



# Welcome

MTN Group Capital Markets Day

*1 June 2023*



# ***Ambition 2025 Overview***

**Ralph Mupita**

Group President and CEO



# MTN is the leading telecoms company on the African continent



Focused on connectivity and platforms

Service revenue of  
**R196.5bn**

**289m**  
**Subscribers**

**R73.7bn**  
**Data Revenue**

**137m**  
**Active Data  
Subscribers**

**R17.3bn**  
**Fintech Revenue**

**17k**  
**Employees**

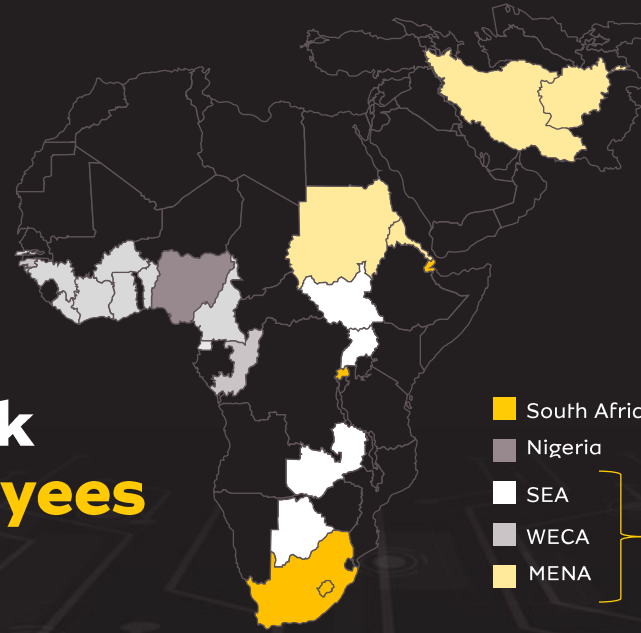
**69m**  
**MoMo Users**

**44%**  
**EBITDA Margin**

**Across 19 markets**

*"Most Valuable Brand in Africa"*<sup>^</sup>

*"Most Admired African Brand"*<sup>^^</sup>



# Subsidiary contribution to subscribers and earnings

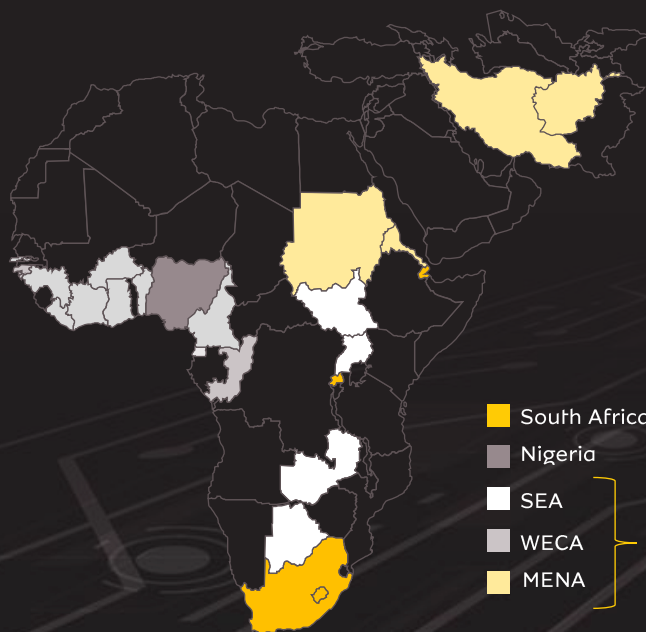


Subscribers*	13%	26%	13%	25%	23%
Active Data Subscribers*	14%	29%	9%	23%	25%
MoMo Users*	2%	22%	29%	47%	-
EBITDA*	22%	46%	10%	21%	3%

