



Introduction and Overview

Nigeria

Ahmad Farroukh- CEO Nigeria



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Country overview



Population 150m

Market sizing 111m (2014)

Penetration 45.8%

Economics

*GDP per capita USD 2,440

Inflation 13% (National Bureau of Statistics)

Commercial banks' prime lending rate 17.8% (average)

Exchange rate LC/USD = 152.00 (2010 est. av.)

Demographics

Language English, several local languages

Religion Christian and Muslim



Market dynamics



Political environment

- Uncertainty pending general elections in 2011
- Implementation of political reforms aimed at ensuring free and fair elections

Economic environment

- Real GDP growth rate forecast 2010 - 6.9%
- Average inflation forecast 2010 - 11.5%
- On going tightening of banking supervision aimed at strengthening the sector
- Economic growth - 7.68% (H210)
 - Growth in non-oil sector (agriculture, retail trade, services and construction)
- Relatively stable exchange rate

Regulatory environment

- Voluntarily SIM card registration implemented May 10
 - Efficient use of current sales and distribution channels
- Appointment of a new Executive Vice Chairman and Chief Executive Officer for the Regulator (NCC) - Jul 10
- Ongoing reporting of QoS to the regulator
 - Significant improvement in network quality

GSM competitors– Jun 10



	MTNN	ZAIN	Globacom	Etisalat
Launch date	2001	2001	2003	2007
Subscribers	35.0m	15.1m	14.9m	3.1m
Market share	51.27%	22.17%	21.90%	4.66%
Shareholders	**MTNI (76%) Private (24%)	Bharti Airtel (65.7%) Private (34.3%)	Nigerian shareholders	EMTS (40%) Mubadala (30%) PTHNV (30%)*
Initiatives	<ul style="list-style-type: none"> • MTN Fastlink • MTN One World • Blackberry • Google SMS 	<ul style="list-style-type: none"> • International roaming • One network • Fixed payphone 	<ul style="list-style-type: none"> • National fibre backbone • Fixed line services (corporate segment) • 3G packages • Glo-1 submarine cable 	<ul style="list-style-type: none"> • GSM/EDGE • Home Zone • My cluB premiership • Easynet internet link

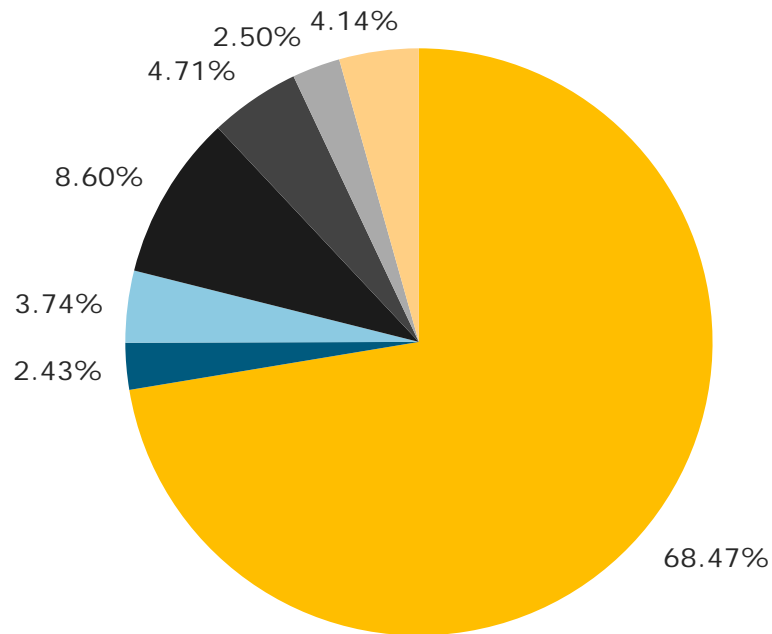
* Premium Telecommunications Holdings Limited (PTHL), a special purpose vehicle which holds the interest of Nigerian investors in Etisalat Nigeria. PTHNV offered 35 million shares (17.5%) for sale via Private Placement in March 2009

