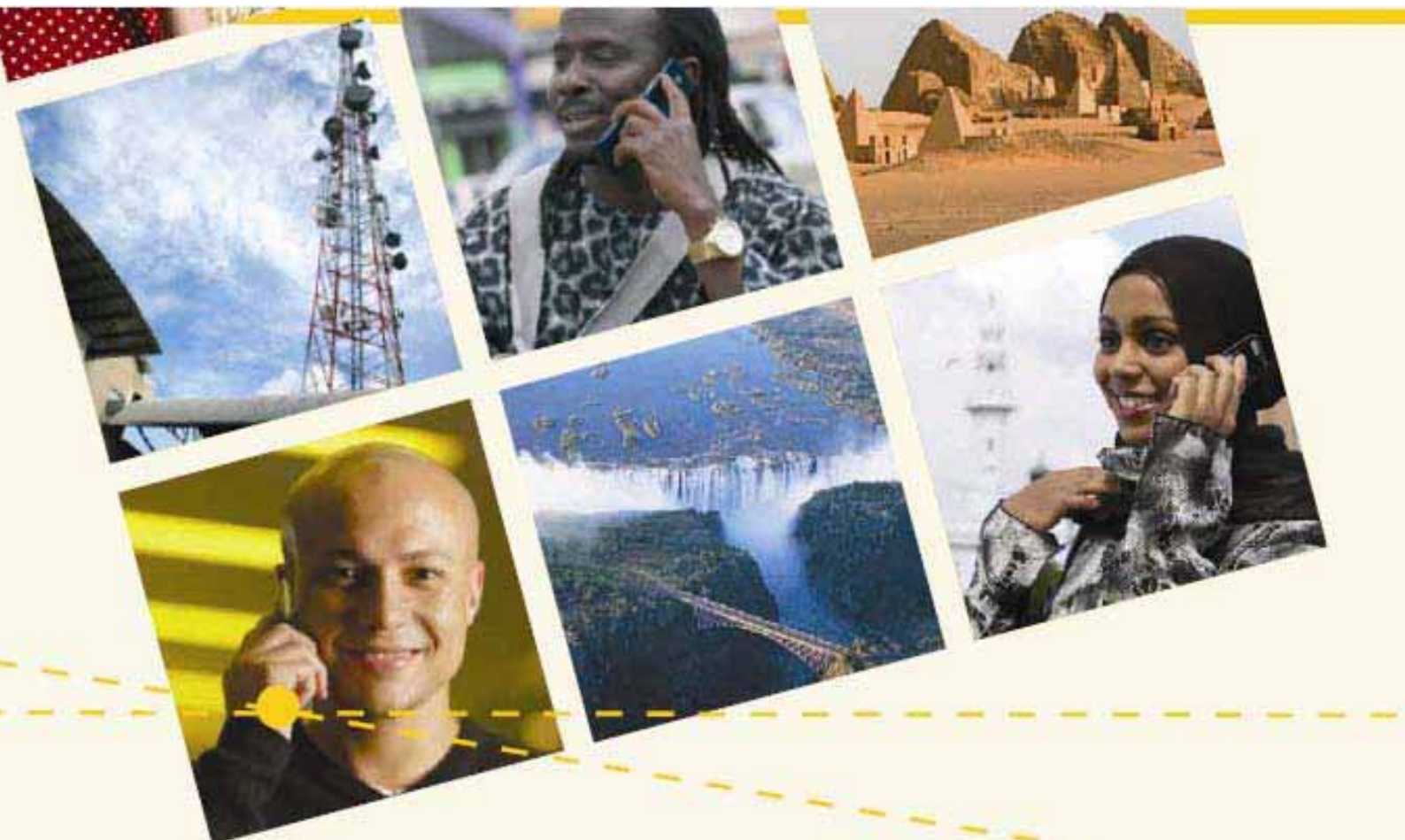




**MTN Group Limited**

**DATE: 27/08/2009**

**MTN Interim Results Conference Call**





Speaker	Narrative
<b>Operator</b>	<p>Welcome to the MTN interim results presentation. All participants will be in listen only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during the conference please signal an operator by pressing star then zero. Please note that this conference is being recorded. I would now like to hand the conference over to Debbie Miller. Please go ahead.</p>
<b>Debbie Miller</b>	<p>Good afternoon. This is Debbie, head of investor relations for MTN Group. Thanks for joining us today to discuss MTN's interim results for the six months ended 30<sup>th</sup> June 2009. With me here today are Phuthuma Nhleko, group President and CEO, Rob Nisbet, group CFO, Sifiso Dabengwa, group COO and Tim Lowry, VP for the SEA region. We also have Nazeer Patel, who as you know will be the CFO from the beginning of October. Christian da Faria, VP for the WECA region and Jamal Ramadan, VP for the MENA region are dialled in to the call. In the usual form Phuthuma and Rob will give a brief overview of the results, highlighting the financial and operational performance and outlook, and thereafter we will move on to a Q&amp;A session, which I understand the conference call operator will facilitate. Over to you, Phuthuma.</p>
<b>Phuthuma Nhleko</b>	<p>Thank you, Debbie, and afternoon to everybody. Once again welcome to our call on these interim results. It has clearly been a difficult trading environment for virtually all our operations given the world-wide global recession. The impact really on our operations has been varied. Some operations have been relatively well in terms of their resilience through this period. And of course some of the smaller countries that are almost entirely commodity-based have had a difficult time. Shall I say that one of the key features of the results has been the strengthening of the Rand against local currencies. And notwithstanding that strengthening it has not had a material impact on the reported EBITDA results when compared to the six month period ended 30<sup>th</sup> June.</p> <p>Of course the earnings were negatively impacted by the functional currency losses at the EPS level. The other key feature of the results was tax, where we now have the group executive tax rate reduced from 44% to 33%. And this is mainly attributable to the Nigerian commercial provision having been absorbed during this period, which ended 30<sup>th</sup> June. It is also attributable to the Nigerian PUT option, which has had an effect on the [unclear] of tax. I think Rob will go through some of those details in his section.</p> <p>On capex at the end of June we had put capex into the ground of around R15.5 billion. Our capex programme which we initiated in 2008 has of course helped us to provide capacity in quite a number of the countries, which has enabled us to be in a position to take a larger number of subscribers whilst at the same time our competitors have elected to scale back on those investments. Most probably Nigeria and Uganda are the two best examples in this area, which have benefited from the capex that has been spent.</p> <p>We have also reviewed a number of countries, particularly Nigeria and</p>



