MTN Group – Update on recent developments
Call transcript
Date: 18 November 2021

Operator
Good day ladies and gentlemen and welcome to the MTN Group's teleconference, an update on recent Group developments. All attendees will be in listen-only mode. There will be an opportunity to ask questions when prompted. If you should need assistance during the call, please signal an operator by pressing * and then 0. Please note that this event is being recorded. I would now like to hand the conference over to Mr Thato Motlanthe. Please go ahead, sir.

Thato Motlanthe
Good afternoon to everybody. Welcome to the call and thank you very much for joining us to discuss some of the recent Group developments. There have been a number of corporate actions that you would have seen over the past few weeks that we've announced, and we thought it would be good for management to give you a little bit of extra colour and unpack some of these for you.

So to that end I've got Ralph Mupita, CEO, on the line, as well as Tsholofelo Molefe, who is our Group CFO. And between the two of them, they're going to discuss a few of these developments . So over the course of the next 45 minutes or so they're going to speak to that, and I'll just hand over to Ralph to run you through some of the topics that we have to discuss this afternoon. Thank you.

Ralph Mupita
Thanks very much, Thato, and good afternoon to everybody on the call. Apologies for the late start. We did have a bit of a technical glitch and trust you will forgive us. There's been quite a lot happening at the MTN Group and we felt it important to unpack and provide some colour on some of these developments, as Thato has mentioned quite a lot on the corporate activity side.

So on this call Tsholo and I will just basically run through five of these recent announcements. I'll hand over to Tsholo who will first speak about the early redemption of the 2022 Eurobonds. And then she'll also touch on the second topic, which is the exit from Yemen that we announced today, and give you a bit of colour or just a reminder of the financial effects with the Yemen exit.

I'll then come back to cover the third topic, which is the SA tower deal with IHS which we announced yesterday. We gave a lot of colour and detail in the SENS. But we feel that this is quite a transformative deal that we did yesterday that gives us a lot of flexibility over the next decades as we pursue our own growth in South Africa. And there are some elements of the deal that are atypical. And we read some of the sell-side broker notes and we feel it's quite important to provide that colour that this deal was actually one that we wanted, and actually we are very comfortable and happy with.

And then I'll talk to the fourth issue. Just a quick update on SA temporary spectrum, what's happened since the Q3 trading update. And then I'll give a little bit of an update on MTN Nigeria. Lots of questions around the PSB AIP. And hopefully I can give a bit of colour around that. So let me hand over to Tsholo to speak to the first two issues. Tsholo, over to you.

Tsholofelo Molefe
Thank you very much Ralph. Good afternoon to everybody and thanks for joining us. And I'll start with the early redemption of our 2022 Eurobond. You may recall that early in October we did announce that we will be looking to do an early settlement of the 2022 Eurobond with principal amount of $500 million. We have been able to successfully do that. And it was within $513 million, including accrued interest of about $5.8 million. This was really a critical step in progressing our medium-term target of deleveraging faster, particularly reducing the non-ZAR debt and optimising our funding mix.

So as at the end of September 2021 our HoldCo leverage was sitting at 1.2x and on a pro forma basis because we obviously have reduced our cash and redeemed early we are still at around 1.2x from a HoldCo leverage perspective. With regards to a debt mix ratio, we were sitting at about 47% to 53% in favour of the ZAR as at the end of September, and this has now shifted to 39% to 61% in terms of the debt mix ratio on a pro forma basis in favour of the ZAR. And this is in line with our medium-term objectives.

With regards to the exit of Yemen, we did make an announcement through a SENS this morning, and we've effectively exited Yemen in an orderly manner from the 17th November. And this was done through a transfer of MTN shares to Emerald International Investments. Emerald is actually a subsidiary within the umbrella of Zubair Corporation. In turn Zubair is the minority shareholder in MTN Yemen with a shareholding of 17.5% prior to this transaction. This is a demonstration of the continued progress that we are making in our strategic objective to exit the Middle East over the medium term, which we define as a three-to-five-year horizon.

