MTN Group Limited

Financial results for the year ended 31 December 2017

y'ello

to brighter lives

Contents

Results overview

* *Constant currency information after taking into account the impact of the pro forma adjustments as defined*
** *Reported*
\# *Based on our new modernised definitions*
Δ *Organic revenue adjusts for prior year acquisitions, disposals and alignment of post-paid carry over rules*
Service revenue excludes device and sim card revenue
Adjusted free cash flow = EBITDA less capex

Note: *Certain financial information presented in these consolidated annual financial results constitutes pro forma financial information. The pro forma financial information is the responsibility of the group's board of directors and is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present MTN's financial position, changes in equity, and results of operations or cash flows. The forward looking financial information incorporated in these consolidated financial results; has not been audited or reviewed or otherwise reported on by our external joint auditors. An assurance report has however been prepared and issued by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc. in respect of the pro forma financial information included in this announcement that is available for inspection at the registered office of the company.*

1. *The financial information presented in these consolidated financial results has been prepared excluding the impact of hyperinflation and the relating goodwill and asset impairments, tower profits (including the profit realised on the exercise of the IHS exchange right whereby the group's interest in the Nigeria tower company was exchanged for additional shareholding in IHS Holding Limited), the loss on derecognition of the long-term loan receivable from IHS, the Nigerian regulatory fine (consisting of the 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) and IFRS 2 share-based payment expense related to Zakhele Futhi ("the pro forma adjustments") and constitutes pro forma financial information to the extent that it is not extracted from the segment disclosure included in the audited consolidated financial statements for the year ended 31 December 2017. This pro forma financial information has been presented to eliminate the impact of the pro forma adjustments from the consolidated financial results in order to achieve a comparable analysis year on year. The pro forma adjustments have been calculated in terms of the group accounting policies disclosed in the consolidated financial statements for the year ended 31 December 2017.*
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. Hyperinflation accounting was discontinued for MTN Irancell and MTN Sudan on 1 July 2015 and 1 July 2016 respectively. The economy of South Sudan was assessed to be hyperinflationary effective 1 January 2016, and hyperinflation accounting was applied from December 2016 onwards.*

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

The SEAGHA region includes Ghana, Uganda, Zambia, Rwanda, South Sudan, Botswana (joint venture-equity accounted), Swaziland (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, Afghanistan and Cyprus.

Although Iran, Botswana and Swaziland 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.

Salient features

Revenue
↑ **6,8%***
(decreased 10,2%**)
to R132 815 million**

Service revenue
↑ **7,2%***
(decreased by 10,8%**)
to R124 409 million**

Data revenue
↑ **34,2%***
(increased 19,4%**)
to R28 212 million**

Digital revenue
↑ **14,2%***
(decreased 6,9%**)
to R13 048 million**

Subscribers# at
217,2 million
with active data users of
69,1 million

Active MTN Mobile Money customers
↑ **5,7 million**
to 21,8 million

EBITDA
↑ **2,5%***
(increased 15,2%**)
to R46 955 million**

EBITDA margin
↓ **1,4** percentage points
to 34,0%*

Capex
↑ **2,0***
(decreased 10,8%**)
to R31 461 million**

Positive HEPS of
182 cents**

Adjusted free cash flow
↑ **3,7%***
(increased 182,6%**)
to R15 494 million**

Final dividend of
450 cents
per share declared

Group president and CEO, Rob Shuter comments:

"MTN delivered a solid overall performance for the year, with progress on many fronts, despite difficult economic conditions as well as operational and regulatory challenges in certain markets. MTN Nigeria showed strong constant currency revenue growth and MTN South Africa's postpaid business displayed encouraging improvements. The group's top-line growth was driven by robust growth in data revenue (on a constant currency basis), supported by the combination of improving customer service and more stable and competitive networks. MTN Mobile Money and rich-media services supported growth in digital revenue, however, this slowed in the second half as we optimised our value-added services (VAS) subscription business. Encouragingly, on a constant currency basis, outgoing voice revenue was flat relative to the prior year. Over the year, we further strengthened our management structures and specialist skill capabilities to drive operational execution and to support our risk management processes."

"We are confident that the foundation is in place for MTN to deliver strong growth over the medium term. Through the continued execution of our BRIGHT strategy we anticipate improved top-line and EBITDA growth supporting an acceleration in cash flows and improving returns over the medium term."

Overview

MTN reported improved results for the 12 months ended 31 December 2017, delivering on guidance communicated in March 2017 and returning to profitability in headline earnings. Macro-economic conditions were challenging across a number of our markets. Nigeria experienced a markedly weaker naira as well as hard currency liquidity challenges earlier in the year, but this showed signs of improvement as the year progressed. Although South Africa entered a technical recession in the first quarter of 2017, growth resumed in the second quarter and the rand strengthened considerably against the US dollar during the latter part of year. Many of the currencies in our other markets weakened. In Iran, economic growth slowed somewhat and the rial weakened. Despite these macro challenges, the group continued to deliver on its operational targets.

Following a thorough review of group strategy in the first half of the year, MTN operationalised its BRIGHT strategy. This is arranged under six pillars comprising: **B**est customer experience; **R**eturns and efficiency focus; **I**gnite commercial performance; **G**rowth through data and digital; **H**earts and minds; and **T**echnology excellence.

Group service revenue in constant currency grew by 7,2%*, underpinned by 11,2%* growth in service revenue in Nigeria and a 3,9%$^{\Delta}$ (on an organic basis) growth in service revenue in South Africa. MTN Uganda, MTN Ghana and MTN Ivory Coast also contributed positively to the group's top-line growth on a constant currency basis. MTN Cameroon experienced a particularly challenging year, negatively impacted by the data network shutdown in some parts of the country in the first quarter, as well as regulatory and operational challenges.

The improvement in group revenue was mostly attributable to strong growth in data and digital revenue, supported by stable outgoing voice revenue. Data revenue increased by 34,2%*, supported by the improved quality and capacity of our data networks in key markets. Digital revenue increased by 14,2%*, driven mainly by mobile financial services (MFS). The group added 5,7 million active MTN Mobile Money (MoMo) customers during the year. Outgoing voice revenue was stable, increasing 0,1%* in the year.

The group's margin on reported earnings before interest, tax, depreciation and amortisation, impairment of goodwill, the loss on derecognition of the long-term loan receivable, net monetary gains and share of results of joint ventures and associates after tax (EBITDA) was 35,4%**. This was positively impacted by the once-off profit (R6 017 million**) realised on exercising the right to exchange the group's interest in Nigeria Tower InterCo B.V. (INT) for a higher shareholding in IHS Holding Limited (IHS). This was partly offset by fixed and intangible asset impairments (excluding goodwill) for MTN Sudan (R1 690 million**) and MTN Syria (R1 348 million**) relating to the carrying value previously written up for the impact of hyperinflation.

On a constant currency basis, the group's EBITDA margin declined by 1,4 percentage points (pp) to 34,0%*. MTN Nigeria's EBITDA margin (excluding the impact of the regulatory fine) declined by 7,5 pp* to 38,9%*. This was largely a result of higher foreign-currency-denominated expenses in Nigeria because of the depreciation of the naira against the US dollar. The EBITDA margin in South Africa improved by 2,0 pp* to 34,6%*. It was supported by lower handset subsidies and volumes, as well as the benefit of a stronger rand on the cost of handsets in the period. MTN Irancell's EBITDA margin declined by 3,4 pp* to 35,6%* because of higher transmission costs. MTN Uganda's margin increased by 4,9 pp* to 34,5%* and MTN Ivory Coast's margin remained flat, while the margin for MTN Cameroon declined mainly as a result of lower revenue growth.

Reported headline earnings per share (HEPS) were 182 cents** compared to a 77 cents** headline loss per share in 2016 when performance had been impacted by the Nigerian regulatory fine of 500 cents** (455 cents** of the Nigerian fine fully expensed and 45 cents** of interest). In 2017, the Nigerian regulatory fine interest reduced HEPS by 46 cents**.

HEPS were impacted by a number of once-off and non-cash post-tax items totalling 483 cents in the financial year ended 31 December 2017. The adjustments include costs related to the Nigerian regulatory fine of 46 cents, hyperinflation adjustments excluding impairments of 96 cents, net foreign exchange losses of 159 cents, MTN Zakhele Futhi share-based payment expense of 24 cents and a loss on the derecognition of a loan to an IHS tower subsidiary of 158 cents, respectively.

At 31 December 2017, the group had 217 million# subscribers, based on the new modernised definitions. We will provide comparisons for full year 2018 using the new base. In 2017, subscriber numbers in Cameroon in particular were further affected by the disconnection of approximately three million subscribers to ensure adherence with regulatory requirements on subscriber registration. We also saw regulatory related disconnections in Uganda where we disconnected 750 000 subscribers.

The group continued to invest in the rolling out of network and information technology across its markets. We spent R31 461 million** in capital expenditure (capex), rolling out a total of 8 583 3G and 8 611 4G co-located sites. This investment has resulted in a marked improvement in network quality and capacity across a number of our markets.

Regulatory and legal considerations

The Turkcell lawsuit currently before the South Gauteng High Court in South Africa is not a new action and was initiated by Turkcell Iletisim Hizmetleri A.S ("Turkcell") and East Asian Consortium ("EAC") in 2013. It relates 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 believe that there is no legal merit to Turkcell's claim and will oppose it accordingly.

With reference to our Stock Exchange News Service of the JSE Limited (SENS) announcement on 24 October 2017 related to the sanction from the Telecommunications Regulatory Board in Cameroon, MTN Cameroon continues to engage with the relevant authorities to find an amicable solution to the matter.

With reference to our SENS announcement on 9 November 2017 related to the dispute with regulatory authorities in Benin on frequency fees, MTN Benin continues to engage with the relevant authorities in Benin to find an amicable solution to the matter.

Prospects and guidance

MTN Group well positioned to capture growth

Africa and the Middle East are forecast to remain among the world's key growth regions over the medium to long term. We are confident that MTN is well placed to benefit from this opportunity. We will continue to leverage our scale and enhance our competitive position, benefiting from favourable demographic growth, low data penetration in our markets and the unique opportunity we have to provide our customers with a range of digital services.

In the second half of 2017, we established clearly defined initiatives and key performance indicators (KPIs) for each of the six areas of BRIGHT. We expect these initiatives to support improved top-line growth, EBITDA margins and cash flow over the medium term.

