

MTN Group Limited

Integrated Report for the year ended
31 December 2017



About this report

This integrated report is MTN Group Limited's primary communication to all stakeholders and aims to enable them to make an informed assessment of our performance and prospects.

It endeavours to provide a balanced review of the material matters we face; our use of the capitals as defined by the International Integrated Reporting Council's (IIRC) <IR> Framework; our key operational, financial, economic, social and environmental performance; how we are governed; our engagement with stakeholders; as well as our risks and opportunities. In short, it is our value creation story.

Navigation

Links to the six pillars of our new BRIGHT strategy are shown using the following icons:



Best customer experience



Returns and efficiency focus



Ignite commercial performance



Growth through data and digital



Hearts and minds



Technology excellence

Other icons



www.mtn.com/en/investors/Financial-Reporting/Integrated-Reports/pages/default.aspx



Limited assurance obtained

Online reports



Governance report



Sustainability, including UN and CDP reports



Annual financial statements



Tax report



Social and ethics report



King IV application

We welcome feedback on this report at: investor_relations@mtn.co.za.

Scope and boundary

Our material matters, as well as our strategy, form the anchor of the report and determine its content. It covers the period 1 January to 31 December 2017, and gives commentary, performance measures and prospects for the group's three regions and seven most important operations. Details of our material matters start on page 16. The structure and layout of this report draws on the IIRC guidance. We provide supplementary information in associated reports, including that on sustainability and the full set of annual financial statements (AFS), on MTN's website.

The regions in which we operate

SEAGHA: Southern and East Africa and Ghana

WECA: West and Central Africa

MENA: Middle East and North Africa

Enhancements in the year

The launch of our new BRIGHT strategy in June 2017 meant a change in the way we report internally, linking performance with the key metrics we use to measure our delivery of strategy. This is reflected in changes to the structure of our integrated report.

Financial information

We apply International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and Interpretations as issued by the IFRS Interpretations Committee. We comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting

Standards Council. We also comply with the JSE Listings Requirements and the requirements of the South African Companies Act of 2008. In parts of this report, we include data on MTN Irancell as it is a large and important operation. However, under IFRS, this business is equity accounted for.

Non-financial information

We use local and global standards and guidelines to compile non-financial information. These include the JSE Listings Requirements, the Companies Act of 2008, the King Report on Corporate Governance for South Africa 2016 (King IV), the IIRC's guidelines, the FTSE/JSE Responsible Investment Index, the United Nations Global Reporting Initiative G4 Sustainability Reporting Guidelines, the telecommunications sector supplement and the CDP standard. Non-financial information on certain aspects of the business has been externally assured and is identified by . The assurance statement is available online.

Approval by the board

The report was prepared under the supervision of group CFO Ralph Mupita. The audit committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation. The directors are responsible for the integrated report as a whole, which they approved in March 2018.

Ralph Mupita
Group chief financial officer

* Constant currency and after taking into account pro forma adjustments.

** Reported – as reflected in the MTN Group Limited financial results for the year ended 31 December 2017.

For a detailed explanation of these definitions, see page 39.

The forward looking financial information disclosed in this integrated report has not been reviewed or audited or otherwise reported on by our external joint auditors.



Contents

Who we are

- 02 All about MTN
- 04 Our market context
- 06 Our BRIGHT strategy
- 08 Where we operate and how we performed

How we create value

- 12 How we create value using the six capitals
- 14 How we sustain value using the six capitals
- 16 Material matters impacting value creation
- 18 Relationships on which we rely to create value
- 21 Top risks to value creation

Strategic and financial review

- 28 The view of our chairman
- 30 Q&A with the group president and CEO
- 32 Q&A with the CFO
- 36 Key financial tables

BRIGHT performance and plans

- 42 Best customer experience
- 44 Returns and efficiency focus
- 46 Ignite commercial performance
- 48 Growth through data and digital
- 50 Hearts and minds
- 52 Technology excellence

Governance, people and remuneration

- 56 Governance
- 68 Our board of directors
- 72 Our executive committee
- 74 Management of our top opcos
- 76 Our approach to risk management
- 79 Our people
- 82 Remuneration report

100 Our investment case

Shareholder information

- 102 Stock exchange performance, shareholders' diary, forward looking information
- 103 Glossary
- 104 Administration 2018

Who we are

MTN is a pure-play emerging markets mobile telco operator at the forefront of technological and digital changes. From our headquarters in Johannesburg and guided by our values, we are delivering a bold, new digital world to our 217 million customers across Africa and the Middle East – one of the world's fastest growing regions for mobile telecommunications.

Established in South Africa at the dawn of democracy as a leader in transformation, we have grown rapidly by investing in advanced communication infrastructure and by harnessing the talent of our people. We now offer voice, data and digital services to retail customers in the 22 countries in which our operations have telecoms licences. We also offer enterprise solutions to corporate and public sector customers in a total of 24 countries. Our brand is among the most admired brands in Africa as well as among the most valuable African brands.

With a market capitalisation of R257 billion at the end of 2017 we were the ninth largest company listed on the Johannesburg Stock Exchange.

Our belief

Everyone deserves the benefits of a modern connected life.

Our vision

To lead the delivery of a bold, new digital world to our customers.

Our purpose

To make our customers' lives a whole lot brighter.



What we offer

Our market segments

We provide a wide range of communication services to customers across our footprint, and manage the business by market segment: consumer, enterprise and wholesale.

The opportunities ahead

Consumer will remain the biggest segment of the market, accounting for around 70% of the predicted revenue pool in 2020. It will be followed by enterprise, generating about 26% of the market revenue pool, and wholesale, with about 4%.

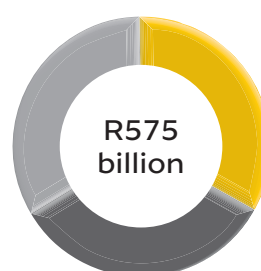


Consumer

We connect people and communities through voice, messaging and data-access services; we enable people to make financial transactions using their mobiles and bring them entertainment and online platforms, apps and online ventures through lifestyle, mobile financial services and e-commerce offerings.



Forecast revenue pools in 2020



● Voice ● Data ● Digital



Enterprise

As a committed partner to small, medium and large private enterprises and the public sector, we drive agility and growth through connectivity, communication and collaboration solutions over world-class infrastructure. This includes unified communication (voice, messaging and video), cloud and hosting services, connectivity, managed mobility (the Internet of Things) and security.



● Voice + data ● ICT



Wholesale

MTNGlobalConnect offers wholesale international voice, interconnect and roaming services to group operations and other telcos, leveraging our extensive international and domestic fixed infrastructure across Africa and the Middle East.



Wholesale

Markets included for consumer – 22 opco markets.

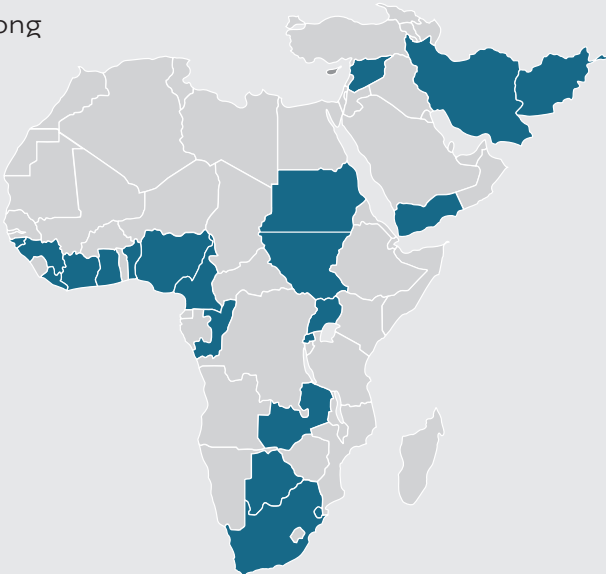
Markets included for enterprise – SA, Nigeria, Iran, Ghana, Uganda, Ivory Coast and Kenya.

Markets included for wholesale – 24 countries with MTN footprint in Middle East and Africa (including South Africa, Nigeria and Iran).

Source: Analysys Mason; Ovum, Telegeography and Delta Partners analysis.

Political and economic environment

- Prolonged war and conflicts impact **Syria, Yemen, Afghanistan and South Sudan.**
- Elections planned for 2019 in **South Africa and Nigeria.**
- **Iran** remains in focus because of the threat of sanctions from the new US Administration.
- **Across our footprint**, government interventions are increasing and the regulatory environment is complex but governments are focused on increasing connectivity and digitising societies.
- **Global economic growth** picking up, but with strong divergence between countries.
- **Africa** forecast to be world's **second fastest growth region to 2020.**
- **Currency volatility** across our main markets.
- **Inflationary pressure** in Nigeria, Ghana and Iran.
- **Growing income and purchasing power** in our markets.
- **Economies** becoming increasingly formalised, **improving ease of operation.**



A map of Africa and the Middle East. Countries highlighted in dark blue include: Iran, Iraq, Saudi Arabia, Egypt, Sudan, Nigeria, Ghana, Kenya, Ethiopia, South Africa, and several countries in West and Central Africa (including Mali, Burkina Faso, and Chad). Other countries in the region are shown in light gray.

Social context

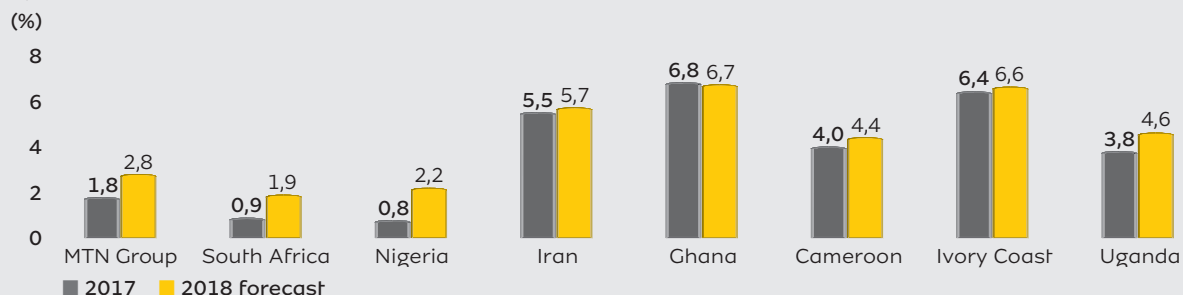
- **Young and growing population** across our markets.
- **Africa urbanising faster** than any other region.
- **Unemployment remains high.**
- **Financial inclusion** will be key to unlocking consumption.

Technology environment

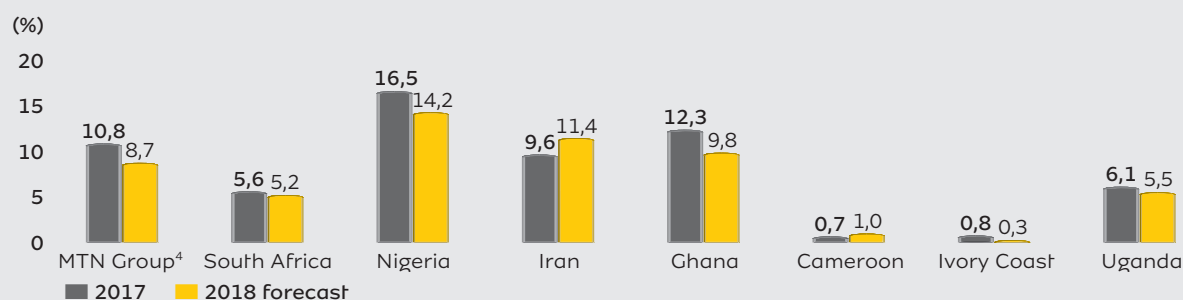
- **Low internet adoption.**
- **Digital connectivity to increase fourfold**, with broadband penetration growing from 21% in 2015 to 80% in 2020.
- **Exponential data traffic growth.**
- **MTN Mobile Money ecosystems established** in 14 markets.
- **3G and 4G network expansion** across all markets.

⁴ Weighted average of inflation across MTN Group markets using markets' GDP contribution as base.

GDP growth



Inflation

Forecast population growth¹ to 2020

+ 45 million to
700 million

Forecast growth in consumption per capita² to 2020

+ US\$40
to **US\$1 243**

Forecast data subscriber growth³ to 2020

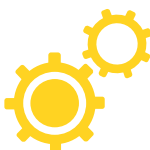
+ 200 million
to **500 million**

Forecast digital subscriber growth³ to 2020

+ 150 million
to **250 million**

Our BRIGHT strategy

Our BRIGHT operational strategy is the compass for all MTNers: it clearly defines the six areas on which we need to focus to build our business sustainably. To ensure delivery of the strategy to the benefit of all our stakeholders, we have

	  Best customer experience	  Returns and efficiency focus	  Ignite commercial performance
Our 2022 aspirations	• Lead market in NPS. • Reduce monthly churn. • Achieve best brand in markets.	• Improve ROIC. • Report top-quartile TSR. • Increase AFCF yield. • Improve EBITDA margin.	• Grow subscribers to 300 million. • Grow market share. • Ensure stable voice revenue. • Grow enterprise and wholesale revenue.
How we will achieve these	• Revamp the customer experience. • Refresh the brand. • Be on the customers' side.	• Save to invest. • Leverage our scale. • Ensure return-based capital allocation. • Focus on cash flows.	• Implement segmented propositions and go-to-market plans. • Enhance customer value management. • Grow enterprise products and channel. • Launch wholesale business unit.
Primary executive responsibility	• Jens Schulte-Bockum 	• Ralph Mupita 	• Jens Schulte-Bockum 

△ Here we show the executives with the primary responsibility for delivering on each of the six elements of BRIGHT. The operational execution is driven by the three regional vice-presidents and the CEOs of our operations in South Africa and Nigeria.

established clearly defined initiatives and KPIs for each of the six areas of 'BRIGHT'. We expect these initiatives, which are effective 2018, to support improved top-line growth, EBITDA margins and cash flow over the medium term.

G



Growth
through data
and digital

H



Hearts
and
minds

T



Technology
excellence

- Achieve 200 million data subscribers.
- Achieve 100 million digital subscriptions, including 60 million for MTN Mobile Money.

- Lead market in employee NPS.
- Improve employee engagement.
- Enhance reputation.
- Ensure effective risk and compliance practices.

- Lead market in network NPS.
- Increase efficiency of customer-facing systems.
- Increase population coverage.
- Improve network quality.

- Implement dual-data strategy.
- Position MTN as media and entertainment gateway.
- Scale up mobile financial services.

- Develop high-performance culture and talent.
- Step up risk management, governance, transparency.
- Manage reputation proactively with a revised stakeholder-inclusive approach.

- Ensure targeted network rollout.
- Harmonise capex planning across functions.
- Ensure digital transformation of IT systems.
- Improve efficiency across all technology operations.

- Stephen van Coller [△](#)
- Jens Schulte-Bockum [△](#)

- Paul Norman [△](#)
- Felleng Sekha [△](#)
- Ralph Mupita [△](#)

- Jens Schulte-Bockum [△](#)

The group president and CEO is responsible for delivery against all metrics across BRIGHT and the remuneration of all executives is dependent on their delivery, to differing degrees, on BRIGHT.

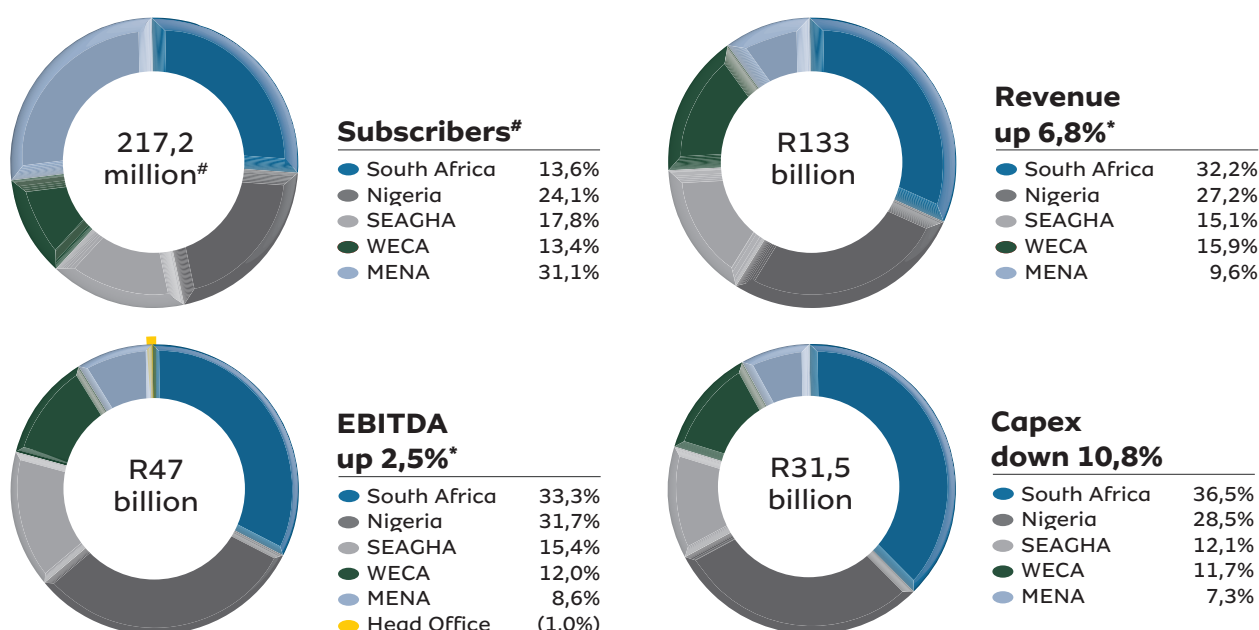
Where we operate and how we performed

To ensure robust operational oversight across our 22 opcos and three ISP businesses, we manage the group as follows: South Africa, Nigeria and the SEAGHA, WECA and MENA regions and their respective underlying operations. The CEOs of South Africa and Nigeria and vice-presidents of each region are members of our executive committee.

Contribution



In 2017, we reported total revenue of R133 billion** (2016: R148 billion**) and EBITDA of R47 billion** (2016: R41 billion**). We had 217 million# subscribers.



In our contribution graphs we exclude revenue, EBITDA and capex numbers for our joint venture in Iran, disclosing them separately.

Here we provide key statistics for our top seven operations, which account for a total of 82% of group EBITDA, 80% of group revenue and 78% of group subscribers.

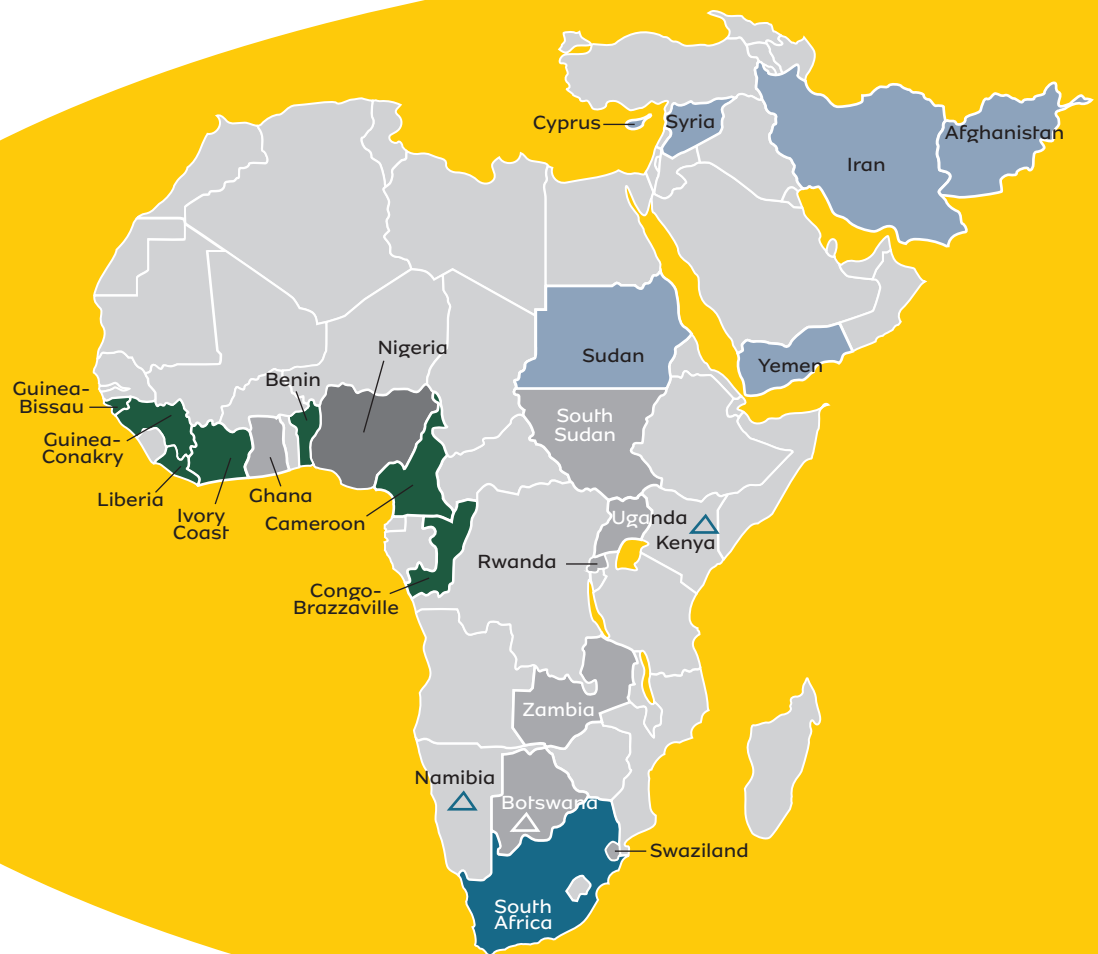
South Africa (100%) [‡]	Nigeria (79%) [‡]	Ghana (98%) [‡]	Uganda (96%) [‡]
No 2 operator 31,2% market share	No 1 operator 42,1% market share	No 1 operator 55,1% market share	No 1 operator 55,9% market share
Population 56,7 million	Population 190,9 million	Population 28,9 million	Population 42,9 million
EBITDA R14,4 billion**	EBITDA R14,0 billion**	EBITDA R4,1 billion**	EBITDA R1,8 billion**
Contribution to group EBITDA 33%	Contribution to group EBITDA 32%	Contribution to group EBITDA 9%	Contribution to group EBITDA 4%
Capex R11,5 billion**	Capex R9,0 billion**	Capex R2,2 billion**	Capex R0,9 billion**
Subscribers# 29,5 million	Subscribers# 52,3 million	Subscribers# 15,7 million	Subscribers# 10,7 million
Data revenue* up 25,0% (33% of revenue)	Data revenue* up 86,6% (12% of revenue)	Data revenue* up 50,6% (25% of revenue)	Data revenue* up 41,4% (10% of revenue)

[‡] MTN legal ownership.

[#] Using modernised definitions, which do not have comparisons.

* Constant currency and after taking into account pro forma adjustments.

** Reported – as reflected in the MTN Group Limited financial results for the year ended 31 December 2017.



ISP businesses

Cameroon (70%)[‡]**No 1 operator**

53,7% market share

Population 24,1 million**EBITDA** R1,3 billion****Contribution to group EBITDA** 3%**Capex** R1,0 billion****Subscribers[#]****7,1 million****Data revenue*****up 21,1%**

(15% of revenue)

Ivory Coast (59%)[‡]**No 2 operator**

33,8% market share

Population 24,3 million**EBITDA** R2,3 billion****Contribution to group EBITDA** 5%**Capex** R1,2 billion****Subscribers[#]****10,9 million****Data revenue*****up 87,5%**

(10% of revenue)

Iran (49%)[‡]**No 2 operator**

46,1% market share

Population 81,2 million**EBITDA** R5,9 billion****Capex** R9,3 billion****Subscribers[#]****43,3 million****Data revenue*****up 66,3%**

(42% of revenue)

How we create value





How we create value using the six capitals

Transforming the stocks of capital through our business activities

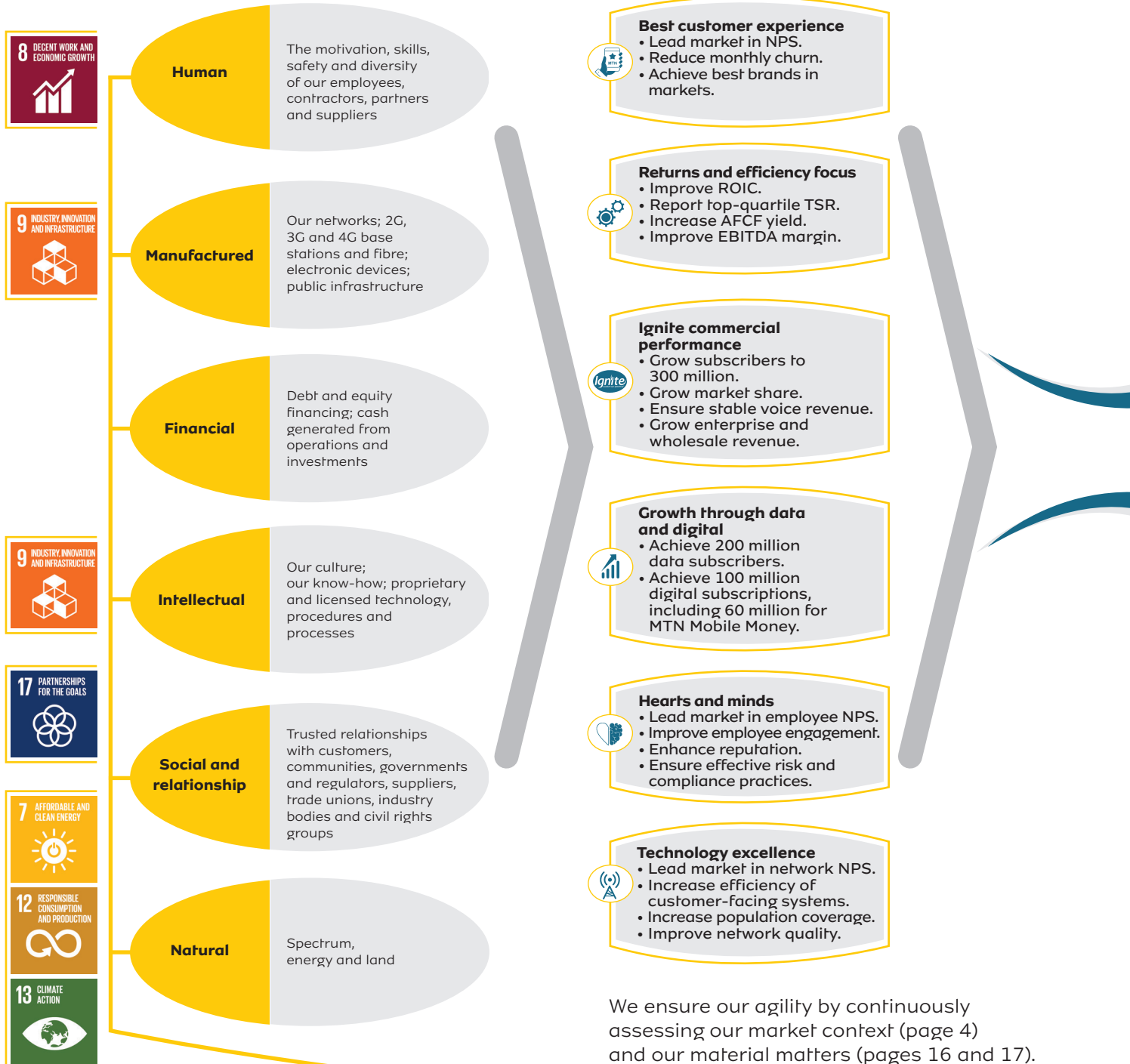
We create value by developing and distributing a range of innovative and reliable communication products and services. We depend on various resources and relationships, known as the six capitals, to do this.