\*FY2022 numbers

South Africa

Nigeria



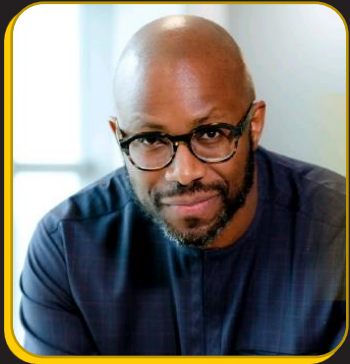
- South Africa
  - Nigeria
  - SEA
  - WECA
  - MENA
- Markets

## Markets

SEA^	WECA	MENA^^
Uganda	Cameroon	Sudan
Rwanda	Ghana	Afghanistan
Zambia	Cote d'Ivoire	
South Sudan	Benin	
	Guinea Conakry	
	Guinea Bissau	
	Congo Brazzaville	
	Liberia	

^Botswana and eSwatini held as JVs, equity accounted  
^^Trancell held as a JV, equity accounted.

# How we manage the business



**Ralph Mupita**  
Group President  
and CEO



**Tsholofelo Molefe**  
Group CFO



**Jens Schulte-Bockum**  
Group COO



**Ferdi Moolman**  
Group Chief Risk Officer



**Mazen Mroué**  
Group CTIO



**Serigne Dioum**  
CEO: Group Fintech



**Charles Molapisi**  
CEO: MTN SA



**Karl Toriola**  
CEO: MTN NG



**Ebenezer Asante**  
Senior VP: Markets



**Yolanda Cuba**  
VP: SEA



**Ismail Jaroudi**  
VP: MENA



**Paul Norman**  
Group Chief Human  
Resources Officer



**Lele Modise**  
Group Chief Legal and  
Regulatory Officer



**Kholekile Ndamase**  
Group Chief M&A  
and Business  
Development Officer



**Chika Ekeji**  
Group Chief Strategy  
and Transformation  
Officer



**Nompilo Morafo**  
Group Chief  
Corporate Affairs  
and Sustainability

*Strong  
leadership  
team with  
solid  
experience  
across  
various  
domains*



# **Operating in a challenging macro environment**



# Geo-political, social, macro-economic and regulatory context



*Our business has weathered several challenges within a tough operating environment*

## Geo-political and social

- COVID-19
- Ukraine-Russia war
- US-China relations
- Supply chain constraints

## Macro-economic

- Rising inflation
- Higher interest rates
- Fx pressures
- Loadshedding in SA

## Regulatory

- SIM registration
- Spectrum
- New taxes and levies
- Licence renewals

# What we're doing to manage the business in a challenging context



*Navigating the business through current volatility in the context of Ambition 2025*

## Commercial

- CVM | Price optimisation
- Manage device subsidies in South Africa

## Supply chain

- Advance purchase orders for capacity and resilience
- Rolling coverage for spares

## Network

- Well-structured towerco agreements
- Implement SA power resilience plan

## Financial resilience

- Accelerate expense efficiencies and working capital initiatives
- Execute liability management



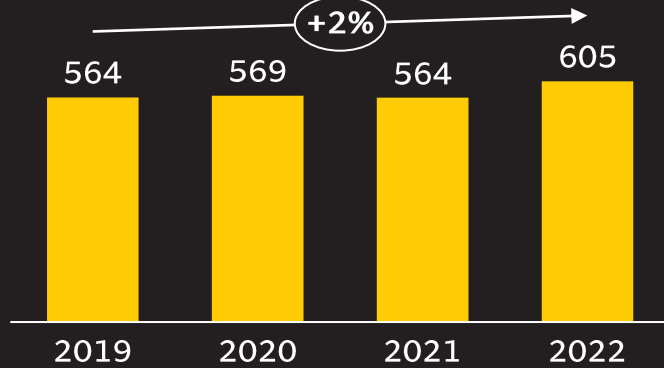
# Strategy execution underpins strong operational momentum & growth



Solid commercial and operational progress despite challenging operating conditions

