

Report navigation

**25
YEAR
BIRTHDAY**

Celebrating 25 years
In 2019, we marked 25 years in the business: two and half decades of astonishing achievements and sometimes considerable challenges; connecting people, embracing diversity, and creating sustainable economic value.

From a single operation in South Africa offering simple voice and SMS in 1994, we have grown to 21 operations across Africa and the Middle East, offering our 251m subscribers a wide range of voice, data, digital, fintech, enterprise and wholesale services.

Inspired to continue to transform lives, in 2020 we are recapturing the pioneering spirit that built MTN all those years ago, determined to be **bolder, faster, together**.



**25
YEAR
BIRTHDAY**

#GoodTogether

MTN Group Limited

Integrated Report for the year ended 31 December 2019



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Our online reports/links:

GR Governance report	SR Sustainability, including UN and CDP reports	AFS Annual financial statements
TAX Tax report	SE Social and ethics report	KIV King IV™ application

Other icons:

	www.mtn.com/en/investors/Financial-Reporting/Integrated-Reports/pages/default.aspx		Limited assurance obtained		Five-year review
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SDG icons used in this report:

Of the 17 Sustainable Development Goals, those on which we have the greatest impact are highlighted below. We view sustainability as an integral part of MTN's value creation journey.



Links to the pillars of our **BRIGHT** strategy:

	Best customer experience
	Returns and efficiency focus
	Ignite commercial performance
	Growth through data and digital
	Hearts and minds
	Technology excellence

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Throughout this report we also use the following symbol:

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

For a detailed explanation of this and other financial definitions, see page 44.

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

About this report

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

Scope and boundary

Our material matters, as well as our strategy, form the anchor of the report and determine its content. This report reviews MTN's strategy and business model, risks and opportunities and operational and governance performance, covering the period 1 January to 31 December 2019.

Financial and non-financial data from our subsidiaries are fully consolidated. This report gives commentary, performance measures and prospects for the group's two main operations in South Africa and Nigeria which make up two-thirds of the business, as well as its three regions: SEAGHA (Southern and East Africa and Ghana), WECA (West and Central Africa) and MENA (Middle East and North Africa), which collectively make up the other third.

In assessing the issues that materially impact value creation we have looked beyond the financial reporting boundary to provide for the material interests of relevant stakeholders, and to address the significant risks, opportunities and impacts associated with our activities over the short term (less than three years), medium term (three to five years) and long term (beyond five years). The structure and layout of this report draw on the International Integrated Reporting Council's (IIRC) guidance.

We provide supplementary information in associated reports, including that on sustainability and the full set of annual financial statements (AFS) on MTN's website.



Financial information

We apply International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and Interpretations as issued by the IFRS Interpretations Committee. We comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. We also comply with the JSE Listings Requirements and the requirements of the South African Companies Act of 2008. In parts of this report, we include data on MTN Irancell as it is a large operation. However, under IFRS, this business is equity accounted for.

Non-financial information

We use local and global standards and guidelines to compile non-financial information. These include the JSE Listings Requirements, the Companies Act of 2008, the King Report on Corporate Governance for South Africa 2016 (King IV), the IIRC's guidelines, the FTSE/JSE Responsible Investment Index, the United Nations Global Reporting Initiative Standards and the CDP standard. Non-financial information on certain aspects of the business has been assured by PricewaterhouseCoopers and is identified by . The assurance statement is available online. MTN's definitions of the KPIs assured is included in the glossary section of this report.

Approval by the board

MTN's board of directors acknowledges its responsibility to ensure the integrity of the integrated report. The board has applied its collective mind and, in its opinion, this integrated report addresses all material matters and offers a balanced view of MTN's strategy and how it relates to the organisation's ability to create value in the short, medium and long term. The report adequately addresses the use of, and effects on, the capitals and the manner in which the availability of these capitals is impacting on MTN's strategy and business model. We, as the board, believe that this report has been prepared in accordance with the IIRC's <IR> Framework.

Mcebisi Jonas
Chairman

Khotso Mokhele
Lead independent director

Rob Shuter
Group president and CEO

Ralph Mputa
Group chief financial officer

Paul Hanratty
Independent non-executive director

Mcebisi S.I.

KHOTSO

Rob

Ralph

PAUL

Shaygan Kheradpir
Independent non-executive director

Peter Mageza
Independent non-executive director

Dawn Marole
Independent non-executive director

Azmi Mikati
Non-executive director

Stanley Miller
Independent non-executive director

Vincent Rague
Independent non-executive director

Christine Ramon
Independent non-executive director

Lamido Sanusi
Independent non-executive director

Nkunku Sowazi
Independent non-executive director

Swazi Tshabalala
Independent non-executive director

VINCENT

CHRISTINE

LAMIDO

NKUNKU

SWAZI

Who we are

MTN is an emerging market mobile operator with a clear vision to lead the delivery of a bold, new digital world to our 251m customers. We are inspired by our belief that everyone deserves the benefits of a modern connected life.

Ours is one of the most admired brands in Africa and is also among the most valuable African brands. MTN is one of the largest companies listed on the JSE in Johannesburg, with a market capitalisation of R155bn at the end of 2019 – the year in which we celebrated our 25th anniversary. We were established in South Africa at the dawn of democracy in 1994 as a leader in transformation. Since then, we have grown by investing in sophisticated communication infrastructure and by harnessing the talent of our diverse team of more than 19 000 people across 21 operations in Africa and the Middle East.

Our vision

To lead the delivery of a bold, new digital world

Our belief

Everyone deserves the benefits of a modern connected life

Our ambition

300m subscribers, 200m active data users, 100m digital and MoMo users

Our values

Leadership

Innovation

Relationships

Integrity

Can do

Our portfolio

MTN Group

MTN South Africa	MTN Nigeria	SEACHA	WECA	MENA	Other associates, joint ventures and other investments
100%	78,8%	85,5%	70%	75%	49% ATC Ghana† #
		96%	58,8%	82,8%	49% ATC Uganda† #
		80%	80%	100%	29% IHS Group #
		86%	86%	100%	18,9% Jumia Technologies AG #
		30%	30%	100%	50% Middle East Internet Holding #
		53,1%	53,1%	100%	29,5% Iran Internet Group #
				60%	20% BICS #
					50% oYo

Equity accounted (excluding IHS)

% Refers to MTN legal ownership

† Concluded agreement to dispose, conditional on regulatory approvals

As part of our asset realisation programme (ARP) we have decided to sell down some of our shareholding in subsidiaries and sell non-strategic assets:

▲ Localisations

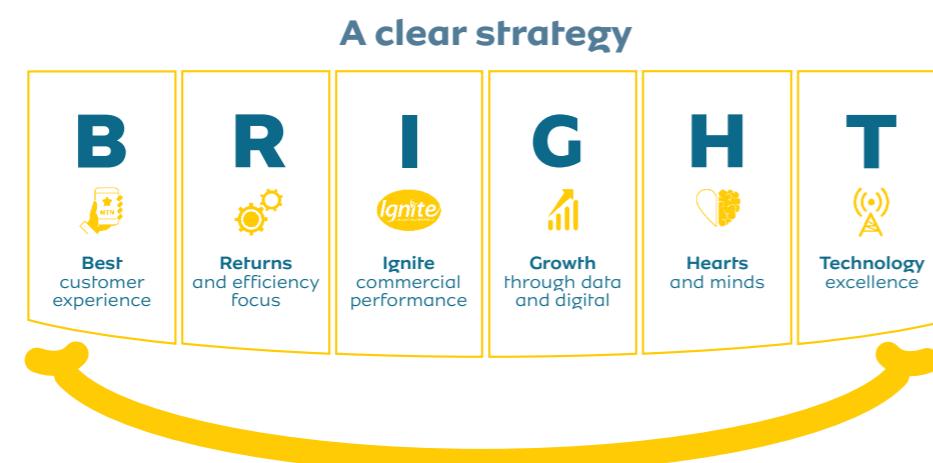
Not long-term strategic investments

For more details of our ARP, see page 38.

A compelling investment case

Our markets are growth markets. Our company is a growth company. Our infrastructure and investments, our established and leading position as well as the characteristics of our markets, which include their favourable demographics, are all aligned to deliver a very exciting growth story.

Guided by our clear **BRIGHT** operational strategy, we are optimising efficiencies, capex and cash flow, which will all ultimately translate into attractive returns for shareholders.



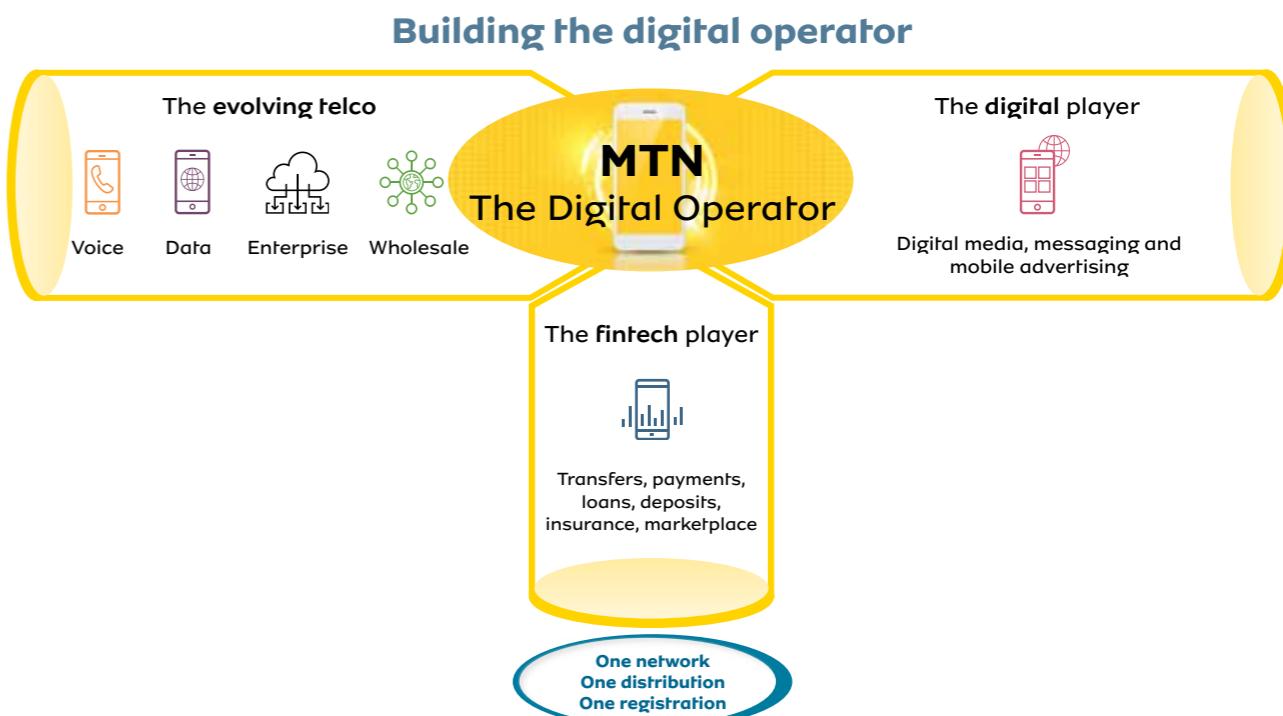
Our investment case is underpinned by a strong and experienced management team (go to page 70), which is executing on our ambitions following robust governance practices and high standards of business ethics (go to page 60) within an enhanced risk and regulatory framework (go to page 26).

SE KIV

Based on this solid foundation, we are building a **digital operator**, to operate at the intersection of three complementary industry trends – those of the evolving telco, the fintech player and the digital player.

- The **evolving telco** transforms a business built for consumer voice to one which offers mobile internet, becoming a scale player in data and competes in enterprise and wholesale services.
- The **fintech player** leverages the infrastructure built for prepaid voice to offer mobile financial services focusing on the two-thirds of the population who are not formally banked.
- The **digital player** makes the most of rapidly expanding internet adoption to offer a wide range of digital services, including instant messaging, social media, music, gaming and video services.

By building the digital operator, we are able to access six distinct pools of revenue – voice, data, digital, fintech, enterprise and wholesale (page 08) – using a **single network** (built for voice but repurposed for data, enterprise, wholesale, fintech and digital), a **single distribution** (established as an informal agent network but repurposed for agency banking) and a **single registration** (set up for SIM card registration but repurposed to quickly activate mobile financial services).



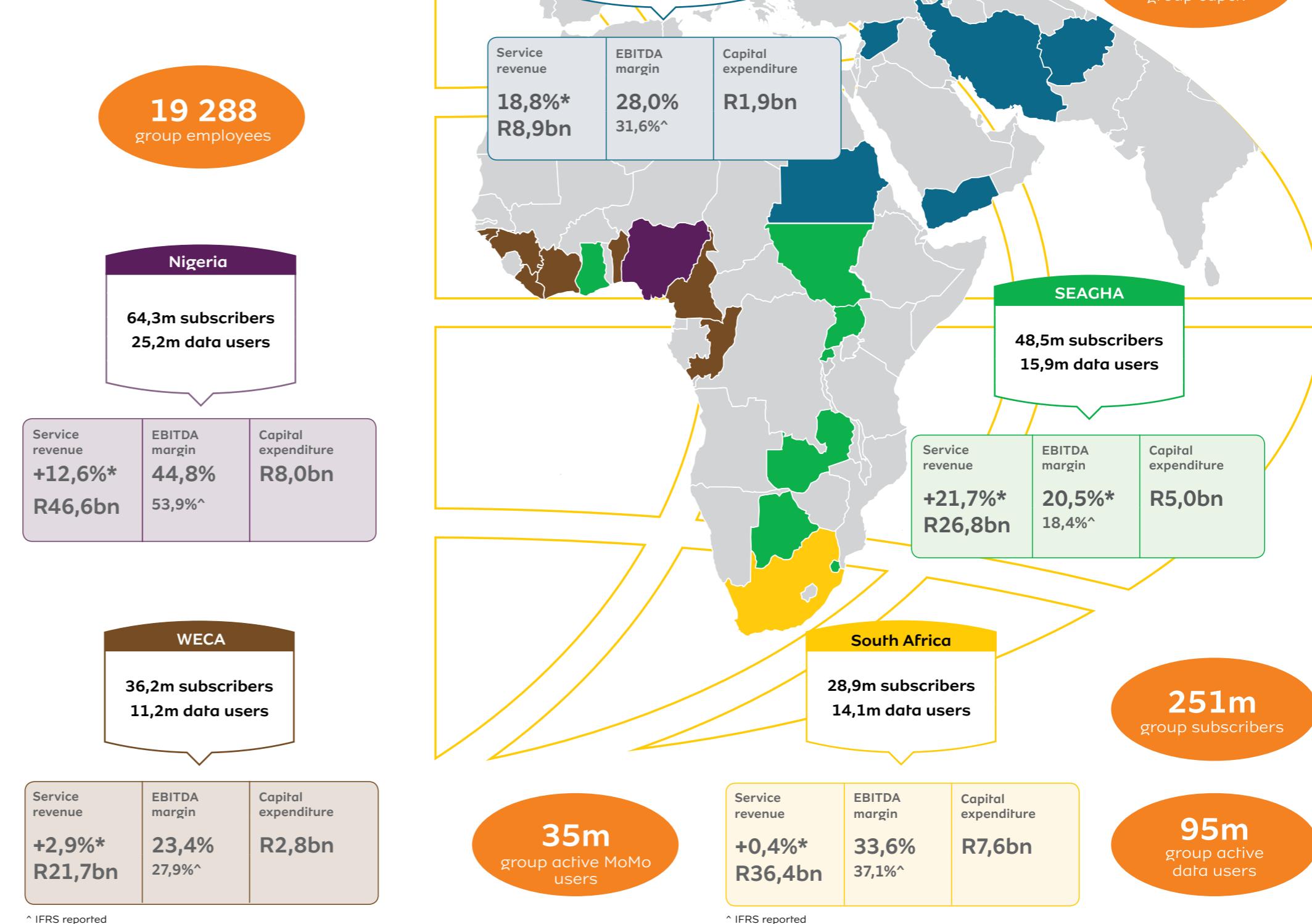
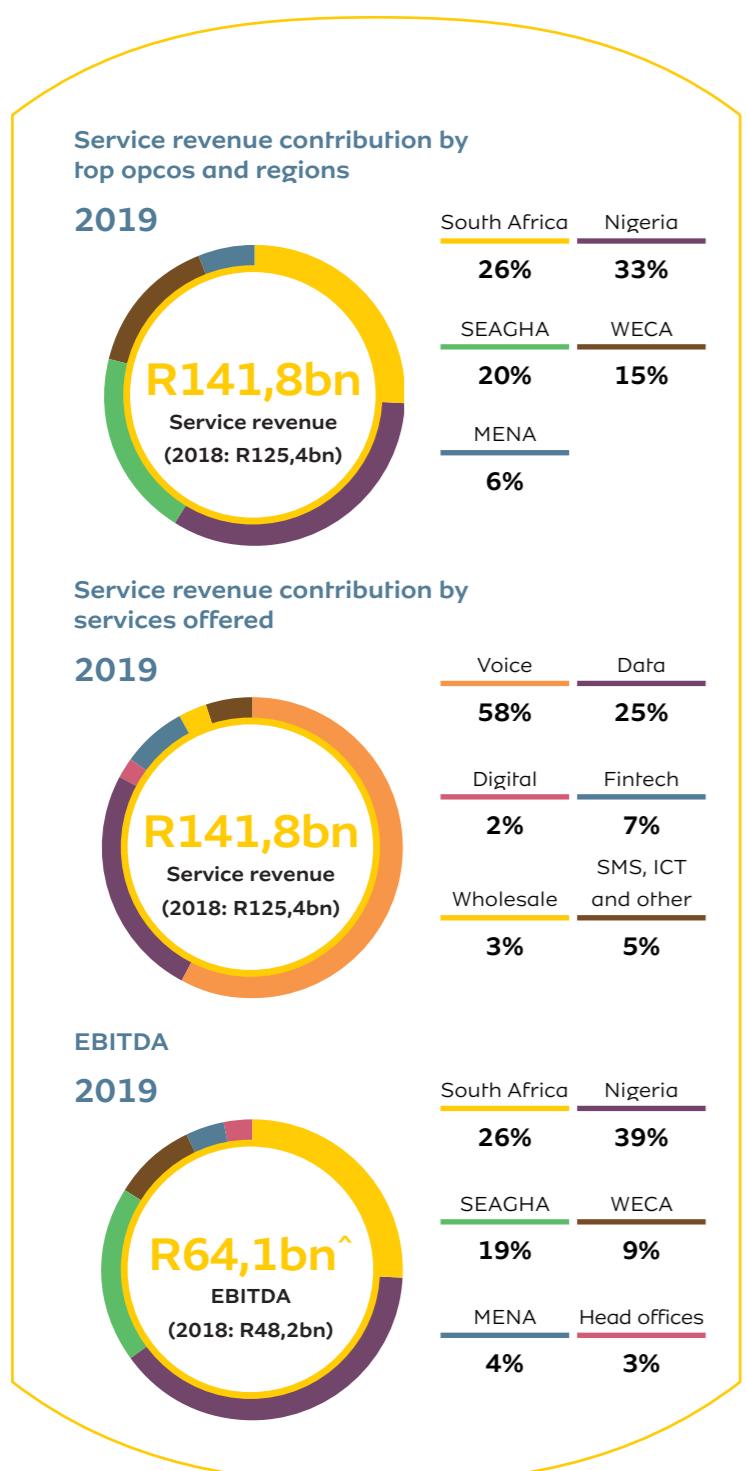
The services and ambitions of the digital operator fit neatly into the centre of our **BRIGHT** strategy: with our work around voice, enterprise and wholesale the focus of our 'I' pillar to ignite commercial performance, and the activities related to scaling up data, digital and fintech services being central to our 'G' pillar of growth through data and digital.



Where we operate and how we performed

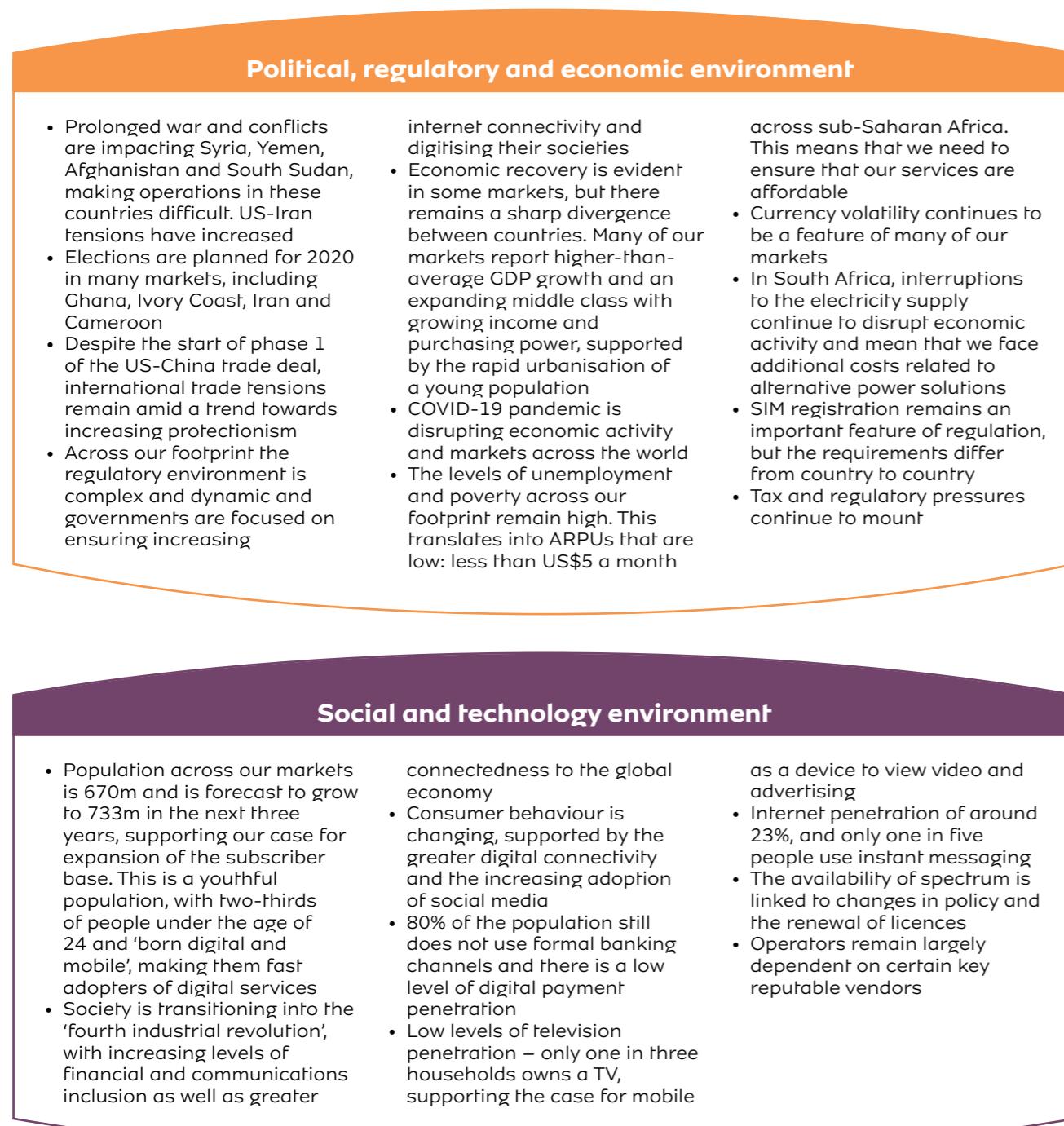
Our geographic footprint is wide, stretching over **21 markets** on two continents. As a result, robust operational oversight is critical. We secure this through a **management structure** (see page 70) that reflects almost **equal contributions** of around a third to group earnings of each of our operations in **South Africa and Nigeria** and that of our regions – **SEAGHA, WECA and MENA** – combined.

In 2019, the group reported EBITDA of R64bn (2018: R48bn) and an EBITDA margin of 42,3%[^] (2018: 34,3%). Capex totalled R26,3bn (2018: R28,1bn) on an IAS 17 basis.

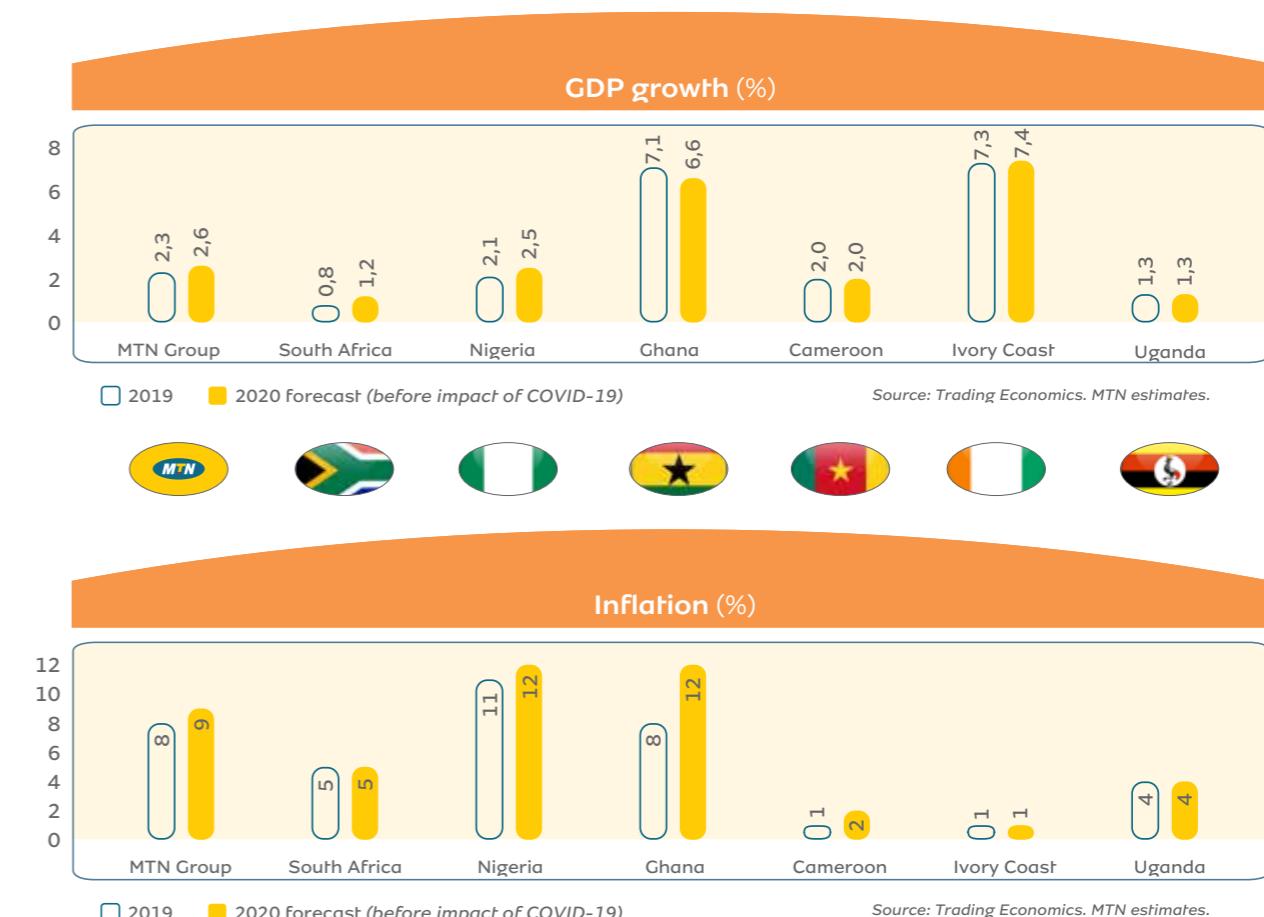


Our market context

As an **emerging market operator**, the environment in which we work is **complex**, presenting **unique challenges** as well as **exciting and valuable opportunities**. By considering our **market context**, we are **better able to determine our material matters**, the **impact** that these have on our **business model** and how best to **respond**.



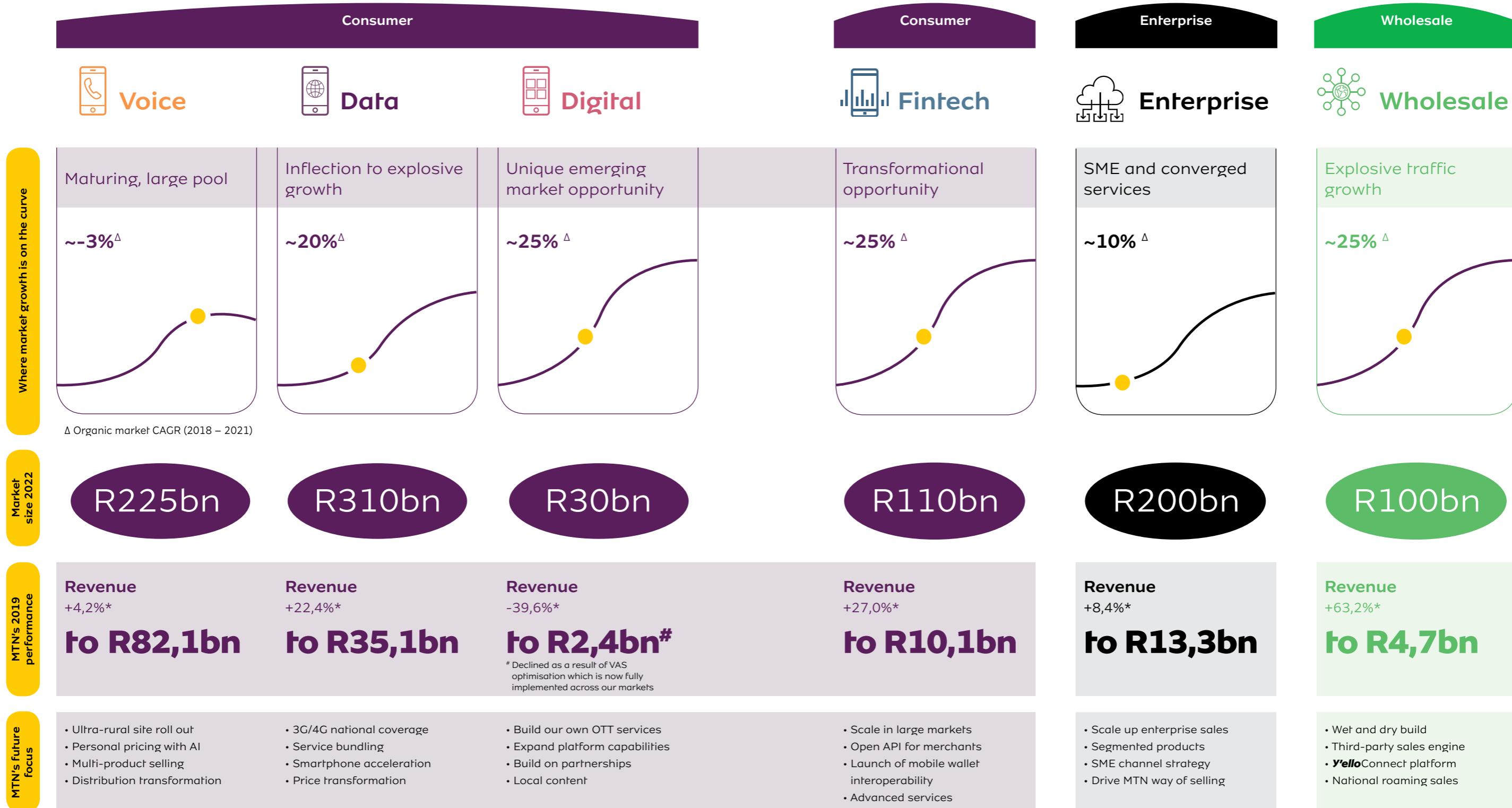
We have developed our **BRIGHT strategy** and our **investment case** to ensure that we are **well positioned to deliver growth** and **unlock value** from the **opportunities** as well as **mitigate the risks**.



