

CLIENT: MTN Conference Call

DATE: 29/03/2007

FILE NAME: MTN Conference Call

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Speaker

Narrative

Operator	<p>Good afternoon and welcome to the MTN results. 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 then please signal an operator by pressing * and then 0. Please note that this conference is being recorded. I would now like to turn the conference over to Debbie Miller. Please go ahead.</p>
Debbie Millar	<p>Good afternoon. This is Debbie, head of investor relations for MTN group. Thanks for joining us today for MTN's results for the twelve months ended 31 December 2006. With me here are Phuthuma Nhleko our president and CEO, Rob Nisbet, group CFO and Sifiso Ndabengwa, our COO. Phuthuma and Rob will give a brief overview of this year's results, highlighting our financial and operational performance and outlook for the group, and then we will move onto a Q&A session which the conference call operator will facilitate. Over to you.</p>
Phuthuma Nhleko	<p>Thank you very much Debbie. Hopefully most of you have the presentation that we gave this morning, so I will go through really sticking to some of the key highlights and then hand over to Rob to do the financial section. I think the group highlights, as I'm sure you must have seen on the release, growth in subscribers to 40 million subscribers which is a 73% growth. This is course includes the contribution from the Investcom acquisition. Revenue is up 49% to R51.6 billion and EBITDA up 53% to R22.4 billion. I think the key issue in these results is the improved group EBITDA margin to 43.4%, something that we have been working on for quite a number of years to continuously push that EBITDA margin up. Of course we also declared a dividend yesterday at the board meeting. That dividend was 90c. It is very much a dividend that is consistent with maintaining a cover of about six. That is something I have spoken about a number of times to say that up until we feel that we are not in a growth phase the board would then at that stage review , agreeing a dividend policy with a lower cover. In looking at the growth, the company has really restructured itself into three regions. The Southern African region, West Africa and of course the Middle East. The key point here is that South Africa and the Southern</p>

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

African region of course continues to have a lesser contribution to the group in terms of subscribers. At December 31st the contribution by the Southern region – primarily South Africa – was about 39% of the total base of 40 million. And of course West Africa is growing very rapidly and currently contributes almost 50% of the total subscriber base. ARPU's...I think the key point here is that we do have a fairly high ARPU on the prepaid side in most of these African operations, and I'm saying high relative to quite a lot of our peer group operators. Only Iran and Yemen have an ARPU that is below the \$12 mark. The margins I think I've already mentioned that overall we have improved on a year by year basis at group level. The old MTN operations in particular have done fairly well. You know, Nigeria for instance is now at a 57% margin relative to the 52% that we reported last year. And I think that's true for most of the old operations. We are hopeful that Sudan and Iran as they come out of that initial phase would obviously begin to increase their EBITDA margins quite meaningfully. Risk management, we spoke a lot about that this morning. The key points really that we have put into place are fairly good structures at group level and in the operations. We have really taken on risk management in a far more comprehensive and far more sophisticated way. We have recently appointed the ex-auditor general of South Africa as the group executive in charge of risk. I think the main point to be made is simply that given that we are in a highly regulated sector, and of course operating in some fairly difficult regions and areas, senior management is constantly involved at the coal face with the regulators, with the various telecommunications ministries, and ensures that we are kept abreast of all the regulatory issues. And that we do not find ourselves in situations where regulators start taking very unfavourable decisions without our participation. The foreign exchange risk I think Rob will touch on more in his presentation, but the essence of it is of course that MTN has become quite widely spread now and has got quite a lot of countries with, in some cases, not very stable currencies. And we try our best to manage that risk by doing a number of things. I think one of them obviously is to ensure that we maximise debt in the local operations in local currency. The Southern Eastern regions, which are of course South Africa and the SADC countries as well as Uganda and Rwanda, grew by 26% last year, driven by South Africa at 22%. I think the key point here is that South Africa is still very strong at 22%, but we have also got Uganda which is an operation

