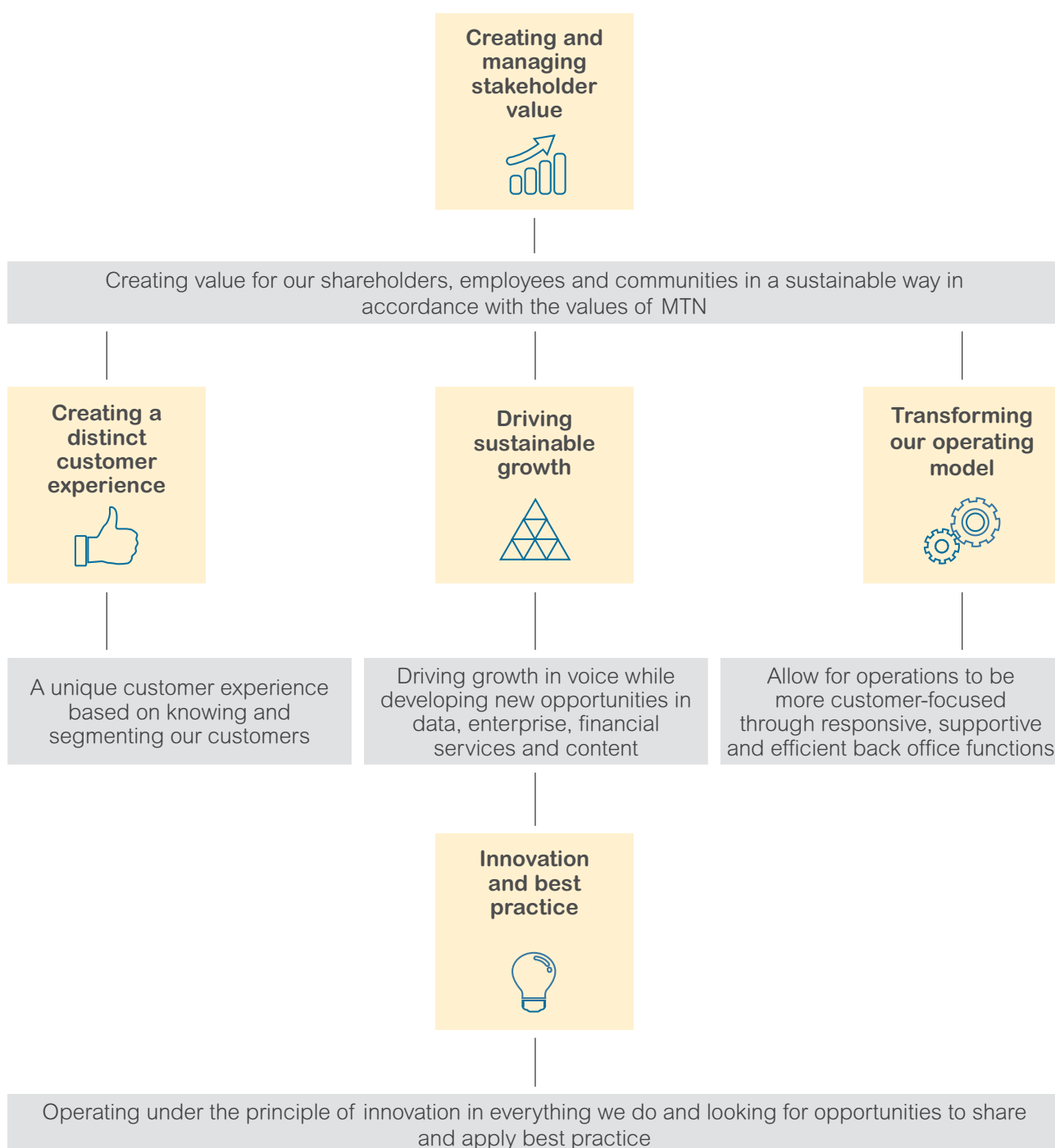
- Voice tariffs fell 25% (in US dollar terms)
- Voice billable minutes increased by 15%
- Outgoing voice declined by 5%*

- Data effective tariff fell 45% (in US dollar terms)
- Data traffic increased by 108,5%
- Data revenue grew by 32,6%*



Our strategy

MTN's strategy is built around five strategic themes: **Creating and managing stakeholder value** and **innovation and best practice sharing** describe our approach to our work, people and other stakeholders. Tangible priorities under **creating a distinct customer experience**, **driving sustainable growth** and **transforming our operating model** define how we strive to secure a sustainable competitive advantage and deliver superior shareholder returns.
















We further develop our strategic themes into strategic priorities, which have a three- to five-year time horizon. We measure progress against these priorities through the KPIs of the Group executive committee (exco) (p 46) which are reviewed annually. These are used to determine bonuses, if any, of the exco. We detail the bonus calculation process (p 77) and analyse performance against KPIs in 2015, as well as give details of executives primarily responsible for each one of these on p 28.

Strategic theme	Strategic priorities over three to five years	KPI target in 2015
Creating and managing stakeholder value 	<ul style="list-style-type: none"> Sustainable shareholder returns Responsible corporate citizenship Creating a great place to work Instilling sound governance and values 	<ul style="list-style-type: none"> 5% to 15% dividend growth Opportunistic share buy-backs Increase in positive media sentiment by 4% from 2014 baseline Statistical improvement on vital behaviours in the Group culture audit
Creating a distinct customer experience 	<ul style="list-style-type: none"> Brand leadership Customer experience Customer analytics Network quality and coverage 	<ul style="list-style-type: none"> Net Promoter Score improvements 17,5 million net additions Implement core managed services
Driving sustainable growth 	<ul style="list-style-type: none"> MTN in digital space Adjacent sectors Enterprise strategy Voice and data evolution M&A and partnerships 	<ul style="list-style-type: none"> Grow MTN Mobile Money (smaller operations) Increase new revenue streams (enterprise, digital and MFS) – target of US\$2,4 billion Grow Enterprise Business Unit (EBU) revenue 30% YoY M&A and partnerships
Transforming our operating model 	<ul style="list-style-type: none"> Asset optimisation Supply chain management Process standardisation and optimisation 	<ul style="list-style-type: none"> Group EBITDA margin of 44,6% Realisation of transformation benefits Improve procurement savings by more than 7% Improve capex efficiency and effectiveness in South Africa Improve capex efficiency and effectiveness in Nigeria
Innovation and best practice 	<ul style="list-style-type: none"> Innovation Best practice sharing 	<ul style="list-style-type: none"> Security framework rollout and adoption into standard applications ICT: Enterprise BSS standardisation and M2M strategy Digital readiness (services migration and deployment)

Our top risks and what we are doing about them

Using a combined assurance methodology (B 58), in 2015 we considered the following to be MTN's most material risks based on each residual risk rating. This takes into account the probability of the occurrence of the risk, the impact of the risk should it materialise and the mitigation strategies in place. The fact that we disclose details of these top risks means

Risk name, context and impact if not managed	Mitigation strategies	Link to strategy
<p>Create and maintain a competitive advantage</p> <p>The telecommunications and IT industry is characterised by rapid technological changes. Our commercial success depends on providing services at competitive prices as well as differentiating our product offerings. Lack of agility to respond to changing market conditions may affect our market share and revenue streams, as well as profits.</p> <p>MTN is moving into a new phase of its journey, where commercial and operational excellence, as well as innovation, are becoming more critical.</p> <p></p>	<ul style="list-style-type: none"> • Implementing a digital strategy with broader service offerings. • Driving critical mass in our operations and leveraging on our extensive footprint in Africa. Replicating successful experiences in other markets and launching global commercial initiatives in data, digital and customer value management. • Ensuring we have the appropriate skills to deliver the right products and services at the right price. • Expanding our IT service catalogue. 	<p></p> <p></p> <p></p>
<p>Financial performance targets</p> <p>Slowing global demand for commodities is putting pressure on economic growth in the emerging markets in which we operate. A reduction in industry tariffs, regulator-imposed disconnections of subscribers and increased competition are impacting revenue growth significantly.</p> <p>Our new revenue streams are at an early stage of development and we need to invest capital to build capacity, maintain and grow market share and position the Group for future growth.</p> <p>Exposure to currencies other than our reporting currency (the rand) impacts our reported results, the cost of servicing foreign-denominated obligations and operational costs denominated in hard currencies.</p> <p>  </p>	<ul style="list-style-type: none"> • We nurture our traditional revenue streams and identify and develop new revenue streams. • We are selling non-core assets (such as towers). • We have a local currency funding strategy. • We actively manage foreign-denominated assets and liabilities to minimise the impact of translation effects. 	<p></p> <p></p>
<p>Adverse regulatory changes or non-compliance with laws and regulations</p> <p>We have business ventures in a large number of jurisdictions and must comply with an extensive range of laws and regulations. Increased regulatory or legal changes/requirements may negatively impact our business model, and affect revenues and profits.</p> <p> </p>	<ul style="list-style-type: none"> • Systems in place to monitor and track new legislation and regulations as well as changes to current legislation and regulations. • Compliance management framework developed and rolled out to MTN's operating companies. • Written statement of commitment to compliance. • A local board member is appointed to oversee compliance within each operating company. • A Compliance Management Checklist (CMC) is in place for the management of compliance with local laws and regulations. 	<p></p> <p></p>

that each is important to MTN and, even though rankings change during the year, each of these risks receives equal management attention. We also include opportunities associated with each risk. For our approach to risk management, see [57](#).
































MTN's achievements in 2015	Opportunities	Risk ranking	
		2015	2014
<ul style="list-style-type: none"> Appointed a dedicated Group chief consumer officer and a Group chief digital officer, and honed our focus on customer experience initiatives. The enterprise business unit launched a number of new services including: Pan-African "Internet of Things"; MTN Business Cloud; Azure ExpressRoute; Microsoft Office 365; Amazon Web Services; switching capability; and a new MTN business website. 	<ul style="list-style-type: none"> Bridging the digital divide through innovative offerings including e-commerce services through our partnership with Rocket Internet, as well as MTN Mobile Money, mHealth and mInsurance. Creating greater efficiencies that allow the Company to remain profitable. Increased focus on the end-customer experience provides a competitive advantage. 	1	2
<ul style="list-style-type: none"> Achievements in this regard were overshadowed by the fine imposed by the Nigerian regulator. Maintained revenue levels despite pressure on tariffs. Invested in the development of new revenue streams. Implemented a strong revenue assurance measurement and governance framework. Realised a gain of R8 billion on the sale of towers in Nigeria. Completed focused capex deployment in growth markets. Realised some operational efficiencies and cost savings through outsourcing of non-core functions and review of sourcing models. Managed the consequences of the Nigerian fine on providers of funding. Contained forex losses despite a significantly stronger dollar. 	<ul style="list-style-type: none"> Growth in data revenue and new revenue streams from digital businesses. Driving cost efficiencies in existing core business and through the Group's back office transformation project. Refinement of capital allocation principles. Selective share buy-backs when opportunities arise. A positive impact of a weaker rand exchange rate on foreign-denominated earnings. 	2	4
<ul style="list-style-type: none"> Rolled out CMC to 19 operating companies, providing them with a tool to manage compliance. Carried out training at all operating companies on compliance processes, policies and systems. 	<ul style="list-style-type: none"> Strengthening and increasing capacity to manage regulatory changes and key stakeholders. Increasing regulatory audits. Obtaining third-party assurance on processes, systems and policies. Increasing training of senior management and executives on regulatory compliance. 	3	3

Our top risks and what we are doing about them *continued*

Risk name, context and impact if not managed	Mitigation strategies	Link to strategy
<p>Network performance</p> <p>We depend on the uninterrupted operation of our networks to provide our services. From time to time, customers experience data quality issues because of network constraints. Lack of timeous, effective and efficient capital investments to cater for greater subscriber numbers and traffic could lead to a loss of customers, and in turn a loss in revenue and a reduction in our EBITDA margin.</p> <p>1 MI 4 MI 5 MI</p>	<ul style="list-style-type: none"> • By outsourcing network operations MTN is able to leverage off the scale, expertise and tools of the managed services vendor. Moving to the next level of managed services, MS2.0 – where the focus is on customer experience – will ensure the best network experience. • Upgrading networks to LTE means that we provide the best mobile broadband service to our subscribers. • By sharing infrastructure through the establishment of tower companies, we reduce our rollout costs, as well as the ongoing costs of operating MTN's passive infrastructure. • By installing energy-efficient solutions such as hybrid power, we ensure higher availability of our networks and reduce our diesel costs. This also reduces our reliance on national grid electricity. 	   
<p>Compromised information security</p> <p>Lack of an effective Group-wide information security programme may compromise our information as a result of an increase in cyber-attacks worldwide. This could lead to reputational damage and the loss of customers, and in turn impacting revenue and margins.</p> <p>5 MI</p>	<ul style="list-style-type: none"> • Implementing an information security governance framework. • Increasing focus on reduction of cyber security risks. • Embedding information security requirements into key processes. • Raising awareness with staff and vendors. 	 
<p>Stakeholder management</p> <p>Lack of an effective strategy to engage stakeholders on their material concerns, resulting in the gradual loss of trust and confidence in MTN. In particular, key stakeholders such as governments, investors and staff feel they are not sufficiently engaged and informed about MTN's governance and operational challenges.</p> <p>6 MI</p>	<ul style="list-style-type: none"> • Segmenting MTN's stakeholders into 10 groups in order to focus on their material concerns through structured engagements; understand their impact on MTN's reputation; and improve our reporting on stakeholder management. • Gradually introduced issue management councils which serve to co-ordinate issue mitigation activities across the operations and the Group. 	   
<p>Liquidity and currency volatility</p> <p>Adverse changes in interest rates could result in higher costs of funding and reduced returns.</p> <p>A shortage of foreign currency, stringent exchange laws and adverse regulations governing repatriation of earnings in a number of markets could limit MTN's ability to repatriate earnings timeously. Volatility in the exchange rates of many of the countries in which we operate may have an adverse impact on net income. The limited availability of foreign currency in these countries may also result in local MTN operations being unable to obtain forex to pay suppliers/banks.</p> <p>2 MI</p>	<ul style="list-style-type: none"> • Maintain a liquidity buffer in the form of cash or committed facilities. • Encourage borrowing in local currency for opco funding requirements. • Active management of foreign currency exposures. 	 

MTN's achievements in 2015	Opportunities	Risk ranking	
		2015	2014
<ul style="list-style-type: none"> • Progressed with network managed services in 13 countries. These include South Africa, Nigeria, Ghana, Cameroon and Uganda. Three more networks will be transitioned in early 2016. • Launched LTE in Iran, Cameroon, Uganda, the Ivory Coast and Benin. Introduced 3G in Guinea-Bissau, Cameroon and Iran. • Rolled out LTE aggressively in South Africa. • Carried out quarterly network benchmarking drive tests on all networks. • Incurred capital expenditure of R29 billion. 	<ul style="list-style-type: none"> • Careful capital investment in key markets to maintain leading market share position. • Launching of LTE in main markets where MTN has a licence to enhance our mobile broadband offering. • Broadening network infrastructure sharing to include RAN, backbone transmission and data centres. • Use of energy-efficient infrastructure, which saves on diesel costs and ensures high network availability. • Revenue sharing with vendors, where the vendors provide all the capex, to roll out networks in remote rural regions gives us an opportunity to service lower-income segments of the market. 	4	1
<ul style="list-style-type: none"> • Implemented a management system based on the worldwide ISO 27001 standard. • Conducted cyber security risk and vulnerability assessments, commissioned "white hat" hacking experts and assisted our vendors to close holes on key systems. • Included security compliance requirements into key vendor contracts. 	<ul style="list-style-type: none"> • Security of information policies and procedures give comfort to stakeholders and enhance our reputation. • Improved security places MTN as a preferred service provider for security-conscious investors, business partners and customers. • Reduction of electronic fraud and revenue leakage. 	5	5
<ul style="list-style-type: none"> • The imposition of a significant fine by the Nigerian authorities highlighted the need for the Group to treat stakeholder management as a key business imperative. • Improved reporting on reputation-building activities, with the most engaged stakeholders in 2015 being governments, employees and the media. • Profiled MTN's corporate citizenship activities and the work of MTN Foundations. • Developed situational analysis and integrated response (SAIR) capability with an online real-time market intelligence aggregator to track issues that have a potential to influence MTN's reputation. • Heightened employee engagement through face-to-face interactions between leadership and staff on performance, values, organisational change and growth opportunities and threats. 	<ul style="list-style-type: none"> • The re-introduction of MTN's regional structure will allow for tighter monitoring and management of material stakeholder issues through closer escalation points between the Group and MTN markets via the regional vice presidents structure. • The rollout of the new SAIR capability will add impetus to the segmented stakeholder management approach. • Intensify the activities of the Group and opco issue management councils to inform and drive MTN's engagement with priority stakeholders, especially governments, regulators and the media. • Conduct a global MTN corporate reputation audit during the first half of 2016. 	6	new in 2015
<ul style="list-style-type: none"> • Concluded various new credit facilities at opco levels. • Extended Group facilities to manage refinancing risks. • Increased the intercompany loan between the MTN Group and MTN South Africa. • Hedged the Group's currency exposure out of MTN Nigeria. • Successfully concluded local currency funding for various opcos thus reducing foreign currency exposure. 	<ul style="list-style-type: none"> • Increase and extend the headroom facilities and domestic medium-term note programme. • New strategy for repatriating cash from all operations. • Diversify sources of funding. • Reduce foreign currency debt exposure. • Apply active currency management strategy. 	7	new in 2015

Our Group performance and outlook

Strategic theme	What we measure (KPIs) and 2015 target	2015 performance
Creating and managing stakeholder value 	<ul style="list-style-type: none"> • 5% to 15% dividend growth • Opportunistic share buy-backs 	<ul style="list-style-type: none"> • Grew dividend by 5,2%    
	<ul style="list-style-type: none"> • Increase in positive media sentiment by 4% from 2014 baseline 	<ul style="list-style-type: none"> • An improved plan to increase positive media sentiment showed encouraging results although negative sentiment spiked in Q2 2015 and Q4 2015 as a result of the industrial strike action in MTN South Africa and the MTN Nigeria regulatory fine. Issue management councils have been set up in 10 operations 
	<ul style="list-style-type: none"> • Statistical improvement on vital behaviours in the Group culture audit 	<ul style="list-style-type: none"> • 2% improvement in vital behaviours in the Group culture audit 
Creating a distinct customer experience 	<ul style="list-style-type: none"> • Net Promoter Score improvements 	<ul style="list-style-type: none"> • Improved 5% from the 2014 base  
	<ul style="list-style-type: none"> • 17,5 million net additions 	<ul style="list-style-type: none"> • 9 million net additions, affected by the disconnection of subscribers related to registration requirements  
	<ul style="list-style-type: none"> • Implement core managed services 	<ul style="list-style-type: none"> • Network managed services rolled out in seven opcos 
Driving sustainable growth 	<ul style="list-style-type: none"> • Grow MTN Mobile Money (smaller operations) 	<ul style="list-style-type: none"> • 9,3 million active subscribers  
	<ul style="list-style-type: none"> • Increase new revenue streams (enterprise, digital and MFS) – Target of US\$2,4 billion 	<ul style="list-style-type: none"> • New revenues of US\$1,8 billion  
	<ul style="list-style-type: none"> • Grow Enterprise Business Unit (EBU) revenue 30% YoY 	<ul style="list-style-type: none"> • Exceeded target – growth of 33% YoY  
	<ul style="list-style-type: none"> • M&A and partnerships 	<ul style="list-style-type: none"> • Further investment in Africa Internet Holdings; acquisition of Autopage's subscriber base and SmartVillage and disposal of MTN Ivory Coast shareholding (8%) to fulfil licence requirement • Entered into Telefonica strategic partnership agreement   
Transforming our operating model 	<ul style="list-style-type: none"> • Group EBITDA margin of 44,6% 	<ul style="list-style-type: none"> • Achieved margin of 34,6%, including Nigeria fine adjustment 
	<ul style="list-style-type: none"> • Realisation of transformation benefits 	<ul style="list-style-type: none"> • Three opcos are live on the shared services platform 
	<ul style="list-style-type: none"> • Improve procurement savings by more than 7% 	<ul style="list-style-type: none"> • Procurement savings improved by 25% YoY 
	<ul style="list-style-type: none"> • Improve capex efficiency and effectiveness in South Africa • Improve capex efficiency and effectiveness in Nigeria 	<ul style="list-style-type: none"> • Increased capex 92,9% in South Africa    • Sold towers in Nigeria and retained a stake in TowerCo
Innovation and best practice 	<ul style="list-style-type: none"> • Security framework rollout and adoption into standard applications 	<ul style="list-style-type: none"> • 80% of countries rolled out security framework and key internal audit issues closed
	<ul style="list-style-type: none"> • ICT: Enterprise BSS standardisation and M2M strategy 	<ul style="list-style-type: none"> • Business Support Systems: Low-level design sign-off • M2M platform ready for services
	<ul style="list-style-type: none"> • Digital readiness (services migration and deployment) 	<ul style="list-style-type: none"> • Digital readiness platforms implemented and rolled out to four opcos

Here we provide an analysis of the Group's performance against strategic themes in the year. Using some of the main key performance indicators (KPIs) that we measure, we rate the Group's 2015 performance against targets set for the year and indicate the material issues, capitals and stakeholders that are most relevant to each KPI. We also provide information on the focus in the years ahead, and list the executives whose primary responsibility it was to deliver on each KPI in 2015.

2015 Status	Relevant capital	Relevant stakeholders	Primary executive responsibility in 2015	Short to medium-term focus
	Financial	Shareholders	Brett Goschen	<ul style="list-style-type: none"> A minimum dividend of 700 cents per share is intended for 2016, depending on the outcome of the Nigeria issue and is at the discretion of the board. This takes into consideration the Nigeria regulatory fine and the dollar liquidity situation in Nigeria Opportunistic share buy-backs
	Social and relationship	All	Paul Norman	<ul style="list-style-type: none"> Improve corporate reputation through the continued establishment of issue management councils, improved stakeholder management and media engagement
	Human	Employees	Paul Norman	<ul style="list-style-type: none"> Further embed vital behaviours across the Group
	Social and relationship	Customers	Jyoti Desai Michael Ikpoki^ Mteto Nyati Zunaid Bulbulia^	<ul style="list-style-type: none"> Improvement in all markets relative to competitors Focus on customer experience, value, service and billing
	Social and relationship	Customers	Jyoti Desai Michael Ikpoki^ Mteto Nyati Zunaid Bulbulia^	<ul style="list-style-type: none"> Improve subscriber registration processes. Diversify products and deliver excellent services 12,5 million net additions guidance for 2016
	Social and relationship	Customers	Jyoti Desai	<ul style="list-style-type: none"> Continue the rollout of managed services and improve network customer experience with vendors
	Financial	Customers	Jyoti Desai Michael Ikpoki^ Mteto Nyati Zunaid Bulbulia^	<ul style="list-style-type: none"> Improve Mobile Money revenues in key markets Focus on systems
	Financial	Shareholders, customers	Jyoti Desai Michael Ikpoki^ Mteto Nyati Zunaid Bulbulia^	<ul style="list-style-type: none"> Focus on growing non-voice revenues
	Financial	Shareholders, customers	Jyoti Desai Michael Ikpoki^ Mteto Nyati Zunaid Bulbulia^	<ul style="list-style-type: none"> Grow ICT revenues in key markets
	Financial	Business partners	Karel Pienaar^	<ul style="list-style-type: none"> Explore adjacent business opportunities
	Financial	Shareholders, employees	Brett Goschen Sifiso Dabengwa^	<ul style="list-style-type: none"> Improve Group EBITDA margin by driving cost efficiency initiatives
	Human	Shareholders, employees, suppliers, social and relationship	Brett Goschen Jyoti Desai	<ul style="list-style-type: none"> Improve efficiencies in HR, finance and supply chain
	Financial	Suppliers	Brett Goschen	<ul style="list-style-type: none"> Leverage established procurement companies and continue to ensure the best quality at the best price
 	Financial, Environmental	Shareholders, communities	Mteto Nyati Michael Ikpoki^	<ul style="list-style-type: none"> Monitor profitability of capex Improve quality of networks
	Financial	Shareholders, customers	Jyoti Desai	<ul style="list-style-type: none"> Ensure the adoption of the Group information security policy controls
	Financial	Customers, shareholders	Jyoti Desai	<ul style="list-style-type: none"> Continue platform and opco deployments
	Financial	Customers, shareholders	Jyoti Desai	<ul style="list-style-type: none"> Continued rollout across footprint for digital readiness

^ Since left the Company.

Financial review

Financial snapshot

	Reported	Hyperinflation	Tower profit	Nigerian regulatory fine	Operational
Revenue	↑ 0% to R147 063m	R710m			↑ 0% to R146 353m
EBITDA	↓ 19% to R59 125m	R231m	R8 263	R9 287m	↓ 9% to R59 918m
EBITDA margin	↓ 9,6pp to 40,2%	0,0pp	5,6pp	6,3pp	↓ 3,9pp to 40,9%
Effective tax rate	↓ 6,2pp to 32,4%	0,8pp	12,1pp	11,1pp	↑ 1,5pp to 32,6%

■ Positive impact on reported results ■ Negative impact on reported results

Operating in a challenging environment

MTN Group's 2015 financial results reflect the challenging operating environment the business experienced in the year, details of which are discussed fully in the material issues section of this report (B 11). Weak macro-economic conditions, increased market competition, heightened regulatory pressures, notably in Nigeria, and operational challenges in some of our markets resulted in a lower than expected performance.

Reported basic headline earnings per share (HEPS) declined by 51,4%** to 746 cents**. This was largely a result of the provision for the Nigeria regulatory fine (R9 287 million), which had a 402 cents negative impact on HEPS. Excluding this, HEPS declined 25,3%. In addition, HEPS was negatively impacted by hyperinflation of 54 cents (positive impact of 69 cents in 2014) and losses from our investment in African Internet Holdings (AIH) and Middle East Internet Holdings (MEIH) of 34 cents (versus 7 cents in 2014) and from the tower companies of 39 cents (versus 16 cents in 2014).

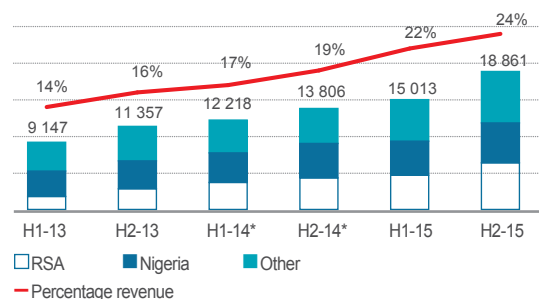
While these investments are a short-term drag on reported earnings, they remain key elements in the long-term strategy of the Group. Excluding the impact of the Nigeria regulatory fine provision, hyperinflation and the impact of AIH, MEIH and the towers, on a like-for-like basis, HEPS declined 14,3%.

Notwithstanding the challenging operating environment, MTN continued to benefit from its significant scale and footprint. The Group's subscriber base increased by 4,1% to 232,5 million, despite the disconnection of 10,4 million subscribers to ensure compliance with subscriber regulatory registration requirements in Nigeria and Uganda. MTN Nigeria and MTN Uganda disconnected 6,7 million and 3,7 million subscribers respectively.

Subscriber growth was achieved through attractive segmented below-the-line campaigns and an increased focus on the customer experience enabling the Group to maintain its leadership position in 15 markets.

Revenue

Data revenue (ZAR million)



Revenue growth	Organic (%)	Reported (%)
South Africa	37	37
Nigeria	19	16
Ghana	85	80
Cameroon	66	65
Ivory Coast	41	39
Uganda	17	12
Syria	23	(11)
Sudan	60	82
Small opco cluster (SOC)	34	34
Iran	90	102

Group revenue remained flat in the year largely due to a decline in voice revenue in Nigeria and a reduction in handset revenue in South Africa following the industrial action experienced in the first half of the year which led to the lower distribution of handsets. This was, however, largely offset by an increase in data revenue across the business.

* Constant currency (organic) information.

** Reported – includes hyperinflation and relating goodwill impairment, tower profits and Nigeria regulatory fine.

Lower voice tariffs, which declined by 25% across operations in the year (average price per minute in US dollar terms), led to a 15% increase in billable minutes. Voice revenue continued to come under pressure as a result of heightened competition and the related use of multiple SIM cards as well as pressure on consumer spending.

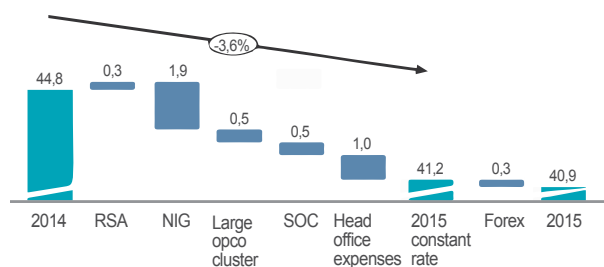
The Group benefited from a 108,5% increase in data traffic and an increased take-up of digital services. Despite a 45% decline in the effective data tariff (in US dollar terms), Group data revenue increased by 30,2% (32,6%*), partly offsetting a 5,6% (4,5%*) decline in voice revenue. Data revenue, including digital services, contributed 23,1% to total revenue.

MTN Nigeria's competitiveness in the market was compromised by the suspension of regulatory services in October 2015. Under this suspension, the Nigerian Communication Commission (NCC) withdrew its approval process for new tariff plans and promotions until certain tariff plans and promotions linked to the "dominant operator" ruling were removed from the market. This, combined with the disconnection of subscribers in the year, negatively impacted MTN Nigeria's results. MTN Nigeria continued to engage with the regulator regarding the "dominant operator" ruling.