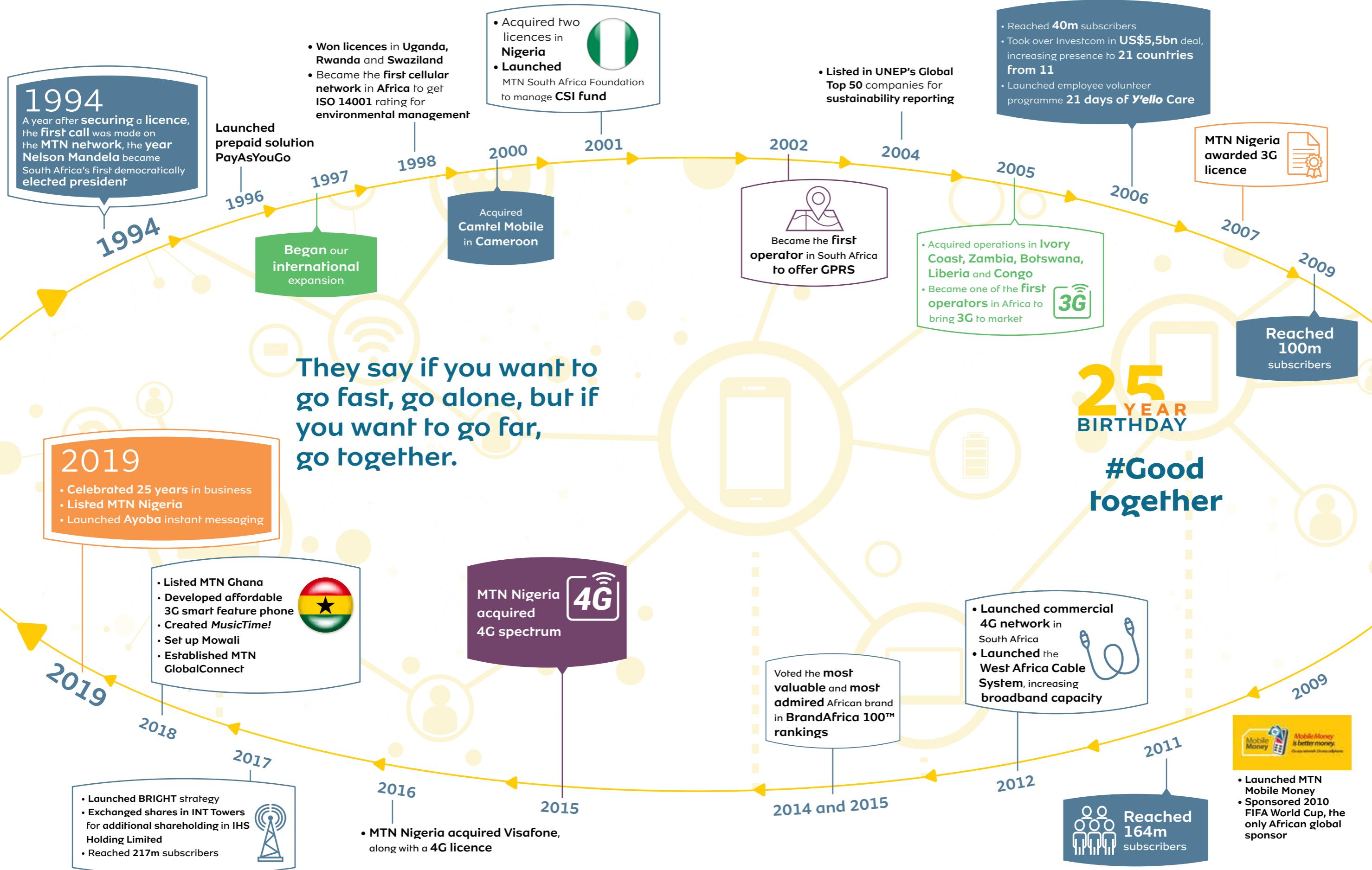
What we are doing to address the opportunities

Considering our **market context**, and the **material matters** that this presents, we have identified **six distinct growth opportunities** which we are **pursuing simultaneously**, across the **consumer, enterprise and wholesale segments**.

These **growth opportunities** are the **focus** of the '**I**' and the '**G**' of our **BRIGHT strategy** (see page 03). The **curves** are a **view of the current adoption levels**.



25 years of doing good



Creating value - #GoodTogether

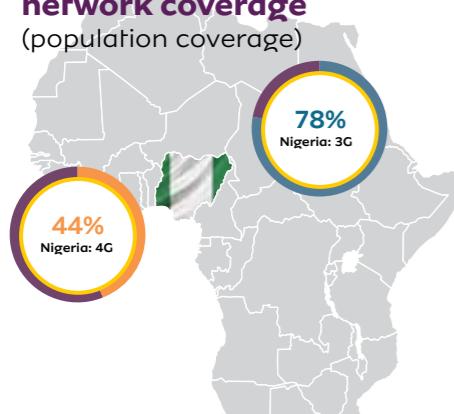
With Africa being a **young** continent, young Africans want to experience a **modern, digital, connected life**. We are doing everything we can to make this a **reality** by **leading the delivery** of a **bold, new digital world** in ways that are relevant to our customers. MTN is committed to **brightening lives** every day by being a **responsive, customer and community-focused company**.



Named **most admired brand by Brand Africa 100**

Brightening our customers' lives

Extended our **network coverage** (population coverage)



Added sites:
4G: 10 895
3G: 5 795
2G: 4 699



#1 network
NPS in 14 markets

Launched US\$20 **MTN smartphone**



Distributed **675 000** affordable low cost smartphones

Over **480m** Africans covered by our high-speed network



Deployed **1 387** ultra rural sites

Reduced the effective price per MB of data by **34%** in 2019



Reached **2m** monthly active users, live in **12 markets**



Launched **Mobile Money** in South Africa and Afghanistan



Launched **MTN Homeland**, facilitating money and airtime transfers from Europe to Africa and parts of the Middle East

Through the MTN Foundations we **work together** with **communities** to **create opportunities** to **advance growth and development** by **supporting health and education initiatives** and **national development priorities**. We are also working hard to deliver the **best customer experience** in **voice, data, digital and financial services** so that consumers across our footprint continue to choose us as their **most admired** and **preferred brand**.

Across the continent and beyond we play a **vital role** in **providing IT services** and **scholarship programmes**.

All of this is a direct result of the work we do each day as well as a number of **innovations** that support **greater digital and financial inclusion**. It is the **collective, positive impact** we as MTNers have on the countries and communities in which we operate – and this is something we can all be **proud of**.

01 All about MTN

02 How we create value

03 Strategic and financial review

04 Governance and remuneration

Brightening our societies

Launched **"We're good together"** initiative

Provided **35m** Africans access to financial services – **enabling Financial inclusion** with **9 200** transactions a minute worth **US\$96bn** in 2019 through MTN Mobile Money



Listed **MTN Nigeria** and committed capital investment of **US\$1,6bn** in Nigeria over the next three years

Investing **R50bn** in South Africa over the next five years to roll out digital infrastructure, networks, connectivity and speed highways



Invested **R26,3bn capex** across our markets



R30bn tax contributions

517 000 MoMo agents

MTN Nigeria first mobile network operator in West Africa to **test 5G**

Spent **R189,5m** on corporate social investment



Partnered with **Internet Watch Foundation** to make the internet a safer place for children, **blocking** 2m URLs



Level 2 BEE contributor status in South Africa

Brightening our employees' lives

Improved staff morale, with highest engagement score yet



Trained **3m** people in **digital literacy**



37% women employees



10 998 ethics e-learning courses completed by **staff**

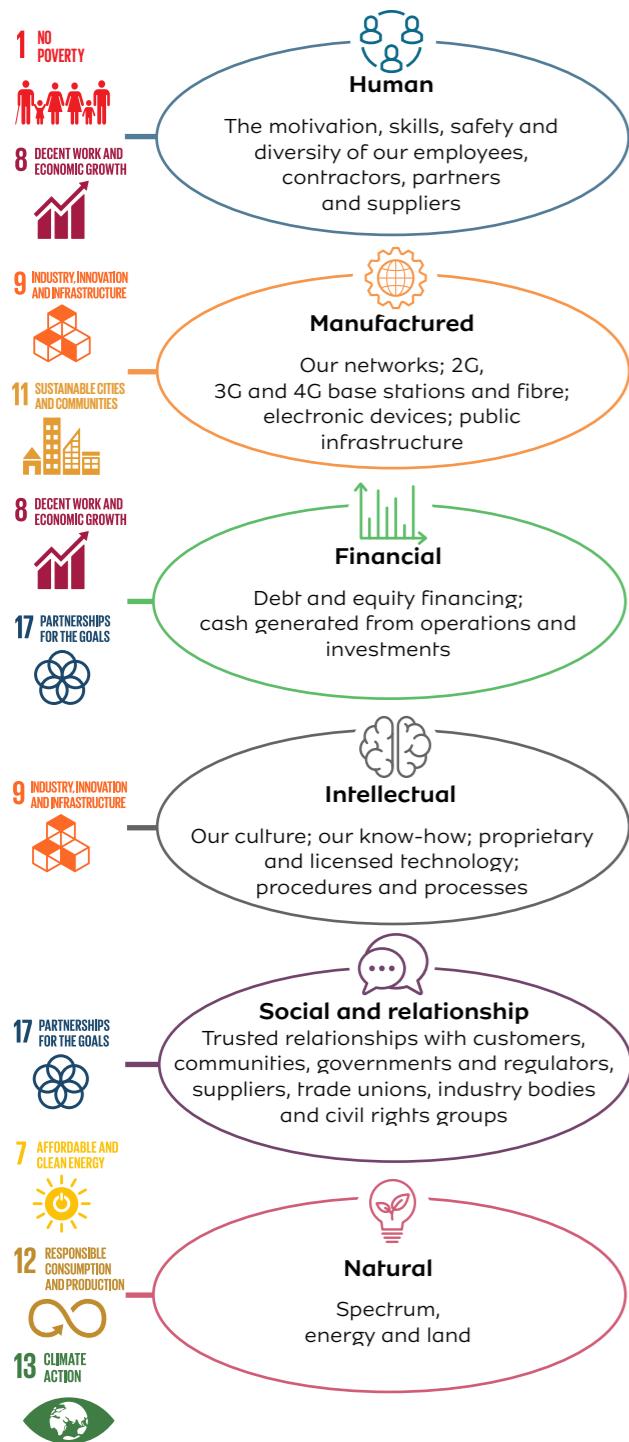
How we create value using the six capitals

Transforming the stocks of capital through our activities

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

SDGs

Inputs



How we do business

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



We ensure our agility by continuously assessing our market context (pages 06 and 07) and our material matters (pages 18 and 19).

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

Outputs

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

2,3m tCO₂e of emissions[#]

Outcomes in 2019

19 288 employment opportunities

Improved **employee culture**

Rolled out **4 699 2G, 5 795 3G and 10 895 4G sites**

EBITDA of R64,1bn (IFRS reported)

Declared **total dividend of 550 cps**

Promoted investment and economic growth through **digital and financial inclusion**

Spent **R189,5m in social investment**

Leading **NPS** in **12 markets**

MTN South Africa BEE contributor status improved to **level 2**

Paid **R30,5bn** in total **tax contributions**

Enhanced **sustainable societies** by **conducting business ethically and responsibly**

Ensured **eco-responsibility** by **using natural resources conservatively**

Avoided 1 855 tonnes of GHG emissions

[#] Defined as an output by the IIRC.
For more details, see [SR](#)

VALUE

CREATION

How we sustain value using the six capitals

Human capital


Key capital inputs

	2019	2018
Number of employees	19 288	18 835
Number of contractors	2 695	2 874
Investment in employee training (Rm)	282	270
Number of nationalities employed	58	64
Gender diversity was little changed, with women making up 37% of the workforce.		

Outcomes of our activities

	2019	2018
Staff costs (Rbn)	10,6	9,5
Voluntary staff turnover (%)	4	4,5
Employee sustainable engagement score (%) 	80	78
Training courses completed	715 728	726 595

Manufactured capital


Key capital inputs

	2019	2018
Value of property, plant and equipment (Rbn)	98,3	100
Capital expenditure (Rbn)	26,3	26,0
Number of smartphones on our networks (m)	121	105

- Offices and networks in 24 countries.
- Access to public infrastructure.

	2019	2018
2G sites rolled out	4 699	4 206
3G sites rolled out	5 795	8 295
4G sites rolled out	10 895	7 257
Depreciation (Rbn)	27,3	19,7
Impairment of assets (Rbn)	0,3	0,3

Financial capital


Key capital inputs

	2019	2018
Market capitalisation at year-end (Rbn)	155	168
Interest received (Rbn)	1,9	2,0
Net debt (Rbn)	67,9	64,2

	2019	2018
EBITDA (Rbn)	64,0	48,2
Profit after tax (Rbn)	10,7	9,6
Cash generated through operations (Rbn)	36,2	32,4
Net debt to EBITDA ratio	1,3	1,3
Net interest paid (Rbn)	6,9	5,6
Headline earnings per share (cents)	468	337
Adjusted headline earnings per share (cents)	597	552

Intellectual capital


Key capital inputs

	2019	2018
• Our strong and established brand.		
• Our skilled and experienced employees.		
• Our partnerships and joint ventures.		
• 25 years' experience of operating in challenging emerging markets.		

	2019	2018
Goodwill and intangible assets (Rbn)	36,9	40,3

	2019	2018
• MTN South Africa named most valuable brand in the country (Brand South Africa).		
• Introduced standardised CVM platforms across 18 opcos.		
• Expanded MTN Mobile Money ecosystems to 16 markets.		
• Launched customised offers in 11 opcos.		

Natural capital


Key capital inputs

	2019	2018
• Radio spectrum in the 700, 800, 900, 1 800, 2 100, 2 300, 2 600MHz bands.		

	2019	2018
Carbon emissions (million tonnes of CO ₂ equivalent)	2,3	2,1
GHG emissions avoided (tonnes)	1 855	2 188
Number of new alternative energy sites	638	431

	2019	2018
E-waste recycled (tonnes)	780	272

Social and relationship capital


Key capital inputs

	2019	2018
• Constructive relationships with regulators, customers, trade unions, employees, communities and civil society.		
• Ongoing interactions with government and tax authorities.		
• Regular engagement with shareholders and the investor community on MTN's plans and performance.		

	2019	2018
Total tax contributions (Rbn) 	30,5	24,1
CSI spend (Rm)	189,5	185
BBBEE status in South Africa	Level 2	Level 4
Calls to whistle-blower line 	132	94
MoMo active subscribers (m)	34,6	27
NPS South Africa (%) 	37	26
NPS Nigeria (%) 	62	60
NPS other key markets (%) 	34	32

How we achieved these

- Filled 82 critical vacancies in the year, aligning to digital operator ambition
- Invested in targeted training and development
- Encouraged diversity to ensure workforce understands customer needs
- Continuous engagements with employees. As a result flexible working hours implemented in January 2020

The trade-offs

Employees in 18 of our 20 operating companies and Manco received bonuses in 2019. This positively affected human capital even though there is an outflow of financial capital.

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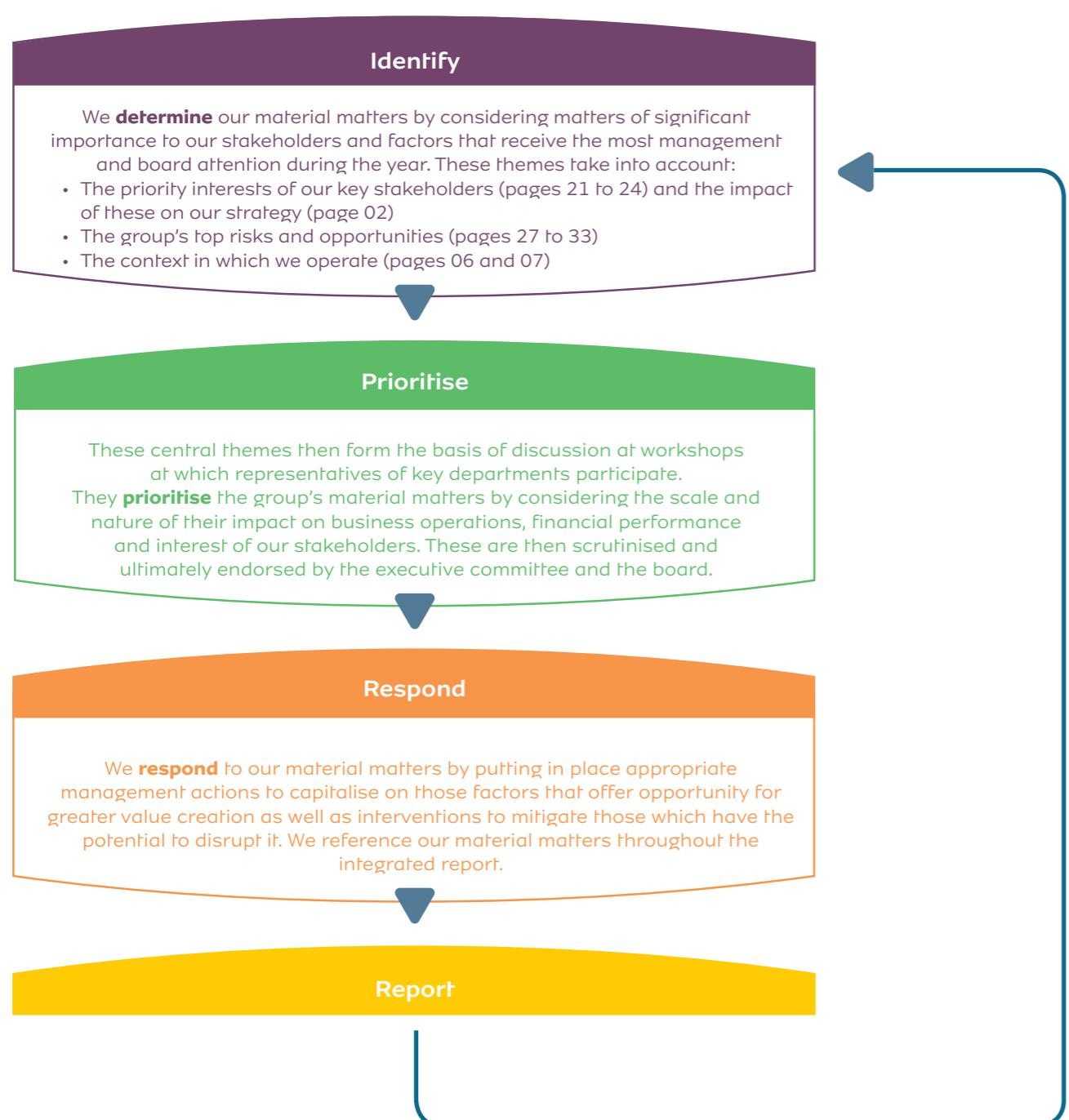
17

Material matters impacting value creation

Material matters have the potential to **substantially affect**, both **positively and negatively**, the **group's ability to create value** in the **short, medium and long term**. In so doing, **their role in the sustainability of the company, and of its stakeholders, cannot be understated**.

Managing material matters

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



Material matter	Implications for value	Looking ahead
Disruptive technologies New technologies are displacing established ones and – facilitated by greater digital connectivity – this is altering the way businesses operate as well as the way consumers behave. The telecommunications industry is facing three trends: that of the evolving telco, the fintech player and the digital player (page 03).	<ul style="list-style-type: none"> Opportunities for revenue expansion in fintech and digital in particular, however returns could be impacted given the investment required in new businesses. This investment includes securing sufficient and appropriate spectrum to facilitate greater network rollout to support the wider offering Erosion of voice revenue and pressure on data-access pricing Due to technological advances today's skills will not match the jobs of tomorrow and newly acquired skills may quickly become obsolete Disruptive technologies such as artificial intelligence, automation and robotics pose greater risks to individuals' privacy, security and decision-making ability 	<ul style="list-style-type: none"> Opportunities to scale up our digital, fintech and wholesale offerings in support of our digital operator ambition, with even greater disruption of financial services forecast ahead The greater complexity associated with the convergence of telcos, communications and financial services will require companies to commit more resources including appropriate specialist skills and refined internal controls A strategic approach to spectrum allocation is essential Greater focus on lifelong learning that enables people to acquire skills and to reskill and upskill Adopting a "human-in-command" approach to artificial intelligence that ensures that final decisions affecting individuals are taken by people and privacy choice is within the control of all consumers
Complex and dynamic political environments and greater regulatory and compliance requirements We operate in some countries suffering prolonged war and conflicts and others marked by political and policy uncertainty. In all our markets, the regulatory requirements are growing, for example with regards infrastructure sharing.	<ul style="list-style-type: none"> Reputational and relationship risks Requirements may reduce our competitive edge and pressure MTN revenue and profitability Greater local participation – including stock exchange listings of local operations, and a further enhancement of in-country hiring and procurement – will support value creation Greater information security, data sovereignty and privacy requirements as well as more detailed ESG disclosures 	<ul style="list-style-type: none"> Extend progress on further embedding risk management practices, including refining various controls to comply with all the requirements of a digital operator Continue to elevate stakeholder engagement, proactively identifying and addressing regulatory and geopolitical issues Further progress localisations in Nigeria and Ghana with the associated benefits Continued focus on the application and interpretation of dynamic tax legislation TAX Explore network-sharing deals
Economic environment Mixed economic growth across our markets, with muted GDP performance in South Africa and Nigeria. Weak operational currencies. Repatriating cash from our diverse markets remains complex and dependent on prevailing legislation as well as sufficient market liquidity.	<ul style="list-style-type: none"> Pressure on MTN revenue and profitability Foreign exchange translation losses on rand-reported results Increased costs due to some expenses denominated in hard currencies Inability to repatriate cash from Iran Received R3,7bn in dividends from MTN Nigeria in 2019 	<ul style="list-style-type: none"> Although challenging, the economic environment should trend better over the next three years, with slow GDP recovery and stable inflation in most markets. This outlook could be impacted significantly by the COVID-19 pandemic A weak rand compared to other operating currencies will support the rand value of earnings, while a strong rand would be dilutive Improving mix of debt to 60%:40% ZAR/USD
Heightened focus on sustainability-related matters Growing stakeholder expectations of companies' contribution to the acceleration of climate action and good corporate governance in a manner that preserves and protects people's basic human rights.	<ul style="list-style-type: none"> Countries in which MTN operates are most vulnerable to the effects of climate change; managing MTN's environmental impact is key Requirement that MTN's capital allocation is well aligned to sound environmental, social and governance (ESG) practices The value investors place on MTN, as seen in our share price, could be affected by their perception of our ESG performance and disclosures Risk of human rights incidents in our countries of operations exist Corruption compromises states' ability to fulfil their obligations to promote, respect and protect the human rights of individuals 	<ul style="list-style-type: none"> MTN is driving responsible use of environmental resources and alternative energy sources Protect and create shared value for MTN and our stakeholders through responsible economic, environmental and social practices Focus on earning the loyalty of our stakeholders through demonstrated ethical behaviour; enhance systems to measure and further progress our ethical culture Increase our disclosure on our impact on society, human rights and the environments in which we operate
Growth in data volumes in a decreasing price environment The economics of the data business are challenging – increasing volumes mean more capex is required while prices fall. Customers are increasingly using data, with digital and fintech supporting adoption.	<ul style="list-style-type: none"> Our effective voice rate per minute declined 11,3% in 2019 Our effective data rate per megabyte declined 34% in 2019 Efficient capex deployment is key to making a return – capex intensity improved in 2019. 17,5% on IAS 17 basis. 	<ul style="list-style-type: none"> Leveraging existing infrastructure for greater efficiencies In line with our belief that everyone deserves the benefits of a modern connected life, data prices will continue to fall; driving volumes remains a priority

Social and ethics committee chair's review



► Outgoing Chairman
Koosum Kalyan

"In 2019, the committee encouraged management to develop and embed ethics practices that support greater value creation for all MTN stakeholders. MTN recorded good progress in this regard, with the sharp improvement in the BEE score in South Africa a particular highlight. To ensure a solid foundation, companies' values, culture and a sense of belonging are critical. MTN lives by its business principles to ensure the group's continued success. We continue to develop and sustain a diverse and inclusive culture."

Key features of 2019

- Updated the committee's terms of reference, including more international reporting standards
- Oversaw growing maturity in the governance and management of ethics, since the implementation of the three lines of assurance model in 2018. With this came increased leadership support for a culture of ethics
- Directed the design and implementation of a rigorous system for measuring ethics governance and management effectiveness, and recorded improvements in ethical culture as measured by the group culture audit
- Updated MTN's sustainability framework and initiatives, including a project to protect children online and another offering prepaid solar power solutions. We commenced with programmes to enhance our sustainability performance after a decline in MTN's ranking in the JSE FTSE4Good Index
- Embedded MTN's stakeholder management framework and conducted stakeholder reputation index survey across the group
- Held, for the first time, an ocpo-wide social and ethics workshop to provide guidance on initiatives, share best practices, key challenges and opportunities
- Launched "We're good together" marketing campaign, showcasing MTN's shared value positioning and initiatives
- Embedded CSI strategic framework, with a shift towards youth empowerment
- Carried out successful visits by independent non-executive directors to opcos in MENA and WECA to improve understanding of social and ethics issues and assess the strength of the policies and procedures as well as their usefulness
- Provided oversight on the activities of the global diversity and inclusion committee, and oversaw progress by MTN South Africa on BEE, improving to level 2 from level 4, driven by skills development and preferential procurement gains

Key focus areas for 2020

- Focus on earning the loyalty of all stakeholders through demonstrated ethical behaviour; entrench ethical leadership throughout MTN through tone from the top; and act against transgressions quickly, decisively and fairly while protecting whistle-blowers
- Approve and embed MTN's CSI policy across the markets
- Enhance group-wide stakeholder engagement plans incorporating feedback from MTN's stakeholder perception index
- Embed sustainability framework across MTN's markets, work to improve MTN's ranking in the JSE FTSE4Good Index
- Review many of the company's policies for suitability and relevance
- Oversee further rolling out across the footprint of the "For Good" campaign
- Oversee an ethics risk assessment, to be conducted by an independent contractor
- Prioritise the achievement of level 1 BEE contributor status in South Africa

Members

Koosum Kalyan[#]
Peter Mageza
Dawn Marole
Lamido Sanusi[^]
Jeff van Rooyen[#]

Attendance

4/4
3/4
4/4
2/4
4/4

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

[#] Retired 15 December 2019

[^] Appointed 1 July 2019

► Incoming Chairman
Nkunku Sowazi

Relationships on which we rely to create value



Driving partnerships for a bright future

Our partnerships have been central to MTN's success in the last 25 years and will continue to determine the success of the group going forward.

"It is in the core DNA of MTN to do good, to be good and to be for good."

#GoodTogether

Embedding our framework

2019 was an important year for stakeholder engagement at MTN, as we embedded the group stakeholder and reputation management framework across our markets. The framework comprises of:

- A stakeholder and reputation management strategy
- A stakeholder management policy
- A blueprint guideline for implementation, monitoring and evaluation

In 2019, we commissioned an MTN reputation index survey, which enabled us to assess our:

- Performance against reputation drivers
- Responsiveness to stakeholder issues
- Quality of engagement
- Relationship capital

By having a standardised, consistent and well-governed stakeholder engagement framework, the group was able to maintain its socio-political legitimacy in the markets in which we operate. The strategic objectives of the framework are to be:

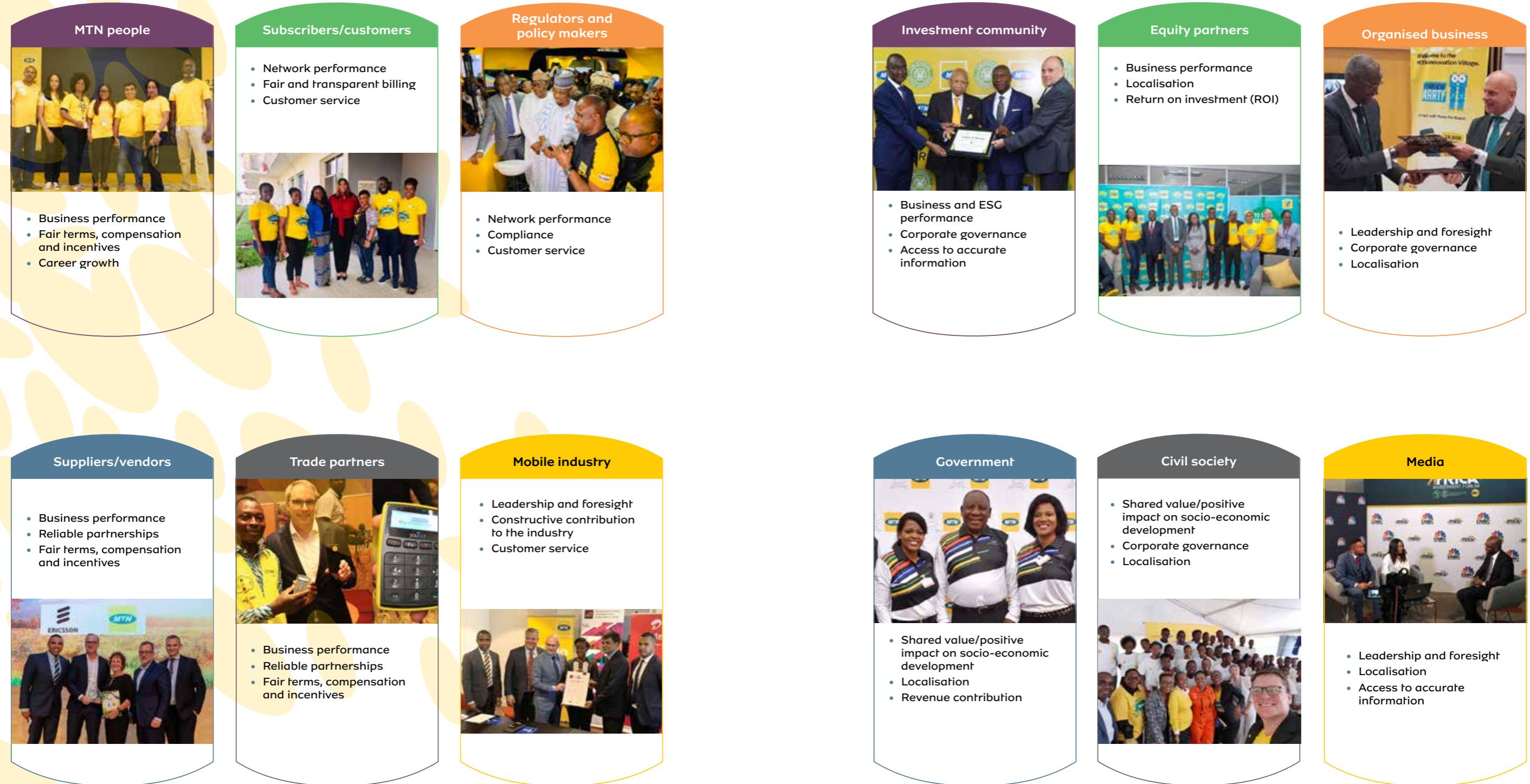
- (1) responsive to issues;
- (2) build a robust reputation; and
- (3) foster constructive relationships with stakeholders who have a material impact on, or legitimate interest in, the MTN business.