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

which has been around for over five years now. It is still generating subscriber growth of up to 63%. And we think that is indicative of the depth of some of these markets, particularly if you've got a lower cost base that can enable you to maintain an acceptable EBITDA margin for the low cost subscribers. The highlights on South Africa are that we have maintained market share at 36%. Of course significantly expanded distribution channels, and we have also kept the EBITDA margin at a fairly healthy level of around 34%. We do see a slight decline in ARPU in South Africa but of course we have seen an increase in the prepaid ARPU from 93 to 94, primarily because of a very thorough segmentation exercise that has resulted in balancing of tariffs and issuing low denomination vouchers into the prepaid market. And that has helped generate considerable volume. Of course the post-paid subscribers' ARPU has been sort of lowered because of lower value subscribers in coming into that space, particularly the My Choice product which has gone from 280 000 to 580 000 subscribers. Data I think is an ongoing feature of the group. We are now at 8% and we continue to strive to try and reach at least 10% of data as a percentage of total revenue. Of course SMS still constitutes a bulk of that, but steadily declining. Last year we were at 85% and it has now come down to 89%. 3G started off in the high density metropolitan areas. We are now at almost 800 base stations and of course we have got approximately 300 000 users by the end of December 2006. I think on the regulatory side in South Africa under the new Electronic Communications Act, certain issues still need to be cleared. But existing rights and obligations are protected under the new bill. The whole interconnect matter is being discussed with ICASA. No decisions have been made by but suffice to say that I think we've got fairly constructive discussions with ICASA. Hopefully a positive outcome will come out of those discussions. Number portability is not as big an impact as one may have expected. You know in and out 40 000 subscribers to end of February 2007. So it is fairly negligible in terms of its impact on the base up until now. The West and Central African region is obviously the biggest region in the group, nine countries, and fairly large growth. We are talking 19 million subscribers now in that region. Of course the region also has a very low penetration of around 19%. We have had a major contribution from the Investcom stable by contributing almost 42% of the net movement in the subscriber's year on year in that region. To 42% of that came from

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

Investcom. Of course there are increasingly regulatory issues in Nigeria. Our licence was issued and now 3G licences have been issued. Nevertheless we continue to see high growth in the other countries as well. Cameroon is another country that has been there for quite a few years. We are still enjoying up to 42% growth in subscribers. Of course we are still busy with re-integration of Investcom and well advanced on re-branding and issuing new products in that region. A key important point in that region is on Nigeria. The tax holiday does end on the 1st April 2007 and obviously that will have an impact on earnings going forward. Another key event that took place in Nigeria around September last year was really the introduction of a new suit of products and value proposition, where in effect we almost re-launched the product range in Nigeria. And that has had quite a strong positive impact on subscriber growth in that country since the end of September 2006. I think we've seen much stronger brand preference and customer satisfaction in Nigeria, and that increased quite substantially over the last five months. I think that has also helped with the [unclear] which is down to 30%. We continue to roll out the network in Nigeria with over 2500 base stations. We have also put down the optic fibre of around 3500 km and we also acquired a company called VGC which is one of the PGO's in the country. And that has enabled us to be able to offer far more integrated products to the corporate sector in Nigeria. So with core capacity of about 15.5 million subscribers, but continuing to roll out, we will see Nigeria continuing in its growth in 2007. If we look at the Middle East region, six countries, of course Syria is the largest country but Iran may become that if the plans come to fruition. The contribution to group revenue is around 7% and contribution to EBITDA by that region is about 5%. Of course that is mainly because Iran and Sudan are very much in a start-up phase of their development. We would expect that to change quite significantly over the next year or two. Syria did have very strong growth in subs from 1.5 million to 2.2 million, and it is of course involved in a 3G licence trial. Of course the business model in Syria is very different in that it is a BOT with a very high revenue share. I think looking at Iran, the essence of what we have done in Iran is that there has been a review of the value proposition in Iran, primarily because of launching maybe five to six months later than when we wanted to launch. And of course a lower connection fee on the prepaid side. But nevertheless we are still looking at a market of 46

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

million by 2011. And notwithstanding that we hadn't got to where we wanted to get to on subscribers by December, once we started moving we gained a lot of momentum and passed the 1 million subscriber mark by the 25th March and are continuing to connect in excess of 15 000 subscribers per day in Iran. We have connected over 49 cities now in Iran and have got four switches deployed in the core capacities. We've covered about 16% of the population, and we expect to cover 26% of the population...no sorry, by the end of March we had actually covered 26%. I think in looking at that rollout in Iran, that is obviously a very tough task. But we have a team that is working very hard to do that. The key change is on the connection fee. Although we have maintained the \$150 connection fee on post-paid, the connection fee on prepaid is down to around \$25, primarily because during that six months when we were experiencing problems in moving much faster the competition really launched prepaid at about \$25. The impact of all of this is that the peak funding for Iran goes from R1.5 billion to R1.9 billion, and we would see that happening around 2009 as opposed to during the period 2007 to 2008. Sudan, which is the other country in the MENA region. It is obviously completing its full year of operation. They have moved fairly rapidly on market share. They do have some logistical challenges but they have now covered 36% of the population with three MSC's and over 660 base stations. They have also introduced a CDM player which has come onto the market fairly aggressively. The ARPU dilution in Sudan from \$19 to \$16 has been relatively limited. A positive in that country is the appreciation of the local currency, the Dina, against the US Dollar by 15% in the 2006 year. Ok so I think that is really the overview on the operations performance of last year with Investcom coming in for effectively the last six months of the year. I will now hand over to Rob to go through the financials and then we'll take questions.

