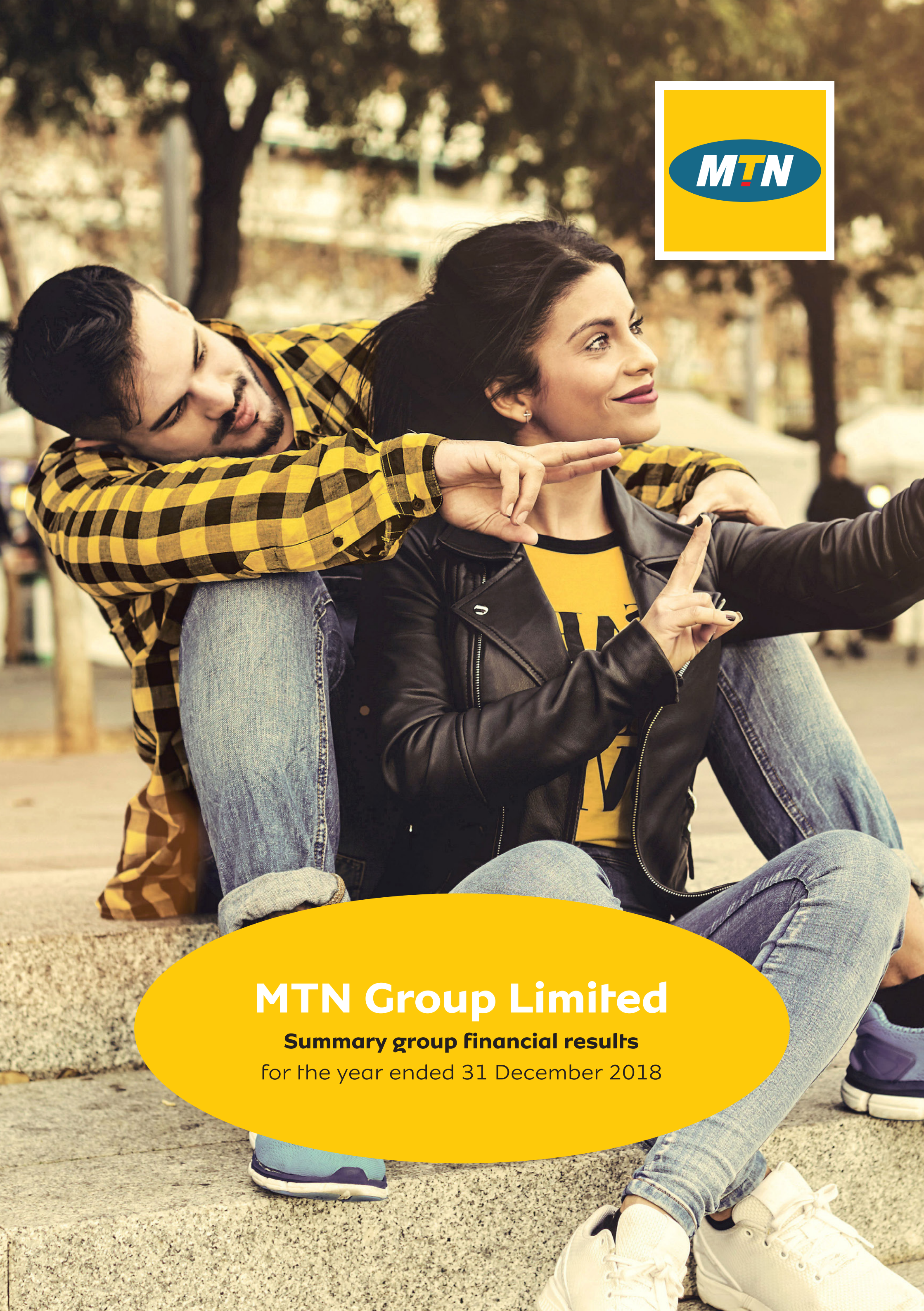

MTN Group Limited

Summary group financial results

for the year ended 31 December 2018

Contents

Results overview

* Constant currency information after accounting for the impact of the pro forma adjustments as defined

** Reported

^ EBITDA excludes impairment of goodwill, net monetary gains and share of results of associates and joint ventures after tax

Any forward looking financial information disclosed in this results announcement has not been reviewed or audited or otherwise reported on by our external joint auditors

Service revenue excludes device and SIM card revenue

Data revenue is mobile access data

Fintech includes Mobile Money (MoMo), insurance, airtime lending and e-commerce

All financial numbers are year-on-year (YoY) unless otherwise stated

All subscriber numbers are compared to end-December 2017 unless otherwise stated

2017 comparatives are restated for the adoption of IFRS 15 and change in the presentation of cash flows

Certain information presented in these results constitutes pro forma financial information. This 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 constant currency financial information contained in this announcement has been reviewed by the group's external auditors and their unmodified limited assurance report prepared in terms of ISAE 3420 is available for inspection at the company's registered office on weekdays from 09:00 to 16:00.

1. The financial information presented in these consolidated financial results has been prepared excluding the impact of hyperinflation and the goodwill and asset impairments, tower profits, the Nigerian regulatory fine (consisting of the re-measurement 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), the profit from the sale of Cyprus, the CBN resolution and in addition to the above, profit on the exercise of IHS exchange right, Loss on the de-recognition of IHS Loan receivable and MTN Zakhele Futhi Share base payments, which relate to the 2017 year of assessment ('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 summary group financial statements for the year ended 31 December 2018. This pro forma financial information has been presented to eliminate the impact of the pro forma adjustments from the consolidated financial results to achieve a comparable year-on-year analysis. 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, except for the changes in accounting policies as a result of the adoption of the accounting pronouncements effective 1 January 2018, and the change in the presentation of cash flows.
2. 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. The economies of Sudan, South Sudan and Syria were assessed to be hyperinflationary for the period under review and hyperinflation accounting was applied.

The joint independent auditors' audit report by PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Grant Thornton Inc. does not report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the joint independent auditors' engagement they should obtain a copy of the joint independent auditors' audit report together with the accompanying financial information from MTN's registered office. The directors of MTN take full responsibility for the preparation of this abridged report and the financial information has been correctly extracted from the underlying audited financial statements.

The group's results are presented in line with the group's operational structure. This is South Africa, Nigeria, the Southern and East Africa and Ghana (SEAGHA) region, the West and Central Africa (WECA) region and the Middle East and North Africa (MENA) region and their respective underlying operations.

The SEAGHA region includes Ghana, Uganda, Zambia, Rwanda, South Sudan, Botswana (joint venture-equity accounted), eSwatini (joint venture-equity accounted) and Business Group. The WECA region includes Cameroon, Ivory Coast, Benin, Congo Brazzaville, Liberia, Guinea Conakry and Guinea Bissau. The MENA region includes Iran (joint venture-equity accounted), Syria, Sudan, Yemen, and Afghanistan. Cyprus was disposed of and is no longer included in the results effective 4 September 2018.

Although Iran, Botswana and eSwatini form part of their respective regions geographically and operationally, they are excluded from their respective regional results because they are equity accounted for by the group.

Highlights

Service revenue
↑ 10,7%*

EBITDA margin
↑ 1,7 percentage points* to 35,9%

EBITDA^ (before once-off items)
↑ 15,9%*

Group HEPS
↑ 85,2%**
to 337 cps

Group HEPS (after adjustments)
565 cps

Holding Company
leverage improves to **2,3x**

Capex intensity
19,3%**

Final dividend
of **325 cents**
per share

Growth accelerating, medium-term targets raised and expanded

Results overview

Group president and CEO, Rob Shuter comments:

"MTN delivered a very encouraging performance in 2018, meeting our targets for growth in service revenue and EBITDA, as well as those on reducing capex intensity and improving holdco leverage. The group has now delivered eight quarters of continued operational improvements.

We continue to benefit from the demographic dividend in the countries in which we operate and, while the markets remain challenging, we continue to target service revenue growth ahead of inflation.

In the year we made good progress in resolving key regulatory challenges in markets including Benin, Cameroon and Nigeria. Managing regulatory issues and improving relationships and risk management remains key focus areas for the group, and we will continue to strengthen these areas in 2019.

Over the next few years, we see significant opportunity to grow subscribers and voice revenue as we also execute on the large mobile data opportunity. We will also extend our BRIGHT strategy to build MTN into a digital operator with a major focus on the fintech, digital, enterprise and wholesale business areas.

We believe everyone deserves the benefits of a modern connected life and see opportunity for MTN in providing this. We are confident that MTN is well placed to continue to deliver on our medium-term guidance and the board remains committed to targeting growth of 10% to 20% in the dividend going forward."

Overview

MTN reported improved constant currency results for the year ended 31 December 2018, delivering ahead of our medium-term targets as we remained focused on executing our BRIGHT strategy. Growth in service revenue accelerated, the margin on earnings before interest, taxation, depreciation and amortisation (EBITDA) increased, and voice and data revenues continued to expand.

Macroeconomic conditions were challenging in the second half of the year, particularly in the Middle East. In Iran, the re-introduction of US sanctions resulted in material currency depreciation and increased inflationary pressures and no further cash was repatriated in the second half. At 31 December 2018, group receivables of R2,8bn remained in Iran.

Among key currency moves in the year was an 11,4% gain of the rand's average exchange rate against the Nigerian naira. The average rate of the Iranian rial depreciated by 61,3% against the rand, with the closing rate down by 108,9%.

Against our medium-term target of upper-single-digit growth in group service revenue, we delivered a 10,7%* increase in constant currency terms. This was led by growth of 17,2%* by MTN Nigeria, 23,0%* by MTN Ghana and 4,2% by MTN South Africa.

At 31 December 2018, the group had 233 million subscribers, up by 16 million from the end of 2017. Robust growth in voice revenue, along with the continued expansion of data and the acceleration in wholesale revenue in the fourth quarter, supported overall service revenue growth.

The markets in which we operate remain under-penetrated in terms of mobile services. As we benefit from Africa's young and growing population, we expect to maintain growth in the core voice business over the medium term. In 2018, voice revenue increased by 7,3%*. This was underpinned by subscriber growth of 16 million customers, our targeted customer value management (CVM) efforts as well as the continued shift in Nigeria to voice as we optimised our value-added service (VAS) offerings.

Group data revenue expanded by 22,0%*, supported by improved coverage; growth in the subscriber base; increasing handset penetration and the elasticity effects of lower data prices. The effective rate per megabyte across our footprint declined by 39%.

We continued to record improvements in the quality and capacity of our networks after committing R26 018 million** in capital expenditure (capex) in the year, rolling out a total of 8 295 3G and 7 257 4G sites. This supported data adoption, and at the end of 2018 we had 79 million active data users.

Digital revenue decreased by 32,9%* as a result of the ongoing VAS optimisation. Fintech revenue increased to R7 835 million, an increase of 46,8%*. By year-end, we had 27 million active MoMo users in 14 markets. Both the liberalisation of the mobile financial services market in Nigeria (through the offering of Payment Services Bank (PSB) licences) and the launch of MoMo in South Africa are expected to support an acceleration in our MoMo business in the next few years.

Over the medium term, we will target improved EBITDA margins. In the year, the group's EBITDA margin in constant currency terms expanded by 1,7 percentage points (pp) to 35,2%*. The reported EBITDA margin was 35,9%** compared to 35,4%** in December 2017. This was largely driven by the improvement in margins in South Africa (+0,7pp) and Nigeria (+4,5pp excluding the Central Bank of Nigeria (CBN) resolution payment).

The profit on the sale of MTN Cyprus and gains on the dilution of our investments in Iran Internet Group (IIG) and Jumia Technologies AG further supported the reported EBITDA margin.

Reported headline earnings per share (HEPS) increased to 337 cents** from 182 cents** in 2017. Although significantly stronger, HEPS were negatively impacted by a YoY swing of 76 cents in the contribution from associates and joint ventures.

HEPS was also impacted by an aggregate 228 cents by the following significant items: 36 cents relating to the Nigeria fine interest (from 46 cents in 2017); hyperinflation (excluding impairments) of 45 cents (from 96 cents in 2017); the impact of foreign exchange losses of 71 cents (from 159 cents in 2017); the impact of forex losses related to MTN Irancell of 43 cents (from 3 cents in 2017) and the CBN resolution amount of 33 cents. Adjusting for these items, HEPS would have been 565cps.

As part of a review of our portfolio, in July 2018 we signed an agreement to sell 100% of MTN Cyprus, using the net sale proceeds of €260 million to reduce holdco dollar debt. In September 2018, MTN Ghana listed on the Ghana Stock Exchange after an IPO aimed at introducing a broad base of Ghanaian investors.

Regulatory and legal considerations

We addressed various regulatory matters in the year. On 24 December 2018, we announced that MTN Nigeria had successfully resolved the matter with the CBN related to the notional reversal of a 2008 private placement transaction. The tax dispute between MTN Nigeria and the Attorney General is yet to be resolved and will come before the Nigerian courts on 26 March 2019. The audit committees of both MTN Nigeria and MTN Group have assessed the Attorney General claims and remain of the view that all taxes due have been paid, and as such no provision or contingent liabilities need to be raised. We will vigorously defend our position on this matter.

Results overview continued

In 2018, MTN Cameroon renegotiated its licence agreement as part of an addendum for the usage of 4G spectrum and MTN Benin concluded a memorandum of understanding with the government as well as concluding negotiations around future frequency fees. MTN Uganda was granted an extension of its existing operating licence to allow for the conclusion of negotiations around the terms for the licence renewal. MTN is engaging extensively with the authorities in Uganda over the more recent developments in the market.

In South Africa, we welcome the recent withdrawal by the government of the proposed Electronic Communications Amendment (ECA) Bill pending further consultation and we look forward to the speedy resolution of the issue of spectrum allocation.

In the matter relating to Turkcell's alleged grievances arising from its unsuccessful bid to obtain a mobile licence in Iran, and the awarding of that licence to MTN Irancell in 2005, MTN continues to be of the strong view that there is no legal merit to Turkcell's claim and we will continue to vigorously oppose it.

