

Chairman's statement

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Cyril Ramaphosa
Chairman

Innovating and delivering

In its 15th year of operation, the MTN Group passed the 100 million subscriber mark with a robust and resilient operational performance in the majority of the countries in which it operates. This was made possible by a firm adherence to our strategy, including investing heavily to extend the quality, coverage and capacity of the communications network across the 21 markets in which we operate.

The intensive capital investment programme of recent years is designed to stand the Group in good stead in the years to come as competition intensifies and the world fully recovers, in the longer term, from the economic malaise of 2008 and 2009.

Across the globe, millions of jobs were lost in 2009 as the world economy contracted by an estimated 1,7%. Credit markets tightened, limiting lending which would otherwise have supported investment and growth.

With its continued commitment to its markets, a strong brand and established value proposition, MTN was able to weather the storm. But, understandably, it is not immune to a challenging economic cycle, or to moves in commodity prices which remain key to the health of many of the countries in which the Group operates.

Hard times encourage innovative thinking and MTN showed this with its novel products and services in the midst of mounting pressure on consumers' disposable incomes, aggressive competition and increased regulatory requirements. The Group's adoption in the year of a segmented approach to the market, offering customers sector-specific products and services, proved successful and was well received by subscribers. Along with MTN Zone dynamic tariffing and MTN MobileMoney, as well as other customised offerings, these assisted the Group in maintaining or growing market share in almost all of its jurisdictions. They also helped MTN Group win the "most innovative brand in the telecoms sector" award in the Ask Afrika Trust Barometer in September 2009.

For an organisation that generates most of its revenue in currencies other than its reporting currency, the strength of the South African rand also proved a considerable hurdle.

As a result, MTN Group reported its first drop in headline earnings per share since inception, to 803,2 cents from 836,5 cents in 2008. But, thanks to continued strong cash generation and the expectation that capital expenditure has now peaked, the Group increased its dividend to shareholders. This effective relaxation of MTN's dividend cover resulted in a payout to shareholders for 2009 of 192 cents a share, from 181 cents for 2008.

Operating sustainability

Sustaining the performance of the MTN network and the mobile market it serves is essential. This requires a reasonable and predictable regulatory regime, to allow cash-generating mobile companies to continue to invest in bridging the digital divide and so stimulating economic growth.

Maintaining transparent and constructive relationships with those it interacts with is an important MTN Group value. During 2009, the Group stepped up its co-operation with regulators across the footprint, as various new regulatory requirements (such as SIM-card registration and managing mobile termination rates) began to gain momentum in many markets. The Group also worked to enhance its engagement with customers, employees and the communities in which it operates.

The expansion of mobile telephony across the Middle East and Africa has already had a significantly positive impact on the lives of our customers, but it has the potential to have an even bigger effect as better, more reliable communication encourages trade and development. Mobile telephony's applications in assisting socioeconomic development are many – from facilitating internet-based education and health, to helping disseminate various essential services and information.

Chairman's statement *continued*

For MTN, sustainability is about ensuring sound practices are part of its core business. In 2009, through the efforts of an improved Group sustainability function, the focus on the environmental, social and ethical issues that could pose an economic risk or opportunity to MTN was heightened. Through ongoing board and executive support and Group-led strategic planning, the Company is in a better position to adapt to global imperatives and enhance stakeholder value.

In 2009, MTN Uganda won the best solution for rural services award at the AfricaCom Awards in Cape Town. This was for its MTN Google SMS offering, developed in partnership with Google and the Grameen Foundation, a non-profit organisation fighting poverty. Among the services MTN Google SMS offers is Farmer's Friend, a searchable database with both agricultural advice and targeted weather forecasts, and Google Trader, which matches buyers and sellers of agricultural produce.

Apart from positive, direct benefits such as this, MTN also assists communities on the ground through its significant corporate social investment programme. It has a clear CSI mandate, which is carried out through the MTN foundations already established in the majority of its markets. Once a year, through the *21 Days of Yellow Care* initiative, employees throughout the Group volunteer and roll up their sleeves to help their local communities. The projects range from planting trees, cleaning streets, mosques and facilities for disadvantaged children to building recreational centres and soccer fields and establishing vegetable gardens. For the second

year running in 2009, employees of MTN Yemen won the Group's first prize for this initiative. Well done to you all.

In 2009, MTN launched a campaign to reduce deaths in Africa from malaria, which is the number one killer of children under the age of five on the continent. For maximum impact, the Group teamed up with the Malaria Community – a coalition of leading technical and advocacy groups. The aim is to help ensure 100% coverage and use of mosquito bed nets in malaria areas, achievement of which stands to save more than four million lives by 2015. This initiative is being rolled out in countries affected by the mosquito-borne disease, including Ghana, Uganda, Zambia, South Africa, Côte d'Ivoire, Cameroon, Botswana, Swaziland, Congo-Brazzaville, Nigeria, Benin, Liberia, Guinea Conakry, Guinea-Bissau and Rwanda.

Addressing environmental impacts

Recent studies have shown that information communications technologies (ICTs) can have a significant impact in reducing energy consumption and greenhouse gas emissions. A 2008 Global e-Sustainability Initiative report estimated that ICTs could lessen emissions by up to 22% by 2020 through practices such as smart logistics, smart buildings, a smart power grid and reducing travel through videoconferencing and tele-work.

MTN recognises the enabling role it can play in helping the world economy move to a lower-carbon environment. Reaffirming its commitment to reducing the impact of climate change,

the Group has signed the Copenhagen Communiqué on climate change ahead of the United Nations climate change summit, adding to the growing chorus calling for environmentally friendly practices.