Robert Nisbet

Thanks Phuthuma. Good afternoon. I'll go through it fairly quickly. Obviously when you look at the results there are two issues. Number one, the acquisition of Investcom, and then number two, with the change in the [unclear] the comparative numbers the audited numbers to December 2005 are only for nine months. What we have done on the revenue and EBITDA lines, we have reported on the un-audited numbers for those twelve months so you do have

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

some comparative analysis. If you just go to slide 32 on the compound growth, effectively that includes Investcom on all of those graphs. If you take Investcom out, on the revenue side instead of %28 it would have been 24%. On EBITDA instead of being 38% it would have been 34%. And likewise on the adjusted heps instead of being 42% it would have gone up to 44%. We did mention last year when we announced the results of our acquisitions that came through with Investcom would be dilutory and obviously that is the impact that comes through here. And I will go through the impact on the hep side for the current year. Just looking at some accounting issues. We did hedge out a portion of the purchase price of the Investcom acquisition. We've made again on that of R2.5 billion. That effectively goes against the asset. There is change in legislation coming through that makes that gain non-taxable. And I mean treasury has put out their draft document and we believe that will be promulgated with effect from 31 December. So we haven't provided for that tax. If it was taxable, and we don't believe it would be, it would go against goodwill and wouldn't go through the income statement. Just with regards to PPA, the acquisition of Investcom we had to revalue the underlying intangibles which are the licence fees and subscriber bases for the six months. The amortization that came through for that was R587 million, so for the current financial year that would effectively double up. And we did increase our ownership in Uganda and about R72 million of that also went though to intangibles. Increased ownership...I won't go through each one but Phuthuma did mention we are looking to increasing our base in Nigeria. So although we have upped our percentage in Nigeria you'd most probably expect that once it has been implemented a portion of that increase would come down again. But we see ourselves staying above the 75% level. Cot d'Ivoire as well at the 68% level. There are negotiations with one of our partners to effective buy 7% of that. And if that is concluded it should take place in the next two or three months. In Botswana, the only oddity there is that currently there is still a management agreement in place from Portugal Telcom. Even though they're not a shareholder they do have a management agreement. We would like to see that disappear in the next three months. So from a management perspective we would be managing the agreement. But it will still be proportionally consolidated as a JD and we wouldn't be able to fully consolidate that. Uganda is up to 97%. Once

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

again there are some discussions ongoing and that 97% might decrease by a maximum of 7%. Just on foreign exchange gain, the major portion of that gain actually came through on loans that we made to Irancell. If you look at the documents in the back, the forex gains and losses for the year basically negate each other. So there wasn't any major movement that came through on those lines to offset them. Earnings per share. Key issue here is when you look at the put option. It is far more material this year due to the fair value movement as well as the finance loss that came through on this line. The deferred tax credit which is due to the pioneer status in Nigeria, this is the last year you will see that coming through because our pioneer status ends on 1st April this year. That is when the full tax charge will start coming through in Nigeria. Just on the income statement; I don't want to spend too much time on this unless you've got questions later on. Needless to say the finance costs of R1.4 billion, R1.1 billion of that comes from the Investcom transaction. And the income tax expense at 17%, if you had to reverse out the effect of Nigeria's pioneer status, the effective tax rate would have been at about 35%. The effective tax rate that came through from Investcom was about 17%. Because they also have tax holidays in some of the countries as well. The exchange rate analysis, overall the Rand devalued against all the functional currencies that we operate in. And we did get a benefit as you can see at the bottom of the slide. Revenue analysis; a key issue at the bottom of that page. If you look at our total improvement year on year, it is 49% but if you exclude Investcom at 32%. Then if you just look at the old MTN operations and exclude the other acquisitions that we made, in Cote d'Ivoire the old MTN group would have increased by 28% year on year. It is still a good, strong performance coming through. Let's get onto the revenue analysis. On the interconnect the key issue that comes through when you look at South Africa, specifically you can see interconnect as a percentage of net revenue going down, and that is because of the effects line terminating on the mobile within South Africa is decreasing over time, due to more and more mobile calls being made compared to fix line. On the EBITDA analysis, once again if you go to the bottom of that slide it is 37% excluding Investcom. And then if you had to look once again at the old MTN operations that would have been a 33% increase. If you compare that to the 28% of revenue it shows good improvements from an overall efficiency perspective. A major one that comes through is obviously