MTN South Africa continued to show encouraging service revenue, which excludes handset revenue and other revenue, growth trends, regaining relevance in the prepaid segment in the second half of the year. Revenue growth in South Africa was supported by strong growth in data, benefiting from extensive 3G and LTE network rollout in the year.

EBITDA margin

EBITDA margin reconciliation (%)



The margin on Group earnings before interest, tax, depreciation, amortisation and goodwill impairment losses (EBITDA) declined by 3,9 percentage points (pp) to 40,9%. This was negatively impacted by an impairment for obsolete handsets in South Africa (R592 million) and an interconnect debt provision in Nigeria (R503 million). In addition, 2014 EBITDA had been higher as a result of the Belgacom International Carrier Services (BICS) five-year profit amortisation, which ended in 2014 (R364 million) and a provision raised for Syria related to the build-operate-transfer licence, which was reversed in 2014 (R497 million).

The underlying EBITDA margin was impacted by lower revenue growth, higher inflation, costs associated with the extensive network rollout and the depreciation of local currencies against the US dollar, which made foreign-denominated payments more costly. Higher lease costs associated with the sale of towers in Nigeria and commissions associated with new revenue streams also impacted the margin. The Group, however, continued to make good progress during the year on cost-containment initiatives, including lower advertising and staff costs as well as procurement efficiencies.

Cash flow

Cash inflows generated by operations decreased by 10,9%** to R57 598 million** mainly as a result of lower EBITDA and a R5 221 million** increase in working capital.

Capital expenditure

Capital expenditure (capex) increased by 15,7% to R29 199 million with a key focus on 3G and LTE rollout. MTN South Africa's capex amounted to R10 948 million, representing 37,5% of total capex. During the year, the Group rolled out 3 116 2G sites, 7 891 co-located 3G sites and 5 241 co-located LTE sites. The Group also rolled out 1 469km of long distance fibre and connected a total of 1 164 sites to fibre, enabling better quality data networks across operations. The Group plans to spend R30 814 million on its capex programme in 2016.

Financial position

Net debt increased to R31 635 million** from R4 543 million** in 2014. This was largely due to an increase in capital expenditure in South Africa and the acquisition of 4G/LTE licence, digital TV spectrum and the purchase of Visafone in Nigeria.

MTN South Africa's performance and outlook



	2015	2014	2016 guidance
Net additions ('000)	2 595	2 293	1 100
Revenue (Rm)	40 038	38 922	
EBITDA margin (%)	33,4	32,1	
Capex (Rm)	10 948	5 676	7 970
NPS % LA	78	70	

Overcoming operational challenges

MTN South Africa delivered encouraging results despite operational challenges, including industrial action in the first half of the year. A strong focus on customer experience, competitive offerings, aggressive network rollout and employee engagement resulted in a successful turnaround in the second half. 4 MI 6 MI

Along with other commodity exporters, South Africa's economy and currency were weak in 2015, with GDP growth slowing to 1,3% in the year from 1,5% in 2014 and 2,2% in 2013. The average rand/dollar exchange rate declined 13%, after a volatile performance, hurt by softer demand for commodities. 2 MI

△ We increased our subscriber base by 9,3%, surpassing 30 million customers. The number of subscribers in the prepaid segment increased 12,3% to 25,3 million, a result of attractive voice and data offerings. The postpaid subscriber base declined by 3,3% to 5,2 million because of the limited availability of handsets, which normalised in the fourth quarter.

△ Total revenue increased by 2,9%, driven mainly by healthy growth in data revenue. This was, however, offset by an 18,0% reduction in handset revenue and a 2,4% decrease in outgoing voice revenue. Service revenue, which excludes handset revenue and other revenue, increased 7,5%. Data revenue increased by 37,2% to contribute nearly a third – or 31,7% – to total revenue. This performance was supported by our strong 3G and LTE network rollout,

as well as increased 3G and LTE device penetration. The number of smartphones on our network increased by 10,6% to 7,6 million. 3 MI

△ Enterprise Business Unit (EBU) and digital services revenue growth was encouraging, with more services offered to EBU customers and content downloads gaining traction. The market in South Africa, however, remains highly competitive in this area. 3 MI

⚙️ The EBITDA margin expanded by 1,3 percentage points to 33,4%, a result of cost-containment initiatives including lower staff and advertising costs and lower handset sales. However, the expansion of the network resulted in higher rent and utilities, as well as transmission costs.

📈 We almost doubled capital expenditure, raising it 92,9% to R10 948 million, by adding 966 2G, 1 593 co-located 3G and 3 148 co-located LTE sites. By expanding 3G and LTE coverage, we ensured better quality and capacity. However, the rollout process did cause some disruptions to the network. MTN South Africa's net promoter score LA (NPS, a measure of customer satisfaction) increased to 78% in the year from 70% in 2014. This was mainly as a result of value offers and improved network quality in the fourth quarter of the year. In 2015, of the six quality of service metrics for which we obtain external assurance for South Africa, four declined in the year, one improved and one was unchanged (117).



MTN South Africa continues to actively engage with the authorities regarding the planned auction of 2,6GHz and 3,5GHz spectrum frequency, which we need to further expand and enhance our LTE network. However, as a short-term solution, we have re-farmed existing spectrum to cater for LTE technology. ³MI

Looking ahead

South Africa's economic outlook for 2016 remains weak with GDP estimated to grow at 0,9%. The depreciation of the rand, constrained infrastructure as well as higher food prices as a result of the severe drought of 2015 is expected to increase inflation levels in 2016.



Notwithstanding this, we expect our operational performance to extend the positive momentum of the second half of 2015 into 2016, supported by competitive voice and data offerings as well as the expansion of digital and EBU services. We expect to add 1,1 million subscribers in 2016.



We expect to benefit from our focused work to improve 3G and LTE network quality and capacity as well as an enhanced 3G/LTE device plan implemented towards the end of 2015. The operation will also continue to roll out fibre-to-the-home, thereby improving customer experience. We expect to commit approximately R8,0 billion in capex in 2016.



We continue to work towards improving our cost structures and creating efficiencies. In 2016, MTN South Africa will implement *Project Next!*, the Group's back office transformation programme.



Among other priorities in the year ahead are investing in strong and experienced executive leadership; engaging with our employees, and continuing to work with the regulator to obtain much needed 4G spectrum. ⁴MI ⁵MI

MTN Nigeria's performance and outlook



	2015	2014	2016 guidance
Net additions ('000)	1 359	3 127	4 000
Revenue (Rm)	51 942	53 995	
EBITDA margin (%)	53,0*	58,6*	
Capex (Rm)	4 993	8 375	11 130
NPS %	14	16	

Recording disappointing performance amid heightened regulatory pressure

MTN Nigeria experienced a most challenging year. Performance was severely impacted by heightened regulatory pressure, in particular the suspension of services by the regulator as well as the subscriber registration requirements which led to the disconnection of 6,7 million subscribers in the year. Weak economic conditions and the limited availability of US dollars also contributed to a lower than expected showing.

A peaceful handover of power to a new president early in the year was good for our business, however a sharp fall in global oil prices led to a slowdown in growth as lower oil revenues dampened economic activity, put pressure on the currency, fuelled inflationary pressures and restricted the import of goods. The average naira/dollar rate declined 20% in the year.

While MTN Nigeria reported a 2,3% increase in subscribers to 61,3 million, our market share declined to 44,7% from 49,0% in 2014. This was largely the result of the withdrawal of regulatory services (which restricted any introduction of new tariff plans and promotions) as well as the disconnection of subscribers whose registration documents were considered to be incomplete.



Total revenue reduced by 2,1%* mainly because of the absence of new competitive offerings as well as the use by customers of multiple SIM cards. This resulted in a decline in outgoing voice revenue. Data revenue increased by 18,8%* and contributed nearly a fifth (19,5%) to total revenue.

While data revenue growth was supported by a 60,7% increase in the number of smartphones on our network as well as higher digital services revenue, it was negatively impacted by regulatory requirements, which obliged MTN Nigeria to seek permission from customers before charging out-of-bundle rates. Slow data speeds and lower effective data tariffs also had a negative impact.



Digital revenue showed positive growth, supported by the continued success of digital music and mobile financial services. MTN Nigeria's Enterprise Business Unit (EBU) was, however, negatively impacted by the constrained economy as a result of low international oil prices.



Our Mobile Money offering, Diamond Yellow, continued to gain traction, boasting approximately 6,2 million accounts at year end after work to partner with more banks and other financial services companies, as well as work to expand our agent network.



The EBITDA margin narrowed by 5,6 percentage points to 53,0%*. This was largely due to increased use of build-to-suit towers; higher lease costs following the sale of towers; the impact of a weaker naira on US dollar expenditure relating to managed services and network rollout costs; higher digital services revenue share; and an increase in debt provisions and in marketing spend. We completed the transfer of the final tranche of 4 696 towers to the tower company on 1 July 2015. During the year, 597 new 2G sites and 1 856 co-located 3G sites were added.



Capex declined by 40,4% to a below budget R4 993 million, impacted by the tower transaction as well as the increased use of build-to-suit towers. Improving the quality and data speeds of the network in some parts of the country remains a priority. We are engaging with suppliers to resolve the challenges we have experienced and we expect to ramp up the rollout by the end of the first half of 2016. MTN Nigeria's net promoter score **LA** (NPS, a measure of customers' willingness to recommend MTN's products and services to others) declined to 14% from 16% in 2014. Of the six quality of service metrics for which we obtain external assurance for Nigeria, all but one improved in the year. 3G network availability declined (117). **4 MI 5 MI**



On 3 November 2015, the regulator approved the renewal until 31 August 2021 of MTN Nigeria's operating spectrum in the 900MHz and 1 800MHz frequency bands. In addition, on 31 December 2015,

MTN Nigeria concluded the acquisition of Visafone Communications Limited. This, combined with the acquisition of a 4G/LTE licence and digital TV spectrum, will provide us with access to sufficient spectrum to roll out LTE services. **3 MI**

Looking ahead



We anticipate an improvement in MTN Nigeria's overall operational performance. However, net additions in the first quarter are expected to be impacted by the disconnection of 4,5 million subscribers at the end of February 2016. These disconnections were related to the ongoing subscriber registration process and we are working to complete the registration process with disconnected subscribers. For the year as a whole, we expect net additions of four million subscribers. **1 MI 6 MI**

We expect the economic challenges in Nigeria, including the pressure on US dollar liquidity, to remain a challenge in the short to medium term. However, we are establishing contingency plans to ensure that we can continue with the planned network rollout, including more than doubling of our capex in 2016 to some R11,1 billion.



The operational priority for 2016 is to improve our 3G and LTE coverage as well as our fibre-to-the-home offering. In this way, we will ensure that we create a distinct customer experience.

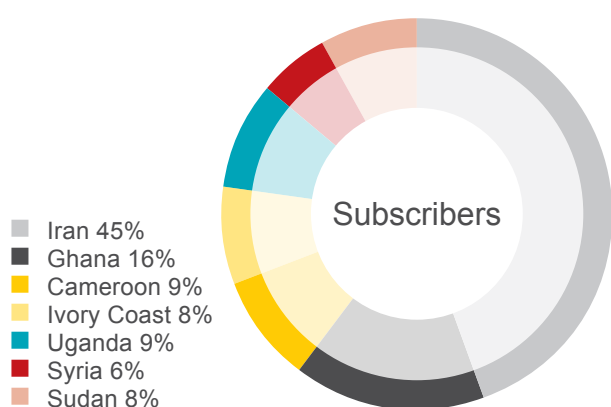
Our large opco cluster and MTN Irancell's performance and outlook

Net additions of **2,6 million** (2014: 7,2 million)

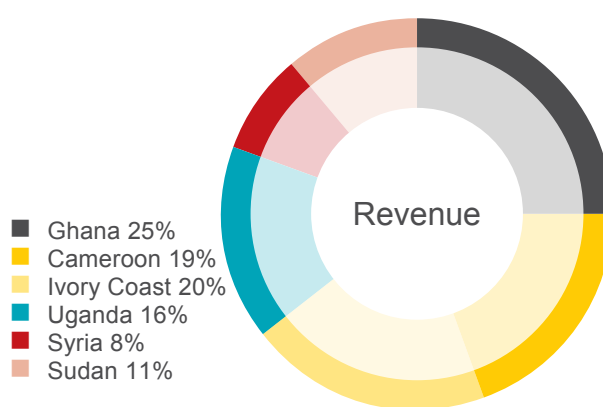
Net promoter score (NPS) of **16%** (2014: 5%)[LA](#)

20 million MTN Mobile Money subscribers (2014: 14,9 million)

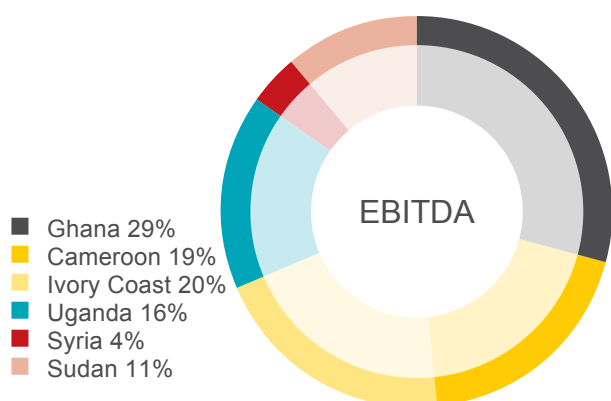
Subscribers (including Iran)
103,3 million



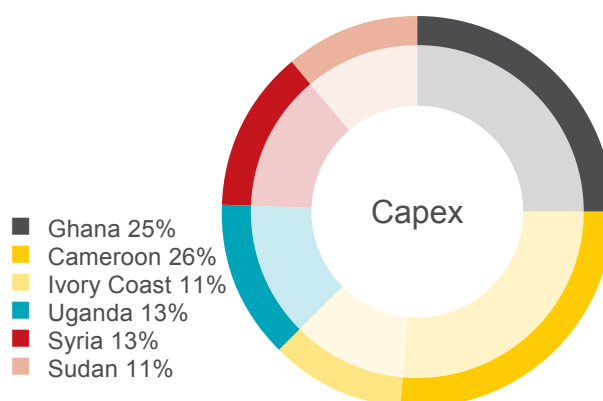
Revenue (excluding Iran)
R31 358 million



EBITDA (excluding Iran)
R10 944 million



Capex (excluding Iran)
R7 319 million



Iran revenue: R13 660 million

Iran EBITDA: R5 665 million

Iran capex: R4 180 million


MTN Irancell (joint venture, equity accounted, financial numbers reflected at 49%)





	2015	2014	2016 guidance
Net additions ('000)	2 200	2 566	1 100
Revenue (Rm)	13 660	11 631	
EBITDA margin (%)	41,5*	42,8*	
Capex (Rm)	4 180	3 112	3 518

Benefiting from strong data revenue growth

MTN Irancell delivered a strong performance in 2015 despite sluggish economic activity related to lower world oil prices and continued sanctions against Iran. Supported by the continued adoption of 3G and LTE services by Iranian youth, MTN Irancell's subscriber numbers increased by 5,0% to 46,1 million in a highly penetrated market.


Lower oil revenues took a toll on the economy, reducing government revenues and the availability of foreign currency. The average rial/US dollar rate declined 12% in the year. In July, Iran reached a landmark nuclear deal with six world powers, opening the way for a phased lifting of nuclear-related economic and financial sanctions from January 2016. 

 MTN Irancell's total revenue increased by 11,6%*, driven by a 90,2%* acceleration in data revenue. This performance was achieved despite a steep fall in data prices and brought data's contribution to total revenue to just under a third (30,2%).

This offset a 4,0%* decline in outgoing voice revenue as a result of aggressive competition in the market and data substitution. Data revenue was supported by a strong 3G and LTE network as well as a 52,7% increase in the number of smartphones on the network to 26,4 million, representing more than half of the subscriber base. 

In the year, MTN Irancell launched its Enterprise Business Unit (EBU) ahead of the easing of sanctions in the country to provide dedicated ICT and business-to-business (B2B) services to business customers.



MTN Irancell's EBITDA margin decreased by 1,3 percentage points to 41,5%* as a result of an increase in regulatory fees and transmission costs associated with 3G and LTE network rollout. 



Capex for the year amounted to R8 531 million (100%) with a focus on network modernisation and the continued expansion of the 3G and LTE networks. In the year, the operation rolled out 432 2G sites, 2 443 co-located 3G sites and 1 266 co-located LTE sites.

Looking ahead



Following the easing of financial sanctions in January 2016, we are working on repatriating funds from Iran. This offers significant opportunities to expand services, particularly in the digital space, where we command a strong market position. We also expect economic growth to accelerate, inflation to reduce and the exchange rate to normalise somewhat. The renewal of MTN Irancell's WiMax licence to TDD-LTE at the end of 2015 will support a nationwide expansion of fixed LTE services in the year ahead. MTN Group's share of MTN Irancell's capex in 2016 is expected to be R3,5 billion, when we forecast 1,1 million net subscriber additions.

Our large opco cluster and MTN Irancell's performance and outlook *continued*

MTN Ghana





	2015	2014	2016 guidance
Net additions ('000)	2 403	923	800
Revenue (Rm)	7 903	7 149	
EBITDA margin (%)	40,5*	37,4*	
Capex (Rm)	1 831	1 400	901
MTN Mobile Money subscribers (m)	5,7	3,4	

Progressing thanks to robust data growth



MTN Ghana delivered a solid performance despite a challenging economic environment. The operation increased its subscriber base by 17,3% to 16,2 million, largely because of attractive voice and data offers aimed at subscriber acquisition and churn management as well as digital and mobile financial services offerings.

The Ghanaian economy, until recently a top performer due to its political stability and rapid growth through commodity exports, is under a three-year IMF programme to restore fiscal balance. Its currency, the cedi, fell sharply in 2015 and it faced a prolonged energy crisis.


 MTN Ghana's total revenue increased by 15,9%*, supported by a 85,2%* growth in data revenue, which contributed 30,6% to total revenue. This was due to appealing data bundle packages, an improved device plan and an increased focus on 3G quality and coverage. The number of smartphones on the network increased by 40,8% to 3,2 million in the year.

 Mobile financial services showed healthy growth with the number of MTN Mobile Money customers expanding by 68,1% to 5,7 million.

The EBITDA margin increased 3,1 percentage points to 40,5%* despite an increase in US dollar-denominated expenses associated with the sharp depreciation of the cedi against the US dollar. The increase in margin was mainly due to well-maintained costs and no management fees paid to the Group in the year.

 MTN Ghana invested R1 831 million in the network, adding 73 2G and 233 co-located 3G sites in the year. In December, the operation won a 4G/LTE licence in the 800MHz spectrum band, enabling MTN Ghana to improve the quality and capacity of its data network. Of the six quality of service metrics for which we obtain external assurance for Ghana, four improved in the year, and two ebbed ( 117).



 We expect to commit some R901 million in capex to Ghana in 2016, when we expect to add a net 800 000 subscribers to our network.



MTN Cameroon





	2015	2014	2016 guidance
Net additions ('000)	(480)	947	1 000
Revenue (Rm)	5 806	6 194	
EBITDA margin (%)	36,2*	42,8*	
Capex (Rm)	1 911	862	1 157
MTN Mobile Money subscribers (m)	2,0	1,6	

Contending with aggressive competition

MTN Cameroon's performance was below expectations largely due to aggressive competition and a limited 3G network. Cameroon's economy remained resilient in the year, growing at more than 5% in the face of security and humanitarian challenges at its northern borders with Nigeria and eastern borders with the Central African Republic. Subscriber numbers declined by 5,0% to 9,2 million, resulting in a decline in market share from 59,4% to 56,2%.

 Total revenue declined by 4,6%* mainly due to a 12,5%* decrease in outgoing voice revenue. This was the result of lower effective tariffs and network challenges in the first half of the year. Following corrective measures, network quality showed improvements and stabilised revenue performance in the fourth quarter. Data revenue increased by 65,7%* and contributed 14,2% to total revenue. This was supported by attractive data promotions, growth in digital services and MTN Mobile Money. MTN Mobile Money subscribers increased 23,8% to 2,0 million in the year. 

 MTN Cameroon's EBITDA margin decreased by 6,6 percentage points to 36,2%* as a result of an increase in rent and utilities as well as maintenance and transmission costs associated with strengthening the 3G and 4G network.

 Capex increased by 122,7%* to R1 911 million as a result of a focused 3G and 4G network rollout. During the year, the operation rolled out 162 2G and 609 largely co-located 3G sites. The renewal of the operation's licence in the year allowed for a significant increase in the capacity of the network and enhanced data traffic speed. In 2016, we expect to incur capex of R1,2 billion, and record one million net additions.

Our large opco cluster and MTN Irandcell's performance and outlook *continued*



MTN Syria


	2015	2014	2016 guidance
Net additions ('000)	111	33	50
Revenue (Rm)	2 605	3 449	
EBITDA margin (%)	17,7*	18,9*	
Capex (Rm)	974	357	1 543

Growing despite deteriorating conditions

In **MTN Syria**, we faced considerable challenges related to the civil war, not least the reduction in the population; however, we managed to continue to offer telecoms services.

We increased our subscriber base by 1,9% to 5,9 million.



Despite a deterioration of conditions in the country, the operation increased total revenue by 4,7%* mainly as a result of strong data revenue growth. Data revenue increased by 22,8%* and contributed 27,7% of total revenue. 





The EBITDA margin declined by 1,2 percentage points to 17,7%*. Capex amounted to R974 million in the year, and we expect to spend R1,5 billion in 2016, when we predict net additions of 50 000.

MTN Sudan

	2015	2014	2016 guidance
Net additions ('000)	(489)	226	125
Revenue (Rm)	3 472	2 701	
EBITDA margin (%)	35,0*	33,8*	
Capex (Rm)	819	1 392	832

Making progress in a tough operating environment

MTN Sudan showed good progress despite a 5,5% decline in subscribers to 8,5 million due to subscriber registration requirements. Sudan's economy remained fragile, amid continued conflicts between government and rebel forces, sanctions and diminished oil revenue because of lower international crude prices.  



Total revenue increased by 14,8%* supported by a 59,8%* increase in data revenue. At year end, data contributed 21,9% to total revenue.



The EBITDA margin improved 1,2 percentage points to 35,0%* despite the high inflation environment. Capex in the year amounted to R819 million, and we expect to incur capex of R832 million in 2016, when we predict net additions of 125 000 subscribers.

MTN Ivory Coast


	2015	2014	2016 guidance
Net additions ('000)	330	939	75
Revenue (Rm)	6 424	6 418	
EBITDA margin (%)	34,2*	38,6*	
Capex (Rm)	833	1 185	815
MTN Mobile Money subscribers (m)	2,9	2,5	


Rolling out 3G aggressively

MTN Ivory Coast increased its subscriber base by 4,1% to 8,3 million in a competitive market. This was supported by segmented offerings and bonus bundle promotions.

Presidential elections in Ivory Coast in October were peaceful, allowing the country to move on after years of turmoil. The economy continued to expand in an extended revival since the end in 2011 of a decade-long crisis. ^{2 MI}

 Total revenue increased by 2,2%*, supported by encouraging growth in data revenue. Data revenue increased by 41,5%* to contribute 15,6% to total revenue. The increased uptake of digital services, MTN Mobile Money offerings and an aggressive rollout of 3G sites contributed to data growth. MTN Mobile Money subscribers increased 12,8% to 2,9 million. The focus ahead is on the expansion of distribution channels and the introduction of new products.

 The operation's EBITDA margin declined by 4,4 percentage points to 34,2%*. This was a result of high maintenance costs and an increase in rent and utilities associated with network rollout.


 MTN Ivory Coast spent R833 million on its capex programme and rolled out 132 2G and 339 co-located 3G sites in the year. We expect to incur capex of R815 million in 2016, when we predict net additions of 75 000 subscribers.


MTN Uganda


	2015	2014	2016 guidance
Net additions ('000)	(1 467)	1 588	2 000
Revenue (Rm)	5 148	5 289	
EBITDA margin (%)	34,5*	39,2*	
Capex (Rm)	951	667	807
MTN Mobile Money subscribers (m)	9,5	7,3	

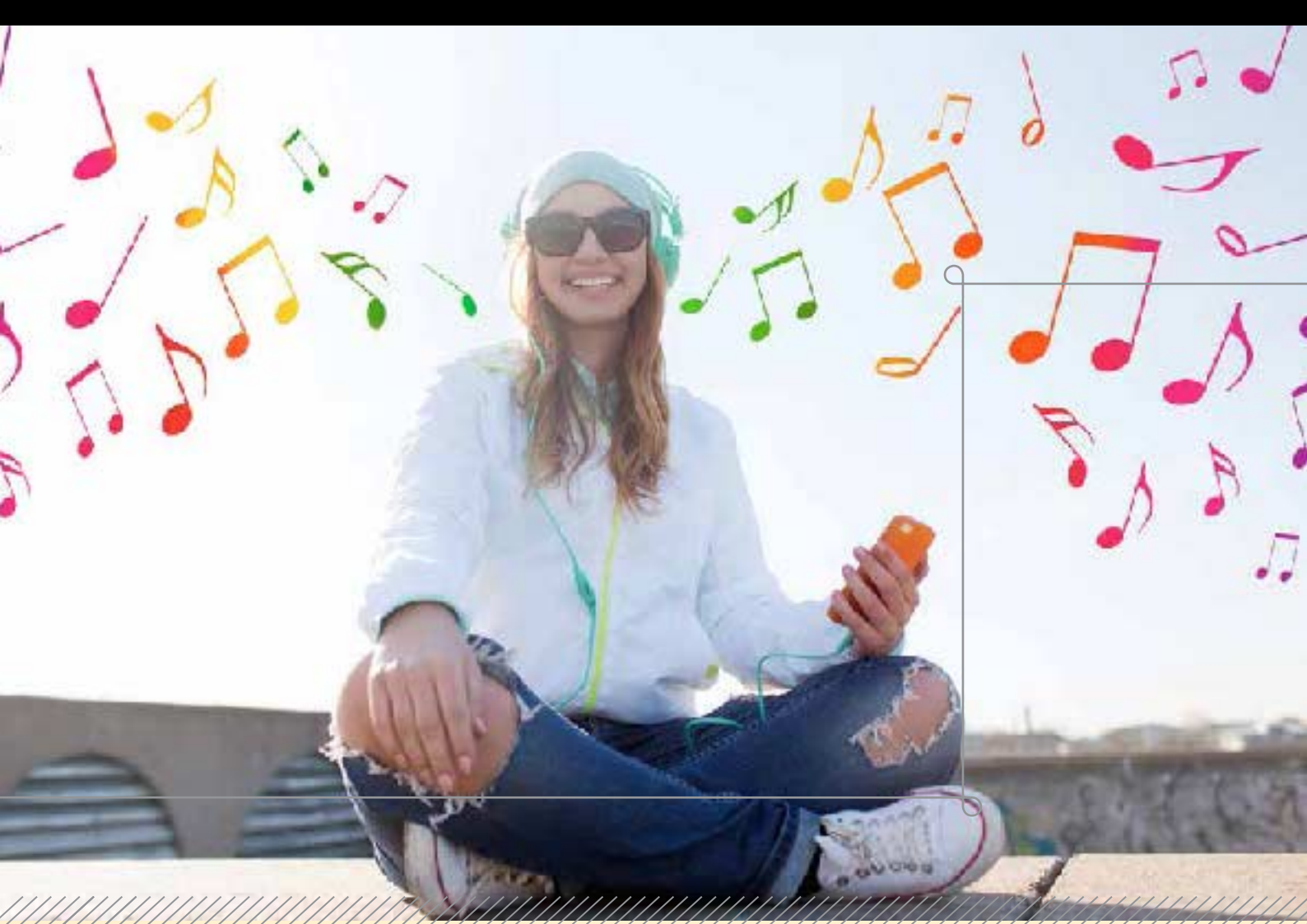
Feeling the impact of subscriber disconnections

MTN Uganda's subscriber base declined by 14,1% to 8,9 million, impacted by the disconnection of 3,7 million subscribers in the fourth quarter who did not fully comply with regulatory subscriber registration requirements. ^{1 MI} Uganda's economy grew, but inflation accelerated and the currency lost value. ^{2 MI}

 Total revenue increased by 2,8%*, supported by a 17,4%* increase in data revenue that contributed 28,3% to total revenue. This was attributable to the launch of LTE services in the year, an increase in 3G and LTE devices and the continued success of MTN Mobile Money. Voice revenue continued to be impacted by high excise duties and the One Network Area initiative implemented in the region. Outgoing voice revenue decreased by 2,1%* mainly due to lower effective voice tariffs. Outgoing voice revenue, excluding roaming, decreased by 0,7%*. ^{1 MI} ^{3 MI} MTN Mobile Money recorded a 30,2% increase in registered subscribers to 9,5 million.

 The EBITDA margin decreased by 4,7 percentage points to 34,5%*, negatively impacted by US dollar-denominated expenses.

 Capex in the year amounted to R951 million with 161 new 2G sites and 100 co-located 3G sites rolled out, improving quality and capacity on the network. We expect to incur capex of R807 million in 2016, when we predict the net addition of two million subscribers.



