

(Incorporated in the Republic of South Africa)
(Registration number 1994/009584/06)
(Share code: MTN)
(ISIN: ZAE000042164)
(MTN or the group)

Quarterly update for the period ended 31 March 2019

MTN is an emerging market mobile operator with a clear vision to lead the delivery of a bold, new digital world to our 237 million customers across 21 operations. We are inspired by our belief that everyone deserves the benefits of a modern connected life.

Salient features

- Group subscribers increased quarter-on-quarter (QoQ) by 4,0 million to 236,6 million
- Active data subscribers increased QoQ by 2,6 million to 81,3 million
- Active MTN Mobile Money customers increased QoQ by 1,2 million to 28,3 million
- Group service revenue increased year-on-year (YoY) by 10,0%
- MTN South Africa service revenue increased YoY by 4,6% with an earnings before interest, tax and depreciation (EBITDA) margin of 38,8% (35,3%*)
- MTN Nigeria service revenue increased YoY by 13,4% with an EBITDA margin of 53,3% (44,2%*)
- Reported growth rates for both service revenue and EBITDA* were higher than constant currency rates

These results are presented on an IFRS 16 basis adopted on 1 January 2019.

* For comparative purposes IAS 17 numbers have been provided in brackets. A summary table below provides the impact of IFRS 16 on the numbers disclosed in these results. How the IFRS 16 standard being applied in MTN will be presented to investors at a pre-capital markets day on 24 May 2019. Full IFRS 16 numbers will be reported in our interim 2019 results.

Unless otherwise stated, financial growth rates are presented on a constant currency basis and are YoY (three-month period ended 31 March 2019 versus the three month ended 31 March 2018). Non-financial growth rates are presented QoQ, or 1Q19 versus 4Q18. Data revenue refers to access data revenue only.

IFRS 15 - Revenue from Contracts with Customers has been implemented with effect from 1 January 2018 and comparative numbers have been restated where appropriate.

All prior period financial and non-financial numbers have been restated for the disposal of Cyprus for comparability purposes.

Group president and CEO, Rob Shuter comments:

"MTN's positive commercial momentum continued in the first quarter with a pleasing operational performance across the markets, led by South Africa, Nigeria and Ghana. Group service revenue grew by 10,0% YoY in line with our medium-term guidance of double-digit service revenue growth.

The growth in service revenue was supported by the continued expansion in voice, data and fintech revenue. Outgoing voice revenue increased by 5,9%, data revenue increased by 18,3% and fintech revenue increased by 30,6%. Digital revenue declined by 45,4%, impacted by the work that continues around optimising our value-added services business. Currency markets were favourable in the quarter, resulting in reported service revenue growth higher than constant currency rates.

We made good progress in our work to build a digital operator, adding 2,6 million active data subscribers and 1,2 million MTN Mobile Money subscribers.

We have launched Africa's first instant messaging platform 'Ayoba' in Ivory Coast and Cameroon and plan

further roll out across other markets in the second half of the year. We will also integrate payments into the Ayoba service as part of our broadening of the fintech business.

We continued to invest in our network with reported capital expenditure to the end of March 2019 of R5,4 billion (R5,0 billion*). In the quarter, we led network NPS in nine of our markets.

We made further headway in our asset realisation programme. We signed an agreement with American Tower Corporation (ATC) to buy out our shareholder loan in ATC Ghana.

The successful listing of our e-commerce joint venture, Jumia, provides a market value for our 18,9% investment and we completed the conversion of MTN Nigeria to a public company ahead of the listing by introduction on the Nigerian Stock Exchange anticipated for May 2019.

We remain committed to achieving our medium-term targets through delivering against all elements of our BRIGHT strategy and in particular executing our plans to access our growth curves."

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

The SEAGHA 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.

MTN South Africa

MTN South Africa recorded YoY service revenue growth of 4,6%, within our medium-term guidance range of mid-single-digit growth, buoyed by a strong performance from our wholesale business. Data and fintech revenue increased by 3,1% and 21,1% respectively, while digital and outgoing voice revenue declined by 35,7% and 4,4% respectively.

Given out-of-bundle price reductions taken in the period, and a challenging economic environment, prepaid service revenue decreased by 5,1%. As previously communicated, we expect that prepaid service revenue will remain under pressure for a few quarters, before we see recharge resilience and changes in customer behaviour drive up in-bundle service revenue. Consumer postpaid service revenue increased by an encouraging 11,5%. The enterprise business continued to stabilise and the wholesale business recorded excellent growth with contribution from both Telkom and Cell C roaming traffic.

