MTN Group

2024 Annual Results

Presentation transcript

17 March 2025

Video

By midday, a student joins an online class. At dusk, a trader secures a deal. Every moment across Africa, people connect. Connection ignites clarity. It slices through noise, erases distances, sparks ideas into action. Connection fuels resilience. It keeps businesses running, students learning, families close, communities thriving no matter the challenge.

Connection drives speed. Because opportunity doesn't wait, decisions are made in real time. Transactions happen in an instant. Progress moves at the pace of now. From 1994, we've pursued one mission to empower everyone everywhere with the benefits of a modern connected life to drive Africa forward by giving a voice to the unheard, putting the internet into everyone's hands, to empower the unbanked, open doors to commerce and reshape industries that transform realities.

From a single nation to an entire continent, we have become part of everyday life, woven into the fabric of culture. We are everywhere you go, because progress isn't just about technology, it's about people. People who dream, build, people who push forward, no matter the odds because when people move, Africa moves forward. And this is only the beginning. Africa's story is still being written. And together, we're building a future of hope, dignity, and opportunity for all Africans.

Thato Motlanthe

Good afternoon, ladies and gentlemen. My name is Thato Motlanthe. I look after group investor relations for MTN and it's my privilege and my honour to welcome all of you to the MTN Innovation Centre here at 14th Avenue. It's a great privilege to welcome you to our presentation of the full-year results to the period ended 31 December 2024.

A special warm welcome to everyone who's in the house - again, we appreciate you coming in - as well as to our MTN family across our markets who've also dialled in. There are a number of platforms that we're broadcasting to today. We've got a webcast that we're live at. We're on CNBC Africa. We're on the MTN Group YouTube and LinkedIn channels. So, just before we get going, maybe just to start with some of the usual housekeeping, the first one is that you should be seeing the disclaimer and safe harbour slide up on the screen. That really just covers today's presentation.

Secondly, for those of you in the room, just to remind you again of the emergency exits, there's one to my right and one to the back of the auditorium. And then if you're sharing live updates, you can follow the conversation online. You can use our official hashtag which is #MTNannuals24 and tag us on @MTNGroup. And then finally just for those who again are in the house, there are going to be refreshments for you.

And if we just take a moment to reflect before we get the proceedings underway, I think today's presentation is against a backdrop of a long-running track record of MTN, of driving growth and creating value. Over the past three decades, we've built a very strong foundation, in terms of the reach that we've managed to create and the lives that we've touched as a business. So, that really has cemented our position as leading Africa's digital progress.

Now, with today's presentation obviously we look at the performance past; we talk about the outlook; but I think it is against that backdrop that we say when we reflect the operational and financial progress that we can all be proud of as MTNers and obviously our partners who have taken the journey with us.

So, just as we get into the presentation, let's review today's agenda. It's the usual run of play. We will start off with some full-year highlights that Ralph will take us through as well as an operational and strategic review. Tsholo, who is our CFO, will come up and talk about the financial overview and then Ralph will come back and give us some outlook and priorities comments.

So, just to remind you, if you do have questions and you are on the webcast, please do use that platform for your questions. And without further ado, it is my great honour to welcome to the stage our Group President and CEO, Ralph Mupita. Over to you, Ralph.

Ralph Mupita

A very good afternoon from myself, Ralph Mupita, to all of our guests who joined us here at 14th Avenue and those who are joining us from various virtual platforms. It's always an honour and a privilege for Tsholo and I to present these results which are really the work of the 17,000 MTNers across our markets who have delivered these results. And I really appreciate the time you've taken. And I think by now you would have seen the SENS and the annual financial statements and have started to work your way through these. What Tsholo and I will try and do over the next almost an hour is to give you a sense of what we see as the key messages in our results as we present them today.

From my side, just to start off by talking about what we believe are the six key messages that are within our results. And the results are delivered in a particular context of probably two halves in 2024. The first half of 2024 was characterised by a very sharp devaluation of the naira. The naira closed at end-2023 at ₦907 and at the start of January last year, many of you remember it went to ₦1,300 and at the peak was actually ₦1,900. So, that sharp devaluation characterised quite a lot of our results in the first half.

The second half of the year still saw currency volatility, but much more muted and we also benefited with the renegotiated set of tower contracts in Nigeria with IHS as well as with ATC. And inflation was also starting to slow, so there is really a tale of two halves. And the **underlying performance** that we had consistently delivered started to bear and show fruits in the second half of the year. And as you see in our results, and Tsholo will present this, H1 over H2, steady earnings, cash flow, cash upstreaming and better leverage outcomes. So, giving us some momentum as we exited 2024.

The second message is really that the **commercial momentum** is still driven by the two structural growth underpins we see in our own investment case, which is data growing pretty strongly. We saw data growing at 21.9% and Tsholo will take us through that. And then the fintech business, there was much higher quality growth that we achieved. The base didn't grow as much, but actually the service revenue and the margins were expanding very nicely. And you'll see there that the growth is around 28.5% on service revenue.

The third message is we are **progressing with strategy and its execution**. The first point that we will cover is localisations. We have completed localisations in Uganda and Ghana. And so, those were outstanding strategic initiatives and they are now completed. We have made really solid progress in terms of simplifying the portfolio and exiting certain markets. We are out of Afghanistan last year, out of Guinea-Bissau and out of Guinea-Conakry. And on the fintech side, continuing to expand the ecosystem, progressing with structural separations and deepening the partnerships that we have.

The fourth, which Tsholo will cover in a lot more detail, is the **balance sheet**. The balance sheet, again, experienced the effects of the two halves of last year. You will remember that the Holdco leverage went above our guidance, 1.6x at the end of the half year. By the end of the year, we're back in guidance at 1.4x. And also, the cash upstreaming was much better in the second half and that also helped give the business a healthy liquidity position as Tsholo will cover.

Fifth message, **guidance maintained overall** for the Group and we re-instated Nigeria guidance. We suspended Nigeria guidance last year because of the uncertainties around the macro. And we feel pretty confident this year that the outlook is more visible and we are prepared to put our stakes in terms of FY 2025 guidance, which we have called out specifically and then re-instating the guidance.

The final message is really about **dividends**. We had guided for minimum dividends of 330 cents. Having assessed the usual solvency, liquidity and outlook criteria, we felt it's possible. The board on Friday approved the dividend of 345 cents per share, also signalling an anticipation of a dividend of 370 cents for FY 2025 payable in April 2026.

So, those are the key messages. And starting with **commercial momentum**, let me pick up on that one first. And obviously, the commercial momentum in our business is largely driven by data, as well as the fintech side. And as I mentioned earlier, a bit more muted growth on the core connectivity business, 2.2% up. And that's in a period where we had the NIN-SIM registration, so we deleted a lot of subscribers in Nigeria so that we could be compliant in meeting the NCC requirements of NIN registration.

The active data subscribers grew pretty nicely, 7.7%. The data traffic, the demand, and use of our networks continue to grow pretty strongly there. Same profile on Mobile Money monthly active users. We did quite a lot of work to clean up the base, reduce some of the incentives around commission. We don't count wallets now that are seeded but are not active. So, clean-up of the base has resulted in more muted growth on the base, but actually transaction volumes as well as transaction values continue to grow. So, much higher quality growth which we are very happy with.