Over the next few years we expect to deliver upper-single-digit constant currency service revenue growth for the group, driven by mid-single-digit growth from South Africa and double-digit growth from Nigeria. Over the same period we expect to see an expansion in group EBITDA margins.

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

Portfolio review

We continue to review the markets in which we operate to ensure an appropriate strategic and operational fit taking into account demographics, regional synergies and business and regulatory environments. At the same time, we continue to evaluate opportunities across the Middle East and Africa. This ongoing review could, over the medium term, result in some shifts in the current portfolio.

Additionally, MTN Group operates in a number of conflict markets. While the performance of operations in these markets has resulted in a drag on overall group performance, this has been a result largely of the prevailing geopolitical conditions rather than poor operational execution. We continue to track in particular the cash flow performance of these operations, with a focus on ensuring that they remain self-funded. We are closely monitoring those operations that are not cash flow positive and will take appropriate action as required.

Capital management

We are confident the foundation is now in place for MTN to deliver strong growth in the medium term. Through the continued execution of our strategy, we anticipate improved service revenue and EBITDA growth as well as accelerating free cash flows over this period. Going forward, we will manage our holding company gearing at levels that are appropriate for a business with our corporate structure and risk profile and will adopt a rebased progressive dividend policy.

At the discretion of the board and taking into consideration market conditions, the board anticipates declaring a total dividend of 500 cents per share for 2018, growing at 10% to 20% over the medium term. The rebasing of the dividend follows the marked changes in currency exchange rates across a number of our markets. This will allow us to ensure that the dividend is funded from operational cash flows over the medium term.

Listings

MTN Nigeria continues to make good progress with the preparations for its listing on the Nigerian Stock Exchange (NSE). Extensive local marketing to target Nigerian investors is planned as part of a retail offer and institutional bookbuild, which may also involve selected international institutions.

The operation anticipates that the listing will take place during 2018 subject to appropriate market conditions and requisite regulatory approval. MTN Nigeria has engaged with Nigeria's Securities and Exchange Commission and the NSE extensively on the structure and parameters of the listing. The operation has also obtained its shareholders' approval in principle to prepare for the listing, including amendments to its corporate structure. It is expected that the application to the NSE will commence in due course and management has already initiated its Corporate Governance Rating Scoring with the NSE with a view to listing on the NSE's Premium Board. Any reduction in ownership by MTN Group in MTN Nigeria is expected to be limited.

MTN Ghana is also moving forward with its localisation and we expect this process to be completed in the first half of 2018. Under the terms of its 4G licence, MTN Ghana is required to introduce Ghanaian investors as shareholders. As a result, the MTN Group board has approved a public offer through a listing on the Ghana Stock Exchange (GSE), subject to final approval by the GSE and the Securities and Exchange Commission in Ghana. A key objective of the listing is to target a broad base of Ghanaian investors to share in the risks and rewards of ownership of MTN Ghana.

Dividends

The board has declared a final dividend of 450 cents per share. This is in line with the 2017 guidance of a total dividend of 700 cents per share communicated in March 2017.

Capex guidance 2018

ZAR (million)	**Estimated 2018**	Capitalised 2017	Capitalised 2016◊
South Africa	**9 600**	11 470	10 982
Nigeria	**6 917**	8 953	8 701
SEAGHA	**3 651**	3 794	4 246
Ghana	**1 947**	2 196	2 435
Uganda	**902**	909	758
Other	**802**	689	1 053
WECA	**4 002**	3 696	6 189
Cameroon	**1 037**	976	2 166
Cote d'Ivoire	**1 596**	1 203	1 721
Other	**1 369**	1 517	2 302
MENA	**2 499**	2 294	3 310
Syria#	**809**	951	1 049
Sudan#	**573**	545	1 549
Other	**1 117**	798	712
Head office	**748**	1 173	1 492
Global Connect	**330**	–	–
Total	**27 747**	31 380	34 920
Hyperinflation	**–**	81	348
Total reported	**27 747**	31 461	35 268
Iran (49%)#	**4 620**	9 274	5 138

Excluding hyperinflation.

◊ *Realigned to reflect the segments reallocated.*

Financial review

Reconciliation of pro forma financial information

ZAR (million)	2017	Hyper-inflation[(1)]	Tower profit[(2)]	Nigeria regulatory fine[(3)]	MTN Zakhele Futhi[(4)]	IHS loan[(5)]	Pro forma 2017
Revenue	132 815	504	–	–		–	132 311
Other income	6 591	–	6 044	–		–	547
EBITDA	**46 955**	**(2 948)**	**6 044**	**–**	**(434)**	**–**	**44 293**
Depreciation, amortisation and impairment of goodwill◊	26 398	1 175	–	–		–	25 223
Profit from operations	**20 557**	**(4 123)**	**6 044**	**–**	**(434)**	**–**	**19 070**
Net finance cost	9 267	(3)	–	1 047		–	8 223
Loss on derecognition of loan	2 840					2 840	–
Hyperinflationary monetary gain	264	264	–	–		–	–
Share of results of joint ventures and associates after tax	841	(1 328)	–	–		–	2 169
Profit before tax	**9 555**	**(5 184)**	**6 044**	**(1 047)**	**(434)**	**(2 840)**	**13 016**
Income tax expense	5 014	(259)	–	–			5 273
Profit after tax	**4 541**	**(4 925)**	**6 044**	**(1 047)**	**(434)**	**(2 840)**	**7 743**
Non-controlling interests	127	(696)	–	222			601
Attributable profit	**4 414**	**(4 229)**	**6 044**	**(1 269)**	**(434)**	**(2 840)**	**7 142**
EBITDA margin	35.4%						33.5%
Effective tax rate	52.5%						40.5%

(1) Represents the exclusion of the impact of hyperinflation and related goodwill and fixed asset impairments for certain of the group's subsidiaries (MTN Syria, MTN South Sudan and MTN Sudan) being accounted for on a hyperinflationary basis in accordance with International Financial Reporting Standards (IFRS) on the respective financial statement line items affected. The economies of Iran and Sudan were assessed to no longer be hyperinflationary effective 1 July 2015 and 1 July 2016 respectively and hyperinflation accounting was discontinued from these dates onwards. The economy of South Sudan was assessed to be hyperinflationary effective 1 January 2016 and hyperinflation accounting was applied from this date onwards. Included in EBITDA is fixed and intangible asset impairments (excluding goodwill) for MTN Sudan (R1 690 million) and MTN Syria (R1 348 million) relating to the carrying value previously written up for the impact of hyperinflation.

 # R192 million of the goodwill impairment on MTN Sudan relates to the carrying value previously written up for the impact of hyperinflation.

(2) Represents the exclusion of the financial impact relating to the sale of tower assets during the financial year on the respective financial line items impacted, which includes:

- *Tower profits, including R6 017 million relating to the 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 Holding.*
- *Release of Ghana deferred gain of R27 million (2016: R31 million).*

2016	Hyper-inflation[1]	Tower profit[2]	Nigeria regulatory fine[3]	MTN Zakhele Futhi[4]	Pro forma 2016	Adjusted change %
147 920	1 026	–	–		146 894	(9.9)
335	–	31	–		304	79.9
40 751	246	31	(10 499)	(1 008)	51 981	(14.8)
26 609	791	–	–		25 818	(2.3)
14 142	(545)	31	(10 499)	(1 008)	26 163	(27.1)
10 495	(228)	–	1 044		9 679	(15.0)
1 723	1 723	–	–		–	–
(127)	(1 851)	–	–		1 724	25.8
5 243	(445)	31	(11 543)	(1 008)	18 208	(28.5)
8 346	35		–	593	7 718	(31.7)
(3 103)	(480)	31	(11 543)	(1 601)	10 490	(26.2)
(489)	195		(2 444)		1 760	(65.9)
(2 614)	(675)	31	(9 099)	(1 601)	8 730	(18.2)
27.5%					35.4%	(1.9) pp
159.2%					42.4%	(1.9) pp

(3) Represents the impact of the Nigerian regulatory fine subsequent to conclusion of the settlement agreement during 2016 on the respective financial line items impacted, which includes:

- *2016: The remeasurement impact when the settlement agreement was entered into on 10 June 2016, constituting the difference between the balance of the provision recorded on this date (after taking into account the finance cost accrued from the beginning of the financial year up to 9 June 2016) and the present value of the financial liability arising on this date in accordance with IFRS (included in the EBITDA line);*
- *2016 and 2017: The finance cost impact recognised as a result of the unwind of the discounting of the provision (for the period from 1 January to 9 June 2016) and the financial liability (for the period from 10 June 2016 to 31 December 2016 and from 1 January 2017 to reporting date).*

(4) Represents the IFRS 2 Share-based payment impact of MTN Zakhele Futhi. MTN made an offer of ordinary shares to qualifying BEE investors during the prior financial year. 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 (2016 – R1 008 million).

(5) Represents the impact of the loss on the derecognition of the long-term loan receivable from IHS amounting to R2 840 million.

Exchange rates

The stronger rand and the significant year-on-year (YoY) depreciation of the naira against the US dollar had a negative translation impact on rand-reported results for the period. The average naira depreciated by 25,8% against the US dollar in the year, and the closing rate was down 13,1% YoY. The average rand strengthened by 9,6% against the US dollar YoY and the rand closed 10,7% stronger. In light of recent developments in South Africa we expect the rand to remain robust throughout 2018.

Revenue

Table 1: Group revenue by country

	Actual (Rm)	Prior◊ (Rm)	Reported % change	Constant currency % change	Contribution to revenue %
South Africa (opco)	**42 542**	41 303	3,0	3,0	32,2
Nigeria	**36 005**	47 122	(23,6)	11,4	27,2
SEAGHA	**20 133**	20 511	(1,8)	17,3	15,1
Ghana	**10 382**	10 291	0,9	23,3	7,8
Uganda	**5 193**	5 465	(5,0)	10,0	3,9
Other	**4 558**	4 755	(4,1)	12,7	3,4
West and Central Africa	**20 951**	23 242	(9,9)	(2,8)	15,9
Cameroon	**5 373**	6 189	(13,2)	(6,6)	4,1
Ivory Coast	**7 421**	7 176	3,4	11,0	5,6
Other	**8 157**	9 877	(17,4)	(10,4)	6,2
Middle East and North Africa	**12 716**	14 288	(11,0)	7,5	9,6
Syria	**2 007**	2 123	(5,5)	14,8	1,5
Sudan	**4 540**	4 585	(1,0)	25,2	3,4
Other	**6 169**	7 580	(18,6)	(5,3)	4,7
Head office companies and eliminations	**(36)**	428	–	–	–
Total	**132 311**	146 894	(9,9)	6,8	100,0
Hyperinflation	**504**	1 026	–	–	–
Total reported	**132 815**	147 920	(10,2)	5,9	100,0

◊ *Realigned to reflect the segments reallocated.*

Group total revenue increased by 6,8%*, supported by encouraging revenue growth in MTN Nigeria (up 11,4%*), MTN Uganda (up 10,0%*), MTN Ghana (up 23,3%*) and MTN Ivory Coast (up 11,0%*). This was mainly a result of strong data and digital revenue growth in these markets. MTN South Africa grew total revenue by 3,0%** while MTN Cameroon reported a 6,6%* decline in revenue.