And it's in line with our Ambition 2025 of a pan-Africa focus, simplifying the portfolio to make sure that we reduce the risk in those markets. And if you recall, it also follows our exit of Syria which was effective around the 25th February this year. And we will continue to explore all available options for Afghanistan in line with the guidance that we have given previously. So as previously communicated with respect to our associate investment in Irancell, nothing is currently under discussion at this stage with regards to that, and we will continue to keep you updated and as is necessary.

On Yemen, you would recall that we fully impaired the consolidated net assets as at 30th June 2021. There is therefore no further material impact that we expect on our earnings apart for an immaterial potential gain on disposal as a result of recycling the foreign currency translation reserve, but this would really be immaterial. We can also update that following this agreement MTN has no past, present or future liabilities in relation to the Yemen assets, whether in respect of our past shareholding in MTN Yemen or the entity's future operations.

It is important, as a final point on Yemen, to just thank the 719 employees of MTN Yemen and its leadership who have really dedicated their time, and really thank them for their commitment and the work that they have done to serve our customers under MTN Yemen over the years. And we would like to wish them all the best in the next phase of the development of the business along with the new shareholder, Emerald. And at this stage I'd like to hand over to Ralph, and thank you very much.

Ralph Mupita
Yeah, thanks, Tsholo, for providing that context and providing particularly the financial frame and implications of the Yemen exit. As you said, 'no past or future liabilities' was part of the deal with Zubair and the new shareholder, Emerald, so that extinguishes any possible claims or risks, so again improving the risk profile of the Group going forward.

Let me jump straight to topic number three, which is the SA tower transaction which we have famously for the last 12 months spoken about as needing to be 'Opco-friendly', and that the cash proceeds are a derivative of the Opco-friendly deal, essentially wanting to ensure that it gives us the operational flexibility as technology evolves over the next while. We already factored in already 4G, 5G, and any future technologies. The financial shape of the deal should look to keep MTN SA as cash flow neutral as possible, because we want to ensure that the upstreaming from SA continues to be substantially the same pre and post the deal.

And I think there was a very important aspect of the deal, which I think at current times is under-appreciated, which is that we wanted to make sure that it had sustainability features. The one is the BEE side. We want to make sure that a transaction of this nature ensures that we remain at our premium BEE level, which allows us – actually quite importantly – to be able to be more competitive on the enterprise side. And you guys have seen how we've made progress sequential quarters on enterprise in SA. I think our BEE rating is quite important in that domain.

And then finally, the other aspect is really around sustainability and ESG. We're all getting to grips with greenhouse gas emissions. And I think one of the things that are a signature to this deal that within the MLA, we're able to bring in our own Scope 3 targets for decarbonisation built in with the right structure around ensuring that. South Africa, which today or the end of last year generated 25% of MTN greenhouse gas emissions, that's all factored in.

So just some salient points to be clear again. It's 5,700 towers to IHS, and this has followed a very lengthy and competitive process. The long list, you can imagine that you'd have had the typical names here. And the shortlist, you can well imagine that we got IHS against other international firms there. 4,000 of these are greenfield. The balance is rooftops. And there's been an agreement in place for IHS to provide power as a service across the entire MTN SA footprint of 12,800 sites. I want to re-emphasise, the 5,700 is obviously part of the portfolio, not the entire.

The offer value of R6.4 billion has an agreement for an initial ten years with an option to renew for a further ten. So that's quite typical in that particular structure. We've also been quite clear as I mentioned that we wanted to make sure that this is an Opco-friendly deal. 4,000, as I mentioned, of the towers are greenfield. And we retained 2,000 barter sites which would usually transfer in a transaction of this nature. We reviewed the proceeds that were available for a barter deal. We turned it down. We could have had higher proceeds, but that didn't make financial sense for us. So MTN SA will thus preserve the annuity cash flow and the economic value of these 2,000 sites, and I think that's important.

As I mentioned earlier on, we've secured the lease terms that ensure a relatively cash flow-neutral outcome from MTN SA. We're talking about the opex and capex that it takes to run the operations. Thato shared with me yesterday the list of investor questions, about 12 of them. Ten we can't answer, but two we certainly can. And one of the questions was: are your margin expectations going to be different? We have guided for a corridor of 39% to 42% for MTN SA. And we were quite clear in structuring this deal that we wanted to be able to maintain that kind of medium-term margin guidance. And that works well with the kind of cash flow neutrality that we're seeking from such a deal. Due to the nature of the technicalities around lease accounting, and the movement in capex and opex as a result, there will be some slight margin dilution. But we maintain the frame of our 39% to 42% medium-term guidance.

