



**MTN GROUP LIMITED**

**Interim results**

*for the six months ended 30 June 2015*

# **Contents page**

## **01**

### **RESULTS OVERVIEW**

01	Highlights
02	Where we operate
04	Results overview
19	Reviewed condensed consolidated interim financial statements
21	Condensed consolidated income statement
22	Condensed consolidated statement of comprehensive income
23	Condensed consolidated statement of financial position
24	Condensed consolidated statement of changes in equity
25	Condensed consolidated statement of cash flows
26	Notes to the condensed consolidated interim financial statements
34	Administration

## **02**

### **RESULTS PRESENTATION**

## **03**

### **APPENDICES**

## **04**

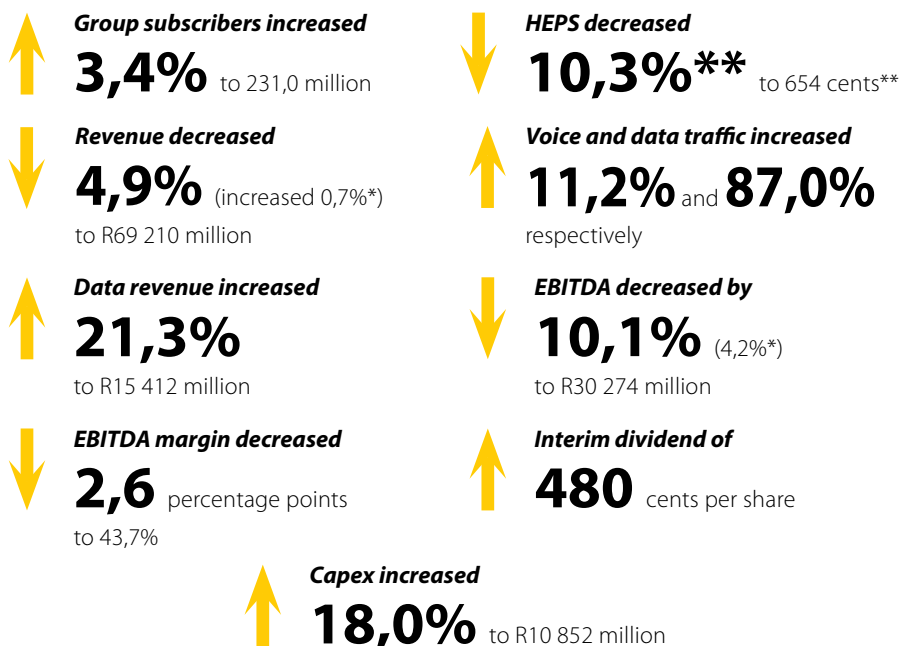
### **DATA SHEETS**

# Reviewed condensed consolidated interim financial results

for the six months ended 30 June 2015

MTN is a leading emerging markets mobile operator, connecting over 230 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



**Note:** Certain financial information presented in these results constitutes pro forma financial information. The pro forma financial information is the responsibility of the Group's board of directors and is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present MTN's financial position, changes in equity, results of operations or cash flows.

The financial information presented in these results has been prepared excluding the impact of hyperinflation, tower profits and related movements and constitutes pro forma financial information to the extent that it is not extracted from the segment disclosure included in the reviewed condensed consolidated financial results for the six months ended 30 June 2015. This pro forma financial information has been presented to eliminate the impact of hyperinflation and tower profits and related movements from the financial results in order to achieve a comparable analysis year on year. Hyperinflation adjustments and tower profits and related movements have been calculated in terms of the Group accounting policies disclosed in the previous consolidated annual financial statements for the year ended 31 December 2014. The pro forma financial information including constant currency information incorporated in these condensed consolidated interim financial results have not been audited or reviewed by our external auditors.

1. Constant currency ("organic") information has been presented to illustrate the impact of changes in currency rates on the Group's results. In determining the change in constant currency terms, the current financial reporting period's results have been adjusted to the prior 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 period results. In addition, in respect of MTN Irancell, MTN Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation.
2. Additional financial analyses are presented to illustrate a breakdown of the Group's financial results excluding the impact of hyperinflation and tower profits and related movements.

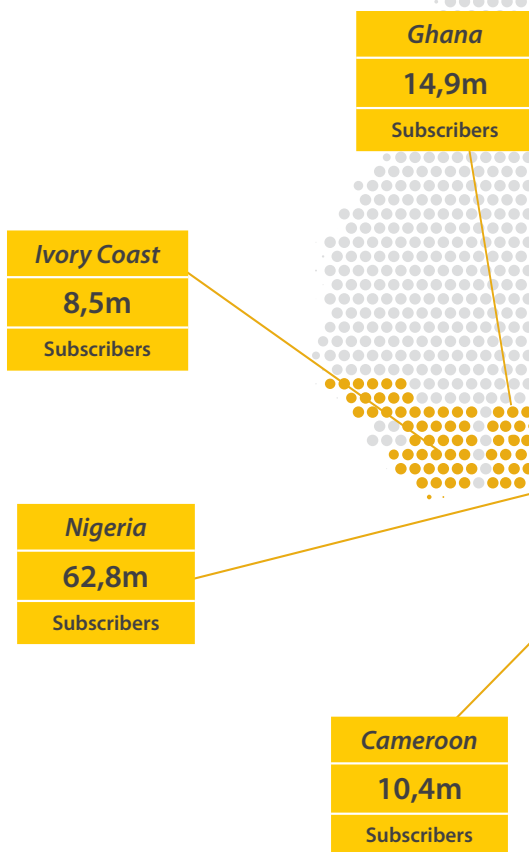
\* Constant currency ("organic") information.

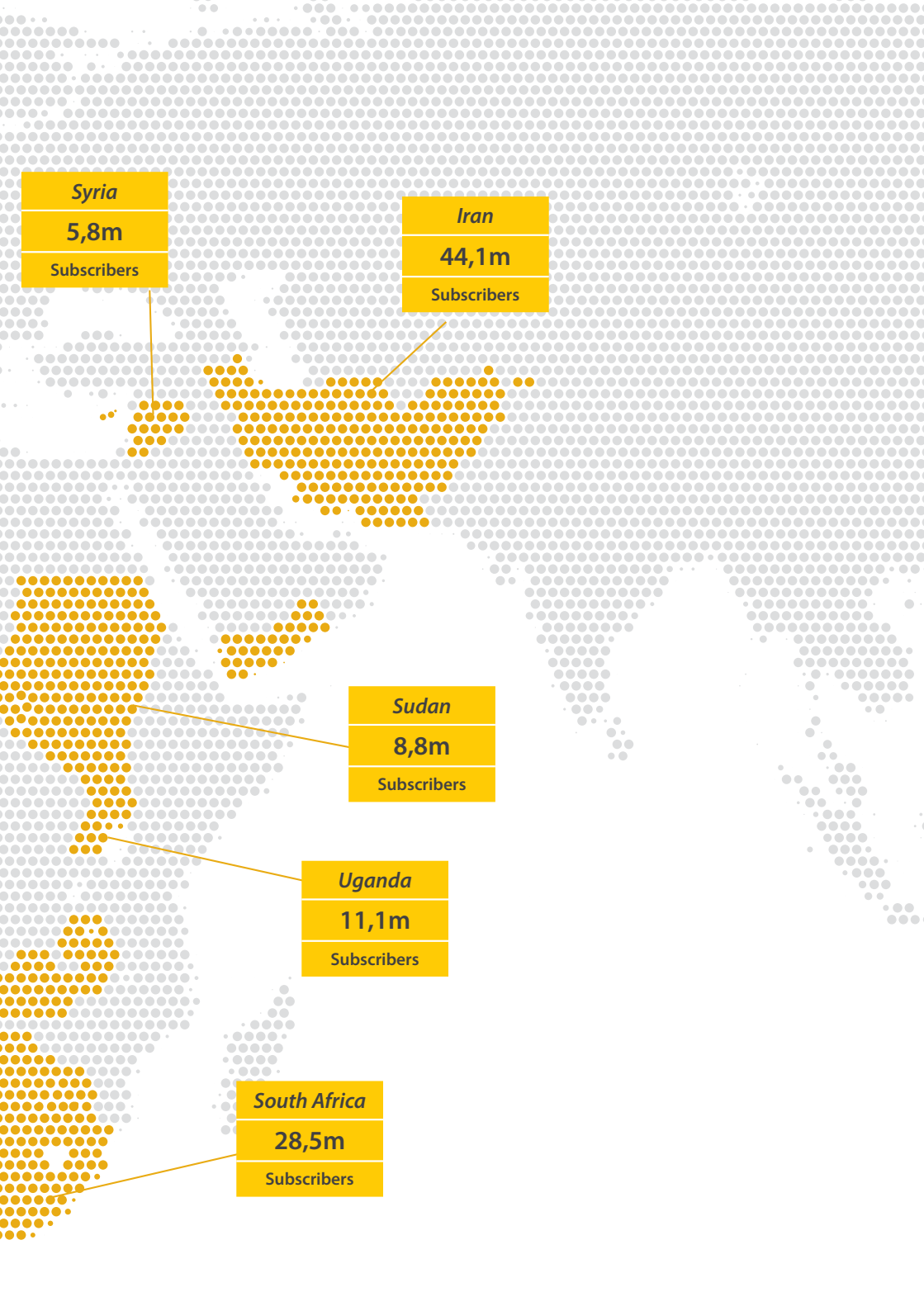
\*\* Reported - includes hyperinflation and/or tower profits and related movements

\*\*\* Additional financial analysis.

