MTN Group Limited

DATE: 12/03/2009

MTN Annual Results for the

Year Ended 31st December 2008

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Nozipho January-Bardill	Good morning, salaam alaikum, bonjour ladies and gentlemen. My name is Nozipho January-Bardill, and I'm the executive for group corporate affairs and will be the mistress of ceremonies this morning. It is that time of the year when MTN group has to once again tell the shareholders in South Africa, the shareholders in the continent of Africa, the Middle East and elsewhere in the world what its final audited results have been in the last year ending the 31st December 2008. So my task this morning is to extend a very warm welcome to all of you on behalf of the group board as well as the executive committee and to introduce our panellists. In the audience our shareholders who have shown an interest in the company and confidence in it, analysts who take a keen interest also in its development, members of the media who keep us on our toes and my colleagues, our executive committee members, who drive our business strategy. We have once Vice President, Mr Tim Lowry, from the three regions. The other two will be watching from wherever they are in WECA region and MENA region. And finally, our management and staff of MTN South Africa and MTN Group. Also staff from the 21 operations, without whose efforts MTN would not be the success that it is. A very warm welcome to all the MTN'ers out there watching on various electronic media platforms. The presentation will last approximately one and a half hours, and our agenda is very straightforward. Our group president and CEO, Mr Phuthuma Nhleko, will do the first part, followed by our Chief Finance Officer, Mr Rob Nisbet and our Chief Operating Officer, Mr Sifiso Dabengwa. Phuthuma will present the group's strategic and operational overview, and Rob will give you the numbers. And at the end Phuthuma will come back and do an outlook for 2009. After the presentations we will have a chance to ask questions, and there will be roving microphones that you will be given. May I please ask you to keep your cell phones on silent? So without wasting much more time I'd like to invite Mr Phuthuma, our group CEO, to present the results. Thank you.
Phuthuma Nhleko	Thank you very much, Nozipho. Let me I think once again just echo the welcome to the MTN directors, group exco members, to thousands of staff members that are obviously watching this on the webcast, and of course all of you who braved the traffic this morning to be here. We really do appreciate that. If we begin really in looking at the context of the 2009 results it's against a fairly difficult backdrop. We've had obviously more signs of a deepening global recession. We've had the banking crisis that I think really began in earnest around the fourth quarter of 2008. And this has all led to risk aversion in quite a significant way of a number of institutions, and I think for companies like us that are still very much in the expansionary phase it does have implications as far as the ease or difficulty of raising funding. And of course we do operate on a continent that is quite dependant on the commodities cycle, and therefore we'd expect to see some slowdown in particular economies. Of course the oil economies are most probably one of those that have been hardest hit, given the fact that we've had a significant decline in the price of oil from over $100 to around the $40 mark. I think notwithstanding that I would like to juxtapose MTN in that particular context. We do have a very strong balance sheet, and are still very significantly cash generative. I know it's a cliché of saying cash is king, but I think this time it has got true meaning. And of course in most of the key territories in which we operate we do have a significant market share, and did undertake a very significant infrastructure rollout in 2008 which I think has positioned us very well for the next few years. Of course I think governance and management capacity are a key comparative edge in this market as well. I did show you this slide last year, and I think those of you may recall we had maybe a slightly different block in the middle there. And I think notwithstanding the vision of

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becoming the pre-eminent emerging market operator we are constantly adjusting our strategy to see how we actually achieve that. But by and large I think those three pillars that we spoke about are still very much intact. I think first and foremost we do believe that this is a business that will always be driven by economies of scale, and at all times we need to try and achieve those economies of scale. And that does lend itself to us continuously finding ways of consolidating, firstly in the regions in which we already operate, because then we can have better rationalisation amongst our operations. But secondly, on a global scale also taking a view that eventually given the large number of competitors that are coming to the market there has to be some sort of consolidation.

I think the second block or third block on your left is really convergence and the operational evolution of the business. And that's got two facets to it. I think firstly we are saying that convergence is becoming more and more a reality and I'll talk about it later in terms of why we've gone out and acquired some internet service providers and so on to give a far more integrated solution to a lot of corporates and so on. But more importantly we're seeing that the business itself is starting to evolve. We are going to look at more site sharing and obviously various other ways of bringing down capex spend and increasing efficiencies. And then thirdly and lastly, clearly none of this can be done without intellectual capital. Again, this sounds like I'm stating the obvious, but we're finding increasingly the skill diversity and capacity that MTN has is a very significant strength. So that as a building block I think still remains very relevant.

In coming to the results themselves, some years we have headwinds and sometimes we have tailwinds in terms of forex implications in this business because of the many countries in which we operate. I think this year is certainly one of those years where we had a bit of a tailwind in the sense that if you look at the numbers there has been an increased performance on that, and I'll get to that in a minute. If we start with the subscribers, at 90 million subscribers this is significant growth. This is 48% growth year on year. And this would not have been possible had we not taken a concerted effort to have the very significant infrastructural investment in network last year. We had revenue up 40% to R102 billion. Again about 15% of that can be attributed to the positive impact on currency. EBITDA was up 46% to R43 billion. And in a similar way you'd say about 15% is attributable to forex gains.

PAT 44%, up on last year to R17 billion. It's still very significant given that we are still dealing with the pioneer status and the commencement provisions and the complexity of that impact on our effective tax rate, which is quite high. And Rob will deal with that in the financial section. But notwithstanding that very high effective tax rate we thought that a 44% increase year on year was still acceptable. The adjusted headline earnings, again this will be dealt with in detail in the finance section. Suffice to say that of course the two big adjustments are the PUT options that we have in two subsidiaries as well as the impact of the commencement provision on deferred tax in Nigeria, and those reversals. So on that adjustment it's a 33% increase.

The capex, I did mention it was a very big year. We spent R28 billion in capex last year. The vast majority of that obviously is Nigeria, which I think was about R10 billion. South Africa was about R4 billion and Iran about R2.5 billion or something like that. But obviously Iran as you know, we only consolidate 49% of that. But suffice to say that it was the biggest capex year, and we believe that it was certainly the right call for the company. And I must say as you will see as we go on with the presentation it has been matched by very significant growth in traffic in all the key operations.