MTN Football

MTN VU

MTN Play

MTN Music

Gaming

MTN Mobile Money

Taxi hailing

Food delivery

Classifieds

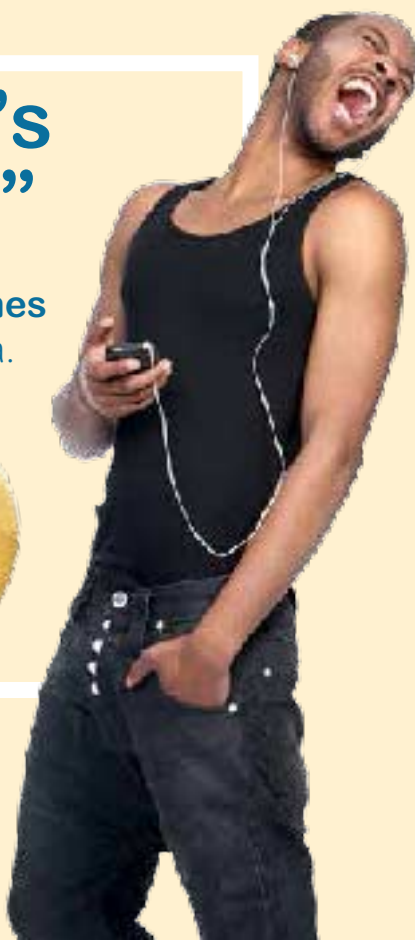
Travel

Marketplace



Adele's "Hello"

downloaded
11 million times
in South Africa.



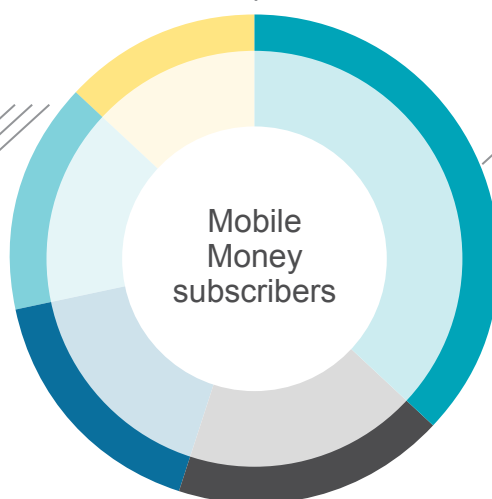
Through partnerships we continue to expand digital services, with a focus on financial services, e-commerce, media and entertainment and lifestyle offerings.

MTN is now the largest distributor of music in Africa and has more than **80 companies** providing **5 000** content services under lifestyle offerings.



DATA AND DIGITAL SERVICES

DIGITAL



Ringback tones

mAgriculture

Top five contributors:

- Uganda 29%
- Ghana 14%
- South Africa 13%
- Rwanda 12%
- Ivory Coast 10%

Zando

mEducation

Jumia

mHealth



MTN Mobile Money subscribers increased to
35 million
across 15 countries.



Our e-commerce joint ventures AIH and MEIH continued to make good progress. AIH recorded 2,3 million customers and 4,4 million transactions in 2015. MEIH reported higher average basket sizes.




Who is responsible

The board is responsible for the adoption of strategic plans, the monitoring of operational performance and management, and the development of appropriate and effective risk management policies and processes. The full extent of the board's responsibilities is available in the board charter.

Profiles of our board of directors

- 1. PF Nhleko (55)**
 Executive chairman[^]
 BSc (Civil Eng), MBA
 Appointed: 28 May 2013
Board committee membership: Chairman: Nominations committee; member: remuneration and human resources committee.
Other directorships: Chairman of various companies in MTN Group, chairman of Pembani Group (Pty) Limited, director of BP Plc, Anglo American Plc, Afrisam (South Africa) (Pty) Limited, Opiconsivia Investments 230 (Pty) Limited.
Skills, expertise and experience: Strategic leadership and finance.
- 2. BD Goschen (51)**
 Executive director, Group chief financial officer
 BCom, BCompt (Hons), CA(SA)
 Appointed: 22 July 2013
Board committee membership: Various board committee meetings by invitation.
Other directorships: Director of various companies in MTN Group.
Skills, expertise and experience: Accounting, finance and operations.
- 3. A Harper (59) (British)**
 Independent non-executive director
 BA (Hons)
 Appointed: 1 January 2010
Board committee membership: Chairman: Remuneration and human resources committee; member: nominations committee.
Other directorships: Director of various companies in MTN Group, Azuri Technologies Limited and Gigabit Fibre Limited.
Skills, expertise and experience: General business and telecommunications.
- 4. KP Kalyan (61)**
 Independent non-executive director
 BCom (Law) (Hons) Economics, Senior Executive Management Programme (London Business School)
 Appointed: 13 June 2006
Board committee membership: Chairman: Social and ethics committee; member: risk management, compliance and corporate governance committee.
Other directorships: Director of various companies in MTN Group, non-executive chairman of Edgo Merap, director of AOS Orwell Energy, Aker Solutions, Anglo American South Africa and Petmin Mining, member of the Thabo Mbeki Foundation Advisory Council and President Faure Gnassingbe Advisory Investment Council.
Skills, expertise and experience: Economics and the energy sector.
- 5. S Kheradpir (55) (American)**
 Independent non-executive director
 Bachelors, Masters and Doctorate in Electrical Engineering
 Appointed: 8 July 2015
Board committee membership: Member: Risk management, compliance and corporate governance committee.
Other directorships: Director of various companies in MTN Group and Coriant International Group.
Skills, expertise and experience: Business leadership and business operations, engineering and information technology.
- 6. NP Mageza (61)**
 Independent non-executive director
 FCCA
 Appointed: 1 January 2010
Board committee membership: Chairman: Risk management, compliance and corporate governance committee; member: audit committee; social and ethics committee.
Other directorships: Director of various companies in MTN Group, Remgro Limited, Sappi Limited, RCL Group, Eqstra Holdings Limited and Ethos Private Equity Limited.
Skills, expertise and experience: Accounting, banking and finance.
- 7. MLD Marole (56)**
 Independent non-executive director
 BCom (Acc), Dip Tertiary Education, MBA, Executive Leadership Development Programme
 Appointed: 1 January 2010
Board committee membership: Member: Risk management, compliance and corporate governance committee; social and ethics committee.
Other directorships: Director of various companies in MTN Group, Richards Bay Mining (Pty) Limited, Santam Limited, The South African Post Office and the Development Bank of Southern Africa.
Skills, expertise and experience: Financial services.
- 8. AT Mikati (43) (Lebanese)**
 Non-executive director
 BSc
 Appointed: 18 July 2006
Board committee membership: Member: Nominations committee; remuneration and human resources committee.
Other directorships: Director of Orascom Construction Limited, Director of various companies in MTN Group, CEO of the M1 Group Limited (an international investment group with a strong focus on the telecommunications industry) and director of various companies in the M1 Group. He also serves on the boards of the Children Cancer Centre, the International College and Columbia University board of visitors.
Skills, expertise and experience: General business and telecommunications.

[^] Effective 9 November 2015.

^{^^} Profiles for these directors are set out in the detailed governance report .



9. MJN Njeke (57)

Independent non-executive director
BCom, BCompt (Hons), CA(SA),
H Dip Tax Law

Appointed: 13 June 2006

Board committee membership:

Member: Audit committee; risk management, compliance and corporate governance committee.

Other directorships: Director of various companies in MTN Group, chairman of MMI Holdings Limited, Resilient Property Income Fund, Adcorp Holdings Limited, Silver Unicorn Coal and Mineral (Pty) Limited, Serengethi Properties (Pty) Limited, Sameh Properties (Pty) Limited and Sasol Limited.

Skills, expertise and experience:
General finance and tax.

10. KC Ramon (48)

Independent non-executive director
BCompt, BCompt (Hons), CA(SA),
Senior Executive Programme
Appointed: 1 June 2014

Board committee membership:
Chairman: Audit committee.

Other directorships: Director of various companies in MTN Group, AngloGold Ashanti Limited, Lafarge and deputy chair of the Financial Reporting Standards Council of South Africa.

Skills, expertise and experience:
Accounting, finance and general management.

11. JHN Strydom (77)

Non-executive director
MCom (Acc), CA(SA)
Appointed: 11 March 2004

Board committee membership:

Member: Risk management, compliance and corporate governance committee; nominations committee; remuneration and human resources committee.

Other directorships: Director of various companies in MTN Group and director and deputy chairman of Afrisam Group (Pty) Limited and Afrisam South Africa (Pty) Limited.

Skills, expertise and experience:
General business, accounting and taxation.

12. AF van Biljon (68)

Lead independent non-executive director
BCom, CA(SA), MBA
Appointed: 1 November 2002

Board committee membership:
Member: Nominations committee.

Other directorships: Director of various companies in MTN Group, chairman and trustee of Standard Bank Group Retirement Fund.

Skills, expertise and experience:
General business, accounting and finance.

13. J van Rooyen (66)

Independent non-executive director
BCom, BCompt (Hons), CA(SA)
Appointed: 18 July 2006

Board committee membership:

Member: Remuneration and human resources committee; audit committee; social and ethics committee.

Other directorships: Director of various companies in MTN Group, various companies in the Uranus Group, Pick n Pay Stores Limited, Pick n Pay Holdings Limited, Exxaro Resources Limited.

Skills, expertise and experience:
Accounting and finance.

RS Dabengwa (58)^{^^}

Executive director, Group president and CEO
BSc (Eng), MBA

Appointed: 1 April 2011 as CEO and to the board in 2001
Resigned: 9 November 2015

Board committee membership:
Chairman: Attended various board committee meetings by invitation.

F Titi (53)^{^^}

Independent non-executive director
BSc Hons (Mathematics),
MA (Mathematics), MBA
Appointed: 1 July 2012
Resigned: 31 December 2015

Board committee membership:
Member: Remuneration and human resources committee.

Who is responsible *continued*



Profiles of our executive committee

1. **PF Nhleko (55)**
Executive chairman
BSc (Civil Eng), MBA
Executive since 9 November 2015 in an interim capacity until a new CEO is appointed.
2. **JA Desai (58)**
Group chief operating officer
(since 1 December 2015)
BA (Hons), BCom
Executive since 2009
3. **M Fleischer (55)**
Group chief legal counsel
BProc, Advanced Tax Certificate
Executive since 2014
4. **BD Goschen (51)**
Group chief financial officer
BCom, BCompt (Hons), CA(SA)
Executive since 2012

The executive committee facilitates the effective control of the Group's operational activities in terms of its delegated authority, approved by the board. It is responsible for recommendations to the board on the Group's policies and strategies, and for monitoring their implementation in line with the board's mandate. It meets at least monthly, and more often as required.

5. **I Jaroudi (45)**
Group vice president for the Middle East and North Africa
BA, Executive Education Certificate
Executive since 2015

6. **F Moolman (52)**
CEO: MTN Nigeria
BCom, BCompt (Hons), Theory of Accounting Dip, CA(SA)
Executive since 2015
7. **PD Norman (50)**
Group chief human resources and corporate affairs officer
MA (Psych), MBA
Executive since 1997
8. **M Nyati (51)**
CEO: MTN South Africa
BSc (Eng), Yale World Fellow
Executive since 2014
9. **K Toriola (44)**
Group vice president for West and Central Africa
BSc (Elec Eng), MSc (Comm Systems)
Executive since 2015

Please refer to website for full CVs 

How we are governed

Summarised corporate governance report

Our governance – an introduction

A solid governance framework is essential for the Company to perform optimally, given the external environment in which it operates. Good corporate governance ensures that the Company is sustainable and delivers on its corporate obligations and legislative requirements.

During 2015, the Group continued to evolve its governance structures and practices to make sure that we achieve our vision to deliver a bold new Digital World to our customers effectively, efficiently and transparently. We reviewed our governance framework to reflect changes in our strategic priorities, structural alignment and international best practice.

Our seven pillars of governance

Our governance framework

Our framework is made up of seven pillars, as illustrated in this diagram. The pillars correspond with the chapters of the King III Report. These pillars are supported by standard principles, policies, structures and practices which are cascaded down to all our operating subsidiaries.

Application of the King III principles

The application of and adherence to the King III principles continue to be a key focus. In 2015 the Group reviewed its application of the King III principles and is satisfied that it has substantially applied the King III principles.

For more details on the application of the 75 King III principles, please refer to the corporate governance report on the website [GR](#).



How we are governed *continued*

Summarised corporate governance report *continued*

These pillars are supported by standard principles, policies, structures and practices which are cascaded down to all our operating subsidiaries. This report outlines each of these pillars and shows how the Company implemented them in 2015 in an effort to ensure an effective governance process.

Pillar 1: Our leadership: board of directors, board committees and executive management

Role of the board

The board remains committed to good governance and to ensuring an unequivocal tone from the top that requires commitment by all to the values of integrity, transparency and uninterrupted oversight over the Company. This is to ensure that MTN scrutinises and addresses all issues within its operating units.

During the year, the board became more vigilant of the accuracy of identified risks and placed greater emphasis on ensuring compliance with regulatory requirements.

In the current operating environment, the Company's culture and ethics are of paramount importance. The board is focused on governance practices that are in sync with all legal and regulatory requirements and on making sure that the Company's culture is one which highlights the values of MTN (13). It is also focused on the systematic implementation of the cultural operating system and ensuring a robust process for strategic decision making to address inherent ethical challenges.

Role of the chairman and Group president and chief executive officer

The chairman of the board is PF Nhleko who has demonstrated good leadership throughout 2015 and ensured that management was accountable to the board. The duties and responsibilities of the chairman include, but are not limited to the following:

- providing impartial advice and guidance to the Group president and CEO;

- monitoring and managing new challenges and opportunities faced by the Company and management; and
- ensuring that the directors are provided with appropriate information, allowing them to make sound decisions.

During the year under review, the chairman adopted an open-minded approach to business and to resolution of challenges. In board discussions, he ensured that board members were encouraged to provide their views, raise concerns and take any conflicting opinions into consideration. This meant that meetings were managed efficiently, and board members applied their minds to decisions, while taking the interests and sustainability of the business into account.

RS Dabengwa, the Group president and CEO since April 2011, resigned from the Company on 9 November 2015, leaving the position of Group president and CEO vacant in the last two months of 2015.

Following the resignation of the Group president and CEO, PF Nhleko was appointed as executive chairman on 9 November 2015, tasked with the day-to-day management of the Group, for an interim period of six months until a new Group president and CEO is appointed.

The executive chairman is supported by the executive committee, which was restructured to achieve better alignment with the Company's strategic priorities and to provide a better reporting platform to the board. The Group has always maintained the roles and duties of a non-executive chairman and the Group president and CEO as separate and clearly defined, however, due to the extenuating circumstances that exist since November 2015, these roles have been merged for an interim period until a Group president and CEO is appointed by the end of June 2016. In order to ensure that there is impartiality and no conflict of interest on the part of the executive chairman, the Company relies on the lead independent director for his leadership and guidance, where necessary (44).

Board appointments and resignations

The Company acknowledges that an effective board must have the expertise and competence to promptly and appropriately address current and emerging issues to ensure the delivery of the Company's strategic objectives. Accordingly, the board endeavours to attract and appoint members who have relevant academic qualifications, technical expertise and industry knowledge and who will enhance diversity on the board.

During 2015, S Kheradpir was appointed as a director. His appointment, effective 8 July 2015, was conducted through a formal and transparent process in line with the policy on the appointment of directors and recommended by the nominations committee (B 44). The board will also focus on filling the current vacancies on the board.

RS Dabengwa and F Titi resigned as directors on 9 November and 31 December 2015, respectively.

Board evaluation

The nominations committee, with the assistance of the Group secretary, is responsible for assessing the performance and effectiveness of the board, its committees and individual directors. In line with this practice, in 2015 an external board evaluation was conducted by Heidrick and Struggles. Heidrick and Struggles has recently presented the evaluation, which is currently being considered by the board.

Diversity and composition of the board

The Company acknowledges that diversity gives the board the benefit of different perspectives and ideas. The Group has a unitary board, consisting of executive and non-executive directors who represent a broad spectrum of demographic attributes and characteristics. To promote objectivity and reduce the possibility of conflict of interests, the majority of directors are independent non-executive directors. The competence and views of individual directors, as well as their interaction during board meetings, allows strategic oversight. Since gender is one of attributes that contribute to a balanced composition of the boardroom, the board is focused on improving the representation of women on the board and introducing new skill sets to achieve the board's objectives.

How we are governed *continued*

Summarised corporate governance report *continued*

Board diversity (as at date of report)

Board independence



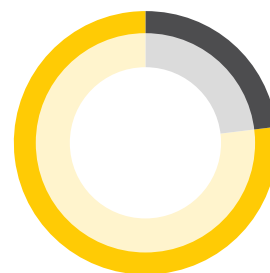
■ Independent directors 9
■ Executives 2
■ Non-executives 2

Nationalities



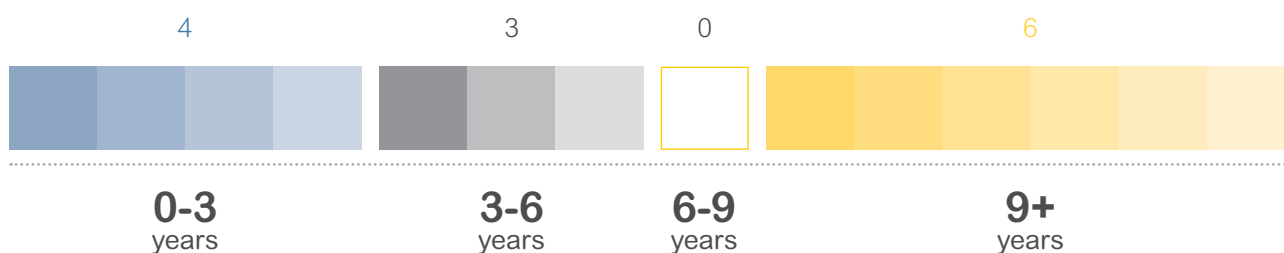
■ Black South Africans 7
■ White South Africans 3
■ Non-South Africans 3

Gender representation



■ Women 3
■ Men 10

Length of tenure of directors



Board charter

The board charter is vital to the Company's governance framework, and:

- provides the legal framework within which the board operates;
- outlines the policies that the board has agreed upon to meet its responsibilities;
- assists the Company's leadership in delivering good governance;
- allows communication of the board's expectations to management; and
- serves as an induction tool for new directors.


Board committees

The board has delegated its authority to various board committees with the mandate to deal with governance issues and report to the board on their activities on a quarterly basis.

Each committee operates under terms of reference which set out roles and responsibilities, composition and scope of authority. These are reviewed on an annual basis. For a full appreciation of the terms of reference, see the governance report on the Company's website [GR](#).

During the year under review, each committee had a number of key duties and responsibilities and the board is satisfied that the committees effectively discharged their responsibilities, in accordance with their respective terms of reference.

Board committees' activities

Committees	Key duties in 2015	Targets
Audit KC Ramon (chairman) NP Mageza MJN Njeke J van Rooyen	<ul style="list-style-type: none"> • Safeguarded the assets of the Group. • Performed monitoring and oversight over financial systems and controls. • Ensured the preparation of financial statements. • Reviewed the competence and performance of the Group chief financial officer and the finance function. • Reviewed the independence and objectivity of the joint external auditors. • Reviewed the competence and performance of the Group chief business risk officer. 	<ul style="list-style-type: none"> • More information on the audit committee is set out in the audit committee report in  AFS.
Group risk management, compliance and corporate governance committee NP Mageza (chairman) KP Kalyan S Kheradpir (appointed 4 August 2015) MLD Marole MJN Njeke JHN Strydom	<ul style="list-style-type: none"> • Identified, considered and monitored risks impacting the Company. • Ensured compliance with prevailing legislation and other statutory requirements, including voluntary corporate governance frameworks. • Continued to monitor the management of new and emerging risks. The committee was also involved in monitoring the corporate governance framework, including regulatory and listings requirements and business practices, with the objective of maintaining and strengthening risk management in the organisation. • Reviewed the Group's business continuity strategy and processes. • Reviewed the Group's insurance programme. 	<ul style="list-style-type: none"> • Driving the risk mitigation process. • Ensuring risk accountability and ownership by management. • Ensuring more transparent reporting regarding compliance with legislation. • Ensuring greater focus on IT governance and cyber security.
Social and ethics committee KP Kalyan (chairman) NP Mageza MLD Marole J van Rooyen	<ul style="list-style-type: none"> • Performed an oversight and monitoring role in partnership with other committees to ensure that MTN business is conducted in an ethical and properly governed manner. • Took responsibility for the sustainability framework and sustainability reporting for the MTN Group. 	<ul style="list-style-type: none"> • More information on the social and ethics committee is set out in the social and ethics committee report.
Remuneration committee A Harper (chairman) AT Mikati PF Nhleko JHN Strydom F Titi (resigned 31 December 2015) J van Rooyen	<ul style="list-style-type: none"> • Ensured that MTN's remuneration strategies and policies are designed to attract, motivate and retain quality employees, directors and senior management committed to achieving the overall goals of the Company. • Recommended the advisory note on the remuneration philosophy which was ultimately reviewed by shareholders, and recommended the submission to the board and the annual general meeting. • Reviewed and approved the Share Incentive Scheme Rules. 	<ul style="list-style-type: none"> • Revising the Group-wide KPIs to ensure alignment with industry risk, ethics, and compliance factors. • Ensuring a solid framework for talent and succession management. • Review of long-term share incentives. • Review of retention policy.
Nominations committee PF Nhleko (chairman) A Harper AT Mikati AF van Biljon JHN Strydom	<ul style="list-style-type: none"> • Ensured a formal and transparent board nomination and election process (guided by our director appointment policy) in the appointment of the new director. • Conducted an independence review on the directors serving the board for a period in excess of nine years. • Conducted an in-depth independence review on the chairman. • Evaluated and recommended the retiring directors and audit committee members for re-election. • Evaluated the performance of the Group secretary and the secretarial function. 	<ul style="list-style-type: none"> • Ensuring that the appointment of a suitable Group president and CEO is finalised through a formal and transparent process. • Succession planning for directors. • Ensuring enhanced board effectiveness. • Filling the vacancies.

How we are governed *continued*

Summarised corporate governance report *continued*

Delegation of authority

The board reserves all decision-making authority to itself, unless such power and authority is delegated to the Group president and CEO, with the intention of ensuring that the correct balance of responsibility is struck between the board and executive management, in the interest of all stakeholders.

While the board plays an oversight role over the Company, the Group president and CEO and his executive management are empowered to manage and lead the business on a day-to-day basis, guided by an approved delegation of authority.

The Company's delegated structures, which include the board committees, encourage and promote open discussion which enhances the board's monitoring function over all areas of the Company.

Director development

In order to ensure that all directors on both the board and committees of the Company are adequately equipped with the latest information and knowledge relating to the business of the Company and to continuously support them in their role as directors, the Company provides ongoing training relating to general management, corporate governance, any updates in laws and regulations and best practices affecting the business. One of the key objectives for 2016 is to provide the board with a more robust and interactive training programme that tackles matters directly linked to managing the business's key priorities.

Group secretary

The board is assisted by a competent and suitably qualified Group secretary, Bongi Mtshali, who has over 30 years of company secretarial experience. The Group secretary is not a director of the Company and has an arm's-length relationship with the board. Further details of her qualifications and her assessment are on the Company's website [GR](#).

Directors engage with the Group secretary regularly for governance and regulatory advice. She also ensures the proper administration of the board and adherence to sound ethical practices.

The performance of the Group secretary, as well as her relationship with the board, is assessed on an annual basis by the board and the nominations committee. The assessment considers the competency, qualifications and experience of the Group secretary and whether she maintains an arm's-length relationship with the board. For the reporting period the board is satisfied that she is suitably qualified and her relationship with the board is adequate to ensure her independence from director influence or conflict of interest.

Attendance register

Names	Scheduled board	Special board	Risk	Audit	Nomina-tions	Remco	Social and ethics
Number of meetings	(7)	(12)	(4)	(6)	(1)	(6)	(4)
PF Nhleko	7	12			1	5	
A Harper	7	12			1	6	
KP Kalyan	7	10	4				4
S Kheradpir [^]	4	8	1				
NP Mageza	6	8	4	6			4
MLD Marole	7	11	4				4
AT Mikati	7	12			1	5	
MJN Njeke	5	11	3	3			
KC Ramon	7	11		6			
F Titi [~]	6	10				6	
JHN Strydom	6	12	4		1	6	
AF van Biljon	7	12			1		
J van Rooyen	7	12		6		6	4
RS Dabengwa [#]	5	3	3 ^{^^}	5 ^{^^}	1 ^{^^}	4 ^{^^}	3 ^{^^}
BD Goshen	7	9	4 ^{^^}	6 ^{^^}		4 ^{^^}	

[^] Appointed 8 July 2015.

[#] Resigned 9 November 2015.

[~] Resigned 31 December 2015.

^{^^} By invitation.

The board annual meeting cycle

The board works to an annual plan, with a number of matters reserved for board deliberation at each regular scheduled meeting.

Ad hoc meetings

A number of special and *ad hoc* committee meetings were held in 2015 in order to address various issues at a board level. *Ad hoc* meetings are convened at short notice and directors are not always available to attend the meetings.

The *ad hoc* committee meetings are not included in the register; however they have been accounted for in the fee schedule set out on [page 88](#) of the integrated report.

How we are governed *continued*

Summarised corporate governance report *continued*

Pillar 2: Legal and regulatory compliance

As a telecommunications company operating in a number of environments that are governed by various laws and regulations, the board places great emphasis on compliance with all laws and regulations, under any and all circumstances. MTN Group takes compliance issues seriously, investigates all compliance breaches and where a breach has occurred, revisits all operational controls and ensures that the Company continues to operate in line with established law.

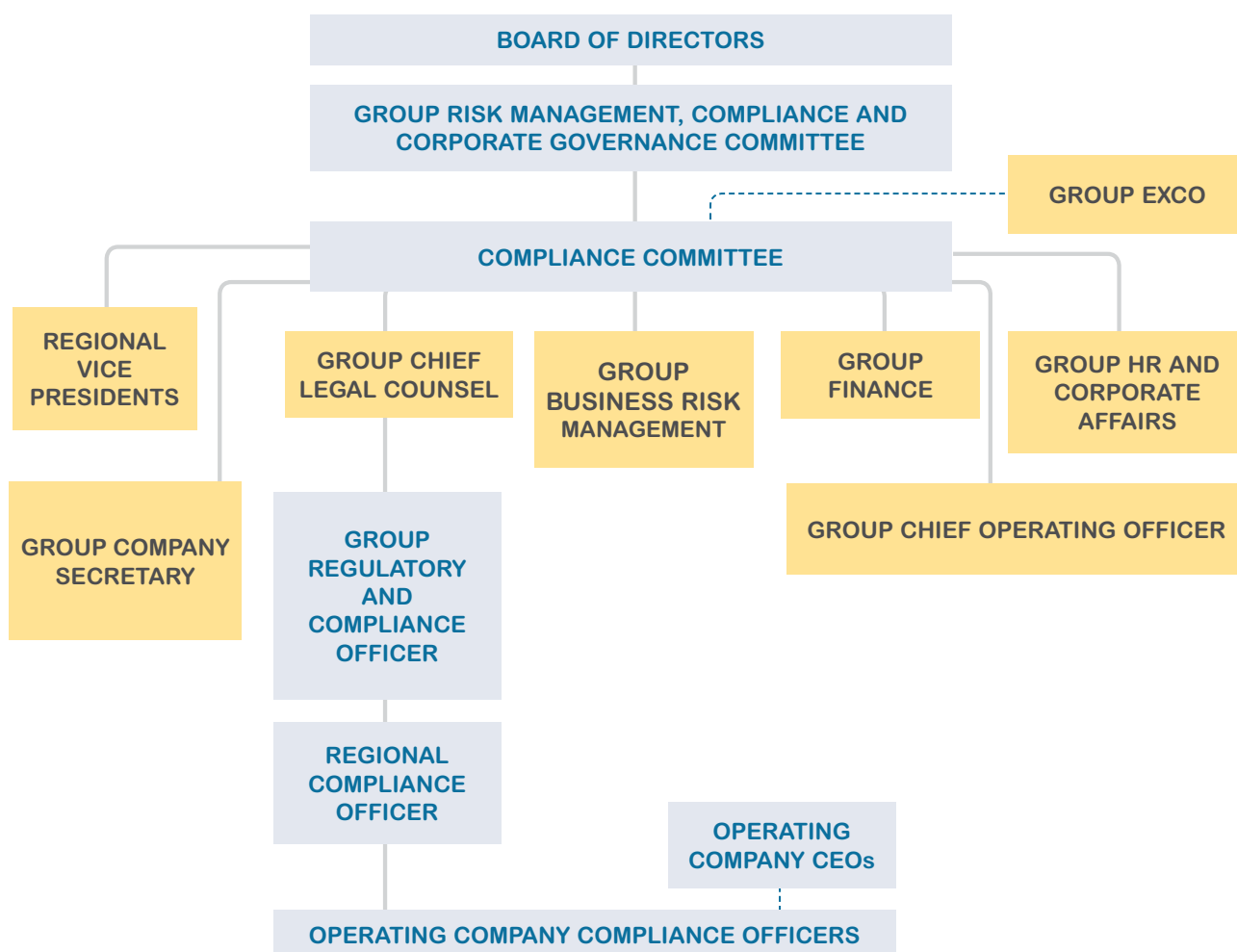
The Company's policies set out expectations that all employees comply with all laws and regulations governing the Company's business.

The board also tasks management with identifying the laws and regulatory obligations applicable to the Company, implementing a comprehensive compliance policy and regularly monitoring compliance risk through the established risk management processes.

