# MTN Group Limited

Interim financial results for the six months ended 30 June 2018

# y'ello to brighter lives

## Contents



***Note:*** *Certain information presented in these results constitutes pro forma financial information. This is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present MTN's financial position, changes in equity, and results of operations or cash flows. It has not been audited or reviewed or otherwise reported on by our external joint auditors.*

1. *The financial information presented in these consolidated financial results has been prepared excluding the impact of hyperinflation and the relating goodwill and asset impairments, tower profits (including the profit realised on the exercise of the IHS exchange right whereby the group's interest in the Nigeria tower company was exchanged for additional shareholding in IHS Holding Limited), and the Nigerian regulatory fine (consisting of the remeasurement impact when the settlement was entered into and the finance costs recognised as a result of the unwind of the initial discounting of the liability) (the pro forma adjustments) and constitutes pro forma financial information to the extent that it is not extracted from the segment disclosure included in the reviewed condensed consolidated interim financial statements for the six months ended 30 June 2018. This pro forma financial information has been presented to eliminate the impact of the pro forma adjustments from the consolidated financial results to achieve a comparable analysis year on year. The pro forma adjustments have been calculated in terms of the group accounting policies disclosed in the consolidated financial statements for the year ended 31 December 2017, except for the changes in accounting policies as a result of the adoption of the accounting pronouncements effective 1 January 2018.*
2. *Constant currency 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 average exchange rates determined as the average of the monthly exchange rates. The measurement has been performed for each of the group's currencies, materially being that of the US dollar and Nigerian naira. The constant currency growth percentage has been calculated based on the current year constant currency results compared to the prior year results. In addition, in respect of MTN Irancell, MTN Sudan, MTN South Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. The economies of South Sudan and Syria were assessed to be hyperinflationary and hyperinflation accounting was applied for the period under review.*

*The joint independent auditors' review report does not report on all the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the joint independent auditors' engagement they should obtain a copy of the joint independent auditors' review report together with the accompanying financial information from MTN's registered office.*

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

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

*Although Iran, Botswana and Swaziland form part of their respective regions geographically and operationally, they are excluded from their respective regional results because they are equity accounted for by the group.*

# Results overview

for the six months ended 30 June 2018

# Salient features

Service revenue

↑ **10,2%***

Data revenue

↑ **26,7%***

Subscribers at **223,4 million**, active data users at **71,2 million**

Active MTN Mobile Money customers rose to

**24,1 million**

EBITDA

↑ **17,0%***

EBITDA margin

↑ **2,2** percentage points to 35,5%*

Capex

↑ **20,0%***

Basic HEPS of

**215 cents****

from 231 cents**

Adjusted free cash flow

↑ **14,4%***

Interim dividend of

**175 cents**

per share declared

** Constant currency information after accounting for the impact of the pro forma adjustments as defined.*
*** Reported.*
*Any forward looking financial information disclosed in this results announcement has not been reviewed or audited or otherwise reported on by our external joint auditors*
*Service revenue excludes device and SIM card revenue*
*Data revenue is access data and enterprise business unit access data revenue*
*Adjusted free cash flow = EBITDA less capex*
*All financial numbers are year on year (YoY) unless otherwise stated*
*All subscriber numbers are compared to end December 2017 unless otherwise stated*
*2017 comparatives are restated for the adoption of IFRS 15 and change in the presentation of cash flows*

## Group president and CEO, Rob Shuter comments:

***"MTN had an encouraging first half of 2018, with an acceleration in the second quarter, supported by an improved operational performance across many markets. This was led by Nigeria, Ghana and South Africa. Service revenue growth increased, driven by robust voice revenue growth and the continued expansion of data and digital revenue. This in turn was supported by a 2,8% increase in subscriber numbers, continued network rollout, increasing 3G and 4G population coverage and improving customer service.***

***"We resolved some key regulatory issues in Cameroon and Benin, launched the initial public offering (IPO) of MTN Ghana and made progress on the IPO of MTN Nigeria. As part of our ongoing portfolio review, we agreed to the sale of MTN Cyprus. In the period, we further strengthened our governance of risk, continued to boost our specialist skills base, recorded improvements in employee engagement and extended mobile internet access to more people.***

***"Despite continued challenges in repatriating funds from MTN Irancell, the board remains committed to plans to declare a total dividend of 500 cents per share for 2018 and is targeting growth of 10% to 20% over the medium term. We believe everyone deserves the benefits of a modern connected life and see opportunity to provide this. We are confident that MTN remains well placed to deliver on our medium-term guidance."***

## Overview

MTN reported improved constant currency results for the six months ended 30 June 2018, delivering broadly on our medium-term targets as we remained focused on executing our BRIGHT strategy. Growth in service revenue accelerated, margins on earnings before interest, taxation, depreciation and amortisation (EBITDA) increased, and voice, data and digital revenue continued to expand.

Particularly noteworthy was the 38,6%* year-on-year (YoY) growth in second quarter EBITDA in Nigeria and 8,6%* increase YoY in South Africa. In Ghana, the second quarter EBITDA was up 13,6%* YoY after the introduction of the management fee from 1 May 2018.

Macroeconomic conditions remained challenging in South Africa, Iran and Cameroon; however, these were supportive in Nigeria, Ghana and Uganda. The South African economy had a poor start to the year, contracting 2,2% in the first quarter. Nigeria's economy expanded by 1,9% in the same period on the back of improved oil production and oil prices and greater foreign exchange liquidity. Iran's economy felt the impact of the US decision to withdraw from the Joint Comprehensive Plan of Action (JCPOA) agreement, and foreign currency remained in short supply. Many markets, particularly those in the Middle East, continued to experience socio economic challenges.

Among key currency moves, the rand's average rate strengthened 7,7% against the US dollar YoY and 22,6% against the Nigerian naira. In April 2018, Iran unified the official and open market exchange rates of the rial, leading to an effective 19,4% depreciation against the dollar.

Against our medium-term target of upper-single-digit growth in group service revenue, we delivered a 10,2%* increase in constant currency terms. This was led by growth of 17,0%* by MTN Nigeria, 27,9%* by MTN Ghana and 2,9% by MTN South Africa. Among our large operations, MTN Uganda also contributed positively; however; MTN Cameroon and MTN Ivory Coast reported declines.

At 30 June 2018, the group had 223,4 million subscribers. This compares to 217,2 million at the end of 2017.

Robust voice revenue growth, along with the continued expansion of data and digital revenue, supported overall service revenue growth. Voice revenue increased by 6,2%* in the period, evidence of our targeted customer value management (CVM) efforts as well as the continued shift in Nigeria of voice growth as we optimised our value-added service (VAS) offerings. Data revenue expanded 26,7%* as we continued to record improvements in the quality and capacity of our data networks after committing R11 461 million** in capital expenditure (capex). We rolled out a total of 3 603 3G and 3 660 4G sites. This supported data adoption, and at the end of June 2018 we had 71,2 million active data users.

Digital revenue increased by 7,6%*, underpinned by the greater uptake of MTN Mobile Money (MoMo), but negatively impacted by lower VAS revenue. At the end of June 2018, we had 24,1 million active MoMo users in 14 markets. MoMo revenue increased by more than 50% YoY. We continued to focus on our rich-media service offerings.

Over the medium term, we target improved profit margins. In the first half, the group's margin on EBITDA expanded by 2,2 percentage points (pp) to 35,5%*.

The reported EBITDA margin was 35,6%** compared to 38,2%** in June 2017. It was positively impacted by a net gain on the dilution of our investment in Iran Internet Group (IIG), following the entry of a new investor into that business. It was also supported by the reversal of fixed and intangible asset impairments (excluding goodwill) for MTN Sudan of R306 million** previously booked under hyperinflation accounting. The reported EBITDA margin was negatively impacted by currency fluctuations.

Reported basic headline earnings per share (HEPS) declined to 215 cents** from 231 cents** in the first half of 2017. HEPS were negatively impacted by a swing of 21 cents in the contribution from associates and joint ventures.

HEPS were also impacted by the following significant items in the first half: 17 cents relating to the Nigeria fine interest (from 24 cents in first half 2017); hyperinflation (excluding impairments) of 27 cents (from 42 cents in first half 2017); and the impact of foreign exchange losses and gains of 21 cents (from 49 cents in first half 2017). HEPS excluding these aforementioned items declined to 280 cents from 346 cents.

On 29 May 2018, MTN Ghana launched its IPO. This is part of the operation's plan to introduce a broad base of Ghanaians as investors and, in so doing, fulfil a requirement of its 4G licence. The offer period closed on 31 July 2018. Potential investors could apply for shares using MTN Mobile Money – the first mobile financial services platform to be used for an IPO. MTN Ghana is expected to list on the Ghana Stock Exchange by 5 September 2018, subject to final regulatory and corporate approvals.

As part of the ongoing review of our portfolio, in July 2018 we signed an agreement to sell 100% of MTN Cyprus, which is reflected in our accounts as a 'disposal group held for sale'. The net sale proceeds of approximately €260 million (approximately R4,17 billion using the closing exchange rate at 30 June 2018) will be paid upfront. We expect the sale to close within the third quarter of 2018. MTN Cyprus is MTN's only operating business in the European Union and falls outside our core footprint of Africa and the Middle East.

Our e-commerce joint ventures continued to grow. Within Africa Internet Holding (AIH), online shopping site Jumia continued to report solid top-line growth. In the first half of 2018, it recorded a 92% YoY increase in new customers to more than a million and an 80% increase in orders to around four million. The increase in gross merchandise value was 66%. This was powered by a 50% increase in active merchants to 47 000 and an 880% increase in SKUs to more than 12 million items.

Within Middle East Internet Holding, online retailer Wadi's recently launched grocery delivery service became the market leader in Saudi Arabia. Ride-hailing service Jeeny recorded a 33% YoY increase in ride numbers and cleaning service app Helpling increased bookings by 70% YoY.

Within IIG, in the first half of the year, cab-hailing and online food ordering service app Snapp reached 1,2 million daily rides and 27 000 delivered food orders a day. Hotel reservation app Snapptrip became the number one player in the Iran hotel booking market.

## Regulatory and legal considerations

We tackled various regulatory matters in the period. MTN Cameroon renegotiated its licence agreement as part of an addendum for the usage of 4G spectrum. MTN Benin concluded a memorandum of understanding with the government as well as negotiations around future frequency fees.

In South Africa, we continued to engage with the authorities on proposed amendments to the Electronic Communications Act. We are working to find a solution that would best deliver the most cost-effective coverage for South Africans as well as resources for the national fiscus. We await cabinet's decision on the future of spectrum allocation.

On 1 June 2018, representatives of the South African Directorate for Priority Crime Investigation (the Hawks) visited our offices and those of our external legal counsel to obtain documents relating to aspects of the Turkcell litigation currently before the South Gauteng High Court. This lawsuit was initiated in 2013 by Turkcell Iletisim Hizmetleri A.S. and East Asian Consortium. It relates to Turkcell's alleged grievances arising from its unsuccessful bid to obtain a mobile licence in Iran, and the awarding of that licence to MTN Irancell in 2005. MTN believes there is no legal merit to Turkcell's claim and will continue to oppose it.

On 8 May 2018, the US announced its decision to withdraw from the JCPOA agreement and to re-impose economic sanctions against Iran. The first round of these sanctions became effective on 7 August 2018 and a second phase of sanctions is expected to be effective on 5 November 2018. The sanctions may limit the ability of the group to repatriate cash from MTN Irancell, including future dividends. As at 30 June 2018, Iranian rial-denominated dividends receivable and loans amounted to R3,4 billion. The official exchange rate to the US dollar was 42 490 rials at 30 June 2018 and has remained largely unchanged since April 2018. Sanctions may place pressure on the official exchange rate that is used to translate dividend and loan receivables as well as the equity-accounted results of MTN Irancell. We will continue to monitor the situation including the response of the Iranian authorities and the other JCPOA members.

As previously reported, so far during 2018, MTN Group has repatriated approximately €88 million from MTN Irancell, including €61 million relating to the full 2017 dividend due to MTN as well as a further €27 million of historic dividends. Opportunities for repatriation within the legislative framework continue to exist, however MTN Group has not factored these into our cash flow forecasts.

## Dividends

The board has declared gross interim dividend of 175 cents per share.

## Prospects and guidance

### Well positioned to deliver growth

MTN is a leading operator in one of the world's fastest-growing regions. Guided by our clearly defined strategy, we are well positioned to grow by leveraging our scale and enhancing our competitive position. With our expanding data coverage and drive to accelerate smartphone adoption, we will take advantage of the material data and digital opportunity in our markets. As we build operational momentum, we will intensify our focus on our digital businesses in the future.

In the next few years we expect to widen our group EBITDA margin. We also target upper-single-digit growth in constant currency service revenue, driven by double-digit growth from MTN Nigeria and mid-single-digit growth from MTN South Africa.

Our extensive capital investment programme in recent years has sharply improved our network performance in many markets. This has supported our efforts to provide the best customer experience and to grow through enabling greater adoption of data and digital services. We expect the group capex intensity, which measures our efficiency in deploying assets, to moderate over the medium term to within a target range of 20% to 15%. At end-June 2018 it was 18,3%**. Our improving group margins and declining capex intensity are expected to support improved cash flow generation for the group.

### Portfolio review

We continue to review the markets in which we operate to ensure a good strategic and operational fit. We continue to assess the cash flow performance of our operations in conflict markets, focusing on ensuring that they remain self-funded. We are also evaluating acquisition and partnership opportunities across Africa and the Middle East. These ongoing reviews could, over the medium term, result in some changes to our portfolio.

### Listing

MTN Nigeria expects to list on the Nigerian Stock Exchange before the end of 2018, subject to regulatory approvals and appropriate market conditions. The MTN Group expects that any reduction in its ownership of MTN Nigeria will be limited.

## Capex guidance 2018

| (Rm) | **Estimated 2018** | Capitalised 1H18 | Capitalised[1] 1H17 |
|---|---|---|---|
| **South Africa** | **9 675** | 3 907 | 3 473 |
| **Nigeria** | **6 314** | 2 320 | 2 749 |
| **SEAGHA** | **4 021** | 2 219 | 1 566 |
| Ghana | **2 070** | 1 260 | 912 |
| Uganda | **750** | 392 | 356 |
| Other | **1 200** | 567 | 298 |
| **WECA** | **3 261** | 2 351 | 1 707 |
| Ivory Coast | **1 300** | 562 | 499 |
| Cameroon | **501** | 101 | 694 |
| Other | **1 460** | 1 688 | 514 |
| **MENA** | **1 851** | 572 | 734 |
| Syria[#] | **713** | 102 | 85 |
| Sudan[#] | **346** | 59 | 268 |
| Other | **923** | 411 | 381 |
| **Head office** | **76** | 93 | 76 |
| **GlobalConnect** | **312** | – | – |
| **Total** | **25 510** | 11 462 | 10 305 |
| Hyperinflation | **–** | (1) | 3 |
| **Total reported** | **25 510** | 11 461 | 10 308 |
| **Iran (49%)[#]** | **4 517** | 1 622 | 3 850 |

[#] *Excluding hyperinflation.*

[1] *Restated to reflect segments reallocated.*

## Financial review

### Headline earnings reconciliation

| (Rm) | IFRS reported | (Impairment)/ reversal of PPE and intangible assets[1] | Impairment of goodwill[2] | Profit on exercise of exchange right and tower profit[3] |
|---|---|---|---|---|
| **1H18** | | | | |
| Revenue | **62 777** | **–** | **–** | **–** |
| Other income | **406** | **–** | **–** | **12** |
| **EBITDA** | **22 335** | **244** | | **12** |
| Depreciation, amortisation and impairment of goodwill | **11 503** | | **149** | **–** |
| **Profit from operations** | **10 832** | **244** | **(149)** | **12** |
| Net finance cost | **3 677** | **–** | **–** | **–** |
| Hyperinflationary monetary gain | **100** | **–** | **–** | **–** |
| Share of results of associates and joint ventures after tax | **197** | **–** | **–** | **–** |
| **Profit before tax** | **7 452** | **244** | **(149)** | **12** |
| Income tax expense | **2 541** | **–** | **–** | **–** |
| **Profit after tax** | **4 911** | **244** | **(149)** | **12** |
| Non-controlling interests | **530** | **42** | **–** | **–** |
| **Attributable profit** | **4 381** | **202** | **(149)** | **12** |
| EBITDA margin | **35,6%** | | | |
| Effective tax rate | **34,1%** | | | |
| **1H17** | | | | |
| Revenue | 64 815 | – | – | – |
| Other income | 6 090 | – | – | 6 030 |
| **EBITDA** | 24 781 | (2 786) | | 6 030 |
| Depreciation, amortisation and impairment of goodwill | 14 374 | – | 2 631 | – |
| **Profit from operations** | 10 407 | (2 786) | (2 631) | 6 030 |
| Net finance cost | 3 457 | – | – | – |
| Hyperinflationary monetary gain | 67 | – | – | – |
| Share of results of associates and joint ventures after tax | 579 | – | – | – |
| **Profit before tax** | 7 596 | (2 786) | (2 631) | 6 030 |
| Income tax expense | 2 416 | (157) | – | – |
| **Profit after tax** | 5 180 | (2 629) | (2 631) | 6 030 |
| Non-controlling interests | (280) | (486) | – | – |
| **Attributable profit** | 5 460 | (2 143) | (2 631) | 6 030 |
| EBITDA margin | 38,2% | | | |
| Effective tax rate | 31,8% | | | |

*For notes please refer to page 10.*

| Gain on dilution of investment[4] | Other[5] | Nigeria regulatory fine[6] | Hyper-inflation (excluding impair-ment)[7] | Forex losses[8] | Adjusted | % move-ment |
|---|---|---|---|---|---|---|
| **–** | **–** | **–** | **65** | **–** | **62 712** | **(3,1)** |
| **304** | **11** | **–** | **–** | **–** | **79** | **NM** |
| **304** | **11** | **–** | **1** | **–** | **21 763** | **1,3** |
| **–** | **–** | **–** | **91** | **–** | **11 263** | **0,4** |
| **304** | **11** | **–** | **(90)** | **–** | **10 500** | **2,2** |
| **–** | **–** | **396** | **(1)** | **600** | **2 682** | **88,2** |
| **–** | **–** | **–** | **100** | **–** | **–** | |
| **134** | **–** | **–** | **(540)** | **–** | **603** | **(50,6)** |
| **438** | **11** | **(396)** | **(529)** | **(600)** | **8 421** | **(16,3)** |
| **–** | **–** | **–** | **(15)** | **(160)** | **2 716** | **(8,6)** |
| **438** | **11** | **(396)** | **(514)** | **(440)** | **5 705** | **(19,6)** |
| **–** | **–** | **(84)** | **(23)** | **(71)** | **666** | **(23,2)** |
| **438** | **11** | **(312)** | **(491)** | **(369)** | **5 039** | **(19,1)** |
| – | – | – | 71 | – | 64 744 | |
| 28 | 21 | – | – | – | 11 | |
| 28 | 21 | – | 5 | – | 21 483 | |
| – | – | – | 530 | – | 11 213 | |
| 28 | 21 | – | (525) | – | 10 270 | |
| – | – | 537 | (15) | 1 510 | 1 425 | |
| – | – | – | 67 | – | – | |
| – | – | – | (641) | – | 1 220 | |
| 28 | 21 | (537) | (1 084) | (1 510) | 10 065 | |
| – | – | – | (49) | (350) | 2 972 | |
| 28 | 21 | (537) | (1 035) | (1 160) | 7 093 | |
| – | – | (114) | (275) | (272) | 867 | |
| 28 | 21 | (423) | (760) | (888) | 6 226 | |

[1] *2018: Reversal of the hyperinflation-related asset impairment in MTN Sudan (R306 million) and exclusion of the impact of other asset impairments.*
*2017: Exclusion of the impact of impairments of assets previously written up for the impact of hyperinflation for MTN Syria (R1 125 million) and MTN Sudan (R1 690 million), partly offset by a reversal of assets previously impaired.*

[2] *Represents the exclusion of the impact of goodwill impairment recognised*
*2018: In relation to MTN Yemen.*
*2017: In relation to MTN Yemen (R807 million), MTN Afghanistan (R841 million) and MTN Sudan (R983 million). An amount of R192 million of the goodwill impairment on MTN Sudan relates to the carrying value of goodwill previously written up for the impact of hyperinflation.*

[3] *The financial impact relating to the sale of tower assets during the financial period is excluded:*
*2018: Release of a deferred gain of R12 million (2017: R13 million) in Ghana.*
*2017: Release of a deferred gain of R13 million in Ghana and R6 017 million profit realised on the exercise of the exchange right where the interest in the Nigeria tower company was exchanged for an increased shareholding in IHS Holdings.*

[4] *Represents the gain on dilution of the group's investments in International Digital Services Middle East Limited following the entry of a new investor into that business.*

[5] *Profits earned on the disposal of items of property, plant and equipment are excluded.*

[6] *Exclusion of finance cost recognised as a result of the unwind of the discounting of the financial liability created on conclusion of the Nigeria regulatory fine.*

[7] *The impact of hyperinflation is excluded for the operations that are currently accounted for on a hyperinflationary basis (MTN Syria and MTN South Sudan) as well as those that have previously been accounted for on a hyperinflationary basis. The economies of Iran and Sudan were assessed to no longer be hyperinflationary effective 1 July 2015 and 1 July 2016 respectively and hyperinflation accounting was discontinued from this date onwards. For these operations the impact of hyperinflation unwind over time mainly through depreciation, amortisation or subsequent asset impairments.*

[8] *Adjustment for the net forex losses impacting earnings for the respective periods.*

## Exchange rates

The stronger average rand and the depreciation of the Nigerian naira and the Iranian rial had a negative translation impact on rand-reported results for the period. The average naira depreciated by 13,3% against the US dollar YoY, and the closing rate at end-June 2018 was down 0,3% in the period. The average rand strengthened by 7,7% YoY against the US dollar and closed 9,9% weaker in the period.

## Revenue

**Table 1: Group revenue by country**

| | **Actual Rm** | Prior[1] Rm | Reported % change | Constant currency % change | Contribution to revenue % |
|---|---|---|---|---|---|
| **South Africa** | **21 163** | 20 511 | 3,2 | 3,2 | 33,7 |
| **Nigeria** | **17 230** | 18 071 | (4,7) | 16,9 | 27,5 |
| **SEAGHA** | **10 342** | 9 495 | 8,9 | 22,7 | 16,4 |
| Ghana | **5 546** | 4 880 | 13,6 | 27,9 | 8,8 |
| Uganda | **2 440** | 2 506 | (2,6) | 8,2 | 3,9 |
| Other | **2 356** | 2 109 | 11,7 | 27,7 | 3,7 |
| **WECA** | **9 617** | 10 404 | (7,6) | (8,7) | 15,4 |
| Ivory Coast | **3 487** | 3 639 | (4,2) | (6,7) | 5,6 |
| Cameroon | **2 384** | 2 609 | (8,6) | (9,4) | 3,8 |
| Other | **3 746** | 4 156 | (9,9) | (10,1) | 6,0 |
| **MENA** | **4 396** | 6 294 | (30,2) | 21,3 | 7,0 |
| Syria | **1 025** | 947 | 8,2 | (1,1) | 1,6 |
| Sudan | **829** | 2 272 | (63,5) | 56,8 | 1,3 |
| Other | **2 542** | 3 075 | (17,3) | 1,9 | 4,1 |
| **Head office companies and eliminations** | **(36)** | (31) | – | – | – |
| **Total** | **62 712** | 64 744 | (3,1) | 9,7 | 100,0 |
| Hyperinflation | **65** | 71 | – | – | – |
| **Total reported** | **62 777** | 64 815 | (3,1) | 9,6 | 100,0 |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

Group revenue increased 9,7%* and service revenue increased by 10,2%*, supported by growth in MTN Nigeria (up 17,0%*), MTN Ghana (up 27,9%*), MTN South Africa (up 2,9%) and MTN Uganda (up 8,8%*). MTN Cameroon and MTN Ivory Coast reported a 7,0%* and 6,6%* decline in service revenue respectively.

**Table 2: Group digital and data revenue**

| | Digital revenue | | | | Data revenue[2] | | | |
|---|---|---|---|---|---|---|---|---|
| | **Actual Rm** | Prior[1] Rm | Reported % change | Constant currency % change | **Actual Rm** | Prior[1] Rm | Reported % change | Constant currency % change |
| **South Africa** | **1 546** | 1 311 | 17,9 | 17,9 | **6 004** | 5 289 | 13,5 | 13,5 |
| **Nigeria** | **1 340** | 2 181 | (38,6) | (24,8) | **2 545** | 1 904 | 33,7 | 63,7 |
| **SEAGHA** | **2 273** | 1 982 | 14,7 | 28,6 | **2 028** | 1 748 | 16,0 | 30,8 |
| Ghana | **1 268** | 1 110 | 14,2 | 28,6 | **1 433** | 1 180 | 21,4 | 36,7 |
| Uganda | **684** | 635 | 7,7 | 19,7 | **226** | 213 | 6,1 | 17,8 |
| Other | **321** | 237 | 35,4 | 52,3 | **369** | 355 | 3,9 | 19,2 |
| **WECA** | **986** | 788 | 25,1 | 23,0 | **1 449** | 1 260 | 15,0 | 13,6 |
| Ivory Coast | **551** | 398 | 38,4 | 34,7 | **401** | 338 | 18,6 | 15,4 |
| Cameroon | **191** | 111 | 72,1 | 71,2 | **402** | 347 | 15,9 | 15,0 |
| Other | **244** | 279 | (12,5) | (12,9) | **646** | 575 | 12,3 | 11,7 |
| **MENA** | **158** | 253 | (37,5) | 21,3 | **1 138** | 1 441 | (21,0) | 32,5 |
| Syria | **50** | 43 | 16,3 | 4,7 | **289** | 257 | 12,5 | 2,7 |
| Sudan | **42** | 132 | (68,2) | 37,9 | **208** | 620 | (66,5) | 43,9 |
| Other | **66** | 78 | (15,4) | 2,6 | **641** | 564 | 13,7 | 33,5 |
| **Head office companies and eliminations** | **2** | (1) | – | – | **(13)** | (11) | – | – |
| **Total** | **6 305** | 6 514 | (3,2) | 7,6 | **13 151** | 11 631 | 13,1 | 26,7 |
| Hyperinflation | **–** | 3 | – | – | **9** | 14 | – | – |
| **Total reported** | **6 305** | 6 517 | (3,3) | 7,6 | **13 160** | 11 645 | 13,0 | 26,6 |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*
[2] *Data includes assess data and EBU access data.*

**Table 3: Group revenue analysis**

| | Actual Rm | Prior[1] Rm | Reported % change | Constant currency % change | Contribution to revenue % |
|---|---|---|---|---|---|
| Outgoing voice[2] | **30 068** | 32 851 | (8,5) | 5,1 | 47,9 |
| Incoming voice[3] | **4 998** | 5 536 | (9,7) | 12,7 | 8,0 |
| Data[4] | **13 151** | 11 631 | 13,1 | 26,7 | 21,0 |
| Digital | **6 305** | 6 514 | (3,2) | 7,6 | 10,1 |
| SMS | **1 275** | 1 496 | (14,8) | (5,5) | 2,0 |
| Devices | **4 079** | 4 069 | 0,2 | 1,1 | 6,5 |
| Wholesale[5] | **992** | 815 | 21,7 | 26,1 | 1,6 |
| Other | **1 844** | 1 832 | 0,7 | 6,3 | 2,9 |
| **Total** | **62 712** | 64 744 | (3,1) | 9,7 | 100,0 |
| Hyperinflation | **65** | 71 | – | – | – |
| **Total reported** | **62 777** | 64 815 | (3,1) | 9,6 | 100,0 |

[1] *Restated for the impact of IFRS 15.*
[2] *Definition refined to exclude international roaming.*
[3] *Definition refined to include international roaming and exclude wholesale.*
[4] *Data includes access data and EBU access data.*
[5] *Includes wholesale voice, data, SMS, leased lines and BTS rentals.*

## Costs

**Table 4: Cost analysis**

| | Actual Rm | Prior[1] Rm | Reported % change | Constant currency % change | % of revenue |
|---|---|---|---|---|---|
| Handsets and other accessories | **5 166** | 5 089 | 1,5 | 4,3 | 8,2 |
| Interconnect | **4 761** | 5 012 | (5,0) | 11,7 | 7,6 |
| Roaming | **437** | 372 | 17,5 | 32,8 | 0,7 |
| Commissions | **4 528** | 4 466 | 1,4 | 14,1 | 7,2 |
| Government and regulatory costs | **2 081** | 2 391 | (13,0) | (2,7) | 3,3 |
| VAS/digital revenue share | **1 094** | 1 612 | (32,1) | (24,9) | 1,7 |
| Service provider disc | **820** | 860 | (4,7) | (4,5) | 1,3 |
| Network | **11 910** | 12 457 | (4,4) | 12,0 | 19,0 |
| Marketing | **1 374** | 1 423 | (3,4) | 6,2 | 2,2 |
| Staff costs | **4 364** | 4 416 | (1,2) | 7,6 | 7,0 |
| Other OPEX | **4 555** | 5 144 | (11,5) | (0,3) | 7,3 |
| **Total** | **41 090** | 43 242 | (5,0) | 6,8 | 65,5 |
| Hyperinflation | **(242)** | 2 881 | – | – | – |
| **Total reported** | **40 848** | 46 123 | (11,4) | (2,6) | 65,1 |

[1] *Restated for the impact of IFRS 15.*

Total costs were well contained, increasing by 6,8%*. They were negatively impacted by foreign-denominated expenses in Nigeria and costs associated with the rollout of network sites.

