



# **MTN Group Limited**

**Interim financial results**  
for the six months ended  
30 June 2020

**#GoodTogether**



## Results overview

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\* Constant currency information after accounting for the impact of the pro forma adjustments as defined.

- EBITDA is defined as earnings before finance income and finance costs (which includes gains or losses on foreign exchange transactions), tax, depreciation and amortisation, and is also presented before recognising the following items: impairment of goodwill and joint ventures; net monetary gain resulting from the application of hyperinflation; share of results of associates and joint ventures after tax; hyperinflation; gain on disposal of tower associates; impairment loss on remeasurement of disposal group; and gain on disposal/dilution of investment in associates and joint ventures (Travelstart and Jumia). EBITDA including once-off items increased 33,1%.

ROE is calculated based on reported group HEPS of 430 cps after adjusting for non-operational impacts of 46 cps

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.

Certain information presented in these results constitutes pro forma financial information. The responsibility for preparing and presenting the pro forma financial information and for the completeness and accuracy of the pro forma financial information is that of the directors of the company. 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.

Certain financial information presented in these consolidated financial results has been prepared excluding the impact of hyperinflation, impairments of goodwill; PP&E and associates, gain on disposal of tower associates; impairment loss on remeasurement of disposal group, the Nigerian regulatory fine (consisting of the re-measurement 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), gain on dilution of Jumia, impairment of investment in MEIH, impairment of Iran receivable, gain on Travelstart disposal and impact of the adoption of IFRS 16 (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 2020. 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 (YoY) analysis. The pro forma adjustments have been calculated in terms of the group accounting policies which are consistent with International Financial Reporting Standards (IFRS) and as disclosed in the consolidated financial statements for the year ended 31 December 2019, except for the changes in accounting policies as a result of the adoption of the accounting standards effective 1 January 2019 and the voluntary change in policy relating to the treatment of foreign currency translation reserves (FCTR).

IAS 21 *The Effects of Changes in Foreign Exchange Rates* (IAS 21) requires that on the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in FCTR in equity, shall be reclassified from equity to profit or loss as a reclassification adjustment when the gain or loss on disposal is recognised. Two accepted methods exist for recycling FCTR where the investments in foreign operations are held by an intermediate parent with a different functional currency than the entity disposed of and the ultimate parent, the step-by-step approach and the direct approach. The group has accordingly changed its accounting policy on the reclassification of FCTR on disposal of foreign operations held by an intermediate parent where the functional currency of the foreign operation and intermediate parent is different to that of the ultimate parent from the step-by-step method to the direct method.

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 prior financial reporting period's results have been adjusted to the current period average exchange rates determined as the weighted 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 prior year constant currency results compared to the current year results. In addition, in respect of MTN Irancell, MTN Sudan, MTN South Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. The economies of Sudan, South Sudan and Syria were assessed to be hyperinflationary for the period under review and hyperinflation accounting was applied.

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

The SEACHA region includes Ghana, Uganda, Zambia, Rwanda, South Sudan, Botswana (joint venture-equity accounted), eSwatini (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, and Afghanistan.

Although Iran, Botswana and eSwatini 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.

The full interim results are available on the companies website at:  
<https://www.mtn.com/investors/financial-reporting/interim-results/>

and on the JSE's website at:  
<https://senspdf.jse.co.za/documents/2020/JSE/ISSE/MTN/MTNresults.pdf>

For inspection at our registered offices at no charge, and at the offices of our sponsors from 09:00 to 16:00 weekdays.



# Results overview

for the six months ended 30 June 2020



# Highlights

## Subscribers

↑ **10,6 million**

to 261,5 million

## Reported group HEPS

↑ **120,5%**

to 430 cps

## Service revenue

↑ **9,4%\***

**Non-operational** impacts;  
increased HEPS by **46 cps**

## EBITDA margin

improved by **6,4pp** to  
**49,7% (up 1,2pp\*  
43,1%\*)**

**Group** leverage stable at  
net debt to EBITDA of **1,1x**  
**Holding Company**  
leverage increased to **2,7x**

**EBITDA~** (before  
once-off items)

↑ **21,0% (10,9%\*)**

## Return on equity (ROE)

improved to **14,1%**

## No interim dividend

declared due to uncertainties  
resulting from COVID-19  
impacts

## Future focus

on pan-African strategy,  
orderly exit of Middle  
Eastern assets announced

## Group president and CEO, Rob Shuter comments:

*"MTN delivered strong results for the period against the backdrop of difficult trading conditions, exacerbated by the unprecedented socio and macroeconomic challenges caused by the COVID-19 pandemic. With service revenue growth of 9,4%\* and EBITDA growth of 10,9%\*, the group's EBITDA margin improved by 1,2pp\* to 43,1%\* as our group efficiency programme continued to bear fruit. Group leverage remained stable at a group net debt to EBITDA ratio of 1.1x. The holding company (holdco) leverage ratio increased to 2,7x from 2,2x at December 2019, impacted by the weaker rand and lower upstreaming from operating companies. We invested R10,1 billion in our networks, focusing on capacity and resilience as COVID-19 lockdown constraints impacted network rollout.*

*Among the larger opcos, MTN Ghana delivered another strong performance in H1, while MTN Nigeria achieved continued solid growth in a challenging environment. MTN South Africa (MTN SA) reported a pleasing turnaround in its underlying consumer and enterprise business units as well as an expansion in EBITDA margin.*

*Commercial momentum continued, and we added 10,6 million subscribers to reach a total base of 261,5 million and reached a significant milestone in surpassing the 100 million mark of active data users. We recorded 38,3 million Mobile Money (MoMo) users and in Nigeria added 114 000 agents to reach 222 000 registered agents. Following the peak impact of COVID-19 effects in April 2020, we are encouraged by the sequential recovery we have observed in key voice, data and fintech trends as restrictions have been gradually eased.*

*As we navigate the pandemic and its effects, we have prioritised looking after our people, customers and networks while focusing on efficiencies. Work-from-home programmes continue for our people; our **Yello** Hope Packages are helping to ease customers' financial pressures and we continue to support various other initiatives across our markets to limit the impact of the pandemic on society as a whole.*

*Our balance sheet and liquidity remain resilient despite the challenging environment and was supported by strong operating free cash flows, which increased by 117,8%. Given the significant uncertainties in our operating environment brought about by COVID-19 we have resolved not to declare an interim dividend for 2020. Should conditions warrant a final dividend, this would be no more than 390c per share, aligned to the current dividend policy.*

*MTN has resolved to simplify its portfolio and focus on its pan-African strategy and will therefore be exiting its Middle Eastern assets in an orderly manner over the medium term. As a first step we are in advanced discussions to sell our 75% stake in MTN Syria."*

## Overview

MTN continued to deliver growth in the six-month period ended 30 June 2020, supported by a good operational performance across our markets, under exceptionally challenging conditions, as we focused on our network, business continuity and efficiency during this time of unprecedented uncertainty and volatility caused by the spread of COVID-19.

Service revenue grew ahead of inflation despite a slowdown in the second quarter when lockdown restrictions came into force in most of the countries in which we operate. Our group efficiency programme delivered an improvement in EBITDA margin which has mitigated some of the pressure on revenue growth.

Group service revenue increased by 9,4%\* to R80,2 billion (2019: R67,9 billion). This was led by growth of 12,4%\* in MTN Nigeria and 19,4%\* in MTN Ghana. MTN SA recorded a 2.5% decline in service revenue, as a result of the lost national roaming revenues arising from the discontinuation of our roaming agreement with Telkom and effects of the continued accounting for Cell C revenue on a cash basis. The continued turnaround in MTN SA's consumer and enterprise businesses has, however, supported a pleasing improvement in sequential service revenue growth trend in the second quarter.

At 30 June 2020, we had not recognised revenue amounting to R673 million for network roaming services provided to Cell C due to the reassessment of revenue recognition criteria and in compliance with IFRS 15. In total, MTN recognised R788 million of revenue from Cell C during the period.

Voice revenue came under pressure, increasing by 2,6%, as trends indicated some shift in the revenue mix as a result of the COVID-19 pandemic, and seasonally lower voice revenue in markets where the holy month of Ramadan is observed. Across our markets as lockdown restrictions have been eased, the month-on-month trends indicate some recovery in voice revenue, which has increased by 5,9% in June 2020 versus the April 2020 level. We continue to drive growth, focusing on our customer value management (CVM) initiatives and segmented offers. Group subscribers increased by 10,6 million to 261,5 million.

Data revenue expanded by 32,7%\*, as data traffic surged by 91,5% boosted by the increase in work-from-home and higher levels of online engagement brought about by the effects of COVID-19. In late June we reached a significant milestone of 100 million data users on our networks, as we continue to work towards our ambition of connecting 200 million people to the power of the internet. At 30 June 2020 we had 101,9 million active data users. We continued to drive greater mobile internet adoption, adding 54,1 million people to our 3G and 4G coverage, recording 127 million smartphones on our network and reducing the effective rate per megabyte by 33,9%. Average usage rose by 54,6% to 4,4 GB per month.

Digital revenue increased by 24,6%\*, supported by an improved uptake of our digital offerings. As COVID-19 spread, Ayoba's daily lifeline data allocations in most markets allowed users free connections with family and provided them with zero-rated access to credible information through special COVID-19 channels. Ayoba has now been integrated into 16 MTN markets and is also available across many other markets on the Google Play Store and via the Ayoba website as an OTT offering and has started expanding its services beyond instant messaging (IM) to now also include gaming, channels and money transfer. The MTN streaming app MusicTime! is now live in seven MTN markets.



Fintech revenue rose by 18,0%\*. The number of active MoMo users increased by 3,6 million to 38,3 million, generating a monthly ARPU of \$1,1. The value of MoMo transactions in H1 was US\$ 61,2 billion, and we processed 11 752 transactions per minute (up 28% from 9 193 per minute in 2019). While COVID-19 accelerated the move towards mobile financial services, our reductions in transaction fees to support customers and the move to a cashless economy, as well as agent lockdown restrictions and the slowdown in economic activity, put some pressure on revenue.

At the end of June, our aYo insurance joint venture had 8,6 million registered policy holders. We have agreed to increase our shareholding in aYo to 75% and will consolidate it in the future. aYo generated R48 million in service revenue in H1, and continues to grow in excess of 100%, having now also launched in the Ivory Coast in November 2019.

Enterprise revenue increased by 14,2%\*, supported by double-digit growth in MTN Nigeria, MTN Ghana, MTN Ivory Coast as well as MTN SA where the momentum in the business continues to accelerate.

Wholesale revenue declined by 30,7%\*, a result of the lost national roaming revenues arising from the discontinuation of our roaming agreement with Telkom and effects of the continued accounting for Cell C revenue on a cash basis. MTN GlobalConnect continues to scale and showed strong financial performance with 43% revenue growth and new fixed wholesale deals billed to the value of US\$13,0 million.

In the period we invested capex of R13,8 billion on an IFRS reported basis which is 11,0% lower YoY (down 17,9% to R10,1 billion under IAS 17). We focussed on increasing capacity in our networks and, despite the impact of lockdown restrictions, rolled out a total of 1 425 3G and 2 614 4G sites. Capex intensity reduced to 12,0% from 16,9% in June 2019 under IAS 17.

The group's EBITDA margin in constant currency terms and excluding the effects of once-off items expanded by 1,2pp\* to 43,1%\*, driven by the 3,4pp\* and 3,8pp\* improvements delivered by MTN SA and MTN Ghana respectively. The EBITDA margin in MTN Nigeria (down by 2,6pp\*) was impacted by costs related to its accelerated 4G site rollout, increase in the VAT rate and exchange rate adjustments which resulted in higher tower lease costs.

The group's reported EBITDA margin was 49,7% compared to 43,3% in June 2019. This was impacted by the gain on disposal of our ATC Uganda and ATC Ghana tower associates and the impairment loss on the remeasurement of the Syria disposal group. The 2019 margin included the effects of the gain on dilution of our investment in Jumia, gain on disposal of Travelstart and tower profits.

Group operating free cash flow increased by 117,8% on the back of EBITDA growth driven by positive operational leverage, as we remain focused on efficiencies and liquidity management.

Basic earnings per share, which includes the gain on disposal of our tower associates, increased by 165,4% to 674 cents from 254 cents (June 2019), supported by the weaker rand, an overall healthier operational performance as well as an improved contribution of share of profits from JVs and associates.

Reported headline earnings per share (HEPS) increased by 120,5% to 430 cents from 195 cents in June 2019. HEPS were positively impacted in aggregate by 46 cents from the

following items: 0 cents relating to the Nigeria fine interest (-8 cents in 2019); hyperinflation (excluding impairments) of 10 cents (-8 cents in 2019); the impact of foreign exchange gains and losses of 28 cents (-39 cents in 2019) and reversal of the time value loss recognised on the Iran receivable of 8 cents (0 cents in 2019).

Return on equity (ROE) increased to 14,1% from 12,8% in December 2019, supported by the solid service revenue performance, the group efficiency programme and continued operating leverage.

## Portfolio optimisation and asset realisation programme

Our asset realisation programme (ARP), launched in March 2019 and enhanced in March 2020, aims to reduce debt, simplify our portfolio, reduce risk, improve returns and realise capital of at least a further R25 billion over three to five years.

During H1 we concluded the disposal of our 49% equity holdings in Ghana Tower Interco B.V. and Uganda Tower Interco B.V. to AT Sher Netherlands Cooperatief U.A., and received cash proceeds of US\$524 million. This completed the first phase of our ARP, with the full cR15 billion of the initial three-year plan realised within the first 12 months.

The COVID-19 pandemic and flux in global oil prices has brought about extraordinary macroeconomic uncertainty and major volatility in financial markets. This has impacted our ability to continue with further realisations in the short term. We remain committed to execute on the ARP over the medium term and have made significant progress in laying the groundwork for when conditions become more conducive.

Our 20% shareholding in the carrier business Belgacom International Carrier Services SA ('BICS') is included in those assets classified as not long-term strategic. MTN and its co-shareholders in BICS are in discussions regarding a potential sale of a controlling stake in the business. BICS was accordingly classified as a non-current asset held for sale on 5 August 2020. At 30 June 2020, the carrying amount of the investment in associate was R2,3 billion and the accumulated FCTR gain related to BICS was R1,4 billion.

### MTN to focus on its pan-African strategy

As part of the review of our portfolio, we believe the group is best served to focus on its pan-African strategy and to simplify its portfolio by exiting the Middle East region in an orderly manner over the medium term. The Middle East assets contributed less than 4% to group EBITDA in H1.

As part of this process we are in advanced discussions to sell our 75% stake in MTN Syria to TeleInvest, which is the minority shareholder in MTN Syria with a 25% holding.

MTN Syria contributed 0,7% to MTN's reported EBITDA in H1 2020. The net assets attributable to MTN Syria in the MTN Group accounts have been written down to the estimated recoverable amount of R1,4 billion (US\$80 million). The foreign currency translation loss of R4,8 billion as at 30 June 2020, that has accumulated over time, will be released to the income statement on conclusion of the transaction. This will negatively impact EPS, but will have no material impact on HEPS, cash flow and the balance sheet.



### Regulatory and legal considerations

#### **MTN Afghanistan anti-terrorism complaint**

On 27 December 2019, a complaint for violation of the Anti-Terrorism Act was filed in the United States District Court for the District of Columbia (the Complaint). The Complaint was filed on behalf of American service members and civilians who were killed or wounded in Afghanistan between 2009 and 2017, and on behalf of their families. The Complaint alleges that several Western businesses supported the Taliban by, *inter alia*, making payments to ensure the protection of their infrastructure. The defendants named in the Complaint are made up of a number of different groups of affiliated companies, one of which is MTN and certain of its subsidiary companies, including MTN Afghanistan.

In late April 2020, MTN filed a 'motion to dismiss' that asked the court to end the lawsuit and grant a judgment in MTN's favour for two independent reasons: because the court lacks jurisdiction over MTN, which does not operate in the United States, and because the complaint does not allege any conduct by MTN that would have violated the Anti-Terrorism Act.

In June 2020, the plaintiffs in the matter filed an amended Complaint to which further complainants, defendants and allegations were added. MTN believes that the amended Complaint suffers from the same fundamental defects in the case explained in the April motion. Now that the Complaint has been amended with new allegations, MTN anticipates filing another motion to dismiss – on largely the same grounds as the April motion to dismiss – to take these new allegations into account.

MTN remains of the view that it conducts its business in a responsible and compliant manner in all its territories and will defend its position where necessary.

#### **Spectrum in South Africa**

During April 2020, regulator ICASA allocated temporary spectrum to operators in South Africa to help with managing the effects of COVID-19. MTN SA has commenced deployment of this spectrum which is providing an efficient way of easing congestion in parts of the network where data traffic has surged. The temporary spectrum will be available for use until November 2020 and the regulator has restated its intention to progress the issue of spectrum on a permanent basis. The release of new spectrum in South Africa is urgently needed and will greatly assist MTN's ability to service increased customer demand in a more cost-effective manner.

#### **MTN Ghana classification as a significant market power**

In June 2020, the National Communications Authority (NCA) classified MTN Ghana as a significant market power (SMP) and determined that special regulatory restrictions would be enforced on MTN Ghana. Broadly, the NCA has proposed measures that include the application of a 30% asymmetrical interconnect rate for two years; a price floor/ceiling on voice, data, SMS and MoMo; the review and approval of all MTN pricing by the NCA; the removal of on-net/off-net price differentials; and the implementation of a national roaming scheme.

Following engagements on the matter with regulatory and other stakeholders, and after further consultations, MTN Ghana has applied to the courts for relief in the form of a judicial review of the NCA's decision, to ensure that the requirements of procedural fairness are observed and that the applicable legislation and global industry best practices are followed. MTN Ghana is a responsible market player in a highly competitive market and does not engage in anti-competitive behaviour.

### Uganda licence renewal

In the period, MTN Uganda reached an agreement with the authorities in Uganda to extend its licence to June 2032 for a consideration of US\$100 million, which has been settled.

## COVID-19 pandemic impact on the business

The pandemic resulted in the implementation of moderate to strict restrictions in most of our markets, that were generally most severe during the month of April 2020, following which restrictions began to be eased to varying degrees. In our first quarter trading update released in May 2020 we provided extensive commentary on the main considerations arising from COVID-19, the impact on the business as well as the initiatives we have implemented to manage the pandemic's impact across our markets. The Q1 update had four focus areas on which we provide an update.

### Social

As lockdown restrictions have eased, our people have been allowed to return to our offices. We continue to prioritise their health and have empowered most of them to work remotely. Staff who access the office are required to wear masks, use alcohol-based hand sanitisers and complete daily health surveys. We continue to drive the MTN Global Staff Emergency Fund, **Yello** Hope Packages for customers, schools and communities, and contributions to MTN foundations and various government-led initiatives in our various markets, including the Solidarity Fund in South Africa.

Across our markets, the investment we have made in the **Yello** Hope packages has provided approximately R1,8 billion in value to our stakeholders.

### Commercial

The commercial trends following the relaxation of some COVID-19 restrictions in our markets have been encouraging, with data traffic generally holding up at higher levels and voice, which came under particular pressure during the peak of lockdowns, showing signs of recovery from the lows of the period. Within fintech, the overall volume and value of transactions processed through our ecosystem also trended up from month to month in the second quarter after dipping in April.

In aggregate, the data traffic on our networks has been comparatively resilient at elevated levels, which were boosted by COVID-19 effects. Overall data traffic in the six months to June 2020 increased by 91,5% YoY. In our largest markets on the same comparison – data traffic in MTN SA was up by 77,0%, MTN Nigeria by 141,2% and MTN Ghana by 122,1%.

The trajectory for voice has been encouraging as some COVID-19 restrictions eased with group traffic up 6,6% at the end of June 2020 versus April 2020 – over the six-month period, voice traffic for the group was 13,5% higher YoY. MTN SA voice traffic was under pressure in H1, easing by 2,1% YoY but showed some recovery from the lows induced by COVID-19 in the period and improved by 12,6% when comparing June 2020 against April 2020. MTN Nigeria's voice traffic was up slightly (by 0,7%) YoY but was 6,7% higher in June versus April 2020. MTN Ghana's voice traffic remained resilient through the period and increased by 26,9% YoY in H1.

