MTN Group Limited

Integrated Report for the year ended
31 December 2018

Contents

All about MTN

How we create value

Leadership and performance overview

Governance and remuneration

Other information

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

It endeavours to provide a balanced review of the material matters we face; our use of the capitals as defined by the International Integrated Reporting Council's (IIRC) <IR> Framework; our key operational, financial, economic, social and environmental performance; how we are governed; our engagement with stakeholders; as well as our risks and opportunities. In short, it is our value creation story.

Scope and boundary

Our material matters, as well as our strategy, form the anchor of the report and determine its content. It covers the period 1 January to 31 December 2018, and gives commentary, performance measures and prospects for the group's two main operations and three regions. Details of our material matters start on page 6. The structure and layout of this report draws on the 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.

The regions in which we operate

SEAGHA: Southern and East Africa and Ghana
WECA: West and Central Africa
MENA: Middle East and North Africa

Enhancements in the year

- Greater disclosure of 2018 and 2019 operational KPIs
- Combined disclosure of material matters and market context
- Better link between strategic initiatives, six capitals and the United Nations' Sustainable Development Goals (SDGs)
- More detail of how we address opportunities across six growth curves
- Reporting on our people and our approach to risk management has been woven into disclosure on the 'hearts and minds' focus of strategy
- More comprehensive remuneration report.

We welcome feedback on this report at:
investor.relations@mtn.com

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 and important 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 externally assured and is identified by LA. The assurance statement is available online.

Approval by the board

The report was prepared under the supervision of group CFO Ralph Mupita. The audit committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation.

The directors are responsible for the integrated report as a whole, which they approved in March 2019.

Ralph Mupita
Group chief financial officer

Navigation:

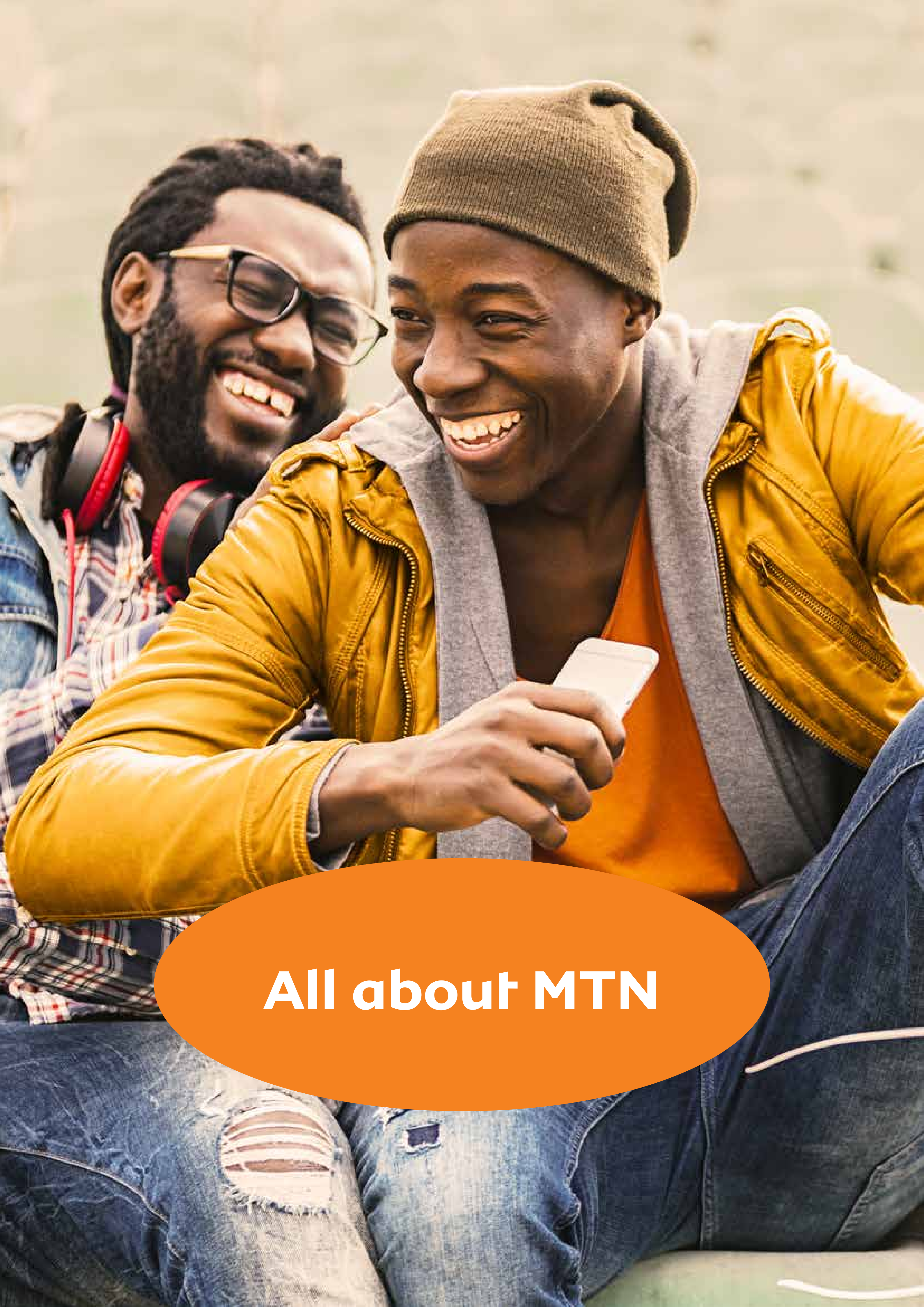
Links to the pillars of our **BRIGHT strategy**:	Online reports:	
Best customer experience	GR	Governance report
Returns and efficiency focus	SR	Sustainability, including UN and CDP reports
Ignite commercial performance	AFS	Annual financial statements
Growth through data and digital	TAX	Tax report
Hearts and minds	SE	Social and ethics report
Technology excellence	KIV	King IV application

Other icons:

www.mtn.com/en/investors/Financial-Reporting/Integrated-Reports/pages/default.aspx
LA Limited assurance obtained

Throughout this report we also use the following symbols:

* Constant currency and after taking into account pro forma adjustments.
** Reported – as reflected in the MTN Group Limited summary group financial results for the year ended 31 December 2018.
For a detailed explanation of these definitions, see page 49.
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.



All about MTN

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 233 million customers across 21 operations. 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, and had a market capitalisation of R168 billion at the end of 2018.

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 communications infrastructure** and by harnessing the **talent of our diverse team** of people across Africa and the Middle East.

Our market segments

Consumer

MTN is transforming from a telecoms provider into a **digital services provider** which means we deliver not only connectivity (voice, data and SMS) but also the digital services customers use over that connectivity. We offer a **full suite of mobile fintech products** including mobile wallets, payments, micro-loans and micro-insurance that are universally accessible through our app or USSD. We also offer **mobile commerce** through our MTN marketplace and through our investments in other e-commerce platforms. We offer our own digital **lifestyle media services** including music, video and gaming (and soon **messaging** too), as well as digital **marketing** services.

Enterprise

MTN is already the premiere voice and data (fixed and mobile) connectivity provider to small and large enterprises. We use this base to offer enterprises a richer set of services including **cloud and unified communications**. Security underpins all of this. We are also a leader in **IoT**. We provide reliable, secure IoT connectivity and have invested in state-of-the-art IoT platforms to enhance our offering. Our **fintech offering** also extends into the enterprise space, particularly for SMEs and SOHOs.

Wholesale

MTN owns and runs the **largest fixed and mobile infrastructure network in our region**. To provide a high-quality service to customers and to take advantage of our scale, we have established a company called MTN GlobalConnect to run and procure the infrastructure which is shared between our markets and to route the traffic between our markets. The creation of this company has better enabled us to open up our infrastructure to third parties, including **other telcos and tech companies to resell excess capacity**.

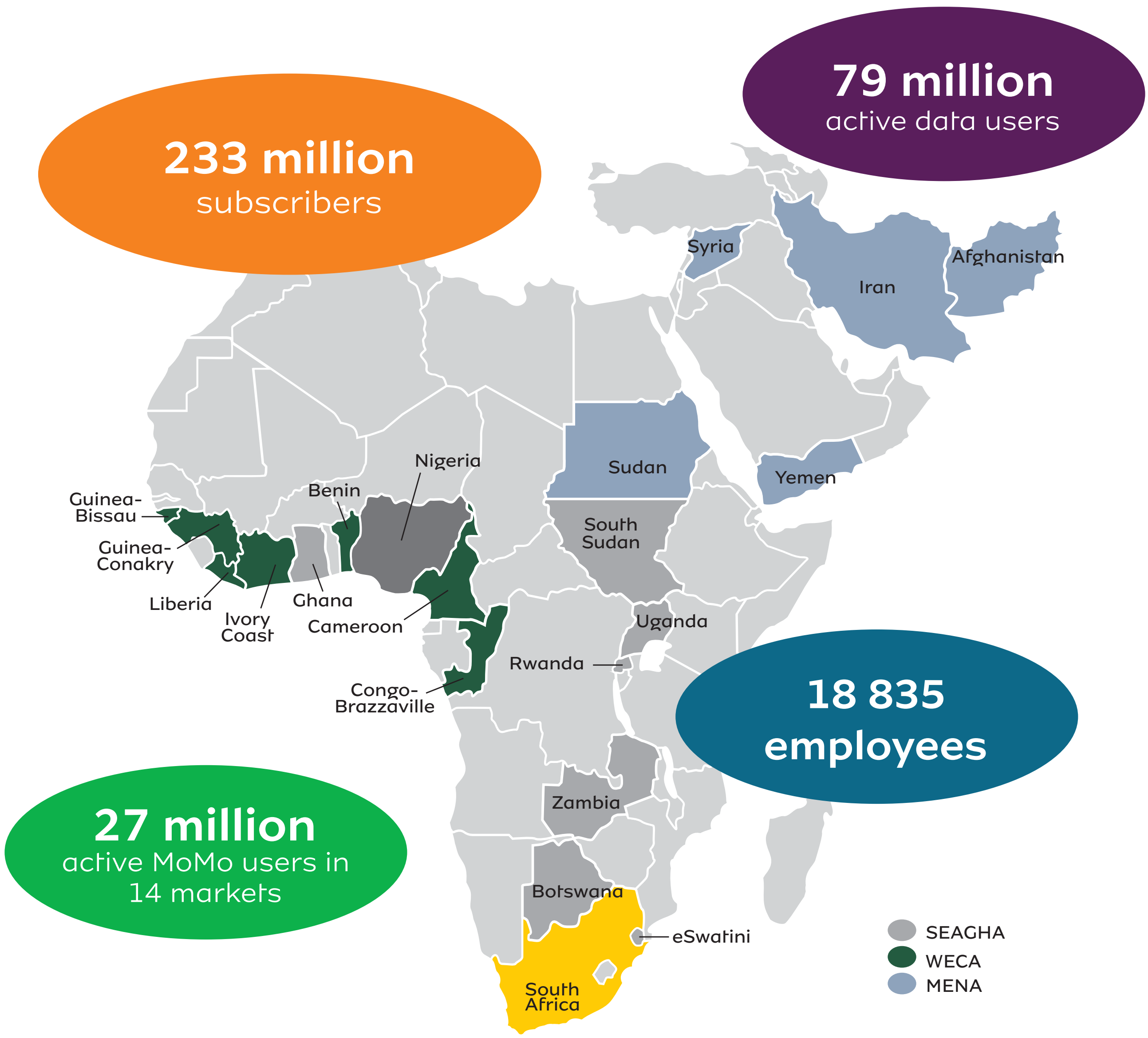
Where we operate

Strong position in the right markets

We operate in Africa and the Middle East – some of the **world's fastest growing regions** for mobile communications. We are in **three of the four largest economies** in these regions and through our extensive investments have a leading share of the market – either number one or number two – in each of these countries. This ensures in-market scale that is the key to profitability.

Exciting demographic opportunity

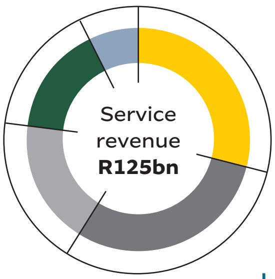
The countries in which we operate have **fast-growing, youthful populations** that are forecast to grow by another 50 million over the next few years. Data and fintech adoption is low across our footprint and there is opportunity to develop strong positions in the **enterprise and wholesale markets which are still at an early stage of maturity.**

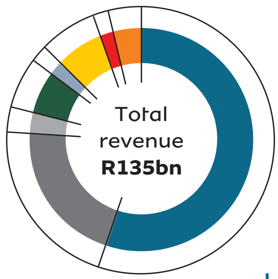


How we manage our business

To ensure robust operational oversight across our opcos, we manage the group as follows: South Africa, Nigeria and then the SEAGHA, WECA and MENA regions and their respective operations. The CEOs of MTN South Africa and MTN Nigeria and the vice presidents of each of the regions are members of our executive committee (see page 64).

Sources of value creation





Service revenue by top opcos and regions
2018

South Africa	29%	WECA	16%
Nigeria	30%	MENA	7%
SEAGHA	18%		

Revenue by services offered
2018

Voice	55%	SMS	2%
Data	21%	Devices	7%
Digital	3%	Wholesale	2%
Fintech	6%	Other	4%

Our portfolio

MTN Group

MTN South Africa	
	100%

MTN Nigeria	
	78,8%

SEAGHA	
MTN Ghana	85,5%
MTN Uganda	96%
MTN Rwanda	80%
MTN Zambia	86%
MTN eSwatini	30%
Mascom^ Botswana	53,1%

WECA	
MTN Cameroon	70%
MTN Ivory Coast	58,8%
MTN Benin	75%
MTN Guinea-Conakry	75%
MTN Guinea-Bissau	100%
MTN Congo-Brazzaville	100%
Lonestar Cell MTN Liberia	60%

MENA	
MTN Syria	75%
MTN Yemen	82,8%
MTN Afghanistan	100%
MTN Sudan	85%
MTN South Sudan	100%
MTN Irancell	49%

Other associates, joint ventures and other investments	
ATC Ghana	49%
ATC Uganda	49%
IHS Towers	29%
Jumia Technologies AG	29,7%
Middle East Internet Holding	50%
Iran Internet Group	29,5%
Travelstart/ Amadeus	43,7%
BICS	20,0%
aYo	50%

—	Equity accounted (excluding IHS and Amadeus)
%	Refers to MTN legal ownership
^	Asset held for sale

Our market context and material matters

The environment in which we operate has direct implications for our ability to create value, and informs our BRIGHT strategy (page 12). By considering our market context, we are better able to determine our material matters – both positive and negative – and how best to respond to them over the short, medium and long term.

Demographics present an opportunity

What's happening

- Young and **fast-growing populations** across our markets – **670 million** of which **60%** under age of 24
- Underpenetration of fintech and digital services in **large cash economies** – 80% unbanked
- Greater demands for financial and **digital inclusivity**, including in rural areas

Implications for value

- Opportunity for MTN to bridge the **digital and financial divide**
- We can **leverage our unique assets** to offer new services, including fintech solutions, messaging, media and mobile advertising

Technological factors indicate an opportunity

What's happening

- Low levels of **data adoption** – only 33% – and **social media penetration** of only **20%**
- **Exponential data** traffic growth
- Digital connectivity is expected to accelerate
- **Declining data prices**, driven by competition
- Data and digital access constrained by affordability of **3G and 4G handsets** – only 30% smartphone adoption

Implications for value

- Opportunity to **increase revenue and profitability** by offering data and digital services
- **Capital investments** required to cater for traffic growth and new technologies
- Opportunity to offer our customers **low-cost devices**
- Growing need for operations powered efficiently and by **renewable energy**
- Need to protect customers by **securing their information**

Our analysis of the political, economic, social, technological, environmental and legal context indicates opportunity across our markets.

For details of how we determine materiality, see page 96.

Challenging political and regulatory environment

What's happening	Implications for value
• **Policy uncertainty** and spectrum constraints • US/China trade discussions may affect **supplier risk** • **Election**s in Nigeria and South Africa in 2019 • **U.S. sanctions** re-imposed on Iran • **Licence renewals** in Uganda and Ghana • Trend of higher taxes, regulatory fees and fines, including taxes on MoMo and social media use • Political and social instability in certain markets	• Requires **more capex** to refarm existing spectrum and/or for network roaming to cater for growing traffic • Introduce new vendors to **reduce dependence on large suppliers** • Inability to **repatriate** cash from Iran • Improve and implement **stakeholder management** framework and enhance risk management to reduce exposures to fines and penalties • **Lower company valuation** and impact on reputation; UN equates access to communications with human rights

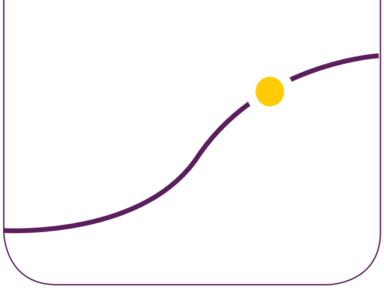
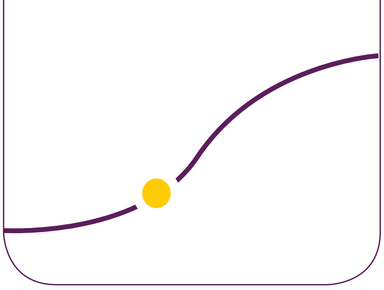
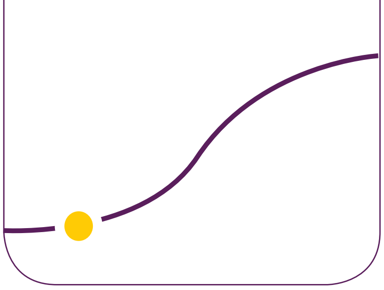
Some improving economies

What's happening	Implications for value
• Stable to **improving GDP** in most of our markets, but a challenged economic environment in our largest markets • Moderate inflation • Foreign currency **volatility**	• Telco industry shows **some resilience** to economic slowdowns • Lower **rand-reported results** • Losses incurred on joint ventures and associates • Localisations planned in **Nigeria, Zambia and Uganda** in 2019

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.

Consumer

	Voice	Data	Digital
Where market growth is on the curve	Maturing, large pool **~-2%**Δ 	Inflection to explosive growth **~20%**Δ 	Unique emerging market opportunity **~50%** Δ 
Market size 2021	R240bn	R265bn	R25bn
MTN's 2018 performance	**Revenue** +7,3%* to R82,2 billion	**Revenue** +22,0%* to R28,5 billion	**Revenue** -32,9%* to R3,9 billion# # Declined as a result of ongoing VAS optimisation
MTN's future focus	• Ultra-rural site roll out • Personal pricing with AI • Multi-product selling • Distribution transformation	• 3G national coverage • Service bundling • Smartphone acceleration • Price transformation	• Own services + platform • Music and messaging build • MoMo integration • Local content

Δ 3-year organic market CAGR

These growth opportunities are the focus of the 'I' and the 'G' of our BRIGHT strategy (see page 12). The curves are a view of the market over the next three years.

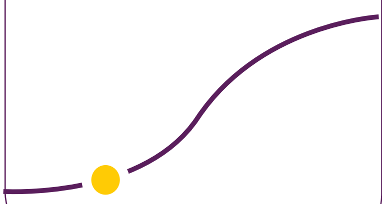
Enterprise

Wholesale

Fintech

Transformational opportunity

~50% Δ



R90bn

Revenue

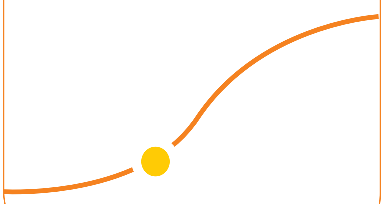
+46,8%*
to R7,8 billion

- Four new markets in 2019
- Open API for merchants
- Launch of mobile wallet interoperability
- Advanced services

Enterprise

SME and product opportunity

~15% Δ



R245bn

Revenue

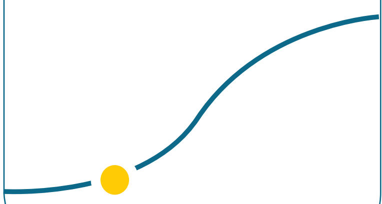
+8,4%*
to R13,4 billion

- Scale up enterprise sales
- Segmented products
- SME channel strategy
- Drive MTN way of selling

Wholesale

Largely untapped assets

~30% Δ



R55bn

Revenue

+63,7%*
to R2,8 billion

- Wet and dry build
- Third-party sales engine
- 'Yellow Connect' platform
- National roaming sales

How we create value

How our strategy is **creating value**

- Good progress made (green)
- More work required (orange)

Our BRIGHT operational strategy is the compass for all MTNers: it clearly defines the areas on which we need to focus to build our business sustainably and create value across the six capitals.

	B	R	I
Our 2022 aspirations	• Lead market in NPS • Reduce monthly churn • Achieve best brand in markets	• Improve ROIC • Report top-quartile TSR • Increase AFCF yield • Improve EBITDA margin	• Grow subscribers to 300 million • Grow market share • Ensure stable voice revenue • Grow enterprise and wholesale revenue
Performance against main KPIs in 2018	Brand NPS (orange) 90,4%	Cash upstreaming (green) 120,0% Cash ratio (green) 104,9% ROIC (green) 106,4% Procurement savings (green) 120,0%	Subscriber growth (green) 120,0% Ignite transformation (green) 104,1% Enterprise programme (green) 103,0% Wholesale programme (green) 120,0%
Primary executive responsibility in 2018	• Jens Schulte-Bockum • Ebenezer Asante • Karl Toriola • Ismail Jaroudi • Godfrey Motsa • Ferdi Moolman	• Ralph Mupita • Ebenezer Asante • Karl Toriola • Ismail Jaroudi • Godfrey Motsa • Ferdi Moolman	• Jens Schulte-Bockum • Ebenezer Asante • Karl Toriola • Ismail Jaroudi • Godfrey Motsa • Ferdi Moolman
Main KPIs for 2019	• High-volume journey implementation • Brand health index • Pro-customer positioning	• Cash upstreaming • Raising opco debt • Reduce holdco leverage • Asset realisation plan • Reduce capex intensity • Improve adjusted ROE	• Subscriber growth • Enterprise programme • Wholesale programme

Here we show our performance against specific KPIs in 2018, including the executives with the primary responsibility for delivering on each element of BRIGHT. The operational execution is driven by the three regional vice-presidents and the CEOs of our operations in South Africa and Nigeria. The group president and CEO is responsible for delivery against all metrics across BRIGHT and the remuneration of all executives is dependent on their delivery, to differing degrees, on BRIGHT. After year-end, the group remuneration committee exercised its discretion and adjusted certain executive performance results against KPIs by considering factors beyond the control of management, all force majeure in nature. These adjustments were then ratified by the group board.