The Company has implemented a new regulatory and compliance organisational structure which will be responsible for undertaking the following initiatives:

- overseeing the implementation of internal processes and policies;
- ensuring timeous compliance with laws and regulations;
- providing oversight on regulatory compliance;
- promoting awareness and training; and
- ensuring proper records management and document retention.

The compliance structure will be as follows:



Pillar 3: Business practices and ethics

In 2015, the board continued to strive to ensure that ethics is the foundation of how the Company operates and that corporate governance best practices were entrenched. Accordingly, the directors recognise their responsibility to set the tone from the top, by avoiding instances of conflict of interest and having the interests of the Company at the forefront of all decision making.

Although the foundation for ethics has been embedded in the past two years, the operating companies faced obstacles which staggered their progress in ethics management. These included the lack of resources, language and cultural barriers and the mindset of some employees.

Despite the setbacks highlighted above, each operating company continues to strive to further entrench ethics through a systemic methodology. Each company is supported by ethics champions who provide effective guidance, encourage employees to report all instances of fraud through the whistle-blowing “hotline” and ensure that the Company’s ethics is efficiently implemented and reported to the Group’s social and ethics committee on a quarterly basis.

The Company also continues to safeguard the interests of stakeholders, such as the community, employees, customers and suppliers, by monitoring the Company’s activities with regard to social and economic development, corporate citizenship, consumer relationships, the environment, health and public safety and labour and employment matters.

Pillar 4: Monitoring, oversight and risk management

The Company’s corporate governance structure ensures effective internal controls and monitors the management of significant matters. The audit committee, as well as the risk management, compliance and corporate governance committee provide an environment in which challenging issues can be considered and monitored.

The strategic and operational risk management framework of the Company focuses on various risks that could affect the Company’s customer experience, operational agility, cost competitiveness and stakeholder confidence. This is done through a robust risk methodology that analyses not only what the Company does, but also how it is done, to guarantee sustainable economic viability, make the most of market opportunities and serve a rapidly changing market.

Subsequent to the challenges faced by the Company in 2015, the board is eager to enhance the proficiency of the risk management process and will continue to guide the Company towards better risk mitigation, through ascertaining and appreciating significant risks, investing resources in alleviating existing risks that are critical to the Company and driving the risk accountability and ownership through management.

How we are governed *continued*

Summarised corporate governance report *continued*

Pillar 5: Performance management

The board stresses the importance of promoting a healthy workplace environment which includes ethics and compliance through established policies based on the values of integrity, leadership, innovation, relationships and “can do” as well as the vital behaviours. It promotes targeted results in a transparent and systematic manner which ensures that the Company’s employees are productive, provide efficient services and demonstrate the required knowledge, skills, behaviour, competencies and engagement to perform their duties to the best of their ability.

Like any organisation, there are instances of unsatisfactory employee performance, however, the Company endeavours to address such issues expeditiously through internal Company procedures in line with the disciplinary process and its performance management system.

Pillar 6: Disclosure, reporting and transparency

Disclosure, reporting and transparency are fundamental components of the Company’s corporate governance framework to provide accountability to stakeholders and support them in making informed decisions.

MTN endeavours to be transparent, especially regarding material issues. Since the imposition of the Nigeria regulatory fine, the Company has enhanced its policies and procedures that govern the provision of timeous, correct and complete information to stakeholders, in a manner which gives all stakeholders equal access to information and ensures that there is no stakeholder that is treated favourably over others. The Company has also re-emphasised that all matters must be provided to stakeholders in compliance with the law and applicable regulations.

Pillar 7: Stakeholder engagement and communication

The board values the Company’s stakeholders and strives to take their concerns and interests into account when making business decisions. This not only enables it to anticipate and manage risk effectively, but also helps it identify new business opportunities and improve MTN’s relationship with its stakeholders. It also makes it easier for the Company to deliver on its objectives and benefit from ideas for products or services that address stakeholder needs, and at the same time allows the Company to reduce costs and maximise value. In order to ensure greater accountability, the Company has a stakeholder-conscious governance model which places emphasis on dialogue and responding to stakeholder concerns and interests.

Risk management, compliance and corporate governance committee chairman's report

The role of the committee is to oversee risk management, compliance and corporate governance across MTN Group's 22 operations and jurisdictions and make recommendations in this regard to the board for consideration and approval.

Among its responsibilities (more details of which are on [51](#)), the committee assists the board in ensuring that the risk profile of the Group is acceptable and is within the Group's risk appetite, its assets are protected, and that the Company is compliant with legislative and regulatory requirements. It also assists the board in ensuring that MTN's identification and management of risks is comprehensive, timely and relevant.

While regulatory risk was considered one of the Group's top risks in both 2014 and 2015 (see the top risk table on [24](#)), the events of 2015 showed that closer monitoring of compliance with laws across all markets was necessary.

Indeed, the imposition by the Nigerian regulator in October 2015 of a significant fine on MTN Nigeria put regulatory risk and compliance at MTN under the spotlight. It provided the committee with an opportunity to review the robustness of its structures and improve management processes and training on compliance and regulation throughout the Group.

We noted the deleterious consequences of some aspects of some Group policies, recognising that the drive for revenue growth must not be at the expense of compliance with rules and regulations.

It also led to the creation of a more formalised MTN Group compliance function, which will ensure adherence to laws and regulations in each operation and facilitate the unhindered flow of information between operations and the Group, particularly in matters regarding legal compliance and risk. In this way, we put structural safeguards in place, making the Group better able to monitor compliance timeously throughout its operations.

The executive committee and the board approved the new compliance operating model and structure in February 2016. For more details, see [54](#).

Apart from the focus on compliance prompted by the Nigerian fine, the committee's work in 2015 involved monitoring the rollout of *Project Next!*

(MTN's back office transformation programme), IT and treasury governance as well as close attention to business continuity management and crisis risk management. In particular, the committee provided advice to management during the Ebola crisis and in war-torn countries like Syria, Yemen and Afghanistan.

We worked to implement a plan to develop a sustainable, manageable and effective capability to respond to business disruption, such as that which arose during industrial action in South Africa.

While the Ebola outbreak continued in early 2015, MTN's operations in Liberia and Guinea-Conakry continued unhindered. Several MTN opcos were impacted by adverse security situations, yet employees ensured that services remained operational except for some isolated closures of service centres. In the instances of outages impacting towers, opcos called on disaster recovery and business continuity plans to implement re-routing to make up for site failures. Continuing work in this regard remains a priority.

In 2016, the committee will focus on:

- implementing an integrated approach to compliance, governance, reputation and ethics management, including more rigorous training at board and opco level on these;
- aligning the objectives of operations to ensure a balance between financial performance and risk management, compliance and ethical business practices;
- enhancing business continuity activities to ensure readiness as and when the need arises amid a deteriorating security situation in some markets;
- improving information security practices; and
- monitoring the rollout of *Project Next!* and the benefits realised by each operational unit.

MTN is committed to sound risk management, compliance, governance and internal controls to facilitate the delivery of the Group strategy. The committee will continue to ensure robust and relevant structures, processes and systems are in place to enable the close monitoring of risk and compliance across operations.

Peter Mageza

2 March 2016

How we are governed *continued*

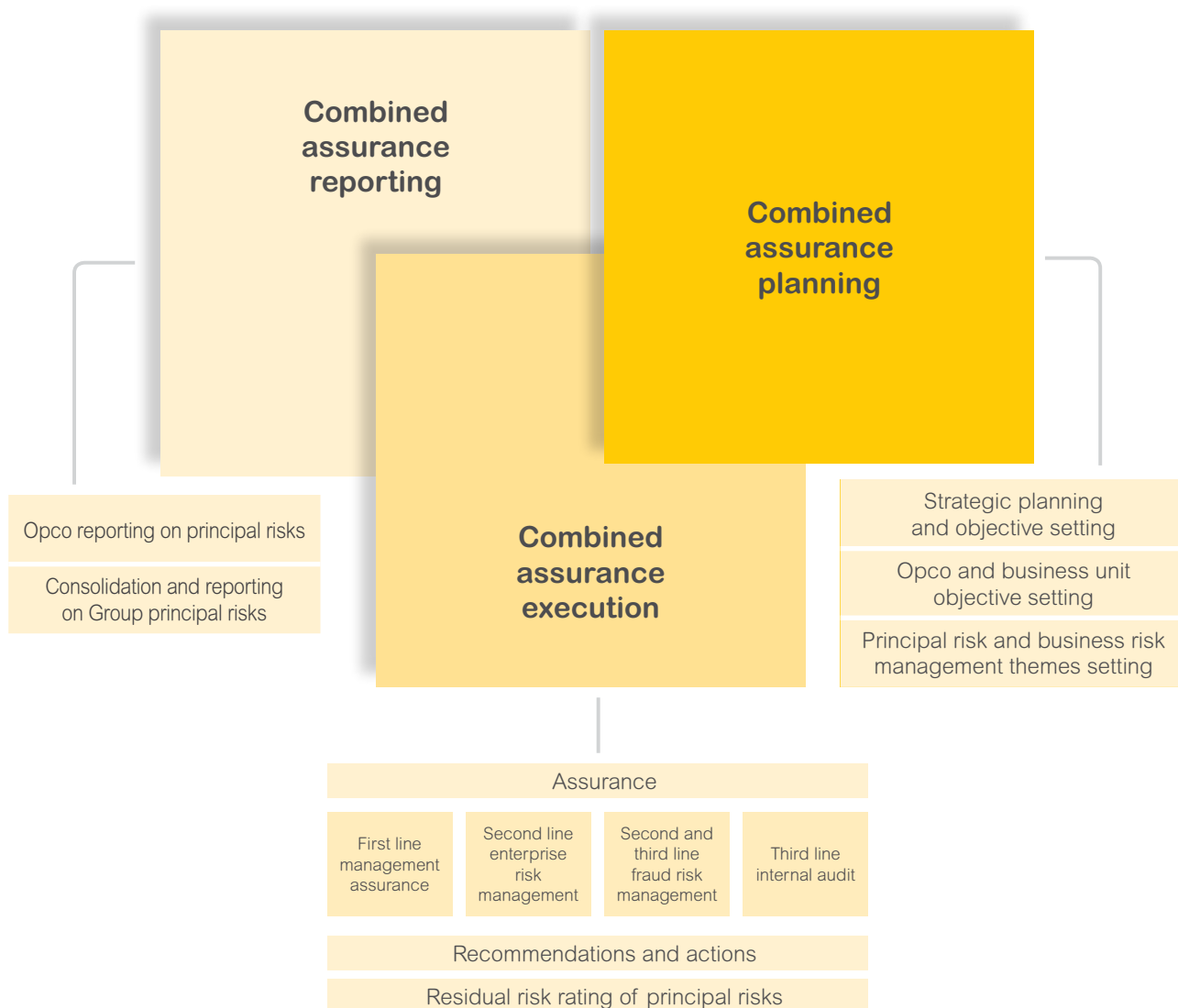
Risk management *continued*

Our risk management process

The careful management of risk is critical for the MTN Group to achieve its strategy, which is driven through board-approved strategic priorities, which are constantly monitored.

The MTN board understands and takes accountability for all risks and delegates the responsibility for overseeing the effectiveness of risk management to the board's audit committee, the risk management, compliance and corporate governance committee, the remuneration and human resources committee as well as the social and ethics committee.

We use a combined assurance methodology, details of which are set out below. For details of our top risks, (p 24).





Aligning risk management and corporate governance

MTN's risk management frameworks guide the operation of our business units, which are primarily responsible for risk management. In recent years, the Group has faced challenges implementing the risk management framework consistently across all operations.

In 2015, we commissioned an independent assessment of the quality of work performed by

BRM, to benchmark the BRM function in relation to world-class best practice, to assess the maturity of the BRM function and to design a future state together with a roadmap for transforming the BRM function.

The assessment indicated the overall maturity level of the function to be "evolving". Subsequently, management implemented a three-year plan to improve the maturity level to "established". For MTN, an "established" level means that pertinent risks and material issues are effectively managed to meet

How we are governed *continued*

Risk management *continued*

stakeholder expectations to both protect and enhance value.

We set up working groups to drive the implementation of the roadmap. These focus on:

- Revising BRM's current purpose;
- Defining a new BRM operating model (inclusive of a new skills set);
- Enhancing processes, incorporating revised methodologies, reporting lines, quality assurance, and knowledge sharing;
- Implementing a new technology tool; and
- Integration and change management of the function.

Critical success factors will include, among others:

- The right tone at the top, both at the Group level and all operating units and entities;
- Clear measures of success and regular and robust monitoring of performance; and
- Strong relationships at all levels of the business.

Business continuity management (BCM) and crisis risk management (CRM)

Some of the major events which occurred in the past year highlighted gaps in our Group-wide BCM programme. To ensure that these gaps are addressed, we initiated a Group-wide BCM project to revamp and streamline our BCM approach and ensure that the Group has an effective structure to respond to disruptions in our business.

Our BCM approach leverages on industry best practice and standards, including ISO 22301 standards for BCM and the Business Continuity Institute Good Practice Guidelines, and ensures that we put in place adequate measures to protect our business brand and reputation and comply with statutory, regulatory and contractual obligations.

We enhanced and supported our BCM programme by introducing a Group-wide crisis management programme, which aims to improve our capability to respond to and manage crisis events across the MTN Group.

Insurance and risk transfer

The MTN insurance programme is built around the close connection between risk management and insurance using an annual assessment of risk management at each operating company.

To achieve this, there is a strong commitment to the risk management assessment process, improving operational management's adoption of risk management best practices and to reduce risks across the entire insurance programme.

MTN has an insurance programme in place that covers perils such as physical/material damage, business interruption, political risk, public liability, directors' and officers' liability, crime and professional indemnity. The limits of indemnity for these covers have been structured so that MTN has adequate cover for its risks, but also gets maximum value from the programme and that premium spend is efficient. We also believe that risk retention and self-insurance are necessary to keep premiums at reasonable levels and show commitment towards risk management. MTN's retention levels differ from policy to policy, guided by the nature of the risk being transferred.

MTN has a cell captive structure in place to support the insurance programme. In 2015, we continued to build the captive's capacity for additional risks which may best reside within it.

This includes financial lines (fidelity guarantee, professional indemnity, and directors' and officers' liability) cover for Iran, Sudan and Syria which are uninsurable due to sanction constraints and/or political violence. We have no political violence cover in place for Syria and Sudan and no political risk cover in place for Syria, Sudan or South Sudan. Other operations that are not covered under this placement are South Africa, Botswana, Cyprus and Swaziland, as risk is perceived as low in these countries. Afghanistan is covered under a Multilateral Investment Guarantee Agency placement and Iran is covered under an Export Credit Insurance Guarantee Agency.

Information and technology governance

MTN acknowledges information and technology as integral strategic assets to the business in delivering a bold new Digital World to its customers. MTN's commitment to sound governance is supported by the ongoing activities and efforts in embedding the King III Code of Corporate Governance principles and recommendations, with specific focus on technology governance through the establishment of various responsibilities, processes and supporting governance structures.

The Group information security function monitors the rollout of the security framework as per the deployment plan. Compliance to the framework will be independently assessed. Further, a new cyber strategy is being developed to ensure threats and vulnerabilities are proactively managed.

Adequate effort at all levels and proper risk management practices will continue to ensure that technology governance is fully integrated across all MTN operations and that current and emerging information security risks, such as cyber security and data privacy, are proactively addressed.

Fraud risk management

MTN Group's fraud risk management strategy continues to evolve to meet the dynamic shifts in international fraud risk trends. Historically, MTN has been focused on fraud detection and response, however greater emphasis is now being placed on proactive fraud prevention strategies. The significant components of MTN's fraud prevention strategy are the effective integration of fraud risk management within a combined assurance environment, the rollout of the MTN Group ethics framework and greater organisational fraud awareness.

Thirteen MTN operations have dedicated forensic personnel. The rest of the operations are supported through the local internal audit and enterprise risk management functions or the Group fraud risk management function.

The majority of identified fraud incidents are reported via internal channels with employees preferring to report potential fraud incidents directly to the investigation team. However, MTN continues to provide employees and relevant stakeholders with access to an anonymous reporting facility managed by Deloitte. All whistle-blowing reports received are investigated and feedback is provided to the Group's audit and risk committee structures to ensure that independent governance is maintained.

The MTN Group's current top fraud risks are:

- Procure-to-pay associated fraud risks;
- Products and services-related fraud risks (including distribution channels);
- Financial services-related fraud risks; and
- Cyber crime and confidential information leakage.

Internal audit

The MTN Group and all its subsidiaries embrace the principles of King III and recognise the significant opportunities that present themselves to companies that do so.

Internal audit's role is that of an objective and independent value-adding assurance provider that embraces a risk-based auditing approach, in line with King III, to the Group's exco and board. It considers the risks that may hamper the achievement of strategic priorities and further determines the effectiveness of MTN's systems of internal control and risk management.

MTN's internal audit has adopted a combined assurance model as a co-ordinated approach to all assurance activities. MTN has dedicated teams that perform internal audits across the Group. The internal audit function is being transformed in line with the recommendations of the evaluation that was undertaken during the year. At a Group level, internal audit reports functionally to the audit committee and administratively to the Group president and CEO. Internal audit coverage is extended to all operations and high-risk processes in line with the internal audit methodology.

In 2015, more than 201 370 hours were spent on internal audit.

How we are governed *continued*

Social and ethics committee report

Committee terms of engagement

The board delegates the oversight of MTN's ethics management to the social and ethics committee, through which the board holds the CEO accountable for MTN's ethics performance. As a statutory committee of the Company and its subsidiaries, the committee fulfils its duties in terms of sections 72(4) and (5) of the Companies Act, 2008 and regulation 43 of the Companies Regulations, 2011.

Committee members and their attendance at meetings

All committee members are independent non-executive directors:

Members	Attendance
KP Kalyan (chairperson)	4/4
NP Mageza	4/4
MLD Marole	4/4
J van Rooyen	4/4

The remuneration of members in 2015 is set out on [86](#) and the fees for 2016 are disclosed in the notice of the annual general meeting.

Role of the committee and the execution of its mandate

The committee works in partnership with the risk management, compliance and corporate governance committee to ensure that MTN, as a responsible corporate citizen, conducts its business in a sustainable manner, with an ethical corporate culture at its core. The committee remains committed to developing and reviewing policies and governance structures and practices to guide the Company's approach to emerging social and ethics challenges, in line with its terms of reference.

In 2015, the committee placed further emphasis on reviewing the material risks relating to the provisions of the code of ethics. The committee also ensured that such risks were managed as part of the Company's risk management programme in order to drive the values of integrity and ethical conduct across all operations.

In line with the Group's value of integrity, MTN joined the Alliance for Integrity, a business-driven multistakeholder initiative run by the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) on behalf of the German Federal Ministry for Economic Co-operation and Development (BMZ). The alliance promotes anti-corruption and integrity among companies, their business partners and other relevant players in the economic system. Through this initiative, MTN shares best practice with multinational companies all over the world and learns new approaches to dealing with ethics-related challenges.

While we recorded progress across MTN operations in terms of select elements of the ethics programme, we devoted special attention to the implementation of ethics risk assessments and risk mitigation plans. These ensure that substantive regulatory developments, relevant legislation and other legal requirements are taken into account.

Governance of ethics

With the oversight of the committee, the Company continued with its long-term ethics management intervention which is aligned with the Company's ethics risk profile. We also strengthened our ethics governance and management capabilities for improved delivery against the expanded terms of reference of in-country audit and risk committees in the following ways:

- We equipped in-country audit and risk committee chairpersons with an understanding of their ethics governance roles and responsibilities; and
- We developed an ethics governance toolkit for all ethics role-players, including an ethics management reporting framework to direct internal ethics reporting.

Codes and policies

We rolled out online declarations regarding conflicts of interest and gifts and facilitated training:

- In line with good corporate governance practices, MTN Group's conflict of interest policy makes it compulsory for all employees and directors to declare annually any conflicts of interest. We concluded the first annual online declarations in February 2015.

Ethics governance structures

MTN's ethics governance structures continued to assist with various aspects of ethics management in 2015. These structures comply with specific internal

and/or legislated requirements for skill, purpose and constitution. They include:

- MTN Group board's social and ethics committee, which continued to ensure collaboration between its own activities and those of other board committees and operational structures;
- The in-country audit and risk board committees;
- MTN opco ethics management task teams, which are non-formal, multidisciplinary structures established to drive the management of ethics in each opco;
- Ethics champions, who are CEO-nominated senior managers in each opco who manage the ethics agenda within each opco with the help of the opco ethics task teams;
- Cultural operating system influencers. Through their demonstrated interest in and passion for defined, positive culture change, these individuals have been selected and trained to drive the development of the MTN culture. These "MTNers", the details of whom are recorded in the MTN Group's influencer database, have been called upon to assist in specific initiatives to drive the evolving culture;
- Five certified ethics officers registered with the Ethics Institute of South Africa; and
- An ethics senior manager at the Group's head office.

Institutionalisation and reporting

We continued to implement the MTN Group reporting framework, which is designed to drive the quality of ethics reporting, with due cognisance of the ethics management maturity level of each opco. This included:

- Internal and external reporting on ethics performance;
- Developing a Group-wide ethics communications campaign;
- In addition to MTN's fraud policy, which helps to address fraud before it happens, and as part of the MTN anti-fraud training programme, the Group marked "International Fraud Awareness Week". The Group's business risk management team ran an internal campaign "Be the voice, keep it ethical" during which employees were encouraged to report suspected incidences of fraud, bribery, and/or corruption. The week's activities helped create a clear understanding of the negative impact of fraud, bribery and corruption and reminded employees about the whistle-blowing facility and their role when they suspect wrongdoing;

- Employee Fraud and Credit Wellness Day formed part of the Fraud Awareness Week and gave "MTNers" the opportunity to get a free credit check, understand the importance of regular credit report reviews and learn more about debt counselling and debt review;
- We launched an e-learning module on MTN's anti-bribery and corruption policy, which is designed to guide employees through various MTN-specific scenarios and appropriate conduct; and
- We rolled out to MTN operations both mandatory and recommended ethics e-learning offerings for line managers, ethics role-players and employees. A total of 2 126 ethics-related programmes were completed during the period under review. The majority of learners (84,5%) were non-managerial employees while 15,5% were managers.

2016 priorities

- Develop DVD-based learning materials to deepen the competence of ethics champions and provide ongoing support to ethics role-players.
- Roll out of an officer certification programme to select opcos in collaboration with the Ethics Institute of South Africa.
- Provide more oversight on opco social and ethics matters, including holding some social and ethics committee meetings at the opcos.
- CEOs and their direct reports to attend ongoing ethics training workshops.
- MTN to participate in the South African business ethics survey 2016, conducted by the Ethics Institute.
- Detailed ethics management KPAs for all ethics role-players in the Group.
- Drive ethics risk assessments and ethics risk mitigation plans in all MTN operations.
- Conduct independent ethics risk assessments in MTN Nigeria and MTN South Africa.
- Roll out extensive ethics communication campaigns across the Group.
- Develop and implement the human rights toolkit to support human rights policy implementation across the Group.
- Analyse opco ethical challenges as identified by CEOs for inclusion in opco action plans.

More information on the social and ethics committee is set out on [\(GR\)](#).

KP Kalyan

2 March 2016

Our management depth

Nigeria



Ferdinand Moolman
CEO

Olusegun Akinfenwa
Acting CFO

To illustrate the depth of our management team, here we give details of the senior managers who run our operations as at 2 March 2016.

Ivory Coast



Freddy Tchala
CEO

Ebenezer
Bodylawson
CFO

Ghana



Ebenezer Asante
CEO

Modupe Kadri
CFO

Cameroon



Phillisiwe Sibiya
CEO

Denys Webb
Acting CFO

Uganda



Brian Gouldie
CEO

Mike Blackburn
CFO



South Africa



Mteto Nyati
CEO

Sandile Ntsele
CFO

Sudan



Muhammad Ziaullah Siddiqui
CEO

Ali Bin Amir
CFO

Syria



Ziad Sabah
CEO

Kamal Santina
CFO

Iran



Alireza Ghalambor Dezfouli
CEO

Mazen Mroue
COO

Our people and their remuneration

Remuneration committee chairman's report

It is my pleasure to present our people and their remuneration report for 2015. This year, we have included a section on our people as part of the remuneration report to provide more detail on how we manage our people and the context for the remuneration decisions we took given some of the challenges we faced in the year.

Review of 2015

In 2015, the remuneration committee felt the impact of the challenging operating environment across our markets. A key challenge in the year was the industrial strike action in MTN South Africa related to employees not receiving bonuses as a result of the operation not meeting its bonus criteria for the 2014 financial year.

Unfavourable economic conditions, continued price competition, a tough regulatory environment and a rapidly evolving sector required a comprehensive review of our people management. The key initiatives taken in light of these challenges in 2015 included:

- A reduction in the pool of funds for incentive schemes as a result of lower returns from our investments coupled with cost pressures;
- For the first time, most of our operations did not meet their minimum financial targets resulting in no incentives being paid;
- A review of compliance and regulatory requirements across our operations; and
- Impactful, transparent and simplified engagements with various stakeholders including employees, governments and social partners.

Despite these challenges, we achieved a moderate year-on-year improvement in people management indicators including voluntary staff turnover rates, engagement scores, and positive signs of culture change. We also made progress in the development and investment commitments to our talent. To drive accountability at key managerial levels, we reviewed our performance management rules to better align the setting and measurement of performance with the corresponding reward to include other levels below the executive line.

Delivering on our new digital plans required revised governance and we made a number of executive appointments to enable optimum governance across our operations.

Outlook for 2016

We expect to feel the impact of decisions taken in the year in 2016 and the years ahead. Some of the planned initiatives which will redefine how we work, where we work, and – more importantly – how we drive productivity, incentivise employees and boost staff morale include:

- Reviewing our incentives for robustness to foster higher performance and filter poor performance through the appropriate exit channels;
- We will continue to emphasise to our entire workforce the importance of customer service delivery as a non-negotiable expectation in all customer dealings;
- We will look into alternative sourcing tactics to bolster our talent pipeline with those skills necessary to execute business strategy;
- Effective cost-saving measures will remain a priority; and
- We will engage in regular and honest communication with our people on pertinent business topics, including regular company performance updates, incentive model reviews, and regulatory changes, and a holistic employee value proposition for talent attraction and retention.

Critical to our success will be to keep employee morale high in 2016 and beyond, while we transform our operating model. As we execute on our 2016 people plans, the wellbeing of our employees will remain critical.

I wish to thank all executives, the management team and all employees for their efforts during a challenging year.

Alan Harper

2 March 2016

Our people

At MTN we believe that the investment we make in our people is fundamental to achieving our strategy and improving our competitive edge. Employee engagement and development is essential to ensure that we deliver the best customer experience and increase our business performance.

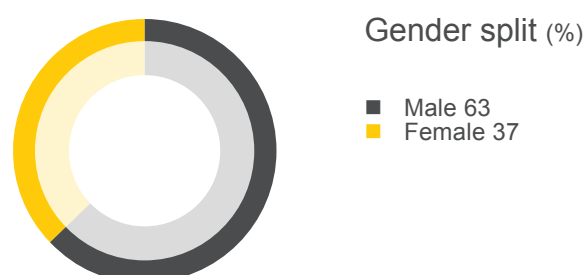
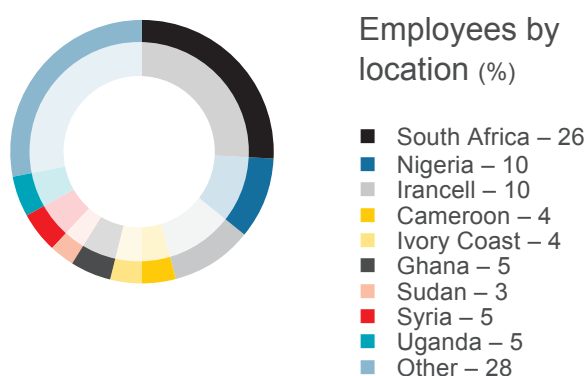
2015 was a challenging year for MTN with regards to people. The year began with the continuation of the Ebola outbreak in West Africa and the civil strife across the Middle East. The strike at MTN South Africa and the changes in leadership following the imposition of the fine on MTN Nigeria caused further people challenges that required us to respond quickly and effectively to ensure that our people remained engaged and focused on our strategy.

Revised Group operating structure and key leadership changes

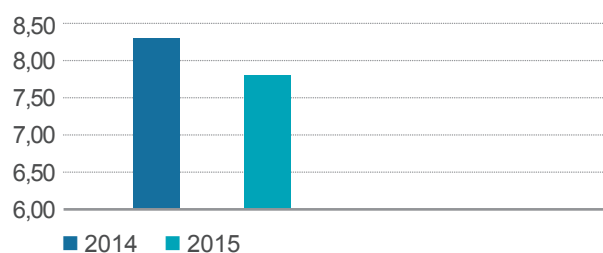
Following the fine in Nigeria, we reviewed the Group's operating structure with a view to strengthening operational oversight, leadership, governance and regulatory compliance across our 22 country operations in Africa and the Middle East. To this end, we re-implemented our previous reporting structure, effective 1 January 2016. The key changes to the Group operating structure is on [p. 10](#).