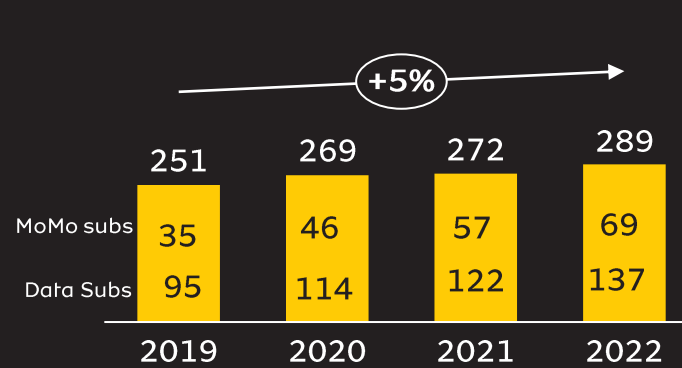
## Population Coverage (m)

Expanding coverage



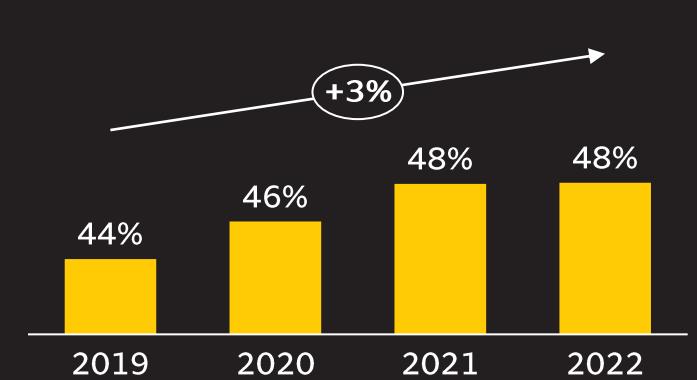
## Subscribers (m)

Solid growth



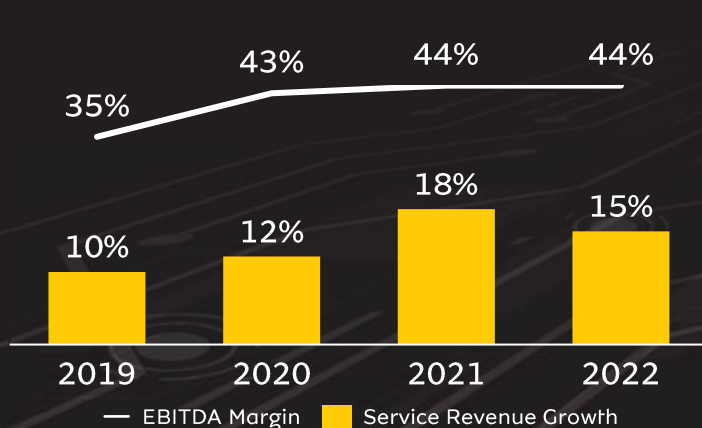
## Group blended market share (%)

Growing market share



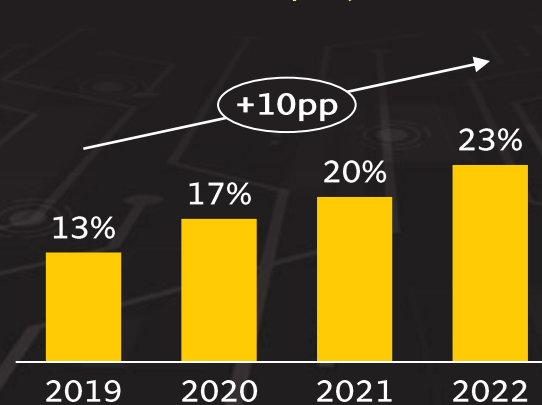
## Financial Performance (%)