In terms of the financial highlights, I won't dwell on them too much. Tsholo will cover. But maybe to pick on a couple of KPIs: service revenue at 13.8%, getting much closer to our guidance range of 14% to 16%. And again, a tale of two halves. First half, service revenue growth was about 12.2%, second half, 15.5%. So, starting to see an acceleration coming into the second half and driven by data and fintech. You see the growth levels there.

In terms of our earnings, we often shine or put the focus on adjusted headline earnings which we see as a measure that gives you a sense of underlying earnings momentum in the Group. It's still down just on 32%, mainly driven by the sharp devaluation of the naira, which generated less reported earnings as we consolidate them up in Group. Tsholo will show a slide showing what if you were to normalise for translation effects, and actually the business is looking very, very solid.

The balance sheet Group leverage remains very comfortable at 0.7x and Tsholo will take us through also the maturity profiles that we have on our debt. That's all looking very comfortable. And the mix of debt that we have now is a lot more rand debt, and we have a stub of 2026 bonds that are due for maturity towards the back end of next year that we are applying our minds to. But we are in a very comfortable position right now in terms of the mix there.

And then, as I mentioned, the dividend at 345 cents. The operating free cash flow that Tsholo will show again a tale of two halves where we really had free cash flow accelerating coming to the second half given the effects of the first half.

But going into the markets, let me start off by making some comments about **South Africa**. And we headlined that South Africa had resilient performance, service revenue growing at 3.1%, the EBITDA margin back in range at 37.4%. And well done to Charles and the team for ensuring that the expense efficiency initiatives take root. Pretty much half of the expense efficiency programme savings we've achieved have been in South Africa. So, South Africa has done a lot of the heavy lifting to manage the expense base and support the earnings and cash flow coming up.

The context of South Africa was that actually the macro was relatively benign and in many respects we started seeing inflation moderate even though it's at a low level. The consumer in South Africa in the near term has been buoyed by tapping into and having access to the two-pot retirement system. I think in the short term that creates a bit of liquidity, but long term you can have a different point of view around that. So, the consumer is relatively in a better shape and we saw that pretty much in our postpaid business. The postpaid results were pretty solid. Enterprise was solid. We saw good growth also on fintech and digital.

Our key challenge has been to see the benefits of our price-ups in prepaid. They haven't come through as of the end of the year. And as we said today, we are still working through those, and that's probably the one area that we would call out that we didn't meet our own expectations in terms of delivery. But when you look at the other areas, the network, we rolled out R9.8 billion of capex. R1.5 billion of that was network resilience investment. The network resilience investment is complete. And actually, in the last couple of days where we had some loadshedding, we actually saw that the network is delivering very high levels of availability even when we experienced stage 3 loadshedding. So, as I mentioned, service revenue growth of 3.1%. As we exited the end of last year when we do our NPS measurements, we saw a leading NPS position as we exited Q4.

Nigeria. Nigeria released results a couple of weeks back. And again, the story there is really around the sharp devaluation of the naira. And we did see easing inflation towards the end of the year. We had to deal with quite a lot of regulatory issues in Nigeria last year. The NIN-SIM was one, but there were spectrum renewals we had as well as new spectrum that we acquired to give our network the capacity and headroom that we needed.

The big activities in Nigeria were executing on the five-point plan that we communicated to shareholders at the EGM in May of last year. We were in a very clear plan and said if we execute on these five levers, we would end the year in a much better place. And thanks to the execution that's been done by Karl and the team, we exited the year on a much stronger footing, having had the renewal of the tower contracts with ATC and IHS. We reduced the LC exposures. We started the year with about $400 million and ended with a relatively de minimis amount of about $20 million as we worked through all the outstanding obligations there.

And obviously importantly now we have the tariff adjustments approved at the beginning of this year at 50% that we have started to implement. We haven't completed the implementation. And that all supports our view in terms of us bringing back the guidance for Nigeria. And the outcomes there, a very strong service revenue growth, 35.6%, above the guidance. Data traffic very strong, so you see a very healthy yield of data traffic to service revenue growth in Nigeria.

And we did maintain our network leadership. In Q3, we thought we'd lost network leadership because we had been very strict around SIM-NIN registration and deleting subs where we didn't have the NINs. That affected NPS in Q3. By the end of Q4, we were back in the leadership team. So, very strong set of results underlying in Nigeria, notwithstanding the macro effects which we're beginning to see easing. And importantly, Nigeria eked out a bit of a profit in Q3 and then we saw also a profit in Q4. Still needs to work through the negative equity and distributable reserves, and we can talk about that in Q&A.

In the rest of the **Markets**, just to highlight, and obviously SEA was really powered by the results of Uganda. And Uganda came out with this result last week. And we also see WECA very much powered by Ghana. So, in both regions, SEA and WECA, a very strong set of results coming in for both data and fintech. And to those teams, we have VP, Yolanda, also in the room who looks after our SEA region.

MENA is a story around Sudan basically where we had very challenging operating conditions given the ongoing conflict. The humanitarian conditions there are very dire and we're doing our bit to keep our network up and enable as many people in Sudan to stay in contact with loved ones. But as the year went on and obviously inflation picked up, inflation was getting close to 300% in Sudan and the war conditions towards the back end of last year, we started seeing particularly in the east towards Port Sudan and coming back to Khartoum that we are able to get some of our sites back on air. And we started seeing an improving trajectory in the second half of last year and even the beginning of this year, we are beginning to be able to get some of the sites back on air particularly in Khartoum, which used to be 70% of our earnings. So, the big issue there has really been around Sudan.

On **fintech**, as I said, better quality growth that we're seeing when you translate it into revenue and earnings. So, we have been very focused on improving the commercial monetisation. Advanced services, big push on banktech and opening up more remittance corridors. We saw advanced services going up by 52% within, and they comprise now about 30% of total service revenue. So, very pleased with that. And as I mentioned earlier on, good transaction volumes and value beginning to come up in the business. Pushing ahead with the commercial rollout of our agreement with Mastercard on virtual and physical cards and we started deploying those in a couple of markets. And happy to talk about that.

In terms of **portfolio optimisation and ARP**, as I mentioned localisations are completed. The two localisations of Ghana and Uganda bring about R2.5 billion of proceeds and now we've met the various thresholds for both Uganda and Ghana. So, as far as the statutory required localisations, pretty much done now. We had signalled to the market that over time we would be looking to sell down because we want more locals participating in the fortunes of MTN Nigeria. That 11% is still out there as is Cameroon's 10%. So, those are the sell downs that are still to be executed over time. And on portfolio optimisation, as I mentioned earlier on, we've completed the exits of Afghanistan and the two Guineas. So, a lot of progress there.

Creating shared value is part of Ambition 2025. We're saying ESG is at the core. And we basically have three areas that we're executing and tracking performance. The first is under E, putting a focus on greenhouse gas emissions and off a baseline of 2021, looking to improve and reduce the greenhouse gas emissions. So, you see a very good score of 46.2% reduction against that baseline. Now, within that, there are some of the previously Scope 1 emissions that have actually now moved to Scope 3 when we did the SA tower deal with IHS. So, the 46% is factually the results, but it flatters a little bit. But it's still good growth as we push towards 50% by 2030.