At the end of the quarter, MTN South Africa had 24,1 million prepaid users (down 4,9% QoQ), 5,9 million postpaid subscribers (up 1,2% QoQ) and 3,0 million IoT subscribers.

MTN South Africa maintained its position as the country's best network, and registered number one position in NPS at the end of March 2019.

MTN South Africa's margin on EBITDA was 38,8%. On an IAS 17 basis the margin remained unchanged YoY at 35,3%.

We note the provisional findings and recommendations of the Competition Commission in its data services market inquiry and will engage with the Commission constructively, ahead of submitting our response in June 2019. We remain of the view that significant reductions in data pricing have already been implemented subsequent to the data analysed in the report, that the urgent release of high demand spectrum will result in lower cost of

data services, and that there is a viable wholesale market that enables smaller operators and MNVOs to provide compelling propositions to their customers.

MTN Nigeria

MTN Nigeria reported a solid quarter with service revenue increasing by 13,4% YoY, in line with our medium-term guidance of double-digit growth. This was led by a 32,4% increase in data revenue and a 12,7% increase in voice revenue. A general slowdown in economic activities during the election period impacted voice revenue growth.

Growth in data revenue was supported by an increase in smartphone penetration, improved network quality and a 9,1% increase QoQ in active data subscribers to 20,4 million.

Total subscribers increased by 3,6% QoQ to 60,3 million.

MTN Nigeria reported an EBITDA margin of 53,3%. On an IAS 17 basis the margin increased to 44,2%, up 2,4 percentage points YoY, driven by the growth in revenue and effective cost management.

Southern and East Africa and Ghana (SEAGHA)

The strong performance of the SEAGHA region was mainly driven by MTN Ghana, MTN Uganda and MTN Rwanda. SEAGHA's service revenue increased by 21,2%. Data and fintech revenues increased across the region. Subscribers increased by 3,1% to 45,0 million, supported by MTN Ghana and MTN Uganda.

West and Central Africa (WECA)

Performance of the WECA region was negatively impacted by the underperformance of MTN Ivory Coast, mainly as a result of competitive pressures. This dragged WECA service revenue down by 1,4%, however, this is an improvement from the 5,0% decline of service revenue in 2018. In Cameroon, the operating environment remained challenging with conflict in the Northwest and Southwest regions continuing, however, MTN Cameroon is tracking ahead of our recovery plan. WECA subscribers increased by 5,6% to 32,4 million, led by MTN Cameroon.

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

The MENA region reported a pleasing performance in the quarter, with service revenue up by 22,6% (excluding MTN Cyprus from the prior year comparison), supported by solid growth in data revenue across the region. Subscribers increased by 0,3% to 24,1 million.

Progress on our asset realisation programme

We advanced plans to dispose of our shareholding in Mascom Wireless Botswana for a consideration of US\$300 million. This is expected to be concluded during the second quarter, subject to regulatory approvals.

Early in the second quarter, our e-commerce joint venture, Jumia Technologies AG, successfully raised fresh capital and listed on the New York Stock Exchange, resulting in a dilution of our shareholding from 29,7% to 18,9%. This investment is now valued at approximately US\$560 million as at 6 May 2019. As of 12 April 2019, we will no longer equity account for the Jumia investment.

In May 2019, we signed an agreement with American Tower Corporation (ATC) to buy out our shareholder loan in ATC Ghana at par plus accrued interest for proceeds of approximately US\$61 million. The transaction is expected to close during the second quarter.

In line with simplifying the capital structure of the business ahead of listing, MTN Nigeria is progressing with the redemption of the preference shares, of which MTN Group's share is approximately US\$315 million.

Update on the Attorney General of the Federal Republic of Nigeria matter

MTN took legal action after receiving a demand notice from the Attorney General of the Federal Republic of Nigeria (AGF) alleging unpaid duties and taxes between 2007 and 2017. The lawsuit challenges the authority of the AGF to deal with issues around tax and custom duties. According to the law, oversight for this is the

responsibility of the Federal Inland Revenue Service (FIRS) and Nigerian Customs Service (NCS).

The court heard arguments on the AGF's preliminary objection on 26 March 2019. At the time, the AGF requested that MTN's lawsuit be dismissed because it was not filed within the appropriate timeframe, which the AGF asserted was within three months of receipt of the initial request for a self-assessment. Having considered the matter, the judge determined that MTN's lawsuit was not statute-barred, as the company was only required to file its case within three months of receipt of the actual demand notice in August, which it did. The Federal High Court delivered its ruling on 7 May 2019, rejecting the notice of preliminary objection filed by the AGF in response to MTN's lawsuit to have the AGF's demand for circa US\$2 billion dismissed.