Speaker

Narrative

maybe Iran as well in our distribution channels and distribution structure, which has helped in taking quite a large segment of the new subscribers. And of course we have also had some fairly attractive value propositions that has helped us [unclear]. In the case of Nigeria, for instance, it's [unclear]. In Yemen they have put out quite a number of new products that are geared for the consumer behaviour in that country. And in countries like Syria we've also come out with a new proposition, which we think has had quite an impact on how the market has reacted.

As far as the ISPs are concerned the largest acquisition was of course Verizon in South Africa. But we have also acquired ISPs in Cyprus, Cameroon, Cote d'Ivoire and of course Nigeria. And all of this has enabled us to offer the SMEs and corporates a significant data proposition. The US Dollar ARPU declines have been not as steep as they could have been because these are largely as a result of depreciating local currencies. The local currency declines in the majority of the operations were in the single digit territory, except for Ghana and Cameroon where we have had tariff declines that are a result of various conversions and free minutes and so on. And this is reflected in Ghana and Cameroon.

The other highlights are revenue up 24% to R57 billion and EBITDA up 24.8% to R24.5 billion and PAT up 30% to R9 billion, with EPS up 2% [?]. Adjusted Headline Earnings are down 11%, and again this is a matter that Rob will deal with more extensively in his financial report.

I think digging a bit deeper on the regional operational performance the SEA region has now contributed 25% of group subscribers. South Africa of course has been the key driver of that. But South Africa has had a very challenging six months, which reflects in the SEA region results. Uganda has performed very well, showing an increasing market share to 80% from 53%, partly due to MTN Zone and an increase in rural coverage.

MTN South Africa's subscriber base grew by 62,000 subscribers to 17.2 million. Obviously the increase in subscribers was due to a combination of factors, including problems with the network and the pressure on consumer spend given very slow GDP growth. Post-paid in South Africa grew by 4% to 2.9 million in the six month period. Again the post-paid market has had a very challenging six months with economic pressure affecting some of the medium to high spenders as well, given the very tight credit squeeze in South Africa. Growth was really attributable to a product called MTN Anytime, which currently has 39% of the post-paid base. The prepaid base in South Africa declined by 53,000 during this period, and ARPU in the prepaid segment also declined by 5% to R92, and the post-paid by 11% to R360 in South Africa.

