



# MTN Group Limited

Reviewed interim results  
for six months ended 30 June 2010



**everywhere you go**

# Agenda



## Strategic and operational overview

Phuthuma Nhleko

Group President and CEO

## Financial overview

Nazir Patel

Group Finance Director

## Looking ahead

Phuthuma Nhleko

Group President and CEO



# Strategic and operational overview

Phuthuma Nhleko  
Group President and CEO



*everywhere you go*

# MTN vision



To be the leader in telecommunications in emerging markets

Convergence & operational evolution

Leverage existing footprint & intellectual capacity

Consolidation & diversification

Increased competitiveness

Best practice

Hub and cluster

Diversification

Procurement synergies

Skills optimisation

Brand

Value proposition

Execution excellence

# Operational framework



E X T E R N A L

Regulatory requirements  
• Evolving competitive landscape



Changing financial framework

I N T E R N A L

# Group highlights



## Group subscribers

Up 11,4% to  
129,2 million



## EBITDA margin

Up 0,5% points to  
43,3%



## Adjusted headline EPS

Up 20,6% to  
438,6 cents



## Maiden interim dividend

per share of  
151 cents



Free cash flow up 164% to R6.8 billion

# Subscriber contribution by region



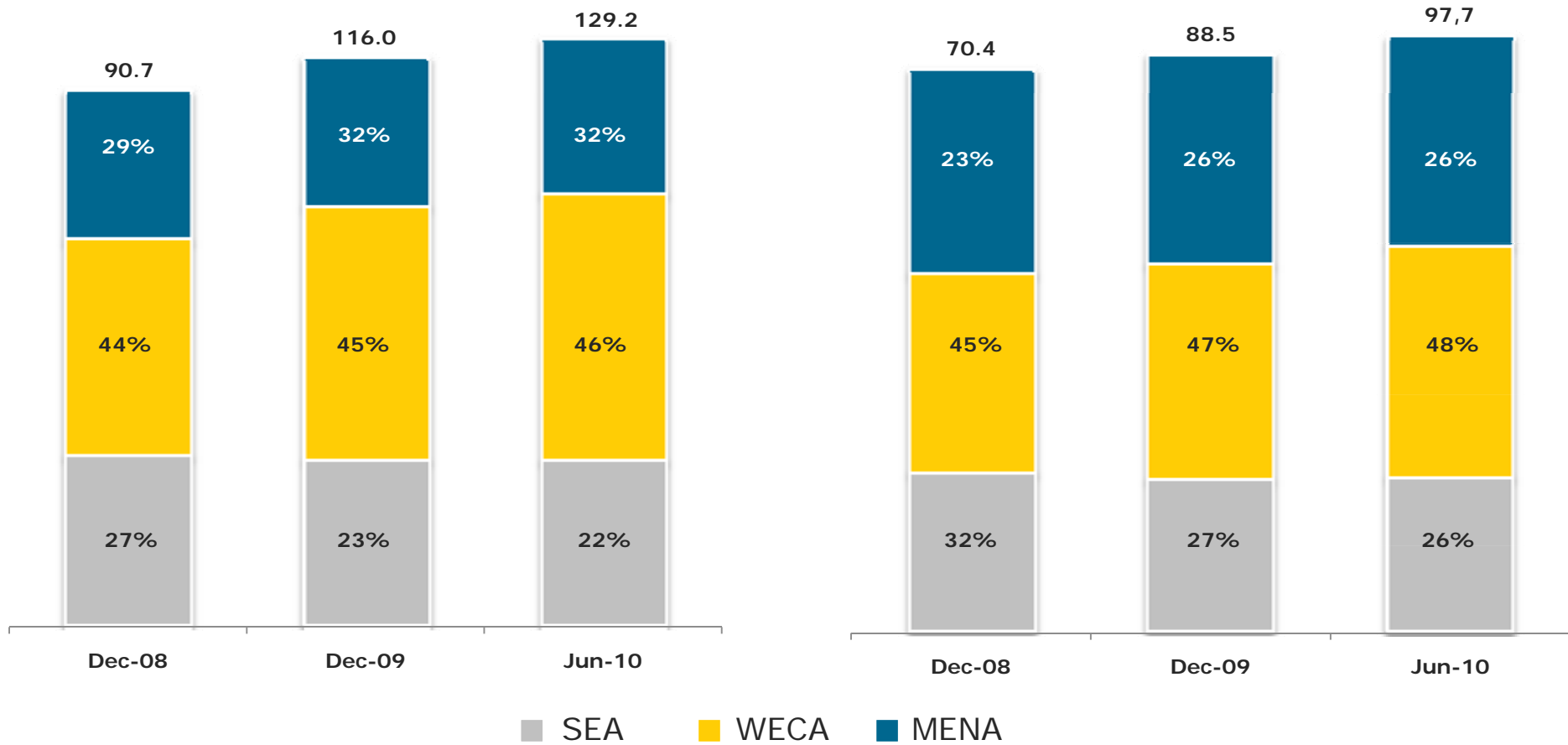
## MTN Group

### Total

(subscriber million)

### Proportionate\*

(subscriber million)



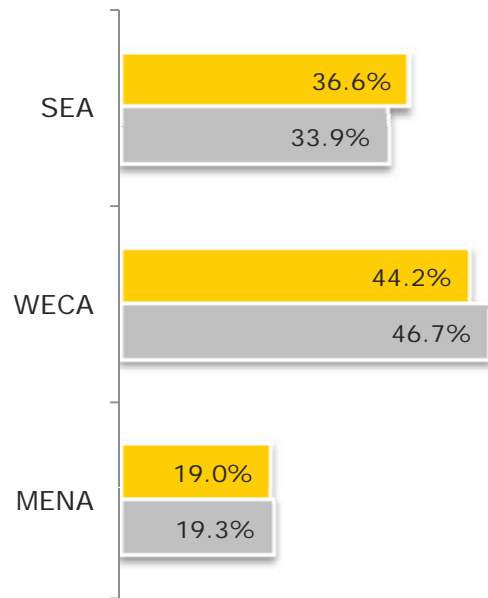
\*Based on shareholding

Increased diversification

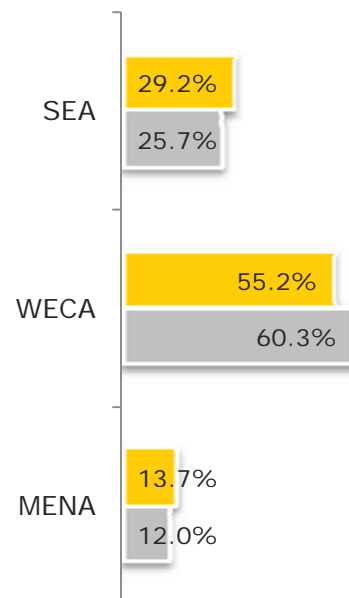
# Revenue and EBITDA by region



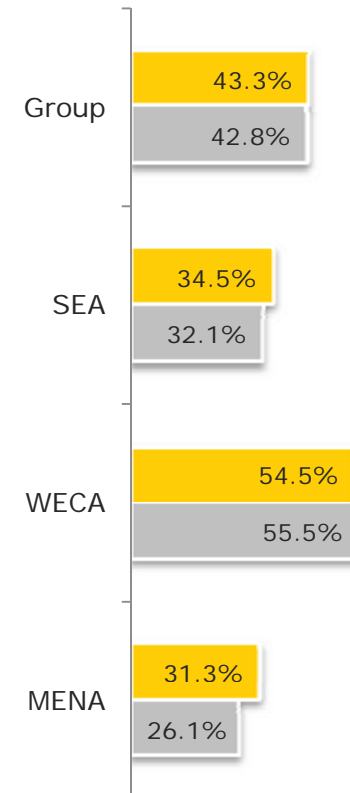
**Contribution\***  
(Revenue)



**Contribution\***  
(EBITDA)



**EBITDA margin%**



■ Jun-10 ■ Jun-09

\*Difference in Head Office

Improved margins in SA and Irancell

# Nigeria

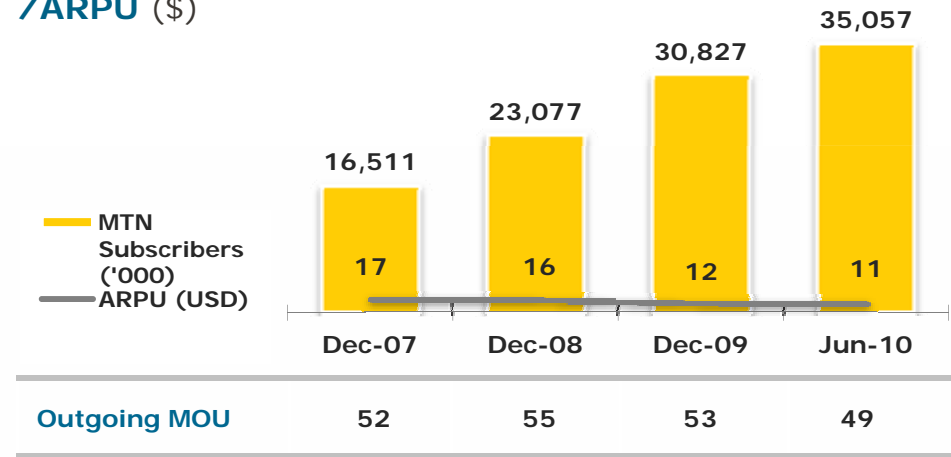
## - operational highlights



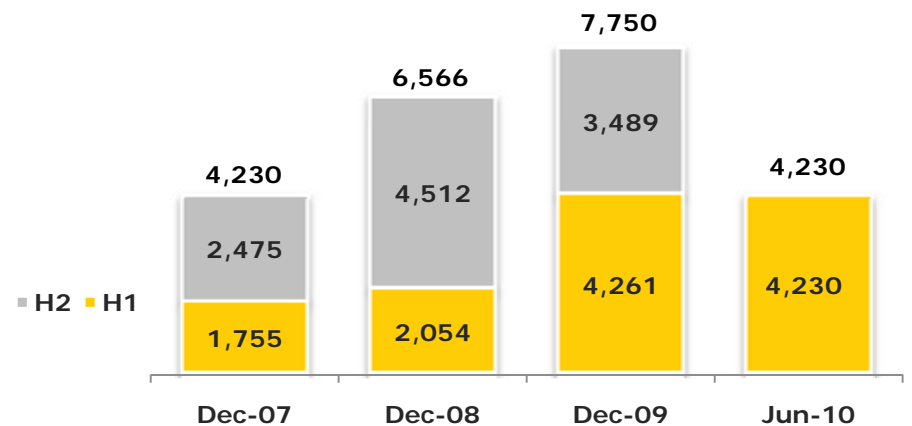
|                   |                  |                 |                           |                   |                   |
|-------------------|------------------|-----------------|---------------------------|-------------------|-------------------|
| Launched Aug 2001 | Market share 51% | Population 150m | Market sizing 111m (2014) | Penetration 45.8% | Shareholding 76%* |
|-------------------|------------------|-----------------|---------------------------|-------------------|-------------------|

- Increased market share
  - Quality of service
  - Segmental value propositions
- Effective distribution
- LC ARPU declined 10% (Dec 09)
- Reduction in interconnect affected ARPU
- Marginal ARPU of \$7
- SIM registration implemented 1 May 10

**Subscribers ('000)**  
**/ARPU (\$)**



**Net additions ('000)**



\*Legal

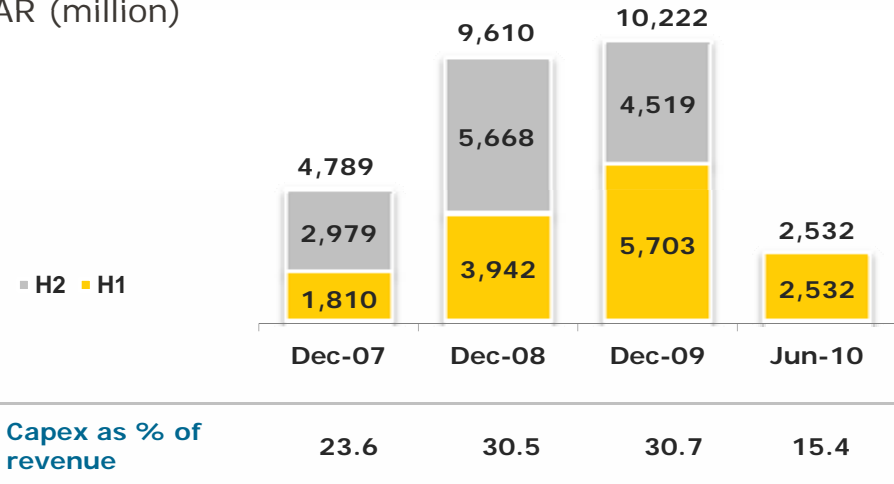
# Nigeria

## - infrastructure and data highlights

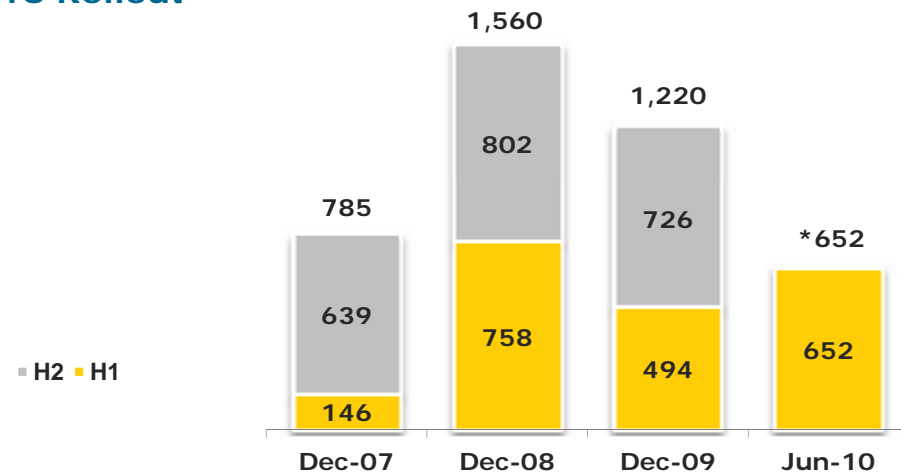


- Maintained quality and capacity on network
- 279 3G BTS's rolled out
- Rollout to pick up in H2
- Transmission expansion
  - Further 694 km of backbone deployed (Maiduguri-Yola-Gombe)
  - 45 km of Port Harcourt metro fibre
- Launched Wimax trial in 3 states
- Increased BlackBerry subscribers
- Data as a % of revenue 4,2%