Broadband coverage, good progress, 93% almost there. And we are targeting to get to about 95% by the end of this year. And so, part of our capex budget that we have for this year is really to improve coverage to meet that target of 95%. And then diversity and inclusion which is important to us as MTN, the key metric we look at is women in the organisation. Again, we made good progress. Three years ago, we were at about 39%. So, we're at 43%, almost 44%, so still some work to be done. And actually, making very good progress in some of the areas below that headline number. So, we measure women in tech within our organisation and that's been going really well. And actually, we've now upped it as we go into the years that come ahead. So, really good progress around the main KPIs. We focus on ESG. And obviously one of the things we do is reduce the cost to communicate. And actually, that's on a blended basis come down just almost 11% across our markets.

Before I ask Tsholo to take us through the financial results and I'll come back with outlook and priorities, **how are we doing against the medium-term guidance** that we have committed to the market? So, on group service revenue, pretty much there, 13.8%. If we exclude Sudan, it's 14.4%, so pretty much back in mid-teens. And the second half of last year was 15.5%, so you see that acceleration coming through.

South Africa, I think we are ticking the boxes on pretty much all the bearers. Prepaid is where that's brought us down a bit and not enabling us to meet our 4 to 6% target range, but the other areas growing very nicely. So, Nigeria, fintech, the Holdco leverage, asset realisation. And the ROE was obviously affected by a huge chunk of Nigeria earnings that used to be translated at ₦400 odd, now being translated at ₦1,500 odd. So, that actually has been the big impact on the ROE. So, good progress. And let me hand over to Tsholo to take us through more of the numbers and I'll be back for outlook and priorities.

Tsholofelo Molefe

Thank you very much, Ralph. Very good afternoon to all our guests, MTNers online and in the room today. It is really good to see you all again and I'm very pleased to present to you our financial performance for the financial year 2024. We are really encouraged to see the resilience and momentum of our financial results, which were achieved under a very tough macro and operating circumstances. So, if I can just take you through some of the key financial messages from our financial performance, five key insights.

Firstly, as you can see, we continue to manage the **macro impact on our financial results**. However, we notably saw a moderation on the effects of our numbers in the second half, and these were really headwinds that abated in H2. Secondly, we are pleased to report a **positive underlying trajectory in our service revenue growth, as well as EBITDA margin**. It demonstrates the strength of our operations underpinned by effective execution.

Additionally, which is really the third point, was we continue to **execute well on our expense efficiency programme**, and I will share with you later. This programme has really helped us to cap the effects of the macro environment, enabling us really to defend our margins.

The fourth point on the screen is that we have also seen **very strong trends in terms of free cash flow and our leverage metrics** in the second half of the year. These improvements have aligned with our commitments to the market to really reinforce the strength and flexibility of our financial position.

Finally, just to reiterate, is that we have remained **disciplined in applying our capital allocation framework** and it has really underpinned our performance and ensured that we are making strategic investments that drive long-term value.

So, if I can just give you insights into the **positive momentum** in the second half. As Ralph indicated, you will see the trends on the screen on our key financial metrics. I will speak to these throughout my presentation. But as you can see, our service revenue growth accelerated in the second half to 15.5%, including MTN Sudan, which started to show a more encouraging trajectory. But overall, a very pleasing acceleration relative to the 12.1% that we reported on in the first half.

In terms of EBITDA margin, H2 much stronger than H1 again with overall margin improving to 39.9% compared to the 36.5% that we reported at interim. The strong operating performance in H2 is really reflected in our P&L with adjusted headline earnings per share of 443 cents in the second half compared to 373 cents at interims.

Similarly, operating free cash flow, as you can see, and this is before spectrum and licences, was much stronger in the second half, coming in at R21.5 billion versus R9.9 billion in the first half. And this underpinned the cash upstreaming which was much stronger which ultimately supported also the Holdco leverage that came in within our guided 1.5x, where we achieved 1.4x, and an improvement from H1 as well as our Q3 results. So, overall, on this slide, we show a very strong exit from a financial point of view puts us on a strong footing as the new year unfolds.

So, just to take you through some of the financial performance, and before I do that, very briefly on the **significant items that have impacted our results**, again, which Ralph touched on. Firstly, from a macro perspective, starting with the FX volatility, and notably the devaluation of the naira. This had three significant negative effects in our financials, namely upward pressure on opex, blended inflation impacts, as well as the FX losses coming through the finance charges line. But also importantly is the translation effects in terms of conversion from local currencies to our reporting currency, the rand.

Secondly, just in terms of the key macro, we recorded a loss amounting to R300 million from MTN Sudan, where business operations were negatively impacted by the ongoing conflict in the country. And then in terms of other significant items that impacted the reported results, there were about R1.3 billion in gains from disposal of MTN Afghanistan as well as MTN Guinea-Bissau, but losses on disposal of MTN Guinea-Conakry of about R1.9 billion. Finally, we had impairments in particularly from Sudan of about R11.7 billion, also including aYo that we took an impairment of at the interim stage.

So, just taking you through the salient points from our Group **income statement**, really at a high level we saw a decline of 15.4% in terms of service revenue on a reported basis, but in constant currency as indicated, 13.8% growth year on year, which was within the corridor of our medium-term guidance. And I'll unpack this in a later slide. Reported EBITDA declined on a reported basis by 33.5%, but EBITDA before once-offs expanded by 10.2% in constant currency. And this was achieved in spite of effects of opex from elevated inflation and local currency weaknesses across most of our markets.

In constant currency, we managed to limit the decline in EBITDA margin to 0.8 percentage points with a full margin of 38.2% in constant currency. I've already highlighted the meaningful improvement in the second half with margin at 39.9% which really bears re-iterating. And this actually included MTN Sudan.

So, moving on to the finance costs, briefly these were lower by 10.9% year-on-year to approximately R35 billion, and I will unpack this later again. The share from associates and joint ventures was up 116% year-on-year, and this is in constant currency. And within that there's a benefit in our JV from a change in the treatment of regulatory fees which moved from opex to capex following regulatory amendments in the industry. Income tax expense declined by 12.4% due to lower profits mainly driven by losses recorded in Nigeria as well as Sudan.

On the same slide you will note a big movement in the profile of a non-controlling shareholder specifically, and this was mainly due to higher losses in Nigeria as well as Sudan, which were attributable to minority shareholders in those operations. I will come back really to the per share performance later on, but just wrapping up with return on equity, our adjusted ROE came in at 18.8%, which was down from 24.4% last year, and this was largely due to lower earnings base, which was impacted by the macro, as we indicated.

So, if I can unpack in the next slide the **Group service revenue** in a bit more detail. I already mentioned 13.8% in constant currency. But if we exclude Sudan, this was more like 14.4%. I already also noted the tick-up in terms of H2 momentum with service revenue growing 15.5% in the second half. If you exclude MTN Sudan, this was slightly lower at 15.3%, demonstrating the improvement in South Sudan in the second half of the year.