We continue to invest in the network in MTN South Africa. Quite a bit of investment has gone into transmission, but we have also rolled out over 230 base stations, 2G base stations, and over 300 3G base stations since the beginning of 2009. This enables us to increase the circuit switch data capacity by 8.5% and 28% respectively. So just to be clear I think we're



Speaker	Narrative
	<p>saying that the 8.5% applies to the switches and the 28% is the capacity which we have managed to lay on. The 3G coverage of the population has now reached 44% of the population from around 35% in December 2008.</p> <p>The West Africa and Central Africa region also made a very solid contribution to our results, driven primarily by Nigeria. WECA has contributed 46% of total group subscribers, and that comes mainly from Nigeria. But of course Cameroon and Cote d'Ivoire also had fairly strong subscriber growth. In fact, in Cameroon we now are 64% market share, and some of the products that have been put into the market have helped us considerably in attaining that market share. MTN Nigeria subscribers grew by 19% over the six months ending June 2009. So the subscriber base in Nigeria is now 27.3 million subscribers, and this was obviously very strong growth which enabled MTN Nigeria to reach a market share of 48%.</p> <p>Significant investment in network capacity and improved quality in Nigeria in 2008 and the first half of 2009 has given us significant advantage, particularly given the competitors' election to scale down on network investment as we have indicated previously. We also successfully structured a sales and distribution strategy in Nigeria, enabling us to have a more regional based dealer network and be able to drive our positions quite solidly. ARPU, however, in Nigeria has declined by \$4 from December 2008 to \$12. Although this is attributable mainly to the Naira depreciation against the Dollar, on a local currency basis Nigerian ARPU had a much slower decline. I think it's 8% if I'm not mistaken.</p> <p>There has been aggressive network rollout in Nigeria as mentioned. This year we put on a further 426 3G base stations and 236 2G base stations in the first half. And we are gaining momentum in the 3G network rollout in Nigeria, and we hope to obviously roll out more services on the 3G network in the next few months. We have also pushed out a further 1,550km of transmission expansion to really improve the network quality and quality of service and so on.</p> <p>Still staying with West Africa, Ghana has been quite a competitive situation. However, they have managed to increase subscribers by 12% to over 7.2 million subscribers at 30<sup>th</sup> June 2009. Market share really only reduced slightly from 55% to 54%, which we think is most acceptable, given the very strong competition from Vodafone and Zain having recently entered the market. And of course MTN Zone has helped on retention as well. Unfortunately in Ghana we have had a fairly substantial decrease in ARPU by 32% from \$12 to \$8, and this is primarily because of the fairly large devaluation of the Ugandan Cedi against the US Dollar. On a local currency basis we saw a decline of 15%, and this is really precipitated very much by the competition, aggressive offers and tariff reductions.</p> <p>I think the third region, MENA, is clearly the fastest-growing region in subs, driven mainly by Iran. And this region has contributed almost 30% of the growth of subs in the last six months. We do have some challenges in Sudan which is very competitive, particularly with the CDMA operator, which is</p>



Speaker

Narrative

subsidised by government, coming in with extremely low tariffs. The other countries in the Middle East, including Yemen, I think have performed fairly well.

MTN Irancell's sub base is up almost 17% to 19.2 million subscribers at the end of June. And I must say ARPU has had a slight drop by \$1 to \$8 APRU in Iran. But of course it's further penetration into lower segments. And we should not forget in Iran we do have a fixed line operator with fairly low tariffs. MTN Irancell has added 790 base stations during this period, and during the six months an additional 1,400km of road have been covered. Network coverage of the population increased from 62% in Iran to 67% at the end of June. We've also rolled out a WiMAX network in Iran as we don't have a 3G licence. In some parts of the country this has been a supplementary [unclear].

Syria added only 10,000 subscribers in the six months. This low growth really does partly reflect the lower demand for telecoms in the country, given the economic downturn in that country as well. However, it's also quite substantially due to the managed product offerings in Syria where the competitor has to be able to offer the same product during the same period. So there is an artificial holding back in order to be consistent or not be in breach of the regulations as far as new product offerings are concerned in that country. ARPU has declined marginally from \$19 to \$18 during 2009. Network expansion has helped decrease congestion in Syria, and we have added 74 base stations. As indicated during the presentation this morning, given the build, operate and transfer we are quite circumspect in the amount of capex being spent in Syria until the BOT matter hopefully gets resolved. And at that stage it will be easier to invest more.

So in conclusion let me say that the global economic conditions may be starting to see a slow recovery, although many of our markets remain relatively vulnerable at present. Secondly, competition across MTN's footprint is likely to continue to increase. Short-term prospects in South Africa remain challenging, compounded by the impact of new subscriber registration requirements from 1<sup>st</sup> August. So we remain focussed really on our expansion opportunities in emerging markets, partly monitoring infrastructure investments to ensure that as some markets become slightly more mature we've got appropriate levels of capacity and quality of service.

And then optimising efficiencies, maintain and improving our competitive position and continuing engagement with regulatory authorities in the development and refinement of the telecoms sector is a key issue for us, as we are a highly regulated industry. I think lastly last year we said that we'd undertake a BEE deal of sorts, and we believe that we need to do that as well as soon as the conditions are appropriate.

