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MTN Group Limited  
**Interim results**  
*for the six months ended 30 June 2014*



*everywhere you go*

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## Reviewed condensed interim financial results

for the six months ended 30 June 2014

MTN is a leading emerging markets mobile operator, connecting over 215 million people in 22 countries across Africa and the Middle East. We are committed to continuously improving our customers' experience and delivering a bold, new Digital World to them.

### Highlights



**Group subscribers up**

**3,5%**

to 215,0 million



**HEPS**

**9,0%**

up at 729 cents



**Revenue increased by**

**10,7%** (4,1%\*)

to R72 759 million



**MTN Nigeria revenue**

**21,5%** (8,0%\*)

to R27 099 million



**Data revenue increased by**

**38,9%** (33,1%\*)

to R12 708 million



**EBITDA increased by**

**19,6%\*\*\*** (10,6%\*)

to R33 663 million



**EBITDA margin widened**

**3,5** percentage points

to 46,3%\*\*\*



**Interim dividend up**

**20,3%** to 445 cents

per share

Explanatory notes:

\* Constant currency ("organic") information disclosed in these results is the responsibility of the Group's board of directors. The constant currency information has been presented to illustrate the impact of changes in currency rates on the Group's results and hence may not fairly present the Group's results of operations. In determining the change in constant currency terms, the current financial reporting period's results have been adjusted to the prior comparable period's average exchange rates determined as the average of the monthly exchange rates which can be found on [www.mtn.com/investors](http://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's results. The constant currency information presented here has not been reviewed or reported on by the Group's external auditors.

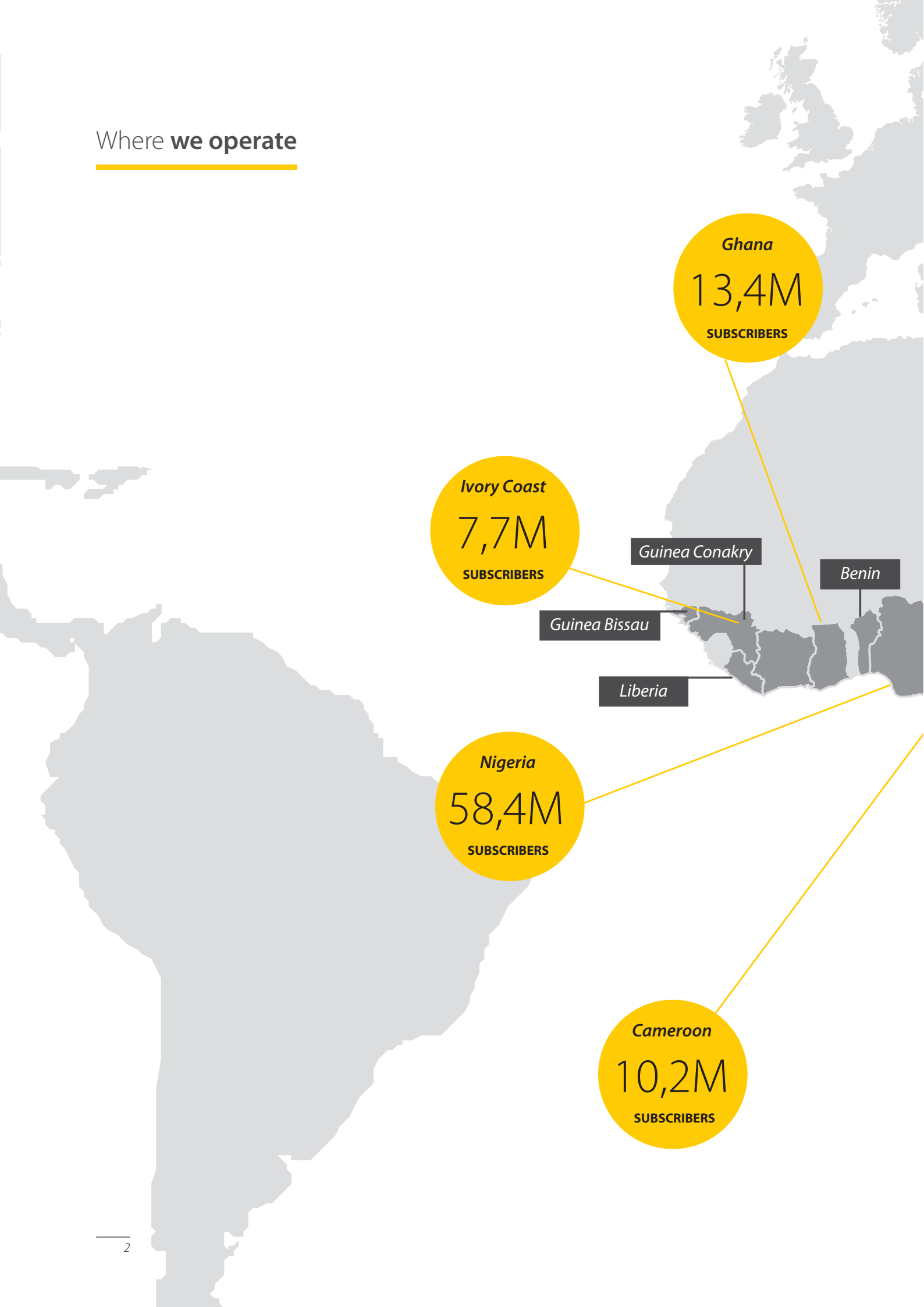
\*\* Includes 2013 revenue adjustments for comparative purposes

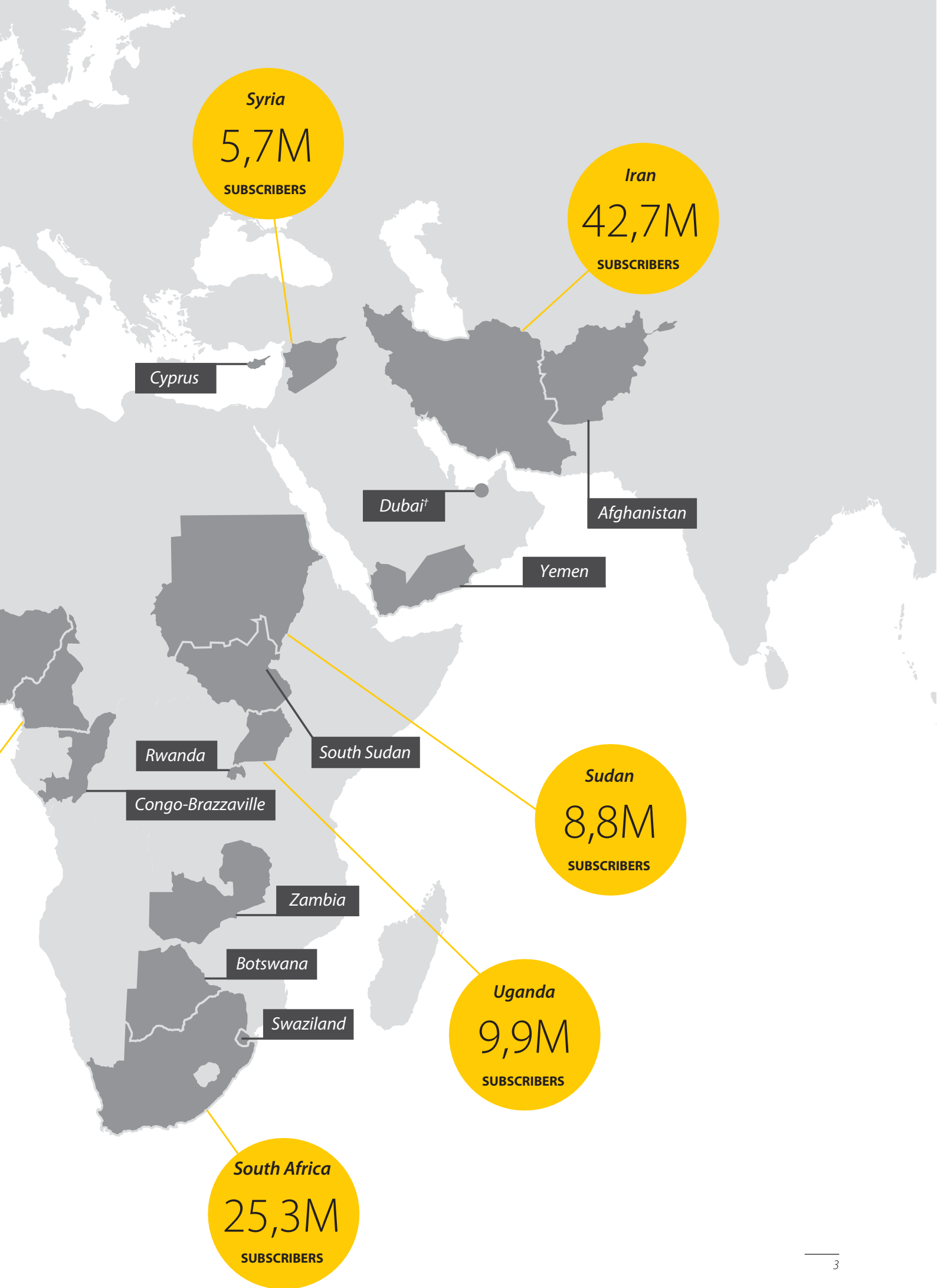
\*\*\* Excluding profit from the sale of towers of R99 million (June 2013: R856 million)

\*\*\*\* Organic EBITDA growth excluding 2013 management fee adjustment

## Where **we** operate

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## Review of results

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### OVERVIEW

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The MTN Group delivered a solid operational performance for the six-month period to 30 June 2014. Good growth was experienced in data and MTN Mobile Money usage but voice revenue continued to be impacted by aggressive competition, regulatory pressures and a weakening economic environment in key markets. MTN Nigeria delivered a robust performance in line with market expectations, however the South African operation remained under pressure and steps were taken to improve its performance. The Group continued to benefit from the ongoing investment in its network, which enhances MTN's offering and positions us well for sustained growth.

Group subscribers increased by 3,5% to 215,0 million. During the period we focused on reducing churn, offering competitive segmented offerings as well as improving network quality and capacity as key differentiators in our value proposition. Continued macro-economic weakness in some of our key markets, however, led to a decline in overall market net additions against the comparable prior period.

Reported revenue for the six months increased by 10,7%, supported by the continued weakness of the South African rand against our operating currencies, in particular the relatively stronger Nigerian naira, Central African franc and Ugandan shilling. On a constant-currency basis, revenue increased by 4,1%\*. This was largely the result of 8,0%\* revenue growth in MTN Nigeria, tempered by a 7,0% (3,4%\*\*\*) revenue decline in MTN South Africa. The Large opco cluster delivered pleasing results in line with guidance, growing revenue by 13,4%\*, with encouraging growth reported by operations in Ghana, Cameroon and Sudan. The Small opco cluster delivered a modest 5,7%\* increase in revenue as conditions in Guinea Conakry, Liberia and Yemen remained challenging.

Although MTN Nigeria delivered a solid performance, the operation faced regulatory pressures and localised network performance challenges. Notwithstanding this, the operation remains on track to deliver solid results for the full year. MTN South Africa took aggressive steps to regain its competitive market position. While financial performance will continue to be subdued in the short term, the South African operation expects to resume positive subscriber and revenue growth over the next 6 months.

Group EBITDA increased by 19,6% (10,6%\*) to R33 663 million excluding the profit from the sale of towers. This reflects the success of the Group-wide cost-control initiatives, particularly in Nigeria where EBITDA increased by 11,3%\*\*\*\*.

Capital expenditure for the period of R9 199 million reflected a decrease of 28,1% (32,7%\*) from the same period in 2013. More than two thirds of the full year's capex budget has been committed. The Group's operations rolled out 1 716 2G and 2 232 3G sites, providing greater capacity, quality and faster data speeds on our 3G and LTE networks.

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### PROSPECTS

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MTN has made substantial progress on many of its strategic themes over the period. The Group continues to improve operational and cost effectiveness with initiatives including the monetisation of passive infrastructure through tower deals across a number of key markets as well as Project Next!, the back-office transformation programme, which commenced a pilot in Ghana during the period. The shared services hub located in Johannesburg will be fully operational within 18 months and the outsourcing of non-core network management services will be rolled out wherever clear and demonstrable efficiencies exist.

We continue to explore opportunities to expand our product offering outside of traditional voice and expect to increase our presence in the digital space by leveraging technology and maximising the opportunity of low internet penetration in many of our markets. The successful completion of the transactions with Africa Internet Holding (AIH) and Middle East Internet Holding (MEIH) positions the Group well to broaden our e-commerce

platform and lifestyle offerings. Furthermore, we are well placed to continue the expansion of our MTN Mobile Money and broader financial services offerings and grow our innovative ICT solutions to corporate and SME customers. We remain committed to providing a distinct customer experience through value-driven and competitive initiatives and ongoing investment to improve network quality and capacity. We will continue to explore value-accretive M&A opportunities in line with our strategy.

In South Africa, we expect to build on the momentum gained in the second quarter to regain market share by providing innovative and affordable products to both our post-paid and pre-paid subscribers. The Nigerian operation will focus on meeting the significant market demand for financial services and mobile content with an expected positive impact on data revenue. Infrastructure sharing will be a priority for MTN South Africa and MTN Nigeria in increasing their operational effectiveness.

*Any forward-looking information contained in this announcement has not been reviewed or reported on by the Company's external auditors.*

### **SANCTIONS**

MTN continues to work closely with all relevant authorities in managing US and EU sanctions against Iran, Syria and Sudan. International legal advisors have been appointed to assist the Group in remaining compliant with all applicable sanctions.

### **CHANGES TO THE BOARD OF DIRECTORS (the Board)**

Ms KC Ramon was appointed as an Independent Non-Executive Director of the Board, effective 1 June 2014.

### **ACQUISITION OF AFRICA INTERNET HOLDING**

The Group has acquired 33,3% of Africa Internet Holding (AIH), a joint venture between Rocket Internet and Millicom International Cellular, to develop internet businesses in Africa. The Group, Millicom International Cellular and Rocket International have become 33,3% shareholders in AIH.

The Group expects to invest approximately EUR168 million over the next two to four years into AIH.

The transaction closed on 1 July 2014.

### **EXPANSION OF LICENCE AGREEMENT IN IRAN**

On 4 August 2014 Irancell Telecommunications Services Company (PJSC), the Group's joint venture in the Islamic Republic of Iran, entered into an arrangement to upgrade its licence agreement with the Communications Regulatory Authority in Iran to include 3G mobile broadband and higher standard (such as 4G) as well as obtain access to additional spectrum frequency for an amount of IRR 3000 billion, payable by March 2015 in four instalments which will be funded by the local operation.

### **SYRIA BUILD, OPERATE AND TRANSFER LICENCE**

MTN Syria operates under a contractual service arrangement granted and controlled by the Syrian Telecommunications Establishment (STE). The contract known as a Build, Operate and Transfer (BOT) provides for revenue sharing between MTN Syria and the STE and requires the handing over of the network to the STE at the end of the licence period. Subsequent to the reporting period, the Group has made significant progress in converting the current BOT to a freehold licence. It is anticipated that this process will ultimately culminate in the awarding of the licence and termination of the related BOT contract. This process is expected to be concluded before the end of 2014 and it is estimated that the initial licence fee will be between SYP18 billion and SYP25 billion (which approximates one year's revenue share). This will be funded through cash balances maintained within the local operation.

### **DISPOSAL OF BASE STATION TRANSCEIVER STATIONS (BTS/TOWERS) IN NIGERIA**

Subsequent to the period end the Group has advanced negotiations to sell its tower business in its operation in Nigeria, that includes 8 640 existing and 543 towers under development, to an entity that will be managed by a large mobile telecommunications infrastructure provider. The Group intends to retain a non-controlling interest of 51% with protective rights in the new entity and will enter into a lease agreement for the use of the tower infrastructure. The contractual agreements are expected to be finalised in due course and the transaction is expected to close in various tranches under customary closing conditions.



## Review of results continued

### LEADING THE DELIVERY OF A “BOLD NEW DIGITAL WORLD”

We continue to make good progress in the execution of our strategy to lead the delivery of a “bold, new Digital World” to our customers. Over the medium term, our focus is to drive growth beyond voice, create a distinct customer experience and ensure that our scale provides a solid base from which to optimise costs.

During the period, we delivered on a number of initiatives towards achieving this.

#### VOICE

Voice revenue continued to face pressure as a result of aggressive price competition, lower mobile termination rates, particularly in South Africa and Nigeria, and lower traffic volumes in some markets. The total minutes across the Group remained stable at approximately 100 billion. These factors, together with the growing contribution of data to the revenue mix, resulted in a decline in voice's contribution to total revenue from 74,1% in the first half of 2013 to 72,7% at end-June 2014. Despite these challenges, MTN remained competitive and successfully defended its market-leading position in 15 out of 22 operations.

#### DATA

Data services delivered consistently strong results across all of our markets, contributing 17,5% to total revenue, from 13,9% in the same period last year. Data traffic across the network grew by 84,8% to over 47 000 TB. The number of data users increased by 7,3% to 88,5 million as we expanded our 3G networks, enhanced the data product offering and stimulated the adoption of data-enabled devices and smartphones. At the end of June 2014, there were 38,5 million smartphones on our network, an increase of 31,6% from the same period last year. The launch of our own Steppa smartphone contributed to the availability of and access to affordable data-enabled devices.

#### FINANCIAL SERVICES

MTN Mobile Money and financial services are an increasingly important part of our service offering. The number of registered MTN Mobile Money subscribers grew by 24,3% to 18,4 million during the period, with a higher percentage of active users. Over the past few years, we have introduced a number of tailored financial products such as short-term insurance solutions, utility payments and remote payments for airline tickets. In South Africa, this has been extended beyond a mobile wallet and now includes a regulatory compliant bank account which allows transactions at any VISA point-of-sale and automated teller machine (ATM) within the country.

#### DIGITAL

During the period, MTN successfully concluded its investment in MEIH as part of the Group's strategy to broaden its e-commerce platform. In line with this strategy, on 1 July 2014, the Group's investment in AIH was concluded and various operations have identified areas of co-operation. Reviews are being conducted to select appropriate launch windows. The Group acquired an interest in Bidu, an online insurance price comparison and brokerage provider in Brazil, through the venture capital fund, Amadeus Digital Prosperity Fund IV.

#### ICT

We have made good progress in the provision of ICT services to our SME and corporate customers in all key markets where these are offered. The acquisition of 50% plus one share in Afrihost Proprietary Ltd (Afrihost), a leading internet service provider (ISP), will provide MTN South Africa with access to an established client base in both the SME and corporate segments as well as hosting and ISP best practices. The transaction is expected to be concluded before the end of 2014, pending regulatory approval. MTN Nigeria revised its enterprise business offering to include shared voice and data bundles between company employees through MTN Biz Plus, facilitating broader access to our enterprise solutions.

#### TRANSFORMING OUR OPERATING MODEL

The Group continues to leverage its scale and improve operational efficiency through the monetisation of passive infrastructure and the standardisation of back office processes. During the period we concluded tower deals in Rwanda and Zambia. Subsequent to the end of the period, the Group advanced negotiations to dispose of its towers in Nigeria to a telecoms infrastructure provider, while retaining an interest in the new entity. The Group continued to invest and restructure the organisation to ensure we have the appropriate skills to support growth in the digital and ICT segments of our business.



## FINANCIAL REVIEW

### REVENUE

**Table 1: Group revenue by country**

|   | Actual<br>(Rm) | Prior<br>(Rm) | Reported<br>% | Organic<br>% |
|---|----------------|---------------|---------------|--------------|
| <b>South Africa</b>                           | <b>19 157</b>  | 20 607        | (7,0)         | (7,0)        |
| <b>Nigeria</b>                                | <b>27 099</b>  | 22 303        | 21,5          | 8,0          |
| <b>Large OpCo Cluster</b>                     | <b>15 794</b>  | 13 919        | 13,5          | 13,4         |
| Ghana   | <b>3 792</b>   | 4 002         | (5,2)         | 13,7         |
| Cameroon                                      | <b>3 048</b>   | 2 309         | 32,0          | 9,2          |
| Ivory Coast                                   | <b>3 232</b>   | 2 543         | 27,1          | 5,1          |
| Uganda  | <b>2 624</b>   | 2 051         | 27,9          | 6,8          |
| Syria   | <b>1 802</b>   | 1 780         | 1,2           | 35,3         |
| Sudan   | <b>1 296</b>   | 1 234         | 5,0           | 17,3         |
| <b>Small OpCo Cluster</b>                     | <b>10 910</b>  | 9 080         | 20,2          | 5,7          |
| <b>Head office companies and eliminations</b> | <b>(201)</b>   | (200)         | 0,5           | 0,5          |
| <b>Total</b>                                  | <b>72 759</b>  | 65 709        | 10,7          | 4,1          |

Group revenue increased by 10,7% (4,1%\*) to R72 759 million despite a 7,0% (3,4%\*\*\*) contraction in the South African operation's revenue as competition intensified. MTN Nigeria's revenue growth maintained its positive momentum, increasing by 21,5% (8,0%\*).

Revenue for the Large opco cluster increased by 13,5% (13,4%\*), in line with guidance and supported by an improved performance in Cameroon (32,0% (9,2%\*)) and Syria (1,2% (35,3%\*)). The balance of the Large opco cluster faced weaker economic conditions, which slowed the pace of growth. MTN operations in Zambia, Congo-Brazzaville and Cyprus provided the impetus that boosted the performance of the Small opco cluster.

The movements in some of the major functional currencies positively impacted Group performance. Despite regaining some lost ground in the first half of 2014, the average rand exchange rate for the full six-month period was 16,2% weaker against the dollar than in the comparable period last year. Furthermore, the rand weakened by 10,5% against the Nigerian naira, by 18,2% against the CFA franc and by 15,6% against the Ugandan shilling, providing support to MTN Group's reported revenue.

**Table 2: Group revenue analysis**

|                | Actual<br>(Rm) | Prior<br>(Rm) | Reported<br>% | Organic<br>% | Contribution<br>to revenue<br>% |
|----------------|----------------|---------------|---------------|--------------|---------------------------------|
| Outgoing voice | <b>45 440</b>  | 41 130        | 10,5          | 2,9          | 62,5                            |
| Incoming voice | <b>7 483</b>   | 7 547         | (0,8)         | (7,5)        | 10,3                            |
| Data           | <b>12 708</b>  | 9 147         | 38,9          | 33,1         | 17,5                            |
| SMS            | <b>2 328</b>   | 2 663         | (12,6)        | (15,6)       | 3,2                             |
| Devices        | <b>3 727</b>   | 4 352         | (14,4)        | (14,8)       | 5,1                             |
| Other          | <b>1 073</b>   | 870           | 23,3          | 14,9         | 1,4                             |
| <b>Total</b>   | <b>72 759</b>  | 65 709        | 10,7          | 4,1          | 100,0                           |

Outgoing voice revenue increased by 10,5% (2,9%\*) compared to the prior year and contributed 62,5% to total revenue. Performance was negatively affected by price competition in key markets, a contraction of 1,1% in voice traffic

## Review of results continued

and lower voice tariffs, particularly in South Africa. The average price per minute (APPM) declined by 4,5% from the comparable period last year in US dollar terms across our operations.

Group data revenue (excluding SMS) increased by 38,9% (33,1%\*), supported by an expanded 3G network, strong growth in data usage and an increase in smartphone adoption. Data's contribution to total revenue was 17,5%, 3,6 percentage points higher than the comparable period last year. MTN South Africa and MTN Nigeria were the largest contributors to data revenue and together accounted for 70,9% of total data revenue. MTN operations in Ghana, Uganda, Cameroon and Ivory Coast as well as the Small opco cluster also delivered good data revenue growth.

Group interconnect revenue declined marginally by 0,8% (7,5%\*) following cuts in termination rates in our Nigerian and South African operations. These came into effect in April and May respectively. Interconnect revenue in South Africa may be further impacted by the regulatory review that is currently underway.