## Where we operate

MTN is a leading emerging markets mobile operator, connecting 231 million people in 22 countries across Africa and the Middle East. We are committed to continuously improving our customer experience and delivering a bold, new Digital World to them.





*Syria*

5,8m

Subscribers

*Iran*

44,1m

Subscribers

*Sudan*

8,8m

Subscribers

*Uganda*

11,1m

Subscribers

*South Africa*

28,5m

Subscribers

# Results overview

## Overview

MTN Group's results for the six months are reflective of a challenging operating environment and lower than expected performance in parts of the business. A difficult regulatory environment and weak macro-economic conditions continue to impact the Group's performance. Reported financial results were further impacted by unfavourable exchange rate movements.

Notwithstanding the challenging environment, MTN remains well positioned in a rapidly evolving market, growing its subscriber base by 3,4% to 231,0 million. Despite a 62,5% decline in US dollar data tariffs year-on-year (YoY), the Group continued to benefit from increased demand for data services, increasing data revenue by 21,3%. This was attributable to an 87,0% YoY increase in data traffic as well as encouraging growth in digital and mobile financial services.

Lower voice tariffs (average price per a minute (APPM) declined 25,3% in US dollar terms), drove a 11,2% increase in billable minutes. The lower tariffs together with lower termination rates and pressure on consumer spending negatively impacted voice revenue growth resulting in a 4,9% decline in total revenue for the period.

MTN South Africa's performance was hampered by handset supply chain challenges and industrial strike action during the period. Despite this, the operation continued to show encouraging growth in service revenue, driven mainly by data revenue. MTN Nigeria experienced a difficult six months impacted largely by unfavourable macro-economic conditions and operational execution challenges resulting in declining revenue and higher costs. MTN Irlancell delivered a strong performance supported by data growth.

The Group earnings before interest, tax, depreciation and amortisation (EBITDA) margin declined by 2,6 percentage points (pp) to 43,7% mainly as a result of lower revenue and weaker local currencies impacting costs. The sale and lease back of towers, which were largely earnings neutral due to lower depreciation costs, were a drag on the EBITDA margin. However, good progress in transforming our operating model, maintaining cost growth below inflation and optimising resources, partly offset the decline in margin.

Capital expenditure (capex) was R10 852 million, 18,0% higher than the previous period.

MTN continued to focus on improving network quality, increasing capacity and expanding the footprint of our 3G, LTE and fibre networks. During the period, the Group's operations rolled out 1 335 2G, 5 048 largely co-located 3G and 2 475 LTE sites as well as 722km of long distance fibre.

Cash inflows generated by operations decreased by 12,6%\*\* to R26 289 million\*\*.

## Prospects

As we move into the second half of the year there will be an increased focus on building staff engagement and improving customer service in the South African operation. The operation will also accelerate its capex plans to support medium term growth prospects, particularly in the data area. Corrective measures have been implemented to improve handset sales.

We expect the balance of the year to remain challenging for MTN Nigeria. Notwithstanding tough operating conditions, there will be a strong focus on active subscriber management and providing more competitive voice and data offerings to high value customers. We expect the large and small opco clusters to maintain the growth trajectory of the past six months.

We will continue to increase data revenue by encouraging uptake through increased smartphone penetration and new pricing strategies. We will also continue to create a distinct customer experience through investing in our networks to support data growth and improving value and segmentation offers.

## Results overview (continued)

The continued rollout of MTN Mobile Money and broader financial services remains a priority as well as developing our digital offering with our partner Rocket Internet AG through the investment in Africa Internet Holdings GmbH (AIH) and Middle East Internet Holdings S.A.R.L (MEIH). We will drive our strategy of becoming the ICT partner of choice and continue to transform our operating model through cost optimisation, operational efficiencies and commercialising our tower infrastructure.

We will continue to create shareholder value through our progressive dividend policy of growing dividends between 5% and 15% a year.

### **SANCTIONS**

MTN continues to work closely with all relevant authorities with regards to US and EU sanctions against Iran, Syria and Sudan. Our international legal advisors continue to assist the Group in remaining compliant with all applicable sanctions.

### **APPOINTMENT OF NEW BOARD MEMBER**

During the period, the board appointed Dr Shaygan Kheradpir (54) as an Independent Non-Executive Director to the Group board of directors, effective on 8 July 2015. Shaygan is a business and technology executive based in the United States of America and holds a doctorate in electrical engineering from Cornell University College of Engineering. Prior to this, he held various leadership roles including, Executive Vice President and Chief Information Officer at Verizon, Group Chief Operations & Technology Officer at Barclays Bank PLC in the United Kingdom and Chief Executive Officer of Juniper Networks.

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

We continue working towards our Group vision to lead the delivery of a “bold, new Digital World” to our customers. Over the past six months the Group focused on improving its business structure to facilitate non-voice revenue growth. Dedicated Group Consumer and Group Digital functions have been established to ensure MTN is well positioned to participate in a rapidly evolving industry, effectively meeting our customers’ needs through digital, financial and enterprise services.

### **GROUP CONSUMER**

The Group Consumer function has been established to focus on supporting MTN's traditional voice, data and SMS revenue while also enabling operations to effectively package these offerings to meet our consumer segment needs. Customer analytics are central to understanding and segmenting our offerings. Driving smartphone penetration, positioning MTN as a digital brand and creating synergies across the Group for agile rollout of services are also key priorities.

### **GROUP DIGITAL SERVICES**

MTN is well positioned to tap into the digital space on the African continent and in the Middle East. The Group's Digital function aims to leverage our brand, customer base and distribution network to accelerate growth in e-commerce, financial services, media and entertainment and lifestyle services. Through our investments with Rocket Internet AG we continue to rollout a range of e-commerce and lifestyle offerings with 128 operations across 30 markets.

During the period, we grew Mobile Money subscribers by 45,8% to 32,4 million. This performance was underpinned by expanding our distribution base and product range to include international remittances, savings, lending and insurance and retail payments.

# Results overview (continued)

## ENTERPRISE BUSINESS UNIT

Our enterprise business unit (EBU) continued to work towards its vision of becoming the ICT partner of choice to corporate, SME, public sector and financial services customers.

The key focus during the period was aligning the organisational structure and appointing industry leaders in key markets to support this vision. The EBU has established strategic partnerships with Amazon Web Services and Azuri Microsoft to enable the Group to effectively take products and services to the market.

## TRANSFORMING OUR OPERATING MODEL

The continued transformation of our operating model remains a key focus and has supported the EBITDA margin for the period.

Key initiatives include:

- The continued rollout of Project Next!, with the completion in Cameroon expected September 2015 and Benin and Management companies to be completed by year end;
- Implementation of an integrated charging system under a managed services platform, enabling access to skilled resources and end-to-end accountability;
- Leveraging global procurement and expediting time to market.

## Financial review

### REVENUE

Table 1: Group revenue by country

	Actual (Rm)	Prior (Rm)	Reported % change	Organic % change
<b>South Africa</b>	<b>18 882</b>	19 157	(1,4)	(1,4)
<b>Nigeria</b>	<b>24 649</b>	27 099	(9,0)	(1,1)
<b>Large OpCo Cluster</b>	<b>14 798</b>	15 794	(6,3)	6,1
Ghana	3 496	3 792	(7,8)	13,4
Cameroon	2 742	3 048	(10,0)	(0,4)
Ivory Coast	3 081	3 232	(4,7)	5,5
Uganda	2 540	2 624	(3,2)	2,6
Syria	1 329	1 802	(26,2)	0,2
Sudan	1 610	1 296	24,2	17,2
<b>Small OpCo Cluster</b>	<b>10 992</b>	10 910	0,8	0,8
<b>Head office companies and eliminations</b>	<b>(111)</b>	(201)	(44,8)	(31,3)
<b>Total</b>	<b>69 210</b>	72 759	(4,9)	0,7
Hyperinflation	94	–	–	–
<b>Total reported</b>	<b>69 304</b>	72 759	(4,7)	1,2

Group revenue declined by 4,9% to R69 210 million. Movements in the majority of the Group's operational currencies against the rand negatively impacted performance. The rand strengthened by 8,7% against the Nigerian naira, 23,1% against the Ghanaian cedi, 10,6% against the Central African Franc, 5,8% against the Ugandan shilling, 36,9% against the Syrian pound and weakened 5,7% against the Sudanese pound.



