

# 05 June 2017

## Telkom Financial Results for the year to March 2017

### Strong mobile performance boosts Telkom's results

#### Key financial highlights:

- Operating revenue up 9.8% to R41 billion
- Net revenue up 7.9% to R31.9 billion
- EBITDA flat at R10.9 billion with a margin of 26.7%
- Headline earnings per share (HEPS) increased 12.4% to 731.4 cents
- Capex increased 43.3% to R8 654million with capex to revenue of 21.1%
- Total annual dividend increased 56.3% to 422 cents per share

Telkom SA SOC Limited today announced a strong financial performance, boosted by the full consolidation of BCX and a solid performance from the mobile business.

Operating revenue grew approximately 10 percent to R41 billion and net revenue growth of 8 percent to R32 billion was positively impacted by the reclassification of BCX cost of sales as part of the change of the group accounting policy.

BCX was consolidated for the full year compared to seven months' revenue in the prior year. The mobile service revenue accelerated by 38 percent, driven by an almost 48 percent increase in active customers as the demand for mobile services intensified. Service revenue strips out handsets from revenue.

Telkom Group chief executive officer (GCEO) Siphon Maseko, says, "I am pleased with the significant strides we've made in a difficult operating environment, which was characterised by regulatory uncertainty, increased competition and a weak economic climate.

The mobile business continued to be the star performer of the group and delivered service revenue growth of 38 percent and an earnings before interest, taxation, depreciation and amortisation (EBITDA) of R660 million. This comes after four years of EBITDA losses for this division.

BCX remains a key growth platform for the group. The integration of Telkom's Enterprise business with BCX is complete, and a new brand "BCX" was launched. The company now has a singular sales team, a unified go-to-market strategy and one brand.

"We began to win new customers in the public, retail, banking and financial service sectors against credible competitors as we leveraged off our ability to offer end-to-end solutions," says Maseko.

Telkom accelerated its capital investment to ensure future growth, focusing on fibre and mobile business. Openserve continues to lead in the fibre market with more than 2.2 million premises passed with fibre. This is underpinned by improved operational efficiencies in network roll-out and more streamlined processes.

"Customer experience remains important to us and is an ongoing journey. We continue to focus on our systems and processes to improve customer experience. Our improved IT systems contributed to enhancing customer experience by reducing systems response time, increasing self service via mobile apps, and reducing the multiple steps in the approval process for customers. The process redesign enabled us to improve our assurance, fulfilling and billing processes," continues Maseko.

To ensure Telkom remains relevant in a continually changing information and communications technology (ICT) environment, the company has heightened its efforts in talent management and developing skills. "We are investing in our employees at all levels to ensure we have the right skills' sets in the company. We believe our focus on talent management will ensure the sustainability of our business," concludes Maseko.

For further enquiries, please contact:

---

**Jacqui O'Sullivan**

Group Executive: Group Communication and Brand Management

Cell:081 365 5520

Mobile: +27 81 389 7874

Email: [Jacqui.osullivan@telkom.co.za](mailto:Jacqui.osullivan@telkom.co.za)

**OR Gugulethu Maqetuka**

Executive: Group Communication

Telkom

Tel. 0126421740

Cell. 0813924057

Email: [maqetuag@telkom.co.za](mailto:maqetuag@telkom.co.za)

**ABOUT TELKOM:**

Telkom is a leading communications services provider in South Africa. We had consolidated operating revenue of R37.3 billion and normalised profit after tax of R4,052 million for the year ended 31 March 2016. Total assets amounted to R46.8 billion and equity attributable to the owners of Telkom to R26.1 billion as of 31 March 2016. The group generated normalised free cash flow of R3.9 billion for the year ended 31 March 2016.

As of 31 March 2016, we had approximately 3.2 million telephone access lines in service and 1,077,939 ports connected via MSAN access. We offer business, residential and payphone customers a wide range of services and products, including:

- fixed-line retail voice services using PSTN (Public Switched Telephone Network) lines, including ISDN (Integrated Services Digital Network) lines, and the sale of subscription based value-added voice services and calling plans;
- fixed-line customer premises equipment rental and sales services both voice and data needs and these include PABX, Computers, Routers, Modems, Telephone handsets and other ancillary equipment;
- interconnection services, including terminating and transiting traffic from South African mobile operators, as well as from international operators and transiting traffic from mobile to international destinations;
- fixed-line data services, including domestic and international data transmission services, such as point-to-point leased lines, ADSL (Asymmetrical Digital Subscriber Line) services, packet-based services, managed data networking services and internet access and related information technology services;
- Data Centre Operations includes e-commerce, application service provider, hosting, data storage, e-mail and security services;
- W-CDMA (Wideband Code Division Multiple Access), a 3G next generation network, including fixed voice services, data services and nomadic voice services;
- mobile communication services, including voice services, data services and handset sales through our mobile brand called Telkom Mobile;
- information and communication services including cloud services, infrastructure services, workspace services, global service integration management and hardware and network equipment sales locally, in seven African countries, the UK and Dubai through Business Connexion Group; and
- other services including directory services, through Trudon (Pty) Ltd, wireless data services, through Swiftnet (Pty) Ltd.

- Convergence is one of our key strategic initiatives in building a sustainable future for Telkom. We will lead the provision of converged services in South Africa in support of our mission statement: Seamlessly connecting people to a better life.