SDGs

Inputs

How we do business

Our business model is informed by our vision, purpose, values and governance, and supports the delivery of our BRIGHT strategy:



We require inputs of each capital to deliver on our strategy, advance some of the UN Sustainable Development Goals (SDGs) and generate value for all stakeholders. When making decisions on allocating capital, we consider the trade-offs between the capitals, and seek to maximise positive outcomes and curb negative impacts.

Outputs

A range of consumer, enterprise and wholesale solutions including voice and data access; lifestyle, mobile financial services, entertainment and e-commerce offerings; and business connectivity and communication solutions

2 006 248 tonnes of greenhouse gas emissions[#]

Outcomes in 2017

18 931 **employment opportunities** in 24 countries

R9,0 billion paid in **wages and salaries**

Rolled out **3 663 2G, 8 583 3G** and **8 611 LTE sites**

EBITDA of R47,0 billion**

Declared **total dividend** of 700 cents per share

R31,5 billion** in **capital expenditure**

Paid R27,9 billion (LA) in total **tax contributions**

Paid R367 million in **regulatory fees**

Avoided 1 529 tonnes of **GHG emissions**

Spent R172 million (LA) in **social investment**

Improved **employee culture**

Improved **NPS** in most markets

MTN South Africa BEE contributor status at **level 4**[^]

[#] Defined as an output by the IIRC.

[^] Under amended codes, which have significantly higher recognition levels.

How we sustain value using the six capitals

	Key capital inputs			Outcomes of our activities		
Human capital		2017	2016		2017	2016
	Number of employees	15 901	15 980	Staff costs (R billion)	9,0	9,2
	Number of contractors	3 030	4 009	Voluntary staff turnover (%)	7,0	7,2
	Gender split (men:women)	63:37	63:37	Mean employee culture survey (%) ^(LA)	70	67
	Investment in employee training (R million)	252	392	Number of training courses completed	31 118	25 376
	Number of nationalities employed	63	60	Opcos with Global Investor in People accreditation (see page 81 for details)	17	16
Manufactured capital		2017	2016		2017	2016
	Value of property, plant and equipment (R billion)	91,8**	95,6**	2G sites rolled out	3 663	2 450
	Capital expenditure (R billion)	31,5**	35,3**	3G sites rolled out	8 583	8 201
	Number of smartphones on our networks (000)	88 506	82 361	4G sites rolled out	8 611	7 676
	• Offices and networks in 24 countries.			Kilometres of fibre rolled out	4 364	5 481
	• Access to public infrastructure.			Depreciation (R billion)	19,3**	21,0**
Financial capital		2017	2016		2017	2016
	Market capitalisation (R billion) at year-end	257	238	EBITDA (R billion)	47,0**	40,8**
	Interest received (R billion)	3,5**	4,4**	Profit/(loss) after tax (R billion)	4,5**	(3,1)**
	Net debt (R billion)	57,1**	51,9**	Cash generated through operations (R billion)	38,5**	55,7**
Intellectual capital				Net debt to EBITDA ratio^	1,22	1,27
	• Our strong and established brand.			Net interest paid (R billion)	3,9**	3,7**
	• Our skilled and experienced employees.			Basic headline earnings/(loss) per share (cents)	182	(77)**
	• Our partnerships and joint ventures.					
Natural capital <td>• More than 20 years' experience of operating in challenging emerging markets.</td> <td></td> <td></td> <td></td> <td></td> <td></td>	• More than 20 years' experience of operating in challenging emerging markets.					
	• Radio spectrum in the 700, 800, 900, 1 800, 2 100, 2 300, 2 600MHz bands.					
Social and relationship capital		2017	2016		2017	2016
	Gigajoules of energy used	19 095 879	13 514 716	Goodwill and intangible assets (R billion)	38,3**	46,5**
	• Our strong and established brand.			• MTN South Africa named most valuable brand in the country (Brand South Africa).		
	• Ongoing interactions with government and tax authorities.			• Introduced standardised CVM platforms across 18 opcos.		
Social and relationship capital	• Regular engagement with shareholders and the investor community on MTN's plans and performance.			• Expanded MTN Mobile Money ecosystems to 14 markets.		
				• Launched customised offers in 10 opcos.		
				Carbon emissions (tonnes of CO ₂ equivalent) ⁹	2 006 248	1 609 704
				GHG emissions avoided (tonnes)	1 529	833
				Number of new alternative energy sites*	459	1 001
				E-waste recycled (tonnes)	215	537

** Reported – as reflected in the MTN Group Limited financial results for the year ended 31 December 2017.

[^] Excluding the Nigerian regulatory fine.

[†] Under amended ICT Sector Codes. Level 2 achieved in 2016 is now equivalent to Level 6 under new framework.

How we achieved these	The trade-offs
- Refreshed our management team. - Invested in targeted training and development. - Adjusted regional responsibilities. - Encouraged diversity, so workforce understands the needs of our subscribers.	Employees in 15 of our 22 operating companies and in Manco received bonuses for 2017 as these operations met their financial targets. This positively affected human capital. By outsourcing some functions MTN reduced its stock of human capital to the benefit of intellectual and financial capital.
Focused our capital investment on rolling out new 3G and 4G base stations, data and switching centres and dedicated fibre.	By expanding our networks, we increase the stock of manufactured capital and reduce our stock of financial capital in the short term. However, ultimately this investment should boost our business and therefore our stock of financial capital in the longer term. By advancing manufactured capital, we negatively impact natural capital. However, by sharing infrastructure and increasing the efficiency of existing infrastructure we are able to mitigate our impact on the stock of natural capital.
- Accessed the domestic markets for funding; raised R5,3 billion through the Domestic Medium Term Programme. - Continued to maintain and improve on our group liquidity levels. - Concluded local currency funding in some key markets including 510 million cedi facility for MTN Ghana. - Repatriated R6,5 billion in cash from our Iran operation. - Declared total dividend of 700 cents per share.	By applying financial capital, we are able to grow our business, positively impacting manufactured, human and intellectual capital, as well as social and relationship capital. However, through our use of financial capital to build new telecoms infrastructure we may negatively impact the stocks of natural capital.
- Refreshed our brand. - Hired specialist skills in customer value management (CVM). - Partnering with experts in various fields, such as technology and management consultancy. - Creating and maintaining joint ventures and partnerships to expand new revenue streams.	In the short term, our investment in intellectual capital reduces our stocks of financial capital while boosting in the longer term the stocks of human, financial and social and relationship capital.
- Secured spectrum in Sudan and Syria in 2017. - Ensured resilience to change in climate or increase in extreme weather events on critical infrastructure through business continuity processes. - Continued to invest in efficiencies to ensure our technical infrastructure supports service delivery using the least possible amount of energy.	The short-term input to securing sufficient spectrum is financial capital. By establishing and maintaining an extensive high-quality network and increasingly rolling out 4G sites, our energy consumption for broadband and data services continues to grow. By remaining largely reliant on non-renewable resources, we negatively impact natural capital. However, through infrastructure sharing, the commitment of our tower management partners to prioritise energy efficiency, along with our own efforts and investments in low-carbon power, we are working to mitigate the overall impact on this stock of capital.
- Enhanced management structure to support regulatory compliance and revised key ethics structures and policies. - Monitored staff morale through annual culture survey. - Extended MTN Mobile Money services to more people. - Increased number of certified ethics officers to 27. - Elevated regulatory function to executive committee. - MTN South Africa made notable improvements in transformation drive. - Progressed plans for MTN Nigeria and MTN Ghana listings. - Reduced effective data rates by 31% and voice rates by 20%.	Investment in social and relationship capital reduces our financial capital in the short term. However, by helping to close the digital divide and transform society through our various skills and enterprise development, preferential procurement and localisation initiatives we ultimately build the stocks of social, human, intellectual and financial capital.

◇ Higher scope 3 emissions due to more outsourced sites accounted for by MTN than by tower companies.

• 2016 number revised upwards after reconciliation of alternative energy investments.

△ Although actual NPS is lower than prior year, NPS improved relative to nearest competitor.

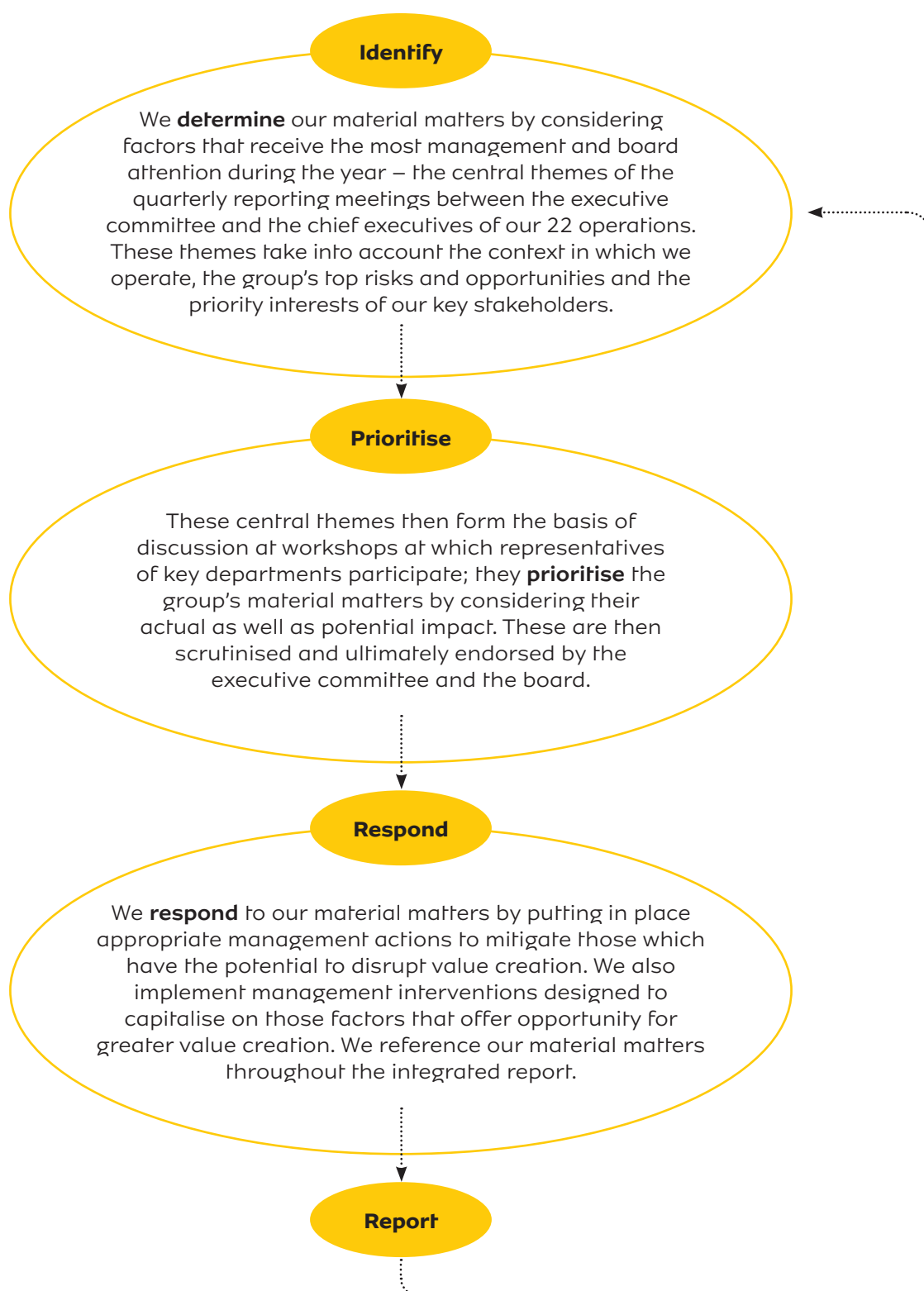
‡ Updated with Botswana number and apportionment of Swaziland numbers.

Material matters impacting value creation

Material matters have the potential to substantially affect, both positively and negatively, the group's ability to create value and deliver on its BRIGHT strategy and investment case in the short, medium and long term.

Managing material matters

We manage material matters by identifying, prioritising, responding and reporting on them.



Material matter	Implications for value	Looking ahead
Economic environment Tepid economic growth in key markets in 2017; Nigeria and South Africa moved tentatively out of recession but business and consumer confidence remained weak. The rand strengthened and the naira decreased sharply. Repatriating cash from our diverse markets remained complex and dependent on prevailing legislation as well as sufficient market liquidity.	• Pressure on MTN revenue and profitability. • Foreign exchange translation losses on rand-reported results. • Increased costs due to some expenses denominated in hard currencies. • Impairment of assets and goodwill in Syria and Sudan. • Increased debt. • Repatriated R6,5 billion from Iran. • Received R1,4 billion in dividends from MTN Nigeria.	• Although challenging, the economic environment should trend better over the next three years, with modest GDP growth, a moderation in forex volatility and a reduction in headline inflation in key markets. • The full impact of MTN's adoption of the NAFEX rate in Nigeria in the last quarter of 2017 will be felt in the results in 2018. • A strong rand compared to other operating currencies will reduce the rand value of earnings. • Improved forex liquidity in Nigeria will continue to assist in the repatriation of dividends; however, these will be at a weaker rate on the NAFEX market. • A strengthening rand in 2018 could reduce the rand value of foreign earnings.
Disruptive technologies and market consolidation New technologies are displacing established ones, altering the way businesses operate and the way consumers behave. More non-telco players are entering the market, leading to greater competition, while consolidation among telcos is accelerating.	• Need to secure sufficient and appropriate spectrum, or re-farm existing spectrum, to facilitate greater network rollout to support a wider offering. • Need to innovate to remain competitive. • Erosion of voice revenue and pressure on data-access pricing. • Achieve required returns. • Declining return on investment given high investments in new technologies.	• Opportunities to offer additional services and further grow our digital offering. • Greater disruption of financial services, including growing popularity of crypto currencies. As MTN enters this market, it will need to update and adjust internal controls to comply with greater regulatory requirements. • The greater complexity associated with the growing convergence of telcos, communications and financial services will require companies to commit more resources to managing this.
Complex and dynamic political environments and greater regulatory and compliance requirements We operate in some countries suffering prolonged war and conflicts and others marked by political and policy uncertainty. In all our markets, the requirements of regulators are growing.	• Reputational and relationship risks. • Pressure on MTN revenue and profitability. • Demand for greater local participation, including stock exchange listings of local operations, and a further enhancement of in-country hiring and procurement. • Greater information security, data sovereignty and privacy requirements.	• Extending progress on quality improvements and efficiencies by further embedding risk management practices across all aspects of the business. • Strong regulatory and compliance practices, as articulated under BRIGHT, could serve as a competitive advantage. • Progress on Ghana and Nigeria listings as part of overall MTN commitment to drive localisation. • Elections planned in South Africa and Nigeria during 2019; signs of more positive political sentiment regarding South Africa. • Continued focus on the application and interpretation of dynamic tax legislation. • A strategic approach to spectrum allocation.
Clear articulation of BRIGHT strategy After a thorough review of the group strategy, the management team developed a clear growth plan for MTN: BRIGHT.	• BRIGHT provides MTNers with a compass that clearly defines the six elements on which we need to focus to build our business sustainably. • Greater employee engagement, improved culture audit score. • Better customer experience. • Need to attract and retain suitably skilled talent. • Focus on capital allocation for higher return on investment.	• With clearly defined KPIs and the regular measurement, tracking and reporting of performance, in 2018 MTN will implement numerous initiatives to deliver on BRIGHT, ensuring greater value creation for all our stakeholders.
Growth in data volumes in a decreasing price environment The economics of the data business are challenging – increasing volumes mean more capex is required while prices fall.	• Our effective voice rate per minute declined 20% in 2017. • Our effective data rate per megabyte declined 31% in 2017. • Efficient capex deployment is key to making a return. • The race for data subscribers is a must-win battle – scale will determine success.	• More efficient technologies available need to be used. • Prices are likely to continue falling as competition increases so driving volumes must be the focus. • A strategic approach to spectrum allocation.

Relationships on which we rely to create value

Pursuing shared value

In pursuit of shared value, we recognise the critical importance of successful interactions with our stakeholders. We strive to understand what is important to those who impact our business, as well as to those on whom we have an impact, and to be responsive to their expectations. This informs our material matters, our strategy and our management of risks, and is part of our efforts to align our stakeholder engagement approach with the principles of King IV.

In June 2017, we combined the group regulatory affairs and public policy division with the group corporate affairs division to create an integrated approach to the identification, engagement and management of stakeholder relationships that is aligned to our BRIGHT strategy.

Assessing the quality of our relationships

While the quality of our relationships with particular stakeholders can differ from one country to another, here we provide a consolidated informal view at group level, using the following scale. A more structured approach to this assessment is being developed.

- ○ ○ Relationship exists, but work to be done to improve the quality.
- ● ○ Good progress towards developing more mutually beneficial relationship.
- ● ● Strong relationship of mutual benefit.

Government and regulatory authorities ● ● ○

- Provide enabling environment for value creation
- Provide access to licences and spectrum.

Link to strategy



Priority interest area

- Contribution to local economies
- National security, personal privacy and consumer protection.

Desired outcome

- To be considered a committed partner in the growth and development of each of the countries in which we operate
- Adherence to laws and licence conditions.

Performance in 2017

- Remained committed to respecting and upholding the security of information
- At times, regulatory interventions affected our customers' experience as we continued to act in line with prevailing laws and our licence conditions
- Progressed preparations for listing of MTN Nigeria and MTN Ghana shares
- Extended efforts to employ local talent and procure more goods and services locally
- Employed 63 nationalities
- Committed a total of R27,9 billion in taxes
- Materially enhanced our management structure and activities to support risk management and regulatory compliance
- Introduced more internal controls and new code of conduct.

Investors ● ● ●

- Provide financial capital for sustainable growth.

Link to strategy



Priority interest area

- Sustainable and attractive total shareholder returns.

Desired outcome

- The trust and confidence of our investors and the ability to access the financial capital we require.

Performance in 2017

- Introduced our BRIGHT strategy and aligned our financial KPIs to it
- Reviewed our capital allocation model
- Declared a total dividend of 700 cents a share
- Introduced medium-term targets including a re-basing of our dividend to 500 cents for 2018, growing 10% to 20% per year.

Looking ahead

To improve trust in the MTN brand, enhance our reputation and secure our social legitimacy and licence to operate, in the year ahead we will continue our work to further develop our stakeholder-inclusive approach in line with the principles of King IV.

This follows an internal gap analysis, which identified the following as areas requiring intervention, and on which we have already launched a number of initiatives:

- Hone the group policy on stakeholder relationship management to focus on stakeholder inclusivity and responsible corporate citizenship
- Ensure that we use a standardised, shared and simple blueprint for managing stakeholder relationships across our markets
- Create a system to monitor and evaluate the health of our relationships with all stakeholders.

Customers ●●○

- Purchase competitive and reliable products and services.

Link to strategy



Priority interest area

- Affordable pricing and excellent customer service on a high-quality network
- Personal data protection and privacy.

Desired outcome

- Affordable products and services on a quality network
- Ensuring that customers can communicate safely over our networks.

Performance in 2017

- Reported 22 million active MTN Mobile Money customers
- Where gaps in our information security processes were identified, we acted decisively to ensure our compliance with laws and customer expectations
- Spent R31,5 billion in capex
- Partnered with Lumos in Nigeria and Ivory Coast and ReadyPay in Zambia and Ivory Coast to provide prepaid mobile solar energy services to customers in support of digital, financial and energy access inclusion.

Community and civil society ●●○

- Provide a market for our products
- Ensure we are responsible and accountable.

Link to strategy



Priority interest area

- Community development
- Digital human rights
- Impact of our business on the environment.

Desired outcome

- Constructive and mutually beneficial relationships with our communities.

Performance in 2017

- Extended our work to empower communities in education, health and enterprise development
- Continued to evaluate our impact on the environment. SR
- Engaged in discussions with investors and civil rights groups concerned about online rights and freedoms.

Relationships on which we rely to create value continued

Employees ●●●○

- Provide skills required to deliver on our strategy, vision and purpose.

Link to strategy



Priority interest area

- Career opportunities
- Workplace conditions and practices
- Visible ethical leadership.

Desired outcome

- Competent, engaged, motivated and diverse employees who ensure the success and sustainability of MTN.

Performance in 2017

- A refreshed management team introduced the BRIGHT strategy
- Continued to develop employees through our learning academy, spent R252 million on employee training
- Increased levels of employee engagement, with an increase in the group culture audit score.

Suppliers and business partners ●●●●

- Supply quality products and services as well as the opportunity to jointly create solutions for greater value creation.

Link to strategy



Priority interest area

- Increased network deployment, coverage and quality
- Ethical and responsible supply chain practices
- Regulatory compliance.

Desired outcome

- Transparent, efficient and mutually beneficial relationships with suppliers and partners.

Performance in 2017

- Launched a new code of conduct to ensure that our suppliers, employees and subcontractors all adhere to ethical and good governance practices
- Explored partnerships with suppliers to address upstream and downstream waste.

Media ●●●●

- Inform other stakeholders about developments at MTN and in the industry.

Link to strategy



Priority interest area

- Network coverage and quality
- Consumer and data protection
- Business performance and impact.

Desired outcome

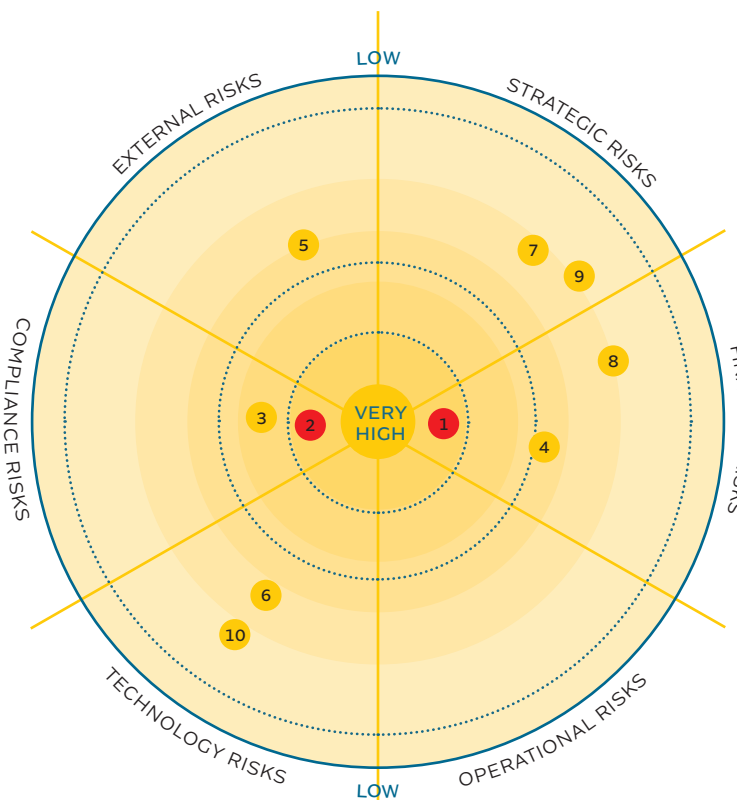
- Positive and productive relationships with journalists, built on trust and reliability
- Enhanced reputation for MTN.

