

Notes to the group financial statements continued

for the year ended 31 December 2017

6 FINANCING STRUCTURE AND COMMITMENTS

6.1 Borrowings

Borrowings are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 7.1.

Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Details of the group's significant unsecured borrowings are provided below:

	2017 Rm	2016 Rm	Denomi- nated currency	Nominal interest (%)*	Interest payment	Final maturity
Unsecured						
Mobile Telephone Networks Holdings Limited	28 785	27 657				
	–	3 117	ZAR ^{2, 3}	9,1	Semi-annual	December 2017
	1 493	–	ZAR ^{1, 2}	9,2	Quarterly	December 2020
	5 535	5 532	ZAR ^{1, 2}	9,1	Quarterly	February 2021
	2 811	2 808	ZAR ^{1, 2}	9,4	Quarterly	August 2021
	3 656	4 034	US\$ ^{1, 2, 3}	3,6	Quarterly	August 2021
	1 502	–	ZAR ^{2, 3}	9,4	Quarterly	October 2022
	–	1 372	ZAR ^{4, 5}	10,1	Semi-annual	July 2017
	–	481	ZAR ^{4, 5}	9,2	Annual	March 2017
	201	204	ZAR ^{4, 5}	10,1	Quarterly	April 2019
	–	2 000	ZAR ^{2, 6}	8,5	Quarterly	May 2017
	1 447	1 508	ZAR ^{2, 6}	9,7	Quarterly	August 2021
	2 601	2 559	ZAR ^{2, 3}	9,1	Quarterly	February 2021
	3 009	991	ZAR ^{2, 3}	9,6	Monthly	February 2021
	–	778	ZAR ^{2, 7}	8,7	Quarterly	January 2017
	652	1 008	ZAR ^{2, 7}	7,8	Monthly	January 2018
	–	298	ZAR ^{2, 4}	8,6	Annual	March 2017
	978	967	ZAR ^{2, 4}	8,9	Quarterly	April 2019
	1 529	–	ZAR ^{2, 4}	8,8	Quarterly	July 2020
	1 020	–	ZAR ^{2, 4}	9,0	Quarterly	July 2022
	310	–	ZAR ^{2, 4}	8,1	Quarterly	May 2018
	463	–	ZAR ^{2, 4}	8,7	Quarterly	October 2020
	540	–	ZAR ^{2, 4}	8,9	Quarterly	October 2022
	1 038	–	ZAR ^{2, 4}	9,2	Quarterly	October 2024

¹ Syndicated term loan facility ² Variable interest rate ³ Revolving credit facility ⁴ Domestic medium-term notes

⁵ Fixed interest rate ⁶ Bilateral term loan facility ⁷ General bank facility ⁸ Export credit facility

⁹ Vendor finance facility ¹⁰ Senior unsecured notes ¹¹ Bank borrowings ¹² Bridge finance

¹³ Preference shares

* Contractual interest rates on loans as at 31 December 2017.

Notes to the group financial statements continued

for the year ended 31 December 2017

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.1 Borrowings (continued)

Details of the group's significant unsecured borrowings are provided below:

	2017 Rm	2016 Rm	Denomi- nated currency	Nominal interest (%)*	Interest payment	Final maturity
MTN Nigeria Communications Limited	8 792	12 709				
	4 326	8 254	NGN ^{1, 2}	21,4	Quarterly	November 2019
	1 012	1 914	US\$ ^{1, 2}	4,4	Semi-annual	April 2019
	608	1 036	US\$ ^{2, 8}	2,5	Semi-annual	August 2019
	406	691	US\$ ^{5, 8}	1,7	Semi-annual	August 2019
	504	814	US\$ ^{2, 8}	4,5	Semi-annual	June 2022
	862	–	US\$ ^{2, 8}	7,2	Semi-annual	March 2022
	931	–	US\$ ^{2, 8}	2,6	Semi-annual	December 2019
	143	–	US\$ ^{2, 3}	6,9	Repayment on demand	Repayment on demand
MTN International (Mauritius) Limited	6 816	7 547				
	1 239	1 372	US\$ ^{2, 3}	2,5	Quarterly	November 2019
	5 577	6 175	US\$ ^{1, 2}	3,6	Quarterly	August 2021
MTN (Mauritius) Investments Limited	21 765	24 059				
	9 297	10 354	US\$ ^{5, 10}	4,8	Semi-annual	November 2024
	6 239	6 849	US\$ ^{5, 10}	5,4	Semi-annual	February 2022
	6 229	6 856	US\$ ^{5, 10}	6,5	Semi-annual	October 2026
MTN Zambia Limited	993	1 241				
	248	458	US\$ ^{2, 11}	5,0	Semi-annual	June 2019
	526	537	ZAR ^{2, 11}	11,0	Quarterly	September 2018
	219	246	ZMK ^{2, 6}	15,2	Quarterly	June 2018
MTN Uganda Limited	1 174	1 538				
	399	564	UGX ^{1, 2}	12,4	Quarterly	February 2021
	446	601	US\$ ^{1, 2}	5,2	Quarterly	February 2021
	329	373	UGX ^{1, 2, 3}	12,3	Quarterly	February 2021
Spacetel Benin S.A.	935	794				
	495	659	CFA ^{1, 5}	7,3	Semi-annual	June 2020
	–	135	CFA ^{5, 6}	7,5	Semi-annual	September 2019
	440	–	CFA ^{1, 5}	7,3	Semi-annual	April 2022

¹ Syndicated term loan facility ² Variable interest rate ³ Revolving credit facility ⁴ Domestic medium-term notes

⁵ Fixed interest rate ⁶ Bilateral term loan facility ⁷ General bank facility ⁸ Export credit facility

⁹ Vendor finance facility

¹⁰ Senior unsecured notes

¹¹ Bank borrowings

¹² Bridge finance

¹³ Preference shares

* Contractual interest rates on loans as at 31 December 2017.

Notes to the group financial statements continued

for the year ended 31 December 2017

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.1 Borrowings (continued)

Details of the group's significant unsecured borrowings are provided below:

	2017 Rm	2016 Rm	Denomi- nated currency	Nominal interest (%)*	Interest payment	Final maturity
MTN Côte d'Ivoire S.A.	2 928	2 525	CFA ^{1, 5}	6,0	Quarterly	June 2023
MTN Cyprus Limited	724	804				
	578	618	EUR ^{2, 6}	4,9	Semi-annual	October 2020
	146	186	EUR ^{2, 6}	5,5	Quarterly	June 2020
Mobile Telephone Networks Cameroon Limited	2 560	2 234				
	1 097	1 241	XAF ^{1, 5}	4,3	Semi-annual	July 2020
	1 350	993	XAF ^{1, 5}	5,0	Semi-annual	July 2020
	113	—	XAF ^{5, 11}	5,0	Monthly	March 2018
MTN Congo S.A.	1 097	1 323	CFA CB ^{1, 5}	4,8	Quarterly	March 2021
MTN Zakhele Futhi (RF) Limited	1 785	2 179	ZAR ^{2, 13}	7,7	Semi-annual	November 2021
Other unsecured borrowings	146	206				
Total unsecured borrowings	78 500	84 816				

¹ Syndicated term loan facility ² Variable interest rate ³ Revolving credit facility ⁴ Domestic medium-term notes

⁵ Fixed interest rate ⁶ Bilateral term loan facility ⁷ General bank facility ⁸ Export credit facility

⁹ Vendor finance facility ¹⁰ Senior unsecured notes ¹¹ Bank borrowings ¹² Bridge finance

¹³ Preference shares

* Contractual interest rates on loans as at 31 December 2017.