Over and above the satisfactory lease rates that we got in this contract, I think we got a level of flexibility secured in this agreement that is probably atypical, as I mentioned, for both current and future technologies. And as many of you will know, the SA market is a particular kind of structural configuration. Vodacom is a fully invested network with its own towers, but also with national roaming. We do the same. You then have Telkom, which has some of its own towers, but also roams on Vodacom and now on MTN. And Cell C, which is decommissioning. And I think if you consider the fact that this deal is incorporating all Cell C and Telkom roaming, and you look at the market structure, I think it's very clear that this deal was very supportive long term to enable national roaming and active sharing in the future.

The other points that I would raise are this deal is a local currency deal. We've learned quite a lot as MTN about dollar indexation to transactions. So, we really had vigorous discussions. And I think without saying too much, one or two international bidders left the process because of this. We thought that this was quite sacrosanct to mitigate against FX risk within MTN SA. So I think getting the local currency was quite critical for us.

As I mentioned, the BEE was an important consideration. We haven't driven or dictated to IHS exactly. What we simply said is that we need to comply with the local ICT sector regulations about BEE. And they will communicate at their time and on their basis any colour on the 30%. But we're clear that it needed to be maintained during the ten-year contract. And we have clauses there about how to remedy breaches, because it does then impact also on our overall BEE rating. And it's also just the right thing to do.

And quite importantly, as I mentioned, we've also got clauses and provisions there about Scope 3 emissions. As I said, South Africa is 25% and Nigeria is 38%. But let's just focus on South Africa. This is quite an important part of the deal and we had very robust negotiations. And the fact that we have a clause that's in the MLA as opposed to a side letter I think has been an excellent achievement.

So hopefully that gives you guys a bit more colour about what we mean by an Opco-friendly deal. The proceeds would not be as you guys would typically expect from traditional or more typical tower transactions, but we wanted to get the operational flexibility, power management in. The financial frame needed to be as cash flow neutral, allow us to keep the margin. And Tsholo and I were very focused on the fact that South Africa plays an anchor role in the capital upstreaming to the Group. We don't want a deal that impairs that, and that's why the barter sites, we rejected the pricing around that. And then the sustainability issue is really around BEE. And the big issue which I think we'll talk more about is just how you manage greenhouse gas emissions over time. So we think we got a really good deal. And I'm sure IHS also believes that they've got a really good deal.

Moving on, topic number four that's been exercising our mind is being engaged with the authorities around temporary spectrum, which now from the 27th November will be framed as 'provisional spectrum' pursuant to a process, which is currently viewed as an auction. But we are hoping that the authorities are a bit more flexible and consider other processes.

So the deadline, we are now in the process. We think that this has been a good outcome that we are thankful to ICASA for being open and engaging. And I think now we are all in process to submit our own application. And once those are allocated, the various bands, then there is this process to have a hard stop by the end of June 2022 or three months after the end of the national state of disaster, whichever comes first of the two.

There's been communication by the Minister of Finance in the Medium-Term Budget Statement that would like this all done as soon as possible. So I think there is support all round to try and get a solution. As I mentioned, the current process thinking is an auction. If this spectrum process works well, we deal with the issues that have been raised by e-TV, Rain has raised the issues, and we can all find each other, I think it'll be a good footing going into December and into the early year. And then whichever process gets spectrum permanently allocated we're supportive of either an auction or an assignment process.

The final topic that I really wanted to just cover is really the development around the PSB AIP. Many of you have been giving us a hard time. When is the PSB AIP actually going to come through? And it came a day after our Q3 trading update. So we are very pleased to have secured an approval in principle for a licence application for the MoMo payment service bank. And you guys would have seen us communicating that through a SENS.

The AIP essentially means that we have a six-month period to fulfil certain conditions stipulated by the Central Bank of Nigeria before they decide on their final approval. So this all has to be done within six months. As you can well imagine, we are working flat out at this and making sure that all the requirements are provided timelessly. But for now, nothing really changes. But fortunately for us we've been on the super-agent licence since 2019.