Overview of our people

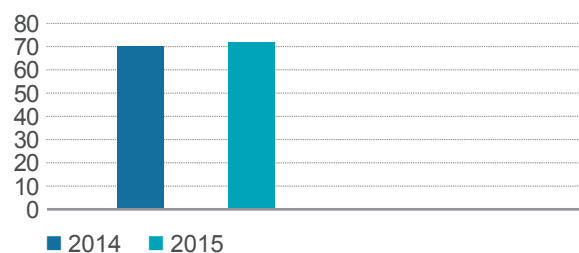
At the end of December 2015, MTN employed 15 202 permanent employees and a total of 5 882 contractors. The number of people in the business declined 5% from 2014, mainly due to ongoing initiatives to simplify the business. Below is a summary of our key people indicators:



Voluntary staff turnover (%)



Employee engagement (%)



Our people and their remuneration *continued*

Our people *continued*

Engagement and culture

Achieving high levels of employee engagement and fostering the right culture is fundamental to achieving our strategic imperatives. Every year we invite staff to participate in our global culture audit survey in order to measure our employee engagement and culture across 15 people dimensions.

Our sustainable engagement score improved by two points from 2014 to a score of 72. The improvement depicts the combined efforts of staff and management to prioritise the people agenda amidst the challenging operating environment. MTN South Africa's engagement increased by one point from 2014, the initial sign of the rebuilding of staff engagement activities following the strike in mid-2014.

Our ongoing culture operating system (COS) programme to instil the MTN vital behaviours also increased by two points from 2014 after a decline in 2013. The vital behaviours are the foundation of our social engine in order to ensure that our people work in a way that is commensurate with the Company's values of integrity, honesty and innovation.

Our employee voluntary turnover rate, which measures the rate at which employees voluntarily exit MTN, decreased from 8,3% in 2014 to 7,8% in 2015. Retaining our top talent was a key focus for 2015 and yielded positive results, with the voluntary turnover rate of high performers at 5,5%.

A diverse African and Middle Eastern company

Key to ensuring customer centricity is a diverse workforce that understands the varied needs of our subscribers. By the end of December 2015, MTN employed over 59 different nationalities.

Gender diversity is also a key metric. By the end of December 2015, 37% of staff were female and 63% were male. With regard to management positions, 27% of managers were female and 73% were male.

Our focus is to improve our gender diversity in important leadership positions and during 2015 we employed women in the following key posts:

- Jyoti Desai – Group chief operating officer; and
- Philisiwe Sibiya – CEO of MTN Cameroon.

Building an organisation for the future

During 2015, we continued our organisational transformation to achieve our vision. We continued to streamline our back-office operations through the expansion of our shared services models while building the pillars for future growth. In 2015, we continued to embed the structure for our enterprise business unit and introduced a new operating model for digital services.

In addition, we developed a strategic workforce plan to identify the skills required over the next three years to achieve our strategy, as well as the gaps. We focused on closing the gaps relating to digital, commercial and technical skills required for the future. During the course of the year, 40% of the gaps were closed:

- 41% were external appointments, of which 20% were from telecommunications competitors, 31% from ICT organisations, 11% from FMCG organisations, 6% from financial services organisations and 32% from other; and
- 59% were internal placements of which 25% were from talent succession pools.

Talent and learning

MTN provides talent management and learning solutions through the Global Talent and Learning Centre of Excellence. In order to ensure that we continue to attract, retain and build the best talent, we introduced two key initiatives to strengthen our talent pools during 2015:

- Global talent standards were introduced to provide the minimum technical and behavioural requirements for each position and level of work within the organisation. The standard is complemented by a battery of psychometric assessments to ensure a suitable cultural fit based on the seniority of leadership.

- To supplement the global talent standards, talent development standards (TDS) were defined to clearly articulate the learning and development priorities per functional area within the business. The defined TDS align with career goals and inform promotion/succession decisions across segments and functions.

Our 2015 talent review cycle was successfully concluded based on the above revisions and we remain stable at a succession bench strength of 2:1 (two successors for every one incumbent) for leadership positions across the Group.

From a training perspective, the expenditure on training activities declined from 2014 mainly due to operating expenditure pressures. Nonetheless, 13 240 people were trained across 889 unique courses across the Group. In order to ensure that the key business priorities are catered for in 2016, we undertook the following key learning and development initiatives:

- We completed a new pilot for customer service behaviours for rollout in 2016. In addition, core customer experience training continued across the opcos;
- We rolled out enterprise business sales training to 208 sales staff;
- We completed social media training of all required staff, which had been launched in 2014; and
- We launched a pilot programme for a Digital BSc Honours degree focusing on technology, design and innovation. The initial group of 12 individuals completed the course.

People performance management

We successfully completed our 2015 integrated performance cycle ensuring that our pay-for-performance framework is cascaded throughout the organisation. In addition, we enhanced our performance framework for lower level staff and introduced additional mechanisms to align goals for management. The improvements to the framework were positively received and resulted in a two-point increase in the performance management dimension of our Group culture audit.

Best practices

The Global Investor in People (IiP) standard is a people management best practice accreditation that defines what it takes to lead, support and manage people well for sustainable results.

As at December 2015, a total of 15 MTN operating companies had achieved varying levels of accreditation, up from 12 in 2014. It is important to note that MTN Cameroon, MTN Ghana, MTN's head office and MTN Nigeria all achieved gold accreditation – the highest level of accreditation available.

In further developing a culture of recognition, in 2015 MTN launched a new global social recognition programme called “*MTN Shine*”. The platform provides opportunities for leaders and staff to recognise each other through the allocation of recognition points (or a recognition wallet) which can be redeemed as vouchers. The new platform recorded over 100 000 recognition messages and achieved the South African Rewards Association (SARA) “project of the year” award.

Our people and their remuneration *continued*

Remuneration report

Our remuneration philosophy

MTN's remuneration philosophy is part of our interlinked, holistic people and talent approach, aiming to support current and evolving business priorities. The philosophy aims to attract, motivate and retain desired talent to execute business strategy in a sustainable manner over the longer term. Given the competitive talent landscape, this philosophy is underpinned by the following key objectives:

- Presenting a competitive yet affordable reward proposition;
- Fairly differentiating pay by relevant performance indicators; and
- Presenting a flexible and fully compliant reward system.

In our efforts to achieve the optimal attraction, retention and motivation of talent, we apply various approaches, including the following:

For competitiveness and affordability

- Market benchmarking of reward components on a regular basis.
- Linking both short-term and long-term incentives to various performance indicators.

For differentiation and flexibility

- Establishing performance as the basis for employee reward.
- Offering the ability to customise reward, taking into account the varied needs and lifestyles of employees.

For compliance and sustainability

- Continuously applying full regulatory and legislative compliance in the various markets in which we operate.
- Regularly auditing and assessing risks, benefits and compliance of reward.

Our remuneration policy

Maintaining a competitive advantage over those companies we source from and lose talent to, is imperative. To achieve this, we regularly conduct benchmarking exercises in order to design our pay policy to target the market median at minimum.

We never deliver reward that is either:

- Below minimum legislative requirements; or
- Below our internally approved pay scales.

As an example, South African legislation establishes that remuneration may not be less than a predefined hourly sectoral minimum rate. We calculated this rate to be a minimum average of R14,15 per hour. As at December 2015, the lowest paid hourly rate for a full-time employee was R34 per hour, higher than the average legislated threshold.

Where applicable and depending on specific job requirements, we provide opportunities for people to progress through the pay scales over time based on performance and individual factors weighted against job requirements. Overall, employee packages differ based on performance and job requirements analysis against individual employee skills, including job-related competencies, abilities and behaviours.

Our reward principles

In delivering on our remuneration policy, we apply the principles of:

- Fair pay based on the value of the job relative to other jobs of similar worth i.e. internal equity;
- Ongoing benchmarking to remain a competitive offering to employees i.e. external equity;
- Performance-based culture for both our short-term and long-term incentives;
- Transparent and simplified communication across all levels including external stakeholders;
- Consistency across all our operating units, however, acknowledging differentiation and customisation;
- Empowerment of line managers to deliver effective pay decisions;
- Flexibility, taking into account the diversity of our employees across all our operating companies;
- Company affordability so as to support the performance expectations of our shareholders;
- Optimal pay structure between fixed and variable remuneration so as to drive the right focus both in the long and short term;
- Values-based and output-driven recognition of actions aligned to our vital behaviours; and
- Recognising entrepreneurship and innovativeness.

Our remuneration practices meet the minimum related compliance requirements. For example, against King III principles, our compliance scorecard is as follows:

King III principle	Comply
Remuneration policies and practices are aligned to company strategy and linked to individual performance	Yes
Policies address a fair mix of fixed to variable remuneration	Yes
Incentives are based on stretched and verifiable targets related to both financial and non-financial indicators	Yes
Both long and short-term incentives comprise more than one measure and measures are fairly balanced	Yes
There is no automatic entitlement of incentive for both long and short-term incentive plans	Yes
There is no automatic entitlement to bonus or share-based payments on early termination of employment	Yes
The value of incentives is significant relative to base pay. Participation in share schemes is limited to management staff only	Yes

All strategic reward decisions are prepared and guided by our executive management team for approval by the remuneration and human resources committee. This committee is delegated approval authority at various levels with its roles and responsibilities listed below.

The remuneration and human resources committee

MTN's remuneration and human resources (R&HR) committee is delegated responsibility by the board of directors to make sound remuneration decisions that are aligned with the Company's strategy and acceptable governance principles.

In executing its duties, the committee consults external experts as and when necessary, although the committee makes the final decision with regard to the interests of stakeholders. The committee ensures that:

- Effective governance structures are implemented within the remuneration framework, supported by a strong and fully compliant reward system;
- Adequate and sound risk controls are implemented across the Group to mitigate any potentially negative remuneration exposure;
- The pay structures for executive members and that of all other employees are aligned with the market and internal pay policies, taking into account the availability of skills in the market as well as executive competency levels; and
- The Company's pay-for-performance objective is effective and justified in accordance with set performance criteria.

The committee constantly reviews the remuneration strategy to ensure that its policies and principles remain applicable to the dynamics of the business and in accordance with legislative stipulations.

Full details of the committee's terms of reference and key focus for the year under review are outlined in the corporate governance report on [B 47](#).

Our remuneration structure

Although MTN applies a fixed remuneration package approach across its operations, variations exist where we adopt the "base plus benefits" approach due to local market conditions. The fixed remuneration approach includes cash and benefits in kind which, when combined with incentive payments and other non-quantifiable elements, make up what we term "Total Reward".

Our fixed-pay component reflects general worth of skills compared against job worth, while incentive payments are based on short and long-term performance.

Our people and their remuneration *continued*

Remuneration report *continued*

The table below summarises the various pay components which collectively make up Total Reward.

Fixed pay	+	Benefit programmes	+	Short-term incentives (STIs)	+	Long-term incentives (LTIs)	+	Recognition	+	Other
Annual fixed package[^]				Performance-based incentives						
Fixed basic salary delivered on a monthly basis.		Company-provided benefits delivered on a monthly basis.		Variable Company-provided incentives aligned with the short-term goals of the Company, delivered on an annual basis.		Variable incentives in the form of share allocations. The allocation of shares is meant to drive long-term sustainability and performance of the Group.		Formal and informal platform designed to drive recognition between employees and departments, both within and across MTN's operations		MTN offers other benefits. These include lifestyle benefits, leave of absence, and additional insurance products.
Based on scope and nature of the role and generally determined around the market median, but can expand or contract based on market dynamics and business goals.		Provides economic security for employees and act as an incentive to attract and retain skills.		Performances up to one year are assessed and rewarded for achieving minimum, stretch-target and above-target performances.		Potential payments are attributed to the financial performance of the Company.				Although some of these benefits are not prevalent in all operations, there are country-specific programmes approved and aligned with equivalent South African benefits.
Reviewed on an annual basis and, where applicable, benchmarked on an off-cycle basis to ensure competitiveness and relevance.		Contractually agreed and will differ across operations.		Aligns with financial and strategic key performance.		Share incentive payments make up a larger portion of total executive remuneration relative to short-term and fixed pay.				
		Commonly include retirement, health, death and disability insurance.		Individual, team and Company performance is taken into consideration, with executive performance weighted towards Company performance.						
				At an operational level, certain sales positions participate in a commission-based incentive scheme.						

[^] Please note the term "fixed package" as used should not promote a sense of entitlement or non-adjustability of the package, should MTN deem this appropriate. The term, however, must be defined within the context and used synonymously with "annual fixed package", meaning that certain benefits such as contribution arrangements to medical aid, although fixed annually, may be adjusted as and when the Company needs to.

Annual fixed package

Local employees

Generally, employees based in South Africa are remunerated on an annual fixed package (AFP) approach, which includes a combination of base remuneration and benefit provisions, commonly referred to as fixed remuneration. The Group has implemented this approach subject to labour regulations and remuneration practices. Non-South Africa-based operations have adopted and customised this approach in accordance with local practices and regulations.

Expatriate employees

MTN deploys international talent (expatriates) among our operations where this is of value and as part of our talent mobility efforts. Although expatriate employees are employed on a full-time basis and with access to other benefits provided to local employees, their contracts are, however, limited to a fixed duration, typically two years.

In line with the frequency of talent mobility across operations, during 2015, we reviewed the expatriate pay model to introduce a greater degree of relative internal pay equity across the various operations.

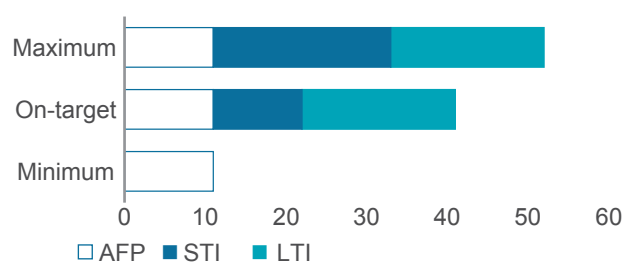
The choice of the United Arab Emirates as the global employment company for the purpose of expatriate compensation management allows us to standardise expatriate base-pay levels in all countries within one pay structure in a global reserve/hard currency. This base-pay foundation is consistent for all assignees with only country-specific dynamics being added on, resulting in an MTN framework which represents a balance between relative equity across the Group, and local relevance.

MTN continues to prefer the employment of local talent in operating companies. Notwithstanding the above base-pay structure, the standardisation and optimisation process for expatriate benefits remains a priority. Where possible, within regulatory requirements, MTN continues to standardise expatriate employment contract conditions with the goal of adopting one framework across operations. This initiative is a gradual process due to legislation.

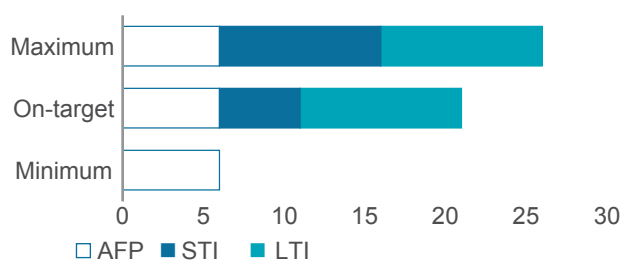
Executive pay composition

Executives are remunerated in line with short-term and long-term business objectives using an optimal mix of fixed pay, short-term and long-term incentives. This supports the alignment of strategy and desired individual behaviour. The mix is aimed at ensuring that executives proportionately achieve an optimal balance of remuneration when executing their duties. The following graphs illustrate the mix of minimum, on-target and potential maximum compensation for the two director positions: group president and CEO, and the group chief financial officer.

Group president and CEO (Rm)

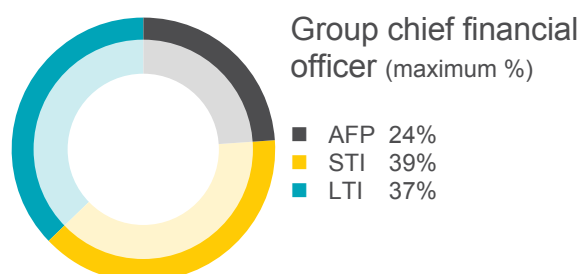
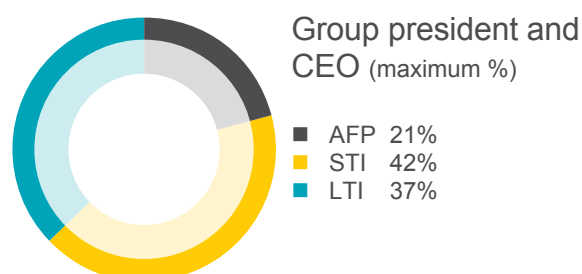
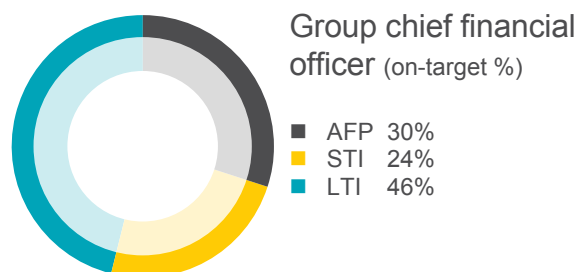
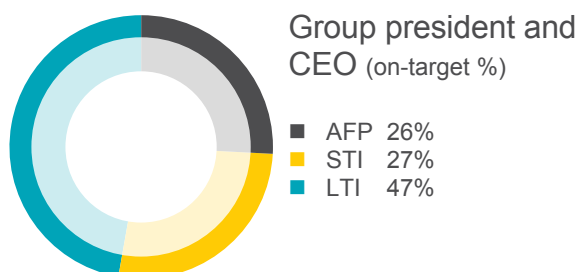


Group chief financial officer (Rm)



Our people and their remuneration *continued*

Remuneration report *continued*



AFP is minimum.

As illustrated above, the proportion of fixed to performance-based incentives varies between the Group president and CEO and the Group CFO. Both roles comprise a higher weighting on performance incentives “risk pay” and less on fixed package. While the fixed package does not vary based on individual performance, the variable portion does. The Group’s integrated performance framework (IPF) guides the execution of business strategy by providing a framework through which the day-to-day and annual performance levels are set, cascaded and measured according to the business’s strategic themes. The IPF outcomes are translated into incentive payments under the performance bonus plan.

Performance-based incentives

We provide different incentives to employees to reward performance on a short-term and long-term basis:

Incentive category	Purpose	Incentive plan
<ul style="list-style-type: none"> Short-Term Incentives ("STI" schemes) 	<ul style="list-style-type: none"> To reward the achievement of set goals up to one year 	<ul style="list-style-type: none"> Performance bonus plan (bonus plan) Sales commission plan (commission scheme)
<ul style="list-style-type: none"> Long-Term Incentives ("LTI" schemes) 	<ul style="list-style-type: none"> To reward the achievement of set goals in the long run 	<ul style="list-style-type: none"> Share Appreciation Rights Scheme (SARS)¹ Share Rights Plan (SRP)¹ Performance Share Plan (PSP) Notional Share Option Scheme (NSO) Employee Share Ownership Plan (ESOP)²

¹ Both the SARS and SRP are active but no longer issuing new awards. They were substituted with the PSP.

² Once-off award of 400 shares made in 2010 to lower level employees under the Broad Based Employee Equity Scheme (BBEE).

Short-term incentives

Annual performance bonus

General staff and executives participate in an annual performance-based bonus plan. The principles of the bonus plan are aligned with the performance achievements of the Company, teams as well as individual priorities.

Company priorities are derived from the yearly business plan and budgets. The business plan and budgets are aligned with the Group's strategic themes which get delegated to the members of the executive team responsible for driving, supporting and facilitating execution of priorities.

Details of the Group's strategic priorities are on [23](#). The strategic analysis section on [28](#) provides executive responsibilities and how each

executive performed against strategic priorities assigned to them.

Assigned priorities are further cascaded into functional teams and individual key performance indicators (KPIs). These KPIs are contracted and agreed at the beginning of the year, and measured at the end of it.

The resultant performance score of the Company, team and individual contracts is used as an input factor when calculating bonuses for employees. Selected KPIs measured are set out on [28](#).

The process of determining the incentive award pools from which performance bonuses are paid is illustrated on the following page.

Our people and their remuneration *continued*

Remuneration report *continued*

Description of performance criteria

1

Company performance (CP)

- MTN Group: attributable earnings
- Opco: revenue, cash flow, EBITDA

- The financial performance targets of the Company are determined in accordance with the five strategic themes at the beginning of the year.
- A factual findings engagement is performed on these results by an independent body.
- The percentage performance achievement against target is translated into a nominal performance-linked scale, adjusted to allow for maximum earning potential.
- Group attributable earnings are used at Group level and EBITDA, revenue and cash flow are used at operational level to measure Company performance.

2

Team performance (TP)

- Strategic themes are translated into priorities
- Team priorities are further cascaded down

- The strategic themes are translated into priorities to be executed at executive member levels. Details on strategic priorities are on page 23.
- Depending on the size of the function, and where applicable, team performance scorecards are further cascaded to below executive levels.
- Achievement of each KPI is proportionate and weighted; however, cumulatively they add up to 100%.

3

Employee performance (EP)

- Alignment of individual performance contracts with the departmental targets
- Each KPI set within the IPF principles

- At the beginning of each financial period, every employee enters into a contractual performance agreement.
- The performance agreement stipulates the performance expectations to be measured at year-end.
- Performance agreements ensure alignment between Company, team and individual levels.
- This is not applicable to executives.

2015 performance bonus reviews

MTN's operations faced many challenges during 2014 and this trend continued, and even accelerated in 2015. Among these challenges were (i) fierce competition from non-traditional telecommunications operators, (ii) greater regulatory and compliance requirements, (iii) industrial action, and various other external factors related to social unrest and economic volatility.

These challenges collectively resulted in many of our operations not meeting the minimum performance levels required for a bonus to be declared, and resultantly, did not qualify for a performance bonus. Among the operations which missed the qualifying

criteria for 2014 was MTN South Africa. In accordance with the then bonus rules, a minimum 4% of annual remuneration was paid to employees in lower levels. However, employees were dissatisfied with the payment. This led to a prolonged strike in South Africa, based on the argument from union-affiliated employees that the 4% payment was insufficient and did not adequately recognise their contributions to the business.

As part of our ongoing review commitments, management reviewed the bonus rules. All revisions led to extensive engagements with staff and social partners.

As applicable to lower level employees at level 1 and level 2, the following was approved:

Minimum guaranteed payment

- A guaranteed 4% of annual remuneration payment in December, subject to approval of each opco board. This payment was in lieu of shares which level 1 and level 2 do not participate in.
- This payment was however conditional on minimum individual performance as approved by the respective boards.

Furthermore, management approved that for each financial period, two computations would apply:

- Computation if the board declares bonuses based of achievement of minimum Company performance levels being met; and
- Computations if the board does not declare bonuses, i.e. minimum Company performance levels are not met.

These three scenarios are summarised as follows:

Description	Minimum 4% payment in lieu of shares ¹	Requirements if a bonus is declared by the board	Requirements if a bonus is not declared by the board
Individual performance applies	Yes, an individual minimum performance score is required	Yes, an individual minimum performance score is required	Yes, an individual minimum performance score is required
Earning range as a % of applicable annual salary	Exactly 4%	From 0% to 12%	From 0% to 6%
Percentage payable at target achievement	Not applicable	9%	4,5%

¹ The 4% minimum was payable with effect from December 2015, subject to approval of each opco board. The changes as applicable to the performance bonus were effective for the 2015 financial year.

Where bonuses were paid, the following example illustrates the calculation methodology:

How a bonus is calculated

- Three elements are used as inputs to a bonus calculation, namely company performance (CP), team performance (TP) and employee performance (EP). Each element has a weighting (a), with all elements combined adding up to 100%.
- Targets for each element are set at the beginning of the performance cycle and measured at the end of the performance cycle where a corresponding “nominal % (b)” is determined from a standard translation table.
- Company performance as a “qualifier” for bonus declaration is first assessed for each operation.
- For each weighted element, there is a job level related on-target (c) and maximum (d) earning potential.

Upon assessment of Company performance by the board, a bonus is either declared or not. If declared:

Step 1: The weighting of each element (a) is multiplied by the achieved nominal (b) and the results of the three added together.

Step 2: Then the sum of the three is multiplied by the on-target % (c) to derive the bonus percentage.

Step 3: As a validation, a check is done against the maximum % for each job. If the calculated amount does not exceed the maximum, the final bonus percentage is multiplied by annual incentive salary to arrive at the final bonus payment.

$$(CP + TP + EP) \times \text{on-target percentage} = \text{bonus percentage}$$

$$\text{The bonus percentage (validated against the minimum and maximum)} \times \text{annual salary} = \text{total bonus payable}$$

Our people and their remuneration *continued*

Remuneration report *continued*

Case studies for three levels at Group

At the beginning of the year, the Group's attributable earnings (GAE) target for calculating bonuses at the end of the year was R10 billion. For bonus purposes, a 90% minimum achievement of R9 billion was required, and a maximum of R12 billion applicable. Using the following assumptions, the bonuses for the three employee levels: executive director, senior manager and employee level 2 will be as follows:

Assumptions	Executive director	Senior manager employee	General staff level 2 (bonus declared)	General staff level 2 (bonus not declared)
Annual salary	R2 000 000	R1 000 000	R400 000	R400 000
Bonus elements				
■ Company ¹	100% (50% weighting)	100% (20% weighting)	Not applicable	Not applicable
■ Team ²	75% ^(2a) (50% weighting)	100% ^(2b) (50% weighting)	100% ^(2b) (50% weighting)	100% ^(2b) (50% weighting)
■ Employee ³	Not applicable	150% ^(3a) (30% weighting)	133% ^(3b) (50% weighting)	133% ^(3b) (50% weighting)
On-target bonus (%)	80%	20%	9%	4,5%
Maximum bonus (%)	160%	30%	12%	6%
Calculation formula	(100% x 50%) plus (75% x 50%) plus zero equals 87,5%	(100% x 20%) plus (100% x 50%) plus (150% x 30%) equals 115%	Zero plus (100% x 50%) plus (133% x 50%) equals 66,5%	Zero plus (100% x 50%) plus (133% x 50%) equals 66,5%
Final bonus (%) ⁴	87,5% x 80% equals 70%	115% x 20% equals 23%	66,5% x 9% equals 6%	66,5% x 4,5% equals 3%
Final bonus payable	R1 400 000	R230 000	R24 000	R12 000

¹ It is assumed that the Company performance was achieved 100%.

² It is assumed that the team performance was achieved as follows:

^{2a} 75% for executive director.

^{2b} 100% for senior management and general staff level 2.

³ It is assumed that employee performance was as follows:

^{3a} 150% for senior management.

^{3b} 133% for general staff level 2.

⁴ On target bonus is respectively:

– 80% for executive director;

– 20% for senior management;

– 9% for general staff where a bonus is declared; and

– 4,5% for general staff where a bonus is not declared.

Refer to the next section for parameters applicable to executive committee members.

Executive bonus parameters

The executive bonus parameters governing the bonus plan are summarised below:

Group category	Designation	Company performance	Team performance	Minimum bonus	On target	Maximum bonus
Group president and CEO	Group president and CEO	70%	30%	0%	100%	200%
Group executive director	Group CFO	70%	30%	0%	80%	160%
Group chief officers	Group chief human resources and corporate affairs officer	50%	50%	0%	70%	140%
	Group chief technology and information officer	50%	50%	0%	70%	140%
	Group chief commercial officer	50%	50%	0%	70%	140%
	Group chief operations executive	60% – Top 7 Large opcos	40%	0%	70%	140%
	Group chief business risk officer	50%	50%	0%	70%	140%
	Group chief strategy, mergers and acquisition officer	50%	50%	0%	70%	140%
	Group chief legal counsel	50%	50%	0%	70%	140%
	Group chief enterprise officer	50%	50%	0%	70%	140%
	Group chief digital officer	50%	50%	0%	70%	140%
Operating company CEOs (on the Group exco)	CEO: MTN South Africa	60% – MTN South Africa	40%	0%	70%	140%
	CEO: MTN Nigeria	60% – MTN Nigeria	40%	0%	70%	140%

Our people and their remuneration *continued*

Remuneration report *continued*

Executive directors' bonus calculations

For 2015, the executive directors' bonuses were calculated in line with the approved bonus principles. Full actual amounts of the bonuses paid can also be found on [page 88](#).

MTN operations' bonus declarations

In line with the performance bonus rules, bonuses become payable within an operation once the committee is satisfied that the minimum performance thresholds have been achieved. For the 2015 financial year, a summary of the bonuses declared to the MTN Group operations is as follows:

Bonus declared		Bonus declared	
MTN Group	No	Afghanistan	Yes
South Africa	Yes	Congo-Brazzaville	Yes
Nigeria	No	Rwanda	Yes
Ghana	Yes	Zambia	Yes
Cameroon	No	Liberia	No
Ivory Coast	No	Conakry	No
Uganda	No	Cyprus	Yes
Syria	Yes	South Sudan	Yes
Sudan	Yes	Iran	Yes
Benin	Yes	Swaziland	Yes
Yemen	No	Guinea-Bissau	No

Long-term incentive schemes (LTIs)

Long-term incentives to managerial and senior employees are aimed at aligning their contributions to shareholders' expectations by sharing in the long-term growth of the Company. Due to the fact that our operations are spread across 22 African and Middle Eastern countries, it is not always feasible to issue Company stock to all employees as we are only listed on the Johannesburg Stock Exchange. For this reason, the Company operates a combination of equity and cash-settled schemes.

The general rule is that participants are allocated shares, options, or rights equivalent to a fraction of their annual salary. Depending on the performance of the Company measured using various indicators, participants proportionately either receive cash, equity or a combination of both. Although the eligibility of participants is defined in the rules of the schemes, MTN reserves the right to exclude participation by certain employees by virtue of their employment status, e.g. disciplinary, suspension, and dismissal.