## Results overview (continued)

Constant currency revenue grew marginally by 0,7%\*. Growth was impacted by a 1,1%\* decline in MTN Nigeria's revenue due to a challenging operating environment and a 1,4% decline in MTN South Africa's revenue following lower handset sales during the period.

The large opco cluster's revenue decreased by 6,3% on a reported basis while organic revenue grew 6,1%\* supported by healthy double digit growth in Ghana and Sudan. This was, however, offset by challenging financial performance in Cameroon as a result of growing competition. The small opco cluster grew revenue marginally by 0,8%\* supported by healthy double digit growth in Congo-Brazzaville, Zambia, Guinea Bissau and South Sudan.

Table 2: Group revenue analysis

	Actual (Rm)	Prior (Rm)	Reported % change	Organic % change	Contribution to revenue %
Outgoing voice	40 993	45 440	(9,8)	(4,0)	59,2
Incoming voice	6 889	7 483	(7,9)	(1,9)	10,0
Data	15 412	12 708	21,3	28,3	22,3
SMS	2 042	2 328	(12,3)	(8,1)	3,0
Devices	2 905	3 727	(22,1)	(21,5)	4,2
Other	969	1 073	(9,7)	(8,7)	1,3
<b>Total</b>	<b>69 210</b>	72 759	(4,9)	0,7	100,0
Hyperinflation	94	–	–	–	–
<b>Total reported</b>	<b>69 304</b>	72 759	(4,7)	1,2	100,0

Outgoing voice revenue declined by 9,8% (4,0%\*) and contributed 59,2% to total revenue. Performance was negatively affected by price competition in key markets resulting in lower voice tariffs. Across our operations APPM declined by 25,3% in US dollar terms.

Group data revenue (excluding SMS) increased by 21,3% (28,3%\*), supported by an increase in smartphone penetration and an expanded 3G and LTE network. Data usage increased 87,0% following the strong uptake in data services and reduced tariffs. Data's contribution to total revenue was 22,3%. Digital services and mobile financial services showed encouraging growth, increasing their contribution to data revenue. MTN South Africa and MTN Nigeria were the largest contributors, together accounting for 69,7% of MTN Group's total data revenue.

Group interconnect revenue declined by 7,9% (1,9%\*) following a reduction in termination rates in our Nigerian and South African operations in line with the glide paths.

## Results overview (continued)

Table 3: Cost analysis

	Actual (Rm)	Prior (Rm)	Reported % change	Organic % change	% of revenue
Handsets	5 531	5 667	(2,4)	8,9	8,0
Interconnect	5 930	6 205	(4,4)	0,6	8,6
Roaming	394	529	(25,5)	(20,6)	0,6
Commissions	4 520	4 456	1,4	7,1	6,5
Revenue share	893	1 058	(15,6)	6,7	1,3
Service provider discounts	902	1 137	(20,7)	(20,9)	1,3
Network	9 954	9 634	3,3	9,8	14,4
Marketing	1 919	1 586	21,0	(1,1)	2,8
Staff costs	4 153	4 289	(3,2)	0,6	6,0
Other OPEX	4 740	4 535	4,5	9,5	6,8
<b>Total</b>	<b>38 936</b>	39 096	(0,4)	5,0	56,3
<b>Hyperinflation</b>	<b>45</b>				
<b>Total reported</b>	<b>38 981</b>	39 096	(0,3)	5,6	56,2

### EBITDA

Table 4: Group EBITDA by country

	Actual (Rm)	Prior (Rm)	Reported % change	Organic % change
<b>South Africa</b>	<b>6 724</b>	6 382	5,4	5,4
<b>Nigeria</b>	<b>14 132</b>	16 280	(13,2)	(5,7)
<b>Large OpCo Cluster</b>	<b>5 218</b>	5 711	(8,6)	2,5
Ghana	1 387	1 467	(5,5)	15,2
Cameroon	1 036	1 291	(19,8)	(11,2)
Ivory Coast	1 126	1 213	(7,2)	2,8
Uganda	915	967	(5,4)	0,2
Syria	215	338	(36,4)	(13,3)
Sudan	539	435	23,9	16,8
<b>Small OpCo Cluster</b>	<b>3 835</b>	4 108	(6,6)	(5,7)
<b>Head office companies and eliminations</b>	<b>365</b>	1 182	(69,1)	(62,0)
<b>Total</b>	<b>30 274</b>	33 663	(10,1)	(4,2)
Hyperinflation	49	–	–	–
Tower profits	352	99	–	–
<b>Total reported</b>	<b>30 675</b>	33 762	(9,1)	(3,1)

EBITDA decreased by 10,1% (4,2%\*) to R30 274 million. The Group EBITDA margin contracted by 2,6 pp to 43,7%, mainly as a result of lower EBITDA margins in Nigeria, Cameroon, Ivory Coast and Uganda. This was partly offset by expansion in the EBITDA margin in MTN South Africa. While operations continued to focus on cost optimisation, exchange rate movements against the US dollar and high inflation had an unfavourable impact on margins.

## Results overview (continued)

### 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>2 016</b>	1 811	11,3	11,3	<b>424</b>	327	29,7	29,7
<b>Nigeria</b>	<b>3 775</b>	4 638	(18,6)	(11,5)	<b>477</b>	497	(4,0)	4,4
<b>Large OpCo Cluster</b>	<b>1 550</b>	1 447	7,1	18,5	<b>467</b>	382	22,3	52,9
Ghana	<b>359</b>	298	20,5	45,0	<b>53</b>	60	(11,7)	8,3
Cameroon	<b>233</b>	224	4,0	15,2	<b>180</b>	142	26,8	40,8
Ivory Coast	<b>281</b>	249	12,9	24,9	<b>80</b>	81	(1,2)	9,9
Uganda	<b>256</b>	253	1,2	7,5	<b>65</b>	59	10,2	101,7
Syria	<b>110</b>	166	(33,7)	(11,4)	<b>63</b>	15	320,0	480,0
Sudan	<b>311</b>	257	21,0	14,4	<b>26</b>	25	4,0	(4,0)
<b>Small OpCo Cluster</b>	<b>1 386</b>	1 249	11,0	9,2	<b>308</b>	261	18,0	18,1
<b>Head office companies and eliminations</b>	<b>152</b>	129	17,8	11,0	<b>160</b>	145	10,3	(21,4)
<b>Total</b>	<b>8 879</b>	9 274	(4,3)	0,7	<b>1 836</b>	1 612	13,9	20,8
Hyperinflation	<b>26</b>	–	–	–	<b>9</b>	–	–	–
<b>Total reported</b>	<b>8 905</b>	9 274	(4,0)	1,3	<b>1 845</b>	1 612	14,5	22,0

Depreciation decreased by 4,3% ( increased 0,7%\*) to R8 879 million as a result of the sale of towers in Nigeria as well as the depreciation of the naira against the rand. Amortisation costs increased by 13,9% (20,8%\*), driven by increased spending on software in South Africa and Cameroon as well the licence acquisition in Syria.