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

reflected, and in Nigeria we see the margin increasing from 52% to 57%. South Africa went down slightly, and that really is due to 3G costs coming through on that side as well as the impact of the lower interconnect coming through. There could also have been some cut-off issues that came through, because as I mentioned before December 2005 was not an audited cut-off at that point in time. I'm going to go to slide 41. A key issue to note there is from profit after tax, if you look at the differential between including and excluding Investcom you can see R600 million. The one issue I should mention is that if you look from an EPS perspective, because of the increase in the number of shares as well, the overall impact of Investcom for the year on EPS was about 6%. So obviously if Investcom hadn't been there we would have had a 6% higher EPS number. The effective tax rate is 42%. The key issue here is to look at Nigeria. Last year we said we expected the tax rate in Nigeria this year to December 2007 to effectively end up at about 48%. We have redone the calculations with the current data and it appears that that could be in the region of 52% that comes through on the Nigerian line. The educational levy there of 2%...I will just mention that the effective rate that comes through on the educational levy is between 2% and 3% because there are certain items which are non-deductible. And finally on this slide I'll just state that obviously with that far higher tax rate coming through in Nigeria next year, you'd expect the tax rate of the group to be somewhere in the high 30's for this current financial year. On the balance sheet on page 43 I just want to say the increase in intangible assets is the subscriber base increased by R4 billion and licences by about R5 billion. And that is largely due to the Investcom acquisition. Goodwill was 23.8% from Investcom and 0.6% from Uganda. On the next slide I think I'd like to mention deferred taxation. There was a major increase year on year. And the major item that comes through there is that we have to provide for deferred tax on the intangibles that come through when we did the revaluation, and that was about R1.4 billion. In our non-current liabilities you've got the value of that PUT option which I mentioned previously, which makes if R2 billion of the R2.8 billion. Debt position is 22.8 to 22.9. You can see relative to where we were last year we have extracted some dividends out of the underlying operations, and as Phuthuma mentioned that is a key focus going forward. You can see there is quite a lot of capacity to further upstream dividends to take out our non-productive

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

	<p>debt. The non-productive debt at this point in time (in other words we can't deduct the interest from a tax perspective) is sitting at about R18 billion. So there is no doubt that we need to focus on that, which we are doing, and try and decrease that as far as possible. To eliminate it in totality is impossible, but we will do our best to make sure it is far more efficient. On slide 46 I think the only thing I'd state there is obviously all the loans that we have within South Africa, including the Dollar loans, are effectively hedged. So where you see unhedged positions, those are really in the underlying operating companies as such. We had good cash flow for the year. There were two issues on the cap ex slide. Equipment for the year was R9.3 billion, relative to a far higher than you would have expected from what we showed you last year in March. Obviously net cash generation of 8.3, so we still had good cash generation for the year excluding the acquisition of Investcom. On capital expenditures on slide 48, the first column on the left should be December 2005 instead of December 2006. That's effectively the slide that we showed you last year, other than for Investcom which we have now included in that. Then you've got the actual [unclear] December 2006 and then on the right hand side it is really cap ex which has been approved for the current financial year. So that is at December 2006, and that is what you'd expect us to spend this year. Then you can see the increased R18.5 billion. I think obviously from your perspective you'll say that is far higher than what we originally indicated. But if you look at the differential between the first column at 14.6 and the 9.7 you can see there is some R5 billion that has basically been carried over from one period to the next. There was some cap ex savings that came through. In Nigeria it was over \$100 million that we saved from pricing negotiations. What I'm saying is there is a large quantum of cap ex that has been rolled over from the one period to the other period.</p>
<p>Phuthuma Nhleko</p>	<p>Thank you very much Rob. Can we take questions?</p>
<p>Operator</p>	<p>Yes sir. Thank you very much. Ladies and gentlemen, at this time if you would like to ask a question please press * and then 1 on your touchtone phone. If you then decide to remove yourself from the list please press * and then 2.</p>

