

MTN Group Limited

Interim financial results for the six months ended 30 June 2018



y'ello

to brighter lives

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

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

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

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

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

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

Results overview

for the six months ended 30 June 2018



Service revenue

↑ 10,2%*

Data revenue

↑ 26,7%*

Subscribers at

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

Active MTN Mobile Money
customers rose to

24,1 million

EBITDA

↑ 17,0%*

EBITDA margin

↑ 2,2 percentage
points
to 35,5%*

Capex

↑ 20,0%*

Basic HEPS of

215 cents**
from 231 cents**

Adjusted free cash flow

↑ 14,4%*

Interim dividend of

175 cents
per share declared

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

*** Reported.*

Any forward looking financial information disclosed in this results announcement has not been reviewed or audited or otherwise reported on by our external joint auditors

Service revenue excludes device and SIM card revenue

Data revenue is access data and enterprise business unit access data revenue

Adjusted free cash flow = EBITDA less capex

All financial numbers are year on year (YoY) unless otherwise stated

All subscriber numbers are compared to end December 2017 unless otherwise stated

2017 comparatives are restated for the adoption of IFRS 15 and change in the presentation of cash flows

Group president and CEO, Rob Shuter comments:

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

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

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

Overview

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

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

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

Among key currency moves, the rand's average rate strengthened 7,7% against the US dollar YoY and 22,6% against the Nigerian naira. In April 2018, Iran unified the official and open

market exchange rates of the rial, leading to an effective 19,4% depreciation against the dollar.

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

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

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

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

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

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

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

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

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

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

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

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

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

Regulatory and legal considerations

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

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

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

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

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

Dividends

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

Prospects and guidance

Well positioned to deliver growth

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

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

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

Our improving group margins and declining capex intensity are expected to support improved cash flow generation for the group.

Portfolio review

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

Listing

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

Capex guidance 2018

(Rm)	Estimated 2018	Capitalised 1H18	Capitalised ¹ 1H17
South Africa	9 675	3 907	3 473
Nigeria	6 314	2 320	2 749
SEAGHA	4 021	2 219	1 566
Ghana	2 070	1 260	912
Uganda	750	392	356
Other	1 200	567	298
WECA	3 261	2 351	1 707
Ivory Coast	1 300	562	499
Cameroon	501	101	694
Other	1 460	1 688 ²	514
MENA	1 851	572	734
Syria [#]	713	102	85
Sudan [#]	346	59	268
Other	792	411	381
Head office	76	93	76
GlobalConnect	312	–	–
Total	25 510	11 462	10 305
Hyperinflation	–	(1)	3
Total reported	25 510	11 461	10 308
Iran (49%)[#]	4 517	1 622	3 850

[#] Excluding hyperinflation.

¹ Restated to reflect segments reallocated.

² Includes Benin licence fee (R1,3 billion); FY18 guidance normalised and excludes licence fee.

Financial review

Headline earnings reconciliation

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

For notes please refer to page 10.

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

- ¹ 2018: Reversal of the hyperinflation-related asset impairment in MTN Sudan (R306 million) and exclusion of the impact of other asset impairments.
2017: Exclusion of the impact of impairments of assets previously written up for the impact of hyperinflation for MTN Syria (R1 125 million) and MTN Sudan (R1 690 million), partly offset by a reversal of assets previously impaired.
- ² Represents the exclusion of the impact of goodwill impairment recognised
2018: In relation to MTN Yemen.
2017: In relation to MTN Yemen (R807 million), MTN Afghanistan (R841 million) and MTN Sudan (R983 million). An amount of R192 million of the goodwill impairment on MTN Sudan relates to the carrying value of goodwill previously written up for the impact of hyperinflation.
- ³ The financial impact relating to the sale of tower assets during the financial period is excluded:
2018: Release of a deferred gain of R12 million (2017: R13 million) in Ghana.
2017: Release of a deferred gain of R13 million in Ghana and R6 017 million profit realised on the exercise of the exchange right where the interest in the Nigeria tower company was exchanged for an increased shareholding in IHS Holdings.
- ⁴ Represents the gain on dilution of the group's investments in International Digital Services Middle East Limited following the entry of a new investor into that business.
- ⁵ Profits earned on the disposal of items of property, plant and equipment are excluded.
- ⁶ Exclusion of finance cost recognised as a result of the unwind of the discounting of the financial liability created on conclusion of the Nigeria regulatory fine.
- ⁷ The impact of hyperinflation is excluded for the operations that are currently accounted for on a hyperinflationary basis (MTN Syria and MTN South Sudan) as well as those that have previously been accounted for on a hyperinflationary basis. The economies of Iran and Sudan were assessed to no longer be hyperinflationary effective 1 July 2015 and 1 July 2016 respectively and hyperinflation accounting was discontinued from this date onwards. For these operations the impact of hyperinflation unwind over time mainly through depreciation, amortisation or subsequent asset impairments.
- ⁸ Adjustment for the net forex losses impacting earnings for the respective periods.

Exchange rates

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

Revenue

Table 1: Group revenue by country

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

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

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

Table 2: Group digital and data revenue

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

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

² Data includes assess data and EBU access data.

Table 3: Group revenue analysis

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

¹ Restated for the impact of IFRS 15.² Definition refined to exclude international roaming.³ Definition refined to include international roaming and exclude wholesale.⁴ Data includes access data and EBU access data.⁵ Includes wholesale voice, data, SMS, leased lines and BTS rentals.

Costs

Table 4: Cost analysis

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

¹ Restated for the impact of IFRS 15.

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

EBITDA

Table 5: Group EBITDA by country

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

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

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

Depreciation, amortisation and impairment of goodwill

Table 6: Group depreciation and amortisation

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

¹ Restated to reflect the segments reallocated.

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

Net finance costs

Table 7: Net finance cost

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

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

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

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

Share of results of associates and joint ventures after tax

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

Taxation

Table 8: Taxation

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

¹ Restated for the impact of IFRS 15.

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

Earnings

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

Cash flow

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

Capital expenditure

Table 9: Capital expenditure

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

¹ Restated to reflect the segments reallocated.

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

Financial position

Table 10: Net debt analysis (Rm)

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

¹ Restated to reflect the segments reallocated.

[†] Includes restricted cash and current investments.

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

Operational review of key markets

MTN South Africa

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

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

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

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

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

MTN Nigeria

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

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

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

Southern and East Africa and Ghana (SEAGHA)

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

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

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

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

West and Central Africa (WECA)

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

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

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

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

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

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

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

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

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

Board changes

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

Declaration of interim ordinary dividend

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

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

■ 0%	175,00 cents per share
■ 5%	166,25 cents per share
■ 7,5%	161,875 cents per share
■ 10%	157,50 cents per share
■ 12,5%	153,125 cents per share
■ 15%	148,75 cents per share

These different dividend tax rates are a result of the application of tax rates in various double-taxation agreements as well as exemptions from dividend tax.

MTN Group Limited's tax reference number is 9692/942/71/8. In compliance with the requirements of Strate, the electronic settlement and custody system used by the JSE Limited, the salient dates relating to the payment of the dividend are as follows:

Declaration date	Wednesday, 8 August 2018
Last day to trade <i>cum</i> dividend on the JSE	Tuesday, 28 August 2018
First trading day <i>ex</i> dividend on the JSE	Wednesday, 29 August 2018
Record date	Friday, 31 August 2018
Payment date	Monday, 3 September 2018

No share certificates may be dematerialised or rematerialised between Wednesday, 29 August 2018 and Friday, 31 August 2018, both days inclusive. On Monday, 3 September 2018 the dividend will be transferred electronically to the bank accounts of certificated shareholders who make use of this facility.

In respect of those who do not use this facility, cheques dated Monday, 3 September 2018 will be posted on or about this date. Shareholders who hold dematerialised shares will have their accounts held by the Central Securities Depository Participant or broker credited on Monday, 3 September 2018.

For and on behalf of the board

PF Nhleko
Chairman

RA Shuter
Group president and CEO

RT Mupita
Group CFO

7 August 2018
Fairland

Results overview

Financial results for the six months
ended 30 June 2018



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

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

The results were made available on 8 August 2018.

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

for the six months ended 30 June 2018

TO THE SHAREHOLDERS OF MTN GROUP LIMITED

We have reviewed the condensed consolidated interim financial statements of MTN Group Limited, as set out on pages 27 to 65 of the accompanying MTN Group Limited interim financial results for the six months ended 30 June 2018, which comprise the condensed consolidated statement of financial position as at 30 June 2018 and the related condensed consolidated income statement, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Directors' responsibility for the interim financial statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of MTN Group Limited for the six months ended 30 June 2018 are not prepared, in all material respects, in accordance with International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.