And as we said previously, the super-agent licence at least allows us to get the agent network kind of primed for the PSB. We have 630,000 strong agents who are accredited for the super-agent licence. And obviously the products will be different, but they are now pretty used to taking naira through a MoMo-type proposition. So, we'd like to believe that that gives us a little bit of an advantage. Maybe it doesn't ultimately, but we think the last two years since 2019, of having the super-agent licence would not have been wasted.

So it enabled us to do a lot of groundwork. And so somewhere between Q1 and no later than Q2 we would anticipate that we can come back to the market that we have the final approval and we'll be able to launch. This PSB, to just remind everybody, will allow us to offer the service of a traditional mobile money operator. So similar to other markets, wallet, savings, cash in, cash out, inbound, international remittances, etc. That that's all in the frame.

And importantly, as we said before, the difference is that PSB is a bank, and so you can hold and manage the float. And that's quite differentiated from traditional mobile money operators who are generally not permitted to hold their own floats and are required to appoint a principal bank to carry out this function. We will be the principal bank in of itself. So we are quite excited about this and arranging ourselves, but obviously staying with our feet on terra firma and working through the AIP process.

So hopefully this has provided you guys with much colour. I think what you can for sure not say about this management team is that we are lazy and we sit. We have been very busy in the last couple of months. And as Tsholo mentioned, one of the things that we would like to complete, all things working well, is Afghanistan so that we end the year with the previously consolidated subs in the Middle East out of the portfolio. We simplify the portfolio. As Tsholo has mentioned, nothing on the cards with Iran. And we were recently in Iran for the first time in two years, managed to see the Snapp! business in operation. And obviously, the challenging sanctions regime is in place now. And hopefully the talks go well.

But what I can say to you without fear of contradiction is that in a normal environment the Snapp! business wouldn't look any different from Grab or Uber. They have 2.8 million rides. They've got all the verticals that you'd see with a Grab. Yeah, so Inshallah we hope that the discussions happen constructively so that there's also value revealed in that Irancell business. And the Snapp! business is not a part of the business that is similar to the other three previously consolidated Middle East markets. In the right geopolitical context I think there is quite a lot of value there. So Thato, I think I've taken a lot of time and apologise to our investors for the technical glitch. And maybe we can take a few questions. Thanks very much.

Thato Motlanthe
Thank you, Ralph and Tsholo, for that overview. I trust that was useful to all our investors and analysts. I'll just hand over to the operator to just facilitate Q&A. Again, apologies for the delay in starting, but we'll give it another 15 or so minutes of Q&A. We do have a hard stop. Thank you.

Operator
Thank you very much, sir. Ladies and gentlemen, at this time if you would like to ask a question you are welcome to press * then 1 on your touchtone phone or the keypad on your screen. If you decide to withdraw your question you're welcome to press * then 2 to exit the question queue. Just a reminder, if you would like to ask a question you are welcome to press * and then 1. The first question comes from the John Kim of UBS. John, your line is open. You can ask your question.

John Kim
Hi, everybody. Thanks for the opportunity. Three unrelated questions. Firstly on Yemen, the transfer of ownership, there's no purchase consideration around that? Just to clarify. On to towers, can you expand a bit on the 2,000 sites that are to be bartered? Was the issue that you weren't going to realise fair value on an offer? What exactly would you be bartering them for? And then finally, ownership of the remaining 7,000 sites in South Africa. Do they belong to you or are they a third party-owned and operater base? Thanks very much.

Ralph Mupita
Okay, John, you said three unrelated questions. So on Yemen we passed on our shares for one AED dirham to the minority. And I think the important thing is we've extinguished any past or potential liabilities. That there was quite a key consideration as part of the de-risking. There was a 2G licence coming up by the end of the year, and we applied our minds. Do we want to invest further in the market? We don't have any appetite around that. So as Tsholo has said, the financial impacts were already taken us a half year so that the positive outcome that comes through the P&L for full year.