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	Another very key feature of these results is obviously the gearing. We had given an indication, if you recall that we would be at about 0.4 net debt to EBITDA by December 2008. I believe we reached that much earlier, and we are now down at 0.3. And I think that's a very strong balance sheet with cash which is close to about R28 billion of cash. It would be nice to stand here and say that we were all absolutely clairvoyant and foresaw the financial prices, but I guess that would be sparring with the truth a little. But suffice to say that we have constantly said we wanted to maintain a very low gearing to ensure that we could take advantage of expansionary opportunities that may present themselves. Maybe I think on the dividend payout, again we have had a lot of stick and a lot of pressure in this area in terms of why we don't reduce our dividend cover. We have maintained it at about five, and this dividend that will be declared will essentially be on the same cover ratio of five. And the reason once again is that we do believe that there will be consolidation. It may not have happened as rapidly as what we would have wished, but we do believe the opportunity will come. I think furthermore, the current financial crisis and the ability to have big borrowings is a challenge, so we think this is quite prudent to maintain. I think some key developments that are worth talking about; firstly I think the economic impact is a question that is asked quite regularly. We have had a fairly varied experience across the footprint. Countries like Ghana and Nigeria in West Africa, for instance, continue to see very strong spend from the consumers. And then some in Southern Africa – I think Uganda, Zambia, South Africa and Syria – have not seen as strong a spend as we would have liked. So there isn't a general picture that's coming out for now, but suffice to say that it's a very varied picture. We may have better data as time goes on this year. The rollout, I think I've already mentioned that and I won't spend more time, suffice to say the R28 billion that we spent last year has positioned us very well in terms of our competitive position. And when we took the decision it was really twofold. Have the capacity as competitors come in. Secondly, demand is already outstripping supply. Thirdly, if competitors cut tariffs we've got the capacity to match them. On the operational side of things I've mentioned the ISPs that we've acquired. This is very much along the lines of ensuring that we are well positioned, particularly in a number of African countries where the fixed line capability is still extremely low. It allows us to service the corporate and SME segment fairly well. Transmission is of course one of the high escalating aspects of opex, and in all the countries we have spent quite a lot of money to invest in transmission. And we think this is the right call. It may be costly for 2008 and possibly 2009, but what it does do is ensure that we put a cap on that opex amount escalating quite rapidly. The other area where we've spent quite a significant amount of money – and sorry that's \$250 million as opposed to \$25 million – we've invested quite a bit of money in the cables. We're obviously one of the key investors in EASSy Cable on the East Coast of Africa, EIG, and WACS, which is the West Africa cable that will go via West Africa into Europe. We think this is important because what it does do is enable us to service the international traffic that we have from our own operations, let alone elsewhere, far more efficiently. And broadband is going to become the name of the game going forward. And of course South Africa, with 2010 coming up and so on, I think all these cables are very important. And there are quite a number of other areas that I won't bore you with. Suffice to say on the operational front we've tightened significantly on procurement at the centre. I won't name the vendor, but I think MTN was probably one of the largest customers globally, given the kind of money we spent on capex. And that does certainly give us leverage to keep on pushing those prices down.

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	The other key developments for the year, obviously the Newshelf structure unwound after six years. Just to maybe highlight a few points, because I think sometimes there is a bit of misconception on Newshelf. Firstly, just to re-emphasize the point that this was a completely independent, management-driven initiative that really didn't have anything to do with the company. And in actual fact in our view we believe it saved shareholders quite a lot of money because it gave MTN the BEE credentials that it requires without having to ask shareholders to put their hands in their pocket as most companies have had to do. And of course we did manage to pay out a special dividend to over 3,000 staff and ex-staff. And as we indicated we are very much in the process of reviewing how we now set up a new scheme, which of course will now be driven by the company. The only reason why we've delayed it slightly was really just to take into consideration the fact that current market conditions are not conducive. There is a lot of volatility, and to ask people to put in their savings until things stabilise may not have been a prudent thing to do. But suffice to say, that is something that we want to pursue as soon as the market conditions are conducive for that. Lastly on the people side I did mention that is certainly one of the key blocks in our strategy going forward. I think it is for every company, but I think in our particular case it is absolutely crucial in the sense that we've got some fairly challenging environments that people have to operate under and be prepared to have that mobility. And it can be fairly disruptive to their lives and so on. So that is something that we're working on quite intensely. In fact, recently we've just put up an MTN academy that is designed to ensure that we train our own people in the kind of skill that we believe that MTN requires. I think in looking at more operational issues, starting with the subs growth, I did mention a few years back that the objective was really try to have as wide a diversification as we can in firstly the sub base, but even more importantly the earnings base. It's gradually moving in that direction. As you can see southern Africa now is down to 27% of total subs, of the 90 million subs that the group has. And of course West Africa is also coming down, and the Middle East, driven primarily by Iran, is now a very large contributor to that subs base. If you look at ARPU, what this indicates is that the potential really of these markets is very deep and fairly wide. I think for those, for instance, who have been tracking the ARPU in some of these countries – Nigeria being one – would have expected that by this stage of evolution of that business would have a much, much lower ARPU. In fact, if you can see across the board, with the exception of Sudan which is a very special case, ARPU has dropped very slightly. And this is notwithstanding the huge growth in subs that we have in each country and the penetration of those segments. It just shows the resilience of these markets. Of course some of this is affected by the forex in certain countries, so countries that have had a weakening of their currency against the Dollar I think are still showing a fairly strong growth in ARPU. I think in looking at the EBITDA there are a couple of points here. I think by and large we have been able to maintain the EBITDA margins in most countries. You have seen a slight drop in the overall group margin, and I think there are quite a number of factors that contribute to that. I think by and large we will see later on that maintenance costs, revenue share in Iran, revenue share in Syria and cost subsidies in South Africa and so on have all had an impact on that EBITDA margin. I think the middle East and North Africa EBITDA margin has gone up primarily because of Iran, which is now at 30% EBITDA margin, which is higher than what we indicated. But I would say the pressure is coming from the two revenue shares in Iran and Syria. Fuel costs, even though the price of oil has come down. During the

	first half of last year you may remember the price of oil was very high, and of course a lot of countries are very diesel dependant, so that has had an impact. And then lease and maintenance costs. And of course in South Africa we did undertake the very key decision of investing heavily in distribution and re-investing in the network in a big way, and there is opex that is related to that. But the long and short of it is that those margins are still reasonable margins under the current circumstances. Looking at the south-eastern region, obviously mainly driven by South Africa. I think with the five operators that have come into Uganda they have managed to pick up market share back up to 52%, which I think is quite strong, and they continue to see a fairly significant growth. Zambia was a challenging market because we came in very late, but I'm happy to say we've had aggressive rollout there. We've managed to increase our market share to over 25%. If we dig into South Africa just a bit more on the operational side, MTN Zone, which is essentially dynamic tariffing enabling customers to take advantage of lower tariffs where there is capacity in the network has been a phenomenal success for us. We now have 46% of our prepaid base on MTN Zone. And we have clearly seen incremental revenue, which is why we have continued. Of course when we started it was purely an on-net product, but as time went on we've now tailored it to give advantage to people who want to call off-net as well. And then on the post-paid side we're still seeing growth. After re-launching a new tariff regime through MTN Anytime I think we've seen almost 260,000 subscribers there. Distribution is something we've spoken about quite extensively in South Africa. And I'm again quite pleased to say that we have now made significant progress in this area, having purchased iTalk, Cell Place and as of yesterday we've entered into an agreement with Clicks to buy and lease something like 23 stores. So I think that's going to help us in this path of ensuring that we control more and more of our own channels. On the regulatory front in South Africa, again there has been movement here. As you recall there was the ECA Bill that was promulgated, and there was a hiatus for quite some time. But as of mid-January we have now been issued with new licences. There are still quite a number of issues to be resolved, but I think by and large we have now come to a far more certain future as far as that bill and the implications of it on the industry [are concerned]. Looking at ARPU in South Africa, of course it's a relatively mature market so we're not expecting huge declines. I must say that comparing 2007 and 2008 is not completely comparing apples with apples. As you recall we had the on-biller problem last year, hence the dip to R396. But I'm glad to say that's come up again. Again, MTN Zone has had quite an impact here, as well as the low denomination vouchers. We believe those vouchers have allowed us to increase revenue and show the very strong prepaid growth that we have experienced. Minutes of use have also shown a slight tick-up. I'm really referring to the outgoing minutes. I think we had dropped to about 63 in June and have gone up again. A fairly important development in South Africa is the acquisition of Verizon business. You know, whilst the numbers may not be regarded as being extremely material, I think strategically it's very important for us because we've always said that we'd like to position ourselves in the converged space, and also ensure that data as a percentage of revenue continues to grow. The acquisition of Verizon helps us do that, and I must say we've also been able to acquire some fairly relevant skills in this area. Of course the deal is mainly in South Africa, but it does give us exposure where Verizon was on the African continent when we did the deal, and that's Kenya, Botswana and I think Namibia. So I think we're fairly