Sustained momentum



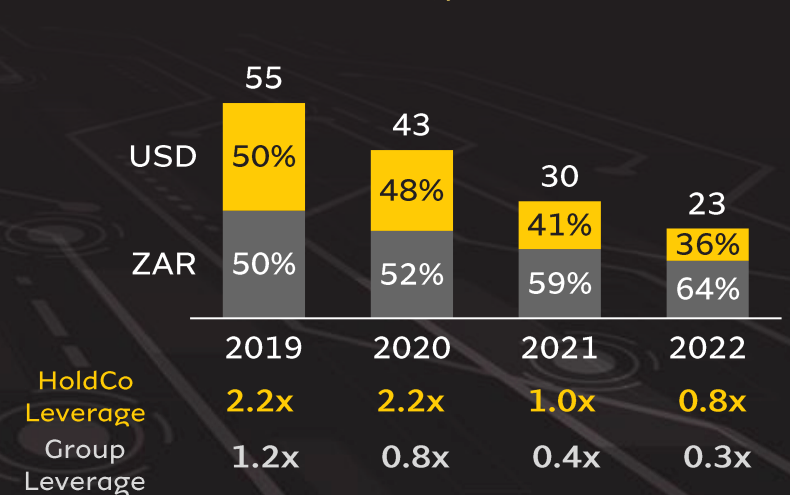
## ROE Progression (%)

Scaled rapidly



## Debt & Leverage (bn)

Strong momentum



# Ambition 2025



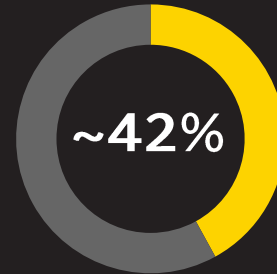
# The Pan-African growth opportunity



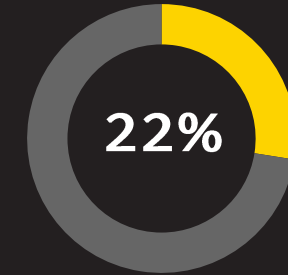
Nascent digital and financial inclusion presents considerable scope for growth



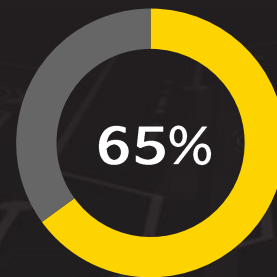
**658m** people  
(of **~1.2bn** population)  
have subscribed to  
mobile services



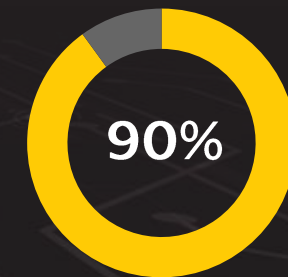
Of mobile users only  
use 2G (non internet)  
services<sup>1</sup>