Outgoing voice revenue remained largely flat. This is a positive re-enforcement of our work to stem the decline in the contribution of voice to the business, particularly in Nigeria where outgoing voice revenue increased by 7,5%*.

Table 2: Group digital and data revenue

	Digital revenue				Data revenue[1]			
	Actual (Rm)	Prior◊ (Rm)	Reported % change	Constant currency % change	**Actual (Rm)**	Prior◊ (Rm)	Reported % change	Constant currency % change
South Africa (opco)	**2 704**	2 211	22,3	22,3	**14 164**	11 335	25,0	25,0
Nigeria	**3 873**	6 020	(35,7)	(3,5)	**4 376**	3 309	32,2	86,6
SEAGHA	**4 211**	3 852	9,3	29,7	**3 825**	3 306	15,7	38,1
Ghana	**2 355**	2 091	12,6	37,7	**2 569**	2 084	23,3	50,6
Uganda	**1 322**	1 319	0,2	16,1	**496**	403	23,1	41,4
Other	**534**	442	20,8	32,8	**760**	819	(7,2)	4,9
West and Central Africa	**1 745**	1 404	24,3	32,5	**2 697**	2 191	23,1	32,1
Cameroon	**306**	252	21,4	27,4	**798**	702	13,7	21,1
Ivory Coast	**879**	704	24,9	32,8	**716**	409	75,1	87,5
Other	**560**	448	25,0	34,8	**1 183**	1 080	9,5	18,3
Middle East and North Africa	**495**	502	(1,4)	21,3	**3 048**	2 740	11,2	33,8
Syria	**83**	53	56,6	92,5	**551**	566	(2,7)	18,6
Sudan	**262**	250	4,8	32,0	**1 289**	1 060	21,6	52,5
Other	**150**	199	(24,6)	(11,1)	**1 208**	1 114	8,4	23,9
Head office companies and eliminations	**3**	2	–	–	**(18)**	557	–	–
Total	**13 031**	13 991	(6,9)	14,2	**28 092**	23 438	19,9	34,2
Hyperinflation	**17**	31	–	–	**120**	189	–	–
Total reported	**13 048**	14 022	(6,9)	13,9	**28 212**	23 627	19,4	32,8

◊ *Realigned to reflect the segments reallocated.*
(1) *Data includes access data, ISP and EBU access data.*

Data revenue increased by 34,2%*, benefiting from significantly improved data network quality and capacity across our key markets and a continued increase in active data users to 69,1 million. Data revenue increased in South Africa (up 25,8%^Δ), Nigeria (up 86,6%*), Uganda (up 41,4%*), Ghana (up 50,6%*), Cameroon (up 21,1%*) and Ivory Coast (up 87,5%*).

Digital revenue increased by 14,2%*, underpinned by solid growth in MFS. This was partly offset by slower growth in VAS revenue, impacted by the optimisation of the VAS business across our markets, in particular Nigeria. Our e-commerce JVs, while being equity accounted as opposed to consolidated within the results, remain an important element of our digital strategy. We will work to further enhance synergies between our existing platform and our e-commerce businesses.

Table 3: Group revenue analysis

	Actual (Rm)	Prior (Rm)	Reported % change	Constant currency % change	Contribution to revenue %
Outgoing voice[1]	**64 940**	79 401	(18,2)	0,1	49,1
Incoming voice[2]	**11 055**	14 153	(21,9)	2,4	8,4
Data[3]	**28 092**	23 438	19,9	34,2	21,2
Digital	**13 031**	13 991	(6,9)	14,2	9,8
SMS	**2 684**	3 240	(17,2)	(4,6)	2,0
Devices	**8 406**	8 432	(0,3)	1,6	6,4
Wholesale[4]	**1 656**	1 758	(5,8)	(33,8)	1,3
Other	**2 447**	2 481	(1,4)	10,6	1,8
Total	**132 311**	146 894	(9,9)	6,8	100,0
Hyperinflation	**504**	1 026	–	–	–
Total reported	**132 815**	147 920	(10,2)	5,9	100,0

(1) Definition refined to exclude international roaming.
(2) Definition refined to include international roaming and exclude wholesale.
(3) Data includes access data, ISP and EBU access data.
(4) Includes wholesale voice, data, SMS, leased lines and BTS rentals.

Costs

Table 4: Cost analysis

	Actual (Rm)	Prior (Rm)	Reported % change	Constant currency % change	% of revenue
Handsets and other accessories	**10 761**	12 245	(12,1)	(9,6)	8,1
Interconnect	**10 200**	12 402	(17,8)	2,0	7,7
Roaming	**731**	856	(14,6)	(2,5)	0,6
Commissions	**9 444**	9 659	(2,2)	14,6	7,1
Government and regulatory costs	**5 027**	5 026	0,0	19,1	3,8
VAS / Digital revenue share	**2 828**	3 803	(25,6)	(5,7)	2,1
Service Provider Disc	**1 736**	1 934	(10,2)	(10,2)	1,3
Network	**24 952**	23 233	7,4	35,7	18,9
Marketing	**3 242**	3 698	(12,3)	(0,6)	2,5
Staff costs	**9 046**	9 048	(0,0)	12,6	6,8
Other OPEX	**10 599**	13 313	(20,4)	(10,8)	8,0
Total	**88 566**	95 217	(7,0)	9,5	66,9
Regulatory fine	**–**	10 499	–	–	–
MTN Zakhele Futhi impact	**434**	1 008	–	–	–
Hyperinflation	**3 451**	780	–	–	–
Total reported	**92 451**	107 504	(14,0)	0,1	69,6

Total costs increased by 9,5%*, negatively impacted by foreign-denominated expenses in Nigeria and costs associated with the rollout of network sites in the year. In South Africa, lower handset cost subsidies and volumes, as well as a strong rand, led to a lower total cost of handsets.

EBITDA

Table 5: Group EBITDA by country

	Actual (Rm)	Prior◊ (Rm)	Reported % change	Constant Currency % change
South Africa[1] (opco)	**14 728**	13 451	9,5	9,5
Nigeria	**14 041**	21 854	(35,8)	(6,6)
SEAGHA	**6 835**	6 741	1,4	17,4
Ghana	**4 116**	4 184	(1,6)	19,4
Uganda	**1 794**	1 620	10,7	27,8
Other	**925**	937	(1,3)	(9,3)
West and Central Africa	**5 336**	7 007	(23,8)	(16,4)
Cameroon	**1 304**	2 065	(36,9)	(30,1)
Ivory Coast	**2 347**	2 333	0,6	9,1
Other	**1 685**	2 609	(35,4)	(28,3)
Middle East and North Africa	**3 802**	4 657	(18,4)	(0,2)
Syria	**601**	689	(12,8)	3,9
Sudan	**1 592**	1 471	8,2	39,4
Other	**1 609**	2 497	(35,6)	(24,7)
Head office companies and eliminations	**(449)**	(1 729)	–	–
Total	**44 293**	51 981	(14,8)	2,5
Regulatory fine	**–**	(10 499)	–	–
Hyperinflation	**(2 948)**	246	–	–
MTN Zakhele Futhi impact	**(434)**	(1 008)		
Tower profits	**6 044**	31	–	–
Total reported	**46 955**	40 751	15,2	39,2

◊ *Realigned to reflect the segments reallocated.*
(1) *Excluding MTN Zakhele Futhi expense of R434 million (2016: R1 008 million).*

Group EBITDA increased by some 2,5%*, held back by a 6,6%* decrease in MTN Nigeria's EBITDA as a result of higher foreign-denominated expenses following the depreciation of the naira against the US dollar. This was, however, offset by a 9,5%* increase in MTN South Africa's EBITDA. MTN Uganda (up 27,8%*), MTN Ghana (up 19,4%*) and MTN Ivory Coast (up 9,1%*) contributed positively to group EBITDA while MTN Cameroon recorded a 30,1%* decline in EBITDA. Head office costs were lower than those in 2016 mainly as a result of a number of once-off costs incurred in the prior year. Consequently, the group EBITDA margin decreased by 1,4 percentage points* to 34,0%*.

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◊ (Rm)	Reported % change	Constant Currency % change
South Africa (opco)	**5 667**	5 661	0,1	0,1	**983**	909	8,1	8,1
Nigeria	**5 030**	6 949	(27,6)	5,5	**1 087**	1 515	(28,3)	4,8
SEAGHA	**2 100**	1 905	10,2	27,9	**482**	443	8,8	12,6
Ghana	**896**	800	12,0	36,3	**196**	148	32,4	61,5
Uganda	**649**	587	10,6	27,1	**169**	193	(12,4)	(26,9)
Other	**555**	518	7,1	15,8	**117**	102	14,7	16,7
West and Central Africa	**3 358**	3 474	(3,3)	4,3	**907**	651	39,3	49,6
Cameroon	**957**	996	(3,9)	4,1	**129**	150	(14,0)	(6,7)
Ivory Coast	**879**	922	(4,7)	2,0	**352**	132	166,7	182,6
Other	**1 522**	1 556	(2,2)	5,8	**426**	369	15,4	24,9
Middle East and North Africa	**1 936**	2 111	(8,3)	9,8	**535**	659	(18,8)	(4,6)
Syria	**350**	271	29,2	53,9	**88**	73	20,5	31,5
Sudan	**806**	906	(11,0)	11,3	**62**	68	(8,8)	14,7
Other	**780**	934	(16,5)	(4,4)	**385**	518	(25,7)	(12,2)
Head office companies and eliminations	**350**	383	–	–	**391**	507	–	–
Total	**18 441**	20 483	(10,0)	6,2	**4 385**	4 684	(6,4)	9,5
Hyperinflation	**836**	505	–	–	**105**	64	–	–
Total reported	**19 277**	20 988	(8,2)	7,4	**4 490**	4 748	(5,4)	9,9

◊ *Realigned to reflect the segments reallocated.*

The group depreciation charge increased by 6,2%* as a result of higher organic capex over the past 24 months. The growth in depreciation was to some extent mitigated by the stronger rand. Amortisation costs increased by 9,5%*, mainly because of higher spend on software in the previous period. Non-hyperinflation-related goodwill impairments consisted of impairments in MTN Sudan (R983 million**), MTN Afghanistan (R841 million**) and MTN Yemen (R807 million**).