Performance in 2017

- Increased the visibility and accessibility of group and opco executives to the media
- Supported activities of the South African National Editors Forum and Highway Africa conference.

Our top risks

Using an integrated assurance methodology, in 2017 we considered the following to be MTN's most material risks based on the residual risk rating of each. This takes into account the probability of the risk occurring, the impact should it materialise and the mitigation strategies in place. Rankings change during the year, however, each of these risks receives equal management attention.



RISK	RISK DESCRIPTION
1	Foreign exchange volatility and weakening currencies
2	Operational and compliance risks
3	Increased regulatory pressures
4	Suboptimal cash generation and upstreaming to the group
5	Political and economic risk in our key markets: South Africa, Nigeria and Iran
6	Spectrum cost and availability
7	Ability to successfully execute large group strategic and change programmes
8	Returns on capex deployed
9	Optimisation of investment portfolio
10	Increasing cyber and information risks

Top risks to value creation continued

Risk rank [^]	Risk name and impact if not managed	Mitigation and opportunities
1	Foreign exchange volatility and weakening currencies Currencies in our operating markets have in many instances been volatile. This leads to opex and capex pressures in opcos and eventually impacts the group's profitability. Furthermore, weaker currencies in our operating markets result in translation losses on rand-reported results.	• Stress test 2018 to 2020 business plans against currency volatility to understand volatile areas and implement responsive measures. • Use hedging instruments where available and economically feasible. • Use best efforts to maximise levels of local currency debt as opposed to that denominated in foreign currency. • Convert large contracts into local currencies where possible.
2	Operational and compliance risks Amid increasing regulatory requirements (particularly in respect of subscriber registration, mobile financial services and so forth) non-compliance could lead to strained relationships with regulators, reputational damage, disruption of services and the loss of customers. Furthermore, weaknesses in the control environment could lead to operational risks and losses.	• Implement a model to separate second and third lines of assurance in the organisation. • Further embed leading risk, compliance and control practices and roll out new compliance framework. • Enhance control environment in certain business areas such as enterprise business unit, MTN Mobile Money and value-added services.
3	Increased regulatory pressures We have businesses in a large number of jurisdictions and must comply with an extensive range of laws and regulations, including licence conditions and renewals, subscriber registration and data privacy requirements. These pressures continue to increase and are often elevated by economic conditions and other difficulties in our markets. The cost of compliance is very high, impacting revenue and profitability.	• Continue to build strong relations with key stakeholders and regulators. • Implement a dedicated group regulatory management function and regulatory framework to improve proactiveness and maturity of regulatory engagements. • Strengthen opco regulatory functions by adding new resources and upskilling existing ones. • Continue to strengthen subscriber registration infrastructure and further embed new data privacy requirements.
4	Suboptimal cash generation and upstreaming to the group In addition to generating profitable returns, it is also vital for our operations to generate sufficient cash to fund capital-intensive programmes and repatriate earnings to the group. An inability to repatriate earnings (due to factors such as a shortage of foreign currency, stringent exchange laws and sanctions) may impact our ability to keep adjusted group leverage stable and to increase distributions to shareholders.	• Focus on attaining double-digit service revenue growth (in constant currency) and improving EBITDA margins. • Manage capex intensity through the implementation of the new smart capex programme. • Optimise working capital and cash management practices. • Optimise cash balances in opcos and cash upstreaming to the group.

[^] In 2017 we reviewed our risk universe, which resulted in a change in the categorisation and nomenclature of risks. Therefore a direct comparison of risks disclosed in 2017, with those reported in 2016, is not possible.

Link to strategy

MTN's achievements in 2017



- Continued to explore opportunities to convert foreign-denominated contractual commitments into local currency commitments in various markets.
- Maximised rand-denominated funding at a holding company level to improve our currency mix of debt in line with our funding philosophy, including significant issuances under our domestic medium-term note programme.
- MTN Ghana secured 510 million cedi facility.



- Developed a new model and obtained board approval to separate and strengthen second and third line assurance functions throughout the group.
- Strengthened risk and control KPIs in performance agreements for senior management. This resulted in a significant increase in accountability for internal controls and a major reduction in overdue audit findings.
- Strengthened risk escalation mechanisms through the introduction of a risk escalation and acceptance policy.
- Strengthened mechanisms to monitor key risk indicators.
- Implemented a group-wide risk control software solution.
- Strengthened the compliance function through the introduction of a dedicated policy and procedure focus and the approval for a significant increase in headcount across the group.



- Strengthened the group regulatory function and its oversight over opcos.
- Established multidisciplinary teams to ensure targeted focus on aspects such as subscriber registration, spectrum management and mobile financial services.



- Strengthened KPIs on cash management and upstreaming at opco and group level.
- Commenced with the implementation of the smart capex programme.
- Successfully repatriated cash from a number of markets, in particular repatriation of R6,5 billion from Iran and resumption of dividends from Nigeria, receiving R1,4 billion in 2017 after 2016's liquidity crisis.
- Maintained a sufficient level of committed facilities at an opco and group level to respond to market stress scenarios.

Top risks to value creation continued

Risk rank [^]	Risk name and impact if not managed	Mitigation and opportunities
5	Political and economic risk in our key markets: South Africa, Iran and Nigeria Despite recent improvements, political and economic conditions in South Africa still pose a risk of a further downgrade of the sovereign credit rating. This in return could impact MTN's cost of funding and the performance of MTN South Africa. Deteriorating relations between the US, Saudi Arabia and Iran may lead to further sanctions and/or pressure on the Iran nuclear deal, which in return may negatively impact MTN's interests in Iran. Furthermore, political instability and sanctions in a number of MENA countries increase the risk of profitability fluctuations and uncertainty in respect of fund repatriation.	• Ensure sufficient levels of committed funding facilities at group level to respond to market stress scenarios. • Ensure appropriate mix of fixed and floating rate funding. • Mitigate forex risks through measures described in risk number 1. • Continuously monitor developments across MENA and perform ongoing scenario and sensitivity analyses to navigate difficult conditions. • Maintain the group's approach of self-funding of MENA operations and maximise cash repatriations. • Closely monitor compliance to sanctions policies. • Ensure continuity of operations, protect staff and assets through strong business continuity management measures.
6	Spectrum cost and availability Non-availability of adequate spectrum has a direct impact on our quality of service and ability to deliver on our dual-data strategy. An increased cost of spectrum impacts the cost of our products and services and puts pressure on margins.	• Co-ordinate and liaise closely with regulators for acquisition of spectrum in line with recently refined spectrum plan. • Continue to explore ways to enhance spectrum planning and usage optimisation. • Ongoing cost benefit analysis of spectrum acquisition focusing on products/services and their pricing.
7	Ability to successfully execute large group strategic and change programmes A number of large programmes are currently being executed as part of the implementation of the BRIGHT strategy. An inability to successfully implement these programmes or programmes not delivering desired results will directly impact business objectives.	• Careful monitoring and oversight from the group transformation board and group operations committees. • Establishment of a project management office at group level. • Independent programme assurance led by the business risk management function.
8	Returns on capex deployed With the rapid pace of development of new technologies and competition from OTT players, the focus of the telecoms industry is to maximise returns on capital deployed. If innovative ways of sweating capital deployment are not identified and implemented, margins may decrease continually.	• Ensure that capex is deployed in areas with optimal returns. • Reduce capex intensity year-on-year.
9	Optimisation of investment portfolio Decreasing margins in the telecoms industry as well as economic and political challenges in certain markets place pressure on the investment portfolio. Inability to effectively deal with non-performing investments may impact the group's competitiveness and returns to shareholders.	• Continuous monitoring of investment returns. • Implementation of an effective capital allocation policy. • Investment and/or divestment strategy.
10	Increasing cyber and information risks An increase in cyber attacks worldwide and new hardware and software vulnerabilities could compromise our networks, systems, customer information and corporate information.	• Continue implementation of the group cyber approach. • Continue to strengthen the information security function at group and opco level. • Enhance security monitoring, threat intelligence and incident management capabilities.

[^] In 2017 we reviewed our risk universe, which resulted in a change in the categorisation and nomenclature of risks. Therefore a direct comparison of risks disclosed in 2017, with those reported in 2016, is not possible.

Link to strategy

MTN's achievements in 2017



- Successfully negotiated new funding facilities and maintained a high level of funding headroom through various facilities.
- Continued to explore opportunities to convert foreign-denominated contractual commitments into local currency commitments in various markets.
- Performed liquidity stress testing on multiple scenarios during 2018 business planning process.
- Continued to operate successfully without any major incidents to staff or assets despite difficult conditions in certain MENA countries.



- Proactively engaged with regulators on cost and acquisition of spectrum.
- Intensified engagement with South African regulator and ministry on impact of the Electronic Communications Amendment Bill and proposed solutions which may be acceptable to all stakeholders.
- Engaged constructively with regulators in Nigeria and Cameroon to resolve spectrum constraints.
- Secured spectrum in Sudan and Syria.



- Recorded successful delivery of Project Ignite's 2017 objectives.
- Concluded Oracle Cloud contract to migrate the group's ERP environment to the cloud. Implementation project now in progress.



- Developed and approved the new smart capex model, identifying key markets in which to commence with its rollout.



- Completed a review of our investment portfolio.
- Continued to monitor our portfolio for appropriate capital returns in line with BRIGHT.



- Successfully mitigated various exposures including DDOS exposure.
- Significantly increased capacity of the group's information security function.
- Enhanced response and recovery protocols.

Strategic and financial review





Transitioning to a stronger MTN



Phuthuma Nhleko, *chairman*

2017 was a year of positive change for MTN. After a period of many challenges, the group re-established itself as the premier provider of telecommunication and digital services in Africa and the Middle East.

Early in the year, a strengthened senior management team assumed its roles and responsibilities, bringing fresh energy and impetus to the company. Rob Shuter and Ralph Mupita took up the positions of group president and chief executive officer and of group chief financial officer respectively.

I am delighted that they proved themselves equal to the task, settled in quickly and got on top of all the key issues and drivers pertinent to the group's prospects. They introduced a new strategy, BRIGHT, building on the IGNITE business transformation initiative that was launched in late 2016 after a thorough review of the group's capital structure, operations, processes and management capacity and designed to accelerate MTN's commercial performance.

BRIGHT extends the scope of IGNITE to other facets of the business and is central to the group's operational recovery and staff motivation. The IGNITE team is now focused on executing all areas of BRIGHT. The group's 2017 results, detailed throughout this integrated report, show that these initiatives are beginning to bear fruit.

Reported headline earnings per share (HEPS) were 182 cents** compared to a 77 cents** headline loss per share in 2016 when performance had been impacted by the Nigerian regulatory fine of 500 cents**. MTN had reached an agreement with the Federal Government of Nigeria in June 2016 to settle the 330 billion naira fine over three years.

For 2017, the board has declared a second half dividend of 450 cents per share, bringing to 700 cents the total dividend for the year, the same as that in 2016. At the discretion of the board and taking into consideration market conditions, the board anticipates declaring a total dividend of 500 cents per share for 2018, growing at 10% to 20% over the medium term. The rebasing of the dividend follows the marked changes in currency exchange rates across many MTN markets. This will allow MTN to ensure that the dividend is funded from operational cash flows over the medium term.

Looking forward

MTN Group's performance and prospects are most sensitive to the macro-economic conditions of its three largest markets. The Nigerian and South African economies appear to have stabilised and are possibly in recovery mode, buoyed by a strengthening oil price and greater oil production in Nigeria and an improved political outlook in South Africa. Iran's prospects remain uncertain: they depend substantially on the US Congress resolution on the status of the agreement between Iran and the P5+1. We remain hopeful that rationality will prevail and that the recognition of the 2016 agreement between Iran and the five permanent members of the United Nations Security Council and Germany and the European Union will remain unchanged into the future.

Management understands the importance of ensuring that MTN gets the basics right and keeps a close eye on the rapidly evolving competitive environment. This fine balance in the allocation of the group's time and resources will ensure that MTN remains at the cutting edge of innovation and delivers a bold new digital world to customers. This is in line with the group's belief that everyone deserves the benefits of a modern connected life. I am confident that the group has the momentum to achieve this, steered by an ethical and effective leadership team.

Evolving our board

Directors who understand the opportunities and risks that the group faces, as well as the need to create shared value through a stakeholder-inclusive approach, are essential. In 2017, the company continued to evolve its board of directors. Alan van Biljon retired on 31 December 2017 after many years of dedicated contribution to MTN, in which he served in various roles including chairing the audit committee and as lead independent director. I wish to thank him and wish him all the best and a well-deserved rest in his retirement.

Alan Harper assumed the lead independent director role in May 2017 and will lead the board in any instances where a conflict of interest arises. In the period ahead, we will continue to make changes to the board to ensure that while retaining a depth of skills and sufficient institutional memory, we also refresh it with diverse directors who bring new ideas and perspectives.

To this end, I will chair my last AGM on 24 May 2018 and step down from the board on 31 December 2018. Ahead of that, we will identify a new chairman in the second half of 2018 and work to ensure a smooth transition. It has been both an honour and a humbling experience to have served the MTN Group in various capacities since 2001. I wish to thank all the many stakeholders with whom I have engaged over the years – employees, regulators, customers, governments, suppliers, investors, communities and the media – for their contribution. I have no doubt that the people of MTN will continue to strive to make customers' lives a whole lot brighter, and in so doing, deliver on the group's strategy.

Creating brighter lives



Rob Shuter, *group president and CEO*

Q You've been at the helm since March 2017, what was your mandate?

A The mandate from the board was firstly to stabilise the executive team and secondly to do a strategic review. This included establishing what the next phase of MTN is to be: what the opportunities are and the best way to take advantage of them, as well as the resources and skills we need to do that. That's spelt out in our BRIGHT strategy (see page 6). There was also a requirement to set a comprehensive financial plan for the group: determining the returns MTN can generate, the investment required, and the ideal capital structure. Ultimately, this determines the appropriate dividend policy (see the Q & A with the CFO). The mandate also included a portfolio review: not just of the markets in which MTN operates, but also of the group's investments.

Q What did you conclude from the portfolio review?

A Firstly that our geographic regions, Africa and Middle East, are among the fastest growing across the world. Secondly, within that we are represented in most of the large economies in that region and thirdly, we have strong positions in all our markets (either #1 or #2 positions). So generally, we are in good shape and the main thrust is to further improve the operational performance in these markets.

Having said that, we also need to continually monitor the regulatory, macro-economic and competitive environments in the markets and make sure that investments or further funding commitments meet our investment and return criteria. We operate in a number of markets that are in a state of conflict and there our approach has been to ensure that these markets are self-funding.

We also have investments in tower companies and our e-commerce joint ventures. Our most significant investment is a 29% stake in IHS Group, which owns 23 300 towers across Africa. Over time we want to partially monetise this shareholding, which we hold as an 'asset available for sale'.

Through what we call the functional steering from the group, we aim to drive the best possible performance out of the opcos. Getting this right would mean that MTN would be well positioned to expand the portfolio should the right opportunities present themselves in the future.

Q What do the leadership changes at group level mean for MTN?

A There are many things that differentiate MTN (see our investment case on page 100), but I believe the biggest differentiator for performance in the long term is a unique corporate culture. We are building a culture of openness, professionalism and excellence, where people work in a more organic way. While many of the opcos have already been operating like this, it is fair to say that the head office has been more traditionally oriented and in certain areas has been underresourced. It has tended to focus on the medium and small opcos, while the biggest prize is in the big businesses.

Now, with a thin layer of highly skilled resources at the centre, many of the large opcos are leaning into the group to tap into this. We are fundamental believers in a decentralised model, with high-level functional steering from the centre. Properly executed, it is a real differentiator. We made a lot of progress on this in 2017, and the latest global culture audit bears this out (see page 80).

Q Tell us about MTN's regulatory environment. What measures have you put in place to address regulatory compliance across your markets?

A This is a very complex area with 22 markets, each with very different regulators, regulations and agendas. Our international investors are probably used to a more harmonised regulatory environment, such as that across the EU. While part of the complexity stems from the fact that we are in so many different countries; some is because economies are under pressure; and another part comes from the overlap between telecoms, media and financial services in a converging world.

In 2017 we materially enhanced the management structure (both at the centre as well as at operations) to support regulatory compliance. Our engagements with regulators, government authorities and international bodies became more targeted. We elevated the regulatory function to the group executive committee level and introduced more internal controls.

Given the complexity of the regulatory space, this is an area on which we work continuously.

Q What does the year ahead hold for MTN?

A Alongside our many stakeholders, we continue our work to build a resilient and sustainable MTN. This means a group that behaves in a socially responsible way and provides the best customer experience, improved returns and enhanced commercial performance. It means a group that rolls out access to the internet and to financial services to a broader population, has engaged employees, an impeccable reputation for legal compliance and good governance, as well as one that provides excellent networks and infrastructure. To achieve this, we will continue to implement and deliver on the BRIGHT strategy, communicating progress against our KPIs (see page 6).

Creating value



Ralph Mupita, *group chief financial officer*

Q How did MTN's financial performance in 2017 support the delivery of BRIGHT?

- A** A key element of BRIGHT is 'returns and efficiency focus'. In the year, we made good progress by reporting improved results and returning to profitability in headline terms. This is against the backdrop of weakening currencies in most of our markets and geopolitical challenges in the Middle East. Service revenue increased by 7,2%* on a constant currency basis, benefiting from good growth in the data and digital services delivered to our customers. We were particularly pleased to have maintained outgoing voice revenue at 2016's level, given the pressure on voice from OTT services.

We invested R31,5 billion in capex in the year, most of which went into extending our carrier network. The improvement made to data network quality and capacity across key markets supported the 34,2%* increase in data revenue and 14,2%* expansion in digital revenue.

For the year, we reported a 1,4-percentage point* (pp) decline in our EBITDA margin to 34,0%*. This was largely the result of higher foreign-currency-denominated expenses in Nigeria because of the depreciation of the naira against the US dollar, as well as fixed asset impairments for MTN Sudan (of R1,7 billion**) and MTN Syria (of R1,3 billion**).

That said, we had 2,0 pp* expansion in MTN South Africa's margin, resulting from lower handset subsidies and volumes and the impact of a stronger rand on handset costs. The group EBITDA

margin also benefited from a R6 billion once-off profit early in the year when we exercised the right to exchange MTN's interest in Nigeria Tower InterCo B.V (INT) for a larger shareholding in its parent IHS Holding Limited (IHS). This was part of our work to simplify our exposure to Nigerian tower assets.

At year end, we recorded a R2,8 billion loss through the income statement on the derecognition of a long-term loan we had made to INT when MTN had originally sold the group's 8 800 Nigerian towers in 2014 and 2015. In exchange for writing off the loan, we agreed certain network volume commitments and more attractive commercial terms for all new tower leases from 2018. This will allow MTN Nigeria to invest in its network more efficiently and supports the further rollout of broadband and data services in the country.

Overall, we reported improved results for the group, generating headline earnings per share of 182 cents**. The board declared a final dividend of 450 cents, bringing to 700 cents the total dividend for the year.

The balance sheet remained strong, with gearing on a consolidated basis at 1,2x net debt:EBITDA and operating free cash flow improving to R11,4 billion.

Q What key financial challenges did the group face?

A The main challenge was volatile and weakening currencies. A weakening of currencies against the rand impacted rand-reported results, and a weakening of currencies against the dollar impacted local operational expenditure as well as capital expenditure in countries where we have costs denominated in dollars.

Economic conditions were challenging across many of our markets. However, there were some early signs of recovery with our two largest markets – Nigeria and South Africa – emerging from recession in the year. In Iran, economic growth slowed.

Despite stable-to-improving oil prices and oil production averaging two million barrels per day, Nigeria experienced a weakening naira and challenges with the availability of hard currency. The launch in April 2017 of the Nigerian Autonomous Foreign Exchange (NAFEX) market led to a clear improvement in liquidity, but by year end the naira was 27,4% weaker against the rand. The rand also gained ground on the US dollar, rial and cedi, ending the year 10,7%, 22,8% and 16,1% stronger respectively.

Q What progress did MTN make on embedding effective risk and compliance practices?

A This is a critical element of the 'hearts and minds' pillar of our BRIGHT strategy. We further enhanced key risk frameworks and methodologies to ensure consistent application across the organisation, and introduced new risk appetite and tolerance methodology. We also made significant progress in our approach to managing compliance.

Q MTN set some specific financial targets for 2017. Were these met?

A This table shows how we delivered against the guidance we provided to the market:

	Guidance for 2017	Performance vs guidance	Status
MTN South Africa service revenue growth	Mid single-digit	3,9% [^]	●
	Up 0,5 to	Up 2,0 pp to	
MTN South Africa EBITDA margin	1,0 pp	34,6%	●
	Upper single-		
MTN Nigeria revenue growth	digit	11,4%	●
Group capex	R30 billion	R31,5 billion	●
Dividend (per share)	700 cents	700 cents	●

[^]Organic revenue adjusts for prior year disposals and alignment of postpaid carry over rules.

● Met guidance.

● Partially achieved guidance.

Q What are your financial targets over the medium term?

A We expect the initiatives we have established as part of BRIGHT to deliver growth and attractive total shareholder returns. Over the next few years we expect to deliver upper single-digit constant currency growth in service revenue for the group, driven by mid single-digit growth in South Africa and double-digit growth in Nigeria. Over the same period, we expect to see an expansion in group EBITDA margins.

Our extensive capex investments in 2017 allowed us to show a credible improvement in our networks in many markets. This will be important in ensuring the business is able to provide a superior customer experience and competitive data networks which will support the growing demand for data and digital services. Over the next few years we expect group capex intensity, which measures our efficiency in deploying assets, to moderate within a range of 20% to 15%.

We want to have an optimally geared balance sheet that is aligned to the risk profile of the business, as well as providing the financial flexibility for MTN to participate in growth opportunities as these arise. We will target an adjusted holding company gearing of 2,0 to 2,5x over the medium term. As at end of 2017 that gearing level was 2,7x.

Q MTN is planning to list its operations in Nigeria and Ghana. How does MTN think about capital allocation for proceeds that may come from listings and asset sales?

A Firstly, the MTN operations in Nigeria and Ghana are excellent businesses, with strong market positions and leading networks. We are not looking at these listings as significant monetisation opportunities and we are listing to meet regulatory requirements. IHS is a major asset, but we would look to partially monetise it over time. In the medium term, any proceeds from listings and asset sales would be prioritised as follows: deleveraging; investing in growth opportunities; share buybacks and; finally, special dividend distributions.

Key financial tables



Key financial tables continued

Selected financial results information

	2017 Rm	2016 Rm	% change reported	% change constant currency*
Revenue	132 815	147 920	(10,2)	6,8
Service revenue	124 409	139 430	(10,8)	7,2
EBITDA	46 955	40 751	15,2	2,5
Depreciation, amortisation and impairment of goodwill	26 398	26 609	(0,8)	13,4
EBIT	20 557	14 142	45,4	(8,2)
Net finance cost	9 267	10 495	(11,7)	(0,9)
Loss on derecognition of loans and receivables	2 840	–	100,0	–
Monetary gain	264	1 723	(84,7)	–
Share of results from associates and JVs	841	(127)	NM	NM
Profit before tax	9 555	5 243	82,2	(22,9)
Income tax expense	5 014	8 346	(39,9)	(18,5)
Profit after tax	4 541	(3 103)	NM	(26,2)
Attributable to:				
Equity holders of the company	4 414	(2 614)	NM	(100,0)
Non-controlling interests	127	(489)	NM	(18,7)
EPS (cents)	246	(144)	NM	
HEPS (cents)	182	(77)	NM	

Commentary

Data (34,2%*) and digital (14,2%*) are the main contributors to the constant currency growth. Voice trends continue to decline (-0,2%*).

Dollar-denominated lease costs in Nigeria driving up costs and directly impacting EBITDA.

Loss recognised on derecognition of the loan receivable from IHS.

Exercise of IHS exchange right resulting in lower losses in 2017, offset by lower income from Iran. Overall share of results remain positive.

2016 numbers were impacted by the Nigerian regulatory fine.

This information has been extracted from the MTN Group Limited financial results for the year ended 31 December 2017.

Selected financial position information

	2017 Rm	2016 Rm	Movement %
Property, plant and equipment	91 786	95 633	(4,0)
Goodwill and other intangible assets	38 330	46 473	(17,5)
Other non-current assets	52 399	46 983	11,5
Current assets	59 900	79 611	(24,8)
Total assets	242 415	268 700	(9,8)
Total equity	94 267	105 231	(10,4)
Interest-bearing liabilities	79 720	86 954	(8,3)
Other liabilities	62 428	76 515	(10,6)
Total equity and liabilities	242 415	268 700	(9,8)
Net debt	57 145	51 902	10,1

Commentary

Net decrease as a result of impairments (R2,5bn**), depreciation (R19bn**) and forex translation impacts (R9,9bn**) offset by additions of R28bn**.

Increase mainly as a result of the exercise of the IHS exchange right.

Decrease as a result of lower trade and other receivables and lower cash balances at year end.

This information has been extracted from the MTN Group Limited financial results for the year ended 31 December 2017.