Since 2001, the Group has implemented the following schemes:

Share Option Scheme (SOS)

Eligible participants	Date implemented	Performance conditions	Last vesting date	Expiry period
All levels	2001	Share price based	Unwound	2015

The share option plan fully vested and reached its expiry period in January 2015. At the time of expiry, 10 years after the last award, all options were exercised with no employee forfeiting unexercised shares.

Share Appreciation Rights Scheme (SARS) and Share Rights Plan (SRP)

Objective: To promote the achievement of MTN Group's strategic objectives measured using the Company's growth in share price. Participating employees share in the appreciation of the Company's share price between grant and vest.

Eligible participants	Date implemented	Performance conditions	Last vesting date	Expiry period
All employees at junior management level and above	2006 – SARS 2008 – SRP	Share price based	2013 2015	2018 2020

Both the SARS and SRP were fully vested as at 2015 and are exercisable. Refer to [84](#). for the full reconciliation of 2015 trading.

Performance Share Plan (PSP)

The PSP scheme is the current active and allocating plan, and is summarised as follows:

Objective: To promote the achievement of MTN Group's strategic objectives measured using the Company's growth in share price and cash flow. Participating employees share in the Company's achievement of the set financial indicators over three years.

Eligible participants	Date implemented	Performance conditions	Last vesting date	Expiry period
All employees at junior management level and above	2010	Total shareholder return (TSR) Adjusted free cash flow (AFCF)	2017	Not applicable

Details about the PSP

- Share awards are at the discretion of the MTN Group board and the operating entities.
- Participation is limited to managerial employees and those in more senior positions only.
- Performance is measured using TSR and AFCF. An additional service element is applicable for non-executive participating employees.
- Weightings are attached to each condition based on the seniority of the participant.
- The scheme has a three-year vesting period. Once the shares are vested and the board is satisfied with the achievement of the performance conditions, participating employees receive either shares or the cash equivalent.

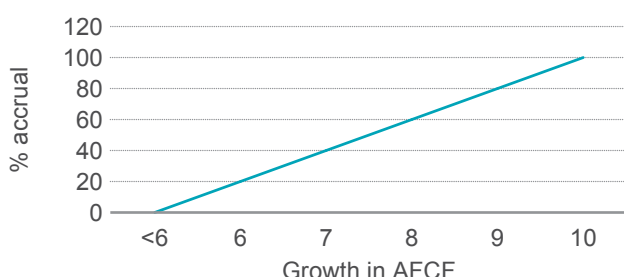
Our people and their remuneration *continued*

Remuneration report *continued*

Performance conditions

The accrual of each award is subject to the fulfilment of the conditions as illustrated below:

Adjusted free cash flow (AFCF) (%)



Details

This condition is measured on a three-year cumulative average growth rate (CAGR).

This is calculated as the growth from the average AFCF in the three years preceding the grant date to the average AFCF during the three-year measurement period, using the following parameters:

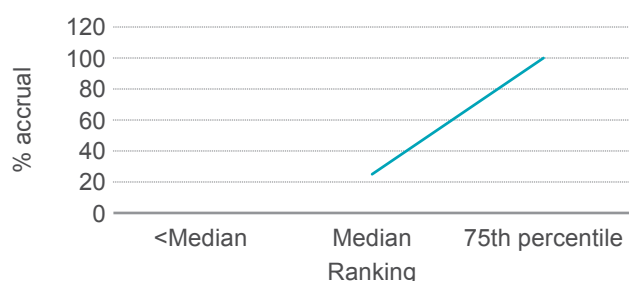
- 100% vesting at 10% growth
- 20% vesting at 6% growth
- 0% vesting below 6% growth

There is a sliding linear scale between each point.

Weightings:

- 50% for executive employees
- 37,5% for general staff employees

Total shareholder return (TSR) (%)



Details

TSR measures the performance of the share price relative to the JSE Top 20 Industrial index.

Accrual of shares is based on the achievement of the set target:

- 100% vests if MTN is at the 75th percentile of the comparator group
- 25% vests if MTN is at the median of the comparator group
- 0% vests for ranking below the median of the comparator group

TSR will be measured by comparing the 30-day VWAP at the beginning and end of the three-year period plus re-invested dividends and must be positive.

Weightings:

- 50% for executive employees
- 37,5% for general staff employees

Historic performance of the scheme

A summary of the allocation is as follows:

Grant date	Vesting date	Condition achieved	
		Adjusted free cash flow	Total shareholder return
29/06/11	31/12/13	0%	32,5%
29/12/11	29/06/14	39,4%	0%
28/12/12	28/12/15	0%	0%
20/12/13	19/12/16	—	—
19/12/14	18/12/17	—	—

Please refer to [AFS](#) for additional information on [95](#).

Employee Share Ownership (ESOP)

During 2010, MTN approved the allocation of shares to its lower-level employees under the Company's Broad-Based Employee Share Scheme – Employee Share Ownership Plan (ESOP).

The scheme was intended to incentivise the designated employees and to identify them more closely with the activities of the Company with the aim of promoting their continued growth by giving them shares. Participating employees under the ESOP scheme had to retain ownership of their shares for a period of five years until December 2015.

The scheme thus matured in December 2015. As the Company was in a cautionary period, only inactive participants had the right to trade in these shares. Active employees were restricted until such a time when the restriction was lifted.

A summary of the allocation is as follows:

Number of participants as at issue date	Number of shares allocated	Plan vesting date	Number of shares traded (as at 31 December 2015)	Number of shares outstanding (as at 31 December 2015)
3 461	1 384 400	1 December 2015	136 495	1 247 905

As at 31 December 2015, from a total of 3 461 participants:

- 1 358 allocated employees had left the employment of the Company for various reasons, voluntary and involuntary; and
- 2 103 were still in the employ of the Company.

Thus the number of retained employees represents a retention rate of 61%.

- Investec was appointed as the Company's preferred trading partner for employees who opted to trade their shares.
- All share records will be held and administered internally by the Group company secretary department.
- Unexercised shares will remain in the Company's records until such time that participants exercise them.

Our people and their remuneration *continued*

Remuneration report *continued*

A summary of all previous allocations and the vesting dates made under the long-term incentive scheme is presented below:

Equity share schemes vesting schedule

Vesting timelines per anniversary (cumulative)								
Plan type	Issue period date	Year 0	> Year 1	> Year 2	> Year 3	> Year 4	> Year 5	> Year 10
Share options	28 Sept 2001*	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	2 Sept 2002	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	2 Jan 2003	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	7 Jul 2003	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	1 Dec 2003	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	1 Nov 2004	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	1 Dec 2004	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	31 May 2006	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	31 May 2006*	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	21 Nov 2006	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	1 Jan 2007	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
SARS	2 Apr 2007	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	22 Jun 2007	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	19 Mar 2008	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	1 Sept 2008	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
	28 Jun 2010^	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	X
PSPs	29 Jun 2011^^	✓	●●●●	●●●●	●●➤	◆◆★★		X
	29 Jun 2011	✓	●●●●	●●●●	●●●●➤	◆◆★★		X
	29 Dec 2011	✓	●●●●	●●●●	●●●●➤	◆◆★★		X
	28 Dec 2012	✓	●●●●	●●●●	●●●●➤	◆◆★★		X
	20 Dec 2013	✓	●●●●	●●●●	●●●●➤	◆◆★★		X
	19 Dec 2014	✓	●●●●	●●●●	●●●●➤	◆◆★★		X



^ This offer includes an allocation with one year accelerated vesting.

^^ This offer was accelerated from 36 months to 30 months.

Key:

✓ Allocation date ◆ 20% tranche vested (cumulative) ★ 30% tranche vested (cumulative)
➤ Performance conditions evaluation ● Non-vested portion of award X Expiry

Following the Company's cautionary statement on trading after Nigerian regulators imposed a fine on MTN Nigeria, the annual PSP allocation (normally planned for December of each year) was suspended until further notice.

Further details on the performance measurement, assessment periods, and settlement criteria are available under the  [AFS](#) on  95.

MTN non-equity schemes for employees in non-listed operations outside South Africa

MTN offers non-South Africa-based employees participation in the Group's notional share option (NSO) scheme. This scheme enhances MTN's commitment to the "One Group, One MTN" philosophy.

Qualifying employees own options and also participate in the growth of the Group and its operations, as applicable. The main objective of the NSO scheme is to encourage an alignment between the individual interests of senior employees and the long-term success of the Group. Thus, the scheme's design rewards employees for the value gain derived from the NSO price per share appreciation between the allocation and vesting dates.

The NSO scheme was reviewed in 2013 and a proposal was presented to the R&HR committee to change the mechanics of the scheme to align it with the Group equity schemes. The committee supported this recommendation and operations made NSO allocations under the new rules effective 1 April 2014. The key aspects and changes of the NSO scheme included:

- NSO awards are divided into Group-aligned notional share scheme (GAN) NSO and locally aligned notional share scheme (LAN) NSO.
- GAN NSO constitutes up to 30% of the total value of the award and LAN NSO constitutes up to 70% of the total value of the award.
- Gains under GAN NSO are measured by the MTN Group's share price movements between the allocation date and exercise date, i.e. the difference between the allocation and exercise prices represents the gain.

- Gains under LAN NSO are based on the LAN price movement between allocation and exercise. The determination of the LAN price at allocation, and subsequently at each annual valuation, is as below:

- Allocation – LAN price valuation is reflective of the increase in value of an operation through alignment with the EBITDA financial indicator.
- Valuations – annual valuations of the LAN NSO price are based on the appreciation or depreciation with the LAN allocation price.

Non-executive director remuneration

The R&HR committee is responsible for advising on the remuneration of non-executive directors (NEDs), including reviewing remuneration recommendations as put forward by executive management in consultation with external remuneration consultants. The committee also recommends remuneration for approval by the board and shareholders. The remuneration for NEDs is considered annually and is determined in light of market practice and with reference to the time, commitment and responsibilities associated with the roles.

The MTN Group's non-executive directors receive an annual retainer and a meeting attendance fee. They do not participate in any type of incentive scheme nor do they receive any employee-related benefits. During 2015, the board requested a review of the non-executive director fees. An external benchmark exercise was conducted where industry trends and market rates were obtained from PricewaterhouseCoopers Inc. and The Hay Group (the Company's preferred survey providers).

A gap analysis showed that certain directors required an adjustment to their fees payable. A motivation was submitted to the board and approved for implementation in 2015.

Our people and their remuneration *continued*

Remuneration report *continued*

For the 2016 financial period, the board did not approve an increase to the NED fees.

	Annual retainer fee 2015	Meeting attendance fee 2015
MTN GROUP BOARD		
Chairman	R2 518 081	R139 893
Member	R212 492	R53 123
International member	€76 928	€7 693
Special assignments or projects (per day)		
Local non-executive director		R22 639
International non-executive director		€3 373
Ad hoc work performed by non-executive directors for special projects (hourly rate)		R3 985
Audit committee		
Chairman	R112 901	R34 828
Member	R61 681	R23 997
Remuneration and human resources committee		
Local chairman	R84 303	R31 757
International chairman	€5 625	€3 590
Local member	R49 401	R23 289
International member	€3 297	€3 297
Risk management, compliance committee and corporate governance committee		
Chairman	R84 303	R31 757
Member	R49 401	R23 289
International member	€3 297	€3 297
Social and ethics committee		
Chairman	R84 303	R31 757
Member	R49 401	R23 289
MTN Group Share Trust (trustees)		
Chairman	R74 929	R28 226
Member	R32 943	R15 530
Tender committee		
Chairman	R74 929	R28 226
Member	R43 783	R20 641

Employment contracts

Group president and CEO (executive director)

Following the resignation of the Group president and CEO, RS Dabengwa, the board appointed PF Nhleko to fulfil the role of executive chairman. To enlist the services of PF Nhleko, the board entered into a contract of employment with a service provider, Captrust Investments Proprietary Limited. PF Nhleko was appointed for a fixed term period of six months, effective from 9 November 2015 and ending on 9 May 2016.

In consideration for PF Nhleko's services, the Company paid an agreed-upon service fee to the service provider. His contract further stipulates that the board, at its discretion at the end of the contract, may award PF Nhleko with a bonus. Full details of such payments to PF Nhleko in regard to this executive directorship role are provided on [88](#).

In addition to this fixed term contract as an executive, PF Nhleko continued to serve as chairman of the MTN Group Limited board of directors, and as such received all related director remuneration in this regard. Full details of remuneration paid to PF Nhleko in his capacity as director are provided on [88](#).

Chief financial officer (executive director)

The chief financial officer, BD Goschen, was employed on a five-year fixed term contract which expires in August 2018. Full details of remuneration paid to BD Goschen in his capacity as director are provided on [88](#).

Prescribed officers

Other prescribed officers of the Company are employed on a full-time and permanent basis with no indication of their termination of employment.

Restraint of trade and notice period

To safeguard the shareholders of the Company and the proprietary, strategic, and confidential information to which executive directors and prescribed officers are privy to as a result of their employment, in 2014, management recommended a contractual restriction on the freedom of any executive director or prescribed officer to conduct business with a competitor. Under this agreement, new appointments were required to sign a "restraint of trade agreement" prohibiting them from taking employment with a competitor company within six months from termination of employment with MTN. For existing executive directors and prescribed officers however, given their current contracts excluded restraint clauses, management continued to engage with them in a bid to similarly agree to the restraint terms. Where engagements are successful, the executive director or prescribed officer is issued with an annexure to their contract. This process is ongoing and shall extend to 2016.

All appointments post-2014, both executive directors and prescribed officers, have a six-month notice period. Existing executive directors and prescribed officers employed prior to 2014 all have a one-month notice period, contractually agreed at their initial appointments. In total, including the six-month restraint period, this means that executive directors and prescribed officers have a total of 12 months, a period management believes is an adequate measure to protect the Company's information.

Directors' emoluments

Directors' and prescribed officers' emoluments and payments in the tables presented here have been audited. Full details on directors' and prescribed officers' emoluments and equity compensation benefits for executive directors and directors of major subsidiaries in respect of the share appreciation rights and share rights schemes on [88](#). This also includes shareholdings and dealings in MTN Group ordinary shares and MTN Zakhele shares by MTN Group directors, prescribed officers, Group secretary and directors and company secretaries of major subsidiaries.

Our people and their remuneration *continued*

Remuneration report *continued*

Emoluments, equity compensation and dealings in ordinary shares

Directors' emoluments and related payments

2015	Date appointed	Salaries R000	Post-employment benefits R000	Other benefits [†] R000	Compensation for loss of office [±] R000	Sub-total R000	Share gains [#] R000	Total R000
Executive directors								
RS Dabengwa [^]	1/10/2001	8 426	1 080	2 882	23 664	36 052	4 529	40 581
BD Goschen	22/07/2013	7 567	970	292	–	8 829	427	9 256
PF Nhleko ^{^^}	9/11/2015	5 000	–	–	–	5 000	–	5 000
Total		20 993	2 050	3 174	23 664	49 881	4 956	54 837

[†] Includes medical aid and unemployment insurance fund.

[#] Pre-tax gains on share-based payments.

[^] Resigned 9/11/2015.

^{^^} Fees paid to Captrust Investments Proprietary Limited.

[±] Compensation for loss of office comprises notice pay and a restraint of trade.

	Date appointed	Retainer [#] R000	Attendance [#] R000	Special board R000	Strategy session R000	Ad hoc work R000	Total R000
Non-executive directors							
PF Nhleko ^{^^}	28/05/2013	1 976	1 021	60	371	57	3 485
KC Ramon [@]	1/06/2014	322	661	52	154	96	1 285
KP Kalyan	13/06/2006	343	602	40	154	8	1 147
AT Mikati [†]	18/07/2006	1 181	1 126	181	241	384	3 113
MJN Njeke	13/06/2006	331	442	56	106	20	955
JHN Strydom	11/03/2004	309	585	60	154	41	1 149
AF van Biljon	1/11/2002	212	480	60	154	73	979
J van Rooyen	18/07/2006	369	827	60	106	108	1 470
MLD Marole	1/01/2010	332	681	60	154	8	1 235
NP Mageza	1/01/2010	403	743	40	106	20	1 312
A Harper [◊]	1/01/2010	1 215	1 358	181	241	104	3 099
F Titi [±]	1/07/2012	260	397	52	154	–	863
S Kheradpir ^{^^^} ◊	8/07/2015	425	675	26	239	–	1 365
Total		7 678	9 598	928	2 334	919	21 457

[◊] Fees have been paid in euro.

[†] Fees are paid to M1 Limited.

^{^^^} Appointed 8/07/2015.

[±] Resigned 31/12/2015.

[#] Retainer and attendance fees include fees for board and committee representation and meetings.

[@] Fees paid to AngloGold Ashanti Limited.

^{^^} Fourth quarter fees paid to Captrust Investments Proprietary Limited.

Emoluments, equity compensation and dealings in ordinary shares *continued***Directors' emoluments and related payments** *continued*

2014	Date appointed	Salaries R000	Post-employment benefits R000	Other benefits [◊] R000	Bonuses R000	Sub-total R000	Share gains ^{◊◊} R000	Total R000
Executive directors								
RS Dabengwa	1/10/2001	9 334	1 197	858	13 257	24 646	3 482	28 128
BD Goschen	22/07/2013	5 567	714	286	6 777	13 344	–	13 344
Total		14 901	1 911	1 144	20 034	37 990	3 482	41 472

[◊] Includes medical aid and unemployment insurance fund.^{◊◊} Pre-tax gains on share-based payments.

	Date appointed	Retainer [#] R000	Attendance [#] R000	Special projects R000	Strategy session R000	Ad hoc work R000	Total R000
Non-executive directors							
PF Nhleko	28/05/2013	1 084	608	92	183	–	1 967
KC Ramon [^]	1/06/2014	123	187	–	96	21	427
KP Kalyan	13/06/2006	332	487	97	96	–	1 012
AT Mikati ^{◊†}	18/07/2006	1 163	707	111	219	97	2 297
MJN Njeke	13/06/2006	311	388	20	96	–	815
JHN Strydom	11/03/2004	299	459	20	96	42	916
AF van Biljon	1/11/2002	312	401	68	96	63	940
J van Rooyen	18/07/2006	364	533	90	96	21	1 104
MLD Marole	1/01/2010	310	775	21	96	–	1 202
NP Mageza	1/01/2010	361	566	42	96	20	1 085
A Harper [◊]	1/01/2010	1 177	852	–	219	–	2 248
F Titi	1/07/2012	253	352	–	48	–	653
Total		6 089	6 315	561	1 437	264	14 666

[◊] Fees have been paid in euro.[†] Fees are paid to M1 Limited.[#] Retainer and attendance fees include fees for board and committee representation and meetings.[^] Fourth quarter fees paid to Anglogold Ashanti Limited.

Our people and their remuneration *continued*

Remuneration report *continued*

Emoluments, equity compensation and dealings in ordinary shares *continued*

Prescribed officers' emoluments and related payments

2015	Salaries R000	Post-employment benefits R000	Other benefits R000	Compensation for loss of office R000	Bonuses R000	Sub-total R000	Share gains R000	Total R000
Prescribed officers								
JA Desai	9 490	949	2 586	—	—	13 025	295	13 320
PD Norman	4 473	573	60	—	—	5 106	1 465	6 571
A Farroukh ¹	5 444	544	555	—	—	6 543	2 208	8 751
S Fakie ²	331	44	1 209	—	—	1 584	755	2 339
KW Pienaar ³	4 831	619	10 965	—	—	16 415	982	17 397
P Verkade ⁴	1 021	102	21	—	—	1 144	345	1 489
Z Bulbulia ⁵	3 691	473	785	13 254 [@]	1 475	19 678	621	20 299
M Ikpoki ⁵	6 603	754	2 274	17 260 [#]	—	26 891	—	26 891
MD Fleischer	5 044	647	123	—	—	5 814	—	5 814
M Nyati	3 644	467	3 326	—	634	8 071	—	8 071
H Singh ⁶	508	65	129	—	—	702	—	702
S Sooklal ⁷	4 006	514	88	—	—	4 608	—	4 608
A Fernandez ⁸	5 503	550	88	—	—	6 141	—	6 141
Total	54 589	6 301	22 209	30 514	2 109	115 722	6 671	122 393

¹ Resigned on 31/07/2015.

² Retired on 16/02/2015.

³ Retired on 31/12/2015.

⁴ Contract ended on 31/03/2015.

⁵ Mutual separation on 31/12/2015.

⁶ Appointed on 1/11/2015.

⁷ Appointed on 1/02/2015.

⁸ Appointed on 1/04/2015.

[@] Compensation for loss of office comprises severance, restraint of trade and gratuity pay.

[#] Severance, leave and lifestyle benefits.

2014	Salaries R000	Post-employment benefits R000	Other benefits R000	Bonuses R000	Sub-total R000	Share gains R000	Total R000
Prescribed officers							
JA Desai	7 865	786	2 230	9 217	20 098	1 460	21 558
PD Norman	4 233	543	256	3 634	8 666	1 179	9 845
A Farroukh	7 747	775	942	6 573	16 037	1 440	17 477
SA Fakie	3 161	412	402	2 991	6 966	911	7 877
KW Pienaar	4 570	586	363	5 309	10 828	1 018	11 846
P Verkade	4 144	414	1 067	3 515	9 140	—	9 140
Z Bulbulia	3 527	452	286	858	5 123	598	5 721
M Ikpoki	6 505	586	1 896	4 440	13 427	—	13 427
M Fleisher [^]	4 433	568	40	4 271	9 312	—	9 312
M Nyati ^{^^}	871	112	18	837	1 838	—	1 838
Total	47 056	5 234	7 500	41 645	101 435	6 606	108 041

[^] Appointed 1/02/2014.

^{^^} Appointed 1/10/2014.

Emoluments, equity compensation and dealings in ordinary shares *continued*

Equity compensation benefits for executive directors and directors of major subsidiaries in respect of the share appreciation rights and share rights schemes

Offer date	Strike price R	Vesting date	Number outstanding as at 31 December 2014	Exercised 2015	Exercise date	Exercise price R	Number outstanding as at 31 December 2015
RS Dabengwa†							
31/05/2006	56,83	30/11/2008	13 920	–	–	–	13 920
31/05/2006	56,83	30/11/2009	26 440	–	–	–	26 440
31/05/2006	56,83	30/11/2010	40 440	–	–	–	40 440
21/11/2006	71,00	21/11/2008	8 680	–	–	–	8 680
21/11/2006	71,00	21/11/2009	8 680	–	–	–	8 680
21/11/2006	71,00	21/11/2010	13 020	–	–	–	13 020
21/11/2006	71,00	21/11/2011	13 020	–	–	–	13 020
19/03/2008	126,99	19/03/2010	14 440	–	–	–	14 440
19/03/2008	126,99	19/03/2011	14 440	–	–	–	14 440
19/03/2008	126,99	19/03/2012	21 660	–	–	–	21 660
19/03/2008	126,99	19/03/2013	21 660	–	–	–	21 660
Total			196 400	–	–	–	196 400
† Resigned 9 November 2015.							
BD Goschen							
19/03/2008	126,99	19/03/2010	12 260	–	–	–	12 260
19/03/2008	126,99	19/03/2011	12 260	–	–	–	12 260
19/03/2008	126,99	19/03/2012	18 390	–	–	–	18 390
19/03/2008	126,99	19/03/2013	18 390	–	–	–	18 390
Total			61 300	–	–	–	61 300
F Moolman							
19/03/2008	126,99	19/03/2010	10 200	–	–	–	10 200
19/03/2008	126,99	19/03/2011	10 200	–	–	–	10 200
19/03/2008	126,99	19/03/2012	15 300	–	–	–	15 300
19/03/2008	126,99	19/03/2013	15 300	–	–	–	15 300
Total			51 000	–	–	–	51 000

Our people and their remuneration *continued*

Remuneration report *continued*

Emoluments, equity compensation and dealings in ordinary shares *continued*

Equity compensation benefits for executive directors, prescribed officers, Company secretary of MTN Group and directors of major subsidiaries in respect of the performance share plan

Offer date	Vesting date	Number outstanding at 31 December 2014	Exercised	Forfeited	Exercise date	Exercise price R	Number outstanding at 31 December 2015
RS Dabengwa[†]							
29/12/2011	29/12/2014	111 600	(21 985)	(89 615)	17/03/15	218,62	–
28/12/2012	28/12/2015	94 600	–	(94 600)	–	–	–
20/12/2013	19/12/2016	87 800	–	(87 800)	–	–	–
19/12/2014	18/12/2017	83 100	–	(83 100)	–	–	–
Total		377 100	(21 985)	(355 115)	–	–	–
[†] Resigned 9 November 2015.							
BD Goschen							
29/12/2011	29/12/2014	22 300	(4 393)	(17 907)	17/03/15	218,62	–
28/12/2012	28/12/2015	26 500	–	–	–	–	26 500
20/12/2013	19/12/2016	43 700	–	–	–	–	43 700
19/12/2014	18/12/2017	54 700	–	–	–	–	54 700
Total		147 200	(4 393)	(17 907)	–	–	124 900
PD Norman							
29/12/2011	29/12/2014	36 100	(7 112)	(28 988)	17/03/15	218,62	–
28/12/2012	28/12/2015	30 600	–	–	–	–	30 600
20/12/2013	19/12/2016	28 400	–	–	–	–	28 400
19/12/2014	18/12/2017	27 000	–	–	–	–	27 000
Total		122 100	(7 112)	(28 988)	–	–	86 000
Z Bulbulia[^]							
29/12/2011	29/12/2014	15 300	(3 014)	(12 286)	17/03/15	218,62	–
28/12/2012	28/12/2015	15 500	–	–	–	–	15 500
20/12/2013	19/12/2016	24 500	–	(7 914)	–	–	16 586
19/12/2014	18/12/2017	22 200	–	(14 544)	–	–	7 656
Total		77 500	(3 014)	(34 744)	–	–	39 742
[^] Mutual separation on 31/12/2015.							
KW Pienaar[#]							
29/12/2011	29/12/2014	24 200	(4 767)	(19 433)	17/03/15	218,62	–
28/12/2012	28/12/2015	33 000	–	–	–	–	33 000
20/12/2013	19/12/2016	30 600	–	(9 884)	–	–	20 716
19/12/2014	18/12/2017	29 100	–	(19 064)	–	–	10 036
Total		116 900	(4 767)	(48 381)	–	–	63 752
[#] Retired on 31/12/2015.							
M Nyati							
19/12/2014	18/12/2017	21 900	–	–	–	–	21 900
Total		21 900	–	–	–	–	21 900

Emoluments, equity compensation and dealings in ordinary shares *continued*

Equity compensation benefits for executive directors, prescribed officers, Company secretary of MTN Group and directors of major subsidiaries in respect of the performance share plan *continued*

Offer date	Vesting date	Number outstanding at 31 December 2014	Exercised	Forfeited	Exercise date	Exercise price R	Number outstanding at 31 December 2015
JA Desai							
29/12/2011	29/12/2014	43 600	(8 589)	(35 011)	17/03/15	218,62	–
28/12/2012	28/12/2015	41 400	–	–	–	–	41 400
20/12/2013	19/12/2016	44 400	–	–	–	–	44 400
19/12/2014	18/12/2017	44 500	–	–	–	–	44 500
Total		173 900	(8 589)	(35 011)	–	–	130 300
M Ikpoki[†]							
20/12/2013	19/12/2016	36 900	–	(14 619)	–	–	22 281
19/12/2014	18/12/2017	37 400	–	(24 502)	–	–	12 898
Total		74 300	–	(39 121)	–	–	35 179
[†] Mutual separation on 31/12/2015.							
A Farroukh[^]							
29/12/2011	29/12/2014	42 900	(8 451)	(34 449)	17/03/15	218,62	–
28/12/2012	28/12/2015	40 800	–	(40 800)	–	–	–
20/12/2013	19/12/2016	43 800	–	(43 800)	–	–	–
19/12/2014	18/12/2017	43 900	–	(43 900)	–	–	–
Total		171 400	(8 451)	(162 949)	–	–	–
[^] Resigned on 31/07/2015.							
M Fleischer							
19/12/2014	18/12/2017	30 400	–	–	–	–	30 400
Total		30 400	–	–	–	–	30 400
F Moolman							
29/12/2011	29/12/2014	15 200	(2 994)	(12 206)	17/03/15	218,62	–
28/12/2012	28/12/2015	14 600	–	–	–	–	14 600
20/12/2013	19/12/2016	15 700	–	–	–	–	15 700
19/12/2014	18/12/2017	15 700	–	–	–	–	15 700
Total		61 200	(2 994)	(12 206)	–	–	46 000
SB Mtshali							
29/12/2011	29/12/2014	9 005	(3 582)	(5 423)	17/03/15	218,62	–
28/12/2012	28/12/2015	6 400	–	–	–	–	6 400
20/12/2013	19/12/2016	6 000	–	–	–	–	6 000
19/12/2014	18/12/2017	5 800	–	–	–	–	5 800
Total		27 205	(3 582)	(5 423)	–	–	18 200

Our people and their remuneration *continued*

Remuneration report *continued*

Emoluments, equity compensation and dealings in ordinary shares *continued*

Equity compensation benefits for executive directors, prescribed officers, Company secretary of MTN Group and directors of major subsidiaries in respect of the performance share plan *continued*

Offer date	Vesting date	Number outstanding at 31 December 2014	Exercised	Forfeited	Exercise date	Exercise price R	Number outstanding at 31 December 2015
S Fakie^^							
29/12/2011	29/12/2014	18 609	(3 666)	(14 943)	17/03/15	218,62	–
Total		18 609	(3 666)	(14 943)	–	–	–
^^ Retired on 16/02/2015.							
S Ntsele±							
29/12/2011	29/12/2014	6 800	(2 705)	(4 095)	17/03/15	218,62	–
28/12/2012	28/12/2015	4 500	–	–	–	–	4 500
20/12/2013	19/12/2016	5 300	–	–	–	–	5 300
19/12/2014	18/12/2017	5 000	–	–	–	–	5 000
Total		21 600	(2 705)	(4 095)	–	–	14 800

± Appointed 1/04/2015.