Coming back briefly to the main revenue bearers, you notice that voice revenue was relatively steady, growing at 0.5%, largely from solid growth from both Nigeria and Uganda. And the resilience in voice was also supported by base growth as well as our CVM initiatives implemented in the markets. Data continues to be the largest contributor of our Group service revenue, expanding by 21.9% year-on-year in constant currency. And this was also underpinned by strong data traffic demand as well as growth from across our markets. And this continued upside was enabled by the ongoing investments that we continue to make on our network.

Fintech continued to show good growth overall with service revenue rising 28.5%. And it was also pleasing to see the strong performance in the likes of digital service revenue growing by 19% year on year. And in other bucket is SMS, bulk SMS, and ICT services that grew by about 18.7%. So, coming back to the H1 versus H2 theme, most of these revenue segments accelerated growth in constant currency terms in the second half of the year, as I showed in the previous slide.

And maybe just to provide an **illustrative view of service revenue normalisation**, which we really first presented in the first half, so to complete the picture here for the full year, it is really just an illustrative view of our service revenue if we had to adjust for the macro impacts on our business. Notably, this includes Sudan conflict, hyperinflation in Ghana as well as South Sudan. So, this view also shows the effects of local currencies devaluing against the rand, particularly the naira. So, if the impacts of these macro headwinds are adjusted for in both the current year as well as the prior year, you would see that underlying Group service revenue would have been just shy of 19%. So, I think this really highlights the very strong underlying trend. And I will try to touch on a similar slide when I talk to adjusted headline earnings per share later on.

If I can just move on to our market performance briefly, starting with **South Africa**. The business delivered service revenue growth in South Africa of 3.1%, contending really with the evolving customer behaviour and increased competitive intensity, especially in prepaid. In terms of the key segments, MTN South Africa service revenue was really driven by data revenue growth of 2.9% year on year, notably with accelerated year on year growth of 3.5% in second half and 5.5% in Q4.

Digital revenue growth was 10.6%, very strong, supported by rich media services and mobile advertising, while fintech revenue was up 47%, which is really coming from airtime advance growth. At other revenue which includes enterprise ICT and bulk SMS was up 20.4% and mainly from new deals in enterprise. The growth in these verticals were offset by the voice decline which was down 4.6% year-on-year, although reflecting a significant improvement in trend particularly when you compare to 11.9% decline in the same period last year. This outcome was supported by improved network availability following the completion of the network resilience programme in South Africa. And then wholesale revenue really remained flat year on year.

Just quickly on the expenses profile, these were very well managed, again, with total cost growth contained at 0.2% year on year. We saw cost of sales growing at 1.8% largely driven by interconnect as well as device costs while operating expenses movement benefited from a profit write-up resulting from lease amendments. However, a dedicated focus on expense efficiency programme in South Africa really underpinned well-managed cost overall with R1.2 billion in expense efficiency programme resulting in really just a 1.9% decline in operating expenditure.

EBITDA adjusted for the disposal or sale and lease back on towers was at 5.5%, however expanded 4.4% if we further adjust for the disposal of the sale from insurance receivables. The margin excluding the gain from disposals and insurance receivables was at around 37%, which was really up one percentage point as well. So, on this basis, MTN SA's EBITDA margin in H2 was really at 38.2% compared to 36.5%, demonstrating an encouraging improvement in the second half of the year.

And then finally, when we look at capex, MTN SA deployed R9.8 billion excluding leases in capital expenditure, focusing on the completion of its resilience network programme that we reported earlier in the year, as well as improvement in capacity, as well as quality of the network with capex intensity of 18.6%.

Now if I can turn to **Nigeria** briefly, and I won't go into the detail. I think most of you will have seen the results at the end of February that were reported. But firstly, just to re-iterate, service revenue, very strong delivery at 35.6% in constant currency in line with prevailing average inflation and also the medium-term target. The growth was really quite broad-based, led by very strong growth in data revenue but also supported by solid performance in voice.

The second point on expenses really just to re-iterate 63% growth in constant currency terms reflecting the naira devaluation effects on hard currency costs as well as high inflation and network and energy costs in the country. There was also the effect of a new VAT on leases that was introduced in September 2023, having a full year impact on the 2024 numbers. MTN Nigeria successfully renegotiated its tower lease agreements and was able to realise savings of R1.3 billion in opex.

Thirdly, the EBITDA margin outcomes reflected really the top line that was strong and the impacts of the factors I've just outlined earlier on. EBITDA margin declined, however, by 10.3 percentage points to 38.9%. So, if we adjust for the net effects of forex, for instance, EBITDA would have grown by more like 52.6%.

Fourthly, MTN Nigeria spent about R5.2 billion in capex. You will recall that we had communicated a reduction in capex earlier in the year, which really resulted in a lower capex intensity of 12.7%. The lower capex was part of the proactive initiatives that we had communicated to manage cash flows as well as U.S. dollar-denominated obligations.

If I can just touch on the **Markets**, this is a new slide that we're now showing, given the importance of our portfolio. You will notice that our Markets portfolio performance showed resilient top-line growth, with service revenue increasing by 21.3% in the SEA region and WECA growing by 9.7%.

Both were ahead of their respective blended inflation rates. Within those regions, I think it is also worth calling out at high level MTN Uganda as well as MTN Ghana results as these contribute 13.5% and 23% respectively to Group EBITDA.

Within SEA, MTN Uganda increased service revenue by 19.6% with a healthy margin of 52% which was really supported by solid commercial execution and a stable macroeconomic environment. In the WECA region from a Ghana perspective, service revenue expanded by 34%, growing ahead of its medium-term target. It also sustained a healthy margin in the upper 50%s. You'll see from this slide that both these operations are sustaining their pleasing trajectories of growth and profitability and they remain critical to the growth of our business in terms of value creation.

Moving on to **fintech**, revenue grew by 28.5% in the period as we continue to scale this business. Pleasing was advanced services which grew by 52% year on year in line with our strategy to really accelerate these segments of our fintech operations. Basic services as well as airtime advance revenue were also robust increasing by 23% and 19.1% respectively. As you can see on the right hand side, the contribution of advanced services continues to improve, now making up 25% of the total fintech revenue stack. And this is an increase of four percentage points from the previous financial year.

Going into the next slide, if I can touch on the **Group expenses:** these were well managed given the challenging macro context. Total expenses grew by 14.5% with Group cost of sales growth contained at 6.3%. Within that mix, commissions, roaming, as well as ISP costs were higher offset by the benefits of a device transformation programme that was implemented in South Africa.

Opex increased by 21.8% with the main driver being network rent as well as utilities. These costs grew by 45% year on year. A big factor in this trend was the FX impacts that I mentioned earlier on the tower leases in Nigeria. So, if I come back to H1 versus H2 trends again, overall costs rose by a lesser 8.9% really in the second half compared to 20% in H1. So, it also speaks to the easing of the macro headwinds that we are seeing such as FX and inflation.

In terms of the expense efficiency programme, we remain committed to continue to unlock efficiencies to support earnings, cash flows, as well as returns overall. During the period we realised total savings of R3.8 billion of the R7-8 billion over the three-year period, which is a target we've already communicated. And this R3.8 billion includes savings of R1.3 billion from the renegotiated towers in Nigeria. Geographically, you can see that 31% of the savings came from South Africa and 45% came from Nigeria, followed by WECA as well as SEA, respectively.