**Capex**  
ZAR (million)



**BTS Rollout**



\*Including 3G

# South Africa

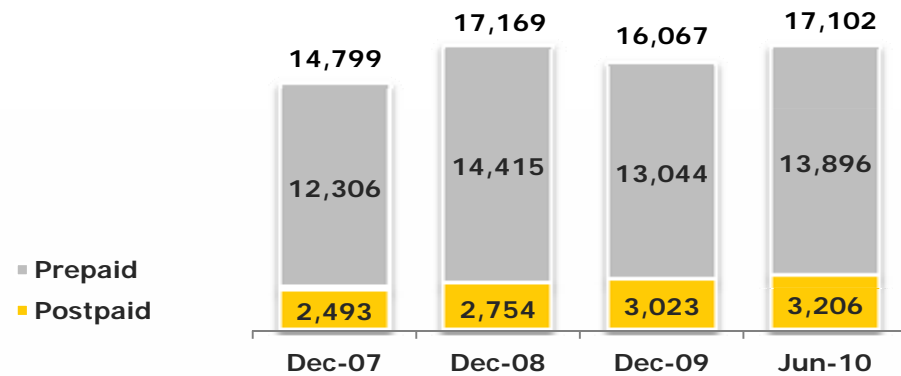
## - operational highlights



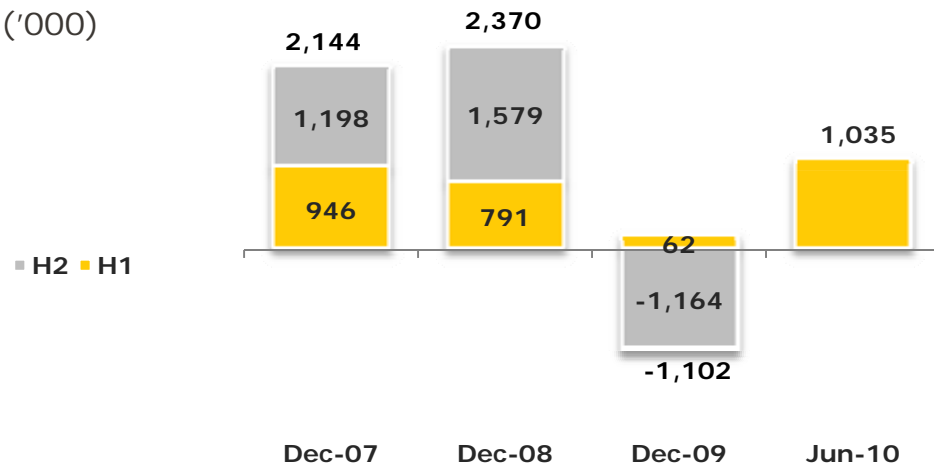
|                   |                  |                  |                          |                 |                   |
|-------------------|------------------|------------------|--------------------------|-----------------|-------------------|
| Launched Jun 1994 | Market share 36% | Population 49.4m | Market sizing 58m (2014) | Penetration 97% | Shareholding 100% |
|-------------------|------------------|------------------|--------------------------|-----------------|-------------------|

- Market share recovery to 36%
  - Driven by prepaid segment & market clean up post RICA implementation
  - Attractive value propositions
- Marginal postpaid growth
  - Hybrid packages
  - Stricter credit policy
- Stable network and billing systems
- Improved distribution capacity
- Brand preference
  - Ayoba campaign
- Decreased churn
- 2010 FIFA World Cup

**Subscribers**  
(‘000)



**Net additions**  
(‘000)



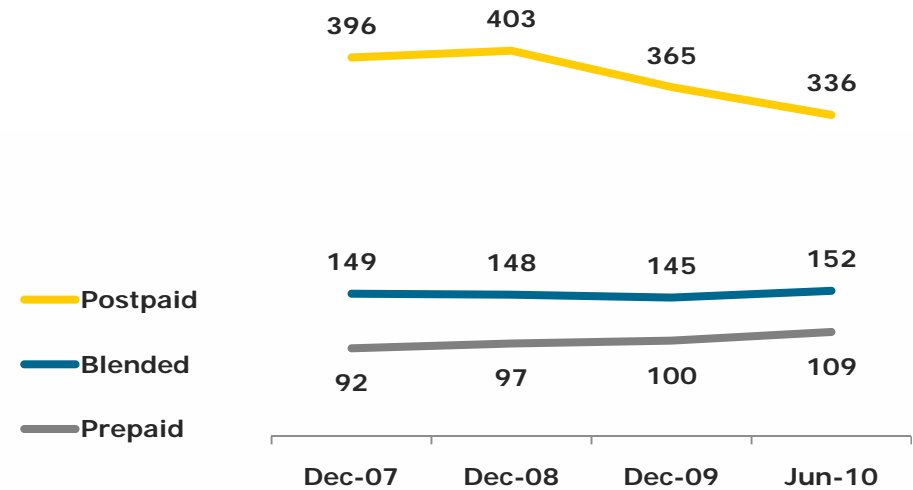
# South Africa

## - operational highlights



- Increased prepaid ARPU
- Increase in data revenue
- Declining postpaid ARPU indicating slowing consumer spend
  - Lower out of bundle usage
  - Migration onto lower value packages
- Mobile termination rates
  - Constructive engagement with ICASA regarding further cuts

### ARPU ZAR



|  | Dec-07 | Dec-08 | Dec-09 | Jun-10 |
|--|--------|--------|--------|--------|
| <b>Avg. total MOU comprises both incoming and outgoing minutes</b> | 106    | 102    | 100    | 110    |
| <b>Outgoing MOU</b>  | 65     | 64     | 64     | 72     |

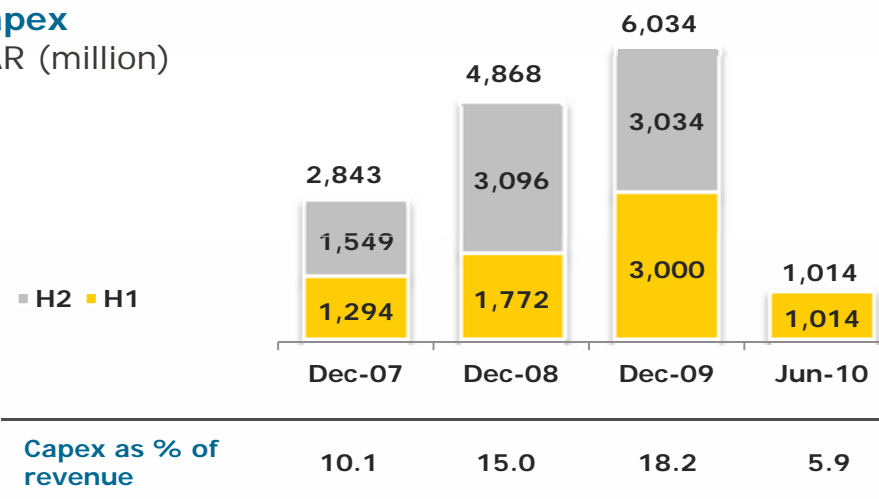
# South Africa

## - infrastructure and data highlights

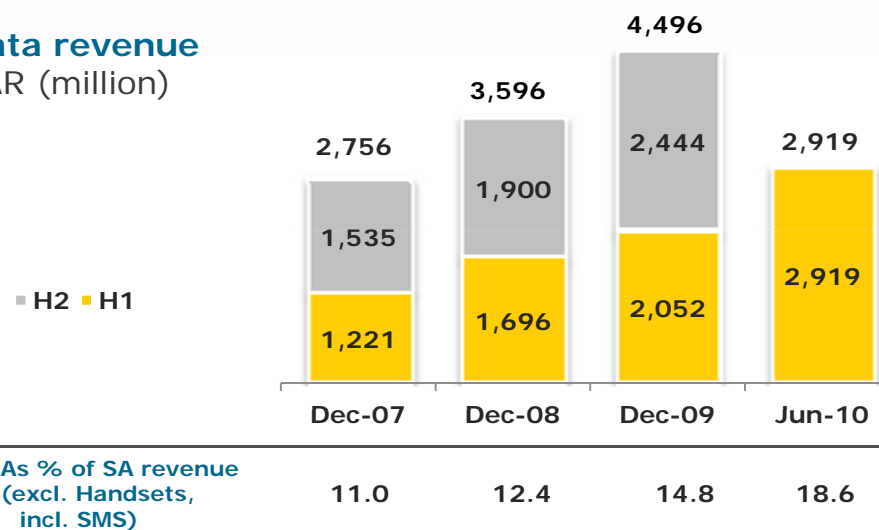


- 140 2G and 108 3G BTS's added
  - 2G rural coverage
  - Increased capacity on 3G
  - 99% 2G and 48% 3G population coverage
- Rollout to pickup in H2
- Fibre deployment
  - Ongoing deployment of national long distance (440km on Durban to Johannesburg route trenched)
  - Gauteng northern ring and southern ring completed (220km)
- Data gaining momentum
  - 49% increase in data usage since Dec 09
- Business Solutions revenue increased 13%, despite challenging trading conditions

**Capex**  
ZAR (million)



**Data revenue**  
ZAR (million)



# Ghana

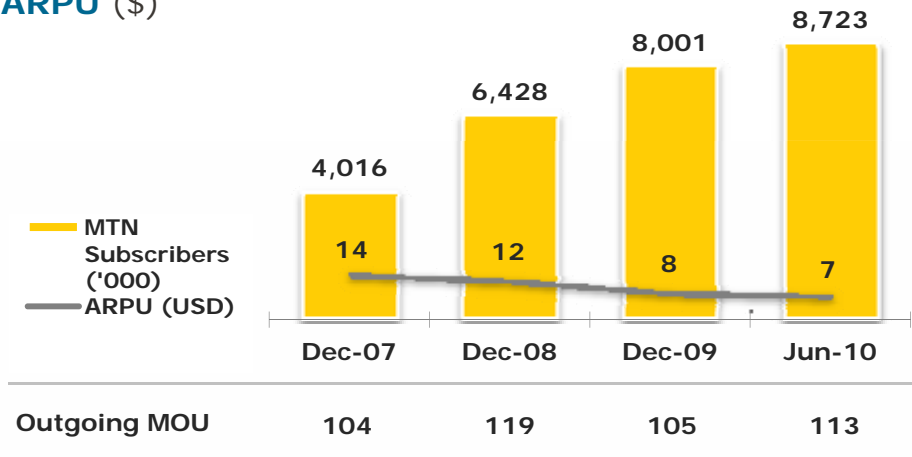
## - operational highlights



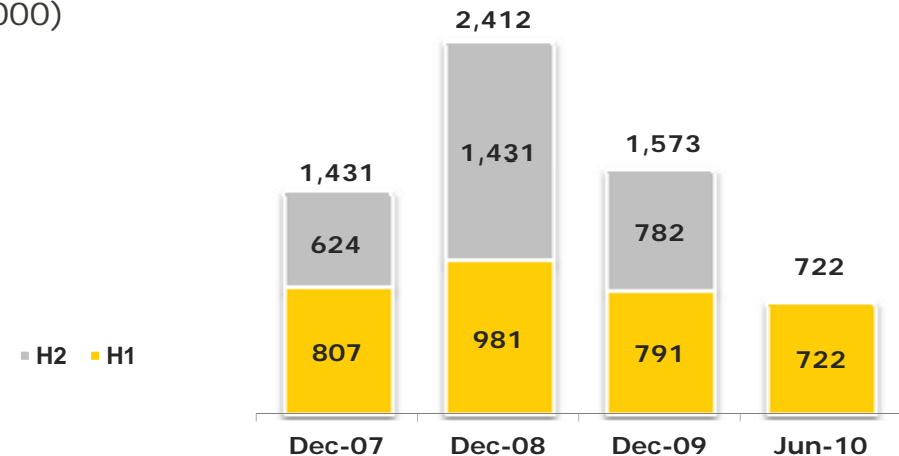
|                   |                  |                |                            |                 |                  |
|-------------------|------------------|----------------|----------------------------|-----------------|------------------|
| Launched Nov 1996 | Market share 56% | Population 24m | Market sizing 22.5m (2014) | Penetration 65% | Shareholding 98% |
|-------------------|------------------|----------------|----------------------------|-----------------|------------------|

- Increased subs 9% (Dec 09)
  - MTN Zone
  - FIFA related promotions
- Quality of networks
- Increased market share in competitive market
- Effective distribution
- LC ARPU declined 8% (Dec 09)
- SIM registration implemented 1 Jul 10
  - 40% of base registered to date