Key financial tables continued

Selected cash flow information

	2017 Rm	2016 Rm	Change %	Commentary
Cash generated from operations	38 484	55 681	(30,9)	Includes dividends of R6,5 billion received from Iran.
Dividends paid to equity holders of the company	(12 565)	(19 792)	36,5	
Dividends paid to non-controlling interests	(956)	(1 178)	18,8	Lower outflow in 2017 driven by lower interest paid in Ghana, Sudan and head offices, as well as higher interest received in Nigeria as a result of early redemption of treasury bills (which increased the cash balance).
Dividends received from associates and joint ventures	7 129	692	NM	
Net interest paid	(802)	(2 983)	73,1	
Tax paid	(7 596)	(11 704)	35,1	
Cash generated by operating activities	23 694	20 716	14,4	
Acquisition of property, plant and equipment, and intangible assets	(26 661)	(35 247)	24,4	Decrease driven by lower capex spend in 2017 and forex impacting translation resulting in lower cash payments in the year at group level.
Movement in other investing activities	(924)	(5 161)	82,1	
Cash used in investing activities	(27 585)	(40 408)	31,7	Lower outflow in 2017 as a result of Nigeria early redemption of treasury bills.
Cash used in financing activities	(4 919)	20 951	123,5	Net outflow as a result of head offices repaying borrowings facilities and relating interest.
Net cash movement	(8 810)	1 259	NM	
Cash and cash equivalents at the beginning of the year	27 375	34 139	(19,8)	
Effect of exchange rates and net monetary gain	(2 628)	(8 023)	(67,2)	
Cash and cash equivalents at the end of the year	15 937	27 375	(41,8)	

This information has been extracted from the MTN Group Limited financial results for the year ended 31 December 2017.

Explanation on how we report our numbers

Certain financial information presented in this integrated report constitutes *pro forma* financial information. The *pro forma* financial information is the responsibility of the group's board of directors and is presented for illustrative purposes only. Because of its nature, the *pro forma* financial information may not fairly present MTN's financial position, changes in equity, and results of operations or cash flows. The *pro forma* financial information, indicated with a "*" in this integrated report has been extracted from the MTN Group Limited financial results for the year ended 31 December 2017 in respect of which PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc. issued an assurance report (on the *pro forma* financial information as included therein). The *pro forma* financial information included in this integrated report has in itself not been subjected to a separate assurance engagement.

The financial information presented in this integrated report has been prepared excluding the impact of hyperinflation and the relating goodwill and asset impairments, tower profits (including the profit realised on the exercise of the IHS exchange right whereby the group's interest in the Nigeria tower company was exchanged for additional shareholding in IHS Holding Limited), the loss on derecognition of the long-term loan receivable from IHS, the Nigerian regulatory fine (consisting of the remeasurement impact when the settlement was entered into and the finance costs recognised as a result of the unwind of the initial discounting of the liability) and IFRS 2 share-based payment expense related to Zakhele Futhi ('the *pro forma* adjustments') and constitutes *pro forma* financial information to the extent that it is not extracted from the segment disclosure included in the audited consolidated financial statements for the year ended 31 December 2017. This *pro forma* financial information has been presented to eliminate the impact of the *pro forma* adjustments from the financial results in order to achieve a comparable analysis year on year. The *pro forma* adjustments have been calculated in terms of the group accounting policies disclosed in the consolidated financial statements for the year ended 31 December 2017.

Constant currency information has been presented to illustrate the impact of changes in currency rates on the group's results. In determining the change in constant currency terms, the current financial reporting period's results have been adjusted to the prior period average exchange rates determined as the average of the monthly exchange rates. The measurement has been performed for each of the group's currencies, materially being that of the US dollar and Nigerian naira. The constant currency growth percentage has been calculated based on the current year constant currency results compared to the prior year results. In addition, in respect of MTN Irancell, MTN Sudan, MTN South Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. Hyperinflation accounting was discontinued for MTN Irancell and MTN Sudan on 1 July 2015 and 1 July 2016 respectively. The economy of South Sudan was assessed to be hyperinflationary effective 1 January 2016, and hyperinflation accounting was applied from December 2016 onwards.

BRIGHT performance and plans







Best customer experience

Best customer experience is great for our customers, but also great for MTN: we see the benefit in our profits when we get it right.

We measure it by looking at the extent to which our NPS compares with that of our next best competitor.

We should see the benefits in our ability to bring on more customers than our natural market share, growing this over time. In markets where we have a price premium, best customer experience allows us to protect and even grow the price premium.

Our 2022 aspirations

Lead market in overall NPS

Reduce monthly churn

Achieve best brand in markets

How we will achieve these

- Revamp the customer experience at each touchpoint and along the entire customer journey.
- Refresh the brand to communicate a brighter MTN.
- Be pro-consumer by providing a world-class point-of-sale experience that is easy, personal, in control and connected.

Details of our performance in 2017

- Increased relative brand NPS in all regions; lifted brand health to highest level since Q1 2015.

							
	South Africa	Nigeria	Iran	Uganda	Ghana	Cameroon	Ivory Coast
NPS ranking	Co-#1	#2	#1	#1	#4	#2	#3
Change in score since H1 17	(5%)	13%	(14%)	10%	17%	47%	20%

- Set up a four-point programme to ensure better customer experience.
- Launched a refreshed brand identity across all markets.
- Rolled out a new, much more comprehensive NPS survey which is likely the largest tender conducted for research in Africa.
- Outsourced call centres in 11 markets to improve service levels.
- Deployed MyMTNapp across 17 markets; achieved 12,2 million downloads.

Our focus in 2018

Optimise
high-volume customer
journeys

Extend our focus
beyond the drivers of
value and network

Saying **y'ello** to our refreshed corporate identity

Our brand positioning of **BRIGHTer LIVES** influences every aspect of our business. In 2017 we developed a new corporate identity, which is our face to the world. Our brand personality is:
exciting, fun, bold, and optimistic.



We enhanced our brand assets, including introducing a bespoke font and our distinctive greeting, **y'ello**: a welcome, an invitation and a promise of something more.

y'ello
to brighter lives



Returns and efficiency focus

For long-term success, in addition to looking after our people and customers, we must also look after our shareholders. **We are clear on what we are asked to deliver: returns.**

We must make sure we put the investment where the returns are. When it comes to efficiency we need to make sure that we extract the benefits of scale in each MTN country, but also as MTN Group: we must leverage the power of being a group.

Our 2022 aspirations

Improve
ROIC

Report top-
quartile
TSR

Increase AFCF
yield

Improve EBITDA
margin

How we will achieve these

- Leverage our scale in market by using our number one or two positions in all countries to win; and leverage our scale across markets to reap the benefits in terms of funding, procurement, commercial functional steering, brand and culture.
- Save to invest by choosing not to spend on certain elements and then investing those savings in areas where the returns are most favourable.
 - Ensure return-based capital allocation by being very scientific about how and where we choose to invest and distribute profits.
- Focus on cash flows by tightly managing cash upstreaming from operations.

Details of our performance in 2017

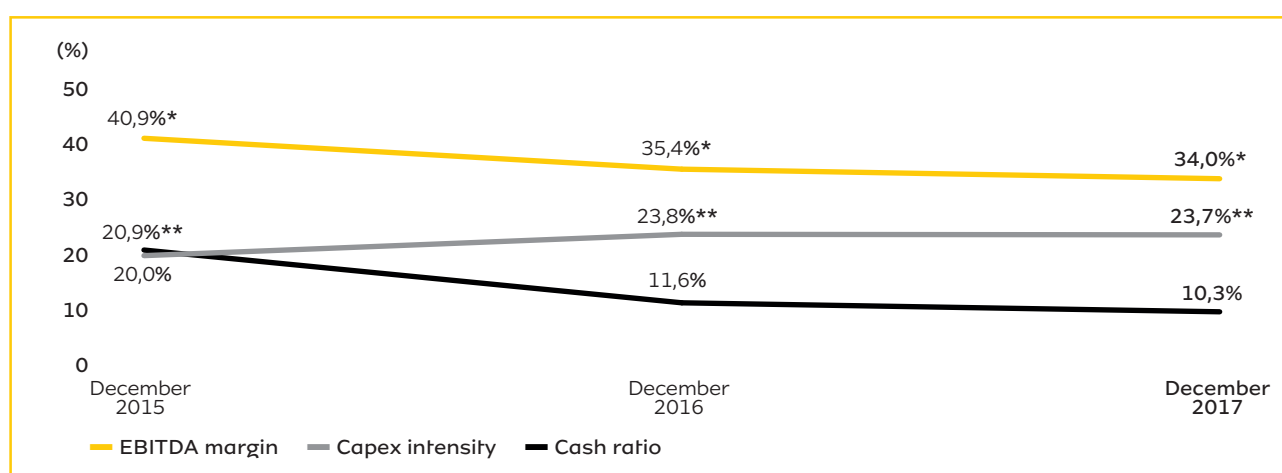
- Aligned our financial KPIs with BRIGHT.
- Stabilised our EBITDA margin in the second half to record a margin of 34,0%*. This was held back by higher foreign currency denominated expenses in Nigeria because of the depreciation of the naira.
- Recorded a decline in the cash ratio (measured by subtracting capex intensity from EBITDA margin), given the decline in the EBITDA margin and stable capital intensity in the year.
- Reduced capex unitary costs after completing the validation of our smart capex model. This addresses the challenges faced by every operator: how to prioritise our investments with limited resources amid increasing competitive pressure, while delivering profitable growth.
- Achieved TSR ranking of 19 in MSCI Emerging Markets Telecoms Index. This is better than the median of 22, but not yet in the top 12, which represents the top quartile.
- Reviewed the way we guide the market, introducing medium-term targets.
- Negotiated procurement savings of 15%.

Our focus in 2018

Roll out smart capex
across the group

Successful IPOs of MTN
Nigeria and MTN Ghana

Cash ratio



Medium-term targets

Adjusted holdco leverage^Δ

2,0 to 2,5x

Improving

EBITDA margins

Dividend of

**500 cents in 2018,
growing 10% to
20% per year**

Capex intensity between

20% and 15%

Service revenue growth*

Group upper single-digit growth



South Africa
mid single-
digit growth



Nigeria
double-digit
growth

^ΔHoldco net debt/SA EBITDA and cash upstreaming.

The commercial performance of each of our opcos is the heartbeat of the business. It includes the campaigns we run, the products we offer and need to develop, how we market these and the sales targets we set.

It's the 'speed chess' of our industry: it involves lots of quick moves, but also planning 20 moves ahead because we want to win the game.

Our 2022 aspirations

Grow subscribers to 300 million

Grow market share

Ensure stable voice revenue

Grow enterprise and wholesale revenue

How we will achieve these

- Enhance customer value management (CVM) through investment in specialist skills, processes and technology.
- Increase business intelligence in sales and distribution channels.
- Implement segmented propositions and go-to-market plans which will result in the adoption of data by many more customers as well as maintain the value on voice.
 - Grow enterprise by providing a relevant mix of products through appropriate channels.
- Launch wholesale business unit with focused commercial management.

Details of our performance in 2017

- Recorded 217 million subscribers and number one or two market position in all markets.
- Scaled up our CVM programme which is already showing early wins, including a boost to revenue in MTN Nigeria of 1% in December. As the programme gathers momentum, we target revenue improvements of 2% to 5% in the respective markets.
- Implemented CVM automated reporting and control group system capabilities across seven markets.
- Issued a comprehensive pricing guideline to all markets to improve yield and then conducted a compliance audit against these guidelines in five markets.
- Finalised the new enterprise approach across all markets.
- Issued an SME guide focusing on segmentation, channel reach and lead generation.
- Prioritised top 27 multinational accounts in the large enterprise segment with dedicated global account managers; approved plan for centralised support office for large bids.
- Approved definition of operating model, mandate and governance for our wholesale business MTNGlobalConnect.

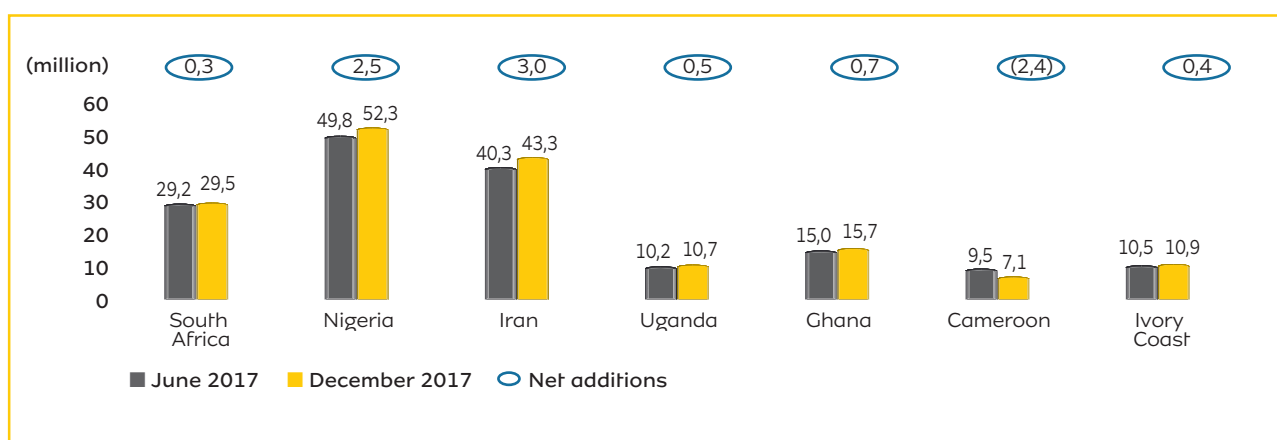
Commercial review of operations

Our focus in 2018

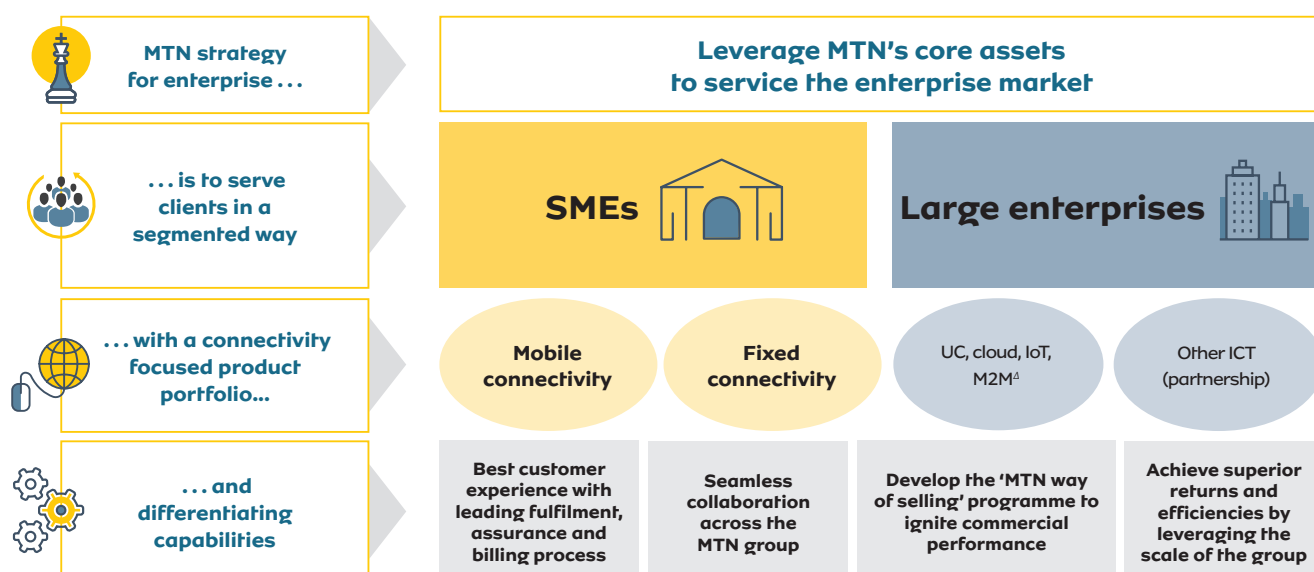
Continue to scale up CVM
and personalised pricing

Deliver pipeline and
sales in enterprise and
wholesale businesses

Subscribers at 217 million in 2017



Effective enterprise



⁴ Unified communication services, cloud, Internet of Things, machine to machine.



Growth through data and digital

The big aspects of growth in our industry are data and digital.

Data is about selling megabytes: **we want to bring another 130 million customers into the data world and reach 200 million data customers in the next few years.**

Our dual-data strategy is very important here: delivering high capacity 4G in cities and broad 3G coverage in rural areas. A big piece of digital is MTN Mobile Money (MoMo) because consumers really need an easy, affordable, transactional financial services product that has not been provided by the mainstream commercial banks. Who else will lead that if not MTN?

Our 2022 aspirations

Achieve 200 million data subscribers

Achieve 100 million digital subscriptions, including 60 million for MTN Mobile Money

How we will achieve these

- Implement dual-data strategy to drive data adoption.
We will do this by addressing the high-value data segment (typically urban, high-end smartphone users) and the mass market (typically rural, low-cost handset users) by accelerating smartphone adoption and appropriate CVM and pricing techniques.
- Position MTN as a media and entertainment gateway through suitable partnerships with content providers.
- Scale up mobile financial services with focus on cash-in, cash-out and the payment ecosystem.

Details of our performance in 2017

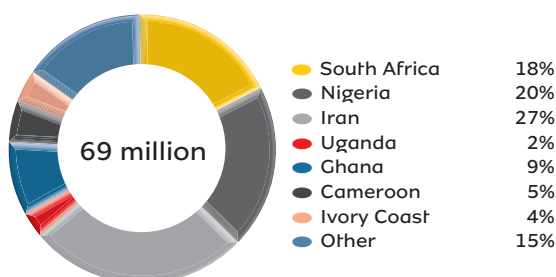
- Recorded 69 million active data users.
- Grew MTN Mobile Money.
- Grew data and digital contribution to revenue.
- Set up new smartphone acceleration programme achieving smartphone penetration of 41%.
- Kicked off our comprehensive dual-data strategy.
- Increased 3G and 4G population coverage (see page 53).
- Improved data throughput performance across the group (see page 52).
- Revamped data bundle propositions, including reduced out-of-bundle rates.
- Reduced data entry-level pricing.

Our focus in 2018

Operationalise
our dual-data strategy

Scale up MTN Mobile
Money rapidly, as well as
rich-media subscriptions

Active data users in 2017



MTN Mobile Money in 2017

Active in **14** markets

22 million
customers

Average
ARPU US\$1,10

+900K
active MoMo subscribers
in December 2017

**Introducing
MTN MoMoPay.**

The easy way to shop and pay for
services, **everywhere you go.**

dial *165*3#



4 600
transactions
per minute

Transaction value
US\$5,3bn
in December 2017



Hearts and minds

'Hearts' is all about the people in the company: motivation, engagement, talent, the very central role of the manager, communication and inspiring people around the strategy.

'Minds' is all about reputation: managing our corporate reputation, our approach to governance, risk and compliance and regulation, stakeholder management, public relations and corporate affairs.

Our 2022 aspirations

Lead market in employee NPS

Improve employee engagement

Enhance reputation

Ensure effective risk and compliance practices

How we will achieve these

- Develop high-performance culture and talent by building a working environment that fosters a productive and positive culture.
- Manage reputation proactively by embracing a stakeholder management framework that ensures shared value creation.
- Step up risk management, governance and transparency by actively managing risk and compliance.

Details of our performance in 2017

- Introduced modernised work spaces and collaboration technology as well as plans to build a great MTN culture to achieve the employee experience we target.
- Improved employee engagement and motivation; recruited specialist skills.
- Considered a revised stakeholder management approach to ensure stakeholder inclusivity and responsible corporate citizenship.
- Prepared to introduce a more integrated approach to CSI in pursuit of shared value by making better use of MTN's skills, assets and other institutional capabilities and ensure that this work is integrated into initiatives to deliver on BRIGHT.
- Reviewed MTN's risk management structures and policies and introduced new risk appetite and tolerance methodology.
- Started to split the functions of risk and compliance (the second line of defence) and internal audit (the third line of defence) to strengthen the risk and control environment. Calculated risk-bearing capacity and applied this through the revised risk tolerance and appetite framework.

Our focus in 2018

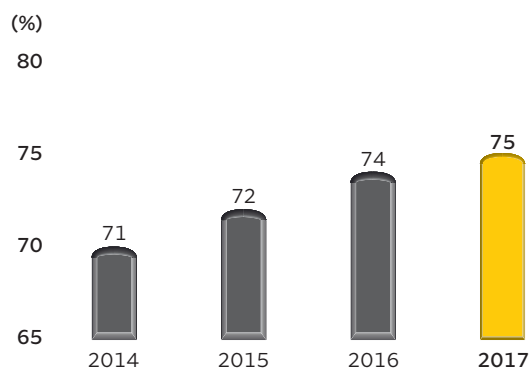
Resolve difficult regulatory issues, particularly in Cameroon, Benin and South Sudan

Talent management and succession planning

Enhancements to the risk management framework across opcos

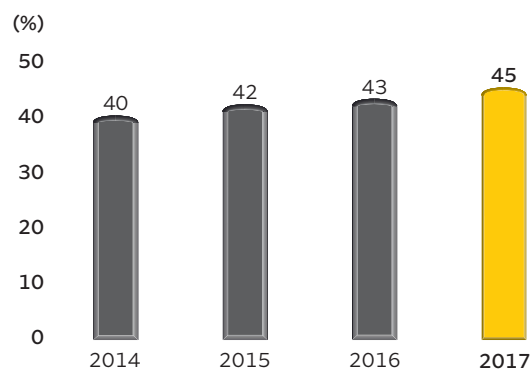


Sustainable employee engagement score



Employee promoter score

Q: How likely are you to recommend MTN as a place to work?





Technology excellence

Technology excellence has two parts: network and IT. Customers mostly experience the network through the interface of technology – the world of IT blends with the world of network technology.

The key thing we are looking to ensure is technology excellence. We don't want to be second to anybody in the world of technology.

Our 2022 aspirations

Lead market in network NPS

Increase efficiency of customer-facing systems

Increase population coverage

Improve network quality

How we will achieve these

- Ensure targeted network rollout by strategically growing our 4G footprint and providing ubiquitous 3G coverage, while considering the trade-offs between technologies.
- Harmonise capex planning across functions and carefully monitor execution and tracking of benefits of harmonised planning.
- Ensure digital transformation of IT systems to ensure customer-driven operational excellence and service management.
- Improve efficiency across all technology operations.

Details of our performance in 2017

- Achieved #1 network NPS in several opcos.
- Delivered R31,5 billion in capex.
- Rolled out 8 583 3G sites and 8 611 4G sites.
- Achieved solid improvements in all voice metrics across the group, including:
 - 18 markets improved their 2G dropped call rate and 2G network availability.
 - 17 markets improved their 3G dropped call rate; 20 markets improved 3G network availability.
 - 13 markets improved their 4G network availability.
- Achieved strong improvements in all data network metrics across the group, including:
 - 14 markets improved their 3G throughput download speed; 16 markets improved their 4G throughput download speed.
 - 4G data volumes make up 43% of the total; 3G data volumes make up 54% of the total; 2G data volumes make up 3% of the total.
- MTN South Africa voted best quality network by MyBroadband in a three-month study; and co-best by Ookla. Also ranked best network by P3 Communications in tests carried out in January and February 2018.
- Assessed the business support systems of seven opcos to support our digital transformation.
- Standardised software and hardware in our networks.

