MTN Group

2022 Annual Results Presentation

Date: 13 March 2023

Speaker	Narrative

Video
At MTN our Ambition 2025 is to provide leading digital solutions for Africa's progress. In 2022, just as we all started to emerge from COVID-19, the world suddenly faced challenges of a different kind, and the impact of these rippled through our markets. But as we did during the pandemic, we in partnership with our stakeholders made a plan. We rolled up our sleeves. We asked our stakeholders how we could help. We engaged more. We partnered more. We contributed. We connected more people. We provided the best customer experience, leveraging the most valuable African brand. We contributed to reducing the cost to communicate. We delivered results to our shareholders. We remained inspired by our belief that everyone deserves the benefits of a modern connected life.

At the heart of it all, one singular question continued to drive us. What are we doing today? We are building the largest and most valuable platforms. We are driving industry-leading connectivity operations to accelerate our vision of providing leading digital solutions to support Africa's progress. We are creating shared value. We are living inspired thanks to our 17 000 skilled and dedicated MTNers. We are creating the MTN of tomorrow. We know headwinds remain, but we are up for it. We are doing for tomorrow, today.

Thato Motlanthe
Good afternoon everybody, and welcome to MTN Group's annual results for the year ended the 31st of December 2022. I trust you're all well. I'm happy to be joined by our investors, analysts and other stakeholders at the Innovation Centre. My name is Thato Motlanthe. I'm the Head of Investor Relations. Also, a warm welcome to the MTNers across the markets and everyone who's dialled in throughout various platforms, who are either watching on CNBC Africa, the MTN YouTube channel, or on the webcast that we've provided.

Let's first get through some of the housekeeping before we start. And on the screen, you should see our standard disclaimer and safe harbour statement. And that covers our presentation for the

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day. And for those in the room, just a quick reminder of the emergency exits. There's one exit on my right and one at the back of the auditorium.

Turning to the period under review. And just to set some context, I think the past 12 months has been pretty difficult. It's brought challenges that have continued for many companies around the globe, and that includes MTN. Our business has however demonstrated true resilience, and we've continued to roll up our sleeves in fairly rapidly responding to these challenges, and taking the lead in the ever-evolving landscape we find ourselves in. We're driven by the belief that everybody deserves the benefits of a modern connected life.

The presentation today will reflect on the full-year strategic, operational and financial performance. And I think just in terms of the agenda, the programme will run as follows. MTN Group President and CEO Ralph Mupita, will give us a strategic and operational overview. He'll be followed up by Tsholo Molefe, who is our Group CFO, and she'll provide financial highlights. Thereafter, Ralph will come back onto the stage to give us a sense of the key focus areas for the coming year. We will then open up the floor for questions and Ralph and Tsholo will come up and answer these. Just for those who have dialled into the webcast, you can use the platform to send through your questions. For those who will be tweeting during the session, the hashtag is #MTNAnnuals22, and our Twitter handle is @MTNGroup. And it's now my pleasure to welcome on stage Ralph Mupita, our Group CEO.

Ralph Mupita

A very good afternoon to everybody joining us for this results presentation. And to all our investors and stakeholders who have joined us at 14th Avenue, it does feel a little bit like the pre-COVID situation where we had this room full to the rafters. And we appreciate those who made the effort and those who have joined us on other platforms. Also, a special thank you to all the MTNers who have been delivering the results that Tsholo and I have the pleasure and privilege to present. Thank you. We are presenting on behalf of all of you.

You should have now had some time to look at our very comprehensive SENS announcement released earlier on, that has got quite comprehensive feedback around what we did last year in terms of operational, financial and strategic progress. But what Tsholo and I will attempt to do in the next hour or so is to give you some of the salient features within the results as well as to focus a little bit on the year ahead and what the key areas that we see as MTN management. But before I go into the strategic and operational review, let me start off by picking up a couple of highlights around how we saw the results.

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We saw four key messages coming out of the results, which I'll try and summarise. The first is we saw **very strong commercial performance** in a very challenging macro. We were able to grow our subscriber base. We are now at 289 million subscribers across our 19 markets. And we're particularly encouraged by the progress around the demand for data and fintech services, which I'll talk to in a little bit more detail. We continue to see strong data net additions coming through our business, as well as the fintech subscribers and the fintech ecosystem continue to expand. That'll be the first message that I would want to highlight.

The second is that the company is in **stellar financial health**. We haven't had the leverage as low as it is now. So, the Holdco leverage at 0.8x, consolidated leverage at 0.3x. And we have cash and undrawn facilities collectively at R60 billion, which gives us the ability to be able to withstand any shocks that may come through in the year that lies ahead, but also an ability for us to take advantage of opportunities. These challenging times often present opportunities, and we need to be well arranged and have the financial resources to be able to take advantage of them. So, we're very encouraged by the resilience that is within our balance sheet.

The third message is we are **making progress in Ambition 2025** and executing aligns to what we have promised our stakeholders. Good to see progress really around fintech and FibreCo separations. Fintech is the one that we've been focusing on the last couple of reporting periods, and we are glad that we can report that we are making substantial progress in the structural separations of these businesses. It's heavy lifting market-by-market to create the group Fintech structure, and we've made very pleasing progress. And as we announced with our results, we've also received offers for minority investment from potential strategic partners that we are busy reviewing, and we have given ourselves a timeline of six to eight weeks to be able to come back and conclude on that process. So, we're very encouraged by the engagements that we've had so far.

The other point around strategic progress is really around asset realisation programme. We set out a target of R25 billion of monetisation over a three-year period. So, we're reporting that we have done R18.8 billion, and R12 billion of those proceeds actually came through last year, which was actually a very challenging year, but we managed to get upstreaming and cash out of markets such as Nigeria. And the final point I'd raise on the strategic progress is really around the progress we've made towards exiting the consolidated Middle East markets. We're out of Syria and Yemen. And we've done a lot of work towards getting out of Afghanistan, and we've signed the SPA with M1. And now it's subject to regulatory approvals, as well as transition agreements.

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In terms of **creating shared value**, again, good progress. In the year under review, we actually increased our capital expenditure investment to our networks and platforms by 17% to R38 billion. But at the same time, we brought the cost to communicate down by just over 22.7%. We are increasing broadband coverage across our markets, and we're making a very healthy contribution to capital formation of countries that we operate in, as well as paying the taxes that are due from the economic activity that we make. So, those would be the four headlines that I would raise right up front.

This chart that you see is one that we've shared since the end of COVID. During COVID, there was quite a demand shift as people moved online and moved to their homes, where we saw very strong growth both in terms of data traffic and fintech services. We've continued to track this graph, which basically looks at how much additional demand we've seen in our networks, particularly for data on a quarterly basis, as well as the transaction volumes on fintech platforms.

So, you can see that from the start of COVID to the end of lockdown arrangements on the data side, we saw an average 570 petabytes per quarter. And post that it moved to 935. And on the fintech transaction volumes, we were seeing 1.9 billion transactions a quarter. Now we see 2.9 billion transactions. And if you look at the graph on fintech actually in the year under review, you saw a very strong surge in the level of transaction activity. And as I'll explain later, we've seen a very healthy development within the merchant ecosystem, which is really driving the activity.

So, the key message with this slide is that we still see continued structurally higher demand for data and fintech services across our markets. And that's fuelling the growth that you see in the non-financial numbers, as well as the financial numbers. Just talking about the highlights from a non-financial perspective, and sticking with data and fintech services, you can see we've had very healthy growth on active data users. Now we have 137 million. Our 2025 target is to get to 200 million. So, we feel that we're making good traction there.

And then on Mobile Money, we grew by 21%, up to 69 million. Again, we feel highly convicted that the progress we're making is taking us towards the 2025 ambition that we set out of 100 million Mobile Money users by the end of 2025. So, on the non-financial highlights showing again that the structural demand we are seeing, we're able to capture as MTN, in particular around data and fintech services.

Just to cover some of the financial highlights, and Tsholo will take us into all the detail, I'll just pick up on some of the key areas. We're very encouraged with a solid performance on service revenue, in a heightened inflation environment. We achieved 15.3% service revenue growth at a time that

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we would have experienced inflation at around 15.1%, so we still eked out service revenue growth above inflation. This time, the average inflation of the prior year was actually more like 11.5%. So, good growth on service revenue.

If we go to the EBITDA margin, we basically maintained the EBITDA margins. Tsholo will take us through a view of that. But if you look at all the markets that added to the EBITDA margin, South Africa was down 0.1%. And the drag actually on EBITDA margin would be in some of the head office lines, and Tsholo will take us through that. So, the operational prints on EBITDA margin actually on the portfolio has been very strong.

Headline earnings per share growth at 18%. We saw ROE expanding to 23.4%. And we declared a dividend for financial year 2022 in line with the commitment that we've made on 330 cents, so that's 10% up. And as I mentioned earlier on, the leverage is at a pretty much at an all-time low, certainly in the last six years that I've been here. And we're seeing the leverage at 0.8x and 0.3x, and the liquidity of the company is also very strong at R60 billion. Tsholo will take us through the results in a lot more detail, but these are a very pleasing set of results driven by this unique growth engine that MTN has in terms of its scale, the strength of networks, the brand, as well as the market positions that we have across all our markets.

But looking into the year under review and unpacking a little bit of the macro context that we operated in, there were four big forces that we had to deal with as we navigated 2022. The first set of forces are really around the macro, supply chain, regulatory, energy and power. And I'll pick up some of the salient points. On the macro, I think enough has been said around this elevated inflation environment that we operated in. I think you will note that in a market like Ghana, inflation ended up at 50%. South Africa was more like 7.6% and Nigeria 21%.

