

MTN Nigeria

MTN Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 1994/009584/06

ISIN: ZAE000042164

Share code: MTN

("MTN", "MTN Group" or "the Group")

MTN Nigeria quarterly update

MTN Group is a leading emerging market mobile operator, serving approximately 221,3 million people in 22 countries across Africa and the Middle East. Our vision is to deliver a bold, new digital world to our customers. MTN Nigeria is the leading mobile operator in Nigeria with approximately 54,5 million subscribers.

Highlights for MTN Nigeria

- MTN Nigeria reported strong subscriber net additions of 2,3 million
- Active Mobile Money customers increased to 2,0 million
- Naira service revenue increased by 14,5% to N248,3bn
- Data revenue increased by 73,2% year-on-year
- EBITDA margin increased by 332bp to 41,8%
- MTN Nigeria invested N17,9bn in capex in the period

Financial growth rates are year-on-year (the three-month period ended 31 March 2018 versus the three months ended 31 March 2017) unless otherwise stated. QoQ growth rates refer to 1Q18 vs 4Q17. Data revenue refers to access data revenue only. Digital revenue refers to Mobile Money (MoMo), rich media services and value-added services (VAS) revenue.

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MTN Nigeria CEO Ferdi Moolman comments:

“MTN Nigeria’s performance during the first quarter reflects the continuation of the positive momentum evidenced in the second half of 2017 following a period of increased investment and renewed focus on operational execution.

We continue to evolve our data pricing aligned to the Group’s dual-data strategy. With the strong progress made on both network quality, availability and coverage, we believe the business is well positioned to benefit from the material data opportunity the Nigerian market presents.

We are making good progress towards concluding the IPO process in Nigeria and we remain committed to executing on this during the current financial year.”

MTN NIGERIA

In the first quarter of 2018, MTN Nigeria continued with the positive momentum of 2017, increasing naira service revenue by 14,5% year-on-year, led by a 73,2% increase in data revenue and 15,2% growth in voice revenue. The improving macroeconomic environment and consumer sentiment across the country supported the positive revenue trends evidenced in recent months.

While the increase in voice revenue was encouraging, it was partially supported by the lower customer spend on digital services. As the growth in digital services is expected to resume in the latter part of the year, this may impact growth rates in voice revenue. In the first quarter, our revenue from these services was dampened, amongst others, by the double opt-in feature, which limited the uptake of new services. As customers get used to this requirement, we expect quarter-on-quarter growth in revenue for the digital services to resume in the second half of the year.

In the first quarter, a 62,2% increase in billed data volumes drove the strong growth in data revenue supported by data price optimisation.

MTN Nigeria reported net additions in the quarter of 2,3 million following on from the 2,0 million adds in 4Q17 as the business benefited from the increase in our SIM registration footprint and extended customer value management (CVM) campaign’s supporting a marked increase in gross connections.

Focused on retaining network leadership, we rolled out 298 3G and 174 4G sites in the quarter. The 4G rollout remains centred on the top 10 cities across the country. MTN Nigeria was ranked number 1 on network NPS in the period.

MTN Nigeria

MTN Nigeria's stronger-than-expected growth in revenue allowed the business to benefit from increased scale. With expenses well controlled, and the naira stable, the EBITDA margin continued to expand in the quarter, to 41,8%. The margin benefited from further optimisation of our distribution channels and reduced bad debt provisions as we saw an improvement in interconnect payments.

We secured approval from the Nigerian Communications Commission to use the 700MHz spectrum for the deployment of telecoms services and continued to engage with the regulatory authorities on our rollout obligations as well as on interference on the spectrum band. In our work to ensure we remain compliant with all appropriate regulations, we continue to proactively engage with the regulatory authorities.

The financial information on which this quarterly update is based has not been reviewed and reported on by MTN's external auditors.

Fairland
7 May 2018

Sponsor

Deutsche Securities (SA) Proprietary Limited

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Summary income statement for the three month period ended 31 March

	Three month period ended March 2018 Nm	Three month period ended March 2017 Restated Nm
Revenue	249 223	217 633
Other income	28	35
Direct network and technology operating costs	(67 478)	(62 611)
Costs of handsets and other accessories	(3 035)	(980)
Interconnect and roaming costs	(25 055)	(21 573)
Staff costs	(5 891)	(5 329)
Selling, distribution and marketing expenses	(15 762)	(15 265)
Government and regulatory costs	(6 585)	(5 421)
Other operating expenses	(21 244)	(23 034)
EBITDA before Nigeria regulatory fine	104 201	83 455
Nigeria regulatory fine	–	–
EBITDA	104 201	83 455
Depreciation of property, plant and equipment	(33 410)	(29 779)
Amortisation of intangible assets	(6 701)	(6 639)
Impairment of goodwill	–	–
Operating profit	64 090	47 037
Net finance costs	(15 452)	(15 065)
Loss on derecognition of long-term loan receivable	–	–
Net monetary gain	–	–
Share of results of associates and joint ventures after tax	–	–
Profit before tax	48 638	31 973
Income tax expense	(16 435)	(9 578)
Profit/(loss) after tax	32 203	22 394
Attributable to:		
Equity holders of the company	32 203	22 394
Non-controlling interests	–	–
Basic earnings/(loss) per share (Naira)	N79.1	N55.01
Diluted earnings/(loss) per share (Naira)	N79.1	N55.01