Net finance costs

Table 7: Net finance cost

	Actual (Rm)	Prior (Rm)	Reported % change	Constant Currency % change	% of revenue
Net interest paid/ (received)	**3 868**	3 689	4,9	5,5	2,9
Net forex losses/ (gains)	**4 355**	5 990	(27,3)	(4,9)	3,3
Total	**8 223**	9 679	(15,0)	(0,9)	6,2
Nigeria Regulatory Fine	**1 047**	1 044			
Hyperinflation	**(3)**	(228)	–	–	–
Total reported	**9 267**	10 495	(11,7)	5,5	7,0

Net finance costs decreased by 11,7%**. This was mainly due to a 26,2%** reduction in net foreign exchange (forex) losses for the year. The decline in forex losses was largely a result of lower foreign-denominated receivables in Mauritius following the repatriation of funds from MTN Irancell in 2016. The group's net interest charge increased by 6,9%**, supported by the stronger rand against the US dollar, resulting in lower finance costs paid on US dollar bonds as well as the translation of the Nigeria finance charge relating to the weaker naira against the rand. South Africa and Dubai reported forex gains in the year.

Net forex losses mainly included:

- Forex losses in head office of R1 822 million because of the Iran dividend repatriation and the short-term loan to MTN Irancell;
- Forex losses in Nigeria of R1 731 million incurred on US dollar-denominated third-party payables; and
- Forex losses of R363 million in Sudan on foreign-denominated third-party funding and payables.

Share of results of joint ventures and associates after tax

We reported a profit of R841 million** from joint ventures and associates, compared to a loss of R127 million** in 2016. This was mainly because we exercised a right to exchange 51% of our shares in Nigeria Tower InterCo B.V. for an increased equity stake in IHS. Following this transaction (which was effective February 2017), we no longer own and equity account for a share of the results of INT.

MTN Irancell's earnings declined largely impacted by lower net interest income following the repatriation of R6,5 billion of MTN Group cash from MTN Irancell. The reported share of associate income was further impacted by the depreciation of the rial against the rand.

The digital business continued to incur losses in line with budget. Jumia benefited from Black Friday promotions in November and December 2017. MEIH is becoming the leading e-commerce and marketplace platform in the Middle East. Within IIG, Snapp continues to see strong growth and customers are at an all-time high with daily rides peaking at 850 000 and 1,2 million food orders in Q4 2017. We continue to focus on growing these businesses in line with the long-term strategy for our e-commerce ventures.

Taxation

Table 8: Taxation

	Actual (Rm)	Prior (Rm)	Reported % change	Constant Currency % change	Contribution to taxation %
Normal tax	**5 094**	8 414	(39,5)	(27,3)	96,6
Deferred tax	**(689)**	(1 730)	(60,2)	(57,9)	(13,1)
Capital gains tax	**–**	–	–	–	–
Foreign income and withholding taxes	**868**	1 034	(16,1)	(12,3)	16,5
Total	**5 273**	7 718	(31,7)	(18,5)	100,0
Hyperinflation	**(259)**	35	–	–	–
MTN Zakhele impact	**–**	593	–	–	–
Tower profits	**–**	–	–	–	–
Total reported	**5 014**	8 346	(39,9)	(27,7)	100,0

The reported effective tax rate was 52,5%**, impacted by lower profit before tax (PBT) and the effects of tax-efficient tower profits, the turnover-based tax system in Sudan, the Sudanese impairments, as well as withholding taxes on upstreamed dividends and other fees. The group's reported taxation charge decreased by 39,9%** to R5 014 million** for 2017, after reporting higher taxable income in 2016.

Earnings

We reported headline earnings per share (HEPS) of 182 cents** compared to a 77 cents** headline loss per share a year earlier.

Cash flow

Cash inflows from operations decreased to R38 484 million**. This was mainly a result of lower attributable profits in Nigeria. The repatriation of cash from MTN Irancell of R6 509 million** supported cash inflows for the year. Key cash outflows included cash capex of R26 661 million** and dividends paid of R13 521 million**.

Capital expenditure

Table 9: Capital expenditure

	Actual (Rm)	Prior◊ (Rm)	Reported % change	Constant Currency % change
South Africa (opco)	**11 470**	10 982	4,4	4,4
Nigeria	**8 953**	8 701	2,9	38,2
SEAGHA	**3 794**	4 246	(10,6)	4,1
Ghana	**2 196**	2 435	(9,8)	8,7
Uganda	**909**	758	19,9	35,2
Other	**689**	1 053	(34,6)	(29,1)
West and Central Africa	**3 696**	6 189	(40,3)	(36,3)
Cameroon	**976**	2 166	(54,9)	(51,4)
Ivory Coast	**1 203**	1 721	(30,1)	(26,0)
Other	**1 517**	2 302	(34,1)	(29,8)
Middle East and North Africa	**2 294**	3 310	(30,7)	(22,4)
Syria	**951**	1 049	(9,3)	(10,7)
Sudan	**545**	1 549	(64,8)	(51,2)
Other	**798**	712	12,1	23,2
Head office companies and eliminations	**1 173**	1 492	–	–
Total	**31 380**	34 920	(10,1)	2,0
Hyperinflation	**81**	348	–	–
Total reported	**31 461**	35 268	(10,8)	0,9

◊ *Realigned to reflect the segments reallocated.*

Capex increased by 2%* (decreased by 10,8%** to R31 461 million**) for the year, in line with guidance given at the interim period. We saw a marked increase in capitalisation during the second half, particularly in both South Africa and Nigeria.

Financial position

Table 10: Net debt analysis (Rm)

	Cash and cash equivalents†	Net interest-bearing liabilities	**Net debt/ (cash) December 2017**	Net debt/ (cash) December◊ 2016
South Africa (opco)	2 124	–	**(2 124)**	(2 023)
Nigeria	6 964	8 792	**1 828**	(1 107)
SEAGHA	1 491	3 178	**1 687**	1 571
Ghana	540	947	**407**	24
Uganda	154	1 174	**1 020**	1 385
Other	797	1 057	**260**	162
West and Central Africa	**2 158**	**7 651**	**5 493**	**4 181**
Cameroon	421	2 560	**2 139**	1 257
Ivory Coast	313	2 928	**2 615**	2 070
Other	1 424	2 163	**739**	854
Middle East and North Africa	**2 386**	**926**	**(1 460)**	**(748)**
Syria	514	–	**(514)**	(843)
Sudan	454	202	**(252)**	1 245
Other	1 418	724	**(694)**	(1 150)
Head office companies and eliminations	**7 452**	**59 173**	**51 721**	**50 028**
Total reported	**22 575**	**79 720**	**57 145**	**51 902**
Iran	2 866	840	**(2 026)**	(6 036)

† Includes restricted cash and current investments.
◊ Realigned to reflect the segments reallocated.

Net debt increased to R57 145 million** from R51 902 million** for 2016. The increase was mainly a result of lower cash generated from operations offset by cash repatriated from Iran amounting to R6 509 million** and an increase in head office net debt.

Operational review of key markets

MTN South Africa

- Subscribers# at 29,5 million
- Revenue increased by 3,0%*
- Service revenue increased by 3,9%*Δ
- Data revenue increased by 25,8%*Δ
- Digital revenue increased by 22,3%*
- EBITDA margin increased by 2,0 pp* to 34,6%*
- Capex increased by 4,4%* to R11 470 million**

Δ *On an organic basis, organic revenue adjusts for prior year acquisitions, disposals and alignment of postpaid carry over rules.*

MTN South Africa reported improved profitability with EBITDA up 9,5%* YoY, a strong result. However at 3,9%*Δ, the growth in service revenue was lower than management expectations. While the lead indicators for the postpaid business are encouraging, it is taking longer for the postpaid revenue improvement to impact the reported numbers. Total revenue increased by 3,0%*. Service revenue increased by 3,9%*Δ, supported by strong growth in data revenue and digital revenue, up 25,8%*Δ and 22,3%* respectively. Prepaid service revenue increased by 7,7%*Δ, while postpaid service revenue declined by 0,6%*Δ, largely because of the underperformance of the enterprise segment. The increased investment in the network resulted in MTN South Africa having the leading data network in the country, according to MyBroadband and P3, and co-best according to Ookla.

MTN Nigeria

- Subscribers# at 52,3 million
- Revenue increased by 11,4%*
- Data revenue increased by 86,6%*
- Digital revenue decreased by 3,5%*
- EBITDA margin declined by 7,5 pp* to 38,9%* (excluding the impact of the regulatory fine)
- Capex increased by 38,2%* to R8 953 million**

MTN Nigeria maintained positive momentum during the year, with the overall macro-economic environment stabilising and the increased oil price and production offering some relief. During the year the operation focused on operational performance, network quality, customer experience and churn management. The subscriber base at year end was 52,3 million, following both the definition review as well as lower gross connections as a result of new regulations that require all subscriber connections to take place in permanent structures. During the last quarter of 2017 the Nigerian business recorded net additions of 1 965 518, a strong result. Total revenue increased by 11,4%*, driven by strong data revenue growth. Data revenue increased 86,6%*, benefiting from customised data offerings and improved network quality driving data usage. Digital revenue decreased by 3,5%* because of the optimisation of our VAS business and despite a 27,2% increase in the number of active MoMo customers to 2,0 million.

Southern and East Africa and Ghana (SEAGHA)

- Subscribers# at 38,7 million
- Revenue increased by 17,3%*
- Data revenue increased by 38,1%*
- Digital revenue increased by 29,7%*

MTN Ghana continued to benefit from a positive macro-economic environment, and closed the year with a subscriber base of 15,7 million following the internal review of subscriber definitions. Focused value propositions and improving NPS supported the good subscriber growth. Strong growth in revenue, up by 23,3%*, was underpinned by data and digital revenue growth. Data revenue increased by 50,6%*, supported by re-pricing that was implemented in the second half. The business reported active data subscribers of 6,5 million. Digital revenue grew by 37,7%*, with the number of active MoMo subscribers expanding by 25,7% to 7,1 million. In the year, MoMo made up 13,6% of revenue.