Directors, prescribed officers, company secretary of the MTN Group and directors and company secretaries of major subsidiaries' shareholding and dealings in ordinary shares

	December 2015	December 2014	Beneficial
RS Dabengwa^	1 473 552	1 473 552	Direct
NP Mageza	400	400	Indirect
PD Norman#†	300 970	300 970	Direct
MJN Njeke	10	10	Direct
BD Goschen#†	44 393	40 000	Direct
KW Pienaar#@	455 261	455 261	Direct
S Ntsele#	4 000	–	Direct
KC Ramon	3 244	–	Direct
KC Ramon	9 901	–	Indirect
KP Kalyan	1 373	–	Direct
Total	2 293 104	2 270 193	

^ Resigned 9/11/2015.

† Prescribed officer.

Major subsidiary director.

@ Retired 31/12/2015.

Subsequent to the year end there were no changes in the directors' beneficial interest in MTN Group.

Emoluments, equity compensation and dealings in ordinary shares *continued*

Directors, prescribed officers, company secretary of the MTN Group and directors and Company secretaries of major subsidiaries relating to MTN Zakhele:

The following persons, being directors of MTN Group Limited and its major subsidiaries and the company secretary were allocated the following number of MTN Zakhele shares which has a shareholding in MTN Group Limited shares

Beneficiary	Nature of interest	Shares
PF Nhleko	Direct beneficial	2 010 700
KP Kalyan	Direct beneficial	27 700
MLD Marole	Direct beneficial	15 700
MJN Njeke	Direct beneficial	6 700
NP Mageza	Indirect beneficial	51 420
SB Mtshali	Indirect beneficial	6 500
CWN Molope	Direct beneficial	1 000
F Titi [△]	Indirect beneficial	15 500
SA Fakie [^]	Direct beneficial	1 000
Total		2 136 220

[△] Resigned 31/12/2015.

[^] Retired 16/02/2015.

Subsequent to the year end there were no changes in the directors' beneficial interest in MTN Zakhele.



MTN Business Cloud

MTN Global MPLS

Machine-to-machine

Partnerships

Internet of Things

Launched **pan-African Internet of Things (IoT)** platform



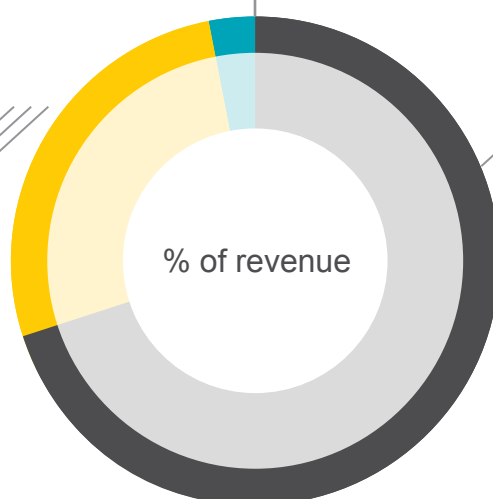
Our Enterprise Business Unit continued to align operations to become the ICT partner of choice.

Continued rollout of MTN global multiprotocol label switching (MPLS), bringing the footprint to 25 points of presence in Africa.



ENTERPRISE BUSINESS SERVICES

BUSINESS



- Corporate 70%
- SME 27%
- Public sector and partnerships 3%

Major cloud provider partnerships – Amazon Web Services, Direct Connect and Microsoft Express Route.

In 2015 we launched MTN Business Cloud Services and various new machine-to-machine services.



Summary consolidated financial statements

Independent auditors' report on the summary consolidated financial statements

TO THE SHAREHOLDERS OF MTN GROUP LIMITED

The summary consolidated financial statements of MTN Group Limited, set out on [100](#) to [111](#) of the MTN Group Limited integrated report for the year ended 31 December 2015, which comprise the summary consolidated statement of financial position as at 31 December 2015, the summary consolidated income statement, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and related notes, are derived from the audited consolidated financial statements of MTN Group Limited for the year ended 31 December 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 2 March 2016. Our auditors' report on the audited consolidated financial statements contained an Emphasis of Matter paragraph and an Other Matter paragraph: "Other reports required by the Companies Act" (refer below).

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of MTN Group Limited.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the JSE Limited's (JSE) requirements for summary financial statements, set out in note 3 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

OPINION


In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of MTN Group Limited for the year ended 31 December 2015 are consistent, in all material respects, with those consolidated financial statements, in accordance with the JSE's requirements for summary financial statements, set out in note 3 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

EMPHASIS OF MATTER

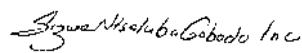
In our audit report dated 2 March 2016 we drew attention to note 6.3 to the audited consolidated financial statements which describes the circumstances, uncertainty and current status of the regulatory fine imposed by the Nigerian Communications Commission (NCC) against MTN Nigeria Communications Limited. The uncertainty regarding this matter, described in note 8 to the summary consolidated financial statements, is as inherent to the summary consolidated financial statements as it is to the audited consolidated financial statements. This matter did not result in us qualifying our opinion on the audited consolidated financial statements or our opinion on the summary consolidated financial statements.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "Other reports required by the Companies Act" paragraph in our audit report dated 2 March 2016 states that as part of our audit of the consolidated financial statements for the year ended 31 December 2015, we have read the Report of the audit committee, the Certificate by the Company Secretary and the Directors' report for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.



PricewaterhouseCoopers Inc.
Director: JR van Huyssteen
Registered Auditor
Sunninghill
2 March 2016



SizweNtsalubaGobodo Inc.
Director: SY Lockhat
Registered Auditor
Woodmead
2 March 2016

Summary consolidated financial statements *continued*

Summary consolidated income statement for the year ended 31 December 2015

	Note	2015 Rm	2014 ¹ Rm
Revenue		147 063	146 930
Other income		8 409	7 928
Direct network and technology operating costs		(18 809)	(16 354)
Costs of handsets and other accessories		(10 829)	(10 314)
Interconnect and roaming		(13 102)	(13 653)
Staff costs		(8 587)	(8 838)
Selling, distribution and marketing expenses		(18 412)	(17 174)
Government and regulatory costs		(5 888)	(5 734)
Other operating expenses		(11 433)	(9 600)
EBITDA before Nigeria regulatory fine		68 412	73 191
Nigeria regulatory fine	8	(9 287)	–
EBITDA		59 125	73 191
Depreciation of property, plant and equipment		(19 557)	(18 262)
Amortisation of intangible assets		(3 736)	(3 251)
Impairment of goodwill		(504)	(2 033)
Operating profit		35 328	49 645
Net finance costs		(3 010)	(3 668)
Net monetary gain		1 348	878
Share of results of associates and joint ventures after tax	9	1 226	4 208
Profit before tax		34 892	51 063
Income tax expense		(11 322)	(13 361)
Profit after tax		23 570	37 702
Attributable to:			
Equity holders of the Company		20 204	32 079
Non-controlling interests		3 366	5 623
		23 570	37 702
Basic earnings per share (cents)	7	1 109	1 752
Diluted earnings per share (cents)	7	1 106	1 742

¹ Restated, refer note 18.

Summary consolidated statement of comprehensive income for the year ended 31 December 2015

	2015 Rm	2014 Rm
Profit after tax	23 570	37 702
Other comprehensive income after tax:		
Exchange differences on translating foreign operations including the effect of hyperinflation ^o	22 203	2 968
Equity holders of the Company	21 033	2 960
Non-controlling interests	1 170	8
Total comprehensive income	45 773	40 670
Attributable to:		
Equity holders of the Company	41 237	35 039
Non-controlling interests	4 536	5 631
	45 773	40 670

^o This component of other comprehensive income does not attract any tax and may subsequently be reclassified to profit or loss.

Summary consolidated statement of financial position*as at 31 December 2015*

	Note	2015 Rm	2014 Rm
Non-current assets		218 435	163 218
Property, plant and equipment [#]		106 702	87 546
Intangible assets and goodwill [#]		55 887	36 618
Investment in associates and joint ventures [^]		35 552	25 514
Deferred tax and other non-current assets		20 294	13 540
Current assets		95 432	90 467
Non-current assets held for sale	16	10	3 848
		95 422	86 619
Other current assets		15 940	9 810
Trade and other receivables		43 570	32 818
Restricted cash		1 735	893
Cash and cash equivalents		34 177	43 098
Total assets		313 867	253 685
Total equity		151 838	133 442
Attributable to equity holders of the Company		146 369	128 517
Non-controlling interests		5 469	4 925
Non-current liabilities		72 510	52 613
Interest-bearing liabilities	13	52 661	39 470
Deferred tax and other non-current liabilities		19 849	13 143
Current liabilities		89 519	67 630
Interest-bearing liabilities	13	22 510	13 809
Trade and other payables		40 484	33 234
Other current liabilities		26 525	20 587
Total equity and liabilities		313 867	253 685

[#] The increase in property, plant and equipment and intangible assets was mainly due to capital expenditure for the year amounting to R29 611 million.

[^] The increase in investment in joint ventures and associates was mainly due to the Group recognising an additional equity interest in Nigeria Tower Interco B.V. (note 16).

The devaluation of the rand, which is the presentation currency of the Group, against the functional currencies of the Group's largest operations contributed significantly to the increase in assets and liabilities which are translated into the Group's presentation currency at closing rates at the end of the reporting period.

Summary consolidated financial statements *continued*

Summary consolidated statement of changes in equity for the year ended 31 December 2015

	2015 Rm	2014 Rm
Opening balance at 1 January	128 517	116 479
Total comprehensive income	41 237	35 039
Profit after tax	20 204	32 079
Other comprehensive income after tax	21 033	2 960
Transactions with owners of the Company		
Shares issued	–	3
Shares cancelled	([^])	([^])
Decrease in treasury shares	69	–
Share buy-back	–	(2 422)
Share-based payment transactions	532	110
Settlement of vested equity rights	(288)	(209)
Dividends declared	(23 506)	(20 527)
Other movements	(192)	44
Attributable to equity holders of the Company	146 369	128 517
Non-controlling interests	5 469	4 925
Closing balance at 31 December	151 838	133 442
Dividends declared during the year (cents per share)	1 280	1 110
Dividends declared after year end (cents per share)	830	800

[^] Amount less than R1 million.

Summary consolidated statement of cash flows for the year ended 31 December 2015

	2015 Rm	2014 ¹ Rm
Net cash generated from operating activities	13 122	27 132
Cash generated from operations	57 598	64 628
Dividends paid to equity holders of the Company	(23 506)	(20 527)
Dividends paid to non-controlling interests	(5 777)	(4 289)
Dividends received from associates and joint ventures	577	508
Other operating activities	(15 770)	(13 188)
Net cash used in investing activities	(34 290)	(25 991)
Acquisition of property, plant and equipment	(21 612)	(19 562)
Acquisition of intangible assets	(10 412)	(3 282)
Movement in investments and other investing activities	(2 266)	(3 147)
Net cash from financing activities	8 101	2 639
Proceeds from borrowings	23 384	30 603
Repayment of borrowings	(14 802)	(25 620)
Other financing activities	(481)	(2 344)
Net (decrease)/increase in cash and cash equivalents	(13 067)	3 780
Cash and cash equivalents at beginning of the year	43 072	39 577
Exchange gains/(losses) on cash and cash equivalents	3 860	(182)
Net monetary gain/(loss) on cash and cash equivalents	274	(103)
Net cash and cash equivalents at end of the year	34 139	43 072

¹ Restated, refer note 18.

Notes to the summary consolidated financial statements

for the year ended 31 December 2015

1. INDEPENDENT AUDIT

The summary consolidated financial statements have been derived from the audited consolidated financial statements. The directors of the Company take full responsibility for the preparation of the summary consolidated financial statements and that the financial information has been correctly derived and are consistent in all material respects with the underlying audited consolidated financial statements. The summary consolidated financial statements for the year ended 31 December 2015 have been audited by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc., who expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the consolidated financial statements from which these summary consolidated financial statements were derived. The auditors' reports contained emphasis of matter paragraphs which drew attention to the circumstances, uncertainty and current status of the regulatory fine imposed by the NCC against MTN Nigeria Communications Limited. Disclosure regarding the matter that was emphasised by the auditors is contained in note 8 to the summary consolidated financial statements. A copy of the auditors' report on the consolidated financial statements is available for inspection at the Company's registered office, together with the financial statements identified in the auditors' report.

2. GENERAL INFORMATION

MTN Group Limited (the Company) carries on the business of investing in the telecommunications industry through its subsidiary companies, joint ventures and associates.

3. BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements unless otherwise stated.

These summary consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRS. A copy of the full set of the audited consolidated financial statements is available for inspection from the company secretary at the registered office of the Company.

4. PRINCIPAL ACCOUNTING POLICIES

The Group has adopted all the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board (IASB) which were effective for the Group from 1 January 2015, none of which had a material impact on the Group.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements unless otherwise stated.

Summary consolidated financial statements *continued*

Notes to the summary consolidated financial statements *continued* for the year ended 31 December 2015

5. FINANCIAL INSTRUMENTS

The Group has not disclosed the fair values of financial instruments measured at amortised cost except for its listed long-term borrowings set out below, as their carrying amounts closely approximate their fair values. Other than investments, there were no financial instruments measured at fair value that were individually material at the end of the current year.

Listed long-term borrowings

The Group has listed long-term fixed interest rate senior unsecured notes in issue with a carrying amount of R11 633 million (2014: R8 686 million) and a fair value of R10 268 million (2014: R8 686 million) at 31 December 2015. The fair value of this instrument is determined by reference to published market values on the relevant exchange.

Fair value measurement of investments

The Group holds an equity investment in IHS Holdings Limited (IHS) at fair value of R9 250 million at 31 December 2015 (2014: R5 912 million). The increase in the value of the investment is mainly due to an additional investment in IHS amounting to R1 189 million and foreign exchange translation movements relating to the investment at the end of the reporting period amounting to R2 149 million.

The investment is classified as available for sale and categorised within level 3 in the fair value hierarchy. The fair value of the investment was previously determined with reference to recent transactions between market participants. The absence of recent transactions resulted in the fair value being determined using models considered to be appropriate by management and consequently the investment was transferred from level 2 to level 3 of the fair value hierarchy. The fair value is calculated using an earnings multiple technique and is based on unobservable market inputs including average tower industry earnings multiples of between 10 and 14 (2014: 12 and 14).

An increase of 1 in the multiple at the reporting date would result in an increase in the fair value by R792 million (2014: R434 million) and a 1 decrease in the multiple would result in a decrease in the fair value by R792 million (2014: R434 million).

6. SEGMENT ANALYSIS

The Group has identified reportable segments that are used by the Group executive committee (chief operating decision maker (CODM)) to make key operating decisions, allocate resources and assess performance. The reportable segments are geographically differentiated regions and grouped by their relative size.

Operating results are reported and reviewed regularly by the CODM and include items directly attributable to a segment as well as those that are attributed on a reasonable basis, whether from external transactions or from transactions with other Group segments. EBITDA is used as the measure of reporting profit or loss for each segment. EBITDA is defined as earnings before interest, tax, depreciation, amortisation and goodwill impairment losses.

Notes to the summary consolidated financial statements *continued*
for the year ended 31 December 2015

	2015 Rm	2014 Rm
6. SEGMENT ANALYSIS (continued)		
REVENUE		
South Africa	40 038	38 922
Nigeria	51 942	53 995
Large opco cluster	31 358	31 200
Ghana	7 903	7 149
Cameroon	5 806	6 194
Ivory Coast	6 424	6 418
Uganda	5 148	5 289
Syria^^	2 605	3 449
Sudan^^	3 472	2 701
Small opco cluster	23 290	22 385
Major joint venture – Iran^{oo}	13 660	11 631
Head office companies and eliminations	(275)	(348)
Hyperinflation impact	710	776
Iran revenue exclusion^{oo}	(13 660)	(11 631)
	147 063	146 930

^{^^} Excludes the increase in revenue resulting from hyperinflation accounting of: Syria R391 million (2014: R434 million), and Sudan R319 million (2014: R342 million).

^{oo} Irancell Telecommunication Company Services (PJSC) proportionate revenue is included in the segment analysis as reviewed by the CODM and excluded from IFRS reported revenue due to equity accounting for joint ventures and excludes the increase in revenue resulting from hyperinflation accounting of R287 million (2014: R1 655 million). During the year the Iranian economy was assessed to no longer be hyperinflationary and hyperinflation accounting was discontinued effective 1 July 2015.

Summary consolidated financial statements *continued*

Notes to the summary consolidated financial statements *continued* for the year ended 31 December 2015

	2015 Rm	2014 Rm
6. SEGMENT ANALYSIS (continued)		
EBITDA		
South Africa	13 370	12 509
Nigeria	27 504	31 620
Large opco cluster	10 944	11 439
Ghana	3 197	2 674
Cameroon	2 101	2 651
Ivory Coast	2 195	2 475
Uganda	1 775	2 074
Syria^^	460	651
Sudan^^	1 216	914
Small opco cluster	7 525	8 083
Major joint venture – Iran~	5 665	4 982
Head office companies and eliminations	575	1 869
Hyperinflation impact	231	241
Tower sale profits#	8 263	7 430
Nigeria regulatory fine#	(9 287)	–
Iran EBITDA exclusion~	(5 665)	(4 982)
EBITDA	59 125	73 191
Depreciation, amortisation and impairment of goodwill	(23 797)	(23 546)
Net finance cost	(3 010)	(3 668)
Net monetary gain	1 348	878
Share of results of joint ventures and associates after tax	1 226	4 208
Profit before tax	34 892	51 063

^^ Excludes the increase in EBITDA resulting from hyperinflation accounting of: Syria R106 million (2014: R111 million), and Sudan R125 million (2014: R130 million).

~ Irancell Telecommunication Company Services (PJSC) proportionate EBITDA is included in the segment analysis as reviewed by the CODM and excluded from IFRS reported EBITDA due to equity accounting for joint ventures and excludes the decrease in EBITDA resulting from hyperinflation accounting of R215 million (2014: R776 million increase). During the year the Iranian economy was assessed to no longer be hyperinflationary and hyperinflation accounting was discontinued effective 1 July 2015.

Tower sale profits and the expense relating to the regulatory fine imposed by the NCC are excluded as the CODM reviews segment results on this basis.

Notes to the summary consolidated financial statements *continued*
for the year ended 31 December 2015

	2015	2014
7. EARNINGS PER ORDINARY SHARE		
Number of ordinary shares in issue		
At end of the year (excluding MTN Zakhele and treasury shares ^{##})	1 822 517 914	1 822 213 500
Weighted average number of ordinary shares		
Shares for earnings per share	1 822 453 695	1 831 196 131
Add: Dilutive shares		
– MTN Zakhele shares issued	3 791 878	7 192 687
– Share schemes	965 612	2 865 069
Shares for dilutive earnings per share	1 827 211 185	1 841 253 887
^{##} Treasury shares of 11 844 233 (2014: 11 649 825) are held by the Group and 11 131 098 (2014: 14 492 564) shares are held by MTN Zakhele. Due to the call option over Notional Vendor finance shares, the MTN Zakhele shares, although legally issued to MTN Zakhele, are not deemed to be issued. These shares are therefore excluded from this reconciliation.		
	2015 Rm	2014 Rm
Reconciliation between profit attributable to the equity holders of the Company and headline earnings		
Profit after tax	20 204	32 079
Net (profit)/loss on disposal of property, plant and equipment and intangible assets (IAS 16 and IAS 38)	(2)	69
Realisation of deferred gain (IAS 28)	–	(364)
Loss on disposal of investment in joint venture (IAS 28)	–	15
Net impairment loss on property, plant and equipment and intangible assets (IAS 36)	38	708
Impairment of goodwill (IAS 36)	504	2 033
Realisation of deferred gain on disposal of non-current assets held for sale (IFRS 5)	(30)	(31)
Profit on disposal of non-current assets held for sale (IFRS 5)	(8 264)	(7 399)
Total tax effects of adjustments	(702)	(326)
Total non-controlling interest effect of adjustments	1 852	1 339
Basic headline earnings[°]	13 600	28 123
Earnings per share (cents)		
– Basic	1 109	1 752
– Basic headline	746	1 536
Diluted earnings per share (cents)		
– Diluted	1 106	1 742
– Diluted headline	744	1 527

[°] Headline earnings is calculated in accordance with circular 2/2015 Headline Earnings as issued by the South African Institute of Chartered Accountants, as required by the JSE Limited.

Summary consolidated financial statements *continued*

Notes to the summary consolidated financial statements *continued* for the year ended 31 December 2015

8. NIGERIA REGULATORY FINE

During October 2015, the Nigerian Communications Commission (NCC) imposed a fine of N1,04 trillion (R80,7 billion¹) on MTN Nigeria Communications Limited (MTN Nigeria). This fine relates to the timing of the disconnection of 5,1 million MTN Nigeria subscribers who were disconnected in August and September 2015 and is based on a fine of N200 000 for each unregistered subscriber. Subsequently during December 2015, the NCC revised the amount to N780 billion (R60,6 billion¹).

MTN Nigeria, acting on external legal advice, has resolved that the manner of the imposition of the fine and the quantum thereof is not in accordance with the NCC's powers under the Nigeria Communications Act, 2003 and therefore believes there to be valid grounds upon which to challenge the fine. Accordingly, MTN Nigeria followed due process and instructed its lawyers to proceed with an action in the Federal High Court in Lagos seeking the appropriate reliefs.

On 22 January 2016, the judge adjourned the matter to 18 March 2016, in order to enable the parties to try to settle the matter.

Pursuant to the ongoing engagement with the Nigerian Authorities, MTN Nigeria on 24 February 2016 made an agreed without prejudice good faith payment of N50 billion (R3,9 billion²) to the Federal Government of Nigeria on the basis that this will be applied towards a settlement, where one is eventually, hopefully arrived at. In an effort to achieve an amicable settlement, MTN has agreed to withdraw the matter from the Federal High Court in Lagos.

In arriving at an appropriate provision at 31 December 2015, management has applied its judgement resulting in a provision being recorded as required in accordance with IFRS, amounting to N119,6 billion (R9,3 billion¹).

In light of the engagement with the Nigerian Authorities, the Group has provided limited disclosure relating to the provision in accordance with IFRS.

¹ Amounts translated at the closing rate at year end of R1 = N12,88.

² Translated at the 24 February 2016 closing rate of R1 = N12,76.

	2015 Rm	2014 Rm
9. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES AFTER TAX		
Irancell Telecommunication Company Services (PJSC)	1 226	4 208
Others	1 903 (677)	4 113 95
10. CAPITAL EXPENDITURE INCURRED	29 611	25 406
11. CONTINGENT LIABILITIES	875	932

Notes to the summary consolidated financial statements *continued*
for the year ended 31 December 2015

	2015 Rm	2014 Rm
12. AUTHORISED COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND SOFTWARE	30 814	29 693
Contracted	12 501	10 034
Not contracted	18 313	19 659
13. INTEREST-BEARING LIABILITIES		
Bank overdrafts	38	26
Current borrowings	22 472	13 783
Current liabilities	22 510	13 809
Non-current borrowings	52 661	39 470
	75 171	53 279

MTN Nigeria – default on loan agreement

Currency constraints in Nigeria caused loan repayment delays by MTN Nigeria during the year amounting to R991 million on loans denominated in US dollar. The defaults resulting from the delays were remedied before year end.

14. ISSUE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

During the year under review the following entities raised and repaid significant debt instruments:

- MTN Nigeria repaid R4,2 billion relating to long-term borrowings.
- MTN Côte d'Ivoire (MTN Ivory Coast) raised short-term borrowings to the value of R1,8 billion.
- MTN Holdings Proprietary Limited (MTN Holdings) raised R6,5 billion additional debt through general banking facilities, which are short term in nature and R3 billion relating to the syndicated loan facilities.
- MTN Holdings repaid R500 million relating to the syndicated loan facilities and R5,1 billion relating to general banking facilities.
- MTN Holdings repaid R1,3 billion (2014: R2,4 billion) in terms of the Domestic Medium Term Programme.
- MTN International (Mauritius) Limited (MTN Mauritius) raised R10,4 billion (2014: R3,3 billion) debt through a revolving credit facility.

In 2014, MTN Holdings acquired 10 704 475 shares in the ordinary share capital of the Company for an amount of R2,4 billion. The shares acquired are fully paid up and are held as treasury shares.

Summary consolidated financial statements *continued*

Notes to the summary consolidated financial statements *continued*
for the year ended 31 December 2015

15. BUSINESS COMBINATIONS, ACQUISITION OF JOINT VENTURES AND OTHER INVESTMENTS

Nashua Mobile subscriber base, Afrihost Proprietary Limited, Middle East Internet Holdings S.A.R.L (MEIH) and Africa Internet Holding GmbH (AIH)

The net fair value of the assets, liabilities and goodwill relating to the prior year acquisitions described in the heading above were finalised during the year and no material changes to the previously reported results were required.

Conversion of loan to Ghana Tower Interco B.V. into equity

During the year, the Group accounted for the conversion of its loan to Ghana Tower Interco B.V., a related party, into equity, amounting to R1,3 billion.

Visafone Communications Limited

On 31 December 2015, the Group acquired 100% of the share capital of Visafone Communications Limited, an ICT company, for a cash consideration of R3 432 million. As a result, the Group obtained control of Visafone Communications Limited. The acquisition will enable the Group to improve the quality of broadband services for its subscribers. The acquisition seeks to leverage resources for service enhancement and reflects the Group's concerted efforts to deepen the growth and roll-out of broadband services across Nigeria.

The acquisition has been accounted for in accordance with IFRS 3, *Business Combinations*. Net identifiable assets acquired of R2 690 million (including intangible assets of R3 752 million and a deferred tax liability of R1 062 million) resulted in goodwill of R742 million determined on a provisional basis, pending completion of the final purchase price allocation.

16. NON-CURRENT ASSETS HELD FOR SALE

In 2014 the Group entered into a transaction with IHS which involved the sale of its mobile network towers in MTN Nigeria in two tranches to INT Towers Limited, a wholly owned subsidiary of Nigeria Tower Interco B.V.

The first tranche of the tower sales closed on 24 December 2014, which involved the sale of 4 154 mobile network towers by MTN Nigeria to INT Towers Limited for a cash consideration of US\$451 million and the Group recognising its equity interest in Nigeria Tower Interco B.V. amounting to US\$370 million. The second tranche of the tower sale closed independently on 1 July 2015 which involved the sale of 4 696 mobile network towers by MTN Nigeria to INT Towers Limited for a cash consideration of US\$533 million and the Group recognising a further equity interest in Nigeria Tower Interco B.V. amounting to US\$405 million.

17. EVENTS AFTER REPORTING PERIOD

Altech Autopage subscriber base

On 11 February 2016, the Group acquired its Altech Autopage subscriber base from Altron TMT Proprietary Limited for R640 million. The acquisition of the subscriber base will enable the Group to service and interact directly with its customers and will reduce future commission expenditure.

Net identifiable assets acquired of R428 million resulted in goodwill of R212 million being determined on a provisional basis, pending completion of the final purchase price allocation.

Travelstart

On 22 January 2016, the MTN Group made an investment in TravelLab Global AB (Travelstart) amounting to US\$30 million. Travelstart is an online travel agency focused on emerging markets. MTN Group jointly controls Travelstart indirectly through a fund managed by its venture capital fund manager, Amadeus Capital Partners.

Notes to the summary consolidated financial statements *continued* *for the year ended 31 December 2015*

17. EVENTS AFTER REPORTING PERIOD (continued)

Increase in investment in AIH

The Group committed a further €135 million investment in Africa Internet Holding GmbH (AIH), the ultimate parent company of Jumia. The investment forms part of a wider capital funding to AIH. The funds will enable it to leverage the significant growth of Jumia and to capitalise on the significant opportunities in Africa. This investment will increase MTN Group's interest in the joint venture from 33,3% to 41,4%. The transaction is subject to customary closing procedures.

Facilities

During January 2016 and February 2016 additional loan facilities amounting to R14,9 billion were secured by MTN Holdings. These facilities are expected to mature in the next five years. Additionally, facilities amounting to R2,6 billion were refinanced for a further period of three to six months.

In addition, a loan amounting to R481 million payable by MTN Zambia Limited was refinanced for a further three months in January 2016.

Scancom Limited licence acquisition

During December 2015, Scancom Limited (MTN Ghana) was successful in its bid to obtain a 15-year 4G/LTE licence in the 800MHz spectrum band for an amount of US\$67,5 million. Ten percent of the purchase consideration was settled before year end as part of the bidding process with the remainder settled on 27 January 2016, following which the National Communications Authority provided MTN Ghana with a provisional authorisation pending issuance of the licence.

Dividends declared

Dividends declared at the board meeting held on 2 March 2016 amounted to 830 cents per share.

18. RESTATEMENTS

18.1 Reclassification of expenses

Following a review of expenses disclosed in the Group income statement during the current financial year, the expenses detailed below have been disclosed separately or reclassified between expense categories in the comparable financial year to present the expenses in accordance with the classification applied in the current year.