And then we had local currencies weakening against the US dollar. And also, the availability of US dollars in several of our markets was a challenge, in particular Nigeria, but we were able to still get upstreaming done during the period. On regulatory matters, two big forces that we have had to deal with were SIM registrations both in Ghana and Nigeria. And as we worked through the year towards Q3 and Q4, these were well managed.

And then the big factor that really impacted 2022 was really around the situation on loadshedding in South Africa. And I'll cover a bit more detail on our outlook on load shedding. The first half of the year that we saw in South Africa had a relatively de minimis amount of loadshedding. And we did highlight with the H1 results when we released them, that if we saw elevated loadshedding, that would impact service revenue development as well as margin. And that has come to pass as

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we had anticipated it would. And I'll give a bit more detail exactly how we dealt with that situation, and how we're looking at it going forward.

So, just our strategy to navigate the environment that we were operating in. These are the four major programmes that we spoke to investors about at the half year that we will tackle. There were commercial objectives, supply chain, network, as well as financial resilience. And we marked our own homework a little bit here to show how we thought we did in the year under review.

So, on commercial, this was really about scaling up on a CVM, particularly within South Africa, but more broadly, as well as optimising pricing. And in part some of that price optimisation was increases in headline pricing. We brought some of that through in several markets. And I think the ones that are most notable are that we made progress in Ghana, both for data and for voice; South Africa, where we have announced relatively modest price increases on the postpaid side that are under implementation; and then in Nigeria, where we had secured a price increase that was reversed. We still are highly committed and engaged on that one, because we think it's essential that we bring that through. So, that reflects the rating that we put there. On device management in South Africa particularly, H2 was better than H1. But as always with the increasing dollar to rand exchange rate, we kept it at amber.

Supply chain, I think things were very well managed within the context of last year.

And then our network, we have been engaged in reviewing some of our towerco contracts. And then we are in implementation of the SA power resilience programme. We put a little red ring around the yellow. The yellow is really against our own four-stage network resilience plan. But the red is showing that actually, the second half of the year, in terms of loadshedding it was much more significant than we had anticipated, than I would argue the broader South Africa anticipated, where we saw sustained levels of loadshedding above stage four. And that is much more what that red ring encompasses.

On financial resilience, are we in excellent shape in terms of the balance sheet. As I said earlier on, the leverage is very comfortable, 0.8x against the target of 1.5x. Ample liquidity that we have. And we managed to execute on our liability management programme. We said we wanted to tackle particularly the Eurobonds, which are in 2024 and 2026. And last year, were able to early settle $300 million of the 2024 bonds, which now leaves about $450 million that we would like to work on in the course of this year. And so very good progress around the balance sheet and the shape and the mix of debt that we have. So, we feel pretty pleased with the financial resilience initiatives that we delivered in the year.

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Just coming to the markets and picking up some of the salient points, obviously, in South Africa, the big issues were really around loadshedding and the impact that had on our network availability. The other issue is that with heightened inflation, we saw quite a lot of pressure on the consumer, particularly on prepaid customers. Charles is here and Dineo. They are very willing and able to answer any questions you may have around that. But we continue to focus on investing in the network. We spent R8.8 billion of capex investment, strengthening our position on our 4G networks, as well as expanding on 5G. Just under 600 new 5G sites, giving us a total population coverage as at the end of last year about 21% 5G population coverage. So, well done to Charles and co in that regard.

The securing of 100 MHz of multiband spectrum was also a major milestone for the Opco. That gives us also now the frequency assets to enable us to expand coverage, but also over time to bring down the cost to communicate in South Africa. And as I mentioned earlier on, a lot of focus and initiative really around network resilience in execution. On some of the results we delivered, and Tsholo will talk to it, we saw a very strong net addition. We saw 1.5 million net adds in the period, and subscribers growing by just under 4.4% to just over 36.5 million. So, all in all, under very challenging circumstances, good growth from the South African business. And Tsholo will cover the financials.

Just a little bit on the load shedding impact. And I'll also talk in the lookahead section. It's important to discuss the context. So, we had 208 days of loadshedding in South Africa last year. 62 days of them were actually in H1. And the mean level of loadshedding was well below four. What we saw in the second half of the year was 146 days. And just in the last quarter, three months, 91 days of loadshedding. And as we'll discuss in the outlook, that loadshedding in the second half was actually at a sustained level at stage four plus. And we are taking the view now that we believe that given where the energy availability factor is in South Africa, and all the initiatives, that it is prudent for us to take a view that stage four plus is what's going to be with us on a sustained basis, certainly over the next three, maybe as much as five years. And hence, we've made the decisions around our target margin.

So, this has obviously impacted availability of the network, impacted revenues as well as costs. And as the headline shows that our estimate is that the earnings impact was about R695 million, or to service revenue, actually about 1.6% to service revenue. Those who want to add back these things would have would have seen that the underlying operating momentum within SA would have been well above 5% service revenue growth had the loadshedding impacts not come through. Again, what did we do? Charles and team focused a lot on executing our four-stage resilience plan.

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We added batteries to our sites. And if you're talking about what batteries to deploy, probably this time last year, you'd have been talking about putting in batteries that have a four-hour recharge cycle. Today, we're talking about six to eight hours needed in the battery deployments. And we're also now talking about gensets being required, not only just on our sites and switches, but also on some of our sites. So, there's now a push also towards gensets that we are implementing, and Charles can cover some of that in Q&A. So that's South Africa, in terms of what was the focus area for 2022.

Nigeria had very challenging macro conditions of elevated inflation and having to deal with NIN registration. I think these were very excellent results delivered, 21.5% as service revenue growth delivered against blended average inflation of 18.8%. We saw key activities accelerating 4G network coverage, as well as launching 5G. So, congratulations to Karl and his team. I think we're seeing a very sustained level of growth in that market, and we're seeing the EBITDA margins being achieved well within the guidance that we've set ourselves.

And the other key points in the results has been the launch of MoMo PSP, which we did in May 2022. And we've seen good progress, seeing the NIBSS switch now being open for both inbound and outbound, which is encouraging us as we look ahead for 2023 and seeing the acceleration of MoMo PSB.

If I talk about the other markets, again, a very pleasing set of results broadly across markets. Very strong data growth across all regions, SEA, WECA and MENA. I think that's a feature. And as I mentioned, the operational EBITDA margins when you look at them on a collective, they all were accretive to the EBITDA margin growth that we saw across the markets. And Tsholo will take us through a little bit of that detail.

Important to see the fintech recovery, particularly in Q4, where we saw very strong recovery for a market like Côte d'Ivoire. We'd always say that Côte d'Ivoire under the competitive context of a new market entrant, that we are going to be very disciplined with our strategy and deployment. And that 15-month response strategy came to an end in December, and as we predicted that we would be back in growth, and we actually saw that in Q4 for Côte d'Ivoire -- 7.7% growth as we lapped out some of the P2P price cuts taken. So, we're seeing very good growth in that market.

We're seeing very good growth in Uganda and Rwanda, and also in Ghana, where we had seen the 1.5% e-levy coming out in May. It has been reduced now to 1%, which has been encouraging. But

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the business has continued to see particularly in Q4 very strong and resilient fintech growth across all markets.

On MENA, two points to mention. MTN Irancell is obviously an associate. We have a 49% shareholding. Again, the underlying growth of earnings in that business has been very strong in a very challenging macro environment. So, just under 68% earnings growth. If you look at actually the EBITDA margin expansion, it looks more like 400 basis points. And that's in a very challenged macro, where you're seeing inflation very close to 50%. So, very pleasing growth. And Snapp, which we always position as the Uber of Iran, again, that is a little gem of a business within that market. That now has four million rides a day. Two years ago, we were talking about three million. So, that business has continued to expand over time.

Just on the fintech side, again, we focused a lot on the ecosystem effect, because we think that over time the ecosystem is what's going to drive the value creation over time. So, our investment into the fintech ecosystem and its expansion, we believe is what will enable us to monetise the opportunity that we see. Obviously, we've seen very pleasing growth in the subscribers. So, now we're at 69 million and well arranged to get to 100 million. But I want to call out actually a major trend that happened through last year, which is that merchants have now overtaken agents in the year.

So, the merchants have almost doubled in the year. And we're pushing Serigne and the team to get to at least three million. So, he knows I'm always pushing for a target above the three million, which I think is actually more achievable. And we've always said that actually the real effect of Mobile Money, or the fintech, is where the acceptance is pervasive across markets. And what enables that is that we've got to sign on more and more merchants. And I would argue that that is one of the real success stories of the year under review, which is the merchant expansion, which we are halfway there towards our three million target, as we've got another three years to go on Ambition 2025.

Two other points I'd make is the fintech structural separation intercompany agreements are largely complete. This is a very detailed and involved exercise which has taken our legal team, our M&A team, as well as the finance and tax teams, led by the respective executives, to drive that market by market. It is not a very straightforward process. But we've made very good progress. And I would argue that those intercompany agreements are largely in place and are being effected. And the other point that we raised in the results release is that we have received offers that we believe are compelling towards minority investment within the fintech space. And we are engaged with those potential strategic partners over the next six to eight weeks to try and get to a

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conclusion point. And we had announced the process at the end of Q3 last year, that we have actually got into that process in a lot of detail. So, those are the points I would make really around the fintech space.

On the portfolio transformation, as I mentioned, we've now got shy of R19 billion achieved against our R25 billion target, R12 billion of those proceeds actually last year. In a very challenging year, we were able to get that underway predominantly driven by the sell down in Nigeria. We also had a sell down in Ghana. And then the tower sales to IHS also came in the year. And we add all of that up. That's what makes up the majority of the R12 billion. We remain committed to continue the ARP into the future.