**Table 3: Cost analysis**

|                            | Actual<br>(Rm) | Prior<br>(Rm) | Reported<br>% change | Organic<br>% change | %<br>of revenue |
|----------------------------|----------------|---------------|----------------------|---------------------|-----------------|
| Handsets                   | 5 667          | 4 883         | 16,1                 | 13,0                | 7,8             |
| Interconnect               | 6 205          | 6 145         | 1,0                  | (4,8)               | 8,5             |
| Roaming                    | 529            | 569           | (7,0)                | (10,0)              | 0,7             |
| Commissions                | 4 456          | 5 683         | (21,6)               | (25,4)              | 6,1             |
| Revenue share              | 1 058          | 931           | 13,6                 | 41,7                | 1,5             |
| Service provider discounts | 1 137          | 1 257         | (9,5)                | (15,4)              | 1,6             |
| Network                    | 9 634          | 7 481         | 28,8                 | 20,2                | 13,2            |
| Marketing                  | 1 586          | 1 661         | (4,5)                | (10,3)              | 2,2             |
| Employee benefits          | 4 289          | 4 272         | 0,4                  | (6,3)               | 5,9             |
| Other OPEX                 | 4 535          | 4 690         | (3,3)                | (8,2)               | 6,2             |
| <b>Total</b>               | <b>39 096</b>  | <b>37 572</b> | <b>4,1</b>           | <b>(0,8)</b>        | <b>53,7</b>     |

### EBITDA

**Table 4: Group EBITDA by country**

|   | Actual<br>(Rm) | Prior<br>(Rm) | Reported<br>% change | Organic<br>% change |
|---|----------------|---------------|----------------------|---------------------|
| <b>South Africa</b>                           | <b>6 382</b>   | 6 897         | (7,5)                | (7,5)               |
| <b>Nigeria</b>                                | <b>16 280</b>  | 14 762        | 10,3                 | (2,1)               |
| <b>Large OpCo Cluster</b>                     | <b>5 730</b>   | 5 834         | (1,8)                | (4,0)               |
| Ghana   | 1 486          | 1 560         | (4,7)                | 14,2                |
| Cameroon                                      | 1 291          | 1 447         | (10,8)               | (26,3)              |
| Ivory Coast                                   | 1 213          | 1 409         | (13,9)               | (28,9)              |
| Uganda  | 967            | 756           | 27,9                 | 6,7                 |
| Syria   | 338            | 291           | 16,2                 | 56,0                |
| Sudan   | 435            | 371           | 17,3                 | 31,3                |
| <b>Small OpCo Cluster</b>                     | <b>4 173</b>   | 3 163         | 31,9                 | 16,0                |
| <b>Head office companies and eliminations</b> | <b>1 197</b>   | (1 663)       | (172,0)              | (168,4)             |
| <b>Total</b>                                  | <b>33 762</b>  | <b>28 993</b> | <b>16,4</b>          | <b>7,8</b>          |

Group earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 19,6% (10,6%\*) to R33 663 million, excluding the profit on tower sales. The Group EBITDA margin expanded by 3,5 percentage points to 46,3% as cost-containment initiatives gained traction throughout the Group. Distribution costs, inclusive

of commissions, service provider discounts and marketing costs, were significantly reduced. Staff costs remained flat year-on-year.

The upward trend in the Group's EBITDA margin was supported by increased margins in Nigeria (1,9pp), Syria (2,4pp) and Sudan (3,5pp). MTN South Africa's EBITDA margin remained under pressure and contracted by 1,5\*\*pp.

## DEPRECIATION AND AMORTISATION

**Table 5: Group depreciation and amortisation**

|   | Depreciation |            |                   |                  | Amortisation |            |                   |                  |
|---|--------------|------------|-------------------|------------------|--------------|------------|-------------------|------------------|
|   | Actual (Rm)  | Prior (Rm) | Reported % change | Organic % change | Actual (Rm)  | Prior (Rm) | Reported % change | Organic % change |
| <b>South Africa</b>                           | <b>1 811</b> | 1 624      | 11,5              | 11,5             | <b>327</b>   | 302        | 8,3               | 8,3              |
| <b>Nigeria</b>                                | <b>4 638</b> | 3 565      | 30,1              | 15,8             | <b>497</b>   | 311        | 59,8              | 42,4             |
| <b>Large OpCo Cluster</b>                     | <b>1 447</b> | 1 315      | 10,0              | 11,8             | <b>382</b>   | 364        | 4,9               | (3,0)            |
| Ghana   | <b>298</b>   | 274        | 8,8               | 30,7             | <b>60</b>    | 48         | 25,0              | 52,1             |
| Cameroon                                      | <b>224</b>   | 181        | 23,8              | 2,2              | <b>142</b>   | 144        | (1,4)             | (18,8)           |
| Ivory Coast                                   | <b>249</b>   | 201        | 23,9              | 2,5              | <b>81</b>    | 85         | (4,7)             | (21,2)           |
| Uganda  | <b>253</b>   | 202        | 25,2              | 4,5              | <b>59</b>    | 44         | 34,1              | 11,4             |
| Syria   | <b>166</b>   | 222        | (25,2)            | –                | <b>15</b>    | 16         | (6,3)             | 18,8             |
| Sudan   | <b>257</b>   | 235        | 9,4               | 22,6             | <b>25</b>    | 27         | (7,4)             | 3,7              |
| <b>Small OpCo Cluster</b>                     | <b>1 249</b> | 1 090      | 14,6              | 1,0              | <b>261</b>   | 188        | 38,8              | 20,2             |
| <b>Head office companies and eliminations</b> | <b>129</b>   | 89         | 44,9              | 23,6             | <b>145</b>   | 155        | (6,5)             | (9,7)            |
| <b>Total</b>                                  | <b>9 274</b> | 7 683      | 20,7              | 12,2             | <b>1 612</b> | 1 320      | 22,1              | 12,8             |

Depreciation increased by 20,7% as a result of the accelerated capex rollout in the second half of 2013, particularly in Nigeria and South Africa. Amortisation costs increased by 22,1%, driven by increased spending on software in Nigeria, Ghana and Uganda.

## NET FINANCE COSTS

**Table 6: Net finance costs**

|                              | Actual (Rm)  | Prior (Rm) | Reported % change | Organic % change | % of revenue |
|------------------------------|--------------|------------|-------------------|------------------|--------------|
| Net interest paid/(received) | <b>932</b>   | 1 102      | (15,4)            | (24,1)           | 1,3          |
| Net forex (gains)/losses     | <b>736</b>   | (1 014)    | (172,6)           | (167,1)          | 1,0          |
| <b>Net finance costs</b>     | <b>1 668</b> | 88         | 1 795,5           | 1 622,7          | 2,3          |

Net finance costs of R1 668 million increased sharply from the R88 million recorded in the comparable period of last year. This was largely due to foreign currency losses in the current year of R736 million versus foreign currency gains of R1 014 million in the prior period. Interest paid increased mainly due to the higher debt levels in Nigeria as the business invested in its capex programme. This was offset by higher interest received, due to higher cash balances held in Mauritius prior to the payment of the final dividend.

## Review of results continued

### TAXATION

**Table 7: Taxation**

|   | <b>Actual<br/>(Rm)</b> | Prior<br>(Rm) | Reported<br>% change | Organic<br>% change | Contribution<br>to taxation<br>% |
|---|------------------------|---------------|----------------------|---------------------|----------------------------------|
| Normal tax                              | <b>6 808</b>           | 4 605         | 47,8                 | 36,0                | 93,8                             |
| Deferred tax                            | <b>(589)</b>           | 1 533         | (138,4)              | (136,5)             | (8,1)                            |
| Foreign income and<br>withholding taxes | <b>1 042</b>           | 592           | 76,2                 | 71,5                | 14,3                             |
| <b>Total</b>                            | <b>7 261</b>           | 6 730         | 7,9                  | (0,2)               | 100,0                            |

The Group's absolute taxation charge increased by 7,9% to R7 261 million and the effective tax rate increased by 0,5 percentage points to 31,7%. The increase is largely due to an increase in the income received by the Group from operations and related withholding tax payable.

### EARNINGS

Basic headline earnings per share (HEPS) increased by 9,0% to 729 cents and attributable earnings per share (EPS) rose by 4,4% to 731 cents.

### CASH FLOW

Cash inflows generated by operations increased by 17,3% to R30 078 million. The increase in cash generated and the reduction in net interest paid resulted in a 28,4% increase in cash flows from operations to R6 234 million.

### CAPITAL EXPENDITURE

**Table 8: Capital expenditure analysis**

|   | <b>June 2014<br/>Actual<br/>(Rm)</b> | June 2013<br>Prior<br>(Rm) | Reported<br>% change | Organic<br>% change |
|---|--------------------------------------|----------------------------|----------------------|---------------------|
| <b>South Africa</b>                           | <b>2 000</b>                         | 2 151                      | (7,0)                | (7,0)               |
| <b>Nigeria</b>                                | <b>3 189</b>                         | 6 571                      | (51,5)               | (57,1)              |
| <b>Large OpCo Cluster</b>                     | <b>2 480</b>                         | 2 741                      | (9,5)                | (11,1)              |
| Ghana   | <b>597</b>                           | 685                        | (12,8)               | 5,7                 |
| Cameroon                                      | <b>373</b>                           | 528                        | (29,4)               | (41,5)              |
| Ivory Coast                                   | <b>584</b>                           | 546                        | 7,0                  | (11,4)              |
| Uganda  | <b>407</b>                           | 253                        | 60,9                 | 32,4                |
| Syria   | <b>38</b>                            | 295                        | (87,1)               | (83,1)              |
| Sudan   | <b>481</b>                           | 434                        | 10,8                 | 23,0                |
| <b>Small OpCo Cluster</b>                     | <b>1 408</b>                         | 1 217                      | 15,7                 | 2,6                 |
| <b>Head office companies and eliminations</b> | <b>122</b>                           | 112                        | 8,9                  | (5,4)               |
| <b>Total</b>                                  | <b>9 199</b>                         | 12 792                     | (28,1)               | (32,7)              |

Capex decreased by 28,1% (32,7%\*) to R9 199 million, of which R591 million related to foreign currency movements. We expect the capex roll-out for the remainder of the year to accelerate in most of our markets, however in some markets where there are changes in market conditions, it will reduce.

**CASH BALANCE****Table 9: Net debt analysis (Rm)**

|   | Cash<br>and cash<br>equivalents | Interest-<br>bearing<br>liabilities | Inter-<br>company<br>eliminations | Net debt/<br>(cash) |
|---|---------------------------------|-------------------------------------|-----------------------------------|---------------------|
| <b>South Africa</b>                           | (2 125)                         | 18 086                              | (18 086)                          | (2 125)             |
| <b>Nigeria</b>                                | (11 321)                        | 25 249                              | –                                 | 13 928              |
| <b>Large OpCo Cluster</b>                     | (9 178)                         | 6 013                               | (2 109)                           | (5 274)             |
| Ghana   | (877)                           | 667                                 | –                                 | (210)               |
| Cameroon                                      | (2 993)                         | 280                                 | –                                 | (2 713)             |
| Ivory Coast                                   | (944)                           | 790                                 | –                                 | (154)               |
| Uganda  | (772)                           | 93                                  | –                                 | (679)               |
| Syria   | (3 356)                         | 2 430                               | (2 109)                           | (3 035)             |
| Sudan   | (236)                           | 1 753                               | –                                 | 1 517               |
| <b>Small OpCo Cluster</b>                     | (3 648)                         | 7 294                               | (3 869)                           | (223)               |
| <b>Head office companies and eliminations</b> | (16 577)                        | 17 758                              | (2 560)                           | (1 379)             |
| <b>Total</b>                                  | (42 849)                        | 74 400                              | (26 624)                          | 4 927               |

The Group reported net debt of R4 927 million at the period end. This excludes R3 940 million (49%) of net cash in MTN Irancell, which is accounted for on an equity basis.

**BUSINESS COMBINATIONS/ACQUISITION OF JOINT VENTURES****Acquisition of Middle East Internet Holding (MEIH)**

The Group and Rocket Internet have formed a joint venture, Middle East Internet Holding (MEIH), to develop internet businesses in the Middle East, with the Group and Rocket Internet being 50% shareholders in MEIH. The Group invested EUR120 million consisting of a EUR40 million cash payment and EUR80 million contingent consideration into MEIH and the transaction closed on 20 May 2014.

**Acquisition of Afrihost**

During the period under review the Group agreed to acquire 50% and one share of Afrihost. Afrihost is an ISP and will provide MTN South Africa with access to an established client base in both the SME and corporate segments in addition to hosting and ISP best practices. This transaction remains subject to regulatory approval.

## Review of results continued

### OPERATIONAL REVIEW

#### SOUTH AFRICA

- Revenue declined by 7,0% (3,4%\*\*)
- Data revenue increased by 13,7%
- Interconnect revenue down by 30,4%
- EBITDA margin declined by 1,5\*\* percentage points to 33,3%

**MTN South Africa** Market share declined by 2,7 percentage points to 31,9% as competition intensified in the pre-paid segment. During the first quarter of 2014, the operation's subscriber base contracted by 825 000 subscribers and during the second quarter added 394 000 to reach 25,3 million subscribers at period-end.

The improvement in subscriber growth was largely a result of focused and targeted promotions to the pre-paid segment, which included the introduction of the widely successful "79 cents per minute" price plan. Other competitively priced voice and data bundle promotions included *MTN Sky*, *WOW*, *Happy Hour* and *Friends and Family*. Customers responded positively to these initiatives and for the second quarter of 2014, pre-paid traffic on the network grew by 33,5%. Despite these improvements, the pre-paid subscriber base declined by 4,3%, bringing the total pre-paid segment to 19,8 million. The post-paid segment (excluding telemetry SIMs) increased by 4,6% to 3,5 million. We expect a return to normalised growth in revenue and subscribers over the next 6 months.

Total revenue declined by 7,0% (3,4%\*\* ) to R19 157 million. This was mainly the result of lower outgoing voice revenue, which declined by 8,6% to R8 470 million. Incoming voice revenue declined by 30,4% as the impact of the mobile termination rates (MTR) reduction took effect during the second quarter. Data revenue, including MTN Business, increased by 13,7% to R4 483 million and contributed 23,4% to total revenue. This was a satisfactory result despite a decrease of 38,1% in the average price per megabyte given the aggressive price competition. Increased 3G coverage and competitive data bundles were the main contributors to this growth. The number of data users increased by 2,7% to 14,7 million and the operation had 5,3 million active smartphones on its network.

MTN South Africa made good progress in controlling costs and operating expenses declined 6,8%, underpinned by savings in distribution and marketing costs. Despite this, the EBITDA margin declined by 1,5\*\* percentage points, largely as a result of the decline in revenue and an impairment relating to passive infrastructure of R172 million. We continue to review our cost structures, including employee costs, to ensure better alignment with revenue performance.

Capex for the period of R2 000 million was focused mainly on improving 3G capacity. During the period we added 220 new 2G sites and 400 co-located 3G sites. Our 3G population coverage had increased to 83,9% at the period end.

#### NIGERIA

- Net subscriber additions of 1,7 million
- Revenue increased by 8,0%\*
- Data revenue increased by 16,0%\*
- EBITDA 11,3%\*\*\*\* higher
- EBITDA margin 1,9 percentage points up at 60,1%
- Launched MTN Mobile Money "Diamond Yellow" account

**MTN Nigeria** delivered pleasing results and maintained its market share by growing its subscriber base by 3,0%, bringing total subscribers to 58,4 million. Increased regulatory pressures, changes to the SIM registration platform and the ban on the sale of SIM cards for the month of March affected performance during the period. MTN Nigeria, however, remained focused on providing value-driven, segmented offerings and continued to invest in its network.

Total revenue increased by 8,0% with voice revenue increasing by 7,4%\* in line with traffic growth on the network. Interconnect revenue increased by 7,7%\* notwithstanding the 10% reduction in the mobile termination rate in April.

Data revenue increased by 16,0%\*, bringing its contribution to total revenue to 16,7%. This growth was underpinned by the success of value-added services as volumes on our digital platforms grew strongly. At end-June 2014, the MTN Play platform had in excess of 33 million subscribers, having consistently recorded over 10 million downloads daily. The number of active 3G phones on the network increased by 45,0% to 8,1 million. In July 2014, the operation formally launched the MTN Diamond Yellow account, offering mobile financial services in partnership with a large domestic bank.

A well-executed cost-management strategy helped lift the EBITDA margin by 1,9 (1,8\*) percentage points to 60,1% mainly due to a reduction in distribution costs. MTN Nigeria's EBITDA increased by 11,3%\*\*\*\*.

Capital expenditure of R3 189 million for the period was focused on improving network coverage and quality. During the period, 754 new 2G sites and 1 219 co-located 3G sites were added. To date, MTN Nigeria has committed 73% of its capex budget and in the second half of 2014, will accelerate network rollout.

To ensure compliance with regulations, MTN Nigeria rigorously monitors the KPIs set by the Nigerian Communications Commission.

#### **LARGE OPCO CLUSTER**

- Subscribers increased by 5,4% to 98,5 million
- Revenue 13,4%\* higher in line with guidance
- Data revenue increased by 111,0%\*
- EBITDA (excluding tower profits) 12,0%\* up

**MTN Irancell** delivered a satisfactory performance, increasing its subscriber base by 3,2% to 42,7 million despite the impact of sanctions on growth in a highly penetrated market. Some positive economic trends are starting to emerge with the relatively stable average rate for the Iranian rial against the US dollar for the six months to June 2014 and the decline in Iran's month-on-month inflation rate in June 2014.

*The results below exclude the effects of hyperinflation:*

Total revenue increased by 13,8%\* compared to the same period in the prior year. Outgoing voice revenue grew by 5,1%\*, driven by an 8,0% increase in minutes of use (MOU) and a 4,3% decrease in the effective voice tariff. SMS revenue decreased by 0,3%\* and data revenue grew by 110,7%\* as average data consumed increased by 93,1% to 66 megabytes per subscriber. At end-June, data revenue contributed 16,4% to total revenue.

MTN Irancell will begin the rollout of a 3G network with LTE-capable frequency during the second half of 2014, following approval by the Communications Regulatory Authority. At the end of June 2014, the operation had 13,0 million active smartphones on its network and 12,6 million data users. The number of WiMax subscribers increased by 3,4% to 351 520 from December 2013.

MTN Irancell's EBITDA margin declined by 0,2 (0,2\*) percentage points to 44,4% as the operation made good progress in mitigating the foreign currency risk associated with key vendor contracts. Operating expenses increased by 15,2%\*, below the official inflation rate. MTN Irancell continued to focus its capex on improving the quality and capacity of the network. During the period it invested R1 818 million (representing 100% of the operation) and rolled out 274 new 2G sites.



## Review of results continued

**MTN Ghana** increased subscribers by 3,9% to 13,4 million and maintained its market share. This performance is notable as MTN Ghana faced tough competition and a declining macro-economic environment. The 40,0% decline in the average exchange rate of the Ghanaian cedi against the US dollar from the comparative prior period and higher inflation levels contributed to a slowdown in growth in the country. Despite this, the operation delivered a solid performance, supported by campaigns targeted at improving loyalty, driving data growth and increasing the uptake of MTN Mobile Money.

Total revenue increased by 13,7%\*, supported by the 180,0%\* growth in data revenue. Data contributed 17,4% to total revenue, underpinned by a 4,7% increase in data users to 7,1 million. The efforts to grow MTN Mobile Money yielded positive results with MTN Mobile Money revenue increasing by 287,3%\*, albeit off a low base. At end-June, the service had over 2,6 million registered customers and increasing usage levels. Outgoing voice revenue increased by 2,4%\*, supported by a price increase despite lower MOU.

MTN Ghana's EBITDA margin declined by 0,3 (+0,2\*) percentage points to 38,7%, excluding the profit from tower sales, due largely to higher lease costs following the tower transaction as well as the sharp increase in fuel and other US dollar-denominated expenses, a consequence of the weaker economic environment. This decline was partially offset by the reversal of management fees. Excluding this reversal, the EBITDA margin declined by 3,3 percentage points to 35,7%.

Capex amounted to R597 million. The operation rolled out 30 2G sites and 58 3G co-located sites to improve coverage and capacity on the network.

**MTN Cameroon** surpassed 10 million subscribers, growing its subscriber base by 17,5% to 10,2 million subscribers and increasing its market share by 3,2 percentage points to 62,5%. The strong performance was supported by a well-executed churn management strategy and innovative offerings.

Total revenue grew by 9,2%\* despite increased competition. This performance was achieved as a result of a strong expansion in data revenue, which increased by 61,0%\* and contributed 7,8% to total revenue despite the absence of a 3G licence. MTN's attractive data bundles and value-added services such as Mobile Surf Mini and Magic Voice were the main contributors to growth in data revenue. Voice revenue increased by 7,0%\* as traffic increased by 17,3% and the effective tariff remained stable.

The operation continued to focus on the MTN Mobile Money offering, which had 1,4 million registered subscribers at the end of the period. The expanded distribution network of over 2 000 merchants, competitively priced products and increased activity levels resulted in revenue increasing by 191,5%\*.

MTN Cameroon's EBITDA margin decreased by 3,2 percentage points to 42,4%, excluding profit from the sale of towers, largely as a result of higher lease rental costs following the tower transaction. Capex amounted to R373 million and the operation remains on track to meet full-year guidance of R697 million. During the period, MTN Cameroon rolled out 77 2G sites and made improvements to quality and capacity at high traffic sites in the main cities.

**MTN Ivory Coast** delivered a satisfactory performance, growing subscribers by 9,4% to 7,7 million and increasing its market share by 1,5 percentage points to 39,4%, despite aggressive competition. This was driven by compelling value propositions, which attracted new customers and reduced churn levels.

Total revenue increased by 5,1%\*, supported by data revenue growth of 91,1%\*. Voice revenue grew by 4,2%\* despite lower MOU offset by an increase in the retail tariff.

MTN Mobile Money started gaining momentum as active subscribers grew by 39% over the period. The distribution network now has more than 3 000 merchants with a focus on expanding the rural footprint.

The operation's EBITDA margin excluding profit on tower sales declined by 0,4 (0,4\*) percentage points to 37,5%. This was impacted by the introduction of an additional levy on revenue. The ongoing focus on cost efficiency resulted in a 5,8%\* decrease in operating expenses.

MTN Ivory Coast invested R584 million on its capex programme, rolling out 66 new 2G sites and 44 co-located 3G sites in the period. Accelerating the rollout of 3G coverage and improving network quality remain key focus areas for the remainder of the year.

**MTN Uganda** delivered a good performance, increasing its subscriber base by 12,6% to 9,9 million and increasing market share by 3,3 percentage points to 56,8%. The consistent focus on bundled and segmented offerings across voice and data underpinned this growth.

Total revenue increased by 6,8%\*, benefiting from a 54,7%\* increase in data revenue. At end-June, data contributed 24,7% to total revenue, supported by increased investment in the 3G network and improved data speeds in the major centres. Price increases were partly offset by lower international incoming voice traffic and lower MOU on the network.

MTN Mobile Money continued to perform well and recorded a 20,7% increase in registered users from December 2013. At end-June 2014 it had 6,2 million users. Revenue from MTN Mobile Money grew by 39,4%\*, supported by an expanded agent distribution network of over 30 000 merchants and monthly transaction volumes of over 28,5 million.

MTN Uganda's EBITDA margin remained stable at 36,9%. Capex in the period amounted to R407 million, with the rollout of 117 new 2G sites and 130 co-located 3G sites significantly improving quality and capacity on the network.

**MTN Syria** continued to operate under very challenging conditions that impacted on network availability and subscriber acquisition. The operation recorded a 3,0% decrease in subscribers to 5,7 million for the period. Sustained efforts to ensure improved network performance enabled revenue to increase by 35,3%\* given higher traffic volumes and a higher effective tariff. Data revenue increased by 151,2%\* from the comparable prior period, bringing its contribution to 22,0% of total revenue. MTN Syria's EBITDA margin expanded by 2,4 (2,5\*) percentage points to 18,8%. Employee safety is a priority and we continuously monitor the operating environment to ensure this.