Notes to the group financial statements continued

for the year ended 31 December 2017

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.1 Borrowings (continued)

Details of the group's significant secured borrowings are provided below:

	2017 Rm	2016 Rm	Denomi- nated currency	Nominal interest rate (%) [*]	Interest payment	Final maturity	Security collateral
Secured							
MTN Sudan Company Limited	202	1 618					
	–	458	EUR ^{2,9}	6,0	Quarterly	June 2020	Pledge of network and capital work in progress assets
	97 [#]	373	US\$ ^{5,9}	10,0	Quarterly	September 2017	Pledge of network and capital work in progress assets
	–	787	EUR ^{2,9}	4,0 – 6,0	Quarterly	June 2020	Pledge of network and capital work in progress assets
	105	–	US\$ ^{5,9}	8,5	Annual	September 2019	Pledge of network and capital work in progress assets
Scancom Limited (MTN Ghana)	946	516					
	–	218	GHS ^{1,2}	23,3	Semi- annual	May 2017	Floating charge on company assets
	–	195	GHS ^{1,2}	20,9	Quarterly	May 2017	Floating charge on company assets
	–	103	US\$ ^{1,2}	0,9	Semi- annual	May 2017	Floating charge on company assets
	946	–	GHS ^{1,2}	18,6	Semi- annual	December 2022	Floating charge on company assets
Other secured borrowings	–	4					
Total secured borrowings	1 148	2 138					
Total unsecured borrowings	78 500	84 816					
Total borrowings	79 648	86 954					

¹ Syndicated term loan facility

² Variable interest rate

³ Revolving credit facility

⁴ Domestic medium-term notes

⁵ Fixed interest rate

⁶ Bilateral term loan facility

⁷ General bank facility

⁸ Export credit facility

⁹ Vendor finance facility

¹⁰ Senior unsecured notes

¹¹ Bank borrowings

¹² Bridge finance

¹³ Preference shares

^{*} Contractual interest rates on loans as at 31 December 2017.

[#] This balance relates to unpaid interest on the loan at year-end.

Notes to the group financial statements continued

for the year ended 31 December 2017

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.1 Borrowings (continued)

	2017 Rm	2016 Rm
The classification of the group's borrowings is as follows:		
Current	9 081	19 635
Non-current	70 567	67 319
	79 648	86 954
The carrying amounts of the group's borrowings are denominated in the following currencies:		
Nigerian naira	4 326	8 254
United States dollar	37 599	41 630
South African rand	27 440	26 321
Euro	724	2 049
Benin Communauté Financière Africaine franc	935	794
Côte d'Ivoire Communauté Financière Africaine franc	2 928	2 525
Zambian kwacha	219	246
Congo-Brazzaville Communauté Financière Africaine franc	1 097	1 323
Ugandan shilling	728	937
Cameroon Communauté Financière Africaine franc	2 560	2 234
Other currencies	1 092	641
	79 648	86 954
The group has the following undrawn committed facilities:		
Floating rate	43 396	43 945
Fixed rate	16 107	18 452
	59 503	62 397

6.2 Other non-current liabilities

Finance leases are accounted for in accordance with the accounting policy disclosed in note 6.6, deferred income is accounted for in accordance with the policy disclosed in note 2.2 and other liabilities are accounted for in accordance with the accounting policy disclosed in note 7.1.

	2017 Rm	2016 Rm
Finance lease obligations (note 6.6)	645	673
Deferred income ¹	270	382
Licence renewal liability	–	172
Other	432	389
Nigeria regulatory fine ²	3 156	7 369
	4 503	8 985

¹ Relates to the deferred gain for tower sales and IRU swap transactions which occurred in previous years. The amounts are amortised to the income statement on a monthly basis.

² At 31 December 2017 the accrual for the Nigeria regulatory fine comprises N110 billion (2016: N220 billion) discounted at 14,71% (2016: 14,71%) per annum and translated at the 31 December 2017 closing rate of R1 = N29,05 (2016: R1 = N22,81).