At the core of our approach is stakeholder centricity, allowing us to prioritise stakeholder interests as we make business decisions.

Achieving these objectives required a thorough understanding of what drives our reputation among stakeholders. MTN's overall reputation improved across the footprint as a result of our efforts to meet the legitimate expectations of all stakeholders.

Relationships on which we rely to create value continued

Stakeholder categories and reputation drivers



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Relationships on which we rely to create value

continued

Measuring the impact of our efforts

We recognise that the understanding and support of all our stakeholders underpins the success of our BRIGHT strategy.

By aligning our investment case with stakeholders in-country as well as appreciating various cross-border priorities, our collaboration and cooperation with all our stakeholders improved MTN's overall reputation in 2019.

This was evidenced by the results of the survey, which showed a marked improvement in the impact of our stakeholder engagement efforts, but also highlighted areas where there is room for improvement. It clearly showed that our work to standardise our approach to stakeholder engagement led to better relationships and consequently a better reputation.

Key reputation index survey results:



What this means:

Quality of engagement:

This is related to how well we listen to, and consult with, our stakeholders and enable their informed participation in business matters relevant to them.

In the 2019 survey, we achieved an overall score above 72%.

The key take-away in terms of room for improvement is that **MTN could be more inclusive by making greater effort to take stakeholder views into account in its decision-making.**

Issue management and responsiveness:

Our overall responsiveness is how we understand, acknowledge and comprehensively respond to a stakeholders concerns.

In 2019, we scored 73% in this area with wide variations between stakeholders. This is largely due to the expectations that **MTN could make more effort to understand stakeholder realities and priorities from different points of view.**

Relationship health:

Robust and healthy relationships are of great importance to us.

Our overall score for 2019 was 74%, with high levels of trust and long-term commitment identified as the core characteristics of our relationships.

Feedback from our priority stakeholders suggests that **there is room for improvement in the degree to which our stakeholders feel empowered to influence the engagement process and outcomes.**

Looking ahead

We will continue to elevate our stakeholder engagement, using the results from the reputation index survey to develop a proactive plan that addresses the concerns of our material stakeholders. As a result, we will be better able to identify and address regulatory, geopolitical and other threats to the business and its stakeholders.

Risk committee chair's review

Risk management, compliance and corporate governance committee



"As the group's business strategy evolves into new opportunities like fintech, a new universe of risks emerges. While we ensured that we matured our adopted risk-management processes in 2019, the committee's focus was also on ensuring that the associated risks of this new universe are sufficiently mitigated through the adoption of robust policies as well as operational and governance processes."

Key features of 2019

- Operationalised the risk appetite framework, giving management greater understanding of risk preference along with key risk indicators to monitor tolerance levels
- Introduced country risk monitoring, using parameters including GDP and currencies, public debt, tax regime, sanctions and policy
- Identified catastrophic risk scenarios along with high-level mitigations and conducted deep-dives on a number of countries, strategic drivers, products and processes and big picture scenarios
- Stress tested the business plan for a variety of possible scenarios and identified appropriate mitigations
- Enhanced our risk framework and methodologies through a revision of our enterprise risk management (ERM) methodology and the development of an ERM maturity model and an insurance framework
- Conducted quality assurance reviews during visits to all opcos except to those in three conflict markets for which we performed desktop reviews
- Implemented our compliance strategy and operationalised our compliance manual across the group; tracked and monitored compliance maturity levels
- Developed a fintech compliance framework and completed fintech risk assessments across our opcos; developed a group anti-money laundering (AML) policy
- Completed AML compliance reviews across numerous opcos
- Continued to implement a business resilience roadmap and established executive resilience committees in opcos
- Developed supply chain crisis management plans to ensure adequate measures are in place to respond to and recover from disruptions

Members in attendance	Scheduled meetings	Special meetings
Peter Mageza	3/4	1/1
Mcebisi Jonas	4/4	0/1
Koosum Kalyan [†]	4/4	1/1
Shaygan Kheradpir	4/4	1/1
Dawn Marole	4/4	1/1
Stanley Miller	4/4	1/1
Lamido Sanusi [#]	2/4	0/1
Nkunku Sowazi [#]	3/4	1/1

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

[†] Retired from the board 15 December 2019.

[#] Appointed 1 July 2019.

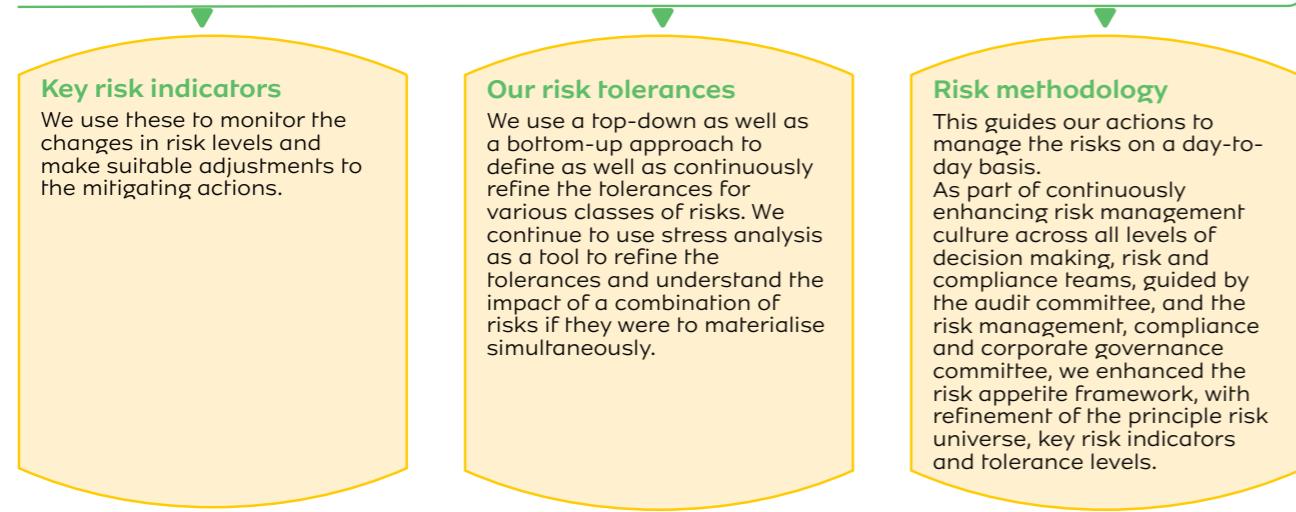
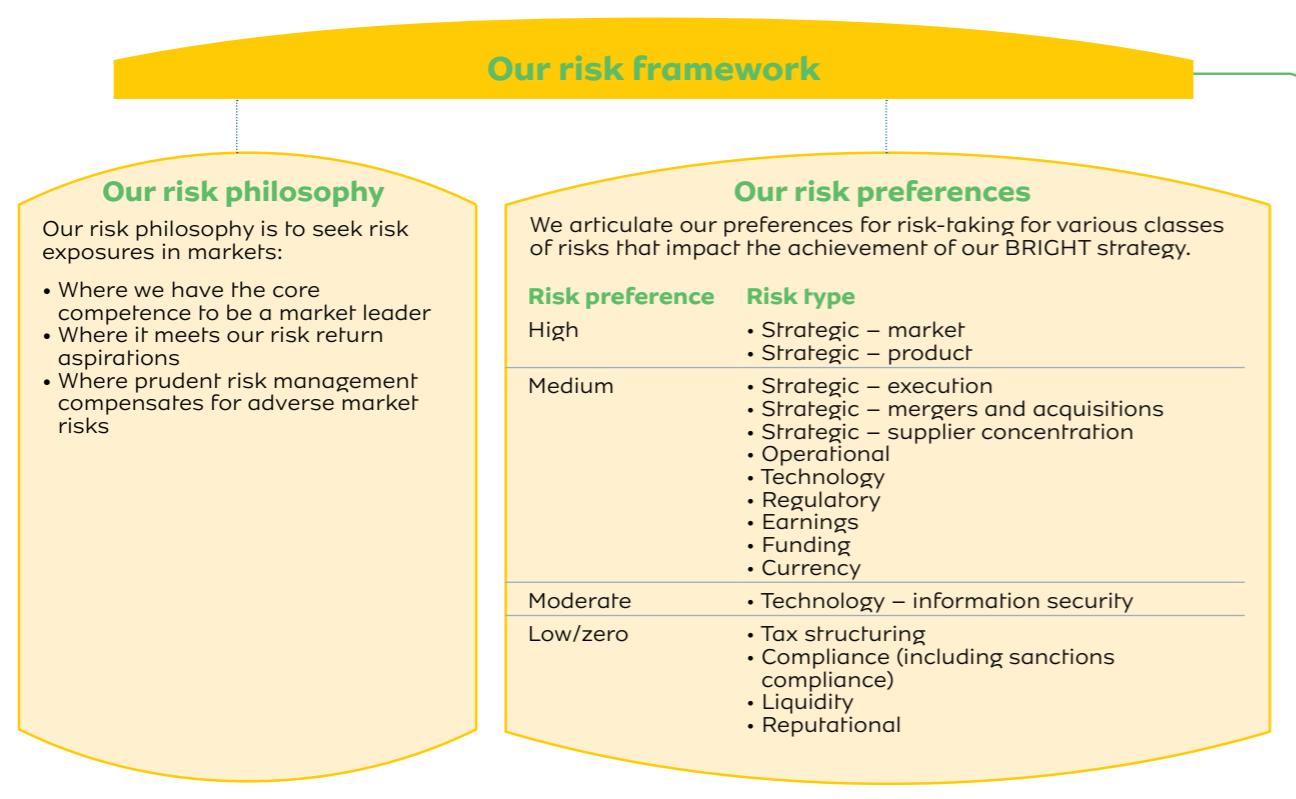
[#] Withdrawn 23 May 2019.

Key focus areas for 2020

- Configure and implement a best-practice governance, risk management and compliance software system
- Continue to embed risk appetite and tolerance methodology
- Continue to review and align MTN's top risks to industry guidance, as well as those impacting our strategy and functions, while remaining sensitive to the dynamics of MTN markets
- Implement a company-wide e-learning system for policies and ethics standards

Top risks to value creation

Our risk philosophy and framework



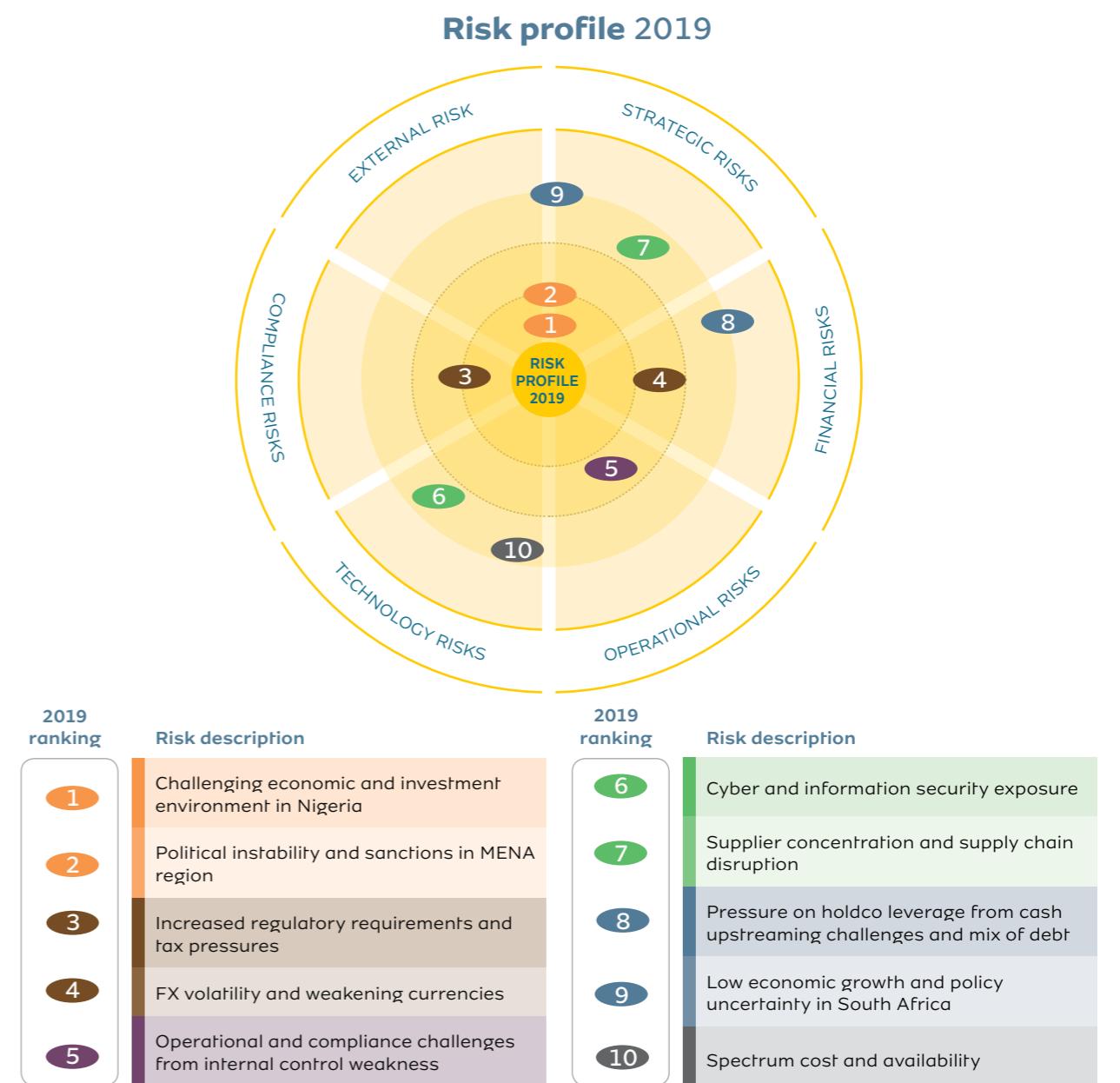
Scenario planning

As part of proactive forward-looking risk management, we have incorporated catastrophic scenario planning exercises into the process. Examples of scenarios considered include: a dramatic depreciation of the key market currency; difficulties in renewal of licence in key markets; failure of a major network supplier; cyber-attack crippling large parts of the network; and technology disruption leading to a more rapid move away from voice to data/digital.

Our top risks

In line with our **enterprise risk management** and integrated assurance methodologies, we have **processes and practices** in place across MTN for management to **proactively identify and manage risks and opportunities** that impact our **strategic and operational objectives**. Top-down and bottom-up risk management results in a profile of the most material risk issues based on residual risk.

Residual risk considers the likelihood of identified events occurring, the impact should these materialise and the effectiveness of existing mitigation and controls. Top risk profiles are discussed at monthly exco meetings as well as at quarterly meetings of the audit, risk management, compliance and corporate governance committees at the group level. In addition, opco level risks are discussed at opco exco and opco audit and risk committee meetings. At these meetings, changes and new risks are discussed and progress on agreed mitigation actions monitored.



Top risks to value creation

continued

2019 rank	2018 rank	Risk title and details	Mitigation and opportunities	MTN's performance in 2019	Link to strategy
1	1	Challenging economic and investment environment in Nigeria Macroeconomic uncertainty including concerns around currency, rising debt service cost and investor confidence. Internally, the AGF matter was an issue of concern and the pending payment service bank licence may impact mobile financial services objectives	<ul style="list-style-type: none"> Continuous stakeholder management and engagement of relevant authorities Convert supplier contracts into local currency where financially prudent and negotiating forex denominated obligations in local currency payments Use of available instruments for forex hedging Strict compliance to laws and regulations 	<ul style="list-style-type: none"> Implemented enhanced issue and stakeholder management activities Ongoing efforts to convert foreign currency contracts to local currency Use of cash-backed letters of credit in place of trade lines to reduce forex exposure and obligations on imported equipment Withdrawal of AGF case against MTN, which has now been referred to the relevant tax authorities Completion of the redemption of preference shares with MTN Group receiving US\$315m (about R4,4bn) in December 2019 	 
2	2	Political instability and sanctions in MENA region Several MENA countries face political instability, armed conflict and geopolitical pressures. Ongoing conflict in Afghanistan, Syria and Yemen cloud prospects for near-term stability. Sudan experienced a significant political change with a new military-civilian governing council taking over. In Iran, the collapse of the JCPOA, deepening sanctions and confrontation with the US increased pressure on the economy and industry	<ul style="list-style-type: none"> Continuously monitor developments across politically and economically sensitive markets with scenario and sensitivity analysis to enhance response capabilities Ensure sufficient levels of committed funding facilities at group to respond to market stress and maintain the group's approach of opco self-funding Ensure protection of staff and assets and continuity of operations through strong business continuity controls Strict compliance with international sanctions laws Continuously engage stakeholders 	<ul style="list-style-type: none"> Maintained the principle of self-funding for MENA opcos Concluded licence renewal negotiations in Yemen and Afghanistan Enhanced crisis management by strengthening group and opco teams Expedited timelines for implementation of business resilience controls; excellent progress made by Iran and Syria teams Ensured consistent use of political and economic scenario analysis as an integral part of the risk management and contingency planning process Implemented enhanced issue and stakeholder management activities MENA opco staff performed extremely well in the face of severe challenges 	 
3	2	Increasing regulatory and tax pressure MTN operates in multiple jurisdictions and must comply with applicable laws and regulations. These include licence obligations; regulatory prescriptions; tax compliance; capital importation and repatriation stipulations; data privacy prescriptions; cross border data flow conditions; quality of service performance indicators; SIM registration and know your customer requirements. Despite our ongoing efforts to comply, these requirements continue to increase and are often elevated by economic conditions in the markets in which we operate. In some cases, the cost of compliance is very high, impacting revenue and profitability	<ul style="list-style-type: none"> Continued implementation of our stakeholder management framework with increased oversight from the group Process in place to secure renewal of legacy licences on the best possible commercial, technical and financial terms Adherence to localisation and regulation obligations Concerted regulatory and industry advocacy Strict compliance with laws and regulations and continuous enhancement of compliance testing programmes 	<ul style="list-style-type: none"> Enhanced structures at, and support from, the group on regulatory and tax issues Further developed support frameworks, including stakeholder management which comprises strategy, policy and blueprint for regulatory management Completed restructuring of compliance functions MTN Nigeria successfully complied with new regulatory directives on subscriber registration MTN Afghanistan was formally commended by the regulator for implementation of SIM registration procedures MTN Afghanistan's GSM licence was renewed for 15 years effective from 15 October 2019 MTN Ghana secured the extension of its 2G licence for 15 years from 2 December 2019 MTN Rwanda successfully resolved long-standing tax disputes 	 
4	4	Forex volatility and currency weakness Inherent volatility and long-term weakening trend of currencies in key markets. Large opco contracts denominated in foreign currency create opex and capex pressure impacting opco liquidity and ultimately group profitability	<ul style="list-style-type: none"> Stress-testing of business plan against currency volatility to understand impact on revenue, EBITDA, PAT and free cash flow and formulation of response measures including specific mitigation plans for adverse key currency fluctuations Ensure alignment of hedging policy within risk appetite framework, hedging exposures where feasible and where instruments are available Optimise levels of local versus foreign currency debt Conversion of contracts into local currencies where possible and financially prudent 	<ul style="list-style-type: none"> Performed stress testing in respect of gearing ratios; and completed stress testing of group business plan for key currency volatility Use of cash-backed letters of credit in place of trade lines in order to reduce forex exposure and obligations on imported equipment Continued use of hedging instruments for applicable foreign denominated opex and capex Achieved 50/50 mix between local and foreign currency denominated debt 	

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Top risks to value creation

continued

2019 rank	2018 rank	Risk title and details	Mitigation and opportunities	MTN's performance in 2019	Link to strategy
5	5	Operational and compliance challenges These risks result from the strategic challenge of having decentralised opcos to enhance commercial agility, ethical conduct and the ongoing efforts to standardise and improve internal control maturity. In addition, increasing regulatory requirements, particularly in respect of subscriber registration, mobile financial services and data sovereignty, increase risks of inadvertent non-compliance leading to strained relationships with regulators, reputational damage, and disruption of services and loss of customers	<ul style="list-style-type: none"> Continued focus on reviewing of existing internal policies and procedures as required and the development of new ones Continuous enhancement and implementation of compliance maturity objectives and internal controls improvement plans Ongoing monitoring of key compliance risks in opcos Enhanced control environment in certain business areas, such as MTN Mobile Money Further enhanced risk management to the next level of the maturity ladder Further engagement with regulators to ensure clear, concise and unambiguous regulatory requirements by first line assurance functions 	<ul style="list-style-type: none"> Implemented a revised second and third-line assurance model, with structures that promote greater independence of third line assurance and increased internal consultancy capabilities of second line risk and compliance function The process of periodic review of policies and procedures resulted in enhancement of 25 prioritised policies Implemented our treat customers fairly programme vigorously, particularly with regard to value-added services Developed and rolled out "The MTN Conduct Passport" which emphasises our commitment to our operations and demonstrates the standard of ethics and conduct to be met by individuals employed by MTN, or entities that are engaged in business with MTN Assessed state of organisation in so far as our data privacy obligations are concerned; and provided training to opcos With respect to ethics, the 2019 group culture audit showed a continuing upward trend in ethical culture with a corporate integrity index score of 79% (up from 76% in 2018) Following in the footsteps of MTN Sudan and MTN South Africa, MTN Irancell received The Ethics Institute's 2019 Ethics Initiative of the Year Award in recognition of its exceptional endeavours to socialise the ethics programme and build an ethical culture in the opco. Organisations from across Africa and the Middle East compete for this award annually 	
6	7	Cyber and information security risks Cyber-attacks continue to increase globally and, if not controlled, new hardware and software vulnerabilities could compromise our customer data confidentiality, integrity and availability, ultimately affecting the performance of our networks and information systems	<ul style="list-style-type: none"> Ensure adequate monitoring and reporting on performance against the milestones as defined in the group's information security plan Continue to strengthen our incident response capability Review and enhance security governance and operational structures Enhance investment in the upgrade of the security environment across the organisation Enhance/develop new playbooks for common security incidents 	<ul style="list-style-type: none"> Met our information security plan targets for 2019, including development of a new information security governance structure Launched engagement on basic security skills for MTN workforce as part of a new e-learning platform Continued with ongoing security assessments on various MTN systems to proactively identify vulnerabilities requiring remediation 	
7	8	Supplier concentration and supply chain disruptions The telecoms industry depends on certain key suppliers. While we continue to monitor developments relating to Chinese telco suppliers, there is a risk of disruption to operations in the event of a key supplier's failure or its inability to deliver	<ul style="list-style-type: none"> Implement enhanced supplier risk management strategy Enhance business resilience Enhance crisis management structures Revise contracts with suppliers and develop contingency plans for high concentration suppliers Bring forward transfer ownership/title of all critical hardware Continue to monitor geopolitical events that may impact supply chain 	<ul style="list-style-type: none"> Developed and implemented contingency plans for Huawei crisis scenarios for all affected opcos, in coordination with Huawei Ensured that spare parts are available at any time for a period of six to 12 months Developed contingency plans for other key suppliers to ensure minimal disruption Developed a supplier risk and concentration strategy framework 	
8	3	Pressure on holdco leverage from cash upstreaming challenges and debt mix In addition to generating profitable returns, it is vital for our opcos to generate sufficient cash to fund capital-intensive programmes and repatriate earnings to the group. An inability to repatriate earnings, due to factors such as foreign currency shortage and restrictive forex laws and sanctions, impacts our ability to keep adjusted group leverage stable and increase distributions to shareholders. This may also lead to ineffective management of free cash flows due to an imbalance between revenue growth and capex intensity	<ul style="list-style-type: none"> Focus on attaining double-digit growth in constant currency service revenue as well as improving EBITDA margins Continue to implement our smart capex agenda Ensure management of capex intensity Implement asset realisation programme (ARP) Continue to improve foreign to local currency debt mix Optimise cash balances in opcos and cash upstreaming to the group Ensure that group leverage remains within the target range 	<ul style="list-style-type: none"> Continued to improve service revenue growth and EBITDA margins Raised R14bn as part of the ARP, significantly impacting holdco leverage positively and keeping within target range Achieved 50/50 mix between local and foreign currency denominated debt Maintained capex intensity within target range 	

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Top risks to value creation

continued

2019 rank	2018 rank	Risk title and details	Mitigation and opportunities	MTN's performance in 2019	Link to strategy
9	10	Low economic growth and policy uncertainty in South Africa Continued debate on various policies creating uncertainty for foreign investment. A volatile rand has a negative impact on MTN Group finance cost, funding headroom and gearing levels, impacting our ability to effectively manage business plans. Policy uncertainty remains an issue as well as continued pressure on the sovereign rating by rating agencies creating pressure on cost of funding	<ul style="list-style-type: none"> Ensure appropriate mix of fixed-floating rate funding and levels of gearing and headroom at group level Hedging forex exposures based on rand movements Monitor the political landscape and policies of the country and assess their impact on MTN consistently Continue to perform stress analysis on business plans 	<ul style="list-style-type: none"> Implemented forex hedging strategy Maintained holdco leverage and headroom within the target range as at year-end Resolved matters in respect of BEE Commission findings Conducted ongoing engagement with authorities on matters such as data pricing, spectrum, WOAN, etc 	
10	6	Spectrum cost and availability Non-availability of adequate spectrum has a direct impact on our quality of service and our ability to deliver on our dual-data strategy. Increased cost of spectrum impacts the cost of our products and services and puts pressure on profit margins	<ul style="list-style-type: none"> Liaise with regulators on the acquisition of spectrum in line with a defined spectrum strategy Enhance governance and compliance Increase the efficiency of utilisation of spectrum across all opcos Carry out ongoing cost/benefit analysis of spectrum acquisition 	<ul style="list-style-type: none"> Proactively engaged with regulators on the cost and acquisition of spectrum Updated our spectrum approach to ensure the acquisition and optimum usage of spectrum Release of additional broadband spectrum in Nigeria in relation to Visafone acquisition, potentially enabling expansion of the network to rural and unconnected areas of the country MTN Ghana: Renewal of licence to operate and provide 2G mobile services in the 900MHz and 800MHz bands; Acquisition of remainder of 800MHz, as well as 900MHz and 1800MHz that became available post Tigo-Airtel merger MTN Guinea-Conakry: Award of spectrum in 800MHz as well as additional spectrum in 900MHz, 1800MHz, 2100MHz as part of licence renewal negotiations 	   

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The view of our chairman

It was an honour to be appointed chairman of MTN Group in the year in which it celebrated 25 years in the business. Established at the same time as democracy in South Africa, the group's evolution since then has been remarkable. Its ambitions for the next 25 years are equally striking.

From servicing just one market with simple voice and SMS services back in 1994, MTN is now the most valuable African brand, and offers voice, data, digital, fintech, enterprise and wholesale services to more than 250 million subscribers in 21 markets in both Africa and the Middle East.

These markets are expanding fast and their adoption of data, fintech and digital services is still low. The political environment in many of these countries is complex, economic performance is mixed and regulatory complexity is increasing (see page 06). Everywhere, the industry is evolving rapidly; new technologies are disrupting established ones, changing the way businesses operate and consumers behave. Social activism is becoming more widespread, with growing stakeholder expectations of the contribution companies must make to achieve a better and more sustainable future for all.

In this dynamic milieu, MTN is steadfast in its belief that everyone deserves the benefits of a modern connected life. This unites our people across the business, inspiring them to deliver on the group's BRIGHT strategy and work towards greater digital and financial inclusion. In 2019, MTN launched a campaign, "We're good together", to showcase this work and the collective, positive impact MTN and its people are making in the countries and communities in which we operate (see page 13). The sustainability report [SR](#) also provides more details of MTN's progress in this regard.

To guide the group in navigating an increasingly complex environment, in the year we established an international advisory board (IAB) (see page 64). I have no doubt that the IAB, which is non-statutory in nature, will assist the group in its work to be a responsible and exemplary corporate citizen as well as an African champion.

Performance

MTN performed well in 2019, with solid operational execution and commercial momentum across most operations, sharply improved financial results and the launch of various innovations, including MTN's own instant messaging platform Ayoba. The group president and CEO and the group CFO unpack these in detail on the pages that follow.

Governance

2019 was a year of governance changes at MTN. The evolution of the board was not limited to the role of chairman, but included the retirement of three other long-serving directors and the appointment of two new directors, as well as the appointment of a new lead independent director. We said farewell to a long-serving company secretary and welcomed her replacement.

On behalf of the board, I would like to thank Phuthuma Nhleko, Alan Harper, Koosum Kalyan, Jeff van Rooyen and Bongi Mtshali for their invaluable contribution over many years. I wish you all the best for the future. I also

welcome Vincent Rague and Lamido Sanusi as new independent non-executive directors and Thobeka Sishuba-Bonoyi as the new company secretary.

In the year ahead we will review our governance framework to ensure that it is properly aligned to MTN's digital operator ambition. We will also review the committees of the board to ensure that they are suitably structured to support the group's vision, which is to lead the delivery of a bold, new digital world.

Regulatory and legal update

One of the five MTN material matters identified in the year (see page 19) references the regulatory environment in which it operates. Among key developments in this regard was the listing of MTN Nigeria on the Nigeria Stock Exchange in May 2019, which took the business a step closer to its plans for greater localisation. Its public offering, while dependent on market conditions, is a priority in the year ahead as the group targets a free float of 35% over time from around 21% now. Plans are also afoot for greater localisation of MTN Ghana, following its September 2018 listing on the Ghana Stock Exchange.

The group continues to address a number of other regulatory and legal matters. In January 2020, the attorney general of the Federal Republic of Nigeria (AGF) withdrew a demand for US\$2 billion as a claim for back taxes from MTN Nigeria and referred the matter to the tax and customs authorities. Consequently, MTN Nigeria withdrew its legal action against the AGF. The group remains committed to building and maintaining cordial relationships with all regulatory authorities. [TAX](#)

In the United States in December 2019, a complaint for violation of the Anti-Terrorism Act was filed on behalf of Americans killed or wounded in Afghanistan between 2009 and 2017. MTN is among the six groups named. The group continues to review the publicly available report and intends to defend its position if necessary, being of the view that MTN conducts its business in a responsible and compliant manner in all territories.