Maybe let me just talk about teh subscriber numbers. We are basically maintaining the subscriber number of 22.6 million subs for December 2009. I think the key changed feature there would be South Africa, which would only add half a million subs in the second half. In Nigeria we have boosted from



Speaker

Narrative

six million to 7.4 million subs. In the case of Ghana we are up to 1.4 million. Iran we're retaining at six million subs. Syria at 400,000 and the rest of the countries combined we have revised from 7.1 million to about 6.9 million. So we feel fairly confident that we will achieve the 22.6 million subs.

Before I hand over to Rob I'd like to say one or two things on the Bharti transaction. Let me just say that unfortunately because of the cautionary we will not be able to answer any questions on that. And I hasten to add that we fully appreciate there is a lot of anxiety and people would like certainty on that sooner rather than later. We are very sensitive to that, and even though we extended exclusivity to the end of the month we hope that we can come back to you on that. Of course we did take out that [unclear] on the 25<sup>th</sup> May 2009, and in the subsequent cautionary we did indicate that this can be subject to change. Without getting into details on the rationale there I will just broadly say in looking at this transaction and exploring it the MTN board was really driven by a number of issues.

One of those was the whole issue of diversification in earnings and ensuring that we broaden the base of our income, take into consideration regulatory issues and so on. So it's a very broad view that we take in looking at how we concentrate the contribution to group. I think that's one element. I think the second element was the whole issue of growth. We've been on a path that says we should continue to look at growth opportunities. And I think that as we look at our current footprint and as new opportunities present themselves in the form of green fields and so on we find that increasingly we have to look outside our current footprint to see what the long-term growth could be.

I think thirdly the whole issue of scale and economies of scale, we do believe that going forward this will continue to be an important factor in this business as over time ARPU declines and tariffs come under pressure. The cost base of the business going forward will become fairly important, how you sustain that growth and so on. And I think in looking at economies of scale and what we can do with the likes of Bharti and to some extent Synctel [?] as well, we think that it's something worth exploring. So I just want to say that as soon as we know where we are we would come back to the market and to investors in the normal process. Clearly balancing all these issues, the strategic issues, it would be balanced in combination with looking at the value issues and governance issues as well. And we will hopefully come back to you as soon as we are able to one way or the other. So with that I'd like to appeal that we can't get into the details on that particular transaction. Okay, I would like to hand over to Rob now.

**Rob Nisbet**

Hi, good afternoon. Thanks, Phuthuma. I will be fairly quick. If you look at slide 25 on the earnings and the growth, the key issue there is when you look at the adjusted HEPS they show a decrease of 10.9%. I will try to give some colour to that, because I think it's quite important. You can end up with either a 26% or a 16% growth, depending on how you want to look at it. If you look at key accounting considerations the key item there on the PUT option obviously with the strengthening of the Rand against the Naira you get a reversal coming through on that valuation in Rand terms relative to the



Speaker

Narrative

previous period. So when you get into that analysis you will see that the entries this year actually go around the opposite way to the prior year.

Effective tax rate reducing to 33%, which we will get on to. Slide 27 I will just spend a bit more time on. You are all aware that Mauritius per se should be more of a Dollar based company but in terms of IFRS it uses the Rand. Obviously in Mauritius you do have assets and loans that are out there, as well as receivables and cash on hand. When you convert those into Rand from the Dollars those adjustments fall through to the income statement. And last year obviously for the six months to June you had a profit coming through on the Rand loans of R980 million, whereas this time you have a loss coming through of R1.7 billion. Bank loans of R688 million relative to R57 million. And other assets both moved the same way. So overall due to the strengthening of the Rand you have effectively a R2.8 billion lost coming through on the interest line relative to last year's profit.

I think just from the group perspective we would like to see those loans in a Dollar based entity. And if they were in a Dollar based entity any movement on those from a mark to market perspective that took place would actually end up as a [unclear] and would go straight through to equity in the balance sheet. So obviously it would be far more favourable than affecting the results as it has been.

Page 28, which is the EPS, if you just go to the next slide, 29, effectively what we've tried to do here is reverse out the impact of the functional currency that has come through. So when you look at the adjusted headline earnings of the 6776 and 7618 [million] the foreign currency loss in the current year is obviously adding back and the deferred tax impact. And you can see you end up with a growth of about 26% coming through. That has been assisted as well with the tax rate going down from 44% to 33%, so if you had to include this 33% tax rate for last year as opposed to 44% you will find that year on year the growth that would come through on this adjusted line would be in the region of about 15%. And the reason why it doesn't come through at this growth rate as you have revenue and EBITDA at 24% is due to leakage that takes place on the depreciation line which is greater than the revenue line, as well as on the interest line. On the interest line I will open up a bit later on as well.

The exchange rate speaks for itself. The key issues have just been addressed. Obviously if you look at the Rand to the Dollar from a closing perspective you see the 17% strengthening of the Rand. So that had an impact on the functional currency. And when you look at the Nigerian Naira to the Rand on a closing basis, the 28% movement obviously impacts on the PUT option. And from that perspective that's why you see the reversal coming through in the financials.