PricewaterhouseCoopers Inc.
Director: SN Madikane
Registered Auditor

Johannesburg
7 August 2018



SizweNtsalubaGobodo Grant Thornton Inc.
Director: DH Manana
Registered Auditor

Johannesburg
7 August 2018

Condensed consolidated income statement

for the

Results overview

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

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

Condensed consolidated statement of comprehensive income

for the

		Six months ended 30 June 2018 Reviewed Rm	Six months ended 30 June 2017 Restated ¹ Reviewed Rm	Financial year ended 31 December 2017 Restated ¹ Audited Rm
Note				
	Profit after tax	4 911	5 180	4 550
	Other comprehensive income after tax			
	Items that may be reclassified to profit or loss			
	Net investment hedges	(1 718)	760	1 421
17	Foreign exchange movement on hedging instruments	(2 386)	1 052	1 963
	Deferred and current tax	668	(292)	(542)
	Available-for-sale financial assets^{2,3}	–	817	4 439
12	Gains arising during the period	–	817	4 439
	Exchange differences on translating foreign operations including the effect of hyperinflation²	5 235	(3 874)	(12 417)
17	Gains/(losses) arising during the period	5 235	(3 874)	(12 417)
	Items that have been reclassified to profit or loss			
	Reclassification of foreign currency translation differences on loss of significant influence ²	–	3 298	3 298
	Items that will not be reclassified to profit or loss			
	Equity investments at fair value through other comprehensive income^{2,3}	(5 377)	–	–
12	Losses arising during the period	(5 377)	–	–
	Other comprehensive income for the period	(1 860)	1 001	(3 259)
	Attributable to equity holders of the company	(2 080)	998	(2 698)
	Attributable to non-controlling interests	220	3	(561)
	Total comprehensive income for the period	3 051	6 181	1 291
	Attributable to:			
	Equity holders of the company	2 301	6 458	1 718
	Non-controlling interests	750	(277)	(427)
		3 051	6 181	1 291

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

² This component of other comprehensive income does not attract any tax.

³ The available-for-sale investment (2017) and equity investment at fair value through other comprehensive income (2018) relate mainly to the group's investment in IHS Holding Limited (IHS) (note 12). Available-for-sale financial assets have been reclassified to equity investments at fair value through other comprehensive income in 2018 in terms of IFRS 9.

Condensed consolidated statement of financial position

Results overview

as at

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

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

Condensed consolidated statement of changes in equity

for the

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

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

Condensed consolidated statement of cash flows

for the

Results overview

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

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

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2018

1. Independent review

The directors of the company take full responsibility for the preparation of the condensed consolidated interim financial statements. The condensed consolidated interim financial statements have been reviewed by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Grant Thornton Inc., who have expressed an unmodified conclusion thereon. The joint external auditors have performed their review in accordance with International Standards on Review Engagements (ISRE) 2410.

2. General information

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

3. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2018 are prepared in accordance with International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and the requirements of the Companies Act of South Africa.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

4. Principal accounting policies

The group has adopted all the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board (IASB) which were effective for the group from 1 January 2018. The following standards had an impact on the group:

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

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements except as previously stated above and except for a change in the presentation of cash flows. Refer to note 22 for details.

5. Hyperinflation

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

5. Hyperinflation continued

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

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

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

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

6. Segment analysis

The group has identified reportable segments that are used by the group executive committee (chief operating decision maker (CODM)) to make key operating decisions, allocate resources and assess performance. The reportable segments are largely grouped according to their geographic locations and reporting lines to the CODM. The group's underlying operations are clustered as follows:

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

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

Operating results are reported and reviewed regularly by the CODM and include items directly attributable to a segment as well as those that are attributed on a reasonable basis, whether from external transactions or from transactions with other group segments.

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

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

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

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

These exclusions have remained unchanged from the prior year.

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

Results overview

6. Segment analysis continued

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

6. Segment analysis continued

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

Results overview

6. Segment analysis continued

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

7. Revenue

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

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

8. Nigeria regulatory fine

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

In terms of the settlement agreement reached on 10 June 2016, MTN Nigeria agreed to pay a total cash amount of N330 billion over three years (the equivalent of R25,1 billion¹) to the FGN as full and final settlement of the matter.

The regulatory fine was fully expensed in 2016. A discount unwind of R396 million (30 June 2017: R537 million, 31 December 2017: R1,0 billion) was recognised in finance costs during the current period relating to the outstanding liability. The balance of the liability at 30 June 2018 amounts to R5,7 billion (30 June 2017: R7,2 billion, 31 December 2017: R6,6 billion) after taking into account the payment of N55 billion (R1,8 billion²) on 28 March 2018 and the unwinding of the interest.

¹ Amount translated at the 10 June 2016 rate R1 = N13,15.

² Amount translated at the 28 March 2018 rate R1 = N30,61.

Notes to the condensed consolidated interim financial statements continued

Results overview

for the six months ended 30 June 2018

9. Net finance costs

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

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

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

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

11. Earnings per ordinary share

Number of ordinary shares

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

Treasury shares

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

Notes to the condensed consolidated interim financial statements continued

Results overview

for the six months ended 30 June 2018

11. Earnings per ordinary share continued

Headline earnings

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

12. Financial instruments

Financial instruments at amortised cost

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

Listed long-term borrowings

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

Financial instruments measured at fair value

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

Treasury bills

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

Fair value measurement of investment in IHS

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

12. Financial instruments continued

Reconciliation of level 3 financial assets

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

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

14. Interest-bearing liabilities

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

15. Issue and repayment of debt and equity securities

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

Results overview

16. Contingent liabilities

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

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

Uncertain tax exposures

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

Legal and regulatory matters

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

17. Exchange rates

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

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

Net investment hedges

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

18. Related party transactions

Transactions between members of the group

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

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

Transaction with an entity associated with a director

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

19. Disposal group held for sale

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

20. Benin frequency fees

MTN Benin and the government of Benin concluded a memorandum of understanding (MOU) in April 2018, which includes the settlement of historic frequency fees, a five-year licence extension and the addition of optical fibre (FTTx) to the existing licence conditions settled by the payment of CFA35 billion (R802 million¹) in May 2018 and a second payment of CFA35 billion (R857 million²) in December 2018. MTN Benin and the government of Benin reached an agreement regarding ongoing frequency fees, which was subsequently confirmed by the issue of a decree specifying the frequency fees calculation.

The decree has confirmed the calculation methodology for allocating a portion of the CFA70 billion (R1,7 billion³) payment to past frequency fees (CFA14,8 billion, R351 million³). The balance of the payment relating to the extended licence and the right to deploy optical fibre (FTTx) was recognised as an intangible asset (CFA55,2 billion, R1,3 billion³).

¹ Amounts are translated from CFA to ZAR using the closing exchange rate at 30 April 2018 of 43,6252.

² Amounts are translated from CFA to ZAR using the closing exchange rate at 30 June 2018 of 40,8367.

³ Sum of translated amounts above.

21. Events after reporting period

Dividends declared

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

Iran sanctions

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

22. Changes in accounting policies

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

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.1 Adoption of IFRS 15

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

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

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

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.1 Adoption of IFRS 15 continued

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.1 Adoption of IFRS 15 continued

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.1 Adoption of IFRS 15 continued

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.1 Adoption of IFRS 15 continued

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.1 Adoption of IFRS 15 continued

22.1.4 Capitalisation of subscriber acquisition costs

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

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

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

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

22.1.5 Transition to IFRS 15

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

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

22.2 Adoption of IFRS 9

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.2 Adoption of IFRS 9 continued

22.2.1 *Impairment*

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

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.2 Adoption of IFRS 9 continued

22.2.1 *Impairment* continued

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

22.2.2 *Classification, initial recognition and subsequent measurement*

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

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.2 Adoption of IFRS 9 continued

22.2.2 *Classification, initial recognition and subsequent measurement* continued

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

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

22.2.3 *Transition to IFRS 9*

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

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

22.3 Presentation of cash flows

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

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

Comparative numbers have been restated accordingly.

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.4 Impact on the financial statements

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

Results overview

Year ended 31 December 2017

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.4 Impact on the financial statements continued

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

Results overview

Year ended 31 December 2017

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.4 Impact on the financial statements continued

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

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

Results overview

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

22. Changes in accounting policies continued

22.4 Impact on the financial statements continued

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2018

Results overview

Year ended 31 December 2017

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

Administration

Registration number: 1994/009584/06

ISIN: ZAE000042164

Share code: MTN

Board of directors

PF Nhleko²

PB Hanratty^{\$3}

A Harper^{#3}

MH Jonas^{3,4}

KP Kalyan³

S Kheradpir^{††3}

NP Mageza³

MLD Marole³

AT Mikatj^{†2}

SP Miller^{^3}

KDK Mokhele^{3,5}

RT Mupita¹

KC Ramon³

RA Shuter^{#1}

NL Sowazi³

BS Tshabalala^{3,4}

J van Rooyen³

^{††} American

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[#] British

^{\$} Irish

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¹ Executive

² Non-executive

³ Independent non-executive

⁴ Appointed 1 June 2018

⁵ Appointed 1 July 2018

Group secretary

SB Mtshali

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Registered office

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American depository receipt (ADR) programme

Cusip No. 62474M108 ADR to ordinary

Share 1:1

Depository

The Bank of New York

101 Barclay Street, New York NY, 10286,

USA

MTN Group sharecare line

Toll free: 0800 202 360 or +27 11 870 8206

if phoning from outside South Africa

Office of the transfer secretaries

Computershare Investor Services

Proprietary Limited

Registration number 2004/003647/07

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Appendix MTN Nigeria

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



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

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

This information **below** has not been audited or reviewed.

