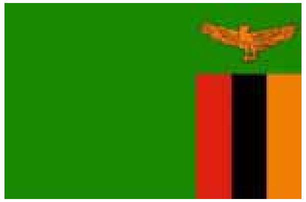
MTN Zambia

Per Eriksson
CEO

Overview

Population 11.5m (Dec 07) **Market sizing** 5.9m (2012) **Penetration** 13% (Dec 07)

Economics	
GDP/Capita	$950
Inflation	10% (2008 E)
Local rates	182 T-Bill, 12.3%
Currency	LC/USD=K3,600
Demographics	
Language	English, Bemba, Nyanja
Religion	Christians mainly



Sources: Pyramid Research

Market dynamics

Economic	• Strong economic growth on the back of copper and agriculture • Real GDP expected to grow 6% (2008 E)
Political	• Stable democratic system • Ongoing decentralisation of government bodies
Telecom	• Mobile markets are expected to grow to 5.9m by 2012 • Penetration to reach 45% by 2012

Market players

	MTN	Celtel (Zain)	Zamtel/Cell Z
Launch date (MTN acquired)	1997 (August 2005)	1998	Cell Z – 2003
Subscribers	352k	2,013k	Mobile 150k Fixed line 100k
Suppliers	Huawei Ericsson Harris Stratex	Ericsson	GSM, CDMA, WiMAX, ZTE Fibre – Huawei Fixed line – Alcatel, ZTE, Ericsson and NEX
Coverage	70% of population	80% of population	50% of population

License

Period	• September 1995 • 15 year licence • Renewable every 5 years thereafter • Transmission self provision • Includes International Gateway (not active)
Fees	• Initial fee USD40k • Transmission (MW & VSAT) • Operating licence fee of 5% of revenue • Radio spectrum
Spectrum	• 900 MHz • 1800 MHz
Coverage	• No specific licence obligations
Tariffs	• Required to submit to the CAZ before implementing

Operational structure 2008

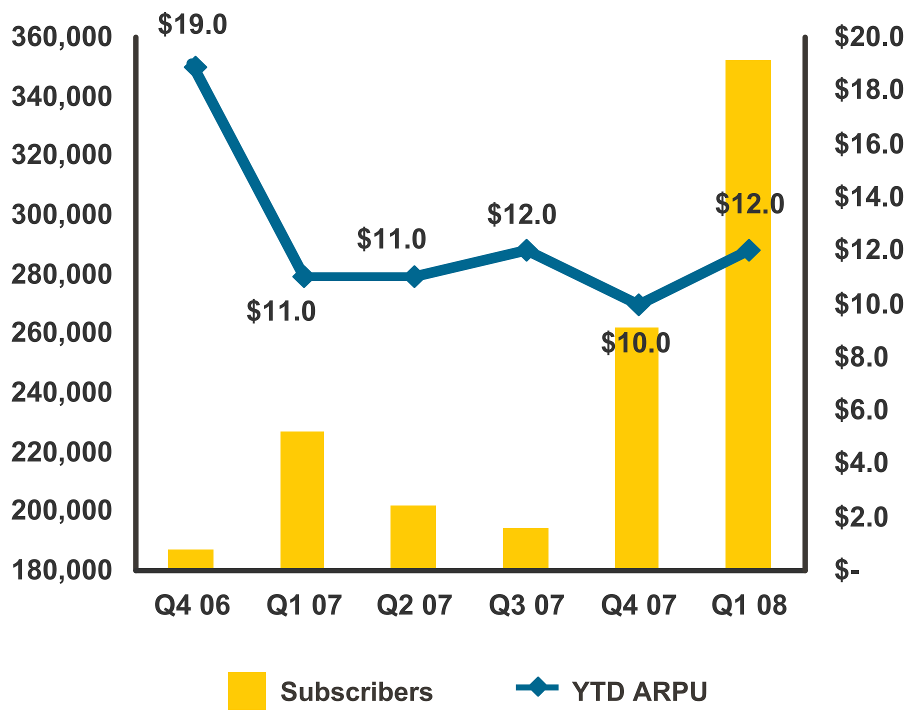
Board of directors

Chief Executive Officer
Per Eriksson

- **Human Resources** – Vivian Kondolo
- **Legal and Regulatory** – Mwenzi Mulenga
- **Finance and Administration** – Sandile Ntsele
- **Internal Audit and BRM** – Boniface Mwamelo
- **Network and IT** – Chandra Tiwari
- **Sale and Marketing** – Freddie Mokoena