In December 2019, the Competition Commission of South Africa released the results of its two-year data services market inquiry. It made various non-binding recommendations, including reductions in the rates charged for monthly prepaid data bundles and a free "life-line" allocation of data for all customers. MTN continues to engage constructively on the recommendations made by the Commission and remains committed to providing high-quality, affordable data and connectivity to its customers.

Over the last two years, across its footprint, MTN has reduced entry-level data rates by 60%. In 2019 alone, the group reduced the effective price per megabyte by 34%. Radio spectrum is the digital highway upon which mobile operators depend to carry increasing volumes



for the contribution he has made, and continues to make, to MTN. The board expects to conclude the succession process during the year, enabling a seamless handover.

They say if you want to go fast, go alone, but if you want to go far, go together. For 25 years MTN has worked side by side with communities across its footprint. In the next 25 years, we see closer collaboration and greater shared value as MTN works to further the UN Sustainable Development Goals. It will do this by promoting investment and economic growth through greater digital and financial inclusion, enhancing sustainable societies by conducting business ethically and responsibly, and ensuring eco-responsibility by using natural resources conservatively.

I look forward to being part of that journey and would like to thank MTN's stakeholders everywhere for their continued support.

Mcebisi Jonas
Chairman

Q & A with the CEO

Q How do you see the progress of the group over the last few years?

A MTN's evolution in the last three years has been very encouraging. In 2017, we launched our BRIGHT strategy, providing a clear compass for all MTN's people. It defines the areas we need to focus on to build our business sustainably and create greater shared value. BRIGHT is an integrated, holistic framework that addresses all the key areas of the business from customer experience and employee engagement to reputation, risk management, commercial strategy and financial returns.

The delivery on BRIGHT has been heartening. We have accelerated our commercial momentum, improved our operations, overcome many challenges and delivered on our key priorities.

In the space of three years, we have added 34 million customers to our network, ramped up the number of active data users by 26 million and brought 13 million more people into our active MoMo base. This has been facilitated by our accelerated network expansion: in the past 36 months, 106 million more people in the MTN footprint have access to our data coverage, bringing the total to 481 million.

Leadership in NPS, which measures customer experience and is a leading indicator of growth, has also accelerated. In 2017, MTN had #1 NPS in three markets and by 2019 that had grown to 12 markets. Most MTN operations have also won market share. Driven to deliver a network that is second to none, we have also sharply improved our network NPS. In 2019, MTN boasted #1 network NPS in 14 markets – up from seven in 2017.

Relationships with stakeholders across our markets have improved. Employee motivation in particular has shown steady increases in sustainable engagement measured in our annual group culture audit to our highest score yet in 2019. We have also had a strong drive to enhance and standardise our stakeholder engagement strategy across our footprint.

As the chairman notes, ours are complex and dynamic markets. Since 2017, we have resolved a number of significant challenges, including the dividend and tax issues in Nigeria and a number of licence issues across the markets.

We also made progress on many strategic projects. These include the initial public offering and listing of MTN Ghana on the Ghana Stock Exchange in 2018, and the listing of MTN Nigeria on the Nigerian Stock Exchange in 2019. More recently, we have also unlocked value from our portfolio, securing R14 billion in asset realisations.

Alongside these achievements, we have reported stronger financial results. In 2019, service revenue grew by 9,8%*, closing in our medium-term target of double-digit growth, from a rate of 7,2%* in 2017. For details of our financial performance in 2019, see the CFO's Q&A overleaf. **5Y**

Q Tell us about MTN's #GoodTogether campaign.

A In its 25 years, MTN Group has been a significant contributor to the economies and communities in which we operate. MTN is truly a 'for good company' our core business makes a real difference: connecting people, facilitating economic activity, investing in state-of-the-art infrastructure and creating employment opportunities. We also contribute significantly to the national revenues of the countries within which we work. In 2019 our total tax contribution was R30,5 billion.

These are the outcomes of the work we do each day. It is the collective, positive impact MTN people make and of which we can all be proud. #GoodTogether showcases the good that we do: how we are changing lives by improving digital access, driving financial inclusion, empowering and

enabling SMEs, creating jobs and getting involved in broad community development initiatives, among many others.

We are committed to operating a business that is sustainable over the long term. The global telecommunications industry has contributed significantly to the UN's Sustainable Development Goals, and we recognise that still more needs to be done to bridge the digital divide. MTN is committed to playing its part.

Q You are a member of South Africa's Presidential Commission on the Fourth Industrial Revolution (4IR). What does this mean for MTN and how does it fit with the group's digital operator ambition?

A It is a great privilege to be included in this important mandate, which is to ensure that South Africa is ready for the future. Part of the work of the commission is to identify policies, strategies and plans needed to position South Africa as a leader in the evolution and development of 4IR. This is very clearly aligned to MTN's core belief, which is that everyone deserves the benefits of a modern connected life.

We are working to move our customers from a voice-centric world into the world of mobile data, digital services and financial services. Our growth depends on that transition, connecting people to the power of the internet and connecting them to the economy through financial services. So, it is clear to see the synergies between what we at MTN do and what the Presidential Commission is aiming for.

Digital inclusion, financial inclusion, fourth industrial revolution: these are central topics for the countries we call home. It is inspiring for MTN that we have such alignment between what we need to achieve commercially to succeed, what the real needs of the people in our markets are and what governments are setting out as their objectives. All these are aligned to our ambition to become a digital operator.

Q So how is MTN doing in becoming a digital operator?

A We are making good progress, focused on our goal of achieving the magic '300, 200, 100' targets. This means a customer base of 300 million, 200 million of whom are active data users and 100 million of whom are digital and Mobile Money users. In 2019, we had 251 million subscribers, 95 million active data users and 35 million MoMo users, so we are moving towards our goal.

MTN operates at the intersection of three significant trends in the industry – that of the evolving telco, the fintech player and the digital player (see page 03). By building the digital operator, we can access six distinct pools of revenue – voice, data, digital, fintech, enterprise and wholesale – by harnessing the key advantages of our mobile networks, extensive distribution and customer registration processes.

Among the main features of our performance in 2019 in support of our digital operator ambition were:

- The additional 18,2 million subscribers and 16,6 million active data users we serve.
- The 7,5 million new active MoMo users we added.
- The US\$96,1 billion worth of transactions we processed, at a rate of 9 200 transactions per minute.
- The launch of MoMo in South Africa and Afghanistan, bringing to 16 the number of markets in which we offer these services.
- The securing of a super-agent licence in Nigeria and the 108 000 registered agents we have in that market.
- The expansion of our MusicTime! music streaming service to six markets.
- The launch of our instant messaging platform, Ayoba in March 2019 and its expansion to 12 markets and 2 million monthly active users.

► Group president and chief executive officer
Rob Shuter



Q What is the outlook for 2020?

A As I write, markets across the world are extremely volatile and commodity prices are sliding as panic sets in over the impact of the COVID-19 outbreak on economic activity. While we acknowledge the potential impact of the outbreak on our operations, we continue to monitor developments and are working on contingency plans to mitigate this. The work we have done on strengthening our operations and balance sheet over the last few years will stand us in good stead in a more turbulent operating environment.

Given the progress and momentum we have seen in our commercial, financial and strategic initiatives, we have enhanced our medium-term guidance framework. While we maintain our service revenue, EBITDA margin, capex intensity and ROE targets and capex objectives, we have increased our targets for the next three to five years to secure at least a further R25 billion in asset realisations. We have further revised our medium-term holdco leverage target ratio to 'below 2,0x'.

Inspired to harness the pioneering spirit that has built MTN over the last 25 years, we remain committed to delivering on our strategy in a more agile way in close collaboration with our many partners, with whom we are #GoodTogether.

We are doing it Bolder. Faster. Together. This is our theme for 2020.

Bolder

A rallying call to make the most of the opportunities, with a great company, great people and a leading brand.

Faster

It is all about agility. We have work to do and we need to find further ways to get through it faster and with less effort.

Together

Teamwork, collaboration and partnership. It is about strengthening relationships and harnessing that spirit of togetherness in how we work internally and with our partners and societies across our footprint.

Q & A with the CFO

Q The group delivered a solid set of results for the year, how do you see MTN's financial performance evolving?

A In 2019 we delivered growth and unlocked value by continuing to focus on executing on our BRIGHT strategy. We recorded an encouraging increase in group service revenue of 9,8%*, just within reach of our target for the medium term of growth in double digits. We met our guidance of improving EBITDA margins, expanding our EBITDA margin to 42,3%, as well as of reducing our capex intensity, which moderated to 17,5%*.

Service revenue growth was supported by growth in voice (4,2%*), data (22,4%*) fintech (27,0%) and wholesale revenue (63,2%), which was delivered despite challenging macroconditions particularly in South Africa and the Middle East.

Intent on ensuring we have a world-class network, we invested capex of R26 billion^ to achieve full planned roll-out, through a lower-than-guided capex envelope. This was enabled by our smart capex approach and unit price reductions, supporting the lower capex intensity. We rolled out a total of 5 795 3G and 10 895 4G sites. We are particularly pleased to see operating cash flows growing by 59% over the period.

We delivered approximately R14 billion of asset realisations within the first 12 months of our three-year asset realisation programme (ARP), comparing favourably with our overall target for the period of R15 billion. Among other notable strategic project achievements in the year were the listings of MTN Nigeria on the Nigerian Stock Exchange and Jumia, our e-commerce venture, on the New York Stock Exchange. In the second half of the year, the ARP was boosted by the finalisation of the necessary processes to redeem MTN Nigeria's preference shares as well as the conclusion of an agreement to dispose of our 49% equity holdings in ATC Ghana and ATC Uganda. As a result of the significant progress towards meeting our ARP target, we have further enhanced our guidance to approximately R25 billion in asset realisations over the medium term. Making progress with the asset realisations will materially transform the balance sheet, increasing the financial flexibility we have while being true to our capital allocation priorities.

Improving our return on equity (ROE) is another important goal. This increased to 14,3% from 11,5% in December 2018 on an IAS 17 basis, supported by the EBITDA improvement. Taking into account the adoption of IFRS 16, ROE was up at 12,8%.

Over the medium term we will continue to drive value creation using our financial framework. We will grow service revenue by leveraging our strong market positions and benefiting from the demographic dividend and low levels of internet adoption in our markets to grow subscribers and voice revenue and expand data, fintech and digital revenue. We will target continued growth in EBITDA at a higher rate than that of service revenue and a further reduction in capex intensity through price unit efficiencies and our smart capex approach.

Asset realisation programme

	E-commerce portfolio	Tower Co investments	Localisation and other
Progress to date	<ul style="list-style-type: none"> Travelstart/ Amadeus – R1,2bn Jumia listing 	<ul style="list-style-type: none"> ATC loan – R0,9bn ATC JVs R7,3bn 	<ul style="list-style-type: none"> Nigeria preference shares – R4,2bn Nigeria listing
Future focus	<ul style="list-style-type: none"> Jumia – R1,0bn 	<ul style="list-style-type: none"> IHS – R27bn 	<ul style="list-style-type: none"> Nigeria public offer Uganda localisation Zambia localisation BICS

Further > R25 billion of the "future focus" targeted over the medium term

Q MTN made good progress on further strengthening the balance sheet, tell us your plans around MTN's leverage metrics?

A In 2019, gearing on a consolidated basis was at 1,3x, which compares well with that of our emerging market peers. However, the holding company (holdco) leverage is the one on which MTN focuses and guides as its financing costs and redemptions depend on resources from the operating subsidiaries.

We reduced our holdco leverage to 2,2x in 2019 from 2,3x in 2018 and well within our target range of 2,0x to 2,5x. This demonstrates our commitment to derisking the balance sheet and allowing for a more conservative gearing profile at a time when markets and returns are volatile. It also places us in a good position to take advantage of potentially attractive and value-accretive opportunities. Accordingly, we have enhanced our medium-term target for holdco leverage to below 2,0x.

At the end of 2019, our holdco net debt was R55,3 billion, down more than R2 billion to the lowest level since 2016 and positively impacted by the stronger closing rate of the rand. From 8,3% in 2018, our average cost of debt increased to 9,9% on an IFRS 16 basis and 8,7% on an IAS 17 basis.

Progress on the ARP allowed us to delever through a reduction of US dollar-denominated debt, improving our mix of debt. At year-end, 50% of our head office borrowings were denominated in hard currency, compared with 51,6% at the end of 2018.

By continuing to focus on optimising our rand/dollar holdco debt currency mix we will derisk our forex exposure on our holdco debt portfolio. We will also continue to maximise, where possible, non-recourse debt in our operations with a focus on matching the currency of earnings with the currency of liabilities as a way to reduce forex risk.

Proceeds from the enhanced ARP will support further improvements in holdco leverage over the next three years.

► Group CFO
Ralph Mupita



Q Please provide an update on the capital allocation priorities over the medium term?

A Our capital allocation remains clear, our first priority is organic growth: we want to invest in our networks and are confident that we can maintain and even improve our second-to-none network ambition with a capex profile that will moderate over time.

Secondly, we are focused on bringing down the leverage to lower than 2,0x. We will do this in part by ensuring the operations gear up where they can.

As a third priority, we focus on distributions to shareholders: we want to make regular distributions that grow at 10% to 20% per annum.

Fourthly, we will consider potential selective mergers and acquisitions, but for these we have very strict risk and financial criteria: if a very attractive opportunity came along we would apply our minds about whether it could change the structure of the portfolio and mitigate and reduce risk.

The final consideration is of share repurchases and special dividends, which would only be considered when all other capital allocation priorities have been met.

Q & A with the CFO

continued

Capital allocation priorities	
01 Organic growth	Invest in capex to improve network, drive EBITDA and cash flow generation. Target capital intensity of 20% to 15% (pre-IFRS 16).
02 Stabilise leverage	Target holdco leverage of below 2,0x.
03 Return cash to shareholders	Distribute profits in line with our progressive dividend policy, which targets medium-term growth of 10% to 20% off a base of 500 cents per share in 2018.
04 Selective mergers and acquisitions	Opportunities aligned to the investment case, subject to strict risk and financial criteria.
04 Share repurchases or special dividends	Only considered when other capital allocation priorities have been met.

Q Looking ahead, what are the focus areas for 2020?

A For 2020, we will continue with the momentum that we have gathered over the past three years, executing on our BRIGHT strategy to create greater shared value for all our stakeholders. We will focus on key strategic projects within the ARP, one of them being the initial public offering of MTN Nigeria, which is in line with our commitment to broaden local ownership and increase the free float to 35% over time, market conditions being appropriate.

Our financial framework, informed by our investment case, will result in an improvement in the earnings and cash flow growth profile over time and a growing dividend.

We will further strengthen the balance sheet, reducing gearing through cash upstreaming and acceleration of asset realisations. We will also further improve risk control and compliance.

A big theme for the year ahead is efficiency. We are absolutely committed to running our business in the most efficient way possible. We now have a cost transformation programme running across the markets. We also have a lot of work going into technology, particularly as we modernise our billing and ERP systems as well as our core technology systems, and also focus on digital transformation within the business.

Key financial tables

Selected financial results information

Delivered continued service revenue and EBITDA growth; improved earnings contribution from associates

	2019 IFRS 16 Rm	2019 IAS 17 Rm	2018 IAS 17 Rm	% change reported	% change constant currency*
Revenue	151 460	151 460	134 560	12,6	9,7
Service revenue¹	141 830	141 830	125 430	13,1	9,8
EBITDA[^] before once-off items	62 922	53 688	46 855	14,6	13,6
Once-off items	1 170	1 170	1 391		
EBITDA[^]	64 092	54 858	48 246	13,7	13,6
Depreciation, amortisation and goodwill impairment	(32 800)	(27 037)	(24 670)	9,6	
Net finance cost ²	(15 184)	(9 416)	(8 331)	13,0	
Hyperinflationary monetary gain	787	722	290		
Share of results of associates and joint ventures after tax	705	722	(527)		
Profit before tax	17 600	19 849	15 008	32,3	
Income tax expense	(6 908)	(7 580)	(5 430)	39,6	
Profit after tax	10 692	12 269	9 578		
Non-controlling interests	(1 729)	(1 907)	(859)		
Attributable profit	8 963	10 362	8 719	18,8	
EPS (cents)	499	576	485	18,8	
HEPS (cents)	468	545	337	61,7	
Adjusted HEPS (cents)	597	677	552	22,6	
DPS (cents)	550	550	500		

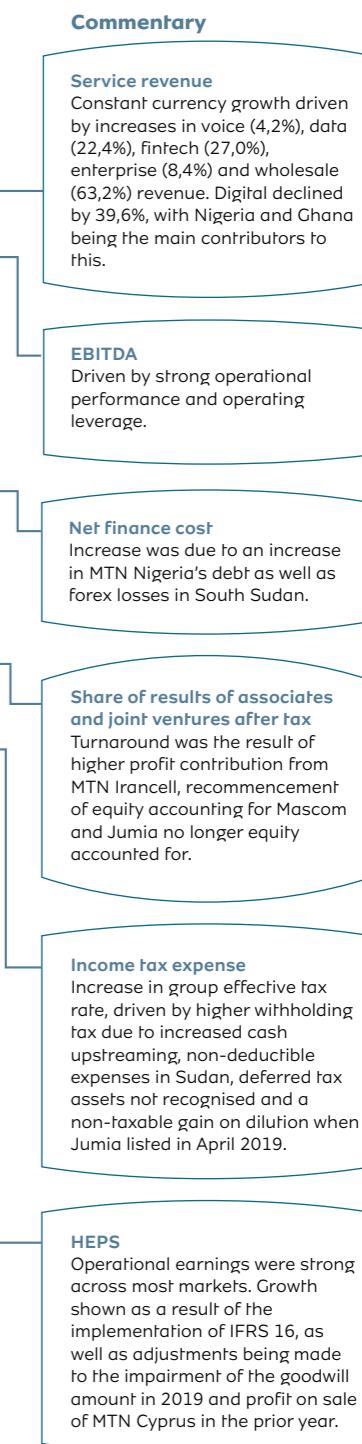
¹ Service revenue excludes device and SIM card revenue

² Net finance costs comprise net interest expense, forex losses and interest on Nigeria fine unwind (2019: R189m; 2018: R812m)

* Constant currency view is at 2019 rates and is shown in terms of IAS 17.

[^] 2019 is adjusted for hyperinflation, tower profits, interest on Nigeria fine, gain on dilution of Jumia and profit on disposal of Travelstart and Amadeus

[^] 2018 is adjusted for hyperinflation, tower profits, interest on Nigeria fine, Cyprus operational results, gain on dilution of IIG and CBN resolution



Key financial tables

continued

Selected financial position information

Adoption of IFRS 16, uplift in IHS fair value and recognition of MoMo balances

	2019 Rm	2018 Rm	Change %	Commentary
Property, plant and equipment – Other	98 312	100 581	(2,3)	
Right-of-use asset	44 984	–	100,0	Right-of-use asset The result of the adoption of IFRS 16.
Intangible assets and goodwill	36 866	40 331	(8,6)	
Other non-current assets	45 867	42 898	6,9	Other non-current assets Includes investment in IHS, fair valued at R27bn at year-end.
Mobile Money deposits	15 315	12 835	19,3	
Other current assets	60 129	57 431	4,7	
Non-current assets held for sale	838	2 759	(69,6)	
Total assets	302 311	256 835	17,7	
Total equity	86 100	88 226	(2,4)	
Interest-bearing liabilities	94 280	85 001	10,9	
Lease liabilities	46 327	666	100,0	Interest-bearing liabilities Increased mainly as a result of new bank debt in Nigeria.
Mobile Money liabilities	15 315	12 835	19,3	
Other liabilities	60 289	70 773	(14,8)	
Total equity and liabilities	302 331	256 835	17,7	
Net debt	67 920	64 153	6,9	Other liabilities Decreased after we made the final R4,4bn payment of the SIM registration fine in Nigeria.

Selected cash flow information

Higher financing activities in flows as a result of draw downs in Nigeria

	2019 Rm	2018 Rm	Change %
Cash generated from operations	55 197	40 345	36,8
Dividends received from associates and joint ventures	550	1 942	(71,7)
Net interest (paid)/received	(11 818)	(4 871)	(142,6)
Tax paid	(7 640)	(5 027)	(52,0)
Cash generated by operating activities	36 289	32 389	12,0
Acquisition of property, plant and equipment and intangible assets	(27 040)	(28 196)	4,1
Movement in investments and other investing activities	2 498	4 977	(49,6)
Cash used in investing activities	(24 542)	(23 219)	(5,7)
Dividends paid to equity holders of the company	(9 352)	(11 236)	16,8
Dividends paid to non-controlling interests	(1 460)	(759)	(92,4)
Other financing activities	6 472	872	NM
Cash used in financing activities	(4 340)	(11 123)	61,0
Cash movement	7 407	(1 953)	NM
Cash and cash equivalents at the beginning of the year	14 967	15 937	(6,1)
Effect of exchange rates and net monetary gain	(1 382)	1 598	NM
Cash classified as held for sale	615	(615)	NM
Cash and cash equivalents at the end of the period	21 607	14 967	44,4

Commentary

Cash generated from operations
Impacted by the final payment of R4,4bn in 2019 of the Nigeria SIM registration fine, and higher cash generation from operations.

Dividends received from associates and joint ventures
In 2018, this had included the repatriation of dividends from Iran amounting to R1,3bn. No dividends were repatriated from Iran in 2019.

Movement in investments and other investing activities
Driven by proceeds from disposal of Travelstart and the sale of the shareholder loan in ATC Ghana joint venture.

Other financing activities
Driven by additional debt raised in Nigeria. Also impacted by capital portion of the leases (R3,4bn) that is now included in financing activities as a result of the implementation of IFRS 16.

How we report our numbers

Certain information presented in our results constitutes *pro forma* financial information. The responsibility for preparing and presenting the *pro forma* financial information and for the completeness and accuracy of the *pro forma* financial information is that of the directors of the company. This is presented for illustrative purposes only.

Because of its nature, the *pro forma* financial information may not fairly present MTN's financial position, changes in equity, and results of operations or cash flows. The *pro forma* IAS 17 and constant currency financial information contained in this integrated report has been reviewed by the group's external auditors and their unmodified limited assurance report prepared in terms of ISAE 3420 is available for inspection at the company's registered office on weekdays from 09:00 to 16:00. The *pro forma* financial information should not be confused with non-financial information on certain aspects of the business that has been externally assured (and is identified by LA).

Certain financial information presented in these consolidated financial results has been prepared excluding the impact of hyperinflation and goodwill and asset impairments, lower profits, the Nigerian regulatory fine (consisting of the remeasurement impact when the settlement was entered into and the finance costs recognised as a result of the unwind of the initial discounting of the liability), gain on dilution of Jumia, impairment of investment in MEIH, gain on Travelstart disposal and impact of the adoption of IFRS 16 ("the *pro forma* adjustments") and constitutes *pro forma* financial information to the extent that it is not extracted from the segment disclosure included in the audited summary group financial statements for the year ended 31 December 2019.

This *pro forma* financial information has been presented to eliminate the impact of the *pro forma* adjustments from the consolidated financial results to achieve a comparable YoY analysis. The *pro forma* adjustments have been calculated in terms of the group accounting policies disclosed in the consolidated financial statements for the year ended 31 December 2019, except for the changes in accounting policies as a result of the adoption of the accounting standards effective 1 January 2019.

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 prior financial reporting period's results have been adjusted to the current period average exchange rates determined as the weighted 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 prior year constant currency results compared to the current year results. In addition, in respect of MTN Irancell, MTN Sudan, MTN South Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. The economies of Sudan, South Sudan and Syria were assessed to be hyperinflationary for the period under review and hyperinflation accounting was applied.

For detailed annual financial statements, please refer to our website [AFS](#)

Audit committee chair's review

► Chairman
Christine Ramon



Key features of 2019

- Considered the activities of the risk committee in as far as monitoring of regulatory risk and macro matters are concerned, this because of our responsibility with regards the impact of these matters on the control environment.
- Completed the process to split and separately define the function of internal audit and forensic services from that of risk management and compliance.
- Conducted various business process deep-dive initiatives to analyse people, systems and process design in the financial control environment. This led to initiatives to strengthen internal financial controls and reinforced a culture of compliance.
- Adopted IFRS 16 and considered the appropriateness of the disclosure of its impact on the 2019 interim and annual results.
- Considered the appropriateness of the change in the accounting policy with respect to the recognition and classification of Mobile Money balances.
- Considered the appropriateness of accounting treatment and disclosures with respect to transactions concluded, Cell C recognition of revenue, legal and uncertain tax exposures and impairment assessments.
- Concluded a tender process for new auditors, in line with mandatory audit firm rotation regulations. We will recommend for shareholder approval at the AGM that Ernst & Young be appointed as one of the new group joint auditors, replacing SNG Grant Thornton for 2021.

[AFS](#) More information on the audit committee is set out in the full audit committee report in the AFS

Key focus areas for 2020

- Evaluate progress and independent assessment of the implementation of the group's cloud-based enterprise resource planning system that is expected to improve the overall internal financial control environment.
- Monitor the process to manage the operational risks and strengthen compliance programmes across the group, with a special focus on fintech, data privacy and subscriber 'know your customer' requirements.
- Evaluate the rollout of enhanced policies, systems and processes on areas such as credit and treasury management.
- Monitor the rollout of projects to enhance technology controls across the group.
- Monitor progress and evaluate findings from deep-dive process reviews in areas such as procurement and supply chain management, consumer and sales and distribution.
- Review initiatives taken to further enhance the assurance and monitoring capabilities of internal audit and forensic services in context of group's digital strategy and transformation journey.
- Ensure appropriate planning and transition processes are established for the rotation of audit firms due in 2021.
- Enhance the oversight and evaluation of the external audit function by reviewing audit quality-related indicators of the group's external auditors against industry benchmarks.

Our strategic performance

Here we show our performance against each element of our BRIGHT strategy in 2019, including the performance against specific KPIs of executives with the primary responsibility for delivering on BRIGHT. The remuneration of all executives is dependent on their delivery, to differing degrees, on BRIGHT. For our future focus of each BRIGHT element, see pages 48 to 59. For remuneration see from page 72.

 Good progress made  We are working on it

	How we measure success – Our 2020 aspiration	Performance in 2019	Performance in 2018	Main executive KPIs in 2019	Executives with primary responsibility	Performance against main KPIs ¹
B	Lead market NPS Achieve best brand in markets	#1 in 12 markets  #1 in 12 markets 	#1 in 9 markets #1 in 7 markets	<ul style="list-style-type: none"> High volume journey implementation Brand health index Pro-customer positioning 	Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman and Godfrey Motsa Rob Shuter, Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman and Godfrey Motsa	118% 72% 120%
R	Adjusted ROE Improve EBITDA margin Stabilise leverage	14,3% (12,8% on IAS 17)  42,3% (35,5% on IAS 17)  Holdco leverage 2,2x 	11,5% 34,3% Holdco leverage 2,3x	<ul style="list-style-type: none"> Cash upstreaming Raising opco debt Improve adjusted ROE/ROIC 	Ralph Mupita, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman, Godfrey Motsa Ralph Mupita Rob Shuter, Ralph Mupita/Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman, Godfrey Motsa	96% 120% 120% / 88%
I	Grow market share Growing voice revenue Grow enterprise and wholesale revenue	44,2%  4,2%*  Enterprise: 8,4%* Wholesale: 63,2%* 	43,4% 7,3%* Enterprise: 8,4%* Wholesale: 63,7%*	<ul style="list-style-type: none"> Subscriber growth Enterprise programme Wholesale programme 	Rob Shuter, Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman, Godfrey Motsa Rob Shuter, Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman, Godfrey Motsa Rob Shuter, Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman, Godfrey Motsa	103% 99% 111%
G	Achieve 200 million data subscribers Achieve 100 million digital subscriptions, including 60 million for MoMo	95 million active data users  35 million MoMo users 2 million Ayoba monthly active users	79 million active data users 27 million MoMo users	<ul style="list-style-type: none"> Active data subscribers Rich-media subscriptions Active MoMo subscribers Smartphone growth 	Rob Shuter, Ralph Mupita, Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Paul Norman, Lele Modise, Felleng Sekha, Ferdi Moolman, Godfrey Motsa Rob Shuter, Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman, Godfrey Motsa Rob Shuter, Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman, Godfrey Motsa Jens Schulte-Bockum, Ferdi Moolman, Godfrey Motsa	69% 95% 65% 107%
H	Lead market in employee NPS and improve employee engagement Enhance reputation Ensure effective risk and compliance practices	80% employee sustainable engagement score  72% quality of engagement, 73% responsiveness, 74% relationship health  100% BRM index  Implemented a revised second and third-line assurance model structures to promote greater independence	78% employee sustainable engagement score Was not measured 80% BRM index Separated second and third lines of defence	<ul style="list-style-type: none"> Employee sustainable engagement Employee diversity Regulatory risk management Reputational risk management Stakeholder management Effective risk and compliance practices Improve control environment Legal counsel 	Rob Shuter, Ralph Mupita, Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Paul Norman, Lele Modise, Felleng Sekha, Godfrey Motsa Rob Shuter, Ralph Mupita, Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Paul Norman, Lele Modise, Felleng Sekha, Ferdi Moolman, Godfrey Motsa Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Felleng Sekha Rob Shuter, Felleng Sekha Rob Shuter, Ralph Mupita, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Felleng Sekha Ralph Mupita, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman, Godfrey Motsa Rob Shuter, Ralph Mupita, Jens Schulte-Bockum, Paul Norman, Lele Modise, Felleng Sekha Lele Modise	83% 104% 111% 110% 120% 107% 108% 115%
T	Lead market in network NPS Increase population coverage	#1 in 14 markets  3G: 77% and 4G: 46% 	#1 in 9 markets 3G: 68% and 4G: 33%	<ul style="list-style-type: none"> Network NPS Population coverage 	Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman, Godfrey Motsa Jens Schulte-Bockum, Ebenezer Asante, Karl Toriola, Ismail Jaroudi, Ferdi Moolman, Godfrey Motsa	114% 110%

¹ An average of the scores achieved by the executives responsible for delivering on these KPIs

01 All about MTN

02 How we create value

03 Strategic and financial review

04 Governance and remuneration

Best customer experience



Improving brand awareness and customer service

At MTN, understanding customer perception is critical to profiling the best customer journey. A happy customer translates into a profitable business. We attain the best customer brand and market leader position by providing quality services and being customer centric in all our endeavours.

2019 main KPIs

- High volume journey implementation
- Brand health index
- Pro-customer positioning

2019 performance

We achieved NPS leader position in 12 markets (from nine in 2018) and #1 brand health tracker position also in 12 markets.

This was the result of numerous initiatives, including the redesign of our five most frequent customer journeys across our markets to make them more customer friendly based on the principles of EPIC (**e**asy, **p**ersonal, **i**n-control and **c**onnected).

We also adopted a customer-driven approach of self-service, leveraging digitisation in MTN South Africa and MTN Nigeria. Our increased investments in infrastructure and other capabilities were also aimed at further improving customer service and we made good progress on our work to select customer-facing technology partners for bot and AI assistants.

We launched our **#GoodTogether campaign**, aimed at changing the narrative about MTN by outlining the contribution we make together in creating brighter lives across our markets. We partner with the people we serve and we are so much more than a business that does good, we are intrinsically a 'good business', meaning that everything we do, whether it be our network rollout, our value proposition design, our customer experience focus, our product and services innovation, everything is done to enhance and uplift the lives of the communities and markets we serve.