** Legal Holding

Fixed wireless and CDMA segment

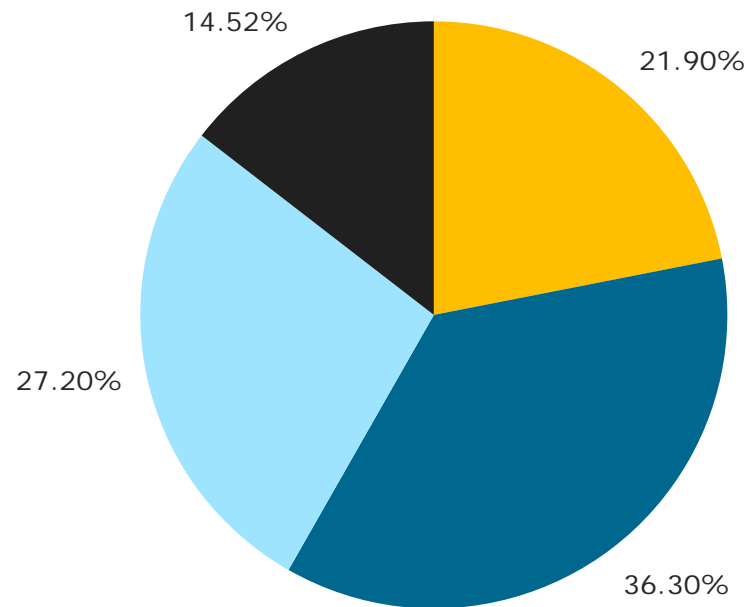


Fixed wireless operators 31 Dec 09



- Starcomms
- Reltel
- NITEL
- Visafone
- 21st Century
- O'Net
- Multilinks

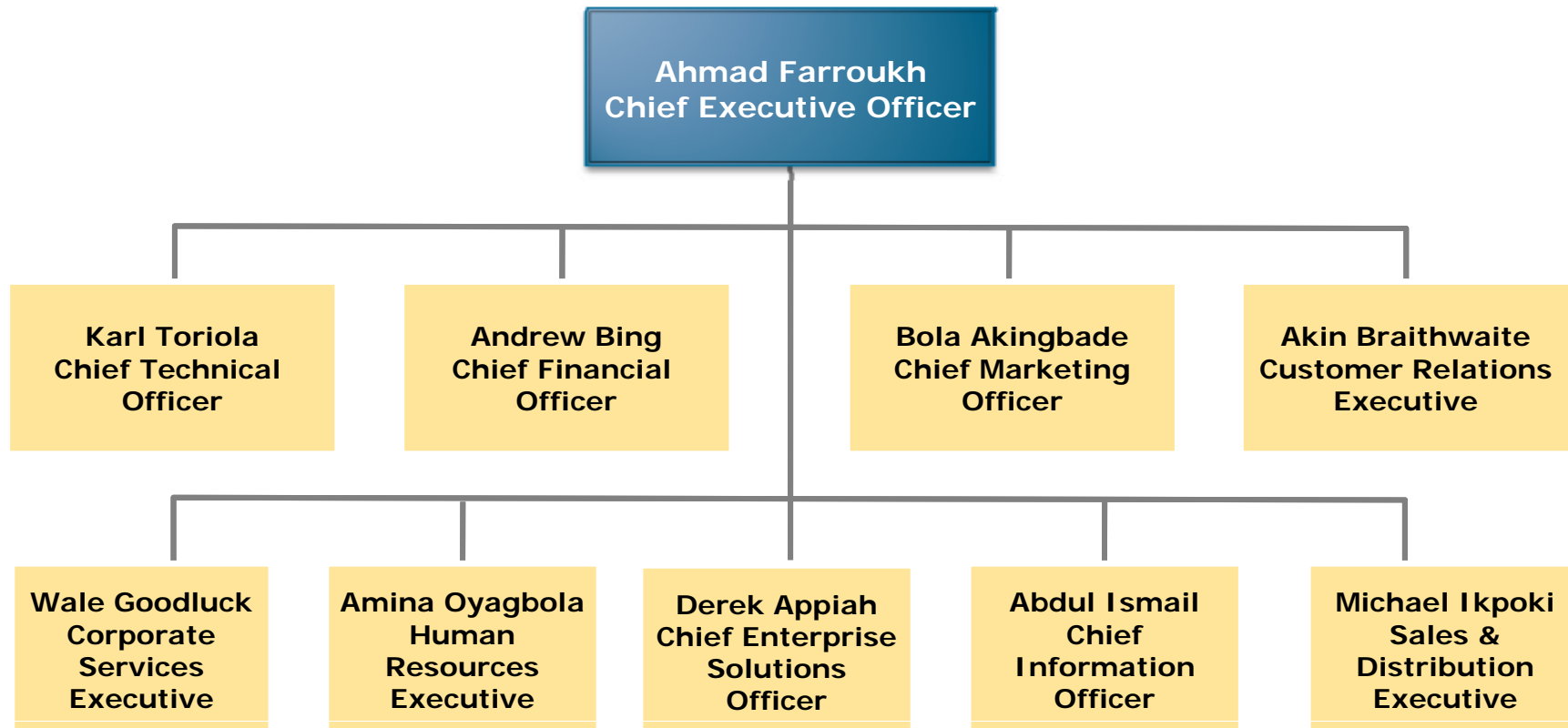
CDMA mobile operators 31 Dec 09



- Starcomms
- Visafone
- Multilinks
- Reltel

CDMA collective market share of total market – 10.15%

Management team



Licences



Period

- Digital Mobile Licence (GSM): Feb 01 – Jan 16
- Unified Access Service licence (“UASL”): Sep 06 – Aug 21
- 2 GHz Spectrum (3G): May 07 – Apr 22
- 3.5GHz (WiMAX): Jul 07 – Jun 12