Our focus in 2018

Expand data coverage
across our markets

Digital platforms and
transformation

Population coverage in 2017



South Africa

2G – 99%
3G – 98%
4G – 75%



Nigeria

2G – 90%
3G – 67%
4G – 13%



Iran

2G – 86%
3G – 67%
4G – 41%



Uganda

2G – 89%
3G – 38%
4G – 7%



Ghana

2G – 85%
3G – 50%
4G – 33%



Cameroon

2G – 93%
3G – 70%
4G – 40%



Ivory Coast

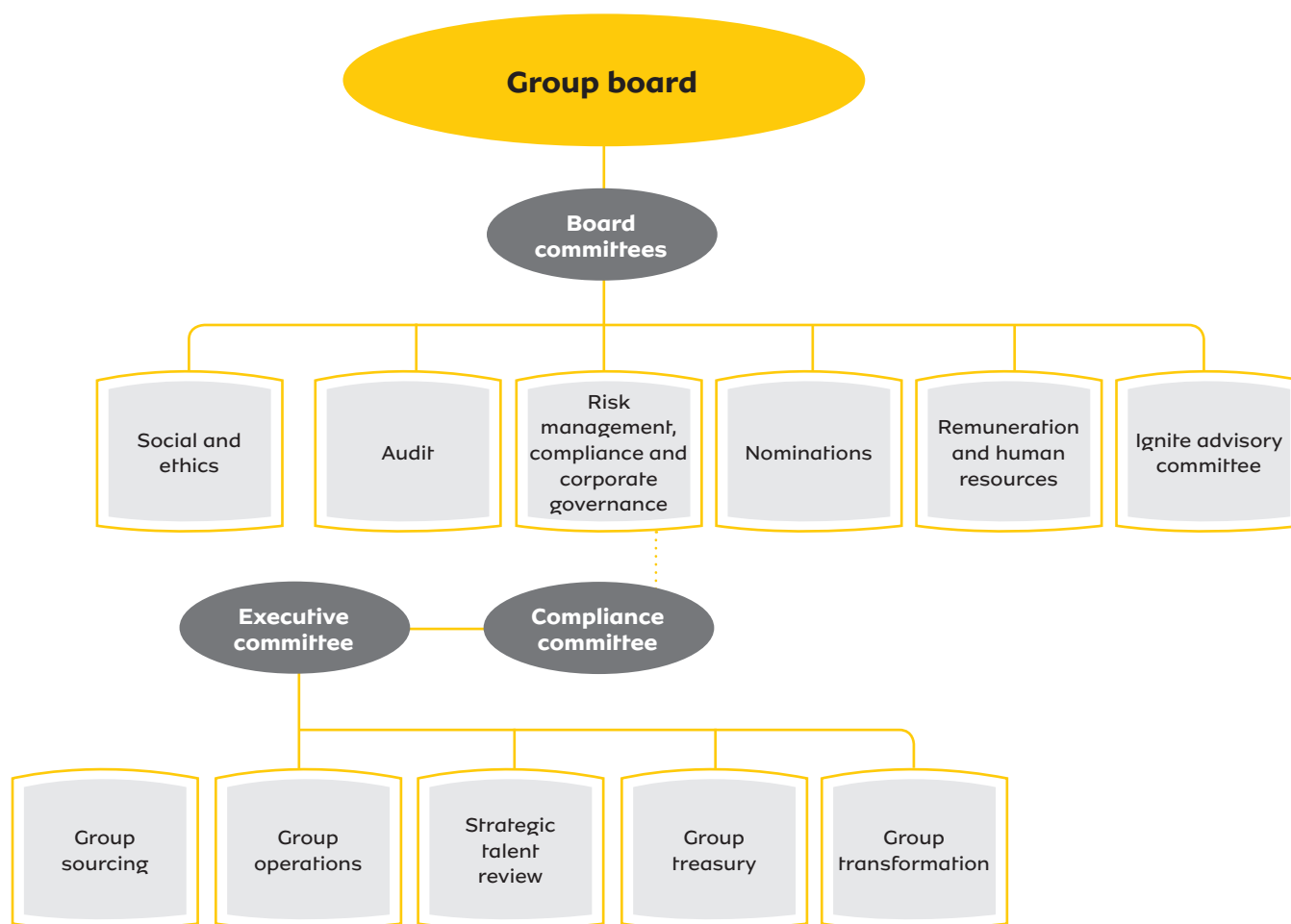
2G – 95%
3G – 83%
4G – 29%

Governance, people and remuneration





Governance structure



Commitment to ethical and effective governance

The board remains committed to good governance and international best practice standards. It is committed to ensuring an unequivocal tone from the top that requires a commitment by all directors and employees to the values of integrity, transparency and uninterrupted oversight over the company. This is to ensure that MTN monitors and addresses all governance issues within its operating units **GR**

In 2017, the company focused on reviewing its application and adherence to the 17 King IV principles. In 2018, there will be a continued focus on addressing any gaps identified in terms of King IV. The board is satisfied, however, that MTN has substantially applied the King IV principles. More information on the application of the 17 King IV principles is set out on our website. **KIV**

Leadership

Role of the board

The board is responsible for the adoption of strategic plans, the monitoring of operational performance and management, and the development of appropriate and effective risk management policies and processes. It fulfilled all these responsibilities in the year.

Key achievements in accordance with the board charter

Contribute to and approve strategy	Approved new BRIGHT strategy. In 2018 there will be greater focus on delivery.
Provide oversight of performance against targets and objectives	Board received regular reports in order to perform its oversight and provide guidance on key performance areas.
Provide oversight on key risk areas	Adopted new risk tolerance and risk appetite framework aimed at enhancing the risk identification and monitoring process.
Overseeing the enhancement of relationships with stakeholders	Considered a new stakeholder matrix which will ensure that the company enhances its key relationships with stakeholders, this matrix will be approved in 2018.
Ensure that the company is playing its role as a responsible corporate citizen	Each year a portion of the net profits of MTN are funnelled into the foundations and other structures in order to identify and address the needs of the countries in which we operate. The group is determined to continue making its mark in our communities.
Review the dividend policy	Rebased the dividend.

Board appointments and resignations

We welcomed Rob Shuter as the new group president and CEO with effect from 13 March 2017 and Ralph Mupita as group chief financial officer with effect from 3 April 2017.

Following Rob's commencement, Phuthuma Nhleko stepped down from his role as executive chairman and reverted to his role as the non-executive chairman of the group.

Retirement of directors

In line with the Companies Act, MTN's memorandum of incorporation requires new directors to be subject to an election at the first annual general meeting (AGM) following their appointment. Directors are also subject to retirement every three years, subject to an evaluation conducted by the board, assisted by the nominations committee.

On 25 May 2017, we announced that Alan van Biljon, who had been serving on the board since 2002, would step down on 31 December 2017. Alan Harper replaced Alan van Biljon as the new lead independent director. He will continue to lead the board in any instances where the chairman (who is not independent) is conflicted. We also announced that Phuthuma Nhleko would step down as chairman in December 2018.

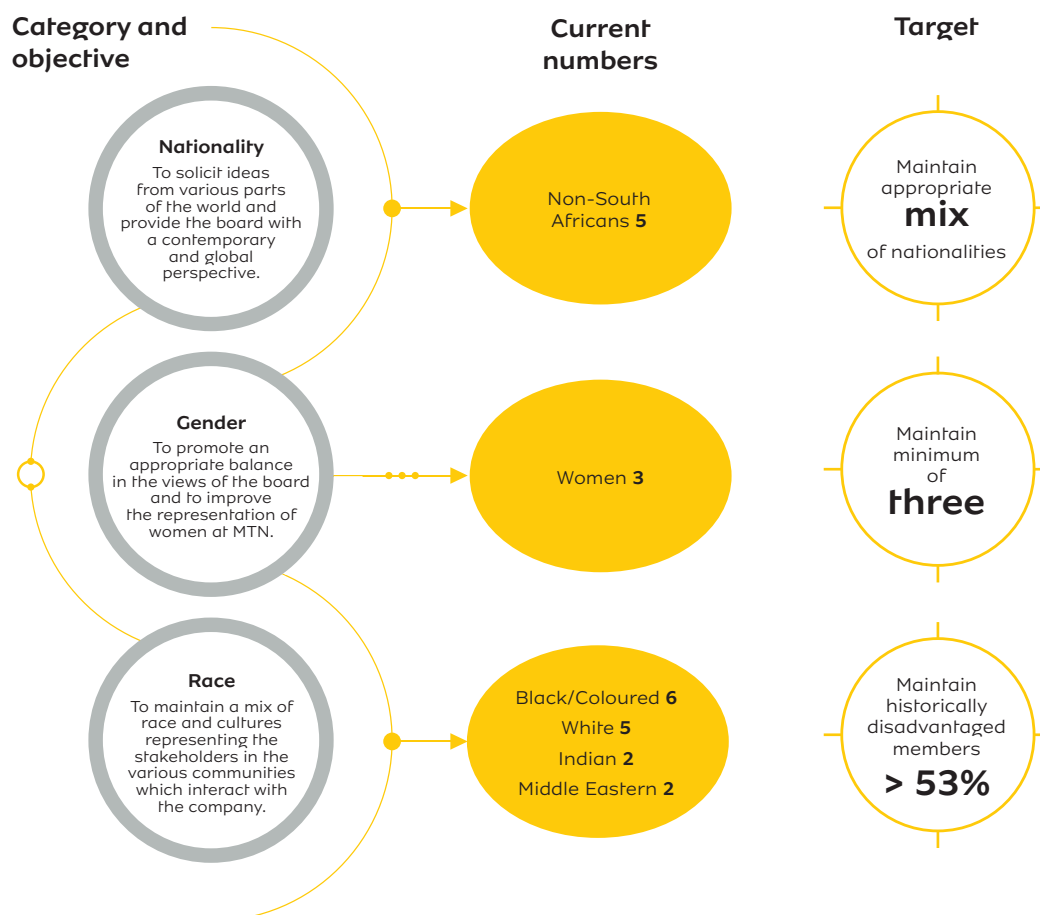
Directors who have served on the board for a period of in excess of nine years retire at every AGM and are re-elected following a review of their independence and objectivity in carrying out their duties. Three directors will be retiring as a result of having served on the board for an aggregate period in excess of nine years.

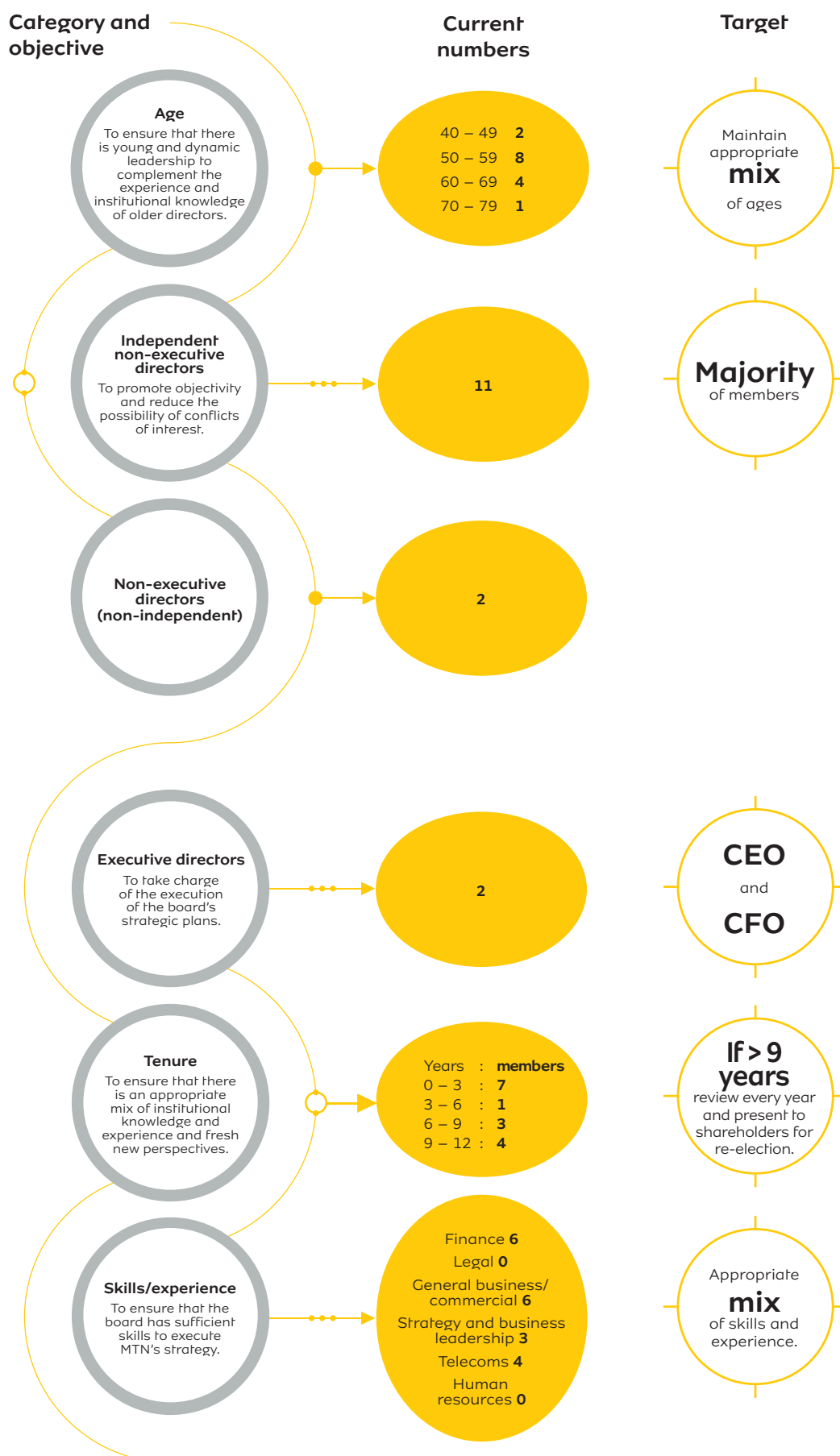
This exercise ensures that shareholders have the opportunity to exercise their vote with regard to whether the MTN board has appointed the most appropriate directors to meet the best interests of the company.

Diversity and composition of the board

MTN acknowledges that diversity gives the board the benefit of different perspectives and ideas. We have a unitary board, consisting of an appropriate mix of knowledge and skills. The board has executive and non-executive directors (including independent non-executive directors) who represent a broad spectrum of demographic attributes and characteristics. In the year, MTN adopted a diversity component which is included in the directors' appointment policy. The revised policy takes into consideration various categories of diversity as shown in the graphics that follow. The diverse perspectives of directors allow for proper strategic oversight as well as robust deliberation during board meetings.

Since race and gender are important attributes that contribute to a balanced composition of the board, the board recognises the need to improve the representation of women on the board and ensuring that an appropriate mix of races is represented on the board.





Board committees

The board has delegated its authority to various board committees with the mandate to deal with governance issues and report to the board on their activities on a quarterly basis. Each committee operates under terms of reference which set out roles and responsibilities, composition and scope of authority. These are reviewed on an annual basis.

The board is satisfied that in 2017 the committees effectively discharged their responsibilities, in accordance with their respective terms of reference.

Risk management, compliance and corporate governance committee



Peter Mageza
Chairman

"The industry is transforming, from one driven by voice to one dominated by data and digital. This, along with changing customer demands and more onerous regulatory requirements, means that MTN's operating environment remains both complex and dynamic. While taking advantage of the opportunities on offer, MTN needs to be cognisant of the related risks and ensure that these are appropriately mitigated in the markets in which the group operates. This necessitates even greater assessment and oversight by the committee. We continue to guide the group on managing strategic, operational and topical risks: those with the potential to impact the delivery of the group strategy, the day-to-day risks faced by opcos, as well as the risks that arise from developments in MTN's environment. Ensuring a robust compliance model remains essential."

Members

Peter Mageza (chairman)
Koosum Kalyan
Shaygan Kheradpir
Dawn Marole
Stanley Miller
Nkunku Sowazi (appointed 25 May 2017)

Attendance

4/4
4/4
3/4
4/4
3/4
1/4

By invitation: Chairman of the audit committee, group president and CEO, group CFO, group business risk officer, external auditors

Mandate

The committee works to improve the efficiency of the board and assist it in discharging its duties, which include identifying, considering and monitoring risks impacting the company and ensuring compliance with prevailing legislation and other statutory requirements, including corporate governance frameworks.

Key activities in 2017

- Reviewed MTN's risk management structures, policies and methodologies
- Focused attention on cyber security risks and vulnerabilities and assessed the potential impact of cybercrime on the organisation and MTN's readiness to manage such eventualities
- Introduced new risk appetite and tolerance methodology
- Monitored among others, the corporate governance framework, including regulatory and listings requirements and business practices, with the objective of strengthening risk management processes
- Continued to evaluate and monitor MTN's business continuity approach and processes across the group as well as the group's insurance programme
- Ensured that all opcos have compliance processes in place to keep abreast of local standards and procedures pursuant to any changes in laws applicable to MTN's markets
- Ensured appropriate risk management practices are in place to support the group's growth agenda
- Assessed the risks of key strategic projects.

Key focus areas for 2018

- Embed risk appetite and tolerance methodology
- Continue to benchmark our risks and exposure to both industry-specific risks and those emanating from the socio-political and economic environment
- Continue to review and align MTN's top risks to industry guidance, as well as those impacting our strategy and functions, while remaining sensitive to the dynamics of MTN markets
- Identify some of the best demonstrated operational risk management processes in particular markets and embed these across the group
- Continue to focus on addressing any gaps identified in MTN's application of King IV
- Oversee the implementation of a revised risk and compliance operating model.

Social and ethics committee



Koosum Kalyan
Chairman

"The committee assists the board and management in ensuring that the group's reputation is based on a solid ethical foundation and that it is a responsible and ethical corporate citizen. This contributes to enabling a sustainable business that delivers inclusive growth. In the year, the committee continued to monitor the progress of the implementation of MTN's ethics management programme and on ensuring that the CEOs of all our operations took responsibility for ethics management. Management and employees understand just how essential it is that everyone takes personal ownership of ethics management."

We started to evolve our approach to long-term sustainability and corporate social responsibility and social investment to ensure that the company creates shared value for shareholders and communities. We will do this by making better use of MTN's institutional capabilities.

In terms of BEE requirements, we will continue to drive transformation of MTN South Africa's supply chain by introducing more black-owned as well as black-women-owned suppliers."

More information on the work of the social and ethics committee is set out in the social and ethics committee report on our website. **SE**

Members

Koosum Kalyan (chairman)
Peter Mageza
Dawn Marole
Jeff van Rooyen

Attendance

4/4
4/4
4/4
4/4

By invitation: Group president and CEO, group chief human resources officer, group business risk officer

Mandate

The committee performs an oversight and monitoring role to ensure that MTN's business is conducted in an ethical and properly governed manner. It also monitors the development or review of policies, governance structures and existing practices. The committee's responsibilities include:

- Holding the group president and CEO accountable for MTN's ethics performance
- Monitoring activities regarding legislation and codes of good practice
- Ensuring good corporate citizenship including promoting equality; preventing unfair discrimination and fraud, bribery and corruption; deterring human rights violations; and contributing to community development
- Ensuring sound consumer relations monitoring the impact of MTN's activities and that of its products and services
- Overseeing meaningful broad-based black economic empowerment (BBBEE) in MTN South Africa.

Key activities in 2017

- Oversaw the implementation of the ethics management programme, including the revision of key ethics structures and policies and a new supplier code of conduct as well as carrying out ethics training
- Considered a revised stakeholder, issues and reputation management approach
- Took responsibility for the sustainability framework and sustainability reporting
- Identified two significant sustainability projects, including a solar energy flagship project, to implement in 2018
- Reviewed the activities of the MTN foundations and other CSI initiatives as we prepare to introduce a more integrated approach
- Oversaw progress by South African businesses under the amended BEE ICT sector code, which has significantly higher recognition levels.

Key focus areas for 2018

- Continue to evolve MTN's CSI approach in pursuit of shared value by making better use of MTN's institutional capabilities, and ensure that this work is integrated into initiatives to deliver on BRIGHT
- Oversee MTN's work to bring households solar energy boxes with connectivity functionality
- Oversee the implementation of a more structured and inclusive approach to stakeholder management, which is in line with the principles of King IV and monitors the health of our relationships
- Oversee MTN South Africa's efforts to develop an enterprise and supplier development policy to transform the supply chain by introducing 51% black-owned entities, 30% black-women-owned entities as well as exempt micro enterprises and qualifying small enterprises
- Ensure the primacy of ethics at MTN: business must be done in an ethical, safe and responsible way.

Audit committee



Christine Ramon
Chairman

"The role of the audit committee has never been more fundamental in ensuring that trust and integrity are maintained over corporate reporting, entrenched by the efficiency of internal controls, the effectiveness of the internal audit function, the independence of external auditors and optimised through a combined assurance model.

The group has made substantial progress on improvements in the internal control environment, most notably in its larger operations in South Africa and Nigeria. Sustaining the actions initiated and maintaining the positive momentum remain a priority. Internal controls relating to subscriber registration, cyber security and Mobile Money were key focus areas during 2017.

The implementation of a revised second and third line assurance model will gear the organisation to deal with the challenges faced and strengthen the current combined assurance model. These actions will be supported by

initiatives to standardise policies and procedures across the group.

Despite the progress noted to date, MTN faces challenges posed in conflict markets such as Syria, Afghanistan, South Sudan and Yemen, coupled with regulatory uncertainties in markets such as Benin, Cameroon and Rwanda."

More information on the audit committee is set out in the audit committee report in the AFS. **AFS**

Members

Christine Ramon (chairman)
Peter Mageza
Paul Hanratty
Jeff van Rooyen

Attendance

4/4
4/4
4/4
4/4

By invitation: Group president and CEO, group CFO, head of internal audit, head of technical accounting and financial reporting, external auditors

Mandate

The audit committee assists the board in discharging its duties by monitoring the strength of the operational, financial and control processes. These include internal financial controls and ensuring that assurance services and functions enable an effective control environment and that these support the integrity of information produced in compliance with applicable legal and regulatory requirements.

Key activities in 2017

- Considered the appropriateness of management judgement and the accounting treatment of significant transactions
- Reviewed the appropriateness of accounting policies applied and progress on adoption of new accounting standards
- Reviewed the effectiveness of the internal audit function and its assessment of the internal financial controls
- Reviewed reports from internal and external auditors and considered the appropriateness of responses from management
- Considered the independence of the external auditors and reviewed the limits on non-audit services
- Considered the consequences of new mandatory audit firm rotation regulations
- Evaluated the solvency, liquidity and going concern status of the group
- Confirmed the integrity of the integrated report and annual financial statements
- Reviewed group tax exposures and assessed the appropriateness of the group's tax policies
- Assessed revenue leakage control environment and assessed related leakage exposure for the group
- Reviewed group treasury reports, group funding requirements, credit ratings and recommended financing proposals to the board
- Received regular updates from management on the repatriation of funds from sanctioned territories
- Reviewed fraud and whistleblowing reports and that appropriate management action is taken as regards the control environment and consequence management
- Reviewed the trading and market updates and the interim and full year results announcements
- Reviewed the expertise, experience and performance of the finance function and group CFO
- Reviewed progress on litigation and legal exposure.

Key focus areas for 2018

- Implement a model to separate and strengthen the second and third lines of defence in the organisation
- Further strengthen the internal control environment
- Monitor regulatory compliance and further strengthen maturity of compliance structures
- Continue to focus on ethics and culture
- Review progress on adoption of new accounting standards
- Extract efficiencies of a combined assurance model
- Continue to facilitate a fair and balanced approach to corporate reporting.

Remuneration and human resources committee



Alan Harper
Chairman

"The committee's major focus in 2017 was related to rebuilding the management team: making sure we had the right remuneration policy, incentive arrangements and employment equity in place. We evolved the short-term and long-term incentive packages, making them suitable to recruit the people we need, as well as incentivise existing senior management. We also focused on succession planning. I am very satisfied at how the new management team has established itself and created a clear strategic direction for MTN as well as differentiation in the marketplace."

Members

Alan Harper (chairman)
Azmi Mikati
Phuthuma Nhleko
Nkunku Sowazi
Jeff van Rooyen

Attendance

4/4
4/4
4/4
3/4
4/4

By invitation: Group president and CEO, group CFO, group chief human resources officer

Mandate

The committee oversees the formulation of a remuneration philosophy and human resources approach. This is to ensure that MTN employs and retains the best human capital possible for its business needs and maximises the potential of its employees.

Key activities in 2017

- Reviewed MTN's remuneration policies to facilitate the attraction of new senior management and the retention of critical specialist skills
- Enhanced MTN's short-term and long-term incentive schemes
- Continued to work on improving succession planning at MTN
- Recorded support of 62,2% of shareholders for MTN's remuneration policy at the AGM in May 2017. This was less than we would have liked. We will continue to engage with shareholders in an effort to gain their support.

Key focus areas for 2018

- Better align MTN remuneration policies to King IV principles
- Continue to focus on the strength in-depth of the leadership team, ensuring that we have the right skills and employee base in terms of gender and race
- Oversee review of existing benefits, particularly of mobility employees, and review of other remuneration-related policies and governance structures
- Continue to work to align pay for performance with shareholders' interests
- Engage directly with shareholders on remuneration policy
- Maintain our focus on enhancing succession planning at MTN.

Over and above the board and committee meetings, additional *ad hoc* board meetings were held to address various board initiatives. These meetings are not included in the register of attendance of meetings. The total number of such meetings is 14. The *ad hoc* meetings, including the annual board pre-budget discussion session, have been accounted for in the fee schedule.

Meetings attendance register 2017

Names	Scheduled board (6)	Special board (2)	Risk (4)	Special audit (6)	Audit (4)	Nomina-tions (1)	Remco (4)	Social and ethics (4)
PF Nhleko	6	2				1	4	
R Shuter [^] (by invitation)	5	2	3	1	3		3	3
PB Hanratty	6	2		6	4			
A Harper	6	2				1	4	
KP Kalyan	6	2	4					4
S Kheradpir	6	1	3					
NP Mageza	4	2	4	5	4			4
SP Miller	6	2	3					
MLD Marole	5	2	4					4
AT Mikati	6	2				1	4	
NL Sowazi [†]	6	2	1			1	3	
KC Ramon	6	2	4	6	4			
AF van Biljon	6	2				1		
J van Rooyen	6	2		6	4		4	4
RT Mupita [‡] (by invitation)	5	2	3	2	3		3	

[^] Appointed 13 March 2017.

[‡] Appointed 3 April 2017.

[†] Appointed to the risk committee on 25 May 2017.

Delegation of authority

The roles and duties of the chairman and group president and CEO are separate and clearly defined. This division of responsibilities ensures a balance of authority with no individual having unrestricted decision-making powers.

While the board plays an oversight role over the company, the group president and CEO and his executive management are empowered to manage and lead the business on a day-to-day basis, guided by an approved delegation of authority.

The company's delegated structures, which include the board committees, encourage and promote open discussion which enhances the board's monitoring function over all areas of the company.

Director development

In order to ensure that all directors on both the board and committees of the company are adequately equipped with the latest information and knowledge relating to the business of MTN and to continuously support them in their role as directors, the company endeavours to provide ongoing training relating to general management, corporate governance, laws and regulations and best practices affecting the business. In 2017, MTN provided the board with training on the applicable amendments to the JSE Listings Requirements. In 2018, we wish to continue with training and development for directors.

Group secretary

Directors engage with the group secretary regularly for governance and regulatory advice. She also ensures the proper administration of the board and adherence to sound ethical practices.

The performance of the group secretary, as well as her relationship with the board, is assessed on an annual basis by the nominations committee and the board. The assessment considers the competency, qualifications and experience of the group secretary and whether she maintains an arm's-length relationship with the board. For the reporting period, the board is satisfied that she is suitably qualified and her relationship with the board is adequate to ensure her independence from director influence or conflict of interest.