On 8 May 2018, the US announced its decision to withdraw from the JCPOA agreement and to re-impose economic sanctions against Iran. The sanctions limit the ability of the group to repatriate cash from MTN Irancell, including future dividends. Sanctions also place pressure on the official exchange rate that is used to translate dividend and loan receivables as well as the equity-accounted results of MTN Irancell. MTN Group has not factored any cash upstreaming from MTN Irancell into our cash flow forecasts for the next three years.

Dividends

The board has declared a gross final dividend of 325 cents per share, bringing the total dividend for the year to 500 cents per share.

Prospects and guidance

Well positioned to deliver growth

MTN is a leading operator in regions with the fastest growing telecoms markets. Guided by our BRIGHT strategy, we are well positioned to grow by leveraging our scale and enhancing our competitive position. With our expanding population coverage and drive to accelerate smartphone adoption, we will take advantage of the material data and digital opportunity in our markets. In addition, the combination of our large customer base, extensive networks and deep distribution will allow us to drive opportunities in fintech, digital, wholesale and enterprise delivering value for all stakeholders.

Portfolio optimisation and asset realisation programme

In 2018 we completed a review of the markets in which we operate to ensure an appropriate strategic and operational fit, considering demographics, regional synergies, control position and business and regulatory environments.

We also reviewed our non-mobile assets, including our existing investments in tower companies and e-commerce ventures. While these are important and material investments where we need a tight commercial and operational integration with our mobile assets wherever possible, they are not viewed as long-term strategic holdings of the group.

As a result of this review, we plan to realise at least R15,0 billion in asset realisations over the next three years excluding any proceeds from IHS. Proceeds will be used to reduce holding company debt. The IHS investment was fair valued on the balance sheet at R23,4 billion as at 31 December 2018.

Pursuant to the portfolio review MTN's 53% shareholding in Mascom Wireless Botswana (Pty) Limited (Mascom) has been identified as non-core in light of the lack of control position (Mascom is a joint venture company and is not consolidated) and inability therefore to execute the BRIGHT strategy. MTN has accepted an offer from Econet Wireless (Pty) Limited, our existing partner, to acquire Mascom and in line with IFRS recognition requirements, Mascom has been classified as an asset held for sale at 31 December 2018. The purchase consideration for MTN's shareholding is US$300 million representing an EBITDA multiple of approximately 6.1 times. The transaction is subject to various approvals and is anticipated to be concluded by June 2019.

MTN Nigeria listing
MTN Nigeria expects to list its shares on the Nigerian Stock Exchange in the first half of 2019, subject to regulatory approvals. This will be achieved via a listing by introduction and will be followed by a public offer once market conditions are conducive. Over time, and subject to market conditions, we anticipate that the participation of Nigerians in the ownership of the business will increase from around 20% to 35%.

Revised medium-term guidance
We have revised our medium-term (three to five years) guidance on service revenue growth from upper-single-digit in constant currency terms to double digit growth, driven by double-digit growth from MTN Nigeria and mid-single-digit growth from MTN South Africa. Over this period, we expect to continue to widen our group EBITDA margin.

By leveraging historical investments, improved procurement processes and an increasing revenue contribution from our digital businesses, we expect the group capex intensity to steadily improve over the medium-term following the introduction of IFRS 16 effective from 2019.

Our improving revenue growth, margins and capex intensity are anticipated to drive significant improvements in group returns. We expect our adjusted ROE^ to improve from 11,5% in 2018, to above 20% over the medium term.

While the board remains committed to targeting growth of 10% to 20% in the dividend going forward, for 2019 this is likely to be towards the lower end of this range.

^Adjusted headline earnings/equity capital.

Capex guidance 2019

ZAR (million)	Estimated 2019	Capitalised 2018	Capitalised 2017
South Africa	**8 922**	9 448	11 470
Nigeria	**7 787**	6 888	8 953
SEAGHA	**4 477**	3 801	3 794
WECA	**3 056**	3 281	3 696
MENA	**2 184**	2 215	2 294
Group, Digital and Global Connect	**1 635**	457	1 173
Total	**28 061**	26 090	31 380
Hyperinflation	**–**	(72)	81
Total reported	**28 061**	26 018	31 461
Iran (49%)	**2 413**	3 716	9 274

Results overview continued

Financial review

Headline earnings reconciliation

(Rm)	IFRS reported 2018	Impairment: PPE and intangible assets[1]	Impairment: Goodwill[2]	Profit on exercise of exchange right[3]	Gain on dilution of investments[4]	Profit on sale of Cyprus[5]	Other[6]
2018							
Revenue	134 560	–	–	–	–	–	–
Other income	3 186	–	–	–	(569)	(2 112)	(3)
EBITDA	48 246	(206)	–	–	(569)	(2 112)	(3)
Depreciation, amortisation and impairment of goodwill	24 670		(312)	–	–	–	–
Profit from operations	23 576	(206)	312	–	(569)	(2 112)	(3)
Net finance cost	8 331	–	–	–	–	–	–
Hyperinflationary monetary gain	290	–	–	–	–	–	–
Share of results of associates and joint ventures after tax	(527)	–	–	–	(134)	–	–
Profit before tax	15 008	(206)	312	–	(703)	(2 112)	(3)
Income tax expense	5 430	–	–	–	–	–	6
Profit after tax	9 578	(206)	312	–	(703)	(2 112)	3
Non-controlling interests	859	(42)	–	–	–	–	–
Attributable profit	8 719	(164)	312	–	(703)	(2 112)	3
EBITDA margin	35,9%						
Effective tax rate	36,2%						
2017							
Revenue	132 869	–	–	–	–		–
Other income	6 591	–	–	(6 017)	(28)		(42)
EBITDA	46 971	–		(6 017)	(28)	–	(42)
Depreciation, amortisation and impairment of goodwill	26 398	(3 045)	(2 631)	–	–	–	–
Profit from operations	20 573	3 045	2 631	(6 017)	(28)	–	(42)
Net finance cost	9 267	–	–	–	–	–	–
Hyperinflationary monetary gain	264	–	–	–	–	–	–
Share of results of associates and joint ventures after tax	840	–	–	–	–	–	–
Profit before tax	9 570	3 045	2 631	(6 017)	(28)	–	(42)
Income tax expense	5 020	189	–	–	–	–	–
Profit after tax	4 550	2 856	2 631	(6 017)	(28)	–	(42)
Non-controlling interests	134	537	–	–	–	–	–
Attributable profit	4 416	2 319	2 631	(6 017)	(28)	–	(42)
EBITDA margin	35,4%						
Effective tax rate	52,5%						

	Nigeria fine interest[7]	Hyper-inflation (excluding impair-ments)[8]	Forex losses[9]	Forex losses – Iran[9]	MTN Zakhele Futhi[10]	Loss on derecog-nition of loan (IHS)[11]	Nigeria CBN reso-lution[12]	Adjusted 2018	% move-ment
	–	174	–	–	–	–	–	134 734	1,8
	–	(4)	–	–	–	–	–	498	(46,9)
	–	35	–	–		–	744	46 136	11,9
	–	(261)	–	–	–	–	–	24 097	22,1
	–	296	–	–	–	–	744	22 039	2,6
	(812)	(3)	(1 945)		–	–	–	5 571	44,0
	–	(290)	–	–	–	–	–	0	0,0
	–	873	–	1 034	–	–	–	1 246	(44,6)
	812	882	1 945	1 034	–	–	744	17 713	(10,9)
	–	38	503	258	–	–	–	6 236	(2,9)
	812	844	1 442	775	–	–	744	11 489	(14,5)
	172	38	172	0	–	–	158	1 356	(5,2)
	640	806	1 270	775	–	–	586	10 132	(15,7)
								34,2%	
								35,2%	
	–	(504)	–	–	–	–	–	132 365	
	–	–	–	–	434	–	–	938	
	–	(91)	–	–	434	–	–	41 227	
	–	(984)	–	–	–	–	–	19 738	
	–	893	–	–	434	–	–	21 489	
	(1 047)	3	(4 355)		–	–	–	3 868	
	–	(264)	–	–	–	–	–	–	
	–	1 328	–	80	–	–	–	2 248	
	1 047	1 954	4 355	80	434	2 840	–	19 869	
	–	69	1 127	20	–	–	–	6 425	
	1 047	1 885	3 228	60	434	2 840	–	13 444	
	222	153	385	0	–	–	–	1 430	
	825	1 732	2 843	60	434	2 840	–	12 014	

Results overview continued

1. 2018: Reversal of the hyperinflation-related asset impairment in MTN Sudan (R306 million) and exclusion of the impact of other asset impairments. 2017: Exclusion of the impact of impairments of assets previously written up for the impact of hyperinflation for MTN Syria (R1 348 million) and MTN Sudan (R1 690 million), partly offset by a reversal of assets previously impaired.
2. Represents the exclusion of the impact of goodwill impairment recognised. 2018: In relation to MTN Yemen (R312 million). 2017: In relation to MTN Yemen (R807 million), MTN Afghanistan (R841 million) and MTN Sudan (R983 million). An amount of R192 million of the goodwill impairment on MTN Sudan relates to the carrying value of goodwill previously written up for the impact of hyperinflation.
3. The financial impact relating to R6 017 million profit realised on the exercise of the exchange right where the interest in the Nigeria tower company was exchanged for an increased shareholding in IHS Holdings is excluded.
4. Represents the gain on dilution of the group's investments in International Digital Services Middle East Limited following the entry of a new investor into that business.
5. The profit on sale of Cyprus (R2 112 million) is excluded
6. The sale of tower assets during the financial period. 2018: release of a deferred gain of R23 million (2017: R27 million) in Ghana and offset by losses incurred on the disposal of items of property, plant and equipment are excluded.
7. Exclusion of finance cost recognised as a result of the unwind of the discounting of the financial liability created on conclusion of the Nigeria regulatory fine.
8. The impact of hyperinflation is excluded for the operations that are currently accounted for on a hyperinflationary basis (MTN Syria, MTN Sudan and MTN South Sudan) as well as those that have previously been accounted for on a hyperinflationary basis. The economy of MTN Sudan was assessed to be hyperinflationary effective 1 July 2018 and hyperinflation accounting was applied for the six months ended 31 December 2018. The economy of Iran was assessed to no longer be hyperinflationary effective 1 July 2015 and hyperinflation accounting was discontinued from this date onwards. For this operation the impact of hyperinflation unwind over time mainly through depreciation, amortisation or subsequent asset impairments.
9. Adjustment for the net forex losses impacting earnings for the respective periods.
10. Represents the IFRS 2 Share-based payment impact of MTN Zakhele Futhi. MTN made an offer of ordinary shares to qualifying BEE investors in 2016. During 2017, the group issued a portion of the shares previously underwritten resulting in the recognition of a IFRS 2 Share-based payment expense of R434 million.
11. Represents the impact of the loss on the derecognition of the long-term loan receivable from IHS amounting to R2 840 million
12. Represents the impact of the Nigeria CBN resolution (R744 million).

Exchange rates

The stronger average rand and the depreciation of the Nigerian naira and the Iranian rial had a negative translation impact on rand-reported results for the period. The average naira depreciated by 10,1% against the US dollar YoY, and the closing rate at end-December 2018 was down 1,2% YoY. The average rand strengthened by 1,0% YoY against the US dollar and closed 13,8% weaker.

Revenue

Table 1: Group revenue by country

	Actual Rm	Prior[1] Rm	Reported % change	Constant currency % change	Contribution to revenue %
South Africa	44 658	42 497	5,1	5,1	33,2
Nigeria	37 971	36 067	5,3	17,1	28,2
SEAGHA	22 613	20 187	12,0	20,5	16,8
Ghana	11 860	10 433	13,7	22,7	8,8
Uganda	5 423	5 193	4,4	8,7	4,0
Other	5 330	4 561	16,9	28,6	4,0
WECA	20 223	20 928	(3,4)	(5,9)	15,0
Ivory Coast	7 158	7 412	(3,4)	(6,6)	5,3
Cameroon	4 959	5 373	(7,7)	(9,7)	3,7
Other	8 106	8 143	(0,5)	(2,7)	6,0
MENA	8 845	12 722	(30,5)	18,3	6,6
Syria	2 298	2 001	14,8	0,3	1,7
Sudan	1 698	4 540	(62,6)	64,3	1,3
Other	4 849	6 181	(21,5)	(9,6)	3,6
Head office companies and eliminations	76	(36)	–	–	–
Total	134 386	132 365	1,5	10,2	99,9
Hyperinflation	174	504	–	–	–
Total reported	134 560	132 869	1,3	7,3	100

[1] Restated to reflect the impact of IFRS 15.

Group revenue increased by 10,2%* and service revenue increased by 10,7%*, supported by growth in MTN Nigeria (up 17,2%*), MTN Ghana (up 23,0%*), MTN South Africa (up 4,2%) and MTN Uganda (up 8,9%*). MTN Cameroon and MTN Ivory Coast delivered a 7,3%* and 6,6%* decline in service revenue respectively.

In 2018, voice grew 7,3%* to R82,2 billion, data was up 22,0%* to R28,5 billion, fintech grew 46,8%* to R7,8 billion and digital declined 32,9%* to R3,9 billion. Enterprise and wholesale grew by 8,4%* and 63,7%* respectively to R13,4 billion and R2,8 billion.

Results overview continued

Table 2a: Group digital and data revenue

	Digital revenue			
	Actual Rm	Prior[1] Rm	Reported % change	Constant currency % change
South Africa	1 517	1 773	(14,4)	(14,4)
Nigeria	908	2 601	(65,1)	(58,3)
SEAGHA	771	1 093	(29,5)	(22,5)
Ghana	662	878	(24,6)	(17,8)
Uganda	10	114	(91,2)	(87,7)
Other	99	101	(2,0)	9,9
WECA	465	737	(36,9)	(38,8)
Cameroon	60	182	(67,0)	(67,6)
Ivory Coast	353	379	(6,9)	(10,3)
Other	52	176	(70,5)	(70,5)
MENA	237	429	(44,8)	27,0
Syria	40	32	25,0	9,4
Sudan	89	262	(66,0)	47,7
Other	108	135	(20,0)	(8,9)
Head office companies and eliminations	1	–	–	–
Total	3 899	6 633	(41,2)	(32,9)
Hyperinflation	(17)	8		
Total reported	3 882	6 641	(41,5)	(34,6)

[1] Restated to reflect the segments reallocated and restated for impact of IFRS 15.