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	happy with that. It will kick us off in this area with a company that has got a turnover of over R1 billion and give us critical mass. In fact, it gives us a 23% market share in the data space in South Africa. I think infrastructure-wise it was a big year. Over R4 billion spent in capex in South Africa, and a great deal of that went into 2G sites and new 3G sites. We know that we went through a fairly bad patch during the third quarter of 2008 when a lot of work was being done to upgrade and so on, but we really believe that we're out of that now. Transmission I mentioned earlier is a very big issue. We have made progress in this area with other operators with a view to putting out that fibre network which is almost 5,000km. So all of this really puts us in a position to put some real substance to the strategy of growing data in South Africa and being very competitive in what was previously the strict preserve of the fixed line operator. West Africa and Central Africa region, of course this is at the moment the largest contributor of EBITDA to the group, almost 59%. You know, we have seen a very strong growth in almost all the regions. Cote d'Ivoire is a medium-sized example. A highly competitive market with a very strong European player. And in fact I think almost 50% is [unclear] market. But I think we've managed to increase our market share there quite significantly, and we have increased our shareholding in the company as well as we've bought out some of the minorities. Not in total, but it has allowed us to increase our stake to 65%. Cameroon is fairly similar as well. I think it has been a very good story. I think when we came in we acquired an operation that was government owned and had very little market share, but we've now got 62% market share and getting fairly decent margins. Coming to Nigeria, again very large investment in 2008, somewhere in the order of R9 billion in capex. But it has given us significant headroom, significantly better quality which we hope to sustain, and has put us ahead of the game. And if you look at the increase in market share in Nigeria to 44% - that extra 1% or 2% - shows that we're back in a momentum phase in Nigeria. We obviously also revamped the products and put out the extra call [?] product which I think has been taken on very well. But most importantly, the ARPU has stabilised, notwithstanding that we are at 23 million subscribers. We've seen a fairly significant increase. Of course I think the big story in Nigeria is the Naira devaluation. And I think the basics are that the export revenue is not as high because the price of oil has dropped, but of course the domestic spending has continued. And I think the central bank has intervened to ensure that they can stabilise that and have far better control of that exchange rate. I guess it's always dangerous to try and give a prognosis on what's going to happen with currency anyway, but what I would say is that things could weaken further. It could get worse. I think it's possible. But obviously once the price of oil comes up we'd expect things to change. Having said that, it's quite a large economy so it's always dangerous to make a direct correlation on everything to oil in Nigeria. I think these ARPUs and the growth we've seen are actually a testimony to that. Just getting to a bit more detail, those are really the stats demonstrating what we spent the R10 billion on in Nigeria. I think we significantly wrapped up on 3G and of course over a thousand sites on 2G, and put out far more transmission and so on. With VGC, which is the PTO/ISP we have in Nigeria, we think we've made a lot of progress in 2008 in the sense that it now has been integrated into the MTN Nigeria operation and of course we're working with BT to achieve that. And we believe that it does really position us as effectively a very strong ICT player in Nigeria.

Ghana I think is another positive story. As you recall this was part of the Investcom acquisition in 2006. We believe we've now positioned the company very solidly with more than double the size of the network, and have seen much increased MOU in Ghana to about 119 minutes. We have been slightly slow in the rollout. I mean the rollout has been there, but we do believe there is capacity to increase the pace of that rollout. And of course just with what we achieved last year again it's another case where the market share has been increased to 55%.

The other initiatives that have been launched in Ghana, such as Blackberry and other data products and so on, we don't have any illusions. It is going to be very competitive. Two new entrants have come into Ghana. Vodafone has, Zain has. I believe with the market share that we have and the transmission that is built and the network we are very well positioned to maintain and hold onto that.

I think the third and last region in the Middle East. Again here we have seen significant competition coming in. In Yemen we've got most probably four operators now, very low tariffs, but we have a very strong team that has managed to maintain some fairly solid margins notwithstanding the fairly fierce competition there. And of course in Afghanistan we've seen very significant growth. A very challenging environment, strong competition, but obviously a lot of security issues as well which makes the operation and the team there quite exceptional in the context of the environment in which they operate. And Cyprus is a very small operation. It's not part of the Middle East, it's in Europe, so our geography is not that good. But suffice to say that it's a small operation, good exposure. We decided to dispose of 49% of Cyprus to a local industrialist who will help us ensure that we are far better positioned to compete with the state operator there in Cyprus.

Iran has grown very significantly. We are now at 37% market share in Iran, and this has happened really in a period of two and a half years. And there are 16 million subscribers, so Iran in that sort of period is roughly the size of South Africa, maybe not in earnings and contribution, but certainly in the size of the business. We believe that the brand has been very well accepted. You know, we operate as MTN IranCell and the main competitor is the State's operator TCI. ARPU is relatively low in Iran. As you all know the tariffs are very low, and that is further exacerbated by a very strong fixed line operator. As compared to a lot of the other markets we're in Iran has got a very strong fixed line operator at very, very low tariffs as well. So it does make the ARPU spend relatively low. But nevertheless a very large market, and more importantly I'm happy to say that we have now pushed that margin, as I mentioned earlier, to 30%.

A new operator has been named as the preferred bidder for the third licence. We're not too sure when they're going to get traction and get moving, but again I do believe it's another market where our position in the market and the infrastructure that has been laid out and the quality of the capacity does put us in a very strong position. I think that's just really further stats on the coverage. Close to 470 cities and over 3,000km of coverage. We do believe there are significant opportunities in data in Iran. We have just recently paid for a WiMAX licence, but we do take a view that once we get to critical mass on the voice side we'll be able to invest more in the data and pursue that.

Sudan most probably has been the biggest challenge we've had in 2008. You may recall that we had to disconnect over a million subscribers because the regulator insisted that every single subscriber had to be registered and there was a deadline. I can comfortably say we duly complied. I can't talk about whether other people complied, but nevertheless we got a bit battered for that in the sense that we lost market share by being good citizens. But we are clawing back up, and we've got a fairly strong management team. We have launched MTN Zone and are reviewing and revamping the network distribution in Sudan. And of course we have started operating now in the south, and we would expect that our market share there would be fairly strong. So I think this has been challenging environment for a number of reasons over and above operational ones. But we believe that by the end of 2009 we ought to show a very positive result here.