**Subscribers** ('000)  
**/ARPU** (\$)



**Net additions**  
( '000)



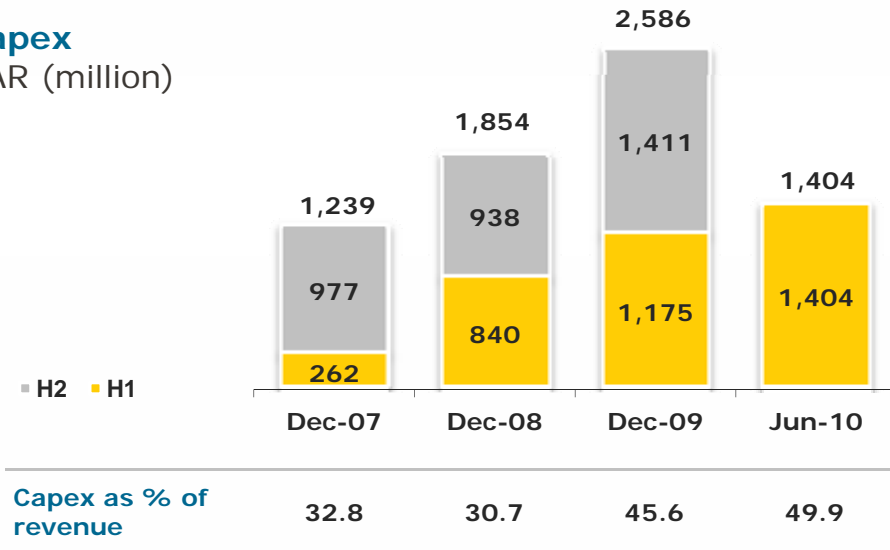
# Ghana

## - infrastructure and data highlights

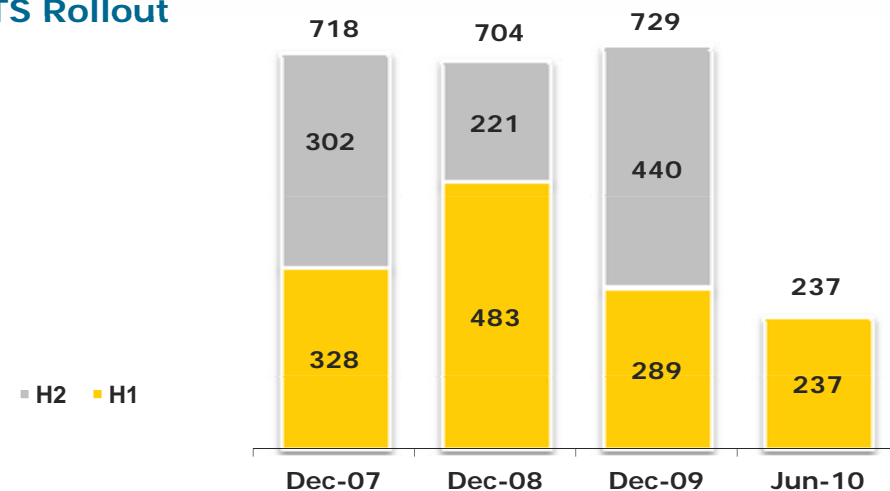


- Maintained network quality
- 133 3G BTS's added
- Rollout slower than expected
  - Challenges obtaining new sites, ban lifted since
- Data usage gaining momentum
  - Traffic increased 45% since Dec 09
- 757 Mobile Money subs (Jun 10)
- Data as a % of revenue 7,3%

**Capex**  
ZAR (million)



**BTS Rollout**



# Iran

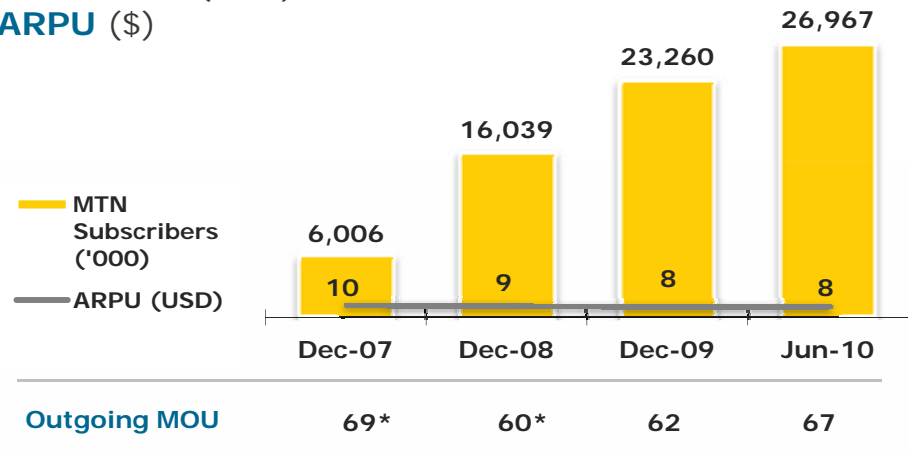
## - operational highlights



|                   |                  |                            |                 |                  |
|-------------------|------------------|----------------------------|-----------------|------------------|
| Launched Aug 2006 | Population 72,5m | Market sizing 75.8m (2014) | Penetration 85% | Shareholding 49% |
|-------------------|------------------|----------------------------|-----------------|------------------|

- Subscriber growth of 16% (Dec 09)
  - Appealing seasonal promo's
  - Attractive segmental value propositions (WOW and GPRS bolt-on's)
- Wider electronic distribution channels
- Date of launch of 3rd operator remains unclear
- Stable USD ARPU
  - 2% increase in LC (Dec 09)
  - Increased usage from improved capacity and coverage in key areas

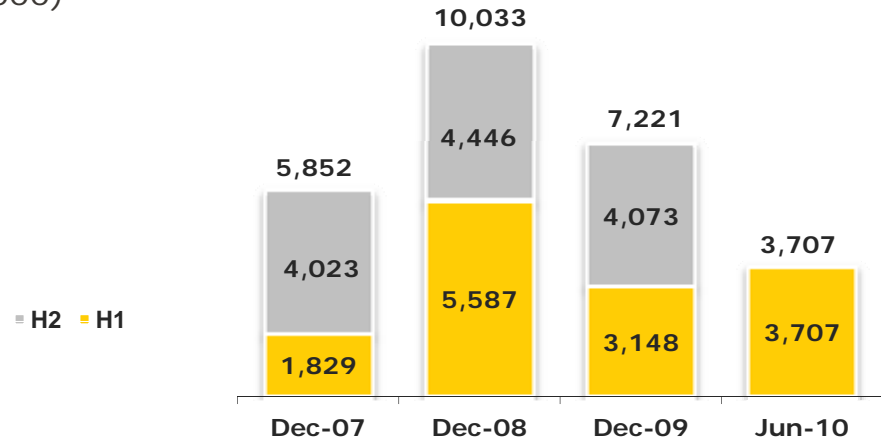
**Subscribers ('000) /ARPU (\$)**



**Outgoing MOU**

|        |     |        |     |        |    |        |    |
|--------|-----|--------|-----|--------|----|--------|----|
| Dec-07 | 69* | Dec-08 | 60* | Dec-09 | 62 | Jun-10 | 67 |
|--------|-----|--------|-----|--------|----|--------|----|

**Net additions ('000)**



\*Restated to exclude free minutes

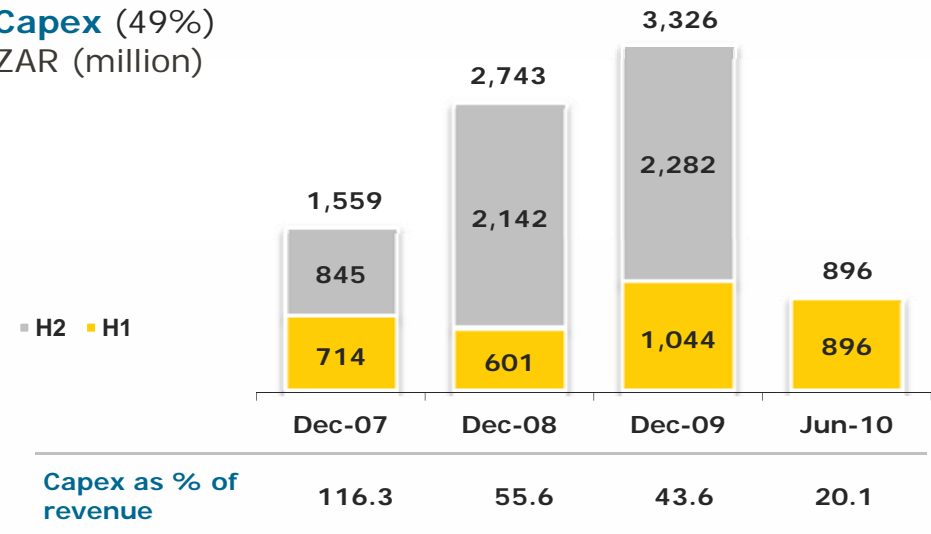
# Iran

## - infrastructure and data highlights

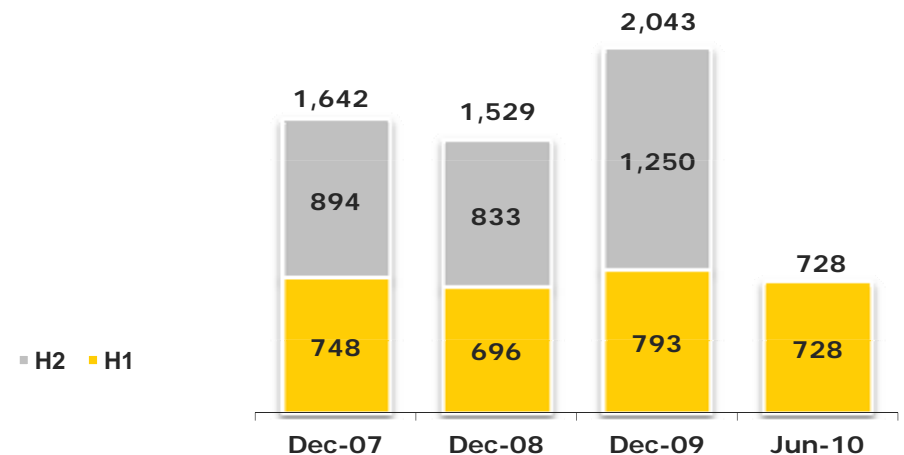


- Continued rollout
  - 75% population coverage
- Site sharing agreements
- Launch of Wimax Dec 09
  - Sites deployed in Tehran and Esfahan
  - Uptake slower than expected
- Data as a % of revenue 19%
  - 90% SMS revenue

**Capex** (49%)  
ZAR (million)



**BTS Rollout**



# Syria

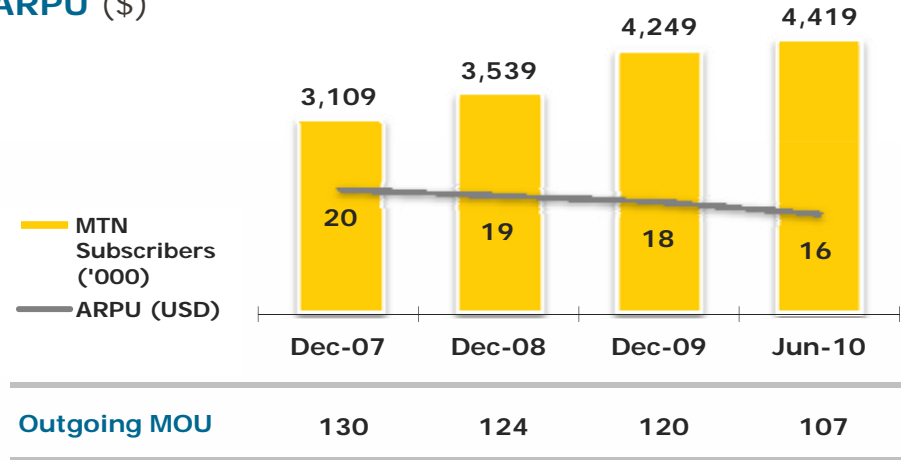
## - operational highlights



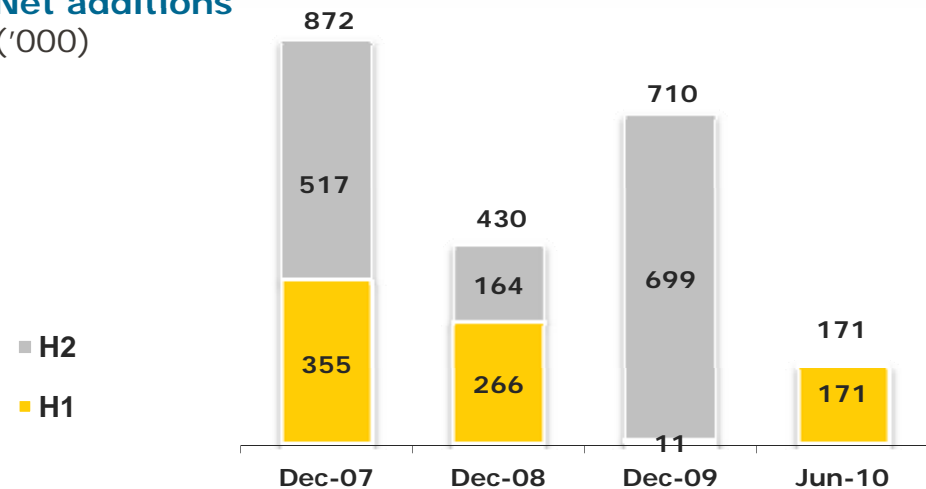
|                   |                  |                  |                            |                   |                  |
|-------------------|------------------|------------------|----------------------------|-------------------|------------------|
| Launched Jun 2002 | Market share 45% | Population 20.5m | Market sizing 12.7m (2014) | Penetration 47.9% | Shareholding 75% |
|-------------------|------------------|------------------|----------------------------|-------------------|------------------|

- Maintained market share
  - Segmental product offerings (youth)
  - Loyalty programs
  - Usage based products
- Churn management remains a priority
- On track to resolve BOT
- LC ARPU declined 9% (Dec 09)