We remain resolute that MTN Nigeria has not committed any offence and will continue to defend this position.

Court was adjourned to 26 June 2019 for the trial of the substantive case.

The financial information on which this quarterly update is based, including constant currency information, has not been reviewed and reported on by MTN's external auditors. Constant currency information has been presented to illustrate the impact of changes in currency rates on the group's results. In determining the change in constant currency terms, the current financial reporting period's results have been adjusted to the prior period average exchange rates determined as the average of the monthly exchange rates. The measurement has been performed for each of the group's currencies, materially being that of the US dollar and Nigerian naira. The constant currency growth percentage has been calculated based on the current year constant currency results compared to the prior year results. In addition, in respect of MTN Irancell, MTN Sudan, MTN South Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. The economies of Sudan, South Sudan and Syria were assessed to be hyperinflationary for the period under review and hyperinflation accounting was applied.

Fairland
9 May 2019

Lead sponsor
JP Morgan Equities (SA) Proprietary Limited

Joint sponsor
Tamela Holdings Proprietary Limited

Subscribers
('000)

	Modernised 1Q18	Modernised 2Q18	Modernised 3Q18	Modernised 4Q18	Modernised 1Q19
Country					
South Africa	29 806	30 176	29 471	31 191	30 010
Postpaid	5 489	5 614	5 734	5 795	5 866
Prepaid	24 317	24 562	23 738	25 397	24 144
Nigeria	54 529	55 185	56 035	58 197	60 265
SEAGHA	39 737	40 249	41 767	43 692	45 044
Ghana	16 151	16 525	17 111	17 790	18 595
Uganda	10 856	10 511	10 828	11 270	11 713
Rwanda	3 574	3 805	4 203	4 465	4 600
Zambia	5 638	5 747	6 052	6 459	6 381
South Sudan	762	927	958	1 016	1 103
Botswana	1 746	1 746	1 664	1 722	1 703
Swaziland	1 010	988	952	969	948
WECA	28 610	29 451	30 152	30 637	32 361
Cameroon	6 596	6 637	6 922	7 684	8 742

Ivory Coast	10 971	11 257	11 208	11 050	11 357
Benin	4 358	4 517	4 826	4 914	5 114
Conakry	2 655	2 827	2 923	2 791	2 932
Congo B	2 373	2 345	2 382	2 464	2 419
Liberia	915	1 078	1 117	983	1 033
Bissau	742	790	774	752	763
MENA	68 203	67 855	67 959	68 838	68 921
Iran (joint venture)	44 551	44 610	44 439	44 780	44 783
Syria	5 617	5 293	5 435	5 605	5 412
Sudan	7 670	7 677	7 600	7 792	8 212
Yemen	4 193	4 213	4 263	4 405	4 251
Afghanistan	6 172	6 062	6 222	6 257	6 263
Total subscribers	220 885	222 916	225 384	232 554	236 601

ARPU
(Local currency)

Country	1Q18	Modernised 2Q18	Modernised 3Q18	Modernised 4Q18	Modernised 1Q19
South Africa	96,14	94,23	98,33	101,32	93,04
Postpaid	141,80	140,23	142,78	146,60	141,76
Postpaid (excluding telemetry)	262,43	256,26	271,14	281,10	278,50
Prepaid	77,19	74,64	77,52	80,50	71,72
Nigeria	1 493,09	1 491,28	1 492,25	1 534,73	1 510,01
SEAGHA					
Ghana	20,13	21,08	19,38	23,00	21,23
Uganda	7 914,00	8 010,00	8 463,00	8 775,00	8 616,00
Rwanda	1 960,18	1 971,52	2 031,64	1 914,06	1 898,71
Zambia	27,57	28,66	30,05	30,23	26,97
South Sudan	477,84	678,47	678,63	710,00	804,38
Botswana	76,26	76,26	75,21	73,00	67,14
Swaziland	92,83	90,01	99,85	113,74	100,09
WECA					
Cameroon	2 518,35	2 534,53	2 408,00	2 178,00	2 025,11
Ivory Coast	2 261,27	2 260,85	2 053,72	2 307,00	1 979,53
Benin	2 941,08	2 690,45	2 745,06	2 809,19	2 840,22
Conakry	18 426,75	17 371,94	16 995,08	17 524,00	18 270,13
Congo B	3 263,37	3 356,65	3 789,47	3 673,47	3 472,56
Liberia	3,47	3,14	2,67	3,17	2,72
Bissau	2 153,93	2 316,82	1 979,81	1 489,93	1 696,98
MENA					
Iran (joint venture)	159 303,00	167 793,00	175 049,22	181 284,00	182 205,00
Syria	1 032,71	1 129,02	1 244,15	1 114,48	1 188,01
Sudan	35,25	39,88	42,35	49,79	51,46
Yemen	921,59	982,79	1 020,19	1 034,72	1 069,29
Afghanistan	116,92	134,77	139,39	128,45	119,99