	Data revenue			
	Actual Rm	Prior[1] Rm	Reported % change	Constant currency % change
South Africa	12 902	11 449	12,7	12,7
Nigeria	5 498	4 376	25,6	40,1
SEAGHA	4 536	3 825	18,6	27,6
Ghana	3 102	2 569	20,7	30,2
Uganda	610	496	23,0	26,0
Other	824	760	8,4	20,0
WECA	3 220	2 697	19,4	16,2
Cameroon	880	798	10,3	7,9
Ivory Coast	891	716	24,4	20,3
Other	1 449	1 183	22,5	19,3
MENA	2 329	3 044	(23,5)	29,6
Syria	682	547	24,7	9,0
Sudan	459	1 289	(64,4)	56,9
Other	1 188	1 208	(1,7)	9,9
Head office companies and eliminations	(35)	(18)		
Total	28 450	25 373	12,1	22,0
Hyperinflation	8	120		
Total reported	28 458	25 493	11,6	19,6

[1] Restated to reflect the segments reallocated and restated for impact of IFRS 15.

Table 2b: Group fintech revenue

	Fintech revenue			
	Actual Rm	Prior[1] Rm	Reported % change	Constant currency % change
South Africa	**918**	552	66,3	66,3
Nigeria	**1 034**	876	18,0	32,3
SEAGHA	**4 280**	3 094	38,3	47,5
Ghana	**2 283**	1 461	56,3	67,6
Uganda	**1 323**	1 200	10,3	15,3
Other	**674**	432	55,7	68,6
WECA	**1 529**	992	54,1	49,6
Cameroon	**316**	112	182,1	175,9
Ivory Coast	**710**	500	42,0	37,4
Other	**503**	379	32,4	28,4
MENA	**71**	66	7,6	4,5
Syria	**45**	51	(11,8)	(21,6)
Sudan	**–**	–		
Other	**26**	15	73,3	86,7
Head office companies and eliminations	**2**	4	–	–
Total	**7 834**	5 582	40,3	46,8
Hyperinflation	**1**	9	–	–
Total reported	**7 835**	5 591	40,1	46,7

[1] Restated to reflect the segments reallocated and restated for impact of IFRS 15.

Table 3: Group revenue analysis

	Actual Rm	Prior[1] Rm	Reported % change	Constant currency % change	Contribution to revenue %
Outgoing voice[2]	**63 764**	65 570	(2,8)	6,0	47,4
Incoming voice[3]	**10 677**	11 055	(3,4)	15,0	7,9
Data[4]	**28 450**	25 373	12,1	22,0	21,1
Digital	**3 899**	6 633	(41,2)	(32,9)	2,9
Fintech	**7 834**	5 582	40,3	46,8	5,8
SMS	**2 686**	3 015	(10,9)	(4,9)	2,0
Devices	**9 131**	8 827	3,4	4,0	6,8
Wholesale[5]	**2 795**	1 729	61,7	63,7	2,1
Other	**5 150**	4 581	12,4	14,8	3,8
Total	**134 386**	132 365	1,5	10,2	99,9
Hyperinflation	**174**	504	–	–	–
Total reported	**134 560**	132 869	1,3	7,3	100

[1] Restated for the impact of IFRS 15.
[2] Definition refined to exclude international roaming.
[3] Definition refined to include international roaming and exclude wholesale.
[4] Data includes access data and EBU access data.
[5] Includes wholesale voice, data, SMS, leased lines and BTS rentals.

Results overview continued

Costs

Table 4: Cost analysis

	Actual Rm	Prior[1] Rm	Reported % change	Constant currency % change	% of revenue
Handsets and other accessories	11 642	10 763	8,2	10,8	8,7
Interconnect	9 906	10 200	(2,9)	8,1	7,4
Roaming	761	731	4,1	20,4	0,6
Commissions	9 615	9 369	2,6	11,2	7,1
Government and regulatory costs	4 876	5 024	(2,9)	2,9	3,6
VAS/Digital revenue share	2 323	2 765	(16,0)	(11,5)	1,7
Service Provider Disc	1 584	1 792	(11,6)	(11,7)	1,2
Network	25 313	24 952	1,4	12,4	18,8
Marketing	3 252	3 242	0,3	6,2	2,4
Staff costs	9 505	8 921	6,5	12,2	7,1
Other OPEX	10 079	10 845	(7,1)	1,2	7,5
Total	**88 856**	88 604	0,3	8,3	66,0
Regulatory fine	–	–	–	–	–
MTN Zakhele Futhi impact	–	434	–	–	–
CBN resolution	744				
Hyperinflation	(101)	3 451	–	–	–
Total reported	**89 499**	92 489	3,2	1,6	66,5

[1] Restated to reflect the impact of IFRS 15.

Total costs were well contained, increasing by 8,3%*. They were negatively impacted by foreign-denominated expenses in Nigeria and costs associated with the rollout of network sites.

EBITDA

Table 5: Group EBITDA by country

	Actual Rm	Prior[1] Rm	Reported % change	Constant Currency % change
South Africa[1]	15 660	14 635	7,0	7,0
Nigeria	16 574	14 070	17,8	30,7
SEAGHA	7 865	6 908	13,9	22,1
Ghana	4 452	4 189	6,3	15,2
Uganda	1 980	1 794	10,4	14,4
Other	1 433	925	54,9	68,6
WECA	4 133	5 335	(22,5)	(24,5)
Ivory Coast	1 593	2 359	(32,5)	(34,4)
Cameroon	455	1 305	(65,1)	(65,3)
Other	2 085	1 671	24,8	21,2
MENA	2 510	3 810	(34,1)	20,0
Syria	909	597	52,3	32,8
Sudan	590	1 592	(62,9)	61,9
Other	1 011	1 621	(37,7)	(25,8)
Head office companies and eliminations	(158)	(449)	–	–
Total	46 584	44 309	5,1	15,9
Hyperinflation	271	(2 948)	–	–
MTN Zakhele Futhi impact	–	(434)		
Tower profits	23	6 044	–	–
CBN resolution	(744)	–	–	–
Cyprus sale	2 112	–	–	–
Total reported	48 246	46 971	2,7	10,0

1 Restated to reflect the impact of IFRS 15.

EBITDA excludes impairment of goodwill, net monetary gains and share of results of associates and joint ventures after tax. Group EBITDA increased by 15,9%*. It was driven by increases of 30,7%*, 7,0%*, 15,2%* and 14,4%* in MTN Nigeria, MTN South Africa, MTN Ghana and MTN Uganda respectively, and lower head office costs, which were partially offset by the underperformance from MTN Cameroon and MTN Ivory Coast. The group EBITDA margin increased by 1,7 percentage points* to 35,9%.

Results overview continued

Depreciation, amortisation and impairment of goodwill

Table 6: Group depreciation and amortisation

	Depreciation				Amortisation			
	Actual Rm	Prior Rm	Reported % change	Constant currency % change	Actual Rm	Prior[1] Rm	Reported % change	Constant currency % change
South Africa	6 570	5 667	15,9	15,9	1 137	983	15,7	15,7
Nigeria	5 160	5 030	2,6	14,2	975	1 087	(10,3)	(0,1)
SEAGHA	2 234	2 100	6,4	13,4	427	482	(1,6)	5,8
Ghana	1 078	896	20,3	29,0	229	196	16,8	25,0
Uganda	617	649	(4,9)	(0,8)	101	169	(16.5)	(12,4)
Other	539	555	(2,9)	4,9	97	117	(17,1)	(7,7)
WECA	3 841	3 358	14,4	11,6	1 024	907	12,9	10,1
Ivory Coast	945	879	7,5	3,9	446	352	26,7	22,4
Cameroon	1 324	957	38,3	35,2	174	129	34,9	31,8
Other	1 572	1 522	3,3	1,3	404	426	(5,2)	(6,6)
MENA	1 297	1 936	(33,0)	(0,1)	452	535	(15,5)	16,6
Syria	555	350	58,6	38,6	85	88	(3,4)	(14,8)
Sudan	189	806	(76,6)	2,2	29	62	(53,2)	111,3
Other	553	780	(29,1)	(19,9)	338	385	(12,2)	8,6
Head office companies and eliminations	379	350	–	–	601	391	–	–
Total	19 481	18 441	5,6	12,6	4 616	4 385	5,3	12,0
Hyperinflation	228	836	–	–	33	105	–	–
Total reported	19 709	19 277	2,2	7,3	4 649	4 490	3,5	9,0

The group depreciation charge increased by 12,6%* because of higher capex over the past few years. Amortisation costs increased by 12,0%*, after higher expenditure on software in the previous period. Non-hyperinflation-related goodwill impairments consisted of impairments in Yemen (R312 million**).

Net finance costs

Table 7: Net finance cost

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	% of revenue
Net interest paid/ (received)	**5 571**	3 868	44,0	47,5	4,1
Net forex losses/ (gains)	**1 945**	4 355	(55,3)	(17,5)	1,4
Total	**7 516**	8 223	(8,6)	13,0	5,6
Nigeria regulatory fine interest unwind	**812**	1 047			
Hyperinflation	**3**	(3)	–	–	–
Total reported	**8 331**	9 267	(10,1)	(2,7)	6,2

Net finance costs decreased by 10,1%**.

Net forex losses decreased by 56,3%**, largely impacted by lower foreign-denominated debt in Nigeria. Net forex losses mainly included:

- Head office forex losses of R1 058 million, and
- Forex losses in Nigeria of R115 million incurred on US dollar-denominated third-party payables.

Results overview continued

Share of results of associates and joint ventures after tax

We reported a loss of R527 million** from associates and joint ventures, compared to a profit of R840 million** in 2017. This was mainly impacted by the decline in the contribution from MTN Irancell following the marked depreciation in the rial.

The share of results of joint ventures was also affected by the increased reported loss in Jumia Technologies AG. The YoY comparison is impacted by a prior year adjustment on consolidation.

Taxation

Table 8: Taxation

	Actual Rm	Prior[1] Rm	Reported % change	Constant currency % change	Contribution to taxation %
Normal tax	**5 573**	5 123	8,8	21,4	101,9
Deferred tax	**(976)**	(713)	(36,9)	(37,0)	(17,8)
Capital gains tax	**–**	–	–	–	–
Foreign income and withholding taxes	**871**	868	0,3	(2,1)	15,9
Total	**5 468**	5 278	3,6	15,4	100,0
Hyperinflation	**(38)**	(258)	–	–	–
MTN Zakhele impact	**–**	–	–	–	–
Tower profits			–	–	–
Total reported	**5 430**	5 020	8,2	19,1	100,0

[1] Restated for impact of IFRS 15.

The reported effective tax rate was 36,2%**, lower than the prior year mainly due to higher profit before tax and the impact of: the non-taxable gain from the sale of MTN Cyprus, lower non-deductible MTN Sudan expenses and lower Nigeria fine and expenses. The prior year's rate (52,5%**) had been mainly impacted by the lower profit before tax, combined with the impact of higher MTN Sudan non-deductible expenses and non-deductible goodwill impairments in MTN Afghanistan, Yemen and Sudan. For 2018, the group's reported taxation charge increased by 8,2%** year-on-year to R5 430 million**.

Earnings

We reported basic earnings per share (EPS) of 485 cents** compared to 246 cents** in the prior year. HEPS were negatively impacted by a swing of 76 cents in associates and joint ventures. HEPS of 337 cents were also impacted by in aggregate 228 cents by the following significant items: 36 cents relating to the Nigeria fine interest (from 46 cents in 2017); hyperinflation (excluding impairments) of 45 cents (from 96 cents in 2017); the impact of foreign exchange losses of 71 cents (from 159 cents in 2017) and 33 cents from the CBN resolution payment.

Cash flow

Cash inflows generated from operations for the year came in at R40 345 million**. The group repatriated R1 296 million** in cash from MTN Irancell in the first half of 2018. Key cash outflows included cash capex of R28 196 million** and dividends paid to equity holders of R11 236 million**.

Capital expenditure

Table 9: Capital expenditure

	Actual Rm	Prior Rm	Reported % change	Constant currency % change
South Africa	**9 448**	11 470	(17,6)	(17,6)
Nigeria	**6 888**	8 953	(23,1)	(18,1)
SEAGHA	**3 801**	3 794	0,2	10,3
Ghana	**2 015**	2 196	(8,2)	1.6
Uganda	**793**	909	(12,8)	(8,1)
Other	**993**	689	44,1	62,3
WECA	**3 281**	3 696	(11,2)	(14,4)
Ivory Coast	**1 364**	1 203	13,4	9,5
Cameroon	**694**	976	(28,9)	(30,9)
Other	**1 223**	1 517	(19,4)	(22,6)
MENA	**2 215**	2 294	(3,4)	51,9
Syria	**935**	951	(1,7)	(16,1)
Sudan	**439**	545	(19,4)	224,8
Other	**841**	798	5,4	14,8
Head office companies and eliminations	**457**	1 173	–	–
Total	**26 090**	31 380	(16,9)	(10,6)
Hyperinflation	**(72)**	81	–	–
Total reported	**26 018**	31 461	(17,3)	(13,4)

Capex decreased by 10,6%* (decreased by 17,3%** to R26 018 million**) for the year.

Results overview continued

Financial position

Table 10: Net debt analysis

Rm	Cash and cash equivalents†	Interest-bearing liabilities	Net debt/ (cash) December 2018	Net debt/ (cash) December[1] 2017
South Africa	**872**	**–**	**(872)**	**(2 124)**
Nigeria	**6 147**	**6 921**	**774**	**1 828**
SEAGHA	**2 419**	**4 431**	**2 012**	**1 687**
Ghana	1 104	1 276	**172**	407
Uganda	359	1 185	**826**	1 020
Other	956	1 970	**1 014**	260
WECA	**2 073**	**7 617**	**5 544**	**5 493**
Ivory Coast	272	3 194	**2 922**	2 615
Cameroon	362	2 442	**2 080**	2 139
Other	1 439	1 981	**542**	739
MENA	**1 784**	**364**	**(1 420)**	**(1 460)**
Syria	432	142	**(290)**	(514)
Sudan	382	222	**(160)**	(252)
Other	970	–	**(970)**	(694)
Head office companies and eliminations	**8 160**	**65 668**	**57 508**	**51 721**
Total reported	**21 455**	**85 001**	**63 546**	**57 145**
Iran	879	1 352	**473**	(2 026)

[1] Restated to reflect the segments reallocated.
† Includes restricted cash and current investments.