While it remains unclear how the short-term impacts of COVID-19 will unfold, our focus remains on not only managing the risks it presents but also on the commercial execution around the opportunities it presents to accelerate our digital operator strategy over the medium term.

### Network and supply chain

The constraints of COVID-19 have delayed the pace of rolling out sites, however our emphasis on the capacity and resilience of connectivity has ensured that our networks continue to remain stable and perform well. The relief spectrum released by authorities in some of our markets, including South Africa, has also enabled us to alleviate some of the pressure in some areas of our networks arising from the surge in data traffic.

Although there have been moderate disruptions, these have been largely mitigated by the measures we have put in place including having built up a healthy inventory of equipment and critical spares. The availability of high-end devices, particularly in South Africa, has been an industry-wide challenge although the ability and appetite of customers to upgrade handsets was dampened by COVID-19.

We continue to monitor and manage the impact of the pandemic on our network and supply chain closely to mitigate against significant interruptions to our business. As at June 2020, the headroom on our data networks stood at 27,0% in South Africa 32,0% in Nigeria, and 36,0% in Ghana.

### Funding and liquidity

The management of our balance sheet and liquidity has been a major ongoing focus, which has positioned the group well to weather the current volatile environment. Our group net debt at June 2020 stood at R70,9 billion, and our net debt to EBITDA ratio of 1,1x remains low and well within our covenant of 2,5x. At 30 June 2020, our interest cover was 9,0x, which also compares favourably with the covenant limit of 5,0x.

Execution of our 2020 refinancing priorities has progressed well, and we have successfully completed the refinancing of R15,0 billion of debt due to mature by the end of March 2021. This is a pleasing outcome given the risks and uncertainties presented by the COVID-19 impact on capital markets. We continue in our efforts to further optimise our debt mix and bolster our liquidity to deal with counter-cyclical risks. We remain focused on preserving cash and maintaining a healthy liquidity position and, as at June 2020, our liquidity headroom stood at R40,8 billion – comprising R15,7 billion in cash (including GlobalConnect) and R25,1 billion in committed undrawn facilities.

At the holdco level, our leverage as at June 2020 stood at 2,7x resulting from the c20% depreciation of the rand against the USD and timing effects of cash upstreaming from our opcos. The rate of upstreaming has been slower than usual in most markets although some progress was made in the H1, with R4,9 billion upstreamed from most of the key markets. There was, however, no cash upstreaming from MTN Nigeria – where the final dividend for FY 2019 has been declared and paid – due to challenges in securing foreign currency in that market.

Our medium-term focus remains to reduce our exposure to US dollar debt and improve the funding mix at the holdco level through improved cash flows and supported by our ARP.

## Capital allocation priorities and suspension of interim dividend

We are committed to a disciplined capital allocation framework that prioritises the deployment of our resources to growth, supported by investment in our network; reduction of debt and management of our funding mix and liquidity; and dividend growth.

We are pleased with the performance and resilience of our networks, which have ably sustained the explosion of growth in traffic, not only during the recent COVID-19 crisis, but over the past few years as we have connected more users. Our financial position continues on a steady path of improvement and optimisation and, as mentioned, places the group well to navigate the prevailing volatility.

We have made meaningful progress in strengthening our financial position and maintaining a healthy liquidity position. As announced in our trading statement dated 31 July 2020, in order to sustain this progress, and in line with our capital allocation framework, the board has decided not to declare a 2020 interim dividend (2019: 195cps) in the context of the COVID-19 impacts and the material uncertainties these present. Should conditions warrant a final dividend, this would be no more than 390 cents per share, aligned to the current dividend policy. The key factors to consider will include the general macroeconomic environment, the status of cash upstreaming from operating companies and the outlook for the holding company leverage ratio.

## Capex guidance 2020 (including the impact of IFRS 16)

(Rm)	Estimated (IFRS 16) 2020	Estimated Leases 2020	Estimated (IAS 17) 2020	Capitalised (IFRS 16) 1H20	Capitalised Leases 1H20	Capitalised (IAS 17) 1H20	Capitalised (IFRS 16) 1H19	Capitalised (IAS 17) 1H19
South Africa	6 841	1 398	5 443	3 532	701	2 831	5 773	3 366
Nigeria	13 332	5 004	8 328	5 854	2 464	3 390	4 050	3 674
SEAGHA	4 717	408	4 309	2 176	280	1 896	3 574	3 256
WECA	2 813	197	2 616	1 358	108	1 250	1 218	1 093
MENA	1 996	115	1 881	551	68	483	646	634
Head offices, GlobalConnect and eliminations	1 408	–	1 408	453	113	340	194	194
<b>Total</b>	<b>31 107</b>	<b>7 122</b>	<b>23 985</b>	<b>13 924</b>	<b>3 734</b>	<b>10 190</b>	<b>15 455</b>	<b>12 217</b>
Hyperinflation	–	–	–	(140)	(2)	(138)	27	27
<b>Total reported</b>	<b>31 107</b>	<b>7 122</b>	<b>23 985</b>	<b>13 784</b>	<b>3 732</b>	<b>10 052</b>	<b>15 482</b>	<b>12 244</b>
Iran (49%)	2 048	109	1 939	387	52	335	861	813

## Financial review

### Headline earnings reconciliation

(Rm)	IFRS reported 1H20	Impairment of goodwill, PPE and associates <sup>1</sup>	Impairment loss on remeasure- ment of disposal group <sup>2</sup>	Gain on disposal/ dilution of investment in JV/ Associate <sup>3</sup>	Other <sup>4</sup>
<b>1H20</b>					
Revenue	84 076	–	–	–	–
Other income	6 157	–	–	(6 136)	–
<b>EBITDA</b>	<b>41 780</b>	<b>242</b>	<b>759</b>	<b>(6 136)</b>	<b>–</b>
Depreciation, amortisation and impairment of goodwill	(18 519)	701	–	–	–
<b>Profit from operations</b>	<b>23 261</b>	<b>943</b>	<b>759</b>	<b>(6 136)</b>	<b>–</b>
Net finance cost	(6 197)	–	–	–	–
Hyperinflationary monetary gain	552	–	–	–	–
Share of results of associates and joint ventures after tax	597	–	–	–	–
<b>Profit before tax</b>	<b>18 213</b>	<b>943</b>	<b>759</b>	<b>(6 136)</b>	<b>–</b>
Income tax expense	(4 869)	–	–	–	–
<b>Profit after tax</b>	<b>13 344</b>	<b>943</b>	<b>759</b>	<b>(6 136)</b>	<b>–</b>
Non-controlling interests	(1 227)	(12)	68	–	–
<b>Attributable profit</b>	<b>12 117</b>	<b>931</b>	<b>827</b>	<b>(6 136)</b>	<b>–</b>
EBITDA margin	49,7%				
Effective tax rate	26,7%				

(Rm)	IFRS reported 1H19	Impairment of goodwill, PPE and associates <sup>1</sup>	Impairment loss on remeasure- ment of disposal group <sup>2</sup>	Gain on disposal/ dilution of investment in JV/ Associate <sup>3</sup>	Other <sup>4</sup>
<b>1H19</b>					
Revenue	72 505	–	–	–	–
Other income	1 379	–	–	(1 288)	(25)
<b>EBITDA</b>	<b>31 382</b>	<b>59</b>	<b>–</b>	<b>(1 288)</b>	<b>(25)</b>
Depreciation, amortisation and impairment of goodwill	(15 995)	191	–	–	–
<b>Profit from operations</b>	<b>15 387</b>	<b>250</b>	<b>–</b>	<b>(1 288)</b>	<b>(25)</b>
Net finance cost	(7 088)	–	–	–	–
Hyperinflationary monetary gain	338	–	–	–	–
Share of results of associates and joint ventures after tax	(29)	–	–	(37)	–
<b>Profit before tax</b>	<b>8 608</b>	<b>250</b>	<b>–</b>	<b>(1 325)</b>	<b>(25)</b>
Income tax expense	(3 180)	–	–	–	2
<b>Profit after tax</b>	<b>5 428</b>	<b>250</b>	<b>–</b>	<b>(1 325)</b>	<b>(23)</b>
Non-controlling interests	(858)	25	–	–	–
<b>Attributable profit</b>	<b>4 570</b>	<b>275</b>	<b>–</b>	<b>(1 325)</b>	<b>(23)</b>
EBITDA margin	43,3%				
Effective tax rate	36,9%				

Headline earnings	Nigeria fine interest <sup>5</sup>	Hyper-inflation (excluding impairments) <sup>6</sup>	Impact of foreign exchange losses and gains <sup>7</sup>	Reversal of time value loss recognised on the Iran receivable <sup>8</sup>	Adjusted 1H20	% movement
84 076	—	143	—	—	84 219	16,5%
21	—	18	—	—	39	(40,0%)
36 645	—	(118)	—	—	36 527	21,5%
(17 818)	—	136	—	(152)	(17 834)	14,7%
18 827	—	18	—	(152)	18 693	28,6%
(6 197)	—	60	(852)	—	(6 989)	20,7%
552	—	(552)	—	—	—	0,0%
597	—	197	165	—	959	725,5%
13 779	—	(277)	(687)	(152)	12 663	43,0%
(4 869)	—	14	286	—	(4 569)	33,5%
8 910	—	(263)	(401)	(152)	8 094	48,9%
(1 171)	—	74	(105)	—	(1 202)	28,0%
7 739	—	(189)	(506)	(152)	6 892	53,3%
44,4%						
35,3%						

Headline earnings	Nigeria fine interest <sup>5</sup>	Hyper-inflation (excluding impairments) <sup>6</sup>	Impact of foreign exchange losses and gains <sup>7</sup>	Reversal of time value loss recognised on the Iran receivable <sup>8</sup>	Adjusted 1H19
72 505	—	(218)	—	—	72 287
66	—	(1)	—	—	65
30 128	—	(54)	—	—	30 074
(15 804)	—	261	—	—	(15 543)
14 324	—	207	—	—	14 531
(7 088)	189	44	1 066	—	(5 789)
338	—	(338)	—	—	—
(66)	—	252	(70)	—	116
7 508	189	165	996	—	8 858
(3 178)	—	(8)	(236)	—	(3 461)
4 330	189	157	760	—	5 397
(833)	(40)	(10)	(56)	—	(900)
3 497	149	147	704	—	4 497
41,6%					41,6%
42,3%					39,2%

<sup>1</sup> Represents the exclusion of the impact of goodwill, PPE and joint venture impairments. 2020: MEIH (R228 million) and goodwill (Liberia: R308 million and Guinea-Bissau: R165 million). 2019: MEIH (R191 million).

<sup>2</sup> Represents the impairment loss on remeasurement of disposal group (Syria). 2020: R827 million; 2019: R0 million.

<sup>3</sup> Represents the gain on dilution of the group's investments. 2020: Gain on disposal of tower companies (R6 136 million). 2019: R1 325 million (Jumia: R1 039 million, MEIH: R37 million and gain on disposal of TravelStart R249 million).

<sup>4</sup> Release of a deferred gain. 2020: R0 million (2019: R18 million) in Ghana on the sale of tower assets during the prior period and offset by losses incurred on the disposal of items of property, plant and equipment.

<sup>5</sup> 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. 2020: R0 million (2019: R149 million).

<sup>6</sup> The impact of hyperinflation is excluded for the operations that are currently accounted for on a hyperinflationary basis (MTN Syria, MTN Sudan and MTN South Sudan) as well as those that have previously been accounted for on a hyperinflationary basis. The economy of Sudan was assessed to be hyperinflationary during 2018, and hyperinflation accounting has since been applied. Hyperinflationary accounting was applied previously in MTN Sudan, until 30 June 2016. The economy of Iran was assessed to no longer be hyperinflationary effective 1 July 2015 and hyperinflation accounting was discontinued from this date onwards. For this operation the impact of hyperinflation unwinds over time mainly through depreciation, amortisation or subsequent asset impairments.

<sup>7</sup> Adjustment for the net forex (gains)/losses impacting earnings for the respective periods (2020: forex gain of R506 million; 2019: forex loss of R704 million). This includes the impact of forex in Iran.

<sup>8</sup> Represents the reversal of the time value loss recognised on the Iran receivable (2019: R0 million).



## Exchange rates

The weaker average rand had a positive translation impact on rand-reported results, while the depreciation of the Nigerian naira and Iranian rial had a negative impact on rand-reported results. The effects of COVID-19 brought about increased volatility in exchange rates, with the average naira weakening 4,3% YoY against the US dollar and closing 5,7% weaker. The average rand weakened by 17,0% YoY against the US dollar and closed 19,6% weaker, which negatively impacted the balance sheet largely due to US dollar-denominated debt.

## Revenue

**Table 1: Group revenue by country**

	Actual (Rm)	Prior (Rm)	Reported % change	Constant currency % change	Contribution to revenue % change
<b>South Africa</b>	<b>21 125</b>	22 394	(5,7)	(5,7)	25,1
<b>Nigeria</b>	<b>28 151</b>	22 232	26,6	12,4	33,5
<b>SEAGHA</b>	<b>16 393</b>	12 664	29,4	18,7	19,5
Ghana	8 463	6 492	30,4	19,5	10,1
Uganda	4 005	3 189	25,6	7,4	4,8
Other	3 925	2 983	31,6	30,8	4,7
<b>WECA</b>	<b>13 041</b>	10 582	23,2	6,9	15,5
Cameroon	3 171	2 612	21,4	5,2	3,8
Ivory Coast	4 146	3 403	21,8	6,0	4,9
Other	5 724	4 567	25,3	8,6	6,8
<b>MENA</b>	<b>5 153</b>	4 104	25,6	21,4	6,1
Syria	1 394	1 342	3,9	22,4	1,7
Sudan	1 403	807	73,9	68,6	1,7
Other	2 356	1 955	20,5	3,6	2,8
<b>Head offices, GlobalConnect and eliminations</b>	<b>356</b>	311			0,4
<b>Total</b>	<b>84 219</b>	72 287	16,5	7,8	100,2
Hyperinflation	(143)	218			(0,2)
<b>Total reported</b>	<b>84 076</b>	72 505	16,0	7,8	100,0

Group revenue increased by 7,8%\* and service revenue increased by 9,4%\*, supported by growth in MTN Nigeria (up 12,4%\*), MTN Ghana (up 19,4%\*), MTN Uganda (up 7,6%\*) and MTN Cameroon (up 5,3%\*). MTN SA (down 2,5%) remained a drag on overall service revenue growth, due to a sharp reduction in wholesale revenue as a result of the lost national roaming revenues arising from the discontinuation of our roaming agreement with Telkom and effects of the continued accounting for Cell C revenue on a cash basis. MTN SA, however, continues to improve its overall trajectory in service revenue growth supported by pleasing recovery in its underlying consumer and enterprise businesses.

## Results overview continued

Group voice revenue grew by 2,6%\* to R44,5 billion, data expanded by 32,7%\* to R22,7 billion, fintech grew by 18,0%\* to R6,1 billion and digital was up 24,6%\* to R1,5 billion. Enterprise revenues grew by 14,2%\* to R7,9 billion and wholesale declined by 30,7%\* to R1,8 billion.

**Table 2: Group service revenue by country**

	Actual (Rm)	Prior (Rm)	Reported % change	Constant currency % change	Contribution to service revenue % change
<b>South Africa</b>	<b>17 610</b>	18 061	(2,5)	(2,5)	21,9
<b>Nigeria</b>	<b>28 103</b>	22 189	26,7	12,4	35,0
<b>SEAGHA</b>	<b>16 223</b>	12 504	29,7	18,9	20,2
Ghana	8 398	6 449	30,2	19,4	10,5
Uganda	3 973	3 159	25,8	7,6	5,0
Other	3 852	2 896	33,0	32,0	4,8
<b>WECA</b>	<b>12 955</b>	10 503	23,3	7,0	16,1
Cameroon	3 144	2 587	21,5	5,3	3,9
Ivory Coast	4 124	3 382	21,9	6,0	5,1
Other	5 687	4 534	25,4	8,7	7,1
<b>MENA</b>	<b>5 145</b>	4 086	25,9	21,8	6,4
Syria	1 394	1 342	3,9	22,4	1,7
Sudan	1 399	805	73,8	68,6	1,7
Other	2 352	1 939	21,3	4,3	2,9
<b>Head offices, GlobalConnect and eliminations</b>	<b>355</b>	315			0,4
<b>Total</b>	<b>80 391</b>	67 658	18,8	9,4	100,2
Hyperinflation	(144)	217			(0,2)
<b>Total reported</b>	<b>80 247</b>	67 875	18,2	9,4	100,0

**Table 3: Group revenue analysis**

	Actual (Rm)	Prior <sup>^</sup> (Rm)	Reported % change	Constant currency % change	Contribution to revenue % change
Outgoing voice <sup>1</sup>	38 446	34 241	12,3	2,6	45,7
Incoming voice <sup>2</sup>	6 052	5 310	14,0	2,5	7,2
Data <sup>3</sup>	22 736	16 046	41,7	32,7	27,0
Digital <sup>4</sup>	1 542	1 186	30,0	24,6	1,8
Fintech <sup>5</sup>	6 116	4 668	31,0	18,0	7,3
SMS	1 892	1 946	(2,8)	(10,6)	2,3
Devices	3 828	4 629	(17,3)	(17,8)	4,6
Wholesale <sup>6</sup>	1 821	2 548	(28,5)	(30,7)	2,2
Other	1 786	1 713	4,3	(2,7)	2,1
<b>Total</b>	<b>84 219</b>	<b>72 287</b>	<b>16,5</b>	<b>7,8</b>	<b>100,2</b>
Hyperinflation	(143)	218			(0,2)
<b>Total reported</b>	<b>84 076</b>	<b>72 505</b>	<b>16,0</b>	<b>7,8</b>	<b>100,0</b>

<sup>1</sup> Excludes international roaming and wholesale.

<sup>2</sup> Includes local and international roaming and excludes wholesale.

<sup>3</sup> Includes mobile and fixed access data and excludes roaming and wholesale.

<sup>4</sup> Includes rich media services, content VAS, eCommerce and mobile advertising.

<sup>5</sup> Includes Xtratime and mobile financial services.

<sup>6</sup> Includes domestic wholesale, voice, SMS and data, leased lines and BTS rentals.

<sup>^</sup> For 2019, an amount of R174 million has been reclassified from digital revenue to SMS revenue in MTN Nigeria, to align with the classification in the current year.

# Results overview continued

**Table 4: Group data revenue<sup>1</sup>**

	Actual (Rm)	Prior (Rm)	Reported % change	Constant currency % change
<b>South Africa</b>	<b>7 033</b>	6 026	16,7	16,7
<b>Nigeria</b>	<b>6 825</b>	3 836	77,9	57,7
<b>SEAGHA</b>	<b>3 978</b>	2 848	39,7	28,8
Ghana	2 408	1 804	33,5	22,1
Uganda	745	491	51,7	29,3
Other	825	553	49,2	52,8
<b>WECA</b>	<b>3 137</b>	2 168	44,7	25,3
Cameroon	872	624	39,7	20,8
Ivory Coast	739	514	43,8	24,8
Other	1 526	1 030	48,2	28,2
<b>MENA</b>	<b>1 681</b>	1 141	47,3	45,2
Syria	505	460	9,8	28,5
Sudan	514	217	136,9	128,4
Other	662	464	42,7	22,6
<b>Head offices, GlobalConnect and eliminations</b>	<b>82</b>	27		
<b>Total</b>	<b>22 736</b>	16 046	41,7	32,7
Hyperinflation	(71)	53		
<b>Total reported</b>	<b>22 665</b>	16 099	40,8	32,7

<sup>1</sup> Includes mobile and fixed excess data and excludes roaming and wholesale.