Directors' dealings

The company continued to enforce closed periods prohibiting trading in shares by directors,

senior executives and employees in terms of the company's share dealing and insider trading policies. The company imposes financial closed periods on all employees. The closed periods are effective from the end of the interim and annual reporting periods until the financial results are disclosed on SENS and any period when the company is trading under a cautionary announcement. Directors are made aware of their obligations in terms of the JSE Listings Requirements.

Business practices and ethics

In 2017, the board continued to strive to ensure that ethics is the foundation of how MTN operates and that corporate governance best practices were adhered to. With the application of the new King IV principles the directors enhanced their oversight of ethics by being more proactive in dealing with ethics. To this end, the CEOs of all the operating entities were each required to present a report to the social and ethics committee on their plans regarding the further entrenchment of ethics, key challenges and achievements.

It was evident that the operating companies still faced obstacles which staggered their progress in ethics management; however, the process has been more closely monitored by the board. As a result of its oversight, the board recognised that a lack of resources, language and cultural barriers and changing the mindset of some employees need to be focus areas going forward.

Despite the setbacks highlighted above, each operating company continues to strive to further entrench ethics and has taken a firm stance against bribery and corruption. Each company is supported by ethics champions who provide effective guidance, encourage employees to report all instances of fraud through the whistle-blowing hotline and ensure that the company's ethics are efficiently implemented and reported to the group's social and ethics committee on a quarterly basis.

The board also continued to manage conflicts of interest and ensured that the interests of the company were always at the forefront in all decision-making processes.

The company also continues to safeguard the interests of stakeholders, such as the community, employees, customers and suppliers, by monitoring MTN's activities with regard to social and economic development, corporate citizenship, consumer

relationships, the environment, health and public safety and labour and employment matters.

Monitoring, oversight and risk management

MTN's corporate governance structure ensures effective internal controls and monitors the management of significant matters. The audit committee, as well as the risk management, compliance and corporate governance committee provide an environment in which challenging issues can be considered and monitored.

As required by principle 11 of King IV, the strategic and operational risk management framework of the company focuses on various risks that could affect the company's customer experience, operational agility, cost competitiveness and stakeholder confidence. This is done through a robust risk methodology that analyses not only what the company does, but also how it is done, to guarantee sustainable economic viability, make the most of market opportunities and serve a rapidly changing market.

Performance management

The board stresses the importance of promoting a healthy workplace environment which embraces ethics and compliance through established policies based on the values of integrity, leadership, innovation, relationships and 'can do' as well as the vital behaviours. It promotes targeted results in a transparent and systematic manner which ensures that the company's employees are productive, provide efficient services and demonstrate the required knowledge, skills, behaviour, competencies and engagement to perform their duties to the best of their ability.

MTN's remuneration philosophy is aligned to the BRIGHT strategy and directly linked to each employee's key performance indicators (KPIs). These KPIs are measured through the performance management system. In 2018, MTN will provide shareholders with an implementation report to illustrate how the remuneration philosophy for directors and prescribed officers is implemented.

Like any organisation, there are instances of unsatisfactory employee performance; however, MTN endeavours to address such issues expeditiously through internal company

procedures in line with the disciplinary process and its performance management system.

Disclosure, reporting and transparency

Disclosure, reporting and transparency are fundamental components of MTN's corporate governance framework. The company aims to be transparent and accountable to stakeholders to enable them to make an informed decision about their association with MTN.

MTN endeavours to provide timeous disclosure, especially regarding material issues, the company continues to review its policies and procedures that govern the provision of timeous, correct and complete information to stakeholders. MTN endeavours to provide information in a manner which gives all stakeholders equal access and ensures that there is no stakeholder that is treated favourably over others.

In 2017, the board re-emphasised that all matters must be provided to stakeholders in compliance with the law and applicable regulations. Accordingly, MTN strives to disclose material or price-sensitive information in a readily understandable language, to stakeholders, the public and regulators.

Stakeholder engagement and communication

The board values MTN's stakeholders and endeavours to take their concerns and interests into account when making business decisions. This not only enables it to anticipate and manage risk effectively, but also assists the company in identifying new business opportunities and in establishing solid relationships with MTN's stakeholders. It also makes it easier for the company to deliver on its objectives and benefit from ideas for products or services that address stakeholder needs, and at the same time allows MTN to reduce costs and maximise value. In order to ensure greater accountability, the company has a stakeholder-conscious governance model which places emphasis on dialogue and responding to stakeholder concerns and interests.

Our board of directors

The company acknowledges that an effective board must have the expertise and competence to promptly and appropriately address current and emerging issues to ensure the delivery of its strategy.





Our board of directors continued

at 31 December 2017

1. Phuthuma Nhleko (56)
Chairman and non-executive director
BSc (Civil Eng), MBA
Appointed: 28 May 2013
Scheduled board attendance:

Board committee membership:
  
Other directorships: Chairman of various companies in MTN Group, chairman of Phembani Group (Pty) Limited, Afrisam (South Africa) (Pty) Limited, Blue Falcon 179 Trading (Pty) Limited.
Skills, expertise and experience: Strategic leadership and finance.

2. Rob Shuter (50)
Executive director
Group president and CEO
BCom (Econ and Acc), PG Dip Acc CA(SA)
Appointed: 13 March 2017
Scheduled board attendance:

Board committee membership:
   
Other directorships: Director of various companies in MTN Group.
Skills, expertise and experience: Telecommunications and banking.

3. Ralph Mupita (45)
Executive director
Group chief financial officer
BScEng (Hons), MBA, GMP
Appointed: 3 April 2017
Scheduled board attendance:

Board committee membership:
  
Other directorships: Director of various companies in MTN Group.
Skills, expertise and experience: Financial services in emerging markets.

4. Paul Hanratty (56) (Irish)
Independent non-executive director
BBusSc (Hons), Fellow of Institute of Actuaries, Advanced Management Programme (Harvard)
Appointed: 1 August 2016
Scheduled board attendance:

Board committee membership:

Other directorships: Director of various companies in MTN Group.
Skills, expertise and experience: Financial services.

5. Alan Harper (61) (British)
Lead independent non-executive director
BA (Hons)
Appointed: 1 January 2010
Scheduled board attendance:

Board committee membership:
  
Other directorships: Director of various companies in MTN Group, Azuri Technologies Limited, Avanti Communications Group plc and Gigabit Fibre Limited.
Skills, expertise and experience: Telecommunications.

6. Koosum Kalyan (62)
Independent non-executive director
BCom (Law) (Hons) Economics, Senior Executive Management Programme (London Business School)
Appointed: 13 June 2006
Scheduled board attendance:

Board committee membership:
  
Other directorships: Director of various companies in MTN

Group, non-executive chairman of Edgo Merap. Non-executive director of Aker Solutions and Anglo American South Africa. Non-executive senior adviser of Boston Consulting Group. Member of the Thabo Mbeki Foundation Advisory Council and Invest Africa Advisory Board.
Skills, expertise and experience: Economics, energy, infrastructure and corporate governance.

7. Shaygan Kheradpir (56) (American)
Independent non-executive director
Doctorate in Electrical Engineering
Appointed: 8 July 2015
Scheduled board attendance:

Board committee membership:

Other directorships: Director of various companies in MTN Group. CEO and chairman of Coriant International Group, a global leader in packet-optical networking.
Skills, expertise and experience: Business leadership and transformational change, operations, technology and engineering.

8. Peter Mageza (63)
Independent non-executive director
FCCA
Appointed: 1 January 2010
Scheduled board attendance:

Board committee membership:
  
Other directorships: Director of various companies in MTN Group, Remgro Limited, Sappi Limited, RCL Group and Anglo American Platinum Limited.
Skills, expertise and experience: Accounting, banking and finance.

KEY

Symbol for "chairman of..."

-  Nominations committee
-  Remuneration and human resources committee
-  Social and ethics committee
-  Risk management, compliance and corporate governance committee
-  Audit committee

Symbol for "member of..."

-  Nominations committee
-  Remuneration and human resources committee
-  Social and ethics committee
-  Risk management, compliance and corporate governance committee
-  Audit committee

Numbers refer to attendance at committee meetings.

9. **Dawn Marole** (57)
Independent non-executive director
BCom (Acc), Dip Tertiary Education, MBA, Executive Leadership Development Programme

Appointed: 1 January 2010

Scheduled board attendance:

5/6

Board committee membership:

4/4 4/4

Other directorships: Director of various companies in MTN Group, South African Post Office (SoC) Limited, Richards Bay Mining (Pty) Limited, Santam Limited, Resilient Properties Income Fund and the Development Bank of Southern Africa.

Skills, expertise and experience:

Financial services, risk and corporate governance.

10. **Azmi Mikati** (45) (Lebanese)
Non-executive director
BSc

Appointed: 21 July 2006

Scheduled board attendance:

6/6

Board committee membership:

1/1 4/4

Other directorships: Director of various companies in MTN Group, CEO of M1 Group Limited (an international investment group focusing on telecoms), director of various companies in M1 Group and director of Orascom Construction Limited. He also serves on the boards of the Children Cancer Centre, the International College and Columbia University board of visitors.

Skills, expertise and experience:

Telecommunications.

11. **Stanley Miller** (59) (Belgian)
Independent non-executive director
Intermediate diploma from the Institute of Certified Bookkeepers (SA), Diploma in law and administration. Various executive programme courses (UCT Business School)

Appointed: 1 August 2016

Scheduled board attendance:

6/6

Board committee membership:

3/4

Other directorships: Director of various companies in MTN Group, executive chairman of AINMT AB Sweden, CEO of Leaderman NV (Belgium), Leaderman SA (Lux), non-executive director of MTS OJSC Russia.

Skills, expertise and experience:

Telecommunications and media.

13. **Nkunku Sowazi** (54)
Independent non-executive director
MA

Appointed: 1 August 2016

Scheduled board attendance:

6/6

Board committee membership:

1/4 3/4 1/1

Other directorships: Director of various companies in the MTN Group. Chairman of Kagiso Tiso Holdings and Synchem Group. Director of Grindrod Limited, IQ Business Holdings and Tiso Blackstar SE (UK). Co-founder trustee of the Tiso Foundation and Washington-based Housing for HIV Foundation.

Skills, expertise and experience:

Investment management, business leadership.

14. **Alan van Biljon** (70)
Independent non-executive director
BCom, CA(SA), MBA

Appointed: 1 November 2002

Retired on 31 December 2017

Scheduled board attendance:

6/6

Board committee membership:

1/1

Other directorships: Director of various companies in MTN Group, chairman and trustee of Standard Bank Group Retirement Fund.

Skills, expertise and experience:

General business, accounting and finance.

15. **Jeff van Rooyen** (67)
Independent non-executive director
BCom, BCompt (Hons), CA(SA)

Appointed: 18 July 2006

Scheduled board attendance:

6/6

Board committee membership:

4/4 4/4 4/4

Other directorships: Director of various companies in MTN Group, various companies in Uranus Group, Pick n Pay Stores Limited and Exxaro Resources Limited.

Skills, expertise and experience:

Accounting and finance.

Our executive committee

The executive committee facilitates the effective control of the group's operational activities in terms of its delegated authority approved by the board. It is responsible for recommendations to the board on the group's policies and strategy and for monitoring their implementation in line with the board's mandate. It meets at least monthly, and more often as required. At 31 December 2017, it was made up of:



Rob Shuter (50)
Group president and chief executive officer

BCom (Econ and Acc), PG Dip Acc
CA(SA)

Executive since March 2017



Ralph Mupita (45)
Group chief financial officer

BScEng (Hons), MBA, GMP

Executive since April 2017



Ebenezer Asante (49)
Vice-president: SEAGHA

BA (Hons) (Econ and Stats),
Postgraduate Diploma in
Management

Executive since October 2017



Ferdi Moolman (54)
Chief executive officer: MTN Nigeria

CA(SA), BCom, BCompt (Hons),
Theory of Accounting Diploma

Executive since 2015



Paul Norman (52)
Group chief human resources officer

MA (Psych), MBA

Executive since 1997



Jens Schulte-Bockum (51)
Group chief operations officer

MA (SocSci)

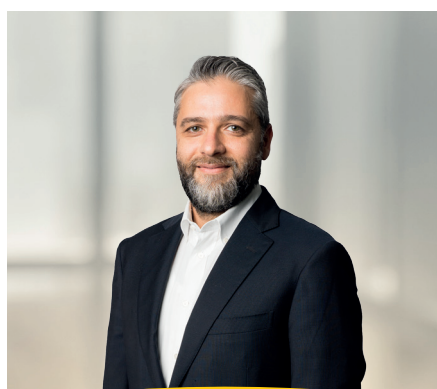
Executive since January 2017



Michael Fleischer (57)
Group chief legal counsel

BProc, Advanced Tax Certificate
Admitted as attorney of the
High Court of South Africa

Executive since 2014



Ismail Jaroudi (46)
Vice-president: MENA

BA, Executive Education
Certificate

Executive since 2015



Godfrey Motsa (44)
*Chief executive officer: MTN
South Africa*

BCom, MBA

Executive since January 2017



Felleng Sekha (50)
*Group chief regulatory and
corporate affairs officer*

BA (Law), LLB, Postgraduate
Diploma in Media and ICT Law

Executive since June 2017



Karl Toriola (45)
Vice-president: WECA

BSc (Elec Eng), MSc (Comm
Systems), GMP

Executive since 2015



Stephen van Coller (51)
*Vice-president: digital services,
data analytics and business
development*

CA(SA), ACMA (UK), BCom (Hons),
Higher Diploma in Accounting

Executive since October 2016

Management of our top opcos

To illustrate the depth of our management team, here we profile the leadership of our seven major operations at 31 December 2017.

South Africa

MTN South Africa



Godfrey Motsa
CEO



Sandile Ntsele
CFO

SEAGHA

MTN Uganda



Wim Vanhelleputte
CEO



Mike Blackburn
CFO

Nigeria

MTN Nigeria



Ferdi Moolman
CEO



Adekunle Awobodu
CFO

MTN Ghana



Ebenezer Asante
Acting CEO



Modupe Kadri
CFO

WECA

MTN Ivory Coast



Freddy Tchala
CEO



Ebenezer Bodylawson
CFO

MTN Cameroon



Philisiwe Sibiyi
CEO
Resigned 31 December 2017



Adel Alaya
CFO



Saim Yasken
Acting CEO
effective 12 February 2018

MENA

MTN Irancell (joint venture, 49%)



Alireza Ghalambor
Dezfouli, CEO



Mazen Mroue
COO

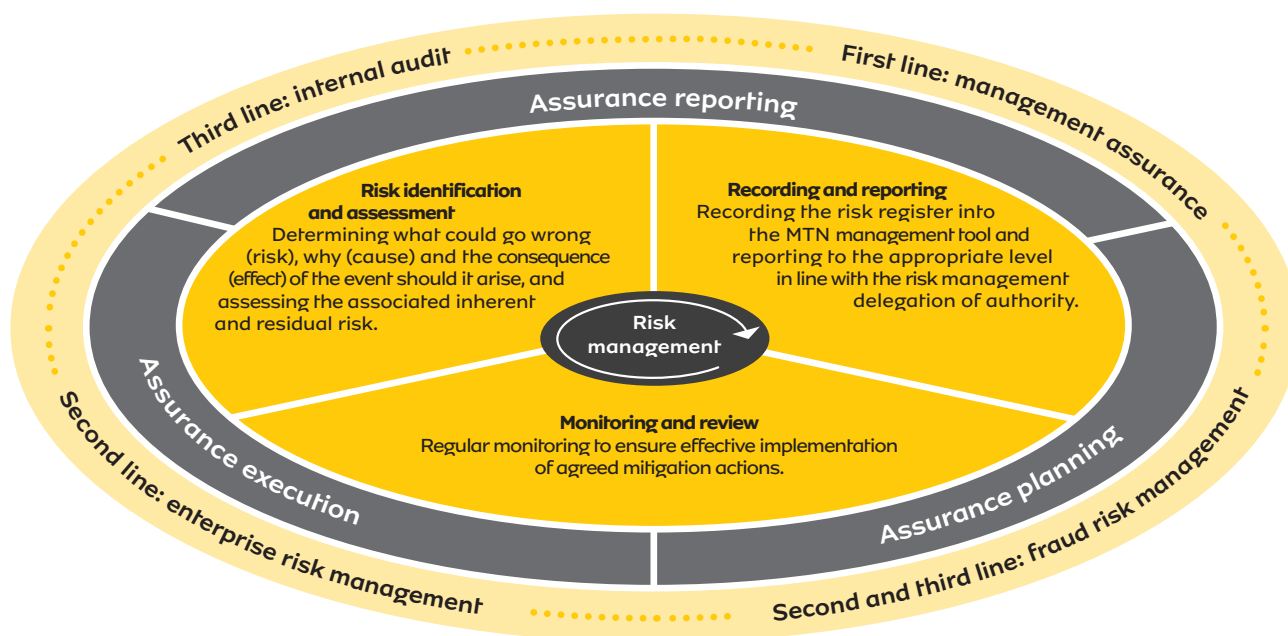


Sugentharen Perumal
CFO

Our approach to risk management

Our risk management process

The efficient and effective management of risk is critical to the delivery of MTN's strategy and supports our investment case. The MTN board is accountable for all risks and delegates the responsibility for overseeing the effectiveness of risk management to the committees of the board.



Aligning risk management, compliance and corporate governance

MTN's risk management frameworks guide the operation of our business units, with whom primary responsibility for risk management resides. In 2017, we further enhanced key risk frameworks and methodologies to ensure consistent application across the organisation and conducted training and awareness programmes across regions and in key markets.

The business risk management (BRM) function continued on its three-year transformation journey (which commenced in 2016) to create a world-class function that caters to MTN current and future business needs in an effective and efficient manner. We continued to focus on the following three pillars to achieve the desired level of risk maturity:

Governance – We started separating the second and third lines of assurance in the company by splitting out internal audit and forensics and

combining risk and compliance. We calculated risk-bearing capacity and applied this through the revised risk tolerance and appetite framework. We enhanced the risk-escalation process with stronger oversight from the group. We revised the terms of reference of internal governance structures to enhance the focus on risk management and related oversight activities.

People – We acquired additional specialist skills and increased the capacity of the assurance, risk management and compliance functions, boosting the capability of the group function significantly.

Methods and practices – We revised the tools, policies and frameworks to enhance the efficiency, effectiveness, co-ordination and reporting of assurance and risk management activities and placed greater emphasis on monitoring of top risks at the top governance structures.

During 2018, the focus will be on:

- Separating second and third lines of defence.
- Strengthening the 'centre of excellence' for all assurance providers in line with revised structures and roles.
- Implementing the risk and compliance transformation roadmap in the opcos.

Successful implementation requires that we continue to have:

- The right tone at the top, at the group and all opcos.
- Clear measures of success together with regular and robust monitoring of performance.
- Strong relationships at all levels of the business.

MTN operates in a complex, dynamic and fluid compliance environment. We made significant progress in 2017 to implement a multi-faceted approach to the management of compliance. Through our regional vice presidents and regional compliance officers, the group provides strong compliance oversight, while in-country compliance officers are responsible for ensuring that compliance matters are attended to timeously.

In 2017, the board approved a revised compliance target operating model and gave the go ahead for the recruitment in 2018 of additional compliance resources. This will ensure that the compliance function is further strengthened and enable it to deliver on its strategic focus areas.

Business continuity management and crisis risk management

Our group-wide BCM programme enables us to develop our capability to prevent, respond and recover from business interruptions. We have developed continuity plans for our key markets and continue to make progress in all our markets. However, we would like to increase our focus on the maturity of these processes in certain markets and have placed this as a priority for the group operating committee.

Our BCM approach leverages the ISO 22301 standards and the Business Continuity Institute Good Practice Guidelines and enables us to put in place adequate measures to protect our brand and reputation and comply with statutory, regulatory and contractual obligations.

Furthermore, we continue to strengthen our crisis management structures to effectively deal with incidents and crisis events across the MTN Group, and have an ongoing project to implement a crisis management tool to further strengthen our response capability.

Insurance and risk transfer

The MTN Group insurance programme is built around the close connection between risk management, risk retention and insurance using an annual assessment of risk exposures at each operating company. To achieve this, there is a strong commitment to the risk management assessment process, improving operational management's adoption of risk management best practice and to reduce risks across the entire insurance programme.

The programme covers physical/material damage to assets, business interruption, political violence, political risk, public liability, directors' and officers' liability, commercial crime, professional indemnity and cyber liability. The limits of indemnity for these covers have been structured to maintain an appropriate balance between external insurance and internal risk retention/self-insurance to manage the total cost of risk and demonstrate value for money.

To optimise risk retention, the insurance programme is supported by a cell captive, which continues to build its capacity and improve the cost effectiveness of the MTN Group insurance programme.

We have no political violence cover in place for Syria and Sudan and no political risk cover in place for Syria, Sudan or South Sudan. Other operations that are not covered under this placement are South Africa, Botswana, Cyprus and Swaziland, where we perceive risk as low. Afghanistan is covered under a Multilateral Investment Guarantee Agency placement and Iran is covered under an Export Credit Insurance Guarantee policy.

Our approach to risk management continued

Information and technology governance

MTN acknowledges that information and technology are integral strategic assets to enable the delivery of 'a bold new digital world' to our customers. Our commitment to sound governance is evident in our continuing efforts to embed the King IV principles and recommendations, with specific focus on technology governance through the establishment of various responsibilities, processes and supporting governance structures.

In 2017, we further strengthened our group information security function, with enhanced tools and more resources. We continued to implement our new security plan, which aims to use security as a business enabler, by creating trust in the digital world and proactively managing cyber and privacy risk.

Fraud risk management

Our approach to fraud risk management continues to evolve to meet changes in international fraud risk trends, and we are placing more emphasis on proactive fraud prevention. We work towards the effective integration of fraud risk management within a combined assurance environment, the rollout of MTN's ethics framework and greater organisational fraud awareness.

We have dedicated forensic personnel in 13 MTN opcos; the remaining opcos are supported through the local internal audit and enterprise risk management functions or the group fraud risk management function.

Employees report most identified fraud incidents via internal channels as they prefer to report potential fraud incidents directly to the investigation team. However, we continue to provide employees and relevant stakeholders with access to an anonymous reporting facility managed by Deloitte. We investigate all whistleblowing reports and provide feedback to the group audit and risk committee structures to ensure that we maintain independent governance.

In 2017, MTN Group's top fraud risks were:

- Procure-to-pay associated fraud risks.
- Products and services-related fraud risks (including distribution channels).
- Financial services-related fraud risks.
- Cybercrime and confidential information leakage.

Internal audit

The group's internal audit provides independent, objective non-assurance and consulting activities designed to add value and improve the operations of MTN. It helps the business accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. Internal audit coverage is extended to all operations and all high-risk processes in line with the internal audit methodology. The MTN Group and all its subsidiaries embrace the principles of the King IV Report and recognise the significant opportunities that present themselves to companies that do so.

Internal audit continues to play the role of an objective and independent value-adding assurance provider. It takes into consideration the risks that may hamper the achievement of strategic objectives and risk profile of the organisation to determine the effectiveness of the internal control environment and risk management. In 2017, internal audit implemented an internal quality assessment programme across a number of opcos to ensure its various internal audit teams comply with best practice standards.

MTN's internal audit has adopted a combined assurance model as a co-ordinated approach by three lines of defence and has dedicated teams that perform internal audits across the group.

In 2018 all internal audit and forensic teams will report directly to the group audit committee, which further enhances the independence of the function. The function will report administratively to the group CFO.

At MTN we believe that the investment in our people is key to achieving our BRIGHT strategy and improving our competitive edge across the markets in which we operate. To deliver the best customer experience and improve our business performance, we recognise the importance of employee engagement and development. This commitment is evident in the implementation of initiatives around the 'H' element of the BRIGHT strategy which is dedicated to the hearts and minds of the people of MTN. The three areas of focus of our HR approach are:

High-performance culture

This aims to create a culture where:

- There is agility to stop, reflect and self-correct.
- Trust is built and people are empowered.
- There is the ability to embrace behaviours and practices that serve MTN's strategy.

High-potential factory

This aims to:

- Recognise, grow and develop our people.
- Effectively execute the talent processes.

Efficient employee-centric solutions

These aim to:

- Simplify the ways of work.
- Provide employees with digital experiences.

Key performance metrics

We measure achievements across HR with the following key performance metrics:

- Employee net promoter score (NPS).
- Sustainable engagement score.

- Learning and development spend ratio.
- Ready-now succession bench strength.
- Recognition messages on our digital platform.

- Spans and layers.
- Staff cost ratio.
- e-HR rollout.

- Group headcount per employee type.
- Employee turnover (including high performer turnover).
- Labour productivity metrics.
- Equity and transformation.

Employee value proposition

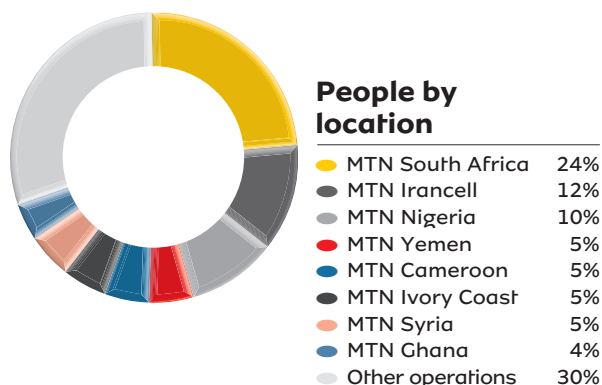
MTN's employee value proposition, 'The MTN Deal', comprises five pillars:

- Brand strength.
- Leadership brand.
- Investing in our talent.
- Globally diverse culture.
- Total reward and recognition.