**Subscribers** ('000)  
**/ARPU** (\$)



**Net additions**  
( '000)



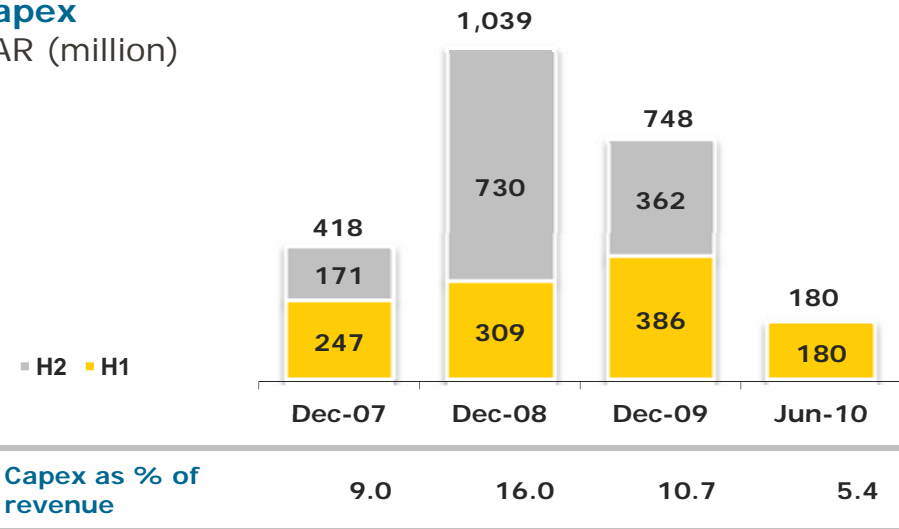
# Syria

## - infrastructure and data highlights

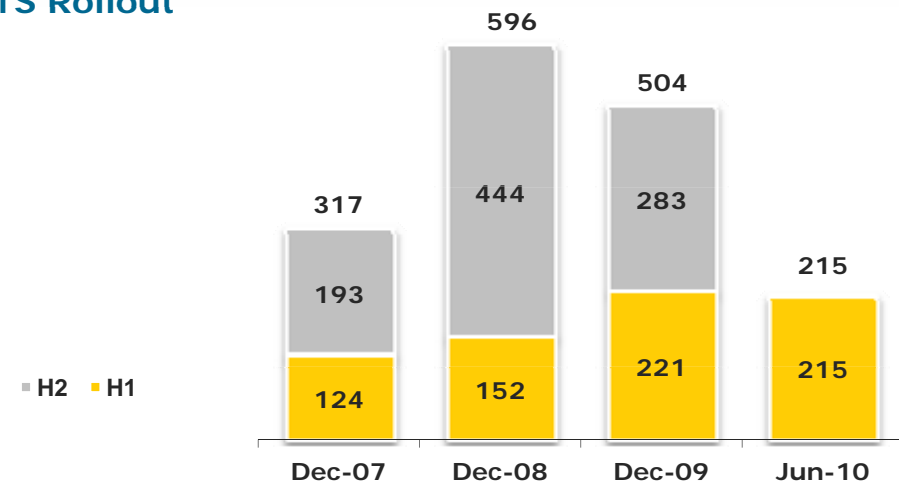


- Enhanced quality and capacity of networks
  - Completed frequency plans to increase capacity
  - Reengineered radio transmission
- Limited 3G services
- Launch of data products
- Rollout on track
- Data as a % of revenue 10,1%

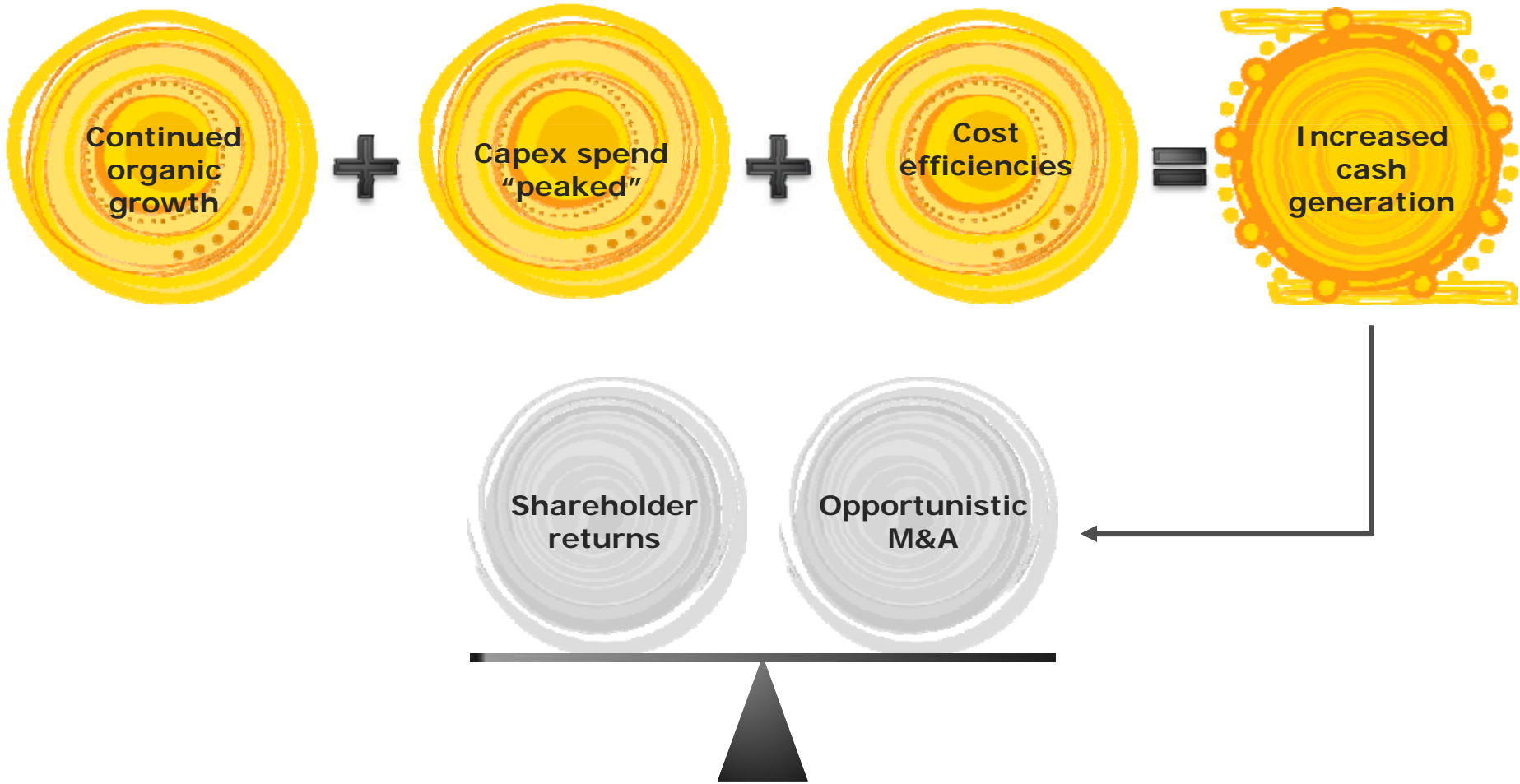
**Capex**  
ZAR (million)



**BTS Rollout**



# Financial framework





# Financial overview

Nazir Patel  
Group Finance Director



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# Group summary

ZAR 'm



## Key Points

- ZAR strength impacted reported results
- Higher EBITDA margin due to Iran and RSA
- Limited functional currency impact
- Strong free cash flow generation as capex spend reduces
- Adjusted HEPS increased 20.6% compared to prior year

|                               | 6 months ended<br>Jun 10 | 6 months ended<br>Jun 09 | Variance<br>% |
|-------------------------------|--------------------------|--------------------------|---------------|
| <b>Revenue</b>                | 55 989                   | 57 269                   | (2.2)         |
| <b>EBITDA</b>                 | 24 249                   | 24 512                   | (1.1)         |
| <i>EBITDA margin %</i>        | 43.3                     | 42.8                     | 0.5pts        |
| <b>AHEPS</b>                  | 438.6                    | 363.8                    | 20.6          |
| <b>Capex</b> (incl. software) | 8 496                    | 15 504                   | (45.2)        |
| <i>% of rev</i>               | 15.2                     | 27.1                     | (11.9pts)     |
| <b>Free cash*<br/>flow</b>    | 6 838                    | 2 591                    | 163.9         |

\* Cash inflow from operating activities less capex and intangibles

# Financial overview



## Trading conditions

- Economic and trading conditions stabilised (but unpredictable)
- Increased competition in key markets, tariff pressure
- Subscriber growth at reduced marginal ARPU's
- Strong data growth, declining access pricing

## Foreign exchange rates

- ZAR reported results negatively impacted by ZAR strength
- Limited functional currency impact, Iran loan cession
  - Iran loans ceded to MTN Dubai, limited to Euro / USD FX exposure. Included in net forex losses
- Marginal FX impact on capex, ZAR strength

## Regulatory

- Subscriber registration initiated in several key markets
- MTR changes impacted revenue
  - RSA – 1 Mar 10
  - Nigeria – 31 Dec 09

# Key accounting considerations



## Change in ownership

- Zambia shareholding reduced from 97.8% to 90.0% - Jun 10
- Afghanistan shareholding reduced from 100% to 90.9% - Jun 10

## Put option

- Put option net impact on AHEPS ZAR 118m (Jun 09: ZAR 963m credit, Dec 09: ZAR 906m credit)
  - Finance costs - ZAR 242m
  - Fair value adjustment – (ZAR 114m)
  - Forex loss - ZAR 98m
  - Non-controlling interests share of profits - (ZAR 108m)

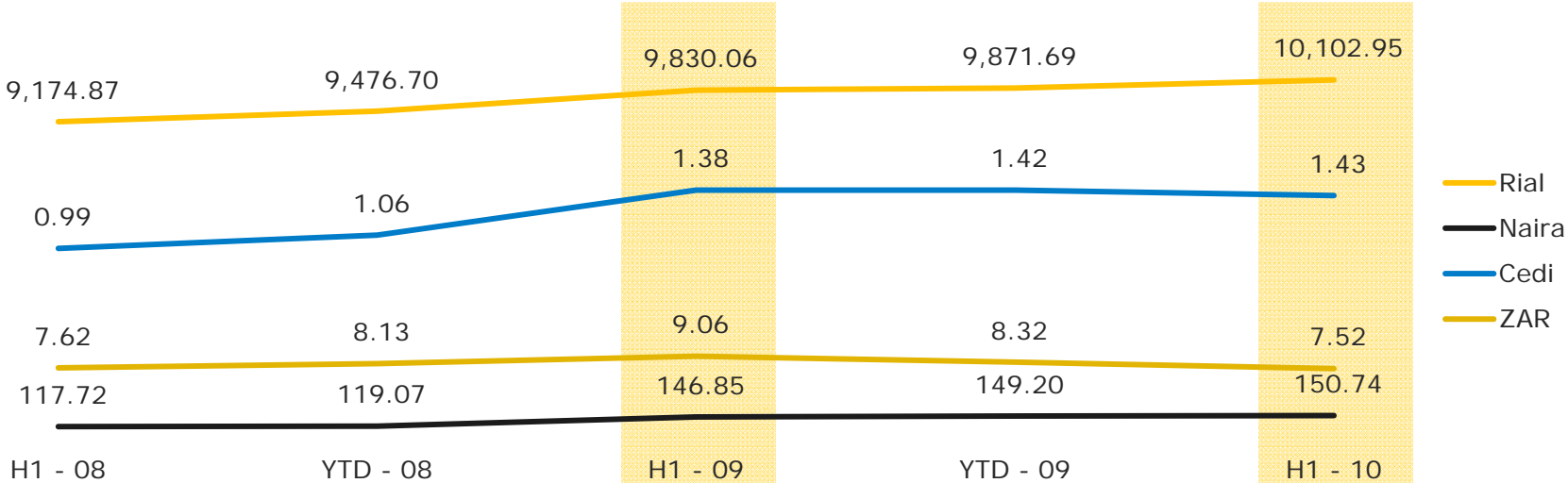
## Taxation

- Group effective tax rate of 36.8% mainly due to:
  - STC on Group dividends – 2.4%
  - Withholding tax – 2.3%
  - Education tax (Nigeria) – 1.3%
  - Put option charge ZAR 226m vs credit ZAR 845m in prior year

