MTN Group Limited

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

Summary audited group financial statements for the year ended 31 December 2020

MTN is an emerging markets mobile operator with a clear vision to lead the delivery of a bold, new digital world. We have 280 million customers in 21 markets and are inspired by our belief that everyone deserves the benefits of a modern connected life.

- Subscribers increased by 28,8 million to 279,6 million
- Group service revenue grew by 19,9% (11,9%*)
- EBITDA (before once-off items) grew by 21,9% (13,4%*)
- EBITDA margin improved by 2,9 percentage points (pp) to 45,3% (up 0,9pp* to 42,7%*)
- Reported HEPS at 749 cps, up 60,0%; non-operational impacts decreased HEPS by 128 cps
- Group net debt-to-EBITDA ratio decreased to 0,8x (from 1,2x)
- Holding company (Holdco) net debt down to R43,3 billion (from R55,3 billion), leverage flat at 2,2x
- Return on equity (ROE) improved to 17,0%
- Capex of R33,0 billion (R28,6 billion under IAS 17)
- Suspension of 2020 final dividend, 2021 dividend guidance: minimum ordinary dividend of 260cps
- Enhanced medium-term guidance to underpin our new *Ambition 2025* strategy

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

Any forward-looking financial information disclosed in this results announcement, including the dividend guidance, is the directors' responsibility and 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. The pro forma and constant currency financial information contained in this announcement has been reviewed by the Group's external auditors and their unmodified limited assurance report prepared in terms of ISAE 3420 is available for inspection at the company's registered office on weekdays from 09:00 to 16:00.

Certain financial information presented in these consolidated financial results has been prepared excluding the impact of hyperinflation, impairments of goodwill, PP&E and JVs & associates, gain on disposal of tower associates; impairment loss on remeasurement of disposal Groups, 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, gain on disposal of ATC Ghana and ATC Uganda, loss on disposal of investment in Content Connect Africa and constitutes pro forma financial information to the extent that it is not extracted from the segment disclosure included in the audited consolidated annual financial statements for the year ended 31 December 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 year-on-year (YoY) analysis. The pro forma adjustments have been calculated in terms of the Group accounting policies as disclosed in the consolidated financial statements for the year ended 31 December 2020.

Constant currency information has been presented to remove the impact of movement in currency rates on the Group's results and has been calculated by translating the prior financial reporting period's results at the current period's average 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, Iran and Syria were assessed to be hyperinflationary for the period under review and hyperinflation accounting was applied.

The joint independent auditors' audit reports by PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Grant Thornton Inc. do not report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the joint independent auditors' engagement they should obtain a copy of the unqualified joint independent auditors' audit reports on the summary group financial statements and the group annual financial statements together with the accompanying financial information from MTN's registered office, website and upon request.

The directors of MTN take full responsibility for the preparation of this abridged report and ensuring that the financial information has been correctly extracted from the underlying audited financial statements.

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.

This short-form announcement is the responsibility of the directors and represents only a summary of the information contained in the full annual financial results. Consequently, it does not contain full or complete details. Any investment decisions made by investors and/or shareholders should be based on consideration of the full annual financial results as a whole and investors and/or shareholders are encouraged to review the full annual financial results as follows:

The full financial results are available on the company's website at:
https://www.mtn.com/investors/financial-reporting/annual-results/
and on SENS on the JSE's website at:
https://senspdf.jse.co.za/documents/2021/JSE/ISSE/MTN/MTNFY20.pdf

The full annual financial results are also available for inspection at our registered offices, at no charge, and at the offices of our sponsors from 09:00 to 16:00 weekdays.

Copies of the detailed announcement may be requested by emailing investor.relations@mtn.com or calling 083 912 2300.

The key audit matters (pursuant to IAS 701) can be viewed via the full joint independent auditors' audit report and the annual financial statements at www.mtn.com/investors/financial-reporting/annual-results.

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

The SEAGHA region includes Ghana, Uganda, Zambia, Rwanda, South Sudan, Botswana (joint venture-equity accounted), 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.

Group president and CEO, Ralph Mupita comments:

"The pandemic has brought about unprecedented socio and macroeconomic challenges globally that have impacted lives and livelihoods across our footprint. The health and safety of our people across our markets has been our key priority. To the end of February 2021, we have reported 1 404 COVID-19 infections and mourned the loss of 10 MTN employees across our markets.

We continue to apply health measures to safeguard the wellbeing of our people, who have also been empowered to work remotely.

The resurgence of COVID-19 infections across our footprint and globally presents ongoing challenges including renewed lockdown restrictions in some markets. We continue to look after our people, customers and other stakeholders through various programmes, including Y'ello Hope.

We are pleased to have made a $25 million donation in support of the African Union's (AU) programme to secure much-needed COVID-19 vaccines for member states. This partnership deepens MTN's role in the ongoing work to save lives in the markets in which we operate. Importantly, it aligns with our ambition to create shared value and ensure the continent's future progress and prosperity.