Upfront fees

- DML – US\$285m
- UASL – NGN114.6m
- 2GHz – US\$150m
- 3.5GHz – NGN13.9m

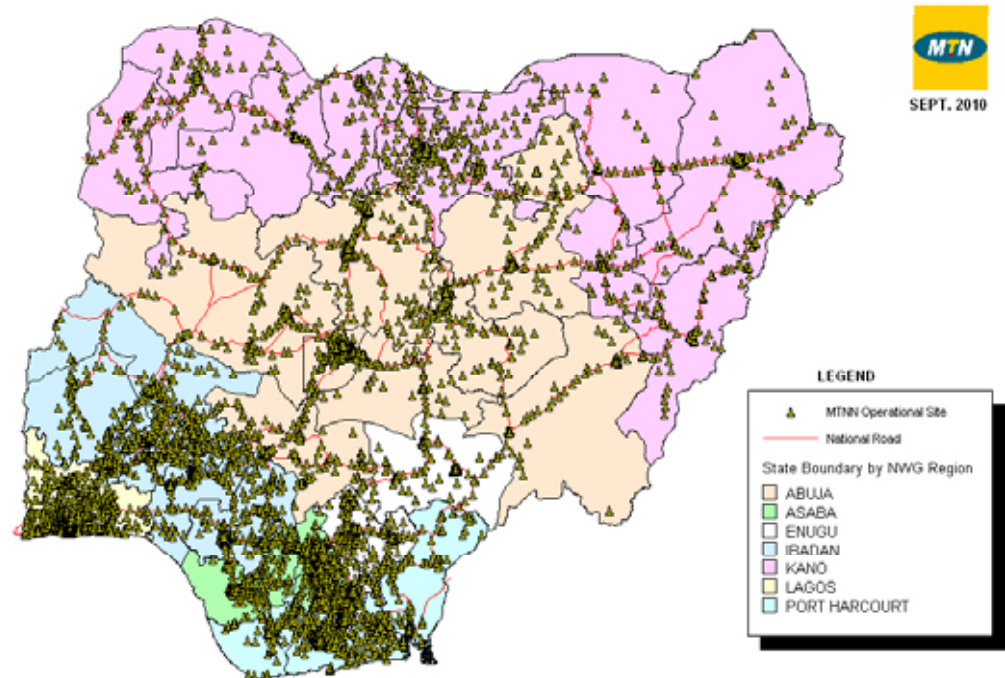
Coverage

- 2,101 cities and towns
- Over 10,000 villages and communities
- Highways spanning the 36 states and the Federal Capital Territory
- 83.9% geographic coverage (Jun 10)
- 84.6% population coverage (Jun 10)

Radio network rollout



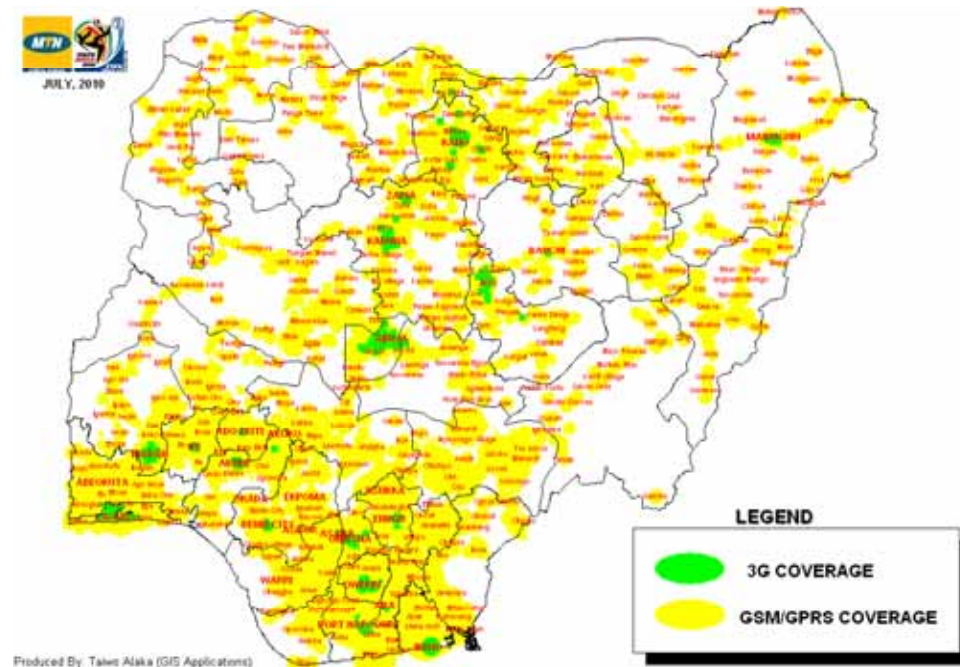
- 6,356 BTS's
- 2,367 cities and towns
- Over 20,000 villages and communities
- 41,645 km of highway
- 97 MSC's
- 106 BSC's
- Adopt lower cost rollout methodologies such as co-location and infrastructure sharing