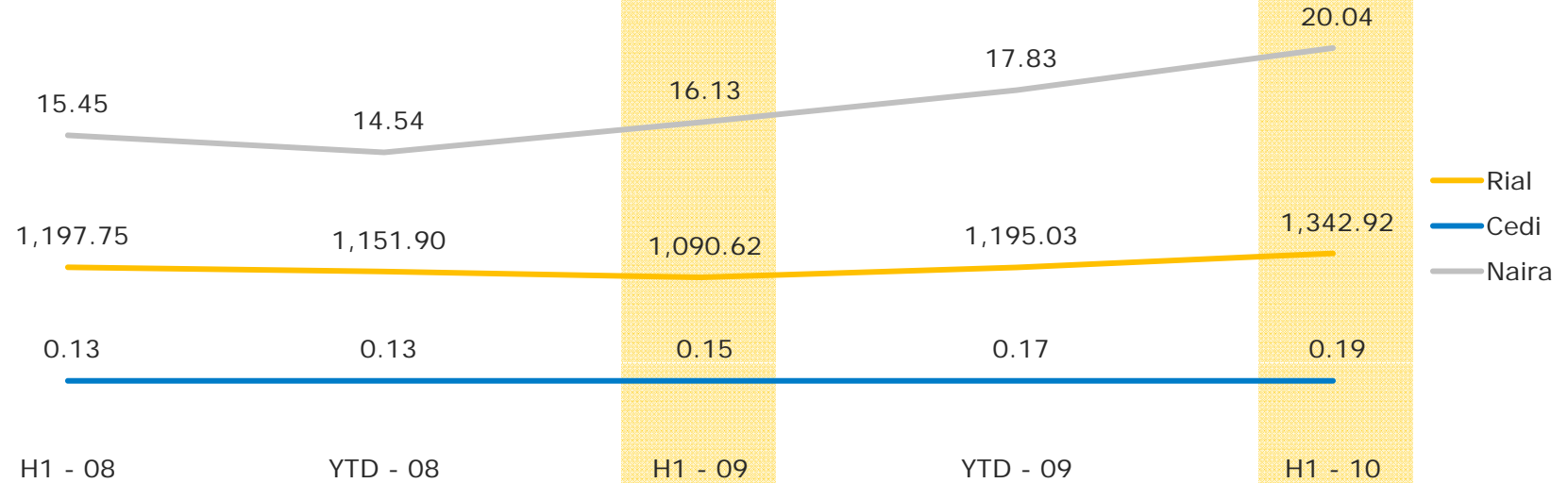
# Average exchange rates



## USD: Local currency



## ZAR: Local currency



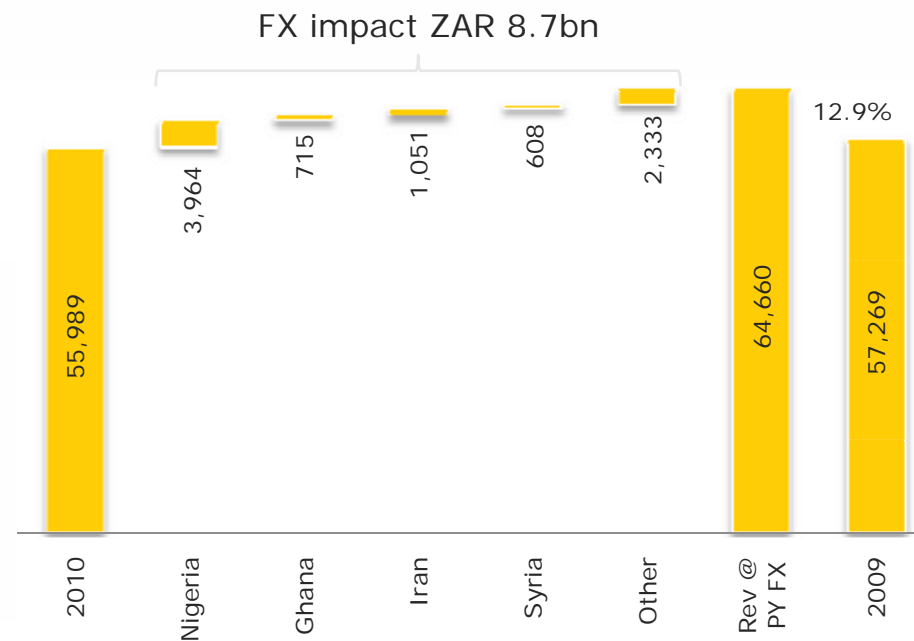
# Revenue trends

ZAR 'm



## Key Points

- Strong underlying organic growth in key markets
- Reported revenues adversely impacted by ZAR strength
- 2010 revenues at constant prior year FX rates would be 12.9% higher than prior year
- Revenue in key markets driven by strong subscriber growth
  - Nigeria local currency growth rate slowing as penetration increases
  - RSA growth driven by prepaid and data revenue
  - Iran growth driven by stable ARPU and increased subscribers



| Revenue growth | ZAR % | LC % |
|----------------|-------|------|
| Nigeria        | (7.7) | 14.7 |
| Iran           | 14.7  | 42.0 |
| Ghana          | (4.8) | 19.2 |
| Syria          | (5.0) | 12.0 |
| Uganda         | (4.0) | 16.5 |
| RSA            | 7.1   | 7.1  |

# Revenue trends (cont.)

Data (excl. SMS) - ZAR 'm



- Group data revenue growth 46.0% from prior year
- RSA contribution 78.9% of Group total
  - RSA growth due to investment in transmission links and new prepaid bundles
- Nigeria revenue growth over 100% due to the launch of Blackberry services
- Iran 32.3% revenue growth due to uptake up in GPRS services
- Ghana 63.3% revenue growth due to investment in 3G and increase in smartphones (500k) on network
- Syria revenue growth over 100% due to better value proposition for both pre and postpaid market

|                           | 6 months ended Jun 10 | 6 months ended Jun 09 |
|---------------------------|-----------------------|-----------------------|
| <i>RSA</i>                | 1 727                 | 1 091                 |
| <i>Business Solutions</i> | 533                   | 327                   |
| Total RSA                 | 2 260                 | 1 418                 |
|                           | 78.9%                 | 72.2%                 |
| Nigeria                   | 188                   | 76                    |
|                           | 6.6%                  | 3.9%                  |
| Iran                      | 86                    | 65                    |
|                           | 3.0%                  | 3.3%                  |
| Syria                     | 125                   | 61                    |
|                           | 4.4%                  | 3.1%                  |
| Other                     | 207                   | 344                   |
|                           | 7.1%                  | 17.5%                 |
| <b>Revenue</b>            | <b>2 866</b>          | <b>1 964</b>          |

# Revenue trends (cont.)

MTR impact - ZAR 'm



- MTR changes in Nigeria and RSA
  - RSA: Peak rate dropped from ZAR1.25 to ZAR0.89
  - Nigeria: Peak rate dropped from 11.4 Naira to 8.2 Naira
- Interconnect revenue decreased 16.3%:
  - RSA revenue decreased 4% - incoming traffic increased 2.6%
  - Nigeria revenue decreased 25% local currency - incoming off net traffic increased 12%
- Net interconnect as percentage of EBITDA decreased marginally

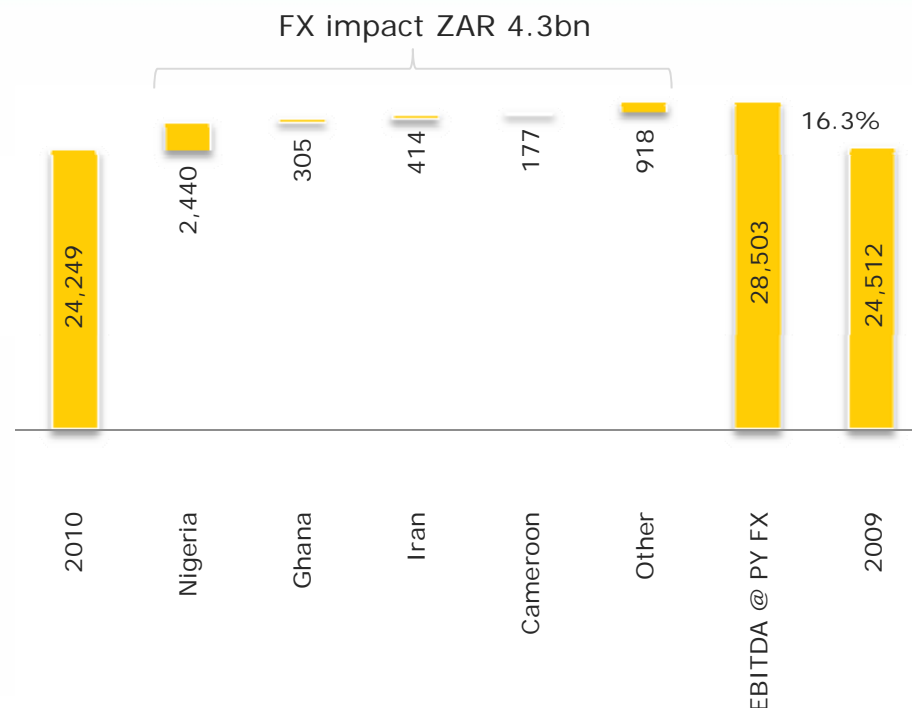
|                                 | 6 months ended Jun 10 | 6 months ended Jun 09 | Variance % |
|---------------------------------|-----------------------|-----------------------|------------|
| Interconnect revenue            | 8 314                 | 9 939                 | (16.3)     |
| % of revenue                    | 14.8%                 | 17.4%                 | (2.6)pts   |
| Interconnect cost               | (5 736)               | (7 302)               | 21.4       |
| <b>Net interconnect revenue</b> | 2 578                 | 2 637                 | (2.2)      |
| % of EBITDA                     | 10.6%                 | 10.8%                 | (0.2)pts   |

# EBITDA trends

ZAR 'm



- Strong organic EBITDA growth in key markets
- 2010 EBITDA at constant prior year FX rates would be 16.3% higher than prior year
- Nigeria margins steady at 61.3% due to revenue growth and decrease in interconnect costs
- RSA EBITDA growth due to:
  - Lower handset and interconnect costs
  - Reduced connection incentives from Sep 09
  - Change in license fee term from Apr 09
- Iran EBITDA growth due to:
  - Revenue growth
  - Maintenance costs reduced due to single vendor maintenance



| EBITDA growth | ZAR %  | LC % |
|---------------|--------|------|
| Nigeria       | (7.4)  | 15.1 |
| Iran          | 35.9   | 67.3 |
| Ghana         | (11.0) | 12.3 |
| Syria         | (6.6)  | 10.4 |
| Uganda        | (2.6)  | 18.2 |
| RSA           | 15.9   | 15.9 |

# EBITDA margin recon (%)



- Iran
  - Margin increased 6.5pts (from 34.7% to 41.2%) mainly due to 15% revenue growth and opex savings
- RSA
  - Margin increased 2.5pts to 33.9% due to higher net interconnect and handset margin
- Nigeria
  - Nigeria margin remained flat at 61.3%
- Other
  - Margin deterioration in Sudan, Ghana and Cote d'Ivoire

|                             |             |
|-----------------------------|-------------|
| <b>EBITDA margin Jun 09</b> | <b>42.8</b> |
| Iran                        | 0.4         |
| RSA                         | 0.5         |
| Other opcos                 | (0.4)       |
| <b>EBITDA margin Jun 10</b> | <b>43.3</b> |

# Interest and Tax

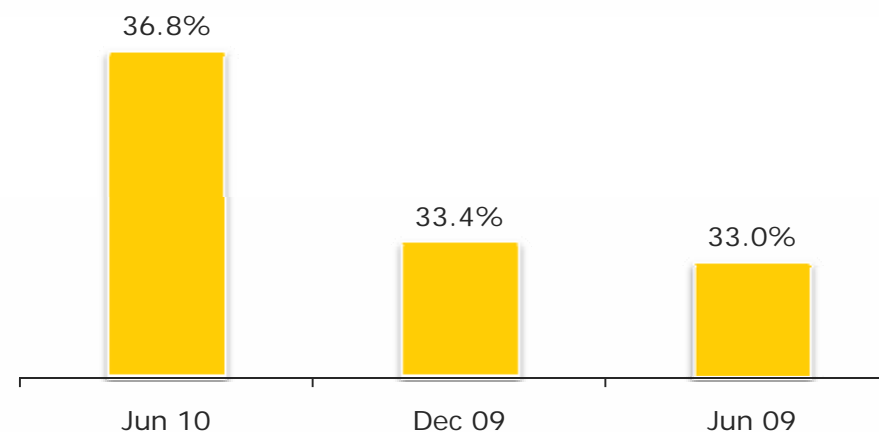
ZAR 'm



| Net finance cost                    | 6 months ended Jun 10 | 6 months ended Jun 09 |
|-------------------------------------|-----------------------|-----------------------|
| Net interest paid                   | 1 085                 | 982                   |
| Net forex losses                    | 957                   | 670                   |
| Functional currency (gains)/ losses | (70)                  | 2 823                 |
| Put option                          | 226                   | (845)                 |
| <b>Total</b>                        | <b>2 198</b>          | <b>3 630</b>          |

| Income tax                | 6 months ended Jun 10 | 6 months ended Jun 09 |
|---------------------------|-----------------------|-----------------------|
| Normal tax                | 3 333                 | 3 345                 |
| Deferred tax              | 1 359                 | 396                   |
| STC and withholding taxes | 738                   | 747                   |
| <b>Total</b>              | <b>5 430</b>          | <b>4 488</b>          |

## Effective tax rate



- Functional currency loss reduced due to cession of Iran loans to MTN Dubai
- Iran loans ceded to MTN Dubai, limited to Euro / USD FX exposure. Included in net forex losses
- Deferred tax higher than prior year due to significant capex spend in prior year and functional currency impact on Iran loans in the prior year

# Earnings per share cents



|  | 6 months<br>ended<br>Jun 10 | 6 months<br>ended<br>Jun 09 | Variance<br>% |
|--|-----------------------------|-----------------------------|---------------|
| <b>Attributable earnings per share</b>               | <b>439.7</b>                | 409.7                       | 7.3           |
| (Profit) / loss on disposal of non-current assets    | (2.6)                       | 5.8                         | -             |
| Reversal of impairment of PPE and non-current assets | (5.0)                       | -                           | -             |
| <b>Basic headline earnings per share</b>             | <b>432.1</b>                | 415.5                       | 4.0           |
| Reversal of the put option in respect of subsidiary  | 6.5                         | (51.7)                      | -             |
| <b>Adjusted headline earnings per share</b>          | <b>438.6</b>                | 363.8                       | 20.6          |

# Income statement

ZAR 'm



|                                  | 6 months<br>ended<br>Jun 10 | 6 months<br>ended<br>Jun 09 | Variance<br>% |
|----------------------------------|-----------------------------|-----------------------------|---------------|
| <b>Revenue</b>                   | <b>55 989</b>               | <b>57 269</b>               | <b>(2.2)</b>  |
| <b>EBITDA</b>                    | <b>24 249</b>               | <b>24 512</b>               | <b>(1.1)</b>  |
| <i>EBITDA Margin %</i>           | <i>43.3%</i>                | <i>42.8%</i>                | <i>0.5pts</i> |
| Depreciation                     | (6 273)                     | (5 948)                     | (5.5)         |
| Amortisation                     | (1 070)                     | (1 353)                     | 20.9          |
| <b>Profit from operations</b>    | <b>16 906</b>               | <b>17 211</b>               | <b>(1.8)</b>  |
| Net finance cost                 | (2 198)                     | (3 630)                     | 39.4          |
| Share of profits from associates | 59                          | -                           | -             |
| <b>Profit before tax</b>         | <b>14 767</b>               | <b>13 581</b>               | <b>8.7</b>    |
| Income tax expense               | (5 430)                     | (4 488)                     | (21.0)        |
| <b>Profit after tax</b>          | <b>9 337</b>                | <b>9 093</b>                | <b>2.7</b>    |
| Non-controlling interests        | (1 243)                     | (1 463)                     | 15.0          |
| <b>Attributable profit</b>       | <b>8 094</b>                | <b>7 630</b>                | <b>6.1</b>    |
| Effective tax rate               | 36.8%                       | 33.0%                       | (3.8)pts      |