Beyond this, as well as managing the accompanying risks of COVID-19, we remain alive to the opportunities presented by the pandemic, particularly the accelerated need for digitalisation evidenced in the adoption and usage of our services. In support of this, we continue to strengthen our commercial, operational, and financial position while focusing on the resilience of networks and efficiency programmes in our various markets.

Despite the challenging trading conditions, therefore, MTN continued to demonstrate strong operational execution and resilience in delivering a solid performance for the year in our key commercial and financial metrics. We added 28,8 million customers to our networks, to end with a subscriber base of 279,6 million, as at December 2020. Driven by our focus on furthering digital and financial inclusion, we added 19,0 million active data users and 11,7 million MoMo users to reach 114,3 million and 46,4 million respectively. The number of active merchants accepting our MoMo propositions increased 115% to 440 000 in number. In Nigeria, we signed up more than 280 000 additional agents to end the financial year with more than 395 000 registered agents for our fintech business.

We continued to perform favourably against our medium-term targets, with service revenue growth of 11,9% and EBITDA growth of 13,4%*, maintaining our strong operating leverage. The Group's EBITDA margin improved by 0,9pp* to 42,7%*, benefiting from the execution of our expense efficiency programme. The solid operational result was supported by the pleasing growth in our larger operations as well as a broad-based improvement across all our regions. In the larger operations, MTN South Africa (MTN SA) sustained the turnaround in its core business units while MTN Nigeria and MTN Ghana continued to deliver solid overall performances with double-digit service revenue growth in both markets.*

Importantly, our adjusted ROE advanced by a further 4,0pp to 17,0%, driven by strong underlying earnings growth.

Group leverage remains comfortable and net debt-to-EBITDA improved further to 0,8x. Holdco leverage was steady at 2,2x and remains above our previously communicated target. Although slower than expected, with delays to some of our larger planned divestments such as IHS Towers, we made some encouraging progress in our asset realisation programme (ARP). Following the disposal of our ATC Ghana and ATC Uganda tower joint ventures for R8,8 billion in Q1, we finalised the exit from our 18,9% investment in Jumia (for proceeds of

R2,3 billion) as well as the localisation of an 8% shareholding in MTN Zambia (for proceeds R178 million). In February 2021, we also completed the exit from BICS, and received net cash proceeds of R1,8 billion in the same month.

Cash upstreaming from Nigeria remained challenged in terms of securing foreign currency in the market. During 2020, we upstreamed the equivalent of approximately R286 million from Nigeria, with approximately R4,2 billion yet to be repatriated as at 31 December 2020.

Further to our previous announcement regarding the intention to focus on our pan-Africa strategy, we completed a comprehensive strategy review in Q4 2020 and are excited to introduce 'Ambition 2025'. As part of this strategic repositioning, we are looking to structurally separate our infrastructure assets and platforms, such as fintech, to reveal value and attract 3rd-party capital and partnerships into these businesses, over the medium-term.

Going forward, we believe that our revised strategy, Ambition 2025, will position the business to capture the exciting opportunities across our markets and our medium-term guidance has been enhanced to reflect this accelerating growth outlook. To support this, we plan to invest approximately R29,1 billion in our network, fintech and digital services platforms in 2021."

Revenue
Group revenue increased by 10,9%* to R179,4 billion (2019: R151,5 billion).

EPS
Basic earnings per share (EPS), increased by 87,0% to 946 cents (2019: 506 cents), supported by the weaker rand, good operational performance and an improved contribution of the share of profits from associates and joint ventures.

Dividend and dividend policy update
In H1 we suspended the interim dividend, informed by three key conditions negatively impacting our Holdco leverage evolution. These related to uncertainties around cash upstreaming from Nigeria, the timing of ARP proceeds and COVID-19 impacts. These conditions have not materially improved, resulting in Holdco leverage remaining above our target, the Board has resolved not to declare a final dividend for 2020 (2019: 550cps). This is in line with our capital allocation framework.

In light of these ongoing material uncertainties, the Board has also suspended the dividend policy and anticipates communicating a revised medium-term dividend policy when we announce our FY 2021 results in March 2022.

During this transition, the Board anticipates paying a total ordinary dividend of at least 260cps for the 2021 financial year. We anticipate that this will be a final dividend, with no interim dividend for FY 2021. On assessment of the progress of cash upstreaming from Nigeria, ARP delivery and COVID-19 impacts, the Board will consider returning further cash to shareholders in the form of special dividends or share repurchases after the release of FY2021 results

Going forward, MTN remains focused on capturing the exciting growth opportunities across our markets and our medium-term guidance has been enhanced to reflect this. To support this, we plan to invest approximately R29,1 billion in our network, fintech and digital services platforms in 2021, guided by our disciplined capital allocation framework.

For and on behalf of the board,

MH Jonas	**RT Mupita**
Group Chairman	**Group President and CEO**

09 March 2021
Fairland

Date of release 10 March 2021

Lead sponsor

JP Morgan Equities South Africa Proprietary Limited

Joint sponsor

Tamela Holdings Proprietary Limited