

MTN Group Limited  
(Incorporated in the Republic of South Africa)  
Registration Number 1994/009584/06  
Share code: MTN  
ISIN: ZAE000042164  
("MTN Group")

## **MTN GHANA HAS COMMENCED OFFER FOR SHARES IN GHANA**

On 29<sup>th</sup> of May 2018 MTN Group's subsidiary, Scanco PLC (MTN Ghana) launched an Initial Public Offer (IPO) in Ghana with the intention of listing on the Ghana Stock Exchange (GSE). The offer is expected to be open for nine weeks and close on 31 July 2018.

As previously communicated to the market, a successful listing would meet the required localisation condition under which MTN Ghana secured its 4G licence in late 2015. A key objective of the listing is to target a broad base of Ghanaian investors to share in the risks and rewards of ownership of MTN Ghana.

In 2015, MTN Ghana won a bid for a 4G/LTE licence in the 800 MHz spectrum. The National Communications Authority (NCA) required MTN Ghana to offer Ghanaian investors an opportunity to own up to 35% of its shares. Listing on the GSE was also confirmed by the NCA as an option to meet the localisation requirement.

The Securities and Exchange Commission (SEC) and the GSE have approved the IPO and the listing respectively.

Under the IPO, MTN Ghana is offering up to 4,637,394,533 MTN Ghana shares, consisting of a combination of newly issued shares and a sale of existing shares held by MTN Group Limited through its wholly-owned subsidiary Investcom Consortium Holding SA. The public offer represents up to 35% of the issued shares of MTN Ghana, which implies an enterprise valuation of approximately GHS 10 billion for MTN Ghana. As per Ghana market standards, the offer is a fixed price offer where a volume of shares is made available at a fixed price. The minimum amount to be raised for the offer to be deemed successful and for the listing to proceed is approximately GHS 0,35 billion, which represents approximately 10% of the total offer size. Given the objective of targeting a broad base of Ghanaian investors, allocation to non-Ghanaian investors is to be restricted to 5% of the issued shares of MTN Ghana.

As per the requirements of the Ghana SEC, the Prospectus to be issued by MTN Ghana in respect of the IPO includes forward-looking statements (Appendix A) that reflect MTN Ghana's intentions, beliefs or current expectations and projections about its future results, operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the market in which it operates.

These forward-looking statements are based on numerous assumptions and are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause MTN Ghana's actual results to differ materially from those suggested by the forward-looking statements and speak only as of the date of the Prospectus. As such no assurances can be given in respect of these forward-looking statements which speak only as of the date of the Prospectus and which may be impacted by various risks and uncertainties. No undertaking or obligation is assumed to update these forward-looking statements. These forward-looking statements are as at the date of the initial submission of the Prospectus in February 2018.

The Johannesburg Stock Exchange (JSE) has been notified of the transaction. The Prospectus provides that the allotment of shares will be conducted at the discretion of the MTN Ghana Board, and the MTN Ghana Board will apply its discretion to (among other things) ensure compliance with the JSE Listings Requirements, including with respect to related party transactions as contemplated in Section 10 of the JSE Listings Requirements.

This SENS announcement is not an offer of shares as contemplated in the Prospectus but a notice to the market that there is information about MTN Ghana contained in the Prospectus which MTN Group may not have publicly disclosed previously.

The Prospectus is included on the following website for information purposes only, is not intended to market the IPO in any way and the contents of the website do not form part of the Prospectus:

[www.mtn.com](http://www.mtn.com)

Fairland  
29 May 2018

Sponsor  
Deutsche Securities (SA) Proprietary Limited

## Appendix A

Forecast and Guidance on Profit and Loss at 31 December for the years ending 31 December 2018 – 2022					
GHS'million	2018	2019	2020	2021	2022
	Forecast	Forecast	Forecast	Forecast	Forecast
Total revenue	4,014	4,686	5,387	13.0% -14.0% growth	13.0% -14.0% growth
Cost of sales	(1,105)	(1,244)	(1,387)	24.0% - 25.0% of Revenue	
<b>Gross profit</b>	<b>2,909</b>	<b>3,442</b>	<b>4,001</b>		
Total Opex	(1,302)	(1,488)	(1,750)	~33.0% of Revenue	
<b>EBITDA (Pre-Management Fee)</b>	<b>1,607</b>	<b>1,955</b>	<b>2,250</b>		
Management Fee	(184)	(222)	(253)	4.5% - 5.0% of Revenue	
<b>EBITDA (Post-Management Fee)</b>	<b>1,422</b>	<b>1,732</b>	<b>1,998</b>		
Depreciation of property, plant and equipment	(314)	(294)	(341)	5.0% -6.0% of Revenue	
IRU Amortisation	(2)	(2)	(2)	GHS2.4m	
Amortisation of intangible assets	(78)	(80)	(82)	1.0% -1.5% of Revenue	
<b>Operating profit</b>	<b>1,028</b>	<b>1,356</b>	<b>1,572</b>		
Finance income	60	52	33	1.0% - 2.0% of Total Assets	
Finance cost	(64)	(102)	(108)	3.0% -9.0% of Total Liabilities	
<b>Profit before tax</b>	<b>1,025</b>	<b>1,305</b>	<b>1,497</b>		
NFSL	(49)	(65)	(75)	5.0% of PBT	
Income tax expense	(258)	(325)	(377)	25.0% of PBT	
<b>Profit for the year</b>	<b>718</b>	<b>915</b>	<b>1,044</b>		