### NET FINANCE COSTS

Table 6: Net finance costs

	Actual (Rm)	Prior (Rm)	Reported % change	Organic % change	% of revenue
Net interest paid/(received)	<b>839</b>	932	(10,0)	(2,7)	1,2
Net forex (gains)/losses	<b>1 481</b>	736	101,2	117,3	2,1
<b>Total</b>	<b>2 320</b>	1 668	39,1	50,2	3,3
Hyperinflation	<b>(1)</b>	–	–	–	–
<b>Total reported</b>	<b>2 319</b>	1 668	39,0	50,4	3,3

## Results overview (continued)

Net finance costs of R2 320 million increased sharply from the R1 668 million recorded in the prior comparable period. This was largely due to foreign currency losses in 2015 of R1 481 million, which were mainly the result of:

- Mauritius functional currency losses of R253 million as a result of US dollar denominated borrowings and foreign denominated intercompany receivables;
- Nigeria forex losses of R769 million incurred on US dollar borrowings as a result of the devaluation of the naira;
- Ghana forex losses of R81 million as a result of the depreciation of the cedi;
- Zambia forex losses of R93 million due to the weakening of the kwacha during the period;
- Head office forex losses of R172 million relating to foreign denominated receivables from tower companies; and
- South Africa forex loss of R77 million due to the weakening of the rand during the period

### TAXATION

Table 7: Taxation

	Actual (Rm)	Prior (Rm)	Reported % change	Organic % change	Contribution to taxation %
Normal tax	5 672	6 672	(15,0)	(11,8)	91,2
Deferred tax	(472)	(461)	2,4	(12,2)	(7,6)
Capital gains tax	–	–	–	–	–
Foreign income and withholding taxes	1 023	1 042	(1,8)	(3,5)	16,4
<b>Total</b>	<b>6 223</b>	7 253	(14,2)	(10,5)	100,0
Hyperinflation	26	–	–	–	–
Tower profits	–	8	(100,0)	–	–
<b>Total reported</b>	<b>6 249</b>	7 261	(13,9)	(100,0)	100,0

The Group's taxation charge decreased by 14,2% (10,5%\*) to R6 223 million and the effective tax rate increased to 32,9% from 31,5%. The effective tax rate increase is largely a result of the end of the tax holiday in Sudan in 2014, reversal of the deferred tax asset in Cameroon due to changes in the corporate income tax rate and a lower Group profit before tax balance due to a decrease in equity income from joint ventures and associates.

### EARNINGS

Basic headline earnings per share (HEPS) decreased by 10,3%\*\* to 654 cents\*\* and attributable earnings per share (EPS) decreased by 10,7%\*\* to 653 cents\*\*.

### CASHFLOW

Cash inflows generated by operations decreased by 12,6%\*\* to R26 289 million\*\*. Cash generated by operating activities decreased 77,0%\*\* to R1 432 million\*\* mainly as a result of a 19,6%\*\* increase in dividends paid of R2 413 million\*\* and lower EBITDA.

## Results overview (continued)

### CAPITAL EXPENDITURE

Table 8: Capital expenditure analysis

	June 2015 Actual (Rm)	June 2014 Prior (Rm)	Reported % change	Organic % change
<b>South Africa</b>	<b>4 678</b>	2 000	133,9	133,9
<b>Nigeria</b>	<b>1 172</b>	3 189	(63,2)	(60,1)
<b>Large OpCo Cluster</b>	<b>2 669</b>	2 480	7,6	19,9
Ghana	355	597	(40,5)	(20,9)
Cameroon	943	373	152,8	181,0
Ivory Coast	422	584	(27,7)	(19,9)
Uganda	556	407	36,6	45,5
Syria	56	38	47,4	107,9
Sudan	337	481	(29,9)	(34,5)
<b>Small OpCo Cluster</b>	<b>1 761</b>	1 408	25,1	23,0
<b>Head office companies and eliminations</b>	<b>572</b>	122	368,9	291,0
<b>Total</b>	<b>10 852</b>	9 199	18,0	21,0
Hyperinflation	17	–	–	–
<b>Total reported</b>	<b>10 869</b>	<b>9 199</b>	<b>18,2</b>	<b>21,0</b>

Capex increased by 18,0% (21,0%\*) to R10 852 million, of which R283 million related to foreign currency movements.

### FINANCIAL POSITION

Table 9: Net debt analysis (Rm)

	Cash and cash equivalents*	Interest- bearing liabilities	Inter- company eliminations	Net debt/ (cash)
<b>South Africa</b>	<b>1 350</b>	<b>22 402</b>	<b>(22 402)</b>	<b>(1 350)</b>
<b>Nigeria</b>	<b>18 698</b>	<b>23 230</b>	<b>–</b>	<b>4 532</b>
<b>Large OpCo Cluster</b>	<b>4 177</b>	<b>4 779</b>	<b>(1 528)</b>	<b>(926)</b>
Ghana	508	684	–	176
Cameroon	911	–	–	(911)
Ivory Coast	749	722	–	(27)
Uganda	230	–	–	(230)
Syria	1 554	1 528	(1 528)	(1 554)
Sudan	225	1 845	–	1 620
<b>Small OpCo Cluster</b>	<b>4 708</b>	<b>7 703</b>	<b>(4 737)</b>	<b>(1 742)</b>
<b>Head office companies and eliminations</b>	<b>9 965</b>	<b>50 322</b>	<b>(23 710)</b>	<b>16 647</b>
<b>Total reported</b>	<b>38 898</b>	<b>108 436</b>	<b>(52 377)</b>	<b>17 161</b>

\* includes restricted cash and current investments

## Results overview (continued)

The Group reported net debt of R17 161 million\*\* at the end of June 2015 compared to net debt of R4 543 million\*\* at 31 December 2014. This increase was due to the Group dividend payment of R14 697 million\*\* during the period, payment to minorities relating to the Nigeria tower sale of R1 453 million and the additional investment in IHS Holdings Limited. This excludes R4 963 million (49%) of net cash in MTN Irancell, which is accounted for on an equity basis.

### **BUSINESS COMBINATIONS/ACQUISITION OF JOINT VENTURES**

#### ***Africa Internet Holding GmbH (AIH)***

Subsequent to the period end the Group exercised its rights to increase its investment in AIH to 41%. The Group continues to retain joint control over AIH.

# Results overview (continued)

## Operational review

### SOUTH AFRICA

- Reported revenue declined 1,4%
- Data revenue increased 26,6%
- Revenue excluding handset and other revenue increased by 4,6%
- EBITDA margin expanded 2,3 pp to 35,6%

**MTN South Africa** delivered an improved performance despite disruptions caused by industrial strike action, which took place between 20 May 2015 and 16 July 2015. The operation increased its subscriber base by 1,8% to 28,5 million supported by attractive promotions and below-the-line campaigns in the pre-paid segment. As a result, the prepaid subscriber base increased 2,7% to 23,2 million for the period. The post-paid segment declined its subscriber base 1,7% to 5,3 million largely impacted by handset supply chain challenges.

Total revenue declined by 1,4% to R18 882 million. This was mainly due to a 27,5% reduction in handset revenue although management expects this to improve in the second half supported by the changes in the logistics process. Outgoing voice revenue decreased marginally by 0,4% while data revenue delivered a meaningful improvement, growing by 26,6% for the period and now contributes 30,1% to total revenue. The number of smartphones on MTN's network increased by 9,1% to 5,8 million, and the number of data users increased by 18,1% to 17,3 million. Growth in smartphones and data users was constrained by low handset availability.

MTN South Africa EBU and digital services showed positive momentum with the launch of "Internet of Things" in the EBU space and more than 9 000 users taking up music+ in the digital area.

The EBITDA margin expanded by 2,3 pp. The operation benefited from lower handset and commission costs, reduced roaming costs as well as a reduction in staff costs following retrenchments made in 2014.

Capex for the period was R4 678 million, 133,9% higher than the comparable period. During the six months, we added 267 new 2G sites and 1 939 largely co-located 3G sites and 1 891 LTE sites. The key focus during the first half was the expansion of 3G and LTE coverage and improved network quality in key cities. Rollout is expected to ramp up in the second half of the year.

We continue to have discussions with the authorities regarding the planned auction of 2.6 GHz and 3.5 GHz spectrum frequency and allocations.

### NIGERIA

- Subscribers increased 4,9% to 62,8 million
- Revenue declined 1,1%\*
- Data revenue increased 21,3%\*
- Interconnect revenue increased by 10,6%\*
- EBITDA margin decreased to 57,3%

**MTN Nigeria's** results were constrained by the weak macro-economic environment, aggressive competition and operational execution challenges. Despite this, the operation grew its subscriber base by 4,9%, increasing total subscribers to 62,8 million and maintained market share for the period. Subscriber growth was underpinned by improved segmented offerings, churn management and attractive promotions.

Total revenue declined 9,0% or 1,1%\* in constant-currency terms. This was mainly impacted by a fall in outgoing voice revenue as a result of lower competitor voice tariffs, increased pressure on consumer spending and the use of multiple SIM cards, which is estimated to be almost 50% of the subscriber base. The decline in the effective tariff translated into lower than expected minutes of use for the period. Data revenue continued to show healthy growth, increasing 21,3%\* despite a decline in data tariffs and contributed 20,5% to total revenue. This was mainly attributable to the growth in 3G device penetration, which increased 84,6% to 14,9 million and a 19,2% increase in data users for the period. Digital revenue showed positive growth supported by the continued success of the MTN music+ and other lifestyle services.

## Results overview (continued)

MTN Nigeria's Mobile Money offering, Diamond Yellow, continued to gain traction with 3 500 merchants now in place and approximately 4,3 million accounts registered at the end of June 2015.