The MTN Deal aims to provide employees with real opportunities, real experiences, interactions with people who have a 'can-do' attitude, over real platforms and offering real rewards. In the 2017 group culture audit survey, scores for four out of the five pillars improved from 2016 with the fifth pillar maintaining its previous score.

Overview of our people

At the end of December 2017, MTN employed 15 901 permanent employees and 3 030 contractors. The number of people in the business declined by 2,75% from 2016, mainly due to ongoing initiatives to simplify MTN.

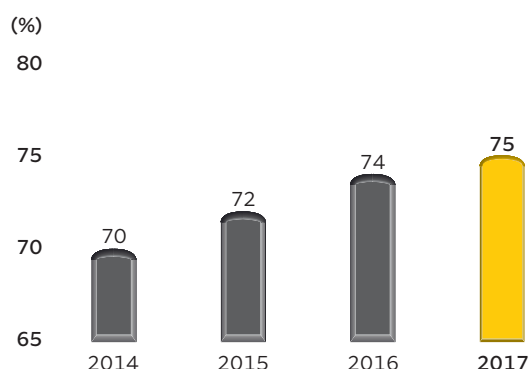


Engagement and culture

Achieving high levels of employee engagement and fostering the right culture is fundamental to achieving our BRIGHT strategy. Every year we invite staff to participate in our Global Culture Audit survey to measure our employee engagement and culture across 16 dimensions. In 2017, there was a 93% participation rate for this survey, which is the highest in 10 years.

Our mean score rose to 70% from 67% in 2016. Our sustainable engagement score improved by one percentage point to a score of 75%. This is now just three percentage points behind the global telecoms norm of 78%. The improvement is the result of the combined efforts of staff and management to prioritise the people agenda in the challenging operating environment across Africa and the Middle East. The WECA region showed the greatest year-on-year improvement in employee engagement, and the highest score of all three regions. In our key markets of South Africa and Nigeria, the sustainable engagement score improved by more than three percentage points year-on-year.

Sustainable employee engagement

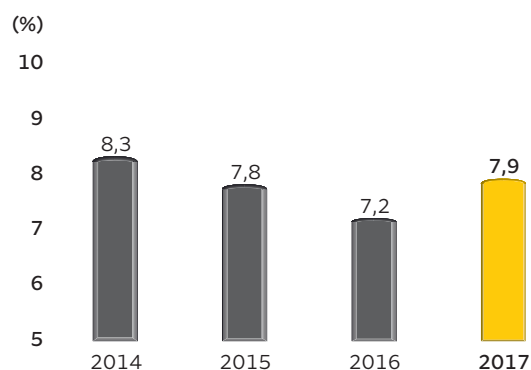


We also recorded an improvement in our score on awareness of MTN's vital behaviours which we are instilling through our ongoing culture operating system programme. Vital behaviours are the foundation of our social engine to ensure that our people work in a collaborative way that corresponds with the company's values (see page 2), while feeling safe to speak up.

One of the key measures of success of the 'hearts and minds' pillar of our strategy is to be a leader in employee NPS. In 2017, we recorded an improvement in this measure. The percentage of our employees who were likely to recommend MTN as a place to work (i.e. were 'MTN promoters') increased to 45% from 43% in 2016.

Our employee voluntary turnover rate, which measures the rate at which employees voluntarily leave MTN, rose from 7,2% in 2016 to 7,9% in 2017, but remained below the telecoms sector benchmark of 9,9%. Several operations implemented skills refresh initiatives to better align to the group strategy. Several other operations based in areas of civil strife saw a rise in the voluntary turnover of employees who were seeking better economic and social opportunities.

Voluntary turnover

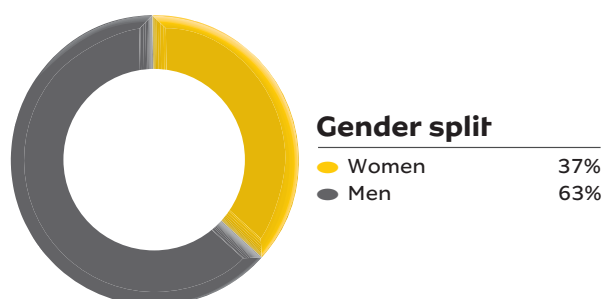


We remained focused on retaining our top talent in 2017 and kept the voluntary turnover rate of high performers below 5% at 4,9%. This compares to the telecoms sector benchmark for high performers of 7,3%.

A diverse company

Central to our customer-centricity approach is ensuring that we have a diverse workforce that understands the varied needs of our subscribers. We therefore aim to have a multi-cultural workforce across the markets in which we operate. At the end of December 2017, MTN employed 63 different nationalities, of which 38 were from Africa and the Middle East. Gender diversity is another important metric. In 2017,

37% of staff were women and 63% were men, the same ratio as that in 2016.



Developing our talent

We place significant emphasis on continuously evolving the skills sets of our talent base to ensure our staff are equipped to meet the needs of a rapidly evolving ICT industry. Our digital e-learning platform continued to be popular in 2017, with 445 606 course completions across 31 118 employees and contractors in 2017 – an average of 14 online learning programmes per individual. We continued to evaluate the quality of the material and achieved a 98% positive response from staff.

In 2017 our learning and development focus areas were:

- Customer experience.
- Sales and business operations.
- Technology excellence.
- Leadership and culture.

Through our strategic partnerships, we continued to roll out a variety of cloud-based programmes to deepen our functional leadership skills across our senior management in the areas of innovation, commercial excellence and execution.

Talent management is a critical driver of organisational sustainability. In a rapidly changing environment, MTN acknowledges that it is the quality of the people we attract, develop and retain that will have the greatest impact on profitability and provide us with a competitive advantage to drive sustainable business value. It is with this in mind that we developed robust talent management processes to identify, assess and develop future talent.

Through global talent reviews, succession planning and psychometric assessments, we identify individuals for the right job, at the right time, and in the right place. Talent is the sum of an individual's ability, agility and attitude to either perform at their current level or higher. The extraction of talent analytics further assists

us in identifying key risks to predict future scenarios and inform predictive trend analysis.

Succession planning remains an important outcome of the talent management process that highlights roles that are at the most risk in terms of current occupancy and future replacement. We ringfence critical positions for specific talent strategies to ensure that we are developing and retaining for future appointments a pipeline of talent. Through succession planning, we are able to identify key risk areas where top talent will need either to be bought, developed or retained. Having robust succession pipelines in place acts as a vital differentiator in ensuring the future sustainability of the business with top talent who are equipped to deliver on the MTN Group strategy.

Performance management

We completed our 2017 integrated performance cycle, ensuring that our pay-for-performance framework was cascaded throughout the organisation. We further improved our performance management framework to ensure greater alignment to our strategy to increase our focus on customer experience and commercial and financial performance.

Best practices

The Global Investor in People (IiP) standard is a people-management best practice accreditation that defines what it takes to lead, support and manage people well for sustainable results.

At December 2017, 17 opcos had achieved varying levels of accreditation. MTN Cameroon, MTN Ghana, MTN Nigeria, MTN Swaziland and Head Office all achieved Gold accreditation – the highest level available.

Digitising HR

In 2017 we focused on improved efficiency, effectiveness and experience for HR and rolled out several initiatives relating to digitising HR. At a MTN Group level, we implemented initiatives such as the Global MyStrengthsFinder system, which allows a more effective talent management and development platform for all employees. The group-wide implementation of InfoSlips provided an efficient medium through which employees can access their personal pay information. We also worked to increase the use of our on-the-spot recognition platform to drive a high-performance culture. These collective efforts across the business resulted in over 300 000 recognition messages being sent on the platform in the year.

Remuneration report

Our remuneration philosophy

MTN's remuneration philosophy is part of an interlinked, holistic and people-oriented talent approach, aiming to support current and evolving business priorities. The philosophy aims to attract, motivate, retain and engage the desired talent to execute business strategy in a sustainable manner over the longer term. The competitive talent landscape demands a differentiated reward system, capable of competitively matching pay for results, delivered fairly without bias, and flexible yet compliant across all markets.

In our efforts to achieve our talent objectives, we apply various approaches, including the following:

For competitiveness and affordability

- Regular review and benchmarking of reward components.
- Linking short- and long-term incentives to various performance indicators.

For differentiation and flexibility

- Establishing performance as the basis for employee reward.
- Customising our reward to address the varied needs and lifestyles of employees.

For compliance and sustainability

- Continuously striving to apply full regulatory and legislative compliance in our markets.
- Regularly auditing and assessing risks, benefits and compliance of reward.

Our various remuneration policies endorsed by management and governed by our remuneration committee guide the decision-making processes and operationalisation of all reward matters. It is our intent to deliver a legislatively compliant system aligned with the future strategic objectives of the company.

Background

We endeavour to apply the King IV principles regarding responsible and transparent remuneration practices. During the year, we comprehensively reviewed some of our remuneration policies.

After engaging with the board, we took key decisions to change our short-term and long-term incentives and some of our benefits structures. These reviews were necessitated by a desire to maintain our competitiveness. The remuneration committee actively engaged with various stakeholders.

Key priorities in 2018

Our key focus areas include:

- Further review of incentives programmes to derive a full understanding of the principles and plan structure.
- Review of existing benefits, particularly for mobility employees in line with our regular review of benefits provided by external service providers.
- Review of existing other remuneration-related policies and governance structures. We are working towards setting up a governance platform where employees can easily access policies remotely.
- Promoting employee wellbeing by creating practices which support this.

Our reward principles

In delivering on our remuneration policy, we apply the following principles:

- Fair pay based on the value of the job relative to other jobs of similar worth, i.e. internal equity.
- Performance-based system through short- and long-term incentives.
- Transparent and simplified communication across all levels including external stakeholders.
- Consistency across all operating units, however, acknowledging differentiation and customisation.
- Empowerment of line managers to deliver effective pay decisions.
- Company affordability so as to support the performance expectations of our shareholders.
- Optimal pay structure comprising fixed and variable remuneration so as to drive the right focus both in the long and short term.
- Values-based and output-driven recognition of actions aligned to our vital behaviours.

We continuously benchmark our reward offerings to remain externally competitive. Our remuneration practices meet the minimum related compliance requirements.

King IV recommends that remuneration governing bodies should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Against this backdrop, MTN's remuneration policies aim to achieve the following:

- Address the attraction and retention challenges for the key skills required to achieve the broader MTN objectives. We achieve this objective by ensuring our policies are relevant to address our corporate goals and benchmarked appropriately against best practice to maintain market competitiveness.
- We provide a fair composition of fixed and variable remuneration for each position. The ratio of fixed to variable differs, with the weighting of variable pay for executive employees being greater than that of fixed. Our pay mix ensures we deliver an effective performance-based reward system where achievement of stretched targets is remunerated.
- Both our short- and long-term incentive plans provide an incentive for the achievement of positive outcomes measured using a balanced approach combining both financial and non-financial metrics and measured across company, team and individual performance.

Going forward, in aligning with the recommendations of King IV, we aim to continue disclosing the main provisions of our remuneration policies including how such remuneration was earned by executive employees.

All strategic reward decisions are prepared and guided by our executive management team for approval by the remuneration and human resources committee. This committee has delegated approval authority at various levels with its roles and responsibilities outlined on page 64.

Non-binding advisory votes on the remuneration policy and implementation report

Each year, the remuneration policy and implementation report will be tabled for separate non-binding advisory votes by the shareholders at the group's annual general meeting (AGM). The purpose of this exercise is to enable the shareholders to express their views on the policies adopted in the remuneration of executive directors and on the implementation of such policies.

In the event that less than 75% support for the abovementioned reports is achieved at the AGM, MTN will invite dissenting shareholders to submit reasons for such votes in writing, whereafter further engagements may be scheduled with these shareholders.

Remuneration report continued

Implementation report

Key components of our remuneration structure

Although the Head Office applies a fixed remuneration package approach, the company accepts variations to the 'base plus benefits' approach due to local market conditions. The fixed remuneration approach includes cash and benefits in kind which, when combined with incentive payments and other non-quantifiable elements, make up what we term 'total reward'.

Our fixed pay component reflects general worth of skills compared against job worth, while incentive payments are based on short- and long-term performance. Here we summarise the various pay components of total reward.

Annual fixed package (AFP)^ (fixed + benefit plans)	Short-term incentive (STI) schemes	Long-term incentive (LTI) schemes	Recognition and other benefits
Fixed pay - Fixed salary delivered monthly. - Based on scope and nature of the role. - Generally determined around the market median, but can vary based on market dynamics and business goals. - Generally reviewed annually. Benefit plans - Provide economic security for employees. - Commonly include retirement, health, death, disability and insurance.	- Performance incentive. - Variable company provided incentives aligned with the short-term goals of the company, delivered on an annual basis. - Performances up to one year are assessed and rewarded for achieving minimum, stretch-target and above-target performances. - Aligns with financial and strategic key performance. - Individual, team and company performance are taken into consideration, with executive performance weighted towards company performance. - At an operational level, certain sales positions participate in a commission-based incentive scheme.	- Variable incentives in the form of share allocations. - Drives long-term sustainability and performance of the group. - Potential payments attributed to the financial performance of the company. - Make up a larger portion of total executive remuneration relative to short-term and fixed pay.	Recognition - Formal and informal platform designed to drive recognition between employees and departments, both within and across MTN's operations. Other benefits - Other benefits are typically excluded from the fixed package. - Include lifestyle benefits, leave of absence, and additional insurance products. - Although some of these benefits are not prevalent in all operations, there are country-specific programmes approved and aligned with equivalent South African benefits.

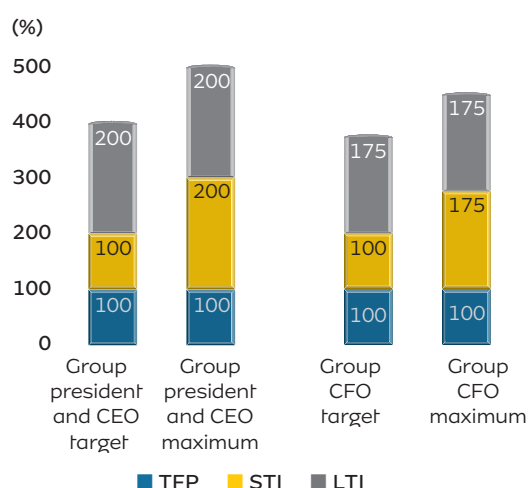
^ Please note the term 'fixed package' as used should not promote a sense of entitlement or non-adjustability of the package, should MTN deem this appropriate. The term, however, must be defined within the context and used synonymously with 'annual fixed package', meaning that certain benefits such as contribution arrangements to medical aid, although fixed annually, may be adjusted as and when the company needs to.

Executive pay composition

Executives are remunerated in line with short- and long-term business objectives using an optimal mix of fixed pay, and short- and long-term incentives. This supports the alignment of strategy and desired individual behaviour. The mix is aimed at ensuring that executives proportionately achieve an optimal balance of remuneration when executing their duties.

King IV recommends the disclosure of remuneration elements offered in the organisation and the mix of these. The following graphs illustrate the mix of minimum, on-target and potential maximum compensation for the two director positions: group president and CEO, and the group chief financial officer (CFO).

Group president and CEO and group CFO pay mix



As illustrated above, the proportion of fixed to performance-based incentives varies between the group president and CEO and the group

CFO. Both roles comprise a higher weighting on performance incentives 'risk pay' and less on fixed package. While the fixed package does not vary based on individual performance, the variable portion does. The group's integrated performance framework (IPF) guides the execution of business strategy by providing a framework through which the day-to-day and annual performance levels are set, cascaded and measured according to the business's strategic KPIs. The IPF outcomes are translated into incentive payments under the performance bonus plan.

Special arrangements

As a method to employ people in certain identified senior roles, under certain circumstances, employment and termination of employment negotiations result in cash payment arrangements in the form of lump sums. Where lump sums are mutually considered as sign-on, retention or termination payments, these are subject to the approval of the group president and CEO, or where applicable, the remuneration committee.

To attract key senior employees, it is sometimes necessary to compensate them for the loss of their equity in their previous companies. In 2017, the board approved that, upon joining the company, the following executives be granted a cash-settled on-boarding incentive to compensate them for the pre-tax amount of stock or equity they relinquished in terms of contractual agreements with their previous employers.

	Incentive grant price	Incentive maturity date	Number of units [^] granted	Value of incentive at grant date
Rob Shuter	R125,09	12/03/2020	327 214	R40 931 199
Ralph Mupita	R113,10	28/10/2019	446 027	R50 445 654
Jens Schulte-Bockum	R127,60	15/01/2020	64 423	R8 220 375

[^] Units are the equivalent of an MTN Group share

Remuneration report continued

Performance-based incentives

We provide different incentives to employees to reward performance on a short- and long-term basis:

Incentive category	Purpose	Incentive plan
STI schemes	To reward the achievement of set goals up to one year	- December incentive plan (4% incentive plan). - Performance bonus plan (bonus plan). - Sales commission plan (commission scheme).
LTI schemes	To reward the achievement of set goals in the long run	- Share appreciation rights scheme (SARS)¹. - Share rights plan (SRP)¹. - Performance share plan (PSP). - Notional share option scheme (NSO). - Employee share ownership plan (ESOP)². 2016 MTN employee share ownership plan (ESOP)³.

¹ Both SARS and SRP are active but no longer issuing new awards. They were substituted with the PSP.

² Once-off award of 400 shares made in 2010 to lower level employees under the broad-based black employee equity (BBBEE) scheme.

³ Award of 516 shares made in 2017 to designated employees.

Short-term incentives

Annual performance bonus

With the exception of sales commission employees, all other employees participate in an annual performance-based bonus plan. The principles of the bonus plan are aligned primarily with the performance achievements of the company, and secondarily teams and individual priorities. This implies a bonus becomes payable once the board is satisfied that the minimum company performance levels have been achieved.

During the year, we reviewed our performance bonus policy. This review was necessitated as a response to the existing business challenges and associated people impact and industry practice. After benchmarking our existing model, the board approved the following changes effective for the 2018 financial year:

- Revision of the threshold performance for a bonus to be declared.
- Revision of associated performance metrics including the introduction of a non-financial metric.
- Simplification of the existing model for ease of understanding.

Metric type	Metric description			
	MTN subsidiaries	Weighting	Head Office	Weighting
Financial	Revenue	25%	Revenue	20%
Financial	EBITDA	25%	EBITDA	20%
Financial	Group attributable earnings	0%	Group attributable earnings	20%
Financial	Operating cash flow (cash generated from operations)	25%	Operating cash flow (cash generated from operations)	20%
Non-financial	Competitive performance	25%	Competitive performance	20%

The process of determining the incentive award pools from which performance bonuses are paid is illustrated below:

Description of performance criteria

- The financial performance targets of the company are determined in accordance with the strategic themes at the beginning of the year.
- A factual findings engagement is performed on these results by an independent body.
- The percentage performance achievement against target is translated into a nominal performance-linked scale, adjusted to allow for maximum earning potential.
- For the 2017 financial period, the group attributable earnings are used at group level and EBITDA, core revenue, new revenue, ROACE and cash flow are used at operational level to measure company performance.
- The strategic themes are translated into priorities to be executed at executive member levels.
- Depending on the size of the function, and where applicable, team performance scorecards are further cascaded to below executive levels.
- Achievement of each KPI is proportionate and weighted; however, cumulatively they add up to 100%.
- At the beginning of each financial period, every employee enters into a contractual performance agreement.
- The performance agreement stipulates the performance expectations to be measured at year-end.
- Performance agreements ensure alignment between company, team and individual levels.
- This is not applicable to executives.

How a bonus is calculated

1. Three elements are used as inputs to a bonus calculation, namely company performance (CP), team performance (TP) and employee performance (EP). Each element has a weighting (a), with all elements adding up to 100%.
2. Targets for each element are set at the beginning of the performance cycle and measured at the end of the performance cycle where a corresponding 'nominal % (b)' is determined from a standard translation table.
3. Company performance as a 'qualifier' for bonus declaration is first assessed for each operation.
4. For each weighted element, there is a job level related on-target (c) and maximum (d) earning potential.

Upon assessment of company performance by the board, a bonus is either declared or not. If declared:

- **Step 1:** The weighting of each element (a) is multiplied by the achieved nominal (b) and the results of the three added together.
- **Step 2:** Then the sum of the three is multiplied by the on-target % (c) to derive the bonus percentage.
- **Step 3:** As a validation, a check is done against the maximum % for each job. If the calculated amount does not exceed the maximum, the final bonus percentage is multiplied by the annual incentive salary to arrive at the final bonus payment.

$$(CP + TP + EP) \times \text{on-target percentage} = \text{bonus percentage}$$

$$\text{The bonus percentage (validated against the minimum and maximum)} \times \text{annual salary} = \text{total bonus payable}$$

Remuneration report continued

Case studies for three levels at group

For example, at the beginning of the year, the group's attributable earnings (GAE) target for calculating bonuses at the end of the year was set an illustrative R10 billion. For bonus purposes, a 90% minimum achievement of R9 billion was required and a maximum of R12 billion applicable. Using the following assumptions, the bonuses for the three employee levels: executive director, senior manager and employee level 2 will be as follows:

Assumptions	Executive	Senior manager employee	General staff level 2 (bonus declared)	General staff level 2 (bonus not declared)
Annual salary	R2 000 000	R1 000 000	R400 000	R400 000
Bonus elements				
Company ¹	100% (50% weighting)	100% (20% weighting)	Not applicable	Not applicable
Team ²	75% ^{2a} (50% weighting)	100% ^{2b} (50% weighting)	100% ^{2b} (50% weighting)	100% ^{2b} (50% weighting)
Employee ³	Not applicable	150% ^{3a} (30% weighting)	133% ^{3b} (50% weighting)	133% ^{3b} (50% weighting)
On-target bonus (%)	80%	20%	9%	4,5%
Maximum bonus (%)	160%	30%	12%	6%
Calculation formula	(100% x 50%) plus (75% x 50%) plus zero equals 87,5%	(100% x 20%) plus (100% x 50%) plus (150% x 30%) equals 115%	Zero plus (100% x 50%) plus (133% x 50%) equals 66,5%	Zero plus (100% x 50%) plus (133% x 50%) equals 66,5%
Final bonus (%)⁴	87,5% x 80% equals 70%	115% x 20% equals 23%	66,5% x 9% equals 6%	66,5% x 4,5% equals 3%
Final bonus payable	R1 400 000	R230 000	R24 000	R12 000

¹ It is assumed that the company performance was achieved 100%.

² It is assumed that the team performance was achieved as follows:

^{2a} 75% for executive.

^{2b} 100% for senior management and general staff level 2.

³ It is assumed that employee performance was as follows:

^{3a} 150% for senior management.

^{3b} 133% for general staff level 2.

⁴ On-target bonus is respectively:

– 80% for executive.

– 20% for senior management.

– 9% for general staff where a bonus is declared.

– 4,5% for general staff where a bonus is not declared.

Executive bonus parameters for 2017

Given the significant recent changes to our executive team, here we provide the executive bonus parameters governing the bonus plan for 2017:

Designation	Company performance	Team performance	Minimum bonus	On target	Maximum bonus
Group president and CEO	70%	30%	0%	100%	200%
Group CFO	70%	30%	0%	100%	175%
Group chief operating officer	50%	50%	0%	100%	175%
Vice president: digital services, data analytics and business development	50%	50%	0%	100%	160%
Group chief human resources officer	50%	50%	0%	70%	140%
Group chief legal counsel	50%	50%	0%	70%	140%
Group chief regulatory and corporate affairs officer	50%	50%	0%	70%	140%
Vice president for SEAGHA	30%/30% Group/region	40%	0%	70%	140%
Vice president for WECA	30%/30% Group/region	40%	0%	70%	140%
Vice president for MENA	30%/30% Group/region	40%	0%	70%	140%
CEO: MTN South Africa	30%/30% Group/opco	40%	0%	70%	140%
CEO: MTN Nigeria	30%/30% Group/opco	40%	0%	70%	140%

For 2017, the executive directors' bonuses were calculated in line with the approved bonus principles. Full actual amounts of the bonuses paid can be found on page 98.

Remuneration report continued

General staff incentive calculations

For each financial period, two computations would apply for our lower level employees:

- Computation if the board declares bonuses based on achievement of minimum company performance levels being met.
- Computations if the board does not declare bonuses, i.e. minimum company performance levels are not met.

These three scenarios are summarised as follows:

Description	Minimum 4% payment ¹	Requirements if a bonus is declared by the board	Requirements if a bonus is not declared by the board
Individual performance applies	Yes, an individual minimum performance score is required	Yes, an individual minimum performance score is required	Yes, an individual minimum performance score is required
Earning range as a % of applicable annual salary	Exactly 4%	From 0% to 12%	From 0% to 6%
Percentage payable at target achievement	Not applicable	9%	4,5%

¹ The 4% of annual remuneration payment in December remained a key vehicle for incentivising our general staff at employee levels 1 and 2. In accordance with the approved rules:

- This payment is conditional on minimum individual performance set by the company and on the basis that the employee is still in the employment of the company at payment date.
- All computations are based on the individual's previous year's (i.e. 2016) earnings and IPF scores.