In Sudan one of the challenges has been the swap out of the Alcatel network to Ericsson, and that has been done. And we've launched 3G as well. So I think we are getting ready to become a real challenger. It has taken us a bit of time and traction, but we think that changing the IN the way that we have will give us the flexibility to put a far more diverse range of products that will make us far more competitive. Of course one other big challenge in Sudan is that government has financed or supported a CDMA operator that has got very, very high subsidies on handsets and so on. So all those things make it difficult, but I'm sure we'll find a way of resolving them.

Last but not least, Syria. Syria is of course a managed market by law. We can only go as fast as the competitor does. And in some respects for the GDP we believe that we've got an artificially penetration in Syria. The second reason why that is the case is of course this is really the only market where we've got a revenue share and a BOT. There are moves afoot to try and see if that BOT can be converted, and I think if that happens it would really put us in a position to grow this market far more rapidly and I think it would see a much higher penetration. It's of course the only other market where we've got a meaningful size post-paid base and a fairly stable ARPU. But the BOT arrangement, if we are fortunately enough to have that restructured we believe this would be a very significant market. Without the revenue share, which is now at 50%, the margins are fairly impressive.

So I think with that brief report I would like to say that in short we had a very strong year even though the conditions were very challenging. Yes, we did have the advantage of forex, but even if you put that out the underlying operations have all done very well. And I'd like Rob to come do the finances, and I'll come back to the strategy going forward and take some questions. Thank you very much.

Good morning members of the board, ladies and gentlemen, all my fellow MTN members out there. It's my pleasure again to bring the 2008 financial results to you. I think as Phuthuma said, just in context, this last year the trading conditions out there have been quite tough. There are new competitors coming into most of the markets, and obviously this next year time will tell. But I think if you look historically and if you look when Telco's started off and mobile telephony, all the beverage companies around were complaining that we were effectively taking their money and bread and water off the table. And I still think communication today is an essential part of everyone's wellbeing, and I trust that the year ahead we will fare better than the other industries out there.

I know this morning as well the Bureau of Economic Research says there are 25% of people that say the South African economy is satisfactory. Well, time will tell from a Telco perspective what it looks like on our side. But if you look at this last year's one and if you look at our competitors' results I think the Telco sector within the South African environment has fared pretty well under the circumstances. It wasn't actually my choice, but if you look at the year ahead and you look at the capex spend, it's fairly substantial and there is no doubt we need to focus on cash efficiency in the year ahead and ensure that where ever possible we can effectively maximise the returns on the investment that we

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	make. So it is going to be a key focus area going forward. Just regards to the trends, if you look at the compound annual growth rates and you compare it to the effective growth between last year and this year you will see in all cases the effective performance from last year to this year is actually larger than compound annual growth. Now, that's not what you'd normally see because obviously as businesses mature and as your base gets larger your compound annual growth would actually be higher than your year on year growth. Obviously a portion of that is attributable to what Phuthuma said the exchange rate benefit that we obtained during the current year. Just the other item, if anyone tries to calculate the compound annual growth you must just bear in mind that December 2006 there was only six months of Investcom in there. So from that perspective that's obviously been ramped up to 12 months in that calculation. Just the key accounting considerations. When you look at the change of ownerships that occur, as you're aware in the first quarter of last year we disposed of 6% of Nigeria is broaden the base. I must say that's held up extremely well. If you look at the trading over the counter of that stock within the Nigerian market that share has held up extremely well relative to the other shares that are traded on the Nigerian stock exchange. So I think it reflects the underlying intrinsic value that that Nigerian share does have and the business has relative to the other businesses in Nigeria. We always have that funny with regards to the PUT option, and obviously our legal interest is 76%, whereas from an accounting perspective it's 78%. In Cyprus we did the step-down last year in October down to 50%. We increased our shareholding in Cote d'Ivoire by 5%, and as Phuthuma mentioned with conversions and that coming through we did make other investments in Cote d'Ivoire as well as Cyprus to expand that base, and that was about $50 million that came through. On the foreign exchange side the upliftment which Phuthuma has mentioned of 15% on the revenue and EBITDA lines, of course when you look at the expenses you must also bear that in mind. And then when you look at the closing balance sheet you obviously get an uptick on a lot of those assets and an uptick on the liabilities as well due to the weakening of the Rand relative to the other currencies. On the foreign currency gain this year, which is mainly comprised of the loans which we have in Mauritius and that we have down to Iran, there was a gain of R2.4 billion. Obviously when you look at the consolidated numbers the PUT option effectively comes off that and the net forex gain is R467 million compared to last year where we had a forex loss of about R775 million. So on the net line when we look at interest there is about a R1 billion pickup on the interest line due to the foreign exchange movements that come through.
Rob Nisbet	On the PUT option I'm not going to go through that in great detail. I think everyone is well aware of that. The net cost or expense that came through to MTN was R825 million for the period, and that's after reversing out the R162 million share of profits, that additional 2.67% that we effectively in the income statement assume we own of Nigeria, which we obviously don't own and that's why we report it as adjusted. It's a silly entry. On group tax I will cover this a little later, but the group tax rate of 39.9% compared to last year's 39.5% is a bit higher than what we anticipated and the guidance we gave. We did say we expected the tax rate to be in the higher 30's, maybe the very high 30s, but I didn't think it would almost be 40%. And I will go through that a bit later on, what caused that to a certain extent. I think one of the items just to bear in mind when you look at the STC and withholding taxes is about 957 accounts for about 3.4% of the tax charge. And obviously as you go forward into future years you'd expect that to come through as well. Whatever dividends we pay

obviously there is the change from STC to the tax on dividends. But then when we declared dividends out of the underlying countries there are withholding taxes coming through. So obviously as you declare dividends up – and for argument's sake when the issue in Ghana has been resolved and we manage to upstream some of that cash you will get withholding taxes coming through. So that will be a permanent upliftment in our tax rate going forward as well.

Just on the earnings side, the basic headline earnings per share had a 43% increase, and I'll go through that on the income statement. Obviously the reversal of the PUT option as well as the reversal of the deferred tax issues within Nigeria due to the pioneer status. I think we will all be pleased to say that effectively from a tax position in Nigeria, that pioneer status, this is the last time that that entry will be on our income statement. Obviously next year you'll only have the prior year comparative, but that now falls away and the only funny we will have left is that PUT option until that PUT is finally exercised by that shareholder.

I think if you look below at the contributions from the various areas, the way we divide up the entities, you can see the contribution from WECA increasing relative to the other regions. And obviously the southern region is falling off a bit because South Africa is a maturing market. Just the exchange rate analysis, obviously the Rand relative to all the other currencies did devalue, other than effectively pretty flat against the Ghanaian cedi. We did devalue on an average basis as well as on a closing basis against most of them. Just something to note, if you look at the average exchange rate for the Naira to the Rand for last year at 14.54 (NGN), obviously if the Rand stays at about ten and the Rand stays at about $1.45 to the Dollar, from a Rand earnings perspective it means it's pretty flat at the moment. So just to bear that in mind, because obviously there has been quite a lot of negativity, and it depends if you look at Dollars or Rand. But obviously from a Rand perspective the Rand has weakened, but so has the Dollar, so from that perspective it's pretty equal year on year.