G

- Achieve 200 million data subscribers
- Achieve 100 million digital subscriptions, including 60 million for MTN Mobile Money

Active data subscribers	99,3%
Dual-data strategy	120,0%
Smartphone penetration	120,0%
Active MoMo subscribers	119,8%
Rich-media subscriptions	120,0%

- Jens Schulte-Bockum
- Ebenezer Asante
- Karl Toriola
- Ismail Jaroudi
- Godfrey Motsa
- Ferdi Moolman

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

H

- Lead market in employee NPS
- Improve employee engagement
- Enhance reputation
- Ensure effective risk and compliance practices

Employee NPS	120,0%
Culture survey	110,0%
Regulatory risk management	120,0%
Stakeholder engagement management	120,0%
Risk, compliance and audit structure	98,9%
Improved control environment	100,0%
Resolve major legal and regulatory matters	90,0%

- Paul Norman
- Felleng Sekha
- Ralph Mupita
- Michael Fleischer
- Rob Shuter

- Employee NPS
- Employee diversity
- Regulatory risk management
- Reputational risk management
- Stakeholder management
- Effective risk and compliance practices
- Improve control environment
- Resolve major legal and regulatory matters

T

- Lead market in network NPS
- Increase efficiency of customer-facing systems
- Increase population coverage
- Improve network quality

Network data quality	110,0%
Population coverage	100,0%

- Jens Schulte-Bockum
- Ebenezer Asante
- Karl Toriola
- Ismail Jaroudi
- Godfrey Motsa
- Ferdi Moolman

- Network NPS
- Population coverage
- Digital service application deployment and integration

How our strategy is **sustaining value**

Key
- Doing well (green)
- Improving (orange)
- Can do better (purple)

B — Best customer experience | R — Returns and efficiency focus | I — Ignite commercial performance

Capital inputs

B — Best customer experience

Social
- Constructive relationships with customers, trade partners and regulators

Intellectual
- Trusted brand
- Skilled employees

25 years' experience of operating in emerging markets

R — Returns and efficiency focus

Financial
- R168bn market capitalisation
- R63,5bn net debt
- Our medium-term guidance to investors on our financial performance

I — Ignite commercial performance

Human
- Strong teams across our market
- R270m invested in employee training

Manufactured
- R100bn property, plant and equipment
- R26bn** capital expenditure
- Offices and networks in 24 countries
- Access to public infrastructure

Intellectual
- Mutually beneficial partner ecosystem and joint ventures

Outcomes and outputs

B — Best customer experience

- (Doing well) NPS leader in nine markets
- (Doing well) 30,7m MyMTNapp downloads
- (Doing well) South Africa's most valuable brand (brand value: R44,2bn)
- (Improving) Group gained NPS leadership:
  - NPS group: 42%
  - NPS South Africa: 26% LA
  - NPS Nigeria: 60% LA
  - NPS other key markets: 32% LA

R — Returns and efficiency focus

	2018
• EBITDA (Rbn)	48,2**
• Profit after tax (Rbn)	9,6**
• Cash generated by operating activities (Rbn)	32,4**
• Net debt to EBITDA ratio	1,3
• Capex intensity (%)	19,3**
• Basic headline earnings per share (cents)	337
• Dividend per share (cents)	500
• Met and enhanced medium-term targets	

I — Ignite commercial performance

	2018
• Staff costs (Rbn)	9,5**
• Rollout:	
• 2G sites	4 206
• 3G sites	8 295
• 4G sites	7 257
• Depreciation (Rbn)	19,7**
• Recorded 2,7% increase in revenue in Nigeria because of CVM initiatives	

How we achieved these

B — Best customer experience

- Revitalised the brand
- Redesigned the five most frequent customer journeys
- Introduced treating customers fairly framework and mobile advertising controls
- Improved our NPS research and measurement capabilities

R — Returns and efficiency focus

- Good commercial momentum of opcos
- Proceeds from disposal of MTN Cyprus and IPO of MTN Ghana
- Smart capex tool implemented

I — Ignite commercial performance

- 233m subscribers
- Boosted CVM capabilities
- Targeted training and development
- Created self-funding wholesale entity
- Expanded enterprise channel
- 105m smartphones on our networks

Key stakeholders and SDGs

B — Best customer experience

- Customers
- Our people
- Trade partners

R — Returns and efficiency focus

- Regulators and policy makers
- Investment community
- Governments
- The media

8 DECENT WORK AND ECONOMIC GROWTH
17 PARTNERSHIPS FOR THE GOALS

I — Ignite commercial performance

- Our people
- Suppliers and vendors
- Mobile industry

8 DECENT WORK AND ECONOMIC GROWTH
17 PARTNERSHIPS FOR THE GOALS

To deliver on our strategy and to sustain value generation for our many stakeholders, we require various resources and relationships, known as the six capitals. We transform these stocks of capital through our business activities, and in so doing advance some of the UN's Sustainable Development Goals. When making decisions on allocating capital, we consider the trade-offs between the capitals, using our capital allocation framework (see page 45), and seek to maximise positive outcomes and limit negative impacts. SR

G Growth through data and digital

Intellectual

- Leading African brand
- Good partner ecosystem and joint ventures

Social

- Positive relationships with communities, governments and tax authorities
- Deep, wide distribution channel

Market potential of large unbanked and youthful populations

- 39% drop in group effective data tariffs, improving data affordability
- 79m active data users
- 2,9m insurance policy holders
- One in every four active MFS users in sub-Saharan Africa is an MTN MoMo customer
- 28 Mobile Money (MoMo) transfer corridors in 15 countries

- Extended Mobile Money to 5m more people
- Formed a remittance interoperability partnership
- Launched Open API platform to accelerate MFS ecosystem
- Developed first most affordable 3G smart feature phone with partners
- Acquired Simfy and began creating MTN's own digital media portfolio with MusicTime! App
- Launched dedicated mobile advertising platform
- Launched our CHASE programme

- Our people
- Regulators and policy makers
- Suppliers and vendors
- Trade partners
- Mobile industry
- Equity partners

1 NO POVERTY
17 PARTNERSHIPS FOR THE GOALS

H Hearts and minds

Human

- 18 835 employees
- 27,4% female management
- Defined holistic wellness approach

Social

- Productive engagements with employees, civil society, regulators and governments
- Ethics awareness among employees and business partners
- Protecting personal information

Diverse talent of 64 nationalities

- 4,5% voluntary staff turnover (within expected range)
- 78% sustainable employee engagement (up 3%) LA
- R24,1bn total tax contribution LA
- 94 calls to whistleblower line LA
- 8 673 employees trained/participated in ethics awareness
- 1 197 vendor endorsements of supplier code of conduct
- R185m in CSI

- Set up diversity committee
- Developed stakeholder management framework
- Resolved difficult regulatory issues
- Separated second and third lines of assurance to enhance independence
- Enhanced risk and compliance management framework
- Enhanced risk-escalation and acceptance process
- Revised approach to assurance
- Initiated implementation of information security plan
- Acquired more specialist skills

- Our people
- Regulators and policy makers
- Suppliers and vendors
- Civil society
- The media

8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE AND JUSTICE STRONG INSTITUTIONS

T Technology excellence

Manufactured

- 123 807 sites at beginning of year
- R26bn** in capital expenditure

Natural

- Access to radio spectrum across different bands
- 19,1m gigajoules energy used

Intellectual

MTN way: more robust governance, policies and procedures

- Mutually beneficial partner ecosystem and joint ventures

- 143 719 sites at end of year
- 2 188 tonnes greenhouse gas emissions saved/avoided
- 64 renewable energy sites implemented
- 272 tonnes e-waste recycled
- User access to abusive content on children blocked on two international internet gateways

- Implemented the smart capex tool, improving our capex efficiency
- Added 431 new alternative energy sites to our network
- Engaged partners on energy and GHG reduction initiatives
- Increased by 58m the number of people covered by data (3G/4G) access in our markets

- Regulators and policy makers
- Suppliers and vendors
- Mobile industry
- Equity partners
- Governments
- Civil society
- Organised business

17 PARTNERSHIPS FOR THE GOALS

Best customer experience

Customer centricity is a requirement across all industries, with consumers considering better service a key decision factor when making a purchase.

For MTN, 'best customer experience' is focused on meeting this need. We work to ensure that we put our customers at the heart of everything we do. Simply put, our customers are the driving force of our success and market leader position and so their experience of our services, channels, people and technology is key.

2018 main KPIs

- Brand NPS

2018 initiatives

- Redesign our most common customer journeys
- Develop a pro-customer MTN brand identity
- Implement a treat customer fairly (TCF) policy and controls
- Invest in infrastructure and capability to improve customer service

2018 **performance**

Achieved **NPS leader position** in **nine markets**

- Redesigned the five **most frequent customer journeys** across our markets to make them more customer friendly

Recorded **30,7 million downloads of MyMTNapp** – a vehicle for customer engagement and self-service – across 17 opcos

- **Revitalised the brand**, repositioning MTN as 'pro-customer' and interacted extensively with our customers to understand and address their pain-points
- Executed a proactive set of controls across all operations to **protect customers from subscribing involuntarily** or accidentally to services they do not want. We introduced a **double opt-in** to services; a **transparent view** of services subscribed to; and **functionality to easily unsubscribe**
- Improved our **NPS research and measurement capabilities** to better understand customer needs

#1 player

Nigeria	Rwanda	Afghanistan
Zambia	Guinea-Bissau	Uganda
Ivory Coast	Benin	Iran

Future **focus**

- **Expand on the improvements made in customer journeys in 2018**
- **Deepen the 'pro-customer' positioning of the brand, by:**
  - Aligning our media spend with what resonates with our customers
  - Creating customer commitment manifestos
  - Expanding the number of service points using new formats like kiosks
  - Improving our measurement and analytics capability for customer service and brand
- **Continue with the TCF controls and policy implementations, especially regarding:**
  - Roaming guidelines
  - Data pricing rules
- **Empower customers using digitisation and technology through:**
  - More self-service
  - Use of customer-facing technology, like automation, bots and AI assistants

Returns and efficiency focus

For long-term success, in addition to looking after our people and customers, we must also look after our shareholders.

We are clear on what we are asked to deliver: returns. We must make sure we put the investment where the returns are. When it comes to efficiency we need to make sure that we extract the benefits of scale in each MTN country, but also leverage the power of MTN Group.

2018 main KPIs

- Cash upstreaming
- Cash ratio
- Return on invested capital
- Procurement savings

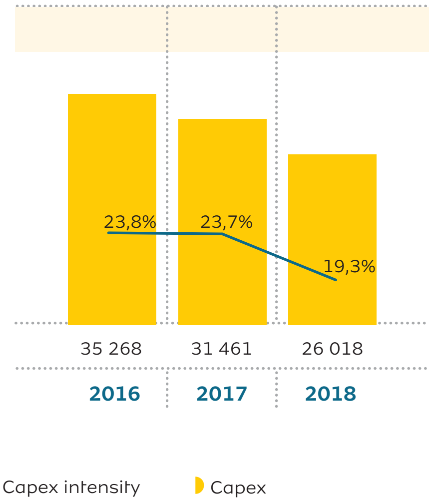
2018 initiatives

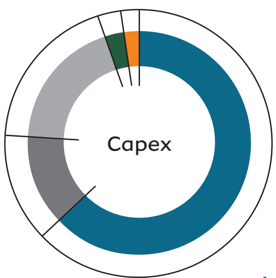
- Roll out smart capex across the group
- Prepare for successful listings of MTN Nigeria and MTN Ghana

2018 **performance**

- Widened **EBITDA margin** by **1,7pp*** to 35,9%
- **Reduced capex intensity** to **19,3%****
- **Reduced adjusted holdco leverage** to **2,3x**
- Repatriated dividends from Iran totalling **R1,3bn**** before the re-imposition of US sanctions against Iran
- Concluded the refinancing of our **US$1,25bn** revolving credit facilities for another five years, at an improved margin and with an option to increase to **US$1,5bn**
- Used proceeds from disposal of MTN Cyprus and listing of MTN Ghana to **pre-pay a portion of the US dollar-denominated holdco debt**
- Successfully listed **MTN Ghana on the Ghana Stock Exchange (GSE)** but MTN Nigeria listing delayed by regulatory issues, since resolved

Capex





Capex allocation

Radio and infrastructure	63%	Core network	3%
Transmission	13%	Other capex	2%
IT systems	19%		

Future **focus**

- **Medium-term targets to:**
  - **Record double-digit growth in group service revenue**
    - Record mid-single-digit growth in MTN South Africa service revenue
    - Record double-digit growth in MTN Nigeria service revenue
  - **Improve EBITDA margins**
  - **Reduce capex intensity** post-implementation of IFRS 16
  - **Reduce adjusted holdco leverage** to within a range of 2,0 to 2,5x
  - **Grow dividend** 10-20% per year from 2018 base of 500 cents per share
  - **Realise at least R15 billion (excluding IHS) through asset sales**
  - **Improve adjusted ROE^** to more than 20% from 11,5%
- **List MTN Nigeria** on the Nigeria Stock Exchange in first half 2019
- **Resume dividend flows from MTN Nigeria** (started in February 2019)

^ Adjusted headline earnings/equity capital.

For details of our total tax contribution, see TAX

Ignite commercial performance

As the telecoms industry has matured, operators have had to manage the pressure on voice revenue.

For MTN, 'ignite commercial performance' encompasses our efforts to transform our core business, enhancing our commercial performance and creating and optimising natural business extension opportunities to grow group revenue.

2018 main KPIs

- Subscriber growth
- Ignite transformation
- Enterprise programme
- Wholesale programme

2018 initiatives

- Move to personalised pricing and segmented value propositions
- Increase focus and capability, building on customer retention and lifecycle management
- Mature our sales and distribution to reach customers in new ways
- Launch MTN GlobalConnect to make better use of our infrastructure
- Focus on enhancing our enterprise offering

2018 **performance**

Recorded **233 million subscribers,** up 16 million

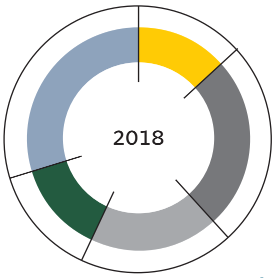
Achieved 7,3%* increase in group voice revenue to R82,2 billion, 22% increase in voice minutes

- CVM initiatives **boosted revenue** by 2,7% in Nigeria
- **Enterprise – grew revenue 8,4%* to R13,4 billion**

Wholesale – created a self-funding wholesale entity: MTN GlobalConnect, which made significant third-party wholesale sales

Grew wholesale revenue 63,7%* to R2,8 billion

Contribution of subscribers



Subscribers

South Africa	13,4%	WECA	13,2%
Nigeria	25,0%	MENA	29,6%
SEAGHA	18,8%		

Future **focus**

- Continue initiatives to **drive more personalised CVM** and keep pricing competitive and honest
- Focus more on **digitisation for sales and service** through app and web and expand channel capabilities and incentives to service the full product portfolio beyond airtime – data, digital, handsets
- Improve MTN GlobalConnect operating model to **drive efficiencies** in how we engage new clients
- Develop additional capabilities, functionality and competencies to **further improve enterprise business offerings** and service

Growth through data and digital

MTN's markets are still early in the data adoption journey and MTN is focused on delivering connectivity across our market to enable our vision.

MTN's ambition is to become the leading digital operator in Africa and the Middle East. A strong digital play is hinged on a good mobile financial services proposition. Data is the critical enabler of success: we work to connect the unconnected to the internet.

2018 main KPIs

- Active data subscribers
- Dual-data strategy
- Smartphone penetration
- Active MoMo subscribers
- Rich-media services subscriptions

2018 initiatives

- Operationalise our dual-data strategy focused on CHASE to bridge the digital divide by making data available and affordable to more customers
- Make handsets accessible to our entire customer base
- Expanded use of MTN Mobile Money
- Develop a wider digital services portfolio

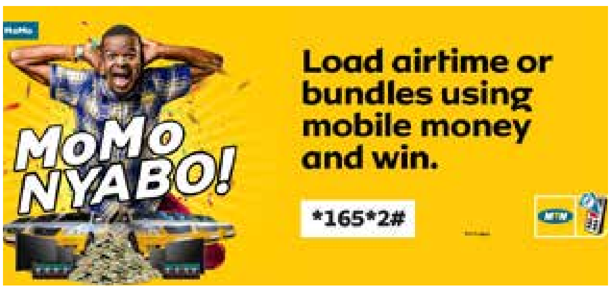
CHASE

Fulfilling the connectivity and communication needs of our customers

COVERAGE	HANDSETS	AFFORDABILITY	SERVICE BUNDLING	EDUCATION
Ensure sufficient data coverage in rural low-income areas	Increase affordability and access to data-enabled devices	Increase data service affordability	Simplify bundling and selling of data and services to ensure relevance	Enhance digital literacy and awareness of the potential of digital services

2018 **performance**

- Started executing our dual-data strategy, **enhancing digital inclusion**
- **Expanded active data users** by 10 million to 79 million
- **Improved data affordability** with a 39% reduction in the group effective rate per megabyte across our markets
- Developed the world's **first affordable 3G smart-feature phone** in partnership with China Mobile and KaiOS, and prepared to launch it at a price of around US$25
- **Incorporated Mowali** in partnership with Orange, to accelerate mobile money interoperability and payments in Africa, enhancing financial inclusion
- Launched **Open API platform** to accelerate innovation and ecosystem
- **Increased active MoMo users** by five million to 27 million in 14 countries; achieved three million insurance policies
- **Acquired Simfy** to accelerate our participation in the digital media OTT space
- Began creating MTN's own digital media portfolio including **MusicTime!, the world's first time-based music subscription app**
- Launched a **dedicated mobile advertising platform** in partnership to start participating and growing our advertising business across a broader range of offers
- Recorded 105 million **smartphones** on our networks



One in every four active MFS users in sub-Saharan Africa is an MTN MoMo customer

Future **focus**

- Continue **implementation of CHASE** with specific focus on
  - Improving customer education and ease-of-access of data
  - Expanding the availability of relevant digital content
- Extend initiatives to make **smartphones more affordable** and accessible; focus on scaling up our pilots on financing and subsidisation
- Launch **MoMo in South Africa and Nigeria, Afghanistan and Sudan**
- **Messaging** – Launch an advanced instant messaging and communications platform
- **Media** – Drive a range of entertainment offerings by building on MusicTime to expand our SmartTime-based offerings to segments including video and gaming
- **Mobile advertising** – continue rolling out the advertising platform and pursue relationships to build the ecosystem in Africa
- Develop platforms that will leverage our connectivity and payment capabilities and foster an ecosystem to help drive local innovation
- Accelerate fintech ecosystem growth and innovation through Open API
- Accelerate merchant payments; roll out insurance

Hearts and minds

People are the fuel that drives the engine of every organisation. However, the economic, political and regulatory environments in which companies work also impact the day-to-day operations and the lives of employees. For MTN, 'hearts and minds' is directly linked to our success through the employment of new skillsets, the upskilling of existing employees and the management of the work environment. This strategic pillar also focuses on the identification and management of risk, compliance and regulatory issues that are prevalent in the countries in which we operate.

2018 main KPIs

- Employee NPS
- Culture survey
- Regulatory risk management
- Stakeholder engagement management
- Risk, compliance and audit structure
- Improved control environment
- Resolve major legal and regulatory matters

2018 initiatives

- Talent management and succession planning
- Create a digital workplace
- Resolve difficult regulatory issues
- Enhance risk management framework across opcos
- Continue to implement risk and compliance roadmap

2018 **performance**

- At 78% LA, we **recorded our highest score for employee sustainable engagement**
- **Reduced voluntary turnover** to 4,53% from 7,91%
- **Improved gender diversity** with women making up 38,1% of total workforce and 27,0% of management positions
- Spent nearly 6 900 hours collaborating through **virtual digital communities** in past 18 months
- Developed **blueprint for stakeholder engagement**
- **Resolved difficult regulatory issues**, including that with Central Bank of Nigeria related to the repatriation of historical dividends; renegotiation of MTN Cameroon licence agreement; memorandum of understanding with Benin government
- **Enhanced risk management** model, separating second and third lines of defence. The second line risk and compliance functions. Third line internal audit and forensic functions
- **Continued to strengthen our compliance** practices by implementing enhanced compliance structures, including revising and **approving various new policies to enhance the consistent** application across the group
- **Enhanced risk-escalation and acceptance** process, with stronger oversight from group
- Reviewed our **risk philosophy and risk tolerances** that form the basis of our decision making
- Revised the tools, policies and frameworks to **enhance** the efficiency, adequacy, effectiveness, co-ordination and **reporting of assurance**
- Acquired **additional specialist skills** and increased the capacity of the assurance, risk and compliance management functions
- **94 calls** to whistle-blower line LA

64
nationalities

43%
millennials

Future **focus**

- Increase the percentage of **women in management** positions to 30%
- Enrol 80 new graduates in our graduate development programme
- Improve our 'employer of choice' status across our markets
- Continue to **digitise HR**, building more agile ways of work
- Implement **stakeholder and reputation management framework** across all opcos
- Roll out **compliance training and awareness** programmes across the regions
- Continue to strengthen the 'centre of excellence' for all assurance providers in line with our **revised structures and roles**
- Implement our risk and compliance transformation roadmap

Technology excellence

For all telecom operators, the strength of their network and IT infrastructure is an enabler to seize opportunities that are either untapped or under-served. It is also a critical differentiator to gain and maintain competitive advantage.

At MTN, we are driven to create a network performance second to none as well as IT capabilities that serve customer and business needs in an agile fashion.

2018 **main KPIs**

- Network data quality
- Population coverage

2018 **initiatives**

- Improve 3G and 4G population coverage in all our markets
- Explore smart coverage expansion options and rural coverage solutions to improve coverage and drive capex intensity lower
- Implement smart capex tool, improving our capex efficiency through analytics and integrated commercial and network planning
- Implement U900 spectrum initiative that allows us to cover, cost effectively, large portions of the population with 3G
- Drive opex optimisation through contract renegotiations and analytics-based efficiency optimisation

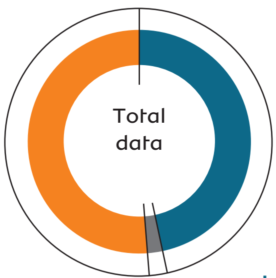
2018 **performance**

- Achieved **#1 network NPS** in 10 markets
- Delivered **R26 billion** in capex**, reduced capex intensity to 19,3%**
- Rolled out 8 295 3G sites and 7 257 4G sites

Total 3G coverage now 68,2% from 54 535 sites

Total 4G coverage now 33,0% from 29 294 sites

- Carried **22% more voice billable minutes and 75% more data traffic** than in 2017
- MTN South Africa recognised as having the best mobile network quality by MyBroadband
- Achieved strong improvements in voice metrics, including
  - 13 markets improved **2G dropped call rate** and 10 markets improved 2G network availability
  - 14 markets improved 3G dropped call rate and 12 markets improved 3G network availability
  - Nine markets **improved 4G network availability**
- Achieved strong improvements in data metrics, including
  - 13 markets **improved 3G download speed**; six improved 4G download speed
- Most opcos' radio access networks have software features for **energy efficiency** and have carried out swaps of base stations from indoor to outdoor units, reducing energy consumption, reduced rental opex and lower capex



Total data volumes by technology

4G	46,7%	3G	51,1%
2G	2,2%		

Future **focus**

- **Expand 3G and 4G coverage**
- Extend smart capex programme to further improve capex efficiency
- Expand opex optimisation projects to drive down costs
- Implement **innovative rural coverage solutions**
- Undergo **IT digital transformation** to create efficiencies and a more agile and seamless IT interface
- Explore **network digital transformation** to improve cost efficiency and functionality in management and maintenance of networks
- Roll out fibre and telecommunication line terminal equipment to **provide fixed connectivity in addition to our mobile offering**
- Continue network energy efficiency drive and pilot more renewable energy solutions

Relationships on which we rely to create value

Pursuing shared value

To deliver on our strategy and create value we require the trust and support of various stakeholders. In 2018, we developed a blueprint for stakeholder engagement and reputation management for the group and our operating companies. Apart from being a governance imperative, the framework aims to facilitate quality reporting, assisting strategy development and delivery.