## EBITDA

**Table 5: Group EBITDA by country**

| | Actual Rm | Prior[1] Rm | Reported % change | Constant currency % change |
|---|---|---|---|---|
| **South Africa** | **7 450** | 7 047 | 5,7 | 5,7 |
| **Nigeria** | **7 426** | 6 915 | 7,4 | 31,5 |
| **SEAGHA** | **3 610** | 3 016 | 19,7 | 34,5 |
| Ghana | **2 166** | 1 815 | 19,3 | 34,7 |
| Uganda | **854** | 830 | 2,9 | 14,5 |
| Other | **590** | 371 | 59,0 | 79,0 |
| **WECA** | **2 314** | 3 156 | (26,7) | (28,1) |
| Ivory Coast | **934** | 1 285 | (27,3) | (29,2) |
| Cameroon | **457** | 810 | (43,6) | (44,1) |
| Other | **923** | 1 061 | (13,0) | (14,6) |
| **MENA** | **1 246** | 1 843 | (32,4) | 19,9 |
| Syria | **351** | 245 | 43,3 | 30,6 |
| Sudan | **255** | 750 | (66,0) | 47,3 |
| Other | **640** | 848 | (24,5) | (7,4) |
| **Head office companies and eliminations** | **(30)** | (416) | – | – |
| **Total** | **22 016** | 21 561 | 2,1 | 17,0 |
| Hyperinflation | **307** | (2 810) | – | – |
| Tower profits | **12** | 6 030 | – | – |
| **Total reported** | **22 335** | 24 781 | (9,9) | 7,3 |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

EBITDA excludes impairment of goodwill, net monetary gains and share of results of associates and joint ventures after tax. Group EBITDA increased by 17,0%*. It was driven by increases of 31,5%*, 5,7%* and 34,7%* in MTN Nigeria, MTN South Africa and MTN Ghana respectively and lower head office costs, which were partially offset by the performance of the WECA markets. The group EBITDA margin increased by 2,2 percentage points* to 35,5%*.

## Depreciation, amortisation and impairment of goodwill

**Table 6: Group depreciation and amortisation**

| | Depreciation | | | | Amortisation | | | |
|---|---|---|---|---|---|---|---|---|
| | **Actual Rm** | Prior[1] Rm | Reported % change | Constant currency % change | **Actual Rm** | Prior[1] Rm | Reported % change | Constant currency % change |
| **South Africa** | **3 197** | 2 923 | 9,4 | 9,4 | **606** | 475 | 27,6 | 27,6 |
| **Nigeria** | **2 330** | 2 509 | (7,1) | 13,8 | **443** | 551 | (19,6) | (1,1) |
| **SEAGHA** | **971** | 921 | 5,4 | 18,0 | **211** | 238 | (11,3) | (10,5) |
| Ghana | **450** | 401 | 12,2 | 26,4 | **90** | 92 | (2,2) | 10,9 |
| Uganda | **283** | 255 | 11,0 | 23,1 | **72** | 86 | (16,3) | (36,0) |
| Other | **238** | 265 | (10,2) | (6,7) | **49** | 60 | (18,3) | – |
| **WECA** | **1 738** | 1 634 | 6,4 | 5,6 | **480** | 421 | 14,0 | 13,3 |
| Ivory Coast | **439** | 414 | 6,0 | 3,1 | **208** | 152 | 36,8 | 32,9 |
| Cameroon | **580** | 505 | 14,9 | 13,9 | **75** | 68 | 10,3 | 8,8 |
| Other | **719** | 715 | 0,6 | – | **197** | 201 | (2,0) | – |
| **MENA** | **641** | 965 | (33,6) | 4,6 | **230** | 255 | (9,8) | 33,3 |
| Syria | **230** | 153 | 50,3 | 37,9 | **38** | 24 | 58,3 | 45,8 |
| Sudan | **101** | 417 | (75,8) | 3,4 | **15** | 31 | (51,6) | 109,7 |
| Other | **310** | 395 | (21,5) | 20,0 | **177** | 200 | (11,5) | – |
| **Head office companies and eliminations** | **165** | 171 | – | – | **251** | 150 | – | – |
| **Total** | **9 042** | 9 123 | (0,9) | 10,2 | **2 221** | 2 090 | 6,3 | 17,6 |
| Hyperinflation | **79** | 472 | – | – | **12** | 58 | – | – |
| **Total reported** | **9 121** | 9 595 | (4,9) | 4,8 | **2 233** | 2 148 | 4,0 | 14,7 |

[1] *Restated to reflect the segments reallocated.*

The group depreciation charge increased by 10,2%* because of higher capex over the past few years. Amortisation costs increased by 17,6%*, after higher expenditure on software in the previous period. Non-hyperinflation-related goodwill impairments consisted of impairments in Yemen (R149 million**).

## Net finance costs

**Table 7: Net finance cost**

| | Actual Rm | Prior Rm | Reported % change | Constant currency % change | % of revenue |
|---|---|---|---|---|---|
| Net interest paid/ (received) | **2 681** | 1 420 | 88,8 | 163,3 | 4,3 |
| Net forex losses/ (gains) | **601** | 1 515 | (60,3) | (31,5) | 1,0 |
| **Total** | **3 282** | 2 935 | 11,8 | 62,8 | 5,2 |
| Nigeria regulatory fine interest unwind | **396** | 537 | – | – | – |
| Hyperinflation | **(1)** | (15) | – | – | – |
| **Total reported** | **3 677** | 3 457 | 6,4 | 24,0 | 5,9 |

Net finance costs increased by 6,4%**. This was mainly because of lower interest income in Nigeria after the early redemption by MTN Nigeria of treasury bonds.

Net forex losses declined by 60,3%** because of lower losses in Nigeria, after the operation settled a number of foreign-denominated expenses. Net forex losses mainly included:

- Head office forex losses of R425 million; and
- Forex losses in Nigeria of R175 million incurred on US dollar-denominated third-party payables.

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

We reported a profit of R197 million** from associates and joint ventures, compared to a profit of R579 million** in the same period of 2017. This was mainly because of a 30,1%** decline in MTN Irancell's profits – a result of higher depreciation related to network rollout, increased transmission costs and higher forex losses because of the weaker rial. The share of results of joint ventures was also affected by the increased loss in Africa Internet Holding (AIH) because of higher marketing and logistics costs.

## Taxation

**Table 8: Taxation**

| | **Actual Rm** | Prior[1] Rm | Reported % change | Constant currency % change | Contribution to taxation % |
|---|---|---|---|---|---|
| Normal tax | **3 279** | 2 471 | 32,7 | 53,5 | 128,3 |
| Deferred tax | **(955)** | (384) | 148,7 | 159,1 | (37,4) |
| Capital gains tax | **–** | – | – | – | – |
| Foreign income and withholding taxes | **232** | 535 | (56,6) | (55,3) | 9,1 |
| **Total** | **2 556** | 2 622 | (2,5) | 15,9 | 100,0 |
| Hyperinflation | **(15)** | (206) | – | – | – |
| Tower profits | | | – | – | – |
| **Total reported** | **2 541** | 2 416 | 5,2 | 25,2 | 100,0 |

[1] *Restated for the impact of IFRS 15.*

The reported effective tax rate was 34,1%**, driven higher by lower profits from associates and joint ventures as well as non-deductible interest on the Nigeria fine. The prior year's rate had also benefited from non-taxable tower profits. The group's reported taxation charge increased by 5,2%** YoY to R2 541 million**.

## Earnings

We reported headline earnings per share (HEPS) of 215 cents** compared to 231 cents** in the comparable period. HEPS were negatively impacted by a swing of 21 cents in associates and joint ventures. HEPS were impacted by the following items: 17 cents relating to the Nigeria fine interest (from 24 cents in first half 2017); hyperinflation (excluding impairments) of 27 cents (from 42 cents in first half 2017); and the impact of foreign exchange losses and gains of 21 cents (from 49 cents in first half 2017), and reflected a decline to 280 cents from 346 cents.

## Cash flow

Cash inflows from operations were slightly lower at R16 757 million**. The group repatriated R1 296 million** in cash from MTN Irancell. Key cash outflows included cash capex of R12 549 million** and dividends paid to equity holders of R8 098 million**.

## Capital expenditure

**Table 9: Capital expenditure**

| | Actual Rm | Prior[1] Rm | Reported % change | Constant currency % change |
|---|---|---|---|---|
| **South Africa** | **3 907** | 3 473 | 12,5 | 12,5 |
| **Nigeria** | **2 320** | 2 749 | (15,6) | 0,5 |
| **SEAGHA** | **2 219** | 1 566 | 41,7 | 60,0 |
| Ghana | **1 260** | 912 | 38,2 | 56,4 |
| Uganda | **392** | 356 | 10,1 | 23,0 |
| Other | **567** | 298 | 90,3 | 115,1 |
| **WECA** | **2 351** | 1 707 | 37,7 | 33,2 |
| Ivory Coast | **562** | 499 | 12,6 | 9,6 |
| Cameroon | **101** | 694 | (85,4) | (85,6) |
| Other | **1 688** | 514 | 228,4 | 216,3 |
| **MENA** | **572** | 734 | (22,1) | 12,1 |
| Syria | **102** | 85 | 20,0 | 3,5 |
| Sudan | **59** | 268 | (78,0) | (8,2) |
| Other | **411** | 381 | 7,9 | 28,3 |
| **Head office companies and eliminations** | **93** | 76 | – | – |
| **Total** | **11 462** | 10 305 | 11,2 | 20,0 |
| Hyperinflation | **(1)** | 3 | – | – |
| **Total reported** | **11 461** | 10 308 | 11,2 | 20,0 |

[1] *Restated to reflect the segments reallocated.*

Capex increased by 20,0%* (increased by 11,2%** to R11 461 million**) for the first half.

## Financial position

**Table 10: Net debt analysis (Rm)**

| | Cash and cash equivalents† | Net interest-bearing liabilities | **Net debt/ (cash) June 2018** | Net debt/ (cash) December 2017[1] |
|---|---|---|---|---|
| South Africa | 1 449 | – | **(1 449)** | (2 124) |
| Nigeria | 8 603 | 11 822 | **3 219** | 1 828 |
| **SEAGHA** | 1 484 | 3 071 | **1 587** | 1 687 |
| Ghana | 488 | 975 | **487** | 407 |
| Uganda | 63 | 1 027 | **964** | 1 020 |
| Other | 933 | 1 069 | **136** | 260 |
| **WECA** | 1 818 | 7 992 | **6 174** | 5 493 |
| Ivory Coast | 482 | 3 458 | **2 976** | 2 615 |
| Cameroon | 375 | 2 481 | **2 106** | 2 139 |
| Other | 961 | 2 053 | **1 092** | 739 |
| **MENA** | 2 819 | 1 149 | **(1 670)** | (1 460) |
| Syria | 542 | 83 | **(459)** | (514) |
| Sudan | 569 | 293 | **(276)** | (252) |
| Other | 1 708 | 773 | **(935)** | (694) |
| **Head office companies and eliminations** | 6 391 | 68 361 | **61 970** | 51 721 |
| **Total reported** | 22 564 | 92 395 | **69 831** | 57 145 |
| Iran | 2 217 | 1 587 | **(630)** | (2 026) |

[1] *Restated to reflect the segments reallocated.*

† *Includes restricted cash and current investments.*

Net debt increased to R69 831 million** from R57 145 million** reported at year-end, impacted by the weaker closing rand and the payment of the final dividend under the previous dividend policy.

## Operational review of key markets

### MTN South Africa

- Service revenue increased by 2,9%*
- Data revenue increased by 13,5%*
- Digital revenue increased by 17,9%*
- EBITDA grew 5,7%* to R7 450 million*
- EBITDA margin increased by 0,8pp* to 35,2%*
- Capex increased by 12,5%*

**MTN South Africa** reported improved profitability on a strong consumer business, supported by our CVM initiatives. However, growth in service revenue was below expectations on the slow turnaround of the enterprise business. Despite this, we started to see a stabilisation of enterprise towards the end of the second quarter after the appointment of new leadership. Data usage was driven by the strong uptake of social media bundles. Digital revenue grew on demand for Xtratime and gaming.

Prepaid service revenue increased by 2,5%*, while postpaid service revenue declined by 2,5%*. Postpaid churn stabilised. We expect an acceleration of service revenue growth in the second half, driven by improvements in the postpaid and enterprise segments.

The subscriber base increased by 2,2% from December 2017 to 30,2 million. We continued to record network improvements. Boosted by these, we signed a deal to provide wholesale roaming services to Cell C, which will lead to incremental growth in revenue and EBITDA from the fourth quarter. Following the introduction of new methodology to measure NPS, we moved to number two NPS.

Ahead of the decision of the courts on the timeline for the implementation of new data regulations, over the next six months we will proactively implement the various changes to which we have committed.

## MTN Nigeria

- Service revenue increased by 17,0%*
- Data revenue increased by 63,7%*
- Digital revenue decreased by 24,8%*
- EBITDA grew by 31,5%* to R9 094 million*
- EBITDA margin increased by 4,7pp* to 43,0%*
- Capex increased by 0,5%*

**MTN Nigeria** performed ahead of expectations, with double-digit growth in voice revenue driving accelerated service revenue growth and the further widening of the EBITDA margin. Increased usage and growth in data subscribers supported data revenue growth. Digital revenue declined as a result of further optimisation of our VAS business. Towards the end of the second quarter, net additions and revenue growth slowed in line with economic activity, as well as some seasonality. We expect this trend to continue in the third quarter, with an improved performance expected in the fourth quarter.

The subscriber base expanded by 5,6% from December 2017 to 55,2 million. We continued work to improve customer experience and recorded steady growth in overall NPS, supported by our increased efforts to improve network quality and availability. We reported an increase in the number of active MoMo customers to nearly 2,2 million. The enterprise business performed well. We made good progress on our plans to list MTN Nigeria on the Nigerian Stock Exchange. We do not expect any material cash inflows to the group from the IPO.

## Southern and East Africa and Ghana (SEAGHA)

- Service revenue increased by 22,9%*
- Data revenue increased by 30,8%*
- Digital revenue increased by 28,6%*

**MTN Ghana** reported a very strong performance in the first half, continuing to benefit from the relatively buoyant economy. Growth in voice, data and digital revenue drove a 27,9%* increase in service revenue and supported the 2,0pp* widening in the EBITDA margin to 39,2%*. The new Ghana management fee agreement was put in place effective 1 May 2018. MTN Ghana's strong first half performance was supported by various attractive value propositions, including the youth activation initiative MTN Pulse. Subscribers grew by 5,5% from December 2017 to 16,5 million. The number of active data subscribers increased by 6,1% in the same period to 6,9 million and data volumes more than doubled. This supported a 36,7%* increase in data revenue.

MTN Ghana continued to lead the group in terms of the total number and growth of MoMo subscribers, adding 10,7% more active MoMo subscribers from December 2017 to 7,9 million, supported by consistent service delivery across all channels. At end-June 2018, MoMo made up 15% of revenue. In May 2018, MTN Ghana's IPO was launched and the operation is expected to be listed, subject to final corporate and regulatory approvals, by 5 September 2018. A new CEO, Selorm Adadevoh, joined in June 2018.

**MTN Uganda** increased service revenue by 8,8%*, led by a 19,7%* increase in digital revenue. Growth in MoMo revenue exceeded expectations and profitability was supported by a reduction in commissions paid to MoMo agents. The number of active MoMo customers on Uganda's leading brand and network NPS operator increased to 5,3 million. MoMo subscribers made up more than half the total subscriber base of 10,5 million, which declined by 1,8%, impacted by the regulator's ban on the sale and replacement of SIM cards between March and May 2018. The number of active data subscribers rose to 1,8 million, helping lift data revenue by 17,8%*.

## West and Central Africa (WECA)

- Service revenue decreased by 7,5%*
- Data revenue increased by 13,6%*
- Digital revenue increased by 23,0%*

**MTN Cameroon's** subscriber base declined by 5,9% from December 2017 to 6,6 million in a difficult operating environment, impacted by a data shutdown and weak economic activity. Service revenue decreased by 7,0%*, affected by the lower subscriber base and despite 15,0%* growth in data and 71,2%* growth in digital revenue. The number of active MoMo customers increased by 10,5% from December 2017 to 1,2 million, with revenue up by 404%* YoY. EBITDA declined by 44,1%* and the EBITDA margin narrowed 11,8pp* to 19,2%*.

**MTN Ivory Coast's** service revenue declined by 6,6%* on weaker voice revenue in a competitive market. Digital and data revenue continued to expand, up by 34,7%* and 15,4%* respectively. The EBITDA margin declined by 8,5pp* to 26,8%* because of declining voice revenue and increased interconnect costs, most notably national interconnect costs. The subscriber base grew by 3,1% from December 2017 to 11,3 million. We led the market in brand NPS and the total number of active MoMo customers increased by 15,8% from December 2017 to 2,5 million. MoMo revenue grew by 48,7% and data volumes almost doubled. We completed subscriber re-identification in May 2018.

### Middle East and North Africa (MENA) (excluding Iran)

- Service revenue increased by 21,6%*
- Data revenue increased by 32,5%*
- Digital revenue increased by 21,3%*

### MTN Irancell (joint venture – equity accounted, 49%)

- Service revenue increased by 16,1%*
- Data revenue increased by 48,2%*
- Digital revenue increased by 4,7%*
- EBITDA increased by 16,7%*
- EBITDA margin increased by 0,3pp* to 36,5%*
- Capex decreased 45,4%*

**MTN Irancell** had a good first half and remained the market leader in terms of data services. Strong growth in data revenue was the result of the extensive network rollout and optimisation during 2017, as well as the additional rollout of 3G and 4G network sites in the first half and successful spectrum refarming, attractive segmented offers and strong subscriber net additions as more subscribers moved to 3G-enabled devices. By end-June, of the total of 44,6 million subscribers, 19,3 million were active data subscribers. Data traffic volumes increased by more than 110% YoY. The enterprise business continued to record good growth. The number of subscribers using the MyMTN app increased to 6,7 million from 4,6 million in December 2017. MTN Irancell secured access to more spectrum in the 2 600MHz band. Despite an increase in transmission costs, optimisation in other areas of the business led to total costs being managed and this contributed to EBITDA of R6 745 million*. EBITDA was also supported by a net gain on the dilution of the investment in IIG. This was following the entry of a new investor into that business.

Following the decision of the US to withdraw from the JCPOA, the rial has depreciated sharply and access to foreign exchange has become more difficult, pressuring economic growth.

## Board changes

We announced the appointment of three new independent non-executive directors. Swazi Tshabalala and Mcebisi Jonas joined the board on 1 June 2018 and Dr Khotso Mokhele joined the board on 1 July 2018. We wish them well in their new roles.

## Declaration of interim ordinary dividend

Notice is hereby given that a gross interim dividend of 175 cents per share for the period to 30 June 2018 has been declared. The number of ordinary shares in issue at the date of this declaration is 1 884 296 758 (including 9 791 839 treasury shares held by MTN Holdings and 76 835 378 shares held by MTN Zakhele Futhi).

The dividend will be subject to a maximum local dividend tax rate of 20% which will result in a net dividend of 140 cents per share to those shareholders who bear the maximum rate of dividend withholding tax of 35 cents per share. The net dividend per share for the respective categories of shareholders for the different dividend tax rates is as follows:

- 0% 175,00 cents per share
- 5% 166,25 cents per share
- 7,5% 161,875 cents per share
- 10% 157,50 cents per share
- 12,5% 153,125 cents per share
- 15% 148,75 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, 8 August 2018 |
| Last day to trade *cum* dividend on the JSE | Tuesday, 28 August 2018 |
| First trading day *ex* dividend on the JSE | Wednesday, 29 August 2018 |
| Record date | Friday, 31 August 2018 |
| Payment date | Monday, 3 September 2018 |

No share certificates may be dematerialised or rematerialised between Wednesday, 29 August 2018 and Friday, 31 August 2018, both days inclusive. On Monday, 3 September 2018 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, 3 September 2018 will be posted on or about this date. Shareholders who hold dematerialised shares will have their accounts held by the Central Securities Depository Participant or broker credited on Monday, 3 September 2018.

For and on behalf of the board

| | | |
|---|---|---|
| **PF Nhleko** | **RA Shuter** | **RT Mupita** |
| *Chairman* | *Group president and CEO* | *Group CFO* |

7 August 2018
Fairland

# Results overview

Financial results for the six months ended 30 June 2018

## Reviewed condensed consolidated interim financial statements for the six months ended 30 June 2018

The group's reviewed condensed consolidated interim financial statements for the six months ended 30 June 2018 have been independently reviewed by the group's external auditors. The group's reviewed condensed consolidated interim financial statements have been prepared by the MTN finance staff under the guidance of the group finance operations executive, S Perumal, CA(SA) and was supervised by the group chief financial officer, RT Mupita, BScEng (Hons), MBA, GMP.

The results were made available on 8 August 2018.

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

for the six months ended 30 June 2018

## TO THE SHAREHOLDERS OF MTN GROUP LIMITED

We have reviewed the condensed consolidated interim financial statements of MTN Group Limited, as set out on pages 27 to 65 of the accompanying MTN Group Limited interim financial results for the six months ended 30 June 2018, which comprise the condensed consolidated statement of financial position as at 30 June 2018 and the related condensed consolidated income statement, condensed consolidated 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 interim financial statements in accordance with 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 Standards 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 enquiries 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 condensed consolidated interim financial statements of MTN Group Limited for the six months ended 30 June 2018 are not prepared, in all material respects, in accordance with 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: SN Madikane
Registered Auditor

Johannesburg
7 August 2018

SizweNtsalubaGobodo Grant Thornton Inc.
Director: DH Manana
Registered Auditor

Johannesburg
7 August 2018

# Condensed consolidated income statement

for the



| | Note | **Six months ended 30 June 2018 Reviewed Rm** | Six months ended 30 June 2017 Restated[1] Reviewed Rm | Financial year ended 31 December 2017 Restated[1] Audited Rm |
|---|---|---|---|---|
| **Revenue** | 7 | **62 777** | 64 815 | 132 869 |
| Other income | | **406** | 6 090 | 6 591 |
| Direct network and technology operating costs | | **(11 927)** | (12 460) | (25 077) |
| Costs of handsets and other accessories | | **(5 165)** | (5 088) | (10 764) |
| Interconnect and roaming costs | | **(5 216)** | (5 393) | (10 974) |
| Staff costs | | **(4 369)** | (4 420) | (9 082) |
| Selling, distribution and marketing expenses | | **(7 823)** | (8 365) | (17 194) |
| Government and regulatory costs | | **(2 085)** | (2 405) | (5 150) |
| Other operating expenses | | **(4 263)** | (7 993) | (14 248) |
| **EBITDA** | | **22 335** | 24 781 | 46 971 |
| Depreciation of property, plant and equipment | | **(9 121)** | (9 595) | (19 277) |
| Amortisation of intangible assets | | **(2 233)** | (2 148) | (4 490) |
| Impairment of goodwill | | **(149)** | (2 631) | (2 631) |
| **Operating profit** | | **10 832** | 10 407 | 20 573 |
| Net finance costs | 9 | **(3 677)** | (3 457) | (9 267) |
| Loss on derecognition of long-term loan receivable | | **–** | – | (2 840) |
| Net monetary gain | | **100** | 67 | 264 |
| Share of results of associates and joint ventures after tax | 10 | **197** | 579 | 840 |
| **Profit before tax** | | **7 452** | 7 596 | 9 570 |
| Income tax expense | | **(2 541)** | (2 416) | (5 020) |
| **Profit after tax** | | **4 911** | 5 180 | 4 550 |
| **Attributable to:** | | | | |
| Equity holders of the company | | **4 381** | 5 460 | 4 416 |
| Non-controlling interests | | **530** | (280) | 134 |
| | | **4 911** | 5 180 | 4 550 |
| **Basic earnings per share (cents)** | 11 | **244** | 304 | 246 |
| **Diluted earnings per share (cents)** | 11 | **240** | 297 | 241 |

[1] *Restated for changes in accounting policies, refer to note 22 for details of the restatements.*

# Condensed consolidated statement of comprehensive income

for the

| | Note | Six months ended 30 June 2018 Reviewed Rm | Six months ended 30 June 2017 Restated[1] Reviewed Rm | Financial year ended 31 December 2017 Restated[1] Audited Rm |
|---|---|---|---|---|
| **Profit after tax** | | **4 911** | 5 180 | 4 550 |
| **Other comprehensive income after tax** | | | | |
| **Items that may be reclassified to profit or loss** | | | | |
| **Net investment hedges** | 17 | **(1 718)** | 760 | 1 421 |
| Foreign exchange movement on hedging instruments | | **(2 386)** | 1 052 | 1 963 |
| Deferred and current tax | | **668** | (292) | (542) |
| **Available-for-sale financial assets[2, 3]** | | **–** | 817 | 4 439 |
| Gains arising during the period | 12 | **–** | 817 | 4 439 |
| **Exchange differences on translating foreign operations including the effect of hyperinflation[2]** | | **5 235** | (3 874) | (12 417) |
| Gains/(losses) arising during the period | 17 | **5 235** | (3 874) | (12 417) |
| **Items that have been reclassified to profit or loss** | | | | |
| Reclassification of foreign currency translation differences on loss of significant influence[2] | | **–** | 3 298 | 3 298 |
| **Items that will not be reclassified to profit or loss** | | | | |
| **Equity investments at fair value through other comprehensive income[2, 3]** | | **(5 377)** | – | – |
| Losses arising during the period | 12 | **(5 377)** | – | – |
| **Other comprehensive income for the period** | | **(1 860)** | 1 001 | (3 259) |
| Attributable to equity holders of the company | | **(2 080)** | 998 | (2 698) |
| Attributable to non-controlling interests | | **220** | 3 | (561) |
| **Total comprehensive income for the period** | | **3 051** | 6 181 | 1 291 |
| **Attributable to:** | | | | |
| Equity holders of the company | | **2 301** | 6 458 | 1 718 |
| Non-controlling interests | | **750** | (277) | (427) |
| | | **3 051** | 6 181 | 1 291 |

*[1] Restated for changes in accounting policies, refer to note 22 for details of the restatements.*
*[2] This component of other comprehensive income does not attract any tax.*
*[3] The available-for-sale investment (2017) and equity investment at fair value through other comprehensive income (2018) relate mainly to the group's investment in IHS Holding Limited (IHS) (note 12). Available-for-sale financial assets have been reclassified to equity investments at fair value through other comprehensive income in 2018 in terms of IFRS 9.*

# Condensed consolidated statement of financial position

as at

| | Note | 30 June 2018 Reviewed Rm | 30 June 2017 Restated[1] Reviewed Rm | 31 December 2017 Restated[1] Audited Rm |
|---|---|---|---|---|
| **Non-current assets** | | **187 002** | 187 717 | 183 502 |
| Property, plant and equipment | | **95 505** | 90 652 | 91 786 |
| Goodwill and intangible assets | | **39 896** | 40 305 | 38 330 |
| Investments | 12 | **25 193** | 25 714 | 27 686 |
| Investment in associates and joint ventures | | **19 420** | 22 516 | 19 673 |
| Deferred tax and other non-current assets | | **6 988** | 8 530 | 6 027 |
| **Current assets** | | **60 324** | 70 651 | 60 780 |
| Other current assets | | **14 173** | 14 783 | 11 389 |
| Trade and other receivables | | **29 314** | 30 836 | 31 006 |
| Restricted cash | | **3 406** | 1 681 | 2 376 |
| Cash and cash equivalents | | **13 431** | 23 351 | 16 009 |
| **Non-current assets held for sale** | 19 | **3 288** | – | – |
| **Total assets** | | **250 614** | 258 368 | 244 282 |
| **Total equity** | | **89 543** | 104 626 | 95 720 |
| Attributable to equity holders of the company | | **87 887** | 102 553 | 94 188 |
| Non-controlling interests | | **1 656** | 2 073 | 1 532 |
| **Non-current liabilities** | | **88 522** | 82 628 | 83 482 |
| Interest-bearing liabilities | 14, 15 | **78 855** | 66 935 | 70 567 |
| Deferred tax and other non-current liabilities | | **9 667** | 15 693 | 12 915 |
| **Current liabilities** | | **71 162** | 71 114 | 65 080 |
| Interest-bearing liabilities | 14, 15 | **13 540** | 17 910 | 9 153 |
| Trade and other payables | | **47 014** | 42 272 | 45 856 |
| Other current and tax liabilities | | **10 608** | 10 932 | 10 071 |
| **Non-current liabilities held for sale** | 19 | **1 387** | – | – |
| **Total equity and liabilities** | | **250 614** | 258 368 | 244 282 |

[1] *Restated for changes in accounting policies, refer to note 22 for details of the restatements.*

# Condensed consolidated statement of changes in equity

for the

| | Note | Six months ended 30 June 2018 Reviewed Rm | Six months ended 30 June 2017 Restated[1] Reviewed Rm | Financial year ended 31 December 2017 Restated[1] Audited Rm |
|---|---|---|---|---|
| **Opening balance at 1 January** | | **94 188** | 102 380 | 102 380 |
| Adjustment on initial application of IFRS 15 | 22 | **–** | 1 447 | 1 447 |
| Adjustment on initial application of IFRS 9 | 22 | **(384)** | – | – |
| **Restated balance at 1 January** | | **93 804** | 103 827 | 103 827 |
| Total comprehensive income | | **2 301** | 6 458 | 1 718 |
| Profit after tax | | **4 381** | 5 460 | 4 416 |
| Other comprehensive income after tax | | **(2 080)** | 998 | (2 698) |
| **Transactions with owners of the company** | | | | |
| Share-based payment transactions – other | | **86** | 217 | 237 |
| Cancellation of share-based payment transaction | 18 | **(295)** | – | – |
| Share-based payment transaction – MTN Zakhele Futhi | | **–** | – | 921 |
| Dividends declared | | **(8 098)** | (8 078) | (12 572) |
| Other movements | | **89** | 129 | 57 |
| **Attributable to equity holders of the company** | | **87 887** | 102 553 | 94 188 |
| Non-controlling interests | | **1 656** | 2 073 | 1 532 |
| **Closing balance** | | **89 543** | 104 626 | 95 720 |
| Dividends declared during the period (cents per share) | | **450** | 450 | 700 |
| Dividends declared after the period (cents per share) | | **175** | 250 | 450 |

[1] *Restated for changes in accounting policies, refer to note 22 for details of the restatements.*

# Condensed consolidated statement of cash flows

for the

| | Note | Six months ended 30 June 2018 Reviewed Rm | Six months ended 30 June 2017 Restated[1] Reviewed Rm | Financial year ended 31 December 2017 Restated[1] Audited Rm |
|---|---|---|---|---|
| **Net cash generated from operating activities** | | **13 189** | 19 194 | 33 387 |
| Cash generated from operations | | **16 757** | 17 763 | 38 484 |
| Finance income received | | **991** | 1 194 | 2 607 |
| Finance cost paid | | **(3 237)** | (2 919) | (7 237) |
| Dividends received from associates and joint ventures | 10 | **1 495** | 6 952 | 7 129 |
| Income tax paid | | **(2 817)** | (3 796) | (7 596) |
| **Net cash used in investing activities** | | **(14 926)** | (14 696) | (27 585) |
| Acquisition of property, plant and equipment | | **(10 563)** | (11 331) | (23 861) |
| Acquisition of intangible assets | | **(1 986)** | (1 088) | (2 800) |
| Increase in non-current investments | | **(362)** | (158) | (820) |
| (Purchase)/realisation of bonds, treasury bills and foreign deposits | | **(1 266)** | (1 274) | 1 849 |
| Increase in restricted cash | | **(765)** | (746) | (1 727) |
| Movement in other investing activities | | **16** | (99) | (226) |
| **Net cash used in financing activities** | | **(1 776)** | (8 168) | (14 612) |
| Proceeds from borrowings | 15 | **14 695** | 11 106 | 23 287 |
| Repayment of borrowings | 15 | **(7 293)** | (10 873) | (24 606) |
| Dividends paid to equity holders of the company | | **(8 098)** | (8 069) | (12 565) |
| Dividends paid to non-controlling interests | | **(940)** | (406) | (956) |
| Premium received on option issued to MTN Zakhele Futhi | | **–** | – | 192 |
| Other financing activities | | **(140)** | 74 | 36 |
| **Net decrease in cash and cash equivalents** | | **(3 513)** | (3 670) | (8 810) |
| Net cash and cash equivalents at beginning of the period | | **15 937** | 27 375 | 27 375 |
| Exchange gains/(losses) on cash and cash equivalents | | **1 123** | (554) | (2 664) |
| Net monetary gain on cash and cash equivalents | | **16** | 11 | 36 |
| Cash classified as held for sale | 19 | **(235)** | – | – |
| **Net cash and cash equivalents at end of the period** | | **13 328** | 23 162 | 15 937 |

[1] *Restated for changes in accounting policies, refer to note 22 for details of the restatements. In June 2017, finance income received, finance cost paid (excluding the current period restatement) and income tax paid was shown in a single line item – other operating activities.*

# Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2018

## 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 Grant Thornton Inc., who have expressed an unmodified conclusion thereon. The joint external auditors have performed their review in accordance with International Standards on Review Engagements (ISRE) 2410.