By cost category, our EEP savings were largely realised in network and IT, which made up a combined 69% contribution, with sales and distribution contributing about 26%. So, we are pleased with the progress thus far that we are making in our expense efficiency programme. And as mentioned, this is a target that we continue to drive over the three-year period which we started last year to 2026.

If I touch on now on the profile of our **finance costs**, net interest paid, as you can see, was slightly lower in the period at about R8 billion. It reflected some debt repayments as well, mainly in Nigeria as well as Uganda, as well as a reduction in the average cost of debt at now 11.8% from 12.2% last year.

The finance lease costs were up slightly due to lease extensions and renewals that we had, although mitigated by weaker local currencies against the rand. So overall, you see our net finance costs before FX holding steady at around R15.9 billion. I'll just make two additional points here just to emphasise the point in terms of the improving trends that we are seeing in the second half when you look at the movements in our finance costs.

So secondly, I think the big call-out here to make is the FX losses in the period which amounted to R18.9 billion. This included a total of R14.1 billion in FX losses due to the naira devaluation in Nigeria. You can see the split there between realised and unrealised losses. And the sharp rise in the former was really due to the settlement of dollar exposures particularly in Nigeria.

Moving on to our **adjusted headline earnings per share**, on this basis attributable earnings per share moved into a loss of 531 cents per share, reflecting the lower earnings and all the largely macro-driven effects that impacted earlier on. The big item impacting there, you will see, was mainly the impairment of goodwill, PPE and associates totalling 578 cents per share, which was largely coming from the MTN Sudan impairment that I mentioned of R11.2 billion.

So, reported headline earnings per share came in at 98 cents, down from 315 cents per share last year. Again, I've already spoken about most of the effects impacting that performance. They include hyperinflation, FX losses as well. And really the latter amounted to nearly 600 cents, of which 399 cents came from Nigeria. There are also the deferred tax charges and other non-operational items, which total 104 cents per share. So, adjusting for all these non-operational items, you see that our adjusted headline earnings ended at 816 per share.

As I indicated, I would just give an illustration as well, again, of the **normalised adjusted headline earnings per share** that were impacted in the main by the translation impacts that I mentioned. And also, if you had to adjust for Sudan in addition to those FX adjustments, you would see that when you do the normalisation, we would have seen a significant improvement in our adjusted headline earnings per share. And this is really to illustrate the underlying health and strength of our core performance overall, were it not really for these external factors that have impacted on our financial performance.

Moving on to **capex**, we capitalised in total R29.9 billion excluding leases. This was within the guidance that we provided to the market of between R28 billion to R33 billion with capex intensity of 15.9%. Also, within the medium-term target that we communicated of 15% to 18%. By market, 33% of the capex came from South Africa as they completed the comprehensive network resilience plan. 17% came from Nigeria. As I indicated, we had reduced capex in Nigeria earlier in the year. And then a combined 44% of our capex came from SEA as well as the WECA market as they continue to invest for growth in those regions.

And then by category, as you can see, around 73% of our capex went towards network investments. And then the balance was more into IT and other areas, which also includes our platform businesses. So, we do continue to invest and deploy our capital expenditure in line with our capital allocation framework to support the growth of our businesses as we execute on our strategy.

If I can move on to our **free cash flow analysis**, from the waterfall you can see that the operating free cash flow before spectrum and licences declined by 31.6% to R31.4 billion. This is largely reflecting the pressure on earnings, as I've discussed, as well as a net working capital outflow of R7.8 billion. In the main, this was higher due to trade receivables in various of our businesses, particularly SA and Nigeria, but also the prepayments that we make to try to mitigate against FX volatility in our markets. We also made cash payments for leases and as well as capital expenditure of R9 billion as well as R30 billion rent respectively.

What was really pleasing about this outcome was also the cash flow of R21.5 billion in H2 demonstrating a strong upturn from the cash flow of around R10 billion or R9.9 billion in H1, which I showed earlier. So, as we even look at the shape of our free cash flow analysis, it's similar profile that speaks to a stronger upswing in the second half. If you recall that we had negative working capital at H1 of about R2.4 billion, and therefore a positive swing in free cash flow of R8.4 billion, thus ending us with R6.0 billion in free cash flow.

So, if I can just go to our **leverage and liquidity** before I conclude, firstly, as you can see our balance sheet remains strong with group net debt to EBITDA at 0.7x, slightly higher than the prior year, but still well within the loan covenant limits of 2.5x. Secondly, our Holdco leverage remained unchanged at 1.4x. We are particularly pleased to see this outcome as well, given the volatility that we've experienced in our macro. And as mentioned earlier, also reflecting an improvement from

H1 as well as Q3. We did communicate that we expect to see a trend back to around our medium-term threshold of 1.5x.

And then on the foreign-currency-denominated debt, it touched 21% of Holdco debt, well below the target of 40% that we had communicated. And this is really a demonstration of our focus in terms of faster deleveraging of the non-rand debt. Thirdly, Holdco leverage was also anchored by the strong cash upstreaming that we received from the markets. In the second half, we got R1 billion more than we did in the first half. So overall, in total, we upstreamed R14 billion for the year, with R7.5 billion in the second half.

We also received additional proceeds from the Ghana as well as Uganda localisation of about R2.5 billion, which is in addition to the cash upstreaming of R14 billion. On Holdco liquidity headroom, it remained healthy at R41.3 billion with R19.9 billion in cash balances and R21 billion coming from undrawn committed facilities. So, very strong liquidity profile at Holdco level.

I think the final point here to make is really on the debt maturity profile. The market remains supportive. The debt market remains supportive to the group and we have been successful in refinancing our maturing debt under the DMTN programme as well as the bank loans overall. And we're exploring options relating to the maturity of the Eurobond 2026 that comes up towards the end of the year, next year. And I think Ralph did touch on this specifically.

So overall, our balance sheet remains very strong and continues to provide the flexibility that we need to drive our growth as well as our strategic priorities. And in that regard, our capital allocation programme remains very relevant for us and it has helped us as well to steer through some of our challenging macro conditions.

So, in summary, the financial performance for 2024 demonstrated underlying strength and encouraging H2 trends as you saw earlier, and momentum particularly in service revenue earnings as well as free cash flow generation. As I've discussed, this fact has translated well into our balance sheet development and we remain focused on delivering value for stakeholders throughout our disciplined financial management. Ladies and gentlemen, that ends my presentation. I will then hand over to Ralph. Thank you.

Ralph Mupita

Thanks very much, Tsholo, for taking our guests and investors through the detailed of financials. A couple of comments from my side before we go into Q&A. As we think about the outlook, the **macro outlook** at the global level remains relatively uncertain as one tries to assess what is happening really around tariffs and some of the geopolitical developments. They have a way, even though they are far from us, of having second-order impacts that may affect us, so we are remaining alive to them.

One of the short-term impacts we need to assess is really what happens with the pullback of aid funding, particularly from the global north. In some of our regions they actually depend on some of that funding that has been pulled. And the fiscal hole that now needs to be filled I guess that's something that we need to assess what happens in the next couple of quarters.