Condensed income statement

for the

	Six months ended 30 June 2018 Nm	Six months ended 30 June 2017 Restated ¹ Nm	Financial year ended 31 December 2017 Restated ¹ Nm
Revenue	505 668	432 281	887 180
Other income	45	72	138
Direct network and technology operating costs	(143 762)	(129 470)	(259 458)
Costs of handsets and other accessories	(3 127)	(2 671)	(4 448)
Interconnect and roaming costs	(49 310)	(43 220)	(86 919)
Staff costs	(14 266)	(13 039)	(26 829)
Selling, distribution and marketing expenses	(43 357)	(46 222)	(89 589)
Government and regulatory costs	(13 679)	(12 048)	(24 563)
Other operating expenses	(20 340)	(20 295)	(49 117)
EBITDA	217 872	165 388	346 395
Depreciation of property, plant and equipment	(68 341)	(60 039)	(123 818)
Amortisation of intangible assets	(13 029)	(13 195)	(26 649)
Operating profit	136 502	92 154	195 928
Net finance costs	(28 146)	(36 704)	(88 039)
Profit before tax	108 356	55 450	107 889
Income tax expense	(34 960)	(14 813)	(26 819)
Profit after tax	73 396	40 637	81 070
Attributable to:			
Equity holders of the company	73 396	40 637	81 070
	73 396	40 637	81 070

Condensed statement of comprehensive income

for the

Results overview

	Six months ended 30 June 2018 Nm	Six months ended 30 June 2017 Restated ¹ Nm	Financial year ended 31 December 2017 Restated ¹ Nm
Profit after tax	73 396	40 637	81 070
Total comprehensive income for the period	73 396	40 637	81 070
Attributable to:			
Equity holders of the company	73 396	40 637	81 070
	73 396	40 637	81 070

Condensed statement of financial position

for the

	Six months ended 30 June 2018 Nm	Six months ended 30 June 2017 Restated ¹ Nm	Financial year ended 31 December 2017 Restated ¹ Nm
Non-current assets	715 041	646 078	729 523
Property, plant and equipment	576 035	496 155	582 439
Goodwill and intangible assets	119 628	132 174	128 602
Deferred tax and other non-current assets	19 378	17 749	18 482
Current assets	277 525	361 778	255 874
Other current assets	119 914	186 286	76 864
Trade and other receivables	49 185	51 062	47 827
Restricted cash	48 650	32 317	41 434
Cash and cash equivalents	59 776	92 114	89 749
Total assets	992 566	1 007 856	985 397
Total equity	147 353	122 176	112 809
Attributable to equity holders of the company	147 353	122 176	112 809
Non-current liabilities	221 757	393 718	315 104
Interest-bearing liabilities	138 077	168 750	135 545
Deferred tax and other non-current liabilities	83 680	224 968	179 559
Current liabilities	623 369	491 962	557 484
Interest-bearing liabilities	172 255	107 843	119 820
Trade and other payables	349 679	290 892	362 942
Other current and tax liabilities	101 435	93 227	74 722
Total equity and liabilities	992 566	1 007 856	985 397

Condensed statement of changes in equity

for the

Results overview

	Six months ended 30 June 2018 Nm	Six months ended 30 June 2017 Restated ¹ Nm	Financial year ended 31 December 2017 Restated ¹ Nm
Opening balance at 1 January	112 809	78 169	78 169
Adjustment on initial application of IFRS 15	–	3 442	3 442
Adjustment on initial application of IFRS 9	(82)	–	–
Restated balance at 1 January	112 727	81 611	81 611
Total comprehensive income	73 396	40 637	81 070
Profit after tax	73 396	40 637	81 070
Transactions with owners of the company			
Dividends declared	(38 613)	–	(50 000)
Other movements	(157)	(72)	128
Attributable to equity holders of the company	147 353	122 176	112 809
Closing balance at 31 December	147 353	122 176	112 809

Condensed statement of cash flows

for the

	Six months ended 30 June 2018 Nm	Six months ended 30 June 2017 Restated ¹ Nm	Financial year ended 31 December 2017 Restated ¹ Nm
Net cash generated from operating activities	122 199	90 000	188 282
Cash generated from operations	143 919	118 907	259 213
Finance income received	13 009	15 805	39 490
Finance cost paid	(22 711)	(22 888)	(51 544)
Income tax paid	(12 018)	(21 824)	(58 877)
Net cash used in investing activities	(168 699)	(126 652)	(143 835)
Acquisition of property, plant and equipment	(104 111)	(83 832)	(193 007)
Acquisition of intangible assets	(2 298)	(3 398)	(10 669)
(Purchase)/realisation of bonds, treasury bills and foreign deposits	(49 696)	(22 728)	89 011
Increase in restricted cash	(7 217)	(15 056)	(24 173)
Movement in other investing activities	(5 377)	(1 638)	(4 997)
Net cash used in financing activities	16 402	(16 824)	(102 261)
Proceeds from borrowings	107 296	32 840	54 629
Repayment of borrowings	(52 281)	(49 664)	(106 890)
Dividends paid to equity holders of the company	(38 613)	—	(50 000)
Net decrease in cash and cash equivalents	(30 098)	(53 476)	(57 814)
Net cash and cash equivalents at beginning of the year	89 749	146 369	146 369
Exchange gains/(losses) on cash and cash equivalents	125	(779)	1 194
Net cash and cash equivalents at end of the period	59 776	92 114	89 749

Appendix MTN Nigeria

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



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

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

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

Condensed consolidated statement of profit or loss

for the

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

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

Condensed consolidated statement of comprehensive income

for the

Results overview

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

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

Condensed consolidated statement of financial position

as at

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

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

Condensed consolidated statement of financial position (continued)

Results overview

as at

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

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

Condensed consolidated statement of changes in equity

for the

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

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

Attributable to owners of the parent

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

Condensed consolidated statement of cash flows

for the

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

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

Results presentation

for the six months ended 30 June 2018



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Notes



Agenda

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

3

Notes

Operational review

everywhere you go



Notes

Group salient features



+ 9,7%*

Revenue
R63bn

+ 10,2%*

Service revenue
R59bn

+ 26,7%*

Data revenue
R15bn

+7,6%*

Digital revenue
R6bn

R22bn

EBITDA
+17,0%*

R11,5bn

Capital expenditure
18,3% of revenue

215 cents

HEPS
-6,9%**

280 cents

Adjusted HEPS
-19,1%

Interim dividend of **175 cents per share**

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

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Notes

South Africa

Building postpaid momentum, progress on wholesale, enterprise dragging results



Subscribers

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

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

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



Investment

R3,9 billion capex

98% 3G pop coverage
544 sites rolled out

85% 4G pop coverage
1 565 sites rolled out



Growth drivers

+10,7%
CBU postpaid service revenue

+13,5%
mobile data revenue

Cell C wholesale roaming deal



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

6

Notes

Nigeria

Strong operational execution, subscriber, voice and data growth



Subscribers

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

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



Investment

R2,3 billion capex

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

Extended **4G** coverage to **13** cities



Growth drivers

+17,3%*
voice revenue

+63,7%*
data revenue

+52%
data traffic



* Constant currency

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Notes



Iran

Strong performance in challenging circumstances



Subscribers

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

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



Investment

R3,3 billion capex

81% 3G pop coverage
813 sites rolled out

73% 4G pop coverage
980 sites rolled out



Growth drivers

+48,2%*
data revenue

+110%
data traffic



* Constant currency

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Notes



Ghana

Robust operational performance; voice, data and digital growth



Subscribers

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

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



Investment

R1,3 billion capex

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

Extended **4G** coverage to **104** cities



Growth drivers

+20,7%*
voice revenue

+36,7%*
data revenue

+53,2%*
MoMo revenue



Strategic update

everywhere you go



Notes

Our strategy

Best customer experience










Measures of success

- NPS leader
- Churn reduction
- Market share gains



H1 2018 performance

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

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

^aNPS = net promoter score

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Notes

Our strategy

Returns and efficiency focus



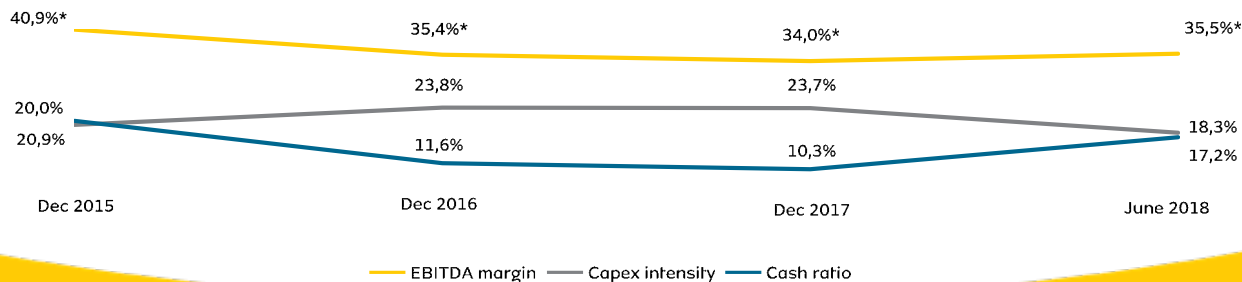
Measures of success

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



H1 2018 performance

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



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

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Notes

Our strategy

Ignite commercial performance



Measures of success

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

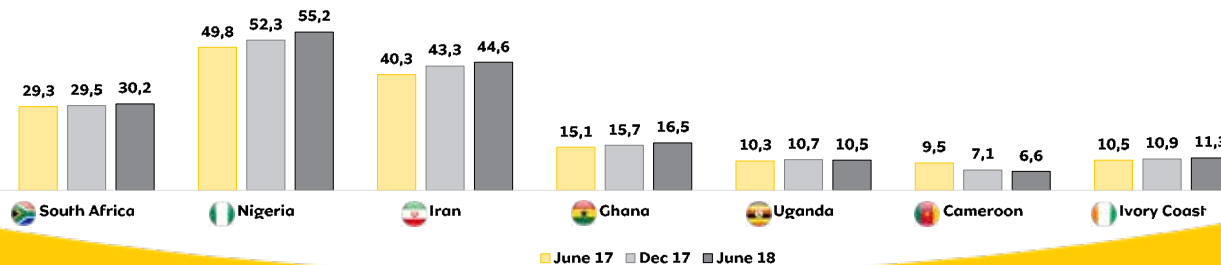


H1 2018 performance

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

Subscribers at 223m

Subscriber (m)