Gearing at the holdco improved to 2,3x from 2,9x at the interim period and we remain committed to our medium-term target of holdco gearing in the 2,0x to 2,5x range.

Net debt was R63 546 million** from R57 145 million** reported at the prior year-end and R69 831 million** reported at the interim period. This was negatively impacted by the weaker closing rand and the payment of the final dividend under the previous dividend policy, partially offset by cash from the sale of MTN Cyprus as well as the MTN Ghana IPO.

Operational review

MTN South Africa

- Service revenue increased by 4,2%
- Data revenue increased by 12,7%
- Digital and fintech revenue increased by 4,7%
- EBITDA grew by 7,0% to R15 660 million
- EBITDA margin increased by 0,7pp to 35,1%
- Capex decreased by 17,6%

MTN South Africa reported a steady improvement in service revenue, cash generation and profitability for the year in line with our guidance on service revenue growth and EBITDA margin improvement. This was supported by strong growth in the consumer postpaid business, significant growth in the wholesale business on the back of the network roaming agreements and stability in the enterprise business in the second half of the year. The growth in customer service revenue was below expectations with the prepaid business being the main drag. The focus on stabilising and growing the enterprise business is delivering results and is expected to show traction in the year ahead, supporting service revenue growth.

Prepaid service revenue increased by 0,2%*, while postpaid service revenue increased by 3,8%*: a strong improvement over the first half decline of 2,5%. The postpaid performance was supported by lower churn and strong data volumes, with data revenue up over 30%, well ahead of the market. There was a marked increase in competition which is expected to impact market growth in 2019.

The subscriber base increased by 5,7% from December 2017 to 31,2 million as we continued to record network improvements and clearly brought market share losses to an end.

MTN SA received various accolades as the best network service provider in South Africa. We are embarking on a further radio network modernisation programme that will ensure we remain at the forefront of technological development and future-ready for 5G services.

We implemented several changes to our pricing of data packages, and additional changes will be implemented in the coming months as we conclude our pricing transformation. We will launch our Mobile Money offering in the coming months. This, together with new media offerings, is expected to drive growth in digital revenue.

We note the withdrawal of the Electronic Communications Amendment Bill (ECA) and we will in the coming months be working with the government and regulators on a framework to achieve a sustainable telecommunications industry for the country. We have implemented the revised end-user and subscriber service charter regulations.

MTN Nigeria

- Service revenue increased by 17,2%*
- Data revenue increased by 40,1%*
- Digital and fintech revenues decreased by 35,5%*
- EBITDA grew by 30,7%* to R18 394 million* (excl. CBN payment)
- EBITDA margin increased by 4,5 pp* to 43,5%* (excl. CBN payment)
- Capex decreased by 18,1%*

MTN Nigeria extended the strong performance evidenced at the interim period and reported full-year results ahead of expectations, with double-digit growth in voice revenue (+18,7%*) driving strong service revenue growth and the further widening of the EBITDA margin. This was despite the margin being negatively impacted by once-off legal costs related to the resolution with the CBN as well as the planned listing costs. These costs totalled R194 million. MTN Nigeria is clearly benefiting from deliberate investments in our network, cost optimisation initiatives and human capital.

Results overview continued

Increased usage and the growth in data subscriber numbers supported higher data revenue. Digital revenue declined because of further optimisation of value-added services (VAS), but we expect a return to digital revenue growth in 2019.

The subscriber base expanded by 11,3% from December 2017 to 58,2 million. The business has applied for a PSB licence and we are hopeful this will be awarded in the coming months, opening up a meaningful opportunity.

We plan to list by introduction on the Nigerian Stock Exchange during the first half of 2019 and are looking to simplify the capital structure ahead of this listing.

In February 2019, MTN Nigeria resumed dividend payments to MTN Group and we anticipate further regular cash upstreaming over the coming years.

Southern and East Africa and Ghana (SEAGHA)

- Service revenue increased by 20,4%*
- Data revenue increased by 27,6%*
- Digital revenue declined by 22.5%*
- Fintech revenue increased by 47,5%*

The strong performance from the SEAGHA region was largely driven by MTN Ghana, which lifted service revenue by 23,0%*. The growth in data revenue across the region followed the increased network rollout across most markets. Both MTN Ghana and MTN Uganda continued to drive the strong performance in fintech revenue, with a growing contribution from MoMo. This remains a key focus area for the medium-term.

West and Central Africa (WECA)

- Service revenue decreased by 5,0%*
- Data revenue increased by 16,2%*
- Digital revenue declined by 38,8%*
- Fintech revenue increased by 49,6%*

WECA's service revenue performance was negatively impacted by the under-performance of both MTN Cameroon and MTN Ivory Coast. The operating environment in Cameroon in particular was extremely challenging, particularly given the conflict in the Northwest and Southwest regions. We are encouraged by the positive YoY service revenue trends in recent months. Across the region we saw a strong increase in MoMo customers. This is expected to support an acceleration in fintech revenue in the coming year. The VAS optimisation across the markets drove the decline in digital revenues.

Middle East and North Africa (MENA) (excluding Iran)

- Service revenue increased by 20,4%*
- Data revenue increased by 29,6%*
- Digital revenue increased by 27,0%*
- Fintech revenue increased by 4,5%*

Notwithstanding the geopolitical challenges across the region, the MENA region delivered a strong performance in the year, with service revenue growth in excess of 20% supported by the strong growth in data revenue across the region.

Associates, Joint Ventures and Investments

Telecoms operations

MTN Irancell recorded a satisfactory result given the challenges the business faced following the re-introduction of US sanctions. The business reported service revenue growth of 14,0%*, with data revenue growth of 34,6%*. The reported results from Iran were, however, negatively impacted on translation following the 61.3% decline in the average rate of the rial against the rand, as well as higher forex losses.

MTN eSwatini also recorded satisfactory results. The results from Mascom, our associate in Botswana, were de-consolidated in light of the impending sale of this business.

The **aYo** insurance operation performed very well and now has almost three million policies across our African footprint.

The carrier business BICS also traded well and we are in the process of extending our commercial agreements with BICS.

E-commerce investments

The e-commerce joint ventures continued to grow. Within **Jumia Technologies AG**, online shopping site Jumia continued to report solid top-line growth. During 2018, the increase in gross merchandise value was 63%. This was powered by an increase in unique active consumers to four million and active sellers to 59 000.

Within **Middle East Internet Holding**, online retailer Wadi's grocery delivery service is the market leader in Saudi Arabia. Ride-hailing service Jeeny recorded a 60% YoY increase in ride numbers and cleaning service app Helpling increased bookings by 63% YoY.

Within **IIG**, cab-hailing and online food ordering service app Snapp reached 1,5 million daily rides and 44 000 delivered food orders a day. Hotel reservation app Snapptrip became the number one player in the Iran hotel booking market.

During the year the e-commerce joint ventures raised in aggregate €155 million in third-party funding.

As MTN refocuses its business in the future on building an integrated digital operator, these e-commerce holdings, while important investments, are not viewed as long-term strategic holdings for the group.

Investments in tower companies

Our associate tower businesses include our 49% holdings in both **ATC Ghana** and **ATC Uganda**. During the year we saw a strong turnaround in the contribution from both tower businesses from a loss of R38 million in 2017 to a profit of R268 million in 2018. Our 29% investment in IHS was fair valued at 23,4 billion at the year-end.

Although towers is an important operational component of the business, the investments in the existing tower companies are not viewed as long-term strategic holdings of the group.

Results overview continued

Board changes

We announced the appointment of three new independent non-executive directors. Swazi Tshabalala and Mcebisi Jonas joined the board on 1 June 2018 and Khotso Mokhele joined the board on 1 July 2018.

Declaration of final ordinary dividend

Notice is hereby given that a gross final dividend of 325 cents per share for the period to 31 December 2018 has been declared. The number of ordinary shares in issue at the date of this declaration is 1 884 296 758 (including 9 791 839 treasury shares held by MTN Holdings and 76 835 378 shares held by MTN Zakhele Futhi).

The dividend will be subject to a maximum local dividend tax rate of 20% which will result in a net dividend of 260 cents per share to those shareholders who bear the maximum rate of dividend withholding tax of 65 cents per share. The net dividend per share for the respective categories of shareholders for the different dividend tax rates is as follows:

0%	325,00 cents per share
5%	308,75 cents per share
7,5%	300,63 cents per share
10%	292,50 cents per share
12,5%	284,38 cents per share
15%	276,25 cents per share

These different dividend tax rates are a result of the application of tax rates in various double-taxation agreements as well as exemptions from dividend tax.

MTN Group Limited's tax reference number is 9692/942/71/8. In compliance with the requirements of Strate, the electronic settlement and custody system used by the JSE Limited, the salient dates relating to the payment of the dividend are as follows:

Declaration date	Thursday, 7 March 2019
Last day to trade cum dividend on the JSE	Tuesday, 26 March 2019
First trading day ex dividend on the JSE	Wednesday, 27 March 2019
Record date	Friday, 29 March 2019
Payment date	Monday, 1 April 2019

No share certificates may be dematerialised or re-materialised between Wednesday, 27 March 2019 and Friday, 29 March 2019, both days inclusive. On Monday, 1 April 2019 the dividend will be transferred electronically to the bank accounts of certificated shareholders who make use of this facility.

In respect of those who do not use this facility, cheques dated Monday, 1 April 2019 will be posted on or about this date. Shareholders who hold dematerialised shares will have their accounts held by the Central Securities Depository Participant or broker credited on Monday, 1 April 2019.

For and on behalf of the board

PF Nhleko
Group chairman

RA Shuter
Group president and CEO

RT Mupita
Group CFO

6 March 2019

Fairland

Results overview

Audited summary group financial statements

for the year ended 31 December 2018

The audited summary group financial statements have been independently audited by the group's external auditors. The audited summary group financial statements have been prepared by the MTN financial staff under the guidance of the group finance operations executive, S Perumal, CA(SA) and was supervised by the group chief financial officer, RT Mupita, BScEng (Hons), MBA, GMP.

The results were made available on 7 March 2019.

Independent auditors' report on the summary consolidated financial statements

TO THE SHAREHOLDERS OF MTN GROUP LIMITED

OPINION

The summary consolidated financial statements of MTN Group Limited, set out on pages 25 to 60 of the MTN Group Limited audited summary group financial statements for the year ended 31 December 2018, which comprise the summary consolidated statement of financial position as at 31 December 2018, the summary consolidated income statement and the summary statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of MTN Group Limited for the year ended 31 December 2018.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 3 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditors' report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 6 March 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 3 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: SN Madikane
Registered Auditor
Johannesburg
6 March 2019

SizweNtsalubaGobodo Grant Thornton Inc

SizweNtsalubaGobodo Grant Thornton Inc.
Director: DH Manana
Registered Auditor
Johannesburg
6 March 2019

Summary group income statement

for the year ended 31 December

	Note	2018 Rm	2017 Restated[1] Rm
Revenue	6	**134 560**	132 869
Other income	7	**3 186**	6 591
Direct network and technology operating costs		**(25 370)**	(25 077)
Costs of handsets and other accessories		**(11 638)**	(10 764)
Interconnect and roaming costs		**(10 731)**	(10 974)
Staff costs		**(9 510)**	(9 082)
Selling, distribution and marketing expenses		**(16 798)**	(17 194)
Government and regulatory costs		**(4 889)**	(5 150)
Impairment of trade receivables and contract assets		**(810)**	(836)[2]
CBN resolution	8	**(744)**	–
Other operating expenses		**(9 010)**	(13 412)[2]
EBITDA[3]		**48 246**	46 971
Depreciation of property, plant and equipment		**(19 709)**	(19 277)
Amortisation of intangible assets		**(4 649)**	(4 490)
Impairment of goodwill		**(312)**	(2 631)
Operating profit		**23 576**	20 573
Net finance costs	12	**(8 331)**	(9 267)
Loss on derecognition of long-term loan receivable		**–**	(2 840)
Net monetary gain		**290**	264
Share of results of associates and joint ventures after tax	13	**(527)**	840
Profit before tax		**15 008**	9 570
Income tax expense		**(5 430)**	(5 020)
Profit after tax		**9 578**	4 550
Attributable to:			
Equity holders of the company		**8 719**	4 416
Non-controlling interests		**859**	134
		9 578	4 550
Basic earnings per share (cents)	14	**485**	246
Diluted earnings per share (cents)	14	**478**	241

[1] Restated for changes in accounting policies, refer to note 25 for details of the restatements.

[2] Impairment of trade receivables was aggregated with other operating expenses in 2017. In 2018, the amounts were disaggregated and the impairment of contract assets was included in the impairment of trade receivables. Comparative numbers have been updated accordingly.

[3] EBITDA is defined in note 6.

Summary group statement of comprehensive income

for the year ended 31 December

	Note	2018 Rm	2017 Restated[1] Rm
Profit after tax		**9 578**	4 550
Other comprehensive income after tax:			
Items that may be reclassified to profit or loss:			
Net investment hedges	20	**(2 517)**	1 421
Foreign exchange movement on hedging instruments		**(3 497)**	1 963
Deferred and current tax		**980**	(542)
Available-for-sale financial assets[2, 3]		**–**	4 439
Gains arising during the year	15	**–**	4 439
Exchange differences on translating foreign operations including the effect of hyperinflation[2]		**1 943**	(12 417)
Gains/(losses) arising during the year	20	**1 943**	(12 417)
Items that have been reclassified to profit or loss:		**(37)**	3 298
Reclassification of foreign currency translation differences on loss of significant influence[2]		**–**	3 298
Reclassification of foreign currency translation differences on loss of control[2]		**(37)**	–
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income[2, 3]		**(8 030)**	–
Losses arising during the year	15	**(8 030)**	–
Other comprehensive income for the year		**(8 641)**	(3 259)
Attributable to equity holders of the company		**(8 847)**	(2 698)
Attributable to non-controlling interests		**206**	(561)
Total comprehensive income for the year		**937**	1 291
Attributable to:			
Equity holders of the company		**(128)**	1 718
Non-controlling interests		**1 065**	(427)
		937	1 291

[1] Restated for changes in accounting policies, refer to note 25 for details of the restatements.
[2] This component of other comprehensive income does not attract any tax.
[3] The available-for-sale investments (2017) and equity investments at fair value through other comprehensive income (2018) relate mainly to the group's investment in IHS Holding Limited (IHS Group) (note 15). Available-for-sale financial assets have been reclassified to equity investments at fair value through other comprehensive income in 2018 on adoption of IFRS 9.