But if one looks at the last couple of months of the year that we've been in as well as the outlook, certainly it looks like it's a period that we're going into where inflation is more benign and actually trending down. In Nigeria, they've actually rebased inflation. So, you'll see on the chart there, we haven't put it because we're trying to assess what the rebased inflation outlook looks like. But the general trend is inflation abating and currencies relatively less volatile than the period past. So, good economic growth seen across many of our markets.

Currency is relatively stable forecasted both for the period of this year and into next year. And as I said, inflation beginning to taper down, which is, as you all know, our economic engine starts with service revenue above inflation to drive real growth. So, as inflation eases and we start seeing our service revenue improve, that is positive for us going forward.

This chart you're very familiar with, which we started at the end of COVID just to assess the **demand for our services** by just looking at traffic. And you see those patterns continue to be structural in the sense that the demand is not flattening. It's still growing very significantly.

As we look at the year ahead, a couple of **priorities** that we have that we'll report on as we proceed. So, on the operational and commercial momentum in South Africa, a couple of focus areas. A focus on prepaid. As I mentioned, the other areas, postpaid, enterprise, digital, wholesale, that's all holding up. We still need to see the uptick on prepaid to support service revenue growth.

The EBITDA margin achievement and free cash flow generation, as well as the cash upstreaming from South Africa, has been pretty solid. So, to Charles and his team, we want them to sustain that. So, the big work to be done is really seeing an acceleration on prepaid. We have a very nuanced understanding of where the issues are in prepaid. One can think about the country of South Africa, but when you look at it and you break it down into regions, provinces, we know the provinces where we're doing well and the provinces that we need to do a bit more work on to uplift the prepaid growth. That's not where we wanted to be.

I guess in Nigeria, for Karl and the team, implementing in a sustainable way the tariff increases. We haven't just gone and put a headline 50%. We have to watch competitive dynamics as well. Karl is here. He will tell you that he's not working through all his bundles and offers in terms of the tariff increase, so more of this to come. But that should help sustain service revenue growth in line with our guidance that we should see a lift up in Nigeria in particular.

And then we've got good momentum in the markets cluster. Uganda doing well, Ghana doing well, and a couple of markets where we want to see recovery. Côte d'Ivoire is one. And then I think we'll see on Rwanda recovery, now that the MTR has been put back into place and will start helping us grow on the earnings side.

Fintech is all about expanding the ecosystem. We are seeing good growth. We are focusing on higher quality growth, removing significant or excess commissions and again doing much less seeding into wallets to start getting the transactions and the transaction volumes to pick up. So, big focus there.

And then on advanced services, launching MoMo Advance, our banktech product, to more markets is a key area. MoMo PSB in Nigeria has been a disappointment for us, and we're re-orienting our own strategy towards there. And I guess we'll have more to say about that as we go into the second half of the year.

As Tsholo mentioned, expense efficiencies. We did R3.8 billion. We've still got to go a way towards the R7 billion to R8 billion. For the year that we are in now, we are looking at capex of R30 billion to R35 billion, so a bit of a range, not too dissimilar to the capex envelope that we had last year. So, we will push the growth and look to be very, very efficient with our capital deployment so that we support the improvement of returns.

Sustaining cash upstreaming, both dividends, management fees across our markets. And then looking at our balance sheet and looking at it into the future. And as Tsholo has mentioned as well, looking at what we do with our Eurobonds that mature at the back end of next year, about US$500 million of Eurobonds. We have not made a decision as yet. We're looking at sources and uses of capital and we'll apply our minds in the second half of the year, what we will do given the various options that we have.

And importantly for us, a sustained performance from Nigeria where we start seeing profitable growth month on month should really go a long way to resolving the negative equity position that we have and building up the distributable reserves, because you need the distributable reserves built up to a particular level to be able to distribute dividends. So, you've got to fill that hole of earnings and then distributable reserves to be dividend paying. And you can all do your maths and forecasting to anticipate where that is more likely to be under current macro assumptions.

So, thanks very much. Again, on our medium-term guidance, we remain with our medium-term guidance. As I said, in Nigeria importantly we are calling out a 2025 guidance where service revenue growth of at least mid-40s, margins at least mid-40s. And obviously we would like to out-execute that for the year. And then the dividend anticipated by the board for this year payable next year would move from 345 to 370 cents per share. So, thanks very much for listening to Tsholo and I. Hopefully that helps you digest what came out in our extensive SENS and our financials. And we're ready to take questions.

Thato Motlanthe

Thanks very much, Ralph and Tsholo, for the presentation. Just to give you a guide as to how we'll proceed, we will probably have questions just up until after 17:00. I think the TV broadcast ends at 17:00, but we are still live on the other platforms that I mentioned earlier. So, let's just get into the questions. And we can start in the room, and I see there's a lot of interest. So, we'll just start there.

Jonathan Kennedy-Good

Good afternoon. Jonathan Kennedy-Good from Prescient Securities. Just interested in that one slide you had up there which intimated your group earnings would have been R18, which would have been a record by some margin. Was that after holding currencies constant on the income statement and balance sheet, and is that a target for where you would be over the next three years, for example? So that's question one.

And then number two on Iran, it looked like that was about 30% of the earnings, and there was a massive change in accounting policy for that revenue share agreement there. Just trying to understand why you would capitalise a revenue share agreement and what changed in Iran. Is that a new base going forward? Obviously, Iran looks very profitable now.

Tsholofelo Molefe

So, on the first one, it's really on the service revenue line and it's essentially the translation impact. So, if you were to translate our revenue, for instance, seeing Nigeria was the biggest one at prior year rates and comparing that to current year rates. That's essentially that translation impact. So, what we are saying is that had it not been for the FX from a translation perspective, we would have seen an increase of 18%. We are maintaining our guidance of at least mid-teens, so it's not giving any signal that this is where we are going, so our guidance remains.

And then on the second point, obviously from a regulatory requirement perspective, we've got 3% of revenue which is universal service obligations. There was also a revenue share from that perspective. So, part of the regulatory change was that we needed to put between 3% and 4% of that towards investing for growth into those. So, instead of paying those regulatory fees, which the government would have used towards accelerating growth, we used to pay that. And it's across the whole industry. And that would have been a provision that was raised in the previous years.

So, that is really turning from opex to capex because as we roll out, as they roll out in the market, they're keeping their assets in their books and not necessarily having the regulator or the authorities do it themselves. So, that's the change essentially on that. But besides that, there has been good growth in the company relative to prior years.

Nadim Mohamed
Hi, thanks for the opportunity to ask questions. Nadim Mohamed from SBG Securities. Just two from my side. If my numbers are correct, it looks like your capex in South Africa, in terms of guidance, will drop significantly from about R9.8 billion to about R6.3 billion. I just wanted to understand, in terms of your overall strategy, in the last quarter it does appear that you've lost share to some of your peers. Would that be enough to support sort of acceleration in data growth more in line with where the industry is right now?

Jono Bradley
Thanks very much for the opportunity to ask questions. It's Jono Bradley from Absa Capital. Just the first question also on South Africa, and I guess building on what Nadim is asking. So, what gives you confidence around South Africa's recovery, particularly in the prepaid segment going into FY25?

And then the second question is just on the fintech business and the Mastercard deal. Given that that's potentially coming to a close, could you look to sell additional minority stakes this year or in the near term?