Income statement revenue, the 40% increase. Obviously if you take out the forex windfall you end up with about a 25% EBITDA. It's still north of 20% if you take out the forex windfall, so a good performance on those lines. On the EBITDA margin side there is a slippage, and I'll get into that in a bit more detail later. The effective slippage that comes through there is about R1.4 billion or R1.5 billion, and I will go through that. Depreciation, bear in mind again as I mentioned the exchange rate does have an impact so the depreciation is most probably R800 million to R900 million that comes through there. The other key one that came through was Nigeria. It increased by about R1 billion. It really was a split of the other countries like South Africa and Iran with R300 million each, so it really is a pretty equal split across the board. The WECA region when you see it in the back you will notice that there is basically a doubling of your depreciation, and that really was the additional capex mainly put into the Investcom operations since we originally acquired them.

From an amortisation perspective about R600 million of that differential coming through there is once again on the forex side. There is a slide on finance costs, but I'll get into that a bit later. So your profit before taxation increased 44%. Your income tax expense slightly increased percentage-wise compared to last year. PAT was 44% and attributable profit basically a 44% increase. So overall a fairly good showing for the financial year. Just on the revenue side, South Africa was up 15. If you take out the impact of handsets that would have been 16%, so not a major differential this year. All the other countries are performing extremely well other than Sudan, and obviously the forex upliftment does come through there as well.

Just on the revenue analysis side, I won't spend too much time on this slide but if you look at the revenue, airtime and sub fees the 44% increase is very much in line with the overall increase. I mean the key area that came through there was obviously Nigeria, increasing by 55%. You had Ghana as well that was increasing close to 50%, and obviously Iran's revenue increase was like the 200% level. So it was really those that contributed to the major increase. It was South Africa's increase brining the overall average down.

On the interconnect side the 36% increase was slightly lower than the overall revenue increase. The major reason for that is South Africa had a 10% increase and it obviously brought it down. If you look at the overall contribution on interconnect to revenue that was slightly up for the year from about 4.8% last year to 5% this year. A large contributor to that was actually Iran coming through. And obviously the revenue in Iran picked up dramatically, and their net interconnect to revenue is about 20%, so it's pretty high. And obviously that pushed it higher overall.

On the EBITDA analysis I'm not going to spend too long on this because I'd rather spend a bit longer on the margins slide. You can see South Africa 8.6% increase relative to the revenue increase of 16%, so a drop there. That was forecast in our discussions with your previously with regards to the focus on the distribution side and that, so it wasn't unexpected, that decrease that came through in South Africa. All the other operations apart from Nigeria were pretty flat. But I'll get onto that in the next slide. If you look at South Africa, the 2%, and other operations, 3%, and Nigeria, flat, and Ghana, 5%, what we've done is just analysed from a group perspective in totality where the overall expenses have exceeded what the increase in revenue was, and that has obviously accounted for the revenue decrease. So I'll just go through that pretty shortly.

On the operating expenses side if you look at the direct network operation costs that increase of R5 billion is really made up of three core areas, the first one being your network lease costs and that. Effectively that went up in the region of about 78%. The major one being Nigeria, that effectively went up by R1.4 billion. And the reason for that if you look at Nigeria is their sites year on year by about 55%. And obviously there were a lot of sites as well that came up for renewal from a rental perspective, so from that perspective you get the pickup coming through. And then obviously in Iran as well the major pickup in sites also came through on that line. With regards to the other item that comes through, the maintenance increase year on year was about 60%, and that was R1 billion. Effectively that was pretty evenly spread across all operations, so there was no operation that really stuck out majorly.

And the third item that contributes is obviously the regulatory fees. That's made up of two main operations, the first one being Syria. If you recall our revenue share for Syria moved from 40% at June up to 50% from June. So the net impact on that line was an increase of R1 billion. And I think something just to bear in mind when you look at the Syrian margin year on year you'd expect it to come down by 5% because that is a straight 5% hit that came though on June. In the second half of the year they did control their selling and distribution costs extremely well, and that's why you didn't actually see a 5% decline coming through on the EBITDA margin effectively for the year. So this next year you would potentially expect to see that EBITDA margin decline a bit more in Syria. The other major regulatory cost that came through was in Iran. Obviously with the major pickup on the revenue side and with the revenue share that we have of 28% our share picked up by R750 million, so it's the R750 million that goes in here. if you look at the overall cost to Iran, that picked up by R1.5 billion, but the impact on us was R750 million. So those are the three key issues that come through on direct network operating costs.

If you had to go to one of the smaller ones that obviously does impact on the EBITDA margins that you saw, you must bear in mind that in Ghana there was a 2% levy that was applied from last year, so that was another item that came through. I mean relative to group its relative small. It was about a R120 million impacts. But obviously relative to Ghana it's a fairly large impact that comes through. I think the other costs I have mentioned. If you look at the interconnect and roaming, overall the contribution to the group, I mean as I said the cost increase was lower than the revenue increase so we did get a positive windfall coming through there. Employee benefits, 41%. I did mention at the start that it's fairly competitive out there. There are new operators coming into quite a few of the operations, and that does mean that there are some salary issues coming through. And the other issue is obviously we have expanded our employee base as well with the increase in subscriber call centres and distribution coming through as well on that line.

On the selling, distribution and marketing, the increase there is R4 billion. The major increases that come through, if you look at Nigeria the increase year on year was about 78% relative to their revenue increase of 55%. The main reason for that is that they did revamp their distribution model and they weren't competitive in their channels. And that is the main reason for that increase, and that was about R1.2 billion. And the other one is South Africa. Their costs increased by about 20% relative to their revenue increase of about 16%, and again there is a focus on the distribution channels that came through there. The other is really made up of quite a few items such as insurance, security, professional fees – if you look at South Africa that was the major one that came through there with regards to the focus on the distribution channels and the revamping of that, as well as the outsourcing of the IT side of things in South Africa. That comes through on the other line.

Finance costs, interest paid year on year went up by some R1 billion. And that really is the gearing up of the underlying operational subsidiaries. If I just drop down to the forex losses of 2.8 just to give a feel for that, I think what effectively comes through there is we obviously have those loans at group level where we do take out forward cover. But as you know when you roll the FEC effectively the interest cost comes through as the forex loss there. And on the other side the profit comes through down at the revaluation at settlement. So those loans at group level which had been hedged out, that was about R1.5 billion of that. In Mauritius we do have some Dollar loans that we don't hedge out in terms of exchange control regulations. That was about R300 million. And Nigeria, obviously as you know they've got that $2 billion facility. $400 million of that is actually in Dollars. The $1.6 billion is effectively in local currency. So you had about a $400 million loss that came through from the Nigerian side. So that just impacts the forex loss side. And I don't think I need to go through any of the other items. So net net, as I said, about a R1 billion drop on the bottom line, and to a certain extent that billion really is made up of the forex benefit that we received.

Tax considerations... I think I'm running out of time so I'll be fairly quick. I think its self explanatory. Just the material reconciling items up to the 39.9%. You've got your effective tax rate of 28%, your commencement provisions in Nigeria of 4.3%. STC and withholding, the 1.9% and the withholding taxes of 1.5%, which comes up to the 3.4% which I spoke to on the first or second slide. The PUT option, because obviously the cost of the PUT option is not tax deductable so obviously that decreases your PBT line and obviously automatically your tax as a percentage increases by 1.2%. Then there were a number of other items that came through that are most probably too numerous to mention. But there were various provisions that we made in various areas for certain discussions that we have been having

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with revenue authorities.