MTN operations' bonus declarations

In line with the performance bonus rules, bonuses become payable within an operation once the committee is satisfied that the minimum performance thresholds have been achieved. For 2017, MTN Group Management Services (Head Office) employees received a bonus. A summary of the bonuses declared to the MTN Group operations is as follows:

Bonus declared			Bonus declared		
	2017	2016		2017	2016
Botswana	Yes	No	Afghanistan	No	No
South Africa	Yes	No	Congo-Brazzaville	No	No
Nigeria	Yes	No	Rwanda	Yes	No
Ghana	Yes	Yes	Zambia	Yes	No
Cameroon	No	No	Liberia	No	No
Ivory Coast	Yes	No	Guinea-Conakry	No	No
Uganda	Yes	No	Cyprus	Yes	Yes
Syria	Yes	Yes	South Sudan	Yes	No
Sudan	Yes	Yes	Iran	Yes	Yes
Benin	No	No	Swaziland	Yes	Yes
Yemen	No	Yes	Guinea-Bissau	Yes	No

Long-term incentive (LTI) schemes

LTIs to managerial and senior employees are aimed at aligning their contributions to shareholders' expectations by sharing in the long-term growth of the company. Due to the fact that our operations are spread across 22 African and Middle Eastern countries, it is not always feasible to issue MTN stock to all employees as we are only listed on the Johannesburg Stock Exchange. For this reason, the company operates a combination of equity and cash-settled schemes.

The general rule is that participants are allocated shares, options, or rights equivalent to a fraction of their annual salary. Depending on the performance of the company measured using various indicators, participants proportionately

either receive cash, equity or a combination of both. Although the eligibility of participants is defined in the rules of the schemes, MTN reserves the right to exclude participation by certain employees by virtue of their employment status, e.g. disciplinary, suspension, and dismissal.

The group has implemented the following schemes:

- Share appreciation rights scheme (SARS) and share rights plan (SRP).
- Objective: To promote the achievement of MTN group's strategic objectives measured using the company's growth in share price. Participating employees share in the appreciation of the company's share price between the grant and vesting dates.

Eligible participants	Date implemented	Performance conditions	Last vesting date	Expiry period
All employees at junior management level and above	2006 – SARS 2008 – SRP	Share price based	2013 2015	2018 2020

Both the SARS and SRP were fully vested as at 2017 and are exercisable. Refer to **AFS** for the full reconciliation of 2017 trading. No further grants are being made under the SARS and SRP.

Remuneration report continued

Performance share plan (PSP)

The PSP scheme is the current active and allocating plan, and is summarised as follows:

Objective: To promote the achievement of MTN Group's strategic objectives measured using the company's growth in share price and cash flow. Participating employees share in the company's achievement of the set financial indicators over three years.

Eligible participants	Date implemented	Performance conditions	Last vesting date	Expiry period
All employees at junior management level and above	2010	Total shareholder return (TSR) Adjusted free cash flow (AFCF)	2020	Not applicable

Details about the PSP

- Share awards are at the discretion of the MTN Group board and the operating entities.
- Participation is limited to managerial employees and those in more senior positions only.
- Performance is measured using TSR and AFCF. An additional service element is applicable for non-executive participating employees.
- Weightings are attached to each condition based on the seniority of the participant.
- The scheme has a three-year vesting period. Once the shares are vested and the board is satisfied with the achievement of the performance conditions, participating employees receive either shares or the cash equivalent if the respective employee instructs the company to dispose of their shares on the employee's behalf.

2017 LTI changes

As part of an ongoing review process, we reviewed the performance metrics used to assess the performance of the PSP scheme. The outcome of this review was approved by the board for implementation effective for the 2017 share allocation. A summary of these changes is as follows:

Performance measure	Current weightings		New metric weightings	
	Managerial		Managerial	
	Staff	Executives	Staff	Executives
TSR – JSE Top 25 Index	37,5%	50%		
TSR – MSCI EM Index ¹			25%	25%
AFCF	37,5%	50%		
Cumulative operating free cash flow (COFCF) ²			25%	25%
Return on average capital employed (ROACE)			25%	25%
Service/retention elements ³	25%	0%	25%	25%

¹ MSCI Emerging Markets telecoms index measured on common currency, i.e. ZAR.

² COFCF measured on a constant currency basis at budgeted numbers.

³ Approved for the December 2017 allocation only, to be reviewed on an annual basis.

Clawback and malus

Furthermore, the board approved the implementation of clawback and malus provisions effective for the December 2017 allocation. Clawback and malus apply where material misstatements of financial results or other calculation errors resulting in overpayment of incentives are recovered from the employee, or corrected in the case of such errors. Thus the 2017 PSP allocations were made inclusive of the clawback and malus provisions which will become enforceable upon approval by the MTN shareholders at the annual general meeting.

Performance of the scheme

A summary of the allocation is as follows:

Grant date	Vesting date	Condition achieved	
		Adjusted free cash flow	Total shareholder return
29/06/16 [^]	29/12/18	—	—
28/12/16	28/12/19	—	—
18/12/17 ^{^^}	18/12/20	—	—

[^] This allocation was in respect of December 2015 and had been deferred as the company was trading under cautionary.

^{^^} Allocation made under new revisions.

Employee share ownership plan (ESOP)

During 2010, MTN approved the allocation of shares to its lower-level employees under the company's broad-based employee share scheme – employee share ownership plan (ESOP).

The scheme was intended to incentivise the designated employees and to identify them more closely with the activities of the company with the aim of promoting their continued growth by giving them shares. Participating

employees under the ESOP scheme had to retain ownership of their shares for a period of five years until December 2015, when the scheme matured.

During 2016, the board approved a second allocation of shares to designated employees under the 2016 MTN employee share ownership plan (2016 ESOP). This scheme is managed under trust. The first allocation of awards was made to qualifying employees on 1 December 2017.

Remuneration report continued

Further details of both schemes are as follows:

Number of participants as at issue date	Number of shares allocated	Plan vesting date	Number of shares traded (as at 31 December 2017)	Number of shares outstanding (as at 31 December 2017) [†]
3 461	1 384 400	1 December 2015	933 148	391 252
3 920	2 022 720	1 December 2018	0	666 156
		1 December 2019	0	666 156
		1 December 2020	0	666 156

[†] Excluding forfeited shares.

For the 2010 ESOP award, as at 31 December 2017, from a total of 3 461 participants:

- 1 810 allocated employees had left the employment of the company for various reasons, voluntary and involuntary.
- 1 651 were still in the employ of the company. Thus the number of retained employees represents a retention rate of 48%.

No shares had vested as at 31 December 2017 under the 2016 ESOP.

A summary of all previous allocations and the vesting dates made under the long-term incentive scheme is presented below:

Equity share schemes vesting schedule

Plan type	Issue period date	Vesting timelines per anniversary (cumulative)						
		Year 0	> Year 1	> Year 2	> Year 3	> Year 4	> Year 5	> Year 10
SARS	19 Mar 2008	✓	●●●●	◆●●●	◆◆●●	◆◆*●	◆◆**	✕
	1 Sept 2008	✓	●●●●	◆●●●	◆◆●●	◆◆*●	◆◆**	✕
	28 Jun 2010 [^]	✓	●●●●	◆●●●	◆◆●●	◆◆*●	◆◆**	✕
PSPs	29 Jun 2011 ^{^^}	✓	●●●●	●●●●	●●>	◆◆**		
	29 Jun 2011	✓	●●●●	●●●●	●●●●>	◆◆**		
	29 Dec 2011	✓	●●●●	●●●●	●●●●>	◆◆**		
	28 Dec 2012	✓	●●●●	●●●●	●●●●>	◆◆**		
	20 Dec 2013	✓	●●●●	●●●●	●●●●>	◆◆**		
	19 Dec 2014	✓	●●●●	●●●●	●●●●>	◆◆**		
	19 Dec 2014	✓	●●●●	●●●●	●●●●>	◆◆**		
	19 Dec 2014	✓	●●●●	●●●●	●●●●>	◆◆**		
	29 Jun 2016 ^{^^}	✓	●●●●	●●●●	●●>	◆◆**		
	28 Dec 2016	✓	●●●●	●●●●	●●●●>	◆◆**		
	9 Mar 2017	✓	●●●●	●●●●	●●●●>	◆◆**		
	29 Sept 2017	✓	●●●●	●●●●	●●●●>	◆◆**		
	18 Dec 2017	✓	●●●●	●●●●	●●●●>	◆◆**		

[^] This offer includes an allocation with one-year accelerated vesting.

^{^^} This offer was accelerated from 36 months to 30 months.

Key

- ✓ Allocation date ◆ 20% tranche vested (cumulative) * 30% tranche vested (cumulative)
 ➤ Performance conditions evaluation ● Non-vested portion of award ✕ Expiry

MTN non-equity schemes for employees in non-listed operations outside South Africa

MTN offers non-South Africa-based employees participation in the group's notional share option (NSO) scheme. This scheme enhances MTN's commitment to the 'One Group, One MTN' philosophy.

Qualifying employees own options and also participate in the growth of the group and its operations, as applicable. The main objective of the NSO scheme is to encourage an alignment between the individual interests of senior employees and the long-term success of the group. Thus, the scheme's design rewards employees for the value gain derived from the NSO price per share appreciation between the allocation and vesting dates.

Non-executive directors' remuneration

The R&HR committee is responsible for advising on the remuneration of non-executive directors (NEDs), including reviewing remuneration recommendations as put forward by executive management in consultation with external remuneration consultants. The committee also recommends remuneration for approval by the board and shareholders. The remuneration for NEDs is considered annually and is determined in light of market practice and with reference to the time, commitment and responsibilities associated with the roles.

The MTN Group's non-executive directors receive an annual retainer and a meeting attendance fee. They do not participate in any type of incentive scheme nor do they receive any employee-related benefits.

Remuneration report continued

In 2017, the board did not consider an increase to the NED fees. However, a benchmark exercise conducted by management highlighted a need to review and align the fees paid to our chairman of the board based on the peer benchmark criteria. All other committee members were granted an inflation-linked increase. Thus, the fee structure for 2018 is as follows:

	Annual retainer fee	Meeting attendance fee	Annual retainer fee	Meeting attendance fee
	2017	2017	2018	2018
MTN GROUP BOARD				
Chairman	R2 518 081	R139 893	R2 886 671	R160 370
Member	R212 492	R53 123	R225 242	R56 310
International member	€76 928	€7 693	€78 082	€7 808
Special assignments or projects (per day)				
Local non-executive director	–	R22 639	–	R23 997
International non-executive director	–	€3 373	–	€3 424
Ad hoc work performed by non-executive directors for special projects (per hour)				
	–	R3 985	–	R4 224
Audit committee				
Chairman	R112 901	R34 828	R119 675	R36 918
Member	R61 681	R23 997	R65 382	R25 437
Remuneration and human resources committee				
Local chairman	R84 303	R31 757	R89 361	R33 662
International chairman	€5 625	€3 590	€5 709	€3 644
Local member	R49 401	R23 289	R52 365	R24 686
International member	€3 297	€3 297	€3 346	€3 346
Risk management, compliance and corporate governance committee				
Chairman	R84 303	R31 757	R89 361	R33 662
Member	R49 401	R23 289	R52 365	R24 686
International member	€3 297	€3 297	€3 346	€3 346
Social and ethics committee				
Chairman	R84 303	R31 757	R89 361	R33 662
Member	R49 401	R23 289	R52 365	R24 686
MTN Group Share Trust (trustees)				
Chairman	R74 929	R28 226	R79 425	R29 920
Member	R32 943	R15 530	R34 920	R16 462
Sourcing committee				
Chairman	R74 929	R28 226	R79 425	R29 920
Member	R43 783	R20 641	R46 410	R21 879

Employment contracts

Group president and CEO (executive director)

The appointment of the group president and CEO, Rob Shuter, was effective from 1 July 2017; however, he started working on 13 March 2017. His appointment is for a four-year fixed duration to 12 March 2021. He has a notice period of six months and a restraint of trade of 12 months.

Chief financial officer (executive director)

The appointment of the new CFO, Ralph Mupita, was effective 3 April 2017 and is of no fixed duration. He has a notice period of six months and a restraint of trade of 12 months.

Prescribed officers

Other prescribed officers of the company are employed on a full-time and permanent basis with no fixed termination date applicable, with the exception of the group COO, Jens Schulte-Bockum, who is employed for a limited duration period terminating on 15 January 2021. His employment commenced on 16 January 2017.

Restraint of trade and notice period

All appointments since 2014 of both executive directors and prescribed officers have a six-month notice period. In total, including a six-month restraint period, this means that executives and prescribed officers have a total of 12 months, a period management believes is an adequate measure to protect the company's information.

Directors' emoluments

Directors' and prescribed officers' emoluments and related payments in the tables presented here have been audited. Comparative figures for 2016 are available in the [AFS](#). Full details on directors' and prescribed officers' emoluments and equity compensation benefits for executive directors, prescribed officers, the group secretary of the MTN Group and directors of major subsidiaries in respect of the share appreciation rights and share rights schemes and the performance share plan are in the [AFS](#). This also includes shareholdings and dealings in MTN Group ordinary shares and MTN Zakhele Futhi shares by MTN Group directors, prescribed officers, the group secretary and directors and company secretaries of major subsidiaries.

Remuneration report continued

Emoluments

Non-executive directors

	Date appointed	Retainer [#] R000	Attendance [#] R000	Special board R000	Strategy session R000	Ad hoc work R000	Total R000
PF Nhleko [^]	28/05/2013	2 694	1 042	12	280	–	4 028
PB Hanratty [∞]	01/08/2016	986	457	11	236	65	1 755
A Harper [∞]	01/01/2010	932	497	11	222	4	1 666
KP Kalyan	13/06/2006	449	433	12	106	–	1 000
S Kheradpir [∞]	08/07/2015	961	306	7	228	19	1 521
NP Mageza	01/01/2010	408	577	–	–	–	985
MLD Marole	01/01/2010	370	597	12	106	–	1 085
AT Mikati [†]	18/07/2006	823	387	11	221	62	1 504
SP Miller [∞]	01/08/2016	855	352	11	229	27	1 474
KC Ramon [@]	01/06/2014	385	489	12	106	44	1 036
NL Sowazi	01/08/2016	324	359	12	106	–	801
AF van Biljon [†]	01/11/2002	212	226	12	106	60	616
J van Rooyen	18/07/2006	397	661	12	106	52	1 228
Total		9 796	6 383	135	2 052	333	18 699

All payments in rand, unless specified.

[∞] Fees have been paid in euro.

[†] Fees are paid to M1 Limited.

[#] Retainer and attendance fees include fees for board and committee representation and meetings.

[@] Fees paid to AngloGold Ashanti Limited.

[^] Fees paid to Captrust Investments Proprietary Limited.

[†] Resigned on 31 December 2017.

Executive directors

	Date appointed	Salaries R000	Post-employment benefits R000	Other [@] benefits R000	Bonuses R000	Sub-total R000	Share gains [∞] R000	Total R000
PF Nhleko ^{^^+^^^}	09/11/2015	19 950	–	–	22 477	42 427	–	42 427
R Shuter [^]	13/03/2017	11 528	1 225	10 581	17 122	40 456	–	40 456
R Mupita	03/04/2017	5 944	673	384	10 672	17 673	–	17 673
Total		37 422	1 898	10 965	50 271	100 556	–	100 556

[∞] Pre-tax gains on share-based payments.

^{^^} Executive director until 12/03/2017.

^{^^^} Fees paid to Captrust Investments Proprietary Limited.

[^] Other benefits include an amount paid in lieu of forfeited benefits from previous employer.

[†] Contractual service fees and bonus in accordance with agreement between MTN and Captrust Investments Proprietary Limited.

[@] Includes medical aid and unemployment insurance fund.

Prescribed officers

	Salaries R000	Post- employment benefits R000	Other [#] benefits R000	Bonuses R000	Sub-total R000	Share gains [®] R000	Total R000
E Asante ¹	1 451	113	329	2 744	4 637		4 637
J Desai ²	526	–	–	–	526	–	526
G Engling ³	1 092	124	294	1 200	2 710	–	2 710
M Fleischer	6 706	789	478	6 204	14 177	–	14 177
I Jaroudi [^]	10 481	–	1 517	6 686	18 684	–	18 684
G Motsa ^{4®}	6 384	722	5 294	6 409	18 809	–	18 809
F Moolman	9 032	448	518	7 604	17 602		17 602
P Norman [^]	5 232	616	3 920	5 090	14 858	–	14 858
M Nyati ⁵	765	87	694	–	1 546	–	1 546
F Sekha ⁶	3 440	389	183	1 884	5 896	–	5 896
J Schulte-Bockum ⁷	8 218	876	303	10 492	19 889	–	19 889
K Toriola	6 236	72	1 178	3 781	11 267	–	11 267
S van Coller	7 723	874	612	10 276	19 485	–	19 485
Total	67 286	5 110	15 320	62 370	150 086	–	150 086

[^] Other benefits include compensation in lieu of employment agreement amendments related to revised notice period and restraint of trade.

[®] Other benefits include a retention payment in lieu of forfeiture of performance bonus from previous employer. Payment is to be spread over three years.

¹ Appointed on 1 October 2017.

² Ceased to be a prescribed officer on 16 January 2017.

³ Ceased to be a prescribed officer on 3 April 2017.

⁴ Appointed on 1 January 2017.

⁵ Until 10 March 2017.

⁶ Appointed on 1 June 2017.

⁷ Appointed on 16 January 2017.

[#] Includes medical aid and unemployment insurance fund.

Our investment case

MTN is a pure-play emerging market mobile operator: Our investment case is built on the group's key differentiators as well as our plan to take advantage of the opportunities that these present.

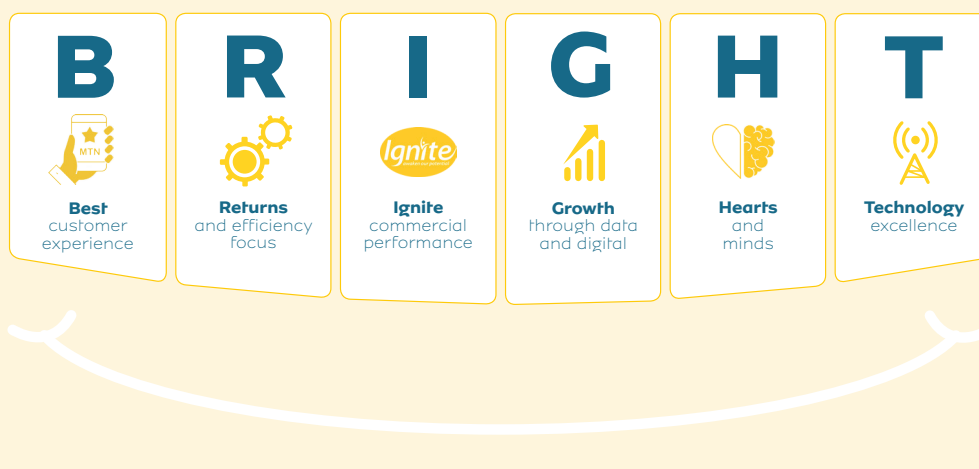
Strong position in the right markets

- High growth Middle East and Africa regions
- In three of the four largest economies
- Top two position in all markets

Exciting demographic opportunity

- Fast-growing, youthful population
- Low levels of data and digital adoption
- Enterprise and wholesale opportunity

Clear strategy



Attractive return profile

- Demographics drive revenue growth
- Efficiencies improve margins
- Smart capex moderates investment

Well positioned for the long term

- Progressive dividend
- Sustainable leverage
- Positioned for expansion

Shareholder information



Stock exchange performance

MTN market-related metrics for the year ended 31 December

MTN Group Ltd	2017	2016
Closing price (c)	13 660	12 617
Highest price (c)	13 660	15 370
Lowest price (c)	11 041	10 700
Total number of shares traded	1 571 088 216	2 083 107 730
Number of shares in issue	1 797 451 000	1 884 269 758
Number of shares as a percentage of shares in issue (%)	87	111
Number of transactions (as per JSE)		2 171 512
One year VWAP (c)	12 310	12 814
Market cap (as at 29/12/2017) (billion)	257 391	237 738
Dividend yield (%)	5,36	6,04
Earnings yield (%)	3,15	4,2
P/E (x)	26,33	23,9
Average telecoms index (close)	6 940	7 131
Average industrial index (close)	73 522,2	44 541
Average mobile index (close)	226,6	234

Source: Bloomberg, Factset, JSE.

Shareholders' diary

Final dividend declaration	7 March 2018
Summary annual financial results published	8 March 2018
Annual financial statements posted	end-March 2018
Annual general meeting	24 May 2018
Half year-end	30 June 2018
Interim dividend declaration	early August 2018
Interim financial statements published	early August 2018
Financial year-end	31 December 2018
Final dividend declaration for 2018	early March 2019
Summary annual financial results	early March 2019

Please note that these dates are subject to change.

Forward looking information

Opinions and forward looking statements expressed in this report represent those of the company at the time. Undue reliance should not be placed on such statements and opinions because by nature, they are subjective to known and unknown risk and uncertainties and can be affected by other factors that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward looking statements.

Neither the company nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (based on negligence or otherwise) for any loss howsoever arising from any use of this report or its contents or otherwise arising in connection with this presentation and do not undertake to publicly update or revise any of its opinions or forward looking statements whether to reflect new information or future events or circumstances otherwise.

Here we provide definitions and descriptions of some terms and acronyms used in this report.

2G	Second generation digital mobile communications standard that allows for voice calls and limited data transmission	HEPS	Headline earnings per share
3G	Third generation mobile communications standard allowing mobile phones, computers and other portable mobile devices to access the internet wirelessly	ICT	Information and communication technology
4G/LTE	Fourth generation or long-term evolution mobile communications standard allowing wireless internet access at a much higher speed than 3G	IFRS	International Financial Reporting Standards
AFCF	Adjusted free cash flow	IIRC	International Integrated Reporting Council
AFS	Annual financial statements	ISP	Internet service provider
ARPU	Average revenue per user	IGNITE	Our operational execution programme
BRIGHT	Our strategy	JSE	Johannesburg Stock Exchange
BCM	Business continuity management	KPI	Key performance indicators
BEE	Black economic empowerment	KYC	Know your customer: a process to identify and verify customer identity
CEO	Chief executive officer	LTI	Long-term incentive
CEM	Customer experience management	M&A	Mergers and acquisitions
CEX	Customer experience	Manco	MTN's group management company
CFO	Chief financial officer	MENA	Middle East and North Africa
Churn	Average number of disconnections in a period divided by average monthly customers during the period	MFS	Mobile financial services
CRM	Crisis risk management	Modernised	Subscribers who have successfully activated their SIM cards and participated in a revenue-generating event
CSI	Corporate social investment	MOU	Minutes of use
COO	Chief operating officer	NAFEX	Nigerian Autonomous Foreign Exchange market
CP	Company performance	NM	Not measurable
CVM	Customer value management	NPS	Net promoter score
DaaS	Data as a service	Opcos	Our operating companies
DRP	Disaster recovery plan	QoS	Quality of service
EBU	Enterprise business unit	RAN	Radio access network
EPS	Earnings per share	ROI	Return on investment
ESOP	Employee share ownership plan	ROIC	Return on invested capital
Exco	Executive committee	SAICA	South African Institute of Chartered Accountants
GTB	Group transformation board	SARS	Share appreciation rights scheme
EBITDA	Earnings before interest (which includes gains and losses on foreign exchange transactions), tax, depreciation and amortisation and is also presented before recognising the following items: impairment of goodwill, loss on derecognition of long-term loan receivable, net monetary gain resulting from application of hyperinflation and share of results of joint ventures and associates after tax.	SEAGHA	Southern and East Africa and Ghana region
EP	Employee performance	SIM	Subscriber identity module
		SLA	Service level agreement
		SME	Small and medium enterprise
		SMS	Short message service
		SRP	Share rights plan
		TMD	Telecommunications, media and digital
		TP	Team performance
		TSR	Total shareholder return
		VP	Vice-president
		WECA	West and Central Africa
		WOW	Walk out working

Administration 2018

MTN GROUP LIMITED

Incorporated in the Republic of South Africa

Registration number: 1994/009584/06

ISIN: ZAE000042164

Share code: MTN

Board of directors

PF Nhleko²

RA Shuter^{#1}

RT Mupita¹

PB Hanratty^{\$3}

A Harper^{#3}

KP Kalyan³

S Kheradpir^{††3}

NP Mageza³

MLD Marole³

AT Mikati^{†2}

SP Miller^{^3}

KC Ramon³

NL Sowazi³

J van Rooyen³

^{††} American

[†] Lebanese

[#] British

^{\$} Irish

[^] Belgian

¹ Executive

² Non-executive

³ Independent non-executive director

Group secretary

SB Mtshali

Private Bag X9955, Cresta, 2118

Registered office

216 – 14th Avenue, Fairland, 2195

American depository receipt (ADR) programme

Cusip No. 62474M108 ADR to ordinary share 1:1

Depository

The Bank of New York

101 Barclay Street, New York NY. 10286, USA

MTN Group sharecare line

Toll free: 0800 202 360 or +27 11 870 8206
if phoning from outside South Africa

Office of the transfer secretaries

Computershare Investor Services

Proprietary Limited

Registration number 2004/003647/07

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Rosebank, 2196

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Joint auditors

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Waterfall City, Jukskei View, 2090

SizweNtsalubaGobodo Inc.

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Woodmead, 2157

PO Box 2939, Saxonwold, 2132

Sponsor

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