**Table 5: Group fintech revenue<sup>2</sup>**

	Actual (Rm)	Prior (Rm)	Reported % change	Constant currency % change
<b>South Africa</b>	<b>501</b>	507	(1,2)	(1,2)
<b>Nigeria</b>	<b>942</b>	646	45,8	29,4
<b>SEAGHA</b>	<b>3 181</b>	2 453	29,7	18,2
Ghana	1 765	1 284	37,5	25,8
Uganda	952	766	24,3	6,1
Other	464	403	15,1	18,4
<b>WECA</b>	<b>1 413</b>	1 008	40,2	20,9
Cameroon	364	224	62,5	40,0
Ivory Coast	511	414	23,4	7,1
Other	538	370	45,4	24,5
<b>MENA</b>	<b>80</b>	53	50,9	60,0
Syria	53	34	55,9	89,3
Sudan	1	–	100,0	100,0
Other	26	19	36,8	18,2
<b>Head offices, GlobalConnect and eliminations</b>	<b>(1)</b>	1		
<b>Total</b>	<b>6 116</b>	4 668	31,0	18,0
Hyperinflation	(24)	–		
<b>Total reported</b>	<b>6 092</b>	4 668	30,5	18,0

<sup>2</sup> Includes Xtratime and mobile financial services.

Table 6: Group digital revenue<sup>3</sup>

	Actual (Rm)	Prior <sup>^</sup> (Rm)	Reported % change	Constant currency % change
<b>South Africa</b>	<b>490</b>	546	(10,3)	(10,3)
<b>Nigeria</b>	<b>190</b>	76	150,0	123,5
<b>SEAGHA</b>	<b>429</b>	316	35,8	26,9
Ghana	<b>363</b>	259	40,2	28,3
Uganda	<b>14</b>	11	27,3	16,7
Other	<b>52</b>	46	13,0	20,9
<b>WECA</b>	<b>262</b>	135	94,1	67,9
Cameroon	<b>47</b>	17	176,5	135,0
Ivory Coast	<b>149</b>	96	55,2	35,5
Other	<b>66</b>	22	200,0	153,8
<b>MENA</b>	<b>169</b>	108	56,5	59,4
Syria	<b>73</b>	40	82,5	135,5
Sudan	<b>53</b>	29	82,8	76,7
Other	<b>43</b>	39	10,3	(4,4)
<b>Head offices, GlobalConnect and eliminations</b>	<b>2</b>	5		
<b>Total</b>	<b>1 542</b>	1 186	30,0	24,6
Hyperinflation	<b>(17)</b>	181		
<b>Total reported</b>	<b>1 525</b>	1 367	11,6	24,6

<sup>3</sup> Includes rich media services, content VAS, eCommerce and mobile advertising.

<sup>^</sup> For 2019, an amount of R174 million has been reclassified from digital revenue to SMS revenue in MTN Nigeria, to align with the classification in the current year.

## Costs

**Table 7: Cost analysis**

	Actual (Rm)	Prior (Rm)	Reported % change	Constant currency % change	% of revenue
Handsets and other accessories	4 560	5 902	(22,7)	(23,8)	5,4
Interconnect	4 909	4 622	6,2	(3,1)	5,8
Roaming	352	289	21,8	12,1	0,4
Commissions	6 440	5 243	22,8	9,2	7,7
Government and regulatory costs	2 940	2 655	10,7	11,5	3,5
VAS/Digital revenue share	1 542	1 145	34,7	18,9	1,8
Service provider discounts	634	767	(17,3)	(17,8)	0,8
Network and IS maintenance	13 597	10 752	26,5	15,4	16,2
Marketing	1 375	1 442	(4,6)	(11,3)	1,6
Staff costs	5 895	4 943	19,3	11,6	7,0
Other OPEX	5 729	4 578	25,1	16,6	6,8
<b>Total</b>	<b>47 973</b>	<b>42 338</b>	<b>13,3</b>	<b>5,4</b>	<b>57,1</b>
Impairment loss on remeasurement of disposal group	759	–			0,9
Hyperinflation	(279)	164			(0,3)
<b>Total reported</b>	<b>48 453</b>	<b>42 502</b>	<b>14,0</b>	<b>5,4</b>	<b>57,6</b>

Total costs increased by 5,4%\*, largely impacted by the increase in costs associated with maintaining network sites. This was mitigated by lower handset costs and the effective execution of the group efficiency programme and the enhanced oversight of expenditure, which included distribution and network efficiencies.

## EBITDA

Table 8: Group EBITDA by country

	Actual (Rm)	Prior (Rm)	Reported % change	Constant currency %
<b>South Africa</b>	<b>8 436</b>	8 166	3,3	3,3
<b>Nigeria</b>	<b>14 402</b>	11 959	20,4	6,8
<b>SEAGHA</b>	<b>8 025</b>	5 615	42,9	30,0
Ghana	4 530	3 217	40,8	28,7
Uganda	1 971	1 547	27,4	9,0
Other	1 524	851	79,1	(7,8)
<b>WECA</b>	<b>4 031</b>	2 986	35,0	16,5
Cameroon	1 034	778	32,9	15,1
Ivory Coast	1 444	996	45,0	24,7
Other	1 553	1 212	28,1	(23,3)
<b>MENA</b>	<b>1 519</b>	1 262	20,4	20,2
Syria	292	525	(44,4)	(33,2)
Sudan	540	221	144,3	136,8
Other	687	516	33,1	(83,5)
<b>Head offices, GlobalConnect and eliminations</b>	<b>(128)</b>	34		
<b>CODM EBITDA</b>	<b>36 285</b>	30 022	20,9	10,9
Gain on disposal/dilution of investment in associates and joint ventures	6 136	1 039		
Gain on disposal of subsidiary	–	249		
Hyperinflation	118	54		
Impairment loss on remeasurement of disposal group	(759)	–		
Tower profits	–	18		
<b>EBITDA before impairment of goodwill and joint ventures</b>	<b>41 780</b>	31 382	33,1	10,9

Group EBITDA increased by 21,0% on a reported basis and by 10,9%\* in constant currency, before once off items. This was driven by strong performances from regional opco's where EBITDA increased by an aggregate 30,0%\*, 16,5%\*, 20,2%\* in SEAGHA, WECA and MENA respectively. MTN SA recorded a 3,3% increase in EBITDA despite a decline in its top line, while MTN Nigeria's EBITDA increased by 6,8%.

The solid growth in EBITDA reflected an increase in the group EBITDA margin by 1,2 pp\* to 43,1%\*.



## Depreciation, amortisation and impairment of goodwill

**Table 9: Group depreciation and amortisation**

	Actual (Rm)	Depreciation			Actual (Rm)	Amortisation		
		Prior (Rm)	Reported % change	Constant currency % change		Prior (Rm)	Reported % change	Constant currency % change
<b>South Africa</b>	<b>4 676</b>	3 921	19,3	19,3	<b>355</b>	660	(46,2)	(46,2)
<b>Nigeria</b>	<b>4 643</b>	3 922	18,4	6,7	<b>768</b>	567	35,4	20,2
<b>SEAGHA</b>	<b>2 040</b>	1 839	10,9	1,7	<b>328</b>	225	45,8	37,2
Ghana	<b>1 064</b>	897	18,6	8,7	<b>187</b>	114	64,0	50,8
Uganda	<b>571</b>	507	12,6	(3,7)	<b>100</b>	62	61,3	38,9
Other	<b>405</b>	435	(6,9)	(6,5)	<b>41</b>	49	(16,3)	(4,7)
<b>WECA</b>	<b>2 558</b>	2 282	12,1	(2,7)	<b>656</b>	555	18,2	2,8
Cameroon	<b>817</b>	750	8,9	(5,7)	<b>118</b>	83	42,2	24,2
Ivory Coast	<b>811</b>	717	13,1	(1,8)	<b>311</b>	252	23,4	7,2
Other	<b>930</b>	815	14,1	(0,7)	<b>227</b>	220	3,2	(10,3)
<b>MENA</b>	<b>825</b>	803	2,7	2,7	<b>265</b>	208	27,4	17,3
Syria	<b>364</b>	410	(11,2)	2,8	<b>58</b>	50	16,0	26,1
Sudan	<b>101</b>	83	21,7	18,8	<b>12</b>	12	0,0	0,0
Other	<b>360</b>	310	16,1	(1,1)	<b>195</b>	146	33,6	16,1
<b>Head offices, GlobalConnect and eliminations</b>	<b>253</b>	214			<b>315</b>	347		
<b>Total</b>	<b>14 995</b>	12 981	15,5	6,9	<b>2 687</b>	2 562	4,9	(2,4)
Hyperinflation	<b>116</b>	228			<b>20</b>	33		
<b>Total reported</b>	<b>15 111</b>	13 209	14,4	6,9	<b>2 707</b>	2 595	4,3	(2,4)

The group depreciation charge increased by 6,9%\* due to higher capex over the past few years. Amortisation costs decreased by 2,4%\*.

Due to an increase in risk premiums and discount rates, the group partially impaired its goodwill in Liberia by R308 million and MTN Guinea Bissau by R165 million. In addition, the COVID-19 restrictions affected the operational and valuation assumptions applied to determine the recoverable amount of the group's investment in its joint venture, Middle East Internet Holdings S.A.R.L. As a result, an impairment of R228 million has been recognised.

## Net finance costs

Table 10: Net finance cost

	Actual (Rm)	Prior (Rm)	Reported % change	Constant currency % change	% of revenue
Net interest paid/(received)	7 000	5 795	20,8	14,3	8,3
Net forex losses/(gains)	(863)	1 059	(181,5)	(179,7)	(1,0)
<b>Total</b>	<b>6 137</b>	6 854	(10,5)	(14,8)	7,3
Nigeria regulatory fine interest unwind	–	189			0,0
Hyperinflation	60	45			0,1
<b>Total reported</b>	<b>6 197</b>	7 088	(12,6)	(14,8)	7,4

Net finance costs decreased by 14,8%\* to R6,2 billion.

In the six-month period ended 30 June 2020, we recognised net forex gains of R0,9 billion compared to net forex losses of R1,1 billion in the prior period. Forex gains were due to the weaker rand on net foreign-denominated receivable balances in head offices.

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

We reported a positive contribution of R0,6 billion from associates and joint ventures, compared to a small loss of R29 million in June 2019. The positive contribution was largely attributable to lower losses from the digital group, as Jumia was no longer equity accounted (since 12 April 2019), the recommencement of equity accounting for Mascom and lower unwinding of depreciation on previously hyperinflated assets in Iran.

## Taxation

**Table 11: Taxation**

	Actual (Rm)	Prior (Rm)	Reported % change	Constant currency % change	Contri- bution to taxation %
Normal tax	5 879	3 259	80,2	62,8	120,6
Deferred tax	(1 652)	(499)	(231,1)	(218,3)	(33,9)
Foreign income and withholding taxes	635	428	48,4	35,4	13,0
<b>Total</b>	<b>4 855</b>	<b>3 188</b>	<b>52,3</b>	<b>36,5</b>	<b>99,7</b>
Hyperinflation	14	(8)			0,3
<b>Total reported</b>	<b>4 869</b>	<b>3 180</b>	<b>53,1</b>	<b>36,5</b>	<b>100,0</b>

The reported group effective tax rate (GETR) was 26,7%; lower than the prior year's rate of 36,9% mainly due to the non-taxable gain from the disposal of the tower companies. For the period ended 30 June 2020, the group's reported taxation charge increased by 53,1% to R4,9 billion.

## Cash flow

Cash inflows generated from operations increased by 56,8% to R32,8 billion driven by the healthy operational performance across our markets. Key cash outflows included tax paid of R4,9 billion, net interest paid of R6,0 billion, capex of R13,4 billion and dividends paid to equity holders of R7,0 billion. Cash inflows included R2,3 billion from financing activities driven by an increase in head office and Nigeria borrowings.

## Capital expenditure

Table 12: Capital expenditure

	Actual (IFRS 16) (Rm)	Actual (IAS 17) (Rm)	Prior (IAS 17) (Rm)	Reported % change	Constant currency % change
<b>South Africa</b>	<b>3 532</b>	<b>2 831</b>	3 366	(15,9)	(15,9)
<b>Nigeria</b>	<b>5 854</b>	<b>3 390</b>	3 674	(7,7)	(18,1)
<b>SEAGHA</b>	<b>2 176</b>	<b>1 896</b>	3 256	(41,8)	(46,1)
Ghana	946	916	1 989	(53,9)	(57,6)
Uganda	499	403	569	(29,2)	(39,4)
Other	731	577	698	(17,3)	(16,6)
<b>WECA</b>	<b>1 358</b>	<b>1 250</b>	1 093	14,4	(0,7)
Cameroon	310	284	397	(28,5)	(37,7)
Ivory Coast	422	402	257	56,4	35,9
Other	626	564	439	28,5	11,3
<b>MENA</b>	<b>551</b>	<b>483</b>	634	(23,8)	(1,0)
Syria	305	282	320	(11,9)	96,3
Sudan	54	32	119	(73,1)	(72,5)
Other	192	169	195	(13,3)	(25,8)
<b>Head offices, GlobalConnect and eliminations</b>	<b>453</b>	<b>340</b>	194		
<b>Total</b>	<b>13 924</b>	<b>10 190</b>	12 217	(16,6)	(20,5)
Hyperinflation	(140)	(138)	27		
<b>Total reported</b>	<b>13 784</b>	<b>10 052</b>	12 244	(17,9)	(20,5)

## Financial position

**Table 13: Net debt analysis**

	Cash and cash equivalents*	Interest-bearing liabilities	Inter-company eliminations	Net interest-bearing liabilities	Net debt/ (cash) June 2020	Net debt/ (cash) December 2019
<b>South Africa</b>	<b>1 509</b>	<b>30 381</b>	<b>(30 381)</b>	<b>–</b>	<b>(1 509)</b>	<b>(1 310)</b>
<b>Nigeria</b>	<b>18 218</b>	<b>23 540</b>	<b>–</b>	<b>23 540</b>	<b>5 322</b>	<b>7 796</b>
<b>SEAGHA</b>	<b>2 719</b>	<b>12 510</b>	<b>(6 834)</b>	<b>5 676</b>	<b>2 957</b>	<b>1 391</b>
Ghana	1 422	1 839	–	1 839	417	114
Uganda	500	2 137	–	2 137	1 637	423
Other	797	8 534	(6 834)	1 700	903	854
<b>WECA</b>	<b>2 401</b>	<b>14 366</b>	<b>(4 995)</b>	<b>9 371</b>	<b>6 970</b>	<b>6 657</b>
Cameroon	482	2 636	(466)	2 170	1 688	1 593
Ivory Coast	1 366	4 298	–	4 298	2 932	2 990
Other	553	7 432	(4 529)	2 903	2 350	2 074
<b>MENA</b>	<b>2 438</b>	<b>4 112</b>	<b>(4 112)</b>	<b>–</b>	<b>(2 438)</b>	<b>(1 927)</b>
Syria	–	730	(730)	–	–	(444)
Sudan	583	3 382	(3 382)	–	(583)	(338)
Other	1 855	–	–	–	(1 855)	(1 145)
<b>Head office and eliminations</b>	<b>14 732</b>	<b>74 331</b>	<b>–</b>	<b>74 331</b>	<b>59 599</b>	<b>55 313</b>
<b>Total reported</b>	<b>42 017</b>	<b>159 240</b>	<b>(46 322)</b>	<b>112 918</b>	<b>70 901</b>	<b>67 920</b>
Iran	2 131	977	–	977	(1 154)	(313)

\* Includes restricted cash and current investments.

Group net debt increased marginally to R70,9 billion from R67,9 billion in December 2019. This was largely a result of the impact of the depreciation of the rand on USD-denominated loans in head offices.

Holdco borrowings increased to R59,6 billion from R55,3 billion in December 2019. The increase was mainly due to a weaker rand which affected the translation of USD denominated debt. The currency mix of MTN's debt at June 2020 stood at 52,3% US dollar/euro and 47,7% South African rand (2019: 50,0% and 50,0% respectively). As at the end of June 2020, our holdco leverage was at 2,7x, primarily affected by the 19,6% weakening of the rand against the US dollar.

We remain comfortably within our debt covenants, which are evaluated on a group consolidated basis. Our group net-debt/EBITDA ratio stood at 1,1x at 30 June 2020 (31 December 2019: 1,2x) against our covenant of 2,5x and our interest cover ratio was 9,0x (31 December 2019: 6,6x) compared to the covenant of 5,0x. Our group cash balance at the end of June 2020 was R42,0 billion.

## Operational review

### MTN South Africa

- Service revenue decreased by 2,5%
- Data revenue increased by 16,7%
- Fintech revenue decreased by 1,2%
- Digital revenue decreased by 10,3%
- EBITDA increased by 3,3% to R8,4 billion
- EBITDA margin increased by 3,4pp to 39,9%
- Capex of R3,5 billion on IFRS reported basis (R2,8 billion under IAS 17)

**MTN South Africa** reported a good performance delivered through strong commercial execution in all of the underlying businesses, supported by the accelerated digitalisation of customer behaviour under the COVID-19 pandemic in the second quarter. This result was achieved as the prepaid business started to recover from the impact of changes in regulation, as well as a marked improvement in both the consumer business unit (CBU) and enterprise business unit (EBU). EBU continued to perform strongly, growing service revenue for the third consecutive quarter. The overall results for MTN SA were impacted by reduced wholesale business from Cell C and Telkom.

The 2,5% decline in service revenue was as a result of the lost national roaming revenues arising from the discontinuation of our roaming agreement with Telkom and effects of the continued accounting for Cell C revenue on a cash basis. Excluding the impact of national roaming (both Cell C and Telkom), MTN SA would have recorded service revenue growth of 2,3%; including an acceleration in growth in Q2 to 4,3%

**Total subscribers** increased by 137 000 to 29,0 million. The prepaid base has started to stabilise as the impact of the discontinuation of the 1GB promotion abated. At June 2020, prepaid subscriber numbers were down 349 000 to 22,5 million, while postpaid subscribers were up 486 000 to 6,6 million. Included in the postpaid base, are 323 000 gross additions for short term university and college student deals.

Overall **data revenue** grew by 16,7%, supported by a 77,0% rise in traffic and an increase of 14,1% in active data subscribers to 14,2 million. MTN SA also implemented reductions in data prices in line with the agreement with the Competition Commission and remains committed to ensuring data affordability for our customers, evidenced by the decrease in the effective data tariff by 32,6% since June 2019.

In the second quarter, the **consumer prepaid** business showed a marked improvement, increasing service revenue by 3,5%, compared to 0,0% in the first quarter, to record growth of 1,7% on aggregate for H1. This was achieved through strong commercial execution in CVM and 'smart commission' along with increased focus on distribution. We are encouraged by the results delivered by the prepaid strategy.

**The consumer postpaid** business generated solid growth in a highly competitive market, with

a 3,1% increase in service revenue in H1. This was assisted by the focus on MTN SA's Data First ('Mega Deals') offers. The impact of the COVID-19 pandemic may yet bring further macroeconomic challenges and pressure on consumers in the coming months, which presents some headwinds to the postpaid business.

The **enterprise business** sustained a healthy trajectory, achieving growth for the third consecutive quarter with service revenue up 15,1% for the half year. The business benefited from interventions aimed at stabilising churn and adding new corporate customers as the uptake of 'work-from-home' solutions increased. This was further boosted by the sale of data deals customised for universities in order to facilitate 'learn from home' initiatives.

**Wholesale** revenue declined by 41,4% as a result of the lost national roaming revenues arising from the discontinuation of our roaming agreement with Telkom and effects of the continued accounting for Cell C revenue on a cash basis. We recognised R788 million in revenue from Cell C in the six months to 30 June 2020, and R673 million of Cell C revenues remained unrecognised at June 2020. MTN SA commenced phase two of the roaming agreement with Cell C, effective 1 May 2020. The arrangement envisages a three-year transition towards a full national roaming arrangement under which MTN will carry all of Cell C's network traffic.

MTN SA recorded a solid **EBITDA margin** of 39,9%, an improvement of 3,4pp, assisted by efforts to drive cost efficiencies and channel optimisation, reductions in device volumes due to the national lockdown, as well as reductions in device subsidies. Based on an assessment of the prevailing challenging macroeconomic environment intensified by the impact of COVID-19, MTN SA recorded an additional R258 million provision for expected credit losses under IFRS 9.

Since launching **MoMo** in South Africa in January 2020, the number of registered users has accelerated to 1,1 million as at 30 June 2020. Our platform continues to grow transactions driven by innovative and relevant solutions such as the recently launched Licence Disk renewal service and food voucher service.