Speaker

Narrative

<p>Herve Drouet</p>	<p>Our first question comes from Herve Drouet from HSBC.</p> <p>Good afternoon. This is Herve Drouet from HSBC. First of all congratulations for those good numbers. I've got a few questions. The first one is regarding synergies and savings. If you can give us an update on what you expect in terms of synergies to come with the integrations of Investcom? From what you say, for example you were talking about some cap ex savings in Nigeria of around \$100 million. Is it one of the outcomes maybe of the Investcom integration? Did they maybe have some better price on some equipment that helped you to re-negotiate some telecoms equipment prices in Nigeria? The second question is regarding the ARPU. For the two countries where we saw lower ARPU such as Yemen and Iran can you tell us at the moment what is the current increment of ARPU for those countries and where do you see the trend of the ARPU for those countries going in the near future? And maybe a last question. Just to check on the cash shields. Did you get any tax benefit from the acquisition of Investcom for the cash part you paid? Thank you.</p>
<p>Phuthuma Nhleko</p>	<p>I think let me answer the question on synergies and I'll let Rob answer the question on the tax shield and the ARPU. Firstly the guidance that we have given is that we would expect about \$200 million worth of synergies from the integration in 2007. That of course would be in our budget for this year. And it's a fairly complex issue. Some of it is op ex; some of it is cap ex. We have given a guidance of cap ex in the presentation. And of course you know if you are seen to have a larger operation with a larger footprint there is some benefit that you get in negotiating new prices. But we won't compare those prices with the old prices. And we're not saying we necessarily had better prices. But certainly it gave us a far stronger negotiative position with the vendors, particularly with new operations coming in from the Investcom side like Sudan, which has still got quite a bit rollout to achieve. And Afghanistan has quite a big rollout to achieve as well. But if you want a feel for it we're saying about \$200 million for 2007.</p>
<p>Robert Nisbet</p>	<p>If you look at it from an ARPU perspective and you look at Yemen, the marginal ARPU's coming through from Yemen are in the region of about \$4 to \$5. And if you look at Iran,</p>

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

	<p>in fact if you looked at where we were compared to where we are today those have picked up a little bit. So they were around the \$8.50 and now they are about \$9. As we roll out the network, obviously the question is will that further increase? I must be honest with you that we would expect a slight increase to come through. If you look at our competitor in Iran, we believe their ARPU's are in the region of about \$13. That is outbound calls only from that we understand, and doesn't include incoming interconnect. On the cash shield side obviously as we dividend up from the underlying companies and repay debt, and then obviously in those underlying companies gear up and get the interest deduction in those operation companies, that is how you create tax shield. If you look at the straight acquisition price and the cash that we paid for it in terms of South African legislation that is not shielded from a tax perspective because obviously your dividend income is not taxable. And in terms of South African law, which is different to a lot of other countries, you can't offset the interest against the non-taxable income. So that is not sheltered. That's why I'm saying right now we've got R18 billion worth of debt that is not assured from a tax perspective.</p>
<p>Herve Drouet</p>	<p>Ok thank you very much.</p>
<p>Operator</p>	<p>Our next question comes from Shaun Gardener of Morgan Stanley. Please go ahead.</p>
<p>Shaun Gardener</p>	<p>Thank you. Just two questions. Firstly on Nigeria. The margins for 2006 were very impressive. I think you mentioned at the earlier conference that there were some cost savings in place. Can you run through the sustainability of these margins? It does sound like you're now running at a much higher rate than you were expecting at the end of the first half 2006. And secondly on the South African ARPU. Can you help us understand the underlying increase you've seen in subscribers who have moved from high denomination to low denomination prepaid top up cards? And also what the margin is on your lower denomination cards? Because I suspect that you have a lower sales expense for those cards. Thanks.</p>

CLIENT: MTN Conference Call
 DATE: 29/03/2007
 FILE NAME: MTN Conference Call

Speaker

Narrative

<p>Sifiso Dabengwa</p>	<p>On the Nigeria margin, I guess the main contributors were the fact that they managed to keep the staff numbers quite constant. We haven't had any major increase and there has been good cost controls in other areas. There has been a lot of renegotiating supplier contracts across the board. And then also from management of fuel. Fuel is quite a significant cost in terms of running the operation. We have increased the number of sites that are using [unclear] power, even though it is not available on average more than 60% of the time. And then there has also been strong negotiations with the distribution channels that has enabled us to maintain our distribution margins at the same levels over the last two years. So where there will be a challenge obviously will be in the area of fuel costs into the future. If obviously there is an increase in fuel costs and if there is a limitation to the number of sites which we can migrate to grid electricity. But generally the cost control for the business has been very well managed.</p>
<p>Shaun Gardener</p>	<p>Are you implying that there is an element of sustainability to these 55% EBITDA margins?</p>
<p>Sifiso Dabengwa</p>	<p>In the medium to longer-term we see the 53% to 55% margin as sustainable. I think a key issue there is fuel. And then also rentals for base stations. We have seen a push upwards in terms of base station rentals. But from what we are seeing we still see 53% to 55% margins as sustainable.</p>
<p>Shaun Gardener</p>	<p>Thank you.</p>
<p>Sifiso Dabengwa</p>	<p>And then in terms of South Africa, the key issue really has been the introduction of the lower denomination vouchers has enabled people to be able to purchase more often and also allocate more funds to telecommunications. And the fact that we have moved from a denomination of R30 to R15 and then to R10 has given increased ability for most of the lower-end subscribers to be able to top up more frequently. It seems that overall there has been an increase in the total that they are topping up.</p>
<p>Shaun Gardener</p>	<p>Is there any sort of margin implication? Are these</p>