Summary group statement of financial position

as at 31 December

	Note	2018 Rm	2017 Restated[1] Rm
Non-current assets		**183 810**	183 502
Property, plant and equipment		**100 581**	91 786
Intangible assets and goodwill		**40 331**	38 330
Investments	15	**24 025**	27 686
Investment in associates and joint ventures		**11 884**	19 673
Deferred tax and other non-current assets		**6 989**	6 027
Current assets		**58 038**	60 780
Trade and other receivables		**29 367**	31 006
Other current assets		**10 689**	11 389
Restricted cash		**2 760**	2 376
Cash and cash equivalents		**15 222**	16 009
Non-current assets held for sale	23	**2 759**	–
Total assets		**244 607**	244 282
Total equity		**88 226**	95 720
Attributable to equity holders of the company		**84 799**	94 188
Non-controlling interests		**3 427**	1 532
Non-current liabilities		**83 811**	83 482
Interest-bearing liabilities	17	**72 563**	70 567
Deferred tax and other non-current liabilities		**11 248**	12 915
Current liabilities		**72 570**	65 080
Interest-bearing liabilities	17	**12 438**	9 153
Trade and other payables		**48 354**	45 856
Other current and tax liabilities		**11 778**	10 071
Total equity and liabilities		**244 607**	244 282

[1] Restated for changes in accounting policies, refer to note 25 for details of the restatements.

Summary group statement of changes in equity

for the year ended 31 December

	Note	2018 Rm	2017 Restated[1] Rm
Opening balance at 1 January		**94 188**	102 380
Adjustment on initial application of IFRS 15	25	**–**	1 447
Adjustment on initial application of IFRS 9	25	**(384)**	–
Restated balance at 1 January		**93 804**	103 827
Total comprehensive income		**(128)**	1 718
Profit after tax		**8 719**	4 416
Other comprehensive income after tax		**(8 847)**	(2 698)
Opening reserve adjustment for impact of hyperinflation		**531**	–
Transactions with owners of the company			
Transaction with non-controlling interests	9	**1 666**	–
Decrease in treasury shares		**143**	–
Cancellation of share-based payment	21	**(295)**	–
Share-based payment transactions – MTN Zakhele Futhi		**–**	921
Share-based payment transactions – other		**371**	237
Dividends declared		**(11 248)**	(12 572)
Other movements		**(45)**	57
Attributable to equity holders of the company		**84 799**	94 188
Non-controlling interests		**3 427**	1 532
Closing balance at 31 December		**88 226**	95 720
Dividends declared during the year (cents per share)		**625**	700
Dividends declared after year-end (cents per share)		**325**	450

[1] Restated for changes in accounting policies, refer to note 25 for details of the restatements.

Summary group statement of cash flows

for the year ended 31 December

	Note	2018 Rm	2017 Restated[1] Rm
Net cash generated from operating activities		**32 389**	33 387
Cash generated from operations		**40 345**	38 484
Interest received		**2 130**	2 607
Interest paid		**(7 001)**	(7 237)
Dividends received from associates and joint ventures	13	**1 942**	7 129
Income tax paid		**(5 027)**	(7 596)
Net cash used in investing activities		**(23 219)**	(27 585)
Acquisition of property, plant and equipment		**(24 224)**	(23 861)
Acquisition of intangible assets		**(3 972)**	(2 800)
Increase in non-current investments and joint venture		**(802)**	(820)
Proceeds on sale of MTN Cyprus, net of cash disposed of	7	**3 986**	–
Realisation of bonds, treasury bills and foreign deposits		**1 727**	1 849
Increase in restricted cash		**(641)**	(1 727)
Decrease in restricted cash		**647**	–
Movement in other investing activities		**60**	(226)
Net cash used in financing activities		**(11 123)**	(14 612)
Proceeds from borrowings	18	**25 219**	23 287
Repayment of borrowings	18	**(27 359)**	(24 606)
Dividends paid to equity holders of the company		**(11 236)**	(12 565)
Dividends paid to non-controlling interests		**(759)**	(956)
Proceeds from the Ghana initial public offering	9	**3 057**	–
Premium received on option issued to MTN Zakhele Futhi		**–**	192
Other financing activities		**(45)**	36
Net decrease in cash and cash equivalents		**(1 953)**	(8 810)
Net cash and cash equivalents at beginning of the year		**15 937**	27 375
Exchange gains/(losses) on cash and cash equivalents		**1 564**	(2 664)
Net monetary gain on cash and cash equivalents		**34**	36
Cash classified as held for sale	23	**(615)**	–
Net cash and cash equivalents at end of the year		**14 967**	15 937

[1] Restated for changes in accounting policies, refer to note 25 for details of the restatements.

Notes to the summary group financial statements

for the year ended 31 December 2018

1. INDEPENDENT AUDIT

The summary group financial statements have been derived from the audited group financial statements. The directors of the company take full responsibility for the preparation of the summary group financial statements and that the financial information has been correctly derived and are consistent in all material respects with the underlying audited group financial statements. The summary group financial statements for the year ended 31 December 2018 have been audited by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Grant Thornton Inc., who have expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the group financial statements from which the summary group financial statements were derived. A copy of the auditors' report on the group financial statements is available for inspection at the company's registered office, together with the financial statements identified in the auditors' report.

2. GENERAL INFORMATION

MTN Group Limited (the company) carries on the business of investing in the telecommunications industry through its subsidiary companies, joint ventures, associates and related investments.

3. BASIS OF PREPARATION

The summary group financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary financial statements and the requirements of the Companies Act applicable to summary financial statements. The summary financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC) and the Financial Pronouncements as issued by the Financial Reporting Standard Council (FRSC), and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of the group financial statements from which the summary group financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous group financial statements, unless otherwise stated.

The summary group financial statements should be read in conjunction with the group financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS. A copy of the full set of the audited group financial statements is available for inspection from the company secretary at the registered office of the company.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

4. PRINCIPAL ACCOUNTING POLICIES

The group has adopted all the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board (IASB) which were effective for the group from 1 January 2018. The following standards had an impact on the group:

- IFRS 9 *Financial Instruments* (IFRS 9); and
- IFRS 15 *Revenue from Contracts with Customers* (IFRS 15).

The accounting policies applied in the preparation of the summary group financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous group financial statements except as previously stated and except for a change in the presentation of cash flows. Refer to note 25 for the details.

5. HYPERINFLATION

The financial statements (including comparative amounts) of the group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period. The economy of Sudan was assessed to be hyperinflationary effective 1 July 2018, and hyperinflation accounting was applied for the six months ended 31 December 2018. Upon first application of hyperinflation, net prior period gains of R625 million were recognised directly in equity. The uplift of the assets on initial adoption resulted in the net asset value of MTN Sudan Company Limited (MTN Sudan) exceeding its estimated recoverable amount. As a result of this, the initial adjustment was capped to the recoverable amount and the difference recorded directly to retained earnings. If the initial uplift had not been capped the related increase in opening equity would have been R1,2 billion.

As at 31 December 2017[1], the historical increase in the asset value as a result of hyperinflation accounting had been fully impaired, which resulted in a R1 690 million decrease in EBITDA[2] during 2017. During the six-month period ended 30 June 2018, R306 million of the impairment was reversed, resulting in an increase in EBITDA[2]. This amount represents the full impairment recognised during 2017, translated at a significantly weaker exchange rate.

The economy of South Sudan was assessed to be hyperinflationary, effective 1 January 2016, and hyperinflation accounting was applied since.

In 2015, the Iranian economy was assessed to no longer be hyperinflationary and hyperinflation accounting was discontinued effective 1 July 2015. The group's results from Irancell Telecommunication Company Services (PJSC) (Iran) includes expenses resulting from the discontinuation of hyperinflation accounting mainly relating to the subsequent depreciation of assets that were historically written up under hyperinflation accounting. The additional income statement charge reduced equity-accounted earnings from Iran by R873 million for the year ended 31 December 2018 (2017: R1 328 million).

The economy of Syria was assessed to be hyperinflationary, effective 1 January 2014, and hyperinflation accounting has been applied since. The group's proxy indicator for inflation in Syria remained stable during the year. Therefore, a hyperinflation adjustment factor of one was applied during the year.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

5. HYPERINFLATION continued

The impact of hyperinflation on the segment analysis is as follows:

	2018		
	Revenue Rm	**EBITDA[2] Rm**	**Capex Rm**
Syria	**9**	**6**	**–**
Sudan	**(109)**	**233**	**(67)**
South Sudan (included in other SEAGHA)	**274**	**32**	**(5)**
	174	**271**	**(72)**

	2017		
	Revenue Rm	EBITDA[2] Rm	Capex Rm
Syria	384	(1 227)	81
Sudan	–	(1 690)	–
South Sudan (included in other SEAGHA)	120	(31)	–
	504	(2 948)	81
Iran – major joint venture	–	69	–

[1] Hyperinflationary accounting was applied previously in Sudan, up until 30 June 2016.
[2] EBITDA is defined in note 6.

6. SEGMENT ANALYSIS

The group has identified reportable segments that are used by the group executive committee (chief operating decision maker (CODM)) to make key operating decisions, allocate resources and assess performance. The reportable segments are largely grouped according to their geographic locations and reporting lines to the CODM. The group's underlying operations are clustered as follows:

- South Africa;
- Nigeria;
- South and East Africa and Ghana (SEAGHA);
- West and Central Africa (WECA); and
- Middle East and North Africa (MENA).

South Africa and Nigeria comprise the segment information for the South African and Nigerian-based cellular network services' providers respectively.

The SEAGHA, WECA and MENA clusters comprise segment information for operations in those regions which are also cellular network services providers in the group.

Operating results are reported and reviewed regularly by the CODM and include items directly attributable to a segment as well as those that are attributed on a reasonable basis, whether from external transactions or from transactions with other group segments.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

6. SEGMENT ANALYSIS continued

A key performance measure of reporting profit for the group is EBITDA. EBITDA is defined as earnings before finance income and finance costs (which includes gains or 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 a long-term loan receivable;
- Net monetary gain resulting from the application of hyperinflation; and
- Share of results of associates and joint ventures after tax.

For the purpose of the review of individual segment results by the CODM, EBITDA also excludes the following items (CODM EBITDA):

- Hyperinflation (note 5);
- Tower sale profits;
- MTN Zakhele Futhi share-based payment expense;
- Profit on exercise of exchange right in IHS Group;
- Gain on dilution of investment in associates and joint ventures (note 13);
- Gain on disposal of subsidiary (note 7); and
- CBN resolution (note 8).

These exclusions have remained unchanged from the prior year, apart from the gain on dilution of investment in associates and joint ventures, gain on disposal of subsidiary and the CBN resolution which occurred during the year.

Iran proportionate results are included in the segment analysis as reviewed by the CODM and excluded from reported results for revenue, EBITDA and capex due to equity accounting for joint ventures. The results of Iran in the segment analysis exclude the impact of hyperinflation accounting.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

6. SEGMENT ANALYSIS continued

REVENUE	Network services Rm	Mobile devices Rm	Interconnect and roaming Rm
2018			
South Africa	28 037	8 389	3 540
Nigeria	30 747	78	3 923
SEAGHA	14 599	278	1 873
Ghana	7 636	70	1 010
Uganda	3 495	52	414
Other SEAGHA	3 468	156	449
WECA	14 358	156	2 870
Ivory Coast	4 547	43	1 183
Cameroon	3 748	57	563
Other WECA	6 063	56	1 124
MENA	6 934	230	1 155
Syria	2 101	–	89
Sudan	1 125	6	457
Other MENA	3 708	224	609
Major joint venture – Iran	9 252	168	879
Head office companies and eliminations	(24)	(1)	(418)
Hyperinflation impact	148	–	29
Iran revenue exclusion	(9 252)	168	(879)
Consolidated revenue	94 799	9 130	12 972

Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
2 435	1 866	44 267	391	44 658
1 942	1 281	37 971	–	37 971
5 051	812	22 613	–	22 613
2 945	199	11 860	–	11 860
1 333	129	5 423	–	5 423
773	484	5 330	–	5 330
1 994	845	20 223	–	20 223
1 063	322	7 158	–	7 158
376	215	4 959	–	4 959
555	308	8 106	–	8 106
308	218	8 845	–	8 845
85	23	2 298	–	2 298
89	21	1 698	–	1 698
134	174	4 849	–	4 849
1 129	206	11 634	33	11 667
3	516	76	–	76
(16)	13	174	–	174
(1 129)	(206)	(11 634)	(33)	(11 667)
11 717	5 551	134 169	391	134 560

Notes to the summary group financial statements continued

for the year ended 31 December 2018

6. SEGMENT ANALYSIS continued

REVENUE Restated[1]	Network services Rm	Mobile devices Rm	Interconnect and roaming Rm
2017			
South Africa	28 851	7 691	2 381
Nigeria	27 486	108	4 221
SEAGHA	12 950	239	1 944
Ghana	6 748	83	1 072
Uganda	3 251	58	425
Other SEAGHA	2 951	98	447
WECA	15 322	368	2 680
Ivory Coast	5 259	48	949
Cameroon	3 936	197	704
Other WECA	6 127	123	1 027
MENA	9 929	423	1 553
Syria	1 829	–	84
Sudan	3 507	23	687
Other MENA	4 593	400	782
Major joint venture – Iran	12 510	257	1 508
Head office companies and eliminations	(12)	(1)	(432)
Hyperinflation impact	426	1	49
Iran revenue exclusion	(12 510)	(257)	(1 508)
Consolidated revenue	94 952	8 829	12 396

[1] Restated for changes in accounting policies, refer to note 25 for details of the restatements.