Customers

Purchase competitive and reliable products and services at affordable prices, delivered on a reliable network. Our engagement is based on our belief that everyone deserves the benefits of a modern connected life

★ Priority interest areas

- Affordable pricing
- Superior customer service on a high-quality network
- Personal data protection and privacy
- Elevated customer experience
- Positive brand association

Desired outcome

- Affordable products and services
- Safe communication on the network

Performance in 2018

- Adopted our 'treat customers fairly' policy
- 233 million subscribers in 21 markets
- 79 million active data users
- 27 million active MoMo users
- 39% reduction in the average effective data rate across our markets
- 17% reduction in average effective voice rate across our markets
- Improved quality of service metrics across many markets

Our people

Ensure that our leadership, employees and contractors are aligned to delivering on our BRIGHT strategy

★ Priority interest areas

- Career opportunities
- Workplace conditions and practices
- Training and skills development
- Visible ethical leadership

Desired outcome

- An engaged workforce
- Motivated and high-performing people
- Ethical leadership
- Conducive workplace conditions and environment

Performance in 2018

- Recorded a 96% participation rate in group culture survey
- Sustainable engagement score improved to 78% (up 3pp)
- Employee NPS improved significantly
- Voluntary turnover rate reduced to 4,53% from 7,91%
- Spent R270 million on employee training
- Diverse workforce: 76% of our people come from 32 countries in Africa; 23% are Middle Eastern; 43% are millennials and women make up 38% of our total workforce

When engaging our stakeholders, we aim to:

Build relationships

Drive reputation

Proactively manage issues

Regulators and policy makers

Introduce government and independent authority measures, legislation and monitoring of the telecoms sectors

★ Priority interest areas

- Fair regulation of the telecoms industry to support growth
- Enforce administrative and regulatory law compliance

◉ Desired outcome

- Proactive engagement to create business friendly environments that support industry growth that is inclusive
- Early involvement in policy formulation
- Engagement to build and improve relational capital
- Alignment between MTN objectives and national priorities
- Minimise risk of regulatory issues disrupting our operations

• Performance in 2018

- Resolved matter with the Central Bank of Nigeria (CBN)
- MTN Cameroon renegotiated its licence agreement
- Successfully engaged on the policy framework for MFS in Nigeria
- MTN Benin concluded a memorandum of understanding with the government of Benin on frequency fees
- MTN Uganda was granted an extension of its operating licence pending ongoing discussion around long-term licence
- MTN South Africa continued to engage on proposed amendments to the Electronic Communications Act
- President announced that frequency will be made available to mobile operators
- Listed MTN Ghana on Ghana Stock Exchange

Suppliers and vendors

Supply quality products and services

★ Priority interest areas

- Improve the visibility of supply chain delivery lead times
- Introduction of new technologies such as 5G
- Establish ways to drive the enterprise business
- Supply chain risk management

◉ Desired outcome

- Joint market opportunities
- Priority access to new features or solutions
- Improved quality and lead times

• Performance in 2018

- Committed R26 billion** in capex
- MTN Ghana recorded strong uptake of electronic supplier portal use
- Collaborated on innovation with major supplier
- Supplier code of conduct to drive ethical and responsible supply chain practices

Relationships on which we rely to create value
continued

Mobile industry

Ensure a diverse competitor landscape

★ Priority interest areas

- Organise with other players in the industry to collaborate on matters of common interest or concern

Desired outcome

- MTN as an active contributor and thought leader
- Positively influence regulatory landscape
- Create a unified view in engagement with regulators
- Knowledge sharing, research, collaboration to overcome industry-related challenges

Performance in 2018

- Worked more closely with industry bodies (eg GSMA) and UN-aligned bodies on developing and implementing strategies on digital inclusion and transforming society and enterprises
- Continue to engage with peers and GSMA Africa chapter in addressing various matters, including MoMo fraud
- MTN and Orange established joint venture to enable mobile money interoperability across Africa
- Active member of the Smart Africa Alliance
- Sponsored ALTON's Nigeria Tech Innovation and Telecoms Awards
- Sponsored ITU's first meeting in Africa, in Durban

Trade partners

Contribute to the effective distribution of the network and its products across MTN's footprint

★ Priority interest areas

- Expanding global ecosystem to include a range of partners
- Successful distribution of company products through partnerships
- Continue building mutually beneficial relationships

Desired outcome

- To become ICT partner of choice through our partner programme

Performance in 2018

- Jointly developed 3G smart feature phone with China Mobile, Unisoc and KaiOS technologies, which will retail at about US$25
- Participated in Africa Com conference in November
- Among many other partnerships with local developers, we developed MoMo shop app in Benin with local trade
- Worked with distributors to more than double electronic voucher distribution in Ghana

Investment community and funders

Provide financial capital for sustainable growth

★ Priority interest areas

- Total shareholder return
- Sustainability of dividend
- Stabilisation of leverage

Desired outcome

- Investor confidence
- Access to financial capital when required
- Positive credit rating

Performance in 2018

- Met all medium-term targets
- Reduced holdco leverage ratio
- Listed MTN Ghana on Ghana Stock Exchange
- Progressed with preparation for listing MTN Nigeria, which was delayed by the CBN matter (resolved on 24 December 2018)
- Paid a dividend of 500 cents per share

Equity partners

Investments and joint ventures between local and global organisations to source capital, skills and resources

★ Priority interest areas

- Strengthen our opco equity partner relationships
- Form new equity partnerships in new business areas

◉ Desired outcome

- Deliver a bold new digital world to customers through our digital partnerships
- Ensure that MTN is a reliable and trusted partner

• Performance in 2018

- Brought in new investors into Iran Internet Group (IIG) and Jumia Technologies AG
- IIG cab-hailing service app Snapp reached 1,5 million daily rides and became largest internet platform in Middle East
- Jumia is the largest e-commerce business in Africa and grew at 63% in gross merchandise value

Organised business

- Share in mutually beneficial business associations
- Access new markets
- Create solutions for greater value creation

★ Priority interest areas

- Increased network deployment, coverage and quality
- Ethical and responsible supply chain practices
- Regulatory compliance

◉ Desired outcome

- Trusted network service provider
- Transparent relationship with suppliers and network service providers

• Performance in 2018

- Participated in SA-Nigeria Chamber of Commerce
- Participated in Business Unity South Africa during engagement on competition law amendments
- Continued to actively participate in the World Economic Forum as part of Team South Africa
- Worked with Ghana Chamber of Telecommunications on spectrum distribution
- Participated actively in ALTON in Nigeria

Governments

- Provide enabling environment for value creation
- Provide access to licences, spectrum, law enforcement and security agencies

★ Priority interest areas

- Contribution to local economic growth
- National security, personal privacy and consumer protection

◉ Desired outcome

- Demonstrate commitment to growing telecommunications
- Exercise legislative, judicial and executive functions
- Ensure law enforcement and security
- Align MTN objectives to national development plan agenda
- Acts as a policy adviser

• Performance in 2018

- Participated in first South African Investment Conference
- Cooperated at the highest level with governments across our footprint
- Hosted South Africa-based ambassadors from across our operations

Relationships on which we rely to create value
continued

Civil society

- Ensure corporate responsibility
- Opportunity to tap into organised markets and groups

★ Priority interest areas

- Community development
- Digital human rights
- Impact of our business on the environment

Desired outcome

- Engage and build relationships with community organisations and groups
- Invest in community development initiatives
- Promote responsible corporate citizenship
- Strong focus on youth empowerment

Performance in 2018

- Employed 75 young people in South Africa as part of the president's 'Yes for Youth' campaign
- Participated in Broadband Commission for Sustainable Development
- Host country sponsor for ITU Telecom World 2018 conference in Durban
- Promoted greater financial inclusion with 27 million active MoMo users and a wider range of financial offerings

Media

Create awareness and inform stakeholders about MTN-related news and trends in the telecoms industry

★ Priority interest areas

- Provision of quality network and coverage
- Consumer and data protection
- Business performance and impact

Desired outcome

- Ensure MTN is responsive, transparent and open in its engagement
- Positive brand positioning of MTN products and services
- Position MTN as a thought leader in telecoms
- Build relationships with key media stakeholders

Performance in 2018

- Continued to build relationships with key media, and increased group and opco excos' visibility and accessibility
- Improved responsiveness to the media, and in so doing had better control over our narrative
- Supported activities of the South African National Editors Forum

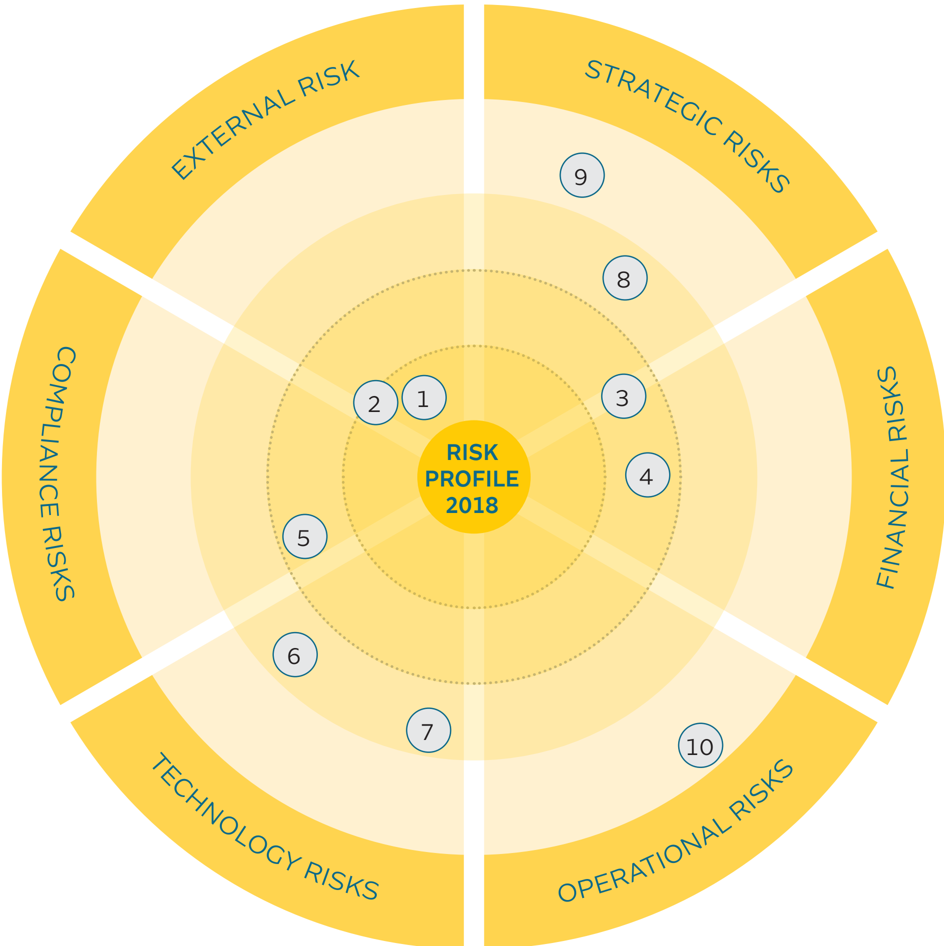
Looking ahead

In 2019, we will further embed the new stakeholder and reputation management framework across all MTN opcos. We will also commission a thorough perception audit to measure the health of our relationships with stakeholders across our markets. This will establish a solid baseline off which to monitor our relationships. We see opportunity to recover reputational capital where it has been lost as well as secure more mutually beneficial relationships with our stakeholders. We must further develop our relationships to become more inclusive in approach, and in so doing improve the trust in the MTN brand, and secure our social legitimacy and licence to operate.

Top risks to value creation

Our top risks

In line with the integrated assurance methodology, in 2018 we considered the following to be MTN's most material risks based on the residual risk rating of each. These took into account the probability of the risk occurring, the impact should it have materialised and the mitigation strategies in place. Rankings changed during the year, however, each of these risks continued to receive equal management attention.



2018 ranking	Risk description	2017 ranking
1	Political, economic and investment environment risk in key markets	5
2	Increased regulatory and tax pressures	3
3	Pressure on holdco leverage due to suboptimal cash generation and cash upstreaming	4
4	Forex volatility and weakening currencies	1
5	Operational and compliance risk arising from inconsistent control environments	2
6	Spectrum cost and availability	6
7	Increasing cyber and information risks	10
8	Key supplier risks and associated disruptions	New
9	Ability to execute large group strategic and change programmes	7
10	Suboptimal returns from portfolio	9

Top risks to value creation continued

2018 rank	Risk name and impact if not managed	Mitigation and opportunities
1)	**Political, economic and investment environment risk in key markets** The political and economic environments in MTN's key markets of Nigeria and South Africa pose a risk due to 2019 elections. These could impact on MTN's operational and financial performance, including the cost of funding. The rise of economic nationalism and protectionism may add to the risk levels. In addition, the continuing political instability in other markets including Syria, Yemen and Sudan impacts the stability and profitability of operations.	• Continuously monitor developments across politically and economically sensitive markets and perform ongoing scenario and sensitivity analysis to navigate difficult conditions • Ensure sufficient levels of committed funding facilities at group level to respond to market stress scenarios • Maintain the group's approach of self-funding of MENA operations • Ensure continuity of operations, protect staff and assets through strong business continuity management measures • Implement strong stakeholder management • Implement various measures to adhere to sanctions laws
2)	**Increased regulatory and tax pressures** MTN operates in many jurisdictions and must comply with various laws and regulations. These include those on: licence conditions and renewals; capital importation and repatriation; data and privacy protection; tax and SIM registration; and know your customer (KYC) 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.	• Defend issues relating to tax issues in Nigeria • Ensure robust implementation of a framework to improve pro-activeness and maturity of regulatory engagements • Ensure that group regulatory approach in 2019 focuses on building political, relationship and reputational capital in our markets • Continue to strengthen opcos' regulatory functions • Continue to strengthen subscriber registration infrastructure and further embed new data privacy requirements • Ensure continued compliance with capital importation and repatriation regulations
3)	**Pressure on holdco leverage due to suboptimal cash generation and cash upstreaming** 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 a shortage of foreign currency, stringent forex laws and sanctions) may impact our ability to keep adjusted group leverage stable as well as to increase distributions to our shareholders. This may also lead to the ineffective management of free cash flows due to an imbalance between revenue growth and high capex intensity.	• Focus on attaining double-digit growth in constant currency service revenue as well as improving EBITDA margins • Ensure management of capex intensity • Continue to implement our smart capex programme • Optimise cash balances in opcos and cash upstreaming to the group • Ensure that group leverage remains within the target range • Implement our asset realisation programme to realise at least R15 billion
4)	**Forex volatility and weakening currencies** Currencies in our operating markets have in many instances been volatile and this remains a key concern especially as we approach specific global events such as elections and the political landscape remains challenging. Large opco contracts in foreign currencies also pose a risk and this leads to opex and capex pressures within opcos impacting their liquidity and eventually impacting the group's profitability. Furthermore, weaker currencies in our operating markets result in translation losses on rand-reported results.	• Stress-test our 2019 – 2021 business plan against currency volatility to understand impact on revenue, EBITDA and free cash flow and implement responsive measures • Develop specific mitigation plans for adverse key currency fluctuations • Ensure alignment of hedging policy within risk appetite framework. Hedge exposures where feasible and where instruments are available • Optimise levels of local versus foreign currency debt by reducing the foreign currency share of holdco debt • Ensure conversion of large contracts into local currencies where possible and financially prudent

	2017 rank	Link to strategy	MTN's performance in 2018
	5		• Enhanced group-level crisis management by strengthening group and opco crisis management teams • Made greater use of political and economic scenario analysis as an integral part of risk management • Reviewed and enhanced our risk philosophy and tolerance statements to form the basis of risk management • Enhanced sanctions policy in light of re-imposition of U.S. sanctions on Iran
	3		• Reached an equitable resolution of the CBN matter, with payment by MTN Nigeria of the equivalent of $52,6 million as the net cost of the notional reversal of the 2008 private placement • Enhanced regulatory structures at group level • Further developed our regulatory framework, including our stakeholder management framework which comprises the strategy, policy and blueprint of regulatory management • Developed the skills and capacity of opco regulatory functions • Made significant progress in respect of the KYC and SIM registration requirements
	4		• Reported 10,7%* service revenue growth for 2018 and a group EBITDA margin of 35,2%* from 33,5%* in 2017 • Implemented our smart capex programme in Iran • MTN Ghana and MTN Nigeria developed and adopted a dividend policy informed by the group's dividend policy; other opcos continue to develop their dividend policies • Repatriated dividends from Iran totalling R1,3 billion before the re-imposition of US sanctions against Iran • Used proceeds from the disposal of MTN Cyprus and the listing of MTN Ghana to prepay a portion of US dollar-denominated holdco debt, reducing our forex exposure and bringing holdco leverage into the target range
	1		• Performed stress testing in respect of gearing ratios • Completed stress testing of group business plan for key currency volatility • Ensured that our treasury policy is aligned with our risk appetite framework • Made progress in converting large contracts to local currencies • MTN Uganda secured a 50 billion Ugandan shilling and US$12,5 million facility • MTN Benin secured a 75 billion CFA franc facility • MTN Zambia secured a multi-currency facility worth the equivalent of US$90 million • MTN Rwanda secured a 50 billion Rwandan francs facility

Top risks to value creation continued

2018 rank	Risk name and impact if not managed	Mitigation and opportunities
5)	**Operational and compliance risks arising from inconsistent control environments** Amid increasing regulatory requirements (particularly in respect of subscriber registration, mobile financial services and data sovereignty) non-compliance could lead to strained relationships with regulators, reputational damage, disruption of services and the loss of customers. Furthermore, weaknesses in the control environment could lead to operational risks and losses.	• Continue to focus on the revision of existing policies and procedures and the development of new ones • Ensure the enhancement and implementation of compliance frameworks and our controls improvement plan • Ensure the ongoing monitoring of key compliance risks in opcos • Enhance control environment in certain business areas such as enterprise business unit and MTN Mobile Money
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. An increased cost of spectrum impacts the cost of our products and services and puts pressure on profit margins.	• Liaise with regulators on the acquisition of spectrum in line with our 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
7)	**Increasing cyber and information 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.	• Ensure adequate monitoring and reporting on performance against the milestones as defined in the group's new 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
8)	**Key supplier risks and associated disruptions** The telecoms industry is dependent on certain key suppliers. This increases the risk of disruption to operations in the event of a supplier failure or its inability to deliver goods/services. Current developments relating to Chinese telecoms suppliers are being monitored.	• Implement supplier risk management strategy • Enhance business resilience • Enhance crisis management structures
9)	**Ability to execute large strategic and change programmes** Various large programmes are being executed as part of the BRIGHT strategy. An inability to successfully implement these programmes or an inability of the programmes to deliver desired results will directly impact our business objectives.	• Careful monitoring and oversight from the group strategy and transformation committee • Strengthen the group programme management office • Obtain independent programme assurance on key programmes
10)	**Suboptimal returns from portfolio** Decreasing margins in the telecoms industry as well as economic and political challenges in certain markets place pressure on the investment portfolio. Inability to effectively deal with non-performing investments may impact the group's competitiveness and returns to shareholders.	• Implement an effective capital allocation policy – return on invested capital greater than weighted average cost of capital; and payback period of three to five years • Implement investment and/or divestment strategy – e-commerce and tower companies portfolio not considered strategic for MTN over long term • Trim associate portfolio – Mascom disposal • Optimise portfolio to deliver at least R15 billion over three years • Improve adjusted ROE to more than 20% from 11,5%

2017 rank	Link to strategy	MTN's performance in 2018
2		• Implemented our revised second and third line assurance model • Completed a group policy and procedure project, identifying 25 priority policies. Revised a number of policies and started a process to finalise the development of others • Implemented our treat customers fairly programme vigorously, particularly with regard to value-added services
6		• Proactively engaged with regulators on the cost and acquisition of spectrum • Updated our spectrum strategy to ensure the acquisition and optimum usage of spectrum
10		• Developed and started to implement a new information security plan • Implemented a short-term solution for cyber security on some 18 000 devices across all opcos
New		• Successfully managed risks posed by US denial order in respect of ZTE • Developed a supplier risk management strategy • Pro-actively developed contingency plans for other key suppliers
7		• Established a group programme management office to monitor key group-wide programmes • Reported positive results from our operational execution programme 'Ignite' • Continued to obtain independent assurance on key programmes • Established a strategy and transformation subcommittee of exco to monitor strategic programme portfolio • Implemented new tools to manage strategic programmes
9		• Disposed of MTN Cyprus • Concluded a successful listing of MTN Ghana • Approved recapitalisation plans for certain opcos • Developed and implemented capital allocation framework • Developed risk appetite framework to guide decision making in this regard • Implemented self-funding for conflict markets

Our risk philosophy and framework

Our risk strategy has a risk-based approach towards managing risks, capital and our reputation, as well as our compliance with laws. We want to avoid taking excessive risks that could threaten the financial security of MTN Group in any adverse operating and financial conditions.

Our BRIGHT operational strategy, however, also requires strong growth in market share and returns, and we will not be able to achieve this if our risk strategy is too prudent. As a result, our risk strategy ensures that the risks we take are not so great or so concentrated that they could threaten the financial security of the group in very adverse conditions.

Our **risk framework** takes this into account and is made up of:

Our risk philosophy, which is to seek risk exposures in markets:
- Where it meets our risk return aspirations.
- Where we have the core competence to be a market leader while avoiding volatility that could affect the financial stability of the group.
- Implementing prudent risk management to compensate for the risks that we take.

Our risk preferences
- We articulate our preferences for risk-taking for various classes of risks that impact the achievement of our BRIGHT strategy.

Risk appetite	Risk type
High	• Strategic – market • Strategic – product
Medium	• Strategic – execution • Strategic – mergers and acquisitions • Strategic – supplier concentration • Operational • Technology • Regulatory • Earnings • Funding • Currency
Moderate	• Operating in sanctioned environments • Technology – information security
Low	• Tax structuring • Compliance (including sanctions compliance) • Liquidity • Reputational

Our risk tolerances
- We use a top-down as well as a bottom-up approach to define as well as continuously refine the tolerances for various classes of risks. We continue to use stress analysis as a tool to refine the tolerances and understand the impact of a combination of risks if they were to materialise simultaneously.

Key risk indicators
- We use these to monitor the changes in risk levels and make suitable adjustments to the mitigating actions.

Risk methodology
- This guides our actions to manage the risks on a day-to-day basis.

We continue to enhance our risk framework in response to the evolving business environment.

Leadership and performance overview

The view of our chairman

In 2018, the operating environment in MTN's key markets was challenging and was marked by low oil prices, internal political instability occasioned in some cases by geopolitical undercurrents, anaemic GDP growth and weak and volatile currencies.

