

Group chief operating officer's report *continued*

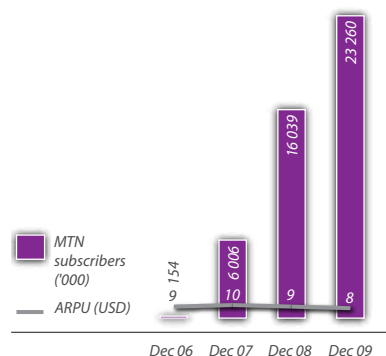
for the year ended 31 December 2009

Middle East and North Africa region *continued*

MTN Irancell

ARPU (\$)

Subscribers ('000)

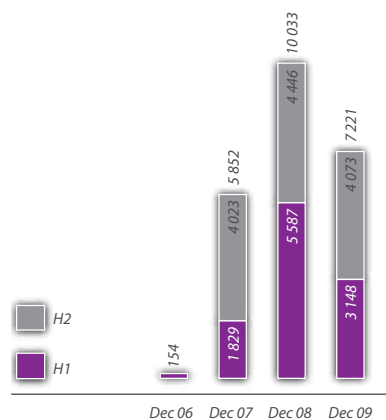


Outgoing MOU – 69* 60* 62

*Restated to exclude free minutes

('000)

Net additions



Launched August 2006, market share 40%, population 72,5 million, forecast market size in 2014 – 75,8 million, shareholding 49%.

MTN Irancell revenue and expenses summary (49%)

	12 months to December 2009 Rm	12 months to December 2008 Rm	% change
Airtime and subscription revenue	4 051	2 360	72
Interconnect revenue	2 167	1 676	29
Data and SMS	1 210	689	76
Connection revenue	150	206	(27)
Other	47	4	–
Total revenue	7 625	4 935	55
Direct network operating costs	722	604	20
Regulatory fees – revenue share	2 067	1 280	61
Costs of handsets, SIMs and vouchers	179	162	10
Interconnect and roaming costs	937	666	41
Employee benefits and consulting costs	95	63	51
Selling, distribution and marketing costs	614	469	31
Other expenses (general and administration)	347	199	74
Total operating expenses	4 961	3 443	44
EBITDA	2 664	1 492	79
EBITDA margin	34,9%	30,2%	4,7 pts

Overview

Aggressive subscriber acquisition activity and heavy investment in further extending the network ensured that MTN Irancell exceeded its performance targets in 2009. Promotions such as *"Buy One, Get One Free"*, *"Magic SMS"* and a cut in the price of prepaid starter packs helped ensure net connections of 7,2 million in the year and increased total subscribers to 23,26 million.

Together with enhanced product and service offerings, improvements in customer care and wider distribution, this helped drive mobile market penetration to 80% at the end of 2009 from 61% a year earlier. MTN Irancell's market share rose to 40% from 37%.

Revenue in local currency increased by 60% for the year, significantly ahead of subscriber growth which translated into a 54,5% increase in rand terms. MTN's 49% share of MTN Irancell's revenue was R7,6 billion. Average revenue per user per month declined by only USD1 to USD8 despite the sharp increase in subscribers.

Aggressive cost control initiatives combined with the benefits of economies of scale resulted in operating expenses growth of 44% lagging revenue growth of 55%, improving the EBITDA margin in by 4,7 percentage points to 34,9%. In particular, tight control of commissions, headcount growth and marketing expenditure, along with the implementation of single vendor maintenance and locally manufactured recharge vouchers, helped keep cost increases in check.

MTN Irancell continues to benefit from a strong brand, helped in part by customised advertising in local dialects in areas where Farsi

is not the primary language, as well as the MTN Group's global sponsorship of the 2010 FIFA World Cup South Africa™.

In the year, MTN Irancell received the local tax award for its exemplary compliance with tax regulations.

Market environment

Iran did not escape the effects of the global economic slowdown, which affected the demand for its primary export oil. Social unrest sparked by the presidential election in June also put pressure on economic activity. There has been a delay in issuing the third GSM licence in Iran and the expectation now is that it will be issued during 2010.

Infrastructure

MTN Irancell kept up its strong investment momentum to enhance the quality, coverage and performance of its network in 2009, with MTN Group's 49% share of capital spending for the Company reaching R3,3 billion. By year-end, a total of 1 429 cities and towns had MTN Irancell coverage, representing additions of 62 new towns a month. The Company also expanded its road coverage to 10 928km from 5 932km.

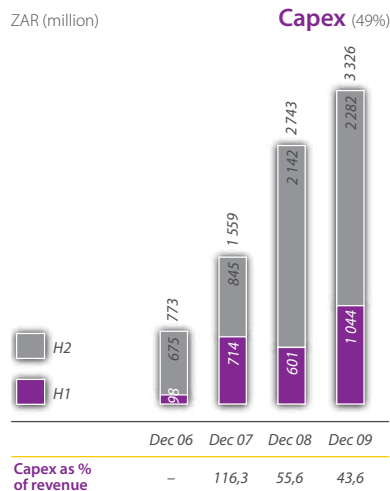
Between the three outsourced network build vendors (Nokia-Siemens, Ericsson and Huawei) MTN Irancell activated 2 043 new base transceiver stations (BTS) in the year, giving an impressive monthly average of 170 and bringing the total to 3 532. A significant number of these were brought on air in Tehran, helping to enhance network quality. The extra sites added in Esfahan assisted MTN Irancell in improving both the quality and coverage and attracted more customers. Further enhancements remain a priority, as do site acquisitions, particularly in the main cities.