Number 1
brand health tracker
in **12** markets



NPS
leader in
12
markets

Launched
#GoodTogether
campaign

Future focus

- Continue to improve our analytical and digital approach to customer experience, enhancing our data-driven understanding of customers. This involves rolling out our 'voice of the customer' platform as well as various programmes to gain greater customer insights. By doing this, we will enable MTN to provide the **right services to the right customers via the right channels**.
- Empower our customers using digitisation and technology by providing **standardised self-service options** using customer-facing technology like automation, bots and predictive models (AI assistants).
- Improve our **brand preference** by planning effective campaigns, enhancing digital marketing capabilities and clarifying brand architecture.

Returns and efficiency focus

Translating improved operational performance into returns

We are clear on what we are asked to deliver returns to shareholders while remaining a responsible corporate citizen. When it comes to efficiency, we need to make sure that we extract the benefits of scale in each of our operations, but also leverage the power of MTN Group.

2019 main KPIs

- Cash upstreaming
- Raising opco debt
- Improve adjusted ROE/ROIC

2019 performance

Solid operational execution and commercial momentum across most of our operations resulted in a **9,8% increase in service revenue**, closing in on our medium-term target of double-digit growth, and a 13,6% increase in EBITDA, despite challenging trading conditions. The group's **EBITDA margin improved** by 1,2pp and we reduced capex intensity to 17,5%.

Return on equity increased to 14,3% from 11,5% in December for 2018, supported by the improvement in our service revenue performance and operational leverages.

We delivered a pleasing **R14bn in our ARP**, ahead of our medium-term guidance of R15bn over three years. This was boosted by the finalisation of the necessary processes to redeem MTN Nigeria's preference shares as well as concluding an agreement to dispose of our 49% equity holdings in ATC Ghana and ATC Uganda. **MTN Nigeria listed** on the Nigerian Stock Exchange in the year.

Our holding company **leverage improved** slightly to 2,2x from 2,3x in 2018 and supported by the proceeds of the ARP. If we include the proceeds from the ATC disposals, received in early 2020, the holdco leverage reduces to 1,9x.

We made **progress on reducing our holdco net debt**, improving the mix of debt, and continued to work to optimise the debt capacity of operations, securing facilities in markets including Nigeria and Ivory Coast.

Enhanced medium-term guidance

	Group Double-digit growth		South Africa Mid-single-digit growth		Nigeria Double-digit growth
Service revenue					
EBITDA margins					
Group capex intensity					
Asset realisation			> R25 billion		
Holdco leverage				≤ 2,0x	
Adjusted ROE			Improving to > 20% from 11,5% in 2018		
Dividend				Growing 10% to 20% per year	



- Service revenue **9,8%***
- EBITDA **13,6%***
- Capex intensity **17,5%**

Achieved
R14bn
of asset
realisations



Improved
holdco
leverage to
2,2x and
declared dividend of
550 cps up **10%**



Future focus

- Delivering more than R25bn from our ARP, which aims to simplify our portfolio, reduce risk and improve returns.
- Realise our enhanced medium-term guidance of:
 - double-digit growth in group service revenue
 - improving EBITDA margins
 - reduced capex intensity measured on an IFRS 16 basis
 - holdco leverage to below 2,0x
 - dividend growth of 10% to 20% per year
 - improved adjusted ROE to more than 20%
- Extend our localisation programmes, including a public offering of MTN Nigeria.

Ignite commercial performance



Sustaining voice growth, indexing up in enterprise and leveraging our wholesale business

For MTN, this encompasses creating and optimising natural business opportunities in voice, enterprise and wholesale to grow group revenue and enhance our commercial performance.

2019 main KPIs

- Subscriber growth • Enterprise programme • Wholesale programme

2019 performance

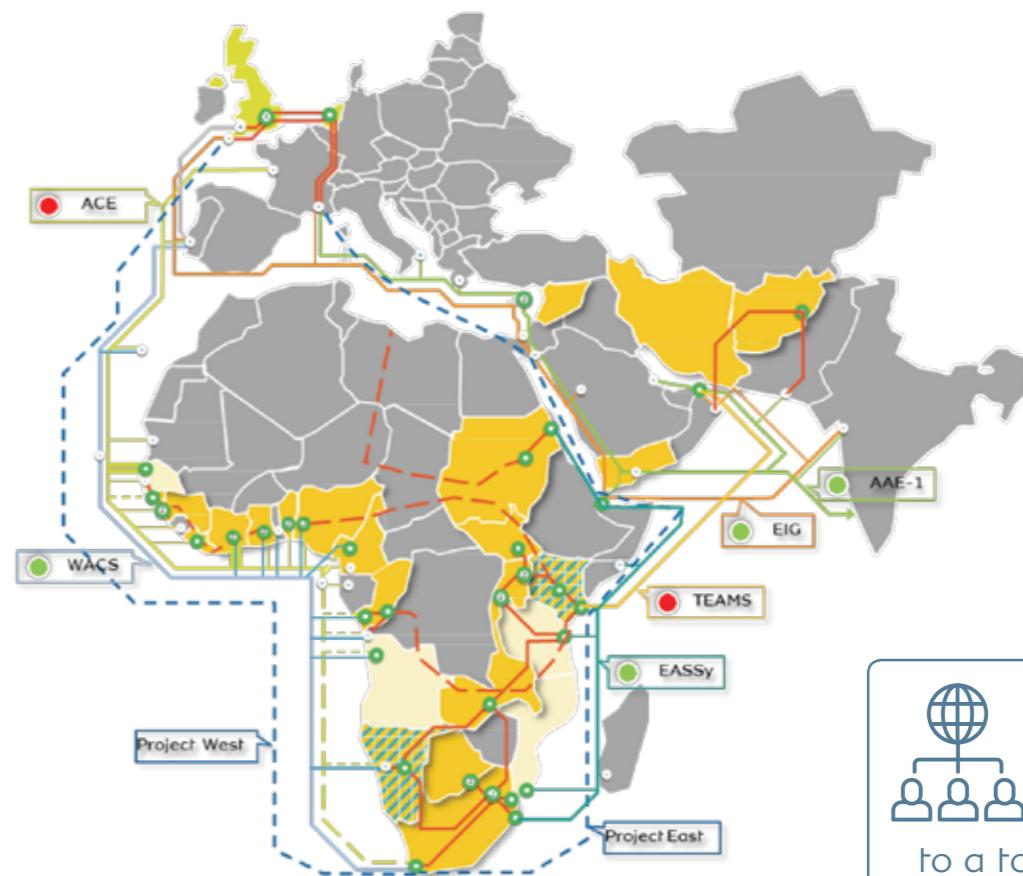
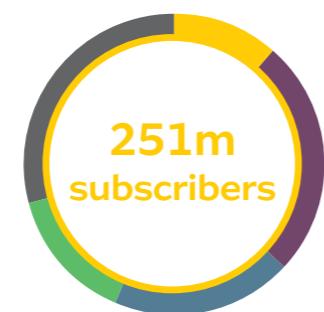
We added **18,2m subscribers** to a total of **251m** subscribers and increased voice revenue by 4,2%* to R82,1bn, recording a 5% increase in minutes of use per subscriber. Our **customer value management** initiatives contributed 3,1% in Nigeria to voice revenue. We removed legacy tariff plans and used regional pricing to increase adoption and usage.

Enterprise revenue increased by 8,4%* to R13,3bn, supported by **growth of 22%*** by **MTN Nigeria** and a stabilisation in the performance of the enterprise business in MTN South Africa. We built solid partnerships with key software players and implemented a customised 'MTN way of selling'. Another highlight in the year was the establishment of a minimum viable enterprise product portfolio.

Wholesale revenue accelerated by 63,2%* to R4,7bn, driven by national roaming contracts for MTN South Africa, and **solid growth in MTN GlobalConnect** where we signed up more key customer accounts and grew our application-to-person messaging services through the **YelloConnect** platform. GlobalConnect won the '**Best African Wholesale Operator**' award at the Telecom Review Summit.



Subscribers by country and region



 Increased subscribers by **18,2m** to a total of **251m** across our markets

 Increased voice revenue by **4,2%***, recording **5% increase** in minutes in use per sub.

Future focus

- Further segment our voice value propositions, focused especially on the home segment
- Build and drive the adoption of direct and digital channels
- Expand enterprise product portfolio and channels, especially direct sales capability, while strengthening enterprise teams
- Expand MTN GlobalConnect by increasing fibre footprint between and within countries, and ensuring a lean operating model and agile organisation

 Increased enterprise revenue by **8,4%*** supported by MTN Nigeria and stabilisation at MTN South Africa

Growth through data and digital



Driving consumer data, accelerating digital to grow revenue, rapidly scaling fintech and building a fintech ecosystem

Driven to deliver on our ambition, we are extending digital and financial inclusion across our markets. Higher data adoption is a critical enabler of success as we connect the unconnected, making the most of this rapid internet adoption to offer a wide range of digital services, including instant messaging, social media, music, gaming and video. Success in digital hinges on a strong fintech proposition.

2019 main KPIs

- Active data subscribers
- Smartphone growth
- Active MoMo subscribers
- Rich-media subscriptions

2019 performance

We **added 16,6m active data users in the year** to a total of 95m and grew data revenue by 22,4%* to R35,1bn. This was supported by greater data affordability, with a **reduction on 34% in the group effective rate per megabyte**, as well as a 46% increase in average usage to 2,8GB per month across our markets. 3G and 4G population coverage increased sharply (see page 58).

Smartphone penetration continued to rise, with the launch of our own US\$20 smartphone supporting the rise to 121m smartphones on our network from 105m in 2018.

The number of active MoMo users increased by 7,5m to 35m, increasing fintech revenue by 27,0%* to R10,1bn. Usage rose to **9 200 transactions a minute**, bringing the total transaction value for the year to US\$96,1bn.

We recorded good progress in our work to develop the fintech ecosystem, launching **agent banking** in **Nigeria and MoMo in South Africa and Afghanistan**. In the year we facilitated US\$787m in loans through bank partners, recorded 200 000 active merchants on MoMoPay and had 6,2m insurance policyholders.

Despite a **decline of 39,6%* to R2,4bn in digital revenue**, we made progress on growing digital uptake. We have now fully implemented VAS optimisations across our markets.

The world's first time-based music streaming service **MusicTime! is now live in six markets**, and is also available as an OTT offering.

To make sure that Africa does not miss out on the instant messaging revolution, **we launched our own instant messaging platform** in March 2019. It is now live in 12 markets, has 2m monthly active users and is also available as an OTT offering.

Wherever books can't reach, technology can teach.

With over 925 multi media centres and digital classrooms, technology is being used to bridge the education gap across Africa.

That's why.
We're good together.

everywhere you go
www.mtn.com

CHASE

Fulfilling the connectivity and communication needs of our customers

COVERAGE	HANDSETS	AFFORDABILITY	SERVICE BUNDLING	EDUCATION AND EASE OF ACCESS
Ensure sufficient and affordable data coverage in rural and low-income areas	Increase affordability and access to data-enabled devices	Increase data service affordability	Creating service offerings that are relevant, simple and meaningful to customers	Enhance digital literacy and ease with which data can be accessed



Increased active data subscribers by **16,6m** to **95m** and active MoMo users by **7,5m** to **35m**

Smartphone penetration continued to rise to **121m** across our markets

MoMo usage rose to **9 200** transactions a minute, bringing total transaction value to **US\$96,1bn**

Future focus

- Continue to focus on our CHASE framework to bridge the digital divide in our markets by making data available and affordable to more customers, and in so doing extend SDGs 8 and 17



- Drive the scaling up of Ayoba, targeting 16m monthly active users
- Continue to drive a range of entertainment offerings by building on MusicTime! to expand offerings to different segments
- Rapidly expand our fintech offering by building MoMo in Nigeria and Sudan, supporting greater financial inclusion



- Accelerate fintech ecosystem growth and innovation through Open API, merchant payments and insurance roll out. Continue to develop platforms that will leverage our connectivity and payment capabilities and foster an ecosystem to help drive local innovation

Hearts and minds



Building a strong team that is healthy and engaged; maturing our risk and regulatory management and compliance

People are the engine that drive change in every organisation. Highly-motivated employees generate greater productivity, offer better customer service and develop innovative offerings. We work to attract and develop the skills we need to deliver on our digital operator ambition, all the while ensuring the highest standards of ethical behaviour. This strategic pillar also focuses on effective management of risk, compliance and regulatory issues.

2019 main KPIs

- Employee sustainable engagement • Employee diversity • Regulatory risk management • Stakeholder management
- Effective risk and compliance practices • Improved control environment
- Reputational risk management • Legal counsel

2019 performance

Our **employee NPS increased by 6%** and in our annual group culture survey, we recorded an employee sustainable engagement score of 80%, our highest yet. Both these tell us that MTNers are happy, motivated, have a sense of purpose and feel empowered and supported. **Gender diversity was little changed**, with women making up 37% of total workforce and 28% of management positions.

MTN is an **employer of choice**. In Careers in Africa's 2019 survey, we ranked #1 among telcos and #2 across all industries in 2019. The Forbes 2019 Global World's Best Employers ranked MTN Group as one of the best 500 global employers.

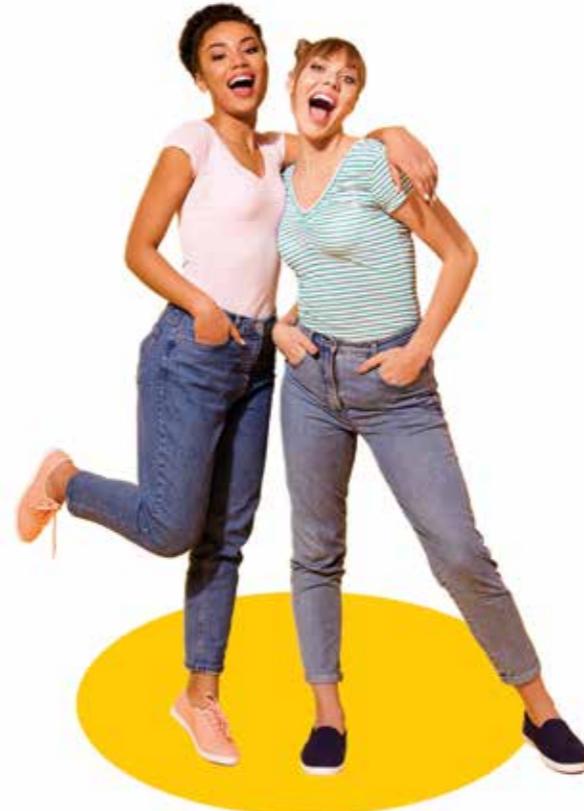
We **embedded the group stakeholder and reputation management framework** across our markets. We also commissioned an **MTN reputation index** survey.

Over **1,9m beneficiaries benefited** from MTN's corporate social investment (CSI) initiatives

We enhanced our risk framework and methodologies in the year and **operationalised the risk appetite framework**, giving management greater understanding of risk preference along with key risk indicators to monitor risk tolerance levels. We introduced country risk monitoring and identified catastrophic risk scenarios along with high-level mitigations.

The **governance and management of ethics matured** across the group, benefiting from our enhanced three lines of defence assurance model. It was supported by greater focus on communicating ethical standards, in particular through the launch of the **MTN Group conduct passport** and the holding of the MTN fraud and ethics awareness week.

Launched child online protection programme through partnership with Internet Watch Foundation (IWF) and blocked over two million child sexual abuse material based URLs.



Future focus

- **Roll out initiatives** to help to identify and grow talent and skills as well as advance the workforce. One area for improvement will be around span of control – where we aim to flatten the MTN hierarchy to improve our ability to effect change and execution
- **Increase the number of women** in management and ensure greater gender diversity, with at least 1% more women in the workforce and 1,5% more in management in the next two years
- **Maintain our employee of choice status** across our markets and step up work to digitise our HR processes
- **Focus continuously on talent management** and succession planning
- **Embed CSI concept** to enable digital skills development for underserved communities, leaving no one behind
- **Continue to roll out compliance training** and awareness across our markets and strengthen the centre of excellence for all assurance providers in line with revised structures and roles
- **Resolve outstanding legal and regulatory issues**
- Configure and implement a **best-practice governance, risk management and compliance software system**, while continuing to embed our risk appetite and tolerance methodology
- Consider the results of an **ethics risk assessment**, to be conducted by an independent contractor, and implement appropriate recommendations
- Embed **child online protection programme** across our markets and encourage users to report using IWF portal

Employee
80%
sustainable
score



37%
women

Embedded
group stakeholder
and reputation
management
framework



Technology excellence



Creating a quality technology platform to enable growth

As we realise our ambition of becoming a digital operator, network strength and IT infrastructure are critical differentiators in gaining and maintaining competitive advantage and effectively connecting the unconnected. We are driven to create a network performance that is second to none as well as IT capabilities that serve the needs of our customers and the business in an agile fashion.

2019 main KPIs

- Network NPS
- Population coverage

2019 performance

We improved our leadership position in network, recording **#1 network NPS in 14 markets**, up from 10 markets in 2018. This was achieved by rolling out all the capex planned for the year at **R26,3bn**. Through our smart capex approach, we delivered more with the same amount, recording a capex intensity drop to 17,5% from 19,3%.

A broader population coverage is part of work to achieve **greater digital human rights** and is in line with our focus on delivering on a number of UN SDGs, in particular **SDGs 10, 11, 16 and 17**. In the year, we made good progress in this regard, increasing 3G coverage by 45m people and 4G by 69m people. In Nigeria alone, 4G population coverage increased to 44%, and was available in 123 cities.

The group carried **46% more data traffic in the year** and 13% more voice billable minutes. The total number of minutes of use for voice increased by 5%.

MTN Nigeria was the first mobile operator in West Africa to trial 5G.



Voice

17 markets improved 2G dropped call rate and **10 markets** improved 2G network availability
15 markets improved 3G dropped call rate and seven markets improved 3G network availability
Seven markets improved 4G network availability



Data

15 markets improved 3G download speed;
 Four improved 4G download speed
Radio access networks have **software features for energy efficiency** in most opcos
Swapping of base stations from **indoor** to **outdoor units**, **reducing energy consumption, rental opex and capex**



Digital & Fintech

We are building capabilities to support our **digital and fintech** platforms. We strengthened our analytics and data management capabilities across our markets. MTN South Africa recognised as having the best mobile network quality by **MyBroadband**



agile Operations digital eXperience enabling Growth Enterprise and connected workplace second to none Network



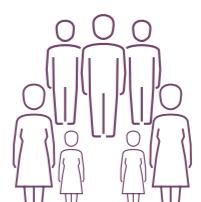
3G population coverage of 77%
 (from 68%)



Future focus

- Continue to expand **3G and 4G coverage**
- Acquire and secure **spectrum**
- **Expand** opex **optimisation** projects to drive down costs
- Continue network **energy efficiency** drive and pilot more renewable energy solutions
- Drive **5G** readiness
- Continue to **build** on **enterprise value** analytics
- **Modernisation** of our networks
- Continue to build a **world-class network**
- Drive **smartphone penetration**
- **Deliver on OxyGEN programme** which will carry the evolution of MTN to a digital operator

4G population coverage of 46%
 (from 33%)



481m
 people covered

Governance in action

Value creation through robust governance

The board and group executives continue to provide oversight using a **combined assurance model** which considers the **role of management, control functions, internal and external audit and board committees** of the subsidiaries using a **simplified governance approach** in a complex environment as they strive to create maximum shared value.



Board charter – collective responsibilities of the board and delegation of authority

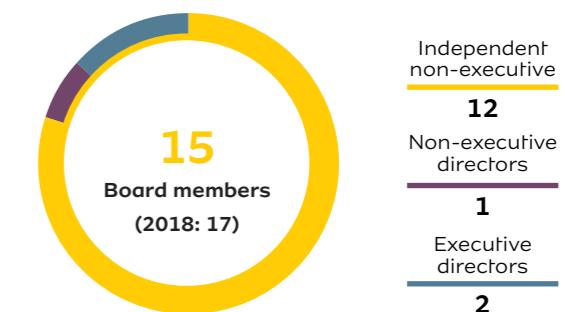
In 2019, we enhanced the board charter, clarifying the role of subsidiaries' boards and their subcommittees, and setting out more clearly the role of the group chairman as well as the group president and CEO. We revised the delegation of authority to promote greater agility in the decision making process of subsidiaries. We see room for further improvements in the levels of authority within the delegation framework to allow for faster and bolder business activity. We are also redesigning the materiality framework to promote better decision making. These changes will align with clear levels of work and a segregation of powers within management, safeguarding accountability and responsibility.

The roles and duties of the chairman and group president and CEO are separate and clearly defined. This division of responsibilities ensures a balance of authority with no individual having unrestricted decision-making powers. While the board plays an oversight role over the company, the group president and CEO and his executive management are empowered to manage and lead the business on a day-to-day basis, guided by an approved delegation of authority. The company's delegated structures, which include the board committees, encourage and promote open discussion which enhances the board's monitoring function over all areas of the company.

Independence of directors

The majority of MTN board members are independent directors, which is in line with King IV™ requirements. Our lead independent director (LID), is in place to consider, review, evaluate and provide oversight over related-party transactions to ensure transactions are fair and in the best interests of MTN. The LID is appointed to guide the board should a situation arise where the chairman may have a conflict of interest.

Executive and non-executive directors

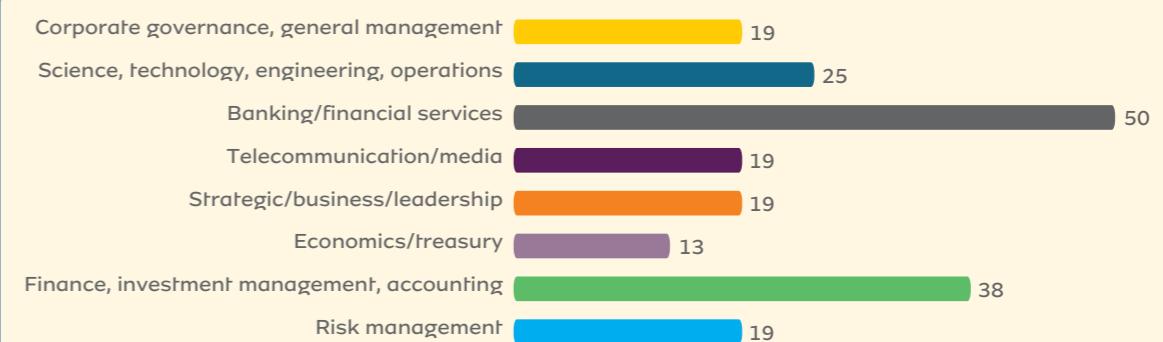


Board skills

In the past 12 months, we have evolved the company structure by establishing a non-statutory independent advisory board (page 64) and with the appointment of two additional directors with more African as well as international exposure and specific skills and competitive competencies. After a high-level skills assessment and given the understanding of the skills required to deliver on the strategy, the board is clear that it needs to strengthen its digital and fintech competencies as well as sustainability experience. To address this we have contracted a global player to drive the in-depth analysis of the skills required to deliver on our strategy not only in the medium term, but also long term. All board appointments are conducted through a formal and transparent process in consultation with the Nominations committee.

MTN has a unitary board of 15 directors with skills and experience attributed as follows:

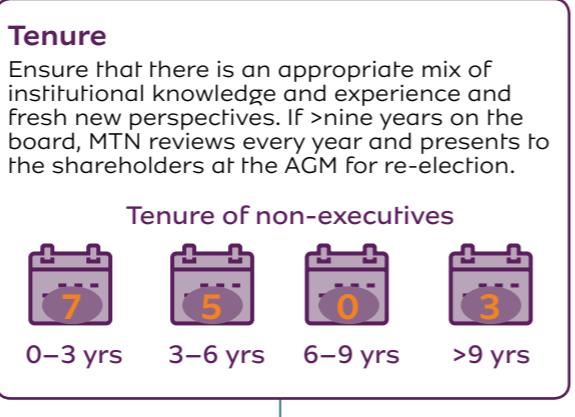
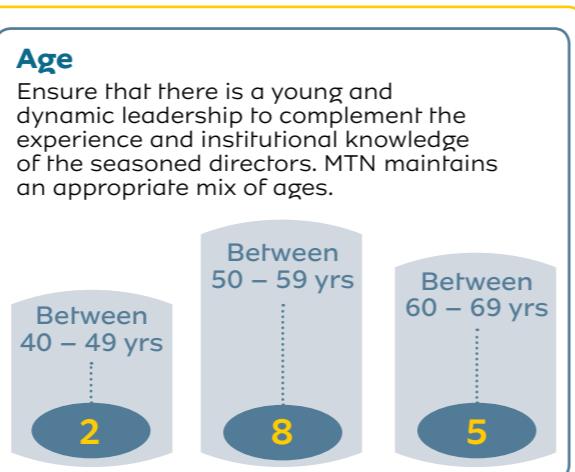
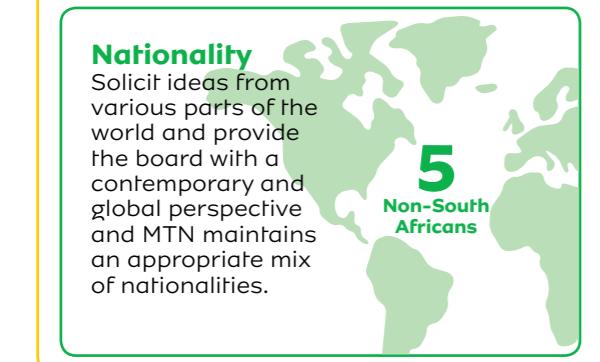
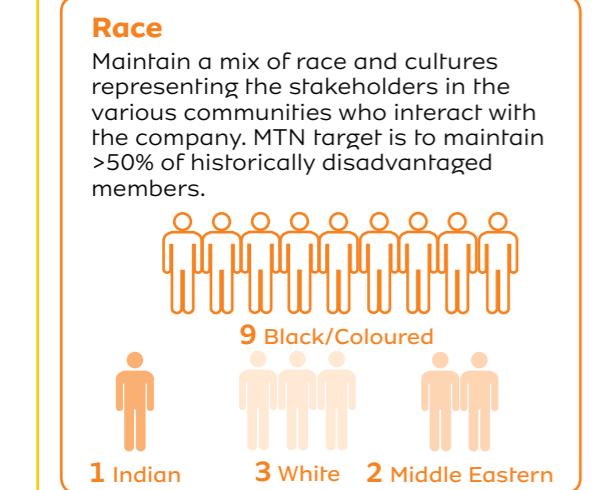
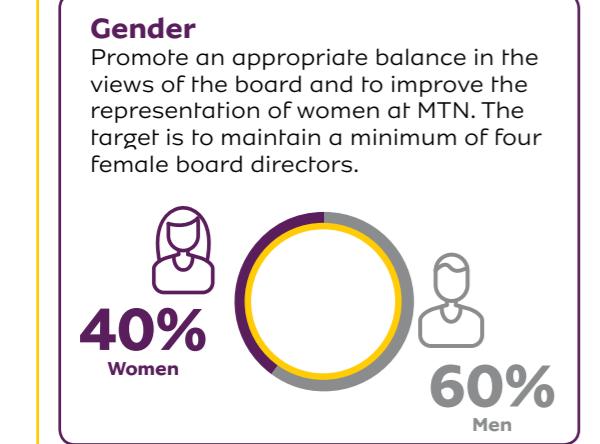
Skills and experience (%)



Governance in action

continued

Board diversity and experience
The group has a unitary board, consisting of executive and non-executive directors who represent a broad spectrum of demographic attributes and characteristics. The diverse perspectives of directors allow for proper strategic oversight as well as robust deliberation during board meetings. The board is focused on improving the representation of women on the board and ensuring that an acceptable number of all races/ages and skills are represented on the board.



Board evaluation and director development
The board has embarked on a journey of a board evaluation with a difference. This does not only assess the competencies of each individual director, but also evaluates the board as a whole (a unitary board assessment) on a range of elements, including ethical and effective leadership, culture in 2020. We have stepped up the process by having individual interviews with the board chairman-elect, the LID and LID-elect, as well as the chairmen of the board subcommittees. These interviews were conducted by an independent service provider with international experience in dealing with board dynamics. Subsequently, we will develop a questionnaire that will be unique to MTN, considering the risks and complexity of our markets and the environment in which we operate.

To ensure that all directors are adequately equipped with the latest information relating to the business of MTN, the company endeavours to provide ongoing training related to general management, corporate governance, laws and regulations and best practices. In 2020, we plan to host a comprehensive workshop for independent non-executive directors.

Board commitment to ESG
The board has acknowledged the decline in MTN Group's position on the JSE FTSE4Good Index from a position in the top 30 to one in the top 100. Reversing this decline is a focus for the social and ethics committee in 2020 and management has already identified areas of improvement that will be afforded priority in 2020.

Engaging with the business on strategic matters
Although the board maintains its independence, it is important for it to have a deep understanding of the business by investigating, monitoring and engaging with management on multiple levels:

- In addition to the two executive board members, the other group exco members, with the board, attend various board committees and engage in strategy sessions.
- The board holds two strategy sessions a year – in April and July. During these sessions, the board debates, reviews and approves the strategy framework, group business plan and relevant risk appetites.
- Management prepares a monthly standardised report for the board. This provides directors with comprehensive information on the performance of the business across the BRIGHT KPIs.
- In recent years, we have increased the level of interaction between the board and our stakeholders. We invite board members to select events and the chairman and the LID hold an annual governance roadshow with investors.

AGM
At our last AGM, the board valued the interaction it had with shareholders looking to see a sustainable company rooted in its strategic intent, including that of being a transformative and responsible corporate citizen. The board continues to listen to its stakeholders and strives to engage appropriately.

Directors' dealings
The company continued to enforce closed periods prohibiting trading in shares by directors, prescribed officers, senior executives and employees in terms of the company's share dealing and insider trading policies. The closed periods are effective from the end of the interim and annual reporting periods until the financial results are disclosed on SENS and any period when the company is trading under a cautionary announcement. Directors are made aware of their obligations in terms of the JSE Listings Requirements.

Group secretary
Directors engage with the group secretary regularly for governance and regulatory advice. She also ensures the proper administration of the board and adherence to sound ethical practices. The performance of the group secretary, as well as her relationship with the board, is assessed on an annual basis by the nominations committee and the board. The assessment considers the competency, qualifications and experience of the group secretary and whether she maintains an arm's length relationship with the board. Following the assessment of the group company secretary, the board has applied its collective mind and is satisfied with the competence, suitability and experience of the group company secretary and believes she is duly qualified for the role. While the role of company secretary has matured in several of our markets, this role needs to be redefined with a blueprint that is relevant to our markets, taking into account the environment in which we operate and our complex market segments. The company secretariat plays a key and gatekeeping role to safeguard the assets of MTN. In 2020 the operating model of the company secretarial functions throughout the group will be presented to the Nominations committee to assess and determine whether the function is adequately resourced and equipped.

