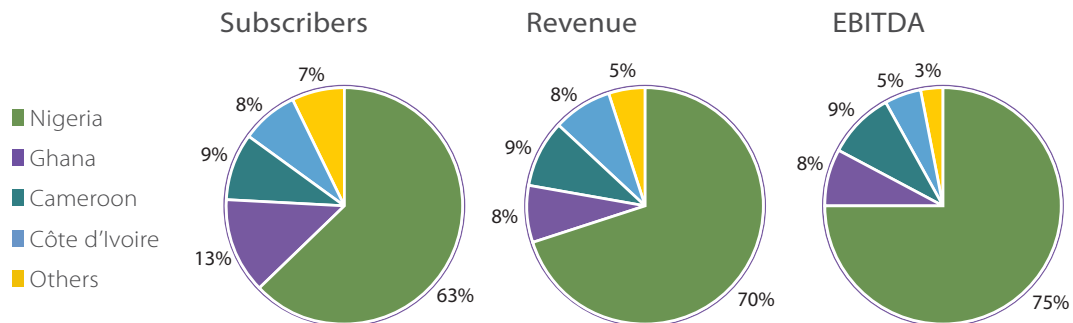


## West and Central Africa region

### West and Central Africa regional contribution to Group total

Population (million) and % of Group total	Subscribers (000) and % of Group total	Revenue (Rm) and % of Group total	EBITDA (Rm) and % of Group total	PAT (Rm) and % of Group total	Capex (Rm) and % of Group total
223,8 45%	19 622 49%	21 208 41%	11 355 51%	7 489 62%	4 998 51%

### Country contributions to West and Central Africa region total



#### Regional summary

The West and Central Africa (WECA) region includes Nigeria, Ghana, Cameroon, Côte d'Ivoire, Benin, Congo-Brazzaville, Guinea Republic, Liberia and Guinea Bissau. This regional footprint was significantly improved following the Investcom acquisition with the addition of five countries including Ghana, targeting some 224 million people through an almost seamless band of operations across western and central

Africa, driven by strong margins and continued growth opportunities.

#### Performance

##### Subscribers and ARPU

The acquisition of Investcom and continued strong growth in subscriber numbers, principally in Nigeria, saw the region end the review period with 19,6 million subscribers, up an impressive 80% from 31 December 2005. As expected, most growth occurred in the

pre-paid segment, ending the year with a split of 99:1 between pre-paid and postpaid.

ARPU declined during the year by between US\$1 and US\$4, reflecting deeper penetration of the addressable market. MTN again made excellent progress in slowing this traditional rate of decline with attractive packages and competitive tariffs.

### **Operational**

Christian de Faria was appointed to head the WECA region from June 2006 and capitalise on regional opportunities.

The Investcom acquisition has significantly strengthened MTN's regional presence, adding over 3,6 million subscribers through operations that are leaders in their respective countries. Further, the potential for the region is significant, given low penetration rates and a combined population in the former Investcom territories alone of over 42 million. Sharing and developing knowledge across the MTN Group have been prioritised and early results from the first initiative – customer management – underline the benefits of this approach.

During the year, MTN Congo-Brazzaville was rebranded following the Group's acquisition of Libertis Telecom in Congo-Brazzaville in December 2005. The rebranding exercise of all former Investcom territories started in February

2007 and these are expected to be branded MTN by the end of the 2007 financial year.

Notable achievements during the year included MTN Cameroon receiving an ISP licence and the rapid penetration of electronic voucher distribution in Nigeria where this format now accounts for 59% of airtime sales.

### **Outlook**

#### **Competition**

Increasing competition is expected in almost all markets in the region through the entry of new players and collaboration or combination of others. In Nigeria, for example, the unified licensing regime together with 3G spectrum and new entrants should continue to stimulate consolidation and competition.

#### **Strategy**

The WECA region will continue to leverage its ability to benefit from synergies around common products, services and infrastructure to stay ahead of competition. Consolidation opportunities and product innovation will also play a key role in the regional growth strategy.