# Balance sheet

ZAR 'm



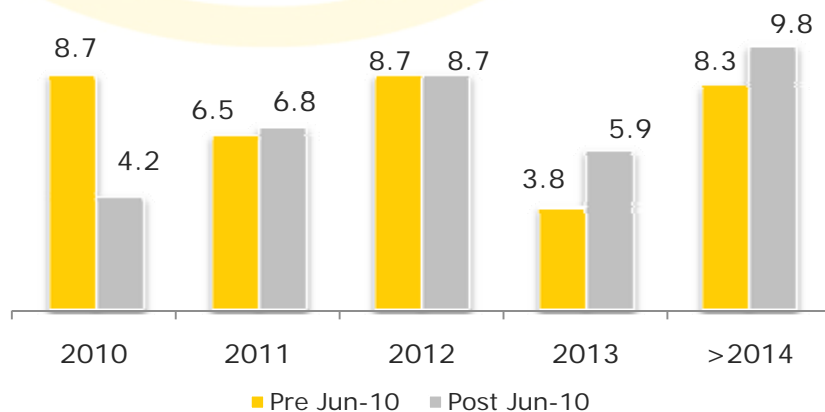
|   | Jun 10         | Dec 09         |
|---|----------------|----------------|
| <b>Non-current assets</b>                           | <b>112 356</b> | <b>110 213</b> |
| Property, plant and equipment                       | 68 711         | 67 541         |
| Goodwill and other intangible assets                | 36 415         | 37 526         |
| Other non-current assets                            | 7 230          | 5 146          |
| <b>Current assets</b>                               | <b>47 204</b>  | <b>46 024</b>  |
| Bank balances                                       | 30 149         | 23 999         |
| Restricted cash                                     | 585            | 742            |
| Other current assets                                | 16 470         | 21 283         |
| <b>Total assets</b>                                 | <b>159 560</b> | <b>156 237</b> |
| <b>Capital and reserves</b>                         | <b>76 975</b>  | <b>72 866</b>  |
| <b>Non-current liabilities</b>                      | <b>32 590</b>  | <b>28 426</b>  |
| Non-current liabilities                             | 23 536         | 21 066         |
| Deferred taxation and other non-current liabilities | 9 054          | 7 360          |
| <b>Current liabilities</b>                          | <b>49 995</b>  | <b>54 945</b>  |
| Non-interest bearing liabilities                    | 37 561         | 39 094         |
| Interest bearing liabilities                        | 12 434         | 15 851         |
| <b>Total equity and liabilities</b>                 | <b>159 560</b> | <b>156 237</b> |
| Net debt  | 5 236          | 12 176         |
| Net debt / EBITDA                                   | .11            | .26            |
| USD:ZAR   | 7.67           | 7.39           |

# Analysis of net debt as at Jun 10

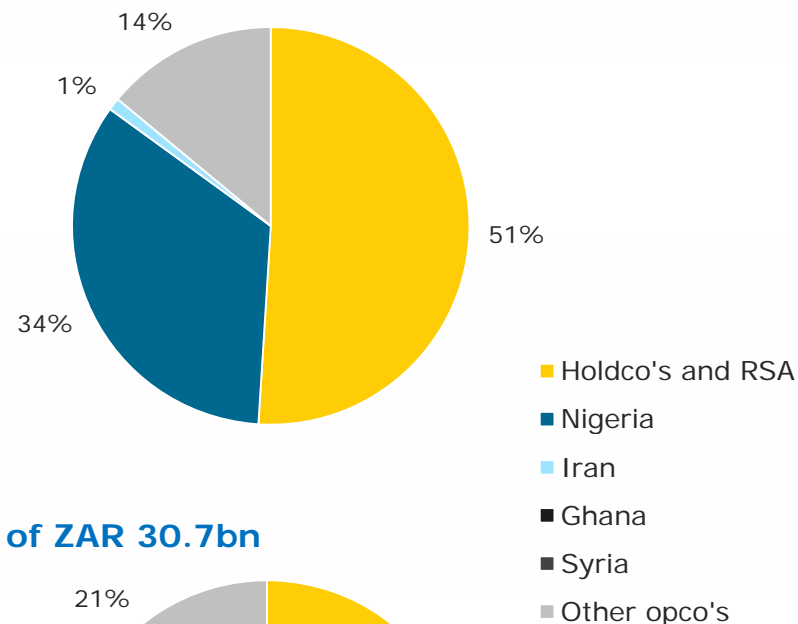


- Net debt to EBITDA of 0.11x
- Nigeria increased facilities and extended tenure, refinancing before 30 Jun 10
- MTN Holdings updated its DMTN programme in anticipation of MTN01 (ZAR 5bn), refinancing post 30 Jun 10
- Investcom unproductive debt eliminated, approx ZAR 5.2bn remains due to recap of Dubai
- Gross intercompany loans (excl holding companies and SA) total ZAR 11.1 bn mainly to Iran (incl. at 100%), Sudan and Afghanistan
- Resolution of Ghana shareholder dispute

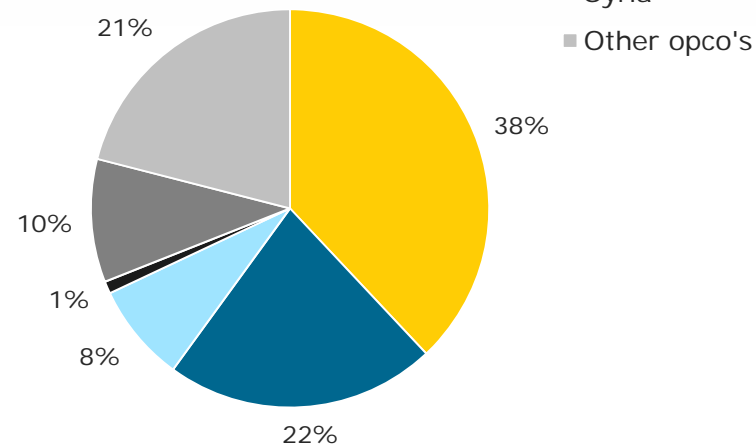
## Debt repayment profile ZAR 'bn



## Debt of ZAR 35.9bn



## Cash of ZAR 30.7bn



## Net debt of ZAR 5.2bn

# Cash flow statement

ZAR 'm



|   | 6 months<br>ended<br>Jun 10 | 6 months<br>ended<br>Jun 09 |
|---|-----------------------------|-----------------------------|
| <b>Net cash generated by operations</b>                   | <b>24 075</b>               | <b>25 129</b>               |
| Net interest paid   | (1 866)                     | (692)                       |
| Taxation paid   | (3 406)                     | (4 156)                     |
| Dividends paid  | (3 534)                     | (3 382)                     |
| <b>Cash inflows from operating activities</b>             | <b>15 269</b>               | <b>16 899</b>               |
| Acquisitions of PPE (excluding software)                  | (7 811)                     | (13 224)                    |
| Acquisition of intangible assets                          | (620)                       | (1 084)                     |
| Other investing activities                                | 1 225                       | (2 634)                     |
| <b>Cash outflows from investing activities</b>            | <b>(7 206)</b>              | <b>(16 942)</b>             |
| <b>Cash outflows from financing activities</b>            | <b>(1 801)</b>              | <b>(2 771)</b>              |
| <b>Net movement in cash and cash equivalents</b>          | <b>6 262</b>                | <b>(2 814)</b>              |
| Cash and cash equivalents at the beg. of the year         | 22 646                      | 25 596                      |
| Realised gains / (losses) on bank accounts                | 174                         | (3 866)                     |
| <b>Cash and cash equivalents at the end of the period</b> | <b>29 082*</b>              | <b>18 916*</b>              |

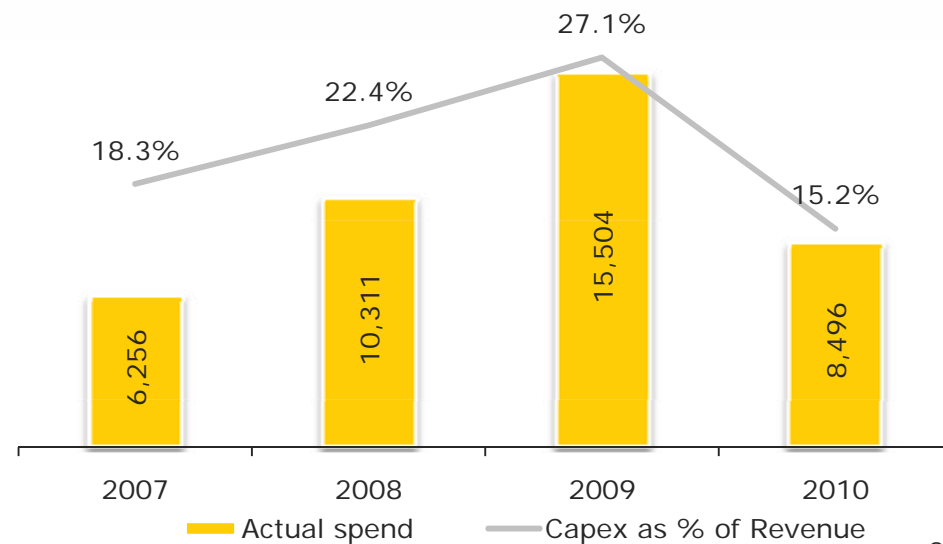
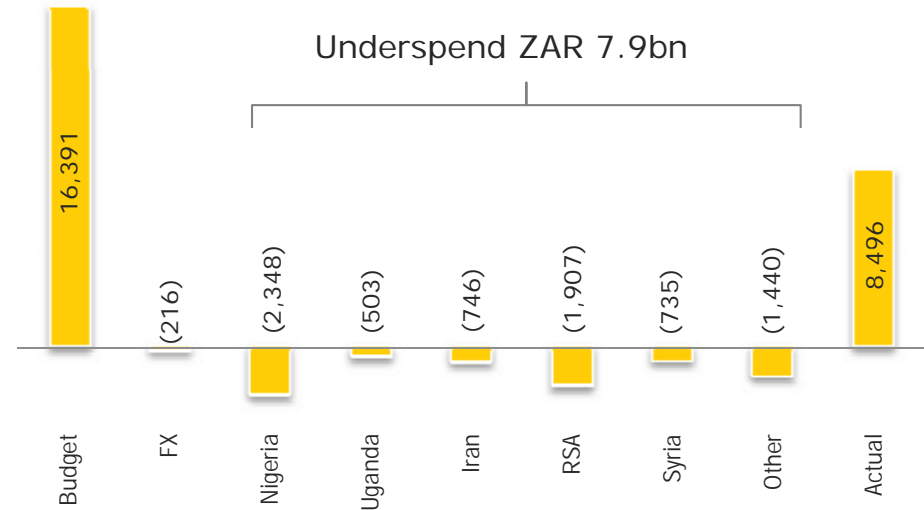
\* Incl. bank balance ZAR30 015m (Jun 09: ZAR19 503m) and bank-overdraft ZAR1 067m (Jun 09: ZAR587m)

# Capital expenditures

## ZAR 'm



- Actual spend ZAR 8.5bn positively impacted by FX
  - Budget FX USD:ZAR average rate 8.07
- Low spend vs authorised due to:
  - Optimisation of spend vs traffic / network capacity demand
  - Delayed site acquisitions in densely populated areas
  - Road construction affecting pace of implementation
- Expected 2010 spend ZAR 21.3bn vs ZAR 23.6bn authorised 2010



# Capital expenditures (cont.)

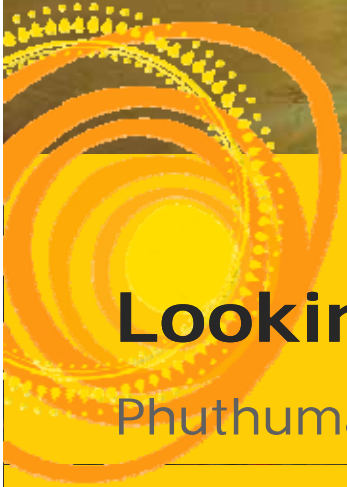
ZAR 'm (incl. software)



|                                       | Actual<br>6 months<br>ended<br>Jun 10 | Actual<br>6 months<br>ended<br>Jun 09 | Authorised<br>2010* | Revised<br>2010** |
|---------------------------------------|---------------------------------------|---------------------------------------|---------------------|-------------------|
| <b>South &amp; East Africa</b>        | <b>1 571</b>                          | <b>4 483</b>                          | <b>6 111</b>        | <b>5 665</b>      |
| RSA                                   | 1 014                                 | 3 000                                 | 4 245               | 4 045             |
| Other operations                      | 557                                   | 1 483                                 | 1 866               | 1 620             |
| <b>West &amp; Central Africa</b>      | <b>5 282</b>                          | <b>8 741</b>                          | <b>10 414</b>       | <b>10 026</b>     |
| Nigeria                               | 2 532                                 | 5 703                                 | 6 424               | 5 704             |
| Ghana                                 | 1 404                                 | 1 175                                 | 1 551               | 2 134             |
| Other operations                      | 1 346                                 | 1 863                                 | 2 439               | 2 188             |
| <b>Middle East &amp; North Africa</b> | <b>1 502</b>                          | <b>2 280</b>                          | <b>6 123</b>        | <b>4 673</b>      |
| Iran                                  | 896                                   | 1 044                                 | 2 666               | 2 140             |
| Syria                                 | 180                                   | 386                                   | 456                 | 594               |
| Other operations                      | 426                                   | 850                                   | 3 001               | 1 939             |
| <b>Head Office Companies</b>          | <b>141</b>                            | <b>-</b>                              | <b>951</b>          | <b>951</b>        |
| <b>Total</b>                          | <b>8 496</b>                          | <b>15 504</b>                         | <b>23 599</b>       | <b>21 315</b>     |

\* USD: ZAR 8.07

\*\*USD: ZAR 7.52



# Looking forward

Phuthuma Nhleko



**everywhere you go**

# Looking forward



## Optimising efficiencies

- Infrastructure sharing
- Standardisation of systems and processes
- Rationalisation of suppliers
- Cost management and optimisation

## Rollout

- Monitoring infrastructure investments to ensure appropriate levels of capacity and quality of service and continued investment in fibre and cable to service evolving voice and data requirements

## Regulatory

- Continued engagement with regulatory authorities in the development and refinement of the telecommunications sector in its markets

## Cash returns

- Evaluating options to return cash to shareholders
- 40% full year dividend payout ratio guidance

## BEE

- Offer to open 30 Aug 10 subject to shareholder approval
- Expect conclusion by end Nov 10

# Subscriber guidance 2010



|              | Old net additions<br>guidance for 2010<br>'000 | Updated net additions<br>guidance for 2010<br>'000 |
|--------------|--|--|
| South Africa | 800  | 1 800  |
| Nigeria      | 6 000  | 6 350  |
| Ghana        | 800  | 600  |
| Iran         | 5 000  | 5000   |
| Syria        | 400  | 400  |
| Rest         | 7 000  | 7 000  |
|              | <b>20 000</b>                                  | <b>21 150</b>                                      |



Thank you

Questions



everywhere you go

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Thank you South Africa  
see you in Brazil!