Government and regulatory costs

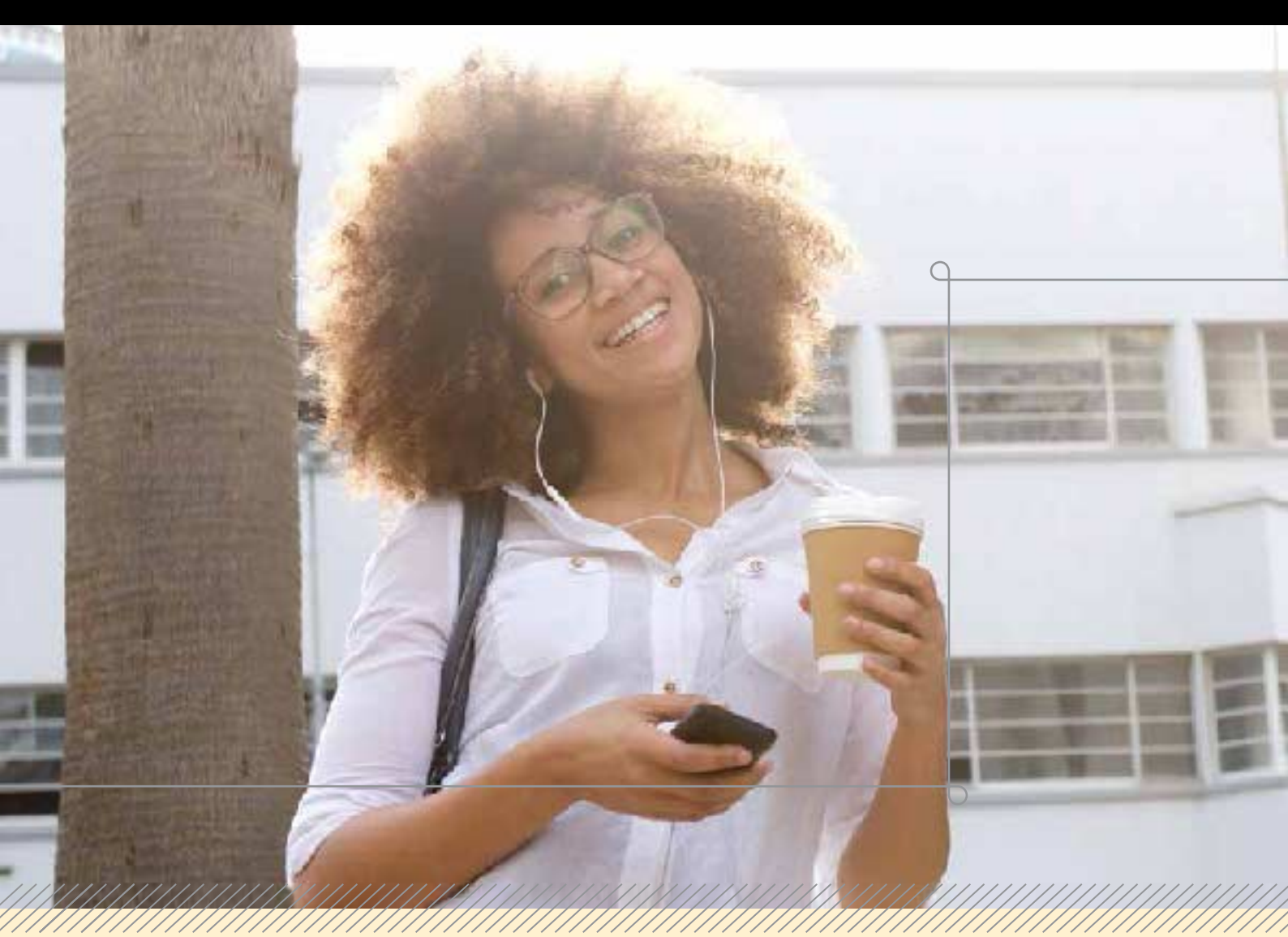
Government and regulatory costs that had previously been included in direct network operating costs (R5 250 million) and other operating expenses (R484 million) have now been disclosed as a significant separate category of expense in the income statement.

Value-added services (VAS) costs

VAS costs amounting to R1 643 million were previously included in the costs of handsets and other accessories. Based on the underlying nature of these costs, this has now been reclassified and included in selling, distribution and marketing expenses.

18.2 Reclassification of cash used in investing activities


In line with the current year presentation, cash used in acquiring intangible assets (R3 282 million) has now been disclosed as a significant item separately from cash used in other investing activities.



APPENDIX: CONSTANT CURRENCY, HYPERINFLATION AND TOWER PROFIT

Constant currency, hyperinflation and tower profit

Certain financial information presented in these results constitutes *pro forma* financial information. The *pro forma* financial information is the responsibility of the Group's board of directors and is presented for illustrative purposes. Because of its nature, the *pro forma* financial information may not fairly present MTN's financial position, changes in equity, results of operations or cash flows. An assurance report has been prepared and issued by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc. in respect of the *pro forma* financial information; which has been included in this appendix to the integrated report.

1. The financial information presented in these results has been prepared excluding the impact of hyperinflation and relating goodwill impairment, tower profits, and the Nigerian regulatory fine and constitutes *pro forma* financial information to the extent not extracted from the segment disclosure included in the audited financial statements for the year ended 31 December 2015. This *pro forma* financial information has been presented to eliminate the impact of hyperinflation and relating goodwill impairment, tower profits, and the Nigerian regulatory fine from the financial results in order to achieve a comparable analysis year-on-year. Hyperinflation adjustments and relating goodwill impairment, tower profits and the Nigerian regulatory fine have been calculated in terms of the Group's accounting policies disclosed in the consolidated financial statements.
2. Constant currency ("organic") information has been presented to illustrate the impact of changes in currency rates on the Group's results. In determining the change in constant currency terms, the current financial reporting year's results have been adjusted to the prior year's average exchange rates determined as the average of the monthly exchange rates which can be found on www.mtn.com/investors . The measurement has been performed for each of the Group's currencies, materially being that of the US dollar and Nigerian naira. The organic growth percentage has been calculated by utilising the constant currency results compared to the prior year results. In addition, in respect of MTN Iranell, MTN Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. During the year the Iranian economy was assessed to no longer be hyperinflationary and hyperinflation accounting was discontinued effective 1 July 2015.

Pro forma financial information for the year ended 31 December

ZAR (million)	Actual 2015	(1) Hyper- inflation	(2) Tower profit	Nigeria regula- tory fine	Actual 2015 adjusted	Actual 2014	(1) Hyper- inflation	(2) Tower profit	Actual 2014 adjusted
Revenue	147 063	710	–	–	146 353	146 930	776	–	146 154
Other income	8 409	1	8 263	–	145	7 928	–	7 430	498
EBITDA	59 125	231	8 263	(9 287)	59 918	73 191	241	7 430	65 520
Depreciation, amortisation and impairment of goodwill	23 797	473	–	–	23 324	23 546	2 191	–	21 355
Profit from operations	35 328	(242)	8 263	(9 287)	36 594	49 645	(1 950)	7 430	44 165
Net finance cost	3 010	5	–	–	3 005	3 668	62	–	3 606
Share of results of joint ventures and associates after tax	1 226	(1 768)	–	–	2 994	4 208	529	–	3 679
Monetary gain	1 348	1 348	–	–	–	878	878	–	–
Profit before tax	34 892	(667)	8 263	(9 287)	36 583	51 063	(605)	7 430	44 238
Income tax expense	11 322	91	(707)	–	11 938	13 361	7	(426)	13 780
Profit after tax	23 570	(758)	8 970	(9 287)	24 645	37 702	(612)	7 856	30 458
Non-controlling interests	3 366	231	1 854	(1 966)	3 247	5 623	161	1 586	3 876
Attributable profit	20 204	(989)	7 116	(7 321)	21 398	32 079	(773)	6 270	26 582
EBITDA margin	40,2%				40,9%	49,8%			44,8%
Effective tax rate	32,4%				32,6%	26,2%			31,1%

Notes on treatment of constant currency, hyperinflation and tower profit

1 Represents the exclusion of the impact of hyperinflation and relating goodwill impairment of certain of the Group's subsidiaries (MTN Sudan and MTN Syria) and the Group's joint venture in Iran, being accounted for on a hyperinflationary basis in accordance with IFRS on the respective financial statement line items affected. During 2015, the Iranian economy was assessed to no longer be hyperinflationary and hyperinflation accounting was discontinued effective 1 July 2015.

2 Represents the exclusion of the financial impact relating to the sale of tower assets during the financial year on the respective financial line items impacted, which include:

Nigeria R8 233 million (including R19 million loss on contingent consideration receivable and R12 million loss on exchange right) and Ghana release of deferred gain of R30 million (2014: Nigeria R7 329 million, Zambia R48 million, Rwanda R2 million, Ghana R20 million and release of deferred gain of R31 million).

As the Group will continue in its strategy to monetise its passive infrastructure, similar tower sale transactions may continue going forward. In addition, the impact of hyperinflation on the Group's results will continue for as long as Syria and Sudan are considered to be hyperinflationary economies.

Independent reporting accountants' assurance report on the compilation of selected financial data of MTN Group Limited ("MTN" or "the Company") on a pro forma basis

The Directors
MTN Group Limited
216 – 14th Avenue
Fairland, Roodepoort
2195

Introduction

MTN Group Limited ("MTN" or "the Company") is including the presentation of selected financial data on a pro forma basis so as to separately present the impact of hyperinflation and relating goodwill impairment, tower profits and the MTN Nigeria regulatory fine on the results and to present certain financial information on a constant currency basis (collectively "the Pro Forma Financial Information") within the Financial review and Appendix: Constant Currency, Hyperinflation and Tower Profit sections of its integrated report for the year ended 31 December 2015 ("the 2015 Integrated Report").

At your request and for the purposes of the 2015 Integrated Report, we present our assurance report on the compilation of the Pro Forma Financial Information of MTN by the directors. The Pro Forma Financial Information, presented in the 2015 Integrated Report consists of separately presenting the impact of hyperinflation and relating goodwill impairment, tower profits and the MTN Nigeria regulatory fine on the results and to present selected financial data on a constant currency basis as part of the 2015 Integrated Report under the heading Financial review and as included in Appendix: Constant Currency, Hyperinflation and Tower Profit. The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are specified in the JSE Limited ("JSE") Listings Requirements and in Appendix: Constant Currency, Hyperinflation and Tower Profit of the 2015 Integrated Report.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of hyperinflation and relating goodwill impairment, tower profits, the MTN Nigeria regulatory fine and foreign currency movements on the Company's reported financial performance for the year ended 31 December 2015. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's audited consolidated financial statements on which an audit report was issued on 2 March 2016 and has been published.

Directors' responsibility

The directors of MTN are responsible for the compilation, contents and presentation of the Pro Forma Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and in Appendix: Constant Currency, Hyperinflation and Tower Profit of the 2015 Integrated Report. The directors of MTN are also responsible for the financial information from which it has been prepared.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the Pro Forma Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and described in Appendix: Constant Currency, Hyperinflation and Tower Profit of the 2015 Integrated Report based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis specified in the

JSE Listings Requirements and described in Appendix: Constant Currency, Hyperinflation and Tower Profit of the 2015 Integrated Report.

For purposes of this engagement, we are not responsible for updating or re-issuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

As the purpose of Pro Forma Financial Information included in the 2015 Integrated Report is solely to illustrate the impact of eliminating hyperinflation and relating goodwill impairment, tower profits and the MTN Nigeria regulatory fine from the results in order to achieve a comparable analysis year-on-year and in respect of constant currency, to illustrate the impact of foreign currency movements on the Company's financial performance for the period then ended, we do not provide any assurance that the actual financial information would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the Pro Forma Financial Information provides a reasonable basis for presenting the financial performance on a pro forma basis as defined, and to obtain sufficient appropriate evidence about whether:

- the related adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the illustrative purpose in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

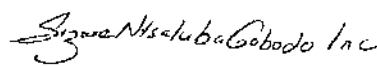
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

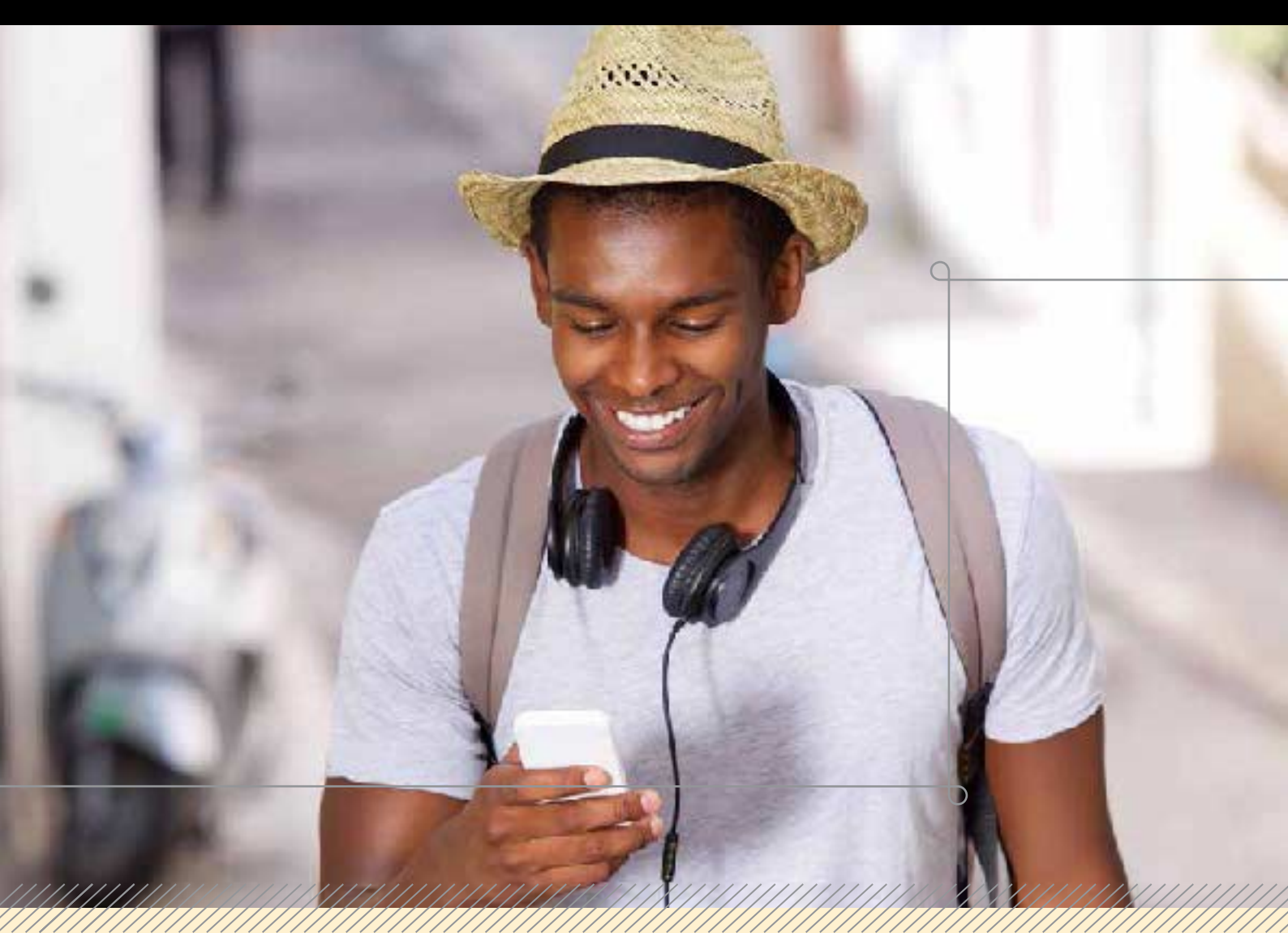
In our opinion, the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Appendix: Constant Currency, Hyperinflation and Tower Profit of the 2015 Integrated Report.



PricewaterhouseCoopers Inc.
Director: JR van Huyssteen
Registered Auditor
Johannesburg
2 March 2016



SizweNtsalubaGobodo Inc.
Director: SY Lockhat
Registered Auditor
Johannesburg
2 March 2016



NON-FINANCIAL DATA, INDEPENDENT ASSURANCE REPORT AND SHAREHOLDER INFORMATION

Non-financial data for which limited assurance was obtained LA

Quality of service		2015	2014	2015	2014	2015	2014
		Call set-up success rate (%)		Dropped call rate (%)		Network availability (%)	
South Africa	2G	99,01	98,50	0,86	0,79	98,56	98,93
	3G	98,74	98,79	0,43	0,43	97,31	97,38
Nigeria	2G	97,39	96,61	0,69	0,94	95,03	94,73
	3G	97,78	97,03	0,71	0,91	91,95	94,25
Ghana	2G	99,44	99,53	1,06	1,10	98,54	98,49
	3G	99,45	99,78	0,53	0,80	98,70	97,44

	2015	2014	% change
People			
Employee culture survey (%)	66	65	1,7
MTN CSI spend (Rm)	335,4	282,5	19
Governance			
Number of whistle-blower tip-offs	128	260	(50,7)
Customer satisfaction			
Net promoter score (%)			
– South Africa	78	70	11,4
– Nigeria	14	16	(12,5)
– Large opco cluster	16	5	220

CHANGES IN THE YEAR

In 2015, we chose not to undertake external assurance on environmental data. Instead, we elected to conduct internal management reviews of the main systems and processes in our network and non-network operations which inform the Group's energy and greenhouse gas profile. This review was conducted across a sample of MTN countries. Unlike in previous years, we elected not to conduct external assurance of our energy and carbon emissions due to a number of strategic changes within MTN. These changes have increasingly impacted how we actively reduce our consumption of energy, and how we report on our carbon emissions. In 2015, we no longer obtained external assurance on operations with a fraud management framework as we had achieved our target in terms of rollout. We also ceased to obtain external assurance on the small opco cluster's net promoter score (customer satisfaction performance), considering that the focus of the integrated report is on the Group's most material operations (IFC).

Note:

Data definitions remained consistent with the prior year. For the independent assurance statement, see 118.

Independent assurance report to the directors of MTN Group Limited

We have been engaged by the directors of MTN Group Limited (MTN or the Company) to perform an independent limited assurance engagement in respect of Selected Sustainability Information reported in the Company's integrated annual report for the year ended 31 December 2015 (the report). This report is produced in accordance with the terms of our contract with the Company dated 16 November 2015.

INDEPENDENCE, QUALITY CONTROL AND EXPERTISE

We have complied with the independence and other requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement was conducted by a multidisciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

SCOPE AND SUBJECT MATTER

The subject matter of our engagement and the related level of assurance that we are required to provide are as follows:

Limited assurance

■ The following Selected Sustainability Information in the report was selected for an expression of limited assurance:

1. Quality of service: network availability %; call setup success rate %; dropped call rate %
 - a. MTN South Africa
 - b. MTN Nigeria
 - c. MTN Ghana
2. Group MTN Foundation CSI spend: ZAR
3. Group employee culture survey result: overall performance %
4. Group whistle-blower hotline data: number of fraud incidents reported and reviewed
5. Net promoter score
 - a. MTN South Africa
 - b. MTN Nigeria
 - c. Large opco cluster

We refer to this information as the "Selected Sustainability Information for Limited Assurance".

We have carried out work on the data reported for 31 December 2015 only and have not performed any procedures with respect to earlier periods except where specifically indicated, or any other elements included in the integrated report 2015 and, therefore, do not express any conclusion thereon. We have not performed work in respect of future projections and targets.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND PRICEWATERHOUSECOOPERS INC.

MTN's directors are responsible for selection, preparation and presentation of the Selected Sustainability Information for Limited Assurance in accordance with MTN's internally defined procedures set out on MTN's website www.mtn.com/Investors/FinancialReporting/Pages/IntegratedReports.aspx, and for the development of the reporting criteria. The directors are also responsible for designing, implementing and maintaining of internal controls as the directors determine is necessary to enable the preparation of the Selected Sustainability Information for Limited Assurance that are free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that Selected Sustainability Information has not been prepared, in all material respects, in accordance with the reporting criteria.

This report, including the conclusion, has been prepared solely for the directors of the Company as a body, to assist the directors in reporting on the Company's sustainable development performance and activities. We permit the disclosure of this report within the report for the year ended 31 December 2015, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

ASSURANCE WORK PERFORMED

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000: *Assurance Engagements other than Audits and Reviews of Historical Financial Information (ISAE 3000)* issued by the International Auditing and Assurance Standards Board. This standard requires that we

comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance on the Selected Sustainability Information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the Selected Sustainability Information for Limited Assurance. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Selected Sustainability Information for Limited Assurance. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the Selected Sustainability Information for Limited Assurance.

Our limited assurance procedures primarily comprised:

- Reviewing the processes that MTN has in place for determining the Subject Matter for Limited Assurance included in the report;
- Obtaining an understanding of the systems used to generate, aggregate and report the subject matter selected for limited assurance;
- Conducting interviews with management at corporate head office;
- Evaluating the data generation and reporting processes against the reporting criteria;
- Performing key controls testing and testing the accuracy of the data reported on a sample basis at a minimum of three opcos material to Group reporting data for the subject matter selected for limited assurance;
- Reviewing the consistency between the subject matter selected for limited assurance and the related statements in MTN's report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the Selected Sustainability Information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the Selected Sustainability Information in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

INHERENT LIMITATIONS

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the report in the context of the reporting criteria.

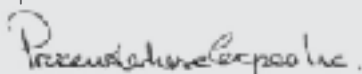
In particular, where the information relies on factors and methodologies derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

CONCLUSION

Based on the results of our limited assurance procedures nothing has come to our attention that causes us to believe that the Selected Sustainability Information for the year ended 31 December 2015, has not been prepared, in all material respects, in accordance with the reporting criteria.

OTHER MATTER

The maintenance and integrity of MTN's website is the responsibility of MTN's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the report or our independent assurance report that may have occurred since the initial date of presentation on the MTN website.



PricewaterhouseCoopers Inc.
Director: Jayne Mammatt
Registered Auditor
Johannesburg
6 April 2016

Stock exchange performance

MTN market-related metrics for the year ended 31 December	2015	2014
Closing price (c)	13 289	22 141
Highest price (c)	24 602	26 010
Lowest price (c)	12 550	19 282
Total volume of shares traded	1 611 100 564	1 206 689 986
Total value of shares traded (Rm)	306 175	269 439
Number of shares in issue	1 845 493 245	1 848 355 889
Number of shares traded as a percentage of shares in issue (%)	87,3	65,3
Number of transactions (as per JSE)	2 209 726	1 757 177
Average weighted trading price (cents per share) (one-year VWAP)	19 004,10	22 328,80
Average telecommunication index (close)	9 823,29	10 672,84
Average industrial index (close)	44 933,65	45 103,22
Average mobile index (close)	326,74	361,99
Dividend yield (%)	9,6320	5,0133
Earnings yield (%) (basic headline earnings)	5,365	6,567
Price-earnings multiple (basic headline earnings)	18,64	14,41
Market capitalisation (Rm)	245 248	409 244

Source: INet and Bloomberg.

Shareholders' diary

Annual general meeting	25 May 2016
Final dividend declaration	2 March 2016
Summarised annual financial results published	3 March 2016
Annual financial statements posted	April 2016
Half-year-end	30 June 2016
Interim dividend declaration	August 2016
Interim financial statements published	August 2016
Financial year-end	31 December 2016

Please note that these dates are subject to alteration.

Forward looking information

Opinions and forward looking statements expressed in this report represent those of the Company at the time. Undue reliance should not be placed on such statements and opinions because by nature, they are subjective to known and unknown risk and uncertainties and can be affected by other factors that could cause actual results and Company plans and objectives to differ materially from those expressed or implied in the forward looking statements.

Neither the Company nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (based on negligence or otherwise) for any loss howsoever arising from any use of this report or its contents or otherwise arising in connection with this presentation and do not undertake to publicly update or revise any of its opinions or forward looking statements whether to reflect new information or future events or circumstances otherwise.

Administration

Registration number: 1994/009584/06

ISIN: ZAE000042164

JSE share code: MTN

Board of directors

PF Nhleko¹

BD Goschen¹

A Harper^{3#}

KP Kalyan³

S Kheradpir³⁺⁺⁺

NP Mageza³

MLD Marole³

AT Mikati^{2†}

MJN Njeke³

KC Ramon³

JHN Strydom²

AF van Biljon³

J van Rooyen³

[†] *Lebanese*

[#] *British*

⁺⁺⁺ *American*

¹ *Executive*

² *Non-executive*

³ *Independent non-executive*

Group secretary

SB Mtshali

Private Bag X9955, Cresta, 2118

Registered office

216 – 14th Avenue, Fairland, 2195

American Depositary Receipt (ADR)

Programme:

Cusip No. 62474M108 ADR to ordinary Share 1:1

Depository

The Bank of New York

101 Barclay Street, New York NY, 10286, USA

MTN Group sharecare line

Toll free: 0800 202 360 or +27 11 870 8206

if phoning from outside South Africa

Office of the transfer secretaries

Computershare Investor Services Proprietary Limited

Registration number: 2004/003647/07

70 Marshall Street, Marshalltown

Johannesburg, 2001

PO Box 61051, Marshalltown, 2107

Joint auditors

PricewaterhouseCoopers Inc.

2 Eglin Road, Sunninghill, 2157

Private Bag X36, Sunninghill, 2157

SizweNtsalubaGobodo Inc.

20 Morris Street East

Woodmead, 2157

PO Box 2939, Saxonwold, 2132

Sponsor

Deutsche Securities (SA) Proprietary Limited

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Attorneys

Webber Wentzel

10 Fricker Road, Illovo Boulevard, Sandton, 2107

PO Box 61771, Marshalltown, 2107

Contact details

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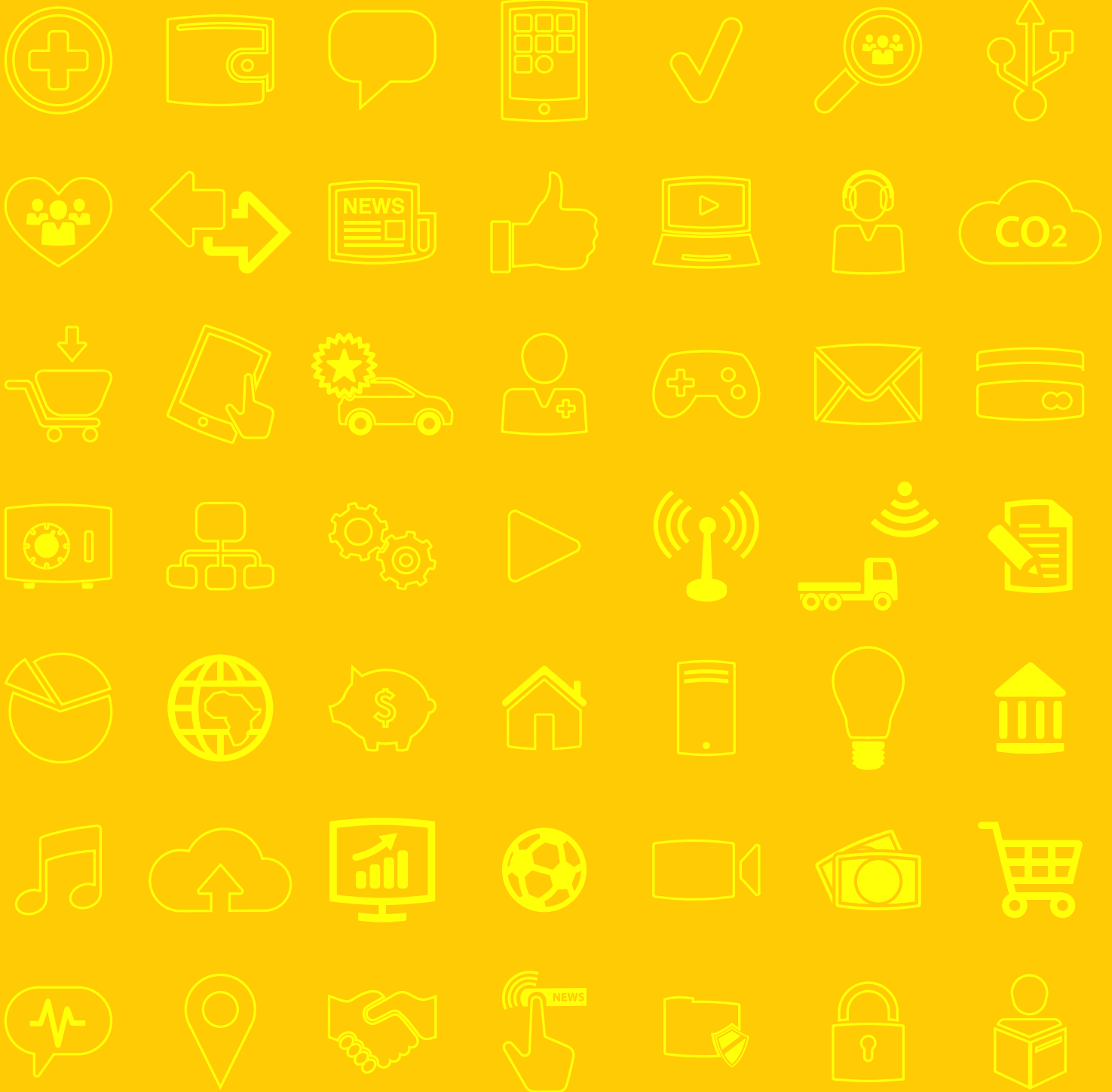
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