## 2. General information

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

## 3. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2018 are 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 (APC), Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and the requirements of the Companies Act of South Africa.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, 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 2018. The following standards had an impact on the group:

- IFRS 9 *Financial Instruments* (IFRS 9).
- IFRS 15 *Revenue from Contracts with Customers* (IFRS 15).

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 except as previously stated above and except for a change in the presentation of cash flows. Refer to note 22 for details.

## 5. Hyperinflation

The financial statements of the group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

The economy of Sudan was assessed to no longer be hyperinflationary, effective 1 July 2016, and hyperinflation accounting was discontinued from this date onwards. As at 31 December 2017, the historical increase in the asset value as a result of hyperinflation accounting had been fully impaired, which resulted in a R1 690 million decrease in EBITDA during 2017. During the six months ended 30 June 2018, R306 million of the impairment was reversed, resulting in an increase in EBITDA. This amount represents the full impairment recognised during 2017, translated at a significantly weaker exchange rate.

The economy of South Sudan was assessed to be hyperinflationary, effective 1 January 2016, and hyperinflation accounting was applied for the year ended 31 December 2016. As at 31 December 2017 and 30 June 2018, the property, plant and equipment of South Sudan was fully impaired, resulting in no hyperinflation adjustment on capital expenditure (CAPEX) for the respective period.

## 5. Hyperinflation continued

In 2015, the Iranian economy was assessed to no longer be hyperinflationary and hyperinflation accounting was discontinued effective 1 July 2015. The group's results from Iran include expenses resulting from the discontinuation of hyperinflation accounting mainly relating to the subsequent depreciation of assets that were historically written up under hyperinflation accounting. The additional income statement charge reduced equity-accounted earnings from Iran by R540 million for the six months ended 30 June 2018 (June 2017: R640 million, December 2017: R1 328 million).

The economy of Syria was assessed to be hyperinflationary, effective 1 January 2014, and hyperinflation accounting has been applied since. The group's proxy indicator for inflation in Syria remained stable during the period. Therefore, a hyperinflation adjustment factor of one was applied during the period.

The impact of hyperinflation on the segment analysis is as follows:

| | **Six months ended 30 June 2018 Reviewed Rm** | | |
|---|---|---|---|
| | **Revenue** | **EBITDA** | **CAPEX** |
| Syria | **–** | **–** | **–** |
| Sudan | **–** | **306** | **–** |
| South Sudan (included in other SEAGHA) | **65** | **1** | **(1)** |
| | **65** | **307** | **(1)** |
| Iran – major joint venture | **–** | **–** | **–** |

| | Six months ended 30 June 2017 Reviewed Rm | | |
|---|---|---|---|
| | Revenue | EBITDA | CAPEX |
| Syria | 40 | (1 110) | 3 |
| Sudan | – | (1 690) | – |
| South Sudan (included in other SEAGHA) | 31 | (10) | – |
| | 71 | (2 810) | 3 |
| Iran – major joint venture | – | 69 | – |

| | Financial year ended 31 December 2017 Audited Rm | | |
|---|---|---|---|
| | Revenue | EBITDA | CAPEX |
| Syria | 384 | (1 227) | 81 |
| Sudan | – | (1 690) | – |
| South Sudan (included in other SEAGHA) | 120 | (31) | – |
| | 504 | (2 948) | 81 |
| Iran – major joint venture | – | 69 | – |

## 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 largely grouped according to their geographic locations and reporting lines to the CODM. The group's underlying operations are clustered as follows:

- South Africa.
- Nigeria.
- South and East Africa and Ghana (SEAGHA).
- West and Central Africa (WECA).
- Middle East and North Africa (MENA).

June 2017 comparative numbers for the segments have been restated for changes to the group's segment presentation that were made during the second half of 2017.

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.

The measure of reporting profit for each segment, that also represents the basis on which the CODM reviews segment results, is EBITDA. EBITDA is defined as earnings before interest (which includes gains and losses on foreign exchange transactions), tax, depreciation and amortisation, and is also presented before recognising the following items:

- Impairment of goodwill.
- Loss on derecognition of a long-term loan receivable.
- Net monetary gain resulting from the application of hyperinflation.
- Share of results of associates and joint ventures after tax.

For the purposes of the review of segment results by the CODM, EBITDA also excludes the following items:

- Hyperinflation (note 5).
- Tower sale profits.
- MTN Zakhele Futhi share-based payment expense.
- Exchange right profit on IHS investment.

These exclusions have remained unchanged from the prior year.

Irancell Telecommunication Company Services (PJSC) (Iran) proportionate results are included in the segment analysis as reviewed by the CODM and excluded from IFRS reported results for revenue, EBITDA and CAPEX due to equity accounting for joint ventures. The results of Iran in the segment analysis exclude the impact of hyperinflation accounting.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

## 6. Segment analysis continued

| | **Six months ended 30 June 2018 Reviewed Rm** | Six months ended 30 June 2017 Restated[1] Reviewed Rm | Financial year ended 31 December 2017 Restated[1] Audited Rm |
|---|---|---|---|
| **REVENUE** | | | |
| **South Africa** | **21 163** | 20 511 | 42 497 |
| **Nigeria** | **17 230** | 18 071 | 36 067 |
| **SEAGHA** | **10 342** | 9 495 | 20 187 |
| Ghana | **5 546** | 4 880 | 10 433 |
| Uganda | **2 440** | 2 506 | 5 193 |
| Other SEAGHA | **2 356** | 2 109 | 4 561 |
| **WECA** | **9 617** | 10 404 | 20 928 |
| Ivory Coast | **3 487** | 3 639 | 7 412 |
| Cameroon | **2 384** | 2 609 | 5 373 |
| Other WECA | **3 746** | 4 156 | 8 143 |
| **MENA** | **4 396** | 6 294 | 12 722 |
| Syria | **1 025** | 947 | 2 001 |
| Sudan | **829** | 2 272 | 4 540 |
| Other MENA | **2 542** | 3 075 | 6 181 |
| **Major joint venture – Iran** | **7 008** | 7 832 | 16 440 |
| **Head office companies and eliminations** | **(36)** | (31) | (36) |
| **Hyperinflation impact** | **65** | 71 | 504 |
| **Iran revenue exclusion** | **(7 008)** | (7 832) | (16 440) |
| | **62 777** | 64 815 | 132 869 |

[1] *Restated for changes in accounting policies, refer to note 22 for details of the restatements.*

## 6. Segment analysis continued

| | Six months ended 30 June 2018 Reviewed Rm | Six months ended 30 June 2017 Restated[1] Reviewed Rm | Financial year ended 31 December 2017 Restated[1] Audited Rm |
|---|---|---|---|
| **EBITDA** | | | |
| **South Africa** | **7 450** | 7 047 | 14 635 |
| **Nigeria** | **7 426** | 6 915 | 14 070 |
| **SEAGHA** | **3 610** | 3 016 | 6 908 |
| Ghana | **2 166** | 1 815 | 4 189 |
| Uganda | **854** | 830 | 1 794 |
| Other SEAGHA | **590** | 371 | 925 |
| **WECA** | **2 314** | 3 156 | 5 335 |
| Ivory Coast | **934** | 1 285 | 2 359 |
| Cameroon | **457** | 810 | 1 305 |
| Other WECA | **923** | 1 061 | 1 671 |
| **MENA** | **1 246** | 1 843 | 3 810 |
| Syria | **351** | 245 | 597 |
| Sudan | **255** | 750 | 1 592 |
| Other MENA | **640** | 848 | 1 621 |
| **Major joint venture – Iran** | **2 554** | 2 832 | 5 881 |
| **Head office companies and eliminations** | **(30)** | (416) | (449) |
| **Hyperinflation impact** | **307** | (2 810) | (2 948) |
| **Tower sale profits** | **12** | 13 | 27 |
| **Profit on exercise of exchange right of IHS** | **–** | 6 017 | 6 017 |
| **MTN Zakhele Futhi share-based payment expense** | **–** | – | (434) |
| **Iran EBITDA exclusion** | **(2 554)** | (2 832) | (5 881) |
| **EBITDA** | **22 335** | 24 781 | 46 971 |
| **Depreciation, amortisation and impairment of goodwill** | **(11 503)** | (14 374) | (26 398) |
| **Net finance cost** | **(3 677)** | (3 457) | (9 267) |
| **Loss on derecognition of long-term loan receivable** | **–** | – | (2 840) |
| **Net monetary gain** | **100** | 67 | 264 |
| **Share of results of associates and joint ventures after tax** | **197** | 579 | 840 |
| **Profit before tax** | **7 452** | 7 596 | 9 570 |

[1] *Restated for changes in accounting policies, refer to note 22 for details of the restatements.*

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

## 6. Segment analysis continued

| | Six months ended 30 June 2018 Reviewed Rm | Six months ended 30 June 2017 Reviewed Rm | Financial year ended 31 December 2017 Audited Rm |
|---|---|---|---|
| **CAPITAL EXPENDITURE INCURRED** | | | |
| **South Africa** | **3 907** | 3 473 | 11 470 |
| **Nigeria** | **2 320** | 2 749 | 8 953 |
| **SEAGHA** | **2 219** | 1 566 | 3 794 |
| Ghana | **1 260** | 912 | 2 196 |
| Uganda | **392** | 356 | 909 |
| Other SEAGHA | **567** | 298 | 689 |
| **WECA** | **2 351** | 1 707 | 3 696 |
| Ivory Coast | **562** | 499 | 1 203 |
| Cameroon | **101** | 694 | 976 |
| Other WECA | **1 688** | 514 | 1 517 |
| **MENA** | **572** | 734 | 2 294 |
| Syria | **102** | 85 | 951 |
| Sudan | **59** | 268 | 545 |
| Other MENA | **411** | 381 | 798 |
| **Major joint venture – Iran** | **1 622** | 3 850 | 9 274 |
| **Head office companies and eliminations** | **93** | 76 | 1 173 |
| **Hyperinflation impact** | **(1)** | 3 | 81 |
| **Iran CAPEX exclusion** | **(1 622)** | (3 850) | (9 274) |
| | **11 461** | 10 308 | 31 461 |

## 7. Revenue

| | **Six months ended 30 June 2018 Reviewed Rm** | Six months ended 30 June 2017 Restated[1] Reviewed Rm | Financial year ended 31 December 2017 Restated[1] Audited Rm |
|---|---|---|---|
| **Revenue from contracts with customers** | **62 589** | **64 635** | 132 509 |
| Network services | **44 790** | **46 295** | 94 952 |
| Devices | **4 081** | **4 070** | 8 829 |
| Interconnect and roaming | **5 742** | **6 163** | 12 396 |
| Digital | **6 305** | **6 517** | 13 137 |
| Other | **1 671** | **1 590** | 3 195 |
| **Interest revenue** | **188** | **180** | 360 |
| **Revenue** | **62 777** | **64 815** | 132 869 |

[1] *Restated for changes in accounting policies, refer to note 22 for details of the restatements.*

## 8. Nigeria regulatory fine

On 10 June 2016, MTN Nigeria Communications Limited (MTN Nigeria) resolved the matter relating to the previously imposed regulatory fine with the Federal Government of Nigeria (FGN).

In terms of the settlement agreement reached on 10 June 2016, MTN Nigeria agreed to pay a total cash amount of N330 billion over three years (the equivalent of R25,1 billion[1]) to the FGN as full and final settlement of the matter.

The regulatory fine was fully expensed in 2016. A discount unwind of R396 million (30 June 2017: R537 million, 31 December 2017: R1,0 billion) was recognised in finance costs during the current period relating to the outstanding liability. The balance of the liability at 30 June 2018 amounts to R5,7 billion (30 June 2017: R7,2 billion, 31 December 2017: R6,6 billion) after taking into account the payment of N55 billion (R1,8 billion[2]) on 28 March 2018 and the unwinding of the interest.

[1] *Amount translated at the 10 June 2016 rate R1 = N13,15.*
[2] *Amount translated at the 28 March 2018 rate R1 = N30,61.*

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

## 9. Net finance costs

| | **Six months ended 30 June 2018 Reviewed Rm** | Six months ended 30 June 2017 Reviewed Rm | Financial year ended 31 December 2017 Audited Rm |
|---|---|---|---|
| Interest income on loans and receivables | **412** | 1 240 | 2 109 |
| Interest income on bank deposits | **488** | 817 | 1 379 |
| **Finance income** | **900** | 2 057 | 3 488 |
| Interest expense on financial liabilities measured at amortised cost | **(3 977)** | (4 004) | (8 400) |
| Net foreign exchange losses | **(600)** | (1 510) | (4 355) |
| **Finance costs** | **(4 577)** | (5 514) | (12 755) |
| **Net finance costs recognised in profit or loss** | **(3 677)** | (3 457) | (9 267) |

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

| | **Six months ended 30 June 2018 Reviewed Rm** | Six months ended 30 June 2017 Restated[1] Reviewed Rm | Financial year ended 31 December 2017 Restated[1] Audited Rm |
|---|---|---|---|
| | **197** | 579 | 840 |
| Irancell Telecommunication Company Services (PJSC) | **455** | 651 | 930 |
| Others | **(258)** | (72) | (90) |

[1] *Restated for changes in accounting policies, refer to note 22 for details of the restatements.*

For the six months ended 30 June 2018, outstanding dividends of R1 296 million (June 2017 and December 2017: dividends of R6 509 million) was received from MTN Irancell.

During March 2018, International Digital Services Middle East Limited (iME) issued shares to a new investor. The group and Irancell Telecommunication Company Services (PJSC) (MTN Irancell) each owned a 33,3% shareholding in iME prior to this transaction. After the new investor was introduced, the group and MTN Irancell's shareholding decreased to 29,5% each. The group recognised a R304 million gain on dilution, which is included in other income. The group's share of MTN Irancell's gain on dilution (R134 million) is included in the share of results of associates and joint ventures after tax.

## 11. Earnings per ordinary share

**Number of ordinary shares**

| | **Six months ended 30 June 2018 Reviewed** | Six months ended 30 June 2017 Reviewed | Financial year ended 31 December 2017 Audited |
|---|---|---|---|
| **Number of ordinary shares in issue** | | | |
| At end of the period (excluding MTN Zakhele Futhi and treasury shares) | **1 797 642 541** | 1 797 451 094 | 1 797 451 094 |
| **Weighted average number of shares** | **1 797 562 154** | 1 797 377 182 | 1 797 414 442 |
| *Add:* Dilutive shares | | | |
| – Share options – MTN Zakhele Futhi | **30 195 952** | 38 681 604 | 28 535 814 |
| – Share schemes | **1 547 709** | 898 793 | 3 064 710 |
| **Shares for dilutive earnings per share** | **1 829 305 815** | 1 836 957 579 | 1 829 014 966 |

**Treasury shares**

Treasury shares of 9 791 839 (June 2017: 9 983 286, December 2017: 9 983 286) are held by the group and 76 835 378 (June 2017: 76 835 378, December 2017: 76 835 378) are held by MTN Zakhele Futhi (RF) Limited (MTN Zakhele Futhi).

## 11. Earnings per ordinary share continued

### Headline earnings

Headline earnings is calculated in accordance with the circular titled "Headline Earnings" as issued by the South African Institute of Chartered Accountants as amended from time to time and as required by the JSE Limited.

| | **Six months ended 30 June 2018 Reviewed Rm** | Six months ended 30 June 2017 Restated[1] Reviewed Rm | Financial year ended 31 December 2017 Restated[1] Audited Rm |
|---|---|---|---|
| **Basic headline earnings per share** | | | |
| Reconciliation between profit attributable to the equity holders of the company and headline earnings | | | |
| **Profit attributable to equity holders of the company** | **4 381** | 5 460 | 4 416 |
| Net profit on disposal of property, plant and equipment | **(11)** | (21) | (11) |
| – Subsidiaries (IAS 16) | **(11)** | (20) | (8) |
| – Joint ventures (IAS 28) | **–** | (1) | (3) |
| Net profit on dilution of investment in joint venture (IAS 28) | **(438)** | (28) | (28) |
| – Subsidiaries | **(304)** | (28) | (28) |
| – Joint ventures | **(134)** | – | – |
| Net impairment (reversal)/loss on property, plant, equipment and intangible assets (IAS 36) | **(244)** | 2 786 | 3 045 |
| Impairment of goodwill (IAS 36) | **149** | 2 631 | 2 631 |
| Realisation of deferred gain on disposal of non-current assets held for sale (IFRS 5) | **(12)** | (13) | (27) |
| Profit on derecognition of equity-accounted investment (IAS 28) | **–** | (6 017) | (6 017) |
| Total tax effects of adjustments | **–** | (157) | (189) |
| Total non-controlling interest effect of adjustments | **42** | (486) | (541) |
| **Basic headline earnings** | **3 867** | 4 155 | 3 279 |
| **Earnings per share (cents)** | | | |
| – Basic | **244** | 304 | 246 |
| – Basic headline | **215** | 231 | 182 |
| **Diluted earnings per share (cents)** | | | |
| – Diluted | **240** | 297 | 241 |
| – Diluted headline | **211** | 226 | 179 |

[1] *Restated for changes in accounting policies, refer to note 22 for details of the restatements.*

## 12. Financial instruments

**Financial instruments at amortised cost**

The group has not disclosed the fair values of financial instruments measured at amortised cost except for the borrowings set out below, as their carrying amounts closely approximate their fair values.

***Listed long-term borrowings***

The group has listed long-term fixed interest rate senior unsecured notes in issue which were issued in prior years, with a carrying amount of R24 186 million at 30 June 2018 (30 June 2017: R23 117 million, 31 December 2017: R21 765 million) and a fair value of R23 255 million (30 June 2017: R23 036 million, 31 December 2017: R22 434 million). The fair values of these instruments are determined by reference to quoted prices on the Irish bond market. The market for these bonds is not considered to be liquid and consequently the fair value measurement is categorised within level 2 of the fair value hierarchy.

**Financial instruments measured at fair value**

The fair values of financial instruments measured at fair value are determined as follows:

***Treasury bills***

The fair value of these investments is determined by reference to published price quotations in an active market. The group has classified treasury bills with a carrying amount of R370 million (30 June 2017: R293 million, 31 December 2017: R343 million) as at fair value through other comprehensive income (2017: available for sale) and the group has classified treasury bills with a carrying amount of R717 million (30 June 2017: R697 million, 31 December 2017: R307 million) as at fair value through profit or loss. The fair value of these investments is categorised within level 1 of the fair value hierarchy.

***Fair value measurement of investment in IHS***

Included in investments in the condensed consolidated statement of financial position is an equity investment in IHS Group at fair value of R24 544 million at 30 June 2018 (30 June 2017: R24 859 million, 31 December 2017: R27 045 million). The fair value was calculated using an earnings multiple technique and was based on unobservable market inputs including tower industry earnings multiples of between 11 times to 16 times applied to MTN management's estimates of earnings, less estimated net debt.

Given the confidentiality restrictions in the shareholders' agreement with IHS Group, MTN does not have access to the IHS Group business plans or 2018 actual financial information. Any estimated earnings used to derive the existing fair value are therefore solely based on MTN management assumptions and market estimates on financial growth, currency movements, costs and performance. The investment has therefore been classified as level 3 of the fair value hierarchy for the current reporting period. An increase of one in the low and high end of the multiple range, keeping other inputs constant, would have resulted in an increase in the fair value of R2 244 million and a decrease of one in the low and high end of the multiple range, keeping other inputs constant, would have resulted in a decrease in the fair value by R2 244 million as at 30 June 2018. An increase of 10% in the estimated earnings used, keeping other inputs constant, would have resulted in an increase in the fair value of R2 949 million and a decrease of 10% in the estimated earnings used, keeping other inputs constant, would have resulted in a decrease in the fair value of R2 949 million as at 30 June 2018.

A decrease of R5 469 million (June 2017: R817 million increase, December 2017: R4 249 million increase) has been recognised for the period under review in other comprehensive income resulting from the change in fair value that also included a liquidity discount.

## 12. Financial instruments continued

**Reconciliation of level 3 financial assets**

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

| | Rm |
|---|---|
| **Balance at 1 January 2017** | 380 |
| Transfers from level 2 (IHS) | 11 240 |
| Acquisitions | 132 |
| Exchange right exercise (IHS) | 13 767 |
| Gain on available-for-sale investment | 4 439 |
| Foreign exchange differences | (2 272) |
| **Balance at 1 January 2018** | **27 686** |
| Acquisitions | **69** |
| Revaluation of equity investment at fair value through other comprehensive income | **(5 377)** |
| Foreign exchange differences | **2 815** |
| **Balance at 30 June 2018** | **25 193** |

## 13. Authorised commitments for the acquisition of property, plant, equipment and software

| | **30 June 2018 Reviewed Rm** | 30 June 2017 Reviewed Rm | 31 December 2017 Audited Rm |
|---|---|---|---|
| | **16 286** | 20 924 | 27 747 |
| – Contracted | **11 770** | 12 046 | 6 958 |
| – Not contracted | **4 516** | 8 878 | 20 789 |

## 14. Interest-bearing liabilities

| | **30 June 2018 Reviewed Rm** | 30 June 2017 Reviewed Rm | 31 December 2017 Audited Rm |
|---|---|---|---|
| Bank overdrafts | **103** | 189 | 72 |
| Current borrowings | **13 437** | 17 721 | 9 081 |
| Current liabilities | **13 540** | 17 910 | 9 153 |
| Non-current borrowings | **78 855** | 66 935 | 70 567 |
| | **92 395** | 84 845 | 79 720 |

## 15. Issue and repayment of debt and equity securities

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

| | **Six months ended 30 June 2018 Reviewed Rm** | | Six months ended 30 June 2017 Reviewed Rm | | Financial year ended 31 December 2017 Audited Rm | |
|---|---|---|---|---|---|---|
| | **Raised** | **Repaid** | Raised | Repaid | Raised | Repaid |
| **MTN Holdings** | **7 450** | **2 157** | 7 007 | 5 996 | 16 007 | 16 865 |
| Loan facilities | **3 000** | **500** | 2 100 | 2 000 | 5 100 | 7 159 |
| General banking facilities | **2 700** | **1 350** | 4 150 | 3 250 | 5 650 | 6 825 |
| Domestic medium-term programme | **1 750** | **307** | 757 | 746 | 5 257 | 2 881 |
| **MTN International (Mauritius) Limited (MTN Mauritius)** | **2 366** | **1 245** | 1 382 | – | 1 382 | 1 352 |
| Revolving credit facility | **2 366** | **1 245** | 1 382 | – | 1 382 | 1 352 |
| **MTN Nigeria Communications Limited** | **3 628** | **1 753** | 1 426 | 2 053 | 2 187 | 4 275 |
| Long-term borrowings | **3 628** | **1 753** | 1 426 | 2 053 | 2 187 | 4 275 |
| **Other** | **1 251** | **2 138** | 1 291 | 2 824 | 3 711 | 2 114 |
| | **14 695** | **7 293** | 11 106 | 10 873 | 23 287 | 24 606 |

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

## 16. Contingent liabilities

| | Six months ended 30 June 2018 Reviewed Rm | Six months ended 30 June 2017 Reviewed[1] Rm | Financial year ended 31 December 2017 Audited Rm |
|---|---|---|---|
| Uncertain tax exposures | **2 127** | 9 294 | 8 667 |
| Legal and regulatory matters | **1 589** | 656 | 1 180 |
| | **3 716** | 9 950 | 9 847 |

[1] *The contingent liabilities previously reported at 30 June 2017 have been expanded to disclose contingent liabilities relating to uncertain tax exposures and legal and regulatory matters separately.*

### Uncertain tax exposures

The group operates in numerous tax jurisdictions and the group's interpretation and application of the various tax rules applied in direct and indirect tax filings may result in disputes between the group and the relevant tax authority. The outcome of such disputes may not be favourable to the group. At year-end there were a number of tax disputes ongoing in various of the group's operating entities, the most significant of which related to a transfer pricing dispute which the group is contesting. At 30 June 2018, the contingency for the transfer pricing assessment has been significantly reduced following the group's review of the tax authority's submissions made in the course of preparing for litigation. Based on internal and external legal and technical advice obtained, the group remains confident that it has a strong legal case to contest the remaining exposure.

### Legal and regulatory matters

The group is involved in various legal and regulatory matters, the outcome of which may not be favourable to the group and none of which are considered individually material.

The group has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable.

## 17. Exchange rates

| | | **Six months ended 30 June 2018 Reviewed** | Six months ended 30 June 2017 Reviewed | Financial year ended 31 Dec 2017 Audited | **Six months ended 30 June 2018 Reviewed** | Six months ended 30 June 2017 Reviewed | Financial year ended 31 Dec 2017 Audited |
|---|---|---|---|---|---|---|---|
| | | **Closing rates** | | | **Average rates** | | |
| United States dollar | USD | **0,07** | 0,08 | 0,08 | **0,08** | 0,08 | 0,07 |
| Nigerian naira | NGN | **26,25** | 24,92 | 29,05 | **29,32** | 23,91 | 24,61 |
| Iranian rial | IRR | **3 089,10** | 2 491,24 | 2 893,16 | **3 187,14** | 2 460,84 | 2 493,01 |
| Ghanaian cedi | GHS | **0,35** | 0,34 | 0,36 | **0,37** | 0,33 | 0,33 |
| Cameroon Communaute Financière Africaine franc | XAF | **41,19** | 44,38 | 44,44 | **45,06** | 45,55 | 44,06 |
| Côte d'Ivoire Communaute Financière Africaine franc | CFA | **40,84** | 44,29 | 45,50 | **44,51** | 45,63 | 43,92 |
| Ugandan shilling | UGX | **281,94** | 275,23 | 293,68 | **300,99** | 270,40 | 270,09 |
| Syrian pound | SYP | **31,84** | 39,67 | 35,18 | **35,53** | 38,87 | 37,76 |
| Sudanese pound | SDG | **2,12** | 0,51 | 1,61 | **2,18** | 0,50 | 0,55 |

The group's functional and presentation currency is rand. The weakening of the closing rate of the rand against the functional currencies of the group's largest operations contributed to the increase in consolidated assets and liabilities and the resulting foreign currency translation reserve increase of R5 235 million (June 2017: R3 874 million reduction, December 2017: R12 417 million reduction) for the period.