FIFA WORLD CUP

Annexures



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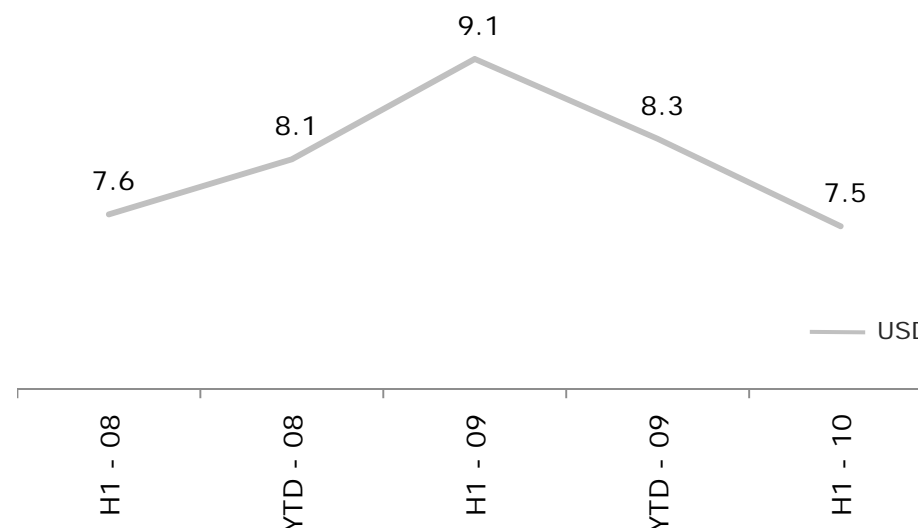
# RSA (excl. Business Solutions)

ZAR 'm



| Revenue                  | 6 months ended Jun 10 |
|--------------------------|-----------------------|
| <b>2009</b>              | <b>15 993</b>         |
| Airtime and subscription | 696                   |
| Data                     | 636                   |
| Interconnect             | (308)                 |
| Other                    | 118                   |
| <b>2010</b>              | <b>17 135</b>         |
| <b>% Growth</b>          | <b>7.1%</b>           |

| EBITDA                   | 6 months ended Jun 10 |
|--------------------------|-----------------------|
| <b>2009</b>              | <b>5 018</b>          |
| Revenue                  | 1 142                 |
| Selling and distribution | (339)                 |
| Interconnect and roaming | 362                   |
| Other                    | (368)                 |
| <b>2010</b>              | <b>5 815</b>          |
| <b>% Growth</b>          | <b>15.9%</b>          |
| <b>EBITDA margin</b>     | <b>33.9%</b>          |



- Higher data and prepaid revenue
- Lower postpaid (including hybrid) airtime revenue
  - Out of bundle usage
  - Migration to lower packages
- Higher handset margin
- Marketing and advertising higher due to FIFA and media expenses
- Higher on net traffic offset some of interconnect rate decline

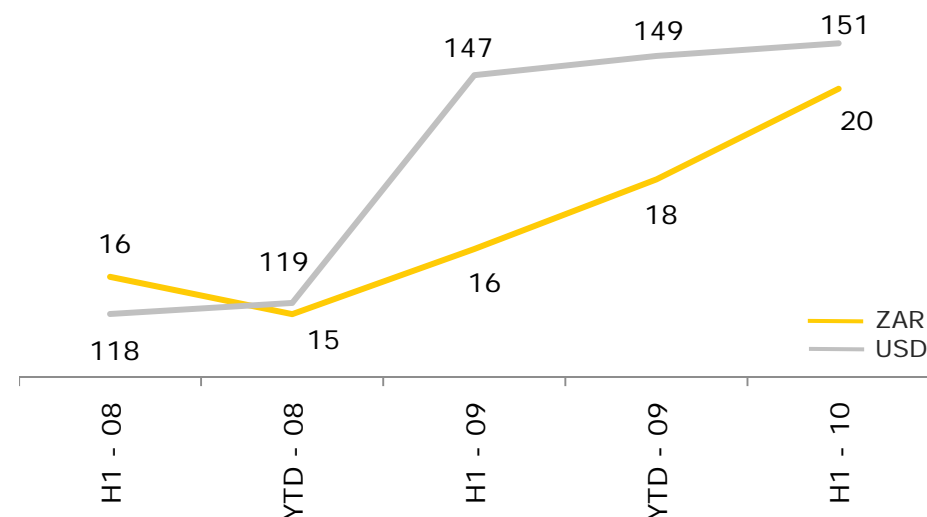
# Nigeria

## ZAR 'm



| Revenue                  | 6 months ended Jun 10 |
|--------------------------|-----------------------|
| <b>2009</b>              | <b>17 837</b>         |
| Airtime and subscription | 3 015                 |
| Interconnect             | (563)                 |
| Accessories              | 32                    |
| Other                    | 111                   |
| FX                       | (3 964)               |
| <b>2010</b>              | <b>16 468</b>         |
| <b>% Growth</b>          | <b>(7.7)%</b>         |

| EBITDA                   | 6 months ended Jun 10 |
|--------------------------|-----------------------|
| <b>2009</b>              | <b>10 923</b>         |
| Revenue                  | 2 595                 |
| Selling and distribution | (459)                 |
| Interconnect and roaming | 383                   |
| Direct network operating | (432)                 |
| Other                    | (474)                 |
| Forex                    | (2 440)               |
| <b>2010</b>              | <b>10 096</b>         |
| <b>% Growth</b>          | <b>(7.4)%</b>         |
| <b>EBITDA margin</b>     | <b>61.3%</b>          |



- Revenue FX impact ZAR R4.0bn
- Lower interconnect revenue
  - Drop in interconnect rates
  - No impact on net interconnect margin
- Decrease in interconnect costs

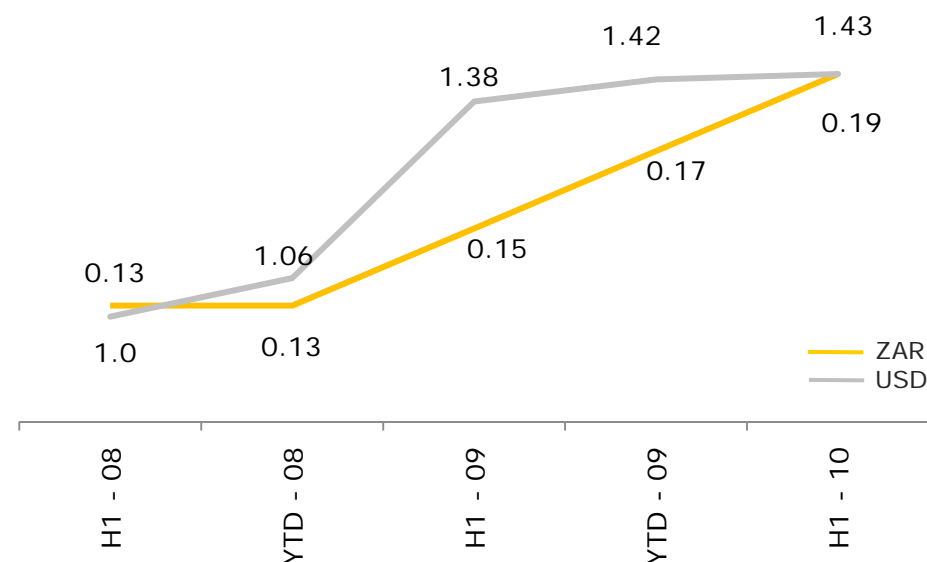
# Ghana

## ZAR 'm



| Revenue                  | 6 months ended Jun 10 |
|--------------------------|-----------------------|
| <b>2009</b>              | <b>2 955</b>          |
| Airtime and subscription | 554                   |
| Interconnect             | (30)                  |
| Accessories              | 16                    |
| Other                    | 33                    |
| FX                       | (715)                 |
| <b>2010</b>              | <b>2 813</b>          |
| <b>% Growth</b>          | <b>(4.8)%</b>         |

| EBITDA                   | 6 months ended Jun 10 |
|--------------------------|-----------------------|
| <b>2009</b>              | <b>1 328</b>          |
| Revenue                  | 573                   |
| Selling and distribution | (91)                  |
| Handsets                 | (78)                  |
| Direct network operating | (53)                  |
| Other                    | (192)                 |
| Forex                    | (305)                 |
| <b>2010</b>              | <b>1 182</b>          |
| <b>% Growth</b>          | <b>(11.0)%</b>        |
| <b>EBITDA margin</b>     | <b>42.0%</b>          |



- Revenue FX impact ZAR R.7bn
- 3G up take
- On net ratio drop from 88% to 84%
- Selling and distribution cost increase
  - FIFA
  - Media inflation costs – driven by competition
- Increased handset costs due to uptake in bundled offers (to drive data and 3G)

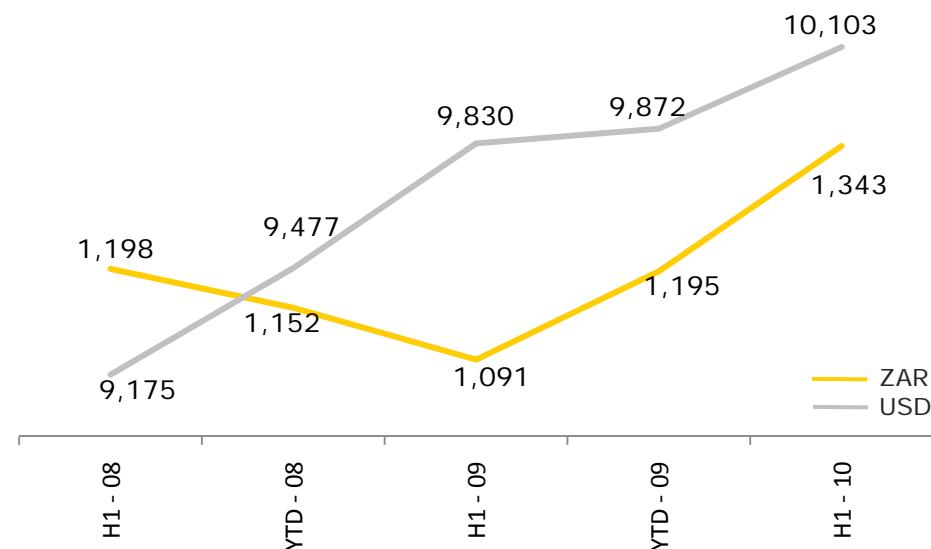
# Iran

ZAR 'm



| Revenue                  | 6 months ended Jun 10 |
|--------------------------|-----------------------|
| <b>2009</b>              | <b>3 897</b>          |
| Airtime and subscription | 1 349                 |
| Interconnect             | 278                   |
| Other                    | (5)                   |
| FX                       | (1 051)               |
| <b>2010</b>              | <b>4 468</b>          |
| <b>% Growth</b>          | <b>14.7%</b>          |

| EBITDA                   | 6 months ended Jun 10 |
|--------------------------|-----------------------|
| <b>2009</b>              | <b>1 354</b>          |
| Revenue                  | 1 623                 |
| Selling and distribution | 12                    |
| Direct network operating | (446)                 |
| Other                    | (290)                 |
| Forex                    | (414)                 |
| <b>2010</b>              | <b>1 839</b>          |
| <b>% Growth</b>          | <b>35.9%</b>          |
| <b>EBITDA margin</b>     | <b>41.2%</b>          |



- Revenue FX impact ZAR 1.1bn
- Increase in subscribers
- Stable ARPU
- Up take of GPRS
- Cost control
  - Single vendor maintenance