Notwithstanding these challenges, MTN put in a solid performance and met its medium-term targets by pursuing the delivery of the BRIGHT strategy. This resulted in strong growth in service revenue, a widening of profit margins and an increase of more than 85% in headline earnings per share (HEPS) to 337 cents** from 182 cents** in 2017.

Encouraged by these results, the board declared a total dividend of 500 cents per share for the year, in line with the guidance we gave to investors.

The group recorded many other operational advances, not least a lower level of capex intensity, indicating greater efficiency in deploying assets, and further improvements in the quality of its networks, which were accessible to more people across the MTN footprint. Staff morale improved.

MTN continued to execute its strategy with a greater focus on opportunities in fintech and digital. These markets are still nascent, and MTN has strengthened its specialist teams and has better integrated these businesses across the group to ensure that it achieves the momentum it desires in these areas.

In his Q&A overleaf, the group president and CEO spells out the group's plans to address the fintech and digital opportunities, as well as those identified in the voice, data, enterprise and wholesale markets (see page 8). He also unpacks the group's plans to simplify MTN by optimising the group's portfolio, targeting R15,0 billion in asset realisation proceeds between 2019 and 2021. This will support further improvements in MTN's holding company gearing.

MTN views its ideal portfolio in the medium term as one which is focused on its telco operations enhanced with digital services. The e-commerce assets and the group's interest in tower companies are not considered strategic in the long term.

Although significantly stronger in 2018, MTN Group's HEPS would have been even higher had it not been for the negative impact of a large swing in the contribution of associates and joint ventures. This was the result of the impact of the sharply weaker Iranian rial on MTN Irancell's profit contribution, along with the higher marketing expenses in e-commerce business Jumia Technologies AG.

By achieving MTN's ideal portfolio, the volatility in the share of joint venture earnings will be reduced, resulting in more predictable group earnings, allowing for improved visibility for investors.

Addressing regulatory uncertainty

2018 was marked by increasing regulatory instability as many regulators became more conscious of their power and influence and used it assertively to draw more fees and taxes from sector players. This requires that MTN takes a more deliberate pre-emptive approach to ameliorate this. Work continues in this regard – part of which is the group's new blueprint for stakeholder engagement and reputation management.

Good progress was made in 2018 in resolving key regulatory matters in markets including Benin, Cameroon and Nigeria. In December 2018, MTN Nigeria successfully resolved the matter with the Central Bank of Nigeria related to the notional reversal of a 2008 private placement transaction. The tax dispute between MTN Nigeria and the attorney general is yet to be resolved and comes before the Nigerian courts as this integrated report is distributed to shareholders. The audit committees of both MTN Nigeria and MTN Group have assessed the attorney general claims and remain of the view that all taxes due have been paid, and as such no provision or contingent liabilities need to be raised. The group will vigorously defend its position on this matter.

So, while there has been progress on many fronts, many markets remain unpredictable. The group's localisation initiatives are an important part of addressing regulatory risks and in 2019, the group's efforts to increase local ownership of MTN operations will be focused on Nigeria, Uganda and Zambia.

The initiatives across the MTN footprint are, however, not limited to ownership but include work to address greater local participation in spheres such as management control, employment diversity, skills development, procurement, enterprise development and social responsibility. In 2018, the group committed R185 million in social investment.

As a prominent operator and brand, MTN is always susceptible to opportunistic claims, such as Turkcell's alleged grievances arising from its unsuccessful bid to obtain a mobile licence in Iran, and the awarding of that licence to MTN Irancell in 2005. MTN continues to be of the strong view that there is no legal merit to Turkcell's claim and will continue to vigorously oppose it.

Chairman
Phuthuma Nhleko

Enhancing governance

Over the past few years, we have significantly strengthened MTN's board of directors with a wider repository of skills, taking into consideration the group's ambition to become the leading African digital operator, as well as the number of directors who will be due to retire in the next few years.

Swazi Tshabalala and Mcebisi Jonas joined the board on 1 June 2018 and Khotso Mokhele joined on 1 July 2018. All three independent non-executive directors bring diverse skills and new perspectives. Alongside the depth of skills and institutional memory of our other directors, this makes for robust debate among a strong ethical and effective leadership team.

A change in 2019 is the departure of long-serving company secretary, Bongi Mtshali. We thank Bongi for her commitment to MTN over the years and wish her well in her retirement. We welcome Thobeka Sishuba as the new company secretary.

Celebrating 25 years of shared value

2019 marks 25 years since the group was established. Launched at the dawn of democracy in South Africa as a leader in transformation, MTN has evolved from serving only one market back then, to 21 today. The MTN brand is instantly recognisable to millions of people across the world and is among the most valuable African brands. At its launch, we had expected the scope of the mobile market in South Africa to be around 378 000 lines. At the end of 2018, the group had 233 million subscribers across its footprint.

I look forward to the group's continued growth in the next 25 years, as it broadens access to connectivity, helps bridge the digital and financial divide and in so doing enhances the prospects for sustainable societies across Africa and the Middle East.

Q & A with the group **president and CEO**

Q MTN reported an encouraging performance in 2018 and met its targets. How do you plan to deliver double-digit service revenue growth over the medium term?

A. With eight quarters of operational improvements behind us, we are building a track record of disciplined execution. In 2018 our BRIGHT strategy re-energised the business and drove performance. While we continue to focus on delivering on the key performance indicators linked to each element of BRIGHT, increasingly we see growth in the years ahead coming from the two central pillars of BRIGHT – the 'I' – 'Ignite commercial performance' and the 'G' – 'Growth through data and digital'.

Within these, we are focused on the following six areas:

Voice	– a large, maturing revenue pool
Data	– at an inflection to explosive growth
Digital	– unique emerging market opportunity
Fintech	– transformational opportunity
Enterprise	– especially SME and converged services
Wholesale	– explosive traffic growth driving demand

Q Why do you believe these areas offer an opportunity for growth?

A. It is really the so-called 'demographic dividend' in our markets that is creating these opportunities: the population is youthful and growing fast; there are low levels of data, fintech and digital adoption; the enterprise sector is under-developed and MTN is already the largest infrastructure player, which means we are uniquely positioned to offer services to the wholesale market.

Q What makes you certain MTN can win?

A. MTN has unique assets and capabilities to become the leading digital operator in our markets. We have a large base of customers – 233 million at the end of December 2018 – and can cross-sell these customers with data, digital and fintech offerings. Ours is a leading African brand with a track record of offering innovative services and we are investing in analytics and artificial intelligence capabilities ahead of our competitors.

We also have deep customer insights with local knowledge and presence: by understanding customers' needs we can offer locally relevant content. We also benefit from our deep and wide distribution channel which allows us to reach customers with new services and collect fees from them.

It is also important to note that MTN is already a large fintech provider – over 27 million customers with one in every four mobile financial services customers in sub-Saharan Africa an MTN MoMo customer (source: GSMA). Our data network coverage is extensive and growing and we have the best network in most markets; we are a pioneer in low-cost data technology innovation.

Q Do you believe you have the right portfolio to achieve your ambitions?

A. Our portfolio includes telco subsidiaries, telco associates and our e-commerce and tower company investments (see page 5). In 2018 we completed a review of the portfolio to assess our assets for appropriate strategic and operational fit, considering demographics, regional synergies, control position and business and regulatory environments.

MTN's core business is mobile telecoms in Africa, and this is where the opportunity for growth lies. While our e-commerce and tower investments are material investments where we need a tight commercial integration with our mobile assets wherever possible, we do not view them as long-term strategic holdings for the group.

Our portfolio optimisation is therefore aimed at simplifying the group, reducing risk and improving returns. This will deliver at least R15,0 billion in asset realisation over the period 2019 to 2021.

The R15 billion target excludes any proceeds from tower company IHS Holding Limited (which had a fair value of R23,4 billion at end December 2018) and includes potential proceeds from the sale of our 53,1% shareholding in Mascom Wireless Botswana (Pty) Limited, for which we have received and accepted an offer. The purchase consideration of US$300 million represents an EBITDA multiple of approximately 6,0x. Mascom is considered non-core because of the lack of control position and the related inability to execute the BRIGHT strategy.

One of our core assets is our 78,8% stake in MTN Nigeria. We see the value of increasing the ownership of the business by Nigerians and are committed to listing MTN Nigeria on the Nigerian Stock Exchange. We plan to do this in the first half of 2019. This will be followed by a public offer once market conditions are conducive. Over time, we anticipate that the participation of Nigerians in the ownership of the business will increase from around 20% to 35%.

Q What's the outlook for 2019?

A. As the CFO outlines in his Q&A, after performing ahead of our medium-term targets in 2018, we have revised our guidance upwards for the next three to five years.

We will achieve this through our attention to delivering against all elements of BRIGHT and, in particular, on the six growth curves we have identified.

In 2019, we will focus on the following initiatives:

Voice – is still a growing business for MTN

- Ultra-rural site roll-out
- Personal pricing with artificial intelligence
- Multi-product selling
- Distribution transformation

Fintech – will be a major driver of new value creation

- Launch in four new markets
- Open API for merchants
- Launch mobile money interoperability
- Advanced services

Data – is a core medium-term growth driver

- 3G national coverage
- Service bundling
- Smartphone acceleration
- Price transformation

Enterprise – we will grow market share in a high-growth segment

- Scale up enterprise sales
- Segmented products
- SME channel strategy
- Drive MTN way of selling

Digital – will drive new revenues and data adoption

- Own services + platform
- Music and messaging build
- MTN Mobile Money integration
- Local content

Wholesale – we will build a scale pan-African infrastructure group

- Wet and dry build
- Third-party sales engine
- 'Yellow Connect' platform
- National roaming opportunities

We look to the future with confidence and thank our many stakeholders for their role in helping us deliver on our belief, which is that **everyone deserves the benefits of a modern, connected life**.

Q & A with our group CFO

Q How do you see MTN's financial performance evolving?

A. In 2018, we delivered on all our medium-term targets, most notably by reporting a 10,7%* increase in service revenue, an expansion of the EBITDA margin to 35,9%** and moderating our capex intensity to 19,3%**. Encouraged by this performance, we revised our guidance upwards for service revenue and enhanced our medium-term guidance with additional targets.

We are now targeting double-digit growth in service revenue (in constant currency terms) for the next three to five years from a previous target of upper-single-digit growth. We expect this to be driven by double-digit growth at MTN Nigeria and mid-single-digit growth at MTN South Africa.

In 2018, the growth in service revenue was supported by the continued expansion of our voice (up 7,3%*), data (up 22,0%*), fintech (up 46,8%*), and wholesale (up 63,7%*) revenue. This was in turn the result of our continued focus on executing on our BRIGHT strategy and despite challenging macroeconomic conditions in many markets, in the Middle East in particular.

As the CEO outlines in his Q&A, we see significant opportunity to grow subscribers and voice revenue and execute on the large mobile data opportunity in our markets. We will also extend our BRIGHT strategy to build MTN into a digital operator with a major focus on the fintech, digital, enterprise and wholesale business areas.

Over the medium term, we continue to expect an increasing group EBITDA margin and a reduced capex intensity, evidence of our greater efficiency in deploying assets because of our smart capex approach.

Driven to ensure that our network is second to none, in 2018 we invested R26 billion in capex, down from R31,5 billion in 2017. Price-book savings and the implementation of the smart capex tool resulted in capex intensity moving below 20% from 23,7% in 2017.

As a result we forecast higher returns, with an improvement in our adjusted return on equity (ROE – adjusted headline earnings/equity capital) from 11,5% in 2018, to above 20% over the medium term. This is a new target.

Q What are your plans to stabilise leverage metrics?

A. In 2018, the balance sheet remained strong, with group gearing on a consolidated basis at 1,3x net debt:EBITDA. Benchmarked against emerging market peers, this is a comfortable level of gearing. Having said that, the holding company leverage is the one on which we focus and guide as its financing costs and redemptions depend on resources from the operating subsidiaries. In 2018, at the holdco level, gearing improved to 2,3x from 2,7x at end-2017. This is within our target range of 2,0x to 2,5x over the medium term.

At the end of 2018, our holdco net debt was R57,5 billion. It was negatively impacted by the weaker closing rand rate and the payment of the 2017 dividend under the previous dividend policy of 700 cents per share, but partially offset by proceeds from the sale of MTN Cyprus and the MTN Ghana IPO.

Our average cost of debt remained stable at 8,3%, and we improved our mix of debt. At the end of 2017, 54,4% of head office borrowings were dollar-denominated. This reduced to 51,6% at the end of 2018 following the paydown of some US dollar debt from the MTN Cyprus proceeds as well as greater cash upstreaming from opcos in the second half. Of the total management fees paid to the group in the year, around 15% of total payments occurred in the first half and 85% in the second.

We also addressed our debt maturity profile in 2018, by refinancing our US$1,25 billion revolving credit facilities that mature in 2019 with a new five-year facility at an improved margin and an option to increase it to US$1,5 billion.

We continue to work to optimise the debt capacity of operations, after securing numerous local currency facilities at opco level in 2018. Proceeds from the R15 billion asset realisation plan will support further improvements in holdco leverage over the next three years.

Q How do you plan to sustain your dividend?

A. We have a very clear capital allocation framework, which prioritises organic growth and stabilising leverage ahead of returning cash to shareholders. Within that framework, we have an appropriate dividend policy that is supported by improvements in free cash flow development as the leverage ratios stabilise. We anticipate that operating cash flows will cover the dividend distribution by the end of 2021.

Capital allocation priorities in order of importance for the medium term:

1. **Organic growth:** Invest in capex to improve network, drive EBITDA and cash flow generation. Target capital intensity of 20% to 15% (pre-IFRS 16).
2. **Stabilise leverage:** Target holdco leverage of 2,0x to 2,5x. Rebalance the holding company debt mix to target rand debt making up more than 60% of total debt.
3. **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.
4. **Selective mergers and acquisitions:** Opportunities aligned to the investment case, subject to strict risk and financial criteria.
5. **Share repurchases or special dividends:** Only considered when other capital allocation priorities have been met.

Q Further embedding effective risk and compliance practices remains a priority. What progress was made in 2018?

A. Effective risk and compliance is essential to delivering on our strategy and creating value for our stakeholders. In 2018, we enhanced our risk management model, separating the second and third lines of defence. The second line is made up of risk and compliance functions, while the third comprises internal audit and forensic functions. We updated our risk and compliance management frameworks and approved key policies to ensure consistent application across the organisation. We enhanced the risk-escalation and acceptance process, with stronger oversight from the group. We also reviewed our risk philosophy and risk tolerances. These form the basis for decision making at MTN. A group risk appetite framework was developed and approved by the board and is detailed on page 38. During the year, we also revised the tools, policies and frameworks of assurance. By hiring additional specialist skills, we improved the capacity of our assurance, risk and compliance management functions.

Key financial tables

Selected financial results information

Strong operational EBITDA development; associates and JVs drag on earnings

	2018 Rm	2017# Rm	% change reported	% change constant currency*
Revenue	134 560	132 869	1,3	10,2
Service revenue[1]	125 430	124 041	1,1	10,7
EBITDA before once-off items	46 855	41 361	13,3	15,9
Once-off items	1 391†	5 610		
EBITDA^	48 246	46 971	2,7	15,9
Depreciation, amortisation and goodwill impairment	24 670	26 398	(6,5)	
Net finance cost[2]	8 331	9 267	(10,1)	
Loss on derecognition of loan	–	2 840		
Hyperinflationary monetary gain	290	264		
Share of results of associates and joint ventures after tax	(527)	840	NM	
Profit before tax	15 008	9 570	56,8	
Income tax expense	5 430	5 020	8,2	
Profit after tax	9 578	4 550		
Non-controlling interests	859	134		
Attributable profit	8 719	4 416	97,4	
EPS (cents)	485	246	97,2	
HEPS (cents)	337	182	85,2	
Adjusted HEPS (cents)	565	668	(15,4)	

[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 (2018: R812m; 2017: R1 047m)
^ Reported 2018 EBITDA includes R304m from the gain on dilution of MTN Dubai's investment in IIG and R265m from the gain on dilution of Mobile Telephone Network Holdings's investment in Jumia
# 2017 numbers restated for changes in accounting policies
NM= Not measurable
† Once-off items (2018: CBN resolution (-R744m) profit on sale of Cyprus R2 112m and tower profits R23m) (2017: tower profits R6 044m and Zakhele Futhi (–R434m)

Commentary

Service revenue
Data (22,0%), voice (7,3%) and fintech (46,8%) are the main contributors to the constant currency growth. Digital continues to decline.

EBITDA
Growth was led by the performance of Nigeria, South Africa and the SEAGHA region.

Net finance cost
Lower forex losses (driven by decreases in Nigeria and head offices) and lower interest income in Nigeria.

Share of results of associates and joint ventures after tax
The Irancell contribution was impacted by forex losses as a result of currency weakening, and changing the translation rate from the CBI rate to the SANA rate from August 2018, together with widening losses in Jumia given some prior year consolidation adjustments.

HEPS
Operational earnings strong from key markets of South Africa, Nigeria and Ghana.

Adjusted HEPS
Impacted by lower profits from associates and JVs, weaker performance of WECA markets and stronger rand.

Selected financial position information

Impacted by a weaker rand and Iranian rial closing rates

	2018 Rm	2017# Rm	% change reported
Property, plant and equipment	100 581	91 786	9,6%
Goodwill and other intangible assets	40 331	38 330	5,2%
Other non-current assets	42 898	53 386	(19,6%)
Current assets	58 038	60 780	(4,5%)
Non-current assets held for sale	2 759	–	100,0%
Total assets	244 607	244 282	0,1%
Total equity	88 226	95 720	(7,8%)
Interest-bearing liabilities	85 001	79 720	6,6%
Other liabilities	71 380	68 842	3,7%
Non-current liabilities held for sale	–	–	0,0%
Total equity and liabilities	244 607	244 282	0,1%
Net debt	63 546	57 145	11,2%

2017 numbers restated for changes in accounting policies

Commentary

Property, plant and equipment
Net increase as a result of foreign currency translation reserves of R6,3bn** and additions of R26bn** offset by depreciation of R19,7bn**.

Goodwill and other intangibles
Fees paid in Benin to extend and expand the licence and Ghana licence renewal and impairment of R0,3bn**.

Other non-current assets
Irancell lower associates carrying value due to equity accounting at the SANA rate from August 2018 and at the end of 2018, fair valued our IHS holding at R23,4bn**, with the reduction in value recognised in other comprehensive income.

Non-current asset held for sale
Mascom business was classified as a non-current asset held for sale.

Interest-bearing liabilities
Increased mainly as a result of an increase in holdco borrowing in H1 2018.

Key financial tables continued

Selected cash flow information

Iran repatriation key, financing activities driven by additional debt raised in Nigeria and Mobile Telephone Network Holdings

	2018 Rm	2017[#] Rm	Change %
Cash generated from operations	**40 345**	38 484	4,8
Dividends received from associates and joint ventures	**1 942**	7 129	(72,8)
Net interest (paid)/received	**(4 871)**	(4 630)	(5,2)
Tax paid	**(5 027)**	(7 596)	33,8
Cash generated by operating activities	**32 389**	33 387	(3,0)
Acquisition of property, plant and equipment and intangible assets	**(28 196)**	(26 661)	(5,8)
Movement in investments and other investing activities	**4 977**	(924)	NM
Cash used in investing activities	**(23 219)**	(27 585)	15,8
Dividends paid to equity holders of the company	**(11 236)**	(12 565)	10,6
Dividends paid to non-controlling interests	**(759)**	(956)	20,6
Other financing activities	**872**	(1 091)	NM
Cash used in financing activities	**(11 123)**	(14 612)	23,9
Cash movement	**(1 953)**	(8 810)	77,8
Cash and cash equivalents at the beginning of the year	**15 937**	27 375	(41,8)
Effect of exchange rates and net monetary gain	**1 598**	(2 628)	NM
Cash classified as held for sale	**(615)**	–	–
Cash and cash equivalents at the end of the period	**14 967**	15 937	(6,1)

[#] 2017 numbers restated for changes in accounting policies
NM = Not measurable

Commentary

Cash generated from operations
Includes H1 2018 payment of R4bn relating to the Nigeria SIM registration fine.

Dividends received from associates and joint ventures
Benefited from the repatriation of dividends from Iran amounting to R1,3bn**. This was lower than the R6,5bn** received in 2017.

Movement in investments and other investing activities
Driven by proceeds from the sale of MTN Cyprus.

How we report our numbers

Certain financial information presented in this integrated report constitutes *pro forma* financial information. This *pro forma* financial information is the responsibility of the group's board of directors and is presented for illustrative purposes only.

Because of its nature, the *pro forma* financial information may not fairly present MTN's financial position, changes in equity, and results of operations or cash flows. The *pro forma* financial information, indicated with a '*' in this integrated report, has been extracted from the MTN Group Limited financial results for the year ended 31 December 2018. It 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 identified by LA).

The financial information presented in this integrated report has been prepared excluding the impact of hyperinflation and the goodwill and asset impairments, tower profits, the Nigerian regulatory fine (consisting of the re-measurement impact when the settlement was entered into and the finance costs recognised as a result of the unwind of the initial discounting of the liability), the profit from the sale of MTN Cyprus, the CBN resolution and, in addition to the above, profit on the exercise of IHS exchange right, loss on the de-recognition of IHS Loan receivable and MTN Zakhele Futhi share-based payments, which relate to the 2017 year of assessment ('the *pro forma* adjustments') and constitutes *pro forma* financial information to the extent that it is not extracted from the segment disclosure included in the audited summary group financial statements for the year ended 31 December 2018.