MTN SA continues to build the country's leading **network** experience. MTN South Africa extended its lead in the MyBroadband Q2 2020 'Best Network Quality' award nationally and in all top four metros in the country. On 30 June 2020, we launched our 5G network, with 100 sites live in Johannesburg, Cape Town, Bloemfontein and Port Elizabeth. The launch is the culmination of extensive 5G trials and testing, and was enabled by the allocation of temporary spectrum by ICASA.

MTN SA eagerly awaits the auction and allocation of spectrum, in line with government's consistent undertakings to achieve this objective, by the close of 2020. The allocation of high demand spectrum is a critical next step in bridging the digital divide in South Africa. The allocation of temporary spectrum, in the face of the COVID-19 pandemic, has demonstrated the ability for MTN SA to greatly increase the number and volume of websites it made available to South Africans, for free, to assist with education and healthcare.



With this additional spectrum, we have zero-rated 648 URLs with more schools and public benefit organisations being added every day. The temporary allocation of spectrum has allowed MTN SA to launch 5G on its network, not just in our major cities, but also in small towns such as Port Alfred, Hopetown, Virginia Queenstown and Tsantsabane. For this reason, the seamless handover of the temporary spectrum to permanent spectrum is critical, to maintain connectivity for those South African who most need it. The permanent allocation of spectrum will allow MTN to continue to enhance its coverage and quality across the full extent of the country, while also being a key facilitator in lowering prices.

## MTN Nigeria

- Service revenue increased by 12,4%\*
- Data revenue increased by 57,7%\*
- Fintech revenue increased by 29,4%\*
- Digital revenue increased by 123,5%\*
- EBITDA grew by 6,8 %\* to R14,4 billion\*
- EBITDA margin decreased by 2,6 pp\* to 51,2%\*
- Capex investment of R5,9 billion on a reported basis (R3,4 billion under IAS 17)

**MTN Nigeria** continued to deliver double-digit service revenue growth of 12,4%\*, driven largely by data revenue growth, supported by fintech and digital. Solid commercial momentum was achieved in the period against a challenging backdrop, with the effects of COVID-19 impacting the second quarter.

The growth in voice revenue (2,5%\*) in H1 was subdued owing to a shift in traffic patterns arising from lockdowns. The recovery in voice trends as COVID-19 restrictions have been gradually eased is encouraging and MTN Nigeria continues to execute on its commercial strategy focused on driving growth in unique voice subscribers and stimulating increased usage through targeted segment offerings using the MTN customer value management (CVM) toolkit.

Data revenue continued to grow strongly and was up by 57,7%\* in H1. This was achieved through a 3,9 million increase in data subscribers to 29 million, improved 4G penetration and enhanced network capacity to support traffic growth arising from in part from the lockdown. Data traffic rose by 141,2% YoY and usage (MB per user) by 76,6%. MTN Nigeria added 4,0 million new smartphones to its network, bringing smartphone penetration to 43,5% of the base.

Digital revenue growth, up 123,5%\*, continued its acceleration supported by a rich portfolio of digital products and services as well as an improvement in the customer experience. The work done to expand the user base yielded positive results, with active digital subscriptions increasing to 1,6 million in H1.

Fintech revenue increased by 29,4%\* driven by growth in airtime lending service, MTN Xtratime. The progress on expanding the agent network in Nigeria is ongoing, with the total number of registered agents rising to 222 000 in the half.

MTN Nigeria's EBITDA rose by 6,8%\* with the margin moderating by 2,6pp\* to 51,2%\*. This was impacted by the higher costs associated with the aggressive 4G site rollout, as well as increased value added tax (VAT) and the effects of exchange rate adjustments. MTN Nigeria continued to invest in its network, albeit at a slower rate due to constraints presented by the COVID-19 pandemic. This resulted in a lower capex intensity under IAS 17 of 12,0%\* (2019: 16,5%\*), although this started to pick up again towards the latter part of H1.

On 23 July 2020, MTN Nigeria announced that it has finalised the renegotiation of its service agreement with IHS, which amends certain terms of its tower rental agreements. These include an increased focus on rural connectivity and fibre deployment. Furthermore, the changes will result in improved cost for future technology evolution and backhaul in the network, which will bear fruit in the longer term, whilst agreeing to move the reference rates for conversions to Naira from the Central Bank of Nigeria's official rate (CBN) to the Nigerian Autonomous Foreign Exchange Rate (NAFEX).

This change in reference rate reduces the EBITDA margin in 2020 by approximately 0,4 pp on an IFRS16 basis. This is however offset over time by the improved pricing and increased focus on rural connectivity and backhaul in network. MTN Nigeria will continue to focus on operational efficiencies to mitigate these impacts.

### **Southern and East Africa and Ghana (SEAGHA)**

- Service revenue increased by 18,9%\*
- Data revenue increased by 28,8%\*
- Fintech revenue increased by 18,2%\*
- Digital revenue declined by 26,9%\*

The **SEAGHA** region delivered another pleasing performance under some challenging circumstances.

MTN Ghana was once again a key driver of the strong performance in SEAGHA, with service revenue growth of 19,4%\* underpinned by double-digit growth across all key revenue curves. Voice revenue (up 14,0%\*) was driven by an increase in the number of active subscribers, as well as various CVM initiatives, which helped to manage churn and improve usage. The continued robust growth in data revenue (up 22,1%\*) was supported by higher active data users and smartphones on the network.

The growth in MoMo revenue (up 25,8%\*) benefited from an increase in the number of active subscribers, higher person-to-person (P2P) transactional activity and broader penetration of additional services such as retail merchant payments and international remittances. MTN Ghana's EBITDA margin improvement of 3,8pp\* to 53,5%\* resulted from ongoing cost initiatives and distribution efficiencies.

The rest of the SEAGHA portfolio also delivered solid results, with MTN Rwanda and MTN Zambia growing in the double digits. Data growth was strong across all opcos, benefiting from increased traffic resulting in part from the effects of COVID-19. Overall, the SEAGHA portfolio

excluding MTN Ghana delivered service revenue growth of 18,4%\* for the first half of the year. Service revenue continued to grow ahead of costs in most markets, driving positive operating leverage.

### West and Central Africa (WECA)

- Service revenue increased by 7,0%\*
- Data revenue increased by 25,3%\*
- Fintech revenue increased by 20,9%\*
- Digital revenue declined by 67,9%\*

The **WECA** region recorded a solid result, with service revenue growth of 7,0%\* in the period once again significantly outstripping inflation for the region, which tracks in the low single-digits. Strong cost control also resulted in the majority of opcos within WECA improving its EBITDA margins. The aggregate EBITDA margin of WECA increased by 2,5pp\* in H1.

MTN Cameroon delivered continued service revenue growth in H1 (up 5,3%\*), stemming primarily from strong growth in data (up 20,8%\*) and mobile financial services (up 40,0%\*). The performance was supported by a 10,2% increase in subscribers against a backdrop of difficult operating environment and ongoing conflict in the Northwest/Southwest/North regions.

The 6,0%\* growth in service revenue achieved by MTN Ivory Coast in H1 represents a pleasing turnaround from the decline recorded in FY 19 and regaining of market and value share. Data revenue was also strong, growing by 24,8% in H1.

Data was the key driver of service revenue growth across the markets, generally, benefiting from increased demand on the back of COVID-19. Overall, excluding MTN Cameroon and MTN Ivory Coast, the WECA markets grew their service revenue by an aggregate 8,7%\*.

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

- Service revenue increased by 21,8%\*
- Data revenue increased by 45,2%\*
- Fintech revenue increased by 60,0%\*
- Digital revenue increased by 59,4%\*

Despite ongoing geopolitical challenges, the operations within the MENA portfolio delivered a strong performance, with a 21,8%\* increase in service revenue for the year and the overall EBITDA margin holding firm.

MTN Syria increased its service revenue by 22,4%\* underpinned by solid performance in voice revenue (up 9,7%\*) and a pleasing growth in data revenue (up 28,5%). MTN Sudan grew its service revenue by 68,6%\*, supported by a 46,4%\* increase in voice revenue and 128,4%\* growth in data revenue.

## Associates, joint ventures and investments

### Telecoms operations

**MTN Irancell** once again delivered a strong set of results amid ongoing challenges including US sanctions, the depreciation of the currency and the high rate of inflation. Service revenue grew by 33,8%\*, with voice up by 14,0%\* and data revenue up by 51,0%\*.

MTN Irancell's EBITDA margin increased by 0,7 pp\* to 37,9%. Invested capex was R0,3 billion under IAS 17 for the first half of the year. The value of the Irancell loan and receivable as at 30 June 2020 was R3,2 billion.

### E-commerce investments

Following the Jumia IPO, at 30 June 2020 our 18,9% stake in Jumia was valued at R1,4 billion at an American Depositary Share (ADS) price of \$5,49. As at 4 August 2020, the Jumia ADS price was at \$16,28.

Although IIG was impacted by COVID-19, within IIG, ride-hailing app Snapp remains the clear market leader, ranking within the top ride hailing apps globally and probably the largest internet company in the Middle East. Snapp Box is today the leading last mile delivery network in the country with tens of thousands of shipped orders. Food delivery app Snappfood's revenue grew 69% YoY; it is now the clear market leader with over ten thousand partner restaurants. Snapp market grew 174% YoY and is now the leading supermarket delivery app in the country.

Within **Middle East Internet Holding (MEIH)**, ride-hailing service Jeeny and cleaning service app Helping were both impacted by COVID-19 but are recovering strongly. As at 30 June 2019 an impairment of R228 million was recognised for MEIH.

These e-commerce holdings, while important investments, are not viewed as long-term strategic holdings for the group as MTN continues to implement its digital operator strategy.

### Investments in lower companies

During the period we disposed of our associate investments in the ATC Ghana and ATC Uganda associates and received cash proceeds of R8,8 billion. As at 30 June 2020, the fair value of our 29% investment in IHS was recognised at R30,7 billion.

## Prospects and guidance

### Well-positioned to deliver growth

The global COVID-19 pandemic has brought about significant volatility and uncertainty across our markets, placing unprecedented pressure on the various economies and affecting the daily lives of our people, customers and other stakeholders.

The operational performance of our portfolio in H1 has demonstrated the resilience and agility of the MTN business model, as well as our operations' ability to sustain growth in challenging circumstances as our products and services are fundamental to the people and economies of our markets. This lies at the heart of MTN's digital operator strategy. While we

expect the remainder of the year to be shaped by the ongoing challenges presented by the pandemic, we believe that MTN will remain comparatively resilient in the current environment and is well-placed to sustain its growth over the medium term.

As we weather the prevailing storm, focusing on managing the risks brought about by COVID-19, through strict cost-control measures and enhanced oversight of expenditure, we are also alive to the opportunities the pandemic has presented, particularly the accelerated need for digitisation. This was embodied in the strong H1 performance of our data, digital and fintech growth curves as the impacts of COVID-19 took hold.

As we continue building a digital operator, we are well-positioned to further unlock this opportunity over time, on the foundation of our strong position in high-growth markets where the populations are youthful and fast-growing. The opportunity to increase the adoption and usage of our data, digital and fintech services over the medium to long term remains substantial.

We are pleased with the turnaround in the core consumer and enterprise businesses in MTN SA against a challenging macro environment. While COVID-19 impacts will present ongoing headwinds in the second half of the year we are pleased with the work done to build the operational resilience of MTN SA and believe it is well-positioned to navigate the volatility.

In Nigeria, we will continue to invest in our network and ramp up the rollout of 4G, which was slowed down by the impact of COVID-19 during H1. The increased adoption and growth in usage of data remains a key priority to drive further data revenue growth. We remain committed to expanding our fintech and digital service offerings, as we continue to expand our MoMo agent network with the conversion of our existing airtime agents into MoMo agents and broaden our service offerings. We remain on track to achieve our agent network target of 300 000 by year-end.

We will further strengthen and grow our digital offerings. The work is ongoing to scale Ayoba and build on the progress already achieved in increasing conversion and retention rates, as well as engagement on the channel which is gaining some traction. In the broader digital business, advancements continue in broadening the accessibility of services for our customers and stimulating increased engagement.

### Medium-term guidance

We remain committed to delivering on our guidance framework over the medium term (three to five years), although, as mentioned, we expect the remainder of the year to be challenging. Within this context, we maintain our medium-term target of double-digit growth in group service revenue in constant currency terms; double-digit growth in MTN Nigeria's service revenue and mid-single-digit growth in service revenue from MTN South Africa.

We expect to continue to improve our group EBITDA margin through the execution of our group efficiency programme and to deliver on our ROE target.

By leveraging historical investments, improved procurement processes and an increasing revenue contribution from our digital businesses, we expect the group capex intensity to improve steadily over the medium term on an IFRS reported basis.

We aim to secure at least a further R25 billion in asset realisations over the medium term. This is within the context of our localisation ambitions, MTN's portfolio of assets that have been identified as not long-term strategic and market conditions being conducive. Our holdco leverage ratio target over the medium term is 'below 2,0x' and we remain focused on delivering on our capital allocation priorities.

We have made meaningful progress in strengthening our financial position, and we maintain a healthy liquidity position. As mentioned, in order to sustain this, particularly in context of COVID-19 impacts and the material uncertainty these present, the board has decided not to declare a 2020 interim dividend. Should conditions warrant a final dividend, this would be no more than 390c per share, aligned to the current dividend policy.

In light of the ongoing assessment of our networks and the disruptions in supply chain and challenges in rolling out coverage in the current COVID-19 environment, we revise our guidance for capex in 2020 to at least R24,0 billion – this is up from the guidance of R22,0 billion provided in our Q1 2020 trading update.

For and on behalf of the board,

**MH Jonas**  
Group chairman

**RA Shuter**  
Group president and CEO

**RT Mupita**  
Group CFO

5 August 2020

Fairland

**Date of release** 6 August 2020

**Lead sponsor**  
Tamela Holdings Proprietary Limited

**Joint sponsor**  
JP Morgan Equities South Africa Proprietary Limited

## Appendix

Definitions defined:

- Service revenue excludes device and SIM card revenue
- Data revenue is mobile and fixed access data and excludes roaming and wholesale
- Fintech includes Mobile Money (MoMo), insurance, airtime lending and ecommerce
- Mobile Money users are 30-day active users
- All financial numbers are year-on-year (YoY) unless otherwise stated
- All subscriber numbers are compared to the end of December 2019 unless otherwise stated



# Results overview

## Reviewed condensed consolidated interim financial statements for the six months ended 30 June 2020

The group's reviewed condensed consolidated interim financial statements for the six months ended 30 June 2020 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 acting group finance operations executive, BG Samwell, BCom (Hons), MCom, CA(SA) and were supervised by the group chief financial officer, RT Mupita, BScEng (Hons), MBA, GMP. The results were made available on 6 August 2020.



# Independent auditors' review report on interim financial statements

## TO THE SHAREHOLDERS OF MTN GROUP LIMITED

We have reviewed the condensed consolidated interim financial statements of MTN Group Limited, set out on pages 35 to 90 in the accompanying interim report titled 'MTN Group Limited Interim financial results for the six months ended 30 June 2020', which comprise the condensed consolidated statement of financial position as at 30 June 2020 and the related condensed consolidated income statement and 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 the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

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

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

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

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of MTN Group Limited for the six months ended 30 June 2020 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.



PricewaterhouseCoopers Inc.  
Director: SN Madikane  
Registered Auditor

Johannesburg  
5 August 2020



SizweNtsalubaGobodo Grant Thornton Inc.  
Director: DH Manana  
Registered Auditor

Johannesburg  
5 August 2020



# Condensed consolidated income statement

for the

	Note	Six months ended 30 June 2020 Reviewed Rm	Six months ended 30 June 2019 Restated <sup>1</sup> Reviewed Rm	Financial year ended 31 December 2019 Restated <sup>1</sup> Audited Rm
<b>Revenue</b>	8	<b>84 076</b>	72 505	151 460
Other income		21	340	471
Direct network and technology operating costs		(13 539)	(10 806)	(22 121)
Costs of handsets and other accessories		(4 621)	(5 908)	(11 929)
Interconnect and roaming costs		(5 296)	(4 935)	(9 897)
Staff costs		(5 890)	(4 954)	(10 597)
Selling, distribution and marketing expenses		(9 824)	(8 621)	(18 574)
Government and regulatory costs		(3 160)	(2 661)	(5 695)
Impairment and write-down of trade receivables and contract assets		(732)	(555)	(729)
Other operating expenses		(4 632)	(4 062)	(9 199)
Depreciation of property, plant and equipment		(11 751)	(10 412)	(21 492)
Depreciation of right-of-use assets <sup>2</sup>		(3 360)	(2 797)	(5 828)
Amortisation of intangible assets		(2 707)	(2 595)	(5 138)
Impairment of goodwill and investment in joint venture	9	(701)	(191)	(342)
Gain on disposal/dilution of investment in joint ventures and associates <sup>3</sup>		6 136	1 039	1 039
Impairment loss on remeasurement of disposal group	20	(759)	–	–
<b>Operating profit</b>		<b>23 261</b>	15 387	31 429
Net finance costs	10	(6 197)	(7 088)	(15 184)
Net monetary gain		552	338	787
Share of results of associates and joint ventures after tax	11	597	(29)	705
<b>Profit before tax</b>		<b>18 213</b>	8 608	17 737
Income tax expense		(4 869)	(3 180)	(6 908)
<b>Profit after tax</b>		<b>13 344</b>	5 428	10 829
<b>Attributable to:</b>				
Equity holders of the company		12 117	4 570	9 100
Non-controlling interests		1 227	858	1 729
		13 344	5 428	10 829
<b>Basic earnings per share (cents)</b>	12	<b>674</b>	254	506
<b>Diluted earnings per share (cents)</b>	12	<b>671</b>	250	498

<sup>1</sup> Restated for changes in accounting policies relating to the method applied in determining the amount of foreign currency translation reserves to be reclassified to profit or loss on disposal of a foreign operation. This change affects earnings per share (EPS), however, no impact on headline earnings per share, equity and cash flows. Refer to note 22 for details of restatements.

<sup>2</sup> Depreciation expense on the right-of-use assets and depreciation on property, plant and equipment were presented as a single line item in the June 2019 interim results. These line items have now been disaggregated and comparative numbers have been represented accordingly.

<sup>3</sup> Gain on disposal/dilution of investment in joint ventures and associates was included in other income in 2019 and has been disaggregated in 2020 and comparative numbers have been represented accordingly.

# Condensed consolidated statement of comprehensive income

for the

	Note	Six months ended 30 June 2020 Reviewed Rm	Six months ended 30 June 2019 Restated <sup>1</sup> Reviewed Rm	Financial year ended 31 December 2019 Restated <sup>1</sup> Audited Rm
<b>Profit after tax</b>		<b>13 344</b>	5 428	10 829
<b>Other comprehensive income after tax</b>				
<b>Items that may be and/or have been reclassified to profit or loss:</b>		<b>11 897</b>	(3 384)	(3 862)
Net investment hedges	18	(4 287)	351	515
Exchange differences on translating foreign operations including the effect of hyperinflation	18, 19	16 184	(3 735)	(4 377)
<b>Items that will not be reclassified to profit or loss:</b>				
<b>Equity investments at fair value through other comprehensive income<sup>2</sup></b>		<b>(2 834)</b>	2 654	2 759
(Losses)/gains arising during the year	13	(2 834)	2 654	2 759
<b>Other comprehensive income for the year</b>		<b>9 063</b>	(730)	(1 103)
<b>Attributable to:</b>				
Equity holders of the company		8 439	(660)	(878)
Non-controlling interests		624	(70)	(225)
<b>Total comprehensive income for the year</b>		<b>22 407</b>	4 698	9 726
<b>Attributable to:</b>				
<b>Equity holders of the company</b>		<b>20 556</b>	3 910	8 222
<b>Non-controlling interests</b>		<b>1 851</b>	788	1 504
		<b>22 407</b>	4 698	9 726

<sup>1</sup> Restated for changes in accounting policies relating to the method applied in determining the amount of foreign currency translation reserves to be reclassified to profit or loss on disposal of a foreign operation. This change affects earnings per share (EPS), however, no impact on headline earnings per share, equity and cash flows. Refer to note 22 for details of restatements.