Of the SSA *total*  
*population* accesses  
the mobile internet<sup>2</sup>



Unbanked or  
underbanked in SSA<sup>3</sup>



Payments are still in  
cash

Sources: GSMA, The Global Findex Database 2021 by World Bank

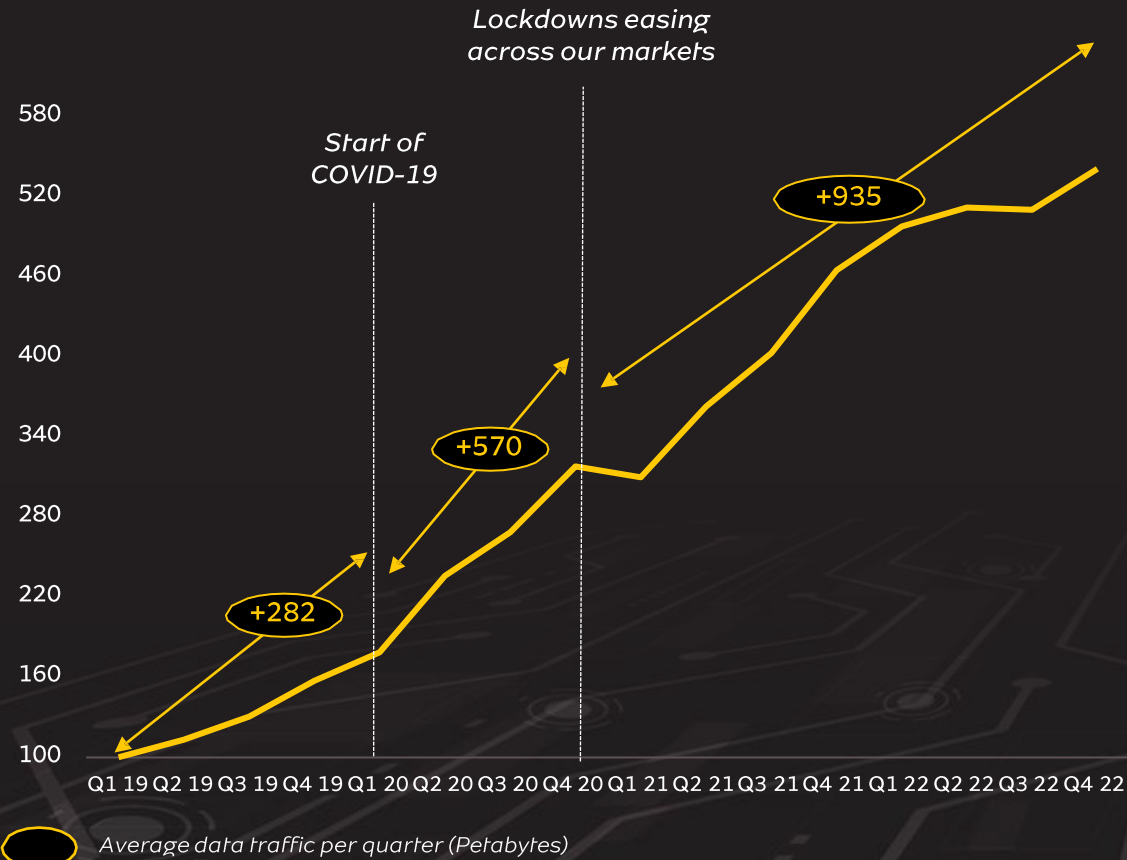
Notes 1) Percentage of population who are already GSM users that do not access mobile internet 2) Percentage of total population in SSA who access mobile internet 3) Adult population