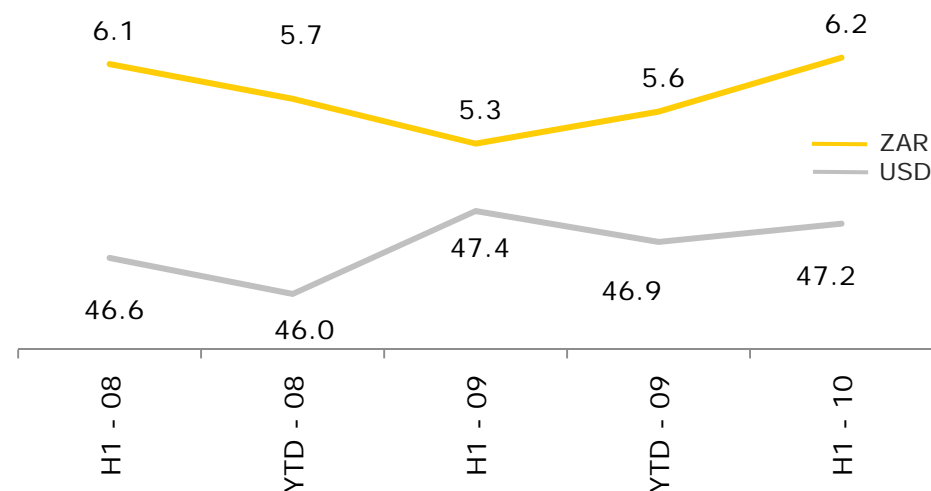
# Syria

ZAR 'm



| Revenue                  | 6 months ended Jun 10 |
|--------------------------|-----------------------|
| <b>2009</b>              | <b>3 520</b>          |
| Airtime and subscription | 384                   |
| Interconnect             | 41                    |
| Other                    | 7                     |
| FX                       | (608)                 |
| <b>2010</b>              | <b>3 344</b>          |
| <b>% Growth</b>          | <b>(5.0)%</b>         |

| EBITDA                   | 6 months ended Jun 10 |
|--------------------------|-----------------------|
| <b>2009</b>              | <b>773</b>            |
| Revenue                  | 432                   |
| Direct network operating | (220)                 |
| Other                    | (127)                 |
| Forex                    | (136)                 |
| <b>2010</b>              | <b>722</b>            |
| <b>% Growth</b>          | <b>(6.6)%</b>         |
| <b>EBITDA margin</b>     | <b>21.6%</b>          |



- Revenue FX impact ZAR 0.6bn
- Data up take – over 100% increase in revenue

# Revenue trends

ZAR 'm



|  | 6 months ended Jun 10 | 6 months ended Jun 09 |
|--|-----------------------|-----------------------|
| <ul style="list-style-type: none"> <li>Airtime and subscription revenue contribution flat against prior year</li> </ul>  | 38 498                | 39 375                |
| <ul style="list-style-type: none"> <li>Data contribution increase to 5.1% due to:                             <ul style="list-style-type: none"> <li>RSA – data revenue up 58%</li> </ul> </li> </ul>  | 68.8%                 | 68.8%                 |
| <ul style="list-style-type: none"> <li>SMS revenue contribution increase to 5.7% due to:                             <ul style="list-style-type: none"> <li>RSA – up 24% due to average number of SMS's per month up by 25%</li> <li>Iran – up 40% due to increase in number of subscribers</li> </ul> </li> </ul> | 5.1%                  | 3.4%                  |
|  | 3 217                 | 2 635                 |
|  | 5.7%                  | 4.6%                  |
|  | 8 314                 | 10 117                |
|  | 14.8%                 | 17.7%                 |
|  | 1 631                 | 1 842                 |
|  | 2.9%                  | 3.2%                  |
|  | 1 463                 | 1 336                 |
|  | 2.7%                  | 2.3%                  |
| <b>Revenue</b>   | <b>55 989</b>         | <b>57 269</b>         |

# Net debt

ZAR 'm



|                                       | Cash and cash equivalents | Interest bearing liabilities* | Intercompany eliminations | Net debt / (cash) 6 months ended Jun 10 | Net debt / (cash) Dec 09 |
|---------------------------------------|---------------------------|-------------------------------|---------------------------|---|--------------------------|
| <b>South &amp; East Africa</b>        | <b>(5 011)</b>            | <b>11 229</b>                 | <b>(8 388)</b>            | <b>(2 170)</b>                          | <b>(783)</b>             |
| RSA                                   | (4 364)                   | 8 344                         | (7 150)                   | (3 170)                                 | ( 1 852)                 |
| Other operations                      | (647)                     | 2 885                         | (1 238)                   | 1 000                                   | 1 069                    |
| <b>West &amp; Central Africa</b>      | <b>(9 123)</b>            | <b>16 019</b>                 | <b>(726)</b>              | <b>6 170</b>                            | <b>8 973</b>             |
| Nigeria                               | (7 806)                   | 12 373                        | -                         | 4 567                                   | 7 461                    |
| Ghana                                 | (477)                     | -                             | -                         | (477)                                   | (469)                    |
| Other operations                      | (840)                     | 3 646                         | (726)                     | 2 080                                   | 1 981                    |
| <b>Middle East &amp; North Africa</b> | <b>(7 384)</b>            | <b>7 041</b>                  | <b>(6 404)</b>            | <b>(6 747)</b>                          | <b>(5 069)</b>           |
| Iran                                  | (2 746)                   | 3 665                         | (3 424)                   | (2 505)                                 | (1 350)                  |
| Syria                                 | (3 611)                   | -                             | -                         | (3 611)                                 | (3 331)                  |
| Other operations                      | (1 027)                   | 3 376                         | (2 980)                   | (631)                                   | (388)                    |
| <b>Head Office Companies</b>          | <b>(9 216)</b>            | <b>22 559</b>                 | <b>(5 360)</b>            | <b>7 983</b>                            | <b>9 055</b>             |
| <b>Total</b>                          | <b>(30 734)</b>           | <b>56 848</b>                 | <b>(20 878)</b>           | <b>5 236</b>                            | <b>12 176</b>            |

\* Including long- and short-term borrowings and overdrafts

# Exchange rates analysis



|                        | Average (EBITDA)      |                       |       |          | Closing               |                       |       |           |
|------------------------|-----------------------|-----------------------|-------|----------|-----------------------|-----------------------|-------|-----------|
|                        | 6 months ended Jun 10 | 6 months ended Jun 09 | % var | Dec 09   | 6 months ended Jun 10 | 6 months ended Jun 09 | % var | Dec 09    |
| Rand per USD           | <b>7.52</b>           | 9.06                  | (17)  | 8.32     | <b>7.67</b>           | 7.72                  | (1)   | 7.39      |
| Nigerian Naira per USD | <b>150.74</b>         | 146.85                | 3     | 148.34   | <b>150.00</b>         | 148.35                | 1     | 149.97    |
| Nigerian Naira per ZAR | <b>20.04</b>          | 16.13                 | 24    | 17.83    | <b>19.57</b>          | 19.23                 | 2     | 20.29     |
| Iranian Rials per USD  | <b>10 102.95</b>      | 9 830.06              | 3     | 9 942.69 | <b>10 363.00</b>      | 9 894.00              | 5     | 10 004.00 |
| Iranian Rials per ZAR  | <b>1 342.92</b>       | 1 090.62              | 23    | 1 195.03 | <b>1 351.99</b>       | 1 282.44              | 5     | 1 353.72  |
| Ghanaian Cedis per ZAR | <b>0.19</b>           | 0.15                  | 27    | 0.17     | <b>0.19</b>           | 0.19                  | -     | 0.19      |
| Syrian Pounds per ZAR  | <b>6.19</b>           | 5.25                  | 18    | 5.60     | <b>6.16</b>           | 6.11                  | 1     | 6.20      |

# MTN – data sheet part 1



|                           | Group   | SEA    | WECA   | MENA   | Nigeria | RSA    | Ghana | Syria | Iran   |
|---------------------------|---------|--------|--------|--------|---------|--------|-------|-------|--------|
| Market overview           |         |        |        |        |         |        |       |       |        |
| Population (m)            | 546     | 108.9  | 244.8  | 191.9  | 150.0   | 49.4   | 24.3  | 20.5  | 72.5   |
| Mobile penetration (%)    |         |        |        |        | 46      | 97     | 65    | 48    | 85     |
| Number of operators       | 78      | 20     | 40     | 18     | 5       | 3      | 6     | 2     | 3      |
| Operational data          |         |        |        |        |         |        |       |       |        |
| Subscribers ('000)        | 129 214 | 28 664 | 59 362 | 41 189 | 35 057  | 17 102 | 8 723 | 4 419 | 26 967 |
| ARPU (USD)                |         |        |        |        | 11      | 20     | 7     | 16    | 8      |
| Outgoing MOU (mins)       |         |        |        |        | 49      | 72     | 113   | 107   | 67     |
| Market share (%)          |         |        |        |        | 51      | 35.6   | 56    | 45    |        |
| Operational data (ZAR 'm) |         |        |        |        |         |        |       |       |        |
| Revenue                   | 55 989  | 20 487 | 24 721 | 10 631 | 16 468  | 17 135 | 2 813 | 3 344 | 4 468  |
| EBITDA                    | 24 249  | 7 070  | 13 375 | 3 323  | 10 096  | 5 815  | 1 182 | 722   | 1 839  |
| EBITDA margin (%)         | 43.3    | 34.5   | 54.1   | 31.3   | 61.3    | 33.9   | 42.0  | 21.6  | 41.2   |
| CAPEX                     | 8 496   | 1 571  | 5 282  | 1 502  | 2 532   | 1 014  | 1 404 | 180   | 896    |
| Depreciation              | 6 273   | 1 656  | 3 454  | 1 161  | 2 469   | 1 206  | 325   | 270   | 467    |
| Amortisation              | 1 070   | 260    | 438    | 360    | 92      | 158    | 79    | 134   | 92     |

# MTN – data sheet part 2 (SEA)



|                        | Sub Total | RSA    | Botswana | Zambia | Swaziland | Uganda | Rwanda |
|------------------------|-----------|--------|----------|--------|-----------|--------|--------|
| Shareholding (%)       |           | 100    | 53       | 90     | 30        | 95     | 55     |
| Licence period (years) |           | 20     | 15       | 15     | 10        | 20     | 13     |
| Market overview        |           |        |          |        |           |        |        |
| Population (m)         | 108.9     | 49.4   | 1.9      | 13.3   | 1.0       | 33.1   | 10.2   |
| Mobile penetration (%) |           | 97     | 125      | 31     | 54        | 27     | 28     |
| Market position        |           | 2      | 1        | 2      | 1         | 1      | 1      |
| Number of operators    |           | 3      | 3        | 3      | 1         | 7      | 3      |
| Market size (m) (2014) | 96.7      | 58     | 2.8      | 10.9   | 1.0       | 19.2   | 4.8    |
| Operational data       |           |        |          |        |           |        |        |
| Subscribers ('000)     | 28,664    | 17,102 | 1,337    | 1,441  | 664       | 5,919  | 2,200  |
| ARPU (USD)             |           | 20     | 10       | 6      | 11        | 5      | 5      |
| Market share (%)       |           | 35.6   | 56       | 35     | 100       | 65     | 79     |

# MTN – data sheet part 3 (WECA)



|                        | Sub Total | Nigeria | Ghana | Cameroon | Congo B | Benin | G. Bissau | G. Conakry | Liberia | Cote d'Ivoire |
|------------------------|-----------|---------|-------|----------|---------|-------|-----------|------------|---------|---------------|
| Shareholding (%)       |           | 76      | 98    | 70       | 100     | 75    | 100       | 75         | 60      | 65            |
| Licence period (years) |           | 15      | 15    | 15       | 15      | 10    | 10        | 18         | 15      | 20            |
| Market overview        |           |         |       |          |         |       |           |            |         |               |
| Population (m)         | 244.8     | 150.0   | 24.3  | 19.6     | 4.0     | 8.9   | 1.6       | 10.7       | 4.0     | 21.7          |
| Mobile penetration (%) |           | 46      | 65    | 38       | 75      | 50    | 43        | 36         | 37      | 61            |
| Market position        |           | 1       | 1     | 1        | 1       | 1     | 1         | 1          | 1       | 1             |
| Number of operators    |           | 5       | 6     | 3        | 3       | 5     | 3         | 5          | 5       | 5             |
| Market size (m) (2014) | 185.8     | 110.7   | 22.5  | 9.7      | 4.1     | 6.1   | 1.0       | 6.9        | 1.8     | 23.0          |
| Operational data       |           |         |       |          |         |       |           |            |         |               |
| Subscribers ('000)     | 59,362    | 35,057  | 8,723 | 4,498    | 1,519   | 1,839 | 527       | 1,637      | 745     | 4,818         |
| ARPU (USD)             |           | 11      | 7     | 8        | 11      | 9     | 8         | 6          | 10      | 7             |
| Market share (%)       |           | 51      | 56    | 61       | 51      | 41    | 77        | 42         | 60      | 36            |

# MTN – data sheet part 4 (MENA)



|                        | Sub Total | Sudan | Iran   | Afghanistan | Cyprus | Syria   | Yemen |
|------------------------|-----------|-------|--------|-------------|--------|---------|-------|
| Shareholding (%)       |           | 85    | 49     | 91          | 51     | 75      | 85    |
| Licence period (years) |           | 20    | 15     | 15          | 20     | 15(BOT) | 15    |
| Market overview        |           |       |        |             |        |         |       |
| Population (m)         | 191.9     | 39.5  | 72.5   | 34.8        | 0.8    | 20.5    | 23.8  |
| Mobile penetration (%) |           | 35    | 85     | 32          | 112    | 48      | 28    |
| Market position        |           | 2     | 2      | 1           | 2      | 2       | 1     |
| Number of operators    |           | 3     | 3      | 4           | 2      | 2       | 4     |
| Market size (m) (2014) | 148.6     | 26.6  | 75.8   | 18.0        | 1.0    | 12.7    | 14.5  |
| Operational data       |           |       |        |             |        |         |       |
| Subscribers ('000)     | 41,189    | 3,314 | 26,967 | 3,581       | 232    | 4,419   | 2,675 |
| ARPU (USD)             |           | 4     | 8      | 5           | 33     | 16      | 6     |
| Market share (%)       |           | 24    |        | 32          | 26     | 45      | 40    |