ARPU
(US dollar)

Country	1Q18	Modernised 2Q18	Modernised 3Q18	Modernised 4Q18	Modernised 1Q19
South Africa	8,06	7,45	7,06	7,08	6,68
Nigeria	4,14	4,13	4,12	4,22	4,17

SEAGHA					
Ghana	4,50	4,60	4,02	4,70	4,05
Uganda	2,17	2,12	2,25	2,36	2,33
Rwanda	2,32	2,13	2,35	2,54	2,15
Zambia	2,82	2,87	2,90	2,63	2,25
South Sudan	3,60	4,93	4,67	4,70	5,19
Botswana	7,60	7,60	7,24	7,10	6,20
Swaziland	7,78	7,12	7,17	8,02	7,19
WECA					
Cameroon	4,66	4,60	4,28	3,79	3,53
Ivory Coast	4,19	4,10	3,65	4,01	3,45
Benin	5,45	4,88	4,88	4,88	4,95
Conakry	2,05	1,93	1,89	1,93	2,01
Congo B	5,94	5,99	6,69	6,38	6,04
Liberia	3,47	3,14	2,67	3,17	2,72
Bissau	3,99	4,21	3,52	2,59	2,96
MENA					
Iran (joint venture)	4,32	4,05	2,52	1,98	2,14
Syria	2,37	2,58	2,84	2,54	2,71
Sudan	1,45	1,37	1,45	1,12	1,08
Yemen	2,38	2,58	2,68	2,72	2,81
Afghanistan	1,69	1,90	1,90	1,70	1,60

Average exchange rates

	March 2019	March 2018	ZAR:LC strengthening/ (weakening) %
ZAR: local currency			
Nigerian naira	25,98	30,20	(14,0)
Iranian rial	6 108,30	3 089,54	97,7
Ghanaian cedi	0,38	0,38	-
Cameroon franc	41,25	45,86	(10,1)
Ugandan shilling	264,79	304,79	(13,1)
Syrian pound	31,46	36,59	(14,0)
Sudanese pound	3,42	2,04	67,6
			LC:USD
			strengthening/ (weakening) %
USD: local currency			
South African rand	13,92	11,92	(16,8)
Nigerian naira	362,09	360,24	(0,5)
Iranian rial	85 006	36 848	(130,7)

Service revenue

Country	Q1 19	Q1 18	Reported %	Constant currency %
South Africa	9 092	8 693	4,6	4,6
Nigeria	10 845	8 232	31,7	13,4
SEAGHA	6 097	4 851	25,7	21,2
WECA	5 176	4 739	9,2	(1,4)

MENA (excluding Cyprus)	1 940	1 645	17,9	22,6
Group (excluding Cyprus)	33 210	28 133	18,0	10,0

EBITDA margin

	IAS 17 Q1 18	IAS 17 Q1 19	IFRS 16 Q1 19
MTN South Africa (%)	35,3	35,3	38,8
MTN Nigeria (%)	41,8	44,2	53,3
Group capex (Rm)	3 880	4 991	5 358

Appendix - MTN Nigeria

Condensed consolidated income statement
for the

	Financial period ended 31 March 2019 Nm	Financial period ended 31 March 2018 Nm
Revenue	282 093	249 223
Other income	24	20
Direct network and technology operating costs	(55 892)	(71 295)
Costs of handsets and other accessories	(3 096)	(1 515)
Interconnect and roaming costs	(26 790)	(25 055)
Staff costs	(7 765)	(6 681)
Selling, distribution and marketing expenses	(21 416)	(21 400)
Government and regulatory costs	(7 667)	(6 876)
Impairment of trade receivables and contract assets	(718)	545
CBN resolution	-	-
Other operating expenses	(8 339)	(12 767)
EBITDA	150 432	104 201
Depreciation of property, plant and equipment	(49 247)	(33 410)
Amortisation of intangible assets	(7 317)	(6 701)
Impairment of goodwill	-	-
Operating profit	93 868	64 090
Net finance costs	(23 772)	(15 452)
Profit before tax	70 096	48 638
Income tax expense	(21 655)	(16 435)
Profit after tax	48 441	32 203
Attributable to:		
Equity holders of the company	48 441	32 203
Non-controlling interests	-	-
	48 441	32 203