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Summary statement of comprehensive income for the three month period ended 31 March

	Three month period ended March 2018 Nm	Three month period ended March 2017 Restated Nm
Profit/(loss) after tax	32 203	22 394
Other comprehensive income after tax		
Items that may be reclassified to profit or loss		
Net investment hedges		
Foreign exchange movement on hedging instruments	-	-
Deferred and current tax	-	-
Available-for-sale financial assets		
Gains arising during the year	-	-
Exchange differences on translating foreign operations including the effect of hyperinflation		
Losses arising during the year	-	-
Items that have been reclassified to profit or loss		
Reclassification of foreign currency translation differences on loss of significant influence	-	-
Other comprehensive income for the year	(238)	117
Attributable to equity holders of the company	(238)	117
Attributable to non-controlling interests	-	-
Total comprehensive income for the year	31 965	22 511
Attributable to:		
Equity holders of the company	31 965	22 511
Non-controlling interests	-	-
	31 965	22 511

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Summary statement of financial position as at

	31 March 2018	31 December 2017 Restated Nm
	Nm	Nm
Non-current assets	731 663	751 698
Property, plant and equipment	564 693	582 439
Goodwill and intangible assets	124 115	128 602
Investments	–	–
Investment in associates and joint ventures	–	–
Deferred tax and other non-current assets	42 855	40 657
Current assets	243 540	243 563
Other current assets	89 120	78 955
Trade and other receivables	34 791	33 425
Restricted cash	42 865	41 618
Cash and cash equivalents	76 764	89 565
Total assets	975 203	995 261
Total equity	106 109	112 756
Attributable to equity holders of the company	106 109	112 756
Non-controlling interests	–	–
Non-current liabilities	303 674	340 757
Interest-bearing liabilities	144 543	135 545
Deferred tax and other non-current liabilities	159 132	205 212
Current liabilities	565 420	541 748
Interest-bearing liabilities	155 170	119 820
Trade and other payables	216 637	246 087
Other current and tax liabilities	193 613	175 841
Total equity and liabilities	975 203	995 261

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Summary statement of changes in equity for the period ended 31 March

	Balance at 31 March 2018	Balance at 31 March 2017 Restated
	Nm	Nm
Opening balance at 1 January	112 756	81 655
Opening reserve adjustment for impact of IFRS 9	(82)	
Opening reserve adjustment for impact of hyperinflation		
Restated balance at 1 January	112 674	81 655
Total comprehensive income	32 048	22 511
Profit/(loss) after tax	32 285	22 394
Other comprehensive income after tax	(238)	117
Transactions with owners of the company		
Dividends declared	(38 613)	–
Other movements		
Attributable to equity holders of the company	106 109	104 167
Non-controlling interests		
Closing balance at 31 December	106 109	104 167
Dividends declared during the period (Naira per share)	94,85	–
Dividends declared after the period (Naira per share)	–	122,82

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Summary statement of cash flows for the period ended 31 March

	Three month period ended March 2018 Nm	Three month period ended March 2017 Nm
Net cash generated from operating activities	20 808	59 488
Cash generated from operations	114 110	95 347
Dividends paid to equity holders of the company	(38 613)	–
Dividends paid to non-controlling interests	–	–
Dividends received from associates and joint ventures	–	–
Income tax paid	–	–
Other operating activities	(54 689)	(35 859)
Net cash used in investing activities	(77 297)	(94 688)
Acquisition of property, plant and equipment	(56 254)	(41 083)
Acquisition of intangible assets	(884)	708
Increase in non-current investments	–	–
Realisation/(purchase) of bonds, treasury bills and foreign deposits	(19 078)	(57 659)
(Increase)/decrease in restricted cash	(1 248)	3 175
Movement in other investing activities	166	172
Net cash (used in)/from financing activities	44 505	(1 810)
Proceeds from borrowings	74 839	7 449,52
Repayment of borrowings and interest	(30 334)	(9 259)
Net (decrease)/increase in cash and cash equivalents	(11 984)	(37 009)
Net cash and cash equivalents at beginning of the year	89 565	146 369
Exchange losses on cash and cash equivalents	(817)	(782)
Net cash and cash equivalents at end of the year	76 764	108 578

Historic 2016 and 2017 full year financials are available on MTN Group's website (www.mtn.com)