Looking forward, if you look till December 2009, you would expect it to be in the mid to lower 30's, and it really does depend on the dividends that are upstream from the underlying companies, the withholding taxes that effectively come through and then that PUT option in Nigeria. The exchange rate... when you go through those calculations you can see obviously with the devaluation of the Rand you get quite a hit coming through on that PUT option with regards to the revaluation from a forex perspective. So depending what the Rand does to the Dollar you could get quite a fluctuation coming through there that obviously would impact your effective tax rate going forward.

Nigeria, I'm not going to spend much time here other than to say if you look at what the effective tax rate was in 2007 of 46% it's down to 42% or 43% and next year you'd expect it to be somewhere in the 33% level. So going forward that obviously has a major impact on the group tax rate. That's why you would expect the overall tax rate to come down quite substantially. I think everyone is well aware of the right hand graph. Just effectively all the build-up of all the tax allowances within Nigeria during that pioneer status are now being released, and that's why the effective charge in the income statement is far higher than the actual cash flow that comes through. But that does catch up as time goes by.

Balance sheet, property, plant and equipment, here is a breakdown of the R27 billion capex we spent. Within that number there is about R7 billion which is the forex that came through. On the goodwill intangible assets about R6 billion of that is effectively the forex impact. The other is those acquisitions that we spoke about before, which was about R600 million that increased the current assets. Really two items coming through there, the Rand loan and prepayments. As I mentioned if you look at Nigeria we increased base stations by 54%. When you negotiate in Nigeria you don't pay rentals on a monthly basis you pay them a few years in advance so effectively what comes through there are prepayments and in Iran as well, it's a similar philosophy that's followed so from that perspective you have quite a big pick up coming through on those items.

The bank balance, strong cash position, restricted cash, that's effectively cash in Nigeria that we put down on deposit for orders so that's effectively dollar denominated. Other current assets, the pick up there, is very much in line with the overall trading conditions so there's nothing that really sticks out on that line.

Long term liabilities, that's the debt and the gearing up of the underlying subsidiaries that have come through.

The only item is the PUT option that moves from long term down to short term. You can see the bottom and you can see the impact of the foreign exchange going through on that line as well. Non interest bearing liabilities, utilization of credit is obviously good, which comes through on that line and with the capex pick up you would obviously expect that number to pick up as well.

So overall net debt down to 12.8 compared to 16 and as Phuthuma mentioned debt EBITDA 0.3 compared to 0.5 so a very strong financial position from that perspective.

Net debt position, if you look at Ghana and if you look at the Syria issue we still have cash there. I think the honest answer is that those two items before, we've always said we would like to see them resolved and the answer is that they will be sometime. I really do think that you will most probably see a resolution of those two items coming through within the next

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twelve months. You'll most probably find the Ghanaian one will come through before the Syrian one but from a Syrian authority perspective they are now passing legislation of how you externalize dividends through the banking system. From that perspective we trust that those will swing around and we can upstream that cash during this next financial year.

Interest bearing liabilities, I won't spend much time on this other than to say local currency is quite key and Rand is also quite key so you can see a well balanced currency base with the liabilities that we have. On the cash side, not quite the same as the liabilities side, but also a fairly good spread on that side.

Cash flow statement, if you look at the cash generation post capex we still generated some R7 billion from the cash flow perspectives so I think a good strong performance coming through. This next year, when you see the capex pickup, you're not going to see a huge cash generation coming through this next year because there is quite a large capex pickup, but we still would like to be cash flow positive this next year as well.

Capital expenditure, this is an important slide, if you look at 2008, if you recall last year, this slide reflected about R30 billion and we said that we thought we would get about R25 billion in the ground and in June we stated again when we did that half year results that we were well on achieving our R25 billion. The difference of R25 billion and the actual of R28 billion, there is a forex pickup on that so if you look at that like for like comparison, most probably got about R26 billion in the ground relative to the R25 billion which we said we would get in the ground so I think we did achieve what we wanted to achieve on that side. If you remember in June there were new capex approvals that came through for last year that was added on so from that perspective there's quite a large carry over and I'll go into that in a bit more detail on the next slide, into the 37 from last year. So 37 per se, when you say authorised, obviously that includes the carryover of the capex that people didn't get into the ground this last year. For arguments sake, in South Africa, that was R2 billion. So I'll just get into that in a bit more detail and I have got some slides as well just on the capex side just to reflect that where we are spending capex and relative to the traffic that we're expecting in subscriber based growth that it does still look in line. I think it's quite a large number, but just to give some comfort around that. As I said, cash efficiency is key and we do need to make sure that we get a return on these assets. If you look at the past year and if you look at the growth that's come through in revenue, there's no doubt that that capex has been well spent this last year.

Trends, if you look at it from a group perspective, from an overall perspective you can see that the capex, the $3.8 billion is not the full amount of R38 billion. The reason for that is we would expect to carry over again to come through this next year. If I go back, it's R37.6 billion, if you look at this next year, again, as we did last year, we said the approval was R30 billion and we were to expect about R25 billion to hit the balance sheet. If you look at this year, R37 billion, it will most probably expect about R4 billion or R5 billion to be carried over again, would be our estimate. In June we will update you again on that number.

Going to the next slide, if you look at South Africa, from an overall infrastructure perspective, if you recall last year, the budget was R7.1 billion that was put forward. They spent just under R5 billion so effectively there was a R2 billion carry over and then on top of that, for the current year another R6 billion has been approved. In total for the current year, R8.1 billion has been approved, you would expect a carry over to come through again from this year to next year which would most probably be in the region of R1.5 to R2 billion that would come through there.

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	If you look at the graph you can see effectively from a peak erlangs perspective, traffic is picking up and if you look on the data side specifically, obviously there's quite a large pick up there. If you refer to the left hand side you can see the roll outs in the fibre side. Obviously data requires a lot more capacity so it is a key focus area that's coming through on that side. There are some switch centres that are being built around the country that did impact the capex last year, is impacting the capex this year and there will be some carry over into next year. That is in the R8.1 billion. If you then go to Nigeria from a capital expenditure point of view you can see the authorized spend is S1.3 billion. Again you'd expect a carryover of potentially $100 million and from that perspective if you look at your traffic growth and peak erlangs that we forecast within the entity to justify the capex, you can see a pretty straight line relative to the capex spent. If you look at the accumulative capex per sub, obviously still coming down in Nigeria. If you look at the overall quality within Nigeria, a substantial improvement from December 07 to December 08 but if you look at the connections that have come through, quite a large pick up in connections as well so we do need to continue that capex roll out that's coming through. If you look at the ARPUs which you had, once again, although there's a bit of a windfall on the strengthening of the naira to the dollar in the first half of the year and the weakening in the second, overall if you still look at the traffic flow coming through from those underlying subscribers within Nigeria it's still pretty strong so your marginal ARPUs in Nigeria are still in the region of $9 so it's still good strong ARPUs coming through and hence with the new subscribers that we're looking at getting on stream with this next year, we do have to put the capex in the ground. There is competition coming in so we would like to get those subscribers on board before the competition comes in. I think if we could just look at Iran, just on Iran there is some capex this year that effectively we pulled forward from next year which does impact so if you look at the overall capex spend in Iran for this next year of 0.6 which obviously is 1.2 because this is a 100% so it's actually 0.3 in our books but 0.6 here. I think just from that perspective, because of the carry over, you can see the approval is $800 million and we are saying effectively $200 million dollars would most probably be the carryover from 08 to 09 and that's why on the front slide I did say that it would probably be R4 billion or R5 billion from that perspective. It wouldn't hit out balance sheet this year; it would probably flow through to next year. Traffic increasing, that line was pretty vertical this last year with the major uptake in subscribers and as you can see, with the uptake in subscribers that's coming through next year again, you're going to see a pretty large traffic volume increase. You can see on the left, fibre, it was in all the countries going through and from the BTS rollout, you can see we are still planning to roll out another almost 2000 base stations in 2009 so a pretty large roll out and relative to the other countries, the largest roll outs we've had so a really large intensity. Ghana which Sifiso can speak to a bit later, if you look at Ghana we did start off the year pretty well. We get capex in the ground towards the end of the year, congestion that has picked up and we do need to again get on top of the quality and there are additional competitors coming into that market so one again from that perspective, this capex needs to get put in the ground as soon as possible. Relative to the traffic increase, slightly above and the reason for that is again, the quality where we are today is behind where it needs to be so obviously there needs to be a bit of a catch up and you don't see the erlangs rising quite as high as the capex because at the moment that network's being sweated a bit. Chairman, can I hand back to you.