What has held us back, particularly in Nigeria, has been the paucity of FX. So, we've pulled back on that. And we anticipate, subject to foreign currency being easily available, that we would pick up on that activity or further sell down in the second half of the year. But that's obviously subject to market conditions. And then obviously, IHS at these current valuation levels, we think the asset is fundamentally undervalued. So, we don't have any plans right now to sell anything in terms of our shareholding in IHS. We are far from what we think fair value is, and for now we'll hold our position, particularly given the fact that the balance sheet does not need us to make any sales right now, given the compass that we have. We will continue to make progress around the portfolio transformation, and in the outlook, I'll make a few more comments around that.

Then on creating shared value, we always have framed it under three objectives that are eco-responsibility, sustainable societies and sound governance. And to talk to some of the KPIs, how we achieved on reducing greenhouse gas emissions, excluding South Africa, we got to 12.3%. For last year, we had an internal target of reduction by 3.5%. So, it's very good to see that we delivered 12.3%, excluding SA. And obviously SA, because of the amount of backup power and diesel, SA lags the plan that we had.

In terms of broadband coverage, again comfortably in line towards meeting our targets. And we're making good progress on diversity and inclusion at 40%, against our medium-term target of 50%. And in terms of economic value added, we believe that we're making a contribution to societies more broadly, particularly around the capital investment that we're putting into our networks and IT, the platforms that we run.

Before I hand over to Tsholo to take us through the numbers, just an assessment of where we are against our medium-term guidance. We are encouraged by the progress we've made under very challenging market conditions. As I said, South Africa was a tale of two halves. H1, we had service

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revenue of 4.1%. The print in H2 is 3%, to give us the blended rate of 3.6%. That is effectively largely due to the intensity of loadshedding, and the progress we still need to make around ensuring that we have the appropriate batteries and back-up power across pretty much all our sites.

On accelerate fintech platform growth, this is the ratio. So, in the denominator is both voice and data. And what we often reflect on is at the time we put our targets, we were anticipating that voice would be very low growth, maybe one or two percentage points. Today, it's still 4%. And that data would have been around 25%. You saw data at 33%. So, the denominator is still growing when we thought it was going to shrink. So, it's a bit of a nice problem to have. And then in the numerator, the taxes, particularly in Ghana, Cameroon and Benin, slowed the monetisation of the transaction activity that you saw. But as we look foward, we're very encouraged that this is a KPI that we should still push towards. We see 20% already achieved and exceeded in SEA. We see in WECA it's 16.7%. So, we believe that portfolio effect for MTN over the medium term should be able to push towards that 20%.

I won't talk much about asset realisation. As I said, we're still going to push to get towards greater than R25 billion. And the ROE has been a very pleasing result to see it now at 23.4%. In 2018, that number was 11.5%. So, almost doubled in the space of five years, showing that the capital we're deploying is driving return creation over time. Let me now hand over to Tsholo, and I'll come back after her presentation to give some views on prospects and guidance.

Tsholofelo Molefe

Thank you very much, Ralph. A very warm welcome and good afternoon to everyone joining us for the results, and a special y'ello to all our MTNers joining us in various platforms and those that are here with us this afternoon. I'm pleased to present to you the financial performance overview for the year 2022. I'll first start by just highlighting some of the key material items and significant once-off items that impacted our results. I will then cover some salient points on our group income statement. And then I will share with you the performance of two of our major subsidiaries: Nigeria as well as South Africa. And I will also share with you how we have utilised sources of cash generated, how we've improved the balance sheet, as well as improved return on equity.

So, if we can briefly touch on the material items that have impacted our results, firstly, on the macroeconomic environment, you'll see that our markets are really subject to forex volatility. We also saw the rand average exchange rate performing stronger against other currencies in the markets that we operate in, with negative impact on the reported service revenue growth rate compared to the constant currency growth rate. But it closed weaker against the US dollar as well as the euro, and thus impacting the balance sheet items as well as Holdco leverage. We also had

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some forex impacts of about R5 billion that has impacted our finance charges, which I will share with you later.

Secondly, our numbers were also impacted by rising inflation and high energy costs due to the macroeconomic environment that we operate in, which really resulted in upward pressure on our operating expenses. Our group blended inflation, as Ralph indicated, averaged about 15.1%. And this was compared to 11.5% in 2021. Other significant items that impacted reported results were the goodwill and asset impairment on two of our subsidiaries, Afghanistan, as well as Guinea Bissau, and two of our associates being MoWali as well as MEIH. We also recognised a net accounting gain on disposal of SA towers of about R405 million, with net cash proceeds on disposal of R5.1 billion.

This year, we also had a remeasurement on our deferred tax asset in Mauritius, where we took a reassessment of the recoverability of the asset in the balance sheet in light of current market conditions as well as the macroeconomic environment. So, based on this, we really measured the deferred tax asset and reduced the balance by R1.2 billion, thus, taking that loss. These significant items obviously have had an impact on our expenses, our EBITDA, our EBIT, as well as our headline earnings per share.

If we can then move on to the group income statement. Just on the last two columns on the slide, we show the movement of reported as well as constant currency, year on year. As indicated, we've delivered service revenue growth on a reported basis of 14.4% to R196 billion, and about 15.3% increase in constant currency. And this was in line with our medium-term guidance. This was also largely driven by the double-digit growth that we saw in Nigeria as well as Ghana. And all three of our regions, as Ralph indicated, delivered healthy top-line growth that's contributing to our overall service revenue growth.

On a reported basis, EBITDA before once-off items grew by 12.4% to R90.8 billion, but in constant currency increased by 14.3% to almost R90 billion, and also largely driven by healthy operational results across most of our markets. The increase in depreciation, amortisation as well as goodwill impairment was moderated at 1.7%. We saw an increase in depreciation due to capex additions as well as the goodwill impairments. But these were set off by the disposal of towers in MTN SA where we had to discontinue the depreciation.

Net finance costs increased by 24.4% in constant currency, and this was largely driven by the forex losses, as I indicated, R5 billion in forex losses of which some of it was due to losses driven by cash upstreaming, mainly in Nigeria. We also saw increased borrowing costs, particularly in Nigeria,

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from funding activities, refinancing, as well as due to interest rate hikes. The share of results from associates and joint ventures increased by a stellar 64% to R3.4 billion, and this was largely driven by the strong underlying performance from MTN Irancell.

The income tax expense, as you can see, grew by 45.8%, largely due to higher withholding taxes, the taxes paid on the sale of towers in South Africa, the remeasurement of the deferred tax asset in Mauritius, as well as the increase in non-deductible expenses. So as a result, we had a reported a group effective tax rate of 41.5% due to the remeasurement of the deferred tax, the Nigeria education tax as well, the Ghana special levy as well, together with withholding taxes, which really increased the group effective tax rate. But on a normalised basis, the effective tax rate was at 37.1%. There was also a significant increase in non-controlling interest, up 51.8% during the period, and this was primarily due to our localisation in Nigeria, Ghana, as well as Uganda. Adjusted headline earnings increased by 18.3%, which was impacted positively by the adjustment on non-operational items totalling 159 cents per share.

I will now just unpack our group service revenue in a bit more detail. As you can see, data was the biggest driver of growth followed by solid growth from fintech as well as SMS and ICT, with voice showing still healthy growth. We continue to see this healthy growth from voice which was up 4.2%, really supported by the voice traffic growth of 3% year on year. The main contributors again were Ghana and Nigeria in terms of revenue: voice revenue growth at 23.8% from Ghana and for Nigeria a 6.9% increase. But these were set off by the decline that we saw in South Africa due to loadshedding impacts, but also the tough macro affecting the consumer.

Data revenue growth, as you can see, increased by 32% with Nigeria and Ghana again showing the biggest growth at 48% and 42% respectively, driven by strong data traffic growth of 33%, underpinned by 12% increase in active data subscribers. Fintech revenue grew 14.3% driven by base growth of 21% to 69 million active MoMo users. Wholesale, on the other hand, grew by 12.8% with steady national roaming performance in MTN South Africa specifically. Other revenue, which mainly comes from SMS and ICT, grew 20.5% from a Group perspective. And this was largely in markets like Nigeria as well as SA.

So, before I continue with other elements of our Group performance, I'd like to just touch on the financial performance of SA and Nigeria, starting with South Africa. On this slide, you will see that MTN South Africa delivered service revenue growth of 3.6%, as we indicated, really enabled through commercial and operational execution discipline across all the business units. So, if we unpack this further, you will see as I indicated, voice revenue was down 8.8% largely due to network interruptions from loadshedding, the general macroeconomic environment. But we're also starting

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to see customers moving over to voice over IP and as well as data substitution from traditional voice having an impact on voice. But we saw an increase in data revenue of 13%, supported by data traffic growth of 33% in South Africa, with active data subscribers growing by 7%, totalling 18.9 million subs.

On the fintech side in South Africa, which comprises of airtime lending fees, we saw a decline here of 2.8% as customers prioritise other spend due to economic pressures. But MTN SA continued to scale up its fintech ecosystem, now with about 1.2 million users, up 105% year on year. Wholesale revenue was up 6.3% in South Africa supported by national roaming deals, particularly with Cell C as well as Telkom. Following the completion of the Cell C recapitalisation, we saw MTN SA moving to an accrual basis of accounting for national roaming services. We recognised revenue of about R2.7 billion in this regard, which was an increase of 2.1%.

Looking at the expenses in South Africa, you will see that cost of sales grew by almost 8% largely due to an increase in device costs. The device cost of sales went up by 9% due to the increase in subsidised devices to remain market competitive. Device gross margins also declined by 3.2 percentage points as a result. Commission and distribution expenses also went up 6.3% due to increases in device distribution, as well as activation commission.