# Structural demand for data & fintech offerings is high and growing

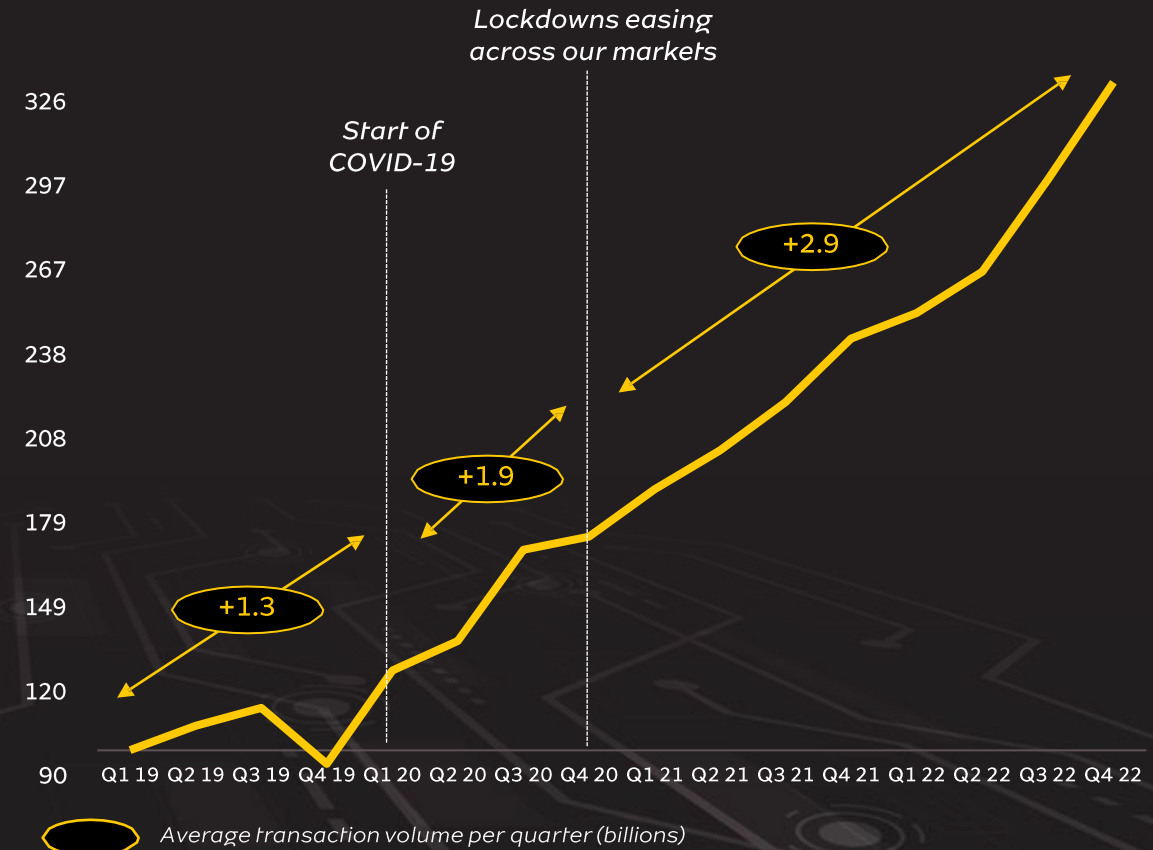


MTN remains well positioned for sustained growth over the medium-term

## Data traffic



## Fintech transaction volume



The charts above denote each measure indexed to 100 in Q1 19 and illustrated how ensuing quarters have developed relative thereto. The start date of lockdowns easing was determined using Google mobility trends of public transport movement across MTN markets which indicates the changes in the number of visitors to transit stations

# Ambition 2025 | Framing our strategic position



## Belief statement

Everyone deserves the benefits of a modern connected life

## Strategic intent

Leading digital solutions for Africa's progress

## Strategic Priorities

Build the **largest** & most **valuable** **platforms**

Drive **industry-leading** connectivity operations

Create **shared value**

Accelerate portfolio **transformation**

## Vital enablers

Leading customer experience

Best talent, culture & future skills

Value based capital allocation

ESG at the core

Technology platforms second to none

## Values\*

Lead with Care

Can-do with Integrity

Collaborate with Agility

Serve with Respect

Act with Inclusion

# Ambition 2025 strategic objectives



We are making good progress on our strategic objectives

## Priorities

## 2022 Performance

## Ambition 2025 Targets

Build the **largest**  
& most **valuable** platforms

**69m** MoMo users  
**22m** ayoba users  
**#1** NaaS platform in Africa

**100m** MoMo users  
**100m** ayoba users  
**#1** NaaS platform in Africa

Drive **Industry-leading**  
connectivity operations

**289m** total subscribers  
**137m** active data users  
**2.4m** home broadband users  
**105 000km** Fibre footprint  
**R6.4bn** of expense savings | **#1** NPS

**+300m** total subscribers  
**+200m** active data users  
**+10m** home broadband users  
**>135 000km** Fibre footprint  
**>R5bn** of expense savings | **#1** NPS

Create **shared value**

Top Quartile in **MSCI, FTSE**  
**Nigeria, Ghana & Uganda** localisation  
**79.6%** Reputation Index Score

**Top quartile** ESG ratings  
**Broad-based ownership** and inclusivity  
Reputation Index **≥ 75%**

Accelerate portfolio  
**transformation**

ARP proceeds **~R19bn**  
Holdco leverage **0.8x**  
**Structural separation** ongoing

ARP proceeds **>R25bn**  
Holdco leverage **≤ 1,5x**  
**Structural separation** of infrastructure assets & platforms