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

	distribution fees attached to these [unclear]?
Sifiso Dabengwa	The discount structure is the same for all vouchers.
Shaun Gardener	Ok great. Thank you.
Robert Nisbet	Just on top of that, the lower margin cards' price is slightly higher than the higher value cards. So from that perspective it does obviously offset the cost of distribution. So what I'm saying is there is a slightly higher charge per minute in those lower denominator cards.
Shaun Gardener	Can I just ask one more question on Nigeria? You talk about fuel as a major cost. Can you help us understand what percentage of your EBID cost it consists of?
Robert Nisbet	This last year if you look at the fuel costs I think it was about \$53 million. Then if you look at what the budget was, I think the budgeted number was in the region of \$67 million. So if you look at the run rate we are in budget and towards the end that was dropping off. Effectively what I'm saying is there was quite large saving that came through on that line.
Shaun Gardener	Thank you very much.
Operator	Our next question comes from Sergei Arsenyev of Goldman Sacks. Please go ahead.
Sergei Arsenyev	Good afternoon. I just wanted to follow up on Nigeria, and maybe you can highlight the competitive pressures, or whether you see any competitive pressures in Nigeria? And whether you aim to maintain market share at your current level, this 46% level? And my second question is on the Iranian funding and how easy or difficult it is for you to obtain funding. Could you highlight that as well?
Phuthuma Nhleko	Ok. Maybe Sifiso can talk about the competitive pressures

Speaker

Narrative

<p>Sifiso Dabengwa</p>	<p>in Nigeria and the market share and Rob will respond on the Iranian funding.</p> <p>Ja we estimate and anticipate that competitiveness in Nigeria will increase. A fifth operator has recently been licensed. Over the last four to six months we have had a lion's share of net and also we expect that the existing operators i.e. Celtel and Glo, will challenge us. We have recently been notified that Celtel has reduced its pricing. At this stage I can't tell you exactly to what levels and what the implications will be, but clearly from the performance that we have had in the last four to six months we expect the competitors to be a bit more aggressive in their competitiveness. But I will maintain our market share at the 46% level at least and hopefully be able to grow that by at least one or two percentage points.</p>
<p>Robert Nisbet</p>	<p>Just from a funding perspective in Iran, there is no doubt in the current climate it is more difficult to effectively raise project funding for Iran. Obviously we are working on that. And potentially the normal place you would find funds, which is obviously probably more the European type institutions, I think it is quite difficult to get them to participate. So you're looking more towards the middle east to tap into those markets. And obviously we are actively working on that at this point in time. So we still aim to raise some project funding, but time will tell how successful we are. There is no doubt it is more difficult now than it was.</p>
<p>Sergei Arsenyev</p>	<p>Thanks.</p>
<p>Operator</p>	<p>Our next question comes from Reece Summerton of City Group. Please go ahead.</p>
<p>Reece Summerton</p>	<p>Just a few questions. One on Nigeria. Could you tell us what your percentage of on-net traffic has been for the second half of the year and if you've seen any changes to the on-net traffic mix? And secondly on Iran. On slide 29 you give some description of the kind of requirements that you've got to have done by July 2007. Could you just give an indication of what would be the penalties if you weren't</p>

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

	<p>able to achieve some of those targets? And the third one is Sudan. Things seem to be quite tough there. Could you maybe elaborate on the CDMA operator as well as the decline in margins and ARPU's. Thanks a lot.</p>
Sifiso Dabengwa	<p>On your first question, the last time I looked the on-net traffic was between 65% to about 70%. I'm not too sure what it is exactly at this stage, but if it is not that we will come back to you on that.</p>
Robert Nisbet	<p>In Iran there are a few areas. Number one you've got your minimum licence fee that has to be paid by the 10th July. And that figure was in the region of about \$95 at the end of the day. So whether or not you make your correct turnover numbers that is something that has to be paid. The other issue is from a rollout perspective with regards to the cities and that. We are basically on track there so we don't perceive any penalties coming through on that side. And if you look at the network quality with regards to dropped calls and congestion and that, once again the quality of the network is good. So we don't anticipate any issues coming through there Reece.</p>
Reece Summerton	<p>So it is purely on the July funding payment that you'll have to make right?</p>
Robert Nisbet	<p>What I'm saying is whether or not we make the correct turnover numbers that is an obligation in terms of the licence.</p>
Reece Summerton	<p>But you're currently at 80% of that. Ok. And on Sudan?</p>
Sifiso Dabengwa	<p>In Sudan I think the key issue for the CDM operator is that they've been very aggressive on pricing and have acquired quite a large number of customers, driven primarily by the pricing strategy. I mean for us I think the big issue was that our rollout was a bit slower than what we had anticipated. We have re-looked the organisation and we have put more resources there. We did have a problem with a fire in one of the warehouses that slowed us down a bit, but we anticipate that during the course of this year we will be</p>