The MTN Nigeria EBU continued to rollout offerings targeted at the SME segment. At the end of the period the operation had more than 600 000 SMEs added to its MTN yellow directory.

The EBITDA margin declined by 2,8 pp to 57,3%. This was largely due to higher lease costs from the sale of towers, the impact of a weaker naira on US dollar expenditure, an increase in dealer commissions, digital services revenue share, higher interconnect costs and an increase in marketing spend. Despite this, effective cost management enabled operational costs to be maintained below inflation. The transfer of the final tranche of 4 696 towers was completed on 1 July 2015.

MTN Nigeria continued to expand 3G coverage and increase capacity of its 3G network. During the period 286 new 2G sites and 744 co-located 3G sites were added. Capex declined by 63,2% in the period to R1 172 million due to utilising existing inventory. MTN Nigeria continues to maintain sufficient quality and headroom on its 2G radio network and the broader operation remains flexible to rollout as required.

### **IRANCELL (Joint venture, equity accounted)**

- Subscribers increased 0,5% to 44,1 million
- Revenue increased 13,9%\*
- Data revenue increased 84,7%\*
- EBITDA margin decreased to 40,1%

**MTN Irancell** delivered sound performance in a highly penetrated market. The operation grew its subscriber base 0,5% to 44,1 million subscribers. The slower growth in net additions was largely due to a delay in obtaining a new number range and regulatory requirements on registration.

Total revenue increased by 13,9%\* compared to the prior year, supported by attractive promotions and the adoption of 3G services. Data revenue increased by 84,7%\* and now contributes 26,7% of total revenue. This was mainly driven by an increase in the adoption of 3G enabled devices, which grew 59,4% to 21,4 million. Data users increased 22,3% to 15,5 million for the period.

MTN Irancell's EBITDA margin declined by 4,3 pp to 40,1%, mainly as a result of costs associated with the rollout of 3G and LTE as well as an increase in 2G regulatory fees.

MTN Irancell invested R3 783 million (100%) of capex during the period. It rolled out 117 LTE sites and 1 401 3G sites to support 3G adoption. The operation continued to focus on network modernisation and fibre rollout.

### **LARGE OPCO CLUSTER**

- Subscribers increased 4,7% to 59,4 million
- Revenue increased 6,1%\*
- Data revenue increased 44,1%\*
- EBITDA margin contracted 1.0 pp to 35,3%

**MTN Ghana** increased its subscriber base by 7,5% to 14,9 million in a weak macro-economic environment and against tough competition. The growth in net additions was attributable to an expanded distribution network and a strong churn management programme focusing on below the line offers.

Total revenue increased by 13,4%\*, supported by a 75,9%\* growth in data revenue. Data contributed 27,2% to total revenue, underpinned by an expansion in the 3G network as well as a focus on network quality. A significant uptake of mobile financial services and digital services also contributed to data growth. MTN Mobile Money delivered a strong performance with 4,6 million registered customers. This was attributable to an expansion in the agent network and improvements in customer awareness.

MTN Ghana continued to focus on cost optimisation as the weakening of the cedi against the US dollar resulted in significant pressure on US dollar-denominated expenses. Despite this, MTN Ghana's EBITDA margin grew 1,0 pp\* to 39,7%, also supported by the expiration of the management fee agreement on 31 March 2014.



## Results overview (continued)

During the period, MTN Ghana invested R355 million in the network, adding 18 2G sites and 136 3G sites. The low spend was largely due to transition challenges associated with the implementation of managed services. Capex is expected to accelerate during the second half of the year.

**MTN Cameroon's** performance was below expectations mainly due to aggressive competition resulting in lower effective tariffs. The operation was also impacted by the third operator's exclusivity on 3G, which ended on 31 March 2015. Despite this MTN Cameroon increased its subscriber base by 7,3% to 10,4 million and maintained its market share.

Total revenue declined by 0,4%\*, largely impacted by a 7,7%\* decrease in outgoing voice revenue. This was due to a 15,7% fall in the effective tariff, which resulted in a marginal increase in billable minutes of 7,4%. Data revenue increased by 45,7%\*, contributing 11,5% to total revenue following the finalisation of its 3G licence on 11 March 2015. Attractive 3G promotions and encouraging growth in digital services and MTN Mobile Money contributed to data growth. At the end of June, the operation had 1,7 million registered MTN Mobile Money customers.

MTN Cameroon's EBITDA margin decreased 4,6 pp to 37,8% as a result of an increase in rent and utilities and transmission costs associated with significant 3G rollout and lower revenue.

Capex increased by 153% to R943 million largely due to an extensive 3G network rollout. During the period the operation rolled out 95 2G and 282 largely co-located 3G sites.

**MTN Ivory Coast** delivered a satisfactory performance for the period increasing its subscribers by 5,9% to 8,5 million. This was attributable to successful retention promotions and penetration in lower segments of the market.

Total revenue increased by 5,5%\* supported by outgoing voice revenue and strong growth in data revenue. Data revenue increased by 58,7%\* and now contributes 14,5% of total revenue. 3G network expansion and an increased uptake of digital and MTN Mobile Money offerings were key contributors to data growth. MTN Mobile Money showed healthy growth, ending the period with 2,8 million customers, underpinned by remittances between Ivory Coast and Burkina Faso.

The operation's EBITDA margin declined by 1,0 pp to 36,5%. This was a result of high transmission costs associated with 3G rollout and international transmission costs. MTN Ivory Coast spent R422 million on its capex programme and rolled out 75 2G sites and 211 co-located 3G sites during the period.

**MTN Uganda** increased its subscriber base by 7,2% to 11,1 million driven by attractive bundled propositions, improved 3G coverage and increased take up of MTN Mobile Money. The operation increased market share to 57,6% despite operating in a highly competitive market.

Total revenue increased by 2,6%\* supported by outgoing voice revenue which was underpinned by a 12,5% increase in billable minutes. Data revenue grew only 8,5%\* mainly as a result of low 3G handset penetration and cancelled contracts with third party content providers. Total revenue was further impacted by a 12,8%\* decline in incoming voice revenue following the implementation of the One Area Network in Eastern Africa resulting in reduced international and national roaming revenue. MTN Mobile Money recorded a 12,8% increase in registered subscribers to 8,2 million.

MTN Uganda's EBITDA margin decreased by 0,9 pp to 36,0% impacted by higher commission costs and US dollar denominated expenses.

Capex in the year amounted to R556 million, with 110 new 2G sites and 57 co-located 3G sites rolled out, improving quality and capacity on the network.

**MTN Syria** recorded a 1,6% decline in its subscriber base to 5,8 million, operating under extremely challenging conditions. Despite this, the operation marginally increased total revenue supported by strong growth in data revenue. Data revenue increased 23,9%\* and now contributes 27,2% of total revenue. MTN Syria's EBITDA margin declined by 2,6 pp to 16,2%. High inflation and costs related to maintaining the network were key contributing factors.

## Results overview (continued)

**MTN Sudan** showed encouraging progress despite a 2,2% decline in subscribers to 8,8 million impacted by subscriber registration requirements. Total revenue increased by 17,2%\* supported by a 76,1%\* increase in data revenue, contributing 18,0% to total revenue. The EBITDA margin declined slightly to 33,5 % despite high inflation. Capex in the year amounted to R337 million.

### **SMALL OPCO CLUSTER**

- Subscribers increased 3,9% to 33,5 million
- Revenue increased 0,8%\*
- Data revenue increased 29,2%\*
- EBITDA margin decreased 2,8 pp to 34,9%

**The small opco cluster** increased subscribers by 3,9% in a tough operating environment and weak macro-economic conditions. Revenue was supported by solid growth in Zambia, Benin, Guinea Bissau, Congo-Brazzaville and South Sudan, with Liberia continuing to show improvement from the second half of 2014. Yemen continues to operate under challenging conditions with the majority of the management team now based in Jordan, and Guinea Conakry's results were impacted by the Ebola crisis. Data revenue increased 29,2%\*, constrained largely by slow 3G device penetration. The EBITDA margin declined by 2,8 pp to 34,9%. This was largely due to high inflation impacting costs. Capex for the year amounted to R1 761 million with 288 2G and 210 co-located 3G sites added in the period.