**MTN Sudan** increased its subscriber base by 1,3% to 8,8 million. Market share contracted to approximately 33,0% with performance affected by the weak economic environment, higher churn rate and the reclassification of registered subscribers as required by the regulator. Total revenue increased by 17,3%\* and the EBITDA margin expanded by 3,5 (3,5\*) percentage points to 33,6%. Data revenue continued to show good growth, increasing by 114,8%\* from the prior comparable period. Capex amounted to R481 million for the period.

## Review of results continued

### REVISED SUBSCRIBER NET ADDITION GUIDANCE FOR 2014

|                           | Prior<br>'000 | Actual<br>'000 |
|---------------------------|---------------|----------------|
| <b>South Africa</b>       | 2 000         | <b>1 500</b>   |
| <b>Nigeria</b>            | 5 000         | <b>5 000</b>   |
| <b>Large OpCo cluster</b> | 6 750         | <b>8 050</b>   |
| Iran                      | 2 500         | <b>2 500</b>   |
| Ghana                     | 800           | <b>900</b>     |
| Cameroon                  | 500           | <b>2 000</b>   |
| Ivory Coast               | 750           | <b>1 000</b>   |
| Sudan                     | 1 250         | <b>400</b>     |
| Syria                     | (50)          | <b>(250)</b>   |
| Uganda                    | 1 000         | <b>1 500</b>   |
| <b>Small OpCo cluster</b> | 3 000         | <b>2 700</b>   |
| <b>Total</b>              | 16 750        | <b>17 250</b>  |

### DECLARATION OF INTERIM ORDINARY DIVIDEND

Notice is hereby given that a gross interim dividend of 445 cents per share for the period to 30 June 2014 has been declared payable to MTN shareholders. The number of ordinary shares in issue at the date of this declaration is 1 848 298 679.

The dividend will be subject to a maximum local dividend tax rate of 15% which will result in a net dividend of 378.29548 cents per share to those shareholders that bear the maximum rate of dividend withholding tax of 66.70452 cents per share and STC credits amounting to 0.303223 cents per share will be utilised. The net dividend per share for the respective categories of shareholders for the different dividend tax rates is as follows:

|       |                           |
|-------|---------------------------|
| 0%    | 445.00000 cents per share |
| 5%    | 422.76516 cents per share |
| 7,5%  | 411.64774 cents per share |
| 10%   | 400.53032 cents per share |
| 12.5% | 389.41290 cents per share |
| 15%   | 378.29548 cents per share |

These different dividend tax rates are a result of the application of tax rates in various double taxation agreements as well as exemptions from dividend tax.

MTN Group Limited's tax reference number is 9692/942/71/8. In compliance with the requirements of Strate, the electronic settlement and custody system used by the JSE Limited, the salient dates relating to the payment of the dividend are as follows:

|  |                          |
|--|--------------------------|
| Last day to trade <i>cum</i> dividend on the JSE | Friday, 22 August 2014   |
| First trading day <i>ex</i> dividend on the JSE  | Monday, 25 August 2014   |
| Record date                                      | Friday, 29 August 2014   |
| Payment date                                     | Monday, 1 September 2014 |

No share certificates may be dematerialised or re-materialised between Monday, 25 August 2014 and Friday, 29 August 2014, both days inclusive. On Monday, 1 September 2014, the dividend will be transferred electronically to the bank accounts of certificated shareholders who make use of this facility.

In respect of those who do not use this facility, cheques dated Monday, 1 September 2014 will be posted on or about that date. Shareholders who hold dematerialised shares will have their accounts held by the Central Securities Depository Participant or broker credited on Monday, 1 September 2014.

The MTN Board confirms that the Group will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

For and on behalf of the Board

**PF Nhleko**

*Chairman*

Fairland

7 August 2014

**RS Dabengwa**

*Group President and CEO*

For further information on MTN results please refer to the Investor Relations section on the Group's website:  
[www.mtn.com/investors](http://www.mtn.com/investors)





Reviewed condensed consolidated  
interim financial statements in accordance with  
**International Financial Reporting Standards (IFRS)**

The Group's reviewed condensed consolidated interim financial statements for the six months ended 30 June 2014 have been independently reviewed by the Group's external auditors. The preparation of the Group's reviewed condensed consolidated interim financial statements was supervised by the Group chief financial officer, BD Goschen, BCom, BCompt (Hons), CA(SA).

These results were made available on 7 August 2014.

## Condensed consolidated income statement

|   | Note | Six months<br>ended<br>30 June<br>2014<br>Reviewed<br>Rm | Six months<br>ended<br>30 June<br>2013*<br>Reviewed<br>Rm | Financial<br>year ended<br>31 December<br>2013*<br>Audited<br>Rm |
|---|------|--|---|--|
| <b>Revenue</b>  |      | <b>72 759</b>  | 65 709  | 137 270  |
| Other income  |      | <b>303</b>   | 1 027   | 1 327  |
| Direct network operating costs                              |      | <b>(10 692)</b>  | (8 412)   | (18 299)   |
| Costs of handsets and other accessories                     |      | <b>(5 667)</b>   | (4 883)   | (10 744)   |
| Interconnect and roaming                                    |      | <b>(6 734)</b>   | (6 714)   | (13 816)   |
| Staff costs   |      | <b>(4 289)</b>   | (4 272)   | (8 670)  |
| Selling, distribution and marketing expenses                |      | <b>(7 179)</b>   | (8 601)   | (16 362)   |
| Other operating expenses                                    |      | <b>(4 739)</b>   | (4 861)   | (10 276)   |
| <b>EBITDA</b>   |      | <b>33 762</b>  | 28 993  | 60 430   |
| Depreciation of property, plant and equipment               |      | <b>(9 274)</b>   | (7 683)   | (16 458)   |
| Amortisation of intangible assets                           |      | <b>(1 612)</b>   | (1 320)   | (2 820)  |
| <b>Operating profit</b>                                     |      | <b>22 876</b>  | 19 990  | 41 152   |
| Net finance costs   |      | <b>(1 668)</b>   | (88)  | (1 234)  |
| Share of results of joint ventures and associates after tax | 9    | <b>1 691</b>   | 1 658   | 3 431  |
| <b>Profit before tax</b>                                    |      | <b>22 899</b>  | 21 560  | 43 349   |
| Income tax expense  |      | <b>(7 261)</b>   | (6 730)   | (12 487)   |
| <b>Profit after tax</b>                                     |      | <b>15 638</b>  | 14 830  | 30 862   |
| <b>Attributable to:</b>                                     |      |  |   |  |
| Owners of MTN Group Limited                                 |      | <b>13 390</b>  | 12 821  | 26 751   |
| Non-controlling interests                                   |      | <b>2 248</b>   | 2 009   | 4 111  |
|   |      | <b>15 638</b>  | 14 830  | 30 862   |
| <b>Basic earnings per share (cents)</b>                     | 8    | <b>731</b>   | 700   | 1 460  |
| <b>Diluted earnings per share (cents)</b>                   | 8    | <b>727</b>   | 695   | 1 452  |

\* 2013 restated amounts have been reviewed, refer to notes 5 and 18.



## Condensed consolidated statement of **comprehensive income**

|  | <b>Six months<br/>ended<br/>30 June<br/>2014<br/>Reviewed<br/>Rm</b> | Six months<br>ended<br>30 June<br>2013*<br>Reviewed<br>Rm | Financial<br>year ended<br>31 December<br>2013*<br>Audited<br>Rm |
|--|--|---|--|
| <b>Profit after tax</b>  | <b>15 638</b>  | 14 830  | 30 862   |
| <b>Other comprehensive (loss)/income after tax:</b>                  |  |   |  |
| Exchange differences on translating foreign operations: <sup>°</sup> | <b>(1 955)</b>   | 8 280   | 11 078   |
| – Owners of MTN Group Limited  | <b>(1 882)</b>   | 7 942   | 10 179   |
| – Non-controlling interests  | <b>(73)</b>  | 338   | 899  |
| <b>Total comprehensive income for the period</b>                     | <b>13 683</b>  | 23 110  | 41 940   |
| <b>Attributable to:</b>  |  |   |  |
| Owners of MTN Group Limited  | <b>11 508</b>  | 20 763  | 36 930   |
| Non-controlling interests  | <b>2 175</b>   | 2 347   | 5 010  |
|  | <b>13 683</b>  | 23 110  | 41 940   |

<sup>°</sup> This component of other comprehensive income does not attract any tax and may subsequently be reclassified to profit and loss.

\* 2013 restated amounts have been reviewed, refer to notes 5 and 18.

## Condensed consolidated statement of financial position

|  | Note | 30 June<br>2014<br>Reviewed<br>Rm | 30 June<br>2013*<br>Reviewed<br>Rm | 31 December<br>2013*<br>Audited<br>Rm |
|--|------|-----------------------------------|------------------------------------|---------------------------------------|
| <b>Non-current assets</b>                      |      | <b>147 166</b>                    | 134 552                            | 153 083                               |
| Property, plant and equipment                  |      | <b>88 689</b>                     | 83 866                             | 92 903                                |
| Intangible assets and goodwill                 |      | <b>33 785</b>                     | 36 482                             | 37 751                                |
| Investments in joint ventures and associates   |      | <b>15 859</b>                     | 6 929                              | 12 643                                |
| Deferred tax and other non-current assets      |      | <b>8 833</b>                      | 7 275                              | 9 786                                 |
| <b>Current assets</b>                          |      | <b>75 493</b>                     | 65 691                             | 76 573                                |
| Non-current assets held for sale               | 15   | <b>137</b>                        | 190                                | 1 281                                 |
|  |      | <b>75 356</b>                     | 65 501                             | 75 292                                |
| Other current assets                           |      | <b>37 028</b>                     | 37 260                             | 33 470                                |
| Restricted cash                                |      | <b>745</b>                        | 2 825                              | 2 222                                 |
| Cash and cash equivalents                      |      | <b>37 583</b>                     | 25 416                             | 39 600                                |
| <b>Total assets</b>                            |      | <b>222 659</b>                    | 200 243                            | 229 656                               |
| <b>Total equity</b>                            |      | <b>120 445</b>                    | 105 527                            | 121 812                               |
| Attributable to owners of MTN Group Limited    |      | <b>115 509</b>                    | 101 396                            | 116 479                               |
| Non-controlling interests                      |      | <b>4 936</b>                      | 4 131                              | 5 333                                 |
| <b>Non-current liabilities</b>                 |      | <b>51 947</b>                     | 44 674                             | 49 860                                |
| Interest-bearing liabilities                   | 13   | <b>38 803</b>                     | 31 964                             | 34 664                                |
| Deferred tax and other non-current liabilities |      | <b>13 144</b>                     | 12 710                             | 15 196                                |
| <b>Current liabilities</b>                     |      | <b>50 267</b>                     | 50 042                             | 57 984                                |
| Interest-bearing liabilities                   | 13   | <b>8 973</b>                      | 10 184                             | 11 361                                |
| Other current liabilities                      |      | <b>41 294</b>                     | 39 858                             | 46 623                                |
| <b>Total equity and liabilities</b>            |      | <b>222 659</b>                    | 200 243                            | 229 656                               |

\* 2013 restated amounts have been reviewed, refer to notes 5 and 18.

## Condensed consolidated statement of changes in equity

|   | Note | Six months<br>ended<br>30 June<br>2014<br>Reviewed<br>Rm | Six months<br>ended<br>30 June<br>2013*<br>Reviewed<br>Rm | Financial<br>year ended<br>31 December<br>2013*<br>Audited<br>Rm |
|---|------|--|---|--|
| <b>Opening balance at 1 January</b>                   |      | <b>116 479</b>   | 89 006  | 89 006   |
| Restatement for impact of hyperinflation              |      | –  | –   | 5 563  |
| Restatement for voluntary change in accounting policy | 5    | –  | 1 579   | 1 579  |
| <b>Restated opening balance at 1 January</b>          |      | <b>116 479</b>   | 90 585  | 96 148   |
| Shares issued during the period                       |      | <sup>^</sup>   | <sup>^</sup>  | 5  |
| Shares cancelled during the period                    |      | <sup>^</sup>   | <sup>^</sup>  | <sup>^</sup>   |
| Transactions with non-controlling interests           |      | –  | (495)   | (495)  |
| Share-based payment reserve                           |      | <b>47</b>  | 88  | 215  |
| Total comprehensive income                            |      | <b>11 508</b>  | 20 763  | 36 930   |
| Profit after tax                                      |      | <b>13 390</b>  | 12 821  | 26 751   |
| Other comprehensive (loss)/income after tax           |      | <b>(1 882)</b>   | 7 942   | 10 179   |
| Dividends paid  |      | <b>(12 302)</b>  | (9 362)   | (16 210)   |
| Other movements                                       |      | <b>(223)</b>   | (183)   | (114)  |
| <b>Attributable to owners of MTN Group Limited</b>    |      | <b>115 509</b>   | 101 396   | 116 479  |
| Non-controlling interests                             |      | <b>4 936</b>   | 4 131   | 5 333  |
| <b>Closing balance</b>                                |      | <b>120 445</b>   | 105 527   | 121 812  |
| <b>Dividends per share (cents)</b>                    |      |  |   |  |
| Declared during the period                            |      | <b>665</b>   | 503   | 873  |
| Declared after the period end                         |      | <b>445</b>   | 370   | 665  |

<sup>^</sup> Amount less than R1 million.

\* 2013 restated amounts have been reviewed, refer to notes 5 and 18.

## Condensed consolidated statement of cash flows

|   | <b>Six months<br/>ended<br/>30 June<br/>2014<br/>Reviewed<br/>Rm</b> | Six months<br>ended<br>30 June<br>2013<br>Reviewed<br>Rm | Financial<br>year ended<br>31 December<br>2013<br>Audited<br>Rm |
|---|--|--|---|
| Net cash inflow from operating activities               | <b>6 234</b>   | 4 854  | 27 025  |
| Net cash outflow from investing activities              | <b>(8 607)</b>   | (9 104)  | (19 835)  |
| Net cash inflow from financing activities               | <b>1 439</b>   | 5 495  | 6 264   |
| <b>(Decrease)/increase in cash and cash equivalents</b> | <b>(934)</b>   | 1 245  | 13 454  |
| Cash and cash equivalents at beginning of period        | <b>39 577</b>  | 22 539   | 22 539  |
| Exchange (losses)/gains on cash and cash equivalents    | <b>(1 071)</b>   | 1 529  | 3 584   |
| <b>Cash and cash equivalents at end of period</b>       | <b>37 572</b>  | 25 313   | 39 577  |

## Notes to the condensed consolidated financial statements

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for the six months ended 30 June 2014

### 1. INDEPENDENT REVIEW

The directors of the Company take full responsibility for the preparation of the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements have been reviewed by our joint auditors, PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc., who have expressed an unmodified conclusion. The joint external auditors have performed their review in accordance with International Standards on Review Engagements 2410. A copy of their report and the condensed consolidated interim financial statements are available for inspection at the registered office of the Company. Constant currency disclosure has not been reviewed by our joint external auditors.

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### 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 associate companies.

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### 3. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the preparation and disclosure requirements of IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial 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.

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### 4. PRINCIPAL ACCOUNTING POLICIES

The Group has adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the Group from 1 January 2014, none of which had a material impact on the Group.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, with the exception of the voluntary change in accounting policy in respect of revenue recognition (notes 5 and 18).

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### 5. VOLUNTARY CHANGE IN ACCOUNTING POLICY

#### *IAS 18 Revenue*

Previously, the Group accounted for arrangements with a multiple of deliverables (i.e. multiple element revenue arrangements) by dividing these arrangements into separate units of accounting and recognising revenue through the application of the residual value method.

During the period under review, the Group resolved to change its accounting policy in recognising revenue relating to these arrangements from applying the residual value method to the relative fair value method. This change was effected by the Group on a voluntary basis.

Previously under the residual value method, fair value was ascribed to each of the undelivered elements (typically the service contract) and any consideration remaining (after reducing the total consideration of the arrangement with the fair value of the undelivered elements) was allocated to the delivered element(s) in the transaction (typically the handset). This resulted in limited amounts of revenue being allocated to the elements delivered upfront (i.e. the handset). Under the relative fair value method, the consideration received or receivable is allocated to each of the elements (delivered and undelivered) according to the relative fair value of the elements included in the arrangement.

The Group believes that the change results in more relevant and reliable information being presented in respect of revenue recognised in relation to multiple element revenue arrangements, as revenue is now being recognised in relation to each of the elements delivered and to be delivered based on the relative fair value of the relating elements in relation to the total consideration received. The new accounting policy also results in an improved correlation between the recognition of revenue and associated costs and also aligns the Group's policy more closely with the requirements of the recently issued IFRS 15 *Revenue from Contracts with Customers*.

## Notes to the condensed consolidated financial statements (continued)

for the six months ended 30 June 2014

### 5. VOLUNTARY CHANGE IN ACCOUNTING POLICY (continued)

#### IAS 18 Revenue (continued)

As required in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the change in accounting policy was applied retrospectively which resulted in an increase in revenue and income tax expenses, trade and other receivables, non-current loans and other receivables, equity and deferred tax liabilities as included in respect of prior periods. The impact on the Group's financial results and position is disclosed in note 18.

### 6. FINANCIAL INSTRUMENTS

The carrying amount of all financial instruments measured at amortised cost closely approximate its fair value.

### 7. 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 Group executive committee 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 a measure of reporting profit or loss for each segment.

|   | Six months<br>ended<br>30 June<br>2014<br>Reviewed<br>Rm | Six months<br>ended<br>30 June<br>2013*<br>Reviewed<br>Rm | Financial<br>year ended<br>31 December<br>2013*<br>Audited<br>Rm |
|---|--|---|--|
| <b>Revenue</b>                                |  |   |  |
| <b>South Africa</b>                           | <b>19 157</b>  | 20 607  | 40 482   |
| <b>Nigeria</b>                                | <b>27 099</b>  | 22 303  | 48 159   |
| <b>Large opco cluster</b>                     | <b>21 454</b>  | 18 321  | 38 659   |
| Iran <sup>†</sup>                             | <b>5 660</b>   | 4 402   | 9 514  |
| Ghana   | <b>3 792</b>   | 4 002   | 8 269  |
| Cameroon                                      | <b>3 048</b>   | 2 309   | 5 204  |
| Ivory Coast                                   | <b>3 232</b>   | 2 543   | 5 480  |
| Uganda  | <b>2 624</b>   | 2 051   | 4 467  |
| Syria   | <b>1 802</b>   | 1 780   | 3 229  |
| Sudan   | <b>1 296</b>   | 1 234   | 2 496  |
| <b>Small opco cluster</b>                     | <b>10 910</b>  | 9 080   | 19 804   |
| <b>Head office companies and eliminations</b> | <b>(201)</b>   | (200)   | (320)  |
| <b>Iran revenue exclusion<sup>†</sup></b>     | <b>(5 660)</b>   | (4 402)   | (9 514)  |
|   | <b>72 759</b>  | 65 709  | 137 270  |

<sup>†</sup> 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.

<sup>^</sup> Excludes the impact of hyperinflation of R215 million (December 2013: R1 714 million). The amount including the hyperinflation impact is R5 875 million (December 2013: R11 228 million). There was no hyperinflation impact for the period ended 30 June 2013.

\* 2013 restated amounts have been reviewed, refer to notes 5 and 18.

## Notes to the condensed consolidated financial statements (continued)

for the six months ended 30 June 2014

|   | Six months<br>ended<br>30 June<br>2014<br>Reviewed<br>Rm | Six months<br>ended<br>30 June<br>2013*<br>Reviewed<br>Rm | Financial<br>year ended<br>31 December<br>2013*<br>Audited<br>Rm |
|---|--|---|--|
| <b>7. SEGMENT ANALYSIS (continued)</b>                      |  |   |  |
| <b>EBITDA</b>   |  |   |  |
| <b>South Africa</b>   | <b>6 382</b>   | 6 897   | 14 067   |
| <b>Nigeria</b>  | <b>16 280</b>  | 14 762  | 29 235   |
| <b>Large opco cluster</b>                                   | <b>8 244</b>   | 7 782   | 15 517   |
| Iran <sup>o</sup>   | <b>2 514</b>   | 1 948   | 4 075  |
| Ghana   | <b>1 486</b>   | 1 560   | 3 123  |
| Cameroon  | <b>1 291</b>   | 1 447   | 2 550  |
| Ivory Coast   | <b>1 213</b>   | 1 409   | 2 813  |
| Uganda  | <b>967</b>   | 756   | 1 603  |
| Syria   | <b>338</b>   | 291   | 561  |
| Sudan   | <b>435</b>   | 371   | 792  |
| <b>Small opco cluster</b>                                   | <b>4 173</b>   | 3 163   | 6 732  |
| <b>Head office companies and eliminations</b>               | <b>1 197</b>   | (1 663)   | (1 046)  |
| <b>Iran EBITDA exclusion<sup>o</sup></b>                    | <b>(2 514)</b>   | (1 948)   | (4 075)  |
|   | <b>33 762</b>  | 28 993  | 60 430   |
| Depreciation, amortisation and impairment of assets         | <b>(10 886)</b>  | (9 003)   | (19 278)   |
| Net finance cost  | <b>(1 668)</b>   | (88)  | (1 234)  |
| Share of results of joint ventures and associates after tax | <b>1 691</b>   | 1 658   | 3 431  |
| Profit before tax   | <b>22 899</b>  | 21 560  | 43 349   |

<sup>o</sup> 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.

<sup>o</sup> Excludes the impact of hyperinflation of R84 million (December 2013: R739 million). The amount including the hyperinflation impact is R2 598 million (December 2013: R4 814 million). There was no hyperinflation impact for the period ended 30 June 2013.

\* 2013 restated amounts have been reviewed, refer to notes 5 and 18.



Notes to the condensed consolidated **financial statements** (continued)

for the six months ended 30 June 2014

|   | <b>Six months<br/>ended<br/>30 June<br/>2014<br/>Reviewed</b> | Six months<br>ended<br>30 June<br>2013<br>Reviewed | Financial<br>year ended<br>31 December<br>2013<br>Audited |
|---|---|--|---|
| <b>8. EARNINGS PER ORDINARY SHARE</b>         |   |  |   |
| <b>Number of ordinary shares in issue</b>     |   |  |   |
| At end of the period                          |   |  |   |
| (excluding MTN Zakhele and treasury shares*)  | <b>1 832 860 765</b>  | 1 881 924 634                                      | 1 832 845 805   |
| <b>Weighted average number of shares</b>      |   |  |   |
| <b>Shares for earnings per share</b>          | <b>1 832 859 145</b>  | 1 832 276 798                                      | 1 832 729 584   |
| Add: dilutive shares                          |   |  |   |
| – MTN Zakhele shares issued                   | <b>7 050 704</b>  | 10 766 448   | 6 740 791   |
| – Share schemes                               | <b>2 548 461</b>  | 1 900 017  | 2 988 671   |
| <b>Shares for dilutive earnings per share</b> | <b>1 842 458 310</b>  | 1 844 943 263                                      | 1 842 459 046   |

\* Treasury shares of 1 592 211 (June 2013: 22 337 752 and December 2013: 23 402 918) are held by the Group and are therefore excluded in this reconciliation.