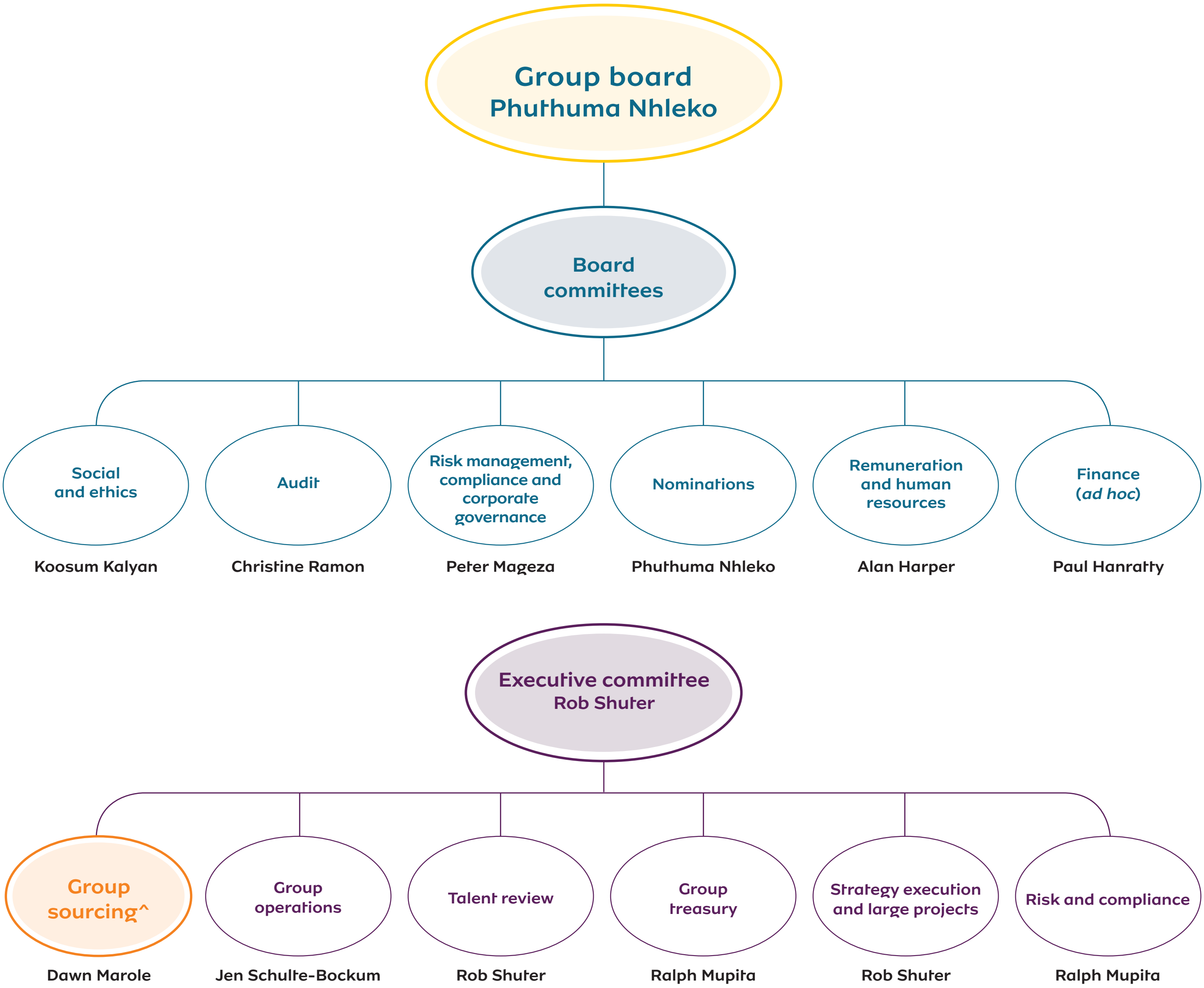
This *pro forma* financial information has been presented to eliminate the impact of the *pro forma* adjustments from the consolidated financial results to achieve a comparable analysis year-on-year. The *pro forma* adjustments have been calculated in terms of the group accounting policies disclosed in the consolidated financial statements for the year ended 31 December 2018, except for the changes in accounting policies as a result of the adoption of the accounting standards effective 1 January 2018, and the change in the presentation of cash flows.

Constant currency information has been presented to illustrate the impact of changes in currency rates on the group's results. In determining the change in constant currency terms, the current financial reporting period's results have been adjusted to the prior period average exchange rates determined as the average of the monthly exchange rates. The measurement has been performed for each of the group's currencies, materially being that of the US dollar and Nigerian naira. The constant currency growth percentage has been calculated based on the current year constant currency results compared to the prior year results. In addition, in respect of MTN Irancell, MTN Sudan, MTN South Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. The economies of Sudan, South Sudan and Syria were assessed to be hyperinflationary for the period under review and hyperinflation accounting was applied.

Governance and remuneration

Governance

Governance at MTN is structured in line with best practice and is substantially cascaded to subsidiaries across the group. Below are the various committees of our board and exco and their respective chairs.



Among key responsibilities of the board are strategy, talent management and transformation. Management helps to implement these through the various committees of the executive committee.

^ Chaired by an independent non-executive director.

Commitment to ethical and effective governance

The board remains committed to good governance and international best practice standards. It is committed to ensuring an unequivocal tone from the top that requires a commitment by all directors and employees to the values of integrity, transparency and uninterrupted oversight over the company. This is to ensure that MTN monitors and addresses all governance issues within its operating units. GR

In 2018, the company continued to focus on addressing any gaps identified in terms of King IV. The board is satisfied that MTN has substantially applied the King IV principles. More information on the application of the 17 King IV principles is set out on our website. KIV

Leadership

Role of the board

The board is responsible for the adoption of strategic plans, the monitoring of operational performance and management, and the development of appropriate and effective risk management policies and processes. The board is satisfied that it has fulfilled all these responsibilities.

Board and company secretary appointments and resignations

In 2018, the board made three appointments, assisted by the nominations committee. The process was conducted in a formal manner under the guidance of the director's appointment policy.

The process involves considering the existing balance of skills and experience, and assessing the needs of the company.

MTN welcomed Mcebisi Jonas and Swazi Tshabalala as directors of the company, both with effect from 1 June 2018. We also welcomed Khotso Mokhele as a director, with effect from 1 July 2018.

After the year-end, we announced that company secretary Bongi Mtshali had reached the group's mandatory retirement age and would be retiring with effect from 31 March 2019. Thobeka Sishuba was appointed as the new company secretary with effect from 1 April 2019.

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.

Delegation of authority

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.

The role of the lead independent director (LID)

As a result of the chairman having held the position of executive chairman in 2016 and the early part of 2017, the chairman is not considered independent. The LID is appointed to guide the board should a situation arise where the chairman may be conflicted.

Director development

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.

Directors' dealings

The company continued to enforce closed periods prohibiting trading in shares by directors, 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. For the reporting period, the board is satisfied that she is suitably qualified and her relationship with the board is adequate to ensure her independence from director influence or conflict of interest.

Governance continued

Board diversity

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 a decent number of all races/ages and skills are represented on the board.

Category and objective	Current numbers	Target
Nationality To solicit ideas from various parts of the world and provide the board with a contemporary and global perspective.	Non-South Africans 5	Maintain appropriate mix of nationalities
Gender To promote an appropriate balance in the views of the board and to improve the representation of women at MTN.	Women (we have exceeded our voluntary target) 4	Maintain minimum of three
Race To maintain a mix of race and cultures representing the stakeholders in the various communities which interact with the company.	△ Black/Coloured **9** △ Indian **2** White **4** Middle Eastern **2** △ Historically disadvantaged	Maintain historically disadvantaged members > 50%
Age To ensure that there is young and dynamic leadership to complement the experience and institutional knowledge of older directors.	40 – 49 **2** 50 – 59 **9** 60 – 69 **6**	Maintain appropriate mix of ages
Tenure To ensure that there is an appropriate mix of institutional knowledge and experience and fresh new perspectives.	Years **members** 0 – 3 **8** 3 – 6 **3** 6 – 9 **0** 9 – 12 **6**	If > 9 years review every year and present to shareholders for re-election

Category and objective	Current numbers	Target
Independent non-executive directors To promote objectivity and reduce the possibility of conflicts of interest.	13	Majority of members
Non-executive directors (non-independent) To promote objectivity.	2	
Executive directors To take charge of the execution of the board's strategic plans.	2	CEO and CFO
Skills/experience To ensure that the board has diverse/sufficient skills to execute MTN's strategy^.	• Risk • Sustainability • Finance/mergers and acquisitions • General business/ commercial • Strategy and business leadership • Industry experience • Corporate governance	Appropriate mix of skills and experience

^ We work continuously to improve the diversity of skills and experience on our board.

Board committees

The board has delegated its authority to various board committees with the mandate to deal with governance issues and report to the board on their activities on a quarterly basis. Each committee operates under terms of reference which set out roles and responsibilities, composition and scope of authority. These are reviewed on an annual basis.

The board is satisfied that in 2018 the committees effectively discharged their responsibilities, in accordance with their respective terms of reference. Please see the reports of the committee chairmen on the pages that follow.

Governance continued

Risk management, compliance and corporate governance committee

"In 2018, our risk management process was focused on determining and assessing the impact of our top risks on the organisation's goals and the mitigation of these risks in accordance with our risk appetite and tolerance. The implementation of an effective risk management process is critical to the delivery of MTN's overall strategic plan and thus it has been important to manage the probability of unforeseen events and to limit their effect on the business together with responding proactively to opportunities."

Members	Attendance
Peter Mageza (chairman)	4/4
Mcebisi Jonas (appointed, 5 October 2018)	0/1
Koosum Kalyan	4/4
Shaygan Kheradpir	4/4
Dawn Marole	4/4
Stanley Miller	4/4
Nkunku Sowazi	4/4

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

Mandate

The committee works to improve the efficiency of the board and assist it in discharging its duties, which include identifying, considering and monitoring risks impacting the company and ensuring compliance with prevailing legislation and other statutory requirements, including corporate governance frameworks.

Key activities in 2018

- Provided oversight on the implementation of the revised compliance operating model
- Ensured that the risk appetite and tolerance methodology was implemented across the opcos
- Focused attention on providing oversight on cyber security risks and vulnerabilities and assessed MTN's readiness to manage such eventualities
- Reviewed the proposed plan aimed at improving cyber security resilience
- Reviewed the spectrum strategy
- Benchmarked MTN's risks and exposures to both industry-specific risks and those emanating from the socio-political and economic environment
- Continued to monitor and keep abreast of developments in the corporate governance framework, including regulatory and listings requirements and other relevant business practices
- Approved policies and procedures to enable a better risk and compliance monitoring environment
- Recommended the group risk management framework for approval by the board
- Continued to evaluate and monitor MTN's business continuity approach and processes across the group as well as the group's insurance programme
- Ensured appropriate risk management practices are in place to support the group's growth agenda
- Assessed the risks of key strategic projects.

Key focus areas for 2019

- 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
- Review the risks and control environment for mobile financial services
- Assess and ensure that related risks are adequately addressed in new group initiatives.

Social and ethics committee

Chairman
Koosum Kalyan

> **"In 2018, one of the committee's key focus areas was ensuring that the company builds and maintains sound relationships with all its stakeholders. Also important was reviewing the issues our stakeholders consider most important and addressing them appropriately. A blueprint for stakeholder engagement was approved by the board. In 2019, the key focus will be to cascade it to all our operating countries for adoption and implementation."**

Members	Attendance
Koosum Kalyan (chairman)	4/4
Peter Mageza	3/4
Dawn Marole	4/4
Jeff van Rooyen	4/4

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

Mandate

The committee performs an oversight and monitoring role to ensure that MTN's business is conducted in an ethical and properly governed manner. It also monitors the development or review of policies, governance structures and existing practices. The committee's responsibilities include:

- Holding the group president and CEO accountable for MTN's ethics performance, business integrity and governance of sustainability
- Holding all opco CEOs accountable for stakeholder management and ethics management
- Monitoring activities regarding legislation and codes of good practice
- Ensuring good corporate citizenship including promoting equality; preventing unfair discrimination and fraud, bribery and corruption; deterring human rights violations; and contributing to community development
- Ensuring sound consumer relations by monitoring the impact of MTN's activities and that of its products and services
- Overseeing meaningful broad-based black economic empowerment (BBBEE) in MTN South Africa.

Key activities in 2018

- Continued to monitor the implementation of the ethics management programme, ensuring that each opco is accountable for embedding an ethics management framework including the key ethics policies
- Oversaw the repositioning of ethics into the second line assurance model
- Considered a revised King IV-aligned stakeholder, issues and reputation management strategy that was approved by the board in 2018 and is being rolled out across the group
- Oversaw the establishment of the global diversity and inclusion committee which will develop strategies and policies on diversity and inclusion
- Focused on identifying gaps in the sustainability framework and ensuring improvements in sustainability reporting
- Oversaw MTN's work to bring households solar energy boxes with connectivity functionality
- Reviewed the activities of the MTN foundations and other CSI initiatives as we prepare to introduce a more integrated approach
- Oversaw progress by MTN South Africa under the amended BEE ICT sector code. SR

Key focus areas for 2019

- Review the 2019 group-wide ethics risk assessment and ensure corrective measure are implemented
- Continue to evolve MTN's CSI approach in pursuit of shared value by making better use of MTN's institutional capabilities, and ensure that this work is integrated into initiatives to deliver on BRIGHT
- Introduce a foundations' workshop where all the foundations align themselves with the group's CSI initiatives, share best practice and key challenges
- Ensure the integration of CSI initiatives with marketing campaigns to create more synergy
- Oversee the implementation of the approved stakeholder management programme, which is in line with the principles of King IV
- Continue to review and assess stakeholder relations
- Continue to provide oversight on the activities of the global diversity and inclusion committee
- Continuing to oversee MTN South Africa's efforts to develop an enterprise and supplier development policy to transform the supply chain by introducing 51% black-owned entities, 30% black-women-owned entities as well as exempt micro enterprises and qualifying small enterprises
- Ensure the embedding of ethics at MTN: business must be done in an ethical, safe and responsible way
- Monitor and evaluate the implementation of ethics management.

Governance continued

Audit committee

Chairman
Christine Ramon

"The group maintained a positive momentum in 2018 to improve the internal control environment in line with its BRIGHT strategy, despite continued regulatory uncertainty in some key markets."

Members	Attendance
Christine Ramon (chairman)	4/4
Peter Mageza	4/4
Jeff van Rooyen	4/4
Paul Hanratty	4/4

AFS More information on the audit committee is set out in the full audit committee report in the AFS

By invitation: Group president and CEO, group CFO, group business risk officer, joint external auditors and other assurance providers, head of internal audit, head of technical accounting and financial reporting.

Mandate

The committee assists the board in discharging its duties by monitoring the strength of the operational, financial and control processes. These include internal financial controls and ensuring that assurance services and functions enable an effective control environment and that these support the integrity of information produced in compliance with applicable legal and regulatory requirements.

Key activities in 2018

- Implemented a revised second and third line assurance model to increase the maturity of the risk and compliance function and to strengthen the independence of internal audit in support of a stronger combined assurance model
- Employed initiatives to standardise policies and procedures across the group
- Further strengthened the internal control environment through ensuring the correct tone from the top, focusing on increasing the risk management maturity and resolving known areas of weakness
- Reviewed and evaluated the independence and quality of the external audit function
- Reviewed the trading and market updates and the half year and full year results
- Confirmed the integrity and quality of and signed off the group's integrated report and annual financial statements
- Assessed accounting judgements and estimates
- Reviewed tax provisions and contingencies
- Assessed going concern assumptions and solvency/liquidity requirements
- Reviewed implementation of the new accounting standards effective 2018 and monitored progress on the new accounting standard on leases (IFRS 16), effective in 2019
- Reviewed developments in reporting standards, corporate governance and best practice

Key focus areas for 2019

- Consider the group's approach and responsiveness to manage the impact of regulatory and other macro environmental developments on the control environment
- Strengthen and refine the three lines of defence model and ensure appropriate planning, execution and reporting in terms of the combined assurance framework
- Evaluate the group's initiatives to further strengthen the effectiveness of its internal financial controls
- Implement IFRS 16 and appropriate disclosure of its impact on the results of 2019
- Consider the group's approach to mandatory audit firm rotation that will be effective for the group's 2024 financial period.

Remuneration and human resources committee

Chairman
Alan Harper

"The committee carefully considered the implementation of the remuneration policy and following collaborative efforts between management and the board, believes it has made great strides in achieving its objectives and addressing many of the concerns raised by shareholders. At the 2018 annual general meeting (AGM), 93,80% of shareholders voted in favour of the group's remuneration policy and 68,17% in favour of the implementation report. These results prompted additional much-needed engagements with shareholders. We took their concerns and recommendations sincerely and are committed to ensuring that our policy reflects a continued commitment to improving our remuneration and implementation policies as well as transparency in our reporting. Our remuneration report on page 66 details how our remuneration policy will be enhanced."

Members	Attendance
Alan Harper (chairman)	4/4
Azmi Mikati	4/4
Phuthuma Nhleko	4/4
Khotso Mokhele (appointed 7 August 2018)	1/1
Nkunku Sowazi	3/4
Swazi Tshabalala (appointed 7 August 2018)	0/1
Jeff van Rooyen	4/4

Group president and CEO, group CFO, group chief human resources officer (as and when required).

Mandate

The committee oversees the formulation of a remuneration philosophy and human resources approach. This is to ensure that MTN employs and retains the best human capital possible for its business needs and maximises the potential of its employees.

Key activities in 2018

- Reviewed MTN's remuneration policies to facilitate the attraction of new senior management and the retention of critical specialist skills
- Endeavoured to address shareholder concerns regarding our remuneration philosophy through various shareholder engagements
- Reviewed non-executive directors' fees and ensured that these were appropriately benchmarked
- Enhanced MTN's short-term and long-term incentive schemes
- Continued to strategically review leadership succession planning
- Reviewed the group culture audit outcomes with the aim of providing oversight on the improvement of employee engagement.

Key focus areas for 2019

- Review the staff costs-to-revenue ratios and align each subsidiary to approved budgeted ratios. This will entail giving feedback on the various policy amendments which impacted staff costs management in the year
- Review of existing remuneration-related policies and governance structures. We have already set up an internal policy and governance committee comprising senior executive employees with a mandate to ensure all policies are aligned to the broader organisational goals and properly documented and shared with employees. To date, this committee has successfully addressed our group travel policy
- Measure the extent to which internal pay differentials are fair, particularly with respect to gender and race and further placing mechanisms to correct anomalies
- Promote employee wellbeing by creating practices which support this. A draft employee wellbeing framework completed in 2018 will serve as a foundation for the wellness strategy and implementation plan
- Focus on interventions within the business that give the highest impact and experience to employees. We have already identified our priority high impact areas and socialised these with the business.

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 continued

at 31 December 2018

1. **Phuthuma Nhleko** (Born 1960)
Chairman and non-executive director
BSc (Civil Eng), MBA

Appointed: 28 May 2013

Scheduled board attendance:

100%

Board committee membership and attendance:

100% 100% 75%

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

Skills, expertise and experience: Strategic leadership and finance.

2. **Rob Shuter** (Born 1967)
Executive director
Group president and CEO
BCom (Econ and Acc), PG Dip Acc CA(SA)

Appointed: 13 March 2017

Scheduled board attendance:

100%

Board committee membership and attendance:

100% 75% 100%

Other directorships: Director of various companies in MTN Group.

Skills, expertise and experience: Telecommunications and banking.

3. **Ralph Mupita** (Born 1972)
Executive director
Group chief financial officer
BScEng (Hons), MBA, GMP

Appointed: 3 April 2017

Scheduled board attendance:

100%

Board committee membership and attendance:

100% 100% 100%

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.

4. **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:

86%

Board committee membership and attendance:

100%

Other directorships: Director of various companies in MTN Group and of Sanlam Limited.

Skills, expertise and experience: Financial services.

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

Appointed: 1 January 2010

Scheduled board attendance:

100%

Board committee membership and attendance:

75% 100%

Other directorships: Director of various companies in MTN Group, Avanti Communications Group plc and chairman of Azuri Technologies Limited.

Skills, expertise and experience: Telecommunications.

6. **Mcebisi Jonas** (Born 1960)
Independent non-executive director
BA, Higher Diploma in Education

Appointed: 1 June 2018

Scheduled board attendance:

100%

Board committee membership and attendance:

0/1

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

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

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

Appointed: 13 June 2006

Scheduled board attendance:

100%

Board committee membership and attendance:

100% 100%

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

Appointed: 8 July 2015

Scheduled board attendance:

100%

Board committee membership and attendance:

100%

Other directorships: Director of various companies in MTN Group. CEO and chairman of Coriant International Group, a global leader in packet-optical networking.

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:

100%

Board committee membership and attendance:

100% 100% 75%

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.

KEY

Committee membership and attendance as a percentage of all applicable meetings:

- Board
- Nominations
- Remuneration and human resources
- Audit
- Risk management, compliance and corporate governance
- Social and ethics

Symbols for "chairman of ..."

- Nominations committee
- Remuneration and human resources committee
- Audit committee
- Risk management, compliance and corporate governance
- Social and ethics committee

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

Appointed: 1 January 2010

Scheduled board attendance:

86%

Board committee membership and attendance:

100% 100%

Other directorships: Director of various companies in MTN Group, South African Post Office (SoC) Limited, Richards Bay Mining (Pty) Limited, Santam Limited, Resilient Properties Income Fund and the Development Bank of Southern 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:

100%

Board committee membership and attendance:

75% 100%

Other directorships: Director of various companies in MTN Group, CEO of M1 Group Limited (an international investment group focusing on telecoms), director of various companies in M1 Group and director of Orascom Construction Limited. He also serves on the boards of the Children Cancer Centre, the International College and Columbia University board of visitors.

Skills, expertise and experience: Telecommunications.

12. **Stanley Miller** (Belgian) (Born 1958)
Independent non-executive director
Intermediate diploma from the Institute of Certified Bookkeepers (SA), Diploma in law and administration. Various executive programme courses (UCT Business School)

Appointed: 1 August 2016

Scheduled board attendance:

86%

Board committee membership and attendance:

75%

Other directorships: Director of various companies in MTN Group, executive chairman of AINMT AB Sweden, CEO of Leaderman NV (Belgium), Leaderman SA (Lux), non-executive director of MTS OJSC Russia.

Skills, expertise and experience: Telecommunications and media.

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

Appointed: 1 July 2018

Scheduled board attendance:

100%

Board committee membership and attendance:

100% 100%

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

100%

Board committee membership and attendance:

100%

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
MA

Appointed: 1 August 2016

Scheduled board attendance:

86%

Board committee membership and attendance:

67% 75% 100%

Other directorships: Director of various companies in the MTN Group. Chairman of Kagiso Tiso Holdings and Synchem Group. Director of Grindrod Limited, IQ Business Holdings 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, 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:

100%

Board committee membership and attendance:

100% 100%

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.

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

Appointed: 18 July 2006

Scheduled board attendance:

100%

Board committee membership and attendance:

100% 100% 100%

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.

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 their implementation in line with the board's mandate. It meets at least monthly, and more often as required.

Rob Shuter
(born 1967)

BCom (Econ and Acc), PG Dip Acc CA(SA)

Executive since March 2017

Group president and chief executive officer

Ralph Mupita
(born 1972)

BScEng (Hons), MBA, GMP

Executive since April 2017

Group chief financial officer

Ebenezer Asante
(born 1968)

BA (Hons) (Econ and Stats), Postgraduate Diploma in Management

Executive since October 2017

Vice-president: SEAGHA

Ferdi Moolman
(born 1963)

CA(SA), BCom, BCompt (Hons), Theory of Accounting Diploma

Executive since 2015

Chief executive officer: MTN Nigeria

Paul Norman
(born 1965)

MA (Psych), MBA

Executive since 1997

Group chief human resources officer

Jens Schulte-Bockum
(born 1966)

MA (SocSci)

Executive since January 2017

Group chief operations officer

Michael Fleischer
(born 1961)

BProc, Advanced Tax Certificate

Admitted as attorney of the High Court of South Africa

Executive since 2014

Group chief legal counsel

Ismail Jaroudi
(born 1970)

BA, Executive Education Certificate

Executive since 2015

Vice-president: MENA

Godfrey Motsa
(born 1973)

BCom, MBA

Executive since January 2017

Chief executive officer: MTN South Africa

Felleng Sekha
(born 1967)

BA (Law), LLB, Postgraduate Diploma in Media and ICT Law

Executive since June 2017

Group chief regulatory and corporate affairs officer

Karl Toriola
(born 1972)

BSc (Elec Eng), MSc (Comm Systems), GMP

Executive since 2015

Vice-president: WECA

Remuneration report

Part 1
Background statement

Background

With the emergence of the King IV™ Code on Corporate Governance, and an increased focus on good governance principles within the South African remuneration space, we are committed to applying the principles of King IV™ and specifically, the practices relating to fair, responsible and transparent remuneration.