Just on the depreciation side I think there has been a request to send through part of this presentation for analysis. We used to do a depreciation and amortisation, so I won't go through that in detail and I'll just leave it at that. When you look at the revenue analysis, slide 32, if you look at the SEA



Speaker

Narrative

region other operations with a revenue increase of 46% as you are aware we did acquire Verizon and iTalk during the period. So if you had to effectively take those out to get a like for like comparison the increase year on year was 31% for half year as opposed to the 46%. The only other one I will comment on is in the MENA region when you look at the other operations. That 43% growth is made up of all operations performing pretty well. And then Sudan which only increased by 12%. Afghanistan was 60%, and all the other operations were about 20%, just to give some insight into how the other operations performed.

Now the EBITDA analysis. If you look at the other operations in West and Central Africa at 30.6%. In Cameroon and Cote d'Ivoire they were effectively both about 30% growth year on year, so that was the major reason for that increase in performance of 30.6%. Other operations in Middle East and North Africa. Sudan in fact from an EBITDA perspective actually dropped by 18% year on year, and the rest of them grew by above 20% year on year.

Margin analysis, page 35. Other operations in the SEA region had negative 7.2%, due to Ruanda whose EBITDA margin dropped by about 12% for the six months and six months. And then Zambia stood in a loss position, which obviously also negatively impacted on that as well. West Africa on the other operations Cameroon improved their EBITDA margin by about 4% to about 50% and Middle East and North Africa the other operations down at 5.8%. Sudan dropped by 7% and Yemen also dropped by a few points.

Finance costs. Just to mention on this slide if you take out the adjustments that you made before in the PUT option and functional currency issue you would see that effectively the six months to June the real interest charge including the forex losses by not functional currency losses was about 1650 [million] and the figure to June 2008 was about 1200 [million]. So basically the interest line increased by R450 million, which means that was above the 24%, and that's why I mentioned 24% growth of the revenue and EBITDA. I may as well mention again you do get a bit of leakage coming through when you try and do a comparison on adjusted EPS of about 15%.

Tax considerations. We did say that we expected mid to high 30s. It has come to 33%. You can see basically your PUT option effect going forward. You just need to watch for that because that can obviously affect your tax rate and the STC that comes through. Nigerian tax rate I won't comment on. It's just there for interest purposes.

If you look at the balance sheet a key item to look at there is obviously with the Rand strengthening you have fairly large movements on the FCTR [?] so if you look at fixed assets they're [unclear] about R11 billion. So effectively property, plant and equipment drop by that on the balance sheet side. And on the goodwill side there was an R8 million movement on that side as well. It's still well controlled. I will get to that when we cover cash flow. Net debt position, I won't comment on that. I think it speaks for itself.

Interest bearing liabilities you can see in 2010 the profile is a bit short-term



Speaker	Narrative
	<p>so we do need to extend that, which we're working on actively. It is pushed in the background at the moment because of the Bharti deal issue. That obviously [unclear] one way or another we would need to push that into longer term.</p> <p>Cash flow statement. You can see cash outflow for investing activities at R17 billion and inflows at R17 billion as well. So really for the six months we broke even, other than cash inflows from financing activities. There is R1.4 billion there of dividends paid to minority shareholders. So basically an outflow of R1.4 billion for the period.</p> <p>Our final one on capital expenditure. When you look at expected spend at R35 billion compared to the new authorisations that have come through of a total of R42 billion you can see there is obviously an expected carry-over. And that's made up of Nigeria which has carried over about R3 billion, and Ghana and South Africa of about R1.5 billion. Thanks, Phuthuma. That's all for me.</p>
<b>Phuthuma Nhleko</b>	Thanks, Rob. Maybe we can go straight to questions.
<b>Debbie Miller</b>	Hand over to the operator.
<b>Operator</b>	Thank you. At this time if you would like to ask a question please press star then one. If you decide to withdraw your question, please press star then two to remove yourself from the list. The first question comes from William Kirby of Nevsky Capital. Please go ahead.
<b>William Kirby</b>	Thank you. I have two questions if possible. Firstly, what was the marginal ARPU of new Nigerian subscribers? And then secondly I think you mentioned at this morning's conference that 2009 might be the peak year for Nigerian capex. At a group level how should we be thinking about what factors will be affecting your spend at a group level next year?
<b>Phuthuma Nhleko</b>	First of all let me say that maybe Christian, who is on the line, can talk about the marginal ARPU in Nigeria. Then about the peak year. One often says things that they regret, and I think I said that this morning and everybody has made that concrete. I think all I said was we will see what happens in the market. But we are hoping that 2009 was the highest and we will see something similar or less. But please don't take it to the bank that I'm saying it's the peak year. We think we're starting to hit that plateau. Christian, do you want to talk about the marginal ARPU in Nigeria?
<b>Christian da Faria</b>	Yes. The marginal ARPU is close to \$8. \$7.92. It's a slight decline.
<b>William Kirby</b>	<p>Okay, great. Thank you.</p> <p>I just think when you look at the ARPUs that are coming through in Dollar terms it is slightly lower at the moment. And the reason for this is because of the devaluation of the Naira to the Dollar. So if you look in local Naira terms it hasn't declined to that extent. When you look at the Dollar denominated</p>