### Net investment hedges

The group hedges a designated portion of its dollar net assets in MTN (Dubai) Limited (MTN Dubai) for forex exposure arising between the USD and ZAR as part of the group's risk management objectives. The group designated external borrowings (Eurobonds) denominated in USD held by MTN (Mauritius) Investments Limited with a value of R23,3 billion (June 2017: R23 billion, December 2017: R22,4 billion) and external borrowings denominated in USD held by MTN Nigeria Communications Limited with a value of R2,1 billion (June 2017: R3,5 billion, December 2017: R2,6 billion) as hedging instruments. For the period of the hedge relationship, foreign exchange movements on these hedging instruments are recognised in other comprehensive income as part of the foreign currency translation reserve (FCTR), offsetting the exchange differences recognised in other comprehensive income, arising on translation of the designated dollar net assets of MTN Dubai to ZAR. The cumulative forex movement recognised in other comprehensive income will only be reclassified to profit or loss upon loss of control over MTN Dubai. There was no hedge ineffectiveness recognised in profit or loss during the current or prior period.

## 18. Related party transactions

**Transactions between members of the group**

Scancom Limited (MTN Ghana) entered into operating lease agreements with Ghana Tower InterCo. B.V. in prior years. The operating lease commitments amount to R11 042 million at 30 June 2018 (December 2017: R8 446 million). The expense recorded amounted to R350 million for the six months ended 30 June 2018 (June 2017: R348 million, December 2017: R627 million). The rental amounts escalate every year by inflation and the initial term is 10 years, followed by four times five-year renewal periods.

MTN Uganda Limited entered into operating lease agreements with Uganda Tower InterCo. B.V. in prior years. The operating lease commitments amount to R1 581 million at 30 June 2018 (December 2017: R1 636 million). The expense recorded amounted to R207 million for the six months ended 30 June 2018 (June 2017: R232 million, December 2017: R558 million). The rental amounts escalate every year by inflation and the initial term is 10 years, followed by four times five-year renewal periods.

**Transaction with an entity associated with a director**

On 29 June 2018, the group and Mainstreet 1561 Proprietary Limited, a wholly owned company of PF Nhleko, non-executive chairman of MTN Group, agreed not to proceed with the sale of 14 750 000 MTN Zakhele Futhi shares. This is regarded as a cancellation of a share-based payment transaction. The related receivable from Mainstreet 1561 Proprietary Limited was derecognised with a corresponding debit in equity. There was no profit or loss impact arising from the cancellation.

## 19. Disposal group held for sale

In July 2018, the group entered into an agreement with Monaco Telecom S.A. (Monaco Telecom), in terms of which Monaco Telecom will acquire 100% of the group's subsidiary, MTN Cyprus Limited (MTN Cyprus). This subsidiary forms part of the MENA segment. Monaco Telecom will acquire MTN Cyprus for a net selling price of approximately EUR260 million (R4 174 million), adjusted for changes in MTN Cyprus's working capital between signature date and closing date. The group expects the sale to close within the third quarter of 2018. The estimated profit, based on net assets and exchange rates at 30 June 2018, after taking into account estimated warranties and indemnities, directly attributable transaction costs and FCTR that will be reclassified to profit or loss is approximately R2,1 billion.

As at 30 June 2018, the following assets and liabilities were included in the disposal group:

| | 30 June 2018 Reviewed Rm |
|---|---|
| Property, plant and equipment | **1 034** |
| Goodwill and intangible assets | **1 161** |
| Deferred tax and other non-current assets | **174** |
| Trade receivables and other current assets | **684** |
| Cash and cash equivalents | **235** |
| Interest-bearing liabilities | **(773)** |
| Deferred tax and other non-current liabilities | **(138)** |
| Current liabilities | **(476)** |
| | **1 901** |

## 20. Benin frequency fees

MTN Benin and the government of Benin concluded a memorandum of understanding (MOU) in April 2018, which includes the settlement of historic frequency fees, a five-year licence extension and the addition of optical fibre (FTTx) to the existing licence conditions settled by the payment of CFA35 billion (R802 million[1]) in May 2018 and a second payment of CFA35 billion (R857 million[2]) in December 2018. MTN Benin and the government of Benin reached an agreement regarding ongoing frequency fees, which was subsequently confirmed by the issue of a decree specifying the frequency fees calculation.

The decree has confirmed the calculation methodology for allocating a portion of the CFA70 billion (R1,7 billion[3]) payment to past frequency fees (CFA14,8 billion, R351 million[3]). The balance of the payment relating to the extended licence and the right to deploy optical fibre (FTTx) was recognised as an intangible asset (CFA55,2 billion, R1,3 billion[3]).

[1] *Amounts are translated from CFA to ZAR using the closing exchange rate at 30 April 2018 of 43,6252.*
[2] *Amounts are translated from CFA to ZAR using the closing exchange rate at 30 June 2018 of 40,8367.*
[3] *Sum of translated amounts above.*

## 21. Events after reporting period

**Dividends declared**

Dividends declared at the board meeting held on 7 August 2018 amounted to 175 cents per share.

**Iran sanctions**

On 8 May 2018, the US announced its decision to withdraw from the Joint Comprehensive Plan of Action (JCPOA) agreement and to reimpose economic sanctions against Iran. The first round of these sanctions became effective on 7 August 2018 and a second phase of sanctions is expected to be effective on 5 November 2018. The sanctions may limit the ability of the group to repatriate cash from MTN Irancell, including future dividends. As at 30 June 2018, Iranian rial-denominated dividends receivable and loans amounted to R3,4 billion. The official exchange rate to the US dollar was 42 490 rials at 30 June 2018 and has remained largely unchanged since April 2018. Sanctions may place pressure on the official exchange rate that is used to translate dividend and loan receivables as well as the equity-accounted results of MTN Irancell.

## 22. Changes in accounting policies

The group has adopted the following new accounting pronouncements as issued by the IASB, which were effective for the group from 1 January 2018:

- IFRS 15 *Revenue from Contracts with Customers* (IFRS 15).
- IFRS 9 *Financial Instruments* (IFRS 9).

The group also implemented a voluntary accounting policy change relating to a change in the presentation of cash flows.

The changes in accounting policies were applied retrospectively. Comparative numbers have been restated for the adoption of IFRS 15 and the change in the presentation of cash flows.

## 22. Changes in accounting policies continued

### 22.1 Adoption of IFRS 15

The group principally generates revenue from providing mobile telecommunications services, such as network services (comprising data, voice and SMS), digital services, interconnect and roaming services, as well as from the sale of mobile devices. Products and services may be sold separately or in bundled packages. The typical length of a contract for postpaid bundled packages is 24 months.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control over a product or services to a customer.

For bundled packages, the group accounts for individual products and services separately if they are distinct, i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their standalone selling prices. The standalone selling prices are determined based on the list prices at which the group sells mobile devices and network services separately.

On adoption of IFRS 15, the group restated its retained earnings as at 1 January 2017 as follows:

| | Note | 2017 Rm |
|---|---|---|
| **Retained earnings – as previously reported** | | 64 831 |
| Earlier recognition of mobile device revenue | 22.1.1 | 1 177 |
| Earlier recognition of breakage | 22.1.2 | 180 |
| Capitalisation of subscriber acquisition costs | 22.1.4 | 694 |
| Increase in current and deferred tax liabilities | | (566) |
| *Less:* Non-controlling interest portion | | (38) |
| Adjustment to retained earnings on adoption of IFRS 15 | | 1 447 |
| **Opening retained earnings 1 January – IFRS 15** | | 66 278 |

## 22. Changes in accounting policies continued

### 22.1 Adoption of IFRS 15 continued

The nature of the changes in the accounting policies were as follows:

| Type of product/ service | Nature, timing of satisfaction of performance obligations, significant payment terms | Nature of change in accounting policy | Impact |
|---|---|---|---|
| **22.1.1 *Mobile devices*** | The group recognises revenue when the customer takes possession of the device. For mobile devices sold separately, customers pay in full at the point of sale. For mobile devices sold in bundled packages, customers usually pay monthly in equal instalments over a period of 24 months. | *Earlier recognition of mobile device revenue*<br>The group previously anticipated early contract upgrades and based the subscriber contract period on the expected term and accounted for any consideration received beyond the anticipated upgrade period as network services revenue as it was earned (mainly in its South African operation).<br><br>Following the adoption of IFRS 15, the group bases the subscriber contract period on the contractual term and accounts for early upgrades as contract modifications. The effect of the modification is that the contract asset at modification date is treated as a payment to a customer and results in a reduction of the revenue from the subsequent contract. | This has resulted in an increase of the transaction price in postpaid contracts and an increase in revenue allocated to devices.<br><br>As device revenue has increased and is recognised upfront, this has resulted in a larger contract asset balance that is impaired when customers default on payments on their postpaid contract, i.e. an increase in impairment of trade receivables and contract assets. |

## 22. Changes in accounting policies continued

### 22.1 Adoption of IFRS 15 continued

| Type of product/ service | Nature, timing of satisfaction of performance obligations, significant payment terms | Nature of change in accounting policy | Impact |
|---|---|---|---|
| | The group assesses postpaid contracts including handsets to determine if they contain a significant financing component. The group has elected to apply the practical expedient that allows the group not to adjust the transaction price for the significant financing components for contracts where the time difference between customer payment and transfer of goods or services is expected to be one year or less. The group recognises significant financing components as interest revenue over the period between satisfying the related performance obligation and payment. | The group recognises interest revenue and a reduction in device revenue on transactions with a significant financing component where the period between the transfer of handsets and the subscriber payment period exceeds 12 months. | This has resulted in lower revenue recognised upfront on the devices and the recognition of interest revenue over the contract period. |

## 22. Changes in accounting policies continued

### 22.1 Adoption of IFRS 15 continued

| Type of product/ service | Nature, timing of satisfaction of performance obligations, significant payment terms | Nature of change in accounting policy | Impact |
|---|---|---|---|
| **22.1.2** ***Mobile telecom-muni-cation services*** | Mobile telecommunication services include network services and digital services. The group recognises revenue from these services as they are provided.<br><br>When the group expects to be entitled to breakage (forfeiture of unused value or network services), the group recognises the expected amount of breakage in proportion to network services provided versus the total expected network services to be provided. Any unexpected amounts of breakage are recognised when the unused value or network services expire or when usage thereof becomes remote. | *Earlier recognition of breakage*<br>Previously, the group only accounted for breakage when it became remote that customers would use these services. | This has resulted in revenue from breakage being recognised earlier – this has resulted in an increase in revenue and a decrease in unearned revenue (which is now named contract liabilities). |

# 22. Changes in accounting policies continued

## 22.1 Adoption of IFRS 15 continued

| Type of product/ service | Nature, timing of satisfaction of performance obligations, significant payment terms | Nature of change in accounting policy | Impact |
|---|---|---|---|
| **22.1.3** ***Inter-connect and roaming*** | Interconnect/roaming revenue and debtors are recognised as the service is provided, unless it is not probable on transaction date that the interconnect revenue will be received, in which case interconnect revenue is recognised only when the cash is received or where a right of set-off exists with interconnect parties in settling amounts.<br><br>Some interconnect and roaming debtors have a historical pattern of late payment due to sanctions imposed. The group has continued to provide services to these debtors (due to regulatory requirements) where the recovery of principal is significantly delayed beyond the contractual terms. The group has considered this historical payment pattern in assessing whether the contract contains a significant financing component. | The historical pattern of late payments (i.e. customary business practice) should be taken into account in measuring interconnect and roaming revenue. | This change has resulted in a reduction of interconnect and roaming revenue and an increase in interest revenue over the expected payment period. As this change mainly affects an equity-accounted operation, it has resulted in a decrease in the share of results of associates and joint ventures after tax in 2017 with no change to retained earnings at 1 January 2017. |

## 22. Changes in accounting policies continued

### 22.1 Adoption of IFRS 15 continued

#### 22.1.4 *Capitalisation of subscriber acquisition costs*

IFRS 15 introduced specific guidance on accounting for incremental costs of obtaining contracts with customers. Under IAS 18, the group expensed subscriber acquisition costs at inception of the contract.

The group expects that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agent's commission on postpaid contracts and SIM activation costs on prepaid contracts. The group has therefore capitalised these costs as contract costs. Capitalised contract costs are amortised on a systematic basis over the average customer life and included in selling, distribution and marketing expenses in profit or loss.

In terms of a practical expedient, the group has elected to recognise the incremental costs of obtaining contracts as a selling, distribution and marketing expense in profit or loss, when incurred, if the amortisation period of the assets that the group otherwise would have recognised is 12 months or less.

The impact of this change is a decrease in selling, distribution and marketing expenses and the recognition of a new asset: capitalised contract costs.

#### 22.1.5 *Transition to IFRS 15*

In accordance with the transition provisions in IFRS 15, the group has adopted the new rules retrospectively and has restated comparative numbers for the 2017 financial year. The group applied the following practical expedients when applying IFRS 15 retrospectively:

- The group did not restate comparative numbers for contracts that were completed contracts at 1 January 2017.
- The group did not restate comparative numbers for contracts that began and ended in the same annual reporting period.
- For modified contracts, the group used the contractual terms that existed at 1 January 2017.

### 22.2 Adoption of IFRS 9

The adoption of IFRS 9 had the following impact on the group:

- Change from the IAS 39 incurred loss model to the expected credit loss (ECL) model to calculate impairments of financial instruments.
- Change in classification of the measurement categories for financial instruments.

More detail on the impact from the adoption of IFRS 9 is provided on the following pages.

## 22. Changes in accounting policies continued

### 22.2 Adoption of IFRS 9 continued

#### 22.2.1 *Impairment*

Before the adoption of IFRS 9, the group calculated the allowance for credit losses using the incurred loss model. Under the incurred loss model, the group assessed whether there was any objective evidence of impairment at the end of each reporting period. If such evidence existed the allowance for credit losses in respect of financial assets at amortised cost was calculated as the difference between the asset's carrying amount and its recoverable amount, being its present value of the estimated future cash flows discounted at the original effective interest rate (EIR).

Under IFRS 9 the group calculates allowance for credit losses as ECLs for financial assets measured at amortised cost, debt investments at fair value through other comprehensive income (FVOCI) and contract assets. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the original EIR of the financial asset.

The group applies the simplified approach to determine the ECL for trade receivables and contract assets. This results in calculating lifetime expected credit losses for these trade receivables. ECL for trade receivables is calculated using a provision matrix. For contract assets and mobile trade receivables, ECLs are determined using a simplified parameter-based approach.

*Provision matrix* – ECLs are calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic/proxy write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off. Trade receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward looking information to determine the ECL for the portfolio of trade receivables at the reporting period to the extent that there is a strong correlation between the forward looking information and the ECL.

## 22. Changes in accounting policies continued

### 22.2 Adoption of IFRS 9 continued

#### 22.2.1 *Impairment* continued

*Simplified parameter-based approach* – ECL is calculated using a formula incorporating the following parameters: exposure at default (EAD), probability of default (PD), loss given default (LGD) and the effective interest rate (EIR) (i.e. PD x LGD x EAD = ECL). Exposures are mainly segmented by customer type, i.e. corporate, consumer, etc., ageing, device versus SIM only contracts and months in contract. This is done to allow for risk differentiation. The probability of a customer defaulting as well as the realised loss with defaulted accounts have been determined using historical data (12 months and 36 months respectively). The EIR represents a weighted average rate incorporating a risk-free rate plus a risk premium.

#### 22.2.2 *Classification, initial recognition and subsequent measurement*

IFRS 9 introduces new measurement categories for financial assets. The measurement categories of IFRS 9 and IAS 39 are illustrated in the table below. From 1 January 2018 the group classifies financial assets in each of the IFRS 9 measurement categories based on the group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

| IAS 39 category | IFRS 9 category |
|---|---|
| Financial assets at fair value through profit or loss (FVTPL) | Financial assets at FVTPL |
| Loans and receivables | Financial assets at amortised cost |
| Available for sale | Investments at fair value through other comprehensive income (FVOCI)* |
| Held to maturity | |

* *This includes both debt and equity instruments. The biggest change is that on derecognition of equity instruments gains and losses accumulated in OCI are not reclassified to profit or loss.*

## 22. Changes in accounting policies continued

### 22.2 Adoption of IFRS 9 continued

#### 22.2.2 *Classification, initial recognition and subsequent measurement* continued

The reclassification into the new measurement categories of IFRS 9 did not have a significant impact on the group. The group has designated the investment in IHS and other unlisted equity investments as at FVOCI, as these instruments are not held for trading. Additionally, some of the group's treasury bills are held with a business model to collect and sell and consequently have been classified as FVOCI debt instruments.

Financial liabilities are measured at amortised cost except for those designated as at FVTPL, which are measured at fair value.

#### 22.2.3 *Transition to IFRS 9*

Changes in accounting policies from the adoption of IFRS 9 have been applied retrospectively; however, the group has elected not to restate comparative information. Differences between the carrying amounts as at 31 December 2017 and 1 January 2018 resulting from the initial application of IFRS 9 are recognised in retained earnings. Accordingly, information relating to 30 June 2017 and 31 December 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

The group has elected an accounting policy choice not to adopt the hedge accounting requirements of IFRS 9, but to continue applying the hedge accounting requirements of IAS 39.

### 22.3 Presentation of cash flows

During 2018, the group reviewed the classification of cash flows and aligned the external presentation of cash flows with the internal presentation applied to manage the business and used for performance management. The group voluntarily changed its accounting policy and reclassified:

- Dividends paid to equity holders of the company and non-controlling interests from cash flows from operating activities to cash flows from financing activities.
- Interest paid in the group's head office treasury function from cash flows from financing activities to cash flows from operating activities.

Comparative numbers have been restated accordingly.

## 22. Changes in accounting policies continued

### 22.4 Impact on the financial statements

The following tables show the restatements recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

| | | Six months ended 30 June 2017 | | |
|---|---|---|---|---|
| **Income statement (extract)** | Note | As previously reported Rm | IFRS 15 Rm | Restated Rm |
| Revenue | 22.1.1, 22.1.2 | 64 386 | 429 | 64 815 |
| Selling, distribution and marketing expenses | 22.1.4 | (8 399) | 34 | (8 365) |
| Other operating expenses | 22.1.1 | (7 912) | (81) | (7 993) |
| **EBITDA** | | 24 399 | 382 | 24 781 |
| **Operating profit** | | 10 025 | 382 | 10 407 |
| Share of results of joint ventures and associates after tax | 22.1.3, 22.1.4 | 602 | (23) | 579 |
| **Profit before tax** | | 7 237 | 359 | 7 596 |
| Income tax expense | | (2 312) | (104) | (2 416) |
| **Profit after tax** | | 4 925 | 255 | 5 180 |
| **Attributable to:** | | | | |
| Equity holders of the company | | 5 207 | 253 | 5 460 |
| Non-controlling interests | | (282) | 2 | (280) |
| **Basic earnings per share (cents)** | | 290 | 14 | 304 |
| **Diluted earnings per share (cents)** | | 283 | 14 | 297 |

| Year ended 31 December 2017 | | |
|---|---|---|
| As previously reported Rm | IFRS 15 Rm | Restated Rm |
| 132 815 | 54 | 132 869 |
| (17 276) | 82 | (17 194) |
| (14 128) | (120) | (14 248) |
| 46 955 | 16 | 46 971 |
| 20 557 | 16 | 20 573 |
| 841 | (1) | 840 |
| 9 555 | 15 | 9 570 |
| (5 014) | (6) | (5 020) |
| 4 541 | 9 | 4 550 |
| 4 414 | 2 | 4 416 |
| 127 | 7 | 134 |
| 246 | – | 246 |
| 241 | – | 241 |

## 22. Changes in accounting policies continued

### 22.4 Impact on the financial statements continued

| Statement of comprehensive income (extract) | Six months ended 30 June 2017<br>As previously reported<br>Rm | IFRS 15<br>Rm | Restated<br>Rm |
|---|---|---|---|
| *Items that may be subsequently reclassified to profit or loss* | | | |
| Exchange differences on translating foreign operations including the effect of hyperinflation | (3 866) | (8) | (3 874) |
| **Other comprehensive income for the period** | 1 009 | (8) | 1 001 |
| Attributable to equity holders of the company | 1 004 | (6) | 998 |
| Attributable to non-controlling interests | 5 | (2) | 3 |
| **Total comprehensive income** | 5 934 | 247 | 6 181 |
| **Attributable to:** | | | |
| Equity holders of the company | 6 211 | 247 | 6 458 |
| Non-controlling interests | (277) | – | (277) |

| | Year ended 31 December 2017 | | |
|---|---|---|---|
| | As previously reported Rm | IFRS 15 Rm | Restated Rm |
| | (12 376) | (41) | (12 417) |
| | (3 218) | (41) | (3 259) |
| | (2 664) | (34) | (2 698) |
| | (554) | (7) | (561) |
| | 1 323 | (32) | 1 291 |
| | 1 750 | (32) | 1 718 |
| | (427) | – | (427) |

## 22. Changes in accounting policies continued

### 22.4 Impact on the financial statements continued

| Statement of financial position (extract) | Note | 30 June 2017 As previously reported Rm | IFRS 15 Rm |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments in associates and joint ventures | 22.1.3, 22.1.4 | 22 465 | 51 |
| Deferred tax and other non-current assets | | 7 501 | (450) |
| Contract assets – non-current[1] | 22.1.1 | – | 858 |
| Capitalised contract costs[1] | 22.1.4 | – | 621 |
| **Current assets** | | | |
| Trade and other receivables and other current assets | 22.1.1 | 44 310 | 1 309 |
| **Total assets** | | 255 979 | 2 389 |
| **Total equity** | | | |
| Attributable to equity holders of the company | | 100 859 | 1 694 |
| Non-controlling interests | | 2 035 | 38 |
| **Non-current liabilities** | | | |
| Deferred tax and other non-current liabilities | | 15 119 | 574 |
| **Current liabilities** | | | |
| Trade and other payables | 22.1.2 | 42 180 | 92 |
| Other current and tax liabilities | | 10 941 | (9) |
| **Total equity and liabilities** | | 255 979 | 2 389 |

[1] *These line items are included in the 'Deferred tax and other non-current assets' line item in the statement of financial position.*

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

| 30 June 2017 Restated Rm | 31 December 2017 As previously reported Rm | IFRS 15 Rm | 31 December 2017 Restated Rm | IFRS 9 Rm | 1 January 2018 Restated Rm |
|---|---|---|---|---|---|
| 22 516 | 19 610 | 63 | 19 673 | (100) | 19 573 |
| 7 051 | 5 103 | (612) | 4 491 | – | 4 491 |
| 858 | – | 828 | 828 | (282) | 546 |
| 621 | – | 708 | 708 | – | 708 |
| 45 619 | 41 515 | 880 | 42 395 | (79) | 42 316 |
| 258 368 | 242 415 | 1 867 | 244 282 | (461) | 243 821 |
| 102 553 | 92 773 | 1 415 | 94 188 | (384) | 93 804 |
| 2 073 | 1 494 | 38 | 1 532 | – | 1 532 |
| 15 693 | 12 465 | 450 | 12 915 | (77) | 12 838 |
| 42 272 | 45 718 | 138 | 45 856 | – | 45 856 |
| 10 932 | 10 245 | (174) | 10 071 | – | 10 071 |
| 258 368 | 242 415 | 1 867 | 244 282 | (461) | 243 821 |

## 22. Changes in accounting policies continued

### 22.4 Impact on the financial statements continued

| | | Six months ended 30 June 2017 | | |
|---|---|---|---|---|
| **Statement of cash flows (extract)** | Note | As previously reported Rm | Change in accounting policy Rm | Restated Rm |
| **Net cash generated from operating activities** | 22.3 | 12 069 | 7 125 | 19 194 |
| Dividends paid to equity holders of the company | 22.3 | (8 069) | 8 069 | – |
| Dividends paid to non-controlling interests | 22.3 | (406) | 406 | – |
| Finance cost paid | 22.3 | (1 569) | (1 350) | (2 919) |
| **Net cash used in financing activities** | | (1 043) | (7 125) | (8 168) |
| Repayment of borrowings | 22.3 | (12 223) | 1 350 | (10 873) |
| Dividends paid to equity holders of the company | 22.3 | – | (8 069) | (8 069) |
| Dividends paid to non-controlling interests | 22.3 | – | (406) | (406) |

| Year ended 31 December 2017 | | |
|---|---|---|
| As previously reported Rm | Change in accounting policy Rm | Restated Rm |
| 23 694 | 9 693 | 33 387 |
| (12 565) | 12 565 | – |
| (956) | 956 | – |
| (3 409) | (3 828) | (7 237) |
| (4 919) | (9 693) | (14 612) |
| (28 434) | 3 828 | (24 606) |
| – | (12 565) | (12 565) |
| – | (956) | (956) |

# Administration

**Registration number:** 1994/009584/06
**ISIN:** ZAE000042164
**Share code:** MTN

## Board of directors
PF Nhleko[2]
PB Hanratty[$3]
A Harper[#3]
MH Jonas[3, 4]
KP Kalyan[3]
S Kheradpir[††3]
NP Mageza[3]
MLD Marole[3]
AT Mikati[†2]
SP Miller[^3]
KDK Mokhele[3, 5]
RT Mupita[1]
KC Ramon[3]
RA Shuter[#1]
NL Sowazi[3]
BS Tshabalala[3, 4]
J van Rooyen[3]

†† *American*
† *Lebanese*
# *British*
$ *Irish*
^ *Belgian*
1 *Executive*
2 *Non-executive*
3 *Independent non-executive*
4 *Appointed 1 June 2018*
5 *Appointed 1 July 2018*

## 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
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Registration number 2004/003647/07
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107

## Joint auditors
PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City, Jukskei view, 2090

SizweNtsalubaGobodo Grant Thornton Inc.
20 Morris Street East, Woodmead, 2191
PO Box 2939, Saxonwold, 2132

## Sponsor
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Website: http://www.mtn.com

# Appendix MTN Nigeria

Selected condensed consolidated interim financial information for the six months ended 30 June 2018

## Selected condensed consolidated interim financial information for the six months ended 30 June 2018

The joint independent auditors' review report does not report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the joint auditors' engagement they should obtain a copy of the auditors' report together with the accompanying financial information from the issuer's registered office.

The information on pages 68 to 74 has not been audited or reviewed.