In keeping with this commitment to fair, responsible, and transparent remuneration, and our ongoing engagement with shareholders, we constantly review our remuneration policies to ensure that they remain fit-for-purpose, and are aligned to our business strategy.

After engagement with the board and various stakeholders, as a continuation of our remuneration strategy executed in 2017, we further revised our short-term incentive scheme. This review was necessary to maintain our competitiveness, appropriately reward performance, motivate value-creating behaviours, and to contribute towards attraction and retention of quality staff. The short-term incentive scheme review was aimed at encouraging and supporting business practices consistent with the group's vision, mission and strategies. We engaged with the various stakeholders during and after the implementation of the changes.

Factors which influenced remuneration decisions in 2018

Key remuneration decisions were formulated as a result of the following drivers:

Skills availability

We continued our drive to employ skilled and knowledgeable employees in the market. The current market conditions present a challenge in sourcing quality candidates mainly for key and strategic areas of the business. The demand and supply forces of certain skills resulted in management offering remuneration, which was on occasion higher than the average remuneration offered to MTN employees. As a management intervention, we introduced a review committee constituting senior executive employees who approve any pay exceptions. Our approach to setting pay for new employees is guided by our internal pay scales where we offer packages targeting the market median. Progression within the scale considers several factors for each individual employee such as experience, qualifications, leadership skills, technical competencies, employee performance and so forth. Where necessary, we consulted with our external survey vendors to ensure that remuneration decisions were aligned to best practices in the industry.

Fair and transparent remuneration

King IV™ recommends that companies apply remuneration practices that are fair, responsible and transparent. Consistently, we operationalised these principles by formulating decisions that resulted in fair remuneration across all employee levels. These included the following:

- Reviewing our internal pay scales and consistently applying them to all appointments
- Defining a guideline on what constitutes pay inequity during appointments across various job levels
- Training the recruitment consultants on the employee value proposition concept where potential candidates do not only acknowledge their fixed pay but appreciate a holistic total reward investment by the company.

During the year, we made the following remuneration changes:

(a) Introduced "malus and clawback" provisions for our long-term incentive share scheme.
(b) Further refined our short-term incentive scheme principles.

Further details of these changes can be found in Part 2 of this report.

Non-binding advisory votes on the remuneration policy and implementation report

We are committed to building and maintaining a strong relationship with our shareholders based on trust and mutual understanding, and we aim to transparently interact with shareholders in order to achieve this. In line with King IV™ and the JSE Listings Requirements, the remuneration policy and implementation report are tabled for separate non-binding advisory votes by the shareholders at the group's annual general meeting (AGM) each year. The purpose is to enable shareholders to express their views on the remuneration policies adopted in remuneration matters and the implementation of such policies in the reporting year.

In 2018, more than 25% of shareholders voted against the implementation report. We initiated communication with shareholders to determine and address their concerns. In 2019 shareholders will also be invited to provide the company with written submissions as to the reasons they voted against either the remuneration policy or remuneration implementation report. The company will endeavour to address shareholder concerns using various mediums of engagement such as conference calls, emails and investor roadshows.

The table below displays the shareholder voting results.

	2016 year		2017 year	
	Voting for	**Voting against**	**Voting for**	**Voting against**
Remuneration policy	62,60%	37,40%	93,80%	6,20%
Implementation report			68,17%	31,83%

Based on the 31.83% of shareholders voting against our 2017 implementation report, we consulted with shareholders in order to address their concerns. The table below details the shareholder concerns alongside MTN's responses.

Shareholder feedback	MTN responses and action taken
The remuneration report is not divided into remuneration policy and remuneration implementation.	To align with King IV™, the current year's report is divided into three sections namely: • Part 1: Background statement; • Part 2: Overview of the remuneration policy; and • Part 3: Implementation report.
The remuneration report does not provide details of benchmarks used, including which companies MTN benchmarks itself against and where salaries are set relative to the market.	We provide details of the benchmarking approach in Part 2 of this report. Refer to page 72.
The remuneration policy regarding the payment of short-term incentives appears to be entirely at the discretion of the CEO or committee.	Our performance bonus structure is not entirely at the discretion of the CEO or board. The group remuneration and human resources committee (the group remco), as delegated by the group board of directors, reviews and approves all matters of the short-term incentive performance bonus scheme. The current year's report provides the following comprehensive disclosure relating to the performance bonus: • Performance objectives per director, including thresholds for a bonus to be paid • Potential bonus payments at target and stretch achievement • Elements used to calculate a bonus • Applicable bonus weightings per director • Example of a performance bonus computation for a director • Performance bonus approval requirements. Details on the performance bonus payable in respect of the financial year are on page 85.
The report notes that the 2010 Employee Share Ownership Plan (ESOP) only had 48% of allocated staff remaining, implying the scheme was far from successful.	During 2018, an explanatory note was provided to the stakeholders stating that the 2010 ESOP was fully vested and many beneficiaries had left employment after they had exercised their shares. These employment terminations at these levels of employees are in accordance with normal attrition rates. A further explanation to the outsourcing decisions during 2015 and 2016 resulted in an increased number of employees who terminated employment.
Concerns were raised over generosity of significant special payment arrangements which were not fully justified.	In this year's report, we provide complete details of any special payments made during the year on page 84 of the report. We further disclose any future potential payments that may arise as a result of these special arrangements, including how they were determined and who approved them. For the 2018 period, three once-off payments were made to three prescribed officers in relation to employment contract amendments to introduce a general restraint of trade and extended notice periods. Refer to Part 3 on page 84.
Concerns were raised over incentive awards, ie: • Inadequate disclosure of incentive awards made to executives • Lack of robust targets which include stretching performance targets to reward strong performance and drive shareholder value over time • Unclear link of exceptional awards to performance of directors.	In this year's report, we have focused on improving our disclosure with respect to both the policy and actual payment of incentive awards. In Part 2 of this report on page 69, we provide a futuristic view of potential incentive payments for executives including related performance metrics used to determine the quantum of payments as well as the required thresholds and stretch performance implications to such incentives. The actual targets have not been prospectively provided as they are linked to budget and considered commercially sensitive information; however, they will be disclosed retrospectively. Part 3 provides the actual payouts made to executives in relation to the 2018 financial performance. In this section, we provide details of these payouts, including the performance metrics and weightings used to calculate the payments. In addition, we provide an illustrative example of how a bonus was calculated for one of the directors. In the example, we have clearly linked the incentive payout to performance as a demonstration of how shareholder value was created. Furthermore, details surrounding the share allocations made to executives, together with related performance conditions, weightings and targets are provided on page 86.
Concerns were raised over the lack of rationale behind the TGP and STI remuneration paid to the chairman for the services he provided as the interim executive chairman.	The fees paid to the MTN group executive chairperson for the 2017 period were for the services rendered by the service provider (Captrust Investments Proprietary Limited), which included, amongst others, the following: • Interim fulfilment of the role of the group chief executive officer • Handling the NCC and government of Nigeria regarding the fine imposed on MTN Nigeria • Establishment of an effective management structure for MTN Nigeria post the settlement of the fine • Commencement of the search for the new group president and CEO to assume duties by no later than April 2016 • Propose a trust, confidence and reputational restoration programme to the board • Ensure that the company continues to perform and operate optimally efficiently until the new CEO was appointed • Maintain governance standards • Proposing an MTN Nigeria risk mitigation and diversification plan.

Remuneration report continued

Key priorities in 2019

Our key focus areas include:

- Reviewing our staff costs to revenue ratios and aligning each subsidiary to approved budgeted ratios. This will entail giving feedback on the various policy amendments which impacted staff cost management during the year;
- Reviewing existing remuneration-related policies and governance structures. We have set up an internal policy and governance committee comprising senior executive employees, with a mandate to ensure all policies are aligned to the broader organisational goals and are properly documented and shared with employees.
- Further measuring the extent to which internal pay differentials are fair, particularly with respect to gender and race, and placing corrective mechanisms to correct identified anomalies;
- Promoting employee wellbeing by creating practices which support this. A draft employee wellbeing framework was completed during 2018 and will serve as a foundation for the wellness strategy and implementation plan;
- Focusing on interventions within the business that give the highest impact and experience to employees. We have identified our priority high-impact areas and socialised these with the business; and
- Enhancing engagement with shareholders on the remuneration policy and implementation report.

Going forward, 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 executive directors as well as a high-level overview of all other employees. 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 59.

Use of remuneration consultants

During the year, we relied on information received from our remuneration consultants. For the head office-based employees, external remuneration services were obtained from PwC Research Services Proprietary Limited (PwC REMchannel®) and Korn Ferry Hay Group.

It is our view that these service providers are independent and objective in their reporting, and there was no bias in the information and resultant remuneration decisions taken.

Closing remarks

The group remco has carefully considered the implementation of the remuneration policy during the year and believes it has achieved its stated objectives. They are confident that the remuneration policy as presented in Part 2 is aligned with the strategy of the business in order to continue to achieve its objectives.

The group remco looks forward to your support at the forthcoming AGM.

Alan Harper
Group remco chairman

Part 2
Overview of our remuneration policy and philosophy

Our remuneration philosophy

MTN's remuneration philosophy is part of an interlinked, holistic and people-oriented talent approach, aiming to support current and evolving business priorities. The philosophy aims to attract, motivate, retain and engage the desired talent to execute business strategy in a sustainable manner over the longer term. The competitive talent landscape demands a differentiated reward system, capable of competitively matching pay for performance, delivered fairly without bias, and is flexible yet compliant across all markets.

In our efforts to achieve our talent objectives, we apply various approaches including the following:

For competitiveness and affordability
- Regular review and benchmarking of reward components
- Linking short- and long-term incentives to various performance indicators

For differentiation and flexibility
- Establishing performance as the basis for employee reward
- Customising our reward to address the varied needs and lifestyles of employees

For compliance and sustainability
- Continuously striving to apply full regulatory and legislative compliance in our markets
- Regularly auditing and assessing risks, benefits and compliance of reward

Our various remuneration policies endorsed by management 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 future strategic objectives of the company.

Our reward principles

In delivering on our remuneration policy, we apply the following principles:
- Fair pay based on the value of the job relative to other jobs of similar worth, ie internal equity.
- Performance-based system through short- and long-term incentives.
- Transparent and simplified communication across all levels including external stakeholders.
- Consistency across all operating units; however, acknowledging differentiation and customisation.
- Empowerment of line managers to deliver effective pay decisions.
- Company affordability to support the performance expectations of our shareholders.
- Optimal pay structure comprising fixed and variable remuneration so as to drive the right focus both in the long and short term.
- Values-based and output-driven recognition of actions aligned to our vital behaviours.

Alignment with King IV™ is our priority for this year and the coming financial years. Against this backdrop, MTN's remuneration policies aim to achieve the following:

King IV™ recommends that remuneration governing bodies should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

- Address the attraction and retention challenges for the key skills required to achieve the broader MTN objectives. We achieve this objective by ensuring our policies are relevant to address our corporate goals and benchmarked appropriately against best practice to maintain market competitiveness.
- We provide a fair composition of fixed and variable remuneration for each position. The ratio of fixed to variable differs, with the weighting of variable pay for executive employees being greater than that of fixed. Our pay mix ensures we deliver an effective performance-based reward system where achievement of stretch targets is remunerated.
- Both our short- and long-term incentive plans provide an incentive for the achievement of positive outcomes measured using a balanced approach combining both financial and non-financial metrics and measured across company, team and individual performance.

Strategic workforce planning
- In addition to the general remuneration benchmarks, our strategic workforce plan is used to proactively anticipate current and future skills needed.
- This approach ensures that MTN has the resources needed to meet its business goals aligned to the BRIGHT strategy, underpinned by MTN's growth curves.
- A total of 662 jobs have been identified as critical jobs within the group, in support of the above. The plan focuses over a three-year period taking into account new hires, natural attrition, reskilling and upskilling, and the global graduate intake.

After the previous year's executive movements, in addition to the appointment of the group president and CEO and CFO, we further established an effective management structure for the group and Nigeria to reflect the reintroduction of regional vice-president roles. Within our operations, we successfully placed vacant CEO roles either by recruiting externally or internal appointments.

Remuneration report continued

Key components of our remuneration structure

Although the head office applies a fixed remuneration package approach, the company accepts variations to the 'base plus benefits' approach due to local market conditions. The fixed remuneration approach includes cash and benefits in kind which, when combined with incentive payments and other non-quantifiable elements, make up what we term 'total reward'.

Our fixed pay component reflects general worth of skills compared against job worth, while incentive payments are based on short- and long-term performance. Here we summarise the various pay components of total reward.

Annual fixed package (AFP)^ (fixed + benefit plans)

Fixed pay

- Fixed salary delivered monthly.
- Based on scope and nature of the role.
- Generally determined around the market median, but can vary based on market dynamics and business goals. For technical skills, our market is generally companies that compete in the telecoms circle; however, for support skills, we use the national market.
- Generally reviewed annually.

Benefit plans

- Provide economic security for employees.
- Commonly include retirement, health, death, disability and insurance.

Short-term incentive (STI) schemes

- Annual incentives in the form of variable remuneration provided by the company aligned with the short-term goals of the company.
- Performance is measured and assessed over one year and relatively rewarded for achieving threshold, at target and above target performances. Below threshold is regarded as poor performance, therefore not incentivised.
- Aligns with financial and strategic key performance.
- Individual, team and company performance are taken into consideration, with executive performance weighted towards company performance.
- At an operational level, certain sales positions participate in a commission-based incentive scheme.

Long-term incentive (LTI) schemes

- Variable incentives in the form of share allocations.
- Drives long-term sustainability and performance of the group.
- Potential payments attributed to the financial performance of the company.
- Make up a larger portion of total executive remuneration relative to short-term and fixed pay.

Recognition and other benefits

Recognition

- Formal and informal platform designed to drive recognition between employees and departments, both within and across MTN's operations.

Other benefits

- Other benefits are typically excluded from the fixed package.
- Include 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.

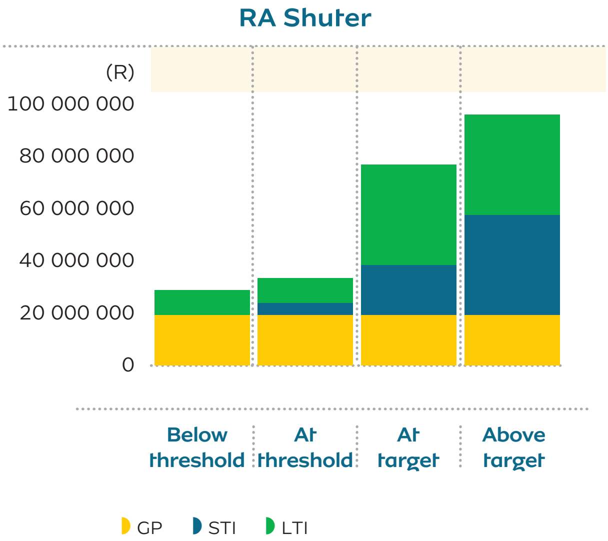
^ Please note the term 'fixed package' as used should not promote a sense of entitlement or non-adjustability of the package, should MTN deem this appropriate. The term, however, must be defined within the context and used synonymously with 'annual fixed package', meaning that certain benefits such as contribution arrangements to medical aid, although fixed annually, may be adjusted as and when the company needs to.

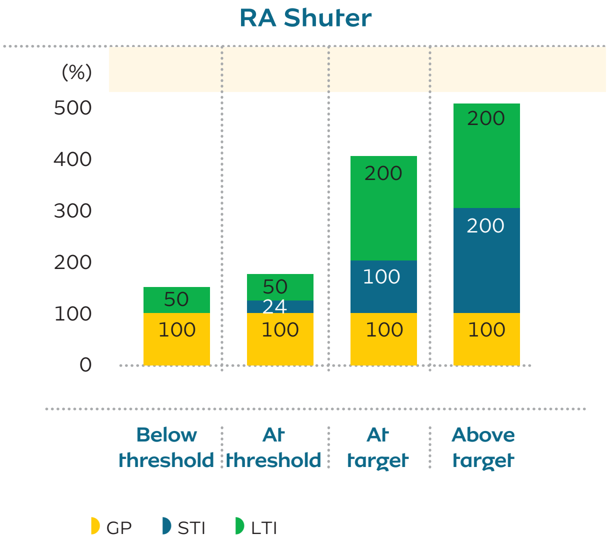
Executive pay composition

Executives are remunerated in line with short- and long-term business objectives using an optimal mix of fixed pay, and 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.

King IV™ recommends the disclosure of remuneration elements offered in the organisation and the mix of these. The following graphs illustrate the mix of minimum, on-target and potential maximum compensation for the two director positions, Group president and CEO and the group chief financial officer (CFO) based on four performance scenarios being below threshold, at threshold, at target and above target. All illustrations are expressed as a percentage of annual guaranteed package (GP).

Group president and CEO pay mix

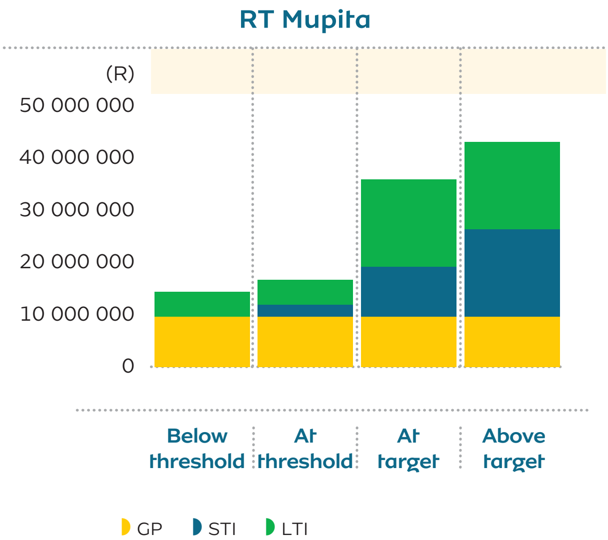


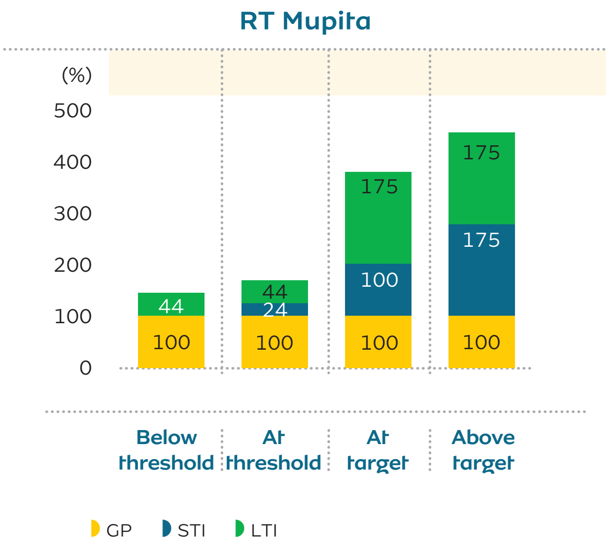


Notes

- GP – guaranteed package, STI – short-term incentive, LTI – long-term incentives.
- 'Below threshold' refers to the achievement of performance target below the minimum acceptable performance. 'At threshold' refers to the achievement of performance exactly at the acceptable minimum performance. 'At target' refers to performance achievement exactly at the agreed performance target. 'Above target' refers to the performance achievement above the target up to the maximum performance achievement.
- The 24% threshold is the minimum % payable as short-term incentive performance bonus. This is on the assumption that all the team performance objectives, weighted accordingly, are met at the minimum 80% achievement. If any of the KPIs are below 80%, the calculated performance bonus % reduces to below 24%. This 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.
- The long-term incentive % at below threshold and at threshold represents non-performance-based retention shares exercisable once the vesting period is completed. Because the total allocation value is 200% of annual GP, the equivalent % is 50% (i.e. 25% times 200% times annual GP). This element is subject to board approval on an annual basis.

Group chief financial officer pay mix





Notes

The 25% long-term incentive minimum is the non-performance-based retention shares exercisable once the vesting period is completed. This element is subject to board approval on an annual basis.

- GP – guaranteed package, STI – short-term incentive, LTI – long-term incentives.
- 'Below threshold' refers to the achievement of performance target below the minimum acceptable performance. 'At threshold' refers to the achievement of performance exactly at the acceptable minimum performance. 'At target' refers to performance achievement exactly at the agreed performance target. 'Above target' refers to the performance achievement above the target up to the maximum performance achievement.
- The 24% threshold is the minimum % payable as short-term incentive performance bonus. This is on the assumption that all the team performance objectives, weighted accordingly, are met at the minimum 80% achievement. If any of the KPIs are below 80%, the calculated performance bonus % reduces to below 24%. This 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.
- The long-term incentive % at below threshold and at threshold represents non-performance-based retention shares exercisable once the vesting period is completed. Because the total allocation value is 175% of annual GP, the equivalent % is 50% (i.e. 25% times 175% times annual GP). This element is subject to board approval on an annual basis.

Remuneration report continued

As illustrated on the previous page, 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.

Fixed remuneration

How we benchmark our fixed remuneration

To remain competitive, it is key to benchmark pay using relevant market information. We apply two approaches to benchmarking:

a) Annual setting of our internal pay scales – where we obtain the average market remuneration movements from multiple credible survey providers to adjust our internal pay ranges. In determining the market ranges, we generally use companies operating in the telecommunications circle. We target the market median per job as our internal pay scale minimum and the market upper quartile as our internal pay scale maximum.
b) Annual benchmarking of remuneration – on an annual basis we participate in a remuneration survey through PwC REMchannel®. Once the process is completed, we use the reports for day-to-day determination of remuneration for new and existing employees.

How we use the benchmark information

We use the benchmark information for various purposes summarised below:

- Internal remuneration alignment – where we re-align existing remuneration to market movements as guided by our salary scales. This entails adjusting the remuneration of employees who are placed below our scale minimum to at least the minimum.
- New employment remuneration – where the recruitment team uses this information as an internal guideline for package determination for new employees.
- Annual budget process – where we use the internal scales as input for our annual budget process.
- Ad hoc remuneration review – as and when requested by the business we use the survey reports to price or evaluate existing remuneration. This helps us to re-align with the market particularly where the market movements are volatile.
- Internal pay differences – where we use the information to compare any pay differences. This helps us to identify anomalies and highlight any undesirable pay practices.
- Employee career advancement opportunities – as part of our employee value proposition, salary scales are used as a career advancement tool for employees who aspire to grow into senior roles.

For all head office employees, including executive directors, as a minimum, we benchmark our fixed remuneration against the market median of either the PwC REMchannel® or Korn Ferry Hay Group. Across all our operations, we also target the market median as our policy line for fixed remuneration.

When determining the salary for executives, we consider the following:

- Job evaluation grading outcomes which details the scope, risk, decision making, accountability and other factors used when grading jobs;
- Flight risk of the position and its level of contribution to the broader business goals; and
- Prior industry knowledge and job-specific skills as well as general leadership competencies.

Whereas general remuneration decisions of non-executive (that is, group executive committee members and other general executives) employees are handled internally with the support of the reward function, the remuneration decisions for executive committee employees are approved by the group remco in accordance with their roles and responsibilities as set out in their terms of reference.