# Results overview (continued)

## ANNEXURE

Pro forma financial information for the period ended 30 June:

ZAR (million)	Actual H1-15	"(1) Hyper- inflation"	"(2) Tower profit"	Actual H1-15 excl hyper- inflation and tower profit	Actual H1-14	"(1) Hyper- inflation"	"(2) Tower profit"	Actual H1-14 excl hyper- inflation and tower profit	Adjusted change %
Revenue	69 304	94	–	69 210	72 759	–	–	72 759	(5)
Other income	411	–	352	59	303	–	99	204	(71)
<b>EBITDA</b>	<b>30 675</b>	<b>49</b>	<b>352</b>	<b>30 274</b>	<b>33 762</b>		<b>99</b>	<b>33 663</b>	<b>(10)</b>
Depreciation, amortisation and impairment of goodwill	10 750	35	–	10 715	10 886	–	–	10 886	2
<b>Profit from operations</b>	<b>19 925</b>	<b>14</b>	<b>352</b>	<b>19 559</b>	<b>22 876</b>		<b>99</b>	<b>22 777</b>	<b>(14)</b>
Net finance cost	2 319	(1)	–	2 320	1 668	–	–	1 668	(39)
Share of results of joint ventures and associates after tax	2 027	362	–	1 665	1 691	(197)	–	1 888	(12)
Monetary gain/(loss)	496	496	–	–	–	–	–	–	NM
<b>Profit before tax</b>	<b>20 129</b>	<b>873</b>	<b>352</b>	<b>18 904</b>	<b>22 899</b>	<b>(197)</b>	<b>99</b>	<b>22 997</b>	<b>(18)</b>
Income tax expense	6 249	26	–	6 223	7 261	–	8	7 253	14
<b>Profit after tax</b>	<b>13 880</b>	<b>847</b>	<b>352</b>	<b>12 681</b>	<b>15 638</b>	<b>(197)</b>	<b>91</b>	<b>15 744</b>	<b>(19)</b>
Non-controlling interests	1 980	105	75	1 800	2 248	–	1	2 247	20
<b>Attributable profit</b>	<b>11 900</b>	<b>742</b>	<b>277</b>	<b>10 881</b>	<b>13 390</b>	<b>(197)</b>	<b>90</b>	<b>13 497</b>	<b>(19)</b>
EBITDA margin	44,3%			43,7%	46,4%			46,3%	(2,6)pp
Effective tax rate	31,0%			32,9%	31,7%			31,5%	1,4pp

(1) Represents the exclusion of the hyperinflation impact of certain of the Group's subsidiaries (MTN Sudan and MTN Syria) and the Group's joint venture in Iran, being accounted for on a hyperinflationary basis in accordance with IFRS on the respective financial statement line items affected.

(2) Represents the exclusion of the financial impact relating to the sale of tower assets and related movements during the financial period on the respective financial line items impacted, which include: The re-measurement of the contingent consideration receivable relating to the Nigeria tower transaction tranche 1 of R339 million and the Ghana release of deferred profit of R13 million (H114: Zambia R60 million, Rwanda R5 million, Ghana R19 million and Ghana release of deferred profit R15 million).

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

### SUBSCRIBER NET ADDITION GUIDANCE FOR 2015

	Mar 15 '000	Actual '000
<b>South Africa</b>	2 400	<b>1 800</b>
<b>Nigeria</b>	4 750	<b>5 000</b>
<b>Iran</b>	1 750	<b>1 600</b>
<b>Large OpCo cluster</b>	5 100	<b>4 850</b>
Ghana	1 100	<b>1 500</b>
Cameroon	1 500	<b>1 150</b>
Ivory Coast	800	<b>800</b>
Sudan	500	–
Syria	–	–
Uganda	1 200	<b>1 400</b>
<b>Small OpCo cluster</b>	3 380	<b>3 380</b>
<b>Other JVs</b>	120	<b>120</b>
<b>Total</b>	<b>17 500</b>	<b>16 750</b>

## Declaration of interim ordinary dividend

Notice is hereby given that a gross interim dividend of 480 cents per share for the period to 30 June 2015 has been declared payable to MTN shareholders. The dividend is declared out of retained earnings. The number of ordinary shares in issue at the date of this declaration is 1 845 493 245 (including 10 444 797 treasury shares).

The dividend will be subject to a maximum local dividend tax rate of 15% which will result in a net dividend of 408 cents per share to those shareholders that bear the maximum rate of dividend withholding tax of 72 cents per share. The net dividend per share for the respective categories of shareholders for the different dividend tax rates is as follows:

0%	480 cents per share
5%	456 cents per share
7.5%	444 cents per share
10%	432 cents per share
12.5%	420 cents per share
15%	408 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:

Declaration Date	Wednesday, 5 August 2015
Last day to trade cum dividend on the JSE	Friday, 21 August 2015
First trading day ex dividend on the JSE	Monday, 24 August 2015
Record date	Friday, 28 August 2015
Payment date	Monday, 31 August 2015

No share certificates may be dematerialised or re-materialised between Monday, 24 August 2015 and Friday, 28 August 2015, both days inclusive. On Monday, 31 August 2015, 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, 31 August 2015 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, 31 August 2015.

The 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

4 August 2015

**RS Dabengwa**

*Group President and CEO*

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

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

Sponsor: Deutsche Securities (SA) Proprietary Limited



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**REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL  
REPORTING STANDARD (IAS) 34 INTERIM FINANCIAL REPORTING**

The Group's reviewed condensed consolidated interim financial statements for the six months ended 30 June 2015 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).

The results were made available on 5 August 2015.

# Independent auditors' review report on condensed consolidated interim financial statements

## TO THE SHAREHOLDERS OF MTN GROUP LIMITED

We have reviewed the condensed consolidated interim financial statements of MTN Group Limited in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 June 2015 and the related condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

### **Directors' responsibility for the interim financial statements**

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of MTN Group Limited for the six months ended 30 June 2015 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.



PricewaterhouseCoopers Inc.  
Director: JR van Huyssteen  
Registered Auditor  
Sunninghill  
4 August 2015



Sizwe Ntsaluba Gobodo Inc.  
Director: SY Lockhat  
Registered Auditor  
Woodmead  
4 August 2015

# Condensed consolidated income statement

for the

	Note	Six months ended 30 June 2015 Reviewed Rm	Six months ended 30 June 2014 Reviewed Rm	Financial year ended 31 December 2014 Audited Rm
<b>Revenue</b>		<b>69 304</b>	72 759	146 930
Other income		411	303	7 928
Direct network operating costs		(10 861)	(10 692)	(21 604)
Costs of handsets and other accessories		(5 540)	(5 667)	(11 957)
Interconnect and roaming		(6 330)	(6 734)	(13 653)
Staff costs		(4 155)	(4 289)	(8 838)
Selling, distribution and marketing expenses		(7 348)	(7 179)	(15 531)
Other operating expenses		(4 806)	(4 739)	(10 084)
<b>EBITDA</b>		<b>30 675</b>	33 762	73 191
Depreciation of property, plant and equipment		(8 905)	(9 274)	(18 262)
Amortisation of intangible assets		(1 845)	(1 612)	(3 251)
Impairment of goodwill		–	–	(2 033)
<b>Operating profit</b>		<b>19 925</b>	22 876	49 645
Net finance costs		(2 319)	(1 668)	(3 668)
Net monetary gain		496	–	878
Share of results of joint ventures and associates after tax	8	2 027	1 691	4 208
<b>Profit before tax</b>		<b>20 129</b>	22 899	51 063
Income tax expense		(6 249)	(7 261)	(13 361)
<b>Profit after tax</b>		<b>13 880</b>	15 638	37 702
<b>Attributable to:</b>				
Equity holders of the Company		11 900	13 390	32 079
Non-controlling interests		1 980	2 248	5 623
		<b>13 880</b>	15 638	37 702
<b>Basic earnings per share (cents)</b>	7	<b>653</b>	731	1 752
<b>Diluted earnings per share (cents)</b>	7	<b>650</b>	727	1 742

# Condensed consolidated statement of comprehensive income

for the

	Six months ended 30 June 2015 Reviewed Rm	Six months ended 30 June 2014 Reviewed Rm	Financial year ended 31 December 2014 Audited Rm
<b>Profit after tax</b>	<b>13 880</b>	15 638	37 702
<b>Other comprehensive (loss)/income after tax:</b>			
Exchange differences on translating foreign operations including the effect of hyperinflation <sup>o</sup>	(3 273)	(1 955)	2 968
– Equity holders of the Company	(3 181)	(1 882)	2 960
– Non-controlling interests	(92)	(73)	8
<b>Total comprehensive income</b>	<b>10 607</b>	13 683	40 670
<b>Attributable to:</b>			
Equity holders of the Company	8 719	11 508	35 039
Non-controlling interests	1 888	2 175	5 631
	<b>10 607</b>	13 683	40 670