Ralph Mupita
So, on the capex for South Africa, I mean, we did R9.8 billion, and in that R9.8 billion is R1.5 billion for resilience. We finished our resilience programme in Q1. So, expansion growth capex, you have got to deduct the R1.5 billion. And our sense is that with the South African network, and Charles can add to this, is that R9.8 billion less what you can imply is the resilience capex, you can sustain your network growth.

We're going to be measured around 5G rollout. We're not trying to win the prize of getting 100% population coverage on 5G. It's difficult to monetise. We're going to be very targeted around how we expand. So, we think with a measured approach to rolling back 5G, we should be okay there in South Africa. And on the prepaid question, maybe I'll ask Charles to capture that. Will you contradict or agree with me on the capex as well? Do you want to pick up the prepaid one?

Charles Molapisi

The point around capex, Ralph covered it, but there's a key point I want to make. We are 44% coverage on 5G and fairly still a lot of headroom on the network. So, we are comfortable that with a 6.5 we should be able to remain competitive as we offload from 4G to 5G. So, it should be comfortable there.

I think the prepaid recovery, obviously because for us it's largely isolated in two major provinces or regions, and I think in many other regions we are growing quite decent numbers, that gives us the confidence that we are able to recover the key regions that we have lost. So, I think on that basis, we believe that we'll be able to recover the prepaid business largely in the coming quarters. I mean, I'll probably say maybe H2 is opposed to maybe Q1 and Q2. Maybe H2 should be able to see some growth coming on the prepaid side. Thanks.

Ralph Mupita

Yeah, so on the Mastercard side or the question on the fintech side, we've always said that we are open and we haven't given ourselves a timeline to more minority investments up to a maximum of about 30%. But it has to be a partnership that we believe makes sense. We are not keen to have put option structures behind these investments because if you do that, we could fill the boots tomorrow with 30%. I can guarantee you that. But that creates its own financial strain on the balance sheet, and you are now forced to act in a particular way, and you are rushed to IPO or whatever. We think there is no need for that. So, we will be quite measured around that. And there's still a lot of runway and growth to be had. So, we can be a bit more selective around partnerships as we go along the way there. These are all the questions.

Thato Motlanthe

I think it was. Presh, back to you.

Preshendran Odayar

So, my questions are on South Africa, so for Dineo and Charles mainly. Firstly, your South Africa's data monetisation, I calculated it at around 10%. So, traffic versus the data revenue growth. Now, I appreciate that a lot of that was the recovery of the XtraTime, but now that you've lapped that, I think in November, what is your data traffic to revenue conversion rate post that? It's the first question.

Then the second was looking at your prepaid revenue. Your advances are now about 40% of recharges. So, it's jumped up quite a lot. How much of your prepaid service revenue growth came from airtime advance or XtraTime? And then linked to that is what's your bad debt percentage on that balance? Thanks.

Charles Molapisi
Thanks. I think on the data side, we did say last year that we have a pressure in terms of the bundle clawback, because remember we said that the bundles clawbacks were implemented in October 2023. And then we indicated that we'll let this off in the next 12 months, which we did in October. And in the last update, we indicated that we should start to see an upside in terms of data growth. So, if you look at the performance for the nine months of 2024 versus the three months towards the end, you can see that we're closing the year on 5.5% growth rate on data. So, we are getting back.

And this clawback was not necessarily the entire part of the clawback anniversary. So, October, November, December, maybe coming into Q1 as well. But you are starting to see an uplift coming back into data. So, the promise that we made that we'll restore data back to growth once we do that, remember, there is a new baseline in terms of recovery. So, that is coming through in terms of the recovery for data performance. Dineo maybe we can deal with the issue of the bad debt on XtraTime.

Dineo Molefe
In terms of the recovery rate, we find that on average we recover about 97% to 98% of advances on XtraTime, so it's a very high recovery rate overall.

Thato Motlanthe
Okay. Thank you. Let's just get some questions from the webcast. There's a few on Nigeria here. In Nigeria, in your opinion, is there an ideal ownership share over the long term? Would you prefer to have a controlling stake or would you be happy to see a drift to below controlling stake? That's one question or two.

Second question, can you please give some guidance on Nigeria tariff hikes? Is there any update in terms of magnitude to be applied and the effects? And then maybe just the last question relates to Nigeria. Uganda's fintech revenue growth from BankTech was quite impressive. Any likelihood of the same model being applied in Nigeria despite broad gatekeeping by Nigerian banks?

Ralph Mupita

So, Karl needs to help me with some of these questions. On the controlling stake, we have been very clear that we are prepared to sell up to another 11%. So, where we are now, 76%, you are looking at more around 65%. So, in our minds, Nigeria is an important Opco. We are seeking a controlling stake. It is part of what MTN is, so not looking to sell below. So, maximum 11% off the base of where we are. And Karl, I don't know if you want to come and talk about tariff hikes and your views really around MoMo PSB.

Karl Toriola

The regulators part gave us 50% approval. I think that was more than we anticipated, 30% to 40%. That's positive. Of course, it's delayed, but the additional 10% allows us to catch up. They announced on the 8th of January, and we started implementing middle of February, and that's still ongoing. What we've communicated clearly in our guidance is at least 40%, and that gives you a range of what we anticipate to come out.

Now, there's two or three variables. First is the timing. So, it's not everything that came out in one day. It's still a work in progress. Second is the elasticity of the customer. We believe looking at precedence from places like Ghana where we've had tariff increases that it's quite strong. The necessity of telecommunications services is absolutely critical. So, we're not expecting major impacts on the consumption patterns of the customer.

And finally, of course, there is the competitive effect and that's going to evolve over time. So, you'll see some of it in the Q1 results. If you want to get a real sense of what the full impact will be, I'd say you'd have to wait for the Q2 results to come through.

In terms of financial services, Uganda is a great, great, great story. So much admiration for Sylvia and what she's done there. But it's a different market in Nigeria. And the greenfield territory that we had in the early days of MoMo isn't there in Nigeria. So, it's going to be a significantly different model. In Nigeria, there's extensive significant digital penetration, intense competition, and there's been for years and years now the inter-switching between all financial institutions.

So, we have to shape our strategy to fit that market, which will still focus on growing the wallet base with a lot of focus on rural areas, introducing a competitive solution in every aspect. So, that has to include things like lending, savings, etc. And then we'll build on that and innovate to find new spaces where it's much more of a blue ocean, where we can transform the position that we have.

So, I wouldn't rush to jump to the optimism of what you've seen in Uganda. Uganda, Rwanda, Ghana, those are the star children of MTN on financial services. It's going to be different. It's going to be a slog, but we have the competence with the Group support, the financial capacity to slog it out until we start to really grow to a scale where we can dominate that market. Thank you.

Ralph Mupita

Just to add to the points on fintech in Nigeria, I think the one thing that we've reflected on is not to be obsessed with a PSB licence. The PSB licence is actually quite limiting. So, we need to venture outside of that. This is what Karl is basically saying. That we need to venture out of that because the limitations on your ability to lend and other restrictions would always impact. And I think you will see even Airtel Money, which is quite successful elsewhere, like we're successful elsewhere, have struggled to get that. So, the PSB licence is not sufficient to take on the likes of OPay, PalmPay and those sort of things. So that's how we're beginning to think about the opportunity. But as Karl says, there's much more to say at a future date.