But, yeah, we spoke to them about the importance of just making sure that they're responsible for anything that could come out, historic or into the future. Yemen is a 2G network as we said. The country's been under war for a very long time and it's been quite a difficult operating environment for us. And best our management efforts to the rest of the portfolio.

On the 2,000 for us it's about fair valuation. And we looked at it, and we ran our own numbers, and we said from what was presented by shortlist it didn't make any financial sense and we keep that optionality for the future. So it was a fair valuation point looking at the shortlisted bids. And the 7,000, as you say, these are third-party sites, many of which are bartered between ourselves and other operators – largely Vodacom. So yeah, that's the balance of the numbers for the full 12,800. Tsholo, is there anything you want to top up on, on Yemen?

Tsholofelo Molefe
No, Ralph, I think you've covered it.

Ralph Mupita
Thanks, John.

John Kim
Thank you.

Operator
Does that conclude your questions, John?

John Kim
Yes, it does. Thanks very much.

Operator
The next question comes from Preshendran Odayar of Nedbank.

Preshendran Odayar
Hi. How is it, guys? Sorry, I didn't hear the operator. Firstly, congratulations on all the announcements. Ralph, we definitely don't think you guys have been sleeping. I think since you guys have taken over you've been moving ahead with all the ambitions that you guys have had faster than your 5G data speed. So all done on that. I've got some questions mainly around your SA tower deal. Obviously, the amount you sold it seemed a bit lower than what a lot of us were looking for. But you have articulated that there are some favourable lease costs going forward. You've obviously included power as a service. And there's also a some other components.

I don't know if you can give us a little bit more colour on firstly what is the discount from market-related leases that you've negotiated? And then on power as a service I would assume that prior to this each network operator has to maintain their own backup power service on their sites, including co-located sites. And what did that cost MTN South Africa before the tower deal went through? And lastly, the 30% BEE shareholding. Is there some cost involved for a BEE deal within this transaction? Thanks.

Ralph Mupita
Presh, you are asking me all the questions that Thato sent me yesterday. These are market sensitive. Look, I mean the one is obviously the lease rates. We bargained hard there is a discount to what you might see as market for the size of this transaction. But obviously that's all quite commercially and competitive sensitive and can create other issues if we were to communicate that.

As you say, previously the power management would be an operator by operator. But I think the one thing that's striking us, particularly in a market like South Africa, where you have these rolling blackouts – I'm not even sure right now if we're in load shedding stage two – it's quite a job to manage that. And, we've now built in SLAs that deal with power management in a normal operating environment and what happens when we get up to stage five, which is almost kind of force majeure type stage.

And we still want to maintain the number one network status. So somebody like Giovanni, our CTO in South Africa, and Godfrey himself, we do want to ensure that we remain competitive. And actually, power and availability is going to play a very important role. And we modelled what we think is the right kind of SLA and penalties, power management in normal situations as well as in load shedding, the various stages. So, we've been very meticulous around that.

On the 30% BEE, we don't know. It may well have cost something. But as I said there, you've got to look at this thing completely in the round. And that's why I said this is an Opco-friendly deal, which is probably atypical. And you guys look at these things and you look at Nigeria, some things that are in Europe. I look at it and I say, well, okay, maybe tower company x and y costed this thing somewhat into the proceeds. But actually over the long term if I can keep my enterprise business competitive and grow my revenue contribution from enterprise towards 25%, that's actually a win.

And as we always said, the objective reality of this SA tower deal was not to maximise monetisation. The monetisation was a derivative of ensuring that we can remain competitive in an environment where there is technology change, as well as we are being responsive. So maybe there's a cost to it. We don't know. They don't tell us that. But our assumption is the partners can run to investment banks, and this is a bankable deal, and they can get their own funding for this. But we don't know that stuff. And we've been very clear we want to stay away from that. It's their BEE partners. We just want to ensure that they comply, they can remedy breaches, and we don't want to be embarrassed by partners, etc. which can then have a contagion. So if you say there was a cost there, I don't know what it is. But as I said, for particularly our enterprise business, losing our premium status I think is an issue that is part of our competitive arsenal. So, unfortunately, I couldn't answer those questions more directly.

Preshendran Odayar
I get the gist of it. Thanks. Thanks Ralph.