## West and Central Africa region *continued*

### MTN Nigeria

#### Nigeria market information and results

	2006	2005*
Population (million)	138,9	138,0
Mobile penetration (%)	19	13
Market share (%)	46	47
Pre-paid/postpaid mix (%)	99/1	99/1
Revenue (Rm)	14 900	11 377
EBITDA (Rm)	8 529	6 051
Capex (Rm)	3 674	5 249
ARPU (US\$)	18	22
Subscribers (000)	12 281	8 370
Data % of revenue	3	2

\* Unaudited 12 months

#### Overview

MTN Nigeria operates a GSM licence which was granted in September 2006 and is valid until August 2016. The operation was also awarded a 3G licence in March 2007.

During the year, the MTN Group increased its shareholding in MTN Nigeria to 82,04% in a US\$349 million cash-and-shares transaction. While enabling minority shareholders to realise a portion of their investment in MTN Nigeria, the transaction is part of a process which is expected to enable a broader spectrum of Nigerians to participate in the company's performance.

#### Nigeria summary

The Nigerian economy recorded growth of 8% in 2006, and is expected to taper to

just over 5% in 2007. While growth was primarily driven by the non-oil sector, high crude oil prices and the savings achieved via debt relief have positive implications for government spending. Year-on-year inflation rose to 6,3% from 3,7% in August 2006, well within the Nigerian government's 10% target. Government spend continues to account for the largest part of GDP primarily through public-sector contracts. This has not had a meaningful impact on the income levels of the general population and the majority of target subscribers are estimated to have only seen gradual (inflationary) increases in disposable income. The naira has been stable against the US dollar and strengthened by 8% against the rand in the last 12 months. A highly competitive labour market and retaining critical staff remain challenges in Nigeria although financial structural reforms continue positive momentum. General elections in 2007 are key, with a concomitant impact on fixed domestic investment spending anticipated.

#### Performance

##### Subscriber and ARPU

In an exceptional performance, MTN Nigeria increased its subscriber base by 47% over the last period, recording some 3,9 million net connections for the year. Nearly half of these were in the last quarter after the introduction of the new value proposition at the end of September. Increased use particularly in the medium

and lower segments, to a large degree offset the impact of the lower tariffs resulting from the new value proposition.

ARPU declined further from US\$22 in the prior year to US\$18, reflecting the continued acquisition of subscribers at the lower-use end of the market.

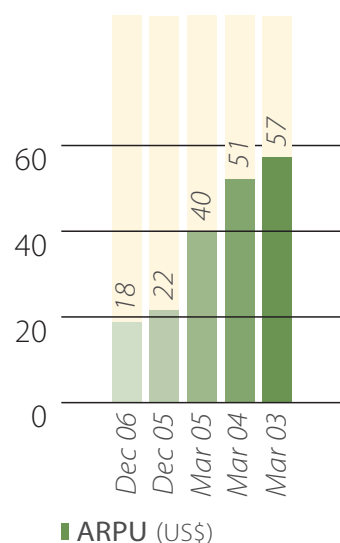
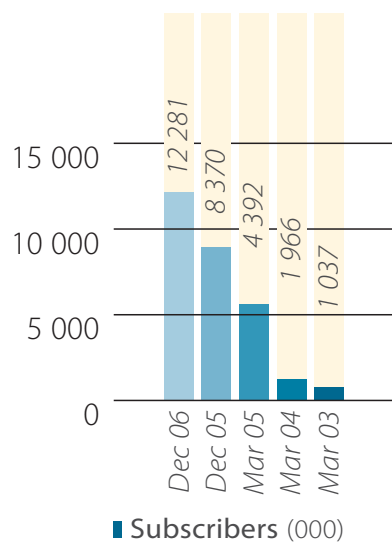
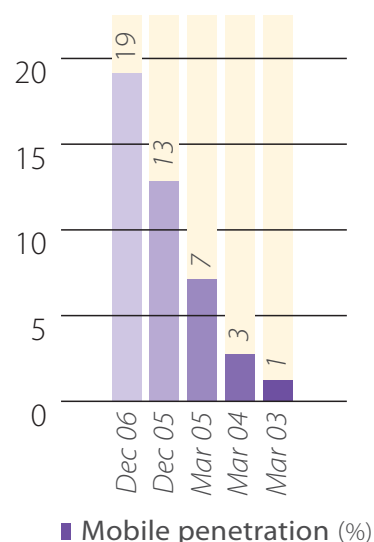
### Operational

