

MTN Group Limited

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

MTN South Africa (MTN SA) concludes tower transaction with IHS Towers

MTN Group is pleased to announce that MTN SA has finalised a passive tower infrastructure transaction with IHS Towers (Transaction). The agreement has been reached following a lengthy competitive process.

The Transaction will entail the sale and leaseback of 5 709 of MTN SA's towers - comprising approximately 4 000 greenfield and 1 700 rooftop sites. The transaction will also include the outsourcing of power and related services (power as a service, or PaaS) across the entire MTN SA site footprint of approximately 12 800 - thus incorporating an additional 7 100 third-party sites.

One of the key goals of the Transaction has been to achieve an "OpCo-friendly" outcome, which, amongst others, aims to ensure: (i) a limited financial impact on MTN SA current running cost versus leaseback costs; (ii) improved network performance, including improved power management; (iii) flexibility to maximise the benefit of MTN SA's active network sharing (including current agreements in place with Cell C and Telkom); (iv) local currency exposure (that is, all payments in ZAR); (v) a minimum 30% Broad-based Black Economic Empowerment (BBBEE) ownership; and (vi) cooperation between MTN and IHS to work towards the Group's emissions targets aligned to net-zero by 2040 for scope 3 emissions.

The offer value amounts to approximately R6.4 billion which incorporates the 5 709 sites and the power assets on third party sites. The transaction brings to fruition one of the key assets within MTN's asset realisation programme (ARP).

The Transaction will enable MTN SA to service its retail and wholesale clients more efficiently while creating substantial value, as reflected in the proceeds realised. Proceeds will be reinvested into strategic growth initiatives, such as securing high demand spectrum frequencies, and providing MTN with additional balance sheet flexibility.

MTN has barter arrangements on approximately 2 000 sites which are not being monetised as part of this current Transaction.

Completion of the Transaction is subject to certain conditions precedent, including regulatory approvals, and is expected to close in Q1 2022.

Citigroup Global Markets Limited and Standard Bank acted as financial advisors to MTN on the transaction; and Webber Wentzel as legal advisors.

Fairland  
17 November 2021

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