# Data remains our largest growth engine for the immediate future



## Ambition 2025

### Dual Data Strategy

A two-pronged strategy and approach acknowledging the differences between our value and volume segments in order to double our active data subscriber number to 200 million by 2025

Double our active data subscriber number to

**200**  
million

Increase our data revenue contribution to

**~50%**

## Data today

**137**  
million active data users

**R73.7**  
billion revenue in 2022, growth of 32.2%\*

**92%** 2G

**86%** 3G Population coverage

**74%** 4G

**3%** 5G

**166** million smartphones

### The HOW

We remain disciplined in executing against our industry-renowned **CHASE framework**: towards data ambitions

**C**overage

**H**andsets

**A**ffordability

**S**ervice Bundling

**E**ducation & ease of access

# Creating shared value



Cumulative economic value added across our markets of ~R149bn in 2022



## Eco-responsibility

"We are committed to protecting our planet and achieving net zero emissions by 2040"

### Reduce GHG emissions

~12.3%<sup>^</sup>

- Improve energy efficiency
- Water management

~47% average reduction in absolute emissions (tCO2e) for scope 1, 2 and 3 by 2030 and net zero by 2040



## Sustainable Societies

"We are committed to driving digital and financial inclusion and diverse society"

### Broadband coverage

~87.8%<sup>+</sup>

- Reduce cost to communicate

95% by 2025

### Diversity & inclusion

40%<sup>◇</sup> women representation

50%<sup>◇</sup> women representation by 2030



## Sound Governance

"We are committed partners to stakeholders to create and protect value"

- Enhance reputation and trust with stakeholders

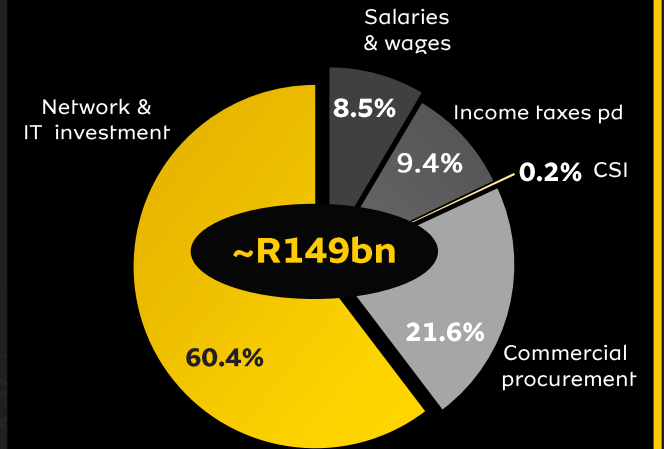
### Digital human rights

- Responsible procurement and supply chain



## Economic value-added

"We are committed to boosting inclusive economic growth on the continent"



Further reduced the cost to communicate, lowering the blended cost of data by 22.7% across our markets

<sup>^</sup> Excluding South Africa which was impacted by loadshedding

<sup>+</sup> The percentage of total population across all our markets that now have broadband coverage. This increase translates to 18.8 million additional people now falling within broadband coverage in 2022