Retirement of directors
In line with the Companies Act, MTN's memorandum of incorporation requires new directors to be subject to an election at the first annual general meeting (AGM) following their appointment. Directors are also subject to retirement every three years, subject to an evaluation conducted by the board, assisted by the nominations committee. Directors who have served on the board for a period of in excess of nine years retire at every AGM and are re-elected following a review of their independence and objectivity in carrying out their duties. Several directors will be retiring at the AGM as a result of having served on the board for an aggregate period in excess of nine years. This process ensures that shareholders have the opportunity to exercise their vote with regard to whether the MTN board has appointed the most appropriate directors to meet the best interests of the company. The directors who will be retiring at the AGM are set out in the notice to the AGM.

Board and company secretary changes

Resignation and appointment of company secretary
In February 2019, the company announced that Bongi Mtshali had reached the group's mandatory retirement age and would retire as company secretary for MTN Group and its subsidiaries, with effect from 31 March 2019. Thobeka Sishuba-Bonoyi was appointed as company secretary of MTN Group and its subsidiaries with effect from 1 April 2019. The board expressed its appreciation for Bongi's invaluable contribution during her tenure at MTN Group and wished her well.

Appointment and retirement of directors

On 1 July 2019, the board welcomed Lamido Sanusi and Vincent Rague as independent non-executive directors. Since their appointment, the board has benefited immensely from their wealth of experience, diversity of skills and wide regional experience.

On 15 December 2019, Phuthuma Nhleko stepped down from his position as a director and chairman. This, after overseeing an orderly transition of the board, including the establishment of the international advisory board. Mcebisi Jonas was appointed chairman of the board with effect from 15 December 2019.

Khotso Mokhele assumed the responsibilities of LID with effect from 15 December 2019, following the retirement of LID Alan Harper. Jeff van Rooyen and Koosum Kalyan stepped down from the board on 15 December 2019 after an orderly transition and handover.

Peter Mageza and Dawn Marole will step down from the board effective 30 April 2020.

The company wishes the retiring directors well and expresses its appreciation for their invaluable contribution and dedication to MTN over the years. In the year ahead, the board will continue to focus on deepening the skills and experience of the board.

Our international advisory board



In the year we established an **international advisory board (IAB)** of **eminent persons** to counsel, **guide** and **support** the MTN Group. **Non-statutory in nature and without any fiduciary responsibility**, the IAB meets **twice a year**, assisting the group in further developing **telecommunications, connectivity and digital inclusion across Africa and the Middle East**.

It shares its **perspectives** on **geopolitical matters** which **impact** on Africa's and the Middle East's **continued development** and **assists** the group in its **work** of being a **responsible and exemplary corporate citizen**, sensitising it to the **dynamics** of the **markets** in which it operates.

1. **His Excellency President Thabo Mbeki**,
former President of the Republic
of South Africa (chair)

2. **His Excellency President John Kufuor**,
former President of Ghana

3. **Dr Aisha Abdullahi**,
former African Union
Commissioner for Political Affairs

4. **Dr Mohammed ElBaradei**,
former Director General of the
International Atomic Energy Agency

5. **Dr Momar Nguer**,
President of Marketing &
Services Total S.A. (France)

6. **Phuthuma Nhleko**,
former Chairman of MTN Group

Our board of directors

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



Our board of directors

1. Mcebisi Jonas¹ (Born 1960)
Bachelor of Arts
Chairman and independent non-executive director
Appointed: 1 June 2018
Appointed chairman: 15 December 2019
Scheduled board attendance: 7/7
Special board attendance: 2/4
Board committee membership and attendance:



Other directorships: Director of various companies in the MTN Group, Northam Platinum Limited and Signia Limited. One of President Cyril Ramaphosa's four independent presidential investment envoys tasked with attracting investors to South Africa.

Skills, expertise and experience: Risk management, finance, investment management, economics and strategic leadership.

2. Phuthuma Nhleko (Born 1960)
Chairman and non-executive director until 15 December 2019
BSc (Civil Eng), MBA
Appointed: 28 May 2013
Retired: 15 December 2019
Scheduled board attendance: 7/7
Special board attendance: 4/4



Other directorships: Chairman of various companies in MTN Group, chairman of Phembani Group (Phy) Limited, Afrisam (South Africa) (Phy) Limited, Blue Falcon 179 Trading (Phy) Limited.

Skills, expertise and experience: Strategic leadership and finance.

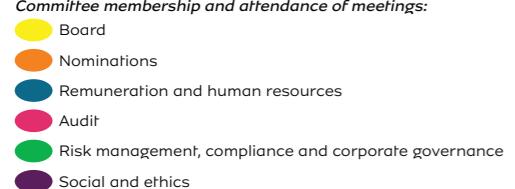
3. Rob Shuter⁴ (Born 1967)
Executive director
Group president and CEO
BCom (Econ and Acc), PG Dip Acc CA(SA)
Appointed: 13 March 2017
Scheduled board attendance: 7/7
Special board attendance: 4/4



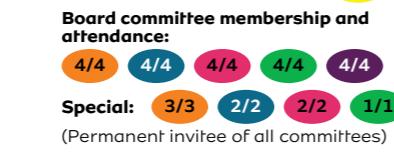
Other directorships: Director of various companies in MTN Group, Chairman of Avanti Communications Group plc, Director/Chairman of Palé Hall Limited (UK) and chairman of Azuri Technologies Limited.

Skills, expertise and experience: Telecommunications.

KEY
Committee membership and attendance of meetings:



4. Ralph Mupita⁴ (Born 1972)
Executive director
Group chief financial officer
BScEng (Hons), MBA, GMP
Appointed: 3 April 2017
Scheduled board attendance: 7/7
Special board attendance: 4/4



Special: 3/3, 2/2, 2/2, 1/1

(Permanent invitee of all committees)

Other directorships: Director of various companies in MTN Group, RMB Holdings Limited and Rand Merchant Investment Holdings Limited.

Skills, expertise and experience: Financial services in emerging markets.

5. Paul Hanratty (Irish) (Born 1961)
Independent non-executive director
B.BusSc (Hons), Fellow of Institute of Actuaries, Advanced Management Programme (Harvard)

Appointed: 1 August 2016
Scheduled board attendance: 7/7
Special board attendance: 4/4



Special: 2/2

Other directorships: Director of various companies in MTN Group, Sanlam Limited, Atlanta Insurance Sanlam Wealth UK, Sanlam Life (UK) and IDM (SA).

Skills, expertise and experience: Financial services.

6. Alan Harper (British) (Born 1956)
Independent non-executive director
BA (Hons)

Appointed: 1 January 2010
Retired: 15 December 2019
Scheduled board attendance: 7/7
Special board attendance: 4/4



Special: 3/3, 2/2

Other directorships: Director of various companies in MTN Group, Chairman of Avanti Communications Group plc, Director/Chairman of Palé Hall Limited (UK) and chairman of Azuri Technologies Limited.

Skills, expertise and experience: Telecommunications.

7. Koosum Kalyan (Born 1955)
Independent non-executive director
BCom (Law) (Hons) Economics, Senior Executive Management Programme (London Business School)

Appointed: 13 June 2006
Retired: 15 December 2019
Scheduled board attendance: 7/7
Special board attendance: 4/4



Special: 3/3, 2/2, 2/2, 1/1

(Permanent invitee of all committees)

Other directorships: Director of various companies in MTN Group, non-executive director of Anglo-American South Africa, Aker Solutions Oil and Gas. Member of the Invest Africa International Advisory Board, Garda World International Advisory Board and the Thabo Mbeki Foundation Advisory Board.

Skills, expertise and experience: Economics, corporate governance, infrastructure, oil and gas/energy and scenario planning.

8. Shaygan Kheradpir (American) (Born 1960)
Independent non-executive director
Doctorate in Electrical Engineering, Cornell University

Appointed: 8 July 2015
Scheduled board attendance: 7/7
Special board attendance: 4/4



Special: 1/1

Other directorships: Director of various companies in MTN Group. Former CTIO Verizon, COO Barclays, CEOs Juniper and Coriant.

Skills, expertise and experience: Business leadership and transformational change, operations, technology and engineering.

9. Peter Mageza (Born 1954)
Independent non-executive director
FCCA

Appointed: 1 January 2010
Scheduled board attendance: 5/7
Special board attendance: 4/4



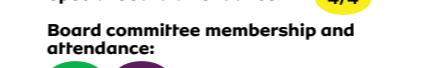
Special: 2/2, 1/1

Other directorships: Director of various companies in MTN Group, Remgro Limited, Sappi Limited, RCL Group and Anglo American Platinum Limited.

Skills, expertise and experience: Accounting, banking and finance.

10. Dawn Marole (Born 1960)
Independent non-executive director
BCom (Acc), Dip Tertiary Education, MBA, Executive Leadership Development Programme (London Business School)

Appointed: 1 January 2010
Scheduled board attendance: 6/7
Special board attendance: 4/4



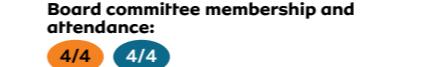
Special: 1/1

Other directorships: Director of various companies in MTN Group, South African Post Office (SoC) Limited, Richards Bay Mining (Phy) Limited, Santam Limited, Resilient Properties Income Fund and the Development Bank of Southern Africa and a Member of The Advisory Council of Anglo American South Africa.

Skills, expertise and experience: Financial services, risk and corporate governance.

11. Azmi Mikati (Lebanese) (Born 1972)
Non-executive director
BSc

Appointed: 21 July 2006
Scheduled board attendance: 7/7
Special board attendance: 4/4



Special: 3/3, 2/2

Other directorships: Director of various companies in MTN Group, CEO of M1 Group Limited (an international investment group focusing on telecoms).

Skills, expertise and experience: Telecommunications.

12. Stanley Miller (Belgian) (Born 1958)
Independent non-executive director.
Appointed: 1 August 2016

Scheduled board attendance: 7/7
Special board attendance: 3/4



Special: 1/1

He has over 30 years' experience in the start-up, running and turnaround of companies in both media and telecommunication sectors, internationally. He is also an experienced INED in listed companies.

Among other executive roles, he served on the board of KPN (Netherlands) and was CEO of KPN Mobile & International 1998 to 2010. He served as INED on the board and committees of MTS OJSC (Russia – Moscow and NYSE listed) 2010 to 2019. Retired June 2019.

Other directorships: Director various companies MTN Group, CEO Leaderman NV (Belgium). Executive Director AIH SA (Luxembourg).

Skills and experience: Telecom and media internationally. INED listed companies and their committees.

13. Khotsa Mokhele (Born 1955)
Lead independent non-executive director
BSc (Agriculture), MSc (Food Science), PhD (Microbiology) and a number of honorary doctorates from various institutions

Appointed: 1 July 2018
Appointed LID: 15 December 2019

Special: 0/3, 1/2

Other directorships: Director of various companies in the MTN Group. She is the Vice President and CFO of the African Development Bank.

Skills, expertise and experience: Financial services, risk, treasury and general management.

Scheduled board attendance: 7/7

Special board attendance: 3/4

Board committee membership and attendance:



Special: 3/3, 2/2

Other directorships: Director of various companies in the MTN Group, Chancellor of the University of the Free State, chairman of Tiger Brands and AECL, a non-executive director of Hans Merensky Holdings (Phy) Limited.

Skills, expertise and experience: Science and technology.

14. Christine Ramon (Born 1967)
Independent non-executive director
BCompt, BCompt (Hons), CA(SA), Senior Executive Programme (Harvard)

Appointed: 1 June 2014
Scheduled board attendance: 6/7
Special board attendance: 4/4



Special: 2/2

Other directorships: Director of various companies in MTN Group, the International Federation of Accountants, executive director of AngloGold Ashanti Limited and chairman of the CFO Forum.

Skills, expertise and experience: Accounting, finance and general management.

15. Nkunku Sowazi (Born 1963)
Independent non-executive director
BA, MA (UCLA)

Appointed: 1 August 2016
Scheduled board attendance: 7/7
Special board attendance: 4/4



Special: 3/3, 2/2, 1/1

Other directorships: Director of various companies in the MTN Group. Chairman of Tiso Investment Holdings, Kagiso Tiso Holdings, Botswana Soda Ash Holdings and Bud Chemicals and Minerals. Non-executive director of Grindrod Limited, Bud Group and Tiso Blackstar SE (UK). Co-founder trustee of the Tiso Foundation and Washington-based Housing for HIV Foundation.

Skills, expertise and experience: Investment management and operations, business leadership.

16. Swazi Tshabalala (Born 1965)
Independent non-executive director
Masters in Business Administration, Oxford Fintech Programme

Appointed: 1 June 2018
Scheduled board attendance: 5/7
Special board attendance: 1/4



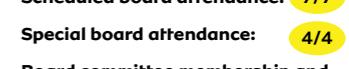
Special: 0/3, 1/2

Other directorships: Director of various companies in the MTN Group, City Lodge Hotels Limited, Pan African Infrastructure Fund, UAP/Old Mutual Limited, Jambojet Limited (Independent chairman), Financial Sector Deepening African (Independent chairman), FSD Africa (Investments) Limited, International Advisory Board of Chubb P&C Insurance and as a non-remunerated member on the Global Advisory Council of the Darden Business School, USA.

Experience: International investment and corporate finance experience in banking, insurance and infrastructure. Co-founder at Catalyst Principal Partners, a private equity fund manager in Nairobi, where she sits on the Investment Committee and as a director.

17. Jeff van Rooyen (Born 1950)
Independent non-executive director
BCom, BCompt (Hons), CA(SA)

Appointed: 18 July 2006
Retired: 15 December 2019
Scheduled board attendance: 7/7
Special board attendance: 4/4



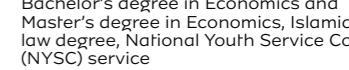
Special: 2/2, 2/2

Other directorships: Director of various companies in MTN Group, chairman of Exxaro Resources Limited, various companies in Uranus Group, Pick n Pay Stores, and former chairman of Financial Reporting Standard Council of South Africa.

Skills, expertise and experience: Accounting and finance.

18. HH Lamido Sanusi^{2,3} (Born 1961)
Independent non-executive director
Bachelor's degree in Economics and Master's degree in Economics, Islamic law degree, National Youth Service Corps (NYSC) service

Appointed: 1 July 2019
Scheduled board attendance: 4/7
Special board attendance: 1/4



Special: 0/1

Other directorships: Director of various companies in the MTN Group. Serves as chairman of the Babangida and Black Rhino Management Services (Pty) Limited.

Skills and expertise: Finance, banking and central banking.

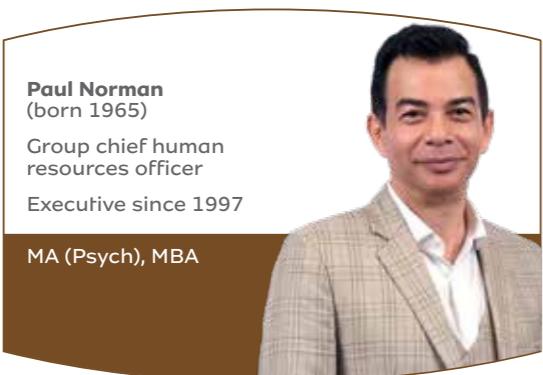
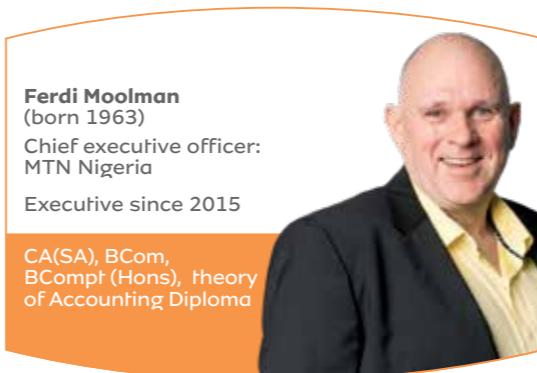
Vincent Rague^{2,3} (Born 1953)
Independent non-executive director
MBA, BA, BA (Hons), Econ/Stats, Executive development programmes (Harvard) and IMD.

Appointed: 1 July 2019
Scheduled board attendance: 4/7

Our executive committee

The executive committee facilitates the effective control of the group's operational activities in terms of its delegated authority approved by the board. It is responsible for recommendations to

the board on the group's policies and strategy and for monitoring its implementation in line with the board's mandate. It meets at least monthly, and more often as required.



Remuneration report

Overview



► Outgoing Chairman
Alan Harper

Key features of 2019

For the year under review, the committee is satisfied that it fulfilled its obligations in terms of its mandate. It met six times, including at two special meetings. In discharging its responsibilities as set out in the committee's terms of reference, some of the key decisions and actions taken by the committee were:

- **Resolution and terms of reference:** passed the **written resolution** appointing the acting CFO for MTN South Africa on 28 October 2019 to the board of this opco for consideration in accordance with the memorandum of incorporation of the company and the Companies Act.
- Approved the share allocation of the **performance share plans (PSP)** for 2019 and resolved that the allocation of **employee share option plans (ESOP)** was approved as per the conditions defined. The **short-term incentive (STI)** payments for 2018 were supported by a report from PricewaterhouseCoopers (PwC).
- Considered the final proposals for the **2019/2020 annual salary increases** and agreed to the recommended increases and additional percentages for high performers with effect from 1 April 2019 for consideration and board approval.
- Supported the proposal for **non-executive directors' fee** increases and recommended these to the board for consideration and final approval, which was granted by the shareholders at the AGM.
- Reviewed an update on the development of MTN's **succession planning** and noted that a robust process was in place to ensure that potential candidates are well prepared for leadership roles. This was with specific reference to the group president and CEO, opco CEOs and key leadership positions across all operations. The committee noted and resolved the appointment of the new group chief legal counsel and head of digital and fintech.
- Reports of the **retirement fund and medical aid** were noted, reviewing and confirming their compliance with the revised pension fund regulatory requirements.
- The proposed **2020 performance scorecard** of the CEO and opco scorecards was resolved and approved.
- Reviewed the adoption of **minimum shareholding requirements (MSR)** for the MTN group executive committee. This to be resolved in 2020.
- Considered adoption of a **single, total figure of remuneration** received and receivable in respect of the financial period, and all the remuneration elements that it comprises, each disclosed at fair value.
- Accepted the extension of **malus and clawback** for STIs effective 2020.
- Approved the **settlement of a three-year service, cash-based incentive** in accordance with the applicable addendums to the employment agreements concluded between MTN and Rob Shuter to be settled in March 2020 and Jens Schulte-Bockum in January 2020.
- Approved an **exceptional PSP award** for a newly appointed executive for retention purposes.
- The committee noted and resolved the appointment of the **new group chief legal counsel, group chief digital and fintech officer** and the **group executive investor relations**, all of which were approved

Members in attendance	Scheduled meetings	Special meetings
Alan Harper	4/4	2/2
Mcebisi Jonas ¹	2/4	1/2
Azmi Mikati	4/4	2/2
Khotso Mokehele	4/4	2/2
Phuthuma Nhleko ²	4/4	2/2
Vincent Rague ³	2/4	1/2
Nkunko Sowazi	4/4	2/2
Swazi Tshabalala	3/4	1/2

¹ Appointed 1 July 2019

² Retired from the board 15 December 2019

³ Appointed 1 August 2019



► Incoming Chairman
Khotso Mokhele

Key focus areas for 2020

MTN is making certain material changes to the reward framework for executives with the implementation of minimum shareholding requirements, malus and clawback for both long and short-term incentive programmes and agile performance and rewards programmes.

We will continue our journey of digitalised reward processes and improved electronic access to policies and processes. We continually review our pay practices to align with shareholders and we aim to interact transparently with them to achieve this.

We are committed to building and maintaining a strong relationship with our shareholders, based on trust and mutual understanding.

The remuneration committee at a glance

The remuneration committee (remco) has been mandated by the board to independently oversee and approve the remuneration policies and human resource approach for MTN in order to ensure these are fair, consistent and compliant.

In ensuring fair and responsible remuneration by the group, the committee focuses on responsible remuneration practices, ensuring that MTN employs and retains the best human capital possible for its business needs and maximises the potential of its employees.

Committee composition, skills and experience

The committee is chaired by an independent non-executive director with a proven track record and 23 years' senior leadership experience. The committee comprises independent non-executive directors. The collective skills and experience profile of the group remuneration committee members includes telecommunications, finance, managing businesses in Africa, human capital, remuneration and risk management.

Part 1

Background statement from the chairman of the remuneration committee

This remuneration report focuses on the fixed and variable elements of the prescribed officers' remuneration and fees paid to non-executive directors. This is in keeping with the commitment to fair, responsible, and transparent remuneration and remuneration disclosure in terms of the Companies Act and JSE Listing Requirements, as prescribed by King IV, principle 14.

After engaging the board and various stakeholders, in 2019 we continued reviewing our remuneration policy and practices, incentive schemes, performance metrics and measures. This review was necessary to maintain our competitiveness; appropriately reward performance; motivate value-creating behaviours; and to contribute towards attracting and retaining quality staff. The incentive scheme review was aimed at encouraging and supporting business practices consistent with the group's vision, purpose and strategy, based on company, team and individual performance outcomes.

MTN strives to remunerate employees competitively within the relevant occupational ranges and we benchmark the philosophy applicable for executive management, non-executive directors and other employees against the national and telecommunications industry standards (peer group). This assists us in establishing market-related salary benchmarks while maintaining our attractiveness to ensure a competitive value proposition in remuneration and benefits.

Supported by the market survey data and internal pay ranges through our annual human resource budget reviews, we consider employee performance, knowledge, skills, experience and business affordability to reach an appropriate remuneration figure. We review salaries annually to meet the expectations of our many stakeholders.

Our key focus areas for 2019

We reviewed staff costs-to-revenue ratios and alignment of each subsidiary to approved budgeted ratios. For those markets with hyperinflationary economies this proved challenging and remains an area of focus in 2020.

We continued measuring the extent to which internal pay differentials are equitable, particularly with respect to gender and race, and implementing corrective measures to correct identified anomalies.

In 2018 the committee mandated the internal policy and governance committee, made up of senior executive employees, to ensure that all policies are aligned to the broader organisational goals and properly documented and shared with employees. This committee addressed seven group HR policies in 2019, including reviewing and approving the revised workplace flexibility policy to foster diversity and inclusivity. This policy acts as a critical tool to maintaining employee job satisfaction and quality of life. It enables employees, with the approval of their line manager, to adjust to changing circumstances and assist in balancing work and personal commitments while meeting the business's performance requirements.

Remuneration report

continued

The following table reflects the total spend on employee remuneration and benefits in 2019 and 2018 compared to headline earnings.

Distribution statement	2019	2018
Adjusted headline earnings per share (cents) (IAS 17 basis)	667	552
Payroll costs for all employees (Rbn)	10,6	9,5
Employee numbers	19 288	18 835

In line with King IV and the Listings Requirements, we table the remuneration policy (Part 2) and implementation report (Part 3) for separate non-binding advisory votes by the shareholders at the group's AGM. This enables shareholders to express their views on the remuneration policies we adopt and the implementation of such policies.

In 2019, more than 75% of shareholders voted in favour of the implementation report. However, we continued our drive to reach out to some of our shareholders in order to understand any concerns regarding our reporting standards. Going forward, where it is necessary, we will extend our invitation in engaging with shareholders through the various mediums so as to address any remuneration governance concerns.

Results of remuneration-related votes at our AGMs:

	2019 %	2018 %
Approval of the remuneration policy	82,19	93,8
Implementation of the remuneration policy	78,52	68,17

We remain committed to building and maintaining a strong relationship with our shareholders based on trust and mutual understanding. We continually review our pay practices to align with shareholders and we aim to interact transparently with them to achieve this.

Part 2

Overview of the remuneration philosophy and policy

The remuneration philosophy and policy are key components of the HR strategy and govern the remuneration of executive management (executive directors and prescribed officers), non-executive directors and other employees and fully support the overall business strategy. They establish fair and equitable reward levels that attract, motivate, retain and engage the desired talent to execute business strategy in a sustainable manner over the long term.

In aligning with the recommendations of King IV™, we aim to continue disclosing the main provisions of our remuneration policies including how such remuneration was earned by prescribed officers and non-executive directors as defined by the Companies Act. In terms of the Act, a prescribed officer is a person, who:

- (a) **exercises general executive control** over and management of the whole, or a significant portion, of the business and activities of the company; or
- (b) **regularly participates** to a material degree **in the exercise of general executive control** over and management of the whole, or a significant portion, of the business and activities of a company.

All strategic reward decisions are prepared and guided by our executive management team for approval by the group remco. This committee has delegated approval authority at various levels, with its roles and responsibilities outlined on page 60.

Remuneration policy and governance

MTN's remuneration philosophy is part of an interlinked, holistic and people-oriented talent approach, aiming to support current and evolving business priorities. The competitive talent landscape demands a **differentiated reward system**, capable of competitively matching pay to performance, delivering fairly without bias, and is flexible yet compliant across all markets.

Our various remuneration policies approved by executive leadership and governed by our group remco, guide the decision-making processes and

operationalisation of all reward matters. It is our intent to deliver a legislatively compliant system aligned with the strategic objectives of the company. Assessed against King IV™ and the amended Listing Requirements, the remuneration policy is based on the following principles:

Fair and responsible remuneration

MTN aims to ensure that remuneration provided to all employees is internally equitable and externally competitive. All elements of pay are influenced by market survey data and internal pay comparisons. Ensuring fair pay is based on the value of the job relative to other jobs of similar worth, this is aligned to the principle of responsible, fair and equal pay. We regularly review and benchmark our reward components using performance and level of work as a basis for differentiation and the basis for employee reward.

An enabler of business strategic objectives

MTN's strategic objectives and our performance-based system through our short and long-term incentives are linked to achieving defined performance measures consistent with shareholder interest over the short and long term. Both short and long-term incentive plans provide motivation for the achievement of positive outcomes measured using a balanced approach combining both financial and non-financial metrics measured across company, team and individual performance.

Transparent, consistent remuneration

We promote transparent and simplified communication across all levels including external stakeholders and consistency across all operating units; acknowledging differentiation and customisation.

Strengthen the culture and core values

We are a values-based and output-driven organisation. Recognising actions aligned to our vital behaviours is critical to our success.

Attract, motivate, reward and retain our human capital

Our optimal pay structure comprises fixed and variable remuneration to drive the right focus both in the short and long term. We remain competitive on both elements and create a balanced fixed and variable remuneration providing a fair composition for each position. The ratio of fixed to variable differs, with the weighting of variable pay for executive employees being greater. Our pay mix ensures we deliver an effective performance-based reward system where the achievement of stretch targets is remunerated.

Our remuneration policy

MTN's priority is to align with King IV. Against this backdrop, MTN's remuneration policies aim to ensure that we remain relevant, and that we are benchmarked appropriately against best practice to maintain market competitiveness and alignment to our corporate goals.

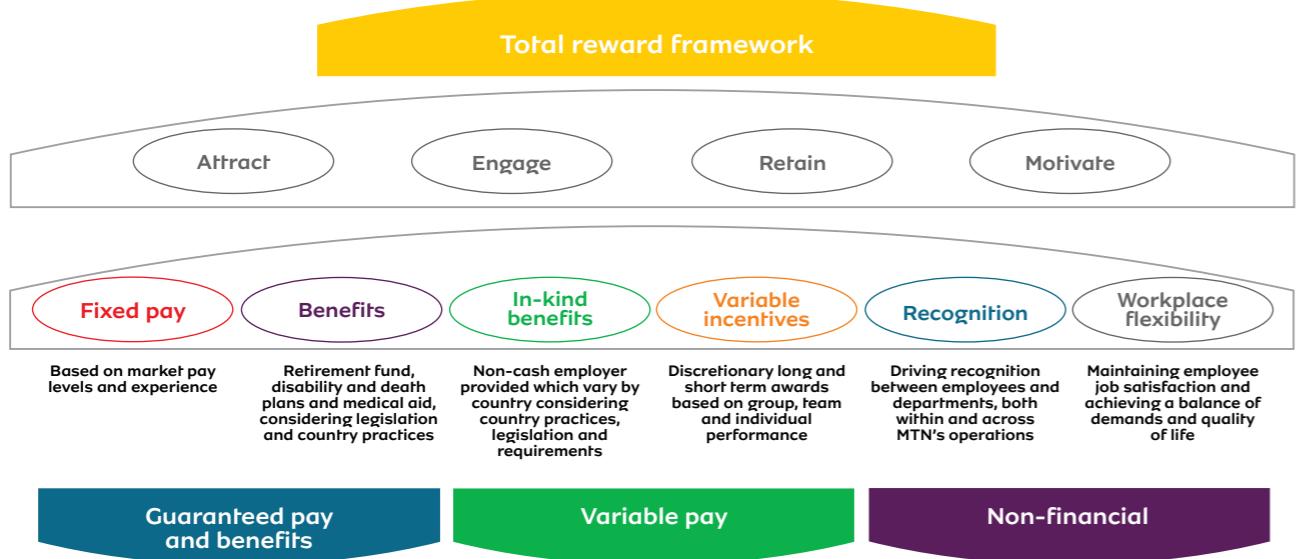
Our remuneration structure

Our total reward policies and structures are designed to attract, engage, retain and motivate our workforce. MTN considers total rewards and strives to achieve an appropriate mix for our employees. The following diagram illustrates our total reward framework. Aligning to the BRIGHT strategy, MTN has implemented a remuneration structure with three key elements:

- **Annual fixed package** which is benchmarked with the general market and industry comparatives (peer group).
- **Variable pay** which consists of **short and long-term incentives** based on the company's success in implementing its one-year to three-year objectives.
- Qualitative programmes, comprising **recognition and workplace flexibility**.

Remuneration report

continued



Components of our total rewards framework

Although the head office applies a fixed remuneration package approach, the company accepts variations to the 'guaranteed pay plus benefits' approach due to local market conditions in many of the geographies in which we operate. The fixed remuneration approach includes cash and benefits, benefits in kind which, when combined with incentive payments and other non-quantifiable elements such as recognition and workplace flexibility, make up what we term 'total rewards'.

Element	Guaranteed pay and benefits	Variable pay
Purpose	Remunerate employees for work performed	Reward employees for the delivery of strategic objectives balancing short-term performance and risk-taking with sustainable value creation
Determination	<ul style="list-style-type: none"> Reflects the general worth of skills compared against the job worth Based on the premise of an equal level of work for a similar range of pay Set with reference to the market 50th percentile and 75th percentile for critical jobs against the general market and our peer groups 	<ul style="list-style-type: none"> Reflects performance during the year, measures outcomes within management control and rewards high performance Linked to corporate financial performance, delivery of strategic priorities and individual performance
Eligibility	All employees	All employees excluding commission earners
		<ul style="list-style-type: none"> PSP – executives, senior leadership and management level in RSA NSO – Management level in non-RSA opcos ESOP – all non-management employees

Element	Guaranteed pay and benefits	Variable pay
Component	<ul style="list-style-type: none"> Basic salary Defined contribution to retirement fund plans Medical aid benefits Risk benefits, lifestyle, cell phone Benefits in kind (where applicable) 	<ul style="list-style-type: none"> Company performance Team performance Individual performance (where applicable)
Changes and awards in 2019		<ul style="list-style-type: none"> Aligned with the financial and strategic key business performance metrics as described in our BRIGHT strategy
How the pay is set	<ul style="list-style-type: none"> Benchmarked against independent survey data from the national market and defined peer group Reflects the scope and depth of role, experience required, level of responsibility and individual performance, business affordability, inflation, staff cost and market movement 	<ul style="list-style-type: none"> Set as a percentage of annual fixed pay Employees are rewarded for achieving threshold (90%), at target (100%) and above-target performances Below threshold is regarded as poor performance and therefore not incentivised Performance measures are weighted by employee category grade
Performance		<ul style="list-style-type: none"> Fully discretionary based on assessment of corporate performance, achievement of defined company, team and individual measures
Deferral	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> No deferral, discretionary bonus cash awards
Pay for performance	<ul style="list-style-type: none"> Annual increases linked to team and individual performance 	<ul style="list-style-type: none"> Deliver on the financial, operational and strategic targets as set out in BRIGHT and corporate scorecard Targets are weighted
<p>Non-financial rewards</p> <p>Recognise and celebrate high performance by giving special attention to employee actions, efforts and behaviours in support of our business strategy by reinforcing behaviours that contribute to organisational success.</p> <p>Our flexible workplace policies enable a diverse and inclusive organisation, which actively supports employees to achieve success professionally and personally.</p>		

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02 How we create value

03 Strategic and financial review

04 Governance and remuneration

Remuneration report

continued

Variable incentives

Our variable incentive payments are based on short and long-term performance. Our short-term incentive framework consists of three elements, with weightings against each element assigned as per the grade level of the employee. Company, team and individual performance are taken into consideration. For our executive leadership, performance is weighted towards company and team performance.