# Condensed consolidated statement of profit or loss

for the

| | **Six months period ended 30 June 2018 N'000** | Six months period ended 30 June 2017 Restated[1] N'000 |
|---|---|---|
| **Revenue** | **505 667 542** | 432 280 510 |
| Direct network operating costs | **(149 443 206)** | (134 249 419) |
| Value added services | **(10 286 929)** | (15 806 446) |
| Blackberry licence fees | **–** | (629 599) |
| Cost of handsets and other accessories | **(3 561 616)** | (2 024 838) |
| Interconnect costs | **(46 769 707)** | (41 833 405) |
| Roaming costs | **(2 540 789)** | (1 377 924) |
| Transmission costs | **(2 736 912)** | (2 959 008) |
| Employee benefits | **(12 420 885)** | (11 384 949) |
| Discounts and commissions | **(25 023 121)** | (23 152 634) |
| Advertisements, sponsorships and sales promotions | **(7 953 600)** | (7 277 271) |
| (Impairment)/reversal of impairment of property, plant and equipment | **(758 926)** | 718 535 |
| Writeback of impairment of assets held for sale | **6 996** | – |
| Other operating expenses | **(26 307 956)** | (26 916 845) |
| Depreciation | **(68 341 298)** | (60 038 983) |
| Amortisation of intangible assets | **(13 028 580)** | (13 194 723) |
| **Operating profit** | **136 501 013** | 92 153 001 |
| Finance income | **12 366 468** | 27 141 014 |
| Finance costs | **(40 512 561)** | (63 844 899) |
| **Profit before tax** | **108 354 920** | 55 449 116 |
| Income tax expense | **(34 959 533)** | (14 813 189) |
| **Profit for the period** | **73 395 387** | 40 635 927 |
| **Attributable to:** | | |
| Owners of the parent | **73 395 387** | 40 635 927 |
| | **73 395 387** | 40 635 927 |
| Earnings per share – basic/diluted | **N180,29** | N99,82 |

[1] *2017 comparatives are restated for the adoption of IFRS 15.*

# Condensed consolidated statement of comprehensive income

for the

| | **Six months period ended 30 June 2018 N'000** | Six months period ended 30 June 2017 Restated[1] N'000 |
|---|---|---|
| **Profit for the period** | **73 395 387** | 40 635 927 |
| Items that may be reclassified to profit or loss – Changes in the fair value of financial assets at fair value through other comprehensive income | **(155 340)** | (84 592) |
| Total comprehensive income for the period | **73 240 047** | 40 551 335 |
| **Attributable to:** | | |
| Owners of the parent | **73 240 047** | 40 551 335 |
| | **73 240 047** | 40 551 335 |

[1] *2017 comparatives are restated for the adoption of IFRS 15.*

# Condensed consolidated statement of financial position

as at

| | **30 June 2018 N '000** | 31 December 2017 Restated[1] N '000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | **576 034 822** | 582 438 885 |
| Intangible assets | **119 628 059** | 128 602 009 |
| Contract acquisition cost | **1 587 353** | 1 264 979 |
| Non-current prepayments | **15 891 761** | 13 683 216 |
| Deferred tax assets | **28 847 988** | 25 653 339 |
| Derivative asset | **–** | 55 673 |
| | **741 989 983** | 751 698 101 |
| **Current assets** | | |
| Assets held for sale | **–** | 174 |
| Inventories | **2 508 077** | 5 729 904 |
| Trade and other receivables | **30 451 175** | 33 425 336 |
| Contract acquisition cost | **1 898 515** | 2 146 589 |
| Current investments | **117 463 992** | 71 078 495 |
| Restricted cash | **48 832 260** | 41 617 634 |
| Cash and cash equivalents | **59 594 541** | 89 564 964 |
| | **260 748 560** | 243 563 096 |
| **Total assets** | **1 002 738 543** | 995 261 197 |

[1] *2017 comparatives are restated for the adoption of IFRS 15.*

# Condensed consolidated statement of financial position (continued)

as at

| | 30 June 2018 N '000 | 31 December 2017 Restated[1] N '000 |
|---|---|---|
| **EQUITY** | | |
| Share capital | **646 510** | 646 510 |
| Share premium | **64 498 466** | 64 498 466 |
| Retained profit | **81 867 119** | 47 166 661 |
| Other reserves | **341 309** | 496 649 |
| | **147 353 404** | 112 808 286 |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Borrowings | **138 077 134** | 135 544 915 |
| Share based payment liability | **654 791** | 655 565 |
| Regulatory fine liability | **–** | 91 656 623 |
| Provisions | **64 440** | 70 048 |
| Deferred tax liabilities | **111 809 040** | 112 829 898 |
| Derivative liability | **57 729** | – |
| | **250 663 134** | 340 757 049 |
| **Current liabilities** | | |
| Trade and other payables | **181 511 069** | 246 076 909 |
| Contract liabilities | **36 743 841** | 35 532 093 |
| Regulatory fine liability | **149 434 211** | 101 119 141 |
| Provisions | **15 491 879** | 13 192 909 |
| Current tax liabilities | **49 286 235** | 25 954 582 |
| Borrowings | **172 254 770** | 119 820 228 |
| | **604 722 005** | 541 695 862 |
| **Total liabilities** | **855 385 139** | 882 452 911 |
| **Total equity and liabilities** | **1 002 738 543** | 995 261 197 |

[1] *2017 comparatives are restated for the adoption of IFRS 15.*

# Condensed consolidated statement of changes in equity

for the

| | Attributable to owners of the parent | | |
|---|---|---|---|
| | Share capital N'000 | Share premium N'000 | Other retained earnings N'000 |
| Balance at 31 December 2016 as originally presented | 646 510 | 64 498 466 | 7 606 567 |
| IFRS 15 retrospective adjustments | – | – | 3 441 689 |
| **Restated total equity at the beginning of the year 1 January 2017** | 646 510 | 64 498 466 | 11 048 256 |
| Profit for the six months period (restated) | – | – | 40 635 927 |
| Other comprehensive loss | – | – | – |
| **Balance at 30 June 2017 (restated)** | 646 510 | 64 498 466 | 51 684 183 |
| **Balance at 31 December 2017 as originally presented** | **646 510** | **64 498 466** | **38 115 931** |
| IFRS 15 retrospective restatements | **–** | **–** | **3 958 909** |
| **Restated total equity as at 31 December 2017** | **646 510** | **64 498 466** | **42 074 840** |
| IFRS 9 adjustments | **–** | **–** | **(82 348)** |
| **Restated total equity as at 1 January 2018** | **646 510** | **64 498 466** | **41 992 492** |
| Profit for the six months period | **–** | **–** | **73 395 387** |
| Other comprehensive loss | **–** | **–** | **–** |
| Dividend declared | **–** | **–** | **(38 612 581)** |
| **Balance at 30 June 2018** | **646 510** | **64 498 466** | **76 775 298** |

[1] *2017 comparatives are restated for the adoption of IFRS 15.*

| | Attributable to owners of the parent | | | | |
|---|---|---|---|---|---|
| | Pioneer retained earnings N'000 | Total retained profit/(loss) N'000 | Other reserves[1] N'000 | Total shareholders' fund N'000 | Total equity N'000 |
| | 5 091 821 | 12 698 388 | 325 721 | 78 169 085 | 78 169 085 |
| | – | 3 441 689 | – | 3 441 689 | 3 441 689 |
| | 5 091 821 | 16 140 077 | 325 721 | 81 610 774 | 81 610 774 |
| | – | 40 635 927 | – | 40 635 927 | 40 635 927 |
| | – | – | (84 592) | (84 592) | (84 592) |
| | 5 091 821 | 56 776 004 | 241 129 | 122 162 109 | 122 162 109 |
| | **5 091 821** | **43 207 752** | **496 649** | **108 849 377** | **108 849 377** |
| | **–** | **3 958 909** | **–** | **3 958 909** | **3 958 909** |
| | **5 091 821** | **47 166 661** | **496 649** | **112 808 286** | **112 808 286** |
| | **–** | **(82 348)** | **–** | **(82 348)** | **(82 348)** |
| | **5 091 821** | **47 084 313** | **496 649** | **112 725 938** | **112 725 938** |
| | **–** | **73 395 387** | **–** | **73 395 387** | **73 395 387** |
| | **–** | **–** | **(155 340)** | **(155 340)** | **(155 340)** |
| | **–** | **(38 612 581)** | **–** | **(38 612 581)** | **(38 612 581)** |
| | **5 091 821** | **81 867 119** | **341 309** | **147 353 404** | **147 353 404** |

# Condensed consolidated statement of cash flows

for the

| | **Six months period ended 30 June 2018 N'000** | Six months period ended 30 June 2017 Restated[1] N'000 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Cash generated from operations | **193 378 154** | 156 099 162 |
| Payment of contract acquisition cost | **(322 374)** | – |
| Share based payment | **(775)** | – |
| Interest received | **14 183 461** | 15 804 545 |
| Interest paid | **(20 608 079)** | (22 888 414) |
| Dividends paid | **(38 612 581)** | – |
| Regulatory fine paid | **(55 000 000)** | (30 000 000) |
| Tax paid | **(11 980 520)** | (21 823 593) |
| **Net cash generated from operating activities** | **81 037 286** | 97 191 700 |
| **Cash flows from investing activities:** | | |
| Proceeds from the disposal of assets held for sale | **–** | 8 599 |
| Acquisition of property, plant and equipment | **(104 109 441)** | (83 783 232) |
| Proceeds from disposal of property, plant and equipment | **328 684** | 396 934 |
| Acquisition of intangible assets | **(2 298 427)** | (3 398 021) |
| Purchase of treasury bills and foreign currency fixed deposits | **(52 236 974)** | (29 786 623) |
| Increase in restricted cash | **(7 214 626)** | (15 056 070) |
| **Net cash used in investing activities** | **(165 530 784)** | (131 618 413) |
| **Cash flows from financing activities:** | | |
| Proceeds from borrowings | **105 546 176** | 30 887 172 |
| Repayment of borrowings | **(52 298 404)** | (49 664 493) |
| **Net cash generated from/(used in) financing activities** | **53 247 772** | (18 777 321) |
| **Net decrease in cash and cash equivalents** | **(31 245 726)** | (53 204 034) |
| Cash and cash equivalents at beginning of the period | **89 564 964** | 146 369 032 |
| Effect of changes in exchange rates on cash and cash equivalents | **1 275 303** | (769 521) |
| **Cash and cash equivalents at end of the period** | **59 594 541** | 92 395 477 |

[1] *2017 comparatives are restated for the adoption of IFRS 15.*

# Results presentation

for the six months ended 30 June 2018

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Notes

# Agenda

1. *Operational review*
2. *Strategic update*
3. *Financial review*
4. *Focus areas and guidance*

3

Notes

# Operational review

*everywhere you go*

Notes

## Group salient features

+ 9,7%*
Revenue
**R63bn**

+ 10,2%*
Service revenue
**R59bn**

+ 26,7%*
Data revenue
**R15bn**

+7,6%*
Digital revenue
**R6bn**

R22bn
EBITDA
**+17,0%***

R11,5bn
Capital expenditure
**18,3%** of revenue

215 cents
HEPS
**-6,9%****

280 cents
Adjusted HEPS
**-19,1%**

Interim dividend of **175 cents per share**

* Constant currency view is shown and is adjusted for hyperinflation and tower profits
** Reported

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Notes

# South Africa

*Building postpaid momentum, progress on wholesale, enterprise dragging results*

## Subscribers

**+0,7** million to **30,2** million total subscribers

**+0,3** million to **5,6** million postpaid subscribers

**+0,3** million to **12,7** million active data users


## Investment

**R3,9** billion capex

**98%** 3G pop coverage
**544** sites rolled out

**85%** 4G pop coverage
**1 565** sites rolled out


## Growth drivers

**+10,7%**
CBU postpaid service revenue

**+13,5%**
mobile data revenue

**Cell C** wholesale roaming deal

*All changes in subscriber data are shown as June 18 vs Dec 17*

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Notes

# Nigeria

*Strong operational execution, subscriber, voice and data growth*

## Subscribers

**+2,9** million to **55,2** million total subscribers

**+0,8** million to **14,9** million active data users


## Investment

**R2,3** billion capex

**+9pp** 3G pop coverage to **73%**

Extended 4G coverage to **13** cities


## Growth drivers

**+17,3%*** voice revenue

**+63,7%*** data revenue

**+52%** data traffic


* Constant currency

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Notes

# Iran

*Strong performance in challenging circumstances*

## Subscribers

**+1,4** million to **44,6** million total subscribers

**+0,7** million to **19,3** million active data users

## Investment

**R3,3** billion capex

**81%** 3G pop coverage
**813** sites rolled out

**73%** 4G pop coverage
**980** sites rolled out

## Growth drivers

**+48,2%***
data revenue

**+110%**
data traffic

* *Constant currency*

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Notes

# Ghana

*Robust operational performance; voice, data and digital growth*

## Subscribers

**+0,9 million to 16,5 million total subscribers**

**+0,8 million to 7,9 million active MoMo users**


## Investment

**R1,3 billion capex**

**+15pp 3G pop coverage to 65%**

**Extended 4G coverage to 104 cities**


## Growth drivers

**+20,7%*** voice revenue

**+36,7%*** data revenue

**+53,2%*** MoMo revenue


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Notes

# Strategic update

everywhere you go

Notes

# Our strategy

*Best customer experience*

## Measures of success

- *NPS leader*
- *Churn reduction*
- *Market share gains*

## H1 2018 performance

- **Lead NPS in 7 markets, #2 or #3 position in 11 markets**
- **Achieved brand leadership in 7 out of 19 markets**

| | South Africa | Nigeria | Iran | Uganda | Ghana | Cameroon | Ivory Coast |
|---|---|---|---|---|---|---|---|
| NPS$^{\Delta}$ ranking | #2 | #1 | #2 | #2 | #2 | #2 | #2 |
| Gap vs best NPS competitor | -4% | 16% | -3% | -13% | -8% | -6% | -7% |

∆NPS = net promoter score

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Notes

# Our strategy

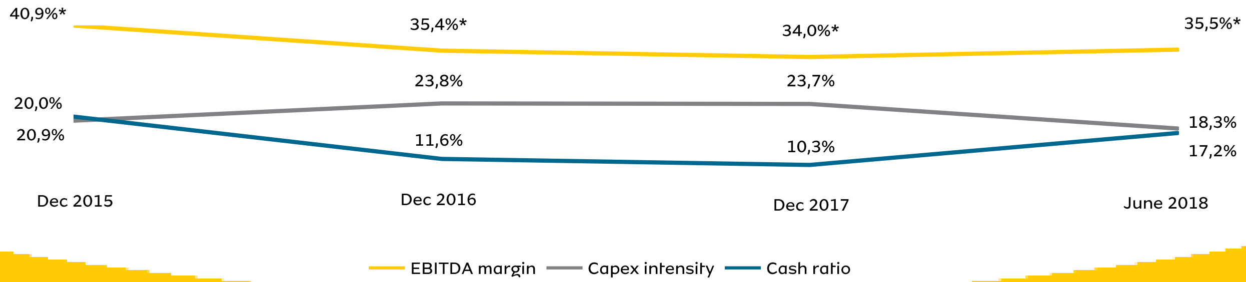
*Returns and efficiency focus*

## Measures of success

- *Return on invested capital*
- *Total shareholder returns*
- *Adjusted free cash flow yield*

## H1 2018 performance

- **Smart capex tool implemented in Iran & Nigeria**
- **Grew EBITDA margin in H1**
- **On track to meet medium-term guidance**




12

** EBITDA margin excludes hyperinflation, tower profit, Nigeria fine and MTN Zakhele Futhi impact*

Notes

# Our strategy

*Ignite commercial performance*

## Measures of success

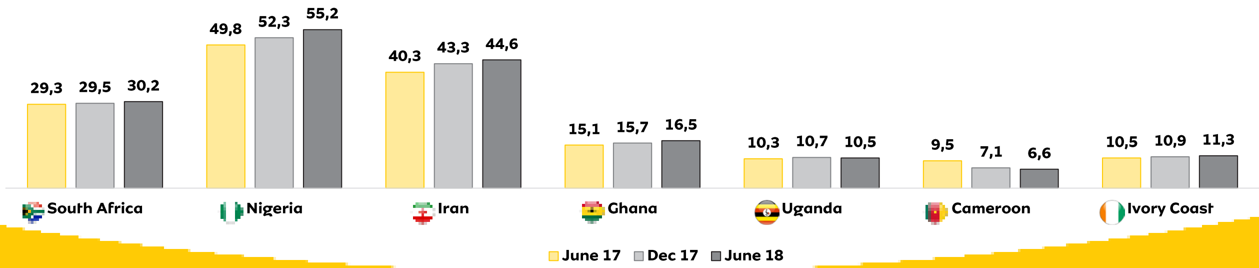
- *Subscriber growth*
- *#1 or #2 in every segment*
- *Revenue share; EBITDA growth*

## H1 2018 performance

- **Expanded subscribers by 6 million to 223 million**
- **Grew voice revenue by 6,2%* , CVM contributing 1,4% to revenue**
- **Signed wholesale deal with Facebook**
- **Increased enterprise revenue by 22%* excluding MTN SA**

## Subscribers at 223m

Subscriber (m)




13

** Constant currency*

Notes

# Our strategy

*Growth through data and digital*

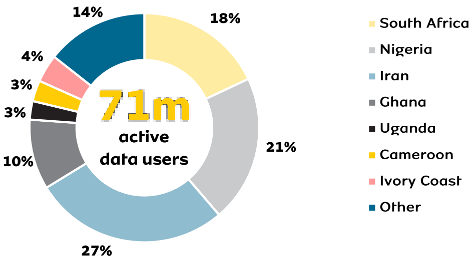
### Measures of success

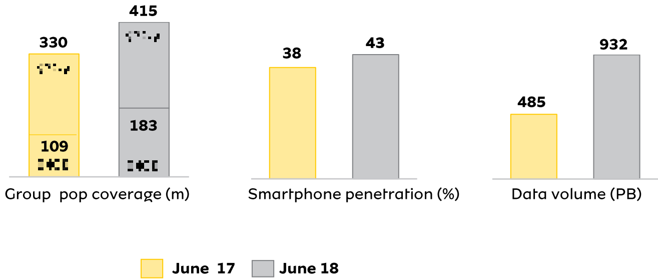
- *Growth in data subscribers*
- *Growth in digital subscriptions*
- *Digital channel sales, service*

### H1 2018 performance

- **Expanded active data users by 2 million to 71 million**
- **Improved data affordability – 28% reduction in Group ERMB**

### Dual-data strategy progression




* *Constant currency*

14

Notes

## Our strategy

*Growth through data and digital | entertainment*

### Gaming

**5,4m** **subscribers**


**10** **Opcos rolled out MTN Game+**

### Music+ & Video

**339 000** **Music+ subscribers**

**MTN Shortz**

Landed first movie circuit to MTN Shortz in Nigeria

***Partner programme***

**Launch** of our first time-based video bundles in Uganda with Kwese & StarTimes

StarTimes TIDAL DStv iflix simfy africa KWESE showmax

15

Notes

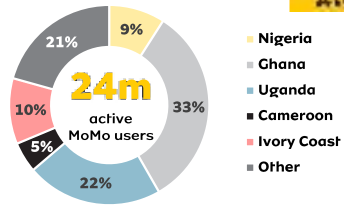
# Our strategy

*Growth through data and digital | MTN Mobile Money*

**Active in 14 markets**

**Transaction value $6,0bn average per month**

**+2,3 million users since Dec 17**




**327 400 active agents**

**Average ARPU $1,30**

MTN Ecobank

**50% revenue growth**


16

Notes

# Our strategy

*Growth through data and digital | e-commerce*

MTN

## Africa Internet

***Solid growth driven by healthy fundamentals***

JUMIA
AFRICA'S NO.1 ONLINE RETAILER

**+80% orders to 3,9m**

**+92% new customers**

**+66% GMV YoY**

**+880% SKUs in the assortment to over 12m items**

**+50% active merchants to 47 000**

## Middle East Internet

***Becoming leading e-commerce marketplace in Middle East***

Jeeny

**+33%**
number of rides YoY

wadi

Grocery delivery service
**market leader**
in Saudi Arabia

**+70%**
bookings YoY

Helpling

## Iran Internet

***Snapp Group is now the largest internet company in Middle East***

Reached
**1,2m** daily rides

**27 000**
daily meals delivered

snapptrip

**#1 player**
in the Iran hotel booking market

17

Notes

# Our strategy

*Hearts and minds*

### Measures of success

- *Employee NPS leader*
- *Culture survey score*
- *Reputation survey score*

### H1 2018 performance

- **Doubled employee NPS**
- **Resolved key regulatory issues**
- **Strengthened governance of risk**

**76%** **Sustainable employee engagement**

- **MTN Benin** signed MOU
- **MTN Cameroon** renegotiated agreement
- **MTN South Africa** proactively implementing changes
- **MTN Ghana** closed in July, anticipate listing on GSE in September
- **MTN Nigeria** listing project in progress

18

Notes

# Our strategy

*Technology excellence*

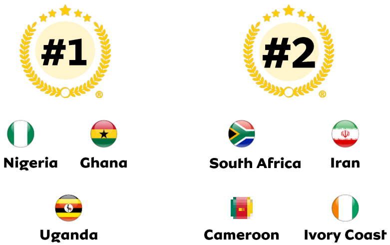
## Measures of success

- *#1 network NPS*
- *Increase system efficiency*
- *Quality data sessions*

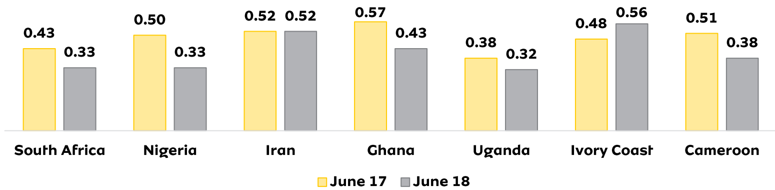
## H1 2018 performance

- **Achieved #1 network NPS in 10 opcos**
- **Improved billing accuracy**
- **On track to meet capex guidance, capex spend of R11,5 billion**

### Network NPS




### Blended 2G & 3G drop call ratio (%)




**3 603 3G sites rolled out**

**3 660 4G sites rolled out**

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Notes

## H1 18 strategic highlights

1. Delivered **strong operational performance**
2. Increased **data coverage**
3. Resolved some **key regulatory issues**
4. Launched **MTN Ghana IPO**
5. Concluded sale of **MTN Cyprus**

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Notes

# Financial review

*everywhere you go*

Notes

# Significant items impacting reported results

1

## Stronger average rand exchange rate; weaker closing rate

- Reported growth rates lower than constant currency rates
- Foreign exchange losses (R0,6bn)

2

## Items impacting basic earnings and comparisons

**H1 2017**

- IHS exchange (R6,0bn)
- Impairments (goodwill: R2,6bn) (assets: R2,8bn)

**H1 2018**

- Impairments (goodwill: R149m) (asset reversal: R306m)
- Revaluation gain on dilution in IIG (R304m)

3

## Adoption of new accounting standards (IFRS 9 and IFRS 15)

- Restated H1 2017 EBITDA up R0,4bn
- Restated H1 2017 attributable profit up R0,3bn

22

Notes

# Group income statement – H1 2017 figures restated for IFRS 15

*Strong constant currency service revenue growth; associates and JVs reduce attributable earnings*

| (Rm) | H1-18 | H1-17 | % change reported | % change constant currency* |
|---|---|---|---|---|
| Revenue | 62 777 | 64 815 | (3,1) | 9,7 |
| Service revenue[1] | 58 697 | 60 746 | (3,4) | 10,2 |
| **EBITDA before exchange right profit** | **22 335** | **18 764** | **19,0** | **17,0** |
| Profit on exercise of exchange right | - | 6 017 | | |
| **EBITDA^** | **22 335** | **24 781** | **(9,9)** | **17,0** |
| Depreciation, amortisation and goodwill impairment | 11 503 | 14 374 | (20,0) | |
| Net finance cost[2] | 3 677 | 3 457 | 6,4 | |
| Hyperinflationary monetary gain | 100 | 67 | | |
| Share of results of associates and joint ventures (JVs) after tax | 197 | 579 | (66,0) | |
| **Profit before tax** | **7 452** | **7 596** | **(1,9)** | |
| Income tax expense | 2 541 | 2 416 | 5,2 | |
| **Profit after tax** | **4 911** | **5 180** | | |
| Non-controlling interests | 530 | (280) | | |
| **Attributable profit** | **4 381** | **5 460** | | |
| EPS (cents) | 244 | 304 | | |
| HEPS (cents) | 215 | 231 | (6,9) | |
| Adjusted HEPS (cents) | 280 | 346 | (19,1) | |
| Dividend per share (cents) | 175 | 250 | | |

*[1] Service revenue excludes device and SIM card revenue*
*[2] Net finance costs comprise net interest expense, forex losses and interest on Nigeria fine unwind (2018: R396m; 2017: R537m)*
** Change is shown at constant currency and is adjusted for hyperinflation and tower profits*
*Reported H1-18 EBITDA includes R304m from the gain on revaluation of MTN Dubai's investment in IIG following entry of a new investor*

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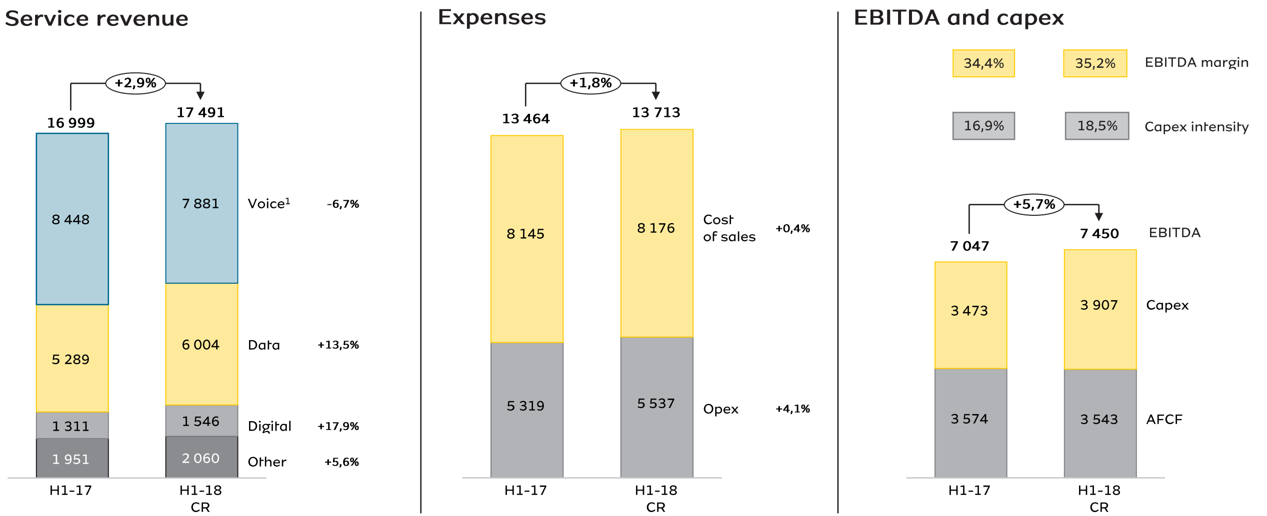
Notes

# South Africa

*Growth in data and digital offsets voice decline, margin improves*

**(Rm)**




[1] *Outgoing voice revenue at -8,8%*
*Capex intensity = Capex/ Total revenue*

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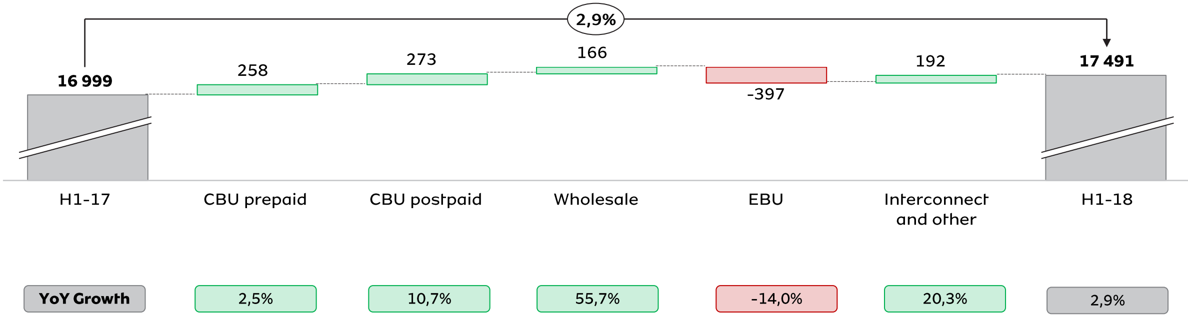
Notes

# South Africa

*EBU detracts from overall service revenue growth; excluding EBU service revenue at 5,2%*

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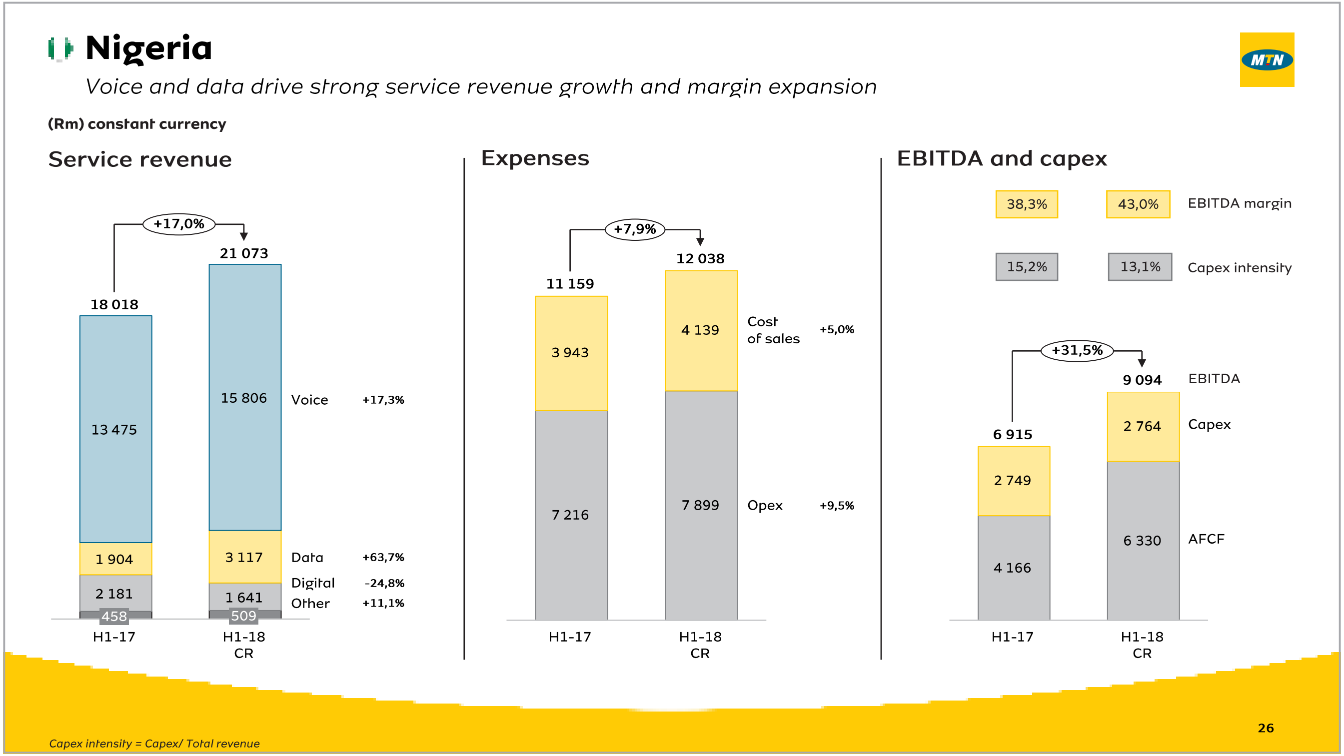
Notes