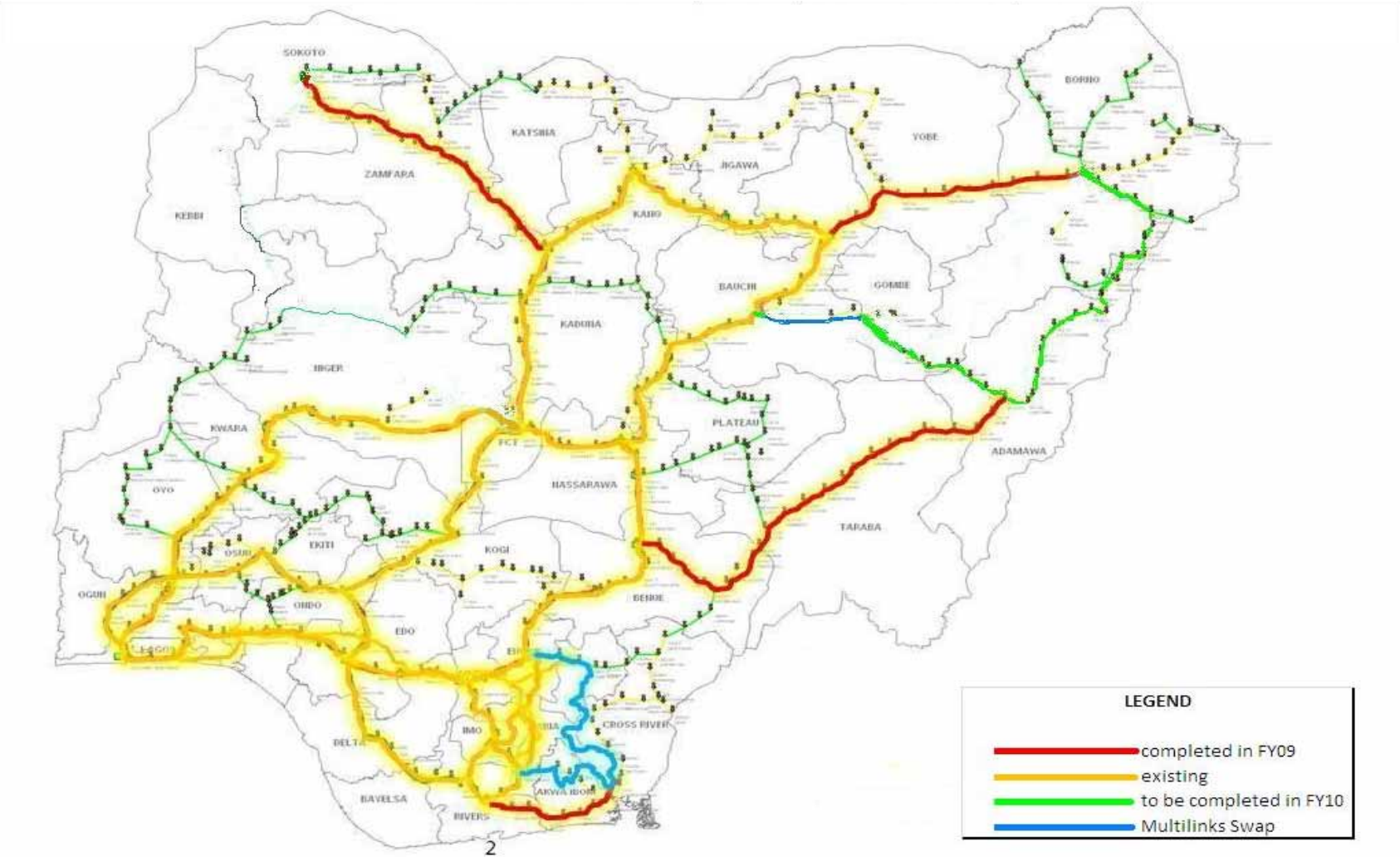
3G network coverage



- 1,422 live 3G sites to date
- 3G has enabled the launch and rapid growth of mobile internet and other data services including corporate services
- 50 WiMax Sites
- WiMax is expected to further improve MTN's positioning in the data services segment
- High density



Backbone route



Distribution channel



- Efficient distribution channels all aligned to particular Trade Partners down to the retail level
- Spread across the 36 states of the federation and the Federal Capital territory:
 - 120 whole sale dealers
 - 42 franchise operations
 - 15 own shops
 - 2 electronic channel distributors
 - 96,000 Bizlift members till date

Selection of competent....

Trade Partners alignment to captive markets and clusters with joint responsibility for market development.

Drive towards the evolution of trade partners as brand ambassadors

Driven by...

System support and processes in trade partner environment.

Automated order processing and fulfillment
Deployment of competitive commission reward structure

Effective Business intelligence tools
Excellent distribution logistics/structures

To enhance...

Trade partners profitability/ Sustainability
Excellent market development/ Penetration
Optimisation of network infrastructure
Evolution of reliable and competent brand ambassadors.

Data



Licence

- Unified licence

Customers

- Large corporations and Small and Medium Enterprises (SMEs)

Products

- Data solutions – lease lines, high speed internet (ADSL), dedicated internet, satellite links, high speed internet (Wimax)
- Voice – fixed voice (prepaid and post paid)

Coverage

- Nigeria wide – leased lines and satellite links
- Lagos, Ibadan, Port Harcourt, Abuja – high speed internet and fixed voice

Organisation

- Driven by the Enterprise Solutions Division
- Focus on mobile, fixed and converged sales and marketing
- The approach to customer relations is that a single customer service interface is maintained for enterprises

Recent sample contracts

- Etisalat – leased lines contract spanning two and a half years
- Banks – leased lines contract spanning multiple years
- Manufacturing and hospitality – IP-MPLS and leased line contracts
- Oil and Gas – leased line and IP-MPLS contracts spanning multiple years

Product and services



Product	Customer Benefit	Segment
Blackberry Weekly	Weekly mobile email and PIM subscription for prepaid.	Youth/young professionals
MTN Pulse	Customers can be where they want to be seen, making friends and sharing content.	Youth/young professionals
MTN Eye	MTN EYE gives you a view of major streets and traffic hot spots, using a network of cameras strategically located around the city.	All segments
MTN Play	A one-stop-shop Mobile portal where you can download exciting videos, full track music, ringtones, both local and international right on your mobile phone	All segments
New Value Proposition	Life is richer with MTN.	All segments
MicroSIMs	Provides enjoyable and convenient internet access on Apple Ipad and I Phone 4.	High Value/Professionals
MTN In-Flight Roaming	Another way of keeping in touch with family and friends while on air across Europe, Asia, Middle East and Australia.	High Value/Professionals
MTN Fastlink	High speed internet access on the go. Best and most expansive 3.5G network in Nigeria	Youth