When we look at operating expenses, we saw that it largely remained flat with a 0.5% increase overall. The marginal growth was achieved despite an increase in network cost predominantly in rent and utilities as well as maintenance which grew by 22% for the year. And this was due to management response on expense efficiencies, which offset the significant costs growth. But last year we also had a significant increase in terms of the share-based payments. Additional expenses for generator fuel due to excessive loadshedding impacts also had an impact on the operating expenses line.

So, when we look at MTN SA's EBITDA margin, we see that it declined by 0.4 percentage points to 38.5% for the year. But the EBITDA margin decline, as I indicated, was driven by lower-than-expected service revenue performance, as well as increased cost of sales amidst continued focus on cost efficiencies. South Africa spent R8.8 billion in capital expenditure excluding IFRS leases, with a total capital expenditure including leases of R15.3 billion. And the R15.3 billion included about R5.1 billion from the sale and leaseback of the towers portfolio. And when we look at capex excluding leases, this is really in support of continued investment in 3G and 4G as well as the rollout of 5G. As we indicated earlier, just under 600 of 5G sites were rolled out during the period with capex intensity of 17.4% ex leases for the period.

Speaker	Narrative

Just on this slide, the business units within South Africa, unpacking the service revenue a bit more. You can see that the consumer prepaid business grew by 0.3%, and this was supported by strong data consumption, partly offset by the pressure that we mentioned on the voice revenue line. The consumer postpaid business grew by 3.2% in a challenging environment, driven by the growth in subscriber numbers and the sustained uplift on data consumption. Enterprise service revenue grew by 17.5%, really sustained growth there supported by growth in mobile data revenue, bulk SMS as well as IoT.

If we can then move on to MTN Nigeria, which has already reported its results in January. So, I will just briefly touch on salient items. We can see that it delivered a solid performance with double-digit revenue of 21.5% ahead of the blended inflation as we indicated earlier. And the main drivers of growth were in voice, data, fintech and overall. Voice maintained a steady recovery at 6.9% growth, and this was really impacted by the re-activations as more customers' SIMs were re-activated, as well as the gross connections ramping up following the implementation of this NCC directive on NIN-SIM registration.

We saw strong data revenue growth as well of 48%, as I indicated, underpinned by increased usage from the existing base with impressive data traffic growth of 67% overall, supported by the acceleration of 4G sites rolled out. Fintech revenue had commendable growth as well of 19% during the period due to sustained growth, particularly in the use of XtraTime, which went up by 18%, and the broader use of fintech services by customers.

In terms of total expenses, we see a total expense increase of 21%, with cost of sales growing by 25.6%. And this was largely driven by higher commission and distribution costs of 23% due to increased airtime sales and activation commissions. We also saw aggressive data device sales growth relative to last year, following the lifting of the ban on the SIM sales. Regulatory fees were up 31.5% due to the growth in revenue as well. When we look at opex, we see an increase of 18.9%, broadly in line with inflation, but really due to higher network operating costs from accelerated site rollout, the devaluation of the naira, as well as CPI impact on the BTS rentals, thus increasing the network operating costs.

MTN Nigeria continued well with its expense efficiency saving, which was aimed at driving the margin expansion. And we saw an improvement in margin of 0.2pp during the period with margins at 53.2%. So, this was really despite the impact that they saw of the rising inflation as well as forex devaluation. On the capital expenditure side, MTN Nigeria spent R13.7 billion for the period excluding leases. And this was, as we mentioned, due to accelerated rollout of 3G and 4G sites with capex intensity excluding leases of 17.7%.

Speaker	Narrative

If I can touch on our Group fintech revenue before I move to other items, you will notice that Group fintech revenue now contributes almost 9% to total Group service revenue, with a growth of 14.3%, as I indicated. The growth during the period was impacted by the introduction of e-levies and MoMo taxes in our markets, as Ralph indicated, as well as pricing pressure due to increased competition. But despite these challenges, we are pleased that we managed to maintain a solid growth in active users of 69.1 million active users.

We started seeing a recovery in the last quarter in markets like Ghana, as well as Côte d'Ivoire following significant decline at the beginning of the year. The bulk of the fintech revenue services, as you can see from the pie chart, is really from withdrawal at 55% of the fintech revenue, which declined from 59% in 2021, while advanced services contributed about 15% now from 10.5% last year. So, we saw payments and e-commerce growing by 69%, as you can see on the bar chart, year on year with banktech having an increase of 50% overall, and remittances showing an increase of about 73%. So, although these are still a nascent, we're encouraged by this increase, as we are starting to see these advanced services growing, which is really in line with our goal to have more of these advanced services relative to the basic services.

So, as Ralph indicated earlier, we are on track with our structural separation with intercompany agreements now in place. So, the process of allocating the costs is really underway, and largely complete. So, as we indicated previously, this will be a process of margin evolution until the fintech business moves to being a standalone business.

If we move on to the Group expenses, you can see that they were well managed given the challenging macroeconomic environment. Group cost of sales increased by 13%, largely driven by an increase in commissions and distributions, as well as increased handsets in markets like Nigeria and South Africa, as I indicated. And then when we look at the operating expenses, we can see an increase of 14.9%. And the main impact, as I indicated earlier, was due to the network operating expenses, which contributed 17.7% of the total cost. And as a result of the increase in the number of sites rolled out, high inflation, loadshedding impacts in South Africa, as well as high energy costs, due to the macro, we saw a significant increase there.

Opex growth was also driven by high litigation costs at head office, as we deal with many litigation items, an increase in professional fees for strategic projects that we're doing, as well as marketing campaigns as we continue to accelerate our Ambition 2025 initiatives. So, just in terms of the measures that we have taken to cap the inflationary impacts, we've continued with our expense

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efficiency programme, which we started just over three years ago, where we gave ourselves a target of in excess of R5 billion off a 2020 base. And we have achieved R6.4 billion since then.

During this period, we realised about R2.7 billion worth of efficiencies. And these were mainly from Nigeria and South Africa. And these were mainly in the areas of mobile network, sales and distribution, general and administration expenses. We also had some good savings from our IT optimisation. So, the total cost-to-revenue ratio has broadly been in line with what we expected, given the fact that we are operating in high inflationary environments. And we are happy that we've been able to achieve those efficiencies under the circumstances. So, we are really pleased to have seen the results of our EEP yielding these results, really enabling us to be able to cap the inflationary pressures. And we will continue with these cost efficiencies as we move forward.

In terms of the Group EBITDA margins, Group EBITDA, just to indicate that in this slide, I show the absolute terms of EBITDA, as well as the Group margin. Overall Group EBITDA on underlying operations was up 14% in constant currency to R90 billion. This growth was really broad based, led by the performance of Nigeria, the WECA markets as well as MENA region, as we showed earlier on. The Group's reported EBITDA margin remained largely steady at about 44% before once-off items. This was on the back of top-line growth as well as the disciplined execution of our expense efficiency programme. So, we had positive contributions from all markets, except in South Africa, where the margin was impacted by the device cost as well as additional expenses due to loadshedding.

Head office eliminations of about R1.8 billion impacting the margin was mainly due to lower reversals of the price share performance provisions in this year, in the current year, compared to last year. And this was due to share price movement. And we also had a loss on consolidation of aYo for the full 12 months of 2022 versus only six months in the prior year. And also, we had an overall impact of R280 million on our MTN insurance business due to higher bad debts and lower contribution this year relative to the previous year. So, these were just some of the impacts on the margins.

If we then move on to our adjusted headline earnings per share analysis, this table provides a reconciliation of the attributable earnings per share through to adjusted headline earnings per share, which gives more visibility on our operational performance. The difference between the attributable earnings per share, which grew by 40%, as well as the basic earnings per share, which grew by 16.9%, is due to the significant once-off items that I mentioned earlier. You will see that the Afghanistan impairment had an impact of 70 cents per share, which was a write-back. And then the net gain on disposal of SA towers of 22 cents per share, and disposal of other PPE, as

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well as other material items in the previous year, such as the derecognition of Syria, and the acquisition of aYo, which we didn't have this year. So, that's impacting the basic headline earnings per share.

So, if you do further adjustments to the headline earnings per share for hyperinflationary impact as well as forex losses, and the remeasurement of deferred tax assets that I mentioned earlier, as well as the divestments, meaning the sell downs, you will notice that we had an adjusted headline earnings per share of 1313 cents, giving us an increase of 18%, which is really an indication of positive underlying operational earnings momentum under really challenging macroeconomic environment.

If we then move on to our capex profile, as you can see, we capitalised about R38.2 billion during the year across all the markets, achieving an 18.5% capex intensity excluding leases. So, the macroeconomic conditions in markets like Ghana, and accelerated rollout in South Africa, Nigeria and markets like Sudan resulted in that higher spend. As we said, we rolled out 3 500 in 3G sites, and about 7 900 sites of 4G, and accelerated our 5G sites mainly in South Africa, adding a total of 1 570 sites in this year. We now have just over 2 500 in 5G sites. So, we are really focused on investing in faster growth areas where we accelerated capex to also mitigate the supply chain shortages that we saw and anticipated, as well as the foreign exchange activity.

Network connectivity capex, as you can see, which is mainly the RAN equipment, the radio access network equipment, the transmission, the core as well as the site infrastructure, accounted for 77% of the total capex, while investment in it, which includes the development of product tools to support our growing platform business accounted for 23% of the total capex. And looking forward, we have given a guidance of R37.4 billion for 2023 to really support the accelerated growth that we are seeing. But we'll maintain our medium-term target in the range of 15% to 18% in terms of capex intensity on current currency assumption.