Condensed consolidated statement of comprehensive income
for the

Financial period ended 31 March	Financial period ended 31 March
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	2019	2018
	Nm	Nm
Profit after tax	48 441	32 203
Other comprehensive income after tax:		
Items that may be reclassified to profit or loss:		
Available-for-sale financial assets	(6)	(237)
Gains arising during the year	(6)	(237)
Other comprehensive income for the year	(6)	(237)
Attributable to equity holders of the company	(6)	(237)
Total comprehensive income for the year	48 435	31 966
Attributable to:		
Equity holders of the company	48 435	31 966
	48 435	31 966

Condensed consolidated statement of financial position
for the

	Financial period ended 31 March 2019 Nm	Financial period ended 31 March 2018 Nm
Non-current assets	1 264 122	705 682
Property, plant and equipment	1 135 025	564 693
Intangible assets and goodwill	113 044	124 115
Capitalised contract costs	3 978	3 391
Deferred tax and other non-current assets	12 075	13 483
Current assets	182 037	259 271
Trade and other receivables	42 540	52 445
Other current assets	63 294	87 197
Restricted cash	21 852	42 683
Cash and cash equivalents	54 351	76 946
Total assets	1 446 159	964 952
Total equity	194 788	106 109
Attributable to equity holders of the company	194 788	106 109
Non-current liabilities	719 135	275 769
Interest-bearing liabilities	127 071	144 543
Deferred tax and other non-current liabilities	592 064	131 226
Current liabilities	532 236	583 075
Interest-bearing liabilities	124 723	155 170
Trade and other payables	274 563	331 839
Other current and tax liabilities	132 950	96 066
Total equity and liabilities	1 446 159	964 952

Condensed consolidated statement of changes in equity
for the

	Financial period	Financial period
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	ended 31 March 2019 Nm	ended 31 March 2018 Nm
Opening balance at 1 January	106 109	100 898
Adjustment on initial application of IFRS 15	-	1 447
Adjustment on initial application of IFRS 9	(384)	-
Restated balance at 1 January	105 725	102 345
Total comprehensive income	48 435	31 966
Profit after tax	48 441	32 203
Other comprehensive income after tax	(6)	(237)
Dividends declared	(73 000)	(38 613)
Other movements	113 628	10 410
Attributable to equity holders of the company	194 788	106 109
Non-controlling interests	-	-
Closing balance at 31 December	194 788	106 109

Condensed consolidated statement of cash flows
for the

	Financial period ended 31 March 2019 Nm	Financial period ended 31 March 2018 Nm
Net cash generated from operating activities	(22 467)	111 851
Cash generated from operations	71 184	150 749
Interest received	4 110	9 451
Interest paid	(24 761)	(10 693)
Net cash used in investing activities	(48 551)	(77 272)
Acquisition of property, plant and equipment	(63 140)	(56 254)
Acquisition of intangible assets	(427)	(884)
Realisation of bonds, treasury bills and foreign deposits	3 746	(17 966)
Decrease in restricted cash	15 367	(1 250)
Movement in other investing activities	(4 097)	(918)
Net cash used in financing activities	72 433	(46 565)
Proceeds from borrowings	101 701	75 426
Repayment of borrowings	(24 792)	(30 334)
Dividends paid to equity holders of the company	(73 000)	(37 657)
Other financing activities	68 524	(54 000)
Net decrease in cash and cash equivalents	1 415	(11 986)
Net cash and cash equivalents at beginning of the year	53 012	89 749
Exchange gains/(losses) on cash and cash equivalents	(75)	(817)
Net cash and cash equivalents at end of the year	54 351	76 946

Impact of the adoption of IFRS 16

IFRS 16 was issued in January 2016, and is mandatory for financial years commencing 1 January 2019. Under the new standard, an asset (the right of use of the leased item) (ROU) and a financial liability to pay rentals are capitalised and recognised. The impact on the group's statement of comprehensive income, resulting from the adoption of the IFRS 16, is the depreciation and finance cost that replaced the rent charges under the IAS 17.

As at the reporting period, total recognised ROU assets and liability were N507,1 billion and N503,2 billion respectively. Total operating costs declined by N25,8 billion, improving EBITDA by same amount. On the other hand, depreciation and finance costs increased by N13,5 billion and N16,8 billion, following the adoption of IFRS 16, which depreciates the ROU asset as well as implicit finance cost charge on the ROU liability.