Short-term incentive plans

We provide different short-term incentives to employees to reward performance on a short-term basis. The two types of short-term incentive plans are annual performance bonus for non-sales roles and sales incentive plans for sales roles, as explained below.

Overview of the annual performance bonus

Plan	Purpose	Detail
Annual performance bonus	To incentivise the delivery of our objectives, balancing short-term performance and risk taking with sustainable value creation for shareholders.	• Provides an incentive to all employees for achieving set goals within 12 months. • Performance is aligned primarily with the performance achievements of the company, and secondarily teams and individual priorities. All performance metrics and their targets are robust and stretching enough to create shareholder value. • For an annual performance bonus to be approved for each operation, management must demonstrate to the board that the threshold company performance targets have been met as agreed at the beginning of the financial period.

How performance is measured

Company performance (CP)

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%	
Non-financial element							
Competitive performance	Competitive performance is defined by the following three metrics namely market share, churn and relative net promoter score:						
Market share	Market share – Represents the percentage of an industry, or market's total sales that are earned over a specified time.	<90%	90%	100%	Varies	20%	Varies between 8,33% and 25%
Customer churn	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)	Relative customer 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%		

The actual 2019 performance targets have not been disclosed as this detail is commercially sensitive.

Remuneration report continued

Team performance (TP)

Description of objective and link to business strategy		Performance measurement: Below threshold	Threshold[1]	At target	Above target	Weighting: Head office and subsidiary
Financial element						
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

[1] The threshold refers to the minimum performance per objective and not the consolidated achievements of objectives.
Refer to page 12 for details.

Employee performance (EP)

Description of objective and link to business strategy		Performance measurement: Below threshold	Threshold	At target	Above target	Weighting: Head office and subsidiary
Financial element						
Integrated performance score	The EP is aimed at recognising individual performance based on the individual performance agreement. It is applicable to all employees except executive employees.	0 – 49%[a] 0 – 49%[b]	50%[a] 50%[b]	100%[a] 91,7%[b]	150%[a] 133%[b]	20 – 30% 50%

[a] Represents employee performance applicable multiplier for management level 3, 3H and 4 employees only.
[b] Represents employee performance applicable multiplier for general staff employees level 1 and 2 only.

How a bonus is calculated

1. Three elements are used as inputs to a bonus calculation, namely company performance (CP), team performance (TP) and employee performance (EP). Each element has a weighting (a), with all elements adding up to 100%. Employee performance does not apply to executive employees.
2. First, we calculate the on-target performance bonus per weighted element (CP, TP, EP) by multiplying annual fixed package with on-target level based multiplier.
3. Using the results above, for each element, we then apply the multiplier based on the actual performance achieved. The multiplier is a translated "nominal percentage" read against the actual performance, eg 100% actual performance equals multiplier of 1.0. If the element is above target, the multiplier will adjust to above target bonus. If the element is below target performance, the multiplier will adjust to below target bonus.

The total bonus payable will be the sum of the above calculations performed against each element.

The following table summarises the bonus parameters used for the directors and other prescribed officers of the company.

		Company performance (multiplier against actual company performance achieved as a % of annual bonus remuneration)				Team performance (multiplier against actual performance bonus agreement goals achieved as a % of annual bonus remuneration)			
	Name	Weighting	At or below threshold	At target	Above target	Weighting	At or below threshold	At target	Above target
Directors									
Group president and CEO	RA Shuter	70%	0	1,0	2,0	30%	0	1,0	2,0
Group chief financial officer	RT Mupita	70%	0	1,0	1,75	30%	0	1,0	1,75
Prescribed officers									
Group chief operating officer	J Schulte-Bockum	50%	0	1,0	1,75	50%	0	1,0	1,75
Group chief HR officer	PD Norman	50%	0	0,7	2,0	50%	0	0,7	2,0
Group chief legal counsel	MD Fleischer	50%	0	0,7	2,0	50%	0	0,7	2,0
Group chief regulatory and corporate affairs officer	FL Sekha	50%	0	0,7	2,0	50%	0	0,7	2,0
Vice president for WECA^	KO Toriola	60%	0	0,7	2,0	40%	0	0,7	2,0
Vice president for MENA^	I Jaroudi	60%	0	0,7	2,0	40%	0	0,7	2,0
Vice president for SEAGHA^	ET Asante	60%	0	0,7	2,0	40%	0	0,7	2,0
CEO: MTN Nigeria^	F Moolman	60%	0	0,7	2,0	40%	0	0,7	2,0
CEO: MTN South Africa^	GN Motsa	60%	0	0,7	2,0	40%	0	0,7	2,0

Notes

^ The company performance weighting of 60% comprises a 30% focus on the MTN Group and 30% focus on the MTN operations.

Refer to page 12 for details of objectives assigned to each member of the executive committee.

Remuneration report continued

The following sections illustrate the potential bonus payable to the group president and CEO. The illustration is for achievement of stated performance conditions at threshold, at target and above target. There is no bonus where the thresholds are not achieved.

Example case study for group president and CEO
At the beginning of the year, the group's company performance (financial and non-financial) targets and actual achievements for calculating bonuses are illustrated below:

Company performance

Company performance objective	Actual % achievement	Bonus multiplier %	Weighting %	Bonus multiplier %
Revenue	99	91	20	18
EBITDA	98	83	20	17
Net operating free cash flow	133	200	20	40
Group attributable earnings	109	187	20	37
Competitive performance~	110	200	20	40

All objectives, financial and non-financial, were achieved. For the element to be considered for a bonus, the achievement against target needs to be greater or equal to 90% of target.

Only the elements that scored more than or equal to the threshold will be used for a performance bonus computation. The weighted sum of these elements in the above example is 152%.

Team performance

Objective	Weighted achieved %
Cash upstreaming	12
Return on invested capital	10
Subscriber growth	12
Active data subscribers	10
Active Mobile Money subscribers	6
Rich media subscriptions	6
Group culture survey	6
Employment equity	6
Regulatory risk management	6
Improved control environment	8
Network data quality	11
Population coverage	9
Tower asset monetisation	5
Total TP	107

The corresponding weighted sum of these elements in the above example is **138%**. This is looked up against a translation table ranging from 0 to 100% to 200% at below threshold, at target and above target performance respectively.

Performance bonus workings

Assumptions	Company performance	Team performance
Annual performance bonus remuneration (a)	R17 000 000	R17 000 000
Element weighting (b)	70%	30%
At target % (c)	100%	100%
At target performance bonus (d) = (a*b*c)	R11 900 000	R5 100 000
Actual multiplier ("nominal translation") (e)	152%	138%
Equals calculated bonus (f) = (d*e)1	R18 000 000	R7 000 000
Final bonus payable	R18 000 000	R7 000 000

All values rounded for illustrative purposes.

In the above scenario, the director's total performance bonus is R25 million which is equivalent to 148% of the potential target value. This payment reflects an "above target" performance.

If the company performance objectives do not meet the threshold performance, all managerial employees and above are not paid the performance bonus incentive.

General staff incentive calculations
Although lower level employees (general and supervisory) participate in a performance bonus if declared, they are also eligible for an annual incentive payable in December which is not dependent on the financial performance. The condition and details of this payment are summarised below (column "Minimum 4% payment").

The 4% of annual remuneration payment in December remains a key vehicle for incentivising our general staff at employee levels 1 and 2. In accordance with the approved rules:
- This payment is conditional on minimum individual performance set by the company and on the basis that the employee is still in the employment of the company at payment date.
- All computations are based on the individual's previous year's earnings and performance scores.

Additionally, if managerial employees do not receive a performance bonus due to the company not meeting threshold performance, lower level employees remain eligible to receive the annual incentive. The incentive payment will be based on a reduced calculation as summarised below.

Description	Minimum 4% payment	Requirements if a bonus is declared by the board	Requirements if a bonus is not declared by the board
Individual performance applies	Yes, an individual minimum performance score is required	Yes, an individual minimum performance score is required	Yes, an individual minimum performance score is required
Earning range as a % of applicable annual salary	Exactly 4%	From 0% to 12%	From 0% to 6%
Percentage payable at target achievement	Not applicable	9%	4,5%

Remuneration report continued

Long-term incentive plans

Selected employees, including executives, are given the opportunity to participate in the long-term incentive scheme at the sole discretion of the board. We operate two classes of share schemes:

For executive and managerial employees

LTIs awarded to managerial and senior employees are aimed at aligning their contributions to shareholders' expectations by sharing in the long-term growth of the company.

Performance Share Plan (PSP) overview

Plan	Purpose	Detail
PSP	To promote the achievement of MTN Group's strategic objectives measured using the company's growth in share price and cash flow. Participating employees share in the company's achievement of the set financial indicators over three years.	• Share awards are at the discretion of the MTN Group board. Operating entities make representations to the board for award inclusion/exclusions. • Participation is limited to managerial employees and those in more senior positions only. • Performance is measured using the following performance conditions: – Total Shareholder Return (TSR) versus the MSCI EM (Emerging Markets) Telecoms Index - Rationale: the use of the MSCI EM (Emerging Markets) Telecoms Index as a comparator group is reflective of telcos with significant exposure to emerging markets. – Cumulative operating free cash flow (OFCF) - Rationale: this objective focuses on working capital management and improved management of capital allocation. – Return on average capital employed (ROACE) - Rationale: utilised as shareholders' value is created when a return on capital is generated that exceeds the weighted cost of capital. ROACE is the closest link to value enhancement that drives the share price over the longer term. – Non-performance-based retention element - Rationale: it is industry practice for a portion of the award to be based only on continued employment. The company strongly believes that with no retention element, the business is at risk of losing key executives in the short term. • The directors and chief operating officer have two additional performance indicators relating to corporate compliance to industry codes and black economic empowerment. • See table below for further details on weightings and performance targets. The scheme has a three-year vesting period. Once the shares are vested and the board is satisfied with the achievement of the performance conditions, participating employees receive either shares or the cash equivalent if the respective employee instructs the company to dispose of their shares on the employee's behalf.

How allocations are determined

Each participating employee is awarded conditional shares expressed as a percentage (allocation multiple) of their total fixed package. Details of the allocation multiples are as below:

Job level	Annual allocation percentage of salary
Group president and CEO	2,00
Group chief financial officer	1,75
Group chief operating officer	1,75
Other prescribed officers	1,25
Other general executives	1,00
General manager	0,60
Senior managers	0,40
Managers	0,20

How performance is measured
The PSP scheme is measured using a combination of financial performance targets and retention summarised below:

Performance measure	Description	Weightings for allocations made before 2017 financial year		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: 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%
Compliance to DTI and the 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 the ICASA.				8,33%
Black economic empowerment (BEE)[3]	Achievement of the Black Economic Empowerment 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 on 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.

Remuneration report continued

Treatment of shares on termination of employment

If a participant terminates employment voluntarily, there will be no vesting of shares. For involuntary termination, ie no fault leavers as defined in the PSP scheme rules, the participant will be entitled to the same rights and subject to the same conditions as they would have been if they remained employed by the company. These rights will, however, be applied on shares that have been pro-rated and retained based on the service between the grant date and termination. No shares are settled or vest at termination date as each award has to fulfil the full vesting period and be subjected to the initial measurement period.

Clawback and malus

During 2018, the board approved the implementation of clawback and malus provisions effective for the December 2017 allocation.

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.

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 implemented	Performance conditions	Last vesting date	Expiry period
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.

Plan	Purpose	Detail
Notional share option (NSO)	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.	• 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 operations are also not eligible to participate as they participate in the PSP scheme. • Performance is measured using the group share price and operation's EBITDA performance. Thus the NSO scheme is divided into: – Group aligned notional (GAN) share options measured using group share price; and – Locally aligned notional (LAN) share options measured using 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.

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 last working date.	Any board approved incentive, eg annual performance bonus becomes payable on a pro rata 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, eg shares become payable on a pro rata 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	No payment unless board determines payment due.	No payment unless board determines payment due.

Remuneration report continued

Employment contracts, notice and general restraint of trade

Director	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	6 months	12 months
RT Mupita: Group chief financial officer	Employed 3 April 2017 on a no fixed duration 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	6 months	12 months
PD Norman~: Group chief HR officer	Employed 1 April 1997 on a no fixed duration contract	6 months	6 months
MD Fleischer: Group chief legal counsel	Employed 1 February 2014 on a no fixed duration contract	6 months	6 months
FL Sekha: Group chief regulatory and corporate affairs officer	Employed 10 October 2016 on a no fixed duration contract	6 months	6 months
KO Toriola: Vice-president for WECA	Employed 1 November 2006 on a no fixed duration contract	6 months	6 months
I Jaroudi: Vice-president for MENA	Employed 1 January 1992 on a no fixed duration contract	6 months	6 months
ET Asante: Vice-president for SEA	Employed 2 January 2008 on a no fixed duration contract	6 months	6 months
F Moolman: CEO: MTN Nigeria	Employed 25 June 2014 on a no fixed duration contract	6 months	6 months
GN Motsa: CEO MTN South Africa	Employed 1 January 2017 on a no fixed duration contract	6 months	6 months

Notes:
~ Refer to Part 3 for details of once-off special payments made to executive employees in respect of extended notice and general restraint of trade.

Special remuneration arrangements

As a method to employ people in certain identified senior roles, under certain circumstances, employment and termination of employment negotiations result in cash payment arrangements in the form of lump sums. Where lump sums are mutually considered as sign-on, retention or termination payments, these are subject to the approval of the group remco. In addition, to attract key senior employees, it is sometimes necessary to compensate them for the loss of equity in their previous companies. Details of any payments will be disclosed in the implementation report for the relevant year. Refer to page 84 for special payment made in 2018.

Non-executive directors' remuneration for 2019

The group remco is responsible for advising on the remuneration of non-executive directors (NEDs), including reviewing remuneration recommendations as put forward by executive management in consultation with external remuneration consultants. It also recommends remuneration for approval by the board and shareholders.

The remuneration for NEDs is considered annually and is determined in light of market practice and with reference to the time, commitment and responsibilities associated with the roles.

The MTN Group's NEDs receive an annual retainer and a meeting attendance fee (both amounts VAT inclusive). They do not participate in any type of incentive scheme nor do they receive any employee-related benefit. They are provided with communication devices such as a cellphone to conduct their duties. The company covers all expenses related to their board and committee meeting attendance.

In the last quarter of 2018, management commissioned an external benchmark with Korn Ferry Hay Group. As required by King IV™, we believe the benchmark provided an objective and independent perspective of the fees paid to other NEDs of the comparator group. For competitive purposes, we benchmarked our NED fees against the list of selected companies[1] listed in the Johannesburg Stock Exchange.

[1] JSE Top 10 companies used for the 2019 fees are: First Rand, Standard Bank, Sasol, Discovery, Old Mutual, Sappi, Shoprite, Sanlam and Vodacom. The comparator group was based on the list of companies used in the previous benchmark exercise conducted in 2017. For the 2018 benchmark, the list was, however, revised where four comparator companies were replaced with new comparator companies. The comparator selection criteria was based on market capitalisation, employee size, footprint, amongst other factors.

The benchmark resulted in the following recommendations to be tabled at the 2019 AGM:

Main board

- **Local chairman**
  The total fees which include the annual retainer and meeting attendance for the chairman of the main board were aligned with the average of the comparator group hence there was no special adjustment required except an inflation linked increase of 4,7%.

- **Local 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 hence there was no special adjustment required except an inflation linked increase of 4,7%.

- **International members**
  Equally, the international member fees denominated in euro were recommended to be adjusted by inflation of 1,0%.

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 average of the comparator group except for the audit and risk committee. All South African rand-based fees were recommended to be adjusted by inflation of 4,7% and all non-rand-based fees were recommended to be adjusted by 1,0%. The audit and risk committee recommended as follows:
  – Audit – special adjustment of 67,8% to current potential policy-based fees which will be implemented over a two-year period in 2019 and 2020.
  – Risk – special adjustment of 119,4% to current potential policy-based fees which will be implemented over a two-year period in 2019 and 2020.

  Both adjustments were necessary to align the total fees payable to these committees to the average of the comparator group list above. All other committees were aligned with the peer company average therefore there was not special adjustment required.

- **International chairpersons and members of sub-committees**
  All international chairpersons and members fees denominated in euro were recommended to be adjusted by inflation of 1,0%.

Thus, the proposed fees structure for 2019 is as follows:

	Annual retainer fee 2018	Meeting attendance fee 2018	Annual retainer fee 2019	Meeting attendance fee 2019
MTN Group board				
Chairman	R2 886 671	R160 370	R3 000 000	R173 500
Member	R225 242	R56 310	R235 900	R58 950
International member	€78 082	€7 808	€78 863	€7 886
Special assignments or projects (per day)				
Local non-executive director		R23 997		R25 100
International non-executive director		€3 424		€3 500
Ad hoc work performed by non-executive directors for special projects (hourly rate)		R4 224		R4 400
Remuneration and human resources committee				
Local chairman	R89 361	R33 662	R93 829	R35 168
International chairman	€5 709	€3 644	€5 766	€3 680
Local member	R52 365	R24 686	R54 983	R25 804
International member	€3 346	€3 346	€3 379	€3 379
Social and ethics committee				
Chairman	R89 361	R33 662	R93 829	R35 168
Member	R52 365	R24 686	R54 983	R25 804
MTN Group Share Trust (Trustees)				
Chairman	R79 425	R29 920	R83 396	R31 276
Member	R34 920	R16 462	R36 666	R17 209
Sourcing committee				
Chairman	R79 425	R29 920	R83 396	R31 276
Member	R46 410	R21 879	R48 731	R22 867
Audit committee[1]				
Chairman	R119 675	R36 918	R160 226	R49 427
Member	R65 382	R25 437	R75 903	R29 530
Risk management, compliance committee and corporate governance committee[2]				
Chairman	R89 361	R33 662	R142 725	R53 764
Member	R52 365	R24 686	R67 119	R31 641
International member	€3 346	€3 346	€3 379	€3 379

[1] Represents a fee increase of 50% (from the approved 67,8% special adjustment) to be implemented in 2019. The balance will be adjusted in 2020.
[2] Represents a fee increase of 50% (from the approved 119,4% special adjustment) to be implemented in 2019. The balance will be adjusted in 2020.

Non-binding advisory vote on the remuneration policy

This report is subject to a non-binding advisory vote by shareholders at the 23 May 2019 AGM. Shareholders are requested to cast a non-binding advisory vote on the remuneration policy as contained in Part 2 of this report.

Remuneration report continued

Part 3
Implementation report

Executive salary adjustments

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.

Benchmarks were selected based on several factors, including, but not limited to, company size and complexity of comparable listed companies by reference to market capitalisation, turnover, profitability, number of employees, inflation and sector.

On aggregate, executive management and general employees received a 6% increase budget. The distribution of the budget was based on individual performance. Because executive management do not have individual performance scores to inform increases, those who were eligible received a flat 6% increase to their fixed package. This compared to general employees who on average received a 6% increase.

Special payments

In lieu of extended notice and general restraint of trade

During the year, a review of the prescribed officers' contracts of employment revealed that some of our executive management did not have the six months' extended notice and six months' restraint of trade. As a result, we calculated the equivalent months each executive had based on their then current contract and compared this to the desired periods. Where a gap existed, the group remco approved that the difference (expressed in months) is covered through the delivery of a special payment calculated based on the individual's monthly fixed package.

The following special payments were made in lieu of a six months' extended notice period and a six months' general restraint of trade.

Prescribed officer	Approved value in respect of notice and restraint	Percentage of benefit payable in 2018	Benefit amount paid in 2018
PD Norman[1]	R6 638 421	25% paid in May 2018 25% paid in November 2018	R1 659 605 R1 659 605
F Moolman[2]	US$176 000	50% paid in January 2018	US$88 000
I Jaroudi[2]	US$517 140	50% paid in April 2018	US$258 570

[1] Value of the payment in rand in line with the contract of employment currency.
[2] Value of the payments in US dollar in line with the contract of employment currency.

Sign-on bonus

GN Motsa received a sign-on bonus as compensation for forfeiture of his shares from his 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 2018	Benefit amount paid in 2018
GN Motsa	R13 500 000	33,33% paid in January 2018 in respect of December 2017 Further 33,33% paid in December 2018 in respect of December 2018	R4 500 000 R4 500 000

This above payment was in full and final payment related to this special payment. There will be no outstanding future payments.

Short-term incentive outcomes for 2018

Company performance actual achievement for 2018

MTN Group Limited

Group directors

Company performance objective	Actual % achievement^	RA Shuter %	RT Mupita %
Revenue	99	18,11	18,11
EBITDA	98	16,50	16,50
Net operating free cash flow	133	40	35
Group attributable earnings	109	40	35
Competitive performance~	110	37,43	33,08
Total		152,04	137,69

Vice presidents and CEOs of major operations

Company performance objective	Actual % achievement	KO Toriola %	I Jaroudi %	ES Asante %	F Moolman %	GM Motsa %
Revenue	99	18,11	18,11	18,11	18,11	18,11
EBITDA	98	16,50	16,50	16,50	16,50	16,50
Net operating free cash flow	133	40	40	40	40	40
Group attributable earnings	109	40	40	40	40	40
Competitive performance~	110	37,43	37,43	37,43	37,43	37,43
Total		152,04	152,04	152,04	152,04	152,04

All values above were applicable for Group function.

Percentage applicable for OPCO functions are KO Toriola (64,48%), I Jaroudi (130,94%), ES Asante (164,51%), F Moolman (173,49%), GN Motsa (74,14%).

Functional executive committee members

Company performance objective	Actual % achievement^	J Schulte-Bockum %	PD Norman %	MD Fleischer %	FL Sekha %
Revenue	99	18,11	18,11	18,11	18,11
EBITDA	98	16,50	16,50	16,50	16,50
Net operating free cash flow	133	35	40	40	40
Group attributable earnings	109	35	40	40	40
Competitive performance	110	33,08	37,43	37,43	37,43
Total		137,69	152,04	152,04	152,04

^ Each company performance element has a 20% weighting.

Table of performance bonus paid in 2018

Prescribed officers	Currency	Total fixed package	Group performance (%)	OPCO performance (%)	Group weighting (%)	OPCO weighting	At target (%)	CP bonus amount	Team performance (%)	Weighting (%)	TP bonus amount	Total	Total bonus as % of package
RA Shuter^	ZAR	9 073 644	152,05		70		100	9 657 312	137,80	30	3 751 045	13 408 356	148
RA Shuter^	USD	611 606	152,05		70		100	650 947	137,80	30	252 838	903 785	148
RT Mupita	ZAR	9 405 000	137,69		70		100	9 064 694	131,76	30	3 717 679	12 782 373	136
J Schulte-Bockum^	ZAR	5 016 211	137,69		50		100	3 453 362	137,31	50	3 443 942	6 897 304	138
J Schulte-Bockum^	USD	359 000	137,69		50		100	247 150	137,31	50	246 476	493 625	138
KO Toriola	USD	560 280	152,05	64,48	30	30	70	254 758	63,31	40	99 320	354 078	63
I Jaroudi	USD	629 883	152,05	130,94	30	30	70	374 317	97,85	40	172 575	546 893	87
ES Asante	GHS	3 137 250	152,05	164,51	30	30	70	2 085 572	93,41	40	820 541	2 906 114	93
F Moolman	USD	541 977	152,05	173,49	30	30	70	370 510	142,05	40	215 566	586 075	108
GM Motsa	ZAR	7 865 200	152,05	74,14	30	30	70	3 735 886	87,11	40	1 918 385	5 654 271	72
PD Norman	ZAR	6 516 443	152,05		50		70	3 467 809	159,30	50	3 633 243	7 101 051	109
MD Fleischer	ZAR	8 014 860	152,05		50		70	4 265 210	99,97	50	2 804 359	7 069 570	88
FL Sekha	ZAR	4 561 506	152,05		50		70	2 427 464	124,85	50	1 993 264	4 420 728	97

^Amounts split due to split contract to two currencies.