If I can move to our operating free cash flow, you will see that we had operating free cash flow before spectrum acquisitions declining by 20.7%, largely impacted by the accelerated capex, the pressure on working capital due to advance payments that were made to vendors to cap against impact on forex, as well as advanced ordering of material to manage supply chain shortages. Spectrum acquisitions in Nigeria and SA made up about R8 billion, and that had an impact of 30.5%. In the year we also saw R1.4 billion in working capital outflows largely due to the timing effects relating to payments to vendors and suppliers, mainly in Nigeria and Ghana. But this was cushioned by the cash release initiatives that we implemented, mainly in MTN South Africa.

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So, the key cash outflows included taxes paid of R14 billion, as you can see, which also included taxes on the disposal of SA towers of about R1.3 billion. We had net interest paid on borrowings of about R12.5 billion and payments for capex of R38 billion, which included some capex relating to prior year. The dividend paid to Group shareholders and minorities amounted to R9.1 billion. We also had movement in financing activities of R8.3 billion, which was largely driven by the net outflow of borrowings of R3 billion, as well as the settlement of lease obligation of R7.4 billion. So, we had new borrowings of R25 billion, which was offset by the settlement of a debt of about R28 billion. And this was impacted also by the net inflow of about R1.8 billion mainly from the proceeds from localisation, set off by the purchase of treasury shares.

Other investments of R2.4 billion were driven by the gross proceeds from the disposal of SA towers of about R6.4 billion. This was also impacted by the outflow of restricted cash, mainly in Nigeria and head office, as well as short-term investment at head office of about R800 million. The other that you see there relates to cash balances in Afghanistan that had to be classified as an asset held for sale and reduced the Group cash balances. The impact of forex, as you can see, reduced our free cash flow by R2.1 billion. But we ended the year with healthy free cash flow of R4.6 billion.

Looking at our Holdco debt, we continue to improve the strength of our balance sheet with progress on cash upstreaming, as well as faster deleveraging of the Holdco. On the top left-hand side, you will see the progress that we made in the last four years, where we had a net debt of R55 billion now reducing to R23 billion. The group leverage improved to 0.3x supported by strong cash positions, while the Holdco leverage improved to 0.8x. Holdco leverage was positively impacted by the progress that we made on our cash upstreaming from markets, as well as the early part-payment of the US-denominated 2024 Eurobond that we concluded during the year under liability management.

We also made some substantial improvement in our debt mix, now sitting at 64% of our debt now being ZAR-denominated against our target of 60/40. This is aligned to our focus of really optimising that currency mix, as well as mitigating the refinancing risk by smoothing and lengthening our debt maturity profile, while maintaining a healthy liquidity headroom. So, the prepayment that we made of the portion of the Eurobond for 2024 was really a massive improvement in our strategy to substantially reduce the dollar-denominated bonds in line with our capital allocation framework of faster deleveraging the Holdco balance sheet. We did pay about $300 million, and we still have about $450 million of the Eurobond 2022. And we will explore opportunities to settle the balance, subject to market conditions, as well as successful RFPs, so that we can flatten that debt maturity profile that we see on the top right- hand corner.

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Just moving on to the last slide, return on equity, we see an increase from 19.6% in December 2021 to now 23.4%. And this was really driven by operational earnings growth from the consolidated subsidiaries. The notable drags that you see on return on equity were due to higher taxes, due to higher profit before tax, as well as the deferred tax asset credit of about R1.4 billion not recognised that I mentioned in my earlier slide, relative to when you compare it to the previous year, as well as the movement on our non-controlling interest, which was driven by the reduction in shareholding from the localisation.

Included in other non-operational items was largely attributable to movements directly in equity. Items that impacted that ROE positively were the FCTRs, foreign currency translation reserve movements, mainly from the devaluation of the cedi in Ghana. We also saw a revaluation of the IHS portfolio due to a decline in the share price, and thus boosting the ROE. But this was also upset by the movements in distributable and revaluation reserve, an amount of about 2.8%, as well as localisations with minorities. So, we're really pleased to see this ROE evolution, which is improving towards the 25% that we have guided the market on. Ladies and gentlemen, that concludes my presentation. I'll hand over to Ralph.

Ralph Mupita

Thanks very much, Tsholo, for taking our stakeholders through a very detailed set of financial results. A lot that's going on there. And trust that you have a better understanding of the performance in the year under review from a financial perspective. Let me spend a few minutes talking about prospects and guidance as we think about the year ahead, and potentially also into 2024. The macro context that we see for 2023 remains one of uncertainties, particularly around the markets that we operate in from a GDP growth perspective, inflation, currency and commodity prices.

Across Sub-Saharan Africa, we anticipate that growth will be subdued given the levels of elevated inflation. And many of these forces are driven by broader geopolitical considerations that we're seeing in other markets. We anticipate that inflation rates across our markets will remain elevated, but slightly down from where they've been in the last year, given base effects, and that we'll still see some level of foreign currency volatility and depreciation across our markets. And I'm sure these are views that you've all developed. Our sense is that it will be a very tough 2023, but H1 will be tougher than H2, I'll explain some of our thinking around that.

And the big issue that we then see is really around the loadshedding effects in South Africa, which I just want to expand a little bit on in my next slide. This chart looks to provide between the 1st of January 2022 and the 28th of February 2023 a daily mean stage in terms of loadshedding across

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the various months. A couple of points to pick up on the chart. The first is that in the first half of the year, as I mentioned, we had 62 days of loadshedding. And you can see that the loadshedding effects were relatively de minimis in the first half, and we delivered 4.1% service revenue growth. And we hardly got to the stage four that we're talking about that we anticipate being sustained over the medium term.

And then you look past July, and then you get into September, and then you start seeing a different form of 'Manhattan', which is one where you're seeing sustained levels of loadshedding, generally above level four upwards. And if you go back two years ago, most market commentators, including ourselves as market participants, would have seen stage four as actually almost at the level of force majeure, whether it's the batteries that you deploy, or the contracts that you signed.

Now, we have a power-as-a-service set of agreements that are framed from stage four as the force majeure. And if we say that we're seeing sustained stage four and above, obviously, it has framed our thinking about the outlook, and how we need to think about our investment profile in SA, as well as how we think about the margin. So, the first point I want to make is that we anticipate that H1 for South Africa would be a very tough period both at the service revenue end, as well as at the margin end, but with a recovery coming into the second half of the year, as our rollout for our four stage resilience programme comes to completion and we have pretty much all our sites secured with back-up batteries, as well as selectively deployments of gensets.

And that programme is still in execution. It is not completed. And once it's complete, I think it will give our network a level of resilience. We'll have over 80% of our sites having batteries. But we believe that the responsible thing is actually to deploy gensets within the network, because we don't believe that you're going to see stage four and lower as we experienced in the first half actually going into subsequent periods. So, we're putting in additional network resilience to secure the network over this calendar year, so that in subsequent periods, we have a relatively stable network.

Now the medium-term guidance, we've said that we're keeping service revenue growth at the original mid-single digits level. That is 4% to 6%. We believe that our activity around CVM, which is progressing, and our price optimisation, including headline pricing – we're reviewing headline pricing around prepaid as well – that will help us stay within the 4% to 6% corridor. But I think you should see the accretion towards that 4% to 6% in the second half of the year.

In terms of the margin itself, we previously guided 39% to 42%. So, people will say what happened to my margin? So, the way to think about it is stage four and below, that was in the 39%. There is

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a component of PAAS that would have been there. But at stage four and above, there are certain costs that we then pick up that actually start impacting the margin directly. We pick some of those costs, and some are with IHS as the main provider of power for us across our markets. So, how should you de-aggregate that 39%? The way to think about it is firstly, within the 39% there is a level of PAAS there already. So, let's just lock that down.

There is another 1.2% that has basically three components. The additional power that we would pick up above stage four, the electricity tariffs are growing actually in double digits. I think you've got to factor that into the environment. Do you anticipate the electricity administered pricing to be something below double digits? We are saying it's going to be above double digits. It's in that 1.2%. And there is obviously additional security arrangements that we have. So that's your 1.2%.

There's an 0.8%, which is the new management agreement that we've put into MTN SA. For those who are looking for a clean operational margin, you might want to back that out to say, well, the 0.8% is basically going back to the Group. It's cash that's going back to the Group in a different form. It's now in the form of a management agreement. That's the 0.8%. So, for those who are looking at a pure operating print, the impact is actually about 1.2%. The other 0.8% is really management fee. We are in the process of looking at our management fee agreements across all our markets and implementing revised management fees given the value that the Opcos are getting from the Group. And this is a revised fee agreement for SA. So, those purists that are looking for the print, back that 0.8% out.

So, we do think the responsible thing now is in the medium term to target that 37% to 39%. But MTN South Africa is a business that generates really good cash flow that gives us a strong underpin, particularly to the dividend that we commit to. So, on the cash flow generation of the business, I think you should see that that cash generation remains healthy and supporting a lot of the activities that are happening at the Group level in terms of interest payments, as well as actually paying a material portion of the Group dividend that we end up declaring.

So, I wanted to give a little bit of that context around how we are seeing SA. And the important point here that we're calling out is that at these levels of electricity availability from the grid, and I think those of you who are following the news, probably the electricity availability factor is at 58%, just below 60%. And the target is to be at about 75%. We're saying that problem is not going to be resolved anytime soon. And we need to arrange ourselves across our network to be able to have the resilience, batteries and gensets and security. We're not going to look exactly like the Nigeria network where every single site has a genset. I think in the medium term, our sites are not going to look like they did when they relied 100% on grid power availability. We don't think that is realistic.

Speaker	Narrative

And we are preparing ourselves for a network configuration which is a mix on reliance on grid, but quite a lot of reliance on off-grid power, which we need to arrange ourselves with the support of our power providers, particularly IHS.