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

	able to roll out at a rate that will enable us to get back on track.
Reece Summerton	Ok is that [unclear]?
Debbie	Ja the newly licensed one.
Sifiso Dabengwa	The incumbent they just have a mobile licence.
Reece Summerton	Ok thanks very much.
Operator	Our next question comes from Ben Joseph of Nevsky Capital. Please go ahead.
Ben Joseph	Hi thanks. Just two questions please. The first is with regard to the Nigerian tax credit. I appreciate that the tax holiday ends next year. Will there be any tax credits relating to quarter one just prior to the holiday end? And then the second question is with regards to the connection fee in Iran. Can you please confirm the account? Will you be amortising that over one year, two years or even looking at it as an upfront revenue item? Thank you.
Robert Nisbet	Ok on the Nigerian tax credit, the way it works is the tax holiday or pioneer status ends on 1 st April. So basically your January, February and March profits are not taxed. The way it works is that from a computation perspective you're paying tax for the nine months from 1 st April through to 31 st December. And you effectively double that up to eighteen months. So they basically charge you tax on the eighteen months profit from 1 st April to 31 st December. And the accounting period you have runs from 1 st Jan to 31 st December, so you have twelve months of accounting profit and eighteen months of tax profit. So the answer is you do get the tax holiday for Jan, Feb and March, but the end result is effectively you're paying tax on eighteen months of revenue relative to a twelve month period.
Ben Joseph	OK, understood.

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

Robert Nisbet	Then just as a matter of interest, what happens in the following year which is a twelve month period, you end up paying tax on fifteen months of profit for that twelve months period. Thereafter it normalises.
Ben Joseph	OK. I know it is reflected in the effective tax rate you guys have...
Robert Nisbet	That's right. It is still higher in the 2008 year and that is for that reason.
Ben Joseph	And then with regard to the connection fee.
Robert Nisbet	We went through that with the auditors and looked at it very carefully. From that perspective we will not be amortising it. It will be taken upfront.
Ben Joseph	Thanks very much.
Operator	Our next question comes from Nick Kershaw of Investec Securities. Please go ahead.
Nick Kershaw	Just a quick question Rob on Syria. The ARPU's in Q3 increased from \$23 to \$24, and then you reported ARPU's for the full year of \$17. So I'm trying to understand what happened in the last quarter. It is quite difficult to reconcile the \$17 to the revenues that you reported for the six months as well.
Robert Nisbet	I have to tell you it's a good question. I'll come back to you Nick. I actually don't know the answer.
Nick Kershaw	Ok.
Robert Nisbet	I'm thinking about a gremlin, but I'll come back to you.

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

Operator	Our next question comes from Alistair Jones of [unclear] Research. Please go ahead.
Alistair Jones	Sorry to bring up the R90 question again, but looking at your strategy in Nigeria this morning's report said you're not going to be cutting prices going forward. But then you see Celtel cutting pricing but you want to maintain or even increase market share. But it seems to me the market is pretty elastic in terms of price cuts as you've seen in the last quarter. I was wondering if you could explain how you maintain market share if competitors do continue to cut prices. The second question is just on the South African business, on handset sales as a percentage of revenue. And also where you see that figure going forward and why that might change. Thank you.
Sifiso Dabengwa	I guess our strategy in Nigeria has always been to maintain market share but at the same time make sure we maintain a certain level of profitability. At this stage we would like to see it remaining at the range I gave earlier on which is 53% to 55%. We think the way we are looking at the market and our products and services we are offering to the market should enable us to sustain our market share even if it is against price cuts. We don't think that the two operators, Glo or Celtel, really have that much room to keep cutting prices from a point of view that they probably will have to show some good levels of financial performance in terms of profitability. So I don't honestly think there will be significant price reductions.
Robert Nisbet	In South Africa the handsets as a percentage of revenue for the past year I think ended up being at about 12%. If I'm wrong I'll come back to you but I think it ended up being 12%.
Alistair Jones	Great and the outlook for that? Is that 12% going to continue at those sorts of levels?
Robert Nisbet	I don't see any reason why that is going to decrease at this point in time. Obviously prepaid sales as a percentage of