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



# Condensed consolidated statement of financial position

as at

	Note	30 June 2015 Reviewed Rm	30 June 2014 Reviewed Rm	31 December 2014 Audited Rm
<b>Non-current assets</b>		<b>161 219</b>	147 166	163 218
Property, plant and equipment		85 501	88 689	87 546
Intangible assets and goodwill		37 484	33 785	36 618
Investments in joint ventures and associates		24 978	15 859	25 514
Deferred tax and other non-current assets		13 256	8 833	13 540
<b>Current assets</b>		<b>85 269</b>	75 493	90 467
Non-current assets held for sale	15	3 959	137	3 848
		81 310	75 356	86 619
Other current assets <sup>#</sup>		49 295	37 028	42 628
Restricted cash		1 001	745	893
Cash and cash equivalents		31 014	37 583	43 098
<b>Total assets</b>		<b>246 488</b>	222 659	253 685
<b>Total equity</b>		<b>127 420</b>	120 445	133 442
Attributable to equity holders of the Company		122 702	115 509	128 517
Non-controlling interests		4 718	4 936	4 925
<b>Non-current liabilities</b>		<b>51 495</b>	51 947	52 613
Interest-bearing liabilities	12	39 511	38 803	39 470
Deferred tax and other non-current liabilities		11 984	13 144	13 143
<b>Current liabilities</b>		<b>67 573</b>	50 267	67 630
Interest-bearing liabilities	12	16 548	8 973	13 809
Other current liabilities		51 025	41 294	53 821
<b>Total equity and liabilities</b>		<b>246 488</b>	222 659	253 685

<sup>#</sup>The increase in other current assets was mainly due to the increase in treasury bills, prepayments and the dividend receivable from Iran.

# Condensed consolidated statement of changes in equity

for the

	Six months ended 30 June 2015 Reviewed Rm	Six months ended 30 June 2014 Reviewed Rm	Financial year ended 31 December 2014 Audited Rm
<b>Opening balance at 1 January</b>	<b>128 517</b>	116 479	116 479
Shares issued during the period	<sup>^</sup>	<sup>^</sup>	3
Shares cancelled during the period	( <sup>^</sup> )	( <sup>^</sup> )	( <sup>^</sup> )
Share buy-back	( <sup>^</sup> )	–	(2 422)
Share-based payment transactions	<b>140</b>	47	110
Settlement of vested equity rights	–	–	(209)
Total comprehensive income	<b>8 719</b>	11 508	35 039
Profit after tax	<b>11 900</b>	13 390	32 079
Other comprehensive (loss)/income after tax	<b>(3 181)</b>	(1 882)	2 960
Dividends declared	<b>(14 697)</b>	(12 302)	(20 527)
Other movements	<b>23</b>	(223)	44
<b>Attributable to equity holders of the Company</b>	<b>122 702</b>	115 509	128 517
Non-controlling interests	<b>4 718</b>	4 936	4 925
<b>Closing balance</b>	<b>127 420</b>	120 445	133 442
Dividends declared during the period (cents per share)	<b>800</b>	665	1 110
Dividends declared after the period end (cents per share)	<b>480</b>	445	800

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

# Condensed consolidated statement of cash flows

for the

	Six months ended 30 June 2015 Reviewed Rm	Six months ended 30 June 2014 Reviewed Rm	Financial year ended 31 December 2014 Audited Rm
<b>Net cash generated from operating activities</b>	<b>1 432</b>	6 234	27 132
Cash generated by operations	26 289	30 078	64 628
Dividends paid to equity holders of the Company	(14 697)	(12 284)	(20 527)
Dividends paid to non-controlling interests	(3 042)	(2 644)	(4 289)
Dividends received from associates and joint ventures	285	349	508
Other operating activities	(7 403)	(9 265)	(13 188)
<b>Net cash used in investing activities</b>	<b>(14 471)</b>	(8 607)	(25 991)
Acquisition of property, plant and equipment and intangible assets	(11 830)	(10 172)	(22 844)
Movement in investments and other investing activities	(2 641)	1 565	(3 147)
<b>Net cash from financing activities</b>	<b>1 558</b>	1 439	2 639
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(11 481)</b>	(934)	3 780
Cash and cash equivalents at beginning of period	43 072	39 577	39 577
Exchange losses on cash and cash equivalents	(787)	(1 071)	(182)
Net monetary gain/(loss) on cash and cash equivalents	134	—	(103)
<b>Net cash and cash equivalents at end of period</b>	<b>30 938</b>	37 572	43 072

# Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2015

## 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 independent auditors, PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc., who have expressed an unmodified conclusion. The joint external auditors have performed their review in accordance with International Standard on Review Engagements (ISRE) 2410. Constant currency and other pro-forma disclosure have not been reviewed by our joint external auditors.

## 2. GENERAL INFORMATION

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

## 3. BASIS OF PRESENTATION

These condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Financial Reporting Standard (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. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

## 4. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

## 5. FINANCIAL INSTRUMENTS

The Group has not disclosed the fair values of all financial instruments measured at amortised cost, as their carrying amounts closely approximate their fair values. Other than investments, there were no financial instruments measured at fair value that were individually material at the end of the current reporting period.

### Investments

#### Fair value measurement

The Group holds an equity investment in IHS Holdings Limited (IHS) at fair value of R7 259 million at 30 June 2015 (December 2014: R5 912 million). The investment is classified as available-for-sale and categorised within level 2 in the fair value hierarchy. The fair value is based on observable market inputs and the increase is mainly due to the additional investment in IHS.

## 6. SEGMENT ANALYSIS

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

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

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

for the

## 6. SEGMENT ANALYSIS (continued)

During 2014, and as reported in the December 2014 annual financial statements, the CODM resolved to review segment results on a basis excluding profits realised in respect of the sale of towers and other related movements during the respective financial year. In addition, Irancell Telecommunication Company Services (PJSC), which previously formed part of the large opco cluster in terms of the segmental presentation of financial results, is now presented to the CODM on a standalone basis. The June 2014 comparatives were adjusted accordingly.

	Six months ended 30 June 2015 Reviewed Rm	Six months ended 30 June 2014 Reviewed Rm	Financial year ended 31 December 2014 Audited Rm
<b>Revenue</b>			
<b>South Africa</b>	<b>18 882</b>	19 157	38 922
<b>Nigeria</b>	<b>24 649</b>	27 099	53 995
<b>Large opco cluster</b>	<b>14 798</b>	15 794	31 200
Ghana	3 496	3 792	7 149
Cameroon	2 742	3 048	6 194
Ivory Coast	3 081	3 232	6 418
Uganda	2 540	2 624	5 289
Syria <sup>^^</sup>	1 329	1 802	3 449
Sudan <sup>^^</sup>	1 610	1 296	2 701
<b>Small opco cluster</b>	<b>10 992</b>	10 910	22 385
<b>Major joint venture – Iran<sup>oo</sup></b>	<b>6 435</b>	5 660	11 631
<b>Head office companies and eliminations</b>	<b>(111)</b>	(201)	(348)
<b>Hyperinflation impact</b>	<b>94</b>	–	776
<b>Iran revenue exclusion<sup>oo</sup></b>	<b>(6 435)</b>	(5 660)	(11 631)
	<b>69 304</b>	72 759	146 930

<sup>^^</sup> Excludes the increase in revenue resulting from hyperinflation accounting of: Syria R28 million (June 2014: Nil, December 2014: R434 million), Sudan R66 million (June 2014: Nil, December 2014: R342 million).

<sup>oo</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 and excludes the increase in revenue resulting from hyperinflation accounting of R271 million (June 2014: R215 million, December 2014: R1 655 million).

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

for the

	Six months ended 30 June 2015 Reviewed Rm	Six months ended 30 June 2014 Reviewed Rm	Financial year ended 31 December 2014 Audited Rm
<b>6. SEGMENT ANALYSIS (continued)</b>			
<b>EBITDA</b>			
<b>South Africa</b>	<b>6 724</b>	6 382	12 509
<b>Nigeria</b>	<b>14 132</b>	16 280	31 620
<b>Large opco cluster</b>	<b>5 218</b>	5 711	11 439
Ghana	1 387	1 467	2 674
Cameroon	1 036	1 291	2 651
Ivory Coast	1 126	1 213	2 475
Uganda	915	967	2 074
Syria <sup>&gt;&gt;</sup>	215	338	651
Sudan <sup>&gt;&gt;</sup>	539	435	914
<b>Small opco cluster</b>	<b>3 835</b>	4 108	8 083
<b>Major joint venture – Iran<sup>~</sup></b>	<b>2 582</b>	2 514	4 982
<b>Head office companies and eliminations</b>	<b>365</b>	1 182	1 869
<b>Hyperinflation impact</b>	<b>49</b>	–	241
<b>Tower sale profits and other related movements</b>	<b>352</b>	99	7 430
<b>Iran EBITDA exclusion<sup>~</sup></b>	<b>(2 582)</b>	(2 514)	(4 982)
<b>EBITDA</b>	<b>30 675</b>	33 762	73 191
Depreciation, amortisation and impairment of goodwill	(10 750)	(10 886)	(23 546)
Net finance cost	(2 319)	(1 668)	(3 668)
Net monetary gain	496	–	878
Share of results of joint ventures and associates after tax	2 027	1 691	4 208
<b>Profit before tax</b>	<b>20 129</b>	22 899	51 063

<sup>>></sup> Excludes the increase in EBITDA resulting from hyperinflation accounting of: Syria R25 million (June 2014: Nil, December 2014: R111 million), Sudan R24 million (June 2014: Nil, December 2014: R130 million).

