

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

Announcement regarding Central Bank of Nigeria (CBN) and the Nigeria Attorney General (AG) letter and renewal of cautionary announcement.

1. CBN CCI Matter

In the cautionary announcement of 30 August 2018, we communicated that MTN Nigeria Communications Limited (MTN Nigeria) had received a letter on 29 August 2018 from the CBN alleging that Certificates of Capital Importation (CCI) issued in respect of the conversion of shareholders loans in MTN Nigeria to preference shares in 2007 had been improperly issued. Therefore, the CBN claims that historic dividends repatriated by MTN Nigeria between 2007 and 2015 amounting to \$8,1 billion need to be refunded to the 'coffers of the CBN'. We felt it appropriate to provide further background on this matter and an update on progress to date.

For background on the CCI's Nigerian legislation provides that any person may invest in any enterprise with foreign currency or capital imported into Nigeria through an Authorised Dealer which is then converted into naira. Foreign currency imported into Nigeria and invested in an enterprise shall be guaranteed unconditional transferability of funds through an Authorised dealer in freely convertible currency relating to dividends or profits attributable to the investment, and in respect of loan servicing where a foreign loan has been obtained. For an individual or corporate entity in Nigeria to remit dividends/loans/interest offshore, pursuant to their investment they are required to provide proof that cash/equipment was brought into the country. The documentary evidence required by the CBN for this proof is the CCI. The CCI is issued by the Authorized Dealer as evidence of the fact that the investment was made and must be produced when any offshore remittance is made.

MTN Group and the original shareholders injected a total of \$402, 625,419 into MTN Nigeria between 2001 and 2006 in the form of loans and equity. These initial inflows were the basis for the issuance of various legacy CCI's obtained from Authorized Dealers in accordance with regulations. The inflow of capital has been confirmed by the CBN.

The CCI process is essentially in place both for the protection of investors as well as to provide the CBN with documentary evidence for monitoring capital inflows and outflows. Although over time the CCIs have been re-issued, consolidated and re-constituted to reflect the changing MTN capital and shareholding structure, the amount of 402, 625,419, has remained the same.

One aspect of the changing capital structure was the conversion of shareholder loans to preference shares. It is important to note that all the historic dividends were declared against valid equity CCI's and in fact no preference dividends were declared and no interest in respect of these preference shares was paid.

2. AG Assessment of foreign Tax Compliance

In the context of the recent developments in Nigeria we felt it appropriate to update the market on our engagement with the Attorney General (AG) and his investigation into tax compliance in Nigeria.

The Nigerian AG has in recent months been engaging various corporates in Nigeria on an assessment of tax compliance relating to, inter alia, import duties, VAT and withholding taxes on foreign imports/payments. In this process his office made a high-level calculation that MTN Nigeria should have paid approximately \$2,0 billion in taxes relating to the importation of foreign equipment and payments to foreign suppliers over the last 10 years and he requested MTN Nigeria to do a self-assessment of the taxes in this regard that have been actually paid.

In August 2018 MTN submitted comprehensive documentation to the office of the AG. MTN Nigeria has also completed an initial assessment of the full period which indicates that total payments made to the tax authorities in regard to these foreign imports and payments in aggregate are \$700 million. There are valid reasons for the differences between the actual payments and the AG high-level assessment.

We were notified by the office of the AG last week that they have not accepted the documentation presented and they have given notice of an intention to recover the \$2.0bn from MTN Nigeria. Based on the detailed review performed MTN Nigeria believes it has fully settled all amounts owing under the taxes in question.

3. Summation

It is both regrettable and disconcerting that despite the historic engagements with the Nigerian authorities by MTN Nigeria, the senate investigation into the CCI matter, and the multiple tax assessments done by the Nigerian tax authority over many years that were satisfactorily concluded, that these matters are being reopened.

MTN Nigeria will continue to engage with the relevant authorities on all these matters and we remain resolute that MTN Nigeria has not committed any offences and will vigorously defend its position.

We will provide further information as and when available. Shareholders are accordingly advised to continue to exercise caution when dealing in the Company's securities until a further announcement is made.

Fairland
4 September 2018

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