Thato Motlanthe

Thank you. Any questions in the room? Okay, let me just get a few questions again from the webcast. The situation in Sudan is unlikely to moderate and improve in the near term. Looking forward, what is the plan for this market? That's one question. Then there are working capital questions. Working capital, a big negative in 2024. What is the outlook for 2025? And then any markets that are a candidate for hyperinflationary accounting outside of Iran, and what naira rates do your guidance assume? So, we'll start with Sudan. Plans for Sudan?

Ralph Mupita

Yeah, on Sudan, as I mentioned, the conditions there are pretty challenging. Operationally, they've been a little bit easier as we got to the back end of Q4 and actually the beginning of this year. I think this year we've got another 200 sites up. Since the beginning of this year. So, sites on air will be able to get our customers to connect. So, it's a challenging macro geopolitical set of issues there, and our team are doing the best that they can to sustain the network and keep our customers connected.

We'll continue to monitor the situation. We've taken a big asset impairment for about R11 billion. There's no goodwill, very little to go ahead and write down there in the business. And we've been able to get tariff increases, but not sufficient to compensate for inflation. So, we'll continue to monitor the situation and hopeful that the interventions from the AU and others would help to ameliorate the situation there, which is a significant humanitarian issue that probably is underreported given everything that's happened across the globe. Tsholo, do you want to pick up on the working capital?

Tsholofelo Molefe
Yes, I think as I indicated, it is an area that we're focusing on. There is a bit of pressure on the receivables in a couple of markets. I think the ongoing initiatives that we're making is to try and reduce that as much as possible. But there's also the prepayments that we make from time to time to guard against FX volatility. So, the focus is really just to make sure that we reduce that as much as possible. So, in South Africa, Nigeria and I think in our Bayobab business we probably had over 50% of that coming from the collection side. So, our intention is to continue with those efforts to reduce it and make sure that we can turn it positive.

Thato Motlanthe
And then any markets that look like they could be hyperinflation in terms of accounting?

Tsholofelo Molefe
Well, I think the current market remain. I think we continually assess Nigeria. I think you will have seen that Nigeria has gone just over a 100%, but it hasn't been declared as a hyperinflationary economy. At this point, that's the only market, but we've got Ghana at this point as well as Sudan. South Sudan used to be in hyperinflation, but I think it's out of there at the moment. No other markets that we anticipate at this point.

Ralph Mupita
I think with the inflation trend in Nigeria more downwards sloping now, I think that risk is significantly mitigated. I mean official inflation is 24% at the moment and it's trending more down rather than staying steady or up.

Thato Motlanthe
A question on South Africa. Do you have any plans for price increases on the prepaid side in South Africa in 2025, given that the macro is improving?

Charles Molapisi
Look, we said about the price increase for last year that we still want to see the effect of that to play out into the next two quarters. But what we are reflecting on is the impact of the VAT increase. That is not something we are going to be able to absorb. I think on some of the bundles we are going to be a bit more surgical in terms of the price increases. But it will largely be driven by the VAT issue if it comes through, and also what the outlook looks like in terms of the pricing that we did last year.

Thato Motlanthe

Thanks, Charles. Capex intensity, it was well managed in 2024. Can you give us a sense of how this may evolve in the next two to three years, especially in light of the tariff increases in Nigeria? Can we maintain our network advantage without raising capex spend?

Ralph Mupita
I mean, the capex we are calling out for this year is broadly the same capex as last year. There are some shifts, a little bit more in Nigeria, more in South Africa. We're not starving South Africa of capex, so please don't think of it that way. We've put an enormous amount of investment into South Africa, and as Charles said, we'll be quite measured around our expansion, particularly around 5G.

We've always said that our capex intensity should remain in the 15% to 18% range. That's pretty much if you're modelling for the next couple of years, that's where it will be. And over time, you want it to drift towards the 15% because the service revenue is much higher. So, that's how we see capex intensity, 15% to 18%.

Thato Motlanthe
A question on MoMo PSB. Can you elaborate on what your expectations for MoMo PSB were and where and why they fell short?

Karl Toriola
Okay. Thanks. Our expectations were predicated on what we see in previous markets, and I think the reality of the Nigerian markets were quite different. We were expecting to be heading towards the range of by end of this year, next year, a range of 20 million monthly active users. What changed? First of all, a clear understanding of the intensity of the Nigerian markets, the emergence of multiple competitors like OPay and PalmPay. The fact that the basic transaction services and cash-in cash-out is a space which had been occupied. And transaction services are actually effectively zero-rated on-net with CBN regulated off-net transaction fees.

Then the requirements for a significantly more advanced technology solution for Nigeria. So, it's significantly different from what we had seen in previous markets. We've come to that full understanding now, come to the understanding that Ralph spoke to about that the MoMo PSB licence does have its limitations and we need to look at add-ons to that licence to really evolve in that market to get to where we are. So, without a doubt, we are behind our initial excitement about the MoMo PSB, but we are well grounded in reality.

We have the revised revamped management team including people from the Nigerian banking and fintech ecosystem that we have put in place as well as the governance. And we are slowly meticulously building on that space. Thanks.

Thato Motlanthe

Thanks, Karl. A question on LEO satellites. Any progress with LEO satellite providers such as SpaceX, Starlink, and the partnerships that you've talked about in the past?

Ralph Mupita

Mazen is here. Can you give the mic to Mazen, our group CTIO.

Mazen Mroué

We look at LEO satellite as an emergent technology. We look at it from the side of leveraging this technology for our own backhauling capacities. At the same time, we look at it as a competing technology in the space of the home. And that's really an area where we are aggressively with a commercial team trying to mitigate wherever there is a threat by accelerating our home programmes.

So, we keep the engagement currently with all the LEO satellite partners. To some of them already, we are in the phase of MoUs, NDAs, trying to explore the advantages and to leverage this technology for our own needs where we can really accelerate the reach when it comes to the rural areas by having the proper backhauling capacities. That's really the partnership and that's really the leverage that we're trying to make at this stage.

Thato Motlanthe

Thanks, Mazen. A question on capex as we start to wind down. How much will your cash capex be in 2025? Not the IAS 17 number, the real FCF impact? The free cash flow impact.

Tsholofelo Molefe

It should be broadly the same. We are going to be keeping capex within the same guidance, so that should be more or less within that range that you are seeing.

Thato Motlanthe

And then maybe just on the financials, I think you both talked about it a bit earlier. How do you plan to address the 2026 Eurobond maturity?

Tsholofelo Molefe

I think as we said, we have always said that we are trying to reduce as much as possible our dollar-denominated debt. Obviously we will assess when the time comes. When it comes to October this year, we should have a plan because that's when it becomes current. So, we will assess at that time and I'm sure we will communicate to you in due course.

Thato Motlanthe

Thank you very much. I think we can probably close with that question unless there's one burning question in the room. Thanks very much again for your time. There are refreshments, as I mentioned a bit earlier, outside. And we will be obviously interacting with many of you over the course of the next coming few weeks.

Ralph Mupita

Thanks very much. Much appreciated. Thank you.

Edited for accuracy.

END OF TRANSCRIPT