<sup>◇</sup> Women representation in overall workforce



# ARP and portfolio transformation



Reducing debt and risk exposure, simplifying the portfolio and improving returns

	E-commerce portfolio	TowerCo investments	Localisation and other	Portfolio transformation
<b>Progress to date</b>		<ul style="list-style-type: none"> <li>IHS listed on NYSE</li> <li>SA tower transaction – R6.4bn</li> </ul>	<ul style="list-style-type: none"> <li>Nigeria IPO – R4.2bn</li> <li>Ghana localisation – 25%, proceeds of R924m</li> <li>Uganda IPO – R2.3bn</li> </ul>	<ul style="list-style-type: none"> <li>SPA signed for sale of MTN Afghanistan</li> </ul>
<b>Future focus</b>	<ul style="list-style-type: none"> <li>Digital group                             <ul style="list-style-type: none"> <li>- MEIH</li> <li>- IIG</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>IHS – valued at R8.9bn<sup>#</sup></li> </ul>	<ul style="list-style-type: none"> <li>Nigeria – further ~11%</li> <li>Ghana – further 5%</li> <li>Cameroon – 10%</li> </ul>	<ul style="list-style-type: none"> <li>Irancell managed for value</li> <li>Conclude sale of MTN Afghanistan</li> <li>Guinea Conakry, Guinea Bissau &amp; Liberia orderly exit</li> </ul>
	<b>~R19bn delivered</b>			<b>&gt;R25bn medium term target</b>

<sup>#</sup>ARP includes gross proceeds relating to Nigeria pref share redemption (R154m), Content Connect Africa (R9m), Jumia (R2 316m), Zambia localisation (R200m), BICS exit (R1 830m), Uganda localisation (R2 271m), Nigeria IPO (R4 228m), MTN SA Tower sales (R6 364m), Ghana localisation (R708m) and aYo (R680m). #As at 31 December 2022

# Strategic rationale of structural separations



Operationalise and enhance fintech & fibre assets



**Enable acceleration at scale**

## Focus

- Optimise resource and share-of-mind allocation to accelerate growth

## Adaptability

- Creates operational independence and financial flexibility



**Separation mandatory in some OpCo markets**

## Leveraging existing asset base

- MTN holds the customer, the brand and the local market insight
- MTN's agent network creates deep moat against competitors



**Highlight intrinsic value held within MTN Group**

## Value adding partnerships

- Partnerships that facilitate accelerated strategy through knowledge, licensing and financial capital
- Operational excellence and access to best-in-class technology design

## Value creation

- Highlight intrinsic value held within MTN Group while maintaining control
- Maximising MTN's share of value creation over time

# Conclusion



# Investment case underpinned by a unique growth engine



MTN is leveraging the key value pools that present sizeable opportunities to capture growth



## Connectivity

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Voice

Data

Home BB | Fibre/FWA

FibreCo



## Platforms

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Fintech

Digital

Enterprise

NaaS

API marketplace



# A compelling Africa growth story



## Africa's leading and scale connectivity & infrastructure business

- #1 or #2 subscriber share in all our markets
- 'Second to none' & well-invested networks/platforms
- Enterprise, wholesale and infrastructure sharing opportunities



## Well positioned for the long term

- Accelerated digitisation of Africa
- Portfolio transformation enhances risk/return profile
- Exposing value in infrastructure assets and platforms



**Fintech**

**ayoba**

**Enterprise**

**API marketplace**

**Network as a service**

**Platforms accelerating growth**

## Exciting demographic opportunity

- Fast-growing, youthful population
- Low data, fintech and digital adoption
- Partner in our socio-economic development of our regions



## Attractive return profile

- Accelerating growth outlook
- Attractive cash flow and ROE profile
- Balance sheet flexibility, faster non-rand deleveraging



Disciplined capital allocation

Enhanced risk and regulatory framework

Committed to create shared value, with ESG at the core

# Key takeaways



- 1** We are well-positioned to capture a compelling and unique growth opportunity in Africa
- 2** We are well arranged to navigate the near-term macro challenges
- 3** We have medium-term value unlock opportunities in Fintech, Fibre & IHS
- 4** Our capital allocation framework and resilient balance sheet underpins our strategy
- 5** We have a strong, diverse and experienced management team to drive value creation for our stakeholders

# Medium term guidance



## KPI

**Service revenue growth**

**Accelerate fintech platform growth**

**Holdco leverage**

**Asset realisation**

**Adjusted ROE**

## Target

 Group: at least mid-teens

 South Africa: Mid-single-digit

 Nigeria: at least 20%

>20% service revenue contribution

< 1.5x, faster non-rand deleveraging

> R25 billion

Improvement towards 25%

**Thank you**