Operator
The next question comes from Jonathan Kennedy-Good of JP Morgan.

Jonathan Kennedy-Good
Good afternoon. Yeah, just wanted to ask on the power-as-a-service contract. Just out of interest, across your network how much downtime is there on average where Eskom is not supplying power? So say 5% of the time, 10% of the time. And how do you expect that to evolve? And are these contracts structured such that diesel would be passed through as a cost to the business? And would the capex that's required to be put down at the sites to create the backup in the form of generators, would that be passed on or is that for IHS's tab?

Ralph Mupita
Yeah, Jonathan, let me have a go at it. I don't have the number absolutely at hand here, but I remember 97% is generally where we go down to on availability. But I will just ask Thato to just triple check. Tsholo, if you remember that number better than me?

Diesel, these are not passed through to us. Power as a service, when you offer power as a service, you've got to anticipate all likely outcomes and price them in. So there is no additional diesel cost that comes to us through this. And your second question on power, I've written it down but I can't read my own handwriting here. Tsholo, what was Jonathan's question? Just your second question on power. The first one was pass-through on diesel. The second one?

Tsholofelo Molefe
What is the downtime that has been negotiated? And I think probably, if I'm not mistaken, Ralph addressed it in the first question that I think Preshendran asked. Because essentially up to stage five load shedding. And I think if you remember those load shedding schedules stage four is essentially about four hours. So I think it's covered up to that stage five. And I'm not sure if that's the question, but essentially the downtime that is covered is essentially up to stage five. And I think you're right, Ralph. I think required availability is over 90%. I think it's about 97%, you're correct. But I'm just trying to also check. We can come back to you on the exact number.

Ralph Mupita
Yeah, just remember the 97% is on the availability side. We'll check and get back to you.

Jonathan Kennedy-Good
And just the follow-up on capex. If Eskom becomes less reliable, the capex for generators to be installed more widely. Who bears that cost?

Tsholofelo Molefe
It is IHS's cost.

Ralph Mupita
It's IHS's cost.

Tsholofelo Molefe
Yeah, in fact, one of the benefits was that when we looked at it from a financial impact perspective for MTN SA, we do expect that the capex as a percentage of revenue would obviously reduce as a result over time because they now obviously carry the cost of capex. So we don't expect any pass through as such to us.

Ralph Mupita
Jonathan, your series of questions hopefully are illuminating investors around what we call the atypical structure, the opco-friendly deal. We're saying if you're doing power as a service, managed power as a service, let's develop SLAs that envisage normal conditions around even load shedding all the way up to level five. But any additional costs related to that, you must bear. And there are penalties. And we don't put a cap to the penalties. So we haggled a lot on the cap, because why should we put a cap? Power as a service is something that global tower companies are really getting to understand.

And then on level five, I mean the one thing that we can say that we agreed to a baseline period, let's call it six months. Because the pattern of the load shedding, whether you have one hour down every day or you have three days and then you're back online, they have different permutations. So at the level five we will baseline. And what we've agreed at the level five is that we'll get a level of improvement above that baseline off the stage five. But it's power as a service. It's a service. We meet the SLA, and then whatever penalties come with the SLA, those will be effected.

Jonathan Kennedy-Good
Thank you.

Operator
Jonathan, does that conclude your questions?

Jonathan Kennedy-Good
It does. Thank you.

Operator
Thank you. The next question comes from Rohit Agarwal of Kepler Partners.

Rohit Agarwal
Bloomberg talked about a potential deal with Telkom in South Africa. And I don't want you to speculate on this. But I just want to understand if strategically that is something that the company would be interested or pursue if it makes sense. Any thoughts there would be appreciated. And the second question was I believe you talked about potential return of capital, perhaps in relation to the divestment programme. And I just wondered where that fits in today, given all of these changes that you discussed. Thank you.

Ralph Mupita
Yeah, maybe I can touch on those. And the second one, Tsholo can top and tail on that. Look, I mean there's always market speculation on consolidation. I think there's a decade-long run around MTN and Telkom. And I think we can say that if you look at the structure of markets, not just in South Africa, and we try and have these discussions with authorities, and I guess it's a mindset view around investment versus competition. And you basically can say the US market versus let's say Europe. It's two very different polar views.