* Constant currency

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Notes

Our strategy

Growth through data and digital



Measures of success

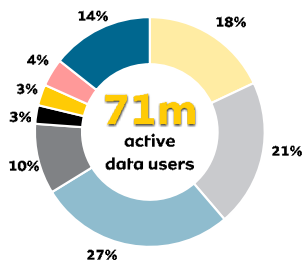
- Growth in data subscribers
- Growth in digital subscriptions
- Digital channel sales, service



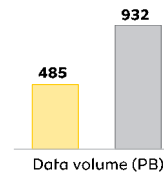
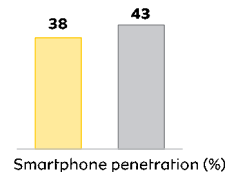
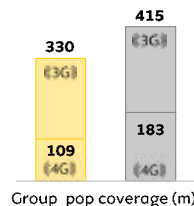
H1 2018 performance

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

Dual-data strategy progression



- South Africa
- Nigeria
- Iran
- Ghana
- Uganda
- Cameroon
- Ivory Coast
- Other



June 17 June 18

* Constant currency

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Notes

Our strategy

Growth through data and digital | *entertainment*



Gaming

5,4m subscribers



10 Opcos rolled out MTN Game+

Music+ & Video

339 000 Music+ subscribers



MTN Shortz

Landed first movie circuit to MTN Shortz in Nigeria

Partner programme

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



StarTimes



TIDAL



DSTV



simfy Africa



KWESÉ



showmax

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Notes

Our strategy

Growth through data and digital | MTN Mobile Money



Active in
14
markets

Sending money to Kenya & Rwanda is easier and more affordable with MTN Mobile Money.

[Click here to view details](#)



Transaction value
\$6,0bn
average per month

327 400
active agents

Average
ARPU
\$1,30



Ecobank
The Pan African Bank

everywhere you go

50%
revenue
growth

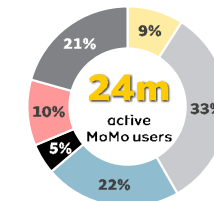


Load airtime or bundles using mobile money and win.

*165*28



+2,3 million
users since Dec 17



- Nigeria
- Ghana
- Uganda
- Cameroon
- Ivory Coast
- Other



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Notes

Our strategy

Growth through data and digital | e-commerce



Africa Internet

Solid growth driven by healthy fundamentals



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

+92% new customers

+66% GMV YoY

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

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



Middle East Internet

Becoming leading e-commerce marketplace in Middle East

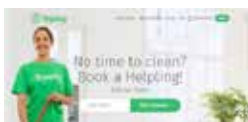


+33%

number of rides YoY



Grocery delivery service
market leader
in Saudi Arabia



+70%
bookings YoY

Iran Internet

Snapp Group is now the largest internet company in Middle East



Reached
1,2m daily rides



snappfood

27 000

daily meals delivered



snapptrip

#1 player

in the Iran hotel booking market

17

Notes

Our strategy

Hearts and minds



Measures of success

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



H1 2018 performance






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



76%

Sustainable employee engagement



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

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Notes

Our strategy

Technology excellence



Measures of success

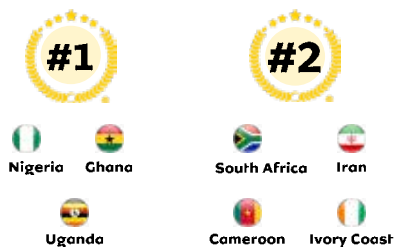
- #1 network NPS
- Increase system efficiency
- Quality data sessions



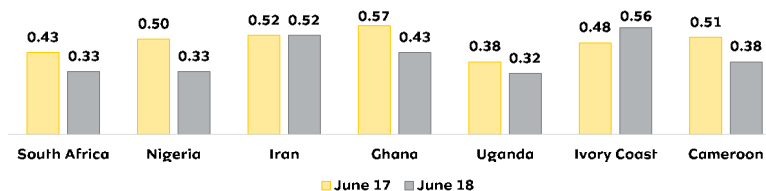
H1 2018 performance

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

Network NPS



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



3 603 3G sites rolled out

3 660 4G sites rolled out

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Notes

H1 18 strategic highlights



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

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Notes

Financial review

everywhere you go



Notes

Significant items impacting reported results



1

Stronger average rand exchange rate; weaker closing rate

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

2

Items impacting basic earnings and comparisons

H1 2017

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

H1 2018

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

3

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

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

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Notes

Group income statement – H1 2017 figures restated for IFRS 15



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

(Rm)	H1-18	H1-17	% change reported	% change constant currency*
Revenue	62 777	64 815	(3,1)	9,7
Service revenue ¹	58 697	60 746	(3,4)	10,2
EBITDA before exchange right profit	22 335	18 764	19,0	17,0
Profit on exercise of exchange right	-	6 017		
EBITDA²	22 335	24 781	(9,9)	17,0
Depreciation, amortisation and goodwill impairment	11 503	14 374	(20,0)	
Net finance cost ²	3 677	3 457	6,4	
Hyperinflationary monetary gain	100	67		
Share of results of associates and joint ventures (JVs) after tax	197	579	(66,0)	
Profit before tax	7 452	7 596	(1,9)	
Income tax expense	2 541	2 416	5,2	
Profit after tax	4 911	5 180		
Non-controlling interests	530	(280)		
Attributable profit	4 381	5 460		
EPS (cents)	244	304		
HEPS (cents)	215	231	(6,9)	
Adjusted HEPS (cents)	280	346	(19,1)	
Dividend per share (cents)	175	250		

¹ Service revenue excludes device and SIM card revenue

² Net finance cost's comprise net interest expense, forex losses and interest on Nigeria fine unwind (2018: R996m; 2017: R537m)

* Change is shown at constant currency and is adjusted for hyperinflation and tower profits

Reported H1-18 EBITDA includes R304m from the gain on revaluation of MTN Dubai's investment in JIG following entry of a new investor

23

Notes



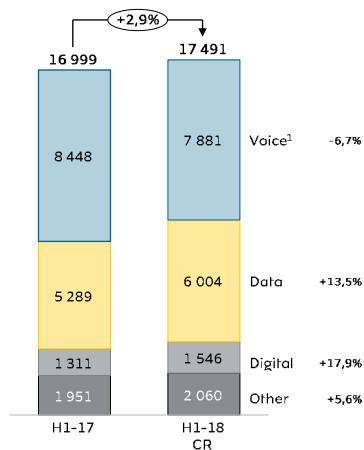
South Africa

Growth in data and digital offsets voice decline, margin improves

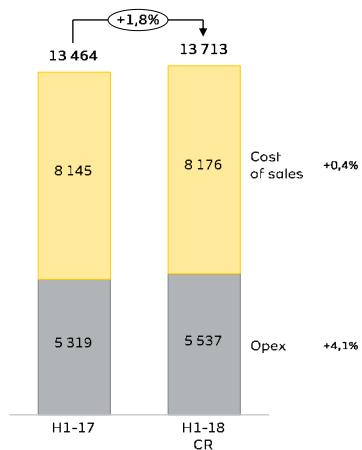


(Rm)