[2] Subsequent to the publication of the interim results for the six months ended 30 June 2018, the group updated its definition of digital and fintech revenue which resulted in a reclassification of revenue from digital and fintech to other revenue. These included caller line identification (CLI), itemised billing and bulk SMS advertising revenue which are not considered to be part of the main categories of revenue for the group.

Digital and fintech[2] Rm	Other[2] Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
2 325	889	42 137	360	42 497
3 477	775	36 067	–	36 067
4 186	868	20 187	–	20 187
2 339	191	10 433	–	10 433
1 314	145	5 193	–	5 193
533	532	4 561	–	4 561
1 728	830	20 928	–	20 928
878	278	7 412	–	7 412
294	242	5 373	–	5 373
556	310	8 143	–	8 143
495	322	12 722	–	12 722
83	5	2 001	–	2 001
262	61	4 540	–	4 540
150	256	6 181	–	6 181
1 974	171	16 420	20	16 440
4	405	(36)	–	(36)
17	11	504	–	504
(1 974)	(171)	(16 420)	(20)	(16 440)
12 232	4 100	132 509	360	132 869

Notes to the summary group financial statements continued

for the year ended 31 December 2018

6. SEGMENT ANALYSIS continued

EBITDA	2018 Rm	2017 Restated[1] Rm
CODM EBITDA		
South Africa	**15 660**	14 635
Nigeria	**16 574**	14 070
SEAGHA	**7 865**	6 908
Ghana	**4 452**	4 189
Uganda	**1 980**	1 794
Other SEAGHA	**1 433**	925
WECA	**4 133**	5 335
Ivory Coast	**1 593**	2 359
Cameroon	**455**	1 305
Other WECA	**2 085**	1 671
MENA	**2 510**	3 810
Syria	**909**	597
Sudan	**590**	1 592
Other MENA	**1 011**	1 621
Major joint venture – Iran	**4 231**	5 881
CODM EBITDA	**50 973**	50 639
Head office companies and eliminations	**(727)**	(449)
Hyperinflation impact	**271**	(2 948)
Gain on dilution of investment in associates and joint ventures	**569**	–
Gain on disposal of subsidiary	**2 112**	–
Tower sale profits	**23**	27
Profit on exercise of exchange right in IHS Group	**–**	6 017
MTN Zakhele Futhi share-based payment expense	**–**	(434)
CBN resolution	**(744)**	–
Iran CODM EBITDA exclusion	**(4 231)**	(5 881)
EBITDA	**48 246**	46 971
Depreciation, amortisation and impairment of goodwill	**(24 670)**	(26 398)
Net finance cost	**(8 331)**	(9 267)
Loss on derecognition of long-term loan receivable	**–**	(2 840)
Net monetary gain	**290**	264
Share of results of associates and joint ventures after tax	**(527)**	840
Profit before tax	**15 008**	9 570

[1] Restated for changes in accounting policies, refer to note 25 for details of the restatements.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

6. SEGMENT ANALYSIS continued

CAPITAL EXPENDITURE INCURRED	2018 Rm	2017 Rm
South Africa	9 448	11 470
Nigeria	6 888	8 953
SEAGHA	3 801	3 794
Ghana	2 015	2 196
Uganda	793	909
Other SEAGHA	993	689
WECA	3 281	3 696
Ivory Coast	1 364	1 203
Cameroon	694	976
Other WECA	1 223	1 517
MENA	2 215	2 294
Syria	935	951
Sudan	439	545
Other MENA	841	798
Major joint venture – Iran	3 716	9 274
Head office companies and eliminations	457	1 173
Hyperinflation impact	(72)	81
Iran capex exclusion	(3 716)	(9 274)
	26 018	31 461

Notes to the summary group financial statements continued

for the year ended 31 December 2018

7. GAIN ON DISPOSAL OF SUBSIDIARY

In July 2018, the group entered into an agreement with Monaco Telecom S.A (Monaco Telecom), in terms of which Monaco Telecom acquired 100% of the group's interest in MTN Cyprus Limited (MTN Cyprus). The sale became effective on 4 September 2018. MTN Cyprus was presented as part of other MENA in the segment information (note 6).

The carrying amounts of the assets and liabilities at the date of sale were:

	2018 Rm
Property, plant and equipment	1 093
Intangible assets and goodwill	1 197
Deferred tax and other non-current assets	225
Trade receivables and other current assets	705
Cash and cash equivalents	264
Total assets	**3 484**
Interest-bearing liabilities	806
Deferred tax and other non-current liabilities	135
Current liabilities	485
Total liabilities	**1 426**
Carrying amount of net assets sold	**2 058**
Total disposal consideration	4 231
Cash	4 302
Fair value of contingent consideration	(71)
Reclassification of foreign currency translation reserve	34
Transaction costs	(95)
Gain on disposal of subsidiary	**2 112**
Net cash	
Cash received	4 302
Less: Cash and cash equivalents in MTN Cyprus	(264)
Less: Transaction costs paid	(52)
Net cash received on disposal	**3 986**

Notes to the summary group financial statements continued

for the year ended 31 December 2018

8. CBN RESOLUTION

On 30 August 2018, MTN Group announced that MTN Nigeria Communications Limited (MTN Nigeria) received a letter on 29 August 2018 from the Central Bank of Nigeria (CBN) alleging that Certificates of Capital Importation (CCIs), issued in respect of the conversion of shareholders loans in MTN Nigeria to preference shares in 2007, had been improperly issued. The CBN claimed that historical dividends repatriated by MTN Nigeria between 2007 and 2015 amounting to US$8,1 billion needed to be refunded to the CBN.

MTN Nigeria strongly refuted these allegations and claims, stating that no dividends had been declared or paid by MTN Nigeria other than pursuant to CCIs issued by its bankers and with the approval of the CBN as required by law.

On 27 December 2018, MTN Group announced that MTN Nigeria held various engagements in order to find an equitable resolution to the matter. In particular, a series of meetings were held in Lagos with CBN officials during November 2018. At these meetings MTN Nigeria provided additional material documentation which satisfactorily clarified its remittances.

The CBN upon review of the additional documentation concluded that MTN Nigeria is no longer required to reverse the historical dividend payments made to MTN Nigeria shareholders. However, the CBN maintained that the proceeds from the preference shares in MTN Nigeria's private placement remittances of 2008 of circa US$1 billion were irregular having been based on CCIs that only had an approval-in-principle, but not final regulatory approval by the CBN.

The CBN instructed MTN Nigeria to implement a notional reversal of the 2008 private placement of shares in MTN Nigeria at a net cost of circa N19,1 billion (CBN resolution amount) (the CBN resolution amount was equivalent to US$52,6 million at the time of the announcement). This was on the basis that certain CCIs utilised in the private placement were not properly issued.

MTN Nigeria and the CBN agreed to resolve the matter on the basis that MTN Nigeria had to pay the CBN resolution amount without admission of liability. In terms of the resolution agreement, the CBN will regularise all the CCIs issued on the investment by shareholders of MTN Nigeria of circa US$402,6 million without regard to any historical disputes relating to those CCIs, thereby bringing to a final resolution all incidental disputes arising from this matter.

MTN Nigeria recognised an expense to the equivalent of R744 million in December 2018 and paid the CBN resolution amount on 4 January 2019.

9. GHANA INITIAL PUBLIC OFFERING

During the current year, Scancom PLC (MTN Ghana) completed an initial public offering of its shares which resulted in a change in the group's shareholding in the company. MTN Ghana issued 1 530 474 360 shares for localisation as part of the public offering which resulted in a change in the group's shareholding from 97,65% to 85,49%. The investment in MTN Ghana is held by Investcom Consortium Holdings S.A. and MTN (Dubai) Limited, which are indirect subsidiaries of the group. Proceeds generated from the sale of shares, net of transaction costs, amounted to GHS1 096 million (R3 057 million) which has been included in cash flows from financing activities. The share allocation was finalised on 29 August 2018. This was a transaction with shareholders and had no impact on profit or loss.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

10. NIGERIA REGULATORY FINE

On 10 June 2016, MTN Nigeria resolved the matter relating to the previously imposed regulatory fine with the Federal Government of Nigeria (FGN).

In terms of the settlement agreement reached on 10 June 2016, MTN Nigeria agreed to pay a total cash amount of N330 billion over three years (the equivalent of R25,1 billion[1]) to the FGN as full and final settlement of the matter.

The regulatory fine was fully expensed in 2016. A discount unwind of R812 million (2017: R1,0 billion) was recognised in finance costs during the current year relating to the outstanding liability. The balance of the liability amounts to R4,2 billion (2017: R6,6 billion) after taking into account the payment of N55 billion (R1,8 billion[2]) on 28 March 2018, the payment of N55 billion (R2,2 billion[3]) on 28 December 2018 and the unwinding of the interest.

[1] Amount translated at the 10 June 2016 rate R1 = N13,15.
[2] Amount translated at the 28 March 2018 rate R1 = N30,61.
[3] Amount translated at the 28 December 2018 rate R1 = N25,33.

11. IMPAIRMENT OF GOODWILL

Goodwill is tested annually for impairment, the recoverable amounts of CGUs were determined based on value in use calculations, where future cash flows were estimated and discounted. The discount rates and the perpetuity growth rates used in the value in use calculations of the operations impacted by impairment are as follows:

	December 2018		December 2017	
	Growth rate %	**Discount rate %**	Growth rate %	Discount rate %
MTN Yemen	**5,0**	**29,2**	9,0	31,7

In a number of the group's operations in the MENA region, the socio-political instability experienced in these markets resulted in suppressed revenue growth and lower operating margins in the current year, resulting in decreased forecast cash flows at 31 December 2018. An impairment charge amounting to R312 million (2017: R807 million) was recognised against the goodwill of MTN Yemen. MTN Yemen continued to be plagued by political instability and subdued economic conditions. As at 31 December 2018, the carrying value of this CGU exceeded its recoverable amount, necessitating an impairment charge (disclosed above). The goodwill balance for MTN Yemen at 31 December 2018 amounts to R1 123 million, after recognising a cumulative impairment charge of R1 119 million.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

12. NET FINANCE COSTS

	2018 Rm	2017 Rm
Interest income on loans and receivables	1 120	2 109
Interest income on bank deposits	872	1 379
Finance income	**1 992**	**3 488**
Interest expense on financial liabilities measured at amortised cost[1]	(8 422)	(8 400)
Net foreign exchange losses	(1 901)	(4 355)
Finance costs	**(10 323)**	**(12 755)**
Net finance costs recognised in profit or loss	**(8 331)**	**(9 267)**

[1] R812 million (2017: R1,0 billion) relates to the discount unwind on the MTN Nigeria regulatory fine liability.

13. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES AFTER TAX

	2018 Rm	2017 Restated[1] Rm
	(527)	840
Iran	(281)	930
Others	(246)	(90)

[1] Restated for changes in accounting policies, refer to note 25 for details of the restatements.

During March 2018, International Digital Services Middle East Limited (iME) issued shares to a new investor. The group and Iran each owned a 33,3% shareholding in iME prior to this transaction. After the new investor was introduced the group and Iran's shareholding decreased to 29,5% each. The group recognised a R304 million gain on dilution, which is included in other income. The group's share of Iran's gain on dilution (R134 million) is included in the share of results of associates and joint ventures after tax.

During December 2018, Africa Internet Holdings GmbH (AIH) issued shares to a new investor. After the new investor was introduced, the group's shareholding decreased to 29,69%. The group recognised a R265 million gain on dilution, which is included in other income.

For the year ended 31 December 2018, outstanding dividends of R1 296 million (2017: R6 509 million) was received from Iran.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

13. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES AFTER TAX continued

Iran exchange rates and sanctions

In August 2018, the Central Bank of Iran (CBI) clarified that all future dividends can be expected to be repatriated at the SANA rate (note 20). After the introduction of the SANA rate, the group equity accounts the results and translates any receivable from Iran at the SANA rate. However, the group continues to translate any receivables that have been approved by the Iranian government under the Foreign Investment Promotion and Protection Act (FIPPA) at the CBI rate on the basis that management expects these balances to be settled at the CBI rate.

On 8 May 2018, the US announced its decision to withdraw from the Joint Comprehensive Plan of Action (JCPOA) agreement and to reimpose economic sanctions against Iran. The first round of these sanctions became effective on 7 August 2018 and a second phase of sanctions became effective on 5 November 2018. The sanctions may limit the ability of the group to repatriate cash from Iran, including future dividends.

As at 31 December 2018, Iranian rial-denominated receivables[2] amounted to R1 031 million and Iranian-rial denominated loan[3] amounted to R1 730 million. Sanctions may place pressure on the Iranian rial exchange rate that is used to translate these receivables as well as the equity-accounted results of Iran.

[2] Translated at SANA rate.
[3] Translated at CBI rate.

14. EARNINGS PER ORDINARY SHARE

	2018	2017
Number of ordinary shares		
Number of ordinary shares in issue		
At end of the year (excluding MTN Zakhele Futhi and treasury shares)	**1 797 642 541**	1 797 451 094
Weighted average number of shares	**1 797 602 678**	1 797 414 442
Add: Dilutive shares		
– Share options – MTN Zakhele Futhi	**22 966 591**	28 535 814
– Share schemes	**3 870 043**	3 064 710
Shares for dilutive earnings per share	**1 824 439 312**	1 829 014 966

Treasury shares

Treasury shares of 9 791 839 (2017: 9 983 286) are held by the group and 76 835 378 (2017: 76 835 378) are held by MTN Zakhele Futhi (RF) Limited (MTN Zakhele Futhi).