## Notes to the condensed consolidated financial statements (continued)

for the six months ended 30 June 2014

|  | Six months<br>ended<br>30 June<br>2014<br>Reviewed<br>Rm | Six months<br>ended<br>30 June<br>2013*<br>Reviewed<br>Rm | Financial<br>year ended<br>31 December<br>2013*<br>Audited<br>Rm |
|--|--|---|--|
| <b>8. EARNINGS PER ORDINARY SHARE (continued)</b>  |  |   |  |
| Reconciliation between profit attributable to the owners of MTN Group Limited and headline earnings <sup>^</sup> |  |   |  |
| <b>Profit after tax</b>  | <b>13 390</b>  | 12 821  | 26 751   |
| Net profit on disposal of non-current assets held for sale   | (75)   | (424)   | (510)  |
| Loss on disposal of property, plant and equipment and intangible assets  | 38   | 13  | 34   |
| Impairment of property, plant and equipment and non-current assets   | 213  | 46  | (20)   |
| Realisation of deferred gain   | (197)  | (170)   | (357)  |
| Realisation of deferred gain on disposal of non-current assets held for sale                                     | (15)   | (21)  | (38)   |
| <b>Basic headline earnings<sup>°</sup></b>   | <b>13 354</b>  | 12 265  | 25 860   |
| <b>Earnings per share (cents)</b>  |  |   |  |
| – Basic  | 731  | 700   | 1 460  |
| – Basic headline   | 729  | 669   | 1 411  |
| <b>Diluted earnings per share (cents)</b>  |  |   |  |
| – Diluted  | 727  | 695   | 1 452  |
| – Diluted headline   | 725  | 665   | 1 404  |

<sup>^</sup> Amounts are presented after taking into account the impact of non-controlling interests and tax.<sup>°</sup> Headline earnings is calculated in accordance with circular 2/2013 Headline Earnings as issued by the South African Institute of Chartered Accountants at the request of the JSE Limited.

\* 2013 restated amounts have been reviewed, refer to notes 5 and 18.

## Notes to the condensed consolidated financial statements (continued)

for the six months ended 30 June 2014

|  | 30 June<br>2014<br>Reviewed<br>Rm | 30 June<br>2013<br>Reviewed<br>Rm | 31 December<br>2013<br>Audited<br>Rm |
|--|-----------------------------------|-----------------------------------|--------------------------------------|
| <b>9. SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES AFTER TAX</b>                    | <b>1 691</b>                      | 1 658                             | 3 431                                |
| Irancell Telecommunication Company Services (PJSC)                                       | <b>1 547</b>                      | 1 361                             | 3 115                                |
| Others   | <b>144</b>                        | 297                               | 316                                  |
| <b>10. CAPITAL EXPENDITURE INCURRED</b>  | <b>9 199</b>                      | 12 792                            | 30 164                               |
| <b>11. CONTINGENT LIABILITIES</b>  | <b>886</b>                        | 630                               | 1 023                                |
| <b>12. AUTHORISED CAPITAL EXPENDITURE FOR PROPERTY, PLANT AND EQUIPMENT AND SOFTWARE</b> | <b>26 151</b>                     | 27 157                            | 26 151                               |
| <b>13. INTEREST-BEARING LIABILITIES</b>  |                                   |                                   |                                      |
| Bank overdrafts  | <b>11</b>                         | 103                               | 23                                   |
| Current borrowings   | <b>8 962</b>                      | 10 081                            | 11 338                               |
| Current liabilities  | <b>8 973</b>                      | 10 184                            | 11 361                               |
| Non-current borrowings   | <b>38 803</b>                     | 31 964                            | 34 664                               |
|  | <b>47 776</b>                     | 42 148                            | 46 025                               |

**14. ISSUE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

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

- MTN Nigeria Communications Limited raised R1,4 billion additional debt through an export credit facility.
- MTN Nigeria Communications Limited repaid R800 million relating to an export credit facility.
- MTN Holdings Proprietary Limited raised R1,0 billion additional debt through a syndicated loan facility, R1,0 billion through a revolving credit facility, R2,0 billion through a long-term loan and R12,45 billion through short-term general borrowings.
- MTN Holdings Proprietary Limited repaid R1,0 billion relating to long-term borrowings and R12,1 billion relating to short-term general borrowings.

In accordance with the Domestic Medium Term Note Programme previously established by MTN Holdings Proprietary Limited, the Group issued no Senior Unsecured Zero Coupon Notes in the current period (December 2013: R3,9 billion). R1,1 billion (December 2013: R6,0 billion) of the Senior Unsecured Zero Coupon Notes has been repaid in the period.

## Notes to the condensed consolidated financial statements (continued)

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for the six months ended 30 June 2014

### 15. NON-CURRENT ASSETS HELD FOR SALE

During the current period, equipment relating to the tower sale in Cameroon was identified as part of the sale and has been reclassified as non-current assets held for sale at period end. The equipment will be sold in the second half of 2014.

Further, the Group concluded the transaction with IHS Holding Limited (IHS) in which IHS acquired 550 mobile network towers from MTN Rwandacell Limited and 719 towers from MTN (Zambia) Limited during the current period. IHS is a 100% shareholder of the tower companies set up in each country to manage the towers and other passive infrastructure. MTN Rwandacell Limited and MTN (Zambia) Limited are the anchor tenants on commercial terms of the towers for an initial term of 10 years.

In 2013, the Group concluded the transaction with IHS in which IHS acquired 911 mobile network towers from MTN Côte d'Ivoire S.A. for USD141 million and 820 towers from Mobile Telephone Network Cameroon Limited for USD143 million, which were previously classified as held for sale.

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### 16. BUSINESS COMBINATIONS AND ACQUISITION OF JOINT VENTURES

#### Middle East Internet Holding

The Group and Rocket Internet have formed a joint venture, Middle East Internet Holding (MEIH), to develop internet businesses in the Middle East, with the Group and Rocket Internet being 50% shareholders in MEIH. The Group invested EUR120 million consisting of a EUR40 million cash payment and EUR80 million contingent consideration into MEIH and the transaction closed on 20 May 2014.

#### Afrihost

During the period under review, the Group agreed to acquire 50% and one share of Afrihost Proprietary Limited (Afrihost), a leading internet service provider. This transaction remains subject to regulatory approval.

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### 17. EVENTS AFTER REPORTING PERIOD

#### Acquisition of Africa Internet Holding

The Group has acquired 33,3% of Africa Internet Holding (AIH), a joint venture between Rocket Internet and Millicom International Cellular, to develop internet businesses in Africa. The Group, Millicom International Cellular and Rocket International have become 33,3% shareholders in AIH.

The Group expects to invest approximately EUR168 million over the next two to four years into AIH. The transaction closed on 1 July 2014.

#### Syria Build, Operate and Transfer Contract

MTN Syria operates under a contractual service arrangement granted and controlled by the Syrian Telecommunications Establishment (STE). The contract known as a Build, Operate and Transfer (BOT) provides for revenue sharing between MTN Syria and the STE and requires the handing over of the network to the STE at the end of the licence period. Subsequent to the reporting period, the Group has made significant progress in converting the current BOT to a freehold licence. It is anticipated that this process will ultimately culminate in the awarding of the licence and termination of the related BOT contract. This process is expected to be concluded before the end of 2014 and it is estimated that the initial licence fee will be between SYP18 billion and SYP25 billion (which approximates one year's revenue share). This will be funded through cash balances maintained within the local operation.

#### Disposal of Base Transceiver Stations (BTS/Towers) in Nigeria

Subsequent to the period end the Group has advanced negotiations to sell its tower business in its operation in Nigeria, that includes 8 640 existing and 543 towers under development, to an entity that will be managed by a large mobile telecommunications infrastructure provider. The Group intends to retain a non-controlling interest of 51% with protective rights in the new entity and will enter into a lease agreement for the use of the tower infrastructure. The contractual agreements are expected to be finalised in due course and the transaction is expected to close in various tranches under customary closing conditions.

## Notes to the condensed consolidated financial statements (continued)

for the six months ended 30 June 2014

### 17. EVENTS AFTER REPORTING PERIOD (continued)

#### Expansion of licence agreement in Iran

On 4 August 2014 Irancell Telecommunications Services Company (PJSC), the Group's joint venture in the Islamic Republic of Iran, entered into an arrangement to upgrade its licence agreement with the Communications Regulatory Authority in Iran to include 3G mobile broadband and higher standard (such as 4G) as well as obtain access to additional spectrum frequency for an amount of IRR 3 000 billion, payable by March 2015 in four instalments which will be funded by the local operation.

#### Dividends declared

Dividends declared at the board meeting held on 6 August 2014 amounted to 445 cents per share.

### 18. IMPACT OF THE IAS 18 VOLUNTARY CHANGE IN ACCOUNTING POLICY

#### 18.1 Income statement

|  | Six months<br>ended 30 June 2013 |   |                | Financial year ended<br>31 December 2013 |   |                |
|--|----------------------------------|---|----------------|--|---|----------------|
|  | Previously<br>reported<br>Rm     | Adjust-<br>ments for<br>change in<br>accounting<br>policy<br>Rm | Restated<br>Rm | Previously<br>reported<br>Rm             | Adjust-<br>ments for<br>change in<br>accounting<br>policy<br>Rm | Restated<br>Rm |
| <b>Revenue</b>                                 | 65 248                           | 461   | 65 709         | 136 495                                  | 775   | 137 270        |
| Other operating expenses                       | (4 794)                          | (67)  | (4 861)        | (10 143)                                 | (133)   | (10 276)       |
| <b>EBITDA</b>                                  | 28 599                           | 394   | 28 993         | 59 788                                   | 642   | 60 430         |
| <b>Operating profit</b>                        | 19 596                           | 394   | 19 990         | 40 510                                   | 642   | 41 152         |
| <b>Profit before tax</b>                       | 21 166                           | 394   | 21 560         | 42 707                                   | 642   | 43 349         |
| Income tax expense                             | (6 620)                          | (110)   | (6 730)        | (12 307)                                 | (180)   | (12 487)       |
| <b>Profit after tax</b>                        | 14 546                           | 284   | 14 830         | 30 400                                   | 462   | 30 862         |
| Basic earnings per share<br>(cents)            | 684                              | 16  | 700            | 1 434                                    | 26  | 1 460          |
| Basic headline earnings<br>per share (cents)   | 654                              | 15  | 669            | 1 386                                    | 25  | 1 411          |
| Diluted earnings per share<br>(cents)          | 680                              | 15  | 695            | 1 427                                    | 25  | 1 452          |
| Diluted headline earnings<br>per share (cents) | 649                              | 16  | 665            | 1 378                                    | 26  | 1 404          |

Notes to the condensed consolidated **financial statements** (continued)

for the six months ended 30 June 2014

**18. IMPACT OF THE IAS 18 VOLUNTARY CHANGE IN ACCOUNTING POLICY** (continued)**18.2 Statement of financial position**

|  | <b>30 June 2013</b>    |  |             | <b>31 December 2013</b> |  |             |
|--|------------------------|--|-------------|-------------------------|--|-------------|
|  | Previously reported Rm | Adjustments for change in accounting policy Rm | Restated Rm | Previously reported Rm  | Adjustments for change in accounting policy Rm | Restated Rm |
| <b>Non-current assets</b>                      | 132 636                | 1 916  | 134 552     | 150 910                 | 2 173  | 153 083     |
| Deferred tax and other non-current assets      | 5 359                  | 1 916  | 7 275       | 7 613                   | 2 173  | 9 786       |
| <b>Current assets</b>                          | 65 020                 | 671  | 65 691      | 75 911                  | 662  | 76 573      |
| Other current assets                           | 36 589                 | 671  | 37 260      | 32 808                  | 662  | 33 470      |
| <b>Total assets</b>                            | 197 656                | 2 587  | 200 243     | 226 821                 | 2 835  | 229 656     |
| <b>Total equity</b>                            | 103 664                | 1 863  | 105 527     | 119 771                 | 2 041  | 121 812     |
| Attributable to owners of MTN Group Limited    | 99 533                 | 1 863  | 101 396     | 114 438                 | 2 041  | 116 479     |
| Non-controlling interests                      | 4 131                  | –  | 4 131       | 5 333                   | –  | 5 333       |
| <b>Non-current liabilities</b>                 | 43 950                 | 724  | 44 674      | 49 066                  | 794  | 49 860      |
| Deferred tax and other non-current liabilities | 11 986                 | 724  | 12 710      | 14 402                  | 794  | 15 196      |
| <b>Current liabilities</b>                     | 50 042                 | –  | 50 042      | 57 984                  | –  | 57 984      |
| <b>Total equity and liabilities</b>            | 197 656                | 2 587  | 200 243     | 226 821                 | 2 835  | 229 656     |

## Administration

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**Registration number:** 1994/009584/06

**ISIN code:** ZAE000042164

**Share code:** MTN

### Board of Directors

PF Nhleko\*\*

RS Dabengwa\*

BD Goschen\*

KP Kalyan\*\*\*

AT Mikati†\*\*

MJN Njeke\*\*\*

KC Ramon\*\*\*

JHN Strydom\*\*

AF van Biljon\*\*\*

F Tit†\*\*

J van Rooyen\*\*\*

MLD Marole\*\*\*

NP Mageza\*\*\*

A Harper#\*\*\*

†Lebanese

#British

\*Executive

\*\*Non-executive

\*\*\*Independent non-executive director

### 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

SizweNtsaluba Gobodo 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

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**Internet:** <http://www.mtn.com>





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MTN Group Limited  
**Results presentation**  
*for the six months ended 30 June 2014*



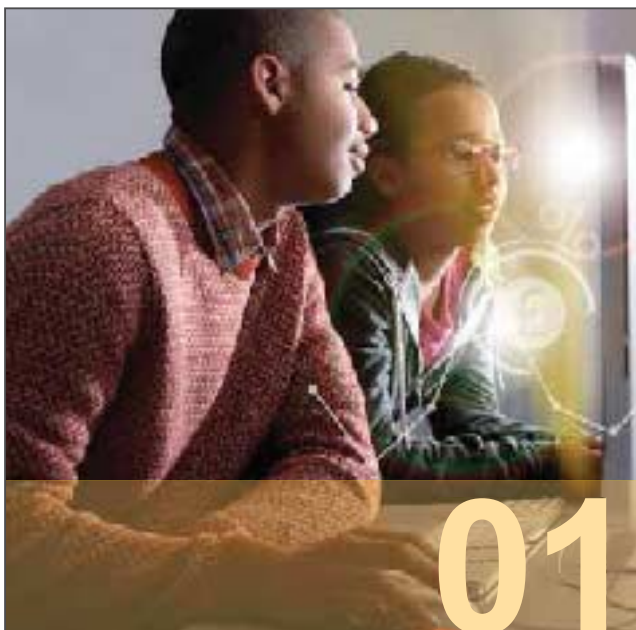
*everywhere you go*



## **Agenda**

- 01**  
**Strategic & operational review**  
*Sifiso Dabengwa*  
*Group President and CEO*
- 02**  
**Group financial review**  
*Brett Goschen*  
*Group CFO*
- 03**  
**Looking ahead**  
*Sifiso Dabengwa*  
*Group President and CEO*





## Strategic and operational review



Say goodbye to the briefcase  
and say welcome to the tablet.

*Welcome to the  
Bold New Digital World.*

## Group highlights

Satisfactory performance across the group



↑ 3.5%  
to 215.0 million  
Group subscribers

↑ 10.7%  
to R72.8 billion  
\*Revenue

↑ 38.9%  
to R12.7 billion  
Data revenue

↑ 3.5% points  
to 46.3%  
\*\* EBITDA margin

↑ 9.0%  
to 729 cents  
HEPS

↑ 20.3% up  
to 445 cents  
Interim dividend

\* On a organic basis revenue increased 4.1%, including RSA adjustments, revenue increased 12.1%  
\*\* Excluding tower profits of R99 million (June 2013: R856 million)



## 2014 Operational highlights



### Network traffic

- Total minutes on networks at 99.6 billion, 1.1% decline
- Total data traffic increased 84.8% to 47 PB
- 3G devices up 38.5% to 45.6 million



### Network performance

- 1 716 2G and 2 332 3G sites added
- 39 LTE sites added
- 1 211 km of fibre rolled out



### Mobile Money

- MoMo subs up 24.3% to 18.4 million across 12 opcos
- Focus on P2P, airtime top up and utility payments
- South Africa launched a fully fledged bank account



### Tower deals

- Tower deals concluded in Rwanda and Zambia
- Nigeria tower transaction advanced



### Transforming our operating model

- Back office standardisation project commenced in Ghana
- Continued success of procurement initiatives
- Good progress on dealer commissions and marketing costs
- Network managed services

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## South Africa

Improved competitiveness in prepaid segment



Launched Jun 1994 | Market share 31.9% | Population 53.0m | Market size 2016 : 96m | Penetration 149% | Shareholding 100%

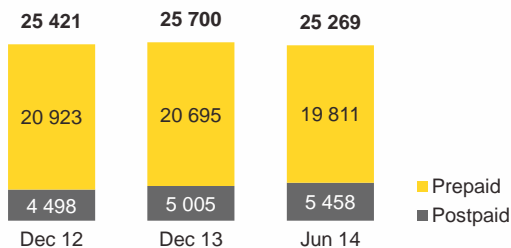
### Challenging subscriber growth

- Competitive pre-paid offering launched in 2Q14
- Negative net adds of 430k in 1H14, impacted by 1Q14 disconnections
- Net adds of 394k in 2Q14
- Improved NPS in Q214
- Satisfactory post-paid net adds performance

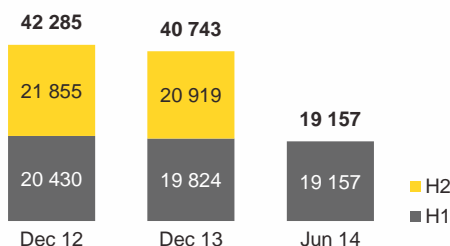
### Revenue down 3.4%\*

- Outgoing voice revenue down 8.6%
  - Headline tariff decline to 79 cents in 2Q14
  - YOY traffic down 23.5%, improved trend in 2Q14
- Incoming voice down 30.4%
  - Blended MTR down to 25 cents
- Data revenue up 13.7%, now contributes 23.4%
  - Smartphones up 31.1% to 5.3m (change in def.)
  - Data traffic up 117% to 20 PB

### Subscribers '000



### Revenue ZAR (million)



\*On a like for like basis (refer to slide 44) Postpaid subscribers includes telemetry SIMS of 1 932 million

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## South Africa

Continued focus on cost optimisation



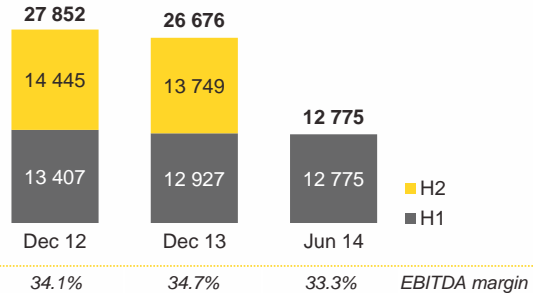
### Expenses down 1.2%\*

- Good progress on reduction of commissions, distribution and marketing costs
- Reduction in use of contractors
- Increasing electricity costs
- Interconnect costs down 11.2%

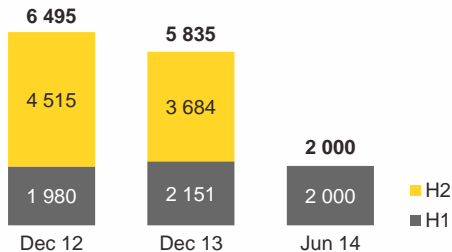
### Focus on network quality and 3G rollout

- Increased traffic following promotions in 2Q14
- 220 2G and 400 3G sites added
- 83.9% 3G population coverage
- 19 LTE sites added
- 780km of fibre rolled out
- Fibre-to-the-home in gated estate implemented – speeds up to 100Mbps

### Expenses ZAR (million)



### Capex ZAR (million)



\*On a like for like basis (refer to slide 44)

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## Nigeria

Digital services gaining traction



Launched Aug 2001 | Market share 49.5% | Population 166.1m | Market size 2016: 133m | Penetration 71% | Shareholding 78.8%

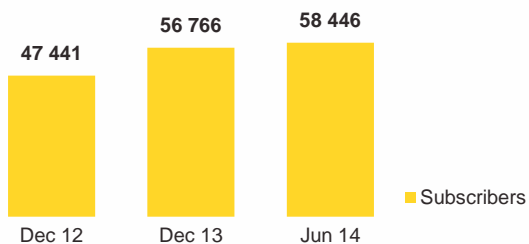
### Satisfactory subscriber growth

- 1.7 million net adds despite SIM sale ban in Mar14
- May and June net adds impacted by challenges with implementation of new SIM registration platform
- Continued focus on churn, estimated 45% multi SIMs
- Improving the NPS remains a focus, impacted by outsourced managed network

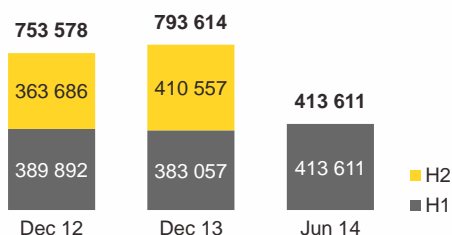
### Revenue up 8.0%, driven by data

- Outgoing voice revenue up 7.4%
  - Effective tariff higher due to restriction on on-net promotional minutes
  - MOU down 13.8%
- Data revenue up 16.0%, contributes 16.7%
  - Over 10 million daily downloads on MTN Play
  - 3G devices up 45% to 8.1m
  - Launch of Diamond Yellow financial services
  - Data traffic up 5.8% to 8.6 PB

### Subscribers '000



### Revenue NGN (million)



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## Nigeria

Improved capacity on network



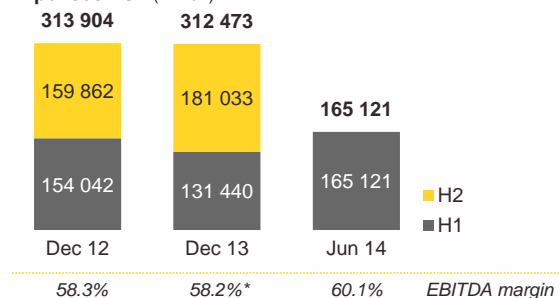
### Good progress on cost containment

- Continued reduction in dealer commissions and marketing expenses
- Increased rent and utilities costs

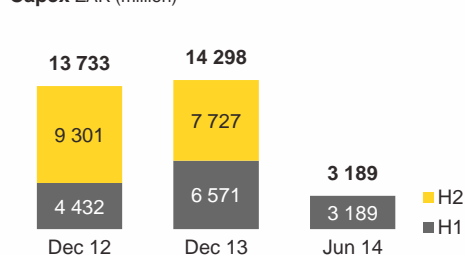
### Network performance

- Focus on quality in Lagos area
- 754 new 2G and 1 219 co-located 3G sites added
- Rollout expected to accelerate in H2
  - 1 377 site build outsourced
  - Implementation of managed services
  - Fibre cuts and power availability remain challenging

### Expenses NGN (million)



### Capex ZAR (million)



\* Normalised EBITDA assumes no management fee recognised

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## Large opco cluster

Solid subscriber growth



### 1.3 million net additions in Iran

- Impacted by high penetration and increased competition

### Cameroon surpassed 10 million subs

- Improved churn management and segmentation

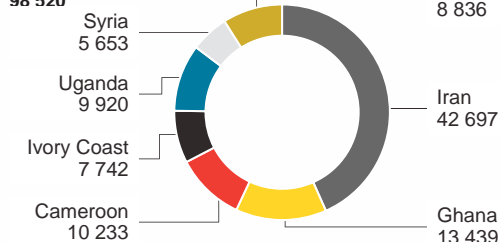
### Satisfactory growth in Uganda and Ivory Coast

- Attractive promotions
- Strong growth in MoMo

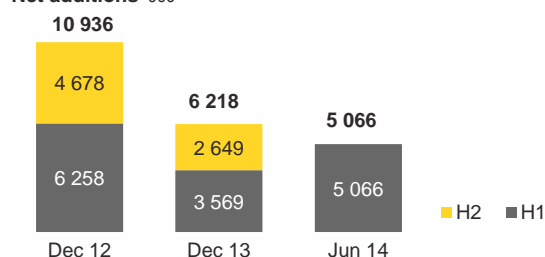
### Slowing economies impacting subs growth