MTN Uganda's subscriber base closed the year at 10,7 million, driven by attractive personalised bundled products introduced at the end of 2016, improved network quality and effective distribution. Total revenue increased by 10,0%*, supported by the strong growth in data and digital revenues. Data revenue increased by 41,4%*, underpinned by an increase in data traffic and good growth in data bundle adoption. Active data subscribers closed the year at 1,5 million. Digital revenue increased by 16,1%*, supported mainly by MFS (+21,9%*). In the year MFS revenue contributed 23% of total revenue. The number of active MoMo customers increased by 27,6% to 5,2 million.

West and Central Africa (WECA)

- Subscribers# at 29,1 million
- Revenue decreased by 2,8%*
- Data revenue increased by 32,1%*
- Digital revenue increased by 32,5%*

MTN Cameroon continued to experience a challenging operating environment, following the data shutdown and a slowdown in economic activity which had a material impact on subscriber and revenue growth in the year. The business also experienced a number of operational challenges. The subscriber base closed the year at 7,1 million, after the disconnection of approximately 3,0 million subscribers in early October to ensure the business remained aligned with regulatory requirements on subscriber registration. Total revenue decreased by 6,6%*, impacted by the lower subscriber base and offset by solid growth in data (+21,1%*) and digital revenue (+27,4%*). Active MoMo customers increased 194,2% to 1,1 million, with revenue up 767%* YoY.

MTN Ivory Coast reported solid full-year results notwithstanding a more challenging second half. The business saw benefits from significant network investments, with its closing subscriber base at 10,9 million. Total revenue increased by 11,0%*, underpinned by good growth in outgoing voice and data revenue, up by 5,5%* and 87,5%* respectively. Digital revenue accelerated by 32,8%*, with active MoMo customers increasing by 75,1% to 2,2 million.

Middle East and North Africa (MENA)

- Subscribers# at 67,6 million
- Revenue increased by 7,5%* (excluding Iran)
- Data revenue increased by 33,8%*(excluding Iran)
- Digital revenue increased by 21,3%* (excluding Iran)

MTN Irancell (joint venture, equity accounted, 49%)

- Subscribers# at 43,3 million
- Revenue increased by 17,8%*
- Data revenue increased by 66,3%*
- Digital revenue increased by 13,6%*
- EBITDA margin declined by 3,4 pp* to 35,6%*
- Capex increased 113,0%* to R9 274 million**

MTN Irancell delivered a solid result after rolling out a record number of sites in the year. The business reported year-end subscribers of 43,3 million following the review of subscriber definitions. During the year the postpaid base increased by 164% while prepaid subscriber numbers benefited from lower churn. MTN Irancell reported YoY growth in revenue of 17,8%* with data revenue increasing 66,3%* and now contributing 42% of total revenue. Data traffic volumes increased more than 2,5x YoY with the data revenue benefiting from the marked increase in network rollout during the year. The business brought 7 352 sites on air versus the 5 398 in the prior year and closed the year with the number one network NPS.

Board changes

Alan van Biljon retired on 31 December 2017 after many years of dedicated contribution to MTN, in which he served in various roles including chairing the audit committee and as lead independent director. The board thanks him and wishes him all the best and a well-deserved rest in his retirement. Alan Harper was appointed as the new lead independent director of the board with effect from 25 May 2017.

Phuthuma Nhleko reverted to his role as non-executive chairman on 12 March 2017 with Rob Shuter assuming the group president and CEO position and becoming an executive director on 13 March 2017.

Ralph Mupita was appointed as group CFO and an executive director of the board with effect from 3 April 2017.

Declaration of final ordinary dividend

Notice is hereby given that a gross final dividend of 450 cents per share for the period to 31 December 2017 has been declared. The number of ordinary shares in issue at the date of this declaration is 1 884 296 758 (including 9 983 286 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 360 cents per share to those shareholders who bear the maximum rate of dividend withholding tax of 90 cents per share. The net dividend per share for the respective categories of shareholders for the different dividend tax rates is as follows:

0%	450,00 cents per share
5%	427,50 cents per share
7,5%	416,25 cents per share
10%	405,00 cents per share
12,5%	393,75 cents per share
15%	382,50 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, 8 March 2018
Last day to trade cum dividend on the JSE	Monday, 26 March 2018
First trading day ex dividend on the JSE	Tuesday, 27 March 2018
Record date	Thursday, 29 March 2018
Payment date	Tuesday, 3 April 2018

No share certificates may be dematerialised or re-materialised between 27 March 2018 and 29 March 2018, both days inclusive.

On Tuesday, 3 April 2018 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 Tuesday, 3 April 2018 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 Tuesday, 3 April 2018.

For and on behalf of the board,

PF Nhleko
Group Chairman

RA Shuter
Group President and CEO

7 March 2018
Fairland

Results overview

Financial results for the year ended 31 December 2017

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

The results were made available on 8 March 2018.

Independent auditors' report on 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 23 to 46 of the MTN Group Limited Financial results for the year ended 31 December 2017, which comprise the summary consolidated statement of financial position as at 31 December 2017, the summary consolidated income statement and the summary consolidated 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 2017.

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 JSE Limited's (JSE) requirements for summary financial statements, 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 7 March 2018. 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 JSE's requirements for summary financial statements, 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: JR van Huyssteen
Registered Auditor
Johannesburg
7 March 2018

SizweNtsalubaGobodo Inc

SizweNtsalubaGobodo Inc.
Director: DH Manana
Registered Auditor
Johannesburg
7 March 2018

Summary consolidated income statement

for the year ended 31 December

	Note	2017 Rm	2016 Rm
Revenue		**132 815**	147 920
Other income	7	**6 591**	335
Direct network and technology operating costs		**(25 077)**	(23 520)
Costs of handsets and other accessories		**(10 764)**	(12 304)
Interconnect and roaming costs		**(10 974)**	(13 393)
Staff costs		**(9 082)**	(9 152)
Selling, distribution and marketing expenses		**(17 276)**	(19 172)
Government and regulatory costs		**(5 150)**	(5 191)
Other operating expenses		**(14 128)**	(14 273)
EBITDA before Nigeria regulatory fine		**46 955**	51 250
Nigeria regulatory fine	8	**–**	(10 499)
EBITDA		**46 955**	40 751
Depreciation of property, plant and equipment		**(19 277)**	(20 988)
Amortisation of intangible assets		**(4 490)**	(4 748)
Impairment of goodwill	9	**(2 631)**	(873)
Operating profit		**20 557**	14 142
Net finance costs	10	**(9 267)**	(10 495)
Loss on derecognition of long-term loan receivable	11	**(2 840)**	–
Net monetary gain		**264**	1 723
Share of results of associates and joint ventures after tax	12	**841**	(127)
Profit before tax		**9 555**	5 243
Income tax expense		**(5 014)**	(8 346)
Profit/(loss) after tax		**4 541**	(3 103)
Attributable to:			
Equity holders of the Company		**4 414**	(2 614)
Non-controlling interests		**127**	(489)
		4 541	(3 103)
Basic earnings/(loss) per share (cents)	13	**246**	(144)
Diluted earnings/(loss) per share (cents)	13	**241**	(144)

Summary consolidated statement of comprehensive income

for the year ended 31 December

	Note	2017 Rm	2016 Rm
Profit/(loss) after tax		**4 541**	(3 103)
Other comprehensive income after tax			
Items that may be reclassified to profit or loss			
Net investment hedges	19	**1 421**	(1 887)
Foreign exchange movement on hedging instruments		**1 963**	(2 684)
Deferred and current tax		**(542)**	797
Available-for-sale financial assets[1, 2]		**4 439**	2 672
Gains arising during the year	14	**4 439**	2 672
Exchange differences on translating foreign operations including the effect of hyperinflation[1]		**(12 376)**	(22 907)
Losses arising during the year	19	**(12 376)**	(22 907)
Items that have been reclassified to profit or loss			
Reclassification of foreign currency differences on loss of significant influence[1,3]	19	**3 298**	–
Other comprehensive income for the year		**(3 218)**	(22 122)
Attributable to equity holders of the Company		**(2 664)**	(21 077)
Attributable to non-controlling interests		**(554)**	(1 045)
Total comprehensive income for the year		**1 323**	(25 225)
Attributable to:			
Equity holders of the Company		**1 750**	(23 691)
Non-controlling interests		**(427)**	(1 534)
		1 323	(25 225)

[1] *This component of other comprehensive income does not attract any tax.*
[2] *The available-for-sale investment relates mainly to the group's investment in IHS Holding Limited (IHS) (note 14).*
[3] *The reclassification to profit or loss relates to the exercise of the exchange right of IHS (note 7).*

Summary consolidated statement of financial position

as at 31 December

	Note	2017 Rm	2016 Rm
Non-current assets		**182 515**	189 089
Property, plant and equipment		**91 786**	95 633
Goodwill and intangible assets		**38 330**	46 473
Investments	7, 14	**27 686**	11 841
Investment in associates and joint ventures	7, 12	**19 610**	26 669
Deferred tax and other non-current assets		**5 103**	8 473
Current assets		**59 900**	79 611
Other current assets		**11 493**	13 853
Trade and other receivables		**30 022**	37 363
Restricted cash		**2 376**	1 020
Cash and cash equivalents		**16 009**	27 375
Total assets		**242 415**	268 700
Total equity		**94 267**	105 231
Attributable to equity holders of the Company		**92 773**	102 380
Non-controlling interests		**1 494**	2 851
Non-current liabilities		**83 032**	85 743
Interest-bearing liabilities	16, 17	**70 567**	67 319
Deferred tax and other non-current liabilities		**12 465**	18 424
Current liabilities		**65 116**	77 726
Interest-bearing liabilities	16, 17	**9 153**	19 635
Trade and other payables		**45 718**	45 142
Other current and tax liabilities		**10 245**	12 949
Total equity and liabilities		**242 415**	268 700

Summary consolidated statement of changes in equity

for the year ended 31 December

	Note	2017 Rm	2016 Rm
Opening balance at 1 January		**102 380**	146 369
Opening reserve adjustment for impact of hyperinflation	5	**–**	(123)
Restated balance at 1 January		**102 380**	146 246
Total comprehensive income		**1 750**	(23 691)
Profit/(loss) after tax		**4 414**	(2 614)
Other comprehensive income after tax		**(2 664)**	(21 077)
Transactions with owners of the Company			
Shares issued		**–**	^
Shares cancelled		**–**	(^)
Share-based payment transactions – other		**237**	1
Shares repurchased from MTN Zakhele		**–**	(3 462)
Share-based payment transaction – MTN Zakhele Futhi	21	**921**	2 919
Dividends declared		**(12 572)**	(19 816)
Other movements		**57**	183
Attributable to equity holders of the Company		**92 773**	102 380
Non-controlling interests		**1 494**	2 851
Closing balance at 31 December		**94 267**	105 231
Dividends declared during the year (cents per share)		**700**	1 080
Dividends declared after the year (cents per share)		**450**	450

