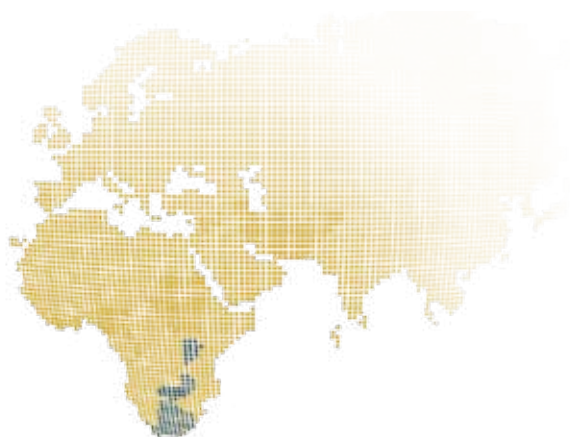


Group chief operating officer's report *continued*

for the year ended 31 December 2009



South and East Africa region

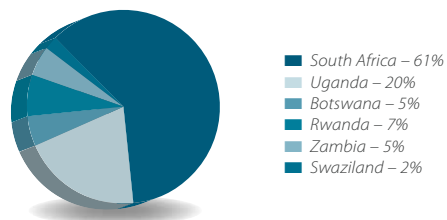
MTN's South and East Africa (SEA) region encompasses six countries: South Africa, Uganda, Botswana, Rwanda, Swaziland and Zambia. The MTN SEA regional office is in Johannesburg, which is also home to the main elements of the MTN Group head office and the place it is listed.

	Population (million)	Subscribers (000)	Revenue (Rm)	EBITDA (Rm)	Capex (Rm)
Total for region	107,8	26 152	39 669	12 701	8 645
Contribution to Group total*	21%	23%	35,4%	27,6%	28%

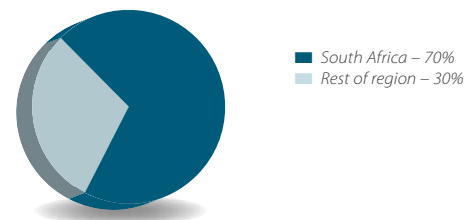
* Difference in head office.

Country contributions to SEA region total

Subscriber contributions (%)



Capex (%)





Group chief operating officer's report *continued*

for the year ended 31 December 2009

South and East **Africa** region *continued*

Performance

The launch and enthusiastic take-up of money transfers via MTN Mobile Money in Uganda was one of the key highlights of the region. Strong subscriber growth, infrastructure roll out and improved market positioning, particularly in Uganda also punctuated the performance in the smaller countries. However, the first prolonged contraction in South African economic activity since MTN started operating 15 years ago squeezed consumers, and together with the implementation of a new regulatory requirement to register all customers' identity details (the so-called RICA process) in the second half of the year, put pressure on subscriber numbers in the region's biggest market.

Overall, SEA subscriptions expanded 8,8% to 26,2 million, led by good growth in Zambia, Rwanda, Uganda, Botswana and Swaziland (in order of each country's percentage growth contribution). These were offset by a fall in user numbers in South Africa due to the economic slowdown, the effect of RICA and exacerbated by IT system problems (the details of which appear in a separate country report on page 36).

Average revenue per user per month fell across the region, by between USD1 and USD4,50. This was in line with increased mobile penetration, which ranges between 19% and more than 100% in the six SEA markets, as well as greater competitor activity. Half the MTN markets in South and East Africa have mobile penetration rates still below 50%.

In line with the Group's increased focus on data, MTN South Africa successfully integrated Verizon South Africa (Proprietary) Limited with MTN Network Solutions to launch MTN Business in 2009. With

nearly a quarter of the data market in South Africa, the operation is working on opportunities to extend its services throughout the African continent.

In East Africa in 2009, MTN strengthened its position despite widespread deregulation of the industry in recent years, increasing competition and significant declines in tariffs. Continued investment in the network, together with the launch of innovative products and a revamp of MTN's distribution model in Uganda and Rwanda, led to a solid increase in customer numbers.

In the year, MTN invested R8,65 billion of capital in SEA, up from R7,35 billion in 2008. In South Africa, more than 1 000 base transceiver stations came on air in the year – the largest network roll out in this market in eight years, making the South African GSM network now one of the world's most modern. In Rwanda, demand increased significantly as prices declined. The network was able to handle this thanks to the considerable investment made in providing additional coverage and capacity.

In an effort to build market share through network quality improvements, in Uganda MTN rolled out 436 BTS, up from 251 in 2008, leading to substantial increases in network traffic. In March 2009, MTN Uganda launched Mobile Money, and by year-end had signed up 470 000 users, illustrating the scale of opportunity for this offering for the greater Group.

A steep decline in the price of copper depressed economic activity in Zambia and led to a depreciation of the local currency and a drop in ARPU to USD7 from USD11 in 2008. Nevertheless, MTN Zambia's new management team completed the roll out

of the network, refined its distribution model and stepped up its promotional activity.

MTN Swaziland recorded good subscriber growth despite a sluggish economy and high levels of unemployment. Swaziland – along with South Africa, Rwanda and Uganda – saw the soft launch of seamless roaming in the year. The service offers MTN prepaid customers the opportunity to enjoy their local rates and purchase airtime while roaming on other MTN networks.

The launch of dynamic tariffing in Botswana in the middle of the year was well received by the market, with 525 000 customers – or some 40% of the subscriber base – taking up the offering. This helped counter the effect of a contraction in the economy related to the depressed demand for diamonds, Botswana's key export. To stimulate adoption by the market of data offerings, Mascom Botswana launched attractive data bundles. This boosted the increasing use of multiple SIM cards, contributing to an expansion in mobile penetration to more than 120%.

Outlook

Extending the provision of value-added products, including MTN Mobile Money and seamless roaming, as well as data services, will remain a focus for the SEA region in the year ahead. In Uganda, the installation of 3G facilities will relieve congestion on the 2G network and facilitate greater data usage. Similarly, the Group's access to various submarine fibre cables, and the recent launch of MTN Business, will boost overall data capabilities in the region.

Some R6,1 billion has been earmarked for capital expenditure in the SEA region in 2010. This will be devoted to improving the quality and capacity of MTN's network.

MTN will continue to work to reduce environmental emissions from its sites, by further exploring alternative and renewable power supplies. It will build on recent gains in East Africa, where in 2009

MTN rolled out a centralised fuel management system, making it easier to forecast necessary deliveries and monitor fuel use. The business also established hybrid stations with some reliance on solar power which means that surplus power at night is used to recharge batteries, and less power is then used during the day.

Given the low level of mobile penetration in half of MTN's SEA markets, the Group has increased its estimate for the size of the potential mobile market in five years' time to 102,9 million, from a previous forecast of 96,6 million.