<b>Forecast and Guidance on Balance Sheet for the years ending 31 December 2018 – 2022</b>					
<b>GHS'million</b>	<b>2018 Forecast</b>	<b>2019 Forecast</b>	<b>2020 Forecast</b>	<b>2021 Forecast</b>	<b>2022 Forecast</b>
<b>Non-current assets</b>					
Property, plant and equipment	2,619	2,975	3,332	as per Capex (12%-13% of Revenue) & Depreciation	
Intangible assets	434	407	381	as per Additions (~1.0% of Revenue) & Amortization	
Non-current prepayment	0	0	0	Similar to previous years	
IRU assets	58	56	53	IRU Asset amortisation of GHS2.4mn p.a.	
	<b>3,111</b>	<b>3,437</b>	<b>3,767</b>		
<b>Current assets</b>					
Inventories	34	75	74	~1.5% of revenue	
Trade and other receivables	335	316	313	as 5.0%-6.0% of revenue	
Cash and cash equivalents	529	495	530	from Cash Flow Statements	
<b>Total assets</b>	<b>4,010</b>	<b>4,324</b>	<b>4,684</b>		
<b>Equity</b>					
Stated capital	1,869	1,869	1,869	No new capital raised	
Retained earnings	805	1,171	1,569	Addition of retained earnings less dividends proposed (~60% of net income)	
	<b>2,673</b>	<b>3,039</b>	<b>3,438</b>		
<b>Non-current liabilities</b>					
Borrowings	337	225	111	No Long Term Borrowings	
Deferred tax liabilities	321	409	436	as 14%-23% of PBT	
Provision for Decommissioning	4	4	5	5% growth over previous year	
	<b>663</b>	<b>638</b>	<b>552</b>		
<b>Current liabilities</b>					
Trade and other payables	546	307	309	as 8.5%-11.5% of COGS and OPEX	
Deferred revenue	63	61	60	as 2.0%-2.5% of COGS and OPEX	
Other provisions	29	23	23	as 0.5%-1.0% of COGS and OPEX	
Borrowings	-	112	111	GHS 107m in 2021 and nil in 2022	
Dividend payable	-	-	-	Dividend assumed to be paid in the same year as declared	
Current income tax liabilities	36	142	191	as per income tax payable (30% of PBT) and cash tax payments	
	<b>674</b>	<b>647</b>	<b>695</b>		
<b>Total liabilities</b>	<b>1,337</b>	<b>1,284</b>	<b>1,246</b>		
<b>Total equity and liabilities</b>	<b>4,010</b>	<b>4,324</b>	<b>4,684</b>		

### Forecast and Guidance on Cash flow Statement for the years ending 31 December 2018 – 2022

GHS'million	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast
<b>Cashflows from operating activities</b>					
Cash generated from operations	1,097	1,465	2,003	Post Management EBITDA + changes in NWC + Prov. For Decommissioning	
Finance income	60	52	33	From Income Statement	
Finance cost	(64)	(102)	(108)	From Income Statement	
Income tax paid	(4)	(197)	(376)	Cash Tax Payments (30%-40% of PBT)	
Dividend paid	(1,701)	(549)	(646)	Cash Dividends Paid (~60.0% of Net Profit)	
<b>Net cash generated from operating activities</b>	<b>(611)</b>	<b>668</b>	<b>905</b>		
<b>Net cash used in investing activities</b>					
Purchase of property, plant and equipment	(665)	(650)	(699)	12%-13% of Revenue	
Purchase of intangible assets	(171)	(53)	(56)	~1.0% of Revenue	
Increase in non-current prepayments	0	-	-		
Transaction Costs	(87)	-	-		
<b>Net cash generated from financing activities</b>	<b>(923)</b>	<b>(703)</b>	<b>(755)</b>		
<b>Cashflows from financing activities</b>					
Cash from share issue	1,867			No new issuance	
Proceeds from borrowings	-	-	-	No new borrowings	
Repayment in borrowings	-	-	(115)	GHS115.0m p.a.	
<b>Net cash generated from/(used in) financing activities</b>	<b>1,867</b>	<b>-</b>	<b>(115)</b>		
Net (decrease) /increase in cash and cash equivalents	333	(34)	35	Computed from above	
Cash and cash equivalents at the beginning of the year	197	529	495	Cash Balance from Previous Year	
Exchange gains on cash and cash equivalents	-	-	-		
<b>Cash and cash equivalents at the end of the year</b>	<b>529</b>	<b>495</b>	<b>530</b>	<b>Computed from above</b>	