Description	Company performance %	Team performance %	Target value on threshold %	Maximum %
Group president and CEO	70	30	100	200
CFO	70	30	100	175
COO	50	50	100	175
Tier 1 CEOs and VPs	60	40	70	140
Functional executives	50	50	70	140

Company performance (CP)

The **company performance** looks at five key categories for executives. These are extracted from the board-approved business plan. They carry equal weighting and are **revenue; EBITDA; operating free cash flow; group attributable earnings and competitive performance**.

Description of objective and link to business strategy	CP measurement				Weighting	
	Below threshold %	Threshold %	At target %	Above target %	Head office %	Subsidiary %

Financial element

Revenue	A key indicator reflective of the sales performance of our services with respect to the overall group strategy and business objectives.	< 90	90	100	110	20	25
EBITDA	EBITDA is earnings before interest, taxation, depreciation and amortisation. In simple terms, it is the net income power of the company through its operations. Which is, what kind of earnings can a company generate if a company had zero debt (no interest needs to be paid), no tax burden (does not have to pay any kind of taxes) and does not have any goods whose value depreciates over time (no depreciation or amortisation).	< 90	90	100	110	20	25
Operating free cash flow	Represents the cash generated by the company after cash outflows to support operations and maintain its capital assets.	< 90	90	100	110	20	25
Group attributable earnings	Part of the company's profit which is 'attributable' to the ordinary shareholders. In other words, after the normal operating expenses have been deducted, together with finance costs, extraordinary items, taxation and preference dividends.	< 90	90	100	110	20	

Competitive performance

Competitive performance looks mainly at **NPS progress, reducing churn and market share gains**. The performance score on company performance is determined for the year as a percentage of the actuals achieved relative to the targets set.

Description of objective and link to business strategy	CP measurement				Weighting	
	Below threshold %	Threshold %	At target %	Above target %	Head office %	Subsidiary %
Non-financial element						
Competitive performance						
Market share	Represents the percentage of an industry, or market's total sales that are earned over a specified time.	< 90	90	100	Varies	
Customer churn	Percentage or number of subscribers to a service who discontinue their subscriptions to the service within a given time period.					
Relative customer net promoter score (NPS)	NPS is an index that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand. The NPS is measured relative to the company's closest competitor in the market.	< 90	90	100	110	20

Team performance (TP)

Team performance is adjudicated against a collection of key performance indicators (KPIs) that look at broader aspects of delivery on the strategy, including **cash upstreaming, subscriber growth, active data users, regulatory risk management, network quality** etc. Similarly, the performance score for team performance is generated based on the actual performance versus the targets.

Description of objective and link to business strategy	CP measurement				Weighting	
	Below threshold %	Threshold %	At target %	Above target %	Head office and subsidiary %	
Financial element						
Bonus agreement						
Bonus agreement	The TP target relates to value drivers, consisting of operational imperatives to ensure alignment with the wider business strategy BRIGHT. The organisational structures and integrated business model are designed to ensure that all business units contribute to the delivery of the overall business units in delivering the group targets.	0	80	100	120	Variable based on employee job level

The threshold refers to the minimum performance per objective and not the consolidated achievements of objectives. Refer to page 46 for details.

Remuneration report

continued

Long-term incentives 2019

Long-term incentives in the form of share allocations are awarded to eligible senior leadership. This drives long-term sustainability and performance of the group. Annual allocations are made based on a multiple of the fixed package which would generally vest after three years.

Performance would be adjudicated three years after the allocation based on four equal elements:

1. Total shareholder return of MTN viewed against the MSCI Emerging Market Index.
2. Cumulative operating free cash flows over three years against the approved budget for each year.
3. Retention element.
4. Combination of return on capital measures, black economic empowerment (BEE) and compliance with South African transformation legislation.

The following table sets out the performance metrics, weightings and targets for awards that vested in 2019 and unvested allocations.

Performance measure	Description	Weightings for allocations made before 2017		Weightings for allocations made in 2017 onwards	
		General	Executives	General	Executives
TSR – JSE Top 25 Index	Sliding scale of 100% vesting at the 75th percentile as compared to JSE Industrial 25 comparator group and 25% vesting at the median with straight-line vesting in between the two points. 0% vesting for below the median. TSR will be measured by comparing the 30 day (VWAP) at the beginning and end of the three-year measurement period plus re-invested dividends. TSR must be positive.	37,5%	50%		
TSR – MSCI EM Index ¹	Sliding scale of 100% vesting at the 75th percentile as compared to MSCI EM Telecoms Index and 25% vesting at the median with straight-line vesting in between the two points. 0% vesting for below the median. TSR will be measured by comparing the 30 day (VWAP) at the beginning and end of the three-year measurement period plus re-invested dividends. TSR must be positive and to be measured on common currency (ZAR).			25%	25%
Adjusted free cash flow (AFCF)	Measured on a three-year CAGR calculated as the growth in the average AFCF in the three years preceding the measurement period (01/01/2014 to 31/12/2016) to the average AFCF during the three-year measurement period (01/01/2017 to 31/12/2019), using the following parameters: <ul style="list-style-type: none">• 100% vesting at 10% growth;• 20% vesting at 6% growth;• 0% vesting below 6% growth With a sliding scale between each point.	37,5%	50%		
Cumulative operating free cash flow (COFCF) ²	Targeted at the sum of the budgeted OFCF established each year for the three-year measurement period: 25% vesting at 90% of the target; stretch of 100% vesting at 110% of the target; sliding scale between each point. Operating free cash flow will be measured on constant currency.			25%	25%
Return on average capital employed (ROACE)	Defined as the sum of (EBIT/(equity + net debt)) for each year divided by 3. 25% vesting at 90% of budget (kick-in); 100% vesting at 100% of budget; with a straight-line vesting between the kick-in and budget rate.			25% 25%/8,33%	

Performance measure	Description	Weightings for allocations made before 2017		Weightings for allocations made in 2017 onwards	
		General	Executives	General	Executives
Compliance to DTI and ICASA ³	Making all reasonable efforts to ensure that the company is compliant with the relevant targets and codes in terms of labour legislation and/or established by the DTI, and ICASA.				8,33%
Black economic empowerment (BEE) ³	Achievement of the BEE deliverables as set out in employment contracts.				8,33%
Service/retention ⁴	100% vesting upon remaining with the company for the duration of the award fulfilment period.		25%	25%	25%

¹ MCSI Emerging Markets Telecoms Index measured in common currency, ie ZAR.

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

³ Only applicable to group president and CEO, group chief financial officer and group chief operating officer.

⁴ The service element for executives to be reviewed on an annual basis.

Share and STI awards are subject to **malus and clawback** provisions based on material failure or error that was caused by or ought reasonably to have been prevented by management and negatively impacted the company, gross negligence or fraudulent behaviour.

• Malus provisions

These provisions allow the board to reduce the number of MTN shares awarded to any participant under the PSP scheme in certain circumstances before the settlement of the underlying shares. The adjustment would notably apply where the relevant accounts for any company, business or undertaking where the participant worked or works, or for which he/she was or is directly or indirectly responsible, are found to be materially incorrect or require restatement.

• Clawback provisions

These provisions would apply in respect of a period after the settlement of the underlying shares to the relevant participant and effectively provide MTN with a contractual right to recover an amount of money from a participant in certain similar circumstances as those that apply to the malus provisions, but which arise (or are only disclosed) after settlement.

Pay mix and potential remuneration

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

This pay mix varies with seniority, with an increasing element of variable pay at senior levels. The group president and CEO and exco members have the largest proportion of total annual package being subject to performance conditions. This is intended to create a significant degree of alignment with shareholder interests, with the aim of driving sustainable value creation over a longer-term period.

King IV recommends the disclosure of remuneration elements offered in the organisation and the mix of these. The following graphs illustrate the actual payments made to the group president and CEO and the group CFO for 2019. These values are expressed as a percentage of total cost of employment. No long-term share awards vested over the same period. There was a contracted lump sum payment due to the group CFO payable in October 2019.

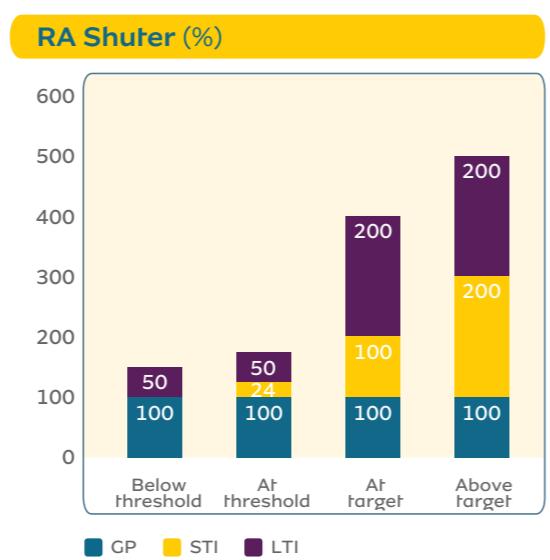
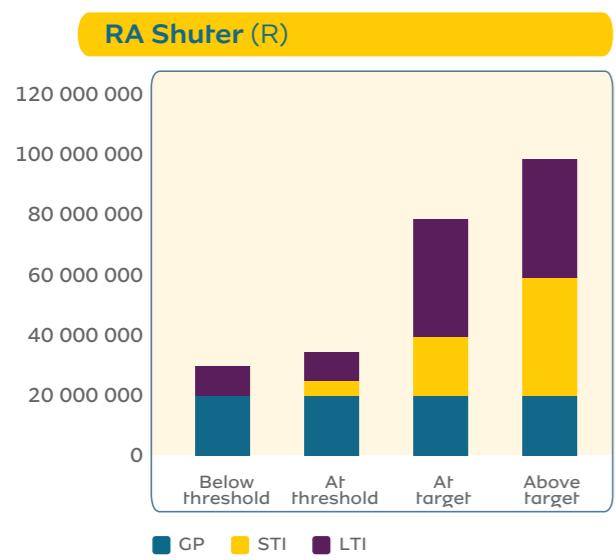
The proportion of fixed to performance-based incentives varies between the group president and CEO and the group CFO. Both roles comprise a higher weighting on performance incentives or 'at risk pay' and less on the fixed package. While the fixed package does not vary based on individual performance, the variable portion does.

Remuneration report

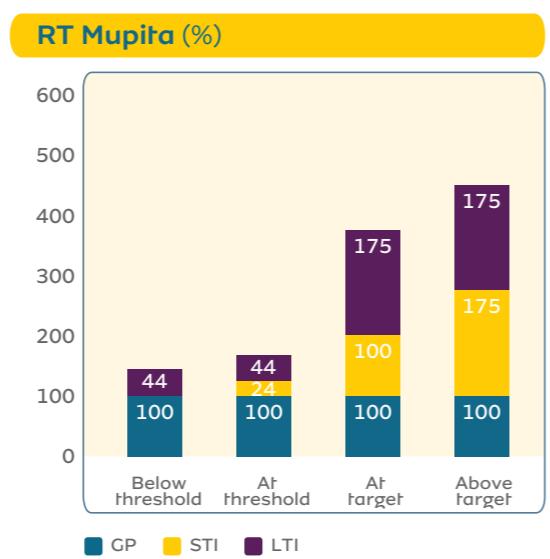
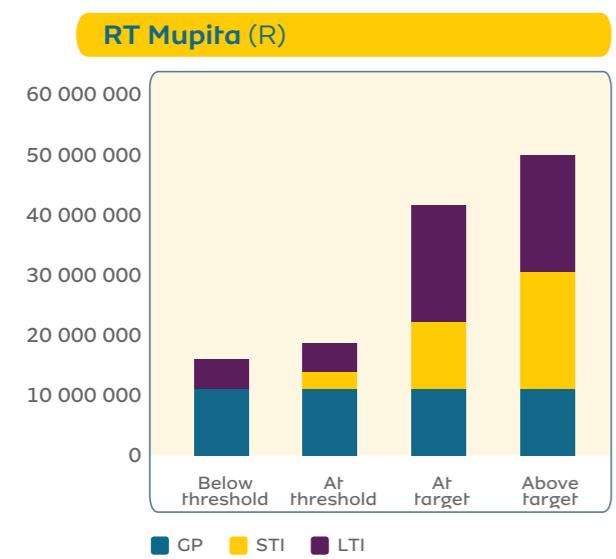
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The following graphs illustrate the mix of minimum, on-target and potential maximum compensation for the group president and CEO and the group CFO aligned with the 2019 remuneration policy. All illustrations are expressed as a percentage of annual guaranteed package (GP) based on four performance scenarios being below threshold, at threshold, at target and above target.

Group president and CEO pay mix



Group chief financial officer pay mix



Note: the 25% LTI minimum is the non-performance-based service element payable once the vesting period is completed

The 24% threshold is the minimum % on the assumption that all the team performance objectives, weighted accordingly, are met at the minimum 80% achievement. If any of the KPIs is below 80%, the calculated minimum bonus % reduces to below 24%. The 24% also assumes that although the company performance threshold has been met, it does not contribute to the actual bonus but is only indicative of declaring a bonus in accordance with the performance bonus rules

Share appreciation rights scheme (SAR) and share rights scheme (SR)

The SAR and SR schemes were the two schemes in place before the PSP scheme was implemented. The last allocation under these schemes was made in June 2010. Although the schemes remain active with share balances, no further awards were made to employees. Each award had a 10-year term, after which the allocation expires. Both the SAR and SR schemes are measured using the company's appreciation in the share price.

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

Both the SARS and SRP were fully vested as at 2017 and are exercisable.

Notional share option (NSO) scheme

The notional share option scheme is our non-equity scheme for non-executive employees (that is, group executive committee members and other general executives), in managerial and more senior positions in non-listed operations outside South Africa. Qualifying employees own options and also participate in the growth of the group and its operations, as applicable.

Purpose	Detail
The main objective of the NSO scheme is to encourage an alignment between the individual interests of senior employees and the long-term success of the group. Thus, the scheme's design rewards managerial and senior employees for the value gain derived from the NSO price per share appreciation between the allocation and vesting dates.	<ul style="list-style-type: none"> Share awards are at the discretion of the MTN Group board and the operating entities. Participation is limited to managerial employees and those in more senior positions only in the operations. Employees of MTN Group Management Services, MTN Dubai and MTN South Africa are not eligible to participate in the PSP scheme. Executive employees across the operations are also not eligible to participate as they participate in the PSP scheme. Performance is measured using the group share price and the operation's EBITDA performance. Thus the NSO scheme is divided into: <ul style="list-style-type: none"> Group aligned notional (GAN) share options measured using group share price and Locally aligned notional (LAN) share options measured using the operation's EBITDA performance.

How allocations are determined

The quantum of the awards is based on the future increase in the value of the NSO awards. Allocation multiples of annual salary are used to determine the annual allocation of NSO to qualifying employees. Awards are made annually and vest after a three-year period. The detail regarding the allocation multiples and performance measurement are set out below.

Job level	Annual allocation multiple (as a % of salary) for both LAN and GAN
General manager	0,60
Senior managers	0,40
Managers	0,20

Share scheme for general and supervisory employees

Employee share ownership plan (ESOP)

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

The scheme intended to incentivise designated employees and to align them more closely with the activities of the company with the aim of promoting their continued growth by giving them shares. Participating employees who received awards under the ESOP scheme had to retain ownership of their shares for a period of five years until December 2015, when the scheme matured.

During 2016, the board approved a second allocation of shares to designated employees under the 2016 MTN ESOP. This scheme is managed under a trust. The first allocation of awards was made to qualifying employees on 1 December 2017 with subsequent allocations made every six-month period.

Remuneration report

continued

Termination of employment payments

The following applies in the event of termination of employment:

Incentive	'Fault terminations' – resignation, abscondment, early retirement, dismissal	'No-fault terminations' – retrenchment, retirement, restructuring, disability, death
Fixed pay	Paid over the notice period or as a lump sum.	Paid over the notice period or as a lump sum or as per statutory requirement.
Benefits	Applicable benefits may continue to be provided during the notice period but will not be paid on a lump sum basis.	Benefits will fall away at such time that employment ceases.
Short-term incentives	No payment will be made, unless incentive payment is due while the employee is serving notice, in which case it will be paid on the last working date.	Any board approved incentive, e.g. annual performance bonus becomes payable on a <i>pro rata</i> basis at the same time as other active employees subject to the incentive policy.
Long-term incentives	No payment will be made. Only incentives which vest during active employment will be paid out.	Any board-approved incentive, e.g. shares become payable on a <i>pro rata</i> basis at the same time as other active employees subject to the incentive policy. Only shares equivalent to time served between grant and vesting are paid. No adjustment to performance is performed.
Recognition and other benefits	Formal and informal platform designed to drive recognition between employees and departments, both within and across MTN's operations.	Other benefits are typically excluded from the fixed package. Including lifestyle benefits, leave of absence, and additional insurance products. Although some of these benefits are not prevalent in all operations, there are country-specific programmes approved and aligned with equivalent South African benefits.

Changes recommended in 2019

As approved by the board, MTN will continue to implement the following changes to share incentives in 2020:

Minimum shareholding requirement

Adopt this requirement in accordance with King IV Principle 14 on corporate governance. Group president and CEO must hold shares with a value equivalent to 250% of annual package, CFO must hold shares representing 175% of annual package and other group exco members must hold shares representing 150% of annual package at the end of a five-year period.

Malus and clawback

The implementation of malus provisions in relation to the short-term incentive scheme.

Our service contracts

Members of executive management are employed on standard employment contracts, except for the group president and CEO and group chief operating officer, who are both on limited-duration contracts. These

employment agreements provide for a notice period of six months by either party or payment by the company *in lieu* of notice and 12 months restraint of trade. Executives are entitled to standard benefits and participation in the short and long-term incentive schemes, subject to the rules of these schemes.

Employees are required to retire at age 60 and where their service is terminated as no fault terminations (retirement, retrenchment, disability or death) or at the end of the limited-duration contract, any shares awarded will be pro-rated and will vest under normal vesting conditions according to the pre-set vesting dates (subject to company performance over that future period). In the case of resignations and terminations, these will be forfeited.

C Molapisi was appointed to the group exco from 1 April 2020. This was approved by the group remco in March 2020.

Group	Employment contract	Extended notice period	Restraint of trade
RA Shuter: Group president and CEO	Employed on 13 March 2017 on a limited-duration employment contract expiring on 12 March 2021. The group board intends to conclude the succession process during 2020 to allow a seamless handover	6 months	12 months
RT Mupita: Group chief financial officer	Employed 3 April 2017 on a permanent employment contract	6 months	12 months
J Schulte-Bockum: Group chief operating officer	Employed on 16 January 2017 on a limited-duration employment contract expiring on 15 January 2021. Extended to 31 March 2022	6 months	12 months
PD Norman: Group chief HR officer	Employed 1 April 1997 on a permanent employment contract	6 months	6 months
MD Fleischer: Group chief legal counsel	Employed 1 February 2014 on a permanent employment contract. Elected early retirement effective 31 July 2019	6 months	6 months
FL Sekha: Group chief regulatory and corporate affairs officer	Employed 10 October 2016 on a permanent employment contract	6 months	6 months
KO Toriola: Vice-president for WECA	Employed 1 November 2006 on a permanent employment contract	6 months	6 months
I Jaroudi: Vice-president for MENA	Employed 1 January 1992 on a permanent employment contract	6 months	6 months
ET Asante: Vice-president for SEAGHA	Employed 2 January 2008 on a permanent employment contract	6 months	6 months
FJ Moolman: CEO: MTN Nigeria	Employed 25 June 2014 on a permanent employment contract	6 months	6 months
GN Motsa: CEO: MTN South Africa	Employed 1 January 2017 on a permanent employment contract	6 months	6 months
L Modise: Group chief legal counsel	Employed 12 August 2019 on a permanent employment contract	6 months	6 months

External appointments

The group observes sound governance protocols in allowing external directorships to the executive directors and executives across its footprints as the group considers such participation a prudent approach to upskilling executives.

Non-executive directors' remuneration

Non-executive director appointments are made in terms of the company's memorandum of incorporation (MoI) and confirmed at the first AGM of shareholders after their appointment and then at three-year intervals. Fees reflect the directors' role and committee membership. A fee applies for any additional special meetings over and above board and committee meetings. In addition to the fees, a single annual retainer, reflective of the role and responsibilities being discharged by a non-executive director, forms part of annual earnings.

Non-executive directors do not participate in any of the company's short or long-term incentive plans, and they are not employees of the company. MTN provides them with

communication devices such as a mobile phone to conduct their duties. The company reimburses them for out-of-pocket expenses, such as travel and accommodation costs, incurred in the execution of their responsibilities.

The committee reviews fees annually, requiring approval from shareholders at the AGM. Recommendations regarding non-executive director emoluments are informed by independent market data considering market practice with reference to the size of the company, time, commitment and responsibilities associated with the roles. As required by King IV™, in the last quarter of 2019, management commissioned DG Capital to benchmark the board, chairpersons and sub-committee fees against selected companies listed on the Johannesburg Stock Exchange (JSE).

The remuneration committee is satisfied that the fee structure for the non-executive directors remains appropriate. Non-executive director emoluments for 2019 are tabulated in Part 3 of this report.

Remuneration report

continued

Non-executive director 2020 increases awarded

The total fees which include the annual retainer and meeting attendance for the chairman of the main board were aligned with the comparator group median hence there was no special adjustment required except where the current fees are below the market median.

Board members

The total fees which include the annual retainer and meeting attendance for the members of the main board were aligned with the average of the comparator group.

Thus, the proposed fees structure for 2020 is as follows:

	2019			2020		
	Annual retainer fee	Meeting atten- dance fee	Total fees	Annual retainer fee	Meeting atten- dance fee	Total fees
MTN Group board						
Chairman	R3 000 000	R173 500	R3 694 000	R3 000 000	R173 500	R3 694 000
International chairman	R235 900	R58 950	R471 700	R265 787	R15 371	R327 273
Member	€78 863	€7 886	€110 407	R235 900	R58 950	R471 700
International member				€78 863	€7 886	€110 407
Lead independent director				R303 419	R113 724	R758 317
Special assignments or projects (per day)						
Local non-executive director		R25 100	R100 400		R25 100	R100 400
International non-executive director		€3 500	€14 000		€3 500	€14 000
Ad hoc work performed by non-executive directors for special projects (hourly rate)		R4 400	R17 600		R4 400	R17 600
Remuneration and human resources committee						
Local chairman	R93 829	R35 168	R234 501	R125 567	R47 064	R313 822
International chairman	€5 766	€3 680	€20 486	€11 415	€4 279	€28 529
Local member	R54 983	R25 804	R158 199	R54 983	R25 804	R158 199
International member	€3 379	€3 379	€16 895	€5 199	€2 924	€16 895
Social and ethics committee						
Chairman	R93 829	R35 168	R234 501	R93 829	R35 168	R234 501
International chairman				€8 405	€3 150	€21 007
Member	R54 983	R25 804	R158 199	R54 983	R25 804	R158 199
International member				€4 016	€1 885	€11 555
MTN Group Share Trust (Trustees)						
Chairman	R83 396	R31 276	R208 500	R83 396	R31 276	R208 500
International chairman				€7 581	€2 843	€18 955
Member	R36 666	R17 209	R105 502	R36 666	R17 209	R105 502
International member				€3 333	€1 564	€9 591
Sourcing committee						
Chairman	R83 396	R31 276	R208 500	R83 396	R31 276	R208 500
International chairman				€7 581	€2 843	€18 955
Member	R48 731	R22 867	R140 199	R48 731	R22 867	R140 199
International member				€4 430	€2 079	€12 745
Audit committee						
Chairman	R160 226	R49 427	R357 934	R172 453	R64 637	R431 000
International chairman				€15 678	€5 876	€39 182
Member	R75 903	R29 530	R194 023	R72 653	R34 097	R209 041
International member				€6 605	€3 100	€19 004
Risk management, compliance committee and corporate governance committee						
Chairman	R142 725	R53 764	R357 781	R142 725	R53 764	R357 781
International chairman				€12 360	€4 656	€30 984
Member	R67 119	R31 641	R193 683	R67 119	R31 641	R193 683
International member	€3 379	€3 379	€16 895	€5 199	€2 924	€16 895
Nominations committee						
Chairman				R80 000	R30 000	R200 000
International chairman				€7 273	€2 727	€18 182
Member				R40 629	R19 068	R116 900
International member				€3 694	€1 733	€10 627

Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote on Part 2 of this remuneration report.

hence there was no special adjustment required except where below the market median.

Sub-committees

Local chairpersons of sub-committees

The total fees which include the annual retainer and meeting attendance for the chairpersons of the various sub-committees of the main board were all aligned with the comparator group. All South African rand-based fees and all non-rand-based fees were recommended to be increased only if below median.

Part 3

Implementation report

Prescribed officer remuneration

To set the annual fixed package increases for executive management, the group remco considered the average increases to general staff using the relevant market data. On average, executive management and general staff received a 5,5% increase budget.

Special payments

In lieu of extended notice and general restraint of trade

Previously, the company entered into agreements with executive management to align their current employment contracts with the company's extended notice and restraint of trade policies. Where gaps existed, this resulted in remco approving additional special payments in lieu. The following special payments were made in lieu of a six month extended notice period and a six month general restraint of trade.

Prescribed officer	Approved value in respect of notice and restraint	Percentage of benefit payable in 2019	Benefit amount paid in 2019
FJ Moolman ¹	US\$179 106	25% paid in January 25% paid in July 2019	US\$91 106
I Jaroudi ¹	US\$522 315	25% paid in April 2019 25% paid in October 2019	US\$263 745

¹ Value of the payments in US dollar in line with the contract of employment currency.

Sign-on bonus

L Modise received a sign-on bonus as compensation for forfeiture of her shares from the previous employer. The details of this payment are as follows:

Prescribed officer	Approved value in respect of sign-on bonus	Percentage of benefit payable in 2019	Benefit amount paid in 2019
L Modise	R13 000 000	25% paid in August 2019	R3 250 000

Special cash-settled onboarding incentive

The following table shows special once-off incentives which were awarded to three senior executives during 2017 as compensation of loss of equity in their previous companies. There were no further special awards made in 2019.

	Incentive maturity date	Number of units granted [^]	Value of incentive at grant date R	Paid in 2019 R
RA Shuter ⁺	125,09	327 214	40 931 199	
RT Mupita ⁺⁺	113,10	446 027	50 445 654	42 051 426
J Schulte-Bockum ⁺⁺⁺	127,60	64 423	8 220 375	

+ Appointed on 13/03/2017. On appointment, RA Shuter was granted a cash-settled share-based payment incentive in lieu of unvested stocks or equity relinquished upon resignation from previous employment. The value of the incentive will be determined based on the market value of 327 214 ordinary listed shares in MTN Group Limited. The incentive will be paid on 12/03/2020.

++ Appointed on 03/04/2017. On appointment, RT Mupita was granted a cash-settled share-based payment incentive in lieu of unvested stocks or equity relinquished upon resignation from previous employment. The value of the incentive paid was determined based on the market value of 446 027 ordinary listed shares in MTN Group Limited. The incentive was fully paid on 28/10/2019.

+++ Appointed on 16/01/2017. On appointment, J Schulte-Bockum was granted a cash-settled share-based payment incentive in lieu of unvested stocks or equity relinquished upon resignation from previous employment. The 64 423 ordinary listed shares in MTN Group Limited. The incentive will be paid on 15/01/2020.

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

Remuneration report

continued

Short-term incentive outcomes for 2019

Company performance actual achievement for 2019
MTN Group Limited

Prescribed officer	Designation	Company performance^ (Group)		Company performance^ (Subsidiaries)		Team performance*	
		Multiplier range %	Actual multiplier achieved %	Multiplier range %	Actual multiplier achieved %	Multiplier range %	Actual multiplier achieved %
RA Shuter	Group president and CEO	0 – 200	134,86			0 – 200	139,25
RT Mupita	Group chief financial officer	0 – 175	124,35			0 – 175	138,40
J Schulte-Bockum	Group chief operating officer	0 – 175	124,35			0 – 175	111,85
FJ Moolman	CEO – Tier 1 subsidiary	0 – 200	134,86	0 – 200	105,07	0 – 200	153,20
GN Motsa	CEO – Tier 1 subsidiary	0 – 200	134,86	0 – 200	125,98	0 – 200	96,13
PD Norman	Group chief human resources officer	0 – 200	134,86			0 – 200	147,95
L Modise	Group chief legal counsel	0 – 200	134,86			0 – 200	139,95
F Sekha	Group chief regulatory and corporate affairs officer	0 – 200	152,04			0 – 200	164,95
I Jaroudi	VP MENA	0 – 200	134,86	0 – 200	125,18	0 – 200	89,93
ET Asante	VP SEAGHA	0 – 200	134,86	0 – 200	139,62	0 – 200	93,92
KO Toriola	VP WECA	0 – 200	134,86	0 – 200	104,86	0 – 200	98,95

[^]Company performance bonus multiplier is a translation of the actual achieved company performance objectives against budgets.

* Team performance bonus multiplier is a translation of the actual achieved functional objectives against set targets.

Table of performance bonus paid in 2019

Prescribed officer details	Company performance bonus				Team performance bonus				Total bonus R000	
	Bonus salary^ R000	At target %	At target bonus amount R000	Company performance weighting	Company performance multiplier %	Company performance bonus amount R000	Team performance weighting	Team performance multiplier %		
RA Shuter	20 257	100	20 257	70	134,86	19 122	30	139,25	8 462	27 584
RT Mupita	10 449	100	10 449	70	124,35	9 095	30	138,4	4 338	13 434
J Schulte-Bockum	11 024	100	11 024	50	124,35	6 854	50	111,85	6 165	13 019
FJ Moolman	8 688	70	6 082	60	134,86	4 377	40	153,2	3 727	8 104
GN Motsa	8 353	70	5 847	60	134,86	4 575	40	96,13	2 248	6 823
PD Norman	6 921	70	4 844	50	134,86	3 266	50	147,95	3 584	6 850
L Modise	2 554	70	1 788	50	134,86	1 205	50	139,95	1 251	2 456
FL Sekha	4 843	70	3 390	50	134,86	2 286	50	164,95	2 796	5 082
I Jaroudi	10 060	70	7 042	60	134,86	5 494	40	89,93	2 533	8 027
ET Asante	10 554	70	7 388	60	134,86	6 083	40	93,92	2 775	8 858
KO Toriola	8 949	70	6 264	60	134,86	4 505	40	98,95	2 479	6 984

[^] For comparison purposes, all foreign currency denominated salaries have been converted to ZAR common currency using forex rate as at remco approval date.

