

Group chief operating officer's report

OVERVIEW

The MTN Group is firmly established as a leading provider of telecommunication services in emerging markets. The Group's continued high-growth performance is largely due to the acquisition of new operations and licences, and strong operational performance. It has also been underpinned by solid economic fundamentals with relatively strong GDP growth across the majority of its markets.

Operational excellence and execution are key factors to ensure delivery on our strategy. From an operational perspective, the common areas of focus during 2007 were on accelerating infrastructure roll out and extracting efficiencies and regional synergies.

• Infrastructure roll out

There has been a significant increase in demand in the rapidly growing markets in which the Group operates. A key challenge continues to be the ability to forecast market demand. Our approach has been to stress test the markets as we expand, and revise the addressable market sizes accordingly. The combined market size of all the operations is estimated at over 300 million subscribers by 2012.

During the year, we focused on accelerating the roll out of infrastructure to ensure the appropriate levels of quality and capacity to meet demand, which is currently outstripping existing capacity. This is key in regions such as Nigeria and Iran. Capital expenditure for 2007 was R15 billion, which increased to 21% of revenue from 19% at 31 December 2006.

• Efficiencies and regional synergies

We have embarked on a standardisation initiative that ensures processes and operating platforms are streamlined across the Group to enhance efficiencies and extract regional synergies. During the year, a number of procedures were standardised

across the regions, including: capital projects management, churn management, network operations and maintenance, base transceiver station site-build criteria and a customer-experience blueprint.

The "MTN way" of doing things will ensure consistency in the way that networks and data centres are managed, and that the customer experience and procurement processes are congruent across the board. This creates an environment where there is less need for intervention by the Group head office and greater autonomy in each operation.

Commercial and technology committees have been established at Group level to identify and align key priority areas that need to be addressed.

The rebranding of the former Investcom operations to MTN has been effectively completed. There are two countries remaining, Afghanistan and Liberia, which will be rebranded in the near future. The rebranding has helped to further establish the Group's leadership position across our markets.

Looking forward

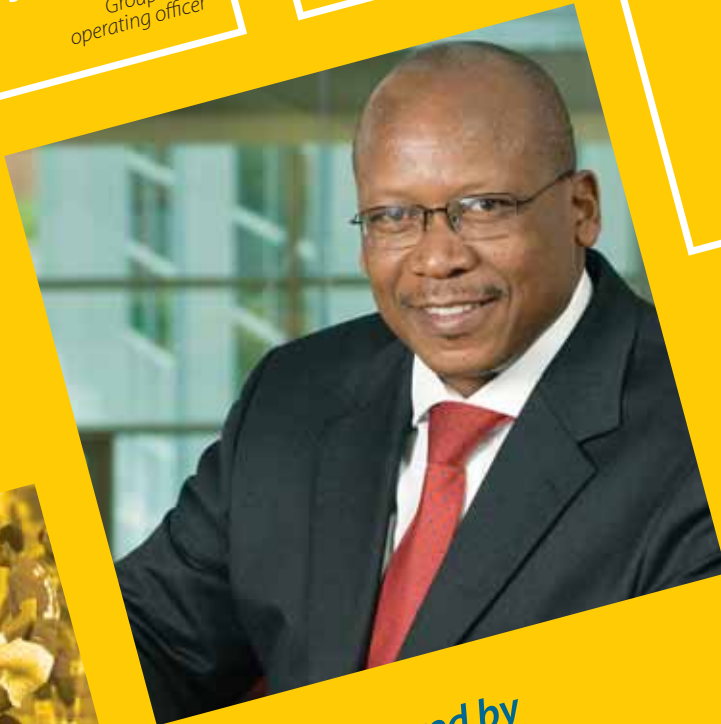
In 2008, infrastructure roll out will continue to be a major focus to ensure MTN takes advantage of demand and maximises its growth potential. MTN will actively explore ways to accelerate this in all key markets.

MTN will also continue efforts to align the Group more closely to both internal and external domestic and international benchmarks and best practice, and to ensure the benefits of synergies and standardisation between operations and regions are realised.

A more detailed overview of the key operations in the SEA, WECA and MENA regions follows.



Sifiso Dabengwa
Group chief
operating officer



**Strong growth has been achieved by
improving service delivery to our
growing subscriber base.**