In 2009 the Group analysed its own carbon intensity, looking at opportunities to reduce the impact of its business on the environment and mitigate climate-change related risks. The results indicate that MTN needs to accelerate its efforts to reduce the carbon intensity and increase the energy efficiency of base stations, data centres, large premises etc. MTN is proud of its early efforts in this regard. The Group has assessed the viability of alternative energy solutions to power base stations, including solar and hydrogen fuel cell trials in Sudan and Swaziland, biogas pilots in South Africa and operating solar-powered sites in Cameroon, Nigeria and Rwanda, among others.

At Kleinaarpen in the Kalahari Desert of South Africa (an area without access to the national power grid), MTN deployed an 80 metre tower on a base station that incorporates multiple energy technologies, including solar, wind, fuel cells and lithium-ion batteries. The site, home to the Group's tallest mast, provides MTN with an opportunity to test "green" technology and provides mobile coverage in a 50km radius to people in an area previously without coverage. As the solar and wind generation capacity is far in excess of the average consumption, MTN intends in future to supply the local community with the surplus.

With a presence in Africa and the Middle East, MTN is acutely aware of how vulnerable these markets are to the adverse impact of climate change and is committed to the concept of people, planet, profit and a positive legacy for generations to come.

Appreciating employees

MTN recognises the vital contribution of its employees (some based in particularly difficult environments) and continues the Group's many endeavours to provide a rewarding work environment. In 2009, MTN achieved a top 10 ranking in the World's Best 40 Global Companies survey by AT Kearney, a leading management consulting firm. Other companies in the top 10 included the likes of Nintendo, Google and Apple. The survey was compiled for *BusinessWeek*, an influential international business publication. Awards such as this encourage us to do better, challenging MTN to sustain and improve on this position.

The safety of MTN people everywhere is paramount. Many countries in which the Group operates face political and social challenges. In 2009, the MTN Group crisis operations centre was opened in Johannesburg to provide support to all employees, 24-hours a day, seven days a week. The centre is an integrated command, control, communications and information-relay facility aimed at boosting the Group's risk management capability; flagging potential crises; providing control and appropriate response measures during events on the ground. Supporting the national emergency response teams in every country, it endeavours to prevent any incident from becoming a crisis.

Chairman's statement *continued*

In 2009, MTN stepped up its fight against fraud, implementing various improved fraud prevention and detection mechanisms, which included the implementation of a Group-wide fraud incident register, conducting fraud risk assessments in most operations and the implementation of improved whistleblowing mechanisms.

Corporate governance

Sound and thorough corporate governance is essential to ensure business sustainability. MTN endeavours to make certain that it complies fully with corporate governance best practice and with the requirements of the King code. In line with the guidelines on the ideal composition of the board of directors, three new independent, non-executive directors were appointed, effective January 2010: Dawn Marole, Peter Mageza and Alan Harper have a broad range of expertise and experience and their positive presence is welcomed.

Their appointments follow that of Nazir Patel, the new Group finance director, to the board with effect from 27 November 2009. Nazir replaced Rob Nisbet, who resigned following 14 distinguished years of service as Group finance director. We thank Rob for his important contribution and wish him well. We welcome Nazir, who brings with him a wealth of knowledge from across the globe.

I would like to thank all members of the board for their active participation and wise counsel in 2009 and look forward to more active debate and considered advice in the year ahead.

I would also like to congratulate management for the Group's robust performance in difficult times. Group president and CEO Phuthuma Nhleko recently announced that he would not be renewing his long-term contract of employment when it ends on 30 June 2010. However, he has agreed to continue in his current role until March 2011, to allow for a seamless handover to his successor, who has yet to be appointed. On behalf of the board, I would like to applaud Phuthuma for his outstanding vision and leadership for the past eight years. Under his tenure, MTN has grown into a leading emerging market success story and expanded to become the number one provider of mobile telecommunications services across Africa and the Middle East.

In 2009, Phuthuma won *The Sunday Times Top 100 Business Leader of the Year* award, voted by his peers who are the CEOs of the top 100 listed companies in South Africa. At the time, he acknowledged that much of his success came from the talented team around him. I believe it is this deep and broad skills set among MTN senior management that will continue to underpin the Group's success. The board is confident in the leadership of MTN and of its consistent strategy to consolidate and diversify its

earnings base; leverage its significant footprint as well as strong intellectual capacity; and to capitalise on the trend towards the convergence of various technologies.

In 2002, it was Phuthuma who arranged and implemented the BEE equity ownership programme for more than 3 000 MTN staff in South Africa, in an effort to rectify some of the economic legacies of the country's history. During 2009, the scheme matured and the Group completed the unwinding of Newshelf, the special purpose vehicle set up to facilitate the deal. MTN remains committed to establishing another BEE equity ownership programme in respect of its South African operations when market conditions are conducive. It also continues to pursue other initiatives, such as enterprise development and skills training in South Africa and across its footprint to stimulate local participation in the business. In 2009 MTN Zambia issued a 2,2% stake to a minority shareholder, diluting MTN's stake to 97,8%.

Looking forward to 2010

As I sign off this report, excitement about the first 2010 FIFA World Cup™ in Africa is reaching fever pitch. This will be the first time in the tournament's history that it is being held on African soil, and South Africa wants all Africans to regard it as their own. MTN's global mobile sponsorship of the event is fitting given that it is the pre-eminent African telecoms group and because football

is watched by a significant percentage of its more than 100 million subscribers. MTN is proud to operate in five of the six African countries competing in the competition. As the first African sponsor of the world's largest sporting event, MTN is living up to the promise of being a united and uniting force. It also displays the Group's "Can Do" approach and "think big" attitude, further bolstering the brand and demonstrating our leadership.

It's Africa's time. *Ke Nako.*

Cyril Ramaphosa

Chairman

March 2010

Group overview

Business review

Operational review

Sustainability review