- 509k and 111k added in Ghana and Sudan
- Syria continues to operate in a challenging environment

### Subscribers '000



### Net additions '000



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## Large opco cluster

Positive revenue growth



### Organic revenue up 13.4%

- Outgoing revenue negatively impacted by lower tariffs

### Increased data contribution

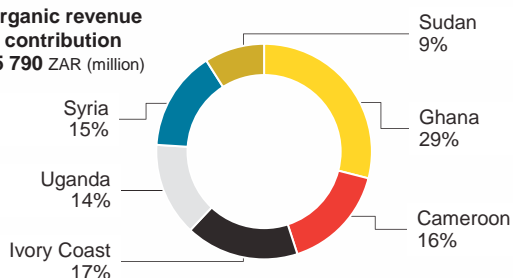
- Organic data revenue up 111%, now contributes 15.8% to large opco revenue

### Financial and digital services gaining momentum

- MoMo subscribers up 20.8% to 12.2 million (Ghana, Cameroon, IC & Uganda)
- Increasing active base and broadening offering remains a focus

### Organic revenue contribution

15 790 ZAR (million)



| Revenue growth            | 2014    | 2013    | % change |
|---------------------------|---------|---------|----------|
| Iran (IRR billion) (100%) | 27 260  | 23 945  | 13.8     |
| Ghana (Cedi million)      | 961     | 845     | 13.7     |
| Cameroon (XAF million)    | 136 593 | 125 025 | 9.2      |
| Ivory Coast (CFA million) | 144 830 | 137 806 | 5.1      |
| Uganda (UGX million)      | 618 467 | 577 807 | 6.8      |
| Syria (SYP million)       | 26 436  | 19 546  | 35.3     |
| Sudan (SDG million)       | 692     | 589     | 17.3     |

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## Large opco cluster

Good cost containment



### Organic EBITDA up 12.0% (excluding tower profit)

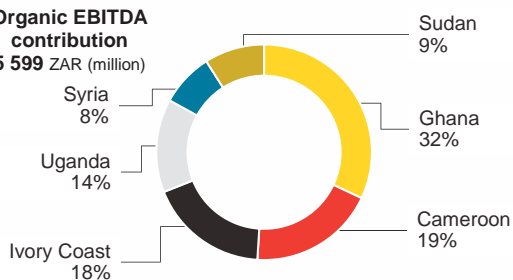
- Margin relatively stable at 36.1%

### Solid cost saving initiatives made across markets

- Margin expansion in Uganda, Syria and Sudan
- Lower margins in Cameroon and Ivory Coast impacted by leasing cost post tower transaction
- Ivory Coast margin further impacted by additional 2% levy on revenue

### Organic EBITDA contribution

5 599 ZAR (million)



| EBITDA margin* (organic) | EBITDA margin (%) | % point change |
|--------------------------|-------------------|----------------|
| Iran                     | 44.4              | 0.2            |
| Ghana                    | 38.7              | (0.3)          |
| Cameroon                 | 42.4              | (3.3)          |
| Ivory Coast              | 37.5              | (0.4)          |
| Uganda                   | 36.9              | 0.0            |
| Syria                    | 18.8              | 2.4            |
| Sudan                    | 33.6              | 3.5            |

\* Excluding tower profits

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## Large opco cluster

Continued investment to ensure network quality and capacity

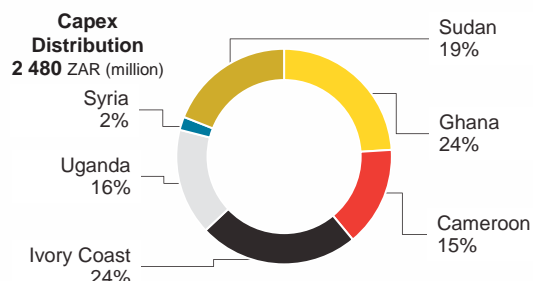


### 3G network expansion is a key focus

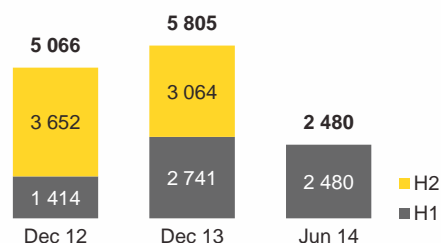
- Expanded 3G coverage in Ghana, Ivory Coast and Uganda
- Increased 3G population coverage to 31.5% in Ghana
- 33 cities now covered in Ivory Coast

### Iran 3G licence issued August 2014

- 2 146 3G sites ready for launch



Capex ZAR (million)



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## Small opco cluster

Satisfactory performance



### Sound delivery

- Good subscriber growth in Yemen, Afghanistan, Benin and Conakry

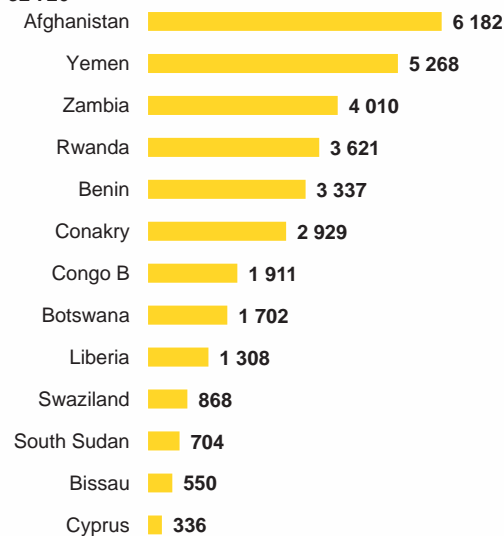
### Organic revenue up 5.7%

- Strong growth in Zambia, Afghanistan, Benin
- EBITDA margins up 2.9 percentage points to 37.7% (excluding tower profits)

### Focus on network quality, data and financial services

- R1 408 million capex investment
- 156 2G and 300 co-located 3G sites added
- 3.7 million MoMo subscribers in 7 countries

Subscribers '000



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## Accelerating MTNs brand and social impact



***We owe our success to our people whose hard work attracts notable global acclaim***

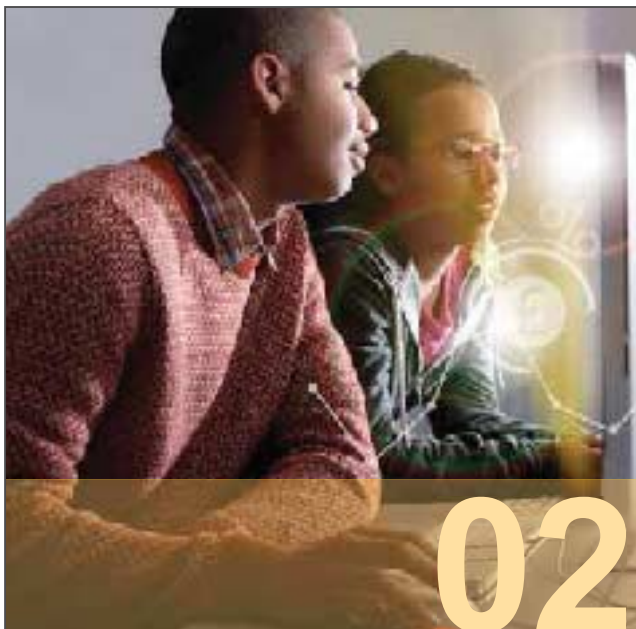
***Some of the recognition MTN received in the first half of 2014 includes***

- Top 500 Sustainable Global Business – Newsweek
- Global Champions List – Citi Group
- The only African brand in the 2014 Global BrandZ Top 100 Most Valuable
- CSR awards in Cameroon, Ghana and Rwanda

***We've identified education as the primary focus area of MTN Foundations***

- Projected education spend in 2014 in excess of R150 million
- MTN Ghana building e-libraries for teachers and students to access over 40 000 e-books
- MTN SA adding 45 School Connectivity computer labs in 2014, taking the total to 253
- Thousands of MTN employees participated in education activities For 21 Days of Y'ello Care

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## Group financial review



Say goodbye to the briefcase  
and say welcome to the tablet.

***Welcome to the  
Bold New Digital World.***





## Financial highlights for six months ended

Revenue and EBITDA performance boosted by currency



### YoY revenue growth 12.1%

- ZAR weakness resulted in a 6.7% positive impact on reported numbers, ave ZAR:USD R10.67 vs R9.18 PY
- Nigeria positively impacting results whilst RSA revenue declined YoY

### Opex up 6.3% YoY driven by

- Direct network costs up 25.2%
- Selling, distribution and marketing expenses down 8.3%

### EBITDA up 19.6%, positive exchange rate impact of 9.0%

- Group margin impacted positively by Nigeria and SOC

### Capex down 28.1%

- Nigeria capex delayed but on track for year end guidance

### Group summary

ZAR (million)

|                                   | 2012   | 2013   | 2014   |  | Reported '13 - '14 | Organic '13 - '14 |
|-----------------------------------|--------|--------|--------|--|--------------------|-------------------|
| Rev                               | 58 913 | 64 926 | 72 759 |  | +12%               | +5%               |
| Opex                              | 32 844 | 36 789 | 39 096 |  | -6%                | -1%               |
| EBITDA*                           | 26 069 | 28 137 | 33 663 |  | +20%               | +11%              |
| Capex                             | 9 639  | 12 792 | 9 199  |  | -28%               | -33%              |
| AFCF**                            | 16 430 | 15 345 | 24 464 |  | +59%               | +47%              |
| EBITDA margin                     | 44.2%  | 43.3%  | 46.3%  |  |                    |                   |
| EBITDA margin (incl tower profit) | 45.2%  | 44.7%  | 46.4%  |  |                    |                   |
| Capex / revenue                   | 16.4%  | 19.7%  | 12.6%  |  |                    |                   |

\* Excl tower profit Jun 14: ZAR 99m (Jun 13: ZAR 856m, Jun 12: ZAR 566m)  
\*\* EBITDA less capex (approximates free cash flow)

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## Revenue

Strong performance from LOC



### Outgoing revenue up 10.5%

- Group subscribers up 6.7% from Jun 2013 to 215.0m
- South Africa impacted by aggressive, competitive environment
- Nigerian revenue growth impacted by operational challenges

### Incoming voice down 0.8%

- Continued MTR glide path in key markets
- Incoming minutes up 15.6% YoY

### Data up 38.9%

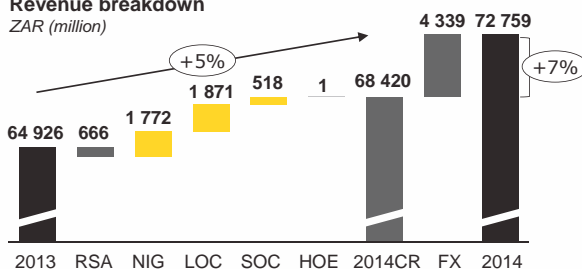
- Higher data users – 88.5m
- Total data usage up 84.8% to 47.0PB\*\* YoY
- Data enabled devices – 134.6m

### Devices up 8.4%

- South Africa contributes 93.0%
- Number of prepaid handsets sold 2.9m, postpaid 601k

### Revenue breakdown

ZAR (million)



| Revenue growth | Organic % | Reported % |
|----------------|-----------|------------|
| South Africa   | -3        | -3         |
| Nigeria        | 8         | 22         |
| Ghana          | 14        | -5         |
| Cameroon       | 9         | 32         |
| Ivory Coast    | 5         | 27         |
| Uganda         | 7         | 28         |
| Syria          | 35        | 1          |
| Sudan          | 17        | 5          |
| Iran*          | 14        | 29         |

2014CR is at constant prior year FX rate | LOC – Large opco cluster | SOC – Small opco cluster | HOE – Head office companies and eliminations  
\*Excl hyperinflation \*\* PB – petabyte

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## Revenue - data

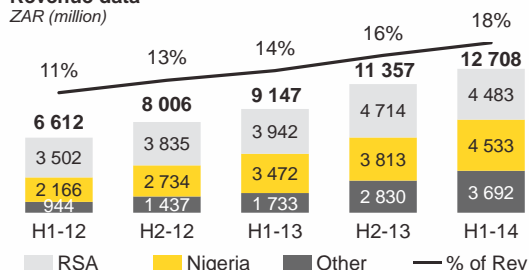
Significant growth from LOC and SOC



### Data revenue up 38.9%

- Contributes 17.5% of total revenue, 20.7% incl sms
- SMS volumes continue to decline
- South Africa and Nigeria contributed 70.9% of total data revenue
- Data subscribers growth up 7.3% from Dec 2013 to 88.5m
- Strong growth in LOC and SOC
- Uganda Mobile Money up to 14.7% of Ugandan revenue

### Revenue data



### Data growth

|              | Organic % | Reported % |
|--------------|-----------|------------|
| South Africa | 14        | 14         |
| Nigeria      | 16        | 31         |
| Ghana        | 180       | 132        |
| Cameroon     | 61        | 94         |
| Ivory Coast  | 91        | 131        |
| Uganda       | 55        | 85         |
| Syria        | 151       | 88         |
| Sudan        | 115       | 91         |
| Iran*        | 111       | 137        |

\*Excl hyperinflation

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## Opex

Cost control supports lower opex growth



### Direct network operating cost up 25.2%, organic up 20.7%

- Increased number of sites
- Higher diesel and electricity
- Impact of tower deals

### Cost of handsets and other accessories up 19.4%, organic up 16.3%

- Mainly driven by South Africa
- Higher average costs of smartphones and FX impact

### Interconnect and roaming cost flat, organic down 5.3%

- Nigeria interconnect cost increased by 8.5%
- South Africa interconnect cost down 11.2% following MTR cuts

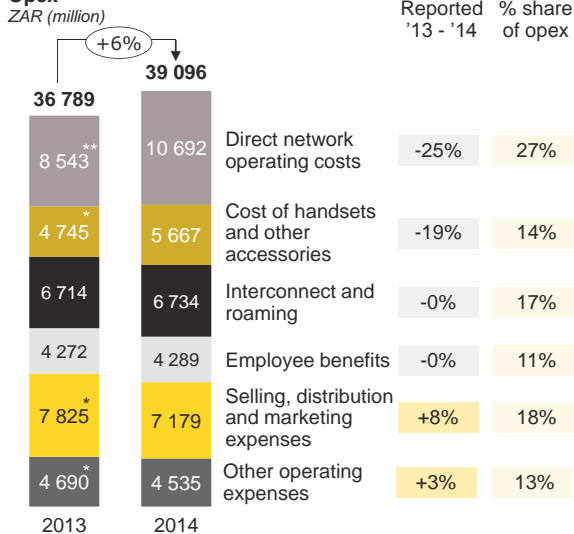
### Employee benefits flat, organic down 6.3%

- Overall well controlled and FX impact

### Selling, distribution and marketing expenses down 8.3%, organic down 13.2%

- Nigeria commission down 14.4% - revised commission structure implemented in 2013

### Opex



\* RSA handset adj – Jun 13: cost of handsets and accessories down ZAR 137.9m, selling, distribution and marketing expenses down ZAR 776.4m and other operating expenses up ZAR 67.0m  
 \*\* RSA BTS recovery adj – Jun 13: direct network operating costs up ZAR 131.0m

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## EBITDA margin

Marked improvement in Group margin



### EBITDA margin up 3.0pp to 46.3% YoY

#### South Africa

- Margin at 33.3%, from 34.8% on a comparative basis
- Impacted by lower revenue
- Continued focus on cost control and headcount reduction, increase in provision for bad debts and impairment of Telkom links

#### Nigeria

- Margin increased from 58.2% to 60.1%, on comparative basis
- Rent and utilities increase 46.1% YoY - impacted by higher site rollout and forex
- Commission and distribution decrease by 14.4% YoY

#### LOC

#### Cameroon and Ivory Coast

- Margin decline 3.2pp and 0.4pp, respectively - impact of lease payments

#### Ghana and Uganda

- Relatively stable at 38.7% and 36.9%, respectively

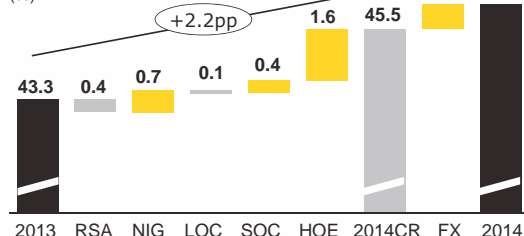
#### Sudan

- Margin improved 3.5pp to 33.6%, robust revenue growth

#### SOC

- Margin improvement in Yemen, Afghanistan, Zambia, Cyprus and Benin

### EBITDA margin reconciliation (%)



### EBITDA growth

|              | Organic % | Reported % |
|--------------|-----------|------------|
| South Africa | -8        | -8         |
| Nigeria      | 11        | 25         |
| Ghana        | 14        | -6         |
| Cameroon     | 1         | 23         |
| Ivory Coast  | 4         | 26         |
| Uganda       | 7         | 28         |
| Syria        | 56        | 16         |
| Sudan        | 31        | 17         |
| Iran*        | 15        | 29         |

\*Excl hyperinflation

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## Interest

Currency movements impacting forex



### Net interest paid ZAR 932.4m

- Mauritius increase in interest income on higher average cash balances

### Forex loss ZAR 735.5m

- Mauritius functional currency loss on intercompany accounts and dividends receivable from Nigeria and Dubai
- Nigeria USD borrowings
- Ghana foreign denominated current accounts
- Dubai dividend receivable from Ghana

### Net finance cost

| ZAR (million)            | 2014         | 2013      | 2012         |
|--------------------------|--------------|-----------|--------------|
| Net interest paid        | 932          | 1 102     | 148          |
| Net forex losses/(gains) | 736          | (1 014)   | 1 536        |
| <b>Total</b>             | <b>1 668</b> | <b>88</b> | <b>1 684</b> |

### Net forex losses/(gains)

| ZAR (million) | 2014       | 2013           | 2012         |
|---------------|------------|----------------|--------------|
| Mauritius     | 104        | (1 497)        | (77)         |
| Nigeria       | 129        | 52             | (53)         |
| Ghana         | 158        | 11             | 19           |
| Dubai         | 122        | 18             | 1            |
| Other         | 223        | 402            | 1 646        |
| <b>Total</b>  | <b>736</b> | <b>(1 014)</b> | <b>1 536</b> |

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## Taxation



### Group effective tax rate of 31.7%

#### WHT 4.6%

- Increased dividend upstream mainly to Mauritius

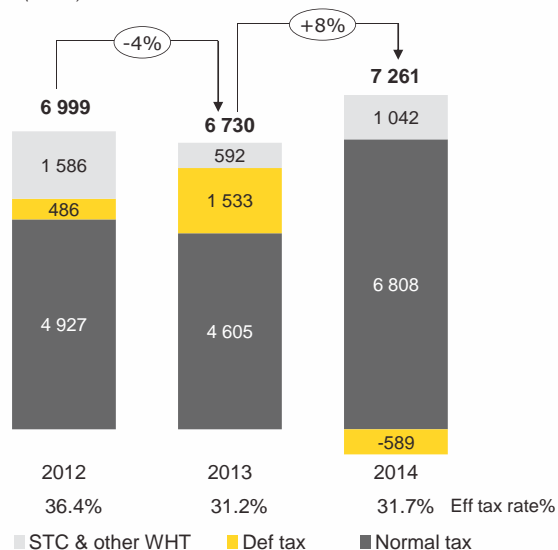
#### Current tax

- Higher balance mainly due to increase cash tax from increased profits and lower investment allowance due to lower capex additions in Nigeria

#### Deferred tax

- The credit movement due to
  - Nigeria – a decrease in deferred tax liability on fixed assets due to lower capex additions – ZAR 304.7m
  - South Africa – deferred tax asset raised due to the change in the accounting treatment on revenue – ZAR 349.9m

Tax  
ZAR (million)



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## Headline earnings per share



| ZAR (cents)                              | 2014       | 2013       | Variance % |
|--|------------|------------|------------|
| <b>Basic earnings per share</b>          | <b>731</b> | <b>700</b> | <b>4.4</b> |
| Profit on disposal of non-current assets | (14)       | (33)       | NM         |
| Impairment of PPE and non-current assets | 12         | 2          | NM         |
| <b>Basic headline earnings per share</b> | <b>729</b> | <b>669</b> | <b>9.0</b> |

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## Shareholder returns

Commitment to shareholder returns

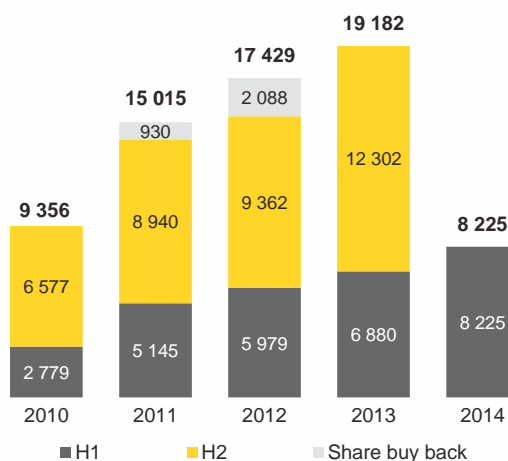


### Dividends

- Interim dividend up 20.3% to 445cps

### Dividends and share buy-backs

ZAR (million)



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## Income Statement



| ZAR (million)   | 2014          | 2013          | Variance % |
|---|---------------|---------------|------------|
| Revenue   | 72 759        | 64 926        | 12         |
| Other income  | 303           | 1 027         | -71        |
| <b>EBITDA</b>   | <b>33 762</b> | <b>28 993</b> | <b>16</b>  |
| Depreciation and amortisation                                 | 10 886        | 9 003         | -21        |
| <b>Profit from operations</b>                                 | <b>22 876</b> | <b>19 990</b> | <b>14</b>  |
| Net finance cost  | 1 668         | 88            | NM         |
| Share of results from joint ventures and associates after tax | 1 691         | 1 658         | 2          |
| <b>Profit before tax</b>                                      | <b>22 899</b> | <b>21 560</b> | <b>6</b>   |
| Income tax expense  | 7 261         | 6 730         | -8         |
| <b>Profit after tax</b>                                       | <b>15 638</b> | <b>14 830</b> | <b>5</b>   |
| Non-controlling interests                                     | 2 248         | 2 009         | -12        |
| <b>Attributable profit</b>                                    | <b>13 390</b> | <b>12 821</b> | <b>4</b>   |
| EBITDA margin   | 46.3%         | 43.3%         | 3.0pp      |
| Profit on sale of towers                                      | 99            | 856           | NM         |
| EBITDA margin % incl tower profit                             | 46.4%         | 44.7%         | 1.7pp      |
| Effective tax rate  | 31.7%         | 31.2%         | 0.5pp      |

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## Statement of financial position



| ZAR (million)                       | Jun 2014       | Dec 2013       |
|-------------------------------------|----------------|----------------|
| Property, plant and equipment       | 88 689         | 92 903         |
| Intangible assets and goodwill      | 33 785         | 37 751         |
| Other non-current assets            | 24 692         | 22 429         |
| Current assets                      | 75 356         | 75 292         |
| Non-current assets held for sale    | 137            | 1 281          |
| <b>Total assets</b>                 | <b>222 659</b> | <b>229 656</b> |
| <b>Total equity</b>                 | <b>120 445</b> | <b>121 812</b> |
| Interest-bearing liabilities        | 47 776         | 46 025         |
| Other liabilities                   | 54 438         | 61 819         |
| <b>Total liabilities</b>            | <b>102 214</b> | <b>107 844</b> |
| <b>Total equity and liabilities</b> | <b>222 659</b> | <b>229 656</b> |
| Net debt/(cash)*                    | 4 927          | 352            |
| [Net debt/(cash)]/ EBITDA           | 0.15           | 0.01           |

\* Incl foreign currency deposits of ZAR 3 129m (2013: ZAR 1 283), treasury bills of ZAR 1 391 (2013: ZAR 2 568m)

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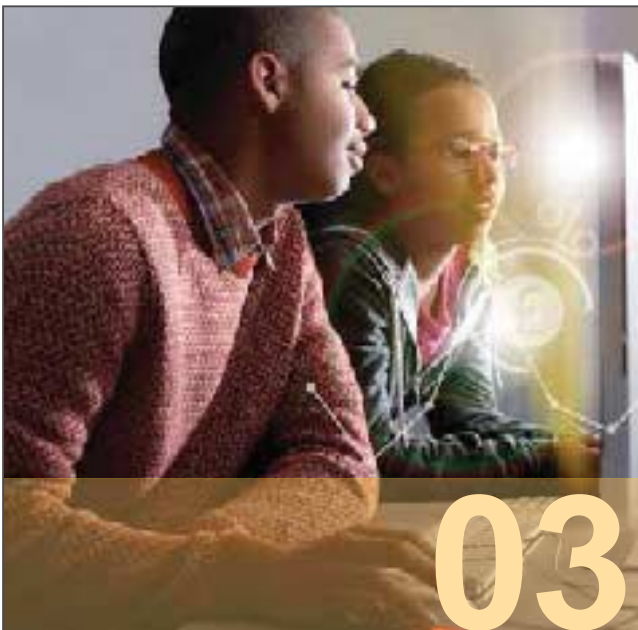
## Statement of cash flows



| ZAR (million)   | 2014           | 2013           | Variance % |
|---|----------------|----------------|------------|
| Cash generated by operations                          | 30 078         | 25 633         | 17         |
| Dividends paid to owners of MTN Group Limited         | (12 284)       | (9 362)        | -31        |
| Dividends paid to non-controlling interests           | (2 644)        | (1 852)        | -43        |
| Dividends received from joint ventures and associates | 349            | 255            | 37         |
| Net interest paid                                     | (957)          | (911)          | -5         |
| Tax paid  | (8 308)        | (8 909)        | 7          |
| <b>Cash generated by operating activities</b>         | <b>6 234</b>   | <b>4 854</b>   | <b>28</b>  |
| Acquisition of property, plant and equipment          | (8 499)        | (10 156)       | 16         |
| Movement in investments and investing activities      | (108)          | 1 052          | NM         |
| <b>Cash used in investing activities</b>              | <b>(8 607)</b> | <b>(9 104)</b> | <b>5</b>   |
| <b>Cash generated by financing activities</b>         | <b>1 439</b>   | <b>5 495</b>   | <b>-74</b> |
| Cash and cash equivalents at beginning of period      | 39 577         | 22 539         | 76         |
| Effect of exchange rates on cash and equivalents      | (1 071)        | 1 529          | NM         |
| <b>Cash and cash equivalents at end of the year</b>   | <b>37 572</b>  | <b>25 313</b>  | <b>48</b>  |



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## 03

### Looking ahead



Say goodbye to the briefcase  
and say welcome to the tablet.