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Phuthuma Nhleko	Thank you Rob for the financial report. I think in trying to conclude, we thought it appropriate that we should maybe try and set the scene in terms of what we're going to expect in 2009. I fully accept that the capex issue is most probably the biggest issue that we're facing because people look at those numbers and say, well, you told us that 2008 was a record year and now you're going to spend another R37 billion. I think as Rob mentioned, one really has to put it in context. I think firstly you have to see that in the context of the weakening of the rand, just the forex impact on that will make it a higher figure anyway, but secondly we are going to monitor the traffic that is generated by these operations very, very closely and I'm really talking about billable traffic as opposed to just traffic. You can have a lot of promotions that don't really give you that return so I think that's a second key monitoring aspect of all of this. I think the third one is site and infrastructure sharing. This is nothing new, people have been doing this, but we are saying that we are now going to make it as a key strategic objective and look at a number of options in how we can cut our annual capex very, very significantly but of course, it's going to take, to channel in that in a sense that we need to have an operator or other willing operators that are willing to go this way. So site sharing is obviously a third important element of that. I think the fourth one is of course pricing, I did mention that we are taking a very hard line on pricing, we're getting into new frame agreements with the vendors to ensure that we get as competitive pricing as we can to try and mitigate on the size of our capex for 2009. Even though we normally don't give the numbers, sub numbers for the new year, we thought that just showing you, certainly for some of the key operations, the first two months, January, February, we do believe that there's an indication that there's still strong growth there. We're not saying that this run rate will necessarily be maintained for the rest of the year, but certainly we think that it's a base for us to look at that going forward. Not to repeat the same issues that I've raised and that Rob has raised, but we strongly believe that that decision we took in 2008 has given us a very significant competitive advantage and we would like to continue that and ensure that that competitive advantage is not lost because the reason why we were able to get that 48% increase of those subs is that in all the key operations we really had that capacity so unless we are starting to see a huge decline in ARPU margins and so on, we continue to maintain that capex. I think the issue of cash and leverage, really the track record has been good, we may have one or two areas as mentioned earlier where we've got certain issues that maybe our shareholder related or related but the vast majority of countries, the up streaming of dividends and management fees is something that I think we've been able to achieve. On the risk side, we now have got a very fully fledged risk department overseen by Schockert and in all these operations, I think whatever governance that we have at group level I think is being very, very strongly reinforced at operational level as well which is very key. Forex I think is an occupational hazard for us and will continue to be as long as we are in a number of countries. I would say that I think the biggest issue here is to continuously match as much as possible, the debt profile of the company from a currency perspective to where the revenue's being generated. I think if you look at those financial slides you'll see that by and large, that has been achieved. The fit could be far more aligned, but by and large, if the significant naira generated revenue, the significant part of the debt that is actually in naira

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	and so on. In some countries we can't achieve that completely because the depth of those markets is not as deep in terms of being able to raise local funding but it's something that we monitor very, very closely. On the expansion opportunities, I made a few remarks at the beginning to say for us it's a double edged sword in the sense that values have come down in the last 6 to 9 months and therefore certain assets that we would have wished to explore which may have been unaffordable a year ago, are more affordable today but of course I think the sellers also are reviewing the situation and maybe are not willing to sell. Nevertheless, suffice to say that we are still of the view that the opportunities will present themselves and there will be consolidation and the structure of our balance sheet should ensure that when those opportunities present themselves, we have got sufficient gearing and sufficient cash to be able to pursue those. The roll out, I won't say more about that suffice to say that I think we are on a run rate in terms of network roll out in Nigeria, Iran, Syria and Ghana and all these countries that we've never achieved in the past so there's clearly huge improvements in the logistics and the rhythm that we have been able to achieve there but the most important issue is really monitoring where we're deploying that capex. Operational evolution, I spoke about this and I'm not going to repeat it, we're continuously looking at deficiencies on how we can maintain these margins. Of course tariffs will come down, there will be pressure, there's more competition, in certain places there'll be more levies that are imposed on us by the regulator but I think as we continue to fine tune how we pursue things we should try to maintain those margins. Certainly in a lot of the key markets. I think giving subscriber guidance for 2009, we believe that we should add another 22 million subscribers and I know sometimes we are always of the view that we're too conservative but I think we do make room for uncertain competition in some of these markets, if we have to slow down and if tariffs come under pressure and so on, but by and large we believe that in Nigeria it will be at least 6 million. South Africa will be very similar in number to 2008 and I think in Iran it's also very similar to what they achieved last year so that should give us another 22.6 million subscribers by the end of December 09. Thank you very much and I think that is it. Hopefully we've given you a good overview of the financial and operational performance for 2008. What we'd like to do is take some questions. Once again I should point out that there is an annexure at the back with a lot of stats. I can see that people are writing furiously trying to sort out the spreadsheets and so on and we're not trying to impinge on your freedom of speech, all we're saying is that there's quite a lot of information at the back and obviously we would like to deal with substantive questions that have not been answered. First question?
Nick Kershaw	Hi, it's Nick from Macquarie. Just a couple of questions, Rob, maybe firstly, just in Sudan, it looks like in the second half that margins fell to around 5%. Were there any once off costs that came through in Sudan in the second half that… the underlying margins were better or was that really the trend there?
Rob Nisbet	I think overall from the Sudan perspective there were certain issues that hadn't come out through June that should have, so overall I'd still average it out for the year but there were some issues that came through in the second half of the year that should have also come through in the first half so what I'm saying is rather look at the average, rather than actually