^ *Amount less than R1 million.*

Summary consolidated statement of cash flows

for the year ended 31 December

	Note	2017 Rm	2016 Rm
Net cash generated from operating activities		**23 694**	20 716
Cash generated from operations		**38 484**	55 681
Dividends paid to equity holders of the Company		**(12 565)**	(19 792)
Dividends paid to non-controlling interests		**(956)**	(1 178)
Dividends received from associates and joint ventures	12	**7 129**	692
Income tax paid		**(7 596)**	(11 704)
Other operating activities		**(802)**	(2 983)
Net cash used in investing activities		**(27 585)**	(40 408)
Acquisition of property, plant and equipment		**(23 861)**	(29 899)
Acquisition of intangible assets		**(2 800)**	(5 348)
Increase in non-current investments		**(820)**	(2 199)
Realisation/(purchase) of bonds, treasury bills and foreign deposits		**1 849**	(2 704)
(Increase)/decrease in restricted cash		**(1 727)**	309
Movement in other investing activities		**(226)**	(567)
Net cash (used in)/from financing activities		**(4 919)**	20 951
Proceeds from borrowings	17	**23 287**	59 647
Repayment of borrowings and interest	17	**(28 434)**	(37 211)
Buy-back of shares from MTN Zakhele		**–**	(2 645)
Premium received on option issued to MTN Zakhele Futhi		**192**	1 185
Other financing activities		**36**	(25)
Net (decrease)/increase in cash and cash equivalents		**(8 810)**	1 259
Net cash and cash equivalents at beginning of the year		**27 375**	34 139
Exchange losses on cash and cash equivalents		**(2 664)**	(8 192)
Net monetary gain on cash and cash equivalents		**36**	169
Net cash and cash equivalents at end of the year		**15 937**	27 375

Notes to the summary consolidated financial statements

for the year ended 31 December 2017

1. INDEPENDENT AUDIT

The summary consolidated financial statements have been derived from the audited consolidated financial statements. The directors of the Company take full responsibility for the preparation of the summary consolidated financial statements and that the financial information has been correctly derived and are consistent in all material respects with the underlying audited consolidated financial statements. The summary consolidated financial statements for the year ended 31 December 2017 have been audited by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc., who expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the consolidated financial statements from which these summary consolidated financial statements were derived. A copy of the auditors' report on the consolidated 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 consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for summary 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 and the Financial Pronouncements as issued by the Financial Reporting Standards 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 consolidated financial statements from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements, unless otherwise stated.

The summary consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS. A copy of the full set of the audited consolidated annual financial statements is available for inspection from the Company secretary at the registered office of the Company.

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 2017, none of which had a material impact on the group.

5. HYPERINFLATION

The financial statements 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 year.

Notes to the summary consolidated financial statements continued

for the year ended 31 December 2017

5. HYPERINFLATION continued

The economy of Sudan was assessed to no longer be hyperinflationary, effective 1 July 2016, and hyperinflation accounting was discontinued from this date onwards. As at 31 December 2017 the historical increase in the asset value as a result of hyperinflation accounting has been fully impaired, which resulted in a R1 690 million decrease in EBITDA during the year.

The economy of South Sudan was assessed to be hyperinflationary, effective 1 January 2016, and hyperinflation accounting was applied for the year ended 31 December 2016. Upon first application of hyperinflation, prior period losses of R123 million arising from the net monetary position have been recognised directly in equity. As at 31 December 2016 and 31 December 2017, the property, plant and equipment of South Sudan was fully impaired, resulting in no hyperinflation adjustment on capital expenditure (CAPEX) for the respective year.

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 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 R1 328 million for the year ended 31 December 2017 (December 2016: R1 853 million).

The economy of Syria was assessed to be hyperinflationary, effective 1 January 2014, and hyperinflation accounting has been applied since. As at 31 December 2017, R1 348 million of assets previously written up for hyperinflation has been impaired with the impact being included in EBITDA during the year under review.

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

		2017 Rm	
	Revenue	**EBITDA**	**CAPEX**
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**	**–**

		2016 Rm	
	Revenue	EBITDA	CAPEX
Syria	484	164	310
Sudan	122	41	38
South Sudan (included in other SEAGHA)	420	41	–
	1 026	246	348
Iran – major joint venture	–	(294)	326

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 now clustered as follows:

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

The following changes to the group's segment presentation were made during 2017:

- The results for MTN South Africa and MTN Nigeria are reported separately. These results were previously reported in the SEA (now SEAGHA) and WECA regions respectively. The group appointed regional vice-presidents in 2017 to manage the rest of the operations in the three regions as part of its strategy to bolster leadership in each region
- The group reallocated its operations in Ghana, which was previously included in the West and Central Africa region (WECA), to the South and East Africa (SEA) region and subsequently renamed this regional grouping (SEAGHA). The reallocation was performed to balance the operational requirements of each region under each vice-president to further optimise the oversight responsibilities of the regional vice-presidents
- In addition, during 2017, management changed the way it presents segment results for South Africa. Previously, the South African operating segment included the results of the MTN South Africa sub-group of companies. In 2017, the segment results presented for South Africa only include the results of the MTN South Africa operating company.

Comparative numbers for the segments have been restated accordingly.

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.

The measure of reporting profit for each segment, that also represents the basis on which the CODM reviews segment results, is EBITDA. EBITDA is defined as earnings before interest (which includes gains and losses on foreign exchange transactions), tax, depreciation and amortisation, and is also presented before recognising the following items:

- Impairment of goodwill
- Loss on derecognition of a long-term loan receivable
- Net monetary gain resulting from the application of hyperinflation
- Share of results of associates and joint ventures after tax.

For the purposes of the review of segment results by the CODM, EBITDA also excludes the following items:

- Hyperinflation (note 5)
- Tower sale profits
- Nigeria regulatory fine (note 8)
- MTN Zakhele Futhi share-based payment expense (note 21)
- Exchange right profit on IHS investment (note 7).

Notes to the summary consolidated financial statements continued

for the year ended 31 December 2017

6. SEGMENT ANALYSIS continued

These exclusions have remained unchanged from the prior year apart from the exchange right profit on the IHS investment that occurred during the year.

Irancell Telecommunication Company Services (PJSC) (Iran) proportionate results are included in the segment analysis as reviewed by the CODM and excluded from IFRS 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.

	2017 Rm	2016[1] Rm
REVENUE		
South Africa	**42 542**	41 303
Nigeria	**36 005**	47 122
SEAGHA	**20 133**	20 511
Ghana	**10 382**	10 291
Uganda	**5 193**	5 465
Other SEAGHA	**4 558**	4 755
WECA	**20 951**	23 242
Cameroon	**5 373**	6 189
Ivory Coast	**7 421**	7 176
Other WECA	**8 157**	9 877
MENA	**12 716**	14 288
Syria	**2 007**	2 123
Sudan	**4 540**	4 585
Other MENA	**6 169**	7 580
Major joint venture – Iran	**16 503**	16 536
Head office companies and eliminations	**(36)**	428
Hyperinflation impact	**504**	1 026
Iran revenue exclusion	**(16 503)**	(16 536)
	132 815	147 920

[1] *Restated to reflect the segments reallocated.*

Notes to the summary consolidated financial statements continued

for the year ended 31 December 2017

6. SEGMENT ANALYSIS continued

	2017 Rm	2016[1] Rm
EBITDA		
South Africa[2]	**14 728**	13 451
Nigeria	**14 041**	21 854
SEAGHA	**6 835**	6 741
Ghana	**4 116**	4 184
Uganda	**1 794**	1 620
Other SEAGHA	**925**	937
WECA	**5 336**	7 007
Cameroon	**1 304**	2 065
Ivory Coast	**2 347**	2 333
Other WECA	**1 685**	2 609
MENA	**3 802**	4 657
Syria	**601**	689
Sudan	**1 592**	1 471
Other MENA	**1 609**	2 497
Major joint venture – Iran	**5 881**	6 455
Head office companies and eliminations	**(449)**	(1 729)
Hyperinflation impact	**(2 948)**	246
Nigeria regulatory fine	**–**	(10 499)
Tower sale profits	**27**	31
Profit on exercise of exchange right of IHS	**6 017**	–
MTN Zakhele Futhi share-based payment expense	**(434)**	(1 008)
Iran EBITDA exclusion	**(5 881)**	(6 455)
EBITDA	**46 955**	40 751
Depreciation, amortisation and impairment of goodwill	**(26 398)**	(26 609)
Net finance cost	**(9 267)**	(10 495)
Loss on derecognition of long-term loan receivable	**(2 840)**	–
Net monetary gain	**264**	1 723
Share of results of associates and joint ventures after tax	**841**	(127)
Profit before tax	**9 555**	5 243

[1] *Restated to reflect the segments reallocated.*
[2] *Excluding MTN Zakhele Futhi expense of R434 million (2016: R1 008 million).*

Notes to the summary consolidated financial statements continued

for the year ended 31 December 2017

6. SEGMENT ANALYSIS continued

	2017 Rm	2016[1] Rm
CAPITAL EXPENDITURE INCURRED		
South Africa	**11 470**	10 982
Nigeria	**8 953**	8 701
SEAGHA	**3 794**	4 246
Ghana	**2 196**	2 435
Uganda	**909**	758
Other SEAGHA	**689**	1 053
WECA	**3 696**	6 189
Cameroon	**976**	2 166
Ivory Coast	**1 203**	1 721
Other WECA	**1 517**	2 302
MENA	**2 294**	3 310
Syria	**951**	1 049
Sudan	**545**	1 549
Other MENA	**798**	712
Major joint venture – Iran	**9 274**	5 138
Head office companies and eliminations	**1 173**	1 492
Hyperinflation impact	**81**	348
Iran CAPEX exclusion	**(9 274)**	(5 138)
	31 461	35 268

[1] *Restated to reflect the segments reallocated.*

7. INVESTMENT IN IHS

In January 2017, the group exchanged its 51% interest in Nigeria Tower InterCo B.V., the parent company of INT Towers Limited (INT), the Nigerian telecom tower operator, for an additional shareholding in IHS Holding Limited (IHS Group) (the transaction). As a result of the transaction, the group's economic interest in the IHS Group increased from approximately 15% class B non-voting shares to an economic interest of approximately 29% comprising class A voting shares and class B non-voting shares. The original IHS Group shareholders' agreement remains in place and there are no changes to IHS Group's independence as an operator. Neither the interest prior to, nor the interest obtained subsequent to the transaction will allow the group to appoint a board member. In addition, IHS Group has the right to decide what strategic, financial and operational information is shared with the group. As a result of these restrictions, the group's vote is limited to matters which relate to fundamental changes in the business or which apply in exceptional circumstances and are considered to be protective in nature. The group's rights do not constitute significant influence to participate in the financial and operating policy decisions of IHS Group. Consequently, the group continues to account for its investment in IHS Group as an available-for-sale financial instrument.