<sup>2</sup> Equity investments at fair value through other comprehensive income relates mainly to the group's investment in IHS Holding Limited (IHS Group) and Jumia Technologies AG (Jumia) (note 13).

# Condensed consolidated statement of financial position

as at

	Note	30 June 2020 Reviewed Rm	30 June 2019 Restated <sup>1</sup> Reviewed Rm	31 December 2019 Audited Rm
<b>Non-current assets</b>		<b>248 855</b>	225 536	226 029
Property, plant and equipment		103 618	99 570	98 312
Intangible assets and goodwill		42 148	37 560	36 866
Right-of-use assets		49 565	45 137	44 984
Investments	13	33 386	28 631	28 555
Investment in associates and joint ventures		9 189	7 149	8 764
Mobile Money deposits		593	–	–
Deferred tax and other non-current assets		10 356	7 489	8 548
<b>Current assets</b>		<b>106 902</b>	68 026	75 444
Trade and other receivables		34 306	29 093	27 256
Other current assets		17 117	10 961	9 092
Restricted cash		2 873	1 557	2 042
Mobile Money deposits		23 755	13 077	15 315
Cash and cash equivalents		28 851	13 338	21 739
<b>Non-current assets held for sale</b>	20	<b>2 467</b>	2 193	838
<b>Total assets</b>		<b>358 224</b>	295 755	302 311
<b>Total equity</b>		<b>101 212</b>	84 950	86 100
Attributable to equity holders of the company		98 352	82 791	83 897
Non-controlling interests		2 860	2 159	2 203
<b>Non-current liabilities</b>		<b>149 330</b>	135 984	132 372
Interest-bearing liabilities	15	90 399	83 091	78 457
Lease liabilities		46 933	42 239	42 271
Deferred tax and other non-current liabilities		11 998	10 654	11 644
<b>Current liabilities</b>		<b>106 606</b>	74 821	83 839
Interest-bearing liabilities	15	22 519	7 193	15 823
Lease liabilities		5 160	3 557	4 056
Trade and other payables		41 527	38 155	36 630
Mobile Money payables		24 348	13 077	15 315
Other current and tax liabilities		13 052	12 839	12 015
<b>Liabilities directly associated with non-current assets held for sale</b>	20	<b>1 076</b>	–	–
<b>Total equity and liabilities</b>		<b>358 224</b>	295 755	302 311

<sup>1</sup> Restated for changes in accounting policies, refer to note 22 for details of restatements.

# Condensed consolidated statement of changes in equity

for the

	Six months ended 30 June 2020 Reviewed Rm	Six months ended 30 June 2019 Restated <sup>1</sup> Reviewed Rm	Financial year ended 31 December 2019 Restated <sup>1</sup> Audited Rm
<b>Opening balance at 1 January</b>	<b>83 897</b>	84 799	84 799
Total comprehensive income	<b>20 556</b>	3 910	8 222
Profit after tax	<b>12 117</b>	4 570	9 100
Other comprehensive income after tax	<b>8 439</b>	(660)	(878)
<b>Transactions with owners of the company</b>			
Share-based payment transactions	<b>247</b>	27	331
Dividends declared	<b>(6 393)</b>	(5 851)	(9 362)
Other movements	<b>45</b>	(94)	(93)
<b>Attributable to equity holders of the company</b>	<b>98 352</b>	82 791	83 897
Non-controlling interests	<b>2 860</b>	2 159	2 203
<b>Closing balance</b>	<b>101 212</b>	84 950	86 100
Dividends declared during the period (cents per share)	<b>355</b>	325	520
Dividends declared after the period (cents per share)	<b>—</b>	195	355

<sup>1</sup> Restated for changes in accounting policies. Refer to note 22 for details of restatements.

# Condensed consolidated statement of cash flows

for the

	Note	Six months ended 30 June 2020 Reviewed Rm	Six months ended 30 June 2019 Reviewed Rm	Financial year ended 31 December 2019 Audited Rm
<b>Net cash generated from operating activities</b>		<b>22 082</b>	13 696	36 289
Cash generated from operations		32 771	20 906	55 197
Interest received		413	688	1 196
Interest paid		(6 459)	(5 948)	(13 014)
Dividends received from associates and joint ventures		265	338	550
Income tax paid		(4 908)	(2 288)	(7 640)
<b>Net cash used in investing activities</b>		<b>(13 617)</b>	(13 095)	(24 542)
Acquisition of property, plant and equipment		(9 477)	(12 321)	(23 416)
Acquisition of intangible assets		(3 880)	(1 266)	(3 624)
Proceeds on sale of investments in associates	19	8 959	–	–
Increase in non-current investments and joint venture		(85)	(67)	(71)
Proceeds on sale of subsidiaries, net of cash disposed		–	1 152	1 152
Decrease in loan receivables		24	875	942
(Purchase)/realisation of bonds, treasury bills and foreign deposits		(8 227)	(1 543)	396
Net (increase)/decrease in restricted cash		(981)	82	(12)
Movement in other investing activities		50	(7)	91
<b>Net cash used in financing activities</b>		<b>(4 724)</b>	(2 344)	(4 340)
Proceeds from borrowings	16	18 113	19 708	35 013
Repayment of borrowings	16	(12 546)	(13 255)	(23 662)
Repayment of lease liabilities		(3 234)	(2 016)	(3 417)
Dividends paid to equity holders of the company		(6 408)	(5 851)	(9 352)
Dividends paid to non-controlling interests		(626)	(845)	(1 460)
Redemption of MTN Nigeria preference shares		–	–	(1 243)
Other financing activities		(23)	(85)	(219)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3 741</b>	(1 743)	7 407
Net cash and cash equivalents at beginning of the year		21 607	14 967	14 967
Exchange gains/(losses) on cash and cash equivalents		3 713	(619)	(1 300)
Net monetary loss on cash and cash equivalents		(195)	(17)	(82)
(Increase)/decrease in cash classified as held for sale	20	(136)	451	615
<b>Net cash and cash equivalents at end of the year</b>		<b>28 730</b>	13 039	21 607

# Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2020

## 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 auditors have performed their review in accordance with International Standard 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 2020 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim financial statements and the requirements of the Companies Act applicable to interim financial statements. The interim financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), IAS 34 *Interim Financial Reporting* (IAS 34), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and to also, as a minimum, contain the information required by IAS 34.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRS.

## 4. Principal accounting policies

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, other than for the changes in accounting policies as outlined below.

The group changed its accounting policy with regards to the method applied in determining the amount of foreign currency translation reserves to be reclassified to profit or loss on disposal of a foreign operation during the current period and in relation to Mobile Money deposits and payables subsequent to publishing condensed consolidated interim financial statements for the period ended 30 June 2019. Refer to note 22 for details.

A number of amendments to accounting pronouncements are effective from 1 January 2020, but they do not have a material effect on the group's interim financial statements.

## 5. Impact of the COVID-19 pandemic

On 11 March 2020, the World Health Organization officially declared the novel coronavirus, COVID-19, a pandemic. Governments across the world have taken extreme measures to curb the spread of the virus by introducing various forms of social distancing, lockdown regimes and forms of monetary and fiscal stimulus. These measures impacted the financial position of individuals, small and medium-sized businesses as well as corporates to varying degrees, thereby significantly impacting economies across the group's footprint.

The group has been proactive in managing staff health risks through an early risk awareness campaign, cancellation of large gatherings, the introduction of hand sanitisers, implementation of work from home practices as well as a comprehensive staff wellness monitoring and support programme.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 5. Impact of the COVID-19 pandemic continued

The effects of COVID-19, and other macro developments, have also increased financial risks such as exchange rate volatility, economic growth and capital flows in the group's markets. During the past six months, credit ratings agencies have downgraded sovereign credit ratings of the two largest markets, South Africa and Nigeria. The group continues to monitor these developments, assess the implications and manage its responses in order to mitigate the related risks.

Amid the nearer-term risks and uncertainties of the impact of COVID-19 on markets, the group remains focused on preservation of cash, maintaining a healthy liquidity position and strengthening its operational and financial position. In this regard, it has implemented cost control measures, focusing on critical expenses and enhanced oversight of expenditure that support margin management and liquidity across the business.

With the effects of COVID-19 being felt around the globe, there is also an impact on the telecommunications sector. The restrictions placed on movement resulted in people spending more time at home for work and leisure, which resulted in the use of higher amounts of data. This has been the impact in most of our regions whereby revenue has increased in all operations excluding MTN South Africa, which recorded a notable decline in device revenue.

For the six months ended 30 June 2020, there have been direct and indirect financial effects caused by the COVID-19 pandemic. We highlight the following relevant disclosures provided in the notes to the interim financial statements which include the effects of the pandemic:

- During the past six months, the group has continued to provide telecommunication services across its footprint as an essential service. The group's various revenue streams per operation are disclosed in the segment analysis (note 8). There has been revenue growth in network services resulting from strong growth in data revenue and digital and fintech services despite weaker revenue growth in voice. Conversely, revenue from sale of devices, prepaid airtime uploads and roaming services have slowed due to the economic strain placed on our customers and the lockdown regimes. Additionally, in MTN South Africa, the Telkom roaming agreement ended in the first half of 2019 and revenue from the Cell C roaming agreement has decreased due to liquidity issues experienced by Cell C (refer to note 6 for further details). The resilience of the national networks, the headroom available on the networks and the allocation of temporary additional spectrum enabled the group to meet the surge in data volume driven by work from home protocols and social distancing. However, reduced economic activity following the steps taken to control the virus has resulted in slower growth than anticipated.
- The group's capital expenditure (capex) focus is to ensure the resilience and capacity of its networks. Disruptions in the supply chain and challenges in rolling out coverage under lockdown rules, combined with the group's emphasis on liquidity, has impacted the capex programme for the period with a decline in capital expenditure incurred in most of the group's operations. However, there has been an increase in capital expenditure in Nigeria due to index-related escalations on leases; additions to right-of-use assets being higher due to USD denominated lease payments at weaker exchange rates; and more sites added in the first half of 2020 as compared to the first half of 2019. There has also been an increase in capital expenditure incurred in MTN Ivory Coast due to accelerated equipment roll out. The group's capex per operation is disclosed in note 8.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 5. Impact of the COVID-19 pandemic continued

- Liquidity management remained a focus during this period. As at 30 June 2020 the group had access to undrawn borrowings of R44 billion (December 2019: R33,8 billion) as disclosed in note 13. Holdco<sup>1</sup> cash balances, including restricted cash and current investments, was R14,8 billion as at 30 June 2020. The group completed the 2020 planned full-year refinancing of R15 billion in July 2020. The group also concluded the sale of its Ghana Interco and Uganda Interco tower investments for a consideration of R8,8 billion and continued to pay its final dividend in respect of its 2019 financial year in April 2020.
- The financial impact of the crisis has put pressure on post-paid customers and the group's enterprise business unit. The following table reflects the movements for the period related to credit risk:

	30 June 2020 Reviewed	31 December 2019 Audited	Movement
Trade receivables gross carrying amount – MTN Group	<b>R23,7 billion</b>	R21,1 billion	12%
Expected credit loss allowance – MTN Group	<b>R3,8 billion</b>	R2,7 billion	41%
Average ECL/Impairment ratio – MTN Group	<b>15,94%</b>	12,85%	3,09%
	30 June 2020 Reviewed	30 June 2019 Reviewed	Movement
Impairment and write down of trade receivables and contract assets – MTN Group	<b>R732 million</b>	R555 million	32%
Impairment and write down of trade receivables and contract assets – MTN Nigeria	<b>R114 million</b>	R23 million	396%
Impairment and write down of trade receivables and contract assets – MTN South Africa	<b>R544 million</b>	R440 million <sup>1</sup>	24%

<sup>1</sup> Includes a R211 million impairment relating to Cell C.

The group's exposure and management of credit risk relating to its customers, as well as its exposure relating to cash and cash equivalents and Mobile Money (MoMo) deposits placed with banks, is provided in note 13.

- The group has assessed the potential impairment on cash balances and MoMo deposits due to the negative impact of the pandemic on financial institutions. The nature of the bank balances and MoMo deposits are largely short term in nature comprising mainly of current accounts and call deposits. Given the significant actions taken by central banks to improve liquidity through monetary and fiscal interventions, the group's expected credit losses (ECLs) on cash balances and MoMo deposits remained immaterial.

<sup>1</sup> Holdco comprises the group excluding operating segments per note 8 and MTN GlobalConnect Solutions Limited.



# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 5. Impact of the COVID-19 pandemic continued

- Significant movements in currencies expose the group to foreign currency gains and losses and also impact the group's translation of its results into its rand presentation currency. The South African rand weakened against most of the currencies of the group's foreign entities in the period. This resulted in a 16% growth in revenue, of which approximately 50% related to the weakening of the group's presentation currency. The group recognised net foreign exchange gains of R852 million (June 2019: R1,1 billion loss, December 2019 R2,4 billion loss). In addition, the group recognised a foreign currency translation gain in the statement of comprehensive income on converting the net assets of its foreign operations. The group's foreign exchange gains and losses recognised in the income statement are provided in note 10 and the income statement sensitivity to exchange rates is provided in note 13. Exchange rates used in the conversion of the group's results are provided in note 18.
- The carrying values of a couple of the group's smaller operations and an investment in a joint venture exceeded the recoverable amounts at 30 June 2020, which resulted in impairments recognised against the goodwill of MTN Liberia and MTN Guinea-Bissau and an impairment in an investment in joint venture - Middle East Internet Holding S.A.R.L (MEIH). Further details of the entities are provided in the note relating to impairment of goodwill and investment in joint venture (note 9).
- The group's valuation of its investment in IHS Holdings Limited (IHS) is based on tower industry multiples relevant at 30 June 2020. In February 2020, IHS completed the acquisitions of approximately 1 600 towers from Zain in Kuwait and approximately 2 300 towers from Cell Site Solutions in Brazil, Peru and Columbia. For the current period, IHS continued to operate under COVID-19 conditions and grew operationally in all markets. However, the macro economic environment, particularly in Nigeria, is impacted by the drop in oil prices and devaluation of the Naira following the effects of COVID-19. Given the market conditions, a combined liquidity and macro discount of 30% has been applied. The fair value was calculated based on unobservable market inputs including tower industry earnings multiples which dropped to between 9x to 12x (June 2019: 10x to 14x, December 2019: 10x to 14x). The sensitivities to the fair value estimations are provided in note 13.
- There have been no major impacts on leases and their related accounting impacts as a result of COVID-19. With telecommunications being treated as an essential service in most economies, our operations have continued to provide services to customers. The group has not been granted rent concessions or COVID-19-related amendments to lease arrangements. Similarly, the increase in teleworking has resulted in an increased demand for network capacity to accommodate traffic.

The group is not only focused on managing the risks brought about by COVID-19, but also on the opportunities it creates in the accelerated digitalisation it has brought about. The group is well positioned to benefit from this evolution, especially given its focus on growth in data, digital and financial services businesses in the execution of its BRIGHT strategy. The extensive interventions that have been implemented are expected to continue to safeguard the sustainability of the business, its people and its customers in the prevailing challenging environment.

Details of other events after the reporting period are set out in relevant notes within these interim financial statements.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 6. Critical accounting judgements

### 6.1 MTN SA revenue recognition

On 1 May 2020, MTN SA's new long-form roaming agreement (Phase 2 agreement) with Cell C became effective.

Since the effective date, Cell C has not made any payments on the Phase 2 agreement and has also defaulted on the previous payment arrangements. Based on Cell C's liquidity issues, the group has assessed that it is not probable that it will receive the consideration to which it is entitled under the Phase 2 agreement, and therefore the agreement does not meet the definition of a contract for revenue recognition purposes in terms of IFRS 15 *Revenue from Contracts with Customers* (IFRS 15). As a result, MTN SA did not recognise all revenue accrued on satisfied performance obligations during the period under review. Revenue was only recognised on completed services based on the non-refundable consideration received.

MTN SA recorded revenue of R788 million from Cell C during the period ended 30 June 2020. As at 30 June 2020, R673 million of revenue in relation to satisfied performance obligations remains unrecognised.

Cell C continues to work on its recapitalisation and liquidity challenges, which if adequately resolved, would result in a change in the group's accounting treatment of Cell C roaming revenues back to an accounting methodology of recognising revenue as performance obligations that are satisfied.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 7. Hyperinflation

The financial statements (including comparative amounts) 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 group has classified the economies of Syria, South Sudan and Sudan as hyperinflationary effective 2014, 2016 and 2018 respectively.

In May 2020, MTN Syria was classified as a disposal group held for sale (note 20) and was remeasured to its fair value less costs to sell and the group has therefore discontinued adjusting MTN Syria's net assets for hyperinflation from this date onwards.

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 Irancell Telecommunications Company Services (PJSC) (Irancell) includes 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 R197 million for the six months ended 30 June 2020 (June 2019: R252 million, December 2019: R466 million).

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

	Six months ended 30 June 2020 Reviewed Rm		
	Revenue	Operating profit/(loss)	Capex
Syria	(666)	137	(160)
Sudan	354	(215)	12
South Sudan (included in other SEAGHA)	169	61	8
	(143)	(17)	(140)
Major joint venture – Irancell	–	(262)	–

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 7. Hyperinflation continued

	Six months ended 30 June 2019		
	Reviewed		
	Rm		
	Revenue	Operating profit/(loss)	Capex
Syria	–	(125)	–
Sudan	163	(88)	19
South Sudan (included in other SEAGHA)	55	6	8
	218	(207)	27
Major joint venture – Irancell	–	(336)	–

	Financial year ended 31 December 2019		
	Audited		
	Rm		
	Revenue	Operating profit/(loss)	Capex
Syria	–	(250)	–
Sudan	626	(120)	106
South Sudan (included in other SEAGHA)	279	54	109
	905	(316)	215
Major joint venture – Irancell	–	(621)	–

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 8. 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)

South Africa and Nigeria comprise the segment information for the South African and Nigeria-based cellular network services providers respectively.

The SEAGHA, WECA and MENA clusters comprise segment information for operations in those regions which are also cellular network services providers in the group.

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.

A key performance measure of reporting profit for the group is CODM EBITDA. CODM EBITDA is defined as earnings before finance income and finance costs (which includes gains or losses on foreign exchange transactions and a loss on revision of cash flows from a joint venture), tax, depreciation and amortisation, and is also presented before recognising the following items:

- Impairment of joint venture and goodwill (note 9);
- Net monetary gain resulting from the application of hyperinflation;
- Share of results of associates and joint ventures after tax (note 11);
- Hyperinflation (note 7);
- Tower sale profits;
- Gain on dilution/disposal of investment in associate and joint venture (note 11);
- Gain on disposal of subsidiary; and
- Impairment loss on remeasurement of disposal group.

These exclusions have remained unchanged from the prior year, apart from impairment loss on remeasurement of the disposal group.

Irancell proportionate results are included in the segment analysis as reviewed by the CODM and excluded from reported results for revenue, CODM EBITDA and capex due to equity accounting for joint ventures. The results of Irancell 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 2020

## 8. Segment analysis continued

Six months ended 30 June REVENUE	Network services Rm	Mobile devices Rm
<b>2020</b>		
<b>South Africa</b>	<b>14 236</b>	<b>3 515</b>
<b>Nigeria</b>	<b>23 849</b>	<b>48</b>
<b>SEAGHA</b>	<b>11 335</b>	<b>170</b>
Ghana	5 721	65
Uganda	2 723	32
Other SEAGHA	2 891	73
<b>WECA</b>	<b>9 636</b>	<b>86</b>
Ivory Coast	2 716	22
Cameroon	2 481	27
Other WECA	4 439	37
<b>MENA</b>	<b>4 237</b>	<b>8</b>
Syria	1 240	–
Sudan	1 045	4
Other MENA	1 952	4
<b>Major joint venture – Irancell<sup>1</sup></b>	<b>3 726</b>	<b>55</b>
<b>Head office companies and eliminations<sup>2</sup></b>	<b>403</b>	<b>1</b>
<b>Hyperinflation impact</b>	<b>(184)</b>	<b>1</b>
<b>Irancell revenue exclusion</b>	<b>(3 726)</b>	<b>(55)</b>
<b>Consolidated revenue</b>	<b>63 512</b>	<b>3 829</b>

<sup>1</sup> Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from IFRS reported results due to equity accounting for joint ventures.