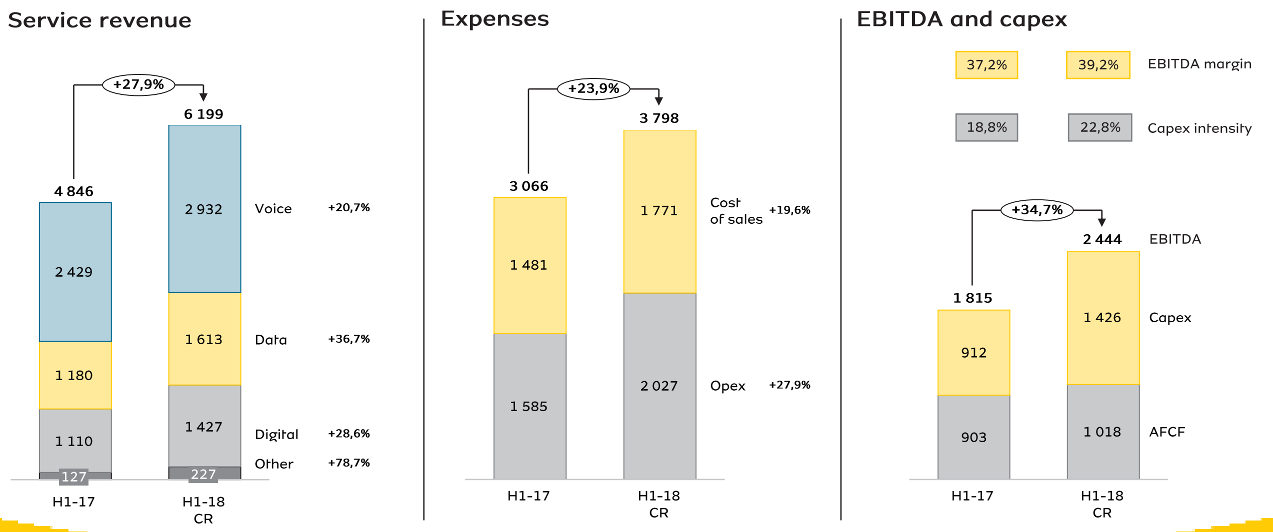
Nigeria
Voice and data drive strong service revenue growth and margin expansion
(Rm) constant currency
Service revenue
+17,0%
18 018
21 073
13 475
15 806
Voice
+17,3%
1 904
3 117
Data
+63,7%
2 181
1 641
Digital
-24,8%
458
509
Other
+11,1%
H1-17
H1-18 CR
Expenses
+7,9%
11 159
12 038
3 943
4 139
Cost of sales
+5,0%
7 216
7 899
Opex
+9,5%
H1-17
H1-18 CR
EBITDA and capex
38,3%
43,0%
EBITDA margin
15,2%
13,1%
Capex intensity
+31,5%
6 915
9 094
EBITDA
2 749
2 764
Capex
4 166
6 330
AFCF
H1-17
H1-18 CR
Capex intensity = Capex/ Total revenue
26


Notes

## Ghana

*Robust voice, data and digital revenue growth drive EBITDA margin increase*

**(Rm) constant currency**



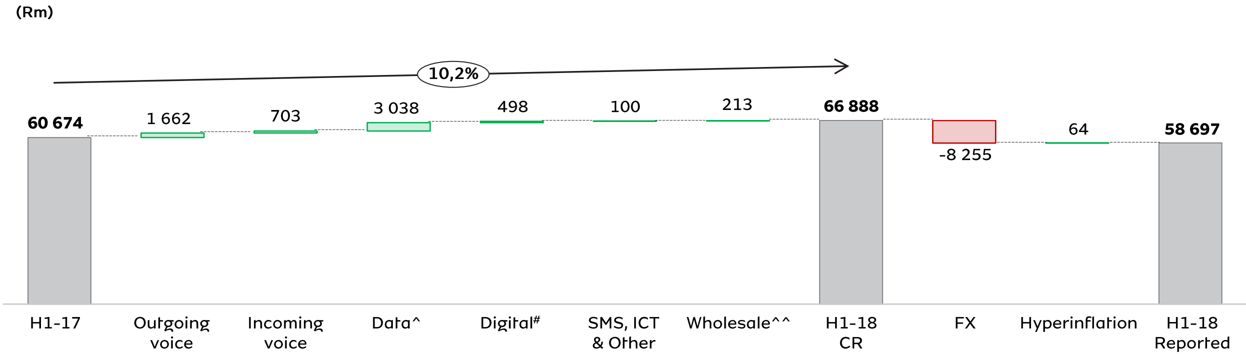

*Capex intensity = Capex/ Total revenue*

27

Notes

# Group service revenue

*Nigeria and Ghana lead voice and data revenue growth*




^ *Data includes mobile access data and EBU access data*
^^*Wholesale includes voice, data, SMS, leased lines and BTS rentals*
# *Digital includes VAS, digital and mobile money*

*H1-17 excludes hyperinflation | H1-18 CR at constant currency*
*Group service revenue excludes device and sim revenue*

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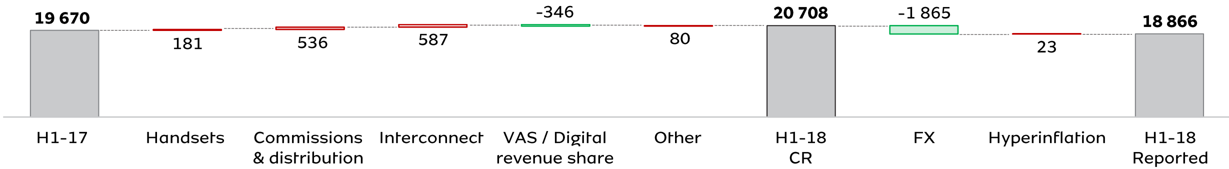
Notes

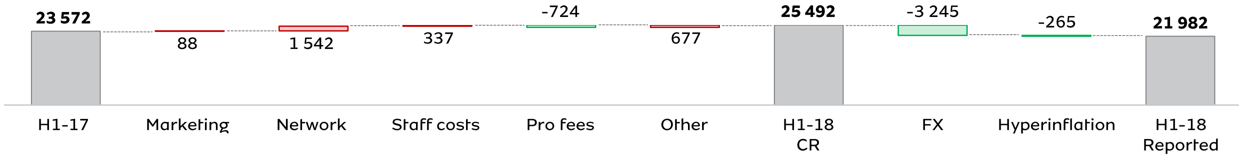
# Group expenses

*Good cost containment; rollout drives higher network costs*

Cost of sales (Rm)




Operating expenses (Rm)




*CR H1-18 at constant currency*
*H1-17 excludes hyperinflation*

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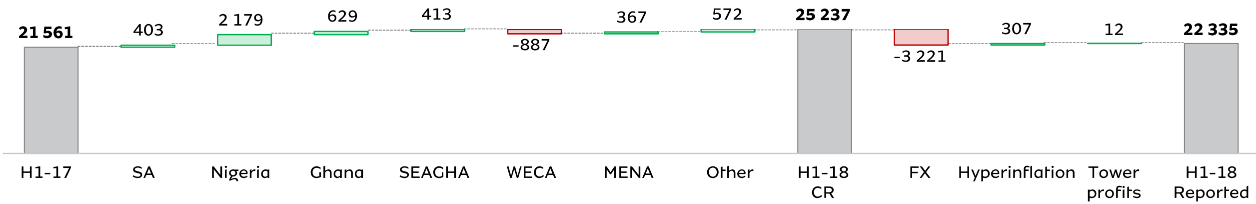
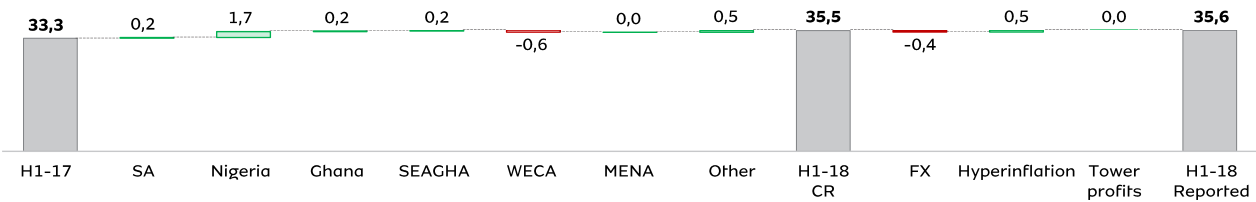
Notes

# EBITDA

*Consistent margin improvement, WECA remains a challenge*




*H1-18 CR Represents constant currency*
*H1-17 Excludes hyperinflation and tower profits (R6bn)*

30

Notes

# Finance costs and leverage

*Higher debt; cost of debt stable and lower forex losses*

## Finance costs and forex losses

| Finance costs (Rm) | H1-18 | H1-17 |
|---|---|---|
| Net interest paid | 2 681 | 1 410 |
| Interest unwind on Nigeria fine | 396 | 537 |
| Net forex losses | 600 | 1 510 |
| *Net finance cost* | *3 677* | *3 457* |
| **Average cost of debt** | **8,4%** | **8,2%** |

| Forex losses (Rm) | H1-18 | H1-17 |
|---|---|---|
| Head offices | 425 | 627 |
| Nigeria | 175 | 894 |
| Other | - | (11) |
| *Total* | *600* | *1 510* |

## Leverage

| Group (Rm) | H1-18 | H2-17 |
|---|---|---|
| Cash and cash equivalents | (22 564) | (22 575) |
| Interest bearing liabilities | 92 395 | 79 720 |
| *Net debt* | *69 831* | *57 145* |
| **Group leverage[1]** | **1,6** | **1,3** |

| Holdco (Rm) | H1-18 | H2-17 |
|---|---|---|
| Cash and cash equivalents | (6 391) | (7 452) |
| Interest bearing liabilities | 68 361 | 59 173 |
| *Net debt* | *61 970* | *51 721* |
| **Holdco leverage[2]** | **2,9** | **2,7** |

*Cash and cash equivalents include restricted cash and current investments*
*[1] Group leverage = Group net debt / EBITDA adjusted for hyperinflation and tower profits | [2] Holdco leverage = Holdco net debt / SA EBITDA + cash upstreaming*

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Notes

# Share of results of associates and joint ventures after tax

*Weaker rial, lower Iran profit and higher AIH loss*

| (Rm) | 2018 | 2017 | Change % |
|---|---|---|---|
| **Telco joint ventures** | **1 173** | **1 557** | **(24,7)** |
| - *Iran* | *995* | *1 292* | *(23,0)* |
| - *Swaziland* | *41* | *53* | *(22,6)* |
| - *Botswana* | *137* | *212* | *(35,4)* |
| **Tower companies** | **7** | **(48)** | **NM** |
| - *Ghana* | *25* | *15* | *66,7* |
| - *Uganda* | *(18)* | *(55)* | *67,3* |
| - *Nigeria* | *0* | *(8)* | *NM* |
| BICS | 104 | 87 | 19,5 |
| **Share of results of telco associates and joint ventures after tax excluding hyperinflation** | **1 284** | **1 596** | **(19,5)** |
| Iran - Hyperinflation (Depreciation of assets written up) | (540) | (641) | 15,8 |
| **Share of results of telco associates and joint ventures after tax including hyperinflation** | **744** | **955** | **(22,1)** |
| **Digital group** | **(532)** | **(370)** | **(43,8)** |
| - *AIH* | *(387)* | *(197)* | *(96,4)* |
| - *MEIH* | *(63)* | *(82)* | *23,2* |
| - *IIG* | *(82)* | *(91)* | *9.9* |
| Ayo | (25) | (6) | NM |
| Travelstart | 10 | - | - |
| **Share of results of associates and joint ventures after tax** | **197** | **579** | **(66,0%)** |

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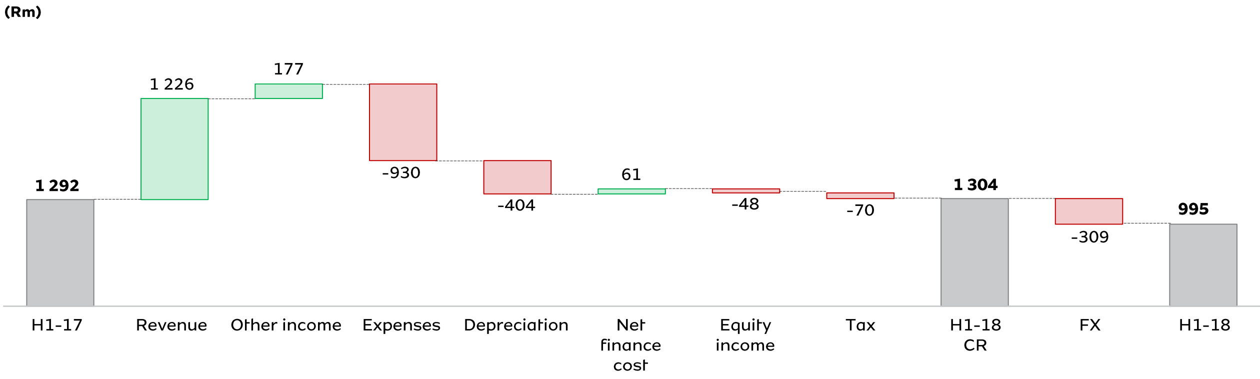
Notes

# Iran (49%)

*Lower profit impacted by weaker rial*




*H1-18 CR at constant currency*
*These amounts exclude the impact of hyperinflation*

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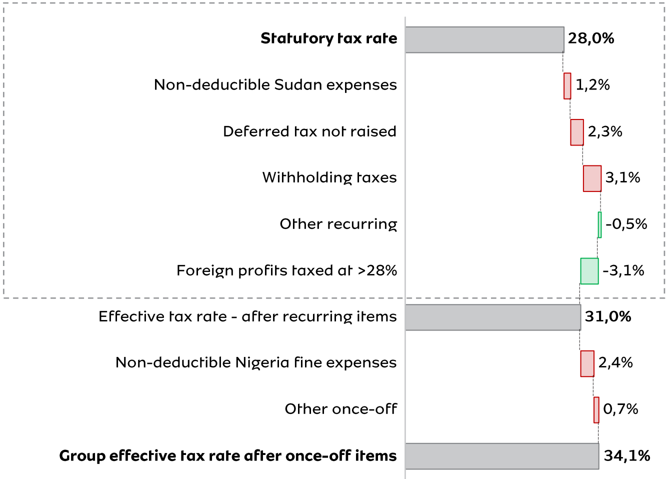
Notes

# Taxation

*No repeat of prior year tower profits; lower JV profit, non-deductible Nigeria fine interest*

## Reconciliation to corporate tax rate




| (Rm) | H1-18 | H1-17 | % change |
|---|---|---|---|
| Normal tax | 3 279 | 2 471 | 32,7 |
| Deferred tax | (970) | (590) | 64,4 |
| Foreign taxes | 232 | 535 | (56,6) |
| ***Total*** | ***2 541*** | ***2 416*** | ***5,2*** |
| **Effective tax rate** | **34,1%** | **31,8%** | |

*Recurring items*

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Notes

# Statement of financial position

*Weaker closing rand results in higher consolidated balances; debt impacted by dividend payment*

| (Rm) | H1-18 | H1-17 | % change |
|---|---|---|---|
| Property, plant and equipment | 95 505 | 91 786 | 4,1 |
| Goodwill and other intangible assets | 39 896 | 38 330 | 4,1 |
| Other non-current assets | 51 601 | 53 386 | (3,3) |
| Current assets | 60 324 | 60 780 | (0,8) |
| Non-current assets held for sale | 3 288 | - | - |
| ***Total assets*** | ***250 614*** | ***244 282*** | **2,6** |
| ***Total equity*** | ***89 543*** | ***95 720*** | **(6,5)** |
| Interest-bearing liabilities | 92 395 | 79 720 | 15,9 |
| Other liabilities | 67 289 | 68 842 | (2,3) |
| Non-current liabilities held for sale | 1 387 | - | - |
| ***Total equity and liabilities*** | ***250 614*** | ***244 282*** | **2,6** |
| Net debt | 69 831 | 57 145 | 22,2 |

*MTN Cyprus accounted for as "disposal group held for sale" according to IFRS 5*

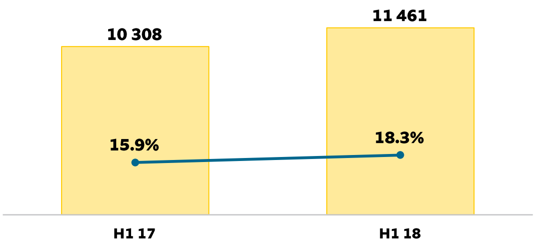
35

Notes

# Capex

*Spend focused on radio access; reduction in pricing*

## Capex (Rm)




3 151^ sites rolled out 52%

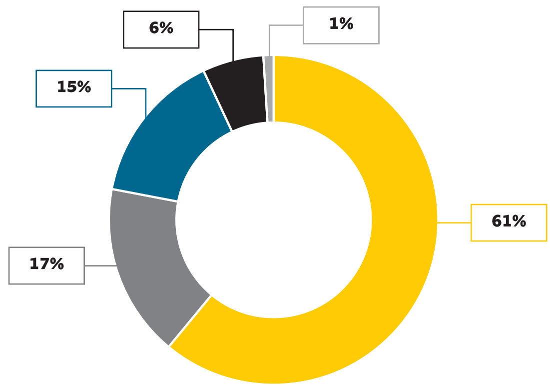
2 325^ sites rolled out 17%

2 790^ sites rolled out 65%

2 680^ sites rolled out 29%

Capex intensity Pop coverage Capex

## Capex allocation (%)




Radio and infrastructure ■ Transmission ■ IT systems ■ Core network ■ Other capex

^ Excluding Iran

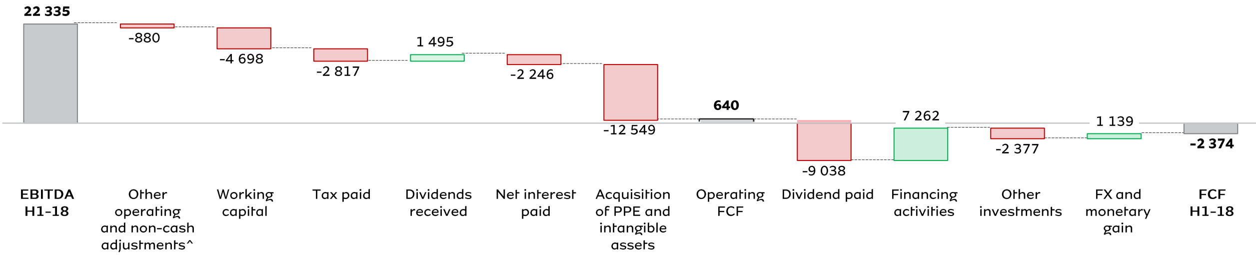
36

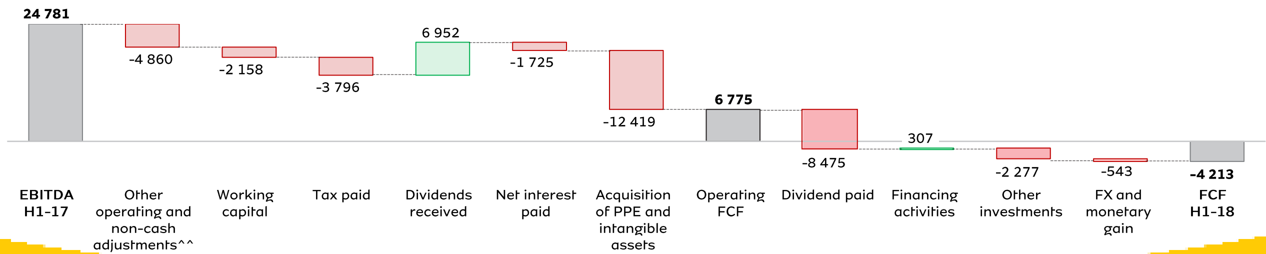
Notes

# Cash flow

*Impacted by network expansion, dividends paid and working capital (vendor payments)*

(Rm)




*^ 2018 includes Nigeria fine payment (R1 797m)*
*^^ 2017 includes Nigeria fine payment (R1 267m) and non-cash adjustment due to profit on exchange right (R6 017m)*

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Notes

# Adjusted HEPS

*Impacted by stronger average rand and lower profits from associates and JVs*

| (R cents) | H1-18 | H1-17 | % change |
|---|---|---|---|
| ***Attributable earnings/(loss) per share*** | ***244*** | ***304*** | ***(19,7)*** |
| Impairment of goodwill, PPE and non-current assets | (3) | 265 | *NM* |
| Profit on exercise of exchange right (IHS) | - | (335) | (100,0) |
| Gain on dilution of investment in JV | (24) | (2) | NM |
| Other | (2) | (1) | *100,0* |
| ***Basic headline earnings / (loss) per share*** | ***215*** | ***231*** | ***(6,9)*** |
| Nigeria fine interest | 17 | 24 | *(29,2)* |
| Hyperinflation (excluding impairments) | 27 | 42 | *(35,7)* |
| Impact of foreign exchange losses and gains | 21 | 49 | *(57,1)* |
| ***Adjusted headline earnings per share (excluding non-operational items)*** | ***280*** | ***346*** | ***(19,1)*** |

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Notes

# Focus areas and guidance

*everywhere you go*

Notes

# Tracking against 2018 focus areas

| Focus areas | | Tracking |
|---|---|---|
| B | Optimise high-volume customer journey | |
| | Extend focus beyond value & network drivers | |
| R | Roll out smart capex across the group | |
| | Successful IPOs in Nigeria and Ghana | |
| I | CVM and personalised pricing | |
| | Deliver pipeline/sales in enterprise & wholesale | |
| G | Operationalise dual-data strategy | |
| | Rapid scale MoMo & rich-media subscriptions | |
| H | Resolve difficult regulatory issues | |
| | Talent management and succession planning | |
| T | Expand data coverage | |
| | Digital platforms and transformation | |

40

Notes

# Targets | Medium-term targets maintained

| | |
|---|---|
| Service revenue | Group: Upper-single-digit growth; South Africa: Mid-single-digit growth; Nigeria: Double-digit growth |
| EBITDA margins | Improving margins |
| Group capex intensity | between 20% and 15% |
| Holdco leverage | 2,0x – 2,5x |
| Dividend | 500 cents in 2018, growing 10% to 20% per year |

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Notes

# MTN is a pure-play emerging market mobile operator

**Strong position in the right markets**

- High growth MEA region
- In 3 of 4 largest economies
- Top two position in all markets

**Exciting demographic opportunity**

- Fast growing youthful population
- Low data and digital adoption
- Enterprise and wholesale opportunity

**Clear strategy**


**Attractive return profile**

- Demographics drive revenue
- Efficiencies improve margins
- Smart capex moderates investment

**Well positioned for the long term**

- Progressive dividend
- Sustainable leverage
- Positioned for expansion

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Notes


Notes

# Appendices

# Headline earnings reconciliation

| H1-18 (Rm) | IFRS Reported H1-18 | Impairment of PPE and intangible assets | Impairment of goodwill | Profit on exercise of exchange right and tower profit | Gain on distribution of investment in IIG | Other | Nigeria regulatory fine | Hyper-inflation (excluding impairment) | Forex losses | Adjusted H1-18 | % movement |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 62 777 | - | - | - | - | - | - | 65 | - | 62 712 | (3,1%) |
| Other income | 406 | - | - | 12 | 304 | 11 | - | - | - | 79 | NM |
| EBITDA | 22 335 | 244 | - | 12 | 304 | 11 | - | 1 | - | 21 763 | 1,3 |
| Depreciation, amortisation and impairment of goodwill | 11 503 | - | 149 | - | - | - | - | 91 | - | 11 263 | 0,4 |
| Profit from operations | 10 832 | 244 | (149) | 12 | 304 | 11 | - | (90) | - | 10 500 | 2,2 |
| Net finance cost | 3 677 | - | - | - | - | - | 396 | (1) | 600 | 2 682 | 88.2 |
| Hyperinflationary monetary gain | 100 | - | - | - | - | - | - | 100 | - | - | - |
| Share of results of associates and joint ventures after tax | 197 | - | - | - | 134 | - | - | (540) | - | 603 | (50,6) |
| Profit before tax | 7 452 | 244 | (149) | 12 | 438 | 11 | (396) | (529) | (600) | 8 421 | (16,3) |
| Income tax expense | 2 541 | - | - | - | - | - | - | (15) | (160) | 2 716 | (8,6) |
| Profit after tax | 4 911 | 244 | (149) | 12 | 438 | 11 | (396) | (514) | (440) | 5 705 | (19,6) |
| Non-controlling interests | 530 | 42 | - | - | - | - | (84) | (23) | (71) | 666 | (23,2) |
| Attributable profit | 4 381 | 202 | (149) | 12 | 438 | 11 | (312) | (491) | (369) | 5 039 | (19,1) |
| EBITDA margin | 35,6% | | | | | | | | | | |
| Effective tax rate | 34,1% | | | | | | | | | | |

| H1-17 (Rm) | IFRS Reported H1-17s | Impairment of PPE and intangible assets | Impairment of goodwill | Profit on exercise of exchange right and tower profit | Gain on distribution of investment in IIG | Other | Nigeria regulatory fine | Hyper-inflation (excluding impairment) | Forex losses | Adjusted H1-17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 64 815 | - | - | - | - | - | - | 71 | - | 64 744 |
| Other income | 6 090 | - | - | 6 030 | 28 | 21 | - | - | - | 11 |
| EBITDA | 24 781 | (2 786) | - | 6 030 | 28 | 21 | - | 5 | - | 21 483 |
| Depreciation, amortisation and impairment of goodwill | 14 374 | - | 2 631 | - | - | - | - | 530 | - | 11 213 |
| Profit from operations | 10 407 | (2 786) | (2 631) | 6 030 | 28 | 21 | - | (525) | - | 10 270 |
| Net finance cost | 3 457 | - | - | - | - | - | 537 | (15) | 1 510 | 1 425 |
| Hyperinflationary monetary gain | 67 | - | - | - | - | - | - | 67 | - | - |
| Share of results of associates and joint ventures after tax | 597 | - | - | - | - | - | - | (641) | - | 1 220 |
| Profit before tax | 7 596 | (2 786) | (2 631) | 6 030 | 28 | 21 | (537) | (1 084) | (1 510) | 10 065 |
| Income tax expense | 2 416 | (157) | - | - | - | - | - | (49) | (350) | 2 972 |
| Profit after tax | 5 180 | (2 629) | (2 631) | 6 030 | 28 | 21 | (537) | (1 035) | (1 160) | 7 093 |
| Non-controlling interests | (280) | (486) | - | - | - | - | (114) | (275) | (272) | 867 |
| Attributable profit | 5 460 | (2 143) | (2 631) | 6 030 | 28 | 21 | (423) | (760) | (888) | 6 226 |
| EBITDA margin | 38,2% | | | | | | | | | |
| Effective tax rate | 31,8% | | | | | | | | | |

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Notes

# Net debt

*Increase in drawdown facilities and lower cash balances lead to higher head office net debt*

| (Rm) | Cash and cash equivalents◊ | Net interest-bearing liabilities | Net debt/(cash) H1-18 | Net debt/(cash) H2-17 |
|---|---|---|---|---|
| South Africa | 1 449 | - | (1 449) | (2 124) |
| Nigeria | 8 603 | 11 822 | 3 219 | 1 828 |
| **SEAGHA** | **1 484** | **3 071** | **1 587** | **1 687** |
| Ghana | 488 | 975 | 487 | 407 |
| Uganda | 63 | 1 027 | 964 | 1 020 |
| Other | 933 | 1 069 | 136 | 260 |
| **WECA** | **1 818** | **7 992** | **6 174** | **5 493** |
| Ivory Coast | 482 | 3 458 | 2 976 | 2 615 |
| Cameroon | 375 | 2 481 | 2 106 | 2 139 |
| Other | 961 | 2 053 | 1 092 | 739 |
| **MENA** | **2 819** | **1 149** | **(1 670)** | **(1 460)** |
| **Head office** | **6 391** | **68 361** | **61 970** | **51 721** |
| **Total** | **22 564** | **92 395** | **69 831** | **57 145** |
| *Iran (49%)* | *2 217* | *1 587* | *(630)* | *(2 026)* |

*◊ Includes restricted cash and current investments*

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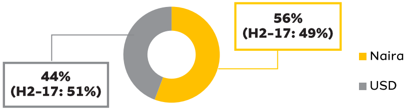
Notes

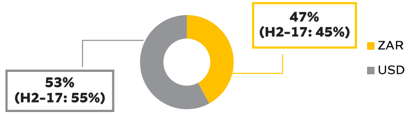
# Net debt composition

*Overall debt mix remains heavily denominated in US dollars*

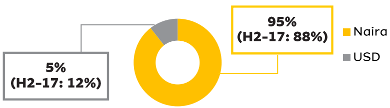
## Nigeria borrowings
(%)



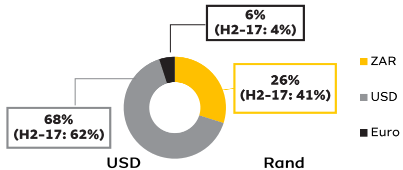

## Head office borrowings
(%)




## Nigeria cash
(%)




## Head Office cash
(%)




| Net debt composition (Rm) | Total | Naira denominated | USD denominated | Rand denominated | Euro denominated |
|---|---|---|---|---|---|
| Nigeria borrowings | 11 822 | 6 586 | 5 235 | - | - |
| Nigeria cash | 8 603 | 8 144 | 459 | - | - |
| Head office borrowings | 68 361 | - | 36 557 | 31 804 | - |
| Head office cash | 6 391 | - | 4 346 | 1 676 | 369 |