Product and services



Product	Customer Benefit	Segment
Blackberry from MTN	Mobile email and PIM. First and only prepaid solution in Nigeria	Youth/young professionals
Google SMS	Search the web without the internet. Knowledge on the go enabled by MTN	Youth/young professionals
DSTV Mobile from MTN	Never miss your favorite sports, news or movie programmes. Mobile entertainment- only on MTN	High Value
MTN Video Cam	Be in two places at the same time. Keep watch over your loved ones	High Value
MTN One World	Roam like you never left home! Pay what the locals pay, and recharge locally	High Value/Professionals
MTN Back Up	Back up your important SIM contacts	High Value/Mass/Youth/professionals
MTN Care (Emergency Services)	Access to medical and emergency ambulance service to MTNN's customers	High Value/Mass/Youth/professionals
MTN E-Care Self Registration	Allows customers manage their postpaid account with ease	Professionals
Caller Tunes Reloaded	Ring back tone platform allows customers to upload DIY ring back tones	Youth/Mass/Corporates

Brand leadership



Q210

Market Share

51.0%

Brand Preference

59.9%

Brand Awareness

69.9%

Brand Affinity

61.6%

MTN remains the leading brand in the Nigerian telecoms space

the
FA World Cup™
July 2010



Financials

Nigeria

Ishmael Nwokocha- Senior Manager Nigeria

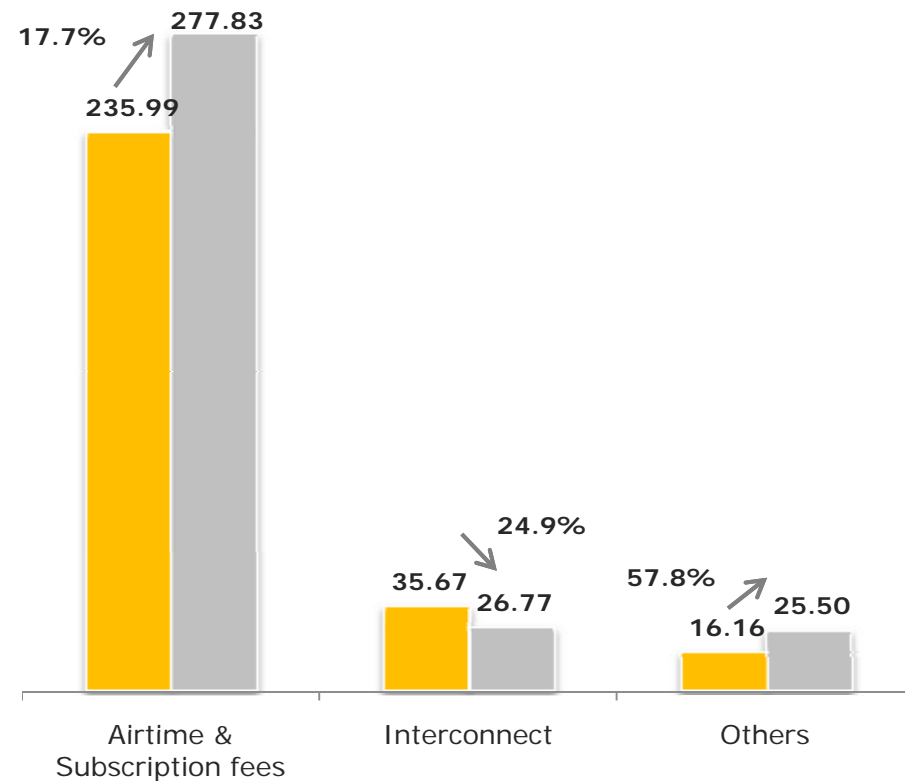


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Revenue analysis



- Airtime and subscriptions fees
 - Increase in the number of revenue generating subscribers
 - Increase in the total billable minutes
 - Increase in the number of blackberry subscribers from 4,242 in Jun 09 to 33,015
- Interconnect Revenues
 - Reduction in interconnect rates enforced by NCC with effect from 31 Dec 09
- Others
 - VAS revenue increase attributable to 2010 FIFA promotion
 - Increase in handset sales due increase in blackberry and introduction of Nokia 5330 for DSTV Mobile