For a capital-intensive business such as the one we're in, I think you can make a very reasonable argument that says market consolidation is needed. And I think a good view of the market consolidation is this national roaming arrangement we have because it's not possible for everybody to invest in their own infrastructure and be a fully invested operator and generate sufficient returns.

South Africa has got two fully invested networks that can carry others. Telkom is a hybrid, and then Cell C is on plan to dismantle its own infrastructure, at least the RAN side of it over time. So, it's a philosophical discussion we're now having. Is market consolidation needed over time? I would argue yes, in South Africa market consolidation. How long is 'over time'? I don't know. But the market structure right now over the medium to longer term will not generate the right kind of returns for investors above the cost of capital.

On the return of capital I think the thing that we have said consistently, and Tsholo will back me up, is we committed 260 cents per share. And we'll apply our minds in February/March next year on that number or anything above that number. I think you can well anticipate subject to board discussion that we remain on track to meeting our promise. If we felt confident that we couldn't meet the promise of at least 260 cents, I think we would have communicated something. But what the number ultimately is is a board decision before full-year results are presented in March next year. Tsholo, do you want to top and tail on that?

Tsholofelo Molefe
Yeah. I think importantly, the return of capital to shareholders still remains a key consideration within our capital allocation framework. I think just to indicate that with regards to the use of proceeds from the tower transaction, we've always said that we want to use the proceeds firstly for the acquisition of spectrum, which we believe is likely to happen next year in SA. And from a capital allocation perspective we obviously want to see what the areas of investments are that we want to make in that pecking order. We're continuing with our deliberating. So any additional cash that we have, we will obviously in line with board decision look to return to shareholders, if need be.

Operator
Rohit, does that answer all your questions?

Rohit Agarwal
Yeah, thank you.

Operator
Thank you. The next question comes from Nadim Mohamed from SBG Securities. Please go ahead Nadim.

Nadim Mohamed
Good afternoon. Well done on the progress you've made with MTN. Just two questions from my side. One is on the PSB licence. My understanding is that there are certain guidelines in terms of pricing for most of your services there. I think it's ceilings and floors in terms of price levels. I want to get a sense of what you think of that pricing regime. Does it allow you to achieve the same kind of profitability as you've achieved in other MTN markets? And then secondly, we saw yesterday the announcement of a 1.75% levy on electronic transactions in Ghana. If you can share some thoughts on that and how it may affect the Ghanaian business.

Ralph Mupita
Yeah, maybe I can pick those two questions up. I think probably, if the investors will forgive us, we have to run just now. Look, yes, you're right. I mean the guidelines for the PSB licence, as any licence regime, it has particular guidelines. And we're pretty comfortable with those guidelines that those will generate the right kind of return profile. So there's nothing for us to be particularly concerned about. But we're not jumping to the next step quite yet. But I think once we get through the AIP hoops – inshallah we get through that – we will then talk to you guys more about what to expect over time. So I think if you can just be patient with us on that.

And yes, the Minister of Finance in Ghana yesterday spoke about a levy, 1.75% for transactions over ₵100. That is still going to discussion and debate. And we're busy modelling to see the impact of that. I think what we've seen for sure in two markets – and you guys study these markets as much as we do – you look at Uganda, what then happened, and then also Tanzania may be another data point.

There's a certain category of mobile money where it actually does have an impact. And I think we've seen certainly in one of those markets – we won't mention which, which you guys know – where they reversed that. I don't think it's been super specific on whether this is on cash in or cash out. I guess if it was on cash out the impact would be manageable. But let's not run to conclusion. We're still modelling this to see what that impact is. And then if there is anything, for sure we'll come back to you. It's very early days, less than 24 hours since that was released.

Operator

Thank you very much, sir. Thato, can I perhaps hand to you to conclude, sir?

Thato Motlanthe

Yeah, thanks very much, Claudia. And thanks everyone for dialling in. If you do have follow-up questions, please do drop me an email and we will sort you out. Thank you very much.

Operator

Thank you very much, sir. Ladies and gentlemen, that concludes today's conference. Thank you for joining us. You may now disconnect your lines.

END OF TRANSCRIPT