Headline earnings

Headline earnings is calculated in accordance with Circular 4/2018 *Headline Earnings* as issued by the South African Institute of Chartered Accountants.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

14. EARNINGS PER ORDINARY SHARE continued

	2018 Rm	2017 Restated[1] Rm
Basic headline earnings per share		
Reconciliation between net profit attributable to the equity holders of the company and headline earnings:		
Profit attributable to equity holders of the company	8 719	4 416
Loss/(profit) on disposal of property, plant and equipment and intangible assets	20	(11)
– Subsidiaries (IAS 16)	44	(8)
– Joint ventures (IAS 28)	(24)	(3)
Profit on disposal of subsidiary (IFRS 10)	(2 112)	–
Impairment of goodwill (IAS 36)	312	2 631
Net impairment (reversal)/loss on property, plant and equipment and intangible assets (IAS 36)	(206)	3 045
Net gain on dilution of investment in associate and joint venture (IAS 28)	(703)	(28)
– Subsidiaries	(569)	(28)
– Joint ventures	(134)	–
Realisation of deferred gain on disposal of non-current assets held for sale (IFRS 5)	(23)	(27)
Profit on derecognition of equity-accounted investment (IAS 28)	–	(6 017)
Total tax effects of adjustments	6	(189)
Total non-controlling interest effect of adjustments	42	(541)
Basic headline earnings	6 055	3 279
Earnings per share (cents)		
– Basic	485	246
– Basic headline	337	182
Diluted earnings per share (cents)		
– Diluted	478	241
– Diluted headline	332	179

[1] Restated for changes in accounting policies, refer to note 25 for details of the restatements.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

15. FINANCIAL INSTRUMENTS

Financial instruments at amortised cost

The group has not disclosed the fair values of financial instruments measured at amortised cost except for the borrowings set out below, as their carrying amounts closely approximate their fair values.

Listed long-term borrowings

The group has listed long-term fixed interest rate senior unsecured notes in issue which were issued in prior years, with a carrying amount of R25 380 million (2017: R21 765 million) and a fair value of R23 926 million (2017: R22 434 million). The fair values of these instruments are determined by reference to quoted prices on the Irish bond market. The market for these bonds is not considered to be liquid and consequently the fair value measurement is categorised within level 2 of the fair value hierarchy.

Financial instruments measured at fair value

The fair values of financial instruments measured at fair value are determined as follows:

Treasury bills

The fair value of these investments is determined by reference to published price quotations in an active market. In 2017, the group has classified treasury bills with a carrying amount of R343 million as available-for-sale and the group has classified treasury bills with a carrying amount of R307 million as at fair value through profit or loss. The fair value of these investments is categorised within level 1 of the fair value hierarchy.

Fair value measurement of investment in IHS Group

Included in investments in the summary group statement of financial position is an equity investment in IHS Group at fair value of R23 353 million (2017: R27 045 million). At 31 December 2018, the absence of transactions between market participants resulted in the fair value being determined using models considered to be appropriate by management. The fair value was calculated using an earnings multiple technique and was based on unobservable market inputs including tower industry earnings multiples of between 10x to 15x (2017: 13x to 17x) applied to MTN management's estimates of earnings, less estimated net debt of R18 599 million (2017: R17 117 million). In addition, in 2018 the group has applied a 10% liquidity discount.

Given the confidentiality restrictions in the shareholders' agreement with IHS Group, MTN does not have access to the IHS Group business plans or 2018 actual financial information. Any estimated earnings used to derive the existing fair value are therefore solely based on MTN management assumptions and market estimates on financial growth, currency movements, costs and performance. The investment has therefore been classified as level 3 of the fair value hierarchy for the current reporting period. An increase of one in the low and high end of the multiple range, keeping other inputs constant, would have resulted in an increase in the fair value of R2 316 million and a decrease of one in the low and high end of the multiple range, keeping other inputs constant, would have resulted in a decrease in the fair value of R2 316 million (2017: R2 148 million). An increase of 10% in the estimated earnings used, keeping other inputs constant, would have resulted in an increase in the fair value of R2 821 million and a decrease of 10% in the estimated earnings used, keeping other inputs constant, would have resulted in a decrease in the fair value of R2 821 million (2017: R3 021 million). An increase of 1% to the liquidity discount, keeping other inputs constant, would have resulted in a decrease in the fair value of R259 million and a decrease of 1% to the liquidity discount, keeping other inputs constant, would have resulted in an increase in the fair value by R259 million as at 31 December 2018.

A decrease of R7 770 million (2017: R4 249 million increase) has been recognised for the year under review in other comprehensive income resulting from the change in fair value.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

15. FINANCIAL INSTRUMENTS continued

Reconciliation of level 3 financial assets

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

	Rm
Balance at 1 January 2017[1]	380
Transfers from level 2 (IHS Group)	11 240
Acquisitions	132
Exchange right exercised (IHS Group)	13 767
Gain on available-for-sale investments	4 439
Foreign exchange differences	(2 272)
Balance at 1 January 2018	**27 686**
Acquisitions	**310**
Loss on equity investments at fair value through other comprehensive income	**(8 030)**
Foreign exchange differences	**4 059**
Balance at 31 December 2018	**24 025**

[1] Refer to note 25 for changes in accounting policies.

16. AUTHORISED COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT, EQUIPMENT AND SOFTWARE

	2018 Rm	2017 Rm
	28 790	27 747
– Contracted	**10 280**	6 958
– Not contracted	**18 510**	20 789

17. INTEREST-BEARING LIABILITIES

	2018 Rm	2017 Rm
Bank overdrafts	**255**	72
Current borrowings	**12 183**	9 081
Current liabilities	**12 438**	9 153
Non-current borrowings	**72 563**	70 567
	85 001	79 720

Notes to the summary group financial statements continued

for the year ended 31 December 2018

18. ISSUE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

During the year under review the following entities raised and repaid significant debt instruments:

	2018 Rm Raised	2018 Rm Repaid	2017 Rm Raised	2017 Rm Repaid
Mobile Telephone Networks Holdings Limited	11 750	6 320	16 007	16 865
Loan facilities	3 500	563	5 100	7 159
General banking facilities	6 500	5 450	5 650	6 825
Domestic medium-term programme	1 750	307	5 257	2 881
MTN International (Mauritius) Limited	3 753	8 070	1 382	1 352
MTN Nigeria Communications Limited	4 770	8 101	2 187	4 275
Other	4 946	4 868	3 711	2 114
	25 219	27 359	23 287	24 606

19. CONTINGENT LIABILITIES

	2018 Rm	2017 Rm
Uncertain tax exposures	2 087	8 667
Legal and regulatory matters	2 660	1 180
	4 747	9 847

Uncertain tax exposures

The group operates in numerous tax jurisdictions and the group's interpretation and application of the various tax rules applied in direct and indirect tax filings may result in disputes between the group and the relevant tax authority. The outcome of such disputes may not be favourable to the group. At year-end, there were a number of tax disputes ongoing in various of the group's operating entities, the most significant of which relates to a transfer pricing dispute which the group is contesting. At 31 December 2018, the contingency for the transfer pricing assessment has been significantly reduced, following the group's review of the tax authority's submissions made in the course of preparing for litigation. Based on internal and external legal and technical advice obtained, the group remains confident that it has a strong legal case to contest the remaining exposure.

Legal and regulatory matters

The group is involved in various legal and regulatory matters, the outcome of which may not be favourable to the group and none of which are considered individually material.

The group has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

20. EXCHANGE RATES

		Closing rates		Average rates	
		2018	2017	**2018**	2017
Foreign currency to South African rand:					
United States dollar	USD	**14,38**	12,39	**13,21**	13,34
South African rand to foreign currency:					
Nigerian naira	NGN	**25,33**	29,05	**27,41**	24,61
Iranian rial	IRR	**6 043,73**[1]	2 893,16[2]	**4 020,06**[3]	2 493,01[2]
Ghanaian cedi	GHS	**0,34**	0,36	**0,36**	0,33
Cameroon Communaute Financière Africaine franc	XAF	**39,89**	44,44	**45,07**	44,06
Côte d'Ivoire Financière Africaine franc	CFA	**39,80**	45,50	**42,73**	43,92
Ugandan shilling	UGX	**257,93**	293,68	**280,55**	270,09
Syrian pound	SYP	**30,45**	35,18	**32,79**	37,76
Sudanese pound	SDG	**3,31**	1,61	**2,40**	0,55

[1] SANA rate.

[2] CBI rate.

[3] Weighted average exchange rate used to translate the results of Iran.

At 31 December 2018, the ZAR to IRR exchange rate based on the CBI rate was ZAR1 = IRR2 919,91.

The group's presentation currency is rand. The weakening of the closing rate in the rand against the functional currencies of the group's largest operations contributed to the increase in consolidated assets and liabilities and the resulting foreign currency translation reserve increase of R1 943 million (2017: R12 417 million reduction) for the year.

Net investment hedges

The group hedges a designated portion of its dollar net assets in MTN (Dubai) Limited (MTN Dubai) for forex exposure arising between the USD and ZAR as part of the group's risk management objectives. The group designated external borrowings (Eurobonds) denominated in US$ held by MTN (Mauritius) Investments Limited (MTN Mauritius) with a value of R23,9 billion (2017: R22,4 billion) and external borrowings denominated in US$ held by MTN Nigeria with a value of R1,3 billion (2017: R2,6 billion) as hedging instruments. For the period of the hedge relationship, foreign exchange movements on these hedging instruments are recognised in other comprehensive income as part of the foreign currency translation reserve (FCTR), offsetting the exchange differences recognised in other comprehensive income, arising on translation of the designated dollar net assets of MTN Dubai to ZAR. The cumulative forex movement recognised in other comprehensive income will only be reclassified to profit or loss upon loss of control over MTN Dubai. There was no hedge ineffectiveness recognised in profit or loss during the current or prior year.

Notes to the summary group financial statements
continued
for the year ended 31 December 2018

21. RELATED PARTY TRANSACTIONS

Transactions between members of the group

MTN Ghana entered into operating lease agreements with Ghana Tower InterCo B.V in prior years. The operating lease commitments amount to R9 468 million (2017: R8 446 million). The expense recorded amounted to R1 016 million for the year ended 31 December 2018 (2017: R627 million). The rental amounts escalate every year by inflation and the initial term is 10 years, followed by four times five-year renewal periods.

MTN Uganda Limited entered into operating lease agreements with Uganda Tower InterCo B.V in prior years. The operating lease commitments amount to R1 988 million (2017: R1 636 million). The expense recorded amounted to R439 million for the year ended 31 December 2018 (2017: R558 million). The rental amounts escalate every year by inflation and the initial term is 10 years, followed by four times five-year renewal periods.

Transaction with an entity associated with a director

On 29 June 2018, the group and Mainstreet 1561 Proprietary Limited, a wholly-owned company of PF Nhleko, Non-Executive Chairman of MTN Group, agreed not to proceed with the sale of 14 750 000 MTN Zakhele Futhi shares. This is regarded as a cancellation of a share-based payment transaction. The related receivable from Mainstreet 1561 Proprietary Limited was derecognised with a corresponding debit in equity. There was no profit or loss impact arising from the cancellation.

22. BENIN FREQUENCY FEES

Spacetel Benin S.A. (MTN Benin) and the government of Benin concluded a memorandum of understanding (MOU) in April 2018 which includes the settlement of historical frequency fees, a five-year licence extension and the addition of optical fibre to the existing licence conditions settled by the payment of CFA35 billion (R802 million) in May 2018 and a second payment of CFA35 billion (R857 million) in February 2019. MTN Benin and the government of Benin reached an agreement regarding ongoing frequency fees, which was subsequently confirmed by the issue of a decree specifying the frequency fees calculation.

The decree has confirmed the calculation methodology for allocating a portion of the payment to past frequency fees. This resulted in the recognition of an intangible asset of CFA55,2 billion (R1 370 million) relating to the extended licence and the right to deploy optical fibre.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

23. NON-CURRENT ASSETS HELD FOR SALE

In December 2018, the group received an unsolicited offer to sell its interest in Mascom Wireless Botswana Proprietary Limited and its holding companies. Accordingly, the investment in joint venture and related assets in holding companies have been presented as non-current assets held for sale. Any transactions will be subject to the execution of definitive transaction agreements and applicable governance and regulatory approvals. The sale is expected to be concluded in the first half of 2019.

The assets held for sale as at 31 December 2018 are:	2018 Rm
Investment in joint venture	1 832
Intangible and other non-current assets	312
Cash and cash equivalents[1]	615
	2 759

[1] Cash and cash equivalents will be distributed to the group, prior to the conclusion of the sale.

24. EVENTS AFTER REPORTING PERIOD

Dividends declared

Dividends declared at the board meeting held on 6 March 2019 amounted to 325 cents per share.

Iran receivable

MTN Mauritius and Iran signed an agreement in February 2019, to convert Iranian rial-denominated receivables amounting to R505 million, owed by Iran, into a loan. The loan has a two-year term and accrues interest at 18% per annum.

25. CHANGES IN ACCOUNTING POLICIES

The group has adopted the following new accounting pronouncements as issued by the International Accounting Standards Board (IASB), which were effective for the group from 1 January 2018:

- IFRS 15 *Revenue from Contracts with Customers* (IFRS 15); and
- IFRS 9 *Financial Instruments* (IFRS 9).

The group also implemented a voluntary accounting policy change relating to a change in the presentation of cash flows.

The changes in accounting policies were applied retrospectively. Comparative numbers have been restated for the adoption of IFRS 15 and the change in the presentation of cash flows.

25.1 Adoption of IFRS 15

The group principally generates revenue from providing mobile telecommunications services, such as network services (comprising of data, voice and SMS), digital and fintech services, interconnect and roaming services, as well as from the sale of mobile devices. Products and services may be sold separately or in bundled packages. The typical length of a contract for postpaid bundled packages is 24 months.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control over a product or services to a customer.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

25. CHANGES IN ACCOUNTING POLICIES continued

25.1 Adoption of IFRS 15 continued

For bundled packages, the group accounts for individual products and services separately if they are distinct, i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their standalone selling prices. The standalone selling prices are determined based on the list prices at which the group sells mobile devices and network services separately.