Total revenue

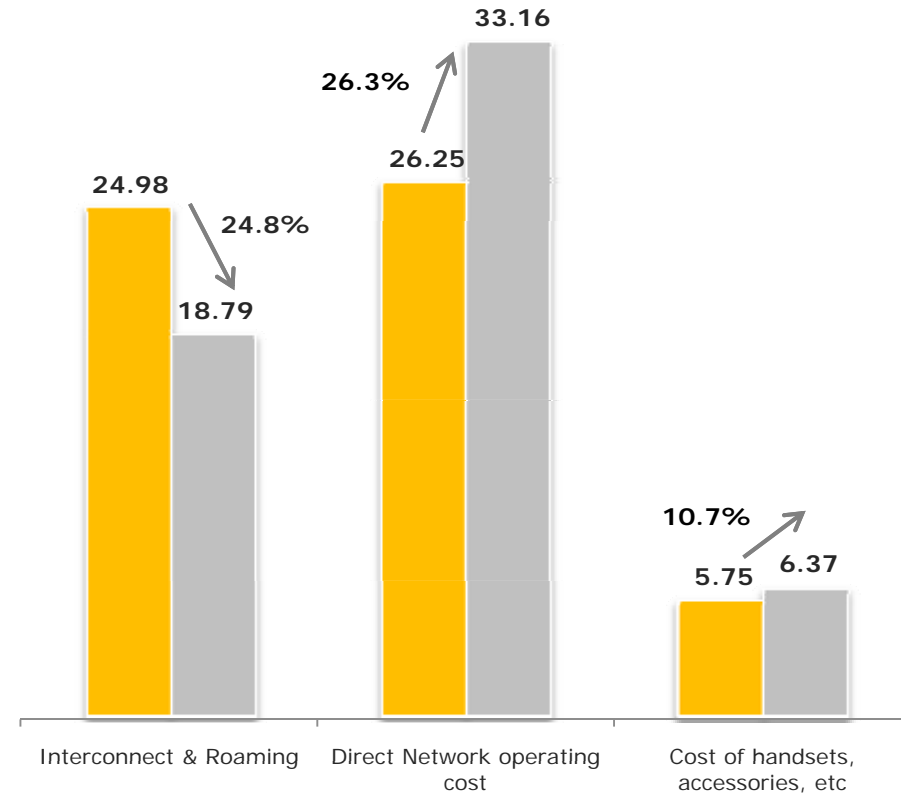
■ 2009 (NGN 287.8bn)

■ 2010 (NGN 330.1bn)

Operating expenses analysis



- Interconnect and roaming
 - Decrease primarily as a result of decrease in interconnect rates by NCC
- Direct network operating costs
 - Increase in number of sites in 2010 resulting in increased rent, maintenance costs and fuel usage
- Cost of handsets and accessories
 - Increase in quantity of handsets sold



Total Opex

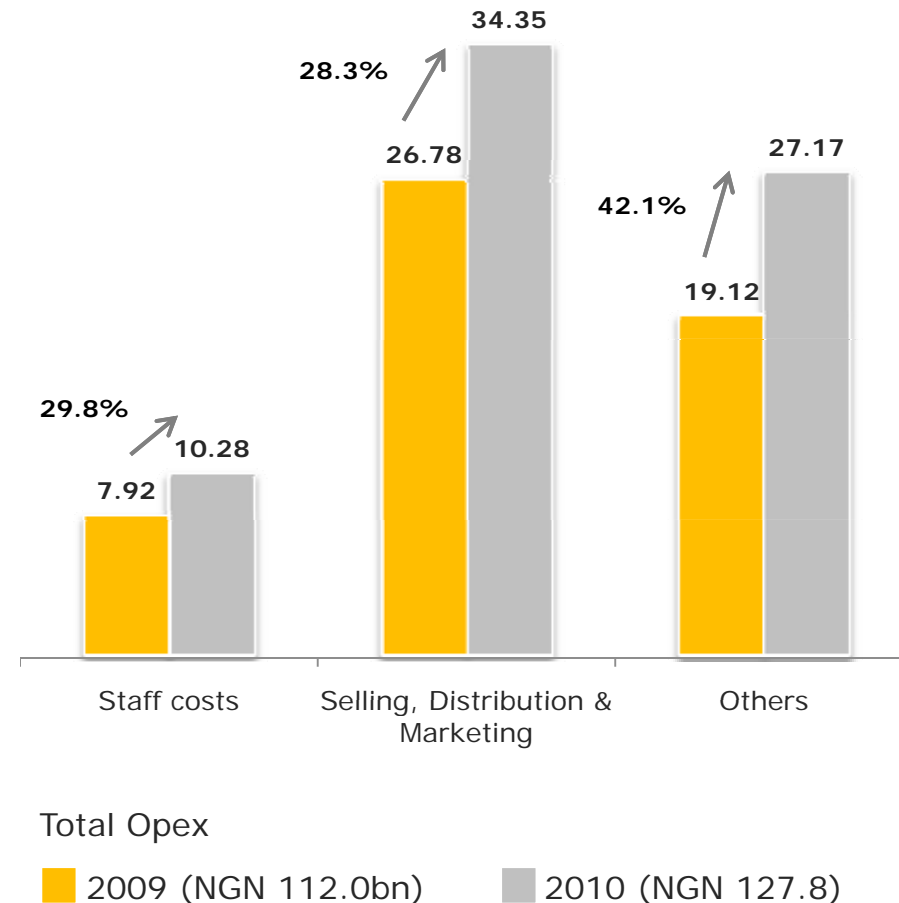
■ 2009 (NGN 112.0bn)

■ 2010 (NGN 127.8)

Operating expenses analysis



- Staff costs
 - Marginal growth in head count
 - Annual salary increases for staff
- Selling, distribution and marketing expenses
 - Increased sponsorships with new events added e.g. Project Fame competition, FIFA Promotion, etc
 - Rise in the business' need to support its distribution network partners
- Others
 - Increase in the cost of maintenance and repairs of MTN fleet
 - increase in revenue which led to increase in technical services fees