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	doing the first half to the second half.
Nick Kershaw	Then in South Africa, a year ago when you spoke, you said that the 2008 year was going to be a year of investment and that potentially then margins would increase in 2009. Are we still on track to see a marginal improvement in South Africa in 2009?
Rob Nisbet	See, I'm very lucky; I've got Tim sitting in the front so I'm going to pass it straight down to Tim.
Tim Lowry	What we have a challenge at the moment is on the devaluation of the Rand because that moves straight into our cost of sales so at the moment I would say we're on a flat trajectory on margins but if the Rand steps up a bit, that could give us some positive gain.
Phuthuma Nhleko	Okay Nick, give somebody a chance.
Nick Kershaw	Okay, sorry, once last question, just the size of your unproductive debt?
Rob Nisbet	That's down to R2 billion so it's decreased dramatically. It is on the one slide, sorry I just, I was running out of time so I just skipped over it but it is on a slide.
Phuthuma Nhleko	Okay, can we have another question?
Jacques Cronje	Jacques Cronje from Peregrine Capital. Just a macroeconomic question. We've seen some of the African countries; their revenues have obviously come under pressure with resource prices coming down. Have you seen any of them come to you to increase taxes or levies to subsidise so that the government can keep spending at the rate they were previously?
Phuthuma Nhleko	I think this is something that we have seen. As you know, we are paying some levies in some of the countries. It's quite natural that some times when the treasury doesn't balance, as you say, the first people that they come to is the mobile operators. Having said that, I think it's been at a reasonable level. In Nigeria for instance I think we're paying 2% educational tax levy and then of course they will put VAT on airtime I think in Ghana, in Uganda and so on. So the answer to your question is yes, but it really has been at a manageable level.
Jacques Cronje	Thank you
Phuthuma Nhleko	Ja?
Johan Snyman	Johan Snyman, JP Morgan, just looking at MTN Zone and my numbers in terms of modelling, I'm slightly disappointed in terms of the contributions in terms of your total prepaid market. Can you just give me a sense in terms of, have you lost any traction, let's say maybe in the last quarter, and then just in the other markets where you've introduced MTN Zone, are you happy with the performance so far?
Phuthuma Nhleko	Okay, I will give you an answer and I'll ask Tim to add as well. I think first of all, if you look at the take up, it was very, very high and clearly, if you've got 46% of your prepaid on MTN Zone it's very, very significant. I don't think it would have been realistic to expect that take up to continue indefinitely. I think in the fourth quarter we have had a bit of a slow down and if you look at the other countries in Ghana and Uganda as an example, it's also worked phenomenally well. I think that percentage of gross ads, we have been able to take as soon as we put the product onto the market, has been very significant. But again, I think you do

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	get to some sort of saturation point where some of those prepaid people, quite frankly, are almost post paid kind of people. In other words, they're not going to wait for an attractive tariff to make the call so you do get to a point where you get that optimization. Tim, do you want to add anything to it? Okay.
Tim Lowry	I think one of the things that we learnt was that you have to keep the product fresh and we launched the all-net offer, I think back in October, and then we've done the SMS inclusion recently and that has put us on a positive trajectory on Zone within South Africa. However, there are a very, number of people who at the moment prefer the call per second product and I think that is partly due to the Woza Weekend offer from Cell C and we're looking at some product that could, on Zone, augment weekend calling.
Phuthuma Nhleko	Okay, I have another question at the back.
Ernest Kaplan	It's Ernest Kaplan, from Kaplan Equity. Can you just give us a sense of which markets you're looking at for further expansion? Where you would and wouldn't look?
Phuthuma Nhleko	Talk about easy questions! Ernest look, I think, as I mentioned a number of times, the reality is that given the size of the business now, it's unlikely that we're going to get a country of a size that would move the middle significantly, unless you go into a Morocco or an Egypt and so on, on the African continent. Then of course those markets have now got three, four players. So what it does do is limit us to more medium sized opportunities and, there are opportunities in Southern Africa, Angola, if they ever put out a license I think it's an open secret, we would look at that. If Ethiopia went to a tendering process, we'd look at that. It's a population of 70 million people, very lowly penetrated, very high density. So I think it's those kinds of medium size markets that we would look at. Of course in South East Asia it's fairly scattered but again, even though it's scattered you've still got high competition in a lot of the markets, whether you want to look at Pakistan, Bangladesh and so on and with four, five players. So unless it was an opportunity that really had a cluster of countries that gave us critical mass, it wouldn't make sense. So that is how we view it. We would like to be in more of the North African countries, but as I said, its third licenses already with four players and so on which makes it very difficult. Okay?
Jamie Olsendar	Jamie Olsendar from Standard Chartered Private Equity. With regards to your capex, and really this is Phuthuma or Rob, with regards to your capex, when do you see it coming to steady state and, I suppose it's an inevitable question really. And also, excluding any new markets that you would go into, when would you see the full impact of the capex spent being felt on network quality?
Phuthuma Nhleko	Okay, let me start by answering a question that you didn't ask. From a steady state perspective I think what we've said is that really, in the fullness of time, we should be at a capex to sales ratio of, let's say, 10% to 14%. Certain countries that have got very high cost base like Nigeria and so on, most probably it will be closer to 13% or 14% and so on. Let's say South Africa, if you recall, two years back were as low as 9%, 10% capex to sales. Of course we took the decision to reinvest in the network in a very significant way and that's pushed it up. Now, what is more difficult to answer is really, I think, the timing. I recall standing in front of you guys in Nigeria and saying, what's the capex in Nigeria and you said $250 million. I think that was most probably in 2003. So if I had to take a guess, I would say over the next 18 months, and just to emphasise that this current number has got the forex exchange in it, it's in Rands so you need to put that on the 2008 number but if you take that away, we are still envisaging a situation where we could be seeing a peak, hopefully this year and so on. But the market has surprised us on the outside, I think we're the first to

Speaker	Narrative
	accept that we thought that by now we wouldn't be getting that sort of traffic and the ARPU in some of these countries would not be as strong and as resilient as it has been. So it's not an issue of trying to bypass the question, but suffice to say that I would say if you look at an 18 – 24 month window on the outside, that's really where we could be. Sifiso, I don't know whether you've got a view on that?
Sifiso Dabengwa	I think the issue's that we want to make sure that we take advantage of the market opportunities and we want to make sure that whatever growth opportunities exist in those markets, we are in a position to take advantage of that.
Phuthuma Nhleko	And I think the positions as well, but maybe 18 to 24 months, we are going to try and monitor this very closely, because we're very conscious of the fact that we don't want to deploy capex that's going to give us a soft standard return and that's just the reality.
Nick Kershaw	Sorry, just a follow up question, Sifiso, on Nigeria, the fourth quarter subs growth was quite high and obviously what we've seen for the first two months for this year are obviously very, very strong. Is there any specials or anything that are going on at the moment because that number would obviously see … you've guided for 6 million for the year and you've done 2 million in the first two months.
Sifiso Dabengwa	I think there are two major issues. I think the fact that we had network capacity and we did have quite comparative SIM offers and then there was also quite an improvement in terms of the distribution. We did revise the distribution arrangements with our distributors.
Nick Kershaw	When did that distribution arrangement change?
Sifiso Dabengwa	Around September, October.
Nick Kershaw	Okay
Sifiso Dabengwa	I think, Nick, it's also true to say that the other competitors have not been taking in as much of the market. I don't want to speculate why, but that's helped as well.
Phuthuma Nhleko	Okay, is that it? Well thank you very much and thank you for your questions. Thank you.

END OF TRANSCRIPT