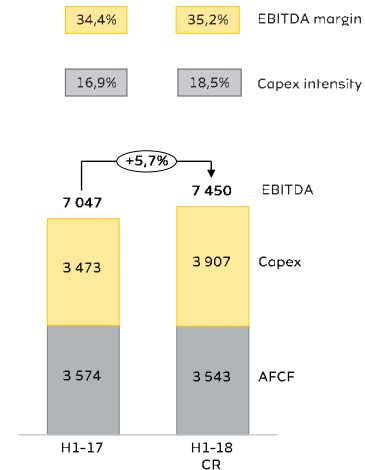
Service revenue



Expenses



EBITDA and capex



¹ Outgoing voice revenue of -8,8%
Capex intensity = Capex/ Total revenue

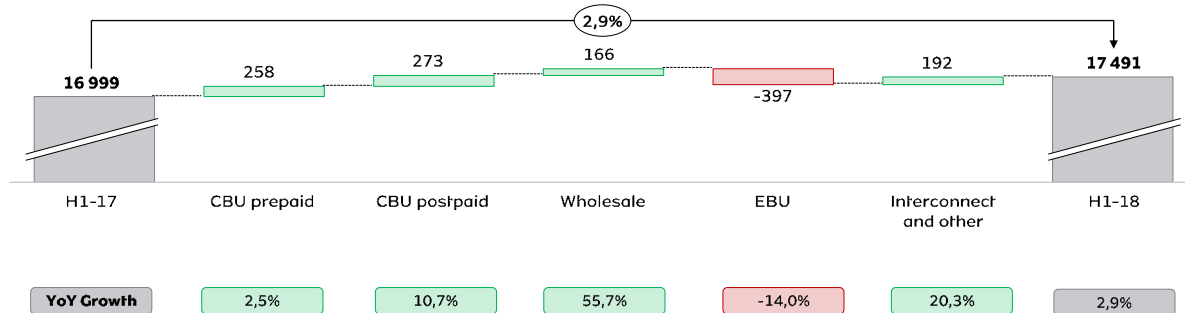
24

Notes

South Africa



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

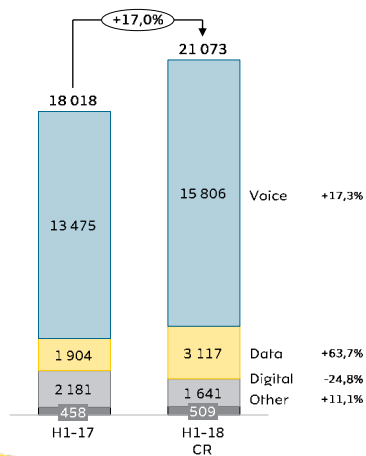


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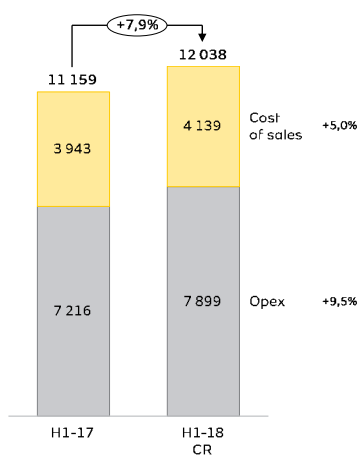
Notes

(Rm) constant currency

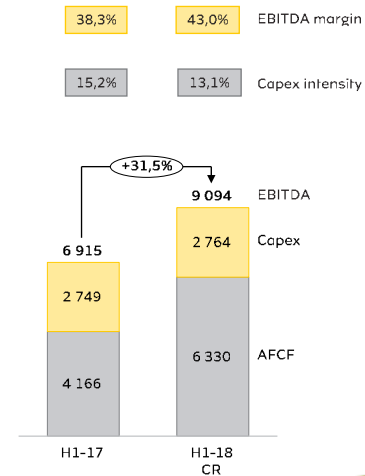
Service revenue



Expenses



EBITDA and capex



Capex intensity = Capex/ Total revenue

26

Notes

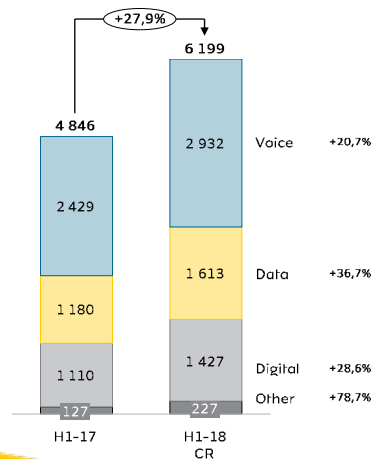


Robust voice, data and digital revenue growth drive EBITDA margin increase

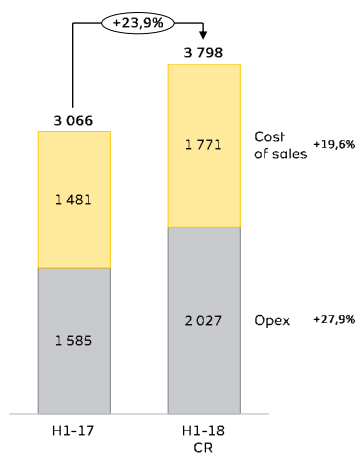


(Rm) constant currency

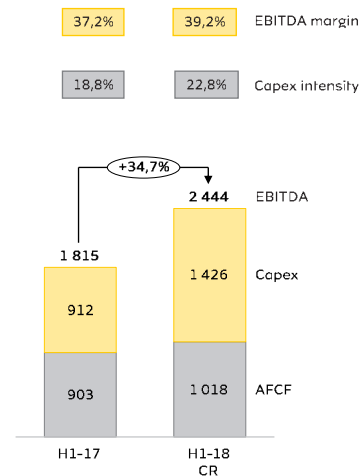
Service revenue



Expenses



EBITDA and capex



Capex intensity = Capex/ Total revenue

27

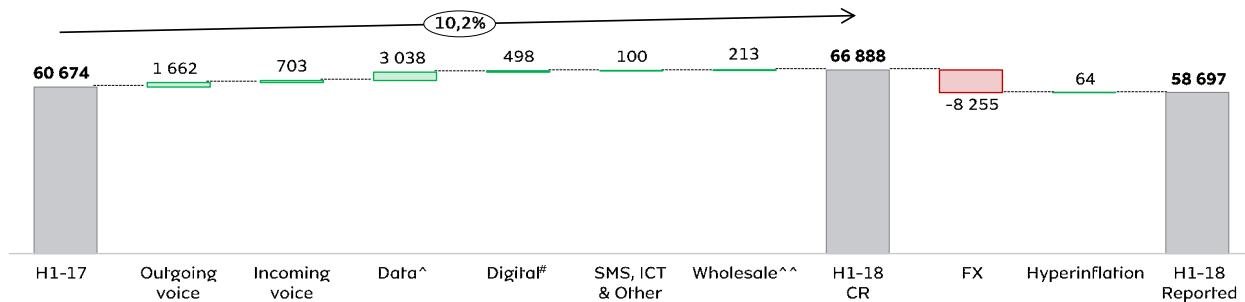
Notes

Group service revenue

Nigeria and Ghana lead voice and data revenue growth



(Rm)



^ Data includes mobile access data and EBU access data

^^ Wholesale includes voice, data, SMS, leased lines and BTS rentals

Digital includes VAS, digital and mobile money

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

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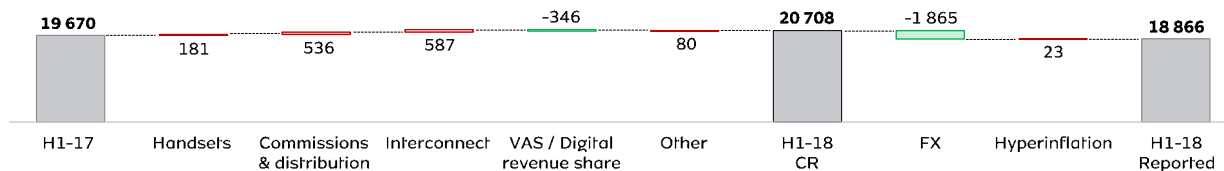
Notes

Group expenses

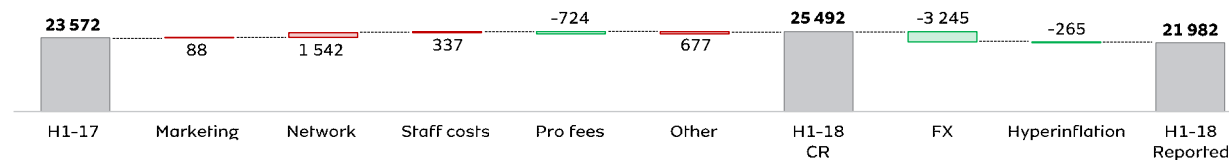
Good cost containment; rollout drives higher network costs



Cost of sales (Rm)



Operating expenses (Rm)



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

29

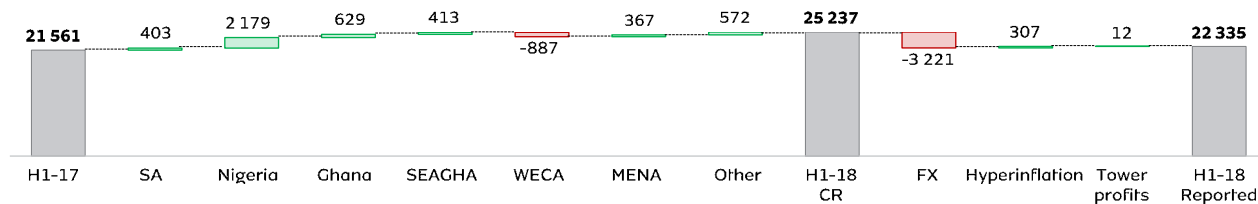
Notes

EBITDA

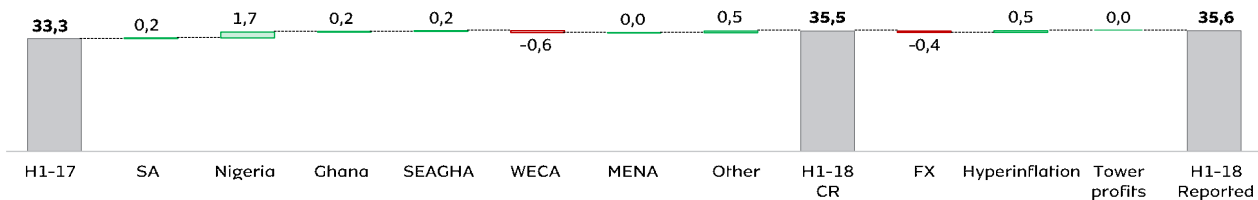
Consistent margin improvement, WECA remains a challenge