Tax considerations

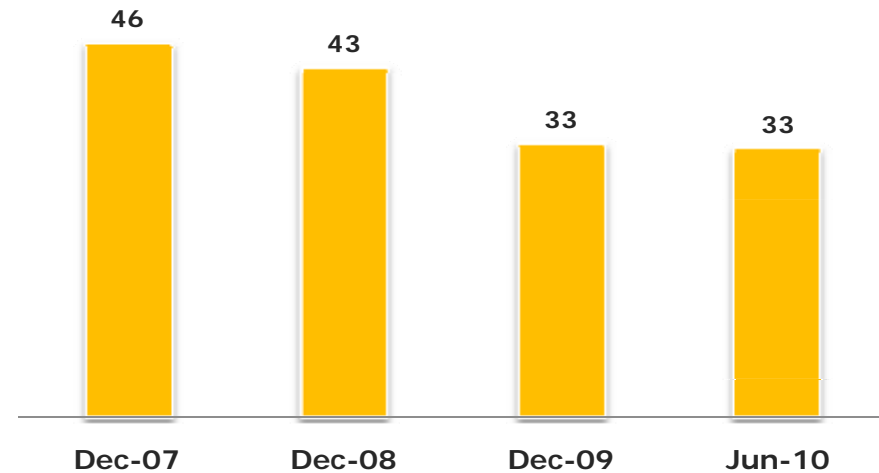


Material reconciling items Jun 10:

- Education tax 2.8%
- Commencement provisions 0.0%
- Additional deferred tax 3.2%
- Investment allowance relief (2.4%)