*H2-17 comparative relates to December 2017*

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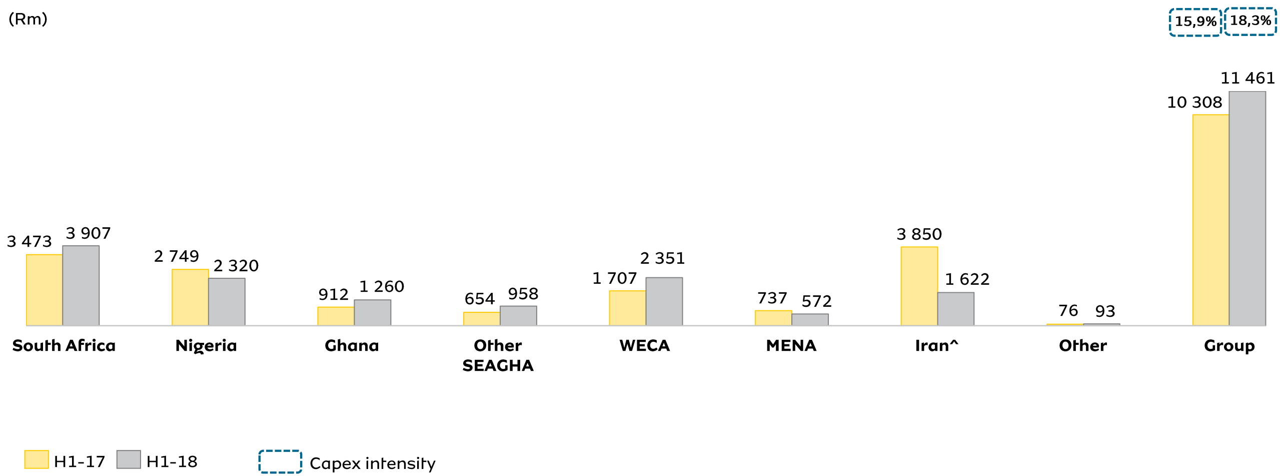
Notes

# Capex

*Higher capex in South Africa, SEAGHA and WECA; decline in Nigeria*




^Iran capex at 49% and is not part of the consolidated Group Capex



Notes

# Statement of cash flows | IFRS

*Iran repatriation key, financing activities driven by additional debt raised in Nigeria and MTN Holdings*

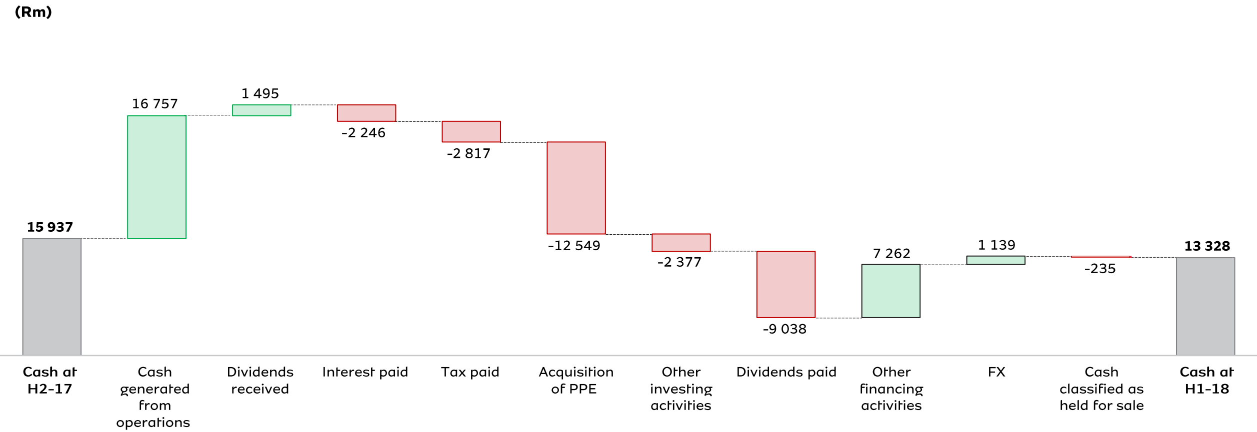
| (Rm) | H1-18 | H1-17 | Change % |
|---|---|---|---|
| Cash generated from operations | 16 757 | 17 763 | (5,7) |
| Dividends received from associates and joint ventures | 1 495 | 6 952 | (78,5) |
| Net interest (paid) / received | (2 246) | (1 725) | (30,2) |
| Tax paid | (2 817) | (3 796) | 25,8 |
| **Cash generated by operating activities** | **13 189** | **19 194** | **(31,3)** |
| Acquisition of property, plant and equipment and intangible assets | (12 549) | (12 419) | (1,0) |
| Movement in investments and other investing activities | (2 377) | (2 277) | (4,4) |
| **Cash used in investing activities** | **(14 926)** | **(14 696)** | **(1,6)** |
| Dividends paid to equity holders of the company | (8 098) | (8 069) | (0,4) |
| Dividends paid to non-controlling interests | (940) | (406) | NM |
| Other financing activities | 7 262 | 307 | NM |
| **Cash used in financing activities** | **(1 776)** | **(8 168)** | **78,3** |
| **Cash movement** | **(3 513)** | **(3 670)** | **4,3** |
| Cash and cash equivalents at the beginning of the year | 15 937 | 27 375 | (41,8) |
| Effect of exchange rates and net monetary gain | 1 139 | (543) | NM |
| Cash classified as held for sale | (235) | - | - |
| **Cash and cash equivalents at the end of the period** | **13 328** | **23 162** | **(42,5)** |



Notes

# Cash flow (cash to cash)

*Impacted by network expansion, dividends paid and working capital (vendor payments)*

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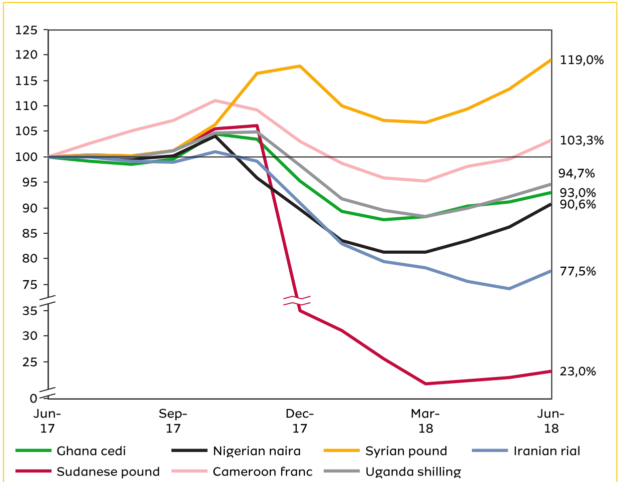
Notes

# Macro indicators | FX average rates

*Rand strength against most currencies drags reported revenue down by 12,8%*

**Local currency movements against rand**
(YoY % change)




| *Rand: Local currency* | H1-18 | H1-17 | | Rand: LC strengthening/(weakening) |
|---|---|---|---|---|
| Nigerian naira | 29.32 | 23.91 | ↑ | 22,6% |
| Iranian rial | 3 187.14 | 2 460.84 | ↑ | 29,5% |
| Ghanaian cedi | 0.37 | 0.33 | ↑ | 12,1% |
| Cameroon franc | 45.06 | 45.55 | ↓ | (1,1%) |
| Ugandan shilling | 300.99 | 270.40 | ↑ | 11,3% |
| Syrian pound | 35.53 | 38.87 | ↓ | (8,6%) |
| Sudanese pound | 2.18 | 0.50 | ↑ | 336,0% |

| *USD: Local currency* | H1-18 | H1-17 | | USD: LC strengthening/(weakening) |
|---|---|---|---|---|
| South African rand | 12.28 | 13.30 | ↑ | 7,7% |
| Nigerian naira | 360.55 | 318.30 | ↓ | (13,3%) |
| Iranian rial | 39 085 | 32 735 | ↓ | (19,4%) |

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Notes

# Macro indicators | FX closing rates

| Rand: Local currency | H1-18 | H1-17 | H2-17 | Rand:LC strengthening / (weakening) |
|---|---|---|---|---|
| Naira | 26.25 | 24.92 | 29.05 | (9,6%) |
| Rial | 3 089.10 | 2 491.24 | 2 893.16 | 6,8% |
| Cedi | 0.35 | 0.34 | 0.36 | (2,8%) |
| Cameroon XAF | 41.19 | 44.38 | 44.44 | (7,3%) |
| Ivory Coast CFA | 40.84 | 44.29 | 45.50 | (10,2%) |
| Uganda shilling | 281.94 | 275.23 | 293.68 | (4,0%) |
| Syrian pound | 31.84 | 39.67 | 35.18 | (9,5%) |
| Sudanese pound | 2.12 | 0.51 | 1.61 | 31,7% |

| Local currency: USD | H1-18 | H1-17 | H2-17 | LC:USD strengthening / (weakening) |
|---|---|---|---|---|
| Rand | 13.75 | 13.04 | 12.39 | (9,9%) |
| Naira | 361.08 | 325.00 | 360.00 | (0,3%) |
| Rial | 42 490 | 32 495 | 35 859 | (15,6%) |
| Cedi | 4.77 | 4.39 | 4.52 | (5,2%) |
| Cameroon XAF | 566.56 | 578.92 | 550.76 | (2,8%) |
| Ivory Coast CFA | 561.70 | 577.77 | 563.91 | 0,4% |
| Uganda shilling | 3 878.00 | 3 590.00 | 3 640.00 | (6,1%) |
| Syrian pound | 438.00 | 517.43 | 436.00 | (0,5%) |
| Sudanese pound | 29.20 | 6.68 | 19.90 | (31,8%) |

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Notes

# Adoption of IFRS 15, IFRS 9 and IFRS 16

| | IFRS 15 Revenue | IFRS 9 Financial Instruments | IFRS 16 Leases |
|---|---|---|---|
| 2017 | * Restated for IFRS 15 | IAS 39 | IAS 17 |
| 2018 | IFRS 15 | *IFRS 9 | IAS 17 |
| 2019 | IFRS 15 | IFRS 9 | * IFRS 16 |
| Impact | Post paid contract period extended from expected period to contractual period, resulting in increased allocation of transaction price to handset revenue.<br>Financing component on handsets recognised as interest revenue over contract period.<br>Capitalisation and amortisation of sim activation commission previously expensed upfront.<br>Earlier recognition of revenue on unutilised airtime. | New measurement categories for financial assets.<br>Earlier recognition of expected credit losses. | Most leases on balance sheet. Recognise right of use asset (ROU) and lease liability based on discounted lease cash flows.<br>Operating lease expense no longer recognised. Amortisation of ROU asset and finance expense on lease liability recognised.<br>Leases denominated in a currency other than the functional currency of the foreign operation result in foreign exchange gains and losses.<br>Adoption expected to be earnings negative in initial stage of the lease term and earnings positive towards the end of the lease term. |

* Opening reserve adjustments and comprehensive disclosure on transition

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Notes

# Adoption of IFRS 16

- IFRS 16 *Leases* will be adopted on 1 January 2019
- Due to the significant historic tower sale transactions, the impact is expected to be significant for MTN
- The operating lease expense currently in EBITDA will largely disappear
- Future operating lease payments will be discounted and recognised on-balance sheet as a lease liability
  - interest expense will be accrued on the liability
  - foreign exchange gains and losses will be recognised on foreign denominated lease payment
  - covenants: interest cover will reduce and net debt to EBITDA higher
- A corresponding right-of-use assets will be recognised and amortised as depreciation
- Post adoption of the standard, new leases entered into and lease renewals will increase capex intensity for the group
- The impact is expected to be earnings dilutive in the earlier years of lease contracts and earnings accretive in later years
- The anticipated impact on KPI's for the H1-18 results, on a pro forma basis and taking into account a number of significant assumptions, is set out below:

| **Income statement** | **H1-18 pro forma impacts** |
|---|---|
| EBITDA margin | ↑ |
| Basic EPS | ↓ |
| **Statement of financial position** | |
| Total assets | ↑ |
| Total liabilities | ↑ |
| **Capex intensity** | ↑ |

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Notes

# Data sheets

## ARPU

**(US dollar)**

| Country | 1Q18 | 2Q18 | 1Q17[2] | 2Q17[2] | 3Q17[2] | 4Q17[2] |
|---|---|---|---|---|---|---|
| **South Africa** | **8,06**[1] | **7,45**[1] | 6,34 | 6,51 | 6,69 | 7,12 |
| **Nigeria** | **4,14** | **4,13** | 3,60 | 3,61 | 4,31 | 4,24 |
| **SEAGHA** | | | | | | |
| Ghana | **4,50** | **4,60** | 2,87 | 3,67 | 3,73 | 4,05 |
| Uganda | **2,17** | **2,12** | 2,11 | 2,06 | 2,14 | 2,32 |
| Rwanda | **2,32** | **2,13** | 1,74 | 2,03 | 2,45 | 2,46 |
| Zambia | **2,82** | **2,87** | 2,27 | 2,68 | 3,05 | 3,14 |
| South Sudan | **3,60** | **4,93** | 1,84 | 2,19 | 2,27 | 3,14 |
| Botswana | **7,60** | **7,60** | 6,17 | 6,70 | 6,50 | 7,60 |
| Swaziland | **7,78** | **7,12** | 7,75 | 7,72 | 7,28 | 7,98 |
| **WECA** | | | | | | |
| Ivory Coast | **4,19** | **4,10** | 4,33 | 4,35 | 3,99 | 4,17 |
| Cameroon | **4,66** | **4,60** | 2,98 | 3,17 | 3,40 | 4,32 |
| Benin | **5,45** | **4,88** | 5,30 | 5,09 | 4,99 | 4,68 |
| Conakry | **2,05** | **1,93** | 2,16 | 2,24 | 2,21 | 2,12 |
| Congo-Brazzaville | **5,94** | **5,99** | 6,51 | 7,43 | 6,78 | 5,72 |
| Liberia | **3,47** | **3,14** | 2,44 | 2,59 | 2,44 | 3,88 |
| Bissau | **3,99** | **4,21** | 3,48 | 4,62 | 3,90 | 3,78 |
| **MENA** | | | | | | |
| Iran (joint venture) | **4,32** | **4,05** | 3,86 | 3,84 | 4,35 | 4,87 |
| Syria | **2,37** | **2,58** | 1,96 | 1,98 | 2,15 | 2,29 |
| Sudan | **1,45** | **1,37** | 3,59 | 3,76 | 3,92 | 2,79 |
| Yemen | **2,38** | **2,58** | 3,17 | 3,29 | 3,11 | 2,34 |
| Afghanistan | **1,69** | **1,90** | 1,52 | 1,72 | 1,84 | 1,73 |
| Cyprus | **20,64** | **20,09** | 17,10 | 20,07 | 18,62 | 19,53 |

[1] *Excludes telemetry.*

[2] *ARPU has not been restated for the impacts of IFRS 15.*

*1Q17, 2Q17, 3Q17 not based on modernised subscribers.*

## ARPU

**(Local currency)**

| Country | 1Q18 | 2Q18 | 1Q17[2] | 2Q17[2] | 3Q17[2] | 4Q17[2] |
|---|---|---|---|---|---|---|
| **South Africa** | **96,14[1]** | **94,23[1]** | 84,79 | 85,24 | 88,12 | 96,80 |
| Postpaid | **141,80** | **140,23** | 147,05 | 148,97 | 149,70 | 160,42 |
| Postpaid (excluding telemetry) | **262,43** | **256,26** | 264,52 | 268,57 | 272,40 | 296,90 |
| Prepaid | **77,19** | **74,64** | 72,06 | 72,32 | 75,87 | 82,84 |
| **Nigeria** | **1 493,09** | **1 491,28** | 1 131,00 | 1 171,00 | 1 407,73 | 1 483,52 |
| **SEAGHA** | | | | | | |
| Ghana | **20,13** | **21,08** | 12,90 | 15,92 | 16,45 | 18,15 |
| Uganda | **7 914,00** | **8 010,00** | 7 635,00 | 7 399,00 | 7 699,00 | 8 455,00 |
| Rwanda | **1 960,18** | **1 971,52** | 1 413,31 | 1 696,89 | 2 061,66 | 2 085,71 |
| Zambia | **27,57** | **28,66** | 21,80 | 24,54 | 27,82 | 31,45 |
| South Sudan | **477,84** | **678,47** | 198,44 | 257,39 | 267,73 | 393,34 |
| Botswana | **76,26** | **76,26** | 64,65 | 69,00 | 69,00 | 76,26 |
| Swaziland | **92,83** | **90,01** | 102,69 | 101,16 | 95,89 | 108,46 |
| **WECA** | | | | | | |
| Ivory Coast | **2 261,27** | **2 260,85** | 2 683,85 | 2 530,85 | 2 236,02 | 2 355,54 |
| Cameroon | **2 518,35** | **2 534,53** | 1 844,00 | 1 850,00 | 1 884,00 | 2 440,00 |
| Benin | **2 941,08** | **2 690,45** | 3 283,25 | 2 962,55 | 2 793,69 | 2 643,54 |
| Conakry | **18 426,75** | **17 371,94** | 19 926,34 | 20 093,59 | 19 890,34 | 19 091,33 |
| Congo-Brazzaville | **3 263,37** | **3 355,93** | 4 031,72 | 4 328,90 | 3 788,47 | 3 211,45 |
| Liberia | **3,47** | **3,14** | 2,44 | 2,59 | 2,44 | 3,88 |
| Bissau | **2 153,93** | **2 316,82** | 2 157,54 | 2 691,26 | 2 182,31 | 2 133,76 |
| **MENA** | | | | | | |
| Iran (joint venture) | **159 303,00** | **167 793,00** | 128 907,00 | 134 721,00 | 143 178,00 | 169 151,00 |
| Syria | **1 032,71** | **1 129,02** | 1 013,91 | 1 024,15 | 1 111,89 | 1 083,76 |
| Sudan | **35,25** | **39,88** | 24,00 | 25,13 | 26,18 | 29,91 |
| Yemen | **921,59** | **982,79** | 793,79 | 824,79 | 843,85 | 912,72 |
| Afghanistan | **116,92** | **134,77** | 102,76 | 117,50 | 126,09 | 118,75 |
| Cyprus | **16,84** | **16,86** | 16,08 | 16,03 | 15,83 | 16,53 |

[1] *Excludes telemetry.*

[2] *ARPU has not been restated for the impacts of IFRS 15.*

*1Q17, 2Q17, 3Q17 not based on modernised subscribers.*

## Subscribers

**('000)**

| Country | 1Q18^Δ | 2Q18^Δ | 1Q17 | 2Q17 | 3Q17 | 4Q17^Δ |
|---|---|---|---|---|---|---|
| **South Africa** | **29 806** | **30 176** | 30 231 | 31 216 | 30 908 | 29 516 |
| Postpaid | **5 489** | **5 614** | 5 161 | 5 194 | 5 227 | 5 357 |
| Prepaid | **24 317** | **24 562** | 25 070 | 26 022 | 25 681 | 24 159 |
| **Nigeria** | **54 529** | **55 185** | 60 523 | 53 094 | 50 308 | 52 273 |
| **SEAGHA** | **39 737** | **40 249** | 40 837 | 40 982 | 41 102 | 38 660 |
| Ghana | **16 151** | **16 525** | 16 789 | 17 304 | 17 590 | 15 667 |
| Uganda | **10 856** | **10 511** | 10 861 | 11 158 | 10 806 | 10 707 |
| Rwanda | **3 574** | **3 805** | 4 210 | 3 510 | 3 575 | 3 413 |
| Zambia | **5 638** | **5 747** | 5 505 | 5 575 | 5 695 | 5 485 |
| South Sudan | **762** | **927** | 708 | 685 | 691 | 663 |
| Botswana | **1 746** | **1 746** | 1 784 | 1 763 | 1 746 | 1 746 |
| Swaziland | **1 010** | **988** | 981 | 987 | 999 | 979 |
| **WECA** | **28 610** | **29 451** | 31 354 | 31 929 | 32 953 | 29 134 |
| Ivory Coast | **10 971** | **11 257** | 10 399 | 11 018 | 11 619 | 10 922 |
| Cameroon | **6 596** | **6 637** | 9 749 | 9 541 | 9 447 | 7 052 |
| Benin | **4 358** | **4 517** | 4 162 | 4 273 | 4 280 | 4 358 |
| Conakry | **2 655** | **2 827** | 2 493 | 2 550 | 2 696 | 2 648 |
| Congo-Brazzaville | **2 373** | **2 345** | 2 355 | 2 345 | 2 481 | 2 532 |
| Liberia | **915** | **1 078** | 1 495 | 1 412 | 1 635 | 881 |
| Bissau | **742** | **790** | 700 | 789 | 795 | 742 |
| **MENA** | **68 629** | **68 296** | 73 868 | 74 547 | 74 957 | 67 648 |
| Iran | **44 551** | **44 610** | 48 118 | 49 041 | 49 539 | 43 257 |
| Syria | **5 617** | **5 293** | 5 915 | 5 915 | 5 915 | 5 617 |
| Sudan | **7 670** | **7 677** | 7 604 | 7 576 | 7 450 | 7 582 |
| Yemen | **4 193** | **4 213** | 5 221 | 5 110 | 5 089 | 4 371 |
| Afghanistan | **6 172** | **6 062** | 6 597 | 6 469 | 6 516 | 6 400 |
| Cyprus | **426** | **441** | 414 | 436 | 447 | 421 |
| **Total subscribers** | **221 311** | **223 356** | 236 813 | 231 768 | 230 228 | 217 231 |

Δ *Modernised.*

## Revenue

**(Rm)**

| Country | 1H18 | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **South Africa** | **21 163** | 20 511 | 21 986 | 42 497 | 3,2 | 3,2 |
| **Nigeria** | **17 230** | 18 071 | 17 996 | 36 067 | (4,7) | 16,9 |
| **SEAGHA** | **10 342** | 9 495 | 10 692 | 20 187 | 8,9 | 22,7 |
| Ghana | **5 546** | 4 880 | 5 553 | 10 433 | 13,6 | 27,9 |
| Uganda | **2 440** | 2 506 | 2 687 | 5 193 | (2,6) | 8,2 |
| Rwanda | **686** | 661 | 698 | 1 359 | 3,8 | 16,3 |
| Zambia | **1 307** | 1 223 | 1 493 | 2 716 | 6,9 | 20,1 |
| South Sudan | **268** | 122 | 157 | 279 | 119,7 | 193,4 |
| Business Group | **95** | 103 | 104 | 207 | (7,8) | (4,9) |
| **WECA** | **9 617** | 10 404 | 10 524 | 20 928 | (7,6) | (8,7) |
| Ivory Coast | **3 487** | 3 639 | 3 773 | 7 412 | (4,2) | (6,7) |
| Cameroon | **2 384** | 2 609 | 2 764 | 5 373 | (8,6) | (9,4) |
| Bissau | **239** | 246 | 243 | 489 | (2,8) | (5,3) |
| Conakry | **434** | 458 | 474 | 932 | (5,2) | 0,9 |
| Congo-Brazzaville | **1 100** | 1 367 | 1 248 | 2 615 | (19,5) | (20,2) |
| Liberia | **250** | 334 | 303 | 637 | (25,1) | (18,6) |
| Benin | **1 723** | 1 751 | 1 719 | 3 470 | (1,6) | (4,2) |
| **MENA** | **4 396** | 6 294 | 6 428 | 12 722 | (30,2) | 21,3 |
| Syria | **1 025** | 947 | 1 054 | 2 001 | 8,2 | (1,1) |
| Sudan | **829** | 2 272 | 2 268 | 4 540 | (63,5) | 56,8 |
| Yemen | **781** | 1 343 | 1 091 | 2 434 | (41,8) | (3,6) |
| Afghanistan | **844** | 910 | 962 | 1 872 | (7,3) | 4,0 |
| Cyprus | **917** | 822 | 1 053 | 1 875 | 11,6 | 8,6 |
| **Joint ventures** | | | | | | |
| Iran | **7 008** | 7 832 | 8 608 | 16 440 | (10,5) | 15,7 |
| Botswana | **438** | 538 | 518 | 1 056 | (18,6) | (17,1) |
| Swaziland | **175** | 189 | 182 | 371 | (7,4) | (7,4) |
| Equity accounting exclusion | **(7 621)** | (8 559) | (9 308) | (17 867) | | |
| **Head office companies and eliminations** | **(36)** | (31) | (5) | (36) | | |
| **Total** | **62 712** | 64 744 | 67 621 | 132 365 | (3,1) | 9,7 |
| Hyperinflation | **65** | 71 | 433 | 504 | | |
| **Total including hyperinflation** | **62 777** | 64 815 | 68 054 | 132 869 | (3,1) | 9,6 |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

## Revenue breakdown

**(Rm)**

| Country | 1H18 | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **South Africa** | | | | | | |
| Outgoing voice | **6 969** | 7 640 | 7 203 | 14 843 | (8,8) | (8,8) |
| Incoming voice | **912** | 808 | 885 | 1 693 | 12,9 | 12,9 |
| Data | **6 004** | 5 289 | 6 160 | 11 449 | 13,5 | 13,5 |
| Digital | **1 546** | 1 311 | 1 476 | 2 787 | 17,9 | 17,9 |
| SMS | **574** | 676 | 711 | 1 387 | (15,1) | (15,1) |
| Devices | **3 672** | 3 512 | 4 179 | 7 691 | 4,6 | 4,6 |
| Wholesale | **620** | 424 | 546 | 970 | 46,2 | 46,2 |
| Other | **866** | 851 | 826 | 1 677 | 1,8 | 1,8 |
| **Revenue** | **21 163** | 20 511 | 21 986 | 42 497 | 3,2 | 3,2 |
| **Nigeria** | | | | | | |
| Outgoing voice | **11 235** | 11 349 | 11 456 | 22 805 | (1,0) | 21,4 |
| Incoming voice | **1 648** | 2 126 | 1 886 | 4 012 | (22,5) | (4,8) |
| Data | **2 545** | 1 904 | 2 472 | 4 376 | 33,7 | 63,7 |
| Digital | **1 340** | 2 181 | 1 692 | 3 873 | (38,6) | (24,8) |
| SMS | **237** | 257 | 257 | 514 | (7,8) | 13,2 |
| Devices | **46** | 53 | 55 | 108 | (13,2) | 9,4 |
| Wholesale | **211** | 178 | 151 | 329 | 18,5 | 44,9 |
| Other | **(32)** | 23 | 27 | 50 | (239,1) | (273,9) |
| **Revenue** | **17 230** | 18 071 | 17 996 | 36 067 | (4,7) | 16,9 |
| **Ghana** | | | | | | |
| Outgoing voice | **2 149** | 1 903 | 2 244 | 4 147 | 12,9 | 27,1 |
| Incoming voice | **455** | 526 | 492 | 1 018 | (13,5) | (2,5) |
| Data | **1 433** | 1 180 | 1 389 | 2 569 | 21,4 | 36,7 |
| Digital | **1 268** | 1 110 | 1 245 | 2 355 | 14,2 | 28,6 |
| SMS | **40** | 50 | 36 | 86 | (20,0) | (8,0) |
| Devices | **37** | 34 | 49 | 83 | 8,8 | 23,5 |
| Wholesale | **23** | 25 | 26 | 51 | (8,0) | 4,0 |
| Other | **141** | 52 | 72 | 124 | 171,2 | 198,1 |
| **Revenue** | **5 546** | 4 880 | 5 553 | 10 433 | 13,6 | 27,9 |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

## Revenue breakdown
**(Rm)**

| Country | 1H18 | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **Uganda** | | | | | | |
| Outgoing voice | **1 268** | 1 362 | 1 427 | 2 789 | (6,9) | 3,5 |
| Incoming voice | **163** | 170 | 183 | 353 | (4,1) | 6,5 |
| Data | **226** | 213 | 283 | 496 | 6,1 | 17,8 |
| Digital | **684** | 635 | 687 | 1 322 | 7,7 | 19,7 |
| SMS | **18** | 20 | 18 | 38 | (10,0) | – |
| Devices | **20** | 33 | 25 | 58 | (39,4) | (33,3) |
| Wholesale | **24** | 31 | 22 | 53 | (22,6) | (12,9) |
| Other | **37** | 42 | 42 | 84 | (11,9) | (2,4) |
| **Revenue** | **2 440** | 2 506 | 2 687 | 5 193 | (2,6) | 8,2 |
| **Ivory Coast** | | | | | | |
| Outgoing voice | **1 793** | 2 287 | 2 211 | 4 498 | (21,6) | (23,6) |
| Incoming voice | **500** | 410 | 493 | 903 | 22,0 | 18,8 |
| Data | **401** | 338 | 378 | 716 | 18,6 | 15,4 |
| Digital | **551** | 398 | 481 | 879 | 38,4 | 34,7 |
| SMS | **61** | 43 | 48 | 91 | 41,9 | 39,5 |
| Devices | **23** | 28 | 20 | 48 | (17,9) | (17,9) |
| Wholesale | **185** | 131 | 138 | 269 | 41,2 | 36,6 |
| Other | **(27)** | 4 | 4 | 8 | (775,0) | (775,0) |
| **Revenue** | **3 487** | 3 639 | 3 773 | 7 412 | (4,2) | (6,7) |
| **Cameroon** | | | | | | |
| Outgoing voice | **1 330** | 1 524 | 1 502 | 3 026 | (12,7) | (13,5) |
| Incoming voice | **255** | 338 | 325 | 663 | (24,6) | (25,1) |
| Data | **402** | 347 | 451 | 798 | 15,9 | 15,0 |
| Digital | **191** | 111 | 195 | 306 | 72,1 | 71,2 |
| SMS | **67** | 75 | 78 | 153 | (10,7) | (10,7) |
| Devices | **36** | 104 | 93 | 197 | (65,4) | (65,4) |
| Wholesale | **–** | – | – | – | – | – |
| Other | **103** | 110 | 120 | 230 | (6,4) | (8,2) |
| **Revenue** | **2 384** | 2 609 | 2 764 | 5 373 | (8,6) | (9,4) |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