Group chief operating officer's report *continued*

for the year ended 31 December 2009

Middle East and North Africa region *continued*

MTN Irancell *continued*



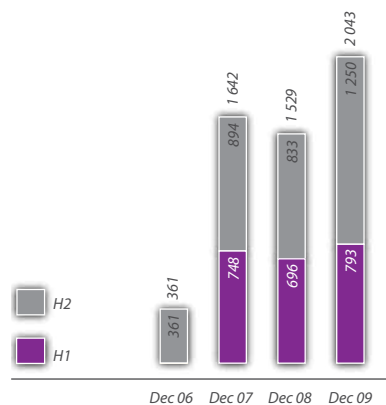
MTN Irancell became the first operator to launch WiMax technology successfully in December 2009, by providing wireless data transmission services.

Products and services

The Company continued to enhance its value proposition to customers and maintained its reputation for innovation with the launch of numerous new products and services in 2009. Customers responded positively to the "Buy One, Get One Free" SIM card promotion, with 2,9 million people taking advantage of the offer. The "Magic SMS" promotion was similarly well received, attracting 1,4 million subscribers.

Among other promotions was the "WOW" campaign, during which users loaded their recharge cards with special "WOW" codes and received additional free airtime. Ring-back tones, the service that allows subscribers to select a tune to play to their callers, was launched with great success in January 2009, reaching two million subscribers within two months and almost doubling that figure by year-end. Initiatives such as these helped in our efforts to reduce churn and improve brand awareness, which also received a fillip from the MTN Group's global sponsorship of the 2010 FIFA World Cup™.

BTS roll out



Distribution

MTN Irancell worked to ensure wide distribution and availability of its products in the year, with the addition of eight new distributors, increasing the total from seven to 15. Among the various methods of buying airtime in Iran are via bank cash machines (ATMs), logical points of sales, web kiosks and internet banking. During the year, the number of banks distributing our products increased from four to 15.

Some 5 000 new dealers formed part of the service channel, with the dealer footprint up to 8 000 dealers, each of whom is also a customer registration point. MTN Irancell noted a sharp improvement in the collection of customers' registration documents from dealers in the year, thanks to the installation of the necessary systems at dealerships to make this

easier. Dealers have moved away from only selling SIM cards and airtime and now offer an increasing range of services to ensure an enhanced customer experience.

With 580 points of presence, the Post Office was added as another distribution channel for MTN Irancell products in 2009. An additional work shift was introduced at the eight MTN Irancell service centres, extending trading hours and ensuring greater customer convenience.

In an effort to reduce distribution costs whilst ensuring high product availability, MTN Irancell began issuing lower-denomination vouchers that are available only through bank ATMs, the internet and point-of-sale machines. The local production of recharge vouchers and SIM cards lowered costs, enhanced rapid restocking and improved availability.

In the year, efforts to improve the customer experience resulted in MTN Irancell's call centres achieving their highest service level and answer rate since the inception of the business.

People

The Company continued to bolster training through the MTN Academy and put considerable effort behind skills transfer to local employees. A new staff benefit package was also introduced in the year. MTN Irancell converted a number of its temporary employees to permanent staff, thereby assisting its efforts to retain a motivated and competent employee base.

Regulatory environment

MTN Irancell is pleased to report a number of positive developments on the regulatory front in 2009. These include: the signing of a memorandum of understanding with the incumbent

operator on interconnection, and agreement of an interconnect rate for the year; the award to MTN Irancell of a WiMax number range following the granting of a WiMax licence to the business; the clearing of spectrum interferences in major cities as well as the granting of the 0938 GSM number range to the Company. The authorities also published draft number portability regulations.

Outlook

While the growth in MTN Irancell since its October 2006 launch is remarkable, the company continues to strive to firmly entrench its position versus a well-established competitor and the entry of a third operator, expected in 2010.

In the year ahead, MTN Irancell will work on further improvements to its network quality and coverage, particularly in the main centres of Tehran and Esfahan. To achieve this, MTN Group has earmarked capital expenditure of R2,67 billion as its share of capex for MTN Irancell in 2010.

The full commercial launch of WiMax in early 2010 is expected to open up the broadband market for MTN Irancell, providing a strong competitive position. Among a number of other planned product launches, the Company expects to introduce dynamic tariffing as well as MTN Mobile Money to its Iranian customers in the year ahead. Along with a renewal of its service centre strategy, these factors are expected to help the business meet its target of adding around five million subscribers in 2010.