Speaker	Narrative
	because of the currency declines obviously that's what's coming through there.
<b>Phuthuma Nhleko</b>	Next question.
<b>Operator</b>	The next question comes from Herve Drouet of HSBC. Please go ahead.
<b>Herve Drouet</b>	Good afternoon. Two questions as well if I may. The first one is on Ghana. Can you tell us a bit more which competitor is getting more aggressive in terms of the FT [?] promotion, and do you think it's going to stay in Ghana for the rest of the year? And a similar question is regarding South Africa. The fact that you see less subscriber growth in South Africa, do you think it is due to a more tough market in terms of market share, or do you think it's normal market which is growing less in terms of subscribers due to less immigration from other countries? Thank you.
<b>Phuthuma Nhleko</b>	Shall I ask Christian to deal with the Ghana question?
<b>Christian da Faria</b>	I think in Ghana in terms of competition all the competitors are very aggressive. But by far Vodafone has been very aggressive in the last six months, especially in terms of visibility. And we have been received very well [inaudible segment] Vodafone. But by far it's the strongest in terms of the value proposition and visibility. And we are the most [unclear].
<b>Herve Drouet</b>	Okay. You are quite confident your market share is going to remain stable, is your answer.
<b>Christian da Faria</b>	We [unclear] pressure on the market share and we expect that we will need to be very active in the value proposition. You know we do think that [unclear] has had pressure on the market share, but we resist as well as we can. And I'm sure that we have been doing very well so far.
<b>Tim Lowry</b>	On the South African margins we think that a lot of the offers that have been in the market in the last six or seven months have been driving the multiple SIM market. And there is a feeling that maybe close to 35% of the prepaid SIMS out there are multiple SIMS. So the penetration rate is sometimes put out at 110 is probably less. And we think that the impact of RICA will be to reduce the multiple SIM market over time. And we have already seen in the first three weeks since its introduction, much less people taking out new SIMS.
<b>Herve Drouet</b>	All right and that you think is for all subscribers, it's more market specific items rather than the pure MTN?
<b>Tim Lowry</b>	I think our systems problems that we talked about this morning inhibited us in the first 4 to 5 months of this year from being aggressive on the offers but each time we did launch an offer it cost in the region of about R200 million in lost gross margins so these offers were expensive regardless of which operator was putting them in. Hopefully these will not be repeated in the second half of the year.



Speaker	Narrative
<b>Herve Drouet</b>	All right, thank you
<b>Operator</b>	Thank you. The next question comes from Nick Kershaw of Deutsche Bank. Please go ahead.
<b>Nick Kershaw</b>	Hi good afternoon gentlemen and well done on your results. Just a couple of questions Rob, just firstly I just want to make sure I understood the Verizon acquisition, that revenue that is not shown under your South African business but under the other sections, is that correct?
<b>Rob Nesbit</b>	That's correct, ja.
<b>Nick Kershaw</b>	And then the second thing is just on Sudan, can you maybe just give us a bit of an indication versus maybe the second half of last year, what happened to EBITDA from second half last year to first half this year?
<b>Rob Nesbit</b>	It was fairly flat.
<b>Nick Kershaw</b>	Okay
<b>Rob Nesbit</b>	It's actually improved slightly if I recall correctly.
<b>Male 2</b>	2% more, 2% more
<b>Rob Nesbit</b>	Ja, thank you.
<b>Nick Kershaw</b>	Great, thanks very much.
<b>Female 1</b>	Thank you. They next question comes from Shaun Gardiner of Morgan Stanley. Please go ahead.
<b>Shaun Gardiner</b>	Thanks. If you can firstly, on the Nigerian margin where you are at the moment, what are your thoughts on the medium term outlook? You've always talked about low 50s. Do you think something's changed structurally to raise that guidance? Also with margins in Iran you've at 35% which I think is above your high 20s, maybe you can just talk about that. Secondly, EBITDA[?] in the head office, can you just run through some of the key items in there so that we can understand the larger items that are sitting in EBITDA in head office?
<b>Phuthuma Nhleko</b>	Can I ask specifically to talk about EBITDA margin in Nigeria [unclear]? Maybe Christian [?] do you want to talk about EBITDA margin in Nigeria and Jamaal can talk about EBITDA margin in Iran and Rob can talk about the head office here?
<b>Rob Nesbit</b>	Thank you
<b>Christian da Faria</b>	In Nigeria we had a very good EBITDA margin in the first half it was a very good cost control in the operation. A lot of economic affairs and the