It was a watershed year for MTN Nigeria, dominated by the launch of its US\$99 million fibre optic network. The company received the trophy for best mobile operator of the year 2005 at the Nigerian Telecoms Awards. As importantly, regulatory clarity was obtained on the post-exclusivity environment and a form of parity between the mobile and fixed-line sectors was achieved on interconnect rates. Sterling results were produced from focused initiatives to build brand awareness at different levels, including the launch of innovative products, services and promotional campaigns. Extensive work was completed on network infrastructure to allow seamless expansion for future capacity. A new managing director was appointed in August 2006.

### Operating environment

#### Competition

In a market of almost 139 million people, mobile penetration is below 20%. Five GSM licensed operators and regional private telephone operations have now obtained unified licences



## *West and Central Africa region* continued

and competition is intense and rising. MTN Nigeria is addressing this challenge through participating in a broader context by servicing a broader market, by the ongoing implementation of innovative products to increase customer retention and tariff structures that meet market needs at different levels.

### **Products**

Product innovation plays an important role in keeping the MTN brand at the forefront of consumer awareness. The "Xtra" range of products introduced towards the end of September have successfully repositioned MTN in the Nigerian market. The products were tailored towards different customer segments and a holistic value proposition. Pricing plans targeted on-net calling preference, using off-peak capacity, per-second plans, discounts on calls to friends and a revolutionary electronic wallet through which subscribers can buy airtime and make other payment transactions from ATMs in MTN service centres, ConnectStores and selected external ATMs. The impact of these products has been most evident in subscriber retention and increased minutes of use. MTNLoaded has proved immensely popular. This loaded portal service gives customers easy and direct access to entertainment, ranging from downloadable ringtones to popular logos. For corporate users, MTN Nigeria launched a mail package

incorporating multimedia messaging and GPRS.

### **Infrastructure**

MTN Nigeria's ultra-modern fibre optic transmission network was launched in October 2006. The private network gives MTN Nigeria a further competitive advantage and is expected to redefine service delivery in the Nigerian telecommunications sector. With the ability to process more than five million simultaneous calls, data and multimedia transmissions, this is considered one of the best transmission backbones with the highest inherent network capacity in Africa. It will cover over 3 500km when completed and span the length and breadth of the country, ensuring a dramatic improvement in quality of service.

Several phases of network expansion were completed during the period, including deploying and commissioning some 3 000km of fibre, seven new mobile switching centres and 769 base transceiver stations. This has strengthened and extended the network and given MTN Nigeria the infrastructure and flexibility to expand future capacity. The widespread popularity of the expanded product range has placed a heavy load on network capacity, which is being addressed by local management.

### ***Distribution***

MTN Nigeria has extensive wholesale and retail distribution channels, with 161 appointed distributors, some 19 451 second- and third-tier points and about 30 000 informal distributors. Thirteen service centres operate as retail and service points for after-sales service.

During the year, the proportion of electronic airtime sales transactions to traditional airtime sales increased strongly from 33% in December 2005 to 59% in December 2006, entrenching this new branch of the distribution channel. Four franchise ConnectStores were opened, taking the total to 21 and additional stores are planned for 2008.

### ***Regulatory environment***

During the year, we welcomed the resolution of Nigeria's unified licensing regime following the five-year exclusivity period granted to incumbent GSM operators. A fifth GSM licence has been issued and MTN paid US\$150 million for its right to a 3G licence and spectrum in March 2007. With this regulatory uncertainty now resolved, MTN Nigeria can implement more effective planning and positioning strategies.

Progress was made in the protracted dispute on interconnect debts with Nitel. Partial payment was received at year-end, with terms agreed for the outstanding balance. The dispute with the Nigerian Communication Commission on interconnect rates continued, with the regulatory body issuing new interconnect rates effective September 2006. While this has improved parity between the mobile and fixed-line sectors, it has implications for revenue and MTN Nigeria has taken bold strategic steps to mitigate this, including a more aggressive approach to collecting outstanding interconnect fees.

