

Seamlessly connecting our customers to a better life

Telkom SA SOC Ltd

Interim Results

For the six months ended 30 September 2024

Group highlights for continuing operations

Group Revenue ¹ up	Group adjusted EBITDA ^{2,3,4} up	Group adjusted EBITDA margin ^{2,3,4} of	Free Cash Flow remained positive at	Balance sheet strengthened	Positive outlook
1.9% to R21 382 million, with mobile service revenue increasing by 10.0% and fibre data service revenue increasing by 15.5%	18.3% to R5 606 million, demonstrating improved operating leverage	26.2% a 3.6 percentage points increase from the prior period, reflecting ongoing broad-based cost optimisation initiatives	R768m benefiting from strong operating cash generation	with interest-bearing debt reduced by R885 million to 1.3x net debt³ to adjusted EBITDA ^{2,3,4} (down from 1.8x as at 31 March 2024)	for FY2025, supported by effective execution of OneTelkom data-led strategy

Summary of financial results for total operations

Financial indicators R'millions	Reported H1 FY2025	Reported H1 FY2024	Reported % change	Adjusted ⁴ H1 FY2025	Adjusted ⁴ % change
Revenue¹	21 795	21 346	+2.1		
Continuing	21 382	20 975	+1.9		
Discontinued ⁵	413	371	+11.3		
EBITDA^{2,3}	5 129	5 025	+2.1	5 907	+17.6
Continuing	4 828	4 737	+1.9	5 606	+18.3
Discontinued ⁵	301	288	+4.5	301	+4.5
Profit for the period	1 071	976	+9.7	1 639	+67.9
Continuing	853	788	+8.2	1 421	+80.3
Discontinued ⁵	218	188	+16.0	218	+16.0
Basic earnings per share (cents)	217.6	200.2	+8.7	333.3	+66.5
Continuing	173.2	161.5	+7.2	288.9	+78.9
Discontinued ⁵	44.4	38.7	+14.7	44.4	+14.7
Headline earnings per share (cents)³	191.5	195.0	(1.8)	307.2	+57.5
Continuing	146.9	156.3	(6.0)	262.6	+68.0
Discontinued ⁵	44.6	38.7	+15.2	44.6	+15.2
Dividend	-	-	-	-	-

¹ Revenue was restated for the IFRS 15 prior period error.

² Earnings before interest, tax, depreciation and amortisation.

³ This is a non-IFRS financial measure.

⁴ Adjusted financial measures exclude the impact of the R160 million restructuring cost, and the Telkom Retirement Fund derecognition loss of R618 million.

⁵ Swiftnet continues to meet the IFRS 5 requirements and is classified as held for sale and is therefore excluded from the results from continuing operations.

Operational and commercial performance



Solid revenue growth driven by demand on the compelling data propositions	Cost optimisation initiatives yielding results	Significant improvement in net debt to EBITDA	Sustained positive free cash flow	Telkom Retirement Fund successfully converted to defined contribution fund	Divestiture of non-core assets – property disposals	Smart capex investment and monetisation of our infrastructure	Good progress on the disposal of Swiftnet
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Message from Serame Taukobong, Group CEO

Consistent execution of data-led strategy driving further profitable growth

The results for the six months ended 30 September 2024 demonstrate a robust and steady underlying operational performance, building on the progress made in the previous year. We continued to monetise our diverse infrastructure asset base to build a strong cash-generating business for the long term.

Simultaneously, we progressed the disposal of non-core assets to invest in future growth.

Group revenue¹ grew by 1.9%, within guidance, driven by continued strong demand for our compelling data propositions with mobile service revenue growing by 10.0%, fibre data service revenue increasing by 15.5% and IT services revenue up by 1.9%; offsetting ongoing fixed voice and legacy data erosion.

Our next-generation broadband offerings, enabled by ongoing capital investment in our networks, have positioned Telkom as the best-value mobile network in South Africa. In line with our connect-led strategy for our fibre assets, we maintained a high market-leading home connection rate of 49.7% for the period.

Outlook

While we face challenges such as high unemployment rates and the need for economic growth to support our connectivity businesses, we are encouraged by positive signs in South Africa, including lowering interest rates and moderating inflation.

Looking ahead, the strength of our balance sheet remains a top priority, ensuring that we stand resilient in the face of challenges. We will endeavour to maintain into the second half of the year the good momentum we have experienced so far, which is pointing towards a sustained trend of positive free cash flow. It is important to emphasize that our focus on efficiency drivers is not solely about reducing workforce numbers but rather about optimizing performance across the board. We are actively reshaping the business construct without compromising our core strengths.

Data-led strategy in action

We continue to deploy our data-led strategy, pivoting from voice, driving data growth and ensuring future-readiness.



Data traffic increased by

28.5%

and

25.7%

for fibre broadband and mobile respectively

Group fibre data service revenue increased

15.5%

Telkom Consumer

Mobile service revenue increased by

10.0%

Mobile subscribers now at

22.8 million

19.6% upsurge in our mobile data subscriber base to

14.6 million

BCX

IT services revenue increased by

1.9%

Gyro

Progressed on the disposal of the masts and towers business

We received proceeds of

R204 million

from the disposal of non-core properties

Mvuleni Geoffrey Qhena
Chairman

Serame Taukobong
Group Chief Executive Officer

Nonkululeko Dlamini
Group Chief Financial Officer

18 November 2024

Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Pro forma financial information: The Group presents various non-IFRS financial measures in the results announcement. These non-IFRS financial measures include i) the net debt and ii) the free cash flow. In addition to the non-IFRS financial measures noted above, the financial information in the current period excludes the impact of restructuring costs as well as the loss with the derecognition of the Telkom Retirement Fund (TRF) and the related tax impact on the results. These measures constitute pro forma financial information and are annotated throughout the results announcement. The pro forma financial information was presented to illustrate the impact of the pro forma adjustments on the reviewed condensed consolidated interim financial statements for the six month periods ended 30 September 2024 and 30 September 2023 to achieve a comparable year-on-year analysis and show the underlying performance of the business. The pro forma adjustments were determined in terms of the Group accounting policies disclosed in the reviewed condensed consolidated interim financial statements for the six month period ended 30 September 2024. The pro forma financial information is the responsibility of the Directors.

Further information: The short-form interim financial results announcement is the responsibility of the Board of Directors of Telkom. It is only a summary of the information contained in the full interim financial results announcement for the

period ended 30 September 2024 and does not contain full or complete details. Any investment decisions should be based on the full interim financial results announcement published on the JSE's cloud link on Monday, 18 November 2024 and also available on Telkom's website.

The full interim financial results announcement, which includes the Group's external auditor, PricewaterhouseCoopers Inc. unmodified review report, is available on the Company's website at: <https://group.telkom.co.za/ir/financialinformation.html> and on the JSE's cloud link at: <https://senspdf.jse.co.za/documents/2024/jse/isse/TKG/ie2024.pdf>. Copies of the Telkom condensed consolidated interim financial statements for the six month period ended 30 September 2024 may be requested from our Group Company Secretary, Ephy Mothamme at mothae@telkom.co.za

Telkom SA SOC Ltd (Registration number: 1991/005476/30)
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