Speaker	Narrative
	<p>distribution we couldn't reduce our costs [unclear] bulk distribution. Also the oil price we had come through on the lower and we didn't expect, going forward, such pressure on the margin and effectively we expect [unclear] on which the cost saving from the market environment we do expect a slight pressure on the EBITDA.</p>
<p><b>Shaun Gardiner</b></p>	<p>But in terms of guidance, I think [unclear] needs to talk about the guidance of low 50s. Is that what you're still thinking about in the medium term?</p>
<p><b>Phuthuma Nhleko</b></p>	<p>Ja I think we're still in the low to mid 50s. I think as Christian said, we do expect that there will be pressure. The other operators were not very aggressive for the first half of this year and we expect going forward there will be pressure, for example, in terms of marketing costs and also in terms of human resources costs so I think low to mid 50s is still our viewing in the medium to longer term.</p>
<p><b>Rob Nesbit</b></p>	<p>Thanks. I mean if you look at the head office EBITDA, that's obviously largely management fees that have come through from all the underlying operations. Going forward you wouldn't expect much change effectively to take place there other than there were some costs associated with the new shelf acquisition that came through on that line of about R100 million which was certain taxes and that. If it wasn't for that it would have been slightly higher.</p>
<p><b>Phuthuma Nhleko</b></p>	<p>[unclear] and for Iran Cell we are continuing the improvement on EBITDA margin in the first half, 35% compared to 29% last year but I think going forward there would be, given the revenue share scheme in Iran Cell and the pressure that would come from new operators in the coming years, there would be a limit to the progress in the EBITDA margin so 35% is pretty much in line with what would happen in the future.</p>
<p><b>Shaun Gardiner</b></p>	<p>Thank you. Sorry Rob, just on the management fees for Nigeria, is that calculated off EBITDA or off revenues.</p>
<p><b>Rob Nesbit</b></p>	<p>We never effected to go into the details. SIM operations is revenue, SIM is a mixture of revenues and pat so it does vary in various operations.</p>
<p><b>Shaun Gardiner</b></p>	<p>Okay, thank you.</p>
<p><b>Operator</b></p>	<p>Thank you. The next question comes from [unclear] Pettifer [?] of Merrill Lynch. Please go ahead.</p>
<p><b>Mr Pettifer [?]</b></p>	<p>Okay, thanks. I've got two questions please. Firstly this morning Robbie made some interesting comments on a large [unclear] deal or how it wasn't working right now and I wonder if you could amplify those comments in terms of how widespread that is throughout the [unclear] and what sort of trends you're seeing there. And secondly, just in Nigeria again, are there any limits to your revenue share where you think about that market, is there a limit? Thanks.</p>



Speaker	Narrative
<b>Phuthuma Nhleko</b>	Sorry, just on your last question, are you talking about the value of share of revenue or which...?
<b>Mr Pettifer</b>	I'm just wondering from a regulatory standpoint if the regulator has any concerns about too much market share?
<b>Phuthuma Nhleko</b>	Look, there has been some talk in the past of dominance [unclear] operator in Nigeria but really nothing has come of it and nothing has ever progressed and I'm not saying that that can never rear its head again but for now there's nothing that says we can't go past 50% market share or anything like that. In fact some years back we were actually way less of 50% market share. Rob, maybe comment on the elasticity point?
<b>Rob Nesbit</b>	In elasticity all of the markets when we have had a price decrease we have seen elasticity come through. It was just to note that in Rwanda when the competitor came in they came in with some extremely aggressive pricing and for whatever reason, and they're arguing analyses at the moment, is elasticity did not come through within that market.
<b>Mr Pettifer</b>	So it was just the one market?
<b>Rob Nesbit</b>	Yes, the only market we've seen in two days.
<b>Operator</b>	The next question comes from John Ligbolt [?] of UBS. Please go ahead.
<b>John Ligbolt [?]</b>	Thanks. You may have answered the question already but I joined late. I just wanted to find out about the EBITDA margin decline which you've had in the other operations of the sea[?] regions. It's moved down by 7.2% to 36%. What specifically was driving that? Is it Rwanda or which countries in particular?
<b>Phuthuma Nhleko</b>	Tim?
<b>Tim Lowry</b>	Primarily it's been Rwanda. As Rob says we've seen a significant drop in prices in that market with [unclear] coming down from about 18c to 10c in the last five months which has made revenue growth difficult but that should start to pick up again towards the end of this year and then in Zambia the devaluation of the kwacha has hurt our business there because quite a lot of our costs are dollar denominated.
<b>John Ligbolt</b>	Just on the Zambian operation, has the EBITDA margin turned negative then?
<b>Tim Lowry</b>	Yes.
<b>John Ligbolt</b>	Okay, thanks. Thank you, that was all.
<b>Operator</b>	The next question comes from Martin Mothert [?] of Numara [?]. Please go ahead.