EBITDA (Rm)



EBITDA margin (%)



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

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Notes

Finance costs and leverage

Higher debt; cost of debt stable and lower forex losses



Finance costs and forex losses

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

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

Leverage

Group (Rm)	H1-18	H2-17
Cash and cash equivalents	(22 564)	(22 575)
Interest bearing liabilities	92 395	79 720
Net debt	69 831	57 145
Group leverage¹	1,6	1,3

Holdco (Rm)	H1-18	H2-17
Cash and cash equivalents	(6 391)	(7 452)
Interest bearing liabilities	68 361	59 173
Net debt	61 970	51 721
Holdco leverage²	2,9	2,7

Cash and cash equivalents include restricted cash and current investments

¹ Group leverage = Group net debt / EBITDA adjusted for hyperinflation and tower profits | ² Holdco leverage = Holdco net debt / SA EBITDA + cash upstreaming

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Notes

Share of results of associates and joint ventures after tax



Weaker rial, lower Iran profit and higher AIH loss

(Rm)	2018	2017	Change %
Telco joint ventures	1 173	1 557	(24,7)
- Iran	995	1 292	(23,0)
- Swaziland	41	53	(22,6)
- Botswana	137	212	(35,4)
Tower companies	7	(48)	NM
- Ghana	25	15	66,7
- Uganda	(18)	(55)	67,3
- Nigeria	0	(8)	NM
BICS	104	87	19,5
Share of results of telco associates and joint ventures after tax excluding hyperinflation	1 284	1 596	(19,5)
Iran - Hyperinflation (Depreciation of assets written up)	(540)	(641)	15,8
Share of results of telco associates and joint ventures after tax including hyperinflation	744	955	(22,1)
Digital group	(532)	(370)	(43,8)
- AIH	(387)	(197)	(96,4)
- MEIH	(63)	(82)	23,2
- IIG	(82)	(91)	9,9
Ayo	(25)	(6)	NM
Travelstart	10	-	-
Share of results of associates and joint ventures after tax	197	579	(66,0%)

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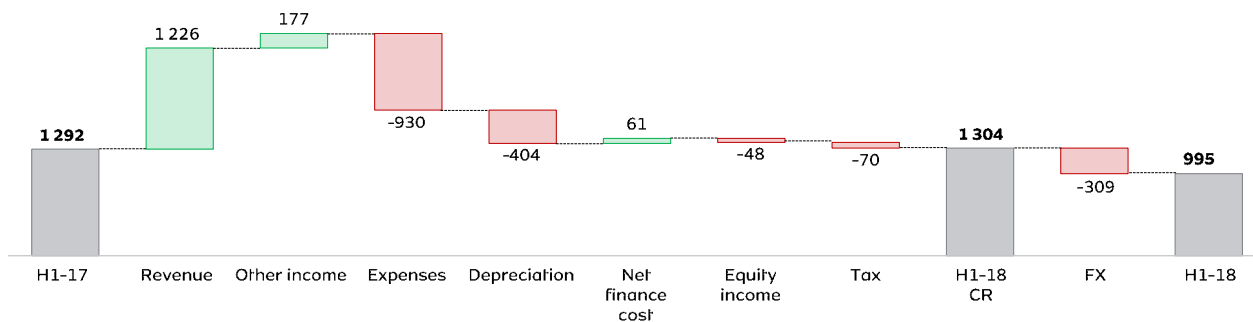
Notes

Iran (49%)



Lower profit impacted by weaker rial

(Rm)



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

33

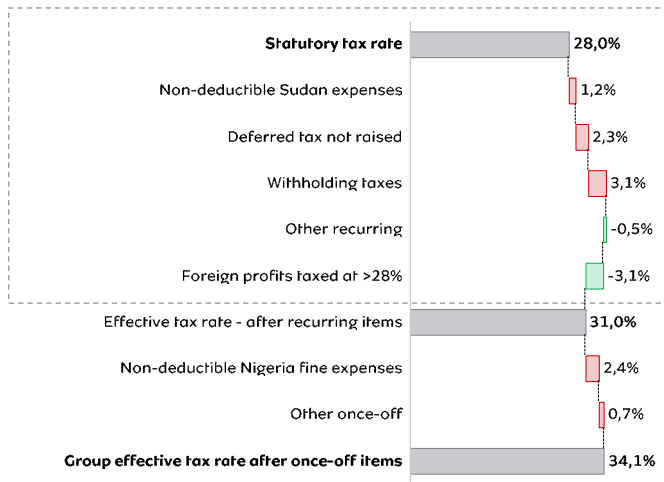
Notes

Taxation

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



Reconciliation to corporate tax rate



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

Recurring items

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Notes

Statement of financial position



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

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

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

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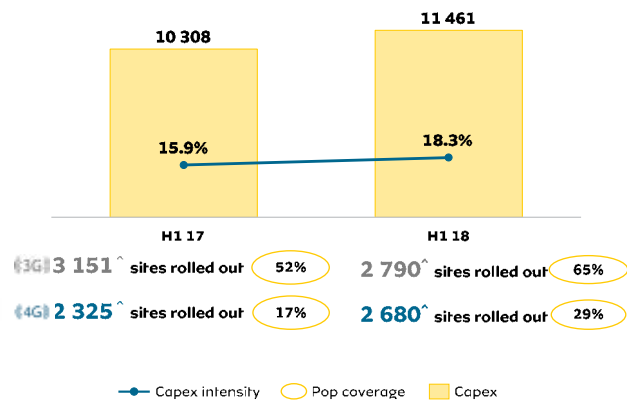
Notes

Capex

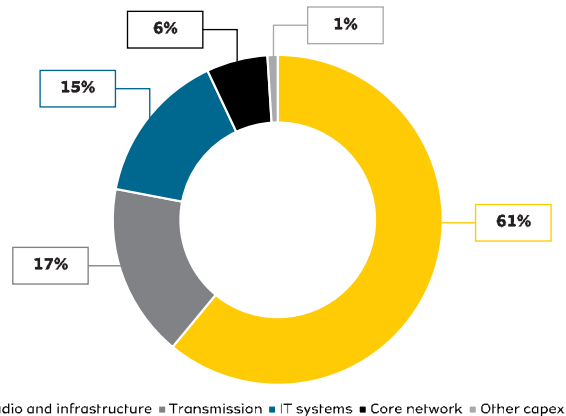
Spend focused on radio access; reduction in pricing



Capex (Rm)



Capex allocation (%)



^ Excluding Iran

36

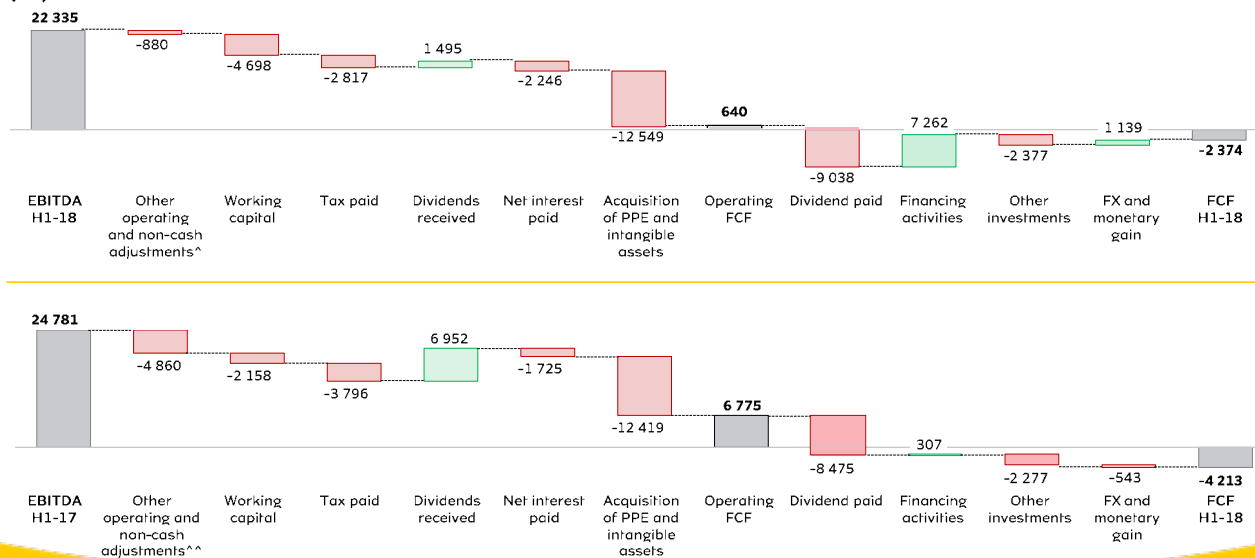
Notes

Cash flow

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



(Rm)



^ 2018 includes Nigeria fine payment (R1,797m)