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

	<p>that came through very strongly this last year, and I think as the handset costs continue to go down – and they are talking about a \$20 handset – I tend to think you're going to find new purchases of handsets continuing in the prepaid and the post-paid market. I don't think you're going to see that drop off by much.</p>
Alistair Jones	<p>Thanks.</p>
Robert Nisbet	<p>Just to come back, I mean historically we used to be sitting around 10%. So last year it was a bit stronger than normal. So it may go back to the 10% mark. But it won't drop down to the 2% or 3%.</p>
Alistair Jones	<p>Thanks.</p>
Operator	<p>Our next question comes from John Slettevold of UBS. Please go ahead.</p>
John Slettevold	<p>Hi. Thanks. Just a question on the South African business in terms of the number of subscribers being added. I think this morning you said 2 million adds for this year. How many of those would be on the data cards? And what ARPU's would those typically be at currently?</p>
Phuthuma Nhleko	<p>I don't think at this stage we would be able to give you that detail. And I don't think we have done that before. But I mean I think it would not be incorrect to assume the kind of split that we have seen in the last year would continue. At the moment we are not in the position to give you that split.</p>
John Slettevold	<p>Ok thanks. And currently the number is at about 280 000? Is that right? On the 3G data cards.</p>
Phuthuma Nhleko	<p>ON 3G yes we have 280 000 subscribers.</p>
John Slettevold	<p>Ok thanks.</p>

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

Operator	Our next question is a follow up from Shaun Gardener of Morgan Stanley. Please go ahead.
Shaun Gardener	Yes thank you. Just from a corporate perspective, could you tell us where you are on the thoughts about [unclear] your business in Nigeria, or any thoughts on what you might do with the minorities there. And the second question is on your acquisition strategy. You have participated in the Saudi licence and you looked at Paktel in Pakistan. Can you update us what your criteria are and how far a field from Africa and the Middle East you're prepared to look at this stage?
Phuthuma Nhleko	Ok I think I'll start with Nigeria. You know we have clearly said that we want to broaden the shareholding in Nigeria. We started off providing some sort of liquidity for the current shareholders, which is what has enabled us to go up to 81%. The objective is then obviously to go into phase two now and reduce our shareholding onto a broader group. But that would not necessarily be an IPO. It could be a private placement or some other exercise which we would follow, which would give us comfort that we've got a broader base in Nigeria. On your second question essentially yes we did bid for the Saudi bid, but I think it is due to say that we are most probably happy not to have won it at a price higher than where we had bid. And we continue to look. Obviously less and less large licences are available. In terms of how far East we can go, yes we would look further East more in Asia if an opportunity that made sense to us came along and which gave us a respectable presence in the region. I don't think that we would go for a very small country too far east just for the sake of it. It is something that we are starting to think about. We spend a lot of time consolidating Investcom and we still have some more work to do, but that is where we are at the moment.
Shaun Gardener	Sorry on the Nigerian answer on broadening the subscriber base. Are you prepared to get to just above 50% to keep control or are you thinking a 5% to 10% sale?
Phuthuma Nhleko	I was talking of broadening the shareholding and what we

CLIENT: MTN Conference Call
DATE: 29/03/2007
FILE NAME: MTN Conference Call

Speaker

Narrative

	<p>are looking at really is the shares that we have acquired from the liquidity event that happened recently when the current shareholders sold part of their shares. So that is where we would be. We would sell those shares. At this stage we wouldn't see us dropping below that.</p>
Operator	<p>Ladies and gentlemen, our final question is also a follow up. It comes from Nick Kershaw of Investec Securities. Please go ahead sir.</p>
Nick Kershaw	<p>Hi Rob, just two questions for you. These should be a little easier. I can't find in the report the split between prepaid and post-paid subs for South Africa. I'm sure that is somewhere that I haven't seen. And the second question is, it seems that the tax rate in South Africa reduced quite a lot in the second half.</p>
Robert Nisbet	<p>I think effectively if you look at the prepaid, post-paid split - I don't know why it isn't in the slide - at the end of the day it would be 83% is the post-paid portion of it. I can come back with the exact number. Just before I answer your second question, just on the handsets, it was just above 12% for the year in South Africa. And then with the effective tax rate in South Africa for the last twelve months, obviously at the end of the year we do an extremely detailed tax calculation. I wouldn't look into anything between the first half and second half. Effectively the first half and the second half from a tax rate perspective should have been the same.</p>
Operator	<p>Gentlemen we have no further questions. Would you like to make some closing comments?</p>
Phuthuma Nhleko	<p>Well thank you very much for your time. I'm sure we shall be talking to you soon. Thank you.</p>
Operator	<p>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