## Revenue breakdown

**(Rm)**

| Country | 1H18 | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **Syria** | | | | | | |
| Outgoing voice | **624** | 583 | 646 | 1 229 | 7,0 | (2,1) |
| Incoming voice | **20** | 26 | 28 | 54 | (23,1) | (30,8) |
| Data | **289** | 257 | 290 | 547 | 12,5 | 2,7 |
| Digital | **50** | 43 | 45 | 88 | 16,3 | 4,7 |
| SMS | **42** | 38 | 45 | 83 | 10,5 | – |
| Devices | **–** | – | – | – | – | – |
| Wholesale | **–** | – | – | – | – | – |
| Other | **–** | – | – | – | – | – |
| **Revenue** | **1 025** | 947 | 1 054 | 2 001 | 8,2 | (1,1) |
| **Hyperinflation** | **–** | 40 | 344 | 384 | | |
| **Revenue including hyperinflation** | **1 025** | 987 | 1 398 | 2 385 | 3,9 | (8,9) |
| **Sudan** | | | | | | |
| Outgoing voice | **328** | 1 098 | 1 055 | 2 153 | (70,1) | 28,1 |
| Incoming voice | **226** | 349 | 338 | 687 | (35,2) | 180,5 |
| Data | **208** | 620 | 669 | 1 289 | (66,5) | 43,9 |
| Digital | **42** | 132 | 130 | 262 | (68,2) | 37,9 |
| SMS | **10** | 35 | 30 | 65 | (71,4) | 22,9 |
| Devices | **3** | 5 | 18 | 23 | (40,0) | 160,0 |
| Wholesale | **–** | – | – | – | – | – |
| Other | **12** | 33 | 28 | 61 | (63,6) | 42,4 |
| **Revenue** | **829** | 2 272 | 2 268 | 4 540 | (63,5) | 56,8 |
| **Hyperinflation** | **–** | – | – | – | | |
| **Revenue including hyperinflation** | **829** | 2 272 | 2 268 | 4 540 | (63,5) | 56,8 |
| **Iran (49%)** | | | | | | |
| Outgoing voice | **1 755** | 2 492 | 2 333 | 4 825 | (29,6) | (8,9) |
| Incoming voice | **514** | 764 | 744 | 1 508 | (32,7) | (13,2) |
| Data | **3 484** | 3 039 | 3 868 | 6 907 | 14,6 | 48,2 |
| Digital | **762** | 938 | 1 060 | 1 998 | (18,8) | 4,7 |
| SMS | **269** | 430 | 349 | 779 | (37,4) | (19,1) |
| Devices | **92** | 133 | 124 | 257 | (30,8) | (10,5) |
| Wholesale | **–** | – | – | – | – | – |
| Other | **132** | 36 | 130 | 166 | 266,7 | 375,0 |
| **Revenue** | **7 008** | 7 832 | 8 608 | 16 440 | (10,5) | 15,7 |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

## EBITDA excluding tower profits, hyperinflation, regulatory fine and MTN Zakhele Futhi

**(Rm)**

| Country | 1H18 | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **South Africa** | **7 450** | 7 047 | 7 588 | 14 635 | 5,7 | 5,7 |
| **Nigeria** | **7 426** | 6 915 | 7 155 | 14 070 | 7,4 | 31,5 |
| **SEAGHA** | **3 610** | 3 016 | 3 892 | 6 908 | 19,7 | 34,5 |
| Ghana | **2 166** | 1 815 | 2 374 | 4 189 | 19,3 | 34,7 |
| Uganda | **854** | 830 | 964 | 1 794 | 2,9 | 14,5 |
| Rwanda | **180** | 56 | 69 | 125 | 221,4 | 260,7 |
| Zambia | **411** | 346 | 532 | 878 | 18,8 | 33,8 |
| South Sudan | **6** | (28) | (36) | (64) | (121,4) | (121,4) |
| Business Group | **(7)** | (3) | (11) | (14) | 133,3 | 133,3 |
| **WECA** | **2 314** | 3 156 | 2 179 | 5 335 | (26,7) | (28,1) |
| Ivory Coast | **934** | 1 285 | 1 074 | 2 359 | (27,3) | (29,2) |
| Cameroon | **457** | 810 | 495 | 1 305 | (43,6) | (44,1) |
| Bissau | **82** | 86 | 75 | 161 | (4,7) | (8,1) |
| Conakry | **22** | (6) | 45 | 39 | (466,7) | (483,3) |
| Congo-Brazzaville | **371** | 550 | 326 | 876 | (32,5) | (33,1) |
| Liberia | **11** | (55) | (5) | (60) | (120,0) | (121,8) |
| Benin | **437** | 486 | 169 | 655 | (10,1) | (12,8) |
| **MENA** | **1 246** | 1 843 | 1 967 | 3 810 | (32,4) | 19,9 |
| Syria | **351** | 245 | 352 | 597 | 43,3 | 30,6 |
| Sudan | **255** | 750 | 842 | 1 592 | (66,0) | 47,3 |
| Yemen | **213** | 454 | 326 | 780 | (53,1) | (22,5) |
| Afghanistan | **125** | 125 | 105 | 230 | – | 11,2 |
| Cyprus | **302** | 269 | 342 | 611 | 12,3 | 9,3 |
| **Joint ventures** | | | | | | |
| Iran | **2 554** | 2 832 | 3 049 | 5 881 | (9,8) | 16,7 |
| Botswana | **238** | 232 | 304 | 536 | 2,6 | 4,3 |
| Swaziland | **78** | 98 | 83 | 181 | (20,4) | (20,4) |
| Equity accounting exclusion | **(2 870)** | (3 162) | (3 436) | (6 598) | – | – |
| **Head office companies and eliminations** | **(30)** | (416) | (33) | (449) | – | – |
| **Total** | **22 016** | 21 561 | 22 748 | 44 309 | 2,1 | 17,0 |
| Zakhele Futhi share-based payment | **–** | – | – | (434) | – | – |
| Hyperinflation | **307** | (2 810) | (572) | (2 948) | – | – |
| Tower profit | **12** | 6 030 | 14 | 6 044 | – | – |
| **Total including tower profit, hyperinflation, regulatory fine and MTN Zakhele Futhi** | **22 335** | 24 781 | 22 190 | 46 971 | (9,9) | 7,3 |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

## Revenue and EBITDA (excluding tower profits and hyperinflation)

**(Local currency)**

| | Revenue | | |
|---|---|---|---|
| Country | **1H18** | 1H17[1] | Change % |
| **South Africa** | **21 163** | 20 511 | 3,2 |
| **Nigeria** | **505 668** | 432 281 | 17,0 |
| **SEAGHA** | | | |
| Ghana | **2 043** | 1 597 | 27,9 |
| Uganda | **734 023** | 678 194 | 8,2 |
| Rwanda | **47 393** | 40 719 | 16,4 |
| Zambia | **1 051** | 882 | 19,2 |
| South Sudan | **2 947** | 990 | 197,7 |
| Business Group | **95** | 103 | (7,8) |
| **WECA** | | | |
| Ivory Coast | **154 982** | 166 017 | (6,6) |
| Cameroon | **107 746** | 118 917 | (9,4) |
| Bissau | **10 602** | 11 211 | (5,4) |
| Conakry | **318 169** | 315 746 | 0,8 |
| Congo-Brazzaville | **49 697** | 62 288 | (20,2) |
| Liberia | **20** | 25 | (20,0) |
| Benin | **76 592** | 79 970 | (4,2) |
| **MENA** | | | |
| Syria | **36 433** | 36 826 | (1,1) |
| Sudan | **1 789** | 1 140 | 56,9 |
| Yemen | **24 388** | 25 283 | (3,5) |
| Afghanistan | **4 812** | 4 627 | 4,0 |
| Cyprus | **62** | 57 | 8,8 |
| **Joint ventures** | | | |
| Iran (49%) | **22 296 051** | 19 368 121 | 15,1 |
| Botswana (53,1%) | **351** | 423 | (17,0) |
| Swaziland (30%) | **175** | 189 | (7,4) |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

| EBITDA | | |
|---|---|---|
| **1H18** | 1H17[1] | Change % |
| **7 450** | 7 047 | 5,7 |
| **217 746** | 165 385 | 31,7 |
| | | |
| **800** | 593 | 34,9 |
| **256 931** | 224 405 | 14,5 |
| **12 420** | 3 324 | 273,6 |
| **331** | 255 | 29,8 |
| **54** | (242) | (122,3) |
| **(7)** | (3) | 133,3 |
| | | |
| **41 559** | 58 638 | (29,1) |
| **20 607** | 36 887 | (44,1) |
| **3 617** | 3 932 | (8,0) |
| **16 055** | (4 443) | (461,4) |
| **16 787** | 25 060 | (33,0) |
| **1** | (4) | (125,0) |
| **19 349** | 22 121 | (12,5) |
| | | |
| **12 463** | 9 516 | 31,0 |
| **555** | 376 | 47,6 |
| **6 633** | 8 560 | (22,5) |
| **710** | 645 | 10,1 |
| **20** | 19 | 5,3 |
| | | |
| **8 141 765** | 7 037 731 | 15,7 |
| **190** | 243 | (21,8) |
| **78** | 98 | (20,4) |

## Cost

**(Rm)**

| Country | 1H18 | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **South Africa** | **13 713** | **13 464** | 14 398 | 27 862 | 1,8 | 1,8 |
| **Nigeria** | **9 806** | **11 159** | 10 843 | 22 002 | (12,1) | 7,9 |
| **SEAGHA** | **6 743** | **6 496** | 6 884 | 13 380 | 3,8 | 17,1 |
| Ghana | **3 379** | **3 066** | 3 236 | 6 302 | 10,2 | 23,8 |
| Uganda | **1 586** | **1 677** | 1 722 | 3 399 | (5,4) | 5,1 |
| Rwanda | **506** | **605** | 629 | 1 234 | (16,4) | (6,1) |
| Zambia | **907** | **891** | 990 | 1 881 | 1,8 | 14,5 |
| South Sudan | **263** | **151** | 193 | 344 | 74,2 | 133,1 |
| Business Group | **102** | **106** | 114 | 220 | (3,8) | (0,9) |
| **WECA** | **7 338** | **7 282** | 8 406 | 15 688 | 0,8 | (0,4) |
| Ivory Coast | **2 565** | **2 364** | 2 724 | 5 088 | 8,5 | 5,5 |
| Cameroon | **1 949** | **1 822** | 2 294 | 4 116 | 7,0 | 6,1 |
| Bissau | **157** | **160** | 169 | 329 | (1,9) | (4,4) |
| Conakry | **412** | **464** | 428 | 892 | (11,2) | (5,6) |
| Congo-Brazzaville | **729** | **817** | 923 | 1 740 | (10,8) | (11,5) |
| Liberia | **240** | **389** | 319 | 708 | (38,3) | (33,4) |
| Benin | **1 286** | **1 266** | 1 549 | 2 815 | 1,6 | (1,0) |
| **MENA** | **3 171** | **4 458** | 4 474 | 8 932 | (28,9) | 22,3 |
| Syria | **674** | **702** | 702 | 1 404 | (4,0) | (12,3) |
| Sudan | **575** | **1 528** | 1 435 | 2 963 | (62,4) | 61,1 |
| Yemen | **568** | **888** | 766 | 1 654 | (36,0) | 6,2 |
| Afghanistan | **740** | **788** | 859 | 1 647 | (6,1) | 5,3 |
| Cyprus | **614** | **552** | 712 | 1 264 | 11,2 | 8,5 |
| **Joint ventures** | | | | | | |
| Iran | **4 588** | **5 000** | 5 561 | 10 561 | (8,2) | 18,6 |
| Botswana | **205** | **312** | 214 | 526 | (34,3) | (33,0) |
| Swaziland | **97** | **90** | 99 | 189 | 7,8 | 7,8 |
| Equity accounting exclusion | **(4 890)** | **(5 402)** | (5 874) | (11 276) | – | – |
| **Head office companies and eliminations** | **319** | **383** | 357 | 740 | – | – |
| **Total** | **41 090** | **43 242** | 45 362 | 88 604 | (5,0) | 6,8 |
| **Regulatory fine** | **–** | **–** | – | – | – | – |
| **Zakhele Futhi share-based payment** | **–** | **–** | – | 434 | – | – |
| **Hyperinflation** | **(242)** | **2 881** | 1 004 | 3 451 | – | – |
| **Total reported** | **40 848** | **46 123** | 46 366 | 92 489 | (11,4) | (2,6) |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

## Cost breakdown

**(Rm)**

| Country | **1H18** | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **South Africa** | | | | | | |
| Handsets and other accessories | **4 353** | 4 137 | 4 611 | 8 748 | 5,2 | 5,2 |
| Interconnect | **1 028** | 1 232 | 1 219 | 2 451 | (16,6) | (16,6) |
| Roaming | **151** | 160 | 119 | 279 | (5,6) | (5,6) |
| Commissions | **1 223** | 1 111 | 1 263 | 2 374 | 10,1 | 10,1 |
| Government and regulatory costs | **113** | 74 | 121 | 195 | 52,7 | 52,7 |
| VAS/digital revenue share | **325** | 339 | 249 | 588 | (4,1) | (4,1) |
| Service provider discount | **813** | 854 | 925 | 1 779 | (4,8) | (4,8) |
| Network | **2 166** | 2 107 | 2 144 | 4 251 | 2,8 | 2,8 |
| Marketing | **567** | 506 | 599 | 1 105 | 12,1 | 12,1 |
| Staff costs | **1 235** | 1 004 | 1 176 | 2 180 | 23,0 | 23,0 |
| Other OPEX | **1 739** | 1 940 | 1 972 | 3 912 | (10,4) | (10,4) |
| **Cost** | **13 713** | 13 464 | 14 398 | 27 862 | 1,8 | 1,8 |
| **Nigeria** | | | | | | |
| Handsets and other accessories | **150** | 167 | 13 | 180 | (10,2) | 9,0 |
| Interconnect | **1 593** | 1 749 | 1 676 | 3 425 | (8,9) | 11,8 |
| Roaming | **86** | 58 | 52 | 110 | 48,3 | 82,8 |
| Commissions | **811** | 914 | 946 | 1 860 | (11,3) | 8,8 |
| Government and regulatory costs | **466** | 473 | 474 | 947 | (5,7) | 15,6 |
| VAS/digital revenue share | **353** | 667 | 498 | 1 165 | (47,1) | (34,8) |
| Service provider disc | **–** | – | – | – | | – |
| Network | **4 900** | 5 412 | 5 155 | 10 567 | (9,5) | 11,0 |
| Marketing | **272** | 298 | 321 | 619 | (8,7) | 11,7 |
| Staff costs | **489** | 543 | 546 | 1 089 | (9,9) | 9,8 |
| Other OPEX | **706** | 878 | 1 162 | 2 040 | (19,6) | 0,9 |
| **Cost** | **9 806** | 11 159 | 10 843 | 22 002 | (12,1) | 7,9 |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

## Cost breakdown

**(Rm)**

| Country | **1H18** | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **Ghana** | | | | | | |
| Handsets and other accessories | **121** | 111 | 181 | 292 | 9,0 | 23,4 |
| Interconnect | **470** | 469 | 482 | 951 | 0,2 | 12,8 |
| Roaming | **53** | 28 | 36 | 64 | 89,3 | 110,7 |
| Commissions | **657** | 563 | 642 | 1 205 | 16,7 | 31,3 |
| Government and regulatory costs | **126** | 125 | 161 | 286 | 0,8 | 14,4 |
| VAS/digital revenue share | **165** | 205 | 185 | 390 | (19,5) | (9,8) |
| Service provider discount | **–** | – | – | – | – | – |
| Network | **1 098** | 1 036 | 971 | 2 007 | 6,0 | 19,2 |
| Marketing | **142** | 93 | 135 | 228 | 52,7 | 69,9 |
| Staff costs | **273** | 240 | 246 | 486 | 13,8 | 27,9 |
| Other OPEX | **274** | 196 | 197 | 393 | 39,8 | 56,1 |
| **Cost** | **3 379** | 3 066 | 3 236 | 6 302 | 10,2 | 23,9 |
| **Uganda** | | | | | | |
| Handsets and other accessories | **44** | 85 | 36 | 121 | (48,2) | (44,7) |
| Interconnect | **115** | 142 | 140 | 282 | (19,0) | (10,6) |
| Roaming | **22** | 15 | 7 | 22 | 46,7 | 60,0 |
| Commissions | **439** | 457 | 482 | 939 | (3,9) | 6,8 |
| Government and regulatory costs | **34** | – | 72 | 72 | – | – |
| VAS/digital revenue share | **17** | 24 | 23 | 47 | (29,2) | (20,8) |
| Service provider discount | **–** | – | – | – | – | – |
| Network | **519** | 495 | 531 | 1 026 | 4,8 | 16,2 |
| Marketing | **68** | 34 | 81 | 115 | 100,0 | 120,6 |
| Staff costs | **130** | 139 | 153 | 292 | (6,5) | 4,3 |
| Other OPEX | **198** | 286 | 197 | 483 | (30,8) | (22,7) |
| **Cost** | **1 586** | 1 677 | 1 722 | 3 399 | (5,4) | 4,8 |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

## Cost breakdown

**(Rm)**

| Country | **1H18** | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **Ivory Coast** | | | | | | |
| Handsets and other accessories | **106** | 67 | 107 | 174 | 58,2 | 53,7 |
| Interconnect | **511** | 366 | 495 | 861 | 39,6 | 35,8 |
| Roaming | **21** | 17 | 22 | 39 | 23,5 | 23,5 |
| Commissions | **294** | 308 | 293 | 601 | (4,5) | (6,8) |
| Government and regulatory costs | **314** | 347 | 357 | 704 | (9,5) | (12,1) |
| VAS/digital revenue share | **113** | 85 | 81 | 166 | 32,9 | 28,2 |
| Service provider discount | **–** | – | – | – | – | – |
| Network | **535** | 499 | 498 | 997 | 7,2 | 4,2 |
| Marketing | **108** | 102 | 139 | 241 | 5,9 | 3,9 |
| Staff costs | **268** | 270 | 362 | 632 | (0,7) | (3,0) |
| Other OPEX | **295** | 303 | 370 | 673 | (2,6) | (7,3) |
| **Cost** | **2 565** | 2 364 | 2 724 | 5 088 | 8,5 | 5,4 |
| **Cameroon** | | | | | | |
| Handsets and other accessories | **87** | 172 | 190 | 362 | (49,4) | (49,4) |
| Interconnect | **269** | 226 | 252 | 478 | 19,0 | 18,1 |
| Roaming | **11** | 9 | 10 | 19 | 22,2 | 22,2 |
| Commissions | **208** | 175 | 211 | 386 | 18,9 | 18,3 |
| Government and regulatory costs | **155** | 168 | 207 | 375 | (7,7) | (8,3) |
| VAS/digital revenue share | **31** | 31 | 41 | 72 | – | – |
| Service provider discount | **–** | 1 | 4 | 5 | (100,0) | (100,0) |
| Network | **582** | 540 | 607 | 1 147 | 7,8 | 7,0 |
| Marketing | **57** | 66 | 116 | 182 | (13,6) | (16,7) |
| Staff costs | **258** | 237 | 334 | 571 | 8,9 | 8,4 |
| Other OPEX | **291** | 197 | 322 | 519 | 47,7 | 46,7 |
| **Cost** | **1 949** | 1 822 | 2 294 | 4 116 | 7,0 | 6,3 |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

## Cost breakdown

**(Rm)**

| Country | 1H18 | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **Iran (49%)** | | | | | | |
| Handsets and other accessories | **148** | 161 | 243 | 404 | (8,1) | 18,6 |
| Interconnect | **413** | 569 | 554 | 1 123 | (27,4) | (6,2) |
| Roaming | **16** | 24 | 34 | 58 | (33,3) | (12,5) |
| Commissions | **37** | 21 | 32 | 53 | 76,2 | 133,3 |
| Government and regulatory costs | **2 006** | 2 239 | 2 419 | 4 658 | (10,4) | 15,8 |
| VAS/digital revenue share | **148** | 196 | 213 | 409 | (24,5) | (2,6) |
| Service provider discount | **208** | 235 | 256 | 491 | (11,5) | 14,5 |
| Network | **1 109** | 1 114 | 1 287 | 2 401 | (0,4) | 28,6 |
| Marketing | **144** | 140 | 181 | 321 | 2,9 | 32,9 |
| Staff costs | **185** | 202 | 231 | 433 | (8,4) | 18,8 |
| Other OPEX | **174** | 99 | 111 | 210 | 75,8 | 126,3 |
| **Cost** | **4 588** | 5 000 | 5 561 | 10 561 | (8,2) | 18,6 |
| **Hyperinflation** | **–** | (68) | (2) | (70) | | |
| **Cost including hyperinflation** | **4 588** | 4 932 | 5 559 | 10 491 | (7,0) | 20,2 |
| **Syria** | | | | | | |
| Handsets and other accessories | **4** | 3 | 4 | 7 | 33,3 | 33,3 |
| Interconnect | **14** | 22 | 19 | 41 | (36,4) | (40,9) |
| Roaming | **5** | 6 | 7 | 13 | (16,7) | (16,7) |
| Commissions | **18** | 17 | 20 | 37 | 5,9 | – |
| Government and regulatory costs | **217** | 290 | 325 | 615 | (25,2) | (31,7) |
| VAS/digital revenue share | **14** | 9 | 9 | 18 | 55,6 | 33,3 |
| Service provider discount | **–** | – | – | – | – | – |
| Network | **221** | 181 | 154 | 335 | 22,1 | 12,2 |
| Marketing | **13** | 10 | 10 | 20 | 30,0 | 20,0 |
| Staff costs | **65** | 48 | 56 | 104 | 35,4 | 25,0 |
| Other OPEX | **103** | 116 | 98 | 214 | (11,2) | (20,7) |
| **Cost** | **674** | 702 | 702 | 1 404 | (4,0) | (12,3) |
| **Hyperinflation** | **(4)** | 1 150 | 466 | 1 616 | – | |
| **Cost including hyperinflation** | **670** | 1 852 | 1 168 | 3 020 | (63,8) | (68,2) |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

## Cost breakdown

**(Rm)**

| Country | 1H18 | 1H17[1] | 2H17[1] | 2017[1] | Reported % | Constant currency % |
|---|---|---|---|---|---|---|
| **Sudan** | | | | | | |
| Handsets and other accessories | **28** | 73 | 75 | 148 | (61,6) | 64,4 |
| Interconnect | **115** | 207 | 223 | 430 | (44,4) | 135,3 |
| Roaming | **6** | 7 | 6 | 13 | (14,3) | 257,1 |
| Commissions | **59** | 183 | 196 | 379 | (67,8) | 38,3 |
| Government and regulatory costs | **14** | – | – | – | – | – |
| VAS/digital revenue share | **–** | 43 | 42 | 85 | (100,0) | (100,0) |
| Service provider disc | **–** | – | – | – | – | – |
| Network | **178** | 513 | 439 | 952 | (65,3) | 48,1 |
| Marketing | **13** | 65 | 56 | 121 | (80,0) | (12,3) |
| Staff costs | **40** | 129 | 122 | 251 | (69,0) | 33,3 |
| Other OPEX | **122** | 308 | 276 | 584 | (60,4) | 71,4 |
| **Cost** | **575** | 1 528 | 1 435 | 2 963 | (62,4) | 61,1 |
| **Hyperinflation** | **(306)** | 1 691 | – | 1 691 | – | – |
| **Cost including hyperinflation** | **269** | 3 219 | 1 435 | 4 654 | (91,6) | (64,9) |

[1] *Restated to reflect the segments reallocated and restated for the impact of IFRS 15.*

| | Share-holding (%) | Licence period (years) | Population (m) | Mobile penetration (%) | Market position/ no of operators | Market share (%) | Outgoing MOU (minutes) | Telemetry (m) |
|---|---|---|---|---|---|---|---|---|
| South Africa | 100 | 20 | 56,5 | 167 | 2/4 | 28,97 | 77 | 2 772 |
| Nigeria | 79 | 15 | 190,5 | 58 | 1/4 | 49,54 | 136 | |
| **SEAGHA** | | | | | | | | |
| Ghana | 98 | 15 | 29,1 | 57 | 1/9 | 100,00 | 298 | |
| Uganda | 96 | 20 | 38,3 | 52 | 1/8 | 52,38 | 120 | |
| Rwanda | 80 | 15 | 12,2 | 72 | 1/3 | 43,21 | 173 | |
| Zambia | 98 | 15 | 16,6 | 72 | 1/3 | 47,82 | 74 | |
| South Sudan | 100 | 20 | 10,6 | 15 | 2/3 | 58,79 | 136 | |
| Botswana (JV) | 53 | 15 | 2,2 | 145 | 2/4 | 100,00 | 77 | |
| Swaziland (JV) | 30 | 10 | 1,2 | 100 | 1/2 | 85,73 | 175 | |
| **WECA** | | | | | | | | |
| Ivory Coast | 67 | 20 | 25,2 | 132 | 2/3 | 33,79 | 74 | |
| Cameroon | 80 | 15 | 24,8 | 60 | 1/4 | 44,81 | 87 | |
| Benin | 75 | 20 | 12,0 | 75 | 1/4 | 50,01 | 60 | |
| Conakry | 75 | 18 | 5,0 | 90 | 2/4 | 52,10 | 37 | |
| Congo-Brazzaville | 100 | 15 | 12,0 | 98 | 1/3 | 24,14 | 85 | |
| Liberia | 60 | 15 | 4,3 | 67 | 1/3 | 37,71 | 169 | |
| Bissau | 100 | 10 | 1,9 | 70 | 1/3 | 60,29 | 50 | |
| **MENA** | | | | | | | | |
| Iran (JV) | 49 | 15 | 82,9 | 125 | 2/4 | 43,08 | 97 | |
| Syria | 75 | 20 | 17,9 | 86 | 2/2 | 34,32 | 71 | |
| Sudan | 85 | 20 | 39,8 | 57 | 2/3 | 33,99 | 179 | |
| Yemen | 83 | 15 | 27,9 | 42 | 1/4 | 36,31 | 123 | |
| Afghanistan | 100 | 15 | 34,3 | 43 | 1/5 | 41,58 | 94 | |
| Cyprus | 100 | 20 | 0,9 | 123 | 2/4 | 39,65 | 250 | |

| Data users ('000) | Active data users ('000) | Smart-phones ('000) | MB/ user | Q2 rolled-out sites | | | Yearly cumulative sites | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 2G | 3G | 4G | 2G | 3G | 4G |
| 18 765 | 12 683 | 14 032 491 | 1 329 | 278 | 315 | 784 | 495 | 544 | 1 565 |
| 38 937 | 14 923 | 15 688 414 | 1 166 | 65 | 626 | 333 | 121 | 924 | 507 |
| 11 593 | 6 894 | 7 254 154 | 1 537 | 121 | 408 | 130 | 208 | 541 | 194 |
| 4 608 | 1 793 | 2 066 568 | 1 088 | 52 | 118 | (1) | 92 | 313 | 5 |
| 3 119 | 630 | 772 787 | 1 564 | 3 | 15 | – | 3 | 15 | – |
| 3 395 | 1 515 | 1 575 571 | 1 130 | 3 | (246) | 3 | 3 | 44 | 3 |
| 330 | 149 | 165 108 | 545 | 15 | 7 | – | 15 | 7 | – |
| n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 599 | 372 | 327 800 | 256 | 37 | 34 | – | 38 | 35 | – |
| 8 331 | 2 793 | 3 509 146 | 1 087 | 4 | 5 | 5 | 11 | 10 | 7 |
| 5 163 | 2 107 | 2 358 816 | 934 | 7 | 4 | 124 | 31 | 19 | 155 |
| 2 758 | 1 136 | 1 411 868 | 1 798 | 6 | 10 | – | 13 | 16 | 5 |
| 1 124 | 485 | 875 489 | 940 | – | – | – | 10 | 10 | – |
| 1 410 | 443 | 930 469 | 1 355 | 25 | 3 | – | 17 | 17 | 3 |
| 564 | 195 | 566 007 | 1 345 | 1 | 5 | 39 | 3 | 5 | 40 |
| 556 | 151 | 200 182 | 685 | 10 | 7 | 7 | 10 | 15 | 7 |
| 31 253 | 19 258 | 31 609 572 | 5 235 | 128 | 432 | 724 | 373 | 813 | 980 |
| 2 564 | 1 749 | 3 741 212 | 405 | 99 | 105 | 83 | 136 | 170 | 187 |
| 4 974 | 2 211 | 2 791 933 | 1 601 | 3 | 3 | – | 10 | 9 | 1 |
| 1 039 | 687 | 1 754 619 | 188 | 2 | – | – | 2 | – | – |
| 1 783 | 793 | 1 975 731 | 1 801 | 41 | 77 | – | 52 | 92 | – |
| 296 | 190 | 326 367 | 4 803 | 2 | 3 | 1 | 4 | 4 | 1 |

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