<sup>~</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 and excludes the increase in EBITDA resulting from hyperinflation accounting of R141 million (June 2014: R84 million, December 2014: R776 million).

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

for the

	Six months ended 30 June 2015 Reviewed	Six months ended 30 June 2014 Reviewed	Financial year ended 31 December 2014 Audited
<b>7. EARNINGS PER ORDINARY SHARE</b>			
<b>Number of ordinary shares in issue</b>			
At end of the period (excluding MTN Zakhele and treasury shares <sup>**</sup> )	<b>1 822 473 178</b>	1 832 860 765	1 822 213 500
<b>Weighted average number of shares</b>			
<b>Shares for earnings per share</b>	<b>1 821 338 035</b>	1 832 859 145	1 831 196 131
Add: dilutive shares			
– MTN Zakhele shares issued	<b>7 685 193</b>	7 050 704	7 192 687
– Share schemes	<b>1 333 429</b>	2 548 461	2 865 069
<b>Shares for dilutive earnings per share</b>	<b>1 830 356 657</b>	1 842 458 310	1 841 253 887

<sup>\*\*</sup> Treasury shares of 10 444 797 (June 2014: 1 592 211 and December 2014: 11 649 825) are held by MTN Holdings Proprietary Limited and are therefore excluded from this reconciliation.

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

for the

	Six months ended 30 June 2015 Reviewed Rm	Six months ended 30 June 2014 Reviewed Rm	Financial year ended 31 December 2014 Audited Rm
<b>7. EARNINGS PER ORDINARY SHARE (continued)</b>			
Reconciliation between profit attributable to the equity holders of the Company and headline earnings			
<b>Profit after tax</b>	<b>11 900</b>	13 390	32 079
Loss on disposal of property, plant and equipment and intangible assets (IAS 16 and IAS 38)	<b>6</b>	49	69
Realisation of deferred gain (IAS 28)	<b>–</b>	(197)	(364)
Loss on disposal of investment in joint venture (IAS 28)	<b>–</b>	–	15
Net impairment loss on property, plant and equipment and intangible assets (IAS 36)	<b>27</b>	224	708
Impairment of goodwill (IAS 36)	<b>–</b>	–	2 033
Realisation of deferred gain on disposal of non-current assets held for sale (IFRS 5)	<b>(13)</b>	(15)	(31)
Profit on disposal of non-current assets held for sale (IFRS 5)	<b>–</b>	(84)	(7 399)
Total tax effects of adjustments	<b>–</b>	6	(326)
Total non-controlling interest effect of adjustments	<b>(6)</b>	(19)	1 339
<b>Basic headline earnings<sup>†</sup></b>	<b>11 914</b>	13 354	28 123
<b>Earnings per share (cents)</b>			
– Basic	<b>653</b>	731	1 752
– Basic headline	<b>654</b>	729	1 536
<b>Diluted earnings per share (cents)</b>			
– Diluted	<b>650</b>	727	1 742
– Diluted headline	<b>651</b>	725	1 527

<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.



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

for the

	Six months ended 30 June 2015 Reviewed Rm	Six months ended 30 June 2014 Reviewed Rm	Financial year ended 31 December 2014 Audited Rm
<b>8. SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES AFTER TAX</b>	<b>2 027</b>	1 691	4 208
Irancell Telecommunication Company Services (PJSC)	<b>2 099</b>	1 547	4 113
Others	<b>(72)</b>	144	95
<b>9. CAPITAL EXPENDITURE INCURRED</b>	<b>10 869</b>	9 199	25 406
<b>10. CONTINGENT LIABILITIES</b>	<b>287</b>	886	932
<b>11. AUTHORISED CAPITAL EXPENDITURE FOR PROPERTY, PLANT AND EQUIPMENT AND SOFTWARE</b>	<b>29 693</b>	26 151	29 693
<b>12. INTEREST-BEARING LIABILITIES</b>			
Bank overdrafts	<b>76</b>	11	26
Current borrowings	<b>16 472</b>	8 962	13 783
Current liabilities	<b>16 548</b>	8 973	13 809
Non-current borrowings	<b>39 511</b>	38 803	39 470
	<b>56 059</b>	47 776	53 279

## 13. 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 (MTN Nigeria) repaid R1,3 billion relating to long-term borrowings.
- MTN Holdings Proprietary Limited (MTN Holdings) raised R3 billion additional debt through the General Banking Facilities, which are short term in nature.
- MTN Holdings repaid R500 million relating to the Syndicated Loan Facility and R4,2 billion relating to General Banking Facilities.
- MTN International (Mauritius) Limited (MTN Mauritius) raised R5,9 billion debt through a revolving credit facility.

There have been no repayments (December 2014: R2,4 billion) in terms of the Domestic Medium-Term Programme previously established by MTN Holdings in the period.

During the period, MTN Holdings acquired 309 shares (December 2014: 10 704 475 shares) in the ordinary share capital of the Company. The cumulative repurchase is 1.8% of issued shares since 2011. The shares so acquired are fully paid up and are held as treasury shares.

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

for the six months ended 30 June 2015

## 14. BUSINESS COMBINATIONS, ACQUISITION OF JOINT VENTURES AND OTHER INVESTMENTS

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

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

### ***Conversion of loan to Ghana Tower Interco BV into equity***

During the period under review the Group accounted for the conversion of a portion of its loan to Ghana Tower Interco BV, a related party, into equity, for an amount of R1,3 billion.

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## 15. EVENTS AFTER REPORTING PERIOD

### ***Disposal of Base Transceiver Stations (BTS/Towers) in Nigeria classified as a non-current asset held for sale***

On 1 July 2015 the Group finalised the transaction with IHS Holdings Limited (IHS) for the disposal of mobile network towers by MTN Nigeria. Tranche 1 of the transaction constituting 4 154 towers was concluded during 2014 and tranche 2 constituting 4 696 towers closed independently on 1 July 2015. The Group retained an interest in the tower business and MTN Nigeria will be the anchor tenant on commercial terms on the towers for an initial term of 10 years. Tranche 2 of the transaction was closed on terms and conditions similar to tranche 1.

### ***Additional investment in AIH***

Subsequent to period end the Group exercised its rights to increase its investment in AIH to 41%. The Group continues to retain joint control over AIH.

### ***Changes in Liberia operating licence***

With effect from 1 July 2015, the Group entered into a new operating licence agreement in Liberia in accordance with the New Licence Regime of the Liberia Telecommunications Authority. The licence provides for a 15 year tenure from the effective date (previously 10 years), is technology neutral and allows MTN Liberia to operate under one licence for all of its operational services. The licence also includes certain amendments to the regulatory fee structure going forward.

### ***Dividends declared***

Dividends declared at the board meeting held on 4 August 2015 amounted to 480 cents per share.

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# Administration

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

**ISIN:** ZAE00042164

**Share code:** MTN

## **Board of Directors**

PF Nhleko\*\*\*

RS Dabengwa\*

BD Goschen\*

A Harper#\*\*\*\*

KP Kalyan\*\*\*

S Kheradpir†\*\*\*\*

NP Mageza\*\*\*

MLD Marole\*\*\*

AT Mikati\*\*\*

MJN Njeke\*\*\*

KC Ramon\*\*\*

JHN Strydom\*\*

F Titi\*\*\*

AF van Biljon\*\*\*

J van Rooyen\*\*\*

††American

†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 Depository 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

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Johannesburg, 2001

PO Box 61051, Marshalltown, 2107

## **Joint Auditors**

PricewaterhouseCoopers Inc.

2 Eglin Road, Sunninghill, 2157

Private Bag X36, Sunninghill, 2157

SizweNtsalubaGobodo Inc.

20 Morris Street East

Woodmead, 2157

PO Box 2939, Saxonwold, 2132

## **Sponsor**

Deutsche Securities (SA) Proprietary Limited

3 Exchange Square, 87 Maude Street, Sandton, 2196

## **Attorneys**

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