Speaker	Narrative
<b>Martin Mothert</b>	Thanks very much. Two questions both on South Africa please. Obviously you talked about 500,000 [unclear] in the second half and yet the market is expected to slow down because of this new registration policy. I just wondered if you could give us some colour on what you think will happen there in terms of market share? Do you expect to maintain market share or increase it, etc and the second question is on potential interconnect changes in South Africa. I wonder if you could elaborate on the process that the Regulator has to go through if there is to be a change. Thanks.
<b>Phuthuma Nhleko</b>	Okay, on your first question. One of the things we did in South Africa was to focus on royalty in the first part of this year with our one for one product and I think the importance of that is it's hopefully secured a lot of our long term active customers and I'm hopeful that the amount of dual sim impact on us will be lower than on other players so the impact on market share and number of SIMS is not an exact science going forward but may be more favourable to us than it has been to other people because we've been very much focusing on securing our best base in South Africa. As far as the issue on interconnect is concerned, MTR, there are a lot of legal opinions out there at the moment but where we are focused is on our relationship with the Regulator. The Regulator does have the power to intervene and set interconnect but that is quite a long and drawn out process. It could take up to two years so the people are being encouraged at the moment to try and come up with a mutual industry settlement rather than go through an imposed methodology.
<b>Martin Mothert</b>	Okay, thanks very much.
<b>Operator</b>	Thank you. The next question comes from [unclear] Fernandez [?] of CNBC. Please go ahead.
<b>CNBC</b>	Well this is Rita's [?] colleague Gothum [?] here. You did do a potential deal with Synctel [?] in your previous comments. Could you please elaborate on that a bit?
<b>Phuthuma Nhleko</b>	Sorry, I didn't hear the question?
<b>CNBC</b>	The question here is that you alluded to a potential deal with Synctel of Singapore. Could you elaborate on that please?
<b>Phuthuma Nhleko</b>	First of all I think we did say that we weren't going to respond to anything to do with the botched [?] transactions per se because A, we're in a cautionary period. Secondly I think if you're referring to a comment this morning I think all we were saying is that Synctel is a large shareholder in Bharti and that was all.
<b>CNBC</b>	All right, okay, thanks, that addresses my question.
<b>Operator</b>	Thank you. A reminder, if you would like to ask a question please press star then 1. We have a follow up question from Nick Kershaw of Deutsche Bank. Please go ahead.



Speaker	Narrative
<p><b>Nick Kershaw</b></p>	<p>Thanks. Tim, this is probably a question for you, I'm just trying to understand what's actually happening in the South African markets. I know you commented about losing subscribers because you were happy to lose the transient subscribers but if you look historically the second quarters in fact you've always seen an actual pick up in RPs[?] on a sequential basis even while you've added subscribers. Now you've actually lost in the second quarter your subscribers went backwards by close to 200,000 and RPs fell quite sharply so I'm just trying to understand how bad these network problems and billing problems have been and how much is competition based and how much is other issues based?</p>
<p><b>Tim Lowry</b></p>	<p>Okay well there have been some very aggressive offers in the market. Vodacom were offering up to 20% off on people buying prepaid airtime and we did respond to some of those offers so that is certainly [unclear] on RP. As far as the customer acquisition side is concerned, because the performance on sales was not great in the last quarter, we did take the opportunity to clean up about 176,000 prepaid customers as well so that pushed it down slightly more than probably you see in the straight figures. The impact on systems was to limit the amount of stock of handsets and of sim packs we had in our retail channels. What level that impacted us on I wouldn't particularly like to hesitate a guess but we're talking hundreds of thousands of connections, not tens of thousands of connections.</p>
<p><b>Nick Kershaw</b></p>	<p>Okay, thanks very much.</p>
<p><b>Operator</b></p>	<p>Thank you. A final reminder, if you would like to ask a question, please press star then one. The next question comes from Shaun Gardiner of Morgan Stanley. Please go ahead. Shaun? He disconnected. We have no more questions.</p>
<p><b>Phuthuma Nhleko</b></p>	<p>Thank you very much for your attendance and I'm sure we'll be ready to talk again in March. Thank you.</p>
<p><b>Operator</b></p>	<p>Thank you. On behalf of MTN, that concludes this afternoon's conference. Thank you for joining us, you may now disconnect your lines.</p>

END OF TRANSCRIPT