<sup>2</sup> Head office companies and eliminations consist mainly of the group's central financing activities, management fees and dividends received from segments as well as inter-segment eliminations.

Interconnect and roaming Rm	Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
1 528	991	639	20 909	216	21 125
2 848	1 132	274	28 151	–	28 151
891	3 610	387	16 393	–	16 393
427	2 128	122	8 463	–	8 463
224	966	60	4 005	–	4 005
240	516	205	3 925	–	3 925
1 257	1 675	387	13 041	–	13 041
534	660	214	4 146	–	4 146
222	411	30	3 171	–	3 171
501	604	143	5 724	–	5 724
611	249	48	5 153	–	5 153
20	126	8	1 394	–	1 394
287	54	13	1 403	–	1 403
304	69	27	2 356	–	2 356
242	249	59	4 331	13	4 344
(117)	1	53	341	15	356
83	(41)	(2)	(143)	–	(143)
(242)	(249)	(59)	(4 331)	(13)	(4 344)
7 101	7 617	1 786	83 845	231	84 076

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 8. Segment analysis continued

Six months ended 30 June <b>REVENUE</b>	Network services Rm	Mobile devices Rm
<b>2019</b>		
<b>South Africa</b>	13 528	4 333
<b>Nigeria</b>	18 716	43
<b>SEAGHA</b>	8 572	160
Ghana	4 384	43
Uganda	2 128	30
Other SEAGHA	2 060	87
<b>WECA</b>	7 893	79
Ivory Coast	2 244	21
Cameroon	2 061	25
Other WECA	3 588	33
<b>MENA</b>	3 408	18
Syria	1 238	–
Sudan	540	2
Other MENA	1 630	16
<b>Major joint venture – Irancell<sup>1</sup></b>	3 362	48
<b>Head office companies and eliminations<sup>2</sup></b>	157	(4)
<b>Hyperinflation impact</b>	158	1
<b>Irancell revenue exclusion</b>	(3 362)	(48)
<b>Consolidated revenue</b>	<b>52 432</b>	<b>4 630</b>

<sup>1</sup> Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from IFRS reported results due to equity accounting for joint ventures.

<sup>2</sup> Head office companies and eliminations consist mainly of the group's central financing activities, management fees and dividends received from segments as well as inter-segment eliminations.



Interconnect and roaming Rm	Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
2 519	1 053	752	22 185	209	22 394
2 345	896	232	22 232	–	22 232
820	2 769	343	12 664	–	12 664
427	1 543	95	6 492	–	6 492
196	777	58	3 189	–	3 189
197	449	190	2 983	–	2 983
1 177	1 143	290	10 582	–	10 582
453	510	175	3 403	–	3 403
259	241	26	2 612	–	2 612
465	392	89	4 567	–	4 567
484	161	33	4 104	–	4 104
20	74	10	1 342	–	1 342
227	29	9	807	–	807
237	58	14	1 955	–	1 955
261	279	49	3 999	13	4 012
(184)	33	309	311	–	311
51	7	1	218	–	218
(261)	(279)	(49)	(3 999)	(13)	(4 012)
7 212	6 062	1 960	72 296	209	72 505

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 8. Segment analysis continued

Year ended 31 December	Network services Rm	Mobile devices Rm
REVENUE		
<b>2019</b>		
<b>South Africa</b>	27 926	9 017
<b>Nigeria</b>	39 545	88
<b>SEAGHA</b>	18 333	315
Ghana	9 275	90
Uganda	4 463	61
Other SEAGHA	4 595	164
<b>WECA</b>	16 240	171
Ivory Coast	4 535	37
Cameroon	4 248	62
Other WECA	7 457	72
<b>MENA</b>	7 520	37
Syria	2 745	–
Sudan	1 335	5
Other MENA	3 440	32
<b>Major joint venture – Irancell<sup>1</sup></b>	6 715	104
<b>Head office companies and eliminations<sup>2</sup></b>	215	1
<b>Hyperinflation impact</b>	679	1
<b>Irancell revenue exclusion</b>	(6 715)	(104)
<b>Consolidated revenue</b>	<b>110 458</b>	<b>9 630</b>

<sup>1</sup> Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from IFRS reported results due to equity accounting for joint ventures.

<sup>2</sup> Head office companies and eliminations consist mainly of the group's central financing activities, management fees and dividends received from segments as well as inter-segment eliminations.

Interconnect and roaming Rm	Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
4 381	2 066	1 635	45 025	422	45 447
4 995	1 584	484	46 696	–	46 696
1 757	5 983	681	27 069	–	27 069
915	3 326	214	13 820	–	13 820
409	1 681	86	6 700	–	6 700
433	976	381	6 549	–	6 549
2 280	2 511	619	21 821	–	21 821
899	1 041	405	6 917	–	6 917
457	571	51	5 389	–	5 389
924	899	163	9 515	–	9 515
1 006	343	71	8 977	–	8 977
51	167	23	2 986	–	2 986
472	69	22	1 903	–	1 903
483	107	26	4 088	–	4 088
526	539	106	7 990	24	8 014
(496)	40	776	536	9	545
193	23	9	905	–	905
(526)	(539)	(106)	(7 990)	(24)	(8 014)
14 116	12 550	4 275	151 029	431	151 460

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 8. Segment analysis continued

External vs inter-segment revenue	Six months ended 30 June 2020		
	External revenue Rm	Inter-segment revenue Rm	Total revenue Rm
<b>South Africa</b>	20 911	214	21 125
<b>Nigeria</b>	27 836	315	28 151
<b>SEAGHA</b>	15 845	548	16 393
Ghana	8 193	270	8 463
Uganda	3 820	185	4 005
Other SEAGHA	3 832	93	3 925
<b>WECA</b>	12 611	430	13 041
Ivory Coast	4 088	58	4 146
Cameroon	3 045	126	3 171
Other WECA	5 478	246	5 724
<b>MENA</b>	4 847	306	5 153
Syria	1 394	–	1 394
Sudan	1 175	228	1 403
Other MENA	2 278	78	2 356
<b>Major joint venture – Irancell</b>	4 344	–	4 344
<b>Head office companies and eliminations<sup>1</sup></b>	2 160	(1 804)	356
<b>Hyperinflation impact</b>	(134)	(9)	(143)
<b>Irancell revenue exclusion</b>	(4 344)	–	(4 344)
<b>Consolidated revenue</b>	<b>84 076</b>	<b>–</b>	<b>84 076</b>

<sup>1</sup> Head office companies and eliminations consist mainly of revenue from GlobalConnect Solutions Limited, the group's central financing activities, management fees and dividends received from segments as well as related inter-segment eliminations.

Six months ended 30 June 2019			Financial year ended 31 December 2019		
External revenue Rm	Inter-segment revenue Rm	Total revenue Rm	External revenue Rm	Inter-segment revenue Rm	Total revenue Rm
22 310	84	22 394	45 237	210	45 447
22 145	87	22 232	46 265	431	46 696
12 372	297	12 669	26 259	810	27 069
6 331	161	6 492	13 397	423	13 820
3 115	74	3 189	6 471	229	6 700
2 926	62	2 988	6 391	158	6 549
10 424	157	10 581	21 202	619	21 821
3 381	22	3 403	6 835	82	6 917
2 569	43	2 612	5 239	150	5 389
4 474	92	4 566	9 128	387	9 515
4 067	38	4 105	8 651	326	8 977
1 342	–	1 342	2 986	–	2 986
778	29	807	1 634	269	1 903
1 947	9	1 956	4 031	57	4 088
4 012	–	4 012	8 014	–	8 014
969	(662)	307	2 938	(2 393)	545
218	(1)	217	908	(3)	905
(4 012)	–	(4 012)	(8 014)	–	(8 014)
72 505	–	72 505	151 460	–	151 460

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 8. Segment analysis continued

	Six months ended 30 June 2020 Reviewed Rm	Six months ended 30 June 2019 Restated <sup>1</sup> Reviewed Rm	Financial year ended 31 December 2019 Restated <sup>1</sup> Audited Rm
<b>CODM EBITDA</b>			
South Africa	8 436	8 166	16 972
Nigeria	14 402	11 959	25 149
<b>SEAGHA</b>	8 025	5 615	12 136
Ghana	4 530	3 217	7 014
Uganda	1 971	1 547	3 150
Other SEAGHA	1 524	851	1 972
<b>WECA</b>	4 031	2 986	6 081
Ivory Coast	1 444	996	1 814
Cameroon	1 034	778	1 635
Other WECA	1 553	1 212	2 632
<b>MENA</b>	1 519	1 262	2 836
Syria	292	525	1 173
Sudan	540	221	677
Other MENA	687	516	986
<b>Head office companies and eliminations</b>	(128)	34	(534)
<b>CODM EBITDA</b>	36 285	30 022	62 640
Major joint venture – Irancell <sup>2</sup>	1 646	1 490	3 041
Hyperinflation	118	54	282
Tower sale profits	–	18	19
Gain on disposal/dilution of investment in joint ventures and associates	6 136	1 039	1 039
Gain on disposal of subsidiary	–	249	249
Impairment loss on remeasurement of disposal group	(759)	–	–
Irancell CODM EBITDA exclusion	(1 646)	(1 490)	(3 041)
<b>CODM EBITDA before impairment of goodwill</b>	41 780	31 382	64 229
Depreciation, amortisation and impairment of goodwill and joint venture	(18 519)	(15 995)	(32 800)
Net finance cost <sup>3</sup>	(6 197)	(7 088)	(15 184)
Net monetary gain	552	338	787
Share of results of associates and joint ventures after tax	597	(29)	705
<b>Profit before tax</b>	18 213	8 608	17 737

<sup>1</sup> Restated for changes in accounting policies, refer to note 22 for details of restatements.

<sup>2</sup> The CODM EBITDA relating to the major joint venture, Irancell, has been presented after the group CODM EBITDA as Irancell does not form part of CODM EBITDA as it is a joint venture.

<sup>3</sup> Includes the loss on revision of cash flows from a joint venture (note 10).

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 8. Segment analysis continued

	Six months ended 30 June 2020 Reviewed Rm	Six months ended 30 June 2019 Reviewed Rm	Financial year ended 31 December 2019 Audited Rm
<b>Capital expenditure incurred<sup>1</sup></b>			
<b>South Africa</b>	<b>3 532</b>	5 773	11 295
<b>Nigeria</b>	<b>5 854</b>	4 050	9 750
<b>SEAGHA</b>	<b>2 176</b>	3 574	5 554
Ghana	946	2 080	2 850
Uganda	499	679	1 147
Other SEAGHA	731	815	1 557
<b>WECA</b>	<b>1 358</b>	1 218	3 231
Ivory Coast	422	257	918
Cameroon	310	415	573
Other WECA	626	546	1 740
<b>MENA</b>	<b>551</b>	646	1 989
Syria	305	332	939
Sudan	54	119	430
Other MENA	192	195	620
<b>Major joint venture – Irancell</b>	<b>387</b>	861	2 568
<b>Head office companies and eliminations</b>	<b>453</b>	194	834
<b>Hyperinflation impact</b>	<b>(140)</b>	27	215
<b>Irancell capex exclusion</b>	<b>(387)</b>	(861)	(2 568)
	<b>13 784</b>	15 482	32 868

<sup>1</sup> Capital expenditure includes additions to right-of-use assets per IFRS 16.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 9. Impairment of goodwill and investment in joint venture

### Impairment of joint venture

The group tested its investment in its equity-accounted e-commerce joint venture, MEIH, for impairment. The results of the company have decreased significantly since March 2020 due to the impact of COVID-19 on the transportation and consumer services business. The recoverable amount was determined as the fair value less cost of disposal. The fair value represents a value determined from unobservable inputs. This was based on comparable company and transaction average net merchandise value multiples of 0,5x (June 2019: 1,6x, December 2019: 1,3x) and revenue multiples of 3,6x for its transportation business, and merchandise value multiples of 1,1x (June 2019: 1,8x, December 2019: 1,4x) for its on-demand cleaning marketplace business. The carrying value of the equity-accounted net assets exceeded the recoverable amount of R465 million (June 2019: R745 million, December 2019: R572 million) by R228 million (June 2019: R191 million, December 2019: R342 million) and the group recognised the resulting impairment in profit or loss.

### Impairment of goodwill

The poor economic environment in a couple of the group's operations in the WECA region resulted in suppressed revenue growth and lower operating margins being experienced, which decreased forecast cash flows at 30 June 2020. In addition, sovereign risk premiums have increased significantly given the macro economic environment in these countries. This necessitated impairment reviews being performed on the group's operations in Guinea-Bissau and Liberia where the carrying amounts of these cash-generating units (CGUs), were compared to their respective recoverable amounts. The recoverable amounts were determined through value-in-use calculations where future cash flows were estimated and discounted at the weighted average cost of capital discount rates. The discount rates and the perpetuity growth rates used in the value-in-use calculations of the operations impacted by impairment are as follows:

	June 2020		June 2019		December 2019	
	Growth rate %	Discount rate %	Growth rate %	Discount rate %	Growth rate %	Discount rate %
MTN Liberia	2,2	25,6	2,2	21,9	2,3	21,0
MTN Guinea-Bissau	5,8	20,0	3,0	16,9	2,5	11,7

An impairment charge amounting to R308 million was recognised against the goodwill of MTN Liberia. The operational and economic outlook in MTN Liberia remains negative due to the government struggling with its budget deficit and rising inflation rates. This has an impact across all industries in-country. As at 30 June 2020, the carrying value of this CGU exceeded its recoverable amount, necessitating an impairment. The goodwill balance for MTN Liberia at 30 June 2020 amounts to R147 million, after recognising the impairment charge.



# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 9. Impairment of goodwill and investment in joint venture

*continued*

### Impairment of goodwill *continued*

An impairment charge amounting to R165 million was recognised against the goodwill of MTN Guinea-Bissau. The operational and economic outlook in MTN Guinea-Bissau remains uncertain due to political instability and volatile agricultural prices, which has resulted in more conservative budgets being planned. As at 30 June 2020, the carrying value of this CGU exceeded its recoverable amount, necessitating an impairment. The goodwill balance for MTN Guinea-Bissau at 30 June 2020 amounts to R289 million, after recognising the impairment charge.

No impairment was required on goodwill balances as at 30 June 2019 and 31 December 2019.

## 10. Net finance costs

	Six months ended 30 June 2020 Reviewed Rm	Six months ended 30 June 2019 Reviewed Rm	Financial year ended 31 December 2019 Audited Rm
Interest income on loans and receivables	191	368	923
Interest income on bank deposits	449	662	950
Net foreign exchange gains	852	–	–
<b>Finance income</b>	<b>1 492</b>	<b>1 030</b>	<b>1 873</b>
Interest expense on financial liabilities measured at amortised cost	(4 477)	(4 397)	(8 767)
Net foreign exchange losses	–	(1 066)	(2 364)
Loss on revision of cash flows	(65)	–	(217)
Lease liability finance cost	(3 147)	(2 655)	(5 709)
<b>Finance costs</b>	<b>(7 689)</b>	<b>(8 118)</b>	<b>(17 057)</b>
<b>Net finance costs recognised in profit or loss</b>	<b>(6 197)</b>	<b>(7 088)</b>	<b>(15 184)</b>

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

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

	Six months ended 30 June 2020 Reviewed Rm	Six months ended 30 June 2019 Reviewed Rm	Financial year ended 31 December 2019 Audited Rm
	597	(29)	705
Irancell	248	177	441
Others	349	(206)	264

### Irancell loan and receivable

On 20 September 2019, the US Treasury Department's Office of Foreign Assets Control (OFAC) designated the Central Bank of Iran (CBI) as being subject to sanctions. Sanctions imposed on the CBI creates a secondary sanctions risk for MTN entities if the CBI allocates foreign currency to an MTN entity for the purpose of repatriating the receivable and/or loan. As a result of the group's current inability to repatriate the receivable and loan, Irancell and the group have entered into an agreement in terms of which the outstanding dividends and loan accrue compensation charges at 18% per annum with effect from 1 July 2020 and subject to certain conditions precedent. As at 30 June 2020, Iranian rial denominated receivables amounted to R1 194 million<sup>1</sup> (December 2019: R1 237 million) and the Iranian rial denominated loan amounted to R2 053 million<sup>2</sup> (December 2019: R1 516 million).

<sup>1</sup> Includes R964 million at the SANA rate.

<sup>2</sup> CBI rate.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 12. Earnings per ordinary share

	As at 30 June 2020 Reviewed	As at 30 June 2019 Reviewed	As at 31 December 2019 Audited
<b>Number of ordinary shares in issue</b>			
At end of the period (excluding MTN Zakhele Futhi and treasury shares)	1 798 675 305	1 798 004 650	1 798 007 746
<b>Weighted average number of shares</b>	1 798 290 095	1 797 848 603	1 797 927 770
Add: Dilutive shares			
– Share options – MTN Zakhele Futhi	5 929 878	22 268 043	23 250 313
– Share schemes	2 749 021	5 183 236	4 381 435
<b>Shares for dilutive earnings per share</b>	1 806 968 994	1 825 299 882	1 825 559 518

### Treasury shares

Treasury shares of 8 759 075 (June 2019: 9 430 246, December 2019: 9 426 634) are held by the group and 76 835 378 (June 2019: 76 835 378, December 2019: 76 835 378) are held by MTN Zakhele Futhi (RF) Limited (MTN Zakhele Futhi).

### Headline earnings

Headline earnings is calculated in accordance with Circular 1/2019 *Headline Earnings* as issued by the South African Institute of Chartered Accountants (SAICA) as amended from time to time and as required by the JSE Limited.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 12. Earnings per ordinary share continued

	As at 30 June 2020 Reviewed Rm	As at 30 June 2019 Restated <sup>1</sup> Reviewed	As at 31 December 2019 Restated <sup>1</sup> Audited
Reconciliation between net profit attributable to the equity holders of the company and headline earnings:			
<b>Profit attributable to equity holders of the company</b>	<b>12 117</b>	4 570	9 100
Net (profit)/loss on disposal of property, plant and equipment and intangible assets of subsidiaries (IAS 16 and IAS 38)	(12)	(7)	(64)
Profit on disposal of subsidiary (IFRS 10)	–	(249)	(249)
Impairment of goodwill and investments in joint ventures (IAS 36)	701	191	342
Net impairment loss on property, plant and equipment and intangible assets (IAS 36)	254	59	330
Impairment loss on remeasurement of disposal group (IFRS 5)	759	–	–
Net gain on disposal/dilution of investment in joint venture/associate (IAS 28)	(6 136)	(1 076)	(1 076)
– Subsidiaries	–	(1 039)	(1 039)
– Joint venture/associate	(6 136)	(37)	(37)
Realisation of deferred gain on tower sale	–	(18)	(19)
Total non-controlling interest effect of adjustments	56	27	47
<b>Headline earnings</b>	<b>7 739</b>	3 497	8 411
<b>Earnings per share (cents)</b>			
– Basic	674	254	506
– Basic headline	430	195	468
<b>Diluted earnings per share (cents)</b>			
– Diluted	671	250	498
– Diluted headline	428	192	461

<sup>1</sup> Restated for changes in accounting policies. Refer to note 22 for details of restatements.

# Notes to the condensed consolidated interim financial statements

continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange, interest rate and price risk). This note presents information about the group's exposure to the above risks and changes therein due to the impact of the COVID-19 pandemic subsequent to 31 December 2019. While MTN Syria has been classified as a disposal group held for sale, the entity still exposes the group to risks relating to financial instruments. Accordingly, MTN Syria has been included in the disclosure below.

### 13.1 Financial assets and financial liabilities at amortised cost

The carrying value of current receivables and liabilities measured at amortised cost approximates their fair value.

#### 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 R30 421 million at 30 June 2020 (30 June 2019: R24 907 million, 31 December 2019: R24 706 million) and a fair value of R31 112 million (30 June 2019: R25 592 million, 31 December 2019: R25 775 million). The notes are listed on the Irish bond market and the fair values of these instruments are determined by reference to quoted prices in this 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.