Long-term incentives – performance share plan (PSP)

Long-term incentives awarded during 2019
2019 PSP grant performance conditions

Incentive	Performance conditions and weighting	Detail of performance conditions	Vesting profile
PSP shares issued in 2019 and vesting in 2022	<ul style="list-style-type: none"> Total shareholder return (TSR) MSCI EM Index 25% 	TSR MSCI EM index <ul style="list-style-type: none"> Threshold – median of peer group Above target – 75th percentile of peer group 	TSR <ul style="list-style-type: none"> Below threshold – 0% vesting At threshold – 25% vesting Above target – 100% vesting
	<ul style="list-style-type: none"> Cumulative operating free cash flow (OFCF) 25% 	Cumulative OFCF <ul style="list-style-type: none"> Three-year measurement: Threshold – 90% of target Above target – 110% of target 	Cumulative OFCF <ul style="list-style-type: none"> Below threshold – 0% At threshold – 25% vesting Above target – 100% vesting
	<ul style="list-style-type: none"> Return on average capital employed (ROACE) 25%* 	ROACE <ul style="list-style-type: none"> Threshold – 90% of budget Above target – 100% of target 	ROACE <ul style="list-style-type: none"> Below threshold – 0% At threshold – 25% vesting Above target – 100% vesting
	<ul style="list-style-type: none"> Retention element 25% 	Retention <ul style="list-style-type: none"> The participant must remain in employment throughout the performance period 	Retention <ul style="list-style-type: none"> Achieved – 100% vesting
	<ul style="list-style-type: none"> Compliance to DTI and the ICASA^ 	Compliance <ul style="list-style-type: none"> As per contract of employment 	Compliance <ul style="list-style-type: none"> As per contract of employment
	<ul style="list-style-type: none"> Black economic empowerment (BEE)^ 	BEE <ul style="list-style-type: none"> As per contract of employment 	BEE <ul style="list-style-type: none"> As per contract of employment

+ ROACE has a weighting of 25% for all employees except for the CEO, CFO and COO who have a weighting of 8,33% each.

^ Only applicable to the CEO, CFO and COO with a weighting of 8,33%.

Remuneration report

continued

The PSP awards granted during 2019 are shown below.

	Number of awards	LTI as a % of annual fixed package
Director		
Group president and CEO: RA Shuter	457 100	200%
Group chief financial officer: RT Mupita	223 300	175%
Prescribed officer		
Group chief operating officer: J Schulte-Bockum	216 400	175%
Group chief HR officer: PD Norman	100 900	125%
Group chief regulatory and corporate affairs: FL Sekha	70 600	125%
Vice-president for WECA: KO Toriola	120 800	125%
Vice-president for MENA: I Jaroudi	135 900	125%
Vice-president for SEAGHA: ET Asante	143 200	125%
CEO: MTN Nigeria: FJ Moolman	117 300	125%
CEO: MTN South Africa: GN Motsa	121 800	125%
CFO: MTN South Africa: S Perumal	56 200	100%
Group chief legal counsel: L Modise	93 500	125%

Long-term incentives vesting in 2019

The performance conditions of the allocation of December 2016 and their evaluation is summarised below.

Performance indicator	Threshold performance	Target performance	Actual achievement	Award condition vesting %		Weighting		Number of shares vested	
				Executives	General staff	Executives	General staff	Executives	General staff
Sep – 2017 As applicable to Group president and CEO	Total shareholder return MSCI EM	Ranking #20	Ranking #11	0%	–	25%	–	–	–
	Operating free cash flow	90% of target	110% of target	111%	100%	–	25%	–	53 400
	Return on average capital employed	90% of target	100% of target	110%	100%	–	8%	–	17 800
	Black economic empowerment	As per contract	As per contract	100%	100%	–	8%	–	17 800
	Compliance	As per contract	As per contract	100%	100%	–	8%	–	17 800
	Retention	Employment	Employment	–	100%	–	25%	–	53 400
Dec – 2016 As applicable to other employees	Total shareholder return JSE IND	Ranking #13	Ranking #7	Ranking #17	0%	0%	50%	37,5%	–
	Adjusted free cash flow+	6% growth	10% growth	-5.6% growth	0%	0%	50%	37,5%	–
	Retention	Employment	Employment	N/A	100%	100%	0%	25%	–
									160 200 493 976

Due to the non-achievement of the threshold on the 2016 PSP shares, there was no payment made for all executives, prescribed officers and directors. Only the 25% retention linked portion was paid to employees.

For the group president and CEO (RA Shuter), there was a 75% performance achievement. Rob was the first recipient of the share awards under revised performance conditions introduced in December 2017 for all other employees. These changes were approved by the remco.

How the PSP scheme has performed historically

A summary of the performance of the historic PSP allocations which have vested and settled is displayed below.

Grant date	Vesting date	Number of shares granted	Number of shares vested	% of shares vested
29/06/2011	31/12/2013	1 611 200	321 439	20%
29/12/2011	29/12/2014	1 491 714	304 414	20%
28/12/2012	28/12/2015	1 960 540	193 806	10%
20/12/2013	20/12/2016	2 452 200	223 094	9%
19/12/2014	19/12/2017	2 294 400	191 447	8%
28/06/2016	28/12/2018	3 793 700	361 199	10%
28/06/2016	28/12/2018	3 793 700	361 199	10%
28/12/2016	28/12/2019	5 619 800	493 976	9%
29/09/2017	29/12/2019	213 600	160 200	75%

Including the 2019 vesting of December 2016 grant (but excluding the September 2017 grant under new conditions), the average vesting of the previous eight grants is 12%. The total vested shares includes the service element which is not linked to company performance.

Long-term incentives – employee share ownership plan (ESOP)

A summary of awards made and outstanding under the ESOP schemes is set out below.

Plan	Issue date	Number of participants as at issue date	Number of shares issued	Plan vesting date	Number of shares traded (as at 31/12/2019)	Number of shares outstanding (as at 31/12/2019)
ESOP 2010	01/12/2010	3 461				
ESOP 2016	01/12/2017	3 893	2 022 720	01/12/2022	3 612	1 816 320
	01/06/2018	361	203 965	01/06/2023	–	177 410
	28/12/2018	24	152 440	28/12/2023	–	139 256
	28/12/2018	185	13 560	28/12/2023	–	12 995
	03/06/2019	172	125 904	03/06/2024	–	118 584
	02/12/2019	188	151 716	02/12/2014	–	149 295
			2 670 305	–	3 612	2 413 860

The closing balances exclude forfeited shares as a result of voluntary and involuntary terminations.

For the 2016 ESOP, no shares had vested as at 31 December 2019.

Termination of office payments

King IV Principle 14, RP 35 (c) recommends that the implementation report must contain details of payments made as a result of termination of employment for executive management. This must be a separate disclosure, containing the reasons for any payments made on termination of employment or office.

For the 2019 period, there were no payments as a result of termination of employment by a director or prescribed officer.

Remuneration report

continued

Remuneration

Names	Post-employment remuneration R000						Total single figure remuneration R000
	Salaries R000	Post-employment benefits* R000	Other benefits# R000	Bonuses^ R000	Sub-total R000	LTI reflected† R000	
Executive directors							
2019							
RA Shuter	17 305	1 822	1 118	27 584	47 829	10 405	58 234
RT Mupita	9 152	1 059	42 658	13 433	66 302		66 302
Total	26 457	2 881	43 776	41 017	114 131	10 405	124 536
2018							
RA Shuter	15 279	1 621	746	25 277	42 923	–	42 923
RA Mupita	8 243	955	559	12 782	22 539	–	22 539
Total	23 522	2 576	1 305	38 059	65 462	–	65 462

For the purposes of aligning with the recommendations of King IV Corporate Governance Single Figure of remuneration, the below notes refer:

* Retirement contributions paid during the year.

Includes medical aid, death and disability insurance, executive lifestyle benefits, applicable statutory company contributions and any other special payments made as detailed on page 87.

^ Performance based short-term incentive payments in respect of the applicable financial periods generally payable within three months after year-end.

† LTI reflected is the market value of the contractual share award made in September 2017 and vested in December 2019. The performance achievement of the vested award was approved by the remco on 9 March 2020.

The market value is calculated using MTN's closing share price at the date of approval by remco of R64,95 and is only reflected for the purposes of single figure of remuneration.

The actual settlement of the vested shares will be finalised in 2020. Refer to page 90 for details of applicable performance conditions achievement thereof.

Prescribed officers' emoluments and related payments

	Post-employment remuneration R000						Total single figure remuneration R000	
	Salaries R000	Post-employment benefits R000	Other benefits# R000	Bonuses R000	Sub-total R000	LTI reflected R000		
2019								
Prescribed officers								
ET Asante	9 039	723	4 400	8 858	23 020	–	23 020	
MD Fleischer ¹	4 271	493	2 351	–	7 115	–	7 115	
I Jaroudi	10 080	–	6 892 ²	8 027	24 999	–	24 999	
L Modise ²	2 240	246	3 318 ³	2 456	8 260	–	8 260	
FJ Moolman	9 615	496	2 878 ²	8 104	21 093	–	21 093	
GN Motsa	7 323	805	703	6 823	15 654	–	15 654	
PD Norman	6 057	699	532	6 850	14 138	–	14 138	
J Schulte-Bockum	9 398	986	497	13 019	23 900	–	23 900	
FL Sekha	4 254	468	591	5 082	10 395	–	10 395	
KO Toriola	8 151	815	3 160	6 984	19 110	–	19 110	
Total	70 428	5 731	25 322	66 203	167 684	–	167 684	

¹ Early retirement on 31 July 2019.

² Other benefits includes an amount paid in lieu of forfeited benefits from previous employer.

³ Appointed on 12 August 2019.

Includes medical aid and unemployment insurance fund.

⁴ Compensation for loss of office comprises severance, restraint of trade and gratuity pay.

2018	Salaries R000	Post-employment benefits R000	Other benefits# R000	Bonuses R000	Sub-total R000	LTI reflected R000	Total single figure remuneration R000
Prescribed officers							
ET Asante	9 956	703	5 225	8 145	24 029	–	24 029
MD Fleischer	7 011	818	384	7 070	15 283	–	15 283
I Jaroudi	10 215	–	5 285 ²	7 182	22 682	–	22 682
FJ Moolman	9 740	477	3 319 ²	7 696	21 232	23	21 255
GN Motsa	6 898	770	10 168 ²	5 654	23 490	–	23 490
PD Norman	5 706	666	3 683 ²	7 101	17 156	–	17 156
J Schulte-Bockum	8 697	921	252	13 379	23 249	–	23 249
FL Sekha	4 008	447	122	4 421	8 998	–	8 998
KO Toriola	7 357	736	1 407	4 650	14 150	–	14 150
S van Coller ²	5 360	598	714	–	6 672	–	6 672
Total	74 948	6 136	30 559	65 298	176 941	23	176 964

² Resigned 31 October 2018.

³ Other benefits include compensation in lieu of employment agreement amendments in respect of revised notice periods and restraints of trade.

⁴ Other benefits include a retention payment made in lieu of forfeiture of performance bonus from previous employer. Payment to be spread over three years ending 31 December 2018.

⁵ Includes medical aid and Unemployment Insurance Fund.

Equity compensation benefits for executive directors, prescribed officers, company secretary of the MTN Group and directors of major subsidiaries in respect of the performance share plan

Award date	Vesting date	Number outstanding at 31 December 2018	Number outstanding as at 31 December 2019			Fair value share price on 31 December 2019	Value of settlements during 2019	Estimated closing fair value on 31 December 2019 R000
			Awarded	Settled ²	Forfeited ¹			
RA Shuter*								
29/09/2017	31/12/2019	213 600	–	–	–	213 600	R64,95	–
18/12/2017	18/12/2020	200 200	–	–	–	200 200	R89,12	–
28/12/2018	29/12/2021	436 600	–	–	–	436 600	R89,12	–
20/12/2019	20/12/2022	–	457 100	–	–	457 100	R89,12	–
		850 400	457 100	–	–	–	1 307 500	
RT Mupita								
18/12/2017	18/12/2020	118 300	–	–	–	118 300	R89,12	–
28/12/2018	29/12/2021	190 200	–	–	–	190 200	R89,12	–
20/12/2019	20/12/2022	–	223 300	–	–	223 300	R89,12	–
		308 500	223 300	–	–	–	531 800	
PD Norman								
29/06/2016	29/12/2018	46 100	–	–	(46 100)	–	–	–
28/12/2016	28/12/2019	56 300	–	–	–	56 300 ³	–	–
18/12/2017	18/12/2020	57 700	–	–	–	57 700	R89,12	–
28/12/2018	29/12/2021	94 600	–	–	–	94 600	R89,12	–
20/12/2019	20/12/2022	–	100 900	–	–	100 900	R89,12	–
		254 700	100 900	–	(46 100)	–	309 500	
GN Motsa								

Remuneration report

continued

Equity compensation benefits for executive directors, prescribed officers, company secretary of the MTN Group and directors of major subsidiaries in respect of the performance share plan continued

Award date	Vesting date	31 December 2018	Number outstanding at 31 December 2018			Settlement date	Exercise price R	Number outstanding as at 31 December 2019	Fair value share price on 31 December 2019	Value of settlements during 2019	Estimated closing fair value on 31 December 2019 R000
			Awarded	Settled ²	Forfeited ¹						
FL Sekha											
28/12/2016	28/12/2019	27 200	-	-	-	-	-	27 200 ³	-	-	-
18/12/2017	18/12/2020	40 400	-	-	-	-	-	40 400	R89,12	-	R1 493 ⁴
28/12/2018	29/12/2021	66 200	-	-	-	-	-	66 200	R89,12	-	R3 008 ⁵
20/12/2019	20/12/2022	-	70 600	-	-	-	-	70 600	R89,12	-	R3 146 ⁶
Total		133 800	70 600	-	-	-	-	204 400			
L Modise											
20/12/2019	20/12/2022	-	93 500	-	-	-	-	93 500	R89,12	-	R4 167 ⁴
Total		-	93 500	-	-	-	-	93 500			
MD Fleischer											
29/06/2016	29/12/2018	51 900	-	-	(51 900)	-	-	-	-	-	-
28/12/2016	28/12/2019	75 200	-	-	(75 200)	-	-	-	-	-	-
18/12/2017	18/12/2020	73 000	-	-	(73 000)	-	-	-	R89,12	-	-
28/12/2018	29/12/2021	115 200	-	-	(115 200)	-	-	-	R89,12	-	-
Total		315 300	-	-	(315 300)	-	-	-			
FJ Moolman											
29/06/2016	29/12/2018	44 700	-	-	(44 700)	-	-	-	-	-	-
28/12/2016	28/12/2019	66 400	-	-	-	-	-	66 400 ³	-	-	-
18/12/2017	18/12/2020	66 100	-	-	-	-	-	66 100	R89,12	-	R5 130 ⁵
28/12/2018	29/12/2021	112 900	-	-	-	-	-	112 900	R89,12	-	R5 227 ⁶
20/12/2019	20/12/2022	-	117 300	-	-	-	-	117 300	R89,12	-	-
Total		290 100	117 300	-	(44 700)	-	-	362 700			
SB Mtshali											
29/06/2016	29/12/2018	10 100	-	(2 525)	(7 575)	03/04/2019	77,26	-	-	-	-
28/12/2016	28/12/2019	12 800	-	-	(3 177)	-	-	9 623 ³	-	-	-
18/12/2017	18/12/2020	12 600	-	-	(7 214)	-	-	5 386	R89,12	-	R466 ⁴
Total		35 500	-	(2 525)	(17 966)	-	-	15 009			
PT Sishuba-Bonyi											
20/12/2019	20/12/2022	-	36 800	-	-	-	-	36 800	R89,12	-	R1 640 ⁴
Total		-	36 800	-	-	-	-	36 800			

Equity compensation benefits for executive directors, prescribed officers, company secretary of the MTN Group and directors of major subsidiaries in respect of the performance share plan continued

Award date	Vesting date	31 December 2018	Number outstanding at 31 December 2018			Settlement date	Exercise price R	Number outstanding as at 31 December 2019	Fair value share price on 31 December 2019	Value of settlements during 2019	Estimated closing fair value on 31 December 2019 R000
			Awarded	Settled ²	Forfeited ¹						
I Jaroudi											
29/06/2016	29/12/2018	60 000	-	-	(60 000)	-	-	-	-	-	-
28/12/2016	28/12/2019	89 000	-	-	-	-	-	89 000 ³	-	-	-
18/12/2017	18/12/2020	77 600	-	-	-	-	-	77 600	R89,12	-	R2 867 ⁴
28/12/2018	29/12/2021	133 700	-	-	-	-	-	133 700	R89,12	-	R6 075 ⁵
20/12/2019	20/12/2022	-	135 900	-	-	-	-	135 900	R89,12	-	R6 056 ⁶
Total		360 300	135 900	-	(60 000)	-	-	436 200			
ET Asante											
29/06/2016	29/12/2018	45 800	-	-	(45 800)	-	-	-	-	-	-
28/12/2016	28/12/2019	55 900	-	-	-	-	-	55 900 ³	-	-	-
18/12/2017	18/12/2020	78 000	-	-	-	-	-	78 000	R89,12	-	R2 882 ⁴
28/12/2018	29/12/2021	137 500	-	-	-	-	-	137 500	R89,12	-	R6 248 ⁵
20/12/2019	20/12/2022	-	143 200	-	-	-	-	143 200	R89,12	-	R6 381 ⁶
Total		317 200	143 200	-	(45 800)	-	-	414 600			
S Ntsele⁷											
29/06/2016	29/12/2018	25 500	-	-	(25 500)	-	-	-	-	-	-
28/12/2016	28/12/2019	31 400	-	-	-	-	-	31 400 ³	-	-	-
18/12/2017	18/12/2020	30 700	-	-	-	-	-	30 700	R89,12	-	R1 134 ⁴
28/12/2018	29/12/2021	57 000	-	-	-	-	-	57 000	R89,12	-	R2 590 ⁵
Total		144 600	-	-	(25 500)	-	-	119 100			
KO Toriola											
29/06/2016	29/12/2018	54 700	-	-	(54 700)	-	-	-	-	-	-
28/12/2016	28/12/2019	55 900	-	-	-	-	-	55 900 ³	-	-	-
18/12/2017	18/12/2020	69 100	-	-	-	-	-	69 100	R89,12	-	R2 553 ⁴
28/12/2018	29/12/2021	114 000	-	-	-	-	-	114 000	R89,12	-	R5 180 ⁵
20/12/2019	20/12/2022	-	120 800	-	-	-	-	120 800	R89,12	-	R5 383 ⁶
Total		293 700	120 800	-	(54 700)	-	-	359 800			
S Perumal⁸											

Remuneration report

continued

Schedule of unvested/outstanding awards and cash flow on settlement

Award date	Incentive maturity date	Number outstanding at 31 December 2018		Accrued/settled during 2019		Number outstanding at 31 December 2019		Settlement date during 2019		Settlement price during 2019		Value of settlements during 2019 R000		Estimated closing fair value on 31 December 2019 R000	
		Number outstanding at 31 December 2018	Accrued/settled during 2019	Number outstanding at 31 December 2019	Settlement date during 2019	Settlement price during 2019	Value of settlements during 2019 R000	Estimated closing fair value on 31 December 2019 R000							
RA Shuter															
Cash-settled incentive															
13/03/2017	12/03/2020	327 214		327 214		R89,12		R29 162 ⁷							
		327 214		327 214											
RT Mupita															
Cash-settled incentive															
03/04/2017	28/10/2019	446 027	446 027	-	28/10/2019	R94,28	R42 051	-							
		446 027		-											
J Schulte-Bockum															
Cash-settled incentive															
16/01/2017	15/01/2020	64 432		64 432		R89,12		R5 742 ⁷							
		64 432		64 432											

⁷ This settlement was not a share previous award but a cash-settled onboarding incentive awarded at appointment date. Fair value is calculated only for 2019 period. There are no performance conditions for the award. The payment is reflected under the single figure of remuneration as full and final settlement of the incentive.

Non-executive directors' fees

	Date appointed	Non-executive directors' fees					
		Retainer [#] R000	Attendance [#] R000	Special board R000	Strategy session R000	Ad hoc work R000	
2019							
Non-executive directors							
M Jonas ***	01/06/2018	441	498	25	203	115	
PF Nhleko+ ^^^ **	28/05/2013	3 480	1 110	35	599	115	
PB Hanratty	01/08/2016	1 323	806	30	376	34	
A Harper **	01/01/2010	1 343	868	21	376	231	
KP Kalyan **	13/06/2006	437	695	35	203	-	
S Kheradpir	08/07/2015	1 328	911	30	376	-	
NP Mageza	01/01/2010	564	631	35	203	20	
MLD Marole	01/01/2010	498	923	35	203	-	
AT Mikati	18/07/2006	1 472	744	31	389	27	
SP Miller	01/08/2016	1 347	892	26	376	-	
KD Mokhele	01/07/2018	331	463	25	203	-	
V Rague	01/07/2019	691	614	9	251	17	
KC Ramon®	01/06/2014	441	553	35	203	40	
HRH M Sanusi II	01/07/2019	681	590	9	251	9	
NL Sowazi	01/08/2016	404	578	35	203	-	
BS Tshabalala	01/06/2018	331	361	15	136	-	
J van Rooyen **	18/07/2006	462	774	35	203	76	
Total		15 574	12 011	466	4 754	684	

*** Appointed as Chairman on 15 December 2019.

+ Received fees of R873 799 for services rendered on the International Advisory Board.

Retainer and attendance fees include fees for board and committee representation and meetings.

® Fees paid to AngloGold Ashanti Limited.

** Resigned on 15 December 2019.

^^^ Fees paid to Captrust Investments Proprietary Limited.

Non-binding advisory vote on the implementation report

This report is subject to a non-binding advisory vote by shareholders at the 21 May 2020 AGM. Shareholders are requested to cast a non-binding advisory vote on the implementation as contained in Part 3 of this report.

Glossary

2G	Second generation digital mobile communications standard that allows for voice calls and limited data transmission	COO	Chief operating officer	King IV	Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved	ROE	Return on equity
3G	Third generation mobile communications standard allowing mobile phones, computers and other portable mobile devices to access the internet wirelessly	CP	Company performance	KPI	Key performance indicators	ROI	Return on investment
4G/LTE	Fourth generation or long-term evolution mobile communications standard allowing wireless internet access at a much higher speed than 3G	CVM	Customer value management	KYC	Know your customer: a process to identify and verify customer identity	ROIC	Return on invested capital
AFCF	Adjusted free cash flow	EPS	Earnings per share	LA	Limited assurance	SAICA	South African Institute of Chartered Accountants
AFS	Annual financial statements	ESOP	Employee share ownership plan	LTI	Long-term incentive	SARS	Share appreciation rights scheme
AGF	Attorney General of the Federal Republic of Nigeria	Exco	Executive committee	M&A	Mergers and acquisitions	SDG	Sustainable Development Goals
AI	Artificial intelligence	EBITDA	Earnings before interest (which includes gains and losses on foreign exchange transactions), tax, depreciation and amortisation and is also presented before recognising the following items: impairment of goodwill, loss on derecognition of long-term loan receivable, net monetary gain resulting from application of hyperinflation and share of results of joint ventures and associates after tax.	Manco	MTN's group management company	SEAGHA	Southern and East Africa and Ghana region
ARP	Asset realisation programme	EP	Employee performance	MENA	Middle East and North Africa	SIM	Subscriber identity module
ARPU	Average revenue per user	Fintech	Includes MTN Mobile Money, ecommerce, insurance, airtime lending and data monetisation streams	MFS	Mobile financial services	SLA	Service level agreement
BRIGHT	Our strategy	Forex	Foreign exchange	Modernised	Subscribers who have successfully activated their SIM cards and participated in a revenue-generating event	SME	Small and medium enterprise
BCM	Business continuity management	GHG	Greenhouse gas	MoMo	MTN Mobile Money	SMS	Short message service
BEE	Black economic empowerment	GSMA	The GSM Association	MOU	Minutes of use	SOHO	Small office/home office
CAGR	Compound annual growth rate	HEPS	Headline earnings per share	NM	Not measurable	SRP	Share rights plan
Capex	Capital expenditure	Holdco	Holding company	NPS	Net promoter score	TCF	Treat customers fairly policy
Capex intensity	Capex divided by revenue	IFRS	International Financial Reporting Standards	Opcos	Our operating companies	TP	Team performance
CBN	Central Bank of Nigeria	IIRC	International Integrated Reporting Council	Open API	A publicly available programming interface	TSR	Total shareholder return
CEO	Chief executive officer	IPO	Initial public offering	Opex	Operating expenditure	UC	Unified communications
CEX	Customer experience	IoT	Internet of Things	OTT	Over the top services	UN	United Nations
CFO	Chief financial officer	ISP	Internet service provider	QoS	Quality of service	USSD	Unstructured supplementary service data
Churn	Average number of disconnections in a period divided by average monthly customers during the period	ITU	International Telecommunication Union	RAN	Radio access network	VAS	Value-added services
CRM	Crisis risk management	JCPOA	Joint Comprehensive Plan of Action	RMS	Rich-media services	VP	Vice-president
CSI	Corporate social investment	JSE	Johannesburg Stock Exchange			WECA	West and Central Africa

01 All about MTN

02 How we create value

03 Strategic and financial review

04 Governance and remuneration

Definitions for non-financial data

KPI	Criteria
Group employee culture survey result: sustainable engagement percentage	<p>The MTN Group employee culture survey is conducted annually across each of the MTN Group's operating countries (referred to as opcos), and within the MTN Group head office (management company referred to as manco).</p> <p>The survey reviews Sustainable Engagement across three major components:</p> <ul style="list-style-type: none"> • Engagement: measuring the rational connection, emotional attachment and motivational aspect of Engagement • Enablement: measuring if employees have an appropriate level of support in their work environment to ensure they are capable of doing their jobs well • Energy: measuring employees' wellbeing to ensure people have capacity to perform at their best
Group whistle-blower hotline data: number of fraud incidents reported and reviewed	<p>The anonymous tip-offs line is managed by a third party, who collects the tip-offs and reports to MTN. MTN is responsible for the investigation of the tip-off. The tip-off items received include fraudulent tip-offs and other administrative matters.</p> <p>An incident is regarded as received when the call is logged on the anonymous tip-offs line, evaluated by the contracted third party to eliminate dropped calls, prank calls and other non-events. Formal whistle-blowing reports are issued to MTN through the Deloitte Tip-offs Anonymous website.</p>
Net promoter score percentage for MTN South Africa, MTN Nigeria, and other key markets	<p>Net promoter score (NPS) measures customers' experience with a brand through a simple question:</p> <p>"On a scale of 0 to 10, how likely would you be to recommend MTN to a friend or family member?"</p> <p>Responses of nine or 10 are considered 'promoters' while responses of seven or eight are considered 'passives'. Any score of six or below is considered to be a 'detractor'. Each country's NPS is calculated by subtracting the percentage of 'detractors' from the percentage of 'promoters'. Combined scores of multiple operations are calculated by weighting responses according to subscriber base within each operation.</p>
Group total tax contribution: ZAR	<p>Tax-related payments made during the 1 January 2019 to 31 December 2019 period which relate to:</p> <ol style="list-style-type: none"> 1. Taxes borne through the operation of the company, including: <ul style="list-style-type: none"> • Corporate income tax • Product and indirect taxes such as: <ul style="list-style-type: none"> – Custom duties – Excise duties – Value added tax (borne) – Other indirect taxes (e.g. but not limited to, country-specific taxes on services) • People and payroll taxes such as: <ul style="list-style-type: none"> – Unemployment insurance fund levy – Occupational injuries and diseases levy – Skills development levy – Pay-as-you-earn settlements • Withholding taxes • Property taxes • Stamp duty • Operating licence fees • Other government-specific levies (e.g. but not limited to local government permits, motor vehicle permits, property and municipal levies, registration fees and other government levies) 2. Taxes collected on behalf, and paid over, to the tax authorities, including: <ul style="list-style-type: none"> • Product and indirect taxes such as: <ul style="list-style-type: none"> – Value added tax (net of VAT collected by, and VAT refunded to, MTN) • People and payroll taxes such as: <ul style="list-style-type: none"> – Pay-as-you-earn – Other employee taxes – Unemployment insurance fund levy • Withholding taxes such as: <ul style="list-style-type: none"> – Dividends tax

Administration

MTN GROUP LIMITED
Incorporated in the Republic of South Africa

Company registration number: 1994/009584/06
ISIN: ZAE000042164
Share code: MTN

Board of directors
MH Jonas*
PF Nhleko# (resigned on 15 December 2019)
RA Shuter^{1,3}
RT Mupita¹
PB Hanrahy^{2*}
A Harper^{3*} (resigned on 15 December 2019)
KP Kalyan* (resigned on 15 December 2019)
S Kheradpir^{4*}
NP Mageza*
MLD Marole*
AT Mikati^{5#}
SP Miller^{6*}
KDK Mokhele*
VM Rague^{8*} (appointed 1 July 2019)
KC Ramon*
SLA Sanusi^{7*} (appointed 1 July 2019)
NL Sowazi*
BS Tshabalala*
J van Rooyen* (resigned on 15 December 2019)

¹ Executive
² Irish
³ British
⁴ American
⁵ Lebanese
⁶ Belgian
⁷ Nigerian
⁸ Kenyan
* Independent non-executive director
Non-executive director

Group secretary
PT Sishuba-Bonoyi (appointed 1 April 2019)
Private Bag X9955, Cresta, 2118

Registered office
216 – 14th Avenue
Fairland
Gauteng, 2195

American depository receipt (ADR) programme
Cusip No. 62474M108
ADR to ordinary share 1:1

Depository: The Bank of New York
101 Barclay Street, New York NY, 10286, USA

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

Transfer secretaries
Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
Private Bag X9000, Saxonwold, 2132

Joint auditors
PricewaterhouseCoopers Inc.
Waterfall City, 4 Lisbon Lane, Jukseki View
Midrand, 2090

SizweNtsalubaGobodo Grant Thornton Inc.
1 Woodmead Drive, Woodmead Estate
Woodmead, 2157
PO Box 2939, Saxonwold, 2132

Lead sponsor
Tamela Holdings Proprietary Limited
Ground Floor, Golden Oak House, 35 Ballyclare Drive,
Bryanston, 2021

Joint sponsor
JP Morgan Equities (SA) Proprietary Limited
1 Fricker Road, cnr Hurlingham Road, Illovo, 2196

Attorneys
Webber Wentzel
90 Rivonia Road, Sandton, 2196
PO Box 61771, Marshalltown, 2107

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Forward-looking information

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

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