If I talk about how we see navigating the context ahead, I think the programmes we're going to implement are essentially the same that we had in the year prior. The same programmes around commercial, supply chain, network and financial resilience. So, all the work around CVM and price optimisation, and price optimisation has many elements to it. It's not all headline pricing. But I think you should anticipate that we're looking also at headline pricing on the prepaid side in South Africa. We effected a below-inflation increase on postpaid. And we will have to also bring in the course of this year on the prepaid side as well.

Continuing work around managing the device margin will remain a feature. Obviously, we're not going to be selling devices at zero margin. There's always going to be a slight detriment to margin. But if we're getting the attachment to the network and the data growth, this makes an enormous amount of economic sense to provide some of those device margins. On the network, we're going to continue to focus on the work around South African towerco agreements. We are engaged with IHS to review that going forward. And then in Nigeria, the 2024 portfolio is a subset of the total portfolio. That is one that is being progressed at the moment. And we'll continue to work on the accelerated power resilience plan that Charles and team are implementing.

And then on financial resilience, and maybe something that we're harping on too much around, remaining flexible to take on further liability management opportunities as they come. 2024 is not far away. So, we're taking the prudent approach that where we've got resources and capital to deploy, aligned to our capital allocation framework, we want to extinguish the Eurobonds, the $450 million of Eurobonds ahead of some of the other capital allocation priorities to flatten that Manhattan, and give ourselves a lot more financial flexibility to both to absorb shock but also to take advantage of opportunities as and when they come.

So, the headline here is, as we're looking ahead, the same sort of programmes, the same sort of activities, and a lot of focus on making sure that as an organisation, we execute on what we have said that we would do.

The other point looking ahead is that we still think that our Ambition 2025 strategy and the targets that we set are broadly intact. We set this strategy two years ago. We have a capital markets day on the 1st of June. So hopefully, you've received and sent back your RSVPs. But our focus in the year ahead is to stick to the programme, to stick to the areas that we've set aside around building

Speaker	Narrative

platforms, leading industry connectivity, creating shared value and the acceleration of the portfolio transformation. We will give a very detailed, deep dive around all these programmes at the capital markets day and hope that you'll be able to join us here at the 14th Avenue campus.

But for the year ahead, this remains a priority. And we think that the investment case remains very compelling. A very strong and leading connectivity business that gives us the infrastructure to be able to expand into other verticals supported by a very exciting demographic opportunity. We were looking at our smartphone penetration numbers the other day. We've seen great progress, but actually where are we? We only 58% smartphone penetration within our base. So, a lot of our customers are actually not still had the benefit of exploring the internet and advantages that it brings. So, we really do think that demographic position, as well as our own market positions, the financial profile that we see improving over time, really ensures that the case for capturing growth across our African markets is that MTN remains in our view best positioned to capture that growth, driven by in particular our discipline around capital allocation.

And just on the investment case, we still think – and we'll cover a lot more of this in detail at the capital markets days – that we see strong value pools that we can capture going forward. On the core connectivity side, voice remains still resilient. If I had asked Jens, who's sitting in the audience, what he thought voice would be at this time, he would have said it would be ex-growth. We're still seeing voice at 4% growth, and that's with South Africa which is growing voice negatively at just around 8%. So, in the rest of the markets actually voice is still a material driver of the top-line and being accretive to margin.

Data is what's powering the business today. And we believe that the future will see a lot more traffic move towards the home, and we are arranging ourselves to be able to participate either through fibre or fixed wireless access. And owning the fibre, in particular on the FibreCo investments that we have been doing, I think it gives us a lot of space to continue to grow on the connectivity side. And then on the fintech side, obviously, the platforms are continuing to make good progress on fintech, digital, enterprise, network as a service, and the API marketplace, which we branded Chenosis here at MTN.

Just on the capital allocation framework, as I mentioned earlier on, we will remain disciplined with this capital allocation framework guiding the decisions that we make. And the order you see is actually the batting order that we prioritise. Every rand, every cedi, every naira of capital, our decision making that we make as a company is driven by this. So, we're putting enough capital to this unique opportunity that we see. We're spending R37 billion in this coming year on current

Speaker	Narrative

assumptions on exchange rates, because we see a significant opportunity that we can drive returns on.

The faster deleveraging, we made enormous progress, as you saw from Tsholo's slide. But we have a focus also to look at the Eurobonds, the 2024 and 2026. We still feel that we don't want to have that kind of currency mismatch within the context of the debt. So, we are pushing towards deploying capital to liability management in that regard. So, we are very focused for the opportunities as and when they come.

And then the returns to shareholders via cash dividends is then batting order number three. Now, we have positioned the guidance to 2023 on the dividend. And what some of you may conceive as conservative at 330 cents, to give you a sense of framing, given those other capital allocation priorities, one and two, we framed this dividend policy as a minimum. So, we're putting the 330c again as a minimum. You remember, in 2020, we put 260c as a minimum. And we set out a very specific set of conditions, where we believed that situations could arise where we actually pay more. We said the minimum is 260c. We paid another 40 cents. We paid 300 cents, because the three things that we said if these things are met, we would be happy to pay a higher dividend. And when those were met, we were happy to pay a higher dividend.

So, what are we saying with the 330 cents for FY23, it's the minimum that we believe that under all the stress conditions that we've painted we should be able to deliver to shareholders. If we end up paying more, what needs to be true? Two things need to be true. One is we are seeing cash upstreaming from the markets, particularly Nigeria, coming through, particularly in the second half of the year. We've taken a cautious position in framing our balance sheet. So, if there is the cash upstreaming that's coming through, and we make more progress on the asset realisation programme, which we anticipate we can see some progress in H2, obviously we would have to convince shareholders why we wouldn't pay more.

And as I said, our history and our track record is when we see things change in that way, we are disciplined enough to be able to say, we set out the conditions under which we would end up paying more. So, the conditions are really around those two elements. And we also want to impress the point that we have a very healthy liquidity position at the moment of R60 billion. So, we are saying that we want to focus on the other two priorities of our capital allocation framework. And as long as we can meet those, and the Eurobonds is a particularly important one, the board would be willing to consider an increment above the 330 cents. So, I wanted to put the framing of the 330 cents for the guidance within the context of our capital allocation framework. The balance sheet is in a very strong position. We have very strong positions around liquidity.

Speaker	Narrative

Finally, I just wanted to again confirm our guidance. Notwithstanding the macro challenges that we see in the near term, over the next three to five years, we believe the investment case is compelling. We believe that the medium-term guidance remains intact. And we are recommitting and reconfirming our medium-term guidance on all the elements that we've had before. And we believe that we are positioned as MTN to be able to take advantage of the opportunities whilst we are working our way through some of the headwinds that we may see, particularly in H1. And we certainly believe that towards H2, in Q2 and Q3, we should see better performance coming out of the business.

Ladies and gentlemen, thank you so much for listening to Tsholo and I for the last hour and a little bit. We had a lot to say, because there's a lot that's going on. And we trust that we've given you a better understanding of the results. I think we will take a couple of questions. I'm joined by the group executives here. So, the very difficult questions I'll pass on to Charles, Jens, Yolanda, Lele and others. But maybe I'll ask Tsholo to join me on stage as well as Thato to moderate the Q&A.

Thato Motlanthe
Thanks very much, Ralph and Tsholo. Quite comprehensive, as you said. I hope it was clear to everyone and useful in terms of the presentation. I think we can kick straight into Q&A. And maybe we start in the room. We have Louise who's got the mic. Go ahead.

Louise Pillay
Hello. I'm Louise from Investec. To just highlight on South Africa and the loadshedding elephant in the room, what are your views on the probability of a total blackout in South Africa? And how are you planning for this? And second on South Africa, I appreciate you don't comment on churn rates. But during the various stages of load shedding, what are you seeing on specific churn rates at the various levels? And then the third question is on the advisory board. The term has ended. Please can you provide more thinking around changing this into a more stakeholder forum? Thank you.

Ralph Mupita
Okay. Can I ask my colleague, Charles, to come up? I think that he is going to have a lot of questions. So, you might as well stay up on stage. Maybe I can start off, Louise. We don't think that stage eight and total grid collapse is highly probable. We think it's a very low probability event. But obviously, you need to plan for that, even low probability events. And I'll ask Charles to give his evolving thinking about what would happen in that kind of scenario and how we think about it. And then I'll ask him to comment on churn rates. And I'll come to the IAB.

Speaker	Narrative

Charles Molapisi

Louise, I didn't see your face. Oh, there you go. I think on the issue of total grid failure, first of all, let me say that the network is in segments, so that we get a perspective of where the failure could be. So, the network is divided into multiple segments. We've got the core network, which is housed in this campus here, multiple hubs, multiple switches. That part of the network, you can take it for granted that we will be able to secure it. Why is that? It is because this is covered through proper gensets, and we are putting a solar farm here. So, I'm quite comfortable that in terms of the campus, which is the core part of centre of the network, we should be okay.

Where it gets a bit complicated is on the distributed nature of our sites. So, that becomes a bit challenging because you have to actually deploy power across all multiple points, which is not really practical. But what we're doing is importing and bringing gensets. I'll give a number, give a range and say 3 000 to 4 000 gensets in that case. That protects what you believe is the critical sites. That is the plan. That plan is not done necessarily for the grid collapse. We're doing it under the perspective of loadshedding as it is today. It should help.

I also think that, as we discussed with the group of CEOs, because this would be catastrophic for the entire industry, we are talking to the ministry. We are talking to the CompCom to say, should this eventuality occur, is there a possibility where we can actually sub segment our radio access network and roam on each other's network? Look, that has to pass proper governance and processes. But we are looking at the possibilities of how we collaborate. We think it's unlikely, but we think that our preparation around loadshedding helps us to a certain extent to be able to prepare for that.