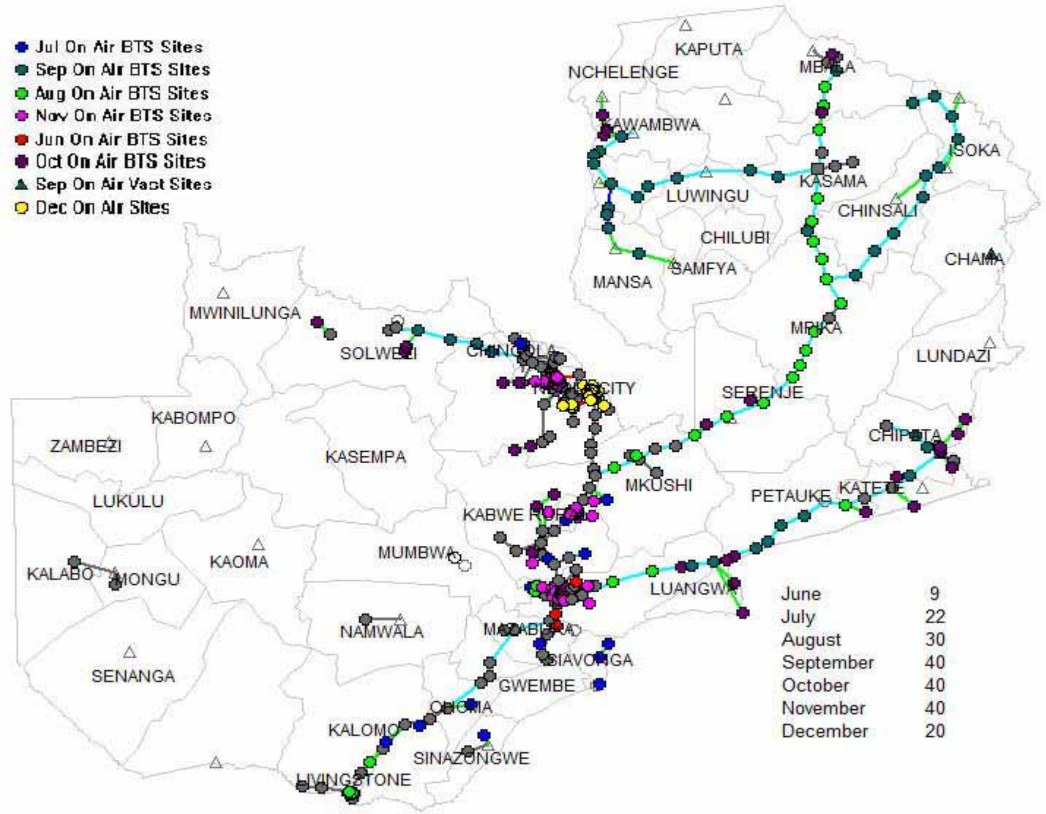
Highlights

ZAR '000	Dec 07	Dec 06
Revenue	238,000	194,848
EBITDA	(7,000)	37,405



- Subscribers at 352k Mar 08
  - Up 34% from Dec 07
  - Up 54% from Mar 07
- ARPUs remained relatively consistent due to increased outgoing and incoming minutes
- Interconnection negotiations with Zamtel are ongoing
- Aggressive rollout
- Deployment of service centres
- Disposal of 10% of shareholding in process
- Fourth mobile licence to VC on hold