### 13.2 Financial instruments measured at fair value

#### Jumia listed equity investment

The fair value of the investment is determined by reference to published price quotations on the New York Stock Exchange. The American Depository Share (ADS) price of Jumia was US\$5,49 on the last trading day of the period. The group has classified the investment in Jumia with a carrying amount of R1 417 million (30 June 2019: R5 536 million, 31 December 2019: R1 397 million) as at fair value through other comprehensive income. The fair value of this investment is categorised within level 1 of the fair value hierarchy. An increase of R20 million (June 2019: R2 538 million increase, December 2019: R1 651 million decrease) has been recognised in other comprehensive income resulting from the change in fair value. On 4 August 2020, the Jumia ADS price was US\$16,28, equating to an increase in the fair value of R2 789 million subsequent to 30 June 2020.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.2 Financial instruments measured at fair value continued

#### IHS Group unlisted equity investment

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

Included in investments in the condensed consolidated statement of financial position is an equity investment in IHS Group at fair value of R30 744 million (June 2019: R23 088 million, December 2019: R27 000 million). The fair value is determined using models considered to be appropriate by management, due to the absence of transactions between market participants. The fair value was calculated using an earnings multiple technique and was based on unobservable market inputs including tower industry earnings multiples of between 9x to 12x (June 2019: 10x to 14x, December 2019: 10x to 14x) applied to MTN management's estimates of earnings, less estimated net debt of R30 561 million (June 2019: R18 131 million, December 2019: R20 217 million). The group has applied a combined liquidity and macro discount of 30%. A fair value decrease of R2 830 million (June 2019: R175 million increase, December 2019: R4 297 million increase) translated at the closing rate has been recognised for the period.

Given the confidentiality restrictions in the shareholders' agreement with IHS Group, MTN does not have access to the IHS Group business plans or 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 on the fair value hierarchy. 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 R3 914 million (June 2019: R2 283 million, December 2019: R2 813 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 R3 914 million (June 2019: R2 283 million, December 2019: R2 813 million).

An increase of 10% in the estimated earnings used, keeping other inputs constant, would have resulted in an increase in the fair value of R3 986 million (June 2019: R2 782 million, December 2019: R3 228 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 R3 986 million (June 2019: R2 782 million, December 2019: R3 228 million).

An increase of 1% to the combined liquidity and macro discount, keeping other inputs constant, would have resulted in a decrease in the fair value of R439 million (June 2019: R257 million, December 2019: R300 million) and a decrease of 1% to the combined liquidity and macro discount, keeping other inputs constant, would have resulted in an increase in the fair value by R439 million (June 2019: R257 million, December 2019: R300 million).

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.2 Financial instruments measured at fair value 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
<b>Balance at 1 January 2019</b>	24 025
Disposal of underlying equity investments of Amadeus	(592)
Acquisitions	75
Gain on equity investments at fair value through other comprehensive income	4 401
Foreign exchange differences	(751)
<b>Balance at 1 January 2020</b>	<b>27 158</b>
Loss on equity investments at fair value through other comprehensive income	(2 846)
Foreign exchange differences	6 623
<b>Balance at 30 June 2020</b>	<b>30 935</b>

### 13.3 Credit risk

Credit risk, or the risk of financial loss to the group due to customers or counterparties not meeting their contractual obligations, is managed through the application of credit approvals, limits and monitoring procedures. The group's maximum exposure to credit risk is represented by the carrying amount of the financial assets and contract assets that are exposed to credit risk.

The risk rating grade of cash and cash equivalents and restricted cash range from BBB- to A+ (December 2019: BBB- to A+). Given these credit ratings, management expects that the exposure to credit risk is minimal.

#### Mobile Money deposits

MoMo deposits are balances that are held with banks for and on behalf of MoMo customers. Regulations in certain jurisdictions specify the types of permissible liquid instruments that these deposits may be invested in. MoMo deposits are spread among approved, reputable financial institutions based on internal risk assessments or guidance provided by regulators, to manage the concentration of credit risk to a single counterparty. Many risk mitigations are in place and banks are also obliged to pay insurance premiums to protect MoMo customer deposits in the event of bank failure. As a result of the uncertain and evolving legal and regulatory environment, the assessment of which party in a MoMo arrangement is exposed to a bank credit risk event is in many cases dependent on legal interpretations that are largely untested in the respective markets in which the group operates. Consequently, the assessment of the group's credit risk exposure with regards to MoMo remains subject to legal and regulatory developments in many markets.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

*continued*

### 13.3 Credit risk *continued*

#### Trade receivables and contract assets (unbilled handset component)

A large portion of the group's postpaid market revenues are generated in South Africa. There are no other significant concentrations of credit risk, since the other operations within the group operate largely within the prepaid market. The group has policies in place to ensure that retail sales of products and services are made to customers with an appropriate credit history. Before credit is granted to a customer, the group performs credit risk assessments through credit bureaux. The group insures some of its trade receivables in its South African operation, in which instance the credit risk assessments are performed by the credit insurer prior to the granting of credit by the group. In terms of this arrangement R6 billion (December 2019: R6,5 billion) has been insured for which the group's risk is limited to R1 billion (December 2019: R1 billion). In addition, some entities within the group require potential customers to obtain guarantees from banks before credit is granted. During the current period the group did not recognise ECLs amounting to R107 million (December 2019: R97 million) as a result of collateral held.

#### Total past due per significant operation

	Interconnect receivables Rm	Contract receivables Rm	Retail receivables Rm	EBU receivables Rm	Other receivables Rm	Total Rm
<b>30 June 2020</b>						
MTN SA	272	794	628	846	226	2 766
MTN Nigeria	107	176	–	–	182	465
MTN Ivory Coast	304	217	–	–	283	804
MTN Yemen	677	100	–	–	86	863
MTN Cameroon	24	25	143	293	35	520
MTN Benin	105	–	–	–	568	673
MTN Guinea- Conakry	77	98	173	211	17	576
MTN Congo- Brazzaville	363	–	–	498	–	861
MTN Uganda	23	110	60	106	–	299
MTN Rwanda	7	15	–	19	364	405
MTN South Sudan	230	–	–	13	–	243
MTN Ghana	81	23	137	22	20	283
Other operations	313	144	115	113	642	1 327
	<b>2 583</b>	<b>1 702</b>	<b>1 256</b>	<b>2 121</b>	<b>2 423</b>	<b>10 085</b>



# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.3 Credit risk continued

**Total past due per significant operation** continued

	Interconnect receivables Rm	Contract receivables Rm	Retail receivables Rm	EBU receivables Rm	Other receivables Rm	Total Rm
<b>31 December 2019</b>						
MTN SA	479	669	665	189	74	2 076
MTN Nigeria	114	114	–	–	255	483
MTN Ivory Coast	56	314	161	–	92	623
MTN Yemen	524	86	–	–	66	676
MTN Cameroon	69	43	85	247	29	473
MTN Benin	142	–	–	–	412	554
MTN Guinea- Conakry	171	79	87	164	18	519
MTN Congo- Brazzaville	175	–	–	323	–	498
Other operations	669	262	189	193	583	1 896
	2 399	1 567	1 187	1 116	1 529	7 798

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.3 Credit risk continued

#### Expected credit losses

Application of the ECL model had an immaterial impact on all financial assets except for contract assets and trade receivables.

*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 historical/ 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 (including forecast economic indicators, as affected by the COVID-19 pandemic) to determine the ECL for the portfolio of trade receivables at the reporting date to the extent that there is a strong correlation between the forward looking information and the ECL.

*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) discounted using the Effective Interest Rate (EIR) (i.e.  $PD \times LGD \times EAD = ECL$ ). The probability of default has been increased for the estimated deteriorated gross domestic product growth in South Africa.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.3 Credit risk continued

#### Expected credit losses continued

The loss allowance for trade receivables to which the provision matrix and simplified matrix approach has been applied is determined as follows:

	Gross carrying amount Rm	Impairment Rm	Average ECL/ Impairment ratio %
<b>30 June 2020</b>			
<b>Provision matrix approach</b>			
<b>Interconnect receivables</b>	3 467	(491)	14,16
Fully performing	884	(115)	13,01
Up to 90 days past due	546	(16)	2,93
120 days and above past due	2 037	(360)	17,67
<b>Contract receivables</b>	1 411	(583)	41,32
Fully performing	505	(21)	4,16
Up to 90 days past due	189	(4)	2,12
120 days and above past due	717	(558)	77,82
<b>Retail receivables</b>	7 012	(204)	2,91
Fully performing	5 756	(18)	0,31
Up to 90 days past due	545	(15)	2,75
120 days and above past due	711	(171)	24,05
<b>EBU receivables</b>	2 780	(723)	26,01
Fully performing	659	(48)	7,28
Up to 90 days past due	575	(71)	12,35
120 days and above past due	1 546	(604)	39,07
<b>Other receivables</b>	3 584	(582)	16,24
Fully performing	1 161	(38)	3,27
Up to 90 days past due	761	(76)	9,99
120 days and above past due	1 662	(468)	28,16
<b>Simplified parameter-based approach</b>			
Trade receivables	1 513	(518)	34,24
Contract assets	3 891	(670)	17,22
<b>Total</b>	<b>23 658</b>	<b>(3 771)</b>	<b>15,94</b>

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.3 Credit risk continued

#### Expected credit losses continued

The loss allowance for trade receivables to which the provision matrix and simplified matrix approach has been applied is determined as follows:

	Gross carrying amount Rm	Impairment Rm	Average ECL/ Impairment ratio %
<b>31 December 2019</b>			
<b>Provision matrix approach</b>			
<b>Interconnect receivables</b>	3 074	(458)	14,90
Fully performing	675	(72)	10,67
Up to 90 days past due	566	(73)	12,90
120 days and above past due	1 833	(313)	17,08
<b>Contract receivables</b>	1 262	(453)	35,90
Fully performing	364	(16)	4,40
Up to 90 days past due	295	(98)	33,22
120 days and above past due	603	(339)	56,22
<b>Retail receivables</b>	7 026	(403)	5,74
Fully performing	5 839	(41)	0,70
Up to 90 days past due	412	(4)	0,97
120 days and above past due	775	(358)	46,19
<b>EBU receivables</b>	2 165	(473)	21,85
Fully performing	1 049	(45)	4,29
Up to 90 days past due	260	(38)	14,62
120 days and above past due	856	(390)	45,56
<b>Other receivables</b>	2 056	(187)	9,10
Fully performing	527	(31)	5,88
Up to 90 days past due	479	(3)	0,63
120 days and above past due	1 050	(153)	14,57
<b>Simplified parameter-based approach</b>			
Trade receivables	1 292	(397)	30,73
Contract assets	4 206	(338)	8,04
<b>Total</b>	<b>21 081</b>	<b>(2 709)</b>	<b>12,85</b>

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.3 Credit risk continued

#### Expected credit losses continued

Trade receivables are written off when there is no reasonable expectation of recovery. This is assessed individually by each operation and includes, for example, where the trade receivables have been handed over for collection and remain outstanding or the debtor has entered bankruptcy.

A net impairment loss of R325 million (June 2019: R195 million, December 2019: R245 million) was recognised during the period for trade receivables. In addition to the R355 million (June 2019: R274 million; December 2019: R531 million) provision utilised, R54 million (June 2019: R360 million, December 2019: R347 million) was written off directly to profit or loss during the period.

A net impairment loss of R353 million (June 2019: Rnil, December 2019: R137 million) was recognised during the period for contract assets and R20 million (June 2019: Rnil, December 2019: R187 million) of the provision was utilised.

### 13.4 Liquidity risk

The group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Group treasury develops strategies to ensure that the group has sufficient cash on demand or access to facilities to meet expected operational expenses, and to service financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Group treasury performs regular cash flow forecasts, monitors cash holdings of the group, negotiates lines of credit and sets policies for maturity profiles of loans.

The group has undrawn variable rate facilities of R44 billion (December 2019: R33,8 billion). Holdco cash balances including restricted cash and current investments was R14,8 billion as at 30 June 2020.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.4 Liquidity risk continued

The following are the undiscounted contractual cash flows of financial liabilities:

	Carrying amount Rm	Total Rm
<b>30 June 2020</b>		
Borrowings	112 817	139 918
Other non-current liabilities	174	175
Derivative liabilities	–	–
Lease liabilities	52 277	82 502
Trade and other payables	38 476	38 622
Mobile Money payables	24 348	24 348
Bank overdrafts	121	121
	<b>228 213</b>	<b>285 686</b>
<b>31 December 2019</b>		
Borrowings	94 148	104 426
Other non-current liabilities	383	383
Lease liabilities	46 327	90 789
Trade and other payables	33 719	33 994
Mobile Money payables	15 315	15 315
Derivative liabilities	21	21
Bank overdrafts	132	132
	<b>190 045</b>	<b>245 060</b>

Payable within one month or on demand Rm	More than one month but not exceeding three months Rm	More than three months but not exceeding one year Rm	More than one year but not exceeding two years Rm	More than two years but not exceeding five years Rm	More than five years Rm
6 340	4 590	18 399	28 210	66 888	15 491
6	7	–	–	–	162
–	–	–	–	–	–
815	2 186	6 906	9 229	24 816	38 550
19 869	5 097	13 656	–	–	–
24 348	–	–	–	–	–
116	–	5	–	–	–
51 494	11 880	38 966	37 439	91 704	54 203
8 178	1 301	4 831	27 908	48 601	13 607
5	3	4	–	–	371
786	2 061	7 340	7 802	25 539	47 261
22 576	6 218	5 200	–	–	–
15 315	–	–	–	–	–
21	–	–	–	–	–
128	–	4	–	–	–
47 009	9 583	17 379	35 710	74 140	61 239

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

*continued*

### 13.5 Market risk

#### 13.5.1 Interest rate risk

The group's interest rate risk arises from the repricing of the group's floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of the cash balances which exist.

At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:

	30 June 2020		31 December 2019	
	Fixed rate instruments Rm	Variable rate instruments Rm	Fixed rate instruments Rm	Variable rate instruments Rm
<b>Non-current financial assets</b>				
Loans and other non-current receivables	89	301	79	392
Investments	994	–	–	–
Mobile Money deposits	593	–	–	–
<b>Current financial assets</b>				
Trade and other receivables <sup>1</sup>	524	2 175	50	2 048
Current investments	10 703	–	2 579	–
Restricted cash	139	–	170	–
Mobile Money deposits <sup>2</sup>	5 173	13 314	3 236	8 266
Cash and cash equivalents	8 743	11 702	4 565	11 044
	26 958	27 492	10 679	21 750
<b>Non-current financial liabilities</b>				
Borrowings	34 523	55 892	27 292	51 165
Other non-current liabilities	12	162	–	373
<b>Current financial liabilities</b>				
Trade and other payables	891	263	210	182
Mobile Money payables <sup>2</sup>	5 766	13 314	3 236	8 266
Borrowings	6 655	15 747	5 716	9 975
Bank overdrafts	5	116	75	57
	47 852	85 494	36 529	70 018

<sup>1</sup> Included in variable rate trade and other receivables for 31 December 2019 was an amount of R1 651 million relating to a loan that has now been restated as a non-interest bearing instrument based on the interest rate position existing at 31 December 2019.

<sup>2</sup> Included in both variable rate MoMo deposits and payables for 31 December 2019 was an amount of R1 863 million that has now been restated as fixed rate instruments based on the interest rate position existing at 31 December 2019.



# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.5 Market risk continued

#### 13.5.1 Interest rate risk continued

The group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates, from the rate applicable at 30 June, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

The group is mainly exposed to fluctuations in the following market interest rates: JIBAR, LIBOR, NIBOR, prime, EURIBOR and money market rates. Changes in market interest rates affect the interest income or expense of floating rate financial instruments. A change in the above market interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown in the table to follow.

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular foreign currency rates, remain constant.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

*continued*

### 13.5 Market risk *continued*

#### 13.5.1 Interest rate risk *continued*

	30 June 2020			31 December 2019		
	(Decrease)/increase in profit before tax			(Decrease)/increase in profit before tax		
	Change in interest rate %	Upward change in interest rate Rm	Downward change in interest rate Rm	Change in interest rate %	Upward change in interest rate Rm	Downward change in interest rate Rm
JIBAR	1	(353,9)	353,9	1	(329,8)	329,8
LIBOR	1	(32,4)	32,4	1	19,4	(19,4)
Three-month LIBOR	1	(38,2)	38,2	1	(38,5)	38,5
NIBOR	1	(221,0)	221,0	1	(143,6)	143,6
Money market	1	(8,3)	8,3	1	75,3	(75,3)
Prime	1	65,0	(65,0)	1	18,5	(18,5)
Other <sup>1</sup>	1	8,7	(8,7)	1	3,3	(3,3)

<sup>1</sup> Included in variable rate trade and other receivables for 31 December 2019 was an amount of R1 651 million relating to a loan that has now been restated as a non-interest bearing instrument based on the interest rate position existing at 31 December 2019.

#### 13.5.2 Currency risk

Currency risk arises on recognised financial assets and liabilities which are denominated in a currency that is not the entity's functional currency. The group aims to maintain its foreign currency exposure within internally determined parameters. However, this depends on the market conditions in the geographies where the group operates. Group treasury reports on the status of foreign currency positions or derivatives to the group treasury committee on a regular basis.

Where possible, entities in the group use forward contracts to hedge their actual exposure to foreign currency.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.5 Market risk continued

#### 13.5.2 Currency risk continued

The group has used a sensitivity analysis technique that measures the estimated change to profit or loss and to other comprehensive income (OCI), of an instantaneous 10% strengthening or weakening in the rand against all other currencies, from the rate applicable at 30 June 2020, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The group is mainly exposed to fluctuations in foreign exchange rates in respect of the US dollar, euro and Iranian rial. This analysis considers the impact of changes in foreign exchange rates on profit or loss and OCI.

The analysis excludes foreign exchange translation differences resulting from the translation of group entities that have functional currencies different from the presentation currency, into the group's presentation currency, which are recognised in the foreign currency translation reserve.

The analysis has been performed on the basis of the change occurring at the reporting date and assumes that all other variables, in particular interest rates, remain constant.

Intercompany balances that are denominated in a currency other than the functional currency of the entity are reflected as either impacting profit or loss before tax, or equity in the case of loans for which settlement is neither planned nor likely to occur in the foreseeable future.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

continued

### 13.5 Market risk continued

#### 13.5.2 Currency risk continued

A change in the foreign exchange rates to which the group is exposed at the reporting date would have increased/(decreased) profit before tax or equity by the amounts shown below.

Denominated: Functional currency		Net assets/ (liabilities) denominated in foreign currency Rm
<b>30 June 2020</b>		
US\$:ZAR <sup>1</sup>		3 698
US\$:SYP		(536)
US\$:SDG		(1 404)
US\$:SSP		(7 362)
US\$:NGN		(23 870)
EUR:SDG		(2 212)
EUR:US\$		3 610
US\$:GNF		(5 354)
US\$:ZMK		(388)
IRR:ZAR		3 312
EUR:ZAR		875
<b>31 December 2019</b>		
US\$:ZAR <sup>1</sup>	18 583	
US\$:SYP	(516)	
US\$:SDG	(1 344)	
US\$:SSP	(5 809)	
US\$:NGN <sup>1</sup>	(8 522)	
EUR:SDG	(1 688)	
EUR:US\$	2 509	
US\$:GNF	(4 092)	
US\$:ZMK	(104)	
IRR:ZAR	2 753	
EUR:ZAR	203	

<sup>1</sup> Reduced by the impact of the net investment hedge as disclosed in note 18.