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

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Notes

Adjusted HEPS

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



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

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Notes

Focus areas and guidance

everywhere you go








Notes

Tracking against 2018 focus areas



Focus areas

Tracking

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

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Notes

Targets | Medium-term targets maintained



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

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Notes

MTN is a pure-play emerging market mobile operator



Strong position in the right markets

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

Exciting demographic opportunity

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

Clear strategy



Attractive return profile

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

Well positioned for the long term

- Progressive dividend
- Sustainable leverage
- Positioned for expansion

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Notes



Thank you

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Notes

Appendices



Headline earnings reconciliation



H1-18 (Rm)	IFRS Reported H1-18	Impairment of PPE and intangible assets	Impairment of goodwill	Profit on exercise of exchange right and tower profit	Gain on distribution of investment in IIG	Other	Nigeria regulatory fine	Hyper-inflation (excluding impairment)	Forex losses	Adjusted H1-18	% movement
Revenue	62 777	-	-	-	-	-	-	65	-	62 712	(3,1%)
Other income	406	-	-	12	304	11	-	-	-	79	NM
EBITDA	22 335	244	-	12	304	11	-	1	-	21 763	1,3
Depreciation, amortisation and impairment of goodwill	11 503	-	149	-	-	-	-	91	-	11 263	0,4
Profit from operations	10 832	244	(149)	12	304	11	-	(90)	-	10 500	2,2
Net finance cost	3 677	-	-	-	-	-	396	(1)	600	2 682	88,2
Hyperinflationary monetary gain	100	-	-	-	-	-	-	100	-	-	-
Share of results of associates and joint ventures after tax	197	-	-	-	134	-	-	(540)	-	603	(50,6)
Profit before tax	7 452	244	(149)	12	438	11	(396)	(529)	(600)	8 421	(16,3)
Income tax expense	2 541	-	-	-	-	-	-	(15)	(160)	2 716	(8,6)
Profit after tax	4 911	244	(149)	12	438	11	(396)	(514)	(440)	5 705	(19,6)
Non-controlling Interests	530	42	-	-	-	-	(84)	(23)	(71)	666	(23,2)
Attributable profit	4 381	202	(149)	12	438	11	(312)	(491)	(369)	5 039	(19,1)
EBITDA margin	35,6%										
Effective tax rate	34,1%										

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

Notes

Net debt



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

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

^o Includes restricted cash and current investments

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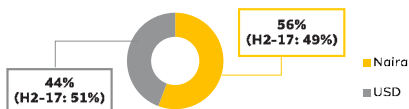
Notes

Net debt composition

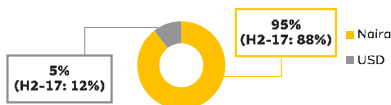
Overall debt mix remains heavily dominated in US dollars



Nigeria borrowings (%)



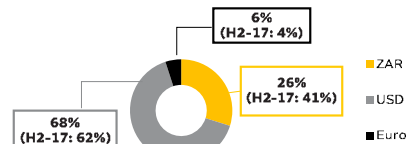
Nigeria cash (%)



Head office borrowings (%)



Head Office cash (%)



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

H2-17 comparative relates to December 2017

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Notes

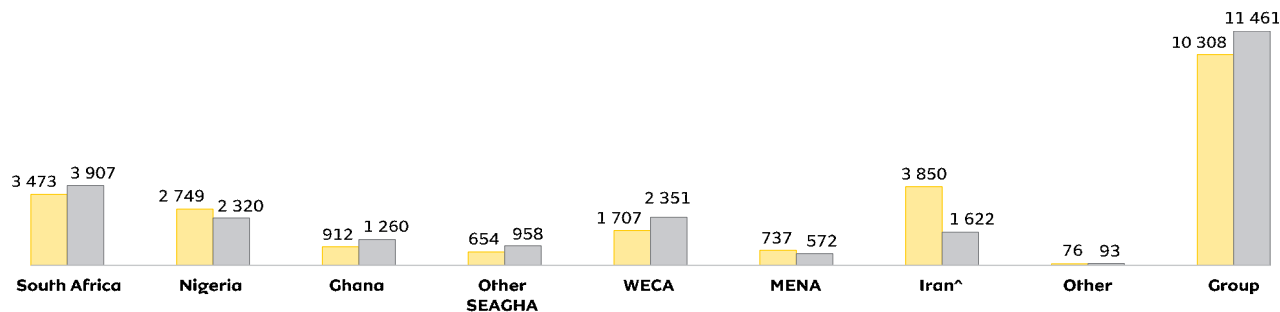
Capex

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



(Rm)

15,9% 18,3%



H1-17



H1-18



Capex intensity

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

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Notes

Statement of cash flows | IFRS



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

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

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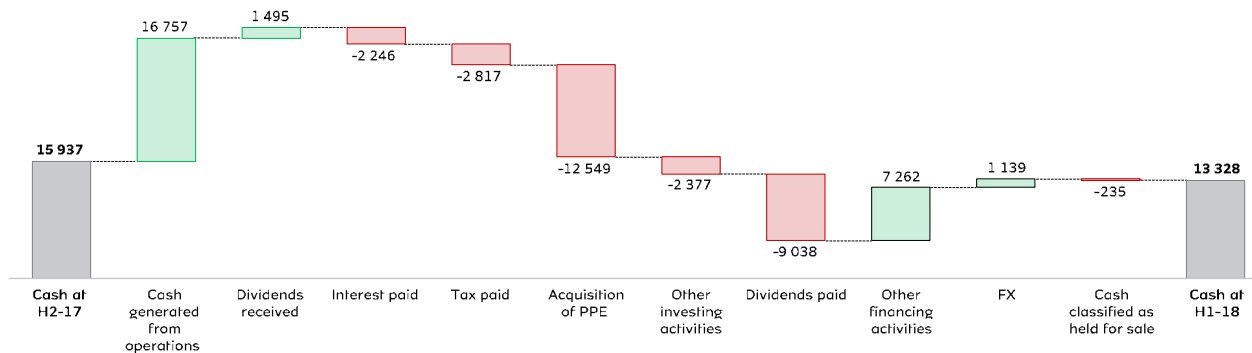
Notes

Cash flow (cash to cash)

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



(Rm)



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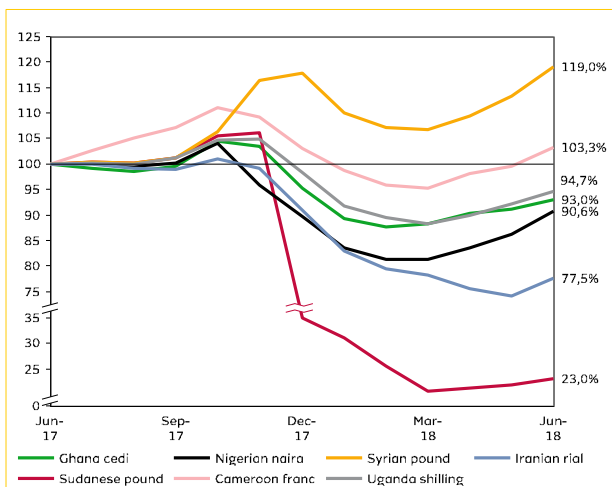
Notes

Macro indicators | FX average rates



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

Local currency movements against rand
(YoY % change)



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

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

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Notes

Macro indicators | FX closing rates



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

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

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Notes

Adoption of IFRS 15, IFRS 9 and IFRS 16



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

* Opening reserve adjustments and comprehensive disclosure on transition

Adoption of IFRS 16

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

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

Data sheets



MTN Group Limited

Results for the six months ended 30 June 2018

ARPU

(US dollar)

Country	1Q18	2Q18	1Q17 ²	2Q17 ²	3Q17 ²	4Q17 ²
South Africa	8,06¹	7,45¹	6,34	6,51	6,69	7,12
Nigeria	4,14	4,13	3,60	3,61	4,31	4,24
SEACHA						
Ghana	4,50	4,60	2,87	3,67	3,73	4,05
Uganda	2,17	2,12	2,11	2,06	2,14	2,32
Rwanda	2,32	2,13	1,74	2,03	2,45	2,46
Zambia	2,82	2,87	2,27	2,68	3,05	3,14
South Sudan	3,60	4,93	1,84	2,19	2,27	3,14
Botswana	7,60	7,60	6,17	6,70	6,50	7,60
Swaziland	7,78	7,12	7,75	7,72	7,28	7,98
WECA						
Ivory Coast	4,19	4,10	4,33	4,35	3,99	4,17
Cameroon	4,66	4,60	2,98	3,17	3,40	4,32
Benin	5,45	4,88	5,30	5,09	4,99	4,68
Conakry	2,05	1,93	2,16	2,24	2,21	2,12
Congo-Brazzaville	5,94	5,99	6,51	7,43	6,78	5,72
Liberia	3,47	3,14	2,44	2,59	2,44	3,88
Bissau	3,99	4,21	3,48	4,62	3,90	3,78
MENA						
Iran (joint venture)	4,32	4,05	3,86	3,84	4,35	4,87
Syria	2,37	2,58	1,96	1,98	2,15	2,29
Sudan	1,45	1,37	3,59	3,76	3,92	2,79
Yemen	2,38	2,58	3,17	3,29	3,11	2,34
Afghanistan	1,69	1,90	1,52	1,72	1,84	1,73
Cyprus	20,64	20,09	17,10	20,07	18,62	19,53

¹ Excludes telemetry.