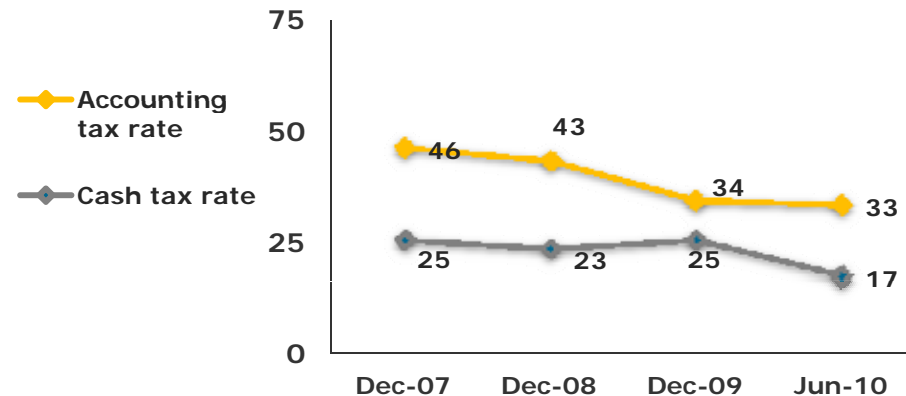
Effective tax rates

%

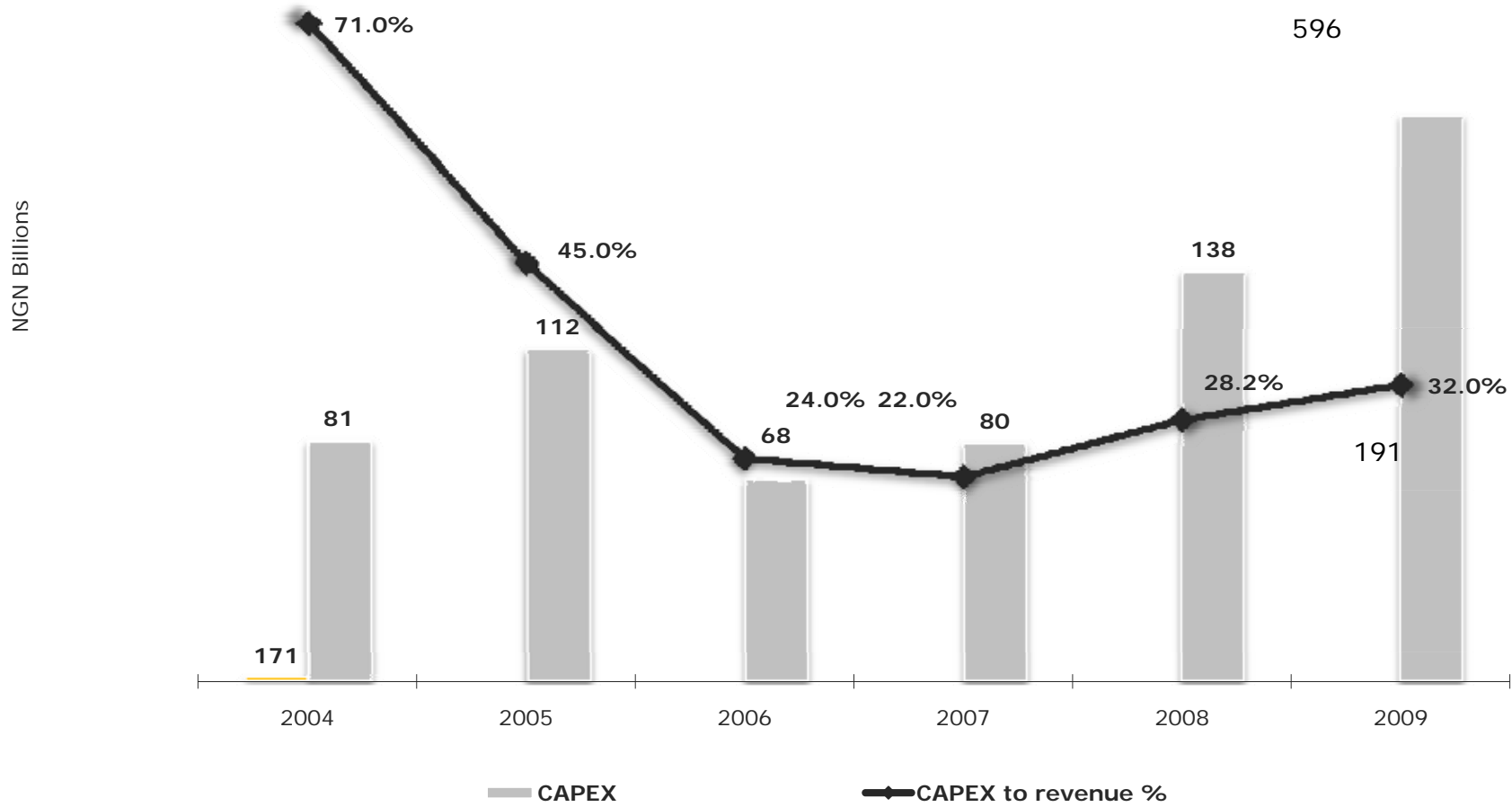


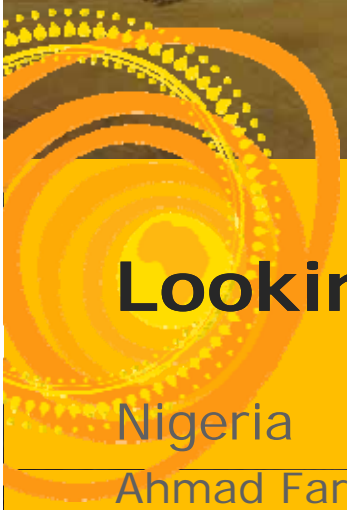
Nigeria – expected trends in effective tax rates

Illustrative %



Capital trends





Looking forward

Nigeria

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MTN Foundation



General

- Established in Jul 04 as a separate entity
- Founded to manage Corporate Social Responsibility initiatives across Nigeria
- MTN Nigeria invests up to 1% of its PTA
- Focus areas Economic Empowerment, education and health

Objectives

- Facilitate economic empowerment of Nigerian citizens
- Provide access to educational opportunities
- Alleviate health challenges

Projects

- Rural Telephone Project - improving the social economic status of rural women
- Disability Support Project - provision of mobility aids and appliances to persons living with disability
- Science and Technology Scholarship Programme - scholarships of N200,000 each to 500 deserving students in tertiary institutions
- UniversitiesConnect and SchoolsConnect Projects - establishment of ICT centres in universities and secondary schools
- Partners Against AIDS and Malaria in Communities (PAMAC) project - HIV/AIDS and Malaria education, treatment and empowerment programmes
- MTNF refurbished Sickle Cell Clinics - Sickle cell education, treatment and empowerment

Looking forward



Opportunities

- Rural area penetration
- Strong brand
- Industry leader
- Strong demand
- Capex rollout

Challenges

- Poor infrastructure
- Increasing competition from PTOs
- Devaluation of local currency
- Dependence on oil production and revenue
- Political uncertainty

Nigeria

- income statement (LC)



NGN millions	Jun 10	Jun 09	% change
Revenue	330,121	287,820	14.7%
EBITDA	202,442	175,856	15.1%
EBITDA margin (%)	61.3%	61.1%	
Depreciation & amortisation	50,885	42,295	20.3%
Net finance costs	13,198	13,557	(2.6%)
Profit before taxation	138,359	120,003	15.3%
Income tax expense	45,757	39,508	15.8%
Profit after taxation	92,602	80,495	12.6%



Thank you

Questions



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Nigeria

- balance sheet (LC)



NGN millions	as at Jun 10	as at Jun 09
Non-Current Assets	461,537	441,996
Property, plant and equipment	431,566	400,312
Intangible assets	126	186
Other non-current assets	29,845	41,498
Current Assets	219,012	180,641
Bank and cash	152,768	107,739
Other current assets	66,244	72,902
Total assets	680,549	622,637
Capital and reserves	156,397	149,155
Non-current liabilities	300,221	253,267
Long term liabilities	227,108	210,559
Deferred taxation and other non-current liabilities	73,113	42,708
Current liabilities	223,931	220,215
Non-interest bearing liabilities	208,897	209,216
Interest bearing liabilities	15,034	10,999
Total equity and liabilities	680,549	622,637

Nigeria

- funding structure



Original US\$ facility

- US\$400m foreign currency term loan facility
- 5 year tenor
- Outstanding balance of US\$250m (as at Jun 10)
- Currently in repayment with final repayment in Oct 12

Restructured local currency facility

- NGN206bn term loan facility
- 5.5 years tenor
- Repaid in 4 equal annual installments from Dec 12 – Dec 15

New buyer's credit facility

- US\$200m foreign currency buyer's credit for purchase of Huawei equipment
- 5 year tenor
- Repaid in 7 equal semi-annual installments from Jun 12 – Jun 15

New ECA-backed facility

- US\$250m foreign currency term loan facility linked to Ericsson equipment purchases
- 95% Comprehensive cover provided by EKN of Sweden
- 5 year tenor
- Repayment in 8 equal semi-annual installments as of Dec 11 – Jun15