The exchange, which closed on 23 February 2017, has been accounted for as a disposal of the group's equity accounted interest in INT and an acquisition of an additional investment in the IHS Group. The net impact on profit before tax is R6 017 million, which was determined as the difference between the fair value of the new interest obtained and the carrying value of the equity accounted interest in INT and after recycling the applicable amount included in the foreign currency translation reserve (FCTR) (note 19) to the income statement. This resulted in a decrease of R4 452 million in investments in associates and an increase of R13 767 million in available-for-sale investments.

The decision to exchange the shares was made following a thorough review of the commercial benefits of the exchange and an agreement on the number of shares that the group will qualify for in IHS Group. Consensus on these matters and board approval for the transaction was obtained in January 2017. As a result, the investment in INT was not accounted for as held for sale in accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* at 31 December 2016.

The transaction had no tax impact.

8. NIGERIA REGULATORY FINE

On 10 June 2016, MTN Nigeria Communications Limited (MTN Nigeria) resolved the matter relating to the previously imposed regulatory fine with the Federal Government of Nigeria (FGN) after the completion of an extensive negotiation process.

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 the prior years with an additional expense recognised in the income statement amounting to R10,5 billion for the year ended 31 December 2016. A discount unwind of R1,0 billion (31 December 2016: R1,0 billion) was recognised in finance costs during the current year relating to the outstanding liability. The balance of the liability at 31 December 2017 amounts to R6,6 billion (31 December 2016: R8,7 billion) after taking into account the payment of N30 billion (R1,3 billion[2]) on 24 March 2017 and the unwinding of the interest.

[1] *Amount translated at the 10 June 2016 rate R1 = N13,15*

[2] *Amount translated at the March 2017 average rate R1 = N23,68*

9. IMPAIRMENT OF GOODWILL AND PROPERTY, PLANT AND EQUIPMENT

Current year

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 being experienced resulting in decreased forecasted cash flows at 30 June 2017. This necessitated impairment reviews being performed on the group's operations in Guinea-Bissau, Guinea-Conakry, Liberia, Ghana, Afghanistan, Sudan, Yemen and Syria where the carrying amounts of these cash generating units were compared to their respective recoverable amounts. The recoverable amounts were determined through value-in-use calculations where future cash flows were estimated and discounted at the weighted average cost of capital discount rates. 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 2017		June 2017		December 2016	
	Growth rate %	**Discount rate %**	**Growth rate %**	**Discount rate %**	**Growth rate %**	**Discount rate %**
MTN Afghanistan	**6,0**	**17,6**	6,0	18,8	7,0	20,2
MTN Sudan	**14,0**	**39,0**	14,0	33,0	13,7	32,9
MTN Yemen	**9,0**	**31,7**	5,0	24,8	9,0	23,9
MTN Syria (JSC)	**15,0**	**41,9**	15,0	35,2	15,0	35,5

The following impairment losses were recognised in the income statement in the goodwill impairment and other operating expenses lines, respectively in 2017:

	Goodwill impairment Rm	**Impairment of property, plant and equipment and intangible assets[1] Rm**	**Recoverable amount[2] Rm**
MTN Afghanistan	**841**	**–**	**2 317**
MTN Sudan	**983**	**1 690**	**2 963**
MTN Yemen	**807**	**–**	**1 769**
MTN Syria (JSC)	**–**	**1 348**	**2 888**
	2 631	**3 038**	**9 937**

[1] *The net impairment of property, plant and equipment, and intangible assets of R3 045 million as per note 13 includes net impairments amounting to R7 million recognised by other entities within the group.*

[2] *This includes any minority portion of the recoverable amount of the cash generating unit.*

MTN Sudan was operating in a hyperinflationary economy up to 30 June 2016 while MTN Syria (JSC) continues to operate in a hyperinflationary economy. Hyperinflation accounting resulted in the write up of non-monetary assets and a resulting increase in the carrying value of these operations. The total impairment of property, plant and equipment, and intangible assets amounting to R3 038 million and R192 million of the MTN Sudan goodwill impairment for the current year relates to the carrying value previously written up to account for the impact of hyperinflation, exceeding the calculated value in use.

9. IMPAIRMENT OF GOODWILL AND PROPERTY, PLANT AND EQUIPMENT continued

Current year continued

The goodwill of MTN Sudan and MTN Syria was fully impaired as at 30 June 2017. The impairment amount recognised at 30 June 2017 relating to property, plant and equipment and intangible assets of MTN Syria has been adjusted as required for the impact of hyperinflation accounting at 31 December 2017. The remaining goodwill in MTN Afghanistan and MTN Yemen amount to R490 million and R1,2 billion at 31 December 2017, respectively.

The group performed impairment assessments on all goodwill balances at 31 December 2017 and have not identified any further impairments at that date. The goodwill impaired at 30 June 2017 can not be reversed in subsequent periods. The impairments of property, plant and equipment, and intangible assets can be reversed in subsequent periods to the depreciated carrying values at that point in time if the outlook in these markets changed sufficiently to confirm that the discounted future cash flows, or fair values less costs of disposal, exceed the carrying values of these cash generating units.

Prior year

Areeba Guinea S.A.

Areeba Guinea S.A. (Conakry) experienced a decline in EBITDA and Guinea-Conakry experienced poor economic performance countrywide. Consequently, a review of the recoverable amount of Conakry was undertaken during 2016 subsequent to which an impairment loss amounting to R402 million was recognised. As at 31 December 2016, the goodwill balance relating to Conakry was fully impaired. No further impairments were deemed necessary as at 31 December 2017.

Afrihost

Based on an agreement concluded by the group to sell its 50,02% investment in Afrihost Proprietary Limited (Afrihost) for R325 million, a goodwill impairment loss of R202 million was recognised at 30 June 2016 on the remeasurement of the assets to fair value less cost to sell in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The investment was disposed of during the second half of 2016.

Notes to the summary consolidated financial statements continued

for the year ended 31 December 2017

10. NET FINANCE COSTS

	2017 Rm	2016 Rm
Interest income on loans and receivables	**2 109**	2 462
Interest income on bank deposits	**1 379**	1 962
Finance income	**3 488**	4 424
Interest expense on financial liabilities measured at amortised cost	**(8 400)**	(9 020)
Net foreign exchange losses	**(4 355)**	(5 899)
Finance costs	**(12 755)**	(14 919)
Net finance costs recognised in profit or loss	**(9 267)**	(10 495)

11. LOSS ON DERECOGNITION OF LONG-TERM LOAN RECEIVABLE

With effect from 27 December 2017 MTN Nigeria Towers SPV B.V. assigned its shareholder loan of R2 840 million to IHS Group. The shareholder loan arose as part of MTN Nigeria's tower transactions whereby MTN Nigeria sold a portfolio of towers to INT in 2014 and 2015 which, through Nigeria Tower InterCo B.V., was 51% owned by MTN Nigeria Towers SPV B.V. and 49% by IHS. When forming INT, MTN Group (through MTN Nigeria Towers SPV B.V.) as well as IHS Group, provided proportionate shareholder loans to INT. These loans were subordinated and due for repayment in 2024 and 2025 with interest capitalised until two years prior to repayment. In return for the assignment of the loan, IHS has facilitated certain network volume commitments and provided more attractive terms for MTN Nigeria's future network rollout, applicable from 2018 onwards.

The cash flow benefits to be realised from the improved commercial terms of the future rollout have not been capitalised as a prepayment, and will be accounted for as and when they are realised. This is due to MTN contractually not controlling the realisation of the future economic benefits referred to above. However, the group believes it will obtain economic benefits through IHS being incentivised economically to transact with MTN under the current master services agreement.

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

	2017 Rm	2016 Rm
	841	(127)
Irancell Telecommunication Company Services (PJSC)	**931**	2 073
Nigeria Tower InterCo B.V. (note 7)	**(8)**	(2 227)
Others	**(82)**	27

For the year ended 31 December 2017, outstanding dividends of R6 509 million (December 2016: a loan repayment of R6 308 million) was received from Irancell.

13. EARNINGS PER ORDINARY SHARE

	2017	2016
Number of ordinary shares in issue		
At end of the year (excluding MTN Zakhele Futhi and treasury shares)	**1 797 451 094**	1 797 228 125
Weighted average number of shares		
Shares for earnings/(loss) per share	**1 797 414 442**	1 819 974 274
Add: Dilutive shares		
– Share options – MTN Zakhele Futhi	**28 535 814**	42 508 806
– Share schemes	**3 064 710**	1 042 243
Shares for dilutive earnings per share	**1 829 014 966**	1 863 525 323

Treasury shares

Treasury shares of 9 983 286 (December 2016: 10 206 255) are held by the group and 76 835 378 (December 2016: 76 835 378) are held by MTN Zakhele Futhi (RF) Limited (MTN Zakhele Futhi).

Dilutive shares

The share options and share rights issued in terms of the group's share schemes, performance share plan and MTN Zakhele Futhi did not have a dilutive effect on the loss per share for the year ended 31 December 2016, and have therefore not been treated as dilutive.

MTN Zakhele and MTN Zakhele Futhi

The MTN Zakhele broad-based black economic empowerment (BBBEE) transaction unwound during 2016 and all options outstanding were exercised. The group implemented a new BBBEE transaction, structured through MTN Zakhele Futhi. The shares held by MTN Zakhele Futhi, although legally issued, are not deemed to be issued in terms of IFRS as the MTN Zakhele Futhi transaction has the substance of an option.