### ***Outlook***

With one of the most advanced network infrastructures in Africa and innovative and differentiated marketing strategies in place, MTN Nigeria is well placed to increase market share and capitalise on the significant potential of this key market.

## West and Central Africa region *continued*

### MTN Ghana

#### Ghana market information and results

	2006*	2005**
Population (million)	22,4	21,4
Mobile penetration (%)	22	13
Market share (%)	52	65
Pre-paid/postpaid mix (%)	99/1	99/1
Revenue (Rm)	3 007	2 096
EBITDA (Rm)	1 589	1 205
Capex (Rm)	775	334
ARPU (US\$)	17	18
Subscribers (000)	2 585	1 820

\*First six months unaudited

\*\*Unaudited

#### Overview

MTN Ghana (formerly an Investcom subsidiary trading as Areeba Mobile phone network under Scancom Ghana Limited) was granted a mobile cellular licence in December 2004, valid until December 2019.

#### Ghana summary

Ghana continues to enjoy the economic stability and growth that have characterised this country since 2001. Inflation is stabilising at around 10% and the local currency has maintained its level of ₵9 250 to the US dollar. A lower tax rate bodes well for personal disposable income. General elections are scheduled for 2008 but, with a well-entrenched multi-party democracy, this is not expected to disrupt economic growth.

#### Performance

##### Subscriber and ARPU

Year-on-year subscriber growth was over 42%, from 1,8 million to 2,6 million, predominantly pre-paid subscribers. Levels of churn among postpaid subscribers have declined following improved credit control measures and heightened awareness of service. The increase in levels of churn among pre-paid subscribers is being addressed.

ARPU decreased from US\$18 in 2005 to US\$17 at year-end, primarily due to lower tariff and interconnection charges.

#### Operational

The Ghana operation was incorporated into the MTN Group in July 2006. Since then, the company has focused on a previous roll out backlog, commissioning more than 280 BTSs during the last three months of 2006, improving service and call quality and strengthening network infrastructure. The operation launched several innovative services into the Ghanaian market and this will be expanded in 2007 to improve market share.

#### Operating environment

##### Competition

Late in the review period, the sixth mobile service licence was granted, making this one of the most competitive mobile markets on the continent. As a result, there is considerable pressure to

reduce tariffs, despite effective prices being considerably below those in MTN's other key markets.

Given high demand for fixed-line services, the government has licensed ten regional fixed-line operators and announced its intention to privatise two of the state-owned mobile licences.

### **Products**

In the second half of the review period, the company introduced discounted off-peak calls, bulk SMS, GPRS and EDGE services and a wireless mobile office package that is particularly effective in rural areas where there is limited data connectivity. The company also introduced GPRS roaming with South Africa and Nigeria. These initiatives have enhanced subscriber numbers and retention, and will be intensified in the new financial year.

### **Infrastructure**

MTN's Ghana operation significantly increased its geographic coverage during the year, adding over 400 base transceiver stations, three base station controllers and three mobile switching centres. Substantial progress was made in completing microwave backbone transmission rings, enabling MTN Ghana to reduce future transmission costs and penetrate new areas.

### **Distribution**

MTN's Ghana operation reaches the market through 21 branches in major centres and 28 distributor offices. It also has seven exclusive distributors that deal in all the network's products. Complementing this distribution infrastructure are 575 sub-distributors and over 91 000 retailers and some 40 000 electronic voucher resale points.

### **Regulatory environment**

The increase in competition is linked to new licences issued by the regulator. Interconnect rates are usually fixed by the regulator in consultation with all operators. The current declining trend in termination rates favours the state-owned fixed-line operator.

The company is fully compliant with its licence conditions.

### **Outlook**

Market penetration of telecommunications services, particularly mobile, is growing exponentially. With the scale of MTN Group resources to draw on, MTN's operations in Ghana are well positioned to capitalise on this trend.