Increase/(decrease) in profit before tax			Increase/(decrease) in OCI		
Change in exchange rate %	Weakening in functional currency Rm	Strengthening in functional currency Rm	Change in exchange rate %	Weakening in functional currency Rm	Strengthening in functional currency Rm
10	369,8	(369,8)	10	–	–
10	(21,3)	21,3	10	(32,3)	32,3
10	(40,4)	40,4	10	(100,0)	100,0
10	(54,4)	54,4	10	(681,8)	681,8
10	(2 387,0)	2 387,0	10	–	–
10	(1,4)	1,4	10	(219,9)	219,9
10	361	(361)	10	–	–
10	(204,8)	204,8	10	(330,6)	330,6
10	(38,8)	38,8	10	–	–
10	331,2	(331,2)	10	–	–
10	87,5	(87,5)	10	–	–
10	1 858,3	(1 858,3)	10	–	–
10	(31,9)	31,9	10	(19,7)	19,7
10	(40,8)	40,8	10	(93,6)	93,6
10	(45,9)	45,9	10	(535,0)	535,0
10	(852,2)	852,2	10	–	–
10	(1,1)	1,1	10	(165,7)	165,7
10	250,9	(250,9)	10	–	–
10	(143,2)	143,2	10	(266,0)	266,0
10	(10,4)	10,4	10	–	–
10	275,3	(275,3)	10	–	–
10	20,3	(20,3)	10	–	–

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 13. Financial instruments and financial risk management

*continued*

### 13.6 Capital management

Management regularly monitors and reviews covenant ratios. Under the terms of the major borrowing facilities, the group is required to comply with financial covenants. These covenants differ based on the contractual borrowing terms of each facility and incorporate both IFRS and non-IFRS financial measures. As at 31 December 2019, the group has met interest-related covenants and these have improved further in the current period. Holdco leverage has increased since December 2019 due to the weakening of the rand on dollar denominated borrowings and cash upstreaming challenges from MTN Nigeria due to limited availability of foreign currency.

MTN Cameroon, with the support of MTN Group, has been in discussions with its lenders since the beginning of 2020 to restructure a syndicated revolving credit facility of CFA 30 billion (USD 50 million) maturing on 8 June 2020. Due to not having concluded the restructuring by the maturity date, MTN Cameroon defaulted on this repayment. On 29 June 2020, the lenders granted MTN Cameroon a waiver of the payment default for a period of two months ending on 8 August 2020, to allow time for a mutually agreed restructure solution to be concluded. Discussions with syndicate lenders on the loan restructuring and extension are progressing well.

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

	As at 30 June 2020 Reviewed Rm	As at 30 June 2019 Reviewed Rm	As at 31 December 2019 Audited Rm
– Contracted	18 486	18 850	31 273
– Not contracted	13 328	8 124	6 548
	5 158	10 726	24 725

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 15. Interest-bearing liabilities

	As at 30 June 2020 Reviewed Rm	As at 30 June 2019 Reviewed Rm	As at 31 December 2019 Audited Rm
Bank overdrafts	121	299	132
Current borrowings	22 398	6 894	15 691
Current liabilities	22 519	7 193	15 823
Non-current borrowings	90 399	83 091	78 457
	112 918	90 284	94 280

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 16. Issue and repayment of debt

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

	Six months ended 30 June 2020 Reviewed Rm		Six months ended 30 June 2019 Reviewed Rm		Financial year ended 31 December 2019 Audited Rm	
	Raised	Repaid	Raised	Repaid	Raised	Repaid
<b>Mobile Telephone Networks Holdings Limited</b>	<b>10 250</b>	<b>8 985</b>	9 550	7 950	15 950	14 013
Loan facilities	5 550	6 684	4 500	3 800	8 000	7 363
General banking facilities	2 000	1 750	2 800	3 000	3 700	5 500
Domestic medium-term programme	2 700	551	2 250	1 150	4 250	1 150
<b>MTN International (Mauritius) Limited</b>	–	762	–	–	–	–
Revolving credit facility	–	762	–	–	–	–
<b>MTN Nigeria Communications Plc</b>	<b>5 279</b>	<b>322</b>	7 887	3 228	15 030	5 792
Long-term borrowings	938	322	7 887	3 228	15 030	5 792
Commercial paper issuance <sup>1</sup>	4 341	–	–	–	–	–
<b>Other</b>	<b>2 584</b>	<b>2 477</b>	2 271	2 077	4 033	3 857
	<b>18 113</b>	<b>12 546</b>	19 708	13 255	35 013	23 662

<sup>1</sup> On 8 June 2020, MTN Nigeria issued commercial paper with a face value of NGN20 billion (R881 million) for 182 days and NGN80 billion (R3 460 million) for 270 days.



# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 17. Contingent liabilities

	As at 30 June 2020 Reviewed Rm	As at 30 June 2019 Reviewed Rm	As at 31 December 2019 Audited Rm
Uncertain tax exposures	1 997	2 027	1 959
Legal and regulatory matters	1 606	2 226	2 280
	3 603	4 253	4 239

### 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 30 June 2020, there were a number of tax disputes ongoing in various of the group's operating entities. The most significant matter relates to a transfer pricing dispute which the group is contesting with the South African Revenue Service that relates to the 2009 to 2012 tax years. Based on internal and external legal and technical advice obtained, the group remains confident that it has a robust legal case to contest the 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.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 18. Exchange rates to South African rand

		As at 30 June 2020 Reviewed	As at 30 June 2019 Reviewed	As at 31 Dec 2019 Audited	Six months ended 30 June 2020 Reviewed	Six months ended 30 June 2019 Reviewed	Financial year ended 31 Dec 2019 Audited
		Closing rates			Average rates		
<b>Foreign currency to South African rand:</b>							
United States dollar	USD	17,38	14,11	13,98	16,58	14,17	14,44
<b>South African rand to foreign currency:</b>							
Nigerian naira	NGN	22,25	25,56	26,09	22,70	25,49	25,05
Iranian rial <sup>1</sup>	IRR	9 101,60	7 972,00	8 120,61	8 092,49	6 548,14	7 013,39
Ghanaian cedi	GHS	0,34	0,38	0,41	0,34	0,37	0,38
Cameroon Communauté Financière Africaine franc	XAF	33,55	40,93	41,78	35,54	40,97	40,57
Côte d'Ivoire Communauté Financière Africaine franc	CFA	33,56	40,93	41,78	35,71	40,80	40,57
Ugandan shilling	UGX	214,52	261,54	262,14	224,57	262,06	256,68
Syrian pound	SYP	72,25	31,04	31,33	35,71	30,87	30,27
Sudanese pound	SDG	3,17	3,20	3,23	3,18	3,31	3,14

<sup>1</sup> SANA rate.

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 R14,5 billion (June 2019: R3 423 million reduction, December 2019: R4 415 million reduction) for the period.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 18. Exchange rates to South African rand continued

### Net investment hedges

The group hedges a designated portion of its dollar net assets in MTN Dubai for forex exposure arising between the US\$ and ZAR as part of the group's risk management objectives. The group designated external borrowings (eurobonds) denominated in US\$ held by MTN (Mauritius) Investments Limited with a fair value of R31,1 billion (June 2019: R25 billion, December 2019: R25,8 billion). 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 of MTN Dubai. There was no hedge ineffectiveness recognised in profit or loss during the current or prior period.

## 19. Disposal of Uganda Tower Interco B.V. and Ghana Tower Interco B.V.

On 31 December 2019 the group concluded an agreement to dispose of its 49% equity holdings in Ghana InterCo and Uganda InterCo to AT Sher Netherlands Cooperatief U.A. (ATC). The Uganda Interco transaction closed on 21 February 2020 for cash proceeds of US\$140 million (R2,2 billion<sup>1</sup>) and realised a profit of R1,3 billion. The accumulated FCTR that was reclassified to profit and loss on disposal of Uganda Interco was a gain of R112 million. The Ghana Interco transaction closed on 18 March 2020 for cash proceeds of US\$384 million (R6,6 billion<sup>1</sup>) and realised a profit of R4,8 billion. The accumulated FCTR that was reclassified to profit and loss on disposal of Ghana Interco was a loss of R1,8 billion.

<sup>1</sup> Translated at the effective date of the sale. Cash proceeds per the statement of cash flows are translated at the spot rate on the date of receipt of the proceeds.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 20. Disposal group held for sale

In May 2020, the group committed to a plan to sell MTN Syria JSC (MTN Syria) to Teleinvest Limited (Teleinvest), which is the minority shareholder in MTN Syria with a 25% holding. Accordingly, MTN Syria's assets and liabilities have been presented as held for sale. Teleinvest will acquire MTN Group's interest in MTN Syria for a net selling price of approximately US\$65 million (R1,1 billion<sup>1</sup>). The group expects the sale to be concluded within approximately six months from the date of this announcement. An impairment loss of R759 million after writing down the carrying amount of the disposal group to its fair value less costs to sell has been recognised in profit or loss. MTN Syria was presented as part of the MENA cluster in the segment information (note 8). On disposal of MTN Syria, accumulated foreign currency translation (FCTR) losses will be reclassified to profit and loss and included in EPS, with no impact on HEPS, equity and cash flows. As at 30 June 2020 MTN Syria's accumulated FCTR loss was R4,8 billion.

The carrying amounts of assets and liabilities that have been reclassified to non-current assets held for sale as at 30 June 2020 were:

	30 June 2020 Reviewed Rm
Property, plant and equipment	1 084
Right-of-use assets	169
Intangible assets	468
Trade receivables and other current assets	610
Cash and cash equivalents	136
<b>Total assets</b>	<b>2 467</b>
Borrowings	20
Deferred tax and other non-current liabilities	415
Current liabilities	641
<b>Total liabilities</b>	<b>1 076</b>
<b>Net carrying amount of assets held for sale</b>	<b>1 391</b>

<sup>1</sup> Translated at the closing exchange at 30 June 2020 of US\$1 = R17,3832.

# Notes to the condensed consolidated interim financial statements

continued

for the six months ended 30 June 2020

## 21. Events after reporting period

### 21.1 Revisions of MTN Nigeria lease agreement

On 23 July 2020 MTN Group announced that MTN Nigeria and companies affiliated to IHS Holding Limited (IHS) have reached an agreement to expand the scope of their current service agreement and amend the currency conversion provision for tower services. In 2014, MTN Nigeria took a strategic decision to sell its passive infrastructure (including towers) and focus on its core business. Although MTN Nigeria retains a small number of towers, it currently has agreements in place with a number of tower providers across the country, including IHS.

MTN Nigeria leases the majority of the tower/site space required for its network equipment from IHS and has concluded a renegotiation of certain terms of its tower rental agreements. These include an increased focus on rural connectivity and fibre deployment. Furthermore, the changes will result in improved cost for future technology evolution and backhaul in the network, which will bear fruit in the longer term, while agreeing to move the reference rates for conversions to Naira from the Central Bank of Nigeria's official rate (CBN) to the Nigerian Autonomous Foreign Exchange Rate (NAFEX). This change in reference rate currently at N360 (CBN) to N385 (NAFEX) is expected to reduce the EBITDA margin for MTN Nigeria in 2020. This is, however, offset over time by the improved pricing and increased focus on rural connectivity and backhaul in the network. The mutually beneficial revisions to the lease agreement are also expected to have a positive impact on the fair value of the group's 29% investment held in IHS carried at R30,7 billion at 30 June 2020.

### 21.2 Disposal of Belgacom International Carrier Services

The group and its co-shareholders in Belgacom International Carrier Services SA (BICS) are in discussions regarding a potential sale of a controlling stake in BICS. The group holds a 20% investment in BICS and the investment in associate is not considered a strategic investment. BICS was accordingly classified as a non-current asset held for sale on 5 August 2020. At 30 June 2020, the carrying amount of the investment in associate was R2,3 billion and the accumulated FCTR gain related to BICS was R1,4 billion.

## 22. Changes in accounting policies

### 22.1 Release of foreign currency translation reserves

The group implemented a voluntary accounting policy change relating to the release of FCTR.

In the first quarter of 2019, the group announced that it will be optimising its portfolio through an asset realisation programme aimed at simplifying the group, reducing risk and improving shareholder returns and in March 2020 the group announced that this programme has been further expanded. The strategic intent to dispose of certain investments in subsidiaries and associates over the medium term has resulted in a review of the most appropriate approach in accounting for these disposals.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 22. Changes in accounting policies continued

### 22.1 Release of foreign currency translation reserves continued

IAS 21 *The Effects of Changes in Foreign Exchange Rates* (IAS 21) requires that on the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in FCTR in equity, shall be reclassified from equity to profit or loss as a reclassification adjustment when the gain or loss on disposal is recognised. Two accepted methods exist for recycling FCTR where the investments are held by an intermediate parent with a different functional currency than the entity disposed of and the ultimate parent. These methods that are referred to as part of the basis for conclusions (BC 35 – BC 39) in IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* are as follows:

- Step-by-step method – FCTR is recycled based on the appreciation or devaluation in the functional currency of the investment disposed of against the functional currency of the intermediate parent and translated into the functional currency of the ultimate parent.
- Direct method – FCTR is recycled based on the appreciation or devaluation in the functional currency of the investment disposed against the functional currency of the ultimate reporting entity.

The group has historically applied the step-by-step method on disposals to date. The functional currencies of some of the group's intermediate holding companies are US dollar and, as a result, the FCTR reclassified on the step-by-step approach is determined based on the appreciation or devaluation of the currencies of the entities disposed of against the US dollar and translated into the functional currency of the ultimate parent. As the group's functional and presentation currency is ZAR and the FCTR is based on the appreciation or devaluation of the ZAR against the equity of the underlying operations in the group, the direct method provides a more reliable and relevant view of the gain or loss realised in the context of the group's ZAR functional currency. The group has accordingly changed its accounting policy on the reclassification of FCTR on disposal of foreign operations held by an intermediate parent where the functional currency of the foreign operation and intermediate parent is different to that of the ultimate parent from the step-by-step method to the direct method.

This change in accounting policy impacted the FCTR gains and losses reclassified to profit or loss in the current period on disposal of the group's investments in associates, Ghana Interco and Uganda Interco, and in the prior periods on disposal of the group's interest in foreign operations, as disclosed below:

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 22. Changes in accounting policies continued

### 22.1 Release of foreign currency translation reserves continued

Condensed consolidated income statement (extract)	Six months ended 30 June 2020 Rm	Six months ended 30 June 2019 Rm	Financial year ended 31 December 2019 Rm
Gain on disposal/dilution of investment in joint ventures and associates	831	–	–
Other income	–	137	137
<b>Operating profit</b>	<b>831</b>	<b>137</b>	<b>137</b>
<b>Profit before tax</b>	<b>831</b>	<b>137</b>	<b>137</b>
Income tax expense	–	–	–
<b>Profit after tax</b>	<b>831</b>	<b>137</b>	<b>137</b>
<b>Attributable to:</b>			
Equity holdings of the company	831	137	137
Non-controlling interests	–	–	–

Condensed consolidated statement of comprehensive income (extract)	Six months ended 30 June 2020 Rm	Six months ended 30 June 2019 Rm	Financial year ended 31 December 2019 Rm
Exchange differences on translating foreign operations including the effect of hyperinflation	(831)	(137)	(137)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>

Condensed consolidated statement of financial position (extract)	30 June 2020 Rm	30 June 2019 Rm	31 December 2019 Rm	1 January 2019 Rm
Retained earnings	3 116	2 285	2 285	2 148
Other reserves	(3 116)	(2 285)	(2 285)	(2 148)
<b>Total equity</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

The impact of the change in policy on earnings per share is a 47 cents increase (2019: 7 cents increase) and diluted earnings a 46 cents increase (2019: 7 cents increase). The change in accounting policy had no impact on headline earnings or cash flows in the current or prior comparative period.

# Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2020

## 22. Changes in accounting policies continued

### 22.2 Mobile Money deposits and payables

As stated in the group's 2019 annual financial statements, the group reviewed and changed its accounting policy relating to MoMo customers' balances held with banks. The group recognises MoMo balances held by the respective banks and the customers' rights to these balances as an obligation (financial liability) in the ordinary course to repay the balances to the MoMo customers and a right to claim the corresponding amounts from the relevant banks (financial asset).

The change in accounting policy resulted in R5,7 billion of mobile money assets and liabilities being brought onto the statement of financial position at 31 December 2019 (30 June 2019: R12,0 billion). This change in accounting policy was not adopted in the interim financial statements for the period ended 30 June 2019. Therefore, the 30 June 2019 comparative numbers have been restated. The change did not have any impact on earnings attributable to ordinary shareholders, earnings per share or cash flows.

	June 2019 Rm
<b>Statement of financial position</b>	
<b>Current assets</b>	
Restricted cash	(1 096)
Mobile Money deposits	13 077
<b>Current liabilities</b>	
Trade and other payables	(1 096)
Mobile Money payables	13 077



# Administration

## MTN GROUP LIMITED

Incorporated in the Republic of South Africa

### Company registration number:

1994/009584/06

**ISIN:** ZAE000042164

**Share code:** MTN

### Board of directors

MH Jonas\*

RA Shuter<sup>1</sup>

RT Mupita<sup>1</sup>

PB Hanratty<sup>2\*</sup>

S Kheradpir<sup>3</sup>

AT Mikati<sup>4#</sup>

SP Miller<sup>5\*</sup>

KDK Mokhele\*

VM Rague<sup>7\*</sup>

KC Ramon\*

SLA Sanusi<sup>6\*</sup>

NL Sowazi\*

BS Tshabalala\*

NP Mageza\* (resigned on 30 April 2020)

MLD Marole\* (resigned on 30 April 2020)

<sup>1</sup> Executive

<sup>2</sup> Irish

<sup>3</sup> American

<sup>4</sup> Lebanese

<sup>5</sup> Belgian

<sup>6</sup> Nigerian

<sup>7</sup> Kenyan

\* Independent non-executive director

# Non-executive director

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PT Sishuba-Bonoyi

Private Bag X9955, Cresta, 2118

E-mail: COSECqueries@MTN.com

### Registered office

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Fairland

Gauteng, 2195

### American depository receipt (ADR) programme

Cusip No. 62474M108

ADR to ordinary share 1:1

### Depository: The Bank of New York

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### MTN Group sharecare line

Toll free: 0800 202 360 or +27 11 870 8206  
if phoning from outside South Africa

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Proprietary Limited

Registration number 2004/003647/07

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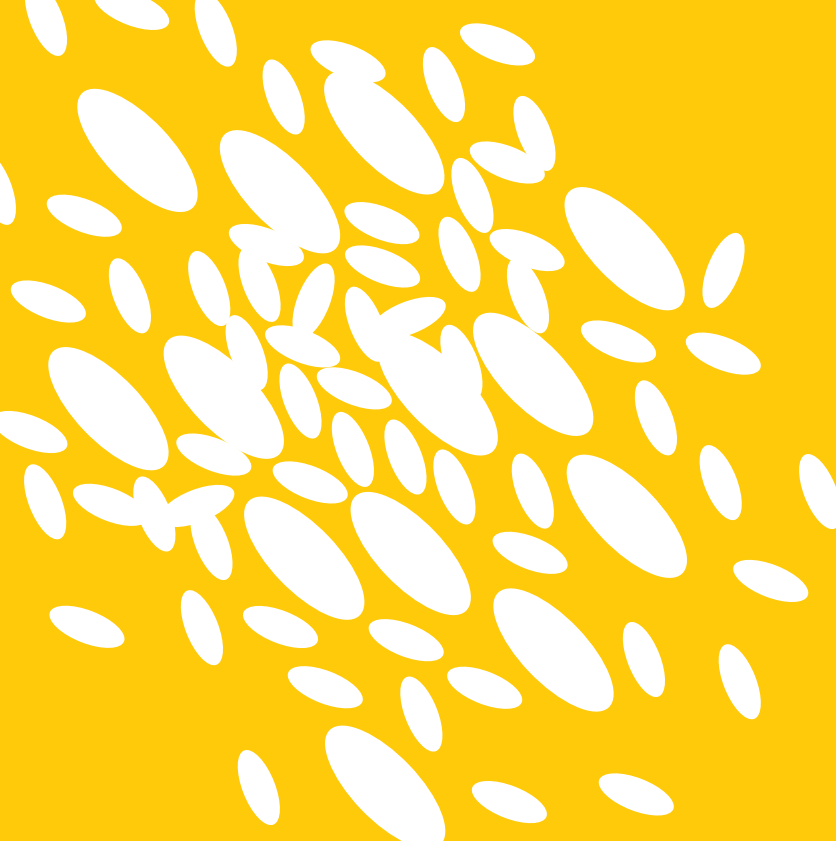
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**Date of release:** 6 August 2020





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