You also asked the issue around churn. Look, we will be upfront that you can see the quarter performance, that we have been very clear that we have battled when it comes to Q4. We do see some slight degradation around RGS1 numbers, which is the customers who are active on a daily basis. We are comfortable that as we go into half two, because if you compare H2 availability compared to where we are now, you will start to see an upside. So, if you compare this January compared to last January, this was 78% availability compared to what we had before. So, we were relatively comfortable that as we go into H2 we will be able to recover. Thanks.

Ralph Mupita

Yeah, so maybe just on the point that Charles raised around the state of disaster. Related to your question about total grid collapse, our point of view is that we should be using the state of disaster actually as a unique opportunity to try and create resilience across the networks. So, we are already sharing sites. There is an opportunity to look at how we share power in particular.

Sensitivity: MTN Internal

Speaker	Narrative

Obviously, that needs an arrangement around the Competition Commission. Charles spoke to the roaming point of view. So, I do think we need to lean in.

A little interesting note is that obviously we are working with IHS, and they are used to these kinds of networks that are largely off grid. So, the electrical engineering skills you need to work in the sites is not available in South Africa, by the way. They're not largely available. So, we've had to bring in people from Egypt, Nigeria, and other places. And the challenge we're getting is visas. So, under this dispensation of a state of disaster, what we will be seeking additionally is some special dispensation around the visa regime, to enable us to bring in the electrical engineering technicians who actually have the skillsets to manage sites that are largely off grid. And that's something that we continue to be talking to the authorities about.

On the IAB, as we noted in the SENS, the IAB's three-year term came to an end. And firstly, I just like to thank President Thabo Mbeki and other members of the IAB, who have been fantastic in supporting us with their views on nation state issues. The board resolved to take a view that we would evolve into a much more open architected stakeholder platform. Many fancy words. What that basically means is that we will draw upon as and when from experts in any areas, nation states, technology, etc., as we actually have been doing with the board anyway. And the IAB members, if they're available, they'll also be part of that.

So, there wouldn't be a board so to speak. As and when there was a particular issue. And we wouldn't limit it just to the existing IAB members. We will be happy to call upon them. But there will be others that we would seek their views to inform and enrich our views around the macro, technology and other broader matters that the board may apply themselves. But I did want to take the opportunity to thank President Mbeki and other members of the IAB for the sterling work and the support that they gave us over the years.

Thato Motlanthe
Thanks, Charles. Thanks, Ralph. We've got Presh who has got a question.

Preshendran Odayar
Hi, everyone. It's Preshendran from Nedbank. I've got three questions from my side. I believe that your SLA with IHS is 98.2% uptime on your network up to stage four loadshedding. What happens now that stage four is the base case? And what is your agreed uptime on stage six and above? The second question is you mentioned your fintech carve out, but I just wanted to get an update on your FibreCo carve out. And now that you've got such a healthy balance sheet, will you re-look at Telkom, and particularly Openserve, because I think that's the crown jewel that you guys want?

Speaker	Narrative

And then the last question is, you're still showing your naira official rate at about ₦470 for the next year. But at what rate are you actually getting cash out of that Opco towards the latter part of the year? Thanks.

Thato Motlanthe
Thanks, Presh. Let me just start off by saying the ₦470 is Bloomberg and IMF. It's not our rate. Are you going to go first on the SLA?

Charles Molapisi
Sure. Presh, I think you're right about the 98.2%. But I want to take a step back. When the construct of the deal was done, if you look at the graph that Ralph showed, we started the deal in 2021. No one really thought beyond stage four. I mean, we thought the stage four would be force majeure. So, what we're doing now is going back to the drawing board. We need to do further deep dive and discussions. I am not able at this particular point to be able to give a definite position in terms of saying, what happens at six and eight. I think we need to reflect a little bit.

There's a point which Louise made also about what happened to the grid collapse. So, our thinking now has evolved a little bit more compared to where we are. We'll just appeal for a little bit of time, explore the idea. The discussion though with IHS is on the table as we speak. So, we'll get a position let's says probably the next two maximum months to be able to get a perspective.

Ralph Mupita
Just on that point, Preshendran, to fortress what Charles raised. We are actually in discussions with IHS on that. We set the contract at force majeure at stage four, where we start to share some of the additional power, which is what we've explained in how we're provide in the margin guidance. But they are open to the discussion. They also understand that the environment is a lot more different than what they anticipated. I think the thing that gives me comfort is that these guys are very skilled. They run a network in Nigeria with 17 000 towers, with 5% assumption on-grid availability. So, 95% you're off the grid, and you need to maintain a 99.75% network availability, which they do in Nigeria.

And they move 300 million litres across the country with 30 000 people. So, they understand the logistics. And these are our partners, and we feel that we'll find the right answer. As we now take a view that actually stage four plus is in the near term what we anticipate will see across our networks, and I guess pretty much you'll see across the other networks. On the process with fibre, I'll ask Jens. He's in the room. We're sharing the speaking here. Jens is responsible for all our Global Connect activities, so he can add to the chorus of executives that you see up on stage.

Speaker	Narrative

Jens Schulte-Bockum

Yeah, thanks for the question. On fibre maybe worthwhile to distinguish between two different parts of the business. So, on the Global Connect side, we are focusing basically on metro fibre and above. So, that's metro backhaul and undersea cable. And we expect to complete the carve out of that business materially by the end of the year. That will give us optionality in a similar way as in the fintech business to look at minority participations to bolster basically the opportunity to invest further into that side of the business. But we are also planning in the meantime to accelerate our existing rollout of fibre. I think in the results we communicated that we invested in well over 5 000 additional kilometres of fibre build last year. We have similar plans for the next few years, and we are open to an acceleration as we believe that there is significant backhaul capacity demand building over the future.

The other part of the fibre business is more related to fibre to the home. And here again, we have a special situation in South Africa where the market is already quite developed. I think there was a hint made to our interest in Telkom. I'll leave that for Ralph to comment on. But we obviously were interested in Telkom for a number of different reasons last year, including their fibre asset. We do agree that potentially achieving a relevant position in FTTH in South Africa will not be possible without acquisitions. I think that's very clear in our strategy.

That said, in other parts of the footprint, particularly in West Africa in markets like Ghana, Nigeria and Côte d'Ivoire, we see significant opportunity to get an early start in FTTH build. And we've recently conducted some research internationally in other emerging markets, Latin America, Southeast Asia. There is a potential to build at relatively low cost if you have permission to build aerial fibre rollout. And we do think that there is a business case ultimately to go after a significant chunk of middle class, lower middle class to upper middle class homes in these markets that will eventually pivot to fibre demand as well. And we keep a watching brief on how much we can do in these markets as well. But for the avoidance of doubt, that is not related to the Global Connect asset. That will be a separate investment, more likely led through the operating companies in a capital structure that we would still need to find the right approach to. Thank you.

Ralph Mupita

Yes, you'll hear Jens talk more about this at the capital markets day. Jens has just come from what I call a global tour of seeing what's happening in other regimes where we think there may be alternatives around the room. Presh, on your questions around Openserve being the crown jewel, we've got no discussions with Telkom as we speak right now. I think it's presumptuous for you to

Speaker	Narrative

say it's the crown jewel. We thought a little bit more differently than just the crown jewel point that you raise.

In terms of the naira, to the point that Thato spoke about, that's a Bloomberg estimate. I mean, of the cash upstreaming that we've done, the limited cash upstreaming that we've seen in the year, the number is ₦550 or ₦560, pretty much the same as we were getting at the back end of last year. I'm just checking my questions. Have I answered all your questions?

Thato Motlanthe
You did. Thanks, Ralph. We've got a question towards the middle.

Cele
Thank you. My name is Cele from Absa. And my questions are clearly on theme. So, largely focusing on loadshedding and the fintech business. So, with respect to loadshedding, I think there's been a lot of focus in terms of stage four scenario planning and the likes. And obviously, the back-up solutions relating to that scenario planning. So, I think obviously, as we go into the more intense stages, then the repercussions continue. So, greater recharge time, greater expense in terms of diesel for generators. So, what I didn't necessarily hear much of is a focus in terms of renewable sources of energy. So, I know Charles had mentioned something about a solar farm. So, if I could please have more detail in terms of the innovations around that, please.

And then secondly, in terms of the fintech space. Of course, I note obviously that the fintech growth focus is largely in terms of the other parts of Africa outside of South Africa, and less so in South Africa. Obviously, assuming that's got to do with demographics and cash-based societies. But I'd like your view in terms of what's really driving that. And just a sense of the timing around the standalone carve out of the fintech business. Thank you.

Ralph Mupita
Do you want to touch on renewables?

Charles Molapisi
I'll happily do that. Cele, first of all, let me let me explain that the network in South Africa was built with a default expectation of grid availability. That dictated the level of the volume of real estate that you design on the site. That's very, very important. So, it is not an easy build to place panels, because you essentially don't have enough real estate. But what we're doing, we're starting right here in 14th Avenue with a project starting in a month's time. We will be able to deliver 40% of this campus to renewables. That's number one.

Speaker	Narrative

The second thing is that we're running this thing in three phases. There's adjacent land on the site. We'll be able to deploy another energy farm to be able to help us to do that. We also had a discussion with the SA board about what can we do around IPPs. I won't go too far on it. But we have exploratory discussions around what we can do around IPPs. I also have to mention that getting IPPs does not mean that we'll be able to wheel the energy directly into our sites or into our energy farm. But what it will do, it will help us to offset the credits...So that's on that.