On adoption of IFRS 15, the group restated its retained earnings at 1 January 2017 as follows:

	Notes	2017 Rm
Retained earnings – as previously reported		64 831
Earlier recognition of mobile device revenue	25.1.1	1 177
Earlier recognition of breakage	25.1.2	180
Capitalisation of subscriber acquisition costs	25.1.4	694
Increase in current and deferred tax liabilities		(566)
Less: Non-controlling interests portion		(38)
Adjustment to retained earnings on adoption of IFRS 15		1 447
Opening retained earnings 1 January – IFRS 15		66 278

The nature of the changes in the accounting policies were as follows:

	Type of product/ service	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy	Impact
25.1.1	*Mobile devices*	The group recognises revenue when the customer takes possession of the device. For mobile devices sold separately, customers pay in full at the point of sale. For mobile devices sold in bundled packages, customers usually pay monthly in equal instalments over a period of 24 months.	*Earlier recognition of mobile device revenue* The group previously anticipated early contract upgrades and based the subscriber contract period on the expected term and accounted for any consideration received beyond the anticipated upgrade period as network services revenue as it was earned (mainly in its South African operation). Following the adoption of IFRS 15, the group bases the subscriber contract period on the contractual term and accounts for early upgrades as contract modifications. The effect of the modification is that the contract asset at modification date is treated as a payment to a customer and results in a reduction of the revenue from the subsequent contract.	This has resulted in an increase of the transaction price in postpaid contracts and an increase in revenue allocated to devices. As device revenue has increased and is recognised upfront, this has resulted in a larger contract asset balance that is impaired when customers default on payments on their postpaid contract, i.e. an increase in impairment of trade receivables and contract assets.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

25. CHANGES IN ACCOUNTING POLICIES continued

25.1 Adoption of IFRS 15 continued

	Type of product/ service	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy	Impact
25.1.1	*Mobile devices* continued	The group assesses postpaid contracts including handsets to determine if they contain a significant financing component. The group has elected to apply the practical expedient that allows the group not to adjust the transaction price for the significant financing components for contracts where the time difference between customer payment and transfer of goods or services is expected to be one year or less. The group recognises significant financing components as interest revenue over the period between satisfying the related performance obligation and payment.	The group recognises interest revenue and a reduction in device revenue on transactions with a significant financing component where the period between the transfer of handsets and the subscriber payment period exceeds 12 months.	This has resulted in lower revenue recognised upfront on the devices and the recognition of interest revenue over the contract period.
25.1.2	*Mobile telecom-munication services*	Mobile telecommunication services include network services and digital and fintech services. The group recognises revenue from these services as they are provided. When the group expects to be entitled to breakage (forfeiture of unused value or network services), the group recognises the expected amount of breakage in proportion to network services provided versus the total expected network services to be provided. Any unexpected amounts of breakage are recognised when the unused value of network services expire or when usage thereof becomes remote.	*Earlier recognition of breakage* Previously, the group only accounted for breakage when it became remote that customers would use these services.	This has resulted in revenue from breakage being recognised earlier and therefore an increase in revenue and a decrease in unearned revenue (which is now named contract liabilities).

Notes to the summary group financial statements continued

for the year ended 31 December 2018

25. CHANGES IN ACCOUNTING POLICIES continued

25.1 Adoption of IFRS 15 continued

	Type of product/ service	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy	Impact
25.1.3	*Interconnect and roaming*	Interconnect and roaming revenue and debtors are recognised as the service is provided, unless it is not probable on transaction date that the interconnect revenue will be received, in which case interconnect revenue is recognised only when the cash is received or where a right of set-off exists with interconnect parties in settling amounts. Payment for interconnect and roaming is generally received on a monthly basis. Some interconnect and roaming debtors have a historical pattern of late payment due to sanctions imposed. The group has continued to provide services to these debtors (due to regulatory requirements) where the recovery of principal is significantly delayed beyond the contractual terms. The group has considered this historical payment pattern in assessing whether the contract contains a significant financing component.	The historical pattern of late payments (i.e. customary business practice) should be taken into account in measuring interconnect and roaming revenue.	This change has resulted in a reduction of interconnect and roaming revenue and an increase in interest revenue over the expected payment period. As this change mainly affects an equity-accounted operation, it has resulted in a decrease in the share of results of associates and joint ventures after tax in 2017. There was no change to retained earnings at 1 January 2017 as the group did not restate for completed contracts at 1 January 2017 per note 25.1.5.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

25. CHANGES IN ACCOUNTING POLICIES continued

25.1 Adoption of IFRS 15 continued

25.1.4 Capitalisation of subscriber acquisition costs

IFRS 15 introduced specific guidance on accounting for incremental costs of obtaining contracts with customers. Under IAS 18, the group expensed subscriber acquisition costs at inception of the contract.

The group expects that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agents' commission on postpaid contracts and SIM activation costs on prepaid contracts. The group has therefore capitalised these costs as contract costs. Capitalised contract costs are amortised on a systematic basis over the average customer life and included in selling, distribution and marketing expenses in profit or loss.

In terms of a practical expedient, the group has elected to recognise the incremental costs of obtaining contracts as a selling, distribution and marketing expense in profit or loss, when incurred, if the amortisation period of the assets that the group otherwise would have recognised is 12 months or less.

The impact of this change is a decrease in selling, distribution and marketing expenses and the recognition of a new asset: capitalised contract costs.

25.1.5 Transition to IFRS 15

In accordance with the transition provisions in IFRS 15, the group has adopted the new rules retrospectively and has restated comparative numbers for the 2017 financial year. The group applied the following practical expedients when applying IFRS 15 retrospectively:

- The group did not restate comparative numbers for contracts that were completed contracts at 1 January 2017;
- The group did not restate comparative numbers for contracts that began and ended in the same annual reporting period; and
- For modified contracts, the group used the contractual terms that existed at 1 January 2017.

25.2 Adoption of IFRS 9

The adoption of IFRS 9 had the following impact on the group:

- Change from the IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39) incurred loss model to the expected credit loss (ECL) model to calculate impairments of financial instruments; and
- Change in classification of the measurement categories for financial instruments.

More detail on the impact from the adoption of IFRS 9 is provided below.

25.2.1 Impairment

Before the adoption of IFRS 9, the group calculated the allowance for credit losses using the incurred loss model. Under the incurred loss model, the group assessed whether there was any objective evidence of impairment at the end of each reporting period. If such evidence existed the allowance for credit losses in respect of financial assets at amortised cost were calculated as the difference between the asset's carrying amount and its recoverable amount, being its present value of the estimated future cash flows discounted at the original effective interest rate (EIR).

Notes to the summary group financial statements continued

for the year ended 31 December 2018

25. CHANGES IN ACCOUNTING POLICIES continued

25.2 Adoption of IFRS 9 continued

25.2.1 Impairment continued

Under IFRS 9 the group calculates the allowance for credit losses based on ECLs for financial assets measured at amortised cost, debt investments at fair value through other comprehensive income (FVOCI) and contract assets. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the original EIR of the financial asset.

The group applies the simplified approach to determine the ECL for trade receivables and contract assets. This results in calculating lifetime ECLs for these trade receivables. ECL for trade receivables is calculated using a provision matrix. For contract assets and mobile trade receivables ECLs are determined using a simplified parameter-based approach.

Provision matrix – ECLs are calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historical/proxy write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs management used a proxy write-off. Trade receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historical loss ratio is then adjusted for forward looking information to determine the ECL for the portfolio of trade receivables at the reporting date to the extent that there is a strong correlation between the forward looking information and the ECL.

Simplified parameter-based approach – ECL is calculated using a formula incorporating the following parameters: exposure at default (EAD), probability of default (PD), loss given default (LGD) discounted using the EIR (i.e. PD x LGD x EAD = ECL). Exposures are mainly segmented by customer type i.e. corporate, consumer etc., ageing, device versus SIM only contracts and months in contract. This is done to allow for risk differentiation. The probability of a customer defaulting as well as the realised loss with defaulted accounts has been determined using historical data (12 months and 36 months respectively). The EIR represents a weighted average rate incorporating a risk-free rate plus a risk premium on initial recognition of the trade receivables.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

25. CHANGES IN ACCOUNTING POLICIES continued

25.2 Adoption of IFRS 9 continued

25.2.2 Classification, initial recognition and subsequent measurement

IFRS 9 introduces new measurement categories for financial assets. The measurement categories of IFRS 9 and IAS 39 is illustrated in the table below. From 1 January 2018 the group classifies financial assets in each of the IFRS 9 measurement categories based on the group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

IAS 39 category	IFRS 9 category
Financial assets at fair value through profit or loss (FVTPL)	Financial assets at FVTPL
Loans and receivables	Financial assets at amortised cost
Available-for-sale	Investments at FVOCI*
Held-to-maturity	

* This includes both debt and equity instruments. The biggest change is that on derecognition of equity instruments, gains or losses accumulated in OCI are not reclassified to profit or loss.

The reclassification into the new measurement categories of IFRS 9 did not have a significant impact on the group. The group has designated the investment in IHS Group and other unlisted equity investments as at FVOCI, as these instruments are not held for trading. Additionally, some of the group's treasury bills are held with a business model to collect and sell and consequently have been classified as FVOCI debt instruments.

Financial liabilities are measured at amortised cost except for those designated as at FVTPL, which are measured at fair value.

25.2.3 Transition to IFRS 9

Changes in accounting policies from the adoption of IFRS 9 have been applied retrospectively; however, the group has elected to not restate comparative information. Differences between the carrying amounts as at 31 December 2017 and 1 January 2018 resulting from the initial application of IFRS 9 are recognised in retained earnings. Accordingly, information relating to 31 December 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

The group has elected, as an accounting policy choice, to not adopt the hedge accounting requirements of IFRS 9, but to continue applying the hedge accounting requirements of IAS 39.

25.3 Presentation of cash flows

During 2018, the group reviewed the classification of cash flows and aligned the external presentation of cash flows with the internal presentation applied to manage the business and used for performance management. The group voluntarily changed its accounting policy and reclassified:

- Dividends paid to equity holders of the company and non-controlling interests from cash flows from operating activities to cash flows from financing activities; and
- Interest paid in the group's head office treasury function from cash flows from financing activities to cash flows from operating activities.

Comparative numbers have been restated accordingly.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

25. CHANGES IN ACCOUNTING POLICIES continued

25.4 Impact on the financial statements

The following tables show the restatements recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

		Year ended 31 December 2017		
Income statement (extract)	Notes	As previously reported Rm	IFRS 15 Rm	Restated Rm
Revenue	25.1.1; 25.1.2	132 815	54	132 869
Selling, distribution and marketing expenses	25.1.4	(17 276)	82	(17 194)
Other operating expenses	25.1.1	(14 128)	(120)	(14 248)
Operating profit		20 557	16	20 573
Share of results of joint ventures and associates after tax	25.1.3; 25.1.4	841	(1)	840
Profit before tax		9 555	15	9 570
Income tax expense		(5 014)	(6)	(5 020)
Profit after tax		4 541	9	4 550
Attributable to:				
Equity holders of the company		4 414	2	4 416
Non-controlling interests		127	7	134
Basic earnings per share (cents)		246	–	246
Diluted earnings per share (cents)		241	–	241

	Year ended 31 December 2017		
Statement of comprehensive income (extract)	As previously reported Rm	IFRS 15 Rm	Restated Rm
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations including the effect of hyperinflation	(12 376)	(41)	(12 417)
Other comprehensive income for the year	(3 218)	(41)	(3 259)
Attributable to equity holders of the company	(2 664)	(34)	(2 698)
Attributable to non-controlling interest	(554)	(7)	(561)
Total comprehensive income	1 323	(32)	1 291
Attributable to:			
Equity holders of the company	1 750	(32)	1 718
Non-controlling interests	(427)	–	(427)

Notes to the summary group financial statements continued

for the year ended 31 December 2018

25. CHANGES IN ACCOUNTING POLICIES continued

25.4 Impact on the financial statements continued

Statement of financial position (extract)	Notes	31 December 2017 As previously reported Rm	IFRS 15 Rm	31 December 2017 Restated Rm	IFRS 9 Rm	1 January 2018 Restated Rm
Non-current assets						
Investment in associates and joint ventures	25.1.3; 25.1.4	19 610	63	19 673	(100)	**19 573**
Deferred tax and other non-current assets		5 103	(612)	4 491	–	**4 491**
Contract assets – non-current[1]	25.1.1	–	828	828	(282)	**546**
Capitalised contract costs[1]	25.1.4	–	708	708	–	**708**
Current assets						
Trade and other receivables and other current assets	25.1.1	41 515	880	42 395	(79)	**42 316**
Total assets		242 415	1 867	244 282	(461)	**243 821**
Total equity						
Attributable to equity holders of the company		92 773	1 415	94 188	(384)	**93 804**
Non-controlling interest		1 494	38	1 532	–	**1 532**
Non-current liabilities						
Deferred tax and other non-current liabilities		12 465	450	12 915	(77)	**12 838**
Current liabilities						
Trade and other payables	25.1.2	45 718	138	45 856	–	**45 856**
Other current and tax liabilities		10 245	(174)	10 071	–	**10 071**
Total equity and liabilities		242 415	1 867	244 282	(461)	**243 821**

[1] These line items are included in the 'Deferred tax and other non-current assets' line item in the statement of financial position.

Notes to the summary group financial statements continued

for the year ended 31 December 2018

25. CHANGES IN ACCOUNTING POLICIES continued

25.4 Impact on the financial statements continued

		Year ended 31 December 2017		
Statement of cash flows (extract)	Notes	As previously reported Rm	Change in accounting policy Rm	Restated Rm
Net cash generated from operating activities	25.3	23 694	9 693	33 387
Dividends paid to equity holders of the company	25.3	(12 565)	12 565	–
Dividends paid to non-controlling interests	25.3	(956)	956	–
Interest paid	25.3	(3 409)	(3 828)	(7 237)
Net cash used in financing activities		(4 919)	(9 693)	(14 612)
Repayment of borrowings	25.3	(28 434)	3 828	(24 606)
Dividends paid to equity holders of the company	25.3	–	(12 565)	(12 565)
Dividends paid to non-controlling interests	25.3	–	(956)	(956)

Administration

Registration number: 1994/009584/06
ISIN: ZAE000042164
Share code: MTN

Board of directors
PF Nhleko[2]
RA Shuter[#1]
RT Mupita[1]
PB Hanratty[$3]
A Harper[#3]
MH Jonas[3] (appointed 1 June 2018)
KP Kalyan[3]
S Kheradpir[††3]
NP Mageza[3]
MLD Marole[3]
AT Mikati[†2]
SP Miller[^3]
KD Mokhele[3] (appointed 1 July 2018)
KC Ramon[3]
NL Sowazi[3]
BS Tshabalala[3] (appointed 1 June 2018)
J van Rooyen[3]

†† *American*
† *Lebanese*
# *British*
$ *Irish*
^ *Belgian*
1 *Executive*
2 *Non-executive*
3 *Independent non-executive*

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ADR to ordinary share 1:1

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