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

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

ARPU

(Local currency)

Country	1Q18	2Q18	1Q17 ²	2Q17 ²	3Q17 ²	4Q17 ²
South Africa	96,14¹	94,23¹	84,79	85,24	88,12	96,80
Postpaid	141,80	140,23	147,05	148,97	149,70	160,42
Postpaid (excluding telemetry)	262,43	265,26	264,52	268,57	272,40	296,90
Prepaid	77,19	74,64	72,06	72,32	75,87	82,84
Nigeria	1 493,09	1 491,28	1 131,00	1 171,00	1 407,73	1 483,52
SEAGHA						
Ghana	20,13	21,08	12,90	15,92	16,45	18,15
Uganda	7 914,00	8 010,00	7 635,00	7 399,00	7 699,00	8 455,00
Rwanda	1 960,18	1 971,52	1 413,31	1 696,89	2 061,66	2 085,71
Zambia	27,57	28,66	21,80	24,54	27,82	31,45
South Sudan	477,84	678,47	198,44	257,39	267,73	393,34
Botswana	76,26	76,26	64,65	69,00	69,00	76,26
Swaziland	92,83	90,01	102,69	101,16	95,89	108,46
WECA						
Ivory Coast	2 261,27	2 260,85	2 683,85	2 530,85	2 236,02	2 355,54
Cameroon	2 518,35	2 534,53	1 844,00	1 850,00	1 884,00	2 440,00
Benin	2 941,08	2 690,45	3 283,25	2 962,55	2 793,69	2 643,54
Conakry	18 426,75	17 371,94	19 926,34	20 093,59	19 890,34	19 091,33
Congo-Brazzaville	3 263,37	3 355,93	4 031,72	4 328,90	3 788,47	3 211,45
Liberia	3,47	3,14	2,44	2,59	2,44	3,88
Bissau	2 153,93	2 316,82	2 157,54	2 691,26	2 182,31	2 133,76
MENA						
Iran (joint venture)	159 303,00	167 793,00	128 907,00	134 721,00	143 178,00	169 151,00
Syria	1 032,71	1 129,02	1 013,91	1 024,15	1 111,89	1 083,76
Sudan	35,25	39,88	24,00	25,13	26,18	29,91
Yemen	921,59	982,79	793,79	824,79	843,85	912,72
Afghanistan	116,92	134,77	102,76	117,50	126,09	118,75
Cyprus	16,84	16,86	16,08	16,03	15,83	16,53

¹ Excludes telemetry.

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

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

MTN Group Limited continued

Results for the six months ended 30 June 2018

Subscribers

('000)

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

^A Modernised.

Revenue

(Rm)

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

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

MTN Group Limited continued

Results for the six months ended 30 June 2018

Revenue breakdown

(Rm)

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

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

Revenue breakdown

(Rm)

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

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

MTN Group Limited continued

Results for the six months ended 30 June 2018

Revenue breakdown

(Rm)

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

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

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

(Rm)

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

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

Revenue and EBITDA (excluding tower profits and hyperinflation)

(Local currency)

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

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

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

MTN Group Limited continued

Results for the six months ended 30 June 2018

Cost

(Rm)

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

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

Cost breakdown

(Rm)

Country	1H18	1H17 ¹	2H17 ¹	2017 ¹	Reported %	Constant currency %
South Africa						
Handsets and other accessories	4 353	4 137	4 611	8 748	5,2	5,2
Interconnect	1 028	1 232	1 219	2 451	(16,6)	(16,6)
Roaming	151	160	119	279	(5,6)	(5,6)
Commissions	1 223	1 111	1 263	2 374	10,1	10,1
Government and regulatory costs	113	74	121	195	52,7	52,7
VAS/digital revenue share	325	339	249	588	(4,1)	(4,1)
Service provider discount	813	854	925	1 779	(4,8)	(4,8)
Network	2 166	2 107	2 144	4 251	2,8	2,8
Marketing	567	506	599	1 105	12,1	12,1
Staff costs	1 235	1 004	1 176	2 180	23,0	23,0
Other OPEX	1 739	1 940	1 972	3 912	(10,4)	(10,4)
Cost	13 713	13 464	14 398	27 862	1,8	1,8
Nigeria						
Handsets and other accessories	150	167	13	180	(10,2)	9,0
Interconnect	1 593	1 749	1 676	3 425	(8,9)	11,8
Roaming	86	58	52	110	48,3	82,8
Commissions	811	914	946	1 860	(11,3)	8,8
Government and regulatory costs	446	473	474	947	(5,7)	15,6
VAS/digital revenue share	353	667	498	1 165	(47,1)	(34,8)
Service provider disc	—	—	—	—	—	—
Network	4 900	5 412	5 155	10 567	(9,5)	11,0
Marketing	272	298	321	619	(8,7)	11,7
Staff costs	489	543	546	1 089	(9,9)	9,8
Other OPEX	706	878	1 162	2 040	(19,6)	0,9
Cost	9 806	11 159	10 843	22 002	(12,1)	7,9

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

MTN Group Limited continued

Results for the six months ended 30 June 2018

Cost breakdown

(Rm)

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

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

Cost breakdown

(Rm)

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

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

MTN Group Limited continued

Results for the six months ended 30 June 2018

Cost breakdown

(Rm)

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

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

Cost breakdown

(Rm)

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

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

MTN Group Limited continued

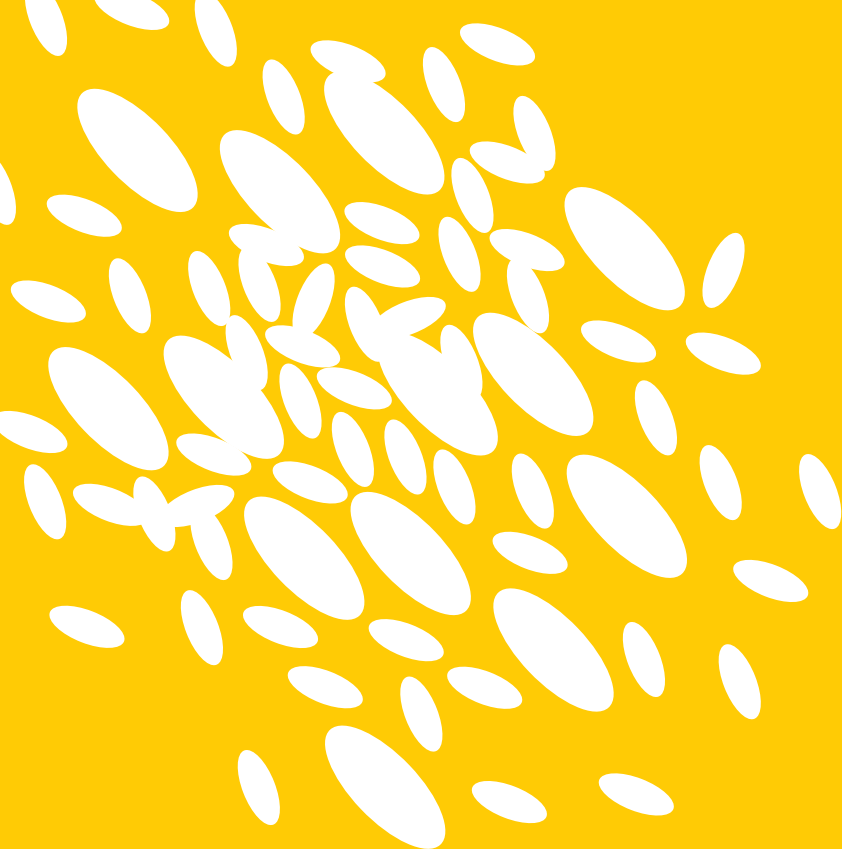
Results for the six months ended 30 June 2018

	Share- holding [†] (%)	Licence period (years)	Popu- lation (m)	Mobile pene- tration (%)	Market position/ no of operators	Market share [#] (%)	Outgoing MOU (minutes)	Tele- metry (m)
South Africa	100	20	56,5	167	2/4	28,97	77	2 772
Nigeria	79	15	190,5	58	1/4	49,54	136	
SEAGHA								
Ghana	98	15	29,1	57	1/9	56,69	298	
Uganda	96	20	38,3	52	1/8	52,38	120	
Rwanda	80	15	12,2	72	1/3	43,21	173	
Zambia	98	15	16,6	72	1/3	47,82	74	
South Sudan	100	20	10,6	15	2/3	58,79	136	
Botswana (JV)	53	15	2,2	145	1/3	53,00	89	
Swaziland (JV)	30	10	1,2	100	1/2	85,73	175	
WECA								
Ivory Coast	67	20	25,2	132	2/3	33,79	74	
Cameroon	80	15	24,8	60	1/4	44,81	87	
Benin	75	20	12,0	75	1/4	50,01	60	
Conakry	75	18	12,0	98	2/4	24,14	37	
Congo-Brazzaville	100	15	5,0	90	1/3	52,10	85	
Liberia	60	15	4,3	67	1/3	37,71	169	
Bissau	100	10	1,9	70	1/3	60,29	50	
MENA								
Iran (JV)	49	15	82,9	125	2/4	43,08	97	
Syria	75	20	17,9	86	2/2	34,32	71	
Sudan	85	20	39,8	57	2/3	33,99	179	
Yemen	83	15	27,9	42	1/4	36,31	123	
Afghanistan	100	15	34,3	43	1/5	41,58	94	
Cyprus	100	20	0,9	123	2/4	39,65	250	

[#] Market share for Ghana and Botswana not based on modernised base.

[†] Effective shareholding reported.

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



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