However, on the number of sites that you have, we've got about 12 900 sites, we're looking at this on a site-by-site basis. On sites which are safe – here I'm talking about rooftops, malls, clinics, all of those areas, estates – we're talking to all those landlords to say we should, and we must actually, deploy solar farms on there. The other ones which are prone to theft, it is very difficult for us to commit that we're going to spend money only to lose the panels the following day. So, it's a mix. It's targeted and it's pragmatic. Thanks.

Ralph Mupita
Just on that point around security, actually Charles has three categories of security. We're going to have to put some of our back-up batteries actually in bunkers to prevent them from being stolen. The level of vandalism across our sites, and I guess more nationally, there is actually a secondary market for these batteries. So, there's quite an investment around the work that we've had to do to secure the batteries. And some of them will have to be in bunkers. But actually, to Charles's point, at a different security level, you can have solar panels, but you need to be aware that we need to take a view that the theft risk with regards to those panels will actually be lower.

Just your questions on fintech. And there are two. One is really around South Africa. South Africa's regulatory regimes are such that fintech needs bank sponsorship. And we are under the bank sponsorship today through African Bank. The regulatory landscape in South Africa I guess is changing. And I think there were some pronouncements made by the SARB last week that are very encouraging that it is going to get opened up to non-bank players. So, for us, South Africa will always be a little bit different because of the maturity and the availability of financial services. What we're focusing on South Africa is better than cash. We're not trying to compete with retail banks. We're actually trying to be complementary to the work that that the banks are doing, to mobilise deposits and all of that. But for us watching how the regulatory landscape changes in South Africa, which is encouraging, will be important.

On the fintech carve out, as we've reported, we've gone across all the 16 markets, created various separate companies from the GSM, implemented intercompany agreements that regularise the

Speaker	Narrative

flow of services and what it costs. And to Tsholo's point, that's what she mentioned, that actually the margin evolution is in progress because we're now actually having fintech on a fully costed basis. The margins you remember are like mid-40s when we're talking about mid-30s. Another 10 percentage points of margin that goes to create a normalisation of the cost.

But it's a business that's going to have very high free cash flow, mid-30s EBITDA, and approximate levels of capex intensity in the order of magnitude of 2%. So, you still see a healthy 33% free cash flow outcomes from a business that actually is very scaled and large already. And we are well progressed with the initiatives to create that separation. And to Jens's point, linking back to where the focus is, the focus has been on the fintech. But as we go towards the end of the year, we're focusing more around the progress we make around fibre. I know you want to take some questions online.

Thato Motlanthe

Yeah. Let me just throw two questions in from the webcast. The first one, a financial one. Given the progress on the expense efficiency programme, how much is left of that? And what do you see as the prospects for further savings given the inflationary environment? That's the first one. And then the second one related to that around towers. Given that there's no diesel pass-through for the Nigerian towers, are you able to replicate that in your other tower agreements like Ghana and South Africa? And then maybe just the last one linked to that. Are you able to negotiate IHS tower contracts from USD-based pricing to local currency?

Tsholofelo Molefe

With the expense efficiency programme, as I indicated, we had an expense efficiency programme that started in 2020. We've been able to deliver the results on that one. It is an ongoing effort. We are actually looking at expense efficiency 2.0. We do think that there're opportunities in digital transformation. When we go into new contracts with our vendors, negotiation of unit price reduction. And it's something that we have been doing. Process automation, and the likes. So, we are looking at that. For our 2023 we have a target that we have put in place. But essentially, we see expense efficiency saving as an ongoing effort given the challenging macro environment.

Ralph Mupita

Just on the tower side, I'll try and keep this fairly summarised. Diesel pass-through in and of itself is not a problem. It's only part of the overall tower contract. There are use fees and all other elements of it. So, I don't think one should focus so excessively on the fact that you do get diesel pass-through. There are other elements of tower agreements that can bring on costs. But obviously on the Nigeria side, the existing arrangements on the majority of the towers are actually

Speaker	Narrative

under IHS. There is a small portion under ATC there. But the majority of them, there is a diesel pass-through. It's the nature of how these contracts were negotiated. And there're two cohorts of them in Nigeria. One is the contracts that end 2024. The others, the majority 2029. The 2024 portfolio is the one that has been under discussion and under review. And when we conclude that, I'm sure we will be updating you in the markets.

In terms of local currency pricing, we do favour a profile where we have as much of local currency pricing in the towerco agreements. There's always a level of dollar indexation because if they're bringing diesel in, you have to be also alive to the fact that there are some dollar components. So, there are dollar components in the towerco contracts that relates directly to the dollar. There's a lot of work around civils that can be very much priced in local currency, but there will always be some component.

And it's not only about the dollar indexation. It's about the CPI escalations as well. So, it is quite a complicated arrangement of different price components that you need to look in the round to say, does this look similar if we were running the passive infrastructure ourselves? So, we talk about should be costing, which is the effective rate of all those components working together. And if it's below should be costing, for sure, the towerco company, which is very skilled at this, should be the one that is actually managing these contracts, even if you're exposed to some sort of market risk over a 10-year period. So, in terms of negotiations, we have negotiated several of the agreements. And as I mentioned, the two important ones are the 2024 portfolio with IHS in Nigeria, and Charles is looking at the power-as-a-service in South Africa.

Thato Motlanthe
Thanks. So, I think we need to wrap up, but there is one more question. Last question, and then we can wrap up.

Clement
Good afternoon. Thanks, Ralph. Thanks, Charles. Thanks Thato and Tsholo. Great presentation. My name is Clement from Ecobank. You've spoken at great lengths in terms of some of your bigger markets, such as Côte d'Ivoire, Ghana and Nigeria. And obviously you've spoken a lot about South Africa, particularly with regards to loadshedding and the preparations for stage four and north of. For those of us who come from the African continent north of the Limpopo, we consider it par. So, we're pretty used to it.

If I may, just in terms of your other smaller markets, and I'll use two that are top of mind. Equatorial Guinea and Guinea Bissau, what is the group's view in terms of how you're going to support them?

Speaker	Narrative

Because those are markets where competitors have taken a direct decision to undercut you in terms of pricing. Will Group continue to support them technologically, operationally, financially? And if the answer is yes, how? Thank you.

Ralph Mupita

Thank you for reminding us that north of the Limpopo power is intermittent, or on-grid power is intermittent. And specifically, to your questions about the small markets, we have a portfolio view on MTN. We operate in 19 markets, and we want the markets to be able to finance their own growth. Obviously, Group provides enormous amount of resource and capability to support it, to be able to underwrite, write letters of comfort to banks like yourselves from time to time, to enable those operations to be able to fund their own growth. And as long as they're meeting that acid test of funding your own growth with some Group support, the portfolio absolutely works.

Yes, we do know that there are markets from time to time are challenging. If I look back at, let's say, Liberia five years ago. We looked at Liberia and said, Liberia can't turn around. Actually, Liberia has turned around, and actually has been generating profits, and actually paid back some of the Group funding it was given. So, there is a capacity for some of these operations that are very challenged circumstances to turn themselves around. So, we will remain disciplined around the framework we look at our markets. That need to tick the box of being self-sustainable. And we've seen enough evidence that at times these Opcos can actually turn around their fortunes over time.

Would we want better performance out of Guinea Bissau? For sure. Would we want better performance out of Guinea Conakry? For sure. Would we want better performance out of Nigeria? For sure as well. So, we're never absolutely satisfied. But I think that should give you a sense of how we think about the framework, which is basically a market must fund its own growth. Tsholo is unlikely to be writing cheques to the markets if the situation is unsustainable.

Thato Motlanthe

Thanks, Ralph. I'm going to ask you for some closing remarks. But before I do that, let me just invite everyone in the room. There's some cocktails and snacks outside. Some of the management, and executives will be there, so you can ask some of your questions. Hopefully, they don't reveal anything they shouldn't. But with that, just some closing remarks from Ralph.

Ralph Mupita

Yeah, again, thank you for spending the time with us today. We spent a lot of time talking about the past, but obviously, we need to look into the future. And a few things that I just wanted to

Speaker	Narrative

reinforce. Firstly, we're very pleased with the performance last year. We were able to weather quite a lot of the inflationary pressures that we saw during the year and deliver a really good performance under a challenging macro.

As we look ahead, we anticipate H1 to be fairly tough across some of the markets. South Africa, as I mentioned, we do look for a relatively weaker print on service revenue and EBITDA in H1, but actually improving into the second half of the year as our network resilience plan takes hold. You heard Charles is very committed in driving that. So, we think that the financial framework for South Africa remains intact. And we're going through these changes of accepting now that stage four plus actually is the base case.

As I said in the comments, we really do call upon both government and business to seize this moment where South Africa finds itself to really drive financial resilience around critical national infrastructure. But the South African business will deliver good cash. That cash supports some of the funding and other capital activities that we have at Group. And hence, we felt the confidence of the 330 cents that I raised.

The second point is that we are very well arranged as MTN to be able to capture the growth opportunities we see in our markets. We're number one and number two, pretty much in every market. We have scale, so our scale enables us to take on shocks, but also to take on advantages of opportunities which are going to come in the period that lies ahead. So, the company is very well placed to continue to grow and scale.

And the final point is that financially, we're in probably the best shape that we've been in a very long time, certainly, over the last six years I've been at MTN. To see the balance sheet in such great shape, many thanks Tsholo and her team and the broader MTNers. That and the level of liquidity enables us to withstand shock or take advantage of opportunities. Opportunities are going to come in this period, and we need to be ready to take.

And we thank all our investors and shareholders. We hope you enjoy your 330 cents dividend that we've declared for 2022. And we remain guided by our capital allocation framework as we think about the period ahead. Thank you very much. And for those who are in our premises, please join us for some refreshments after this presentation. Thank you.

END OF TRANSCRIPT