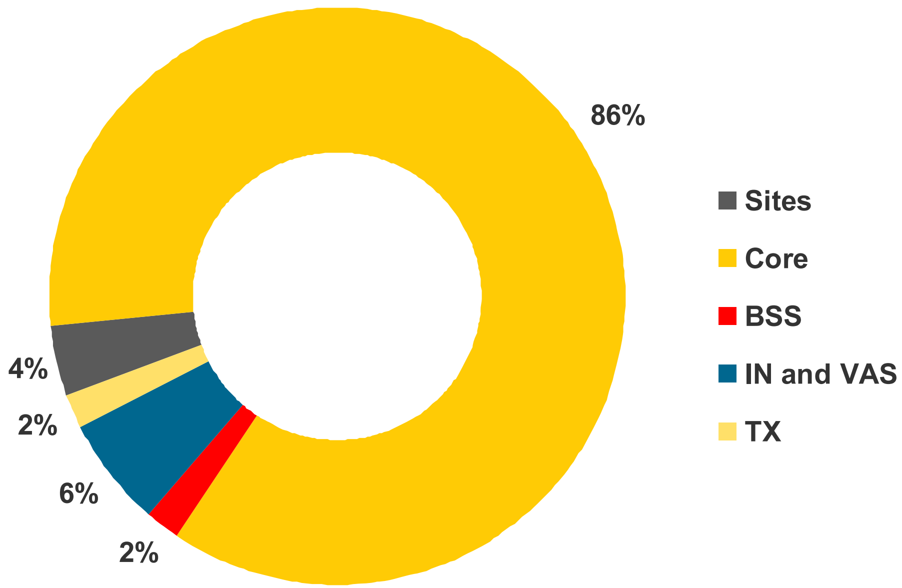
Infrastructure



Technology benchmarks	Mar 08
% land	22%
% population covered	70%
Total number of MSCs/MSC-Ss	1
Total number BSCs	4
Total number of sites	204
Total number of BTSs	207

Rollout plan

Budget allocation



- Additional 300 base stations
- One additional switching centre
- Turnkey solution
- Included IP core and backbone provides ready upgrade path to converged services and 3G
- Pursuing ISP / WiMax and HSPA
- Project Vendor Financed

Distribution channel structure

MTN

- Corporate sales (1)
- Service centres (1)
- Call centres (1)
- Distribution centres
  - Franchises, exclusive dealers, exclusive service providers (2)
    - Dealers, multi-branded stores, retailers, service providers (3)
    - Sub-dealers, convenience stores, street stores, payphones (4)
    - Informal activity, street runners, hawkers (5)

1 **MTN Owned**
Controlled and owned by MTN

2 **Branded**
Controlled by MTN-only brand

3 **Multi-branded**
Includes Celtel and Zamtel

4 **Convenience**
Branded or multi-branded

5 **Informal**
Multi-branded

Improved distribution channel - 5,000 dealers and 10 service centres in all major cities

Distribution

	SIMS and accessories	Prepaid	Postpaid	Airtime (physical, logical and virtual)	Data services	Hand
MTN		◆	◆	◆	◆	
MTN Branded	◆	◆	◆	◆	◆	◆
Multi-branded		◆	◆	◆		
Convenience				◆		
Informal				◆		

Customer operations

Call Centre: • 24/7 call centre with expert agents • Direct access customer management systems	✔ **Provides country wide service** ✔ **Reduces time to address customer needs**
Self management: • IVR, USSD and SMS - Customers can place requests anytime, anywhere • E-Care - Customer account management portal	✔ **Call centre load reduction** ✔ **Bill issuing and cost reduction**
Dealer portal (due to be implemented during 2009): • SIM swap • Activate/de-activate services	✔ **Country wide network service outlets** ✔ **Call centre load reduction** ✔ **Bill issuing load and cost reduction**

Voice proposition

Competitive rates for national calls • Choice of per minute and per second • Flat tariffs across networks	✔ **Competitive proposition as competitor charges extra off -net calling** ✔ **Each plan has different off-peak period in Celtel**
Per second billing	✔ **Provides best value for usage**
Bonus Airtime on Friday purchase **Happy hour – reduced tariffs**	✔ **Increase usage** ✔ **Increased loyalty** ✔ **Drive customer acquisition**
Innovative subscription packages • Launching Post/prepaid hybrid • Launching location based charging	✔ **Opening new segment and attracting high value customers and youth segment** ✔ **Increasing ARPU** ✔ **High adoption rate**

Data proposition

GPRS for all customers • No charge for being online – only for data exchange • Launched GPRS roaming	✔ **GPRS roaming – first in the market** ✔ **Enabling email solutions**
• Data SIMS enabling SMS • Competitive rate	✔ **Addresses demand for telemetry and tracking uses** ✔ **Expanding GPRS usage**
SMS • SMS bundles • Competitive pricing	✔ **Unique SMS service** ✔ **Increased usage**
Looking at the Blackberry solution ISP and WiMAX	✔ **Stimulates data usage**

Looking forward

Opportunities	Challenges
Low penetration	Underdeveloped regulatory environment
Brand preference	Large country – use expensive technologies for transmission (VSAT)
Significant MTN experience	Access to international gateway
Product innovation	Entrenched competitor with high spending capacity

Thank you

Questions?