Notes to the summary consolidated financial statements continued

for the year ended 31 December 2017

13. EARNINGS PER ORDINARY SHARE continued

Headline earnings/(loss) is calculated in accordance with the circular titled Headline Earnings as issued by the South African Institute of Chartered Accountants as amended from time to time and as required by the JSE Limited.

	2017 Rm	2016 Rm
Basic headline earnings/(loss) per share		
Reconciliation between profit/(loss) attributable to the equity holders of the Company and headline earnings/(loss)		
Profit/(loss) after tax	**4 414**	(2 614)
Net profit on disposal of property, plant and equipment	**(11)**	(1)
– Subsidiaries (IAS 16)	**(8)**	4
– Joint ventures (IAS 28)	**(3)**	(5)
Net profit on disposal of intangible assets	**–**	(47)
– Subsidiaries (IAS 38)	**–**	(47)
Profit on disposal of subsidiary (IFRS 10)	**–**	(130)
Net (profit)/loss on dilution of investment in joint venture (IAS 28)	**(28)**	349
Net impairment loss on property, plant and equipment, and intangible assets (IAS 36)	**3 045**	205
Impairment of goodwill (IAS 36)	**2 631**	873
Realisation of deferred gain on disposal of non-current assets held for sale (IFRS 5)	**(27)**	(31)
Profit on derecognition of equity-accounted investment (IAS 28)	**(6 017)**	–
Total tax effects of adjustments	**(189)**	(10)
Total non-controlling interest effect of adjustments	**(541)**	(3)
Basic headline earnings/(loss)	**3 277**	(1 409)
Earnings/(loss) per share (cents)		
– Basic	**246**	(144)
– Basic headline	**182**	(77)
Diluted earnings/(loss) per share (cents)		
– Diluted	**241**	(144)
– Diluted headline	**179**	(77)

14. FINANCIAL INSTRUMENTS

Financial instruments at amortised cost

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

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 R21 765 million at 31 December 2017 (December 2016: R24 059 million) and a fair value of R22 434 million (December 2016: R23 179 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. The group has classified treasury bills with a carrying amount of R343 million (December 2016: R282 million) as available for sale and with a carrying amount of R307 million (December 2016: R669 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

Included in investments in the consolidated statement of financial position is an equity investment in IHS Group at fair value of R27 045 million at 31 December 2017. As stated in note 7, the group increased its interest in IHS Group during the year under review following an exchange of its 51% interest in Nigeria Tower InterCo B.V. Prior to the increase, the group reported a fair value of R11 240 million at 31 December 2016 for the investment classified as available for sale. The fair value at 31 December 2016 was determined with reference to recent transactions between market participants, consequently the investment was previously categorised within level 2 of the fair value hierarchy. At 31 December 2017, 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 13x to 17x applied to MTN management's estimates of earnings, less estimated net debt.

14. FINANCIAL INSTRUMENTS continued

Fair value measurement of investment in IHS continued

Given the confidentiality restrictions in the shareholders' agreement with IHS Group, MTN does not have access to the IHS Group business plans or 2017 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 transferred from level 2 to 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 148 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 by R2 148 million as at 31 December 2017. An increase of 10% in the estimated earnings used, keeping other inputs constant, would have resulted in an increase in the fair value of R3 201 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 R3 201 million as at 31 December 2017.

An increase of R4 249 million (December 2016: R 2 672 million) has been recognised for the year under review in other comprehensive income resulting from the change in fair value.

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 2016	**9 707**
Transfers to level 2 (IHS)	**(9 250)**
Acquisitions	**61**
Foreign exchange differences	**(138)**
Balance at 1 January 2017	**380**
Transfers from level 2 (IHS)	**11 240**
Acquisitions	**132**
Exchange right exercised (IHS)	**13 767**
Gain on available-for-sale investment	**4 439**
Foreign exchange differences	**(2 272)**
Balance at 31 December 2017	**27 686**

Notes to the summary consolidated financial statements continued

for the year ended 31 December 2017

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

	2017 Rm	2016 Rm
	27 747	34 753
– Contracted	**6 958**	11 458
– Not contracted	**20 789**	23 295

16. INTEREST-BEARING LIABILITIES

	2017 Rm	2016 Rm
Bank overdrafts	**72**	–
Current borrowings	**9 081**	19 635
Current liabilities	**9 153**	19 635
Non-current borrowings	**70 567**	67 319
	79 720	86 954

17. ISSUE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

MTN Holdings raised R5,1 billion (December 2016: R18,1 billion) additional debt through loan facilities, R5,6 billion (December 2016: R2 billion) on general banking facilities and R5,3 billion (December 2016: R2,1 billion) through the Domestic Medium Term Programme.

MTN Holdings repaid R7,2 billion (December 2016: R7,4 billion) of the loan facility, R6,8 billion (December 2016: R2,9 billion) of general banking facilities and R2,9 billion (December 2016: R154 million) of the Domestic Medium Term Programme.

MTN International (Mauritius) Limited (MTN Mauritius) raised R1,4 billion (December 2016: R11,2 billion) and repaid R1,4 billion (December 2016: R12,9 billion) on a revolving credit facility.

MTN Nigeria Communications Limited raised R2,2 billion (December 2016: Rnil) in long-term borrowings and repaid R4,3 billion (December 2016: R5,4 billion).

Other borrowings raised and repaid across the group amounted to R3,7 billion (December 2016: R12 billion) and R5,8 billion (December 2016: R8,4 billion), respectively.

During the second half of 2016 MTN (Mauritius) Investments Limited raised R14,2 billion debt through long-term fixed interest rate unsecured notes. These notes are listed on the Irish Stock Exchange.

Notes to the summary consolidated financial statements continued

for the year ended 31 December 2017

18. CONTINGENT LIABILITIES

	2017 Rm	2016 Rm
Uncertain tax exposures	**8 667**	7 611
Legal and regulatory matters	**1 180**	516
	9 847	8 127

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.

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.

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.

19. EXCHANGE RATES

		Closing rates		Average rates	
		2017	2016	**2017**	2016
United States dollar	USD	**0,08**	0,07	**0,07**	0,07
Nigerian naira	NGN	**29,05**	22,81	**24,61**	18,28
Iranian rial	IRR	**2 893,16**	2 355,36	**2 493,01**	2 119,83
Ghanaian cedi	GHS	**0,36**	0,31	**0,33**	0,27
Cameroon Communaute Financière Africaine franc	XAF	**44,44**	45,34	**44,06**	40,23
Côte d'Ivoire Communaute Financière Africaine franc	CFA	**45,50**	45,56	**43,92**	40,55
Ugandan shilling	UGX	**293,68**	261,73	**270,09**	232,52
Syrian pound	SYP	**35,18**	37,71	**37,76**	32,41
Sudanese pound	SDG	**1,61**	0,48	**0,55**	0,43

The group's functional and presentation currency is rand. The strengthening of the closing rate of the rand against the functional currencies of the group's largest operations contributed to the decrease in consolidated assets and liabilities and the resulting foreign currency translation reserve reduction of R12 376 million (December 2016: R22 907 million) for the year. Following the exercise of the exchange rights in INT (note 7), a foreign currency translation loss of R3 298 million was released to the consolidated income statement.

Nigeria and Sudan exchange rates

Following a review of the liquidity and sustainability of quoted exchange rates introduced in Nigeria and Sudan, the group changed the rates applicable to the relevant transactions and balances as well as the translation of the results, cash flows and financial position of these operations in the last quarter of 2017. The new quoted rates applied are considered to represent more appropriately the rate at which the future cash flows on the relevant foreign denominated transactions or balances could have been settled if those cash flows had occurred at the measurement date or the rate at which dividends can be remitted in respect of the translation of foreign entities. For MTN Nigeria, the group changed its reference rate from the Interbank rate to the Nigerian Autonomous Foreign Exchange (NAFEX) rate and in MTN Sudan the group changed from the Central Bank rate to the Margin Resource Incentive Rate.

Net investment hedges

During 2016 and for the year ended 31 December 2017, the group hedged 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 USD held by MTN (Mauritius) Investments Limited with a value of R22,4 billion (December 2016: R23,2 billion) and external borrowings denominated in USD held by MTN Nigeria Communications Limited with a value of R2,6 billion (December 2016: R4,5 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.

20. RELATED PARTY TRANSACTIONS

Transactions between members of the group

Scancom Limited (MTN Ghana) entered into operating lease agreements with Ghana Tower InterCo B.V. in prior years. The operating lease commitments amount was R8 446 million at 31 December 2017 (2016: R6 795 million). The expense recorded amounted to R627 million for the 2017 financial year (2016: R532 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 was R1 636 million at 31 December 2017 (2016: R2 187 million). The expense recorded amounted to R558 million for the 2017 financial year (2016: R432 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 Nigeria Communications Limited entered into operating lease agreements with INT in prior years, a wholly owned subsidiary of Nigeria Tower InterCo B.V. INT is no longer part of MTN Group from 31 January 2017, refer to note 7. The operating lease commitments amounted to R85 810 million as at 31 December 2016. The expense recorded amounted to R464 million for the 2017 financial year (2016: R4 254 million) representing one month's lease costs to January 2017. The initial term is 10 years (extended to 15 years in 2016), followed by four times five-year renewal periods.

Transaction with an entity associated with a director

On 28 December 2017, 14 750 000 MTN Zakhele Futhi shares, acquired by the group in terms of the 2016 MTN Zakhele Futhi underwrite option, were sold for a total consideration of R295 million. The shares were purchased by Main Street 1561 Proprietary Limited, a wholly owned company of PF Nhleko, non-executive chairman of MTN Group.

21. ZAKHELE FUTHI

During the 2017 year, an additional 24 388 294 MTN Zakhele Futhi shares were sold to external parties (including the 14 750 000 shares referred to in note 20), that were previously acquired by the Company in terms of the underwrite option during the allotment of MTN Zakhele Futhi shares in 2016. The shares were sold in four tranches on different grant dates for a total consideration of R487 million. The total increase in equity resulting from these share-based payment transactions amounted to R921 million (December 2016: R2 919 million) of which R434 million (December 2016: R1 008 million) relates to the share-based payment expense and R487 million (December 2016: R1 911 million) relates to the option premium for the shares sold.

22. EVENTS AFTER REPORTING PERIOD

Dividends declared

Dividends declared at the board meeting held on 7 March 2018 amounted to 450 cents per share.

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]
KP Kalyan[3]
S Kheradpir[††3]
NP Mageza[3]
MLD Marole[3]
AT Mikati[†2]
SP Miller[^3]
KC Ramon[3]
NL Sowazi[3]
J van Rooyen[3]

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

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

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