Remuneration report continued

Long-term incentives – performance share plan (PSP)

Long-term incentives awarded during 2018

2018 PSP grant performance conditions

Incentive	Performance conditions and weighting	Detail of performance conditions	Vesting profile
PSP shares issued in 2018 and vesting in 2021	• Total shareholder return (TSR) MSCI EM Index 25%	**TSR MSCI EM index** • Threshold – median of peer group • Above target – 75th percentile of peer group	**TSR** • Below threshold – 0% vesting • At threshold – 25% vesting • Above target – 100% vesting Linear vesting will occur between the levels stated above
	• Cumulative operating free cash flow (OFCF) 25%	**Cumulative OFCF** • Three-year measurement: • Threshold – 90% of target • Above target – 110% of target	**Cumulative OFCF** • Below threshold – 0% • At threshold – 25% vesting • Above target – 100% vesting Linear vesting will occur between the levels stated above
	• Return on average capital employed (ROACE) 25%+	**ROACE** • Threshold – 90% of budget • Above target – 100% of target	**ROACE** • Below threshold – 0% • At threshold – 25% vesting • Above target – 100% vesting Linear vesting will occur between the levels stated above
	• Retention element 25%	**Retention** • The participant must remain in employment throughout the performance period	**Retention** • Achieved – 100% vesting There will be no vesting if employment is terminated before vesting period
	• Compliance to DTI and the ICASA^	**Compliance** • As per contract of employment	**Compliance** • As per contract of employment
	• Black economic empowerment (BEE)^	**BEE** • As per contract of employment	**BEE** • 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%.

The PSP awards granted during 2018 are shown below.

Director	Number of awards	LTI as a % of annual fixed package
Group president and CEO: RA Shuter	436 600	200%
Group chief financial officer: RT Mupita	190 200	175%

Prescribed officer	Number of awards	LTI as a % of annual fixed package
Group chief operating officer: J Schulte-Bockum	205 500	175%
Group chief HR officer: PD Norman	94 600	125%
Group chief legal counsel: MD Fleischer	115 200	125%
Group chief regulatory and corporate affairs: FL Sekha	66 200	125%
Vice-president for WECA: KO Toriola	114 000	125%
Vice-president for MENA: I Jaroudi	133 700	125%
Vice-president for SEAGHA: ET Asante	137 500	125%
CEO: MTN Nigeria: FJ Moolman	112 900	125%
CEO: MTN South Africa: GN Motsa	114 100	125%

Long-term incentives vesting in respect of the performance of 2018

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

Performance indicator	Threshold	Target	Actual achievement	Weighting	% shares vested	Number of shares vested
Total shareholder return^	Ranking #13	Ranking #7	Ranking #20	37,5%	0%	0
Adjusted free cash flow†	6 % growth	10% growth	-26% growth	37,5%	0%	0
Retention#	Employment	Employment	N/A	25%	25%	361 199

^ MTN was ranked 20 in the JSE Top 25 Industrial Index over the measurement period 01/01/2016 – 31/12/2018. The threshold was ranking 13 vesting at 25% and the target was ranking 7 vesting at 100%. There was a straight-line vesting between the two points.
† MTN achieved a negative cash flow growth of -26% over the measurement period 01/01/2016 – 31/12/2018. The threshold was 6% vesting at 20% and the target was 10% vesting at 100%.
# This condition is service-based with no financial evaluation. The participant only needs to be in employment as at vesting date unless terminated involuntarily. The retention element does not apply to executive employees.

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.

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%
		9 810 054	1 234 200	13%

Including the 2018 vesting of June 2016 grant, the average vesting of the previous six grants is 13%. The total vested shares includes the service element which is not linked to company performance.

Remuneration report continued

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 31/12/2018)	Number of shares outstanding (as at 31/12/2018)
ESOP 2010	01/12/2010	3 461	1 384 400	01/12/2015	38 900	352 352
ESOP 2016	01/12/2017	3 893	2 008 788	01/12/2022	–	1 935 000
	01/06/2018	361	203 965	01/06/2023	–	194 360
	28/12/2018	24	13 560	01/06/2023	–	13 560
	28/12/2018	185	152 440	28/12/2023	–	152 440
			3 769 369		38 900	2 653 928

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

For the 2010 ESOP award, as at 31 December 2018, from a total of 3 461 participants:

- 1 769 allocated employees had left the employment of the company for various reasons, voluntary and involuntary and 1 692 are still in the employ of the company.

At the AGM held in 2018, shareholders raised a concern that the retention effect of this plan was not successful. Management indicated that many employees had left employment due to workforce resizing and retrenchment that took place mainly in MTN South Africa. It is further noted that there are employees in active employment of the company who still hold these shares even though they fully vested in December 2015.

For the 2016 ESOP, no shares had vested as at 31 December 2018.

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 2018 period, there were no payments as a result of termination of employment by a director or prescribed officer.

Remuneration

Names	Salaries R000	Post-employment benefits R000	Other benefits[1] R000	Bonuses[2] R000	Sub-total R000	Share gains R000	Total R000
Executive directors							
2018							
R Shuter	15 279	1 621	746	25 277	42 923	–	42 923
R Mupita	8 243	955	559	12 782	22 539	–	22 539
Total	23 522	2 576	1 305	38 059	65 462	–	65 462
2017							
R Shuter	11 528	1 225	10 581	17 122	40 456	–	40 456
R Mupita	5 944	673	384	10 672	17 673	–	17 673
Total	17 472	1 898	10 965	27 794	58 129	–	58 129

[1] Includes medical aid, death and disability insurance, executive lifestyle benefits, unemployment insurance fund and any other special payments made. For 2017, details of such special payments are disclosed in the 2017 integrated report.
[2] Performance bonus linked to performance in the 2017 and 2018 financial years payable within three months after year-end.

Names	Salaries R000	Post-employment benefits R000	Other benefits[1] R000	Bonuses[2] R000	Sub-total R000	Share gains[3] R000	Total R000
2018							
Prescribed officers							
E Asante	9 956	703	5 225	8 145	24 029	–	24 029
M Fleischer	7 011	818	384	7 070	15 283	–	15 283
I Jaroudi	10 215	–	5 285	7 182	22 682	–	22 682
F Moolman	9 740	477	3 319	7 696	21 232	23	21 255
G Motsa	6 898	770	10 168	5 654	23 490	–	23 490
P Norman	5 706	666	3 683	7 101	17 156	–	17 156
J Schulte-Bockum	8 697	921	252	13 379	23 249	–	23 249
F Sekha	4 008	447	122	4 421	8 998	–	8 998
K Toriola	7 357	736	1 407	4 650	14 150	–	14 150
S van Coller^	5 360	598	714	–	6 672	–	6 672
Total	74 948	6 136	30 559	65 297	176 941	23	176 964

	Salaries R000	Post-employment benefits R000	Other benefits[1] R000	Bonuses R000	Sub-total R000	Share gains R000	Total R000
2017							
Prescribed officers							
E Asante	1 451	113	329	2 744	4 637	–	4 637
M Fleischer	6 706	789	478	6 204	14 177	–	14 177
I Jaroudi	10 481	–	1 517	6 686	18 684	–	18 684
F Moolman	9 032	448	518	7 604	17 602	–	17 602
G Motsa	6 384	722	5 294	6 409	18 809	–	18 809
P Norman	5 232	616	3 920	5 090	14 858	–	14 858
J Schulte-Bockum	8 218	876	303	10 492	19 889	–	19 889
F Sekha	3 440	389	183	1 884	5 896	–	5 896
K Toriola	6 236	72	1 178	3 781	11 267	–	11 267
S van Coller	7 723	874	612	10 276	19 485	–	19 485
Total	64 903	4 899	14 332	61 170	145 304	–	145 304

^ Resigned 31 August 2018.
[1] Includes medical aid, death and disability insurance, executive lifestyle benefits, unemployment insurance fund and any other special payments made. For 2018, details of such special payments are disclosed on page 84 of this integrated report.
[2] Performance bonus linked to performance in the 2017 and 2018 financial years payable within three months after year-end.
[3] The value of historic share awards which are subject to performance conditions. For both 2017 and 2018, there were no payments in respect of PSP shares, except the payment reflected above in respect of the share appreciation rights scheme.

Single-figure reporting

For the 2018 integrated report, given MTN's total remuneration structure and LTI vesting conditions (performance-based targets, which can only be determined at the time of vesting), we do not provide single-figure disclosure of remuneration, as recommended by King IV. In 2019, we will consider whether that approach provides more insight and usefulness for readers of the integrated report.

Remuneration report continued

Table of unvested awards and cash flow
Performance share plan

Offer date	Vesting date	Number outstanding as at 31 Dec 2017	Offered	Exercised	Forfeited	Exercise date	Exercise price R	Number outstanding as at 31 Dec 2018
R Shuter								
29/09/2017	31/12/2019	213 600	–	–	–	–	–	213 600
18/12/2017	18/12/2020	200 200	–	–	–	–	–	200 200
28/12/2018	29/12/2021	–	436 600	–	–	–	–	436 600
Total		413 800	436 600	–	–	–	–	850 400
R Mupita								
18/12/2017	18/12/2020	118 300	–	–	–	–	–	118 300
28/12/2018	29/12/2021	–	190 200	–	–	–	–	190 200
Total		118 300	190 200	–	–	–	–	308 500
PD Norman								
19/12/2014	18/12/2017	27 000	–	–	27 000	–	–	–
29/06/2016	29/12/2018	46 100	–	–	–	–	–	46 100
28/12/2016	28/12/2019	56 300	–	–	–	–	–	56 300
18/12/2017	18/12/2020	57 700	–	–	–	–	–	57 700
28/12/2018	29/12/2029	–	94 600	–	–	–	–	94 600
Total		187 100	94 600	–	27 000	–	–	254 700
G Motsa								
09/03/2017	28/12/2019	66 500	–	–	–	–	–	66 500
18/12/2017	18/12/2020	69 700	–	–	–	–	–	69 700
28/12/2018	29/12/2021	–	114 100	–	–	–	–	114 100
Total		136 200	114 100	–	–	–	–	250 300
J Schulte-Bockum								
18/12/2017	18/12/2020	125 500	–	–	–	–	–	125 500
28/12/2018	29/12/2021	–	205 500	–				205 500
Total		125 500	205 500	–	–	–	–	331 000
F Sekha								
28/12/2016	28/12/2019	27 200	–	–	–	–	–	27 200
18/12/2017	18/12/2020	40 400	–	–	–	–	–	40 400
28/12/2018	29/12/2021	–	66 200	–	–	–	–	66 200
Total		67 600	66 200	–	–	–	–	133 800
M Fleischer								
19/12/2014	18/12/2017	30 400	–	–	(30 400)	–	–	–
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
28/12/2018	29/12/2021	–	115 200	–	–	–		115 200
Total		230 500	115 200	–	(30 400)	–	–	315 300
F Moolman								
19/12/2014	18/12/2017	15 700	–	–	(15 700)	–	–	–
29/06/2016	29/12/2018	44 700	–	–	–	–	–	44 700
28/12/2016	28/12/2019	66 400	–	–	–	–	–	66 400
18/12/2017	18/12/2020	66 100	–	–	–	–	–	66 100
28/12/2018	29/12/2021	–	112 900	–	–	–	–	112 100
Total		192 900	112 900	–	(15 700)	–	–	290 100
SB Mtshali								
19/12/2014	18/12/2017	5 800	–	(1 450)	(4 350)	19/03/2018	125	–
29/06/2016	29/12/2018	10 100	–	–	–	–	–	10 100
28/12/2016	28/12/2019	12 800	–	–	–	–	–	12 800
18/12/2017	18/12/2020	12 600	–	–	–	–	–	12 600
Total		41 300	–	(1 450)	(4 350)	–	–	35 500

Offer date	Vesting date	Number outstanding as at 31 Dec 2017	Offered	Exercised	Forfeited	Exercise date	Exercise price R	Number outstanding as at 31 Dec 2018
G Engling^								
19/12/2014	18/12/2017	10 000	–	–	(10 000)	–	–	–
29/06/2016	29/12/2018	28 800	–	–	(8 603)	–	–	20 197
28/12/2016	28/12/2019	21 400	–	–	(12 438)	–	–	8 962
Total		60 200	–	–	(31 041)	–	–	29 159
I Jaroudi								
19/12/2014	18/12/2017	24 600	–	–	(24 600)	–	–	–
29/06/2016	29/12/2018	60 000	–	–	–	–	–	60 000
28/12/2016	28/12/2019	89 000	–	–	–	–	–	89 000
18/12/2017	18/12/2020	77 600	–	–	–	–	–	77 600
28/12/2018	29/12/2021	–	133 700	–	–	–	–	133 700
Total		251 200	133 700	–	(24 600)	–	–	360 300
S Ntsele								
19/12/2014	18/12/2017	5 000	–	(1 250)	(3 750)	19/03/2018	125	–
29/06/2016	29/12/2018	25 500	–	–	–	–	–	25 500
28/12/2016	28/12/2019	31 400	–	–	–	–	–	31 400
18/12/2017	18/12/2020	30 700	–	–	–	–	–	30 700
28/12/2018	29/12/2021	–	57 000	–	–	–	–	57 000
Total		92 600	57 000	(1 250)	(3 750)	–	–	144 600
K Toriola								
19/12/2014	18/12/2017	22 300	–	–	(22 300)	–	–	–
29/06/2016	29/12/2018	54 700	–	–	–	–	–	54 700
28/12/2016	28/12/2019	55 900	–	–	–	–	–	55 900
18/12/2017	18/12/2020	69 100	–	–	–	–	–	69 100
28/12/2018	29/12/2021	–	114 000	–	–	–	–	114 000
Total		202 000	114 000	–	(22 300)	–	–	293 700
S van Coller##								
28/12/2016	28/12/2019	100 800	–	–	(100 800)	–	–	–
18/12/2017	18/12/2020	108 600	–	–	(108 600)	–		–
Total		209 400	–	–	(209 400)	–	–	–
E Asante								
19/12/2014	18/12/2017	13 800	–	–	(13 800)	–	–	–
29/06/2016	29/12/2018	45 800	–	–	–	–	–	45 800
28/12/2016	28/12/2019	55 900	–	–	–	–	–	55 900
18/12/2017	18/12/2020	78 000	–	–	–	–	–	78 000
28/12/2018	29/12/2021		137 500	–	–	–	–	137 500
Total		193 500	137 500	–	(13 800)			317 200

Resigned 31/08/2018.
^ Ceased to be a prescribed officer on 16/01/2017.

Share appreciation rights scheme

Offer date	Strike price R	Vesting date	Number outstanding as at 31 Dec 2017	Exercised	Forfeited	Exercise date	Exercise price R	Number outstanding as at 31 Dec 2018
F Moolman								
19/03/2008	126,99	19/03/2010	10 200	10 200	–	16/03/2018	127,45	–
19/03/2008	126,99	19/03/2011	10 200	10 200	–	16/03/2018	127,45	–
19/03/2008	126,99	19/03/2012	15 300	15 300	–	16/03/2018	127,45	–
19/03/2008	126,99	19/03/2013	15 300	15 300	–	16/03/2018	127,45	–
Total			51 000	51 000	–	–	–	–

Remuneration report continued

Special cash settled on boarding incentives

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 2018.

	Incentive grant price R	Incentive maturity date	Number of units^ granted	Value of incentive at grant date R
RA Shuter+	125,09	12/03/2020	327 214	40 931 199
RT Mupita++	113,10	28/10/2019	446 027	50 445 654
J Schulte-Bockum+++	127,60	15/01/2020	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 will be determined based on the market value of 446 027 ordinary listed shares in MTN Group Limited. The incentive will be 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 value of the incentive will be determined based on the market value of 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.

Non-executive director fees adjustments for 2018

In the last quarter of 2017, we commissioned Korn Ferry Hay Group to conduct a benchmarking exercise of our NED pay. The study looked at the remuneration of NEDs compared to 10 JSE listed peer companies. The benchmark analysis was performed on the peer data based on market capitalisation and job grade.

The benchmark was consistent with the previous year's methodology and made recommendations on NED fees based on updated peer group information. The following recommendations were made:

- The report highlighted that the remuneration for the chairperson of MTN was below the median and average of the comparator group. Thus the group remco considered a 14,6% increase to both the retainer and attendance fees.
- The group remco approved an increase of the South African rand denominated NED fees 6% and 1,5% for euro-denominated fees.

Details of the actual fees paid during the year are as follows:

Non-executive directors' fees

	Date appointed	Retainer# R000	Atten-dance# R000	Special board R000	Strategy session R000	Ad hoc work R000	Total R000
2018							
Non-executive directors							
PF Nhleko^	28/05/2013	2 846	1 052	300	529	–	4 727
PB Hanratty+	01/08/2016	1 280	717	212	474	34	2 717
A Harper+	01/01/2010	1 306	848	212	474	223	3 063
M Jonas[1]	01/06/2018	144	169	14	104	–	431
KP Kalyan	13/06/2006	334	597	109	217	–	1 257
S Kheradpir+	08/07/2015	1 269	978	212	474	4	2 937
NP Mageza	01/01/2010	426	683	109	217	–	1 435
MLD Marole	01/01/2010	404	658	109	217	–	1 388
AT Mikati+†	18/07/2006	1 269	926	242	474	29	2 940
SP Miller +	01/08/2016	1 269	954	242	229	4	2 698
KD Mokhele[1]	01/07/2018	126	258	42	104	–	530
KC Ramon@	01/06/2014	340	517	109	217	57	1 240
NL Sowazi	01/08/2016	325	523	95	104	8	1 055
BS Tshabalala[2]	01/06/2018	144	117	56	104	–	421
J van Rooyen	18/07/2006	390	642	109	217	65	1 423
Total		11 872	9 639	2 172	4 155	424	28 262

^ Fees paid to Captrust Investments Proprietary Limited.
@ Fees paid to AngloGold Ashanti Limited.
\+ Fees have been paid in euro.
† Fees are paid to M1 Limited.
\# Retainer and attendance fees for board and committee representation and meetings.
[1] Appointed 01/06/2018.
[2] Appointed 01/07/2018.

Non-binding advisory vote on the implementation report

This report is subject to a non-binding advisory vote by shareholders at the 23 May 2019 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
3G	Third generation mobile communications standard allowing mobile phones, computers and other portable mobile devices to access the internet wirelessly
4G/LTE	Fourth generation or long-term evolution mobile communications standard allowing wireless internet access at a much higher speed than 3G
AFCF	Adjusted free cash flow
AFS	Annual financial statements
AGF	Attorney General of the Federal Republic of Nigeria
AI	Artificial intelligence
ARPU	Average revenue per user
BRIGHT	Our strategy
BCM	Business continuity management
BEE	Black economic empowerment
CAGR	Compound annual growth rate
Capex	Capital expenditure
Capex intensity	Capex divided by revenue
CBN	Central Bank of Nigeria
CEO	Chief executive officer
CFO	Chief financial officer
Churn	Average number of disconnections in a period divided by average monthly customers during the period
CRM	Crisis risk management
CSI	Corporate social investment
COO	Chief operating officer
CP	Company performance
CVM	Customer value management
EPS	Earnings per share
ESOP	Employee share ownership plan
Exco	Executive committee
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.
EP	Employee performance
Fintech	Includes MTN Mobile Money, ecommerce, insurance, airtime lending and data monetisation streams
Forex	Foreign exchange
GHG	Greenhouse gas
GSMA	The GSM Association
HEPS	Headline earnings per share
Holdco	Holding company
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IPO	Initial public offering
IoT	Internet of Things
ISP	Internet service provider
ITU	International Telecommunication Union
JSE	Johannesburg Stock Exchange

Glossary continued

King IV™	Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved
KPI	Key performance indicators
KYC	Know your customer: a process to identify and verify customer identity
LA	Limited assurance
LTI	Long-term incentive
M&A	Mergers and acquisitions
Manco	MTN's group management company
MENA	Middle East and North Africa
MFS	Mobile financial services
Modernised	Subscribers who have successfully activated their SIM cards and participated in a revenue-generating event
MoMo	MTN Mobile Money
MOU	Minutes of use
NM	Not measurable
NPS	Net promoter score
Opcos	Our operating companies
Open API	A publicly available programming interface
Opex	Operating expenditure
QoS	Quality of service
RAN	Radio access network
RMS	Rich-media services
ROE	Return on equity
ROI	Return on investment
ROIC	Return on invested capital
SAICA	South African Institute of Chartered Accountants
SARS	Share appreciation rights scheme
SDG	Sustainable Development Goals
SEAGHA	Southern and East Africa and Ghana region
SIM	Subscriber identity module
SLA	Service level agreement
SME	Small and medium enterprise
SMS	Short message service
SOHO	Small office/home office
SRP	Share rights plan
TCF	Treat customers fairly policy
TP	Team performance
TSR	Total shareholder return
UC	Unified communications
UN	United Nations
USSD	Unstructured supplementary service data
VAS	Value-added services
VP	Vice-president
WECA	West and Central Africa

Administration

MTN GROUP LIMITED
Incorporated in the Republic of South Africa
Registration number: 1994/009584/06
ISIN: ZAE000042164
Share code: MTN

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

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

Group secretary
SB Mtshali
Private Bag X9955, Cresta, 2118

Registered office
216 – 14th Avenue, Fairland, 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
PO Box 61051, Marshalltown, 2107

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

SizweNtsalubaGobodo Grant Thornton Inc.
20 Morris Street East
Woodmead, 2157
PO Box 2939, Saxonwold, 2132

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

Joint sponsor
Tamela Holdings Proprietary Limited
Ground Floor, Golden Oak House, Ballyoaks Office Park
35 Ballyclare Drive, Bryanston, 2021

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

Contact details
Telephone: National 083 912 3000
011 912 3000
International +27 83 912 3000
Facsimile: National 011 912 4093
International +27 11 912 4093

E-mail: investor.relations@mtn.com
Website: http://www.mtn.com

Defining materiality

The content for this report is information that we deem to be of material significance to our ability to create value in the short, medium and long term, and in so doing affect, both from a positive and negative perspective, the long-term sustainability of the company and its stakeholders.

We determine our material issues by reviewing the issues most important to our stakeholders, and the impact of these issues on the achievement of our business objectives. Material issues are prioritised according to the scale and nature of impact on business operations, economic performance and interests of our stakeholder groups.

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.

Neither the company nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (based on negligence or otherwise) for any loss howsoever arising from any use of this report or its contents or otherwise arising in connection with this presentation and do not undertake to publicly update or revise any of its opinions or forward looking statements whether to reflect new information or future events or circumstances otherwise.

Bastion

www.mtn.com

Tel: +27 83 912 3000/+27 83 869 3000/+27 11 912 3000
Innovation Centre
216 14th Avenue
Fairland, 2195
South Africa