**Welcome to the  
Bold New Digital World.**

## Looking ahead



*Prospects remain positive*

01

*Maintain absolute dividend growth*

*Continue to focus on improving capital structure*

*Continue to seek value accretive opportunities*

02

*Maintain market competitiveness*

*Improve network quality and capacity*

*Value driven and segmented products*

03

*Focus on improving cost structure*

*Network managed services*

*Back office and IT shared services*

*Passive infrastructure sharing and Tower companies*

04

*Continue to focus on new data revenue streams*

*e-Commerce venture*

*Financial and digital services a key focus*

*Affordable data devices*

05

*Best practice sharing*



## Subscribers

Guidance 2014



|                           | Dec 2013      | Jun 2014      |
|---------------------------|---------------|---------------|
| <b>South Africa</b>       | <b>2 000</b>  | <b>1 500</b>  |
| <b>Nigeria</b>            | <b>5 000</b>  | <b>5 000</b>  |
| <b>Large opco cluster</b> | <b>6 750</b>  | <b>8 050</b>  |
| Iran                      | 2 500         | 2 500         |
| Ghana                     | 800           | 900           |
| Cameroon                  | 500           | 2 000         |
| Ivory Coast               | 750           | 1 000         |
| Sudan                     | 1 250         | 400           |
| Syria                     | (50)          | (250)         |
| Uganda                    | 1 000         | 1 500         |
| <b>Small opco cluster</b> | <b>3 000</b>  | <b>2 700</b>  |
| <b>Total</b>              | <b>16 750</b> | <b>17 250</b> |

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## Capex



| ZAR (million)                | Jun 2014     | Jun 2013      | Authorised 2014 |
|------------------------------|--------------|---------------|-----------------|
| <b>South Africa</b>          | <b>2 000</b> | <b>2 151</b>  | <b>6 290</b>    |
| <b>Nigeria</b>               | <b>3 189</b> | <b>6 571</b>  | <b>10 959</b>   |
| <b>Large opco cluster</b>    | <b>2 480</b> | <b>2 741</b>  | <b>4 443</b>    |
| Ghana                        | 597          | 685           | 1 535           |
| Cameroon                     | 373          | 528           | 697             |
| Ivory Coast                  | 584          | 546           | 662             |
| Uganda                       | 407          | 253           | 585             |
| Syria                        | 38           | 295           | 385             |
| Sudan                        | 481          | 434           | 579             |
| <b>Small opco cluster</b>    | <b>1 408</b> | <b>1 217</b>  | <b>4 061</b>    |
| <b>Head office companies</b> | <b>122</b>   | <b>112</b>    | <b>398</b>      |
| <b>Total</b>                 | <b>9 199</b> | <b>12 792</b> | <b>26 151</b>   |
| Iran                         | 891*         | 445           | 2 978           |

\*Excl hyperinflation

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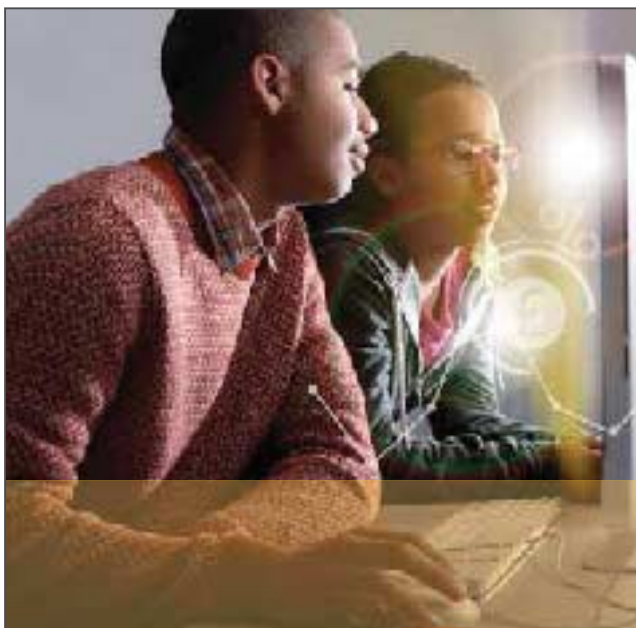
# 03

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MTN Group Limited  
**Appendices**  
*for the six months ended 30 June 2014*



*everywhere you go*



## Appendix



Say goodbye to the briefcase  
and say welcome to the tablet.

*Welcome to the  
Bold New Digital World.*

## Iran

Satisfactory performance



Launched Oct 2006 | Market share 46.3% | Population 78.4m | Market size 2016:101m | Penetration 118% | Shareholding 49%

### Subscriber growth impacted by high penetration

- 1.3 million net additions
- Increased competition

### Revenue up 13.8%, supported by data

- Outgoing voice revenue up 5.1%
  - Effective tariff down 4.2%
  - MOU up 8.0%
- Data revenue up 110.7% , contributes 16.5%
  - 3G licence anticipated in 2H14

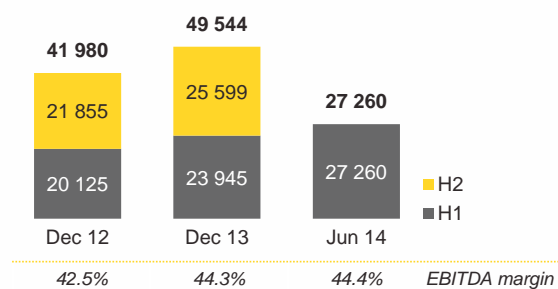
### Well managed cost base

- Renegotiation of fx linked opex

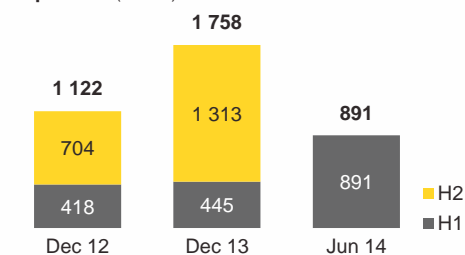
### Modernisation of network on track

- Added 274 2G sites

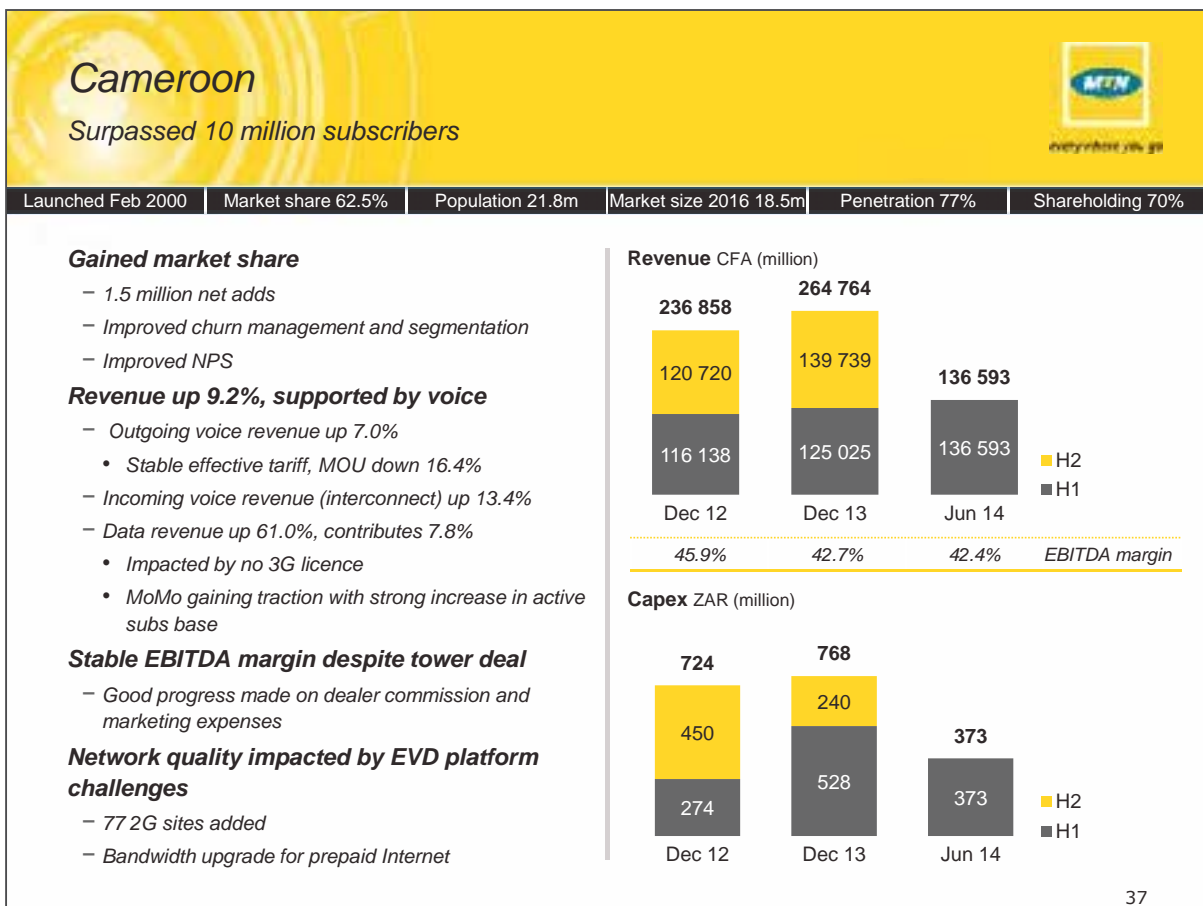
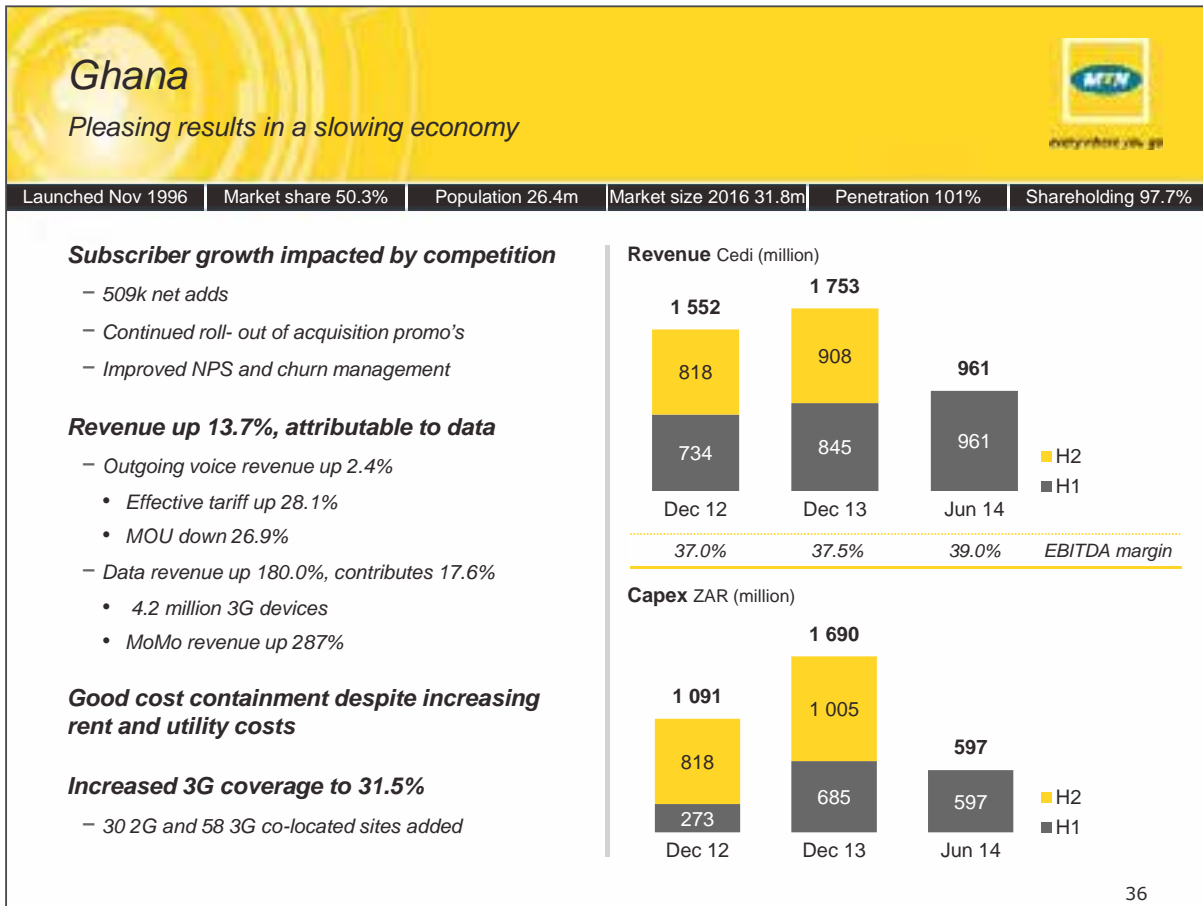
### Revenue IRR (billion)



### Capex ZAR (million)











## Ivory Coast

Data services gaining momentum



Launched Apr 1996 | Market share 39.4% | Population 24.0m | Market size 2016 20.6m | Penetration 82% | Shareholding 66.8%

### Solid subscriber growth

- 664 000 net adds
- Attractive acquisition promotions
- Highest NPS score in market

### Revenue up 5.1%, with improved data contribution

- Outgoing voice revenue up 4.2%
  - Effective tariff down 16.2%
  - MOU stable
- Data revenue up 91.1%, contributes of 9.7%
  - 1.9m 3G devices on network
  - MoMo revenue up 186%

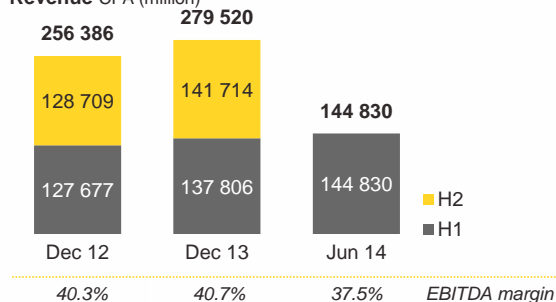
### Lower margin impacted by

- Additional levy on revenue
- Tower transaction

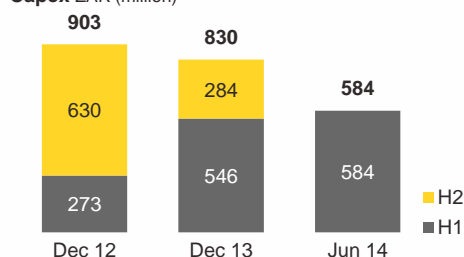
### 3G expansion remains a focus

- 33 cities covered
- 66 2G and 44 co-located 3G sites added

### Revenue CFA (million)



### Capex ZAR (million)



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## Uganda

Continued success in Mobile Money



Launched Oct 1998 | Market share 56.8% | Population 37.8m | Market size 2016 20.3m | Penetration 46% | Shareholding 96%

### Strong subscriber growth

- 1.1 million net additions
- Attractive acquisition promo's and BTL offers
- Improved market share
- Network quality negatively impacted NPS

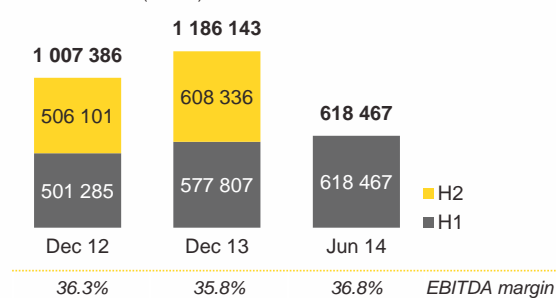
### Revenue up 6.8%, impacted by lower international termination rates

- Outgoing voice up 4.3%
  - Relatively stable effective tariff
  - MOU down 18.7%
- Data revenue up 54.7%, contributes 24.7%
  - MoMo revenue up 39.3%
  - Launch of religious portal

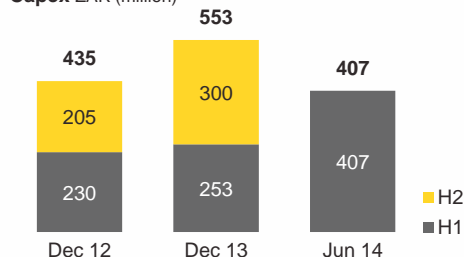
### Focus on 3G rollout

- 117 2G and 130 3G co-located sites added

### Revenue UGX (million)



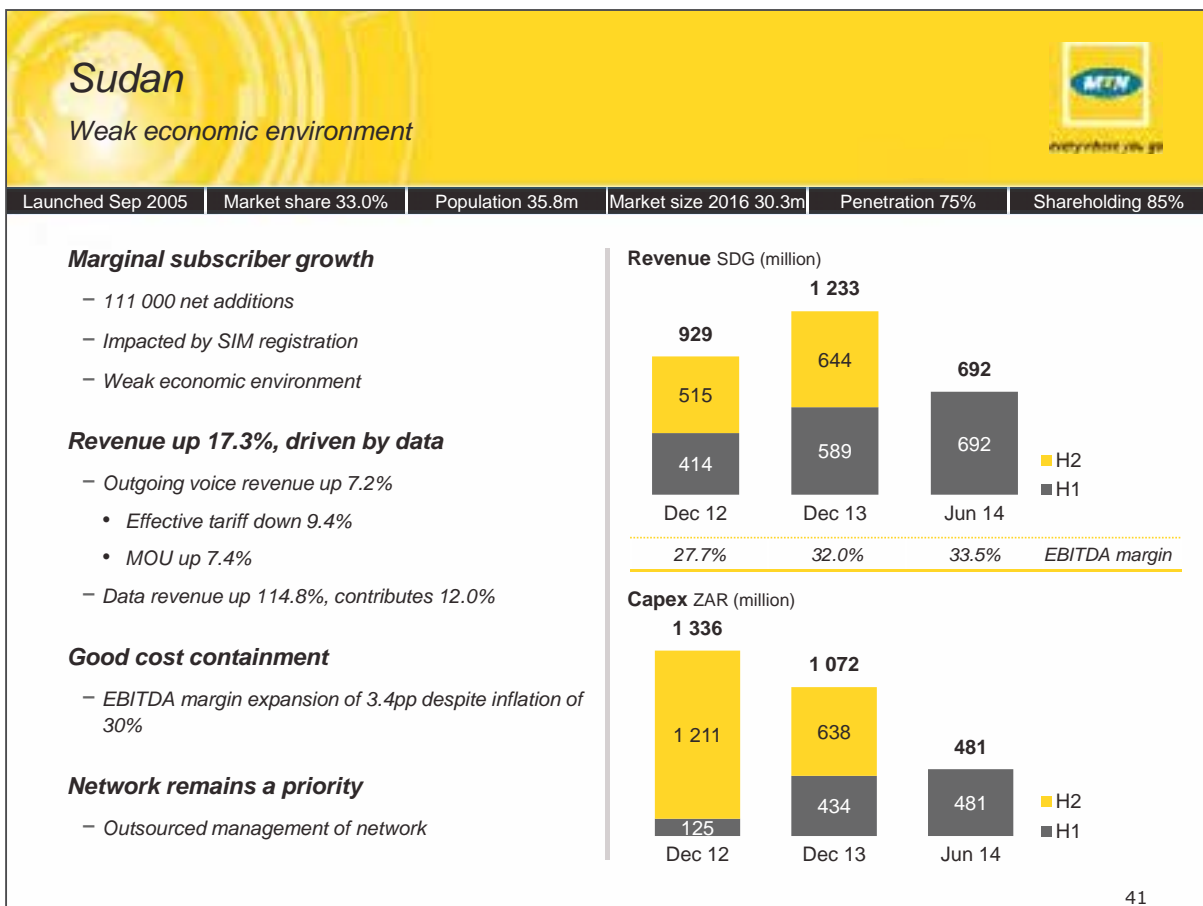
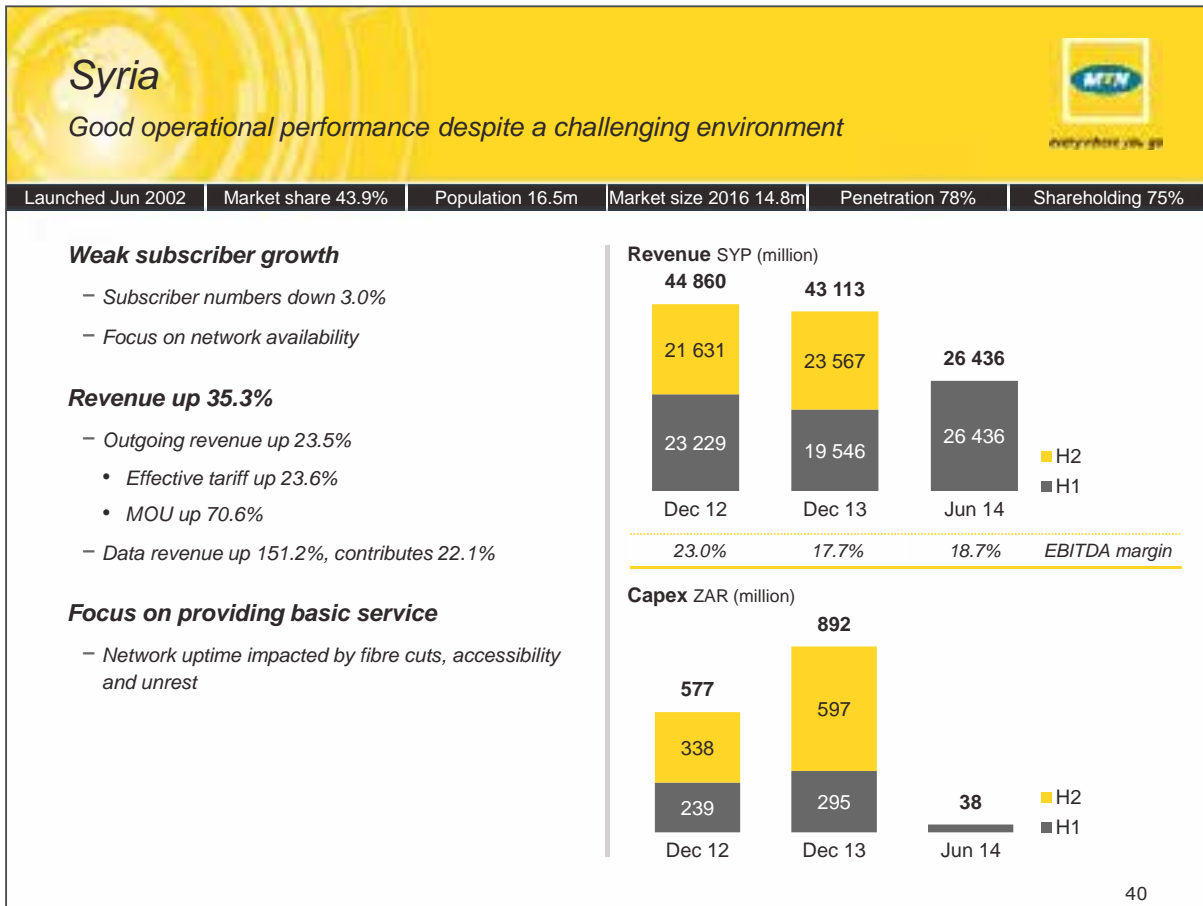
### Capex ZAR (million)



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## Net debt



| ZAR (million)                | Cash and cash equivalents | Interest bearing liabilities | Intercompany eliminations | Net interest bearing liabilities | Net debt/(cash) Jun 14 | Net debt/(cash) Dec 13 |
|------------------------------|---------------------------|------------------------------|---------------------------|----------------------------------|------------------------|------------------------|
| <b>South Africa</b>          | <b>2 125</b>              | <b>18 086</b>                | <b>(18 086)</b>           | <b>-</b>                         | <b>(2 125)</b>         | <b>(2 562)</b>         |
| <b>Nigeria</b>               | <b>11 321</b>             | <b>25 249</b>                | <b>-</b>                  | <b>25 249</b>                    | <b>13 928</b>          | <b>11 121</b>          |
| <b>Large opco cluster</b>    | <b>9 178</b>              | <b>6 013</b>                 | <b>(2 109)</b>            | <b>3 904</b>                     | <b>(5 274)</b>         | <b>(5 061)</b>         |
| Ghana                        | 877                       | 667                          | -                         | 667                              | (210)                  | (705)                  |
| Cameroon                     | 2 993                     | 280                          | -                         | 280                              | (2 713)                | (2 478)                |
| Ivory Coast                  | 944                       | 790                          | -                         | 790                              | (154)                  | 448                    |
| Uganda                       | 772                       | 93                           | -                         | 93                               | (679)                  | (444)                  |
| Syria                        | 3 356                     | 2 430                        | (2 109)                   | 321                              | (3 035)                | (3 492)                |
| Sudan                        | 236                       | 1 753                        | -                         | 1 753                            | 1 517                  | 1 610                  |
| <b>Small opco cluster</b>    | <b>3 648</b>              | <b>7 294</b>                 | <b>(3 869)</b>            | <b>3 425</b>                     | <b>(223)</b>           | <b>(673)</b>           |
| <b>Head office companies</b> | <b>16 577</b>             | <b>17 758</b>                | <b>(2 560)</b>            | <b>15 198</b>                    | <b>(1 379)</b>         | <b>(2 473)</b>         |
| <b>Total</b>                 | <b>42 849</b>             | <b>74 400</b>                | <b>(26 624)</b>           | <b>47 776</b>                    | <b>4 927</b>           | <b>352</b>             |

Iran net cash Jun 14: ZAR 3 940m (Dec 13: ZAR 5 518m)

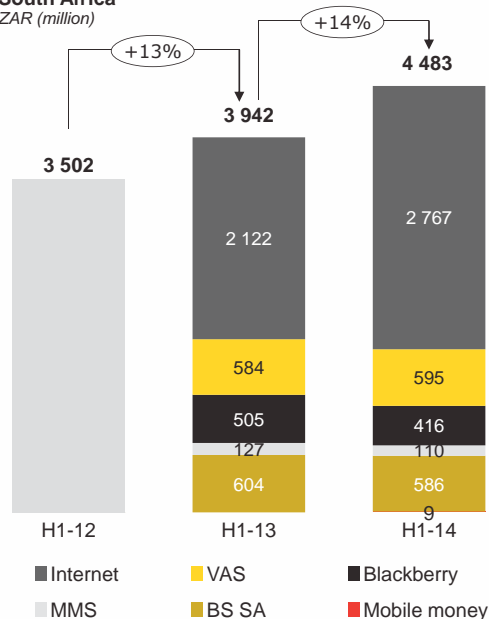
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## Revenue – data



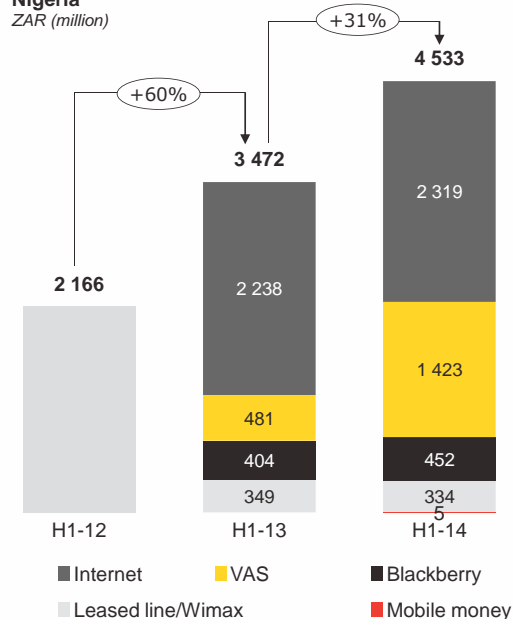
### South Africa

ZAR (million)



### Nigeria

ZAR (million)



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## South Africa

### Revenue adjustments



| <b>Revenue</b><br>ZAR (million) | H1-14         | H2-13         | H1-13         | Var % YoY |
|---------------------------------|---------------|---------------|---------------|-----------|
| Previously reported             | 19 157        | 21 449*       | 20 146        | -5        |
| Change in accounting policy     | -             | 314           | 461           |           |
| <b>Reported</b>                 | <b>19 157</b> | <b>21 763</b> | <b>20 607</b> | <b>-7</b> |
| Handset adjustment              | -             | (974)         | (914)         |           |
| BTS Recovery adjustment         | -             | 130           | 131           |           |
| <b>Like for like comparison</b> | <b>19 157</b> | <b>20 919</b> | <b>19 824</b> | <b>-3</b> |

| <b>EBITDA</b><br>ZAR (million)  | H1-14        | H2-13        | H1-13        | Var % YoY |
|---------------------------------|--------------|--------------|--------------|-----------|
| Previously reported             | 6 382        | 6 922        | 6 503        | -2        |
| Change in accounting policy     | -            | 248          | 394          |           |
| <b>Reported</b>                 | <b>6 382</b> | <b>7 170</b> | <b>6 897</b> | <b>-7</b> |
| Handset adjustment              | -            | -            | -            |           |
| BTS Recovery adjustment         | -            | -            | -            |           |
| <b>Like for like comparison</b> | <b>6 382</b> | <b>7 170</b> | <b>6 897</b> | <b>-7</b> |

| <b>EBITDA margin</b><br>%       | H1-14        | H2-13        | H1-13        | Var pp YoY  |
|---------------------------------|--------------|--------------|--------------|-------------|
| Previously reported             | 33.3%        | 32.3%*       | 32.3%        | 1.0         |
| Reported                        | 33.3%        | 32.9%        | 33.5%        | -0.2        |
| <b>Like for like comparison</b> | <b>33.3%</b> | <b>34.3%</b> | <b>34.8%</b> | <b>-1.5</b> |

\*Reported revenue H2-13 of ZAR 19 561, included handset revenue adjustment ZAR 1 888m

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## Share of results of joint ventures and associates after tax



| ZAR (million)               | H1-14        | H1-13        | Dec-13       | Var %YoY |
|-----------------------------|--------------|--------------|--------------|----------|
| Iran                        | 1 547        | 1 361        | 3 115        | 14       |
| - Reported                  | 1 744        | 1 361        | 2 797        | 28       |
| - Hyperinflation adjustment | (197)        | -            | 318          | 100      |
| Swaziland                   | 39           | 30           | 62           | 30       |
| Botswana                    | 107          | 102          | 237          | 5        |
| Others                      | (2)          | 165          | 17           | NM       |
| <b>Equity Income</b>        | <b>1 691</b> | <b>1 658</b> | <b>3 431</b> | <b>2</b> |

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## FX trends

Closing rate



| <b>USD: Local currency</b> | <b>H1-14</b> | <b>H2-13</b> | <b>H1-13</b> | <b>Var %YoY</b> |
|----------------------------|--------------|--------------|--------------|-----------------|
| ZAR                        | 10.63        | 10.52        | 9.87         | 8               |
| Naira                      | 163.00       | 160.12       | 162.71       | -               |
| Rial                       | 25 609       | 24 777       | 24 770       | -3              |
| Cedi                       | 3.33         | 2.31         | 2.03         | -64             |
| Cameroon XAF               | 479.12       | 475.68       | 503.88       | 5               |
| Ivory Coast CFA            | 479.12       | 475.68       | 503.88       | 5               |
| Uganda shilling            | 2 595.00     | 2 522.00     | 2 588.00     | -               |
| Syrian pound               | 164.15       | 143.75       | 128.00       | -28             |
| Sudanese pound             | 5.69         | 5.69         | 4.41         | -29             |
| <b>ZAR: Local currency</b> | <b>H1-14</b> | <b>H2-13</b> | <b>H1-13</b> | <b>Var %YoY</b> |
| Naira                      | 15.34        | 15.23        | 16.49        | 7               |
| Rial                       | 2 410        | 2 356        | 2 511        | 4               |
| Cedi                       | 0.31         | 0.22         | 0.21         | -48             |
| Cameroon XAF               | 45.09        | 45.23        | 51.07        | 12              |
| Ivory Coast CFA            | 45.09        | 45.23        | 51.07        | 12              |
| Uganda shilling            | 244.22       | 239.81       | 262.33       | 7               |
| Syrian pound               | 15.45        | 13.67        | 12.97        | -19             |
| Sudanese pound             | 0.54         | 0.54         | 0.45         | -20             |

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## FX trends

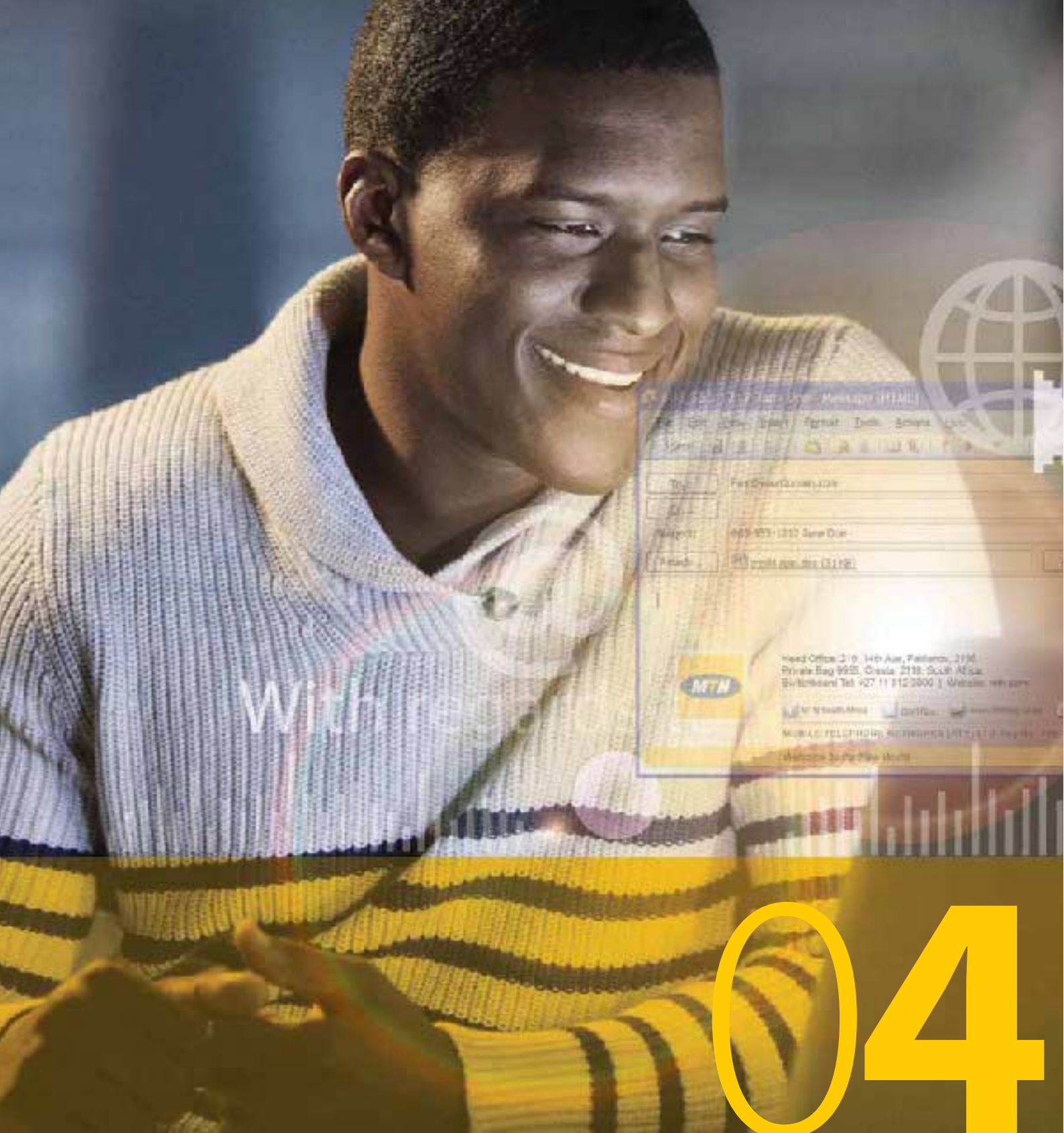
Average rate



| <b>USD: Local currency</b> | <b>H1-14</b> | <b>H2-13</b> | <b>H1-13</b> | <b>Var %YoY</b> |
|----------------------------|--------------|--------------|--------------|-----------------|
| ZAR                        | 10.67        | 10.11        | 9.18         | 16              |
| Naira                      | 162.89       | 160.59       | 158.62       | -3              |
| Rial                       | 25 609       | 24 797       | 24 651       | -4              |
| Cedi                       | 2.73         | 2.14         | 1.95         | -40             |
| Cameroon XAF               | 478.14       | 488.16       | 501.77       | 5               |
| Ivory Coast CFA            | 478.11       | 487.41       | 501.08       | 5               |
| Uganda shilling            | 2 514.59     | 2 543.46     | 2 605.54     | 4               |
| Syrian pound               | 156.25       | 164.83       | 101.76       | -54             |
| Sudanese pound             | 5.69         | 5.22         | 4.41         | -29             |
| <b>ZAR: Local currency</b> | <b>H1-14</b> | <b>H2-13</b> | <b>H1-13</b> | <b>Var %YoY</b> |
| Naira                      | 15.26        | 15.90        | 17.05        | 11              |
| Rial                       | 2 410        | 2 455        | 2 663        | 10              |
| Cedi                       | 0.26         | 0.21         | 0.21         | -24             |
| Cameroon XAF               | 44.81        | 48.20        | 54.83        | 18              |
| Ivory Coast CFA            | 44.81        | 48.22        | 54.78        | 18              |
| Uganda shilling            | 235.70       | 251.57       | 279.33       | 16              |
| Syrian pound               | 14.66        | 16.31        | 11.02        | -33             |
| Sudanese pound             | 0.53         | 0.52         | 0.48         | -10             |

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MTN Group Limited  
**Data sheets**  
*for the six months ended 30 June 2014*



*everywhere you go*

## MTN Group Limited

Results for the six months ended 30 June 2014

### ARPU

(US dollar)

| Country                   | 1Q14        | 2Q14        |
|---------------------------|-------------|-------------|
| <b>South Africa</b>       | <b>9,32</b> | <b>9,41</b> |
| <b>Nigeria</b>            | <b>7,21</b> | <b>6,92</b> |
| <b>Large Opco cluster</b> |             |             |
| Iran                      | 4,13        | 4,26        |
| Ghana                     | 4,70        | 4,04        |
| Syria                     | 4,81        | 4,88        |
| Ivory Coast               | 6,46        | 6,04        |
| Cameroon                  | 5,15        | 4,60        |
| Uganda                    | 3,58        | 3,45        |
| Sudan                     | 2,17        | 2,32        |
| <b>Small Opco cluster</b> |             |             |
| Yemen                     | 5,50        | 5,45        |
| Afghanistan               | 3,16        | 3,39        |
| Benin                     | 7,86        | 7,57        |
| Congo B                   | 11,46       | 11,21       |
| Zambia                    | 4,97        | 5,05        |
| Conakry                   | 4,23        | 3,28        |
| Rwanda                    | 2,46        | 2,49        |
| Cyprus                    | 24,91       | 27,35       |
| Liberia                   | 6,98        | 6,34        |
| Botswana                  | 7,28        | 7,52        |
| Bissau                    | 4,83        | 5,49        |
| Swaziland                 | 9,35        | 9,47        |
| South Sudan               | 7,85        | 8,27        |

| 1Q13  | 2Q13  | 3Q13  | 4Q13  |
|-------|-------|-------|-------|
| 12,38 | 11,06 | 10,55 | 11,16 |
| 7,89  | 7,23  | 7,11  | 7,63  |
| 3,76  | 3,90  | 4,06  | 4,04  |
| 5,92  | 5,78  | 5,40  | 5,17  |
| 5,54  | 5,45  | 3,70  | 4,31  |
| 6,42  | 6,46  | 6,30  | 6,72  |
| 5,41  | 5,25  | 5,49  | 5,63  |
| 3,56  | 4,03  | 3,79  | 4,13  |
| 2,54  | 2,61  | 2,40  | 1,96  |
| 6,02  | 6,03  | 6,06  | 5,73  |
| 3,92  | 4,00  | 3,64  | 3,42  |
| 7,79  | 7,49  | 7,43  | 8,65  |
| 10,59 | 10,31 | 12,08 | 11,77 |
| 4,22  | 4,34  | 5,03  | 5,36  |
| 5,56  | 5,43  | 4,93  | 4,72  |
| 3,01  | 2,83  | 2,66  | 2,78  |
| 24,18 | 25,87 | 24,62 | 20,43 |
| 8,63  | 8,61  | 7,92  | 9,92  |
| 7,68  | 8,05  | 7,80  | 7,67  |
| 3,97  | 3,51  | 3,11  | 3,90  |
| 10,32 | 9,23  | 9,55  | 9,88  |
| 8,22  | 8,71  | 8,94  | 8,76  |

# MTN Group Limited

Results for the six months ended 30 June 2014

## ARPU

(Local currency)

| Country                   | 1Q14            | 2Q14            |
|---------------------------|-----------------|-----------------|
| <b>South Africa</b>       | <b>100,47</b>   | <b>99,33</b>    |
| Postpaid                  | 214,58          | 189,00          |
| Prepaid                   | 72,04           | 74,25           |
| <b>Nigeria</b>            | <b>1 177,82</b> | <b>1 124,34</b> |
| <b>Large Opco cluster</b> |                 |                 |
| Iran                      | 102 834,76      | 108 478,89      |
| Ghana                     | 11,73           | 11,97           |
| Syria                     | 718,37          | 797,17          |
| Ivory Coast               | 3 095,89        | 2 883,62        |
| Cameroon                  | 2 469,15        | 2 193,14        |
| Uganda                    | 8 974,72        | 8 688,11        |
| Sudan                     | 12,36           | 13,21           |
| <b>Small Opco cluster</b> |                 |                 |
| Yemen                     | 1 182,54        | 1 171,57        |
| Afghanistan               | 180,62          | 195,43          |
| Benin                     | 3 764,70        | 3 613,43        |
| Congo B                   | 5 494,05        | 5 350,72        |
| Zambia                    | 28,58           | 32,57           |
| Conakry                   | 29 163,91       | 22 552,64       |
| Rwanda                    | 1 655,75        | 1 684,02        |
| Cyprus                    | 18,20           | 19,90           |
| Liberia                   | 6,98            | 6,34            |
| Botswana                  | 65,00           | 66,00           |
| Bissau                    | 2 315,70        | 2 619,19        |
| Swaziland                 | 100,88          | 100,03          |
| South Sudan               | 24,82           | 26,14           |

| 1Q13      | 2Q13      | 3Q13       | 4Q13       |
|-----------|-----------|------------|------------|
| 110,62    | 105,40    | 106,06     | 113,36     |
| 222,34    | 220,90    | 215,55     | 225,23     |
| 86,05     | 78,64     | 80,17      | 86,21      |
| 1 245,64  | 1 150,39  | 1 148,78   | 1 217,14   |
| 92 298,84 | 96 426,65 | 100 548,63 | 100 380,99 |
| 11,32     | 11,45     | 11,16      | 11,54      |
| 504,88    | 610,52    | 639,84     | 676,78     |
| 3 183,33  | 3 251,97  | 3 115,99   | 3 237,58   |
| 2 685,36  | 2 641,64  | 2 715,32   | 2 715,03   |
| 9 368,65  | 10 425,73 | 9 761,85   | 10 379,00  |
| 11,19     | 11,50     | 11,09      | 11,13      |
| 1 294,57  | 1 296,52  | 1 302,91   | 1 232,02   |
| 206,21    | 220,89    | 204,79     | 197,23     |
| 3 862,85  | 3 772,26  | 3 678,13   | 4 169,04   |
| 5 252,34  | 5 192,13  | 5 979,58   | 5 669,93   |
| 22,51     | 23,18     | 27,22      | 29,31      |
| 37 914,82 | 36 603,70 | 33 273,31  | 32 156,58  |
| 1 888,47  | 1 790,45  | 1 728,22   | 1 853,42   |
| 18,30     | 19,86     | 18,58      | 15,01      |
| 8,63      | 8,61      | 7,92       | 9,92       |
| 61,84     | 67,60     | 67,25      | 66,16      |
| 1 968,81  | 1 769,86  | 1 540,66   | 1 878,41   |
| 92,10     | 87,95     | 96,00      | 100,36     |
| 26,00     | 27,55     | 28,26      | 27,72      |

# MTN Group Limited

Results for the six months ended 30 June 2014

## Subscribers

('000)

| Country                   | 1Q14           | 2Q14           |
|---------------------------|----------------|----------------|
| <b>South Africa</b>       | <b>24 875</b>  | <b>25 269</b>  |
| Postpaid                  | 5 192          | 5 458          |
| Prepaid                   | 19 683         | 19 811         |
| <b>Nigeria</b>            | <b>57 224</b>  | <b>58 446</b>  |
| <b>Large Opco cluster</b> | <b>95 540</b>  | <b>98 520</b>  |
| Iran                      | 41 783         | 42 697         |
| Ghana                     | 13 055         | 13 439         |
| Syria                     | 5 723          | 5 653          |
| Ivory Coast               | 7 521          | 7 742          |
| Cameroon                  | 9 236          | 10 233         |
| Uganda                    | 9 549          | 9 920          |
| Sudan                     | 8 672          | 8 836          |
| <b>Small Opco cluster</b> | <b>32 425</b>  | <b>32 726</b>  |
| Yemen                     | 5 185          | 5 268          |
| Afghanistan               | 6 058          | 6 182          |
| Benin                     | 3 259          | 3 337          |
| Congo B                   | 1 865          | 1 911          |
| Zambia                    | 4 161          | 4 010          |
| Conakry                   | 2 885          | 2 929          |
| Rwanda                    | 3 525          | 3 621          |
| Cyprus                    | 399            | 336            |
| Liberia                   | 1 355          | 1 308          |
| Botswana                  | 1 700          | 1 702          |
| Bissau                    | 490            | 550            |
| Swaziland                 | 813            | 868            |
| South Sudan               | 732            | 704            |
| <b>Total subscribers</b>  | <b>210 065</b> | <b>214 961</b> |

| 1Q13    | 2Q13    | 3Q13    | 4Q13    |
|---------|---------|---------|---------|
| 24 950  | 25 001  | 25 235  | 25 700  |
| 4 636   | 4 759   | 4 875   | 5 005   |
| 20 314  | 20 242  | 20 360  | 20 695  |
| 51 295  | 55 238  | 55 596  | 56 766  |
| 89 318  | 90 805  | 91 499  | 93 454  |
| 41 542  | 42 025  | 41 295  | 41 374  |
| 12 024  | 12 588  | 12 765  | 12 930  |
| 5 665   | 5 507   | 5 787   | 5 829   |
| 6 433   | 6 572   | 6 683   | 7 078   |
| 7 499   | 7 623   | 8 160   | 8 711   |
| 7 950   | 8 041   | 8 386   | 8 808   |
| 8 206   | 8 448   | 8 423   | 8 724   |
| 29 825  | 30 490  | 31 432  | 31 882  |
| 4 691   | 4 789   | 5 010   | 5 055   |
| 5 376   | 5 460   | 5 650   | 5 890   |
| 2 739   | 2 838   | 2 976   | 3 130   |
| 1 720   | 1 731   | 1 757   | 1 764   |
| 4 200   | 4 234   | 4 471   | 4 410   |
| 2 353   | 2 450   | 2 524   | 2 723   |
| 3 451   | 3 600   | 3 637   | 3 556   |
| 312     | 324     | 328     | 331     |
| 1 231   | 1 258   | 1 278   | 1 317   |
| 1 623   | 1 636   | 1 691   | 1 712   |
| 727     | 727     | 603     | 463     |
| 817     | 829     | 852     | 811     |
| 585     | 614     | 654     | 720     |
| 195 388 | 201 534 | 203 762 | 207 801 |

# MTN Group Limited

Results for the six months ended 30 June 2014

## REVENUE

(Rm)

|   | 1H14          |
|---|---------------|
| <b>South Africa*</b>                          | <b>19 157</b> |
| <b>Nigeria</b>                                | <b>27 099</b> |
| <b>Large Opco cluster</b>                     | <b>15 794</b> |
| Ghana   | 3 792         |
| Cameroon                                      | 3 048         |
| Ivory Coast                                   | 3 232         |
| Uganda  | 2 624         |
| Syria   | 1 802         |
| Sudan   | 1 296         |
| <b>Small Opco cluster</b>                     | <b>10 910</b> |
| Yemen   | 1 844         |
| Benin   | 1 640         |
| Afghanistan                                   | 1 311         |
| Congo B                                       | 1 382         |
| Rwanda  | 631           |
| Zambia  | 1 480         |
| Liberia                                       | 606           |
| Conakry                                       | 697           |
| Cyprus  | 685           |
| Bissau  | 168           |
| Business group                                | 91            |
| South Sudan                                   | 375           |
| <b>Head office companies and eliminations</b> | <b>(201)</b>  |
| <b>Total</b>                                  | <b>72 759</b> |

\* 2013 Revenue for South Africa amended for handset adjustment and BTS recovery.



| 1H13   | 2H13   | YTD13   | Reported<br>% | Organic<br>% |
|--------|--------|---------|---------------|--------------|
| 19 824 | 20 919 | 40 743  | (3,4)         | (3,4)        |
| 22 303 | 25 856 | 48 159  | 21,5          | 8,0          |
| 13 919 | 15 226 | 29 145  | 13,5          | 13,4         |
| 4 002  | 4 267  | 8 269   | (5,2)         | 13,7         |
| 2 309  | 2 895  | 5 204   | 32,0          | 9,2          |
| 2 543  | 2 937  | 5 480   | 27,1          | 5,1          |
| 2 051  | 2 416  | 4 467   | 27,9          | 6,8          |
| 1 780  | 1 449  | 3 229   | 1,2           | 35,3         |
| 1 234  | 1 262  | 2 496   | 5,0           | 17,3         |
| 9 080  | 10 724 | 19 804  | 20,2          | 5,7          |
| 1 581  | 1 808  | 3 389   | 16,6          | 0,9          |
| 1 186  | 1 473  | 2 659   | 38,3          | 14,2         |
| 1 204  | 1 267  | 2 471   | 8,9           | 0,2          |
| 1 031  | 1 303  | 2 334   | 34,0          | 10,9         |
| 603    | 636    | 1 239   | 4,6           | (3,2)        |
| 1 072  | 1 487  | 2 559   | 38,1          | 36,8         |
| 602    | 725    | 1 327   | 0,7           | (31,1)       |
| 733    | 768    | 1 501   | (4,9)         | (16,9)       |
| 519    | 661    | 1 180   | 32,0          | 9,4          |
| 148    | 128    | 276     | 13,5          | (6,1)        |
| 117    | 110    | 227     | (22,2)        | (28,2)       |
| 284    | 358    | 642     | 32,0          | 14,1         |
| (200)  | (120)  | (320)   | –             | 0,5          |
| 64 926 | 72 605 | 137 531 | 12,1          | 5,4          |

# MTN Group Limited

Results for the six months ended 30 June 2014

## REVENUE BREAKDOWN

(Rm)

| Country             | 1H14          |
|---------------------|---------------|
| <b>South Africa</b> |               |
| Outgoing voice      | 8 470         |
| Incoming voice      | 1 331         |
| Data                | 4 483         |
| SMS                 | 1 022         |
| Devices             | 3 466         |
| Other               | 385           |
| <b>Total</b>        | <b>19 157</b> |
| <b>Nigeria</b>      |               |
| Outgoing voice      | 19 224        |
| Incoming voice      | 2 549         |
| Data                | 4 533         |
| SMS                 | 551           |
| Devices             | 8             |
| Other               | 234           |
| <b>Total</b>        | <b>27 099</b> |
| <b>Iran (49%)</b>   |               |
| Outgoing voice      | 2 625         |
| Incoming voice      | 978           |
| Data                | 930           |
| SMS                 | 1 078         |
| Devices             | –             |
| Other               | 49            |
| <b>Total</b>        | <b>5 660</b>  |

| 1H13   | 2H13   | YTD13  | Reported<br>% | Organic<br>% |
|--------|--------|--------|---------------|--------------|
| 9 263  | 9 164  | 18 427 | (8,6)         | (8,6)        |
| 1 911  | 1 787  | 3 698  | (30,4)        | (30,4)       |
| 3 942  | 4 714  | 8 656  | 13,7          | 13,7         |
| 1 182  | 1 183  | 2 365  | (13,5)        | (13,5)       |
| 3 177  | 3 786  | 6 963  | 9,1           | 9,1          |
| 349    | 285    | 634    | 10,3          | 10,3         |
| 19 824 | 20 919 | 40 743 | (3,4)         | (3,4)        |
| 15 906 | 18 978 | 34 884 | 20,9          | 7,4          |
| 2 101  | 2 192  | 4 293  | 21,3          | 7,7          |
| 3 472  | 3 813  | 7 285  | 30,6          | 16,0         |
| 588    | 578    | 1 166  | (6,3)         | (17,0)       |
| 53     | 49     | 102    | (84,9)        | (86,8)       |
| 183    | 246    | 429    | 27,9          | 13,1         |
| 22 303 | 25 856 | 48 159 | 21,5          | 8,0          |
| 2 211  | 2 501  | 4 712  | 18,7          | 5,1          |
| 812    | 920    | 1 732  | 20,4          | 6,6          |
| 392    | 591    | 983    | 137,3         | 110,7        |
| 956    | 1 057  | 2 013  | 12,8          | (0,3)        |
| –      | –      | –      | –             | –            |
| 31     | 43     | 74     | 58,1          | 34,7         |
| 4 402  | 5 112  | 9 514  | 28,6          | 13,8         |

# MTN Group Limited

Results for the six months ended 30 June 2014

## REVENUE BREAKDOWN

(Rm)

| Country            | 1H14         |
|--------------------|--------------|
| <b>Ghana</b>       |              |
| Outgoing voice     | 2 360        |
| Incoming voice     | 671          |
| Data               | 660          |
| SMS                | 45           |
| Devices            | 30           |
| Other              | 26           |
| <b>Total</b>       | <b>3 792</b> |
| <b>Cameroon</b>    |              |
| Outgoing voice     | 2 291        |
| Incoming voice     | 440          |
| Data               | 239          |
| SMS                | 58           |
| Devices            | 9            |
| Other              | 11           |
| <b>Total</b>       | <b>3 048</b> |
| <b>Ivory Coast</b> |              |
| Outgoing voice     | 2 217        |
| Incoming voice     | 549          |
| Data               | 312          |
| SMS                | 72           |
| Devices            | 18           |
| Other              | 64           |
| <b>Total</b>       | <b>3 232</b> |

| 1H13  | 2H13  | YTD13 | Reported<br>% | Organic<br>% |
|-------|-------|-------|---------------|--------------|
| 2 754 | 2 711 | 5 465 | (14,3)        | 2,4          |
| 732   | 769   | 1 501 | (8,3)         | 10,2         |
| 285   | 516   | 801   | 131,6         | 180,0        |
| 139   | 185   | 324   | (67,6)        | (62,6)       |
| 14    | 20    | 34    | 114,3         | 164,3        |
| 78    | 66    | 144   | (66,7)        | (56,4)       |
| 4 002 | 4 267 | 8 269 | (5,2)         | 13,7         |
| 1 771 | 2 207 | 3 978 | 29,4          | 7,0          |
| 321   | 396   | 717   | 37,1          | 13,4         |
| 123   | 209   | 332   | 94,3          | 61,0         |
| 70    | 49    | 119   | (17,1)        | (31,4)       |
| 4     | 23    | 27    | 125,0         | 100,0        |
| 20    | 11    | 31    | (45,0)        | (60,0)       |
| 2 309 | 2 895 | 5 204 | 32,0          | 9,2          |
| 1 758 | 1 998 | 3 756 | 26,1          | 4,2          |
| 458   | 543   | 1 001 | 19,9          | (1,1)        |
| 135   | 355   | 490   | 131,1         | 91,1         |
| 66    | 58    | 124   | 9,1           | (9,1)        |
| 20    | 18    | 38    | (10,0)        | (25,0)       |
| 106   | (35)  | 71    | (39,6)        | (49,1)       |
| 2 543 | 2 937 | 5 480 | 27,1          | 5,1          |

## MTN Group Limited

Results for the six months ended 30 June 2014

### REVENUE BREAKDOWN

(Rm)

| Country        | 1H14         |
|----------------|--------------|
| <b>Uganda</b>  |              |
| Outgoing voice | 1 552        |
| Incoming voice | 312          |
| Data           | 649          |
| SMS            | 36           |
| Devices        | 24           |
| Other          | 51           |
| <b>Total</b>   | <b>2 624</b> |
| <b>Syria</b>   |              |
| Outgoing voice | 1 200        |
| Incoming voice | 75           |
| Data           | 397          |
| SMS            | 120          |
| Devices        | 1            |
| Other          | 9            |
| <b>Total</b>   | <b>1 802</b> |
| <b>Sudan</b>   |              |
| Outgoing voice | 758          |
| Incoming voice | 285          |
| Data           | 155          |
| SMS            | 69           |
| Devices        | 1            |
| Other          | 28           |
| <b>Total</b>   | <b>1 296</b> |

| 1H13  | 2H13  | YTD13 | Reported<br>% | Organic<br>% |
|-------|-------|-------|---------------|--------------|
| 1 239 | 1 458 | 2 697 | 25,3          | 4,3          |
| 346   | 385   | 731   | (9,8)         | (24,9)       |
| 351   | 519   | 870   | 84,9          | 54,7         |
| 44    | 51    | 95    | (18,2)        | (31,8)       |
| 15    | 19    | 34    | 60,0          | 33,3         |
| 56    | (16)  | 40    | (8,9)         | (19,6)       |
| 2 051 | 2 416 | 4 467 | 27,9          | 6,8          |
| 1 299 | 1 016 | 2 315 | (7,6)         | 23,5         |
| 117   | 74    | 191   | (35,9)        | (13,7)       |
| 211   | 246   | 457   | 88,2          | 151,2        |
| 150   | 106   | 256   | (20,0)        | 7,3          |
| 2     | 1     | 3     | (50,0)        | (50,0)       |
| 1     | 6     | 7     | 800,0         | 1 100,0      |
| 1 780 | 1 449 | 3 229 | 1,2           | 35,3         |
| 789   | 713   | 1 502 | (3,9)         | 7,2          |
| 280   | 238   | 518   | 1,8           | 13,9         |
| 81    | 103   | 184   | 91,4          | 114,8        |
| 51    | 62    | 113   | 35,3          | 51,0         |
| 17    | 3     | 20    | (94,1)        | (94,1)       |
| 16    | 143   | 159   | 75,0          | 93,8         |
| 1 234 | 1 262 | 2 496 | 5,0           | 17,3         |

# MTN Group Limited

Results for the six months ended 30 June 2014

## EBITDA excluding tower profits

(Rm)

|   |               |
|---|---------------|
| Country                                       | 1H14          |
| <b>South Africa</b>                           | <b>6 382</b>  |
| <b>Nigeria*</b>                               | <b>16 280</b> |
| <b>Large Opco cluster</b>                     | <b>5 710</b>  |
| Ghana   | 1 466         |
| Cameroon                                      | 1 291         |
| Ivory Coast                                   | 1 213         |
| Uganda  | 967           |
| Syria   | 338           |
| Sudan   | 435           |
| <b>Small Opco cluster</b>                     | <b>4 108</b>  |
| Yemen   | 1 025         |
| Benin   | 710           |
| Afghanistan                                   | 400           |
| Congo B                                       | 577           |
| Rwanda  | 185           |
| Zambia  | 565           |
| Liberia                                       | 209           |
| Conakry                                       | 181           |
| Cyprus  | 202           |
| Bissau  | 41            |
| Business group                                | 7             |
| South Sudan                                   | 6             |
| <b>Head office companies and eliminations</b> | <b>1 183</b>  |
| <b>Total</b>                                  | <b>33 663</b> |
| <b>Tower profit</b>                           | <b>99</b>     |
| <b>Total including tower profit</b>           | <b>33 762</b> |

\* EBITDA for Nigeria has been adjusted in 2013 for the management fee reversal of R1 778 million.



| 1H13   | 2H13   | YTD13  | Reported<br>% | Organic<br>% |
|--------|--------|--------|---------------|--------------|
| 6 897  | 7 170  | 14 067 | (7,5)         | (7,5)        |
| 12 984 | 14 473 | 27 457 | 25,4          | 11,3         |
| 4 997  | 5 515  | 10 512 | 14,3          | 12,0         |
| 1 560  | 1 542  | 3 102  | (6,0)         | 14,2         |
| 1 054  | 1 161  | 2 215  | 22,5          | 1,2          |
| 965    | 1 274  | 2 239  | 25,7          | 3,8          |
| 756    | 847    | 1 603  | 27,9          | 6,7          |
| 291    | 270    | 561    | 16,2          | 56,0         |
| 371    | 421    | 792    | 17,3          | 31,3         |
| 3 163  | 3 569  | 6 732  | 29,9          | 13,9         |
| 829    | 946    | 1 775  | 23,6          | 6,9          |
| 503    | 562    | 1 065  | 41,2          | 16,3         |
| 203    | 255    | 458    | 97,0          | 82,3         |
| 430    | 558    | 988    | 34,2          | 10,9         |
| 179    | 175    | 354    | 3,4           | (4,5)        |
| 367    | 576    | 943    | 54,0          | 54,0         |
| 248    | 180    | 428    | (15,7)        | (27,4)       |
| 263    | 184    | 447    | (31,2)        | (40,7)       |
| 68     | 101    | 169    | 197,1         | 147,1        |
| 48     | 23     | 71     | (14,6)        | (29,2)       |
| 13     | 19     | 32     | (46,2)        | (46,2)       |
| 12     | (10)   | 2      | (50,0)        | (58,3)       |
| 96     | 598    | 694    | 1 132,3       | 1 084,4      |
| 28 137 | 31 325 | 59 462 | 19,6          | 10,6         |
| 856    | 112    | 968    | (88,4)        | (87,3)       |
| 28 993 | 31 437 | 60 430 | 16,4          | 7,8          |

# MTN Group Limited

Results for the six months ended 30 June 2014

## OPERATIONAL INFORMATION

|                        | Total | RSA | Nigeria | Iran | Ghana |
|------------------------|-------|-----|---------|------|-------|
| Shareholding (%)       |       | 100 | 79      | 49   | 98    |
| Licence period (years) |       | 20  | 15      | 15   | 15    |

### Market overview

|                        |       |      |       |      |      |
|------------------------|-------|------|-------|------|------|
| Population (m)         | 591,3 | 53,0 | 166,1 | 78,4 | 26,4 |
| Mobile penetration (%) |       | 149  | 71    | 118  | 101  |
| Market position        |       | 2    | 1     | 2    | 1    |
| Number of operators    | 88    | 4    | 4     | 6    | 6    |
| Outgoing MOU (minutes) |       | 62   | 84    | 84   | 98   |

### Operational data

|                       |         |        |        |        |        |
|-----------------------|---------|--------|--------|--------|--------|
| Subscribers ('000)    | 214 961 | 25 269 | 58 446 | 42 697 | 13 439 |
| Quarterly ARPU (US\$) |         | 9,4    | 6,9    | 4,3    | 4,0    |
| Market share (%)      |         | 32     | 49     | 46     | 50     |

|                        | Sub total | Benin | Conakry | Congo B | Afghanistan |
|------------------------|-----------|-------|---------|---------|-------------|
| Shareholding (%)       |           | 75    | 75      | 100     | 100         |
| Licence period (years) |           | 20    | 18      | 15      | 15          |

### Market overview

|                        |      |      |      |     |      |
|------------------------|------|------|------|-----|------|
| Population (m)         | 97,4 | 10,1 | 11,5 | 4,5 | 31,7 |
| Mobile penetration (%) |      | 70   | 68   | 88  | 51   |
| Market position        |      | 1    | 1    | 1   | 1    |
| Number of operators    | 30   | 5    | 5    | 4   | 5    |
| Outgoing MOU (minutes) |      | 66   | 68   | 56  | 58   |

### Operational data

|                       |        |       |       |       |       |
|-----------------------|--------|-------|-------|-------|-------|
| Subscribers ('000)    | 20 666 | 3 337 | 2 929 | 1 911 | 6 182 |
| Quarterly ARPU (US\$) |        | 7,6   | 3,3   | 11,2  | 3,4   |
| Market share (%)      |        | 47    | 37    | 49    | 38    |

|                        | Sub total | Zambia | Rwanda | Liberia | Bissau |
|------------------------|-----------|--------|--------|---------|--------|
| Shareholding (%)       |           | 86     | 80     | 60      | 100    |
| Licence period (years) |           | 15     | 15     | 15      | 10     |

### Market overview

|                        |      |      |      |     |     |
|------------------------|------|------|------|-----|-----|
| Population (m)         | 34,2 | 14,3 | 11,1 | 3,8 | 1,7 |
| Mobile penetration (%) |      | 58   | 58   | 59  | 60  |
| Market position        |      | 2    | 1    | 1   | 1   |
| Number of operators    | 18   | 3    | 3    | 5   | 3   |
| Outgoing MOU (minutes) |      | 81   | 76   | 65  | 18  |

### Operational data

|                       |        |       |       |       |     |
|-----------------------|--------|-------|-------|-------|-----|
| Subscribers ('000)    | 12 060 | 4 010 | 3 621 | 1 308 | 550 |
| Quarterly ARPU (US\$) |        | 5,0   | 2,5   | 6,3   | 5,5 |
| Market share (%)      |        | 48    | 56    | 58    | 54  |

| Syria     | Uganda   | Cameroon    | Ivory Coast | Sudan |
|-----------|----------|-------------|-------------|-------|
| 75        | 96       | 70          | 67          | 85    |
| 3         | 20       | 15          | 10          | 20    |
| 16,5      | 37,8     | 21,8        | 24,0        | 35,8  |
| 78        | 46       | 77          | 82          | 75    |
| 2         | 1        | 1           | 1           | 2     |
| 2         | 7        | 2           | 6           | 3     |
| 110       | 65       | 57          | 56          | 121   |
| 5 653     | 9 920    | 10 233      | 7 742       | 8 836 |
| 4,9       | 3,4      | 4,6         | 6,0         | 2,3   |
| 44        | 56,8     | 62,5        | 39,4        | 33    |
| Cyprus    | Yemen    | South Sudan |             |       |
| 100       | 83       | 100         |             |       |
| 20        | 15       | 20          |             |       |
| 0,8       | 27,4     | 11,3        |             |       |
| 111       | 44       | 25          |             |       |
| 2         | 1        | 3           |             |       |
| 3         | 4        | 4           |             |       |
| 222       | 89       | 85          |             |       |
| 336       | 5 268    | 704         |             |       |
| 27,3      | 5,4      | 8,3         |             |       |
| 36        | 43       | 26          |             |       |
| Swaziland | Botswana |             |             |       |
| 30        | 53       |             |             |       |
| 10        | 15       |             |             |       |
| 1,2       | 2,1      |             |             |       |
| 74        | 156      |             |             |       |
| 1         | 1        |             |             |       |
| 1         | 3        |             |             |       |
| 103       | 86       |             |             |       |
| 868       | 1 702    |             |             |       |
| 9,5       | 7,5      |             |             |       |
| 100       | 53       |             |             |       |

## MTN Group Limited

Results for the six months ended 30 June 2014

### SUBSCRIBER NET ADDITION GUIDANCE FOR 2014

'000

|                     | '000          |
|---------------------|---------------|
| <b>South Africa</b> | <b>1 500</b>  |
| <b>Nigeria</b>      | <b>5 000</b>  |
| <b>Large Opco</b>   | <b>8 050</b>  |
| Iran                | 2 500         |
| Ghana               | 900           |
| Cameroon            | 2 000         |
| Ivory Coast         | 1 000         |
| Sudan               | 400           |
| Syria               | (250)         |
| Uganda              | 1 500         |
| <b>Small Opco</b>   | <b>2 700</b>  |
| <b>Total</b>        | <b>17 250</b> |

### CAPEX GUIDANCE FOR 2014

Rm

|                              | Rm            |
|------------------------------|---------------|
| <b>South Africa</b>          | <b>6 290</b>  |
| <b>Nigeria</b>               | <b>10 959</b> |
| <b>Large Opco</b>            | <b>4 443</b>  |
| Ghana                        | 1 535         |
| Cameroon                     | 697           |
| Ivory Coast                  | 662           |
| Sudan                        | 585           |
| Syria                        | 385           |
| Uganda                       | 579           |
| <b>Small Opco</b>            | <b>4 061</b>  |
| <b>Head office companies</b> | 398           |